



**Mayors for
Economic Growth**

ANNEX 2

**Mayors for Economic Growth
(M4EG)**

**Guidelines
for Structure and Content
of Local Economic Development Plans**

(revised February 2019)

Introductory Note from the Mayors for Economic Growth (M4EG) Secretariat

Background to this Document

The Mayors for Economic Growth (M4EG) initiative aims to support Local Authorities (LAs) in the Eastern Partnership (EaP) countries to become active facilitators for economic growth and job creation in the region, to ensure that local administrations are able to provide opportunities for economic, social and cultural participation, community well-being and a good quality of life.

Its immediate objectives are:

- Encourage and support local authorities and their partners to design and implement local economic development plans, which identify key local economic drivers, based on European best practices and approaches.
- Strengthen the technical skills and capacities of local authorities to implement Local Economic Development Plans in line with principles of good governance and sound financial management.
- Encourage building local partnerships and networks based on the public-private dialogue (PPD) principles in order to implement actions, which promote growth, development and employment.
- Develop and disseminate know-how and best practices to motivate local development actors, demonstrate new approaches at work, and sustain pro-development local policies and actions.

Purpose of this Document

This document proposes a structure for Local Economic Development Plans (LEDPs) to be developed by municipalities with the Mayors for Economic Growth Initiative.

It also includes brief notes under the main headings. These are designed to help municipalities participating in the Mayors for Economic Growth initiative to elaborate their Plan.

Reminder on the Local Economic Development Plan

The Local Economic Development Plan should be:

- A short-term practical action plan for 2 years, aimed at identifying concrete measures under control of the local administrations, which would improve public private dialogue and local business environment.
- Short – the main sections (analysis, objectives, vision, actions) preferably no more than 15 pages in total. The Plans are meant to be public documents, concise and user-friendly, easy to read and understand. Also, the Plans which considerably exceed this number of pages will NOT be accepted for evaluation by the M4EG Secretariat.
- Developed by and for the local authority and its partners – they will draft it and implement it;

- Focused narrowly on growth of the private sector in order to support local development and employment.
- Local Economic Development Plans are not meant to be an institutionalized regular planning exercise. Rather, they are a supplementary tool available to Local Authorities in order to propose an informed problem-based set of measures/actions aimed at improving local economy.

Be aware that the Plan must be submitted to the M4EG Secretariat for evaluation. For this to take place, the Plan must be translated into English. Only the Plan itself and NOT its annexes must be translated into English. Thus, for official submission of a plan for evaluation, the M4EG Secretariat must receive the plan in both English and in the local language - but the Annexes only in the local language.

The LAs are encouraged to organize the translation of the plans themselves. If this is not possible, the M4EG Secretariat will organize the translation. If the LA itself is managing the translation, great attention must be paid to the QUALITY of the translation. Please understand that if the translation is bad, even a good plan risks to get a low evaluation, as the evaluators will judge upon the translated version!

The Plan might include several annexes. As the annexes will not be translated into English, it is important that all MAIN RELEVANT information is reflected in the plan itself with a reference that more detailed information is to be found in this and that annex.

This document is limited to proposing the main structure, indicative lengths of key sections and tables designed to help provide focused data. The Mayors for Economic Growth Secretariat will provide further assistance through the elaboration and implementation of the Local Economic Development Plan through various forms of capacity development and support.

Overview of the Structure of the Local Economic Development Plan

The table below provides the proposed main sections of the Local Economic Development Plan and indicates:

- suggested maximum length (no. of pages)
- an estimate of the time it is likely to take municipalities to develop each part.

Note that development of each section usually involves:

- Planning and discussion among key partners;
- Research and collection of information;
- Discussion and analysis of information among partners;
- Identification of findings;
- Drafting of findings in the document.

Time (duration) needs to be allocated for these steps. Of course, many municipalities will not start this Plan from scratch. They will already have plans or strategies that include important information and directions for action they have already chosen. The table indicates estimates for how long it will take to complete each section. We provide these estimates for both these “more advanced” municipalities and for other municipalities that are new to local economic development planning.

Main Section/Sub-section	Max. Length (pages)	Estimated Time for Development (advanced municipalities)	Estimated Time for Development (other municipalities)
Preface from Mayor	1	1 day	1 day
1. Executive Summary	1	3 days	3 days
2. Table of Contents	1		
3. List of Tables and Figures & Abbreviations	1		
4. Introduction to Plan	1		
5. Process of Local Economic Development Plan Development	1		
6. Local Economic Analysis			
6.1 Analysis of Local Economic Structure	2	1 month	2 months
6.2 Local Cooperation and Networking	1	1 month	1 month
6.3 Business-friendly, Transparent and Corruption Free Administration	1	1 month	1 month
6.4 Access to Finance	1	1 month	1 month
6.5 Land and Infrastructure	1	1 months	1 months
6.6 Regulatory and Institutional Framework	1	1 month	1 month
6.7 Skills and Human Capital, Inclusiveness	1	1 month	2 months
6.8 External Positioning and Marketing	1	1 month	1 month
7. Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis	2	1 month	2 months
8. Vision and Objectives (including expected results)	1	1 month	1 month
9. Action Plan	2	2 months	3 months
10. Financing Scheme	1	1 month	1 month
11. Monitoring Indicators and Mechanisms	2	1 month	1 month

Advice on Plan Development and Drafting

We advise that the order of development be as follows:

1. Sections 6, then section 7, then section 8, then 9, then 10 and 11 (10 and 11 can be developed simultaneously)
2. Within section 6, it will be best to progress sub-section 6.1 significantly before working on sub-sections 6.2 – 6.8.
3. Sections 1-5 – draft after all other sections are already developed and drafted.
4. Section 0 – the Mayor’s Preface should be written by the Mayor to the final version of the document, after agreement from the partners.

