



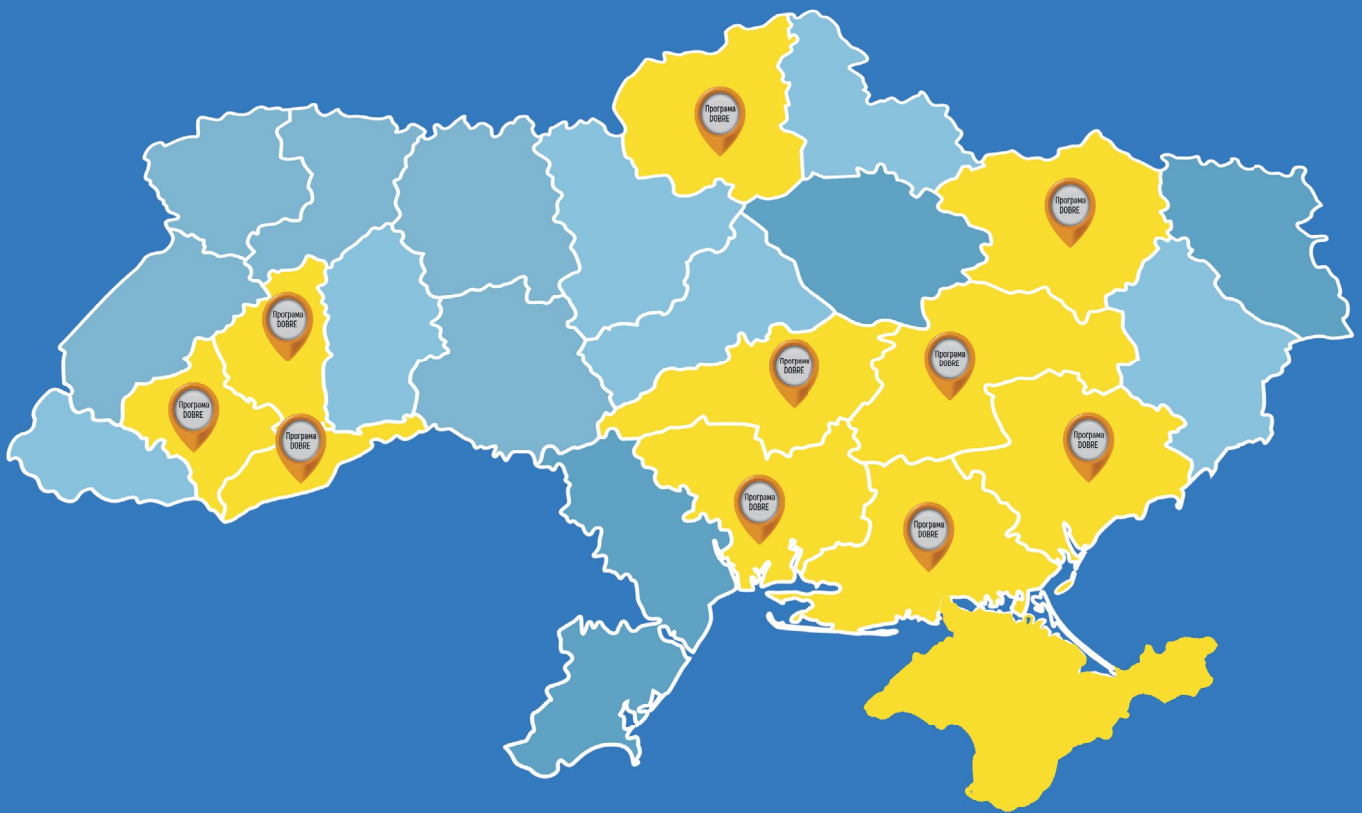
USAID
ВІД АМЕРИКАНСЬКОГО НАРОДУ



**Global
Communities**
Ukraine

REPORT

HOW CONSOLIDATED COMMUNITIES CAN PLAN FOR SUSTAINABLE AND INCLUSIVE ECONOMIC DEVELOPMENT ON THE EXPERIENCE OF APPLYING THE LOCAL ECONOMIC DEVELOPMENT METHODOLOGY IN USAID DOBRE PROGRAM



DOBRE PRACTICES



**ДЕЦЕНТРАЛІЗАЦІЯ
ЦЕ ДОБРЕ**

Kyiv – 2023

About the Report

This Report was prepared as part of USAID Decentralization Offering Better Results and Efficiency (USAID DOBRE) Program. The Report will be useful for local self-government officials responsible for community economic development, local state administrations, employees of regional development agencies, and representatives of international technical assistance programs/projects implemented in Ukraine.

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The USAID Program, “Decentralization Offering Better Results and Efficiency” (DOBRE), is a nine-year program, implemented by Global Communities and funded by the United States Agency for International Development. DOBRE has worked closely with 100 territorial consolidated communities (TCs) in ten Oblasts of Ukraine to help them realize the benefits and meet the challenges brought by decentralization. DOBRE provides technical and material assistance to TCs to help them govern openly and accountably and meet the needs of their citizens; and supports citizens’ active engagement in decision-making and policy making. DOBRE’s support encompasses strategic planning; spatial planning; financial management; public service delivery; local economic development; capacity building; good governance practices; and gender- and youth-responsive policies.

In the period 2022 - 2025, DOBRE will be working directly with at least 60 TCs of Ukraine to help them cope with the consequences of the war, recover and rebuild, and resume their trajectory of positive, sustainable development. Partners with Global Communities in the DOBRE Program Consortium include the Ukrainian Crisis Media Center; the Jerzy Regulski Foundation in Support of Local Democracy (FSLD), and the Malopolska School of Public Administration at the Krakow University of Economics, Poland.

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ACRONYMS AND ABBREVIATIONS

Code	– Code of Good Practice for Civil Participation in the Decision-Making Process
LED	– local economic development
SMEs	– small and medium-sized enterprises
ITA	– international technical assistance
LSGB	– local self-government body
USAID DOBRE Program, DOBRE	– USAID Decentralization Offering Better Results and Efficiency Program
WG	– working group
LED WG	– Local Economic Development Working Group
TC	– Territorial Consolidated Community

SUMMARY

Purpose and Objectives of the Report

The purpose of this Report is to analyze the local economic development methodology applied by the DOBRE Program in 100 Consolidated Communities of Ukraine during 2016-2022, to identify its strengths and weaknesses, and to develop recommendations for local self-government bodies, central government, donors and implementers of international technical assistance programs on how to improve the conditions for local economic development and the tools for its implementation in Ukraine.

Tools / Mechanisms / Activities / Areas Analyzed and Evaluated in the Report

The document analyzes and summarizes the DOBRE Program's methodology for local economic development planning, the main categories of assistance that the DOBRE Program and its partners provided to Consolidated Communities, and identifies and describes the challenges that partner communities face when planning and implementing LED activities. Recommendations for improving LED planning in communities, engaging stakeholders into the process, and finding the necessary resources draw on the results of the analysis conducted in April-June 2022. The Report provides examples of the documents that detail and regulate such activities.

A key source of data for this Report was an online survey of 46 representatives of DOBRE partner communities from six regions of Ukraine conducted from March to April 2022. In addition, individual interviews were conducted with 22 consultants on local economic development, tourism, public space design, cooperatives, and with individual DOBRE Program specialists with experience in LED field work. In total, the surveyed consultants worked with 70% of the Program's partner communities in eight oblasts during 2018-2021. This Report also provides detailed information on the results of the survey and the interviews.

Key Findings, Conclusions and Recommendations

- 🕒 *Key challenges and obstacles. Was the DOBRE Program able to overcome challenges and obstacles? If yes, how? If not, why?*

The preparation of this Report coincided with a dramatic period in Ukraine's history, the full-scale Russian military campaign that began in February 2022. The DOBRE Local Economic Development component of the Program began supporting communities in the Government-controlled area of Ukraine in 2016, amid ongoing hostilities and occupation of part of its territory (parts of Donetsk and Luhansk Oblasts and the Autonomous Republic of Crimea). The Program's operations were also affected by the COVID-19 pandemic (during 2020-2021), when a significant number of activities transitioned to online mode. The end of the first stage and the continuation of the Program coincided with Russia's full-scale military aggression against Ukraine in February 2022. Therefore, the recommendations of this research should be modeled and projected for the period of martial law and post-war reconstruction of the country.

In addition to the external factors that significantly affected the implementation of the DOBRE Local Economic Development component, one of the key challenges for almost every community was how to set up and ensure functioning of an inclusive (that would involve all stakeholders) working group. The challenge stemmed from local stakeholders lacking the understanding of both the local economic development concept as such ("***What kind of economy can we plan for at the local level?***") and the need for a change in the existing planning practices ("***What to do will be decided by the community leader and his deputies!***").

