

MAYORS FOR ECONOMIC GROWTH LED PLAN REVIEW

November 30th, 2018

OBUKHIV, UKRAINE (UA-42)

0. Overview

- i** A fairly well written LEDP plan with well linked analysis and interventions.
- ii** The document provides a sufficient evaluation of the city features. LEDP needs some more background data and more targeted actions.

1. Stakeholders & Process of Development

- i** The city engaged in a systematic process of development of the LEDP through the formation of a Committee for the development of LEDP, which further formed a 50% public 50% private group for writing the plan. Further to that, a sociological survey analyzing 225 questionnaires was implemented, focus groups and 6 committee meetings were held.
- ii** The plan was developed by a drafting group made of 3 representatives from private business and 3 from local self-government, created by a Committee made of 16 representatives of business, “public” and local self-government (including entrepreneurs and NGOs). SMEs were involved over the course of 6 meetings and public opinion was tested through a survey.

2. Local Economic Assessment

- i** This section of the LEDP benefits from some very accurate access to finance constraints (for example, the high rates of access to finance are quoted) and frank assessments (informality of businesses), or weak points of the local SME support system. However, it could further benefit from a clearer assessment of the sectors are the SMEs and individual entrepreneurs active in, to be able to better understand the needs of these. For example, while some sectors are capital intensive - thus requiring capital, others are more labor intensive or high skill intensive. For example, the plan mentions that the demand exceeds the supply of office space for entrepreneurs, but this could be subject to more investigation into what type of facilities would these entrepreneurs be interested in.
- ii** Local economic analysis succeeds in highlighting the main features of the city, along with the issues that need to be addressed while offering sufficient background on civil society’s perspective (although some more opinion polls would be of help). Since LEA mentions tourism, LEA should also elaborate a little more on the tourism traffic and available facilities; furthermore, in light of the city’s projection as an “attractive place to live, work, rest and invest”, it would be helpful to provide more data on green and residential areas, educational institutions, family friendly initiatives.

3. SWOT Analysis, Strategic Vision & Objectives

- i** The SWOT analysis is exhaustive and takes into account all the elements specified in the local economic assessment. 2 out of 3 objectives stem from the analysis before, showing realism and a balanced approach to development: maintaining current GDP growth rates while creating a favorable investment environment. However, the focus on tourism should be better demonstrated. It would be important to assess the potential of the region to develop domestic tourism through conducting a market analysis of who would be interested to visit, their profile and their needs.
- ii** The SWOT analysis goes a little beyond the points elaborated in the LEA. Strength n.2 does not mention microenterprises (that represent 96% of the businesses). Strength n.4 very generic, Strength n.5 “investment attractiveness” must be further elaborated in the LEA (low cost of labor? Fiscal conditions? Industrial clusters?). Strength n.9 should be supported by a poll. Weakness n. 7 Shadow employment has not been mentioned in the LEA. Opportunity n. 8 along with the Threats column seem fairly generic and not depending on the city itself.

4. Action Plan

- i** The action plan is a collection of actions which are either general (for the support of business environment) or specific (for the support of tourism for example). The objectives in the action plan should match the objectives in the vision and objectives. One observation is that the 3rd objective (creation of a favorable investment environment by supporting the development of information technology) is restrictive in the sense that a favorable investment environment can also be achieved through other means than through the support of IT. General actions (2.1 and 2.2) are more general in nature and will support the 3rd objective rather than objective 2 (development of tourism). A second observation is that IT is just a means, whereas a good business architecture, mapping of processes and steps will be very beneficial for any action before the acquisition of new software. Some further assessments can be considered including for tourism. Another action could be the organization of visits of tour operators to the region to test some of the existing services and get their feedback on the creation of touristic experiences.
- ii** Action plan is linked to the SWOT analysis, but the link with LEA must be strengthened. It needs to review the prioritization of suggested actions: for example, creation of a credit mechanism (which was mentioned as one of the main shortcomings of the city in the LEA) is listed as 1.3. It should also be clarified in what this credit mechanism will consist.
Action 2.1 and 2.2 can be integrated
Addressing tourism, it is important to develop a tourism strategy and insist on facilities.
Action 2.4.2 and 2.4.3 can be integrated
Action 2.4.7 clarify what this platform is about
Action 3.2 is necessary but it is probably in the wrong category (creation of a favorable investment environment rather than “developing tourism potential”).
Action 3.3 need to clarify what an “investment passport” implies
Action 3.4 and 3.5 can be integrated

5. Budgeting

- i** The lack of funding is correctly calculated. A big proportion of the funding required for the plan is budgeted for action 3.6 (installation of new meters). While energy efficiency or general resource efficiency is important in the plan, it does not seem to be the first priority.
- ii** It is not clear how the city intends to fill a significant budget gap.

6. Monitoring & Mechanisms

- i** Both the action and the monitoring plan could benefit from leveraging and monitoring the execution of external (private or community) partnerships, for instance 1) in the case of gathering materials about exhibitions and forums - which information is better found in the knowledge of private agents or 2) the "creation of a catalogue of products" which could be organized through a participatory competition of submissions "Made in Obhukiv" or 3) the development of touristic itineraries - which could be done in partnership with tourism actors.
- ii** Expected results fail in assessing the impact of the suggested action on the development of the city, especially for 1.3 (what is the expected result for the credit program?)

7. Potential Areas for follow-up support

- i** A clearer assessment of the sectors are the SMEs and individual entrepreneurs active in, to be able to better understand the needs of these. A second area could be the assessment of the needs for space for entrepreneurs and the interest of private sector to respond to this opportunity.
- ii** LEA needs a little more elaboration. The Action plan should provide a better prioritization of the suggested actions and elaborate a better strategic framework.