

MAYORS FOR ECONOMIC GROWTH LED PLAN REVIEW

July, 2019

PEREYASLAV-KHMELNITSKY CITY, UKRAINE (UA-94)

0. Overview

i This is an average plan that would benefit from improved focus and conciseness. Many of the discussions in the economic analysis talk in general terms, whilst they need to be more specific. The 'voice' of the private sector is not very evident in the plan. The Action plan looks good and the activities chosen are mostly quite appropriate, although the budget is highly dependent on donors.

ii Interesting and informative LEDP but too long (22 pages of core narrative vs 15 as recommended by M4EG guidance). There is also issues with style and quality of translation. The document needs to be edited to remove often vague and unclear paragraphs and sentences (especially under the analysis part), declared best principles which are not necessary and don't convey concrete evidences-based information. Also some parts under the analysis are misplaced under wrong and irrelevant sub-sections. SWOT has few inconsistencies. Objectives are good but the action plan can be further consolidated to ensure consistency and bring in more SMART results-based indicators. Same applies to M&E which is largely put in vague and poorly measurable narrative. Financing matrix contains large financing gap which is proposed to be covered from private sector and donor sources (both need to be confirmed).

1. Stakeholders & Process of Development

i The description of the process of the development of the plan lacks specific details. It would be good to understand exactly how many people were on the working group, what their gender is, and which sector/industry they represented. More details on the number and types of meetings that were held and exactly how the private sector and civil society were engaged would be good to see. Additionally, it appears that the priority focus – tourism and small business – was determined at the beginning of the process. Rather, it should be the process of data analysis and consultation that helps to identify priority focus and competitive advantage.

ii The process is very well described providing evidences of multi-stage consultation process involving two working groups, council of entrepreneurs, business and civil society representatives, as well concrete examples of issues attracting key attention during the discussion (tourism, access to concessional finance).

2. Local Economic Assessment

i Many of the sections are lengthy, not concise enough and do not describe what is relevant to the sub-section, as provided in the guidelines document. The description of the economic structure is good and provides a solid overview of the economy, as well as an in-depth focus on the potential and challenges of developing the tourist industry. The section on networking and cooperation is detailed and interesting, although perhaps too much description on the activities not related to LED, and not enough on the ones that are. It would seem that most of the economic forums are led

by government? Are there any that are led by the private sector? The section on Business-friendly, transparent and corruption-free administration is too long and could be described in half the space. Additionally, it does not describe the services offered to small businesses to assist them to grow or what could be offered. This section should also answer the question: “Where does the private sector expect the public sector to do more?” The section on Access to Finance only provides a generalist description, whilst more detail on the status quo in Pereyaslav-Khmelnytsky should be provided. The description of the proposed Centre for Entrepreneurship does not belong here but in 2.3. The section land and infrastructure is also too long, not specific enough and does not really present the data required. This section should clearly indicate what the current demand is for various types of land and business facilities and whether or not supply currently meets this demand. It should also be looking forward to future demand. Additionally, there is no discussion on the status of infrastructure. The section on Regulatory and Institutional Framework is not concise enough and the last two paragraphs are not relevant. Additionally, the ‘voices’ of the private sector should be evident here, which they are not. As per the guidelines, this section should be describing the most significant and serious administrative problems facing business, the negative impact of these barriers, and what action needs to be taken. The section on employment and skills is fine and the table is interesting, however, it is still not entirely clear what the actual labor demands of business are, and where there are skills shortages. The final section is also interesting but could be improved by better reflecting the views and aspirations of the city’s residents.

ii The analysis contains a lot of useful and specific information, but they are somewhat lost in a very long type of essay with multiple vague paragraphs/sentences citing declarations of best principles, citations from the laws/regulations, etc. – which are not necessary (e.g. first paragraphs of sub-sections 6.2, 6.3). Also few paragraphs discussing access to finance, regulatory environment and external positioning (tourism) put under 6.1 don’t belong to the sub-section. Overall the style of the analysis section is possibly too positive and potentially missing more critical feedbacks from the local business/population.

3. SWOT Analysis, Strategic Vision & Objectives

i The SWOT is mostly OK, but could be better consistency between it and the economic analysis. For example – Point 3 under Strengths states that there is a sufficient number of banks and financial institutions, but this isn’t mentioned in 6.4, rather that there is a lack of financing, so these banks don’t really serve as a strength? Under Weaknesses, point 2 states there is an inconsistency between supply and demand in the labor market – but this is not clearly presented in 6.7. Exactly which sectors are you referring to, which types of jobs and is it an over or under supply etc. Point 6 refers to outdated infrastructure – but it is not mentioned in 6.5. Which infrastructure is outdated? Also, weaknesses states that there is ‘limited’ number of offers for tourists – but the main focus area is tourism – indicating that there is sufficient potential in this area. Under opportunities – what is meant by “Increase of network trade facilities”? Please describe this in more detail. The vision and goals are good, and appropriate.

ii SWOT is relevant and fairly detailed but there are some inconsistencies:

- Strengths 3 and 4 (extensive network of institutions and sufficient number of banks) are not strengths per se. These should be – ‘extensive and effectively performing network’; and ‘the number of banks which are widely used and provide sufficient access to finance’
- Strength 10 (what is meant under enterprising entrepreneur, manufacturing?) – poor quality translation
- Weakness – no subsidization of entrepreneurs from the city budget is questionable as it is very rare in international practice that a small city budget can afford to subsidize entrepreneurs.

- Contradiction (strength: extensive network of trade institutions vs weakness: increase of network of trade facilities)

Vision and objectives are good and well-focused on tourism and business initiatives/education as fully consistent with the M4EG principles and underlying analysis.

4. Action Plan

i The activities under Objective 1 look good – appropriate and well thought through. Who are the “private partners” and “donors”? Have they been identified? Objective 2 activities also look good, but more specific details on 2.2 would be good. What field of production will the business crediting program focus on?

ii Action plan has some issues:

Actions 1.2-1.5 are way too detailed and in fact represent indicators, while the action should be – development of a city tourism infrastructure

Results are not specific and don't indicate specific measurable target

Under 2.1 center of development entrepreneurship is unclear and hard to relate to the indicator, do they mean ‘business incubator’?

Action 2.2 – business crediting program in the field of production is ideally suited for private sector domestic or foreign investors.

5. Budgeting

i There should be a total row at the bottom of the table. The overall budget is quite modest, however it is mostly dependent upon donors – have these donors been identified?

ii Financing matrix doesn't contain total line but it is evident that vast majority of financing is earmarked for private sector and donors, both of which need to be preliminary confirmed to ensure realism.

6. Monitoring & Mechanisms

i The indicators describe activities and not results / outcomes.

ii M&E indicators are largely put in output type narrative which are hard to measure in the absence of more specific numeric targets

7. Potential Areas for follow-up support

LEDP has a lot of useful and interesting information and there is a firm underlying consistency of analysis leading to objectives and actions. There is a need however to do a heavy editing of the entire document to remove unnecessary vague statements, streamline SWOT and action plan and propose more specific and measurable results, as well as more balanced financing matrix.