The Plan will be developed by the Local Economic Development Partnership, which should be established in each municipality participating in the Mayors for Economic Growth Initiative. The partnership, on an equal footing, should include representatives of local authorities, business community, NGOs, educational and research organizations. Also, in each municipality an Economic Development Officer should be appointed who will be the main coordinator of all work on the development of the Plan, and then on its implementation.

An overall drafting team should be put in place soon after the Local Economic Development partners start their planning. While there may be many “planning partners” the number of persons working on drafting inputs should be no more than around four. The partners will need to agree who these are and how they will work. It should be compulsory to have at least one member from the municipal administration, one from the business community and one from the civil society.

The consultation process among the representatives of local government, business community and civil society is very important. It should be ruled according to the specific procedures established by the partners before starting the overall planning process, and it should include regular consultation meetings with representatives of local government, business community and civil society - in general at least 1 such meeting every month. The decision-making processes will need to be specified in advance too (consensus-based, through majority voting, or other arrangement) to be subsequently documented.

Assistance from Mayors for Economic Growth Secretariat in Development of the Plan

Some of the parts of the Plan are more difficult to develop and will demand more time and effort than others. For the most challenging issues the Mayors for Economic Growth Secretariat will provide more intensive support including advice, capacity development or coaching. Usually this will be undertaken by the Mayors for Economic Growth Country Expert and where necessary it may involve group work between the Economic Development Officers from several municipalities in the same country. Parts of section 6 are likely to be most challenging (e.g. sub-sections 6.1, 6.3, 6.5, and 6.8). There is scope for joint working between municipalities with support from the Mayors for Economic Growth Country Expert for sub-sections (6.1) and (6.4) in particular.

In addition to these guidelines, an online training on elaboration of the Local Economic Development Plan has been designed and put in operation in English, Russian, Armenian, Georgian, Romanian, and Ukrainian languages. The online training replicates the M4EG 4-module classroom capacity building

programme, and provides a deeper overview of the concepts, approaches, and tools that the LEDP is built on. The online training is accessible to M4EG Signatories through individual registration at <http://www.elearning.m4eg.eu/#/en>.

The remaining part of this document provides guidance notes under each main section and sub-section of the proposed structure of the Local Economic Development Plan.

< Title PAGE >



This title page to the Plan may be designed to give a sense of the Municipality and its attractiveness. The Plan may be given a “catchy title”.

LOCAL ECONOMIC DEVELOPMENT PLAN

Municipality:

Country:

Insert a Vision Statement here [optional]

(for more information on Vision statement see Chapter 8)

date

Preface

By Mayor

To be written by the Mayor after agreement on the final version of the Plan among the partners. This text is a statement to citizens (the document should be made public) and to partners. It should also include a statement of intent to work to implement the Plan within the Mayors for Economic Growth initiative. The Preface by the Mayor should be about ½ page and must not exceed 1 page. Ideally, the section should be signed by the Mayor.

As the document is to be made public, the text below may be included.

To request a copy of this Plan, please contact:

Name:

Title:

Address:

Telephone:

Fax:

Email:

Website:

1. Executive Summary

The Executive Summary should be easy to read with no complex terms. It should briefly convey the overall content of the Plan, in case the reader does not read any of the rest of the report. In particular, it should cover:

- Key Points from the Introduction
- Key conclusions of the SWOT analysis
- The Vision for the Municipality
- Key Objectives
- Main proposed actions
- Key conclusions from the financing section

As a good practice, the Executive summary should not exceed 1-1,5 pages.

2. Table of Contents

3. List of Abbreviations

4. Introduction to the Plan

This section should provide clear statements around the following (on 1 page in total):

1. That the municipality has signed up to Mayors for Economic Growth (date)
2. The rationale/motivation of the municipality to develop a Local Economic Development Plan
3. How this Plan relates to any pre-existing or higher-level Plans elaborated according to the national regulations or within the framework of a donor project/program
4. That it has been developed in partnership with private sector and civil society according to the Mayors for Economic Growth standards
5. Part/amount of funding for implementing the Plan allocated from the municipal budget

For bullet point #3:

In many cases, there will be pre-existing plans. People will ask: “why another Plan?”. It is important to indicate that (i) the Local Economic Development Plan is developed with the aim to address specific economic challenges, or further strengthen local economy through public-private dialogue; (ii) it is not all-comprehensive and does not replace, or conflict with existing plans; (iii) its focus is set narrowly on private sector development to increase growth, development and employment. Other issues will not be included (though may be referenced). It will be necessary to state what the “status” of the Local Economic Development Plan is in terms of the usual country planning system (for example, it can simply be an additional, special-purpose document).

For bullet point #4:

Other existing plans may not have involved the private sector or civil society organisations. This Plan is to be developed in dialogue and close cooperation with the private sector and its implementation and monitoring will also involve them.

5. Process of Local Economic Development Plan Development

In three paragraphs (about half a page in total), provide a very short description of the:

(a) principles and

(b) main processes behind developing this Plan. You will be required to provide other information (e.g. on composition of working groups, regularity of their meetings, decisional process etc.), do so in an additional Annex A at end of the document. However, you must here in this Chapter clearly state **how** the participants were selected and **the general composition** of the Partnership (how many from business/the private sector, from the local administration, from science/education etc. How many men and women, etc. The more concrete information with names and positions of the participants, number and dates of meetings, how decisions were made etc., you must provide in Annex A.

Please understand that a plan developed without participation of the private sector, will risk to have a very limited impact. You must try to ensure broad and active participation by business in the process

of developing the plan. Please also remember that the private sector comprises various sizes of firms (including smaller farmers) and various sectors of the local economy. Therefore, different types of business should ideally be involved in the work on developing the plans.

Re: (a) you may wish to refer to elements such as “partnership with private sector”, “partnership with civil society sector”, citizen participation or consultation in developing the document. You do not need to repeat the principles of Mayors for Economic Growth, rather seek to focus on those that were most relevant to the partnership in planning and others (perhaps not explicit in Mayors for Economic Growth) that are important for the partnership.

