Given transformations of electricity system (e.g., decentralization, high penetration of RES, new usages of electricity), congestion-management in distribution networks is becoming increasingly necessary. To efficiently deal with congestions, distribution network operators should combine classical solution of network reinforcements with the use of well-located local flexibility. In this paper we analyze whether a simple market-based solution (i.e., a short-term local flexibility market only remunerating flexibility when used) is enough to achieve a socially efficient outcome. We argue that the answer is no when taking into account realistic features of distribution power networks: dynamic perspective and network reinforcement indivisibilities but in particular the asymmetric information between flexibility providers and network operator about key aspects of network economics. Indeed, under this simple market design, asymmetric information would lead to an important income uncertainty for flexibility providers, and in consequence distorting investments and resulting on a socially inefficient outcome. Short-term local flexibility market with energy remuneration does not provide sufficient and stable information about network operators’ situation and willingness. The last part of the paper discuses several options to improve local flexibility markets, including a local long-term capacity auctions to enhance local flexibility assets development and changes in network regulation to ensure better diffusion of distribution network information and appropriate arbitrage between CAPEX & OPEX.