Further challenges were faced in engaging local entrepreneurs and farmers in the working groups. In most cases they showed little interest and activity (even when attending WG meetings). The only exceptions were the matters where their private interests could benefit. The situation was even more difficult in the communities where local entrepreneurs distanced themselves from the local government (due to long-standing personal or business conflicts or political preferences). The problem was partially solved by engaging consultants and specialists from the Local Economic Development Program, who met with entrepreneurs outside city/village councils and positioned themselves as independent facilitators. Local civic activists, including youth, involved in other components of the Program, were also helpful in establishing communication in the area of local economic development.

🕒 ***What would you do differently if you had to do it anew?***

The majority of the experts interviewed for this Report commended the effectiveness of the local economic development methodology used by the DOBRE Program. This has been additionally confirmed by the survey of representatives of partner Consolidated Communities. The results of the survey are presented in the Findings and Conclusions section of this Report. Key improvements to consider include the reduction in bureaucracy required by donor organizations during the implementation of local economic development projects and the improvement of communication between local government and businesses. Other recommendations for improving local economic development methodology are presented in the Recommendations section of the Report.

🕒 ***Recommendations for local and central governments and other implementers of similar policies***

The authors of the Report consolidated the results of the research on DOBRE's Local Economic Development Methodology and on its application in partner communities as well as the interviews with consultants and a survey of community representatives, and produced recommendations for local self-government bodies, central government, donors and implementers of international technical assistance programs. The focus of the recommendations is on the improvement of the conditions for local economic development and of the tools for its implementation in Consolidated Communities. Full details are listed in the Recommendations section of the Report.

INTRODUCTION

To highlight the results of its work and lessons learned from the implementation of selected program components over 2016-2022, the DOBRE Program developed a series of training materials.

A part of the Local Economic Development component, planning for sustainable and inclusive economic development by TCs was explored through a survey of TC representatives and a series of interviews with LED Specialists working with the Program's partner communities. The experience of applying the LED methodology of the DOBRE Program is summarized in the recommendations of the Manual for Local Government and Businesses entitled "Local Economic Development in Consolidated Communities: Useful Advice and Best Practices"¹, available in Ukrainian and English languages².

The results of the survey and interviews were compiled into conclusions and recommendations for local communities, the Government, donors and international technical assistance implementers in Ukraine.

It is important to note that the active phase of research and report preparation took place in March-May 2022, the time of intensive fighting. This significantly limited the scope of the analysis. The authors made every effort to ensure that the results (including the results of surveys of community representatives and interviews with experts) are sufficiently representative and that the conclusions and recommendations are credible and consistent with the reality.

The authors of this Report received assistance from consultants who had prepared reports on related topics, including Volodymyr Kryzhanivskyy, who was behind the research and preparation of the Report on Improving Business Engagement in LED Planning Processes, and Lidiia Chyzhevska, who studied the DOBRE Program's experience in community spatial planning.

¹ Local Economic Development in Consolidated Communities: Useful Advice and Best Practices. Manual for Local Government and Businesses: https://decentralization.gov.ua/uploads/library/file/717/MER_2021_WEB.pdf

² Local Economic Development in Consolidated Communities: Useful Advice and Best Practices, English version: https://www.google.com/url?q=https://drive.google.com/file/d/1k0uGr1_jQbGr-pusW9eQv84rl6OmtB-/view?usp%3Dsharing&sa=D&source=docs&ust=1670933109876412&usg=AOvVaw3oXgIK0UNN6XvW5UKvDKP6_

PROBLEM/BACKGROUND DESCRIPTION

This section explains the main challenges to LED planning and its general background, briefly describes the initial situation in the TCs in this area and outlines the main problems and challenges that communities needed to address with DOBRE's support.

Launched in 2016, the DOBRE Program aimed to support the systemic reform of local self-government and territorial organization of power in Ukraine (decentralization)³ by providing comprehensive technical and consulting support to the selected TCs. One component of the Program was community LED planning assistance.

The 1997 Basic Law on Local Self-Government stated that the balanced economic and social development of a territory is an inherent (self-governing) power of the executive bodies of village, town and city councils⁴. Nevertheless, prior to the decentralization, only large cities in Ukraine could actually formulate their own economic policies. The vast majority of more than 11,000 Ukrainian communities suffered from budget shortfalls and limited opportunities, particularly in the land sector. Real economic policy tools were mostly available only at the district and oblast government level. Prior to the reform, local development planning in most TCs was limited to the preparation of an annual Socio-Economic Development Program (SED)⁵, adopted as a package together with the local budget and only describing current development budget expenditures without proposing proactive policies involving various sources of financing.

The Concept of Reform (2014) identifies LED⁶ as one of the main responsibilities of local self-government bodies (LSGBs) at the basic level, further specifying that LED's focus is on attracting investment and developing entrepreneurship in the communities.

³ Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Concept of Reform of Local Self-Government and Territorial Organization of Power in Ukraine": <https://zakon.rada.gov.ua/laws/show/333-2014-%D1%80#Text>

⁴ Article 27 of the Law of Ukraine "On Local Self-Government in Ukraine": <https://zakon.rada.gov.ua/laws/show/280/97-%D0%B2%D1%80#Text>

⁵ The Law of Ukraine "On State Forecasting and Development of Programs for Economic and Social Development of Ukraine" No. 1602-III dated March 23, 2000, stipulates that the work on economic and social development programs is mandatory only for the Autonomous Republic of Crimea, oblasts, districts, and the cities of Kyiv and Sevastopol. The Program should be developed for a short-term period with due consideration of the annual address of the President of Ukraine to the Verkhovna Rada of Ukraine on the internal and external situation of Ukraine. Instead, the Resolution of the Cabinet of Ministers of Ukraine No. 621 "On Preparation of Forecast and Program Documents for Economic and Social Development and Preparation of the Budgetary Statement and the State Budget" dated April 26, 2003, extends this obligation to local self-government bodies of all cities. At the same time, the definition of "development budget" in the Budgetary Code of Ukraine refers to the revenues and expenditures of the local budget (including the budget of local self-government) "formed and used for the implementation of social and economic development programs." Later, the Order of the Ministry of Regional Development, Construction, Housing and Municipal Services of Ukraine "On Approval of Methodological Recommendations for the Formation and Implementation of Forecast and Program Documents for the Socio-Economic Development of Consolidated Territorial Communities" No. 75 dated March 30, 2016, defined the community's SED plan (program) as a document that outlines strategic goals and priorities for community development for the short and medium term (3-5 years).

⁶ Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Concept of Reform of Local Self-Government and Territorial Organization of Power in Ukraine": <https://zakon.rada.gov.ua/laws/show/333-2014-%D1%80#Text>

A necessary condition for the success of the LED is the expansion of fiscal and other powers of LSGBs, backed by adequate resources, through the decentralization. However, the experience has shown that it was not enough, as it was necessary to reorganize the work of LSGBs and increase their capacity to apply new tools and practices, including those provided by the DOBRE LED methodology.

In fact, when consultants and specialists began working in DOBRE partner communities, the latter had little to no understanding of the concepts of LED and LED planning, and so did not see the need for either. Communication between LSGBs and local businesses and entrepreneurs was limited to the former stimulating/encouraging the social responsibility of the latter on the Village/Town/City Day, St. Nicholas Day, New Year, etc. In such circumstances, it was difficult to talk about building even a basic level of trust between them (the government and businesses), let alone partnerships. Exceptions were the communities where local businesses, entrepreneurs, and/or farmers were actively involved in the government (elected as local council members and leaders), but their work was often centered around their private interests.

Thus, on the threshold of decentralization, the vast majority of Ukrainian communities were not only deprived of powers and resources for development, but also suffered from a lack of trust and cooperation between the government and businesses. The Reform provided systemic institutional solutions to address this problem, while the DOBRE Program proposed and tested LED methodology tools in partner communities.

AREAS OF RESEARCH

1 Project's most effective LED tools introduced in partner communities

LED planning methodology applied by the DOBRE Program

In general, LED is not an isolated process, but a cross-cutting element that is closely intertwined with other areas of community development, such as public services (education, healthcare, administrative services, utilities), infrastructure, spatial planning, culture, creative industries, etc.

LED planning in the first and second cohorts of DOBRE partner communities (each cohort consisted of 25 communities) was preceded by the drawing up of local development strategies (or strategic community development plans). This approach made it possible to ensure the compatibility of planning documents at different levels (the LED program was considered a tactical document to achieve a strategic economic objective) and to use the materials developed (e.g. SWOT analysis). At the same time, it was difficult to adapt (when necessary) the goal trees (the hierarchy of strategic and operational goals and objectives). Based on this local experience, DOBRE team was able to improve the process of supporting the communities. In the communities of the third and fourth cohorts, the LED planning process ran concurrently with the strategic planning conducted by DOBRE's colleagues from the Jerzy Regulski Foundation in Support of Local Democracy (FSLD/FRDL). In this case, it was essential to coordinate the work of the two teams of consultants and synchronize the two parts of the planning process.