Re: (b) as for (a) do not mechanically describe every process but evoke those that were most useful and important for the partnership and its work.

6. Local Economic Analysis

The purpose of this section is to present a consolidated view of the Local Economic Development Partnership representatives on the status quo, problems and unused potential of the local economic scene.

This entire section is made up of several sub-sections:

- an analysis of the structure of the local economy
- analysis of each of the “building blocks” of the Mayors for Economic Growth initiative.

The economic sector analysis is to be followed by the analysis of the Mayors for Economic Growth building blocks, with a deeper focus on those which are of more relevance to that particular municipality or city. Mapping of the key actors within each of the building blocks, tracing their systemic interactions, spotting successful models thereof, and identifying deficiencies needs to be put in the centre of the building blocks analysis.

The findings and conclusions from these exercises will to a certain extent lay the ground for the objectives of the future LEDP and concrete actions proposed by it. Evidence presented here will justify your decisions to choose certain actions rather than others.

The following remarks apply to all sub-sections within this section.

This analysis is different from other analyses you may have undertaken for other local development strategies or plans. It must be very short, precise and present only **the findings and conclusions** of your research and discussions, while the data and/or evidence underpinning it could be provided in an annex to the Plan.

Evidence and findings must therefore be precise, succinct and to the point. In each analysis, you present the findings of all the data collection and discussions and consultations you have undertaken to establish the situation. You should not present all the information available, but only the findings and conclusions relevant to the topic under analysis.

Data: Ideally an analysis is based on both quantifiable, reliable data and on “soft” information often gained from partner experience, expertise and knowledge of a situation. Sometimes, there is reluctance to use this latter form of information. At the local level however, sources of official data are often limited. This means that it will be necessary to use “soft” information to build up the picture and to help interpret the significance of the official data. This availability of data will vary between

countries and municipalities. Advice will be provided by the Country Expert on this issue and more generally he/she may suggest other approaches to deepen the analysis further.

6.1 Analysis of Local Economic Structure

This analysis must give an overview of the current local economic structure and the main sectors in the local economy. And it must describe the economic profile of the territory, i.e. which are the dominant sectors of the economy. No complicated data sets or industrial output numbers by industry are required, but a succinct **snapshot** of the local economy with a **description** of the current local economic situation, relative to the national average.

However, from such a snapshot you do not really get an indication of the directions on where to develop the economy, and therefore such a description will not automatically provide you with clear ideas on which sectors and areas to focus the future local economy. In other words, if you limit your analysis to such a snapshot, you will really not be able to define successful growth poles for the future.

In order to be able to define such potential successful growth poles as focus area for your Local Economic Development Plans, the above-mentioned static description of the economy should be complimented with the assessment of your local economy dynamics, and this should include some **comparisons and benchmarking, both locally and nationally/globally as e.g.**

Local comparisons/benchmarking

- What is currently the most efficient local company/sector, judging by its annual turnover and profits adjusted for size?
- What is the fastest-growing company/sector in the last 2-3 years?
- What is the company/sector, which is part of the biggest number of local value chains?
- Which company/sector is to a greater extent relying on local providers and resources while building their value chain?
- Which company/sector's goods and/or services are representative of the territory's unique products and services?

National comparisons/benchmarking

- Which sectors are in general in decline and which sectors are growing - both nationally and globally?
- Compare the municipality standing regarding employment, wages, local GDP, GDP per capita etc. with national averages and other relevant benchmarks (e.g. similar sized cities or villages).
- Compare the performance of main sectors in the local economy with global trends and acknowledged leaders in the corresponding sectors.
- Which relevant niche opportunities exist within some of your main local economic sectors?

Also, **qualitative** data can help to provide important insights, especially in smaller local authorities where quantitative data is not available. This is where surveys, focus groups and interviews, especially from the private sector and civil society, can be very powerful.

Another important issue in your assessment or analysis of the local economy **is to be realistic** and not to present overly positive assessments. Your cooperation with the private sector and civil society will help you to avoid to make this fatal mistake. If the partnership for the design of the Local Economic Plan is dominated by representatives of the local administration, there is a risk to end up with plans

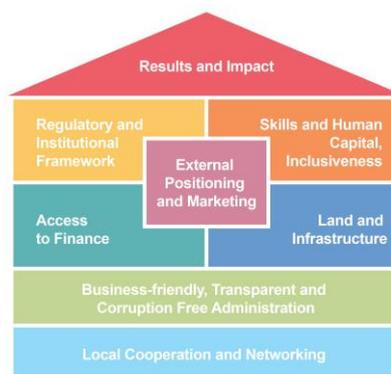
with some unrealistic picture (described in glowing terms) on the actual situation of the local economy. Often representatives from business and civil society can help drawing a more realistic picture!

To draw an overly positive assessment of the current situation, will in many ways be a big mistake - especially because many economic opportunities exist in identifying and fixing what is currently not working well. In the plans, focus should be not only on new initiatives, but also on improving existing structures, processes, markets and value chains!

Finally, a wider SWOT analysis of the local economy will also be useful to help build up a fuller picture of the local economy and its potential (see Chapter 7 of this document).

Analysis of the M4EG Building Blocks

By “building blocks” we refer to the areas which are to tackled by local administrations wishing to improve local business environment and private sector activity, which are set out in the Mayors for Economic Growth Concept. These are shown below:



- Local Cooperation and Networking
- Business-friendly, Transparent and Corruption Free Administration
- Access to Finance
- Land and Infrastructure
- Regulatory and Institutional Framework
- Skills and Human Capital, Inclusiveness
- External Positioning and Marketing



Guidance on analysing Building Blocks

The following guidance is relevant to all Building Block areas, though less so to areas “Land and Infrastructure” and “Skills, Human Capital and Inclusiveness” where substantial quantitative data may be available.

The analysis of all of the areas must consider evidence, information and experience or even viewpoints of:

- Private sector representatives, usually through interviews of focus groups
- Public sector actors

And depending on the theme:

- Other relevant actors.

