



ANNEX III

SWOT ANALYSIS

Stream Cities Project
Work Package 2

INTRODUCTION

This Annex III forms part of the methodology as the tool to identify the strengths, weaknesses, opportunities and threats.

The previous analysis with the Annex I and II allows the development of the conclusions of the diagnosis–forecast. The conclusions will be presented in a SWOT ANALYSIS, in which will be included:

- Tendencies and determining factors of the environment.
- Strengths and weaknesses.
- Opportunities and threats
- The main strategies for the future, in the different areas (economic, social, cultural, etc.).

Description of the tool

City and regional authorities are amongst the first agencies in the public sector to use SWOT analysis as a framework for reflection on different development scenarios. The tool is now frequently used as a component of the planning and ex ante evaluation of a strategic plan and development programmes. In short, the development of a SWOT analysis is basic for the identification of strategies, target resources required and priorities and for the formulation of the action plan because it is made on the basis of the major factors identified through the SWOT analysis.

While the ex-ante SWOT analysis is based on the use of the baseline data, at the Mid Term phase, the SWOT should be reviewed and updated to ensure that the programme is still relevant and focussing on the most appropriate areas, to achieve its objectives for the city.

Purposes of the tool

The aim of SWOT analysis is to incorporate into the reflections on a strategic plan, both the intrinsic characteristics of the territory concerned (municipality in our case) and the determining factors in the environment in which the plan will be implemented. The tool is intended to reduce the areas of uncertainty related to the implementation of a project or measure of the strategic plan applicable to the city. It enables the definition of strategy relevant to the context in which the action is to take place. The purposes of the tool are:

- to highlight the dominant and determining factors, both within and outside of the city, likely to influence the success of the strategic plan; and
- to produce relevant strategic guidelines in relation to socio-economic development to create competitive advantages of the city

Use of the tool is therefore particularly helpful in the city planning process and during its ex ante evaluation where it can help to improve the integration of the plan in its context.

SWOT analysis may also serve as a management tool for assessing the relevance of a strategy during the implementation stage. Where SWOT analyses have been used at the programme formulation stage it is appropriate to revisit them on an ongoing basis and particularly at the mid term review stage to take account of the latest available data and to ensure that the strategic guidelines remain relevant.

The main steps involved

The elaboration and implementation of a strategic approach using the SWOT analysis involves six steps:

Step 1	A "scan" of the environment of the programme	This step enables the detection the major trends and problems likely to affect the future of the territory under consideration. Use should be made of socio-demographic, economic, political and physical indicators. Indicators of regional disparities and benchmarks are particularly useful for revealing opportunities and threats. This step should not be exhaustive as the aim is to obtain an overall picture to illustrate the key issues that the community in question will have to face.
Step 2	The preparation of an inventory of possible actions	The step involves the identification of possible actions, formulated in general terms in relation to the main problems identified.
Step 3	The external analysis of opportunities and threats	This step consists of listing the parameters of the environment which are not under the direct control of the public authorities and which, it is assumed, will strongly influence socio-economic development.
Step 4	Internal analysis of strengths and weaknesses	This step involves making an inventory of the factors which are at least partly under the control of the public authority, and which may either promote or hinder development.
Step 5	Classification of possible actions	This step is aimed at highlighting those actions (strategic guidelines) most likely to reduce development problems by focusing on the strengths and reducing or even eliminating the weaknesses, with a view to maximising opportunities and minimising threats.
Step 6.	Evaluation of a strategy	This optional step may be included if it is appropriate for judging the relevance of a strategy already being implemented or being planned. The step may be designed on the basis of a "portfolio of activities" analysis. A socio-economic programme contains a set of interventions some of which build on strengths and opportunities while others try to compensate for weaknesses or to warn of threats. The evaluator should place interventions on a plane with two axes: (1) internal feasibility, strengths and weaknesses, and (2) external environment, opportunities and threats. The discussion of the map thus produced can be used to judge the relevance of strategy being evaluated.

SWOT enables City Council to:

- Build on & leverage Opportunities
- Avoid Threats *or* take actions to minimize them *or* even reverse their impacts
- Build on internal elements of the institution with most capacity & potential: especially for key strategies
- Avoid internal elements of the institution with least capacity *or* take immediate steps to strengthen these elements: especially for key strategies

In conclusion:

- Strategic Initiatives are product of a Vision informed by SWOT analysis
- SWOT analysis applied to public action is oriented towards the search for an effective strategy.
- SWOT analysis can be particularly useful in mid-term evaluations as it can provide useful clues about the intermediate objectives of the strategic plan (mainly as far as the ability to exploit the opportunities and to avoid the threats is concerned).
- SWOT analysis requires a deliberate intention, on the part of the different actors participating in its application, to reach a consensus. The process of formulating strategic guidelines is only of value under this condition. Otherwise, this model may tend to produce an erroneous and/or inapplicable diagnosis.
- SWOT may involve Standards
- SWOT should guide how to pursue the strategy
- Identify Strategic principles & elements
- Identify Resources (financial, personnel, equipment) available, assuming that resources are more elastic in longer run.
- Formulate Initial Strategic Initiatives: Then more focus & depth: consider alternative strategies to achieve objectives

Institutional and participation system

It is recommended that the diagnosis be synthesized in a document, in which the conclusions of the strategic analysis of the city are collected.

This document can be the deliberation base of the bodies of the Plan.

The document of synthesis is a good tool for developing citizen participation, through the creation of diagnosis round tables in which the document is debated and after the necessary modifications it allows a wide consensus on it.

The organization and composition of the round tables is decided in the previous phase and is reprogrammed depending on the know-how acquired in the previous phases.

Communication system

In this phase the actions of the Communication Plan are addressed to spread those key topics that are the axis of the strategic analysis. The purpose is to create a culture for the city, its future and the key aspects for its development.