A vital part of strategic planning⁷ is a study of the state of affairs in key sectors of community life. This study serves as the basis for identifying priority areas and modeling scenarios for community development, including LED. The DOBRE Program advocates a dynamic, participatory approach to strategic planning. In particular, this approach involves the regular review and modification of existing strategic documents in light of changes in external and internal factors of community development. Authorized persons should perform the analysis of the strategic plan implementation at least annually by and should follow the procedures set forth in the strategy itself. The principle of inclusiveness or participation embedded in this approach emphasizes on the need to involve all stakeholders, community population, public organizations and entrepreneurs in the decision-making process.

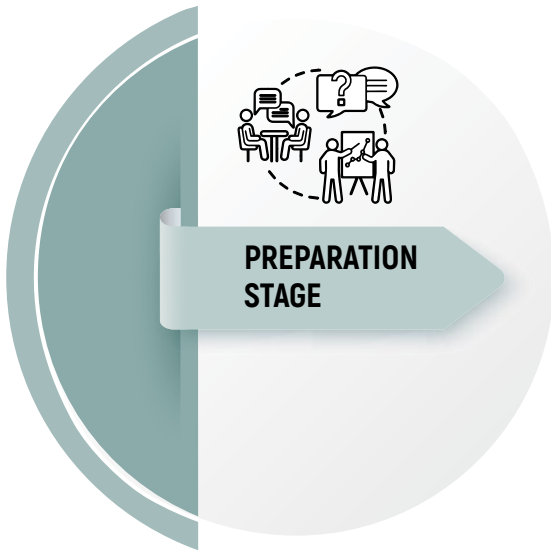
The LED planning methodology used by the DOBRE Program in its partner communities relies on a cycle of three main stages:

- preparation;
- planning;
- practical implementation and monitoring.

Each stage is described in detail below.

⁷ Participatory Strategic Planning at Local Self-Government Bodies. Manual for Consolidated Territorial Communities: https://decentralization.gov.ua/uploads/library/file/23/STRATEGIC_PLANNING_MANUAL_standard_version_9MB.pdf

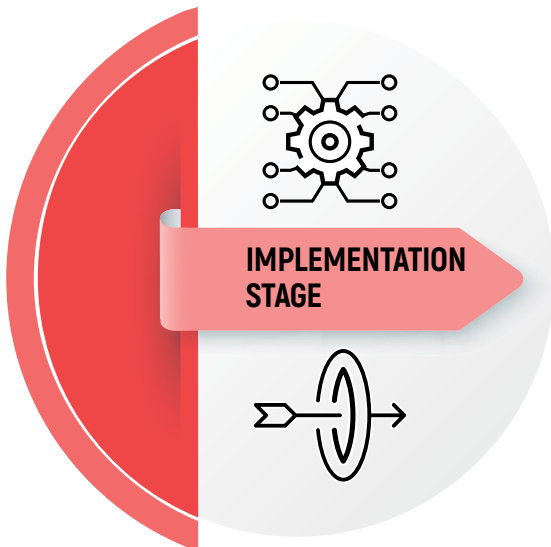
THREE MAIN STAGES OF THE LED PLANNING METHODOLOGY



Creation of an LED WG
Constitutive (first) meeting of the LED WG



Meeting of the LED WG
Development of an economic profile of the community
Drawing up of the LED program
Actual or potential resource availability
Synergistic effect



Financing of LED projects
Implementation of LED projects
Monitoring and evaluation of LED projects

PREPARATION STAGE

Creation of an LED WG. Inclusive LED Working Groups (LED WGs) are established to ensure that needs and views of various stakeholders are duly considered at the planning and implementation stages of the LED tools. A working group typically includes representatives of authorities (officials of executive bodies of LSGBs, mayors, members of local councils), representatives of local businesses and entrepreneurial organizations, the public, education sector and active youth. The optimal number of members of these groups is up to 15 persons, with membership being voluntary.

For a working group to become officially operational as an advisory body, it requires a decision on the same to be adopted by the village/town/city leader, executive committee or local council. In addition to the approval of membership, working groups also need a charter to set forth their tasks and key procedures ([charter sample](#)).

Main tasks of LED WGs:

- ④ Identifying community development challenges and tools to address them;
- ④ Preparing and implementing economic development projects in the community;
- ④ Coordinating and monitoring the implementation of measures listed in the economic block of the community development strategy;
- ④ Searching for opportunities to finance the strategy's activities;
- ④ Searching for project partners;
- ④ Performing preliminary review of draft resolutions on economic development prepared by the Session and the Executive Committee;
- ④ Performing regular review (at least once a year) of the planned activities to assess their relevance and suitability for the community.

Such working groups were created in all DOBRE partner communities. The initiative to create the working groups was coming mainly from LSGBs. To ensure that all stakeholders from different areas are involved, the DOBRE Program emphasized on the need for public announcement of the plans to establish a working group. In some communities, to explain the LED planning approach and to assess the needs and attitudes of the target groups, the consultants also held a series of individual or group introductory meetings with local entrepreneurs and farmers. Since these meetings were held outside the village/city councils and the consultants positioned themselves as independent facilitators, experience showed that local participants were more willing to engage and more open in their communication.

Constitutive meeting of the LED WG. The constitutive meeting of the LED WG is convened by the party that initiated the establishment of the group. As mentioned above, such initiators in the DOBRE Program were LSGBs. In some communities, the constitutive meeting of the working group was preceded by a meeting of potential members to discuss the proposed membership and the draft charter.

The goal of the constituent meeting is to discuss the purpose and objectives of the working group (as set forth in the WG's charter), the frequency of WG meetings, the

authority of its members, and other organizational matters necessary to regulate the work of the group; and to design the WG's work plan.

During the first meeting the participants should complete a test of community's preparedness for economic development (**test sample**), familiarize themselves with the structure of the community economic profile, and designate persons responsible for collecting information for the profile.

PLANNING STAGE

Meeting of the LED WG. One of the critical factors in achieving the LED goals is the effectiveness of the LED WG. Following the constitutive meeting, the working group should meet regularly in accordance with the approved charter to plan and further implement LED initiatives.

Each subsequent meeting of the working group should be carefully prepared by the chair/secretary of the group and should include the discussion of the results of the previous work and decision-making in the next steps. Ensuring businesses participation in the LED WG is particularly important. The experience of the DOBRE Program has shown that only a clear and dynamic organization of work can motivate business representatives to participate in such groups. Businesses are mostly represented by pragmatic businesspeople who need to see the motivation to participate in such structures. They can be motivated not only by their personal business interests but also by the effective use of their skills, abilities and resources to improve the business environment and overall quality of life in the community. It is important for the meeting chairperson to make the most efficient use of the time of each member of the working group, especially businesspeople for whom time is often the key asset. Therefore, it is important to plan the work in detail, prepare meetings, including draft resolutions and their written records (the minutes of the meeting or the chairperson's order after the meeting). Results-oriented management and effective communication are essential for the continued participation of business representatives in group meetings and for the successful operation of the group as a whole.

While circumstances may vary, the general recommendation for the LED WG is to meet at least quarterly, and at least monthly during periods of intensive work. In order to make operational decisions and coordinate ongoing work between meetings, it is also important to maintain constant operational communication among the members of the working group. For this purpose, it is necessary to create a specialized group chat in one of the popular messengers (Telegram, WhatsApp, Viber, Messenger, etc.).

Developing the community's economic profile

In the DOBRE Program, the first step of LED planning was to prepare an economic profile of the community. As mentioned above, at the constitutive meeting of the WG its members assigned the responsibility of collecting the information for the profile to a designated person, specifying also the methods and timeframes for such information gathering. Developing an economic profile takes approximately 2 to 3 weeks.

An economic profile is essentially a detailed portrait of a community. It comprises all the basic information about the community's resources. This document is an important tool to assist local government authorities, local entrepreneurs, potential

investors, and ordinary citizens in making decisions. An economic profile can be a source of information for developing projects and programs and for obtaining financing from national and international technical assistance programs. It is also an important source of information for the preparation of documents related to spatial planning and design of public spaces.

Creating an economic profile is fairly routine and requires patience, attention to detail, and creativity in gathering information and managing the working group members. It is important to elect/appoint a person responsible for preparing the profile and managing the WG members in their search for information and its analysis. Quite often certain information that needs to be included in the profile is simply not available at the LSGBs. To obtain it, they will need to conduct research, inquiries, interviews, or surveys.

For example, some communities may not have available the information about the traffic on a particular stretch of road, while such information is important in deciding whether to build a car wash, gas station, or roadside store. Obtaining it requires volunteers to be organized to count the number of vehicles traveling on that particular stretch of road at different times of the day and on different days of the week. After collecting the quantitative data from various locations in the community, it is possible to determine a fairly accurate number of vehicles passing through the community per day as well as the structure of the traffic (cars, trucks) and peak hours. For example, to determine the feasibility of building a self-service car wash, it is important that at least 150-200 cars pass by the potential site in an hour.

Another example is the section of the community's economic profile that addresses the community's gender and age structure and demographics. The indicators in this section are important for investors looking for business locations to understand the potential of the local workforce.