For each of the groups, the key information required will generally refer to:

- Existing need/demand
- Existing provision
- Future need/demand (especially in view of plans to develop private sector growth (see above)).

Where available, “hard” data may be used. However, even when available, it may be interpreted in different ways and it will need to be discussed and verified with each of the above groups. The same data may not have the same meaning for everyone!

You will probably find it useful to develop a short SWOT analysis to help you tackle each building block. Therefore, in addition to tables that we propose for the different sections, consider also developing a short SWOT to identify the positives and negatives in each section. In any case in one of the following sections, you will need to present an overall SWOT for the municipal area, which can be built up from the many SWOTs for the main building block areas (for guidance on SWOT go to Section 7).

6.2 Local Cooperation and Networking

This is an issue that needs to be analysed and the findings of the analysis need to be recorded in the document. The key question which this section needs to point towards is: **“What forms and mechanisms of local cooperation are required to drive forward the local economic development effort and how can this be organised, taking account of what exists already?”**. To some extent, this will become evident as you deal with other building blocks and discover who the key actors are, how they work or don’t work together already. You should develop local cooperation because you clearly see the need, demand and opportunity for it.

Cooperation between the Local Administration, Business (Private Sector) and potentially also Education/Science has of course the biggest interest when we deal with Local Economic Development!

Little written data for this section exists: your analysis will be based on discussions and identification of different forms of cooperation related to private sector activity and the local economy. After several sessions of discussion with the planning partners (and some research) and working through different versions of the table below, the agreed findings could be set out in a final version of the table and text written around it. It is important to try to quantify the cooperation e.g. in form of number of organizations/institutions involved, number of people involved, number of activities/events, forms of cooperation etc.

To facilitate the discussion of this building block, we offer to conduct a joint exercise for the Local Economic Development Partnership members, filling out a table on the next page.

Table 1: Assessment of Local Cooperation (optional)

Title and/or Function (area/theme on which it works)	Institutions/ Persons involved	Achievements (also indicate how it works – e.g. “plans”, implements projects, provides services, is permanent or ad hoc/occasional)	Assessment: useful or not useful

Using this format – and discussing around it - you will identify, agree and present:

- The main successful forms of cooperation;
- The main conditions for successful cooperation as evidenced in experience;
- The main areas/themes/problems where cooperation has taken place;
- Any key areas where it seems there is no cooperation but needs to be.

These inputs will provide you with a **short, agreed text** and may indicate future actions in this area. The table itself does not need to be included into the Plan.

6.3 Business-friendly, Transparent and Corruption-Free Administration

One of the main functions of a local administration is setting up the operational environment for the other actors, including the private sector and civil society. The more open, predictable, and transparent this environment is, the more vibrant, efficient, and healthy the overall system becomes. Zero tolerance to corruption, as well as commitment to the principles of good governance (such as participation, inclusiveness, accountability, and the rule of law), are pre-requisites to enhance confidence of the business circles, trust of the civil society, and general satisfaction of the local community.

In this section we consider how the municipal administration and other local public bodies (e.g. local employment office, local small business organisation (if any)) provide services or any form of assistance that helps potential or existing businesses grow. Here we do not focus on services that help business meet their legal requirements (that is covered under “Regulatory and Institutional Framework” below). In most countries existing and especially new businesses and entrepreneurs often suffer from disadvantages or deficiencies (lack of information, product and market know-how, etc.), and public bodies (often municipalities) help to provide these (if they are not available in an affordable manner from other sources). This form of assistance can apply to any economic sector. Potentially, the spectrum of business needs and possible services is enormous.

Through this analysis you will identify needs, existing service provision (and how it operates), gaps in provision, and future possible forms of assistance. All of this needs to be worked out in dialogue between representatives of private sector and relevant public sector organisations (municipality, etc.). It is not enough that a service or form of assistance exists: does it exist on paper rather than in reality? Is it easily accessible? is it transparent? Who benefits from it and how? Is this service used and appreciated by those for whom it is intended?

Do businesses – and potential businesses – in different sectors experience serious need of assistance? If so, where and what? To what extent do public bodies already meet business requirements? And

where does the private sector expect the public sector to do more? How would this be possible, even if it is desirable?

This analysis can be done only through interviews, surveys and discussion. The information will not usually be found in any single source – and even then, it may not command consensus among the partners. So, you should try to gather information.

Note 1: The type of services requiring improvement or development (sometimes from zero) may differ between municipalities. For this reason, we do not suggest what these services may be in detail. For larger or more advanced or urban municipalities, the focus of services may be quite different than those in smaller municipalities. In urban municipalities, there may be real possibilities for developing innovation or knowledge sectors of the economy. The services required for this may therefore be quite sophisticated and may require the involvement of regional or national organisations.

Note 2: In many cases, it may emerge that the services required can only be feasibly offered through cooperation with external organisations (e.g. international banks, donors, State development agencies, etc.), or by joined effort of several neighbouring municipalities. In these situations, it will not make sense to replicate the same services in each municipality: look for synergies and efficiency. In other cases, it is likely that some of the services need to be developed by the public and private sector working together and the design may need to be innovative (even non-classical or unorthodox) to be delivered locally.

6.4 Access to Finance

Availability and access to funding is almost always a major challenge for new or small businesses. It is a need that is difficult to meet locally but local action may succeed in directing existing sources of finance to your local area. The starting point is to analyse the current situation. It may be more complex than simply “Problem: no money; solution: money”.

We analyse according to: existing (and future) need/demand and existing provision. We start with the big picture and then dig deeper. Three main groups of people will possess the required information: private sector actors (potential and existing business persons); existing financial institutions, donors or others; regional authorities and national ministries for relevant sectors.

The information may differ between municipalities in the same country, but not too much.

Based on interviews with representatives of the three above-mentioned groups of people, you can simply list the existing financial resources available for business development, and together with the local private sector/local business you can judge whether this is sufficient to promote the economy, or rather what is lacking to have an ideal picture.

6.5 Land and Infrastructure

Businesses of all kinds and sizes need physical premises and modern facilities to operate – workshops, offices, production and service facilities. Municipalities may be able to provide land for such facilities, or be the initiator in efforts to develop such facilities. There is a very broad range of possible requirements in this area. They range from the most simple and basic such as a place to work (a small workshop or office) to major, costly infrastructure to ensure co-location of cooperating companies and other institutions together such as science and technology parks (which may be located on the premises of a local university or a research facility), business incubators, etc.

Experience shows that land and infrastructure are often scarce or inadequate to the demand (wrong location or size, or unsuitable due to practical problems, too costly to remedy, such as ground pollution or distance from public utility networks etc.). However, experience also shows that the cost of developing most sites is considerable and if they are not rapidly populated by companies, then the costs of the initial investment cannot be recuperated. It is therefore important to proceed carefully in this area. Remember also that preparation of any projects you might undertake in this area will be time-consuming (studies, planning permission, tendering, etc.) and implementation of works will also take considerable time. For this reason, the time horizon for planning in this area should be longer. Smaller municipalities may need to consider cooperation in this area with neighbouring municipalities. This, in turn, will present a number of complex institutional challenges.



The sequence of work in this area is: (i) consult with existing private sector; (ii) map existing provision and analyse its current suitability to demand; (iii) identify all publicly owned sites that could potentially be developed; (iv) eventually – within the context of this Plan – correlate future needs to those sites that appear most promising to develop; (v) draw up a short list of sites correlated to possible purpose. Compare this list to the output of the “Finance” analysis to identify any possible funding. From all of this, there will emerge a short list of sites that will be the starting point to design and undertake any action in this area.

6.6 Regulatory and Institutional Framework

Businesses and entrepreneurs often complain they are impeded in growing their business because of unjustified rules, regulations and other administrative barriers. In terms of Local Economic Development the most useful thing that partners could do would be to identify those obstacles that they can address or mitigate locally (as opposed to waiting on Government to change legislation). So here you need to discover and then briefly describe:

- The most significant and serious administrative problems facing business (potential entrepreneurs through existing business persons and to serious investors).
- The negative impact of these barriers (concretely and precisely what happens or does not happen because of these problems?).
- Who can take action to deal with these issues?

Obviously, if local actors are able to address any of these problems at least partially, this may be an area where the local partnership wishes to take action.

There are many ways in which to analyse this quickly and efficiently. We suggest some of the following:

- bring together at least two existing business persons from the five largest sectors or sub-sectors (you can do more later if required); ask them to list the main administrative tasks they need to undertake to remain legally compliant and the agency which manages them; then (and only then) ask them to indicate which tasks are the most complex (time-consuming, difficult, costly) (perhaps rank 1-5 and then focus on the two or three most problematic); seek to identify the precise parts of the process that are a problem for the business people. This will give you a clear list of suggested problematic issues (areas, processes, services etc.).
- Taking the output from (i), select out all those areas/issues where a local agency is particularly involved. Then discuss with it to understand its viewpoint.

- Investigate how the experience of the local business persons compares to the “national picture” (consult any general study, if available).
- From the above, you will have an initial understanding of: the main problems as experienced by business persons; an estimate of how important these problems are; an idea on the extent to which local solutions may assist. At a later stage – beyond the analysis – you will brainstorm possible solutions (or partial solutions) to those problems that lie within the power of local partners to develop. This may give rise to actions later.

You may present a summary of the findings in a table such as the following and base text around it:

Table 2: Regulatory and Institutional Framework (optional)

Agreed Regulatory Challenges	High/ Low Negative Impact	Main public agency involved	Scope for local mitigation/improvement (details)

6.7 Skills and Human Capital, Inclusiveness

This is an area where local partners can accomplish a lot. It is also a difficult area to analyse. In the context of Mayors for Economic Growth it is essential to find a balance between the private sector’s current and future demand for skills and the supply of suitably skilled persons available. These may be found among persons coming out of school, college or training, persons returning to the locality after a period of absence (e.g. work abroad), persons returning to the labour market (especially women) or persons transiting from a declining to a growing sector.

Similarly, there may well be disadvantaged persons, certain professional categories, or even entire population groups (such as women, young people, ethnic minorities) who are facing challenges in finding employment and making a living due to some objective obstacles. In these cases, some measures are needed to stimulate job creation for these categories, or provide them with vocational training/re-training in order to make them more competitive on the labour market.

While the theme is a broad one, it is important to work in a targeted and efficient manner. General statistics on local labour market participation rates, demography, employment and unemployment will not be adequate to provide the detailed situation on skills that are required for local economic development. You will need to go deeper and much of the evidence may not yet be available in the form of statistics. The main challenge is to understand:

- Skills that current or future employers (will) need;
- Skills that are already available;
- Skills that can be developed both to provide greater opportunity to unskilled, unemployed or otherwise inactive persons and to ensure the private sector can grow.
- Underused human potential that can be used.

Local labour markets are not closed boxes and people with skills may move in and out of a local area so it is important to understand these migratory flows. The local (or regional) labour office may have some data on skills in addition to wider labour market statistics.

In all of this, the starting point is to understand the current and evolving situation from several main angles:

- Existing and potential employers' perspective
- Schools, training colleges, universities or other providers of education and training
- Students, job-seekers, and persons already in employment
- Categories of people, facing challenges being employed.