Similar research can be conducted to obtain information on pendulum labor migration (commuting to work outside of the community), public transportation ridership, and other indicators based on the specifics of the local community. To conduct the field research, the DOBRE Program provided all partner communities with tablets and software for online and offline data collection and processing as part of the Community Services. Improvement component.

The software was developed by the [Social Boost](#) NGO, one of the implementers of the DOBRE Program during 2016-2021. The research was conducted by members of the working groups and local volunteers who had previously received training and hands-on experience through the DOBRE Program.



The information collected through the community surveys was later used to develop strategic plans, create community economic profiles, and design local development projects.

Other sections of the profile list and describe the activities of the community's largest employers and taxpayers. In one partner community, after the profile was published, a local logistics company learned of the existence of the local transportation pellet manufacturer and began working with them. Thus, the economic profile, created and published on the community's official website, contributed to the additional development of two local businesses and the creation of new jobs for residents.

In general, each community should determine the sources and amount of information to be included in the profile. The more details on a particular industry are collected in the profile, the better the document itself will be, and consequently, its potential impact and effectiveness. A high-quality community profile increases the likelihood of attracting internal and external investment in the community. It is recommended that the economic profile (at least the main sections) are translated into English to increase the probability of attracting foreign investment.

The final version of the profile is initially approved at a WG meeting, and then by an order of the chairperson or a resolution of the local council. Upon final approval, the profile will be posted on the community's official website. It is important that the community's economic profile is published in such a way that it can be easily found on the website, especially through a Google search.

One method of publishing or visualizing a community economic profile is by using [DOSVIT](#) platform (see Annexes for examples of economic profiles of partner communities).



It should be noted that the economic profile is intended for peacetime use. During the martial law, the information included in the profile can be used by the enemy for various purposes (e.g., persecution of LSGB leaders, local activists, seizure of local resources, airstrikes on infrastructure facilities, etc.). For this reason the document should be withheld from public access during martial law.

Developing the LED program

An LED program is a document that outlines a series of specific projects for the next 3-4 years, the implementation of which will help achieve the economic development goals of the community as set forth in its development strategy. Design, implementation and annual review of the program is the responsibility of the LED WG with stakeholder input. The LED program is approved by the local council or executive committee (see Annexes for LED programs of selected communities).

Based on the community development strategy and resources described in the economic profile, the LED WG develops a strategic vision and goals for economic development.

The next step for the WG is to design the tools needed to achieve the goals of economic development. During the discussions the group identifies LED tools that can be effectively used to revitalize the local economy. LED tools are projects of various types that create conditions for local economic development.

Under the Local Economic Development component, DOBRE partner communities implemented projects in the following areas:

1. Support for existing businesses
2. Support for the development of entrepreneurship
3. Attraction of new businesses and investments
4. Human capital development

The tools that the DOBRE Program recommended to its partner communities to use in their own LED programs are listed below.

TYPICAL LED TOOLS⁸:

1. Commerce/Service Areas:

- ☑ Commerce/service-oriented public spaces
- ☑ Areas for festive events
- ☑ Farmers' markets

2. Grants for Businesses:

- ☑ Grants for business start-ups
- ☑ Voucher support

3. Financing Sources:

- ☑ Reimbursement of loan interest
- ☑ Microcredit funds

4. Dual education:

- ☑ Dual education training and methodology centers
- ☑ Career counseling and internship programs

5. Training and Demonstration Activities:

- ☑ Thematic centers
- ☑ Study visits

6. Common Use Spaces:

- ☑ Co-working spaces, including those located in educational institutions
- ☑ Shared kitchens/workshops
- ☑ Business incubators
- ☑ Non-formal education programs

7. Local Business Support Organizations:

- ☑ LEDAs (local economic development agencies)
- ☑ BSCs (business support centers)
- ☑ Business and entrepreneurial clubs

8. Cooperatives

9. Social Entrepreneurship

10. Tourism:

- ☑ Tourist information centers
- ☑ Festivals
- ☑ Community maps (other promotional materials) promoting local businesses
- ☑ Marking and signposting tourist routes and the communal territory
- ☑ Creation or improvement of tourist infrastructure (roads, parking lots, campgrounds, etc.)

11. Access to Land Assets:

- ☑ Land registration and development of land management documentation
- ☑ Connection of engineering infrastructure to land plots
- ☑ Land reclamation
- ☑ Creation of master plans for settlements
- ☑ Comprehensive planning of community territory

12. Business Infrastructure:

- ☑ Restoration of abandoned buildings, sites and facilities
- ☑ Transfer of rights to use sites/facilities

13. Attraction of investors (including businesses displaced during the war):

- ☑ Preparation of land plots and premises with utility infrastructure for potential investors
- ☑ Assistance to investors in the preparation of documentation

14. Business Community Partnerships:

- ☑ Public-private partnerships
- ☑ Development programs for areas where large companies operate

15. Regional Products:

- ☑ Promotion of traditional local products
- ☑ Assistance with state registration of a geographical indication

⁸ Local Economic Development in Consolidated Communities: Useful Advice and Best Practices. A Manual for Local Government and Business: <https://decentralization.gov.ua/news/13511>; Local Economic Development in Consolidated Communities: Useful Advice and Best Practices. A Manual for Local Government and Business: https://drive.google.com/file/d/1k0uGr11_jQbGr-pusW9eQv84r16OmtB-/view?usp=sharing

The LED priority project ideas selected by the working group directly influence the selection of the above tools for a particular community. In fact, these projects are the foundation and key material of the LED program.

LED projects should include the following information:

- project name;
- strategic and operational objectives of the project (according to the approved community development strategy);
- project goals;
- area to be covered, number of residents to benefit from the results;
- description of the problem or need addressed by the project;
- description of the financial and institutional sustainability of the project;
- key stages of implementation; activities;
- expected results (quantitative and qualitative);
- schedule and duration;
- resources required;
- financing sources;
- project implementers.

The following important principles need to be considered when implementing LED projects.

Available or potentially available resources for project implementation. Members of the WGs often propose, with good intentions, to include in the LED program projects that, while acceptable in terms of content, are unlikely to be implemented even in the medium term. On the other hand, some of the projects proposed did not address the problem comprehensively but were able only to "patch holes". The best approach in this situation is to set ambitious goals based on potentially available resources (both financial and human) and on a realistic assessment of the community's ability to implement the project in the timeframe of up to three years.

Holistic and forward-looking approach to project planning. Such an approach entails thorough planning of any type of projects, especially of those related to infrastructure and launching new development institutions. This is best illustrated by the example of infrastructure projects on the design of public spaces with areas for commerce. At the project planning stage, the DOBRE Program hired architects and designers to develop detailed plans for public spaces in partner communities. Without the involvement of specialists, members of WGs may propose approaches that do not have long-term impact and development prospects. With professional planning that can foresee the stages of project implementation, where each stage has its own finished form and aesthetic appearance, public spots in the community can be gradually transformed into modern public spaces that are convenient for local residents and businesses.

Synergistic effect. When planning LED projects, it is important to assess the impact on other industries and the value added to the local economy. The creation of a farmers' market, for example, opens up new sales channels for local producers. It also regulates spontaneous trade, stimulates job creation, and increases local budget revenues. Tourism development projects are among those with the highest synergistic effect. According to various estimates, each job created in the tourism sector stimulates the creation of up to seven jobs in related sectors (agriculture, trade, transportation, construction, light industry, etc.). Any LED project can have a synergistic effect if it is well planned and implemented.

IMPLEMENTATION STAGE

Financing of LED projects

Projects included in the LED program can be financed from a variety of sources: local budgets, state budgets, technical assistance programs, private funds, and loans. The projects may be financed by one or more sources. If funds for the co-financing of the project are to be raised from different sources, each co-financing party may require a separate request/application form to be completed for consideration of the co-financing decision in accordance with its own internal procedures.

The DOBRE Program required partner communities to submit an additional application⁹ in accordance with the Program's procedures for co-financing LED projects.

Once the application was approved by the DOBRE Program, the partners proceeded to the financing and implementation stage. The financing split between the parties was 70/30, with 70% coming from the DOBRE Program and 30% from the partner community. DOBRE contributed by purchasing equipment, materials and services necessary for the LED project, without transferring funds directly to the LSGBs' bank/treasury accounts.

This approach helped reduce corruption risks at the local level, minimize conflicts of interest, and apply universal terms and conditions to procure the same type of goods/services. At the same time, the interviewed experts noted also some negative effects: protracted procurement procedures (due to the limited capacity of the DOBRE procurement unit) and delivery of goods to the communities, while prices of goods/services were higher as compared to local suppliers who could not participate in the national procurement due to qualification requirements.

⁹ 1) Co-financing application form:
https://docs.google.com/document/d/1OHns-1ioXF5kBXiZobWVL-ht1Ye_iHnE/edit#heading=h.gjdgxs;
2) Annex required for some LED projects:
https://docs.google.com/document/d/1fWXoy8Dx6D-1_P2-6WdfvsAmmmqn_Ghn/edit;
3) Required Annex to the application form. Budget:
https://docs.google.com/spreadsheets/d/1yITOF_BMw74MBplssf809JFQXLnnKN3K/edit#gid=135467037

As mentioned above, financing for LED projects can come from a variety of sources, including:

- **TC budgets.** The mechanism for providing financing to businesses and LED projects is detailed in DOBRE's manual entitled "Financial Support for Local Self-Government Bodies in Local Business Development and Entrepreneurship Stimulation"¹⁰;
- **State budget,** including State Regional Development Fund and State Targeted Programs;
- **International technical assistance programs** (grants), which can become a significant source in wartime/post-war periods requires both LSGB executive authorities and local NGOs and economic development organizations to have the capacity to act as grantees and/or administrators of LED grant projects;
- **Pooling resources of local self-government budgets** through inter-municipal cooperation mechanisms;
- **Funding provided by private investors** through public-private partnership mechanisms;
- **Credit funds,** including loans from international financial organizations (World Bank, European Bank for Reconstruction and Development, European Investment Bank, Kreditanstalt für Wiederaufbau (German Credit Institution for Reconstruction), Nordic Environment Finance Corporation);
- **Leasing;**
- **Private investment funds;**
- **Private charitable contributions or non-refundable financial assistance to socially responsible businesses.**

A common tool, often used in international practice, are loans for the implementation of large investment projects, including LED projects. For Ukrainian communities, such lenders may include the European Bank for Reconstruction and Development (EBRD), the World Bank, the International Finance Corporation (IFC), the European Investment Bank (EIB), the Kreditanstalt für Wiederaufbau (German Credit Institution for Reconstruction) (KfW), and the Nordic Environment Finance Corporation (NEFCO). In Ukraine, however, such mechanisms are used only by a few communities which have large populations, mainly oblast centers.

The financial capacity of the budgets of the small and medium-sized municipalities in DOBRE partner communities at the moment continues to be insufficient to allow them to cooperate with large international lenders. Administering such loans was further impeded by the lack of experience, practice, and qualified professionals.

Financing during martial law

Approaches and sources used by communities prior to February 24, 2022, changed significantly with the introduction of martial law and during post-war recovery. An example of this is the Resolution of the Cabinet of Ministers of Ukraine No. 590 dated June 9, 2021, which effectively blocked the ability to make

¹⁰ "Financial Assistance for Local Self-Government Bodies to Develop Local Business and Stimulate Entrepreneurship": <https://decentralization.gov.ua/uploads/library/file/775/DOBRE.pdf>

local budget expenditures during the war not only for development purposes, but also for operational activities. As a result, several DOBRE partner communities, while having sufficient resources, were unable to spend them to complete the implementation of their projects. In the areas of hostilities and in the liberated/temporarily occupied territories, economic development will be possible only after the war. This meant that in their efforts aimed at restoring and reformatting economic processes, the government and business were limited to only relatively safe areas.

In late March 2022, the Government of Ukraine launched a [program](#) to help evacuate and relocate production facilities to relatively safe regions. In the first three months, more than 1,500 companies applied for assistance, and 510¹¹ went on to relocate. In addition, the Lviv Regional Military Administration adopted a [regional business support program for the period of martial law](#).

Implementation of LED projects

Projects are implemented according to the set tasks, schedule and budget. It is important to keep both the LED WG members and the local community informed about the implementation and its progress. The experience of the DOBRE Program shows that the dynamics of project implementation is often impacted by various unforeseen circumstances. The latter include, for instance, changes in commodity prices, changes in local government, exchange rate fluctuations, delays in securing community contributions, and complex tender processes. To minimize the negative impact of external factors, the project design should include the analysis of potential risks and protocols for the project team in case they emerge.

It is generally considered a normal practice to make certain changes and adjustments to a project in the course of its implementation, with the consent of all stakeholders. It is important that these adjustments do not change the focus of the project and ensure that the objectives are achieved. The key factors that ensure the success of LED projects are strong leadership, effective communication, good planning and well-coordinated teamwork.

Monitoring and evaluation of LED projects

Project monitoring relies on key performance indicators. It is important to define these at the planning stage so that they can be clearly identified and documented. Indicators should be both quantitative and qualitative and cover different categories: outputs, outcomes, and long-term impact.

¹¹ More than 500 Ukrainian companies have been relocated as part of the relocation program: <https://www.me.gov.ua/News/Detail?lang=uk-UA&id=d105eb30-9405-476c-90d8-822e8eec8199&title=Ponad500-UkrainskikhPidprimstvPeremischenoVRamkakhProgramiRelokatsii>

Monitoring and evaluation of project implementation is performed by external (from the project perspective) specialists, including by WG representatives or other competent persons. After the implementation, the project's effectiveness should be evaluated against the baseline indicators at least once a year and should be discussed at a working group meeting prior to the annual LED program audit. The results of such evaluations are a good basis for verifying the effectiveness of the LED tools for the local community. These results also serve as a source of information and a basis for adjustments to the LED program and the development of new LED projects.

If resources are available, the TC may engage independent experts to monitor and evaluate the implementation of individual LED projects and the LED program as a whole. It is also worth providing for the experts to supervise the implementation of projects that include elements of construction, reconstruction, design of public spaces and landscaping. Engaging such specialists significantly increases the likelihood of quality work and consistency with the approved project.

2 Other activities of the DOBRE Program that had positive impact on the LED

In addition to the unified LED methodology applied across all DOBRE partner communities, the Program also utilized an individualized approach. Depending on the need and priority of the projects, individual communities could receive additional support in planning and implementation of LED programs by submitting a request with proper justification. These support tools are listed below.

Individual support for communities (upon request):

- in the creation/development of agricultural cooperatives (individual consultations);
- in the creation/development of co-working spaces;
- in the design and planning of public spaces with places for micro, small and medium enterprises;
- in attracting more investment;
- in finding mechanisms for transferring/ensuring access to equipment for cooperatives and NGOs;
- in tourism development (individual consultations);
- in setting up local development institutions;
- in creating promotional videos;
- in spatial planning of the community territory;
- in urban/town/village master planning;
- in the development of an intercommunity cooperation program.

The DOBRE team also implemented a number of cross-cutting activities to strengthen LED competencies and improve the business development ecosystem in partner communities. The results of these activities (in form of analytical documents and participation in some events) could be useful not only for the Program partners, but also for other TCs in Ukraine.

Such additional activities include:

- Assisting with the development/streamlining of regulations to conduce a business-friendly ecosystem in communities;
- Launching and assisting communities with the annual International Economic Development Week;
- Launching and organizing the annual DOBRE Forum on Strategic Community Development and Investor Attraction;
- Assisting communities in transferring/ensuring access to equipment for cooperatives and public organizations;
- Arranging study visits to learn about best practices in Ukraine, Poland, the United States and Canada;
- Supporting the establishment of local programs to provide non-refundable financial assistance from the budget to small and medium-sized businesses.

3 Key assumptions underlying the LED implementation strategy

The following key assumptions are underlying the methodology of DOBRE's LED component activities in partner communities:

1. Understanding by local government leaders of the importance of focused policy planning and implementation for sustainable LED.
2. The capacity of LSGBs to organize an inclusive LED WG (including representatives of local businesses, entrepreneurs, farmers, educators, youth and other categories) and ensure its effective functioning during and after the Program.
3. The availability of human, institutional and financial resources in the partner communities that will allow the effective use of DOBRE technical assistance.
4. Motivation of LED WG members and responsible LSGB officials to undergo training to master the methodology for planning and implementing LED initiatives offered by the DOBRE Program.
5. Availability of data on the socio-economic development of the community, necessary for the creation of an economic profile for each partner community, which will be publicly available and regularly updated.
6. The ability of the working group members to reach consensus on the development of the LED program, which will consist of a detailed description of at least three LED projects.

7. The existence of a political will on the part of the local council to approve the LED program with the priority projects for community development developed by the working group.
8. The ability and willingness of LSGBs to ensure the implementation of one or more agreed LED projects with a DOBRE Program grant and co-financing from local sources in the amount of at least 30%.
9. Openness of partner communities to engage independent experts, auditors, and media representatives to improve the quality of implemented initiatives, monitor the targeted use of funds, and publicize the progress of projects.

The experience of the experts "in the field" confirmed these key assumptions in most cases; however, in some considerable effort was required to achieve the desired state. Certainly, the situation in each community was different, as were the community leaders' expectations from the Program. Nevertheless, the expectations described above were largely accurate, and the methodology that has contributed to the success of the LED component in partner communities is modeled accordingly.

This conclusion is supported by the results of a survey of community leaders conducted during the preparation of this Report: 78% of respondents were definitely positive about the Program's assistance in creating and supporting processes for planning and implementing LED projects and initiatives in their communities. If the assumptions had been wrongly formulated, it is unlikely that the methodology based on them would have been so highly regarded by the participants and experts involved in the Program. The accuracy of the LED component assumptions described can be analyzed in detail using the survey results available in section 5 of this Report.

4 Motivation of project stakeholders and how to increase it

Partner communities had two key motivations: to obtain additional resources for community development and to establish more systematic mechanisms for LED support with the help of the external consultants. This is confirmed by the data from the survey of community representatives in March 2022: co-financing of LED projects by the DOBRE Program and support for LED planning consulting were most frequently cited as the most effective LED support tools for the community (61% of respondents indicated both of these options).

At the same time, the level of motivation of each community varied greatly. Some communities had too high expectations and focused on large and unrealistic projects (such as a cryptocurrency mining project or the restoration of a cannery that failed to adapt to the market economy and went bankrupt along with a state-owned farm). Some of them expected only funding and were not very willing to participate in "soft" (mainly training) activities. However, the vast majority of communities worked with great enthusiasm and understanding according to the methodology proposed by the DOBRE Program.

Considerations on how to motivate participants are detailed in the Recommendations section of this Report. The following is their brief summary. The most difficult thing is to involve local entrepreneurs in LED WGs, so all processes related to this component should be dynamic and have a clear cause and effect relationship. Delays in procedures, unclear bureaucracy, and duplication of work of various components significantly reduce the motivation of WG members, especially entrepreneurs.

The motivation of the working group members rises greatly if the review of LED projects and procurement of approved commodities and services is fast. Study visits and participation of local businesses in trade fairs also have a positive effect on their motivation.

5 Examples of successful results achieved by DOBRE partner communities

Key categories of assistance provided by DOBRE and its partners to partner communities

- 🎯 **Category:** Support for existing businesses
- 🎯 **LED tool:** Creation or improvement of commercial areas

MARKET SQUARE IN MOSTIVSKA TC, MYKOLAIV OBLAST

USAID DOBRE Program helped install a covered trade booth with 12 trading spaces, three trade booths that can be moved as needed, two play areas for two categories of children, two parking lots, a catering area, and an inclusive public restroom in the marketplace of Mostove village. The Program also installed a foldable mobile stage with lighting and sound equipment to be used during holidays, festivals and other public events. The place will serve as a venue for cultural and entertainment events, while twice a week local residents and entrepreneurs will be able to use it to sell their own products.



Learn more:

<https://mostivska.dosvit.org.ua/news/vidkrittya-suchasnoi-rinkovoi-ploschi-transformeru>



TRADE AND FAIR SPACE BOBRYNETSKA TC, KIROVOHRAD OBLAST

USAID DOBRE Program provided support in setting up six wooden trade booths for commerce and a generator for lighting in the central park of Bobrynets. The booths are used during festive events and festivals in the city's central park.



Learn more:

<https://persha.kr.ua/news/life/187065-u-bobrynetskij-gromadi-dobre-vidkryla-torgovo-yarmarkovyj-prostir-ta-zal-zasidan/>



TRADE AND FAIR SPACE NEXT TO A TOURIST SITE, THE KUDASHEVS' ESTATE, IN MALOVYSKIVSKA TC, KIROVOHRAD OBLAST

The DOBRE Program purchased seven insulated booths, six wooden booths, park lighting and dry closets. The community performed a topographic survey, built an quay on Velyka Vys River, and purchased and installed benches and lighting for the park. It also installed a musical fountain with light effects near the estate and landscaped the area. The space is popular with local entrepreneurs working with souvenirs, food, and printing, as many residents and visitors to the community choose it for their weekend trips. Here they can relax, learn about the history of Mala Vyska and the lives of its prominent people, and also buy products from local entrepreneurs.

TRADE AND FAIR SPACE IN NIZHYNSKA TC, CHERNIHIV OBLAST

With the support of the DOBRE Program, the community installed ten trade booths on the newly reconstructed pedestrian-only Hohol Street and connected them to the utility infrastructure. These booths are used by artisans and entrepreneurs, who sell their products during festive events and fairs. The community organized a Christmas fair during the New Year and Christmas holidays, leasing the trade booths to local entrepreneurs through an open tender. Local businesses and artisans then were able to sell their New Year-themed products and souvenirs from the booths every day of January. It is worth noting that the community developed the color scheme for the booths based on the design code of Hohol Street.

🎯 **Category:** Support for existing businesses

🎯 **LED tool:** Grants for businesses

USAID DOBRE Program provided individual consulting support to several communities and jointly designed an SME development program in Merefyanska TC, Kharkiv Oblast and a program of financial assistance for business start-ups in Sofiyivska TC, Dnipropetrovsk Oblast. WGs of local government, business representatives and a DOBRE consultant developed a draft program of financial assistance for businesses for each community. Additionally, prior to the development of the program, they completed a survey of local businesses to determine their needs and expectations for financial assistance.

In Merefyanska TC, according to the program requirements, financial assistance can only be provided through competition to SMEs registered with Merefyanska TC and engaged in manufacturing, agriculture or retail trade. Financial assistance can be used for the following purposes: purchase of equipment, business consulting services, research, participation in trade events, purchase of leased property and business promotion, provided that any additional necessary expenses are covered by the SME's own contribution.

In Sofiyivska TC, financial assistance is provided through competition as non-refundable financial aid to individuals who reside in Sofiyivska TC and who submitted their business projects. In order to receive financial assistance for a business project, individuals should register as business entities in the territory of Sofiyivska TC. Non-refundable financial assistance can be used for the following purposes: purchase of equipment, facilities, machinery and other fixed assets for production purposes; purchase of materials, seedlings, plants, animals, consumables; development of marketing materials (websites, promotional products, etc.).

* The programs in Sofiyivska TC and Merefyanska TC are scheduled to start after the lifting of the martial law in the country.



The manual is available to view and download here:

<https://decentralization.gov.ua/uploads/library/file/775/DOBRE.pdf>



🎯 **Category:** Support for existing businesses

🎯 **LED tool:** Dual education

In 2019 Polissia National University in Zhytomyr launched a Dual Education Center to allow its students to participate in dual education projects. Students of various specialties received education in form of dual learning at enterprises producing organic products or furniture, energy or tourism companies, farms and veterinary clinics. All students signed contracts for this form of education. Their work at the company normally lasts three months and they receive salary for it¹².

In 2021, USAID DOBRE Program and Polissia National University signed a Memorandum of Cooperation to combine their efforts in the development of dual education. This cooperation resulted, among other things, in a webinar entitled "Dual Education as a Tool for Local Economic Development of Communities", intended for LSGBs, educators and business representatives. The webinar had been scheduled for March 17, 2022, but never happened due to the onset of the full-scale war. Invited as speakers were representatives of the Scientific and Methodological Center of Higher and Vocational Education (a government body under the Ministry of Education and Science of Ukraine), the Friedrich-Ebert-Stiftung (FES) in Ukraine, the Eberhard-Schöck-Stiftung, and representatives of higher and vocational education institutions and businesses.

🎯 **Category:** Support for existing businesses

🎯 **LED tool:** Demonstration and training activities

DEMONSTRATION & TRAINING CENTER AT MOLOCHARSKE AGRICULTURAL COOPERATIVE IN POKROVSKA TC, DNIPROPETROVSK OBLAST

Created with the support and co-financing of a Canadian project, Molocharske Center is not only an agricultural enterprise producing high quality milk, but also the only training center for dairy farmers in the southeastern part of Ukraine, providing free training and consultations to small and medium-sized dairy producers in Dnipropetrovsk and other oblasts of Ukraine. The training focuses on various aspects of milk production: from housing and feeding cows to milking and manure removal¹³. Together with local LSGBs, DOBRE arranged several study visits to the Center for business representatives and LSGBs of partner communities to share best practices and experiences of Pokrovska TC in supporting existing businesses and stimulating entrepreneurship.

For more details, please see:

<http://decentralization.uacrisis.org/pokrovka>



¹² For more details, see pp. 18-19 by following the link: https://www.csi.org.ua/wp-content/uploads/2021/02/tz_for-web-1.pdf

¹³ <http://decentralization.uacrisis.org/pokrovka>

AQUACULTURE DEMONSTRATION HUB IN SOFIYIVSKA TC, DNIPROPETROVSK OBLAST

As one of its economic development priorities, the community began its work on the launch of an education and tourism facility that would restore local fishing industry and create jobs. USAID DOBRE Program helped LSGBs to build partnership with local businesses, jointly develop the project, and purchase equipment for the demonstration center. Companies restored a fish farm, closed since Soviet times and now turned into the Aquaculture Demonstration Hub, which will serve as an education and tourism facility. Local government assisted with the clearing of the area and prepared the site for the hub, while local companies cleared the fish breeding grounds, performed dredging, built an ecosystem with proper water circulation, and installed new aquaculture equipment. The products (silver carp, white carp, common carp) are now available on the local market.

Each visitor to the Hub can learn about the technology of small-scale and industrial fish farming and catching, the details of the aquaculture ecosystem, see aquariums with larvae, fry and adult fish, or use visual materials and explore production processes and infrastructure to learn how a business like this can be started.

The local government is looking for an investor to build a catering facility near the Hub to serve local products. The community also adopted a Tourism Development Program in its effort to stimulate entrepreneurship in the leisure and hospitality sector.

STUDY VISIT BY 20 REPRESENTATIVES OF LSGBs AND BUSINESSES FROM 12 COMMUNITIES OF CHERNIVTSI OBLAST TO THE BLUEBERRY AGRICULTURAL HUB IN PYADYTSKA TC (KAMIANKA VILLAGE), IVANO-FRANKIVSK OBLAST

The Blueberry Agricultural Hub was created through the cooperation of Pyadytska TC with USAID DOBRE Program and Ivano-Frankivsk Oblast Council. The study visit, organized by Bukovyna Community Development Agency and supported by USAID DOBRE Program, allowed the participants to learn about local successful experiences of stimulating entrepreneurship, attracting investors, ensuring rational use of land resources and creating added value by combining public and private investments, which leads to increased profitability and improved product quality through the technology of growing. Visitors also had an opportunity to attend a training webinar and receive advice from industry experts.

For more details, please follow the link:

<https://rai.ua/novyny/na-kolomyishchynu-zavitaly-bukovyntsi-za-obminom-dosvidu-video?fbclid=IwAR2HVWX3pcJiSEam4j58VnGP6uXAXxpfZcp3FKPbRyX0cwfsKSiXM25iqYc>



STUDY VISIT TO THE USA, ORGANIZED WITH THE SUPPORT OF USAID DOBRE PROGRAM TOGETHER WITH THE INTERNATIONAL CITY MANAGERS ASSOCIATION (ICMA)

Delegations of the partners of USAID DOBRE Program – representatives of TCs from all over Ukraine - spent two weeks studying best practices in various fields: models of local self-government and local economic development, successful cases of public engagement and service improvement in American cities comparable in size to Ukrainian TCs, for further implementation in their own communities. The participants visited city halls, businesses and industries, farms and cooperatives, local farmers' markets and tourist destinations, educational institutions and training centers. They were able to connect and communicate with a wide range of stakeholders from American cities and implement successful initiatives in their communities in Ukraine.

For more details, please follow the link:

<https://nvotg.gov.ua/news/navchalno-oznaomchi-vizit-do-ssha>



Learn more about the benefits of supporting businesses and engagement mechanisms in the report entitled "How Consolidated Communities Can Improve Engagement and Support for Local Business Development: A Report on the Results of USAID DOBRE Program."

🕒 **Category:** Attracting new businesses and investments

🔧 **LED tool:** Preparing land plots and premises with utility infrastructure for potential investors

INVESTMENT DOSSIER AND PROACTIVE STANCE OF KHOTYNSKA TC AUTHORITIES, CHERNIVTSI OBLAST

To attract new businesses, Khotynska community performed an inventory of vacant land plots (the so-called "greenfield") and premises that could be used by investors (the so-called "brownfield"). The effort culminated in the TC's investment dossier¹⁴ (eight land plots) prepared and distributed to the target audience, including through Ukraine Invest, a government agency. At the same time, the Economic Development Department of the City Council reviewed its work to introduce a more proactive and customer-oriented communication with potential investors. This approach yielded the expected results, despite the outbreak of Russia's full-scale aggression against Ukraine. In March-May 2022, three companies moved from Kharkiv to Khotyn as part of the Government Relocation Program¹⁵ (more than 50 new job opportunities): one of Ukraine's largest bicycle manufacturers relocated half of its production capacity; a manufacturer of household electrical appliances and a clothing manufacturer relocated all of its production capacity.

¹⁴ Investment dossier of Khotyn City Consolidated Community: <https://khotyn.dosvit.org.ua/news/investitsni-pasport-2021-12-01>

¹⁵ Read more about relocation: https://hromady.org/wp-content/uploads/2022/04/business_relocation.pdf

According to the business owners¹⁶, the decisive factor in their decision to relocate to Khotynska TC in all cases was the open and friendly attitude of city authorities, including assistance in finding premises and accommodating the employees of the relocated businesses. In the case of the clothing business, for instance, the owner, fleeing the shelling of Kharkiv, first came to the community as an internally displaced person (IDP). The local authorities learned that she was a businesswoman and offered her premises to relocate her manufacturing facility. The owner of an electrical appliances company initially planned to move from Kharkiv to Berezhany (Ternopil Oblast) but changed his mind literally in the middle of the road and returned to Khotyn after receiving a call from an employee of the Khotyn City Council, who saw the application to relocate that the owner submitted on the website of the Ministry of Economy of Ukraine and immediately responded to it.

🎯 **Category:** Stimulating entrepreneurship

🎯 **LED tool:** Common use spaces

PAVUTYNA CO-WORKING CENTER IN VELYKOHAIVSKA TC, TERNOPIL OBLAST, LAUNCHED WITH THE SUPPORT OF USAID DOBRE PROGRAM

The community repaired the premises, while DOBRE purchased computers, other equipment, furniture, a multimedia board, and helped the community leaders build partnership with businesses and launch IT vocational training. The Co-Working Center have workspaces for entrepreneurs to rent, while young people have an opportunity to organize their events for free. In addition, the Center has development and career counseling clubs, a language club, and a children's room. Community residents can learn foreign languages, participate in Vseznaiko Club, Profi Handicraft Club, and spend their free time in a safe children's room. It is worth noting that by mid-2021, the Co-Working Center was 100% self-financed. In one and a half years (since March 2020), it received a net income of more than UAH 128,000. With the outbreak of the war the Co-Working Center became a shelter for IDPs, who can use computers and other equipment at the Center, continue their work, or start new initiatives.

For more details, please follow the link: <https://molodizhnij-kovorking-tsentr-pavutyna-velikogajivskoji-otg.webnode.com.ua/>



MEDIA CENTER IN TEREBOVLIANSKA TC, TERNOPIL OBLAST

Established with the support of USAID DOBRE Program, it became a Center for Creative Industry Development in the region. By providing space, equipment, and team support, the Media Center focused on education, tourism and local business development during and after the COVID-19 pandemic, and on news coverage of major local events. In 2021, the Media Center was given a larger space in the Town Hall to continue its active work and expand its initiatives. The Center's staff and volunteers repaired the rooms and installed equipment purchased through the DOBRE Program. After the beginning of the full-scale war, the Media Center

¹⁶ What communities seeking to host displaced businesses need to know: <https://hromady.org/24722-2/>

launched additional information channels that became at first the primary source for community alerts and then also one of the resources for disseminating critical information to IDPs and community members. The Media Center also now serves as an online help desk for finding housing, humanitarian aid, and jobs for IDPs.

For more details, please follow the link:

<https://decentralization.gov.ua/news/12764>



COOKING CO-WORKING HUB IN STAROBOHORODCHANSKA TC, IVANO-FRANKIVSK OBLAST

The community repaired the premises, while the DOBRE Program purchased furniture, equipment for the industrial kitchen and confectionery, and provided training. The open space offers education and vocational training for students and youth in the community. Local entrepreneurs and community members now have an opportunity to practice and make their culinary products on professional equipment, improve their skills, and realize their business ideas. The space also hosts a variety of trainings, master classes, and educational and integration events.

For more details, please follow the link:

<https://suspilne.media/177853-u-gromadi-na-ivano-frankivsini-vidkrili-kulinarnij-kovorking/>



🕒 **Category:** Stimulating entrepreneurship

🕒 **LED tool:** Access to land assets

AGRICULTURAL DEMONSTRATION HUB FOR BLUEBERRY CULTIVATION IN PYADYTSKA TC, IVANO-FRANKIVSK OBLAST

Together with Ivano-Frankivsk Oblast Administration and Council, the DOBRE Program helped establish the hub by designing the project and purchasing an automated drip irrigation system with UAH 1.75 million, while the Council and the Administration purchased 6,520 blueberry seedlings worth UAH 35 million. From its end, Pyadytska Community allocated 16 hectares of communal land for the agricultural hub, prepared a 4.2-hectare communal field, connected the engineering infrastructure, installed an irrigation system and planted 6,240 blueberry bushes, contributing a total of UAH 1.65 million of community funds. The work of the LSGB created the conditions necessary to support existing businesses and encourage other residents to start businesses in the area. At the same time, the land remains in the ownership of the community. An important aspect of the project was ensuring effective communication between the government and businesses, which resulted in three local entrepreneurs investing their own funds in the development of the blueberry cultivation business on the communal field in the first year.

For more details, please follow the link:

<https://kurs.if.ua/economic/lohyna-i-navchannya-na-frankivshhyni-vidkryly-pershij-agrohab/>



- 🎯 **Category:** Stimulating entrepreneurship
- 🎯 **LED tool:** Local business support organizations

BUSINESS DEVELOPMENT CENTER IN MEREFYANSKA TC, KHARKIV OBLAST

Established with the support of USAID DOBRE Program, the Center provides services, tax advice, and business and financial literacy training for start-ups and existing businesses. The TC performed major renovation of the Center's facility, while USAID DOBRE Program purchased multimedia and computer equipment, software, and furniture.

For more details, please follow the link:

<https://merefaotg.gov.ua/news/1579874005/>



LOCAL ECONOMIC DEVELOPMENT AGENCY (LEDA) IN NOVOUKRAINSKA TC, KIROVOHRAD OBLAST

The Agency provides consulting and training for entrepreneurs, self-employed people and those planning to start a new business. The community hired trainers and experts for the Agency's activities as part of a rapid response grant competition for women's organizations held by the Ukrainian Women's Fund with the support of the European Union. The Agency's team works with community members who want to start a new business or grow an existing one by helping them develop a business plan, pursue sustainability, and identify and hire specialized consultants. LEDA temporarily suspended its operation during the war.

LOCAL DEVELOPMENT AGENCY IN LOSYNIVSKA TC, CHERNIHIV OBLAST

Established with the support of USAID DOBRE Program, the Agency's work was centered around building effective cooperation between local businesses, local authorities, residents and partners by organizing training events and providing information and consulting services to local entrepreneurs and businesses. The Agency's priorities include promoting the community, increasing its investment attractiveness and competitiveness, attracting investments and designing and implementing projects on community development. Unfortunately, the founder and director of the Agency died during the war, so it was forced to cease its operation. The community intends to resume the Agency's work in 2023.

For more details, please follow the link:

<https://www.facebook.com/LosynivskaTG/posts/120633947164789>

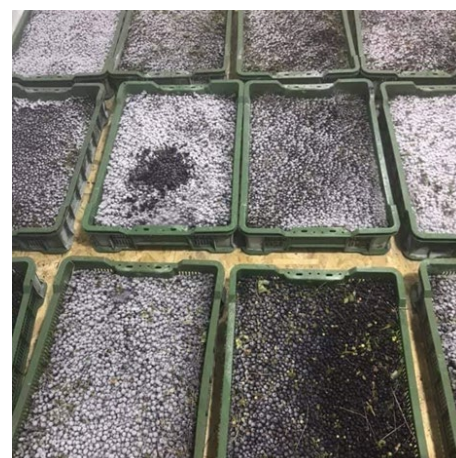


🌀 **Category:** Stimulating entrepreneurship

🌀 **LED tool:** Cooperatives

HUTSULSKI GAZDY CO-OPERATIVE IN BILOBERIZKA TC, IVANO-FRANKIVSK OBLAST

Hutsulski Gazdy specializes in processing fruit and vegetable products from local farms as well as wild plants, berries and mushrooms. The local Village Council allocated for the cooperative unused community space of about 200 square meters and further helped preparing it. The founding members of the cooperative purchased a pre-storage chamber for berries, and USAID DOBRE Program provided the necessary drying, cooling, and processing equipment. The Program also supported the community and provided advice on asset management, including on the ownership of the cooperative building, a former communal bathhouse, and on access to the equipment for cooperative members. With the onset of the full-scale war, many members of the cooperative joined the Armed Forces of Ukraine. The 2022 season yield totaled 10 tons of blueberries harvested by eight members of the cooperative. The cooperative plans to continue its work in the coming seasons.



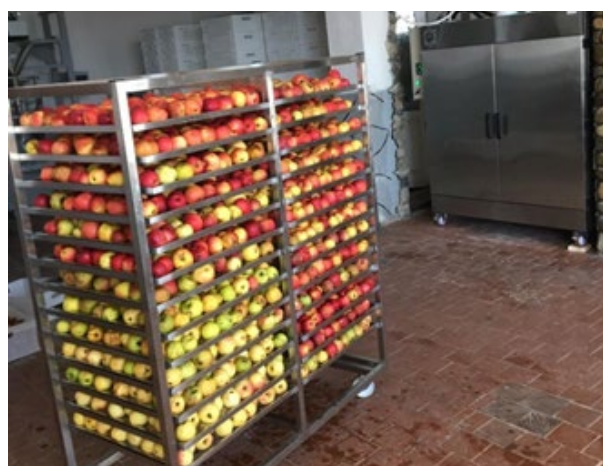
For more details, please follow the link:

<https://decentralization.gov.ua/news/12714?page=2>



DARY LITA COOPERATIVE IN STAROBOHORODCHANSKA TC

The cooperative specializes in drying and processing of vegetables and fruits grown in the community. The local Village Council helped to purchase a 10-square-meter freezer, while the cooperative members developed the business plan, renovated the premises, and connected the utilities. USAID DOBRE Program purchased industrial furniture, water supply equipment, and equipment for drying, processing, and packaging of vegetables and fruits.



After the beginning of the full-scale war, the cooperative members, government officials, volunteers, and community residents came together to produce 110 kg (350 packs) of Uzvar Bandery – dried apple chips – and distributed them free of charge to 328 IDP families in the community. Some of the products were donated to communities in eastern Ukraine. All the fruits for processing were provided by local residents free of charge. In 2020-2021, some members of the cooperative received training and internships at UK agricultural companies, purchased and planted new varieties of berries in the community, and provided practical training to community members on new gardening and berry growing methods.



PASICHNYKY PRYSAMARYA COOPERATIVE IN MYKOLAYIVSKA TC, DNIPROPETROVSK OBLAST

The idea behind the cooperative was to increase the profitability of beekeeping production and to develop the production of hives and beekeeping equipment from local resources. The DOBRE Program purchased specialized equipment and machinery to produce competitively viable honey products, including creamed and decrystallized honey. With the Program providing the support, enterprising miners in the villages of Western Donbas started making bee products (cream honey with additives, pollen, natural honey in various packages) and building beehives from local reeds. The cooperative members also created Bio Med brand and started a promotion campaign for its products.



Source: Bio Med Facebook page: <https://www.facebook.com/biomed.imunitet/>

For more details, please see:

<https://petropavlivka.city/articles/160381/kooperativ-pasichniki-prisamarya-uspishno-zajmatisya-vlasnoyu-spravoyu-v-ukraini-mozhlivo>



- 🎯 **Category:** Stimulating entrepreneurship
- 🎯 **LED tool:** Social enterprises

BUSINESS SUPPORT AND ENTREPRENEURSHIP DEVELOPMENT CENTER WITH SEWING AND CARPENTRY WORKSHOPS IN VERKHNIANSKA TC, IVANO-FRANKIVSK OBLAST

The Center, established with the support of USAID DOBRE Program, is purposed with promoting the development of local workforce and supporting local businesses. The DOBRE Program purchased professional equipment for the workshops, while the community renovated the premises and purchased the furniture. For local students, youth and micro-enterprises this means access to modern equipment and business training. Modern sewing machines at the Center now make flags, canvas bags with embroidery and symbols, Christmas decorations, children's toys, rag dolls, jewelry boxes and embroidered napkins. The project also has social impact in the community, providing training and employment for local residents, students and IDPs without professional experience. Additionally, workshop produces and repairs items for interiors of local cultural, sports, educational and LSGB buildings and facilities.



Source: Verkhnianska TC, DOBRE Program.

CRAFT TECHNOLOGY HUB IN PETRYKIVSKA TC, DNIPROPETROVSK OBLAST

While participating in the project, the community improved the infrastructure and facilities of schools for masters of folk art, such as vocational school No. 79 and Petrykivka T.Y. Pata Children's Art School. The DOBRE Program purchased furniture, easels, modern office equipment (3D printers, laptops, interactive whiteboards), machinery, workbenches, and desks, while the community, from its end, renovated the premises. These improvements led to some significant rise in the quality of vocational training in the community, while also to making it more suited to the requirements of the modern market.

The community also launched a craft and technology hub at the workshop of vocational school No. 79. Students now can learn 3D modeling and production of wooden blanks for Petrykivka painting on modern woodworking machines.

As part of the project, the community also set up a photo studio, which allows making high quality photos of products with Petrykivka painting. At this studio, local artisans and entrepreneurs, who make and sell folk art, can take high quality photographs to promote and sell their products. The community will continue implementing the next stages of the project after the war and plans to set up a video studio to produce promotional footage. Since the outbreak of the full-scale war, the Hub has been offering workshops for IDPs who want to acquire new vocational skills to start their own businesses.



For more details, please see:

https://www.facebook.com/permalink.php?story_fbid=1285418681816615&id=284759331882560



🕒 **Category:** Stimulating entrepreneurship

🕒 **LED tool:** Travel products

WEEKEND TOURISM PROGRAM IN NOVOOLEKSANDRIVSKA TC, DNIPROPETROVSK OBLAST

The program is aimed at visitors coming from Dnipro, a large neighboring city. Working with USAID DOBRE consultants, the community created bike trails along the city's namesake Dnipro River, set up two bike rentals, and installed tourist signage at each of the trails. While planning the development of tourism in the community, one active member of LED WG saw further inspiration in this idea. She decided to start her own business in this area that would also create new jobs. Together with her husband, she restored an abandoned building, landscaped the surroundings and a parking lot. Soon they opened Maiorova Khata, an ethno-style manor for learning and recreation. Located in a picturesque area on the banks of the Dnipro River