It is appropriate to proceed as follows:

1. Identify – probably on the basis of available statistics (local employment office, municipality) – the main sectors of employment, the numbers and trends of employment, unemployed and unknown, preferably according to gender. This will give a very broad initial picture.
2. After a broad discussion among employers or their representatives across all sectors (perhaps within a wider meeting), focus on those sectors that are considered a) large; b) having skills problems; c) either declining or potentially growing (in other words, likely subject to significant labour fluidity in coming years).
3. Taking the sectors individually, conduct interviews with employers on the skill profiles they require or on persons they may in the near future need to lay off (often employers will however not wish to speak on this). Take account of legally required qualifications for specific positions. On this basis seek to understand the types of skills that are or may be required in the future and those that may be less required and may lead to unemployment and/or the need for labour adaptability.
4. With the information gained at (2), discuss with education and training providers current provision relative to required skills and other issues related to how persons can be made “job fit”.
5. On the basis of preliminary findings from (3) and (4), bring together employers and education/training providers. Identify the main areas of “problem” and “opportunity” and the conditions required to address problems and start to translate opportunities into actions. Associate civil society organisations with this, representatives of “at risk” groups in the labour market or those largely excluded from the labour market.
6. Through a series of structured discussions, each on the basis of a note on the issues and solutions emerging from the previous meeting, a short list of possible actions leading towards improvement should be drawn up.

Note: it is very likely that this exercise will suggest the need for a local “skills” partnership (employers, education and training providers, local employment office, and municipality) or similar body (if these do not already exist) that will become permanent and work on actions in this area.

6.8 External Positioning and Marketing

So-called “locational factors” influence strongly whether private sector entrepreneurs and investors will locate their business activity in one place rather than another. Some – but not all of these – can

be influenced by local action. It is well documented that some of these factors refer to the perceived “attractiveness” of a particular place and of the general “image” it projects to the outside world. In every country, regrettably there are places that investors will avoid and entrepreneurs seek to get out of because it is not “seen” as a good place to be and to do business in.

Many of these factors may in fact be unrelated to the immediate business environment. They may rather refer to quality of life issues, physical attractiveness, environmental and cultural attractiveness of a place. This is particularly important for places seeking to attract investment from outside.

In some situations, places become unattractive because they are in a spiral of decline. Getting out of the spiral certainly requires many types of action: some of them are to create hope or perspective. Simply getting people in a small town working together, taking pride in their area, developing occasions for celebration rather than conflict or complaint may be part of a long process to change the internal dynamics and external image of a place.

Once a better or more positive image is developed it becomes possible to think in terms of how to market or position the local area – in competition to other areas. Obviously, these efforts cannot be based on marketing alone and real positive change will continually strengthen all attempts to project a positive image.

The municipal administration represented by the Mayor is democratically legitimized to represent, profile and project a positive and business friendly image of the local area – place to live in, work, visit, and invest. In some cases, it is also necessary to undertake small-scale but image-enhancing improvements to the physical or natural environment and quality of life. Developing these approaches requires a collective public-private, as well as community effort.

- Consider establishing a sub-committee within the wider partnership to identify “easy wins” in this area. Since financial resources may be lacking, it is important to identify initiatives that are a) relatively cost-free, b) mobilize citizens and c) are appreciated by citizens.
- Consult with citizens – including young people at school – to gain ideas. Citizens usually have many ideas about the “kind of place I would like my town (city, area) to be.” Gain feedback from citizens on how they feel about where they live and how they think outsiders perceive their own town or area. Consider asking persons from outside the area (e.g. the wider region) how they feel about your town or area. This will help build up ideas on the real and perceived image internally and externally.

You may present the issues emerging from this analysis in a table such as that below, possibly adapted as you feel appropriate.

Table 3: How the Local Area is Perceived by Its Citizens – optional

Likes/Perceived Strengths in the Image we Project Externally	Degree of Importance (1-5)	Dislikes/Perceived Weaknesses in the Image we Project Externally	Degree of Importance (1-5)
Possible Actions that could easily be Considered			Led by

7. SWOT Analysis

Taking all the various analyses together, including all possible individual SWOTs developed for each of the building block areas, it will be useful to develop:

A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis for the entire local area (town, city, etc.) related to the theme “Growth, Development, Employment” with particular focus on Private Sector and its potential to grow and create employment opportunities and resources for development.

This SWOT should include certain other elements not explicitly covered in the various analyses of the previous chapter, but which have emerged as significant in discussions.



Note: be careful that this SWOT does not become a general SWOT on every aspect of local economy and society. Keep focused clearly and tightly on the overall local economic performance and the building blocks and simply develop a single SWOT that integrates the main elements from them all. This will assist in pointing out what the focus of a Local Economic Development Plan should be.

In order to be useful in the process of developing of a Local Economic Development Plan, the SWOT analysis must be forward looking, i.e. it must consider not only current challenges, but also **upcoming** challenges.

Please remember that analysing Strengths and Weaknesses you are dealing with **internal** factors, i.e. characteristics of the territory and its economy itself, and when analysing Opportunities and Threats you are approaching **external** factors, i.e. other external actors, trends, and factors which you and the LAS do not control.

The SWOT analysis is a good tool for compiling the different assessments of a local economy in order to formulate **drivers** that take advantage of local economy’s strengths and opportunities, and to minimize threats to that economy, as well as its weaknesses. It is therefore important to prioritize those issues that can be addressed by the local actors, and acknowledge those issues that are beyond local control.

The outputs of this step are 1) sectoral + building blocks SWOT analyses, and 2) an overall SWOT analysis for the municipality as a combination of the most important characteristics of sectoral SWOTs.

The text around the SWOT should present the findings in terms of:

- A.** Possible directions of action that build on some of the identified strengths, and seek to surf the positive waves you foresee from some of the external opportunities, and, where really necessary and urgent,
- B.** Address major weaknesses that impact private sector growth very negatively, while anticipating external threats.

Be optimistic! Focus on **A**. Actions in **B** will be more complex and difficult. A strategic approach based on **A** is likely to be more feasible.

The short text in this section will open the door to the following section where you present your vision and objectives.

8. Vision & Objectives

The second stage is to complete Local Economic Development planning. This follows the usual principles and practices of local economic development planning – but of course, the plan is not intended to cover everything usual for a plan of that nature. In this stage, the Local Economic Development partnership will agree on its vision and objectives, and then identify actions to undertake consistent with those building blocks it has analysed and wishes to work on.

The Vision and the Objectives must be **clearly linked** to the Local Economic Analysis (Section 6) and SWOT analysis (Section 7). If there is no logical link to the Analysis, the Vision and Objectives will seem arbitrary and presented only as wishes, not as realistic tangible goals. All in all, no part of the Plan should be a stand-alone piece. Make sure the parts of the Plan are interrelated and interlinked, and perceived by a reader as contributing to one story. Do not hesitate to make cross-references between the parts of the Plan to make these links more obvious to the reader.

Strategic Vision

The Vision is a description of the stakeholders' preferred economic future for the community, that is its "destination", its statement on where the city, town or community wishes to be in the future in terms of growth, development and employment as the result of implementation of its plan. While the vision may not be fully achievable, it does give the community a clear sense of direction. 'Visioning' (the process of creating a Vision) has to be both imaginative and realistic. It is on the basis of the Vision, that objectives, actions and projects will be developed. The entire partnership should be involved in developing this Vision: it is its Mission Statement.



There are certain characteristics that most vision statements have in common. In general, vision statements should be:

- understood and shared by members of the community;
- broad enough to include a diverse variety of local perspectives;
- inspiring and uplifting to everyone involved in your planning effort.

The Vision should be as short and concise as possible. Please find strategic vision examples for different kinds of entities and organizations below.

Example Vision Statements

I. Territories

- "To Be Recognized as the Most Diverse Mountain Biking Destination in the World"
Western Canada Mountain Bike Tourism Association Tourism Plan
- "Strong Tourism Economy within a Strong Economic Mix"
Kimberley Tourism Plan
- "To deliver a unique visitor experience that embraces the authenticity of the community, celebrates its local distinctiveness, and contributes to the overall sustainability of Salt Spring Island."
Salt Spring Island Tourism Plan

II. Not-for-Profits

San Diego Zoo: To become a world leader at connecting people to wildlife and conservation.

Oceana seeks to make our oceans as rich, healthy and abundant as they once were.

Save the Children: A world in which every child attains the right to survival, protection, development, and participation.

Clinton Foundation: To implement sustainable programs that improve access worldwide to investment, opportunity, and lifesaving services now and for future generations.

Amnesty International: A world in which every person enjoys all of the human rights enshrined in the Universal Declaration of Human Rights and other international human rights instruments.

Special Olympics: To transform communities by inspiring people throughout the world to open their minds, accept and include people with intellectual disabilities and thereby anyone who is perceived as different.

Key Objectives

Key Objectives point towards specific outcomes which the community seeks to achieve. Achievement of the objectives as result of the Plan implementation means to get closer to the Vision. They deepen the Vision and also give a sense of “how” the Vision will start to be realised.

Since the Local Economic Development Plan is developed for 2 years, the Objectives have to be set for the same period of time. When working out the Objectives to be achieved, make sure that they correspond to the so-called SMART criteria, namely, that they are:

S – specific. The description is written in such a way that anyone reading the objective will most likely interpret it the same way. To ensure that an objective is specific is to make sure that the way it is described is observable and the result (end project) is clearly stated.

M – measurable. This criterion answers the question "how will you know it meets expectations?" and defines the objective using assessable terms (quantity, quality, frequency, costs, deadlines, etc.).

A – achievable. Be realistic with what you can achieve within given time with the available resources.

R – relevant. Check if the objective is clearly linked to the results of the analysis, and indeed contributes to achieving the Vision. Match the objective with the M4EG Building Blocks it addresses.

T – time-bound. Specify the deadline for achieving the Objective. It cannot be longer than the overall Plan duration (2 years).



We strongly recommend that you select no more than three objectives. The attainment of each of these, however, may well result from implementing several actions together, across several “building block” themes.

9. Action Plan

A detailed Action Plan is **the most important part** of the Local Economic Development Plan, with other parts just laying the ground and outlining the overall logic for the proposed interventions.

The Action Plan represents the unique tactics that the municipality stakeholders jointly choose in order to achieve the set Objectives, and requires quite a bit of work and creativity. There is usually more than one way to tackle a problem or achieve a desired result. So, a recommended way of identifying relevant actions for the Plan would be a **brainstorming session** among the Local Economic

Development Partnership members on what exactly could be done to achieve each Objective. Some of the propose actions could be well-known good practices that work in the majority of cases for similar objectives, while some of them could be unique proposals, designed for the particular local context.

The next step would be to critically assess all the proposals and jointly decide on the course of action to be taken. When the consensus on the Action for the Plan has been reached, indicate in some supporting text **WHY** these particular actions were determined most effective and efficient in this case.

There are different possible architectures for articulating the link between objectives and actions. For this Plan we propose a simple, flexible approach based on the following principles:

- Actions can be of any kind on one condition – they contribute to the attainment of one or several objectives you have set.
- Actions do not need to be isolated. They can combine several “sub-actions” that cut across several building block themes – this is no problem.
- Actions do not need to cost money. But if they do, you need to have a rough estimate of how much. They do not need to be “projects” in the conventional sense. They can be as wide or narrow as you feel appropriate. The main sub-actions however must be clear.
- Some actions may be “preparatory” actions that prepare more ambitious, later actions or projects.
- ‘Early-win’ actions that can quickly achieve visible and tangible impacts in the short-term will be fundamental to the overall Local Economic Development Plan implementation progress.



Each potential Local Economic Development action should be assessed to determine whether it meets the broader Local Economic Development vision and Objectives that were discussed and agreed by the stakeholders. A small team should be formed to develop the outline of each proposed Action. Actions should be initially described in the table below. All actions will be integrated – after agreement among the partners – into the final Action Plan.

The Action Plan should clearly reflect that some things the LA can do on its own, while some other things can only be done in cooperation with other (neighbouring) municipalities – or even regions and national ministries/agencies. Tourism is a good example on this. You can of course improve the situation for tourism in your LA, but if you want to attract tourists to your LA (unless a capital or a very big regional city), you must for sure cooperate with other municipalities and/or the region to create a positive picture for the whole region. Intermunicipal co-operation is here a tool for this.

The conclusion is that the Plan must reflect which areas your LA can work on its own – and which parts will need cooperation with other municipalities, with regions and/or with national authorities.

Table 4. Action Description Form - optional

Action Description Form	
Title	
Leading Partner	
Participating Partners	
Start time	
Duration	
Overall Estimated Cost	
I. Capital costs (if any)	
II. Other costs (if any)	

Financing sources (if known)	
Outputs – (indications if required)	
Results - indicators	
Plan objectives to which the Action will contribute	
Building Block themes relevant to the Action	



The Action Plan should be prepared in two steps:

- The entire Local Economic Development Partnership will agree which proposed Actions will go into the Action Plan. Only those actions that are considered feasible should be included.
- The Action Plan will be developed in the format below.

Only those actions that are considered feasible should be included within the Action Plan. If after reflection you consider an Action may not be feasible, then scale it down, and propose a preparatory action to explore, test and develop the original Action or Project you had in mind.

If this is the first Local Economic Development Plan for your municipality several actions may essentially be about creating the necessary partnerships and processes that will allow for more concrete action later.

The entire Action Plan should be prepared according to the template below – see Table 4.

TABLE 5. ACTION PLAN - MANDATORY

Building blocks	Key Objectives	Actions / Projects ideas	Duration (start/ finish)	Partners involved	Estimated costs (national currency & EUR equivalent)	Output (Product) indicators and targets	Outcome (Result) Indicators and targets
	1.	1.1.					
		1.2.					
	2.	2.1.					
		2.2.					
	3.	3.1.					
		3.2.					
		3.3.					
	4.	4.1.					

Special attention should be given to agreeing on two types of indicators for each action (two right-hand columns in the above table).

Output (or product) indicators are the indicative projections of the immediate product resulting from the action implementation (such as a feasibility study report, number of people trained, number of SMEs receiving support services, etc.).

Outcome (or result) indicators are presenting a higher level positive change expected as the result of delivering the action's product. They provide a measurable evidence if the actions are successful in achieving the corresponding Objective.



When working on setting up indicators and targets, please remember to consider and indicate **baseline** data for each indicator (if applicable). Baseline means the state of things prior to the action implementation, and presenting baseline data provides good comparison of progress “before” and “after” the action was implemented.

10. Financing Scheme

Elaborating a Plan is a very important process, but it could remain just a nice document if resources and capacities for its implementation are not mobilized. All possible sources of funding have to be explored and everyone, who could contribute to the implementation of the plan needs to be contacted and invited to be part of the implementation process. The local partnership needs to be very proactive searching for information of existing national programs, existing support programs for businesses, and funding opportunities within the regional level. It will be obvious from the Action Planning that certain actions will have costs and financing will need to be obtained if they are to go ahead.

The Mayors for Economic Growth Secretariat will assist municipalities in providing information on the possible sources of funding, including donor programs and potential investors. As an additional source of information, Signatories can use the M4EG Report on Funding Opportunities for local administrations for the implementation of (parts of) their Local Economic Development Plans (January 2018), which is available on the M4EG website in the M4EG library <http://m4eg.eu/en/libraryhome>.

Thought should be given to the fact that some actions may be implemented with contributions other than financial resources. For example, some donors may provide technical assistance in particular areas or some NGOs/private sector businesses may agree to undertake particular activities that contribute to the Action Plan without directly providing financial resources.

You may work on the funding possibilities filling out a table such as that below.

Table 6. Financing Scheme – optional

Actions	Estimated costs	Source of financing				Funding gaps	Remarks
		Local budget	Upper level budgets	Business	Donors		
1.1.							
1.2.							
2.1.							
2.2.							
etc.							
Total							

The Plan could be a “platform” for funding research. Indeed, the identification of funding can (and should) be one of the necessary actions to be included in the Action Plan. Public private partnerships should be strongly encouraged and supported.

11. Monitoring Indicators and Mechanisms

The Action Plan table presents the general logic of the proposed interventions and some basic information about the action timeline, budget, and responsible parties.

However, for quality planning it is also important to have a clear understanding of which necessary stages of each action shall take place at which time. So, an optional calendar plan by month can be developed for each activity to make sure it is realistic time-wise, and also to get an overall snapshot of the LEDP implementation dynamics over the two years for internal use.

Since the M4EG Secretariat will be requesting reports on LEDP implementation every 6 months, the projected activities' implementation should be broken down for four reporting periods and presented as a Monitoring Plan, which is an integral part of the LEDP document.

It presents the implementation schedule, which is broken down into 4 reporting periods for LEDP (6 months each), with intermediate expected results to be defined for each of them. The schedule should list all the activities in the same order they appear in the Action Plan (see Table).

TABLE 7: IMPLEMENTATION SCHEDULE / MONITORING PLAN - MANDATORY

Actions	Start date – end date	Expected results Months 1-6	Expected results Months 6-12	Expected results Months 12-18	Expected results Months 18-24
1.1.					
1.2.					
1.3.					

When subsequently reporting on the implementation, the Signatories will just need to mark if the intermediate expected results for that particular reporting period are achieved and provide comments to any discrepancies. That will provide a good overview of the progress and performance of every Signatory, as well as help raise a red flag when the overall implementation falls significantly behind.



It will be important that each Local Economic Development Partnership establish a monitoring committee. This may be a smaller group within the wider partnership. It should be representative of the wider partnership and ensure a good balance between women and men and meet quarterly.

Annex A. Process for Developing the Local Economic Development Plan - mandatory



This section allows for a much longer description of the process, by which the Local Economic Development Plan came about. For example, a description of the consultation process, the convening of the sector working groups etc. The information in this annex will be checked for planning quality control, and should be backed by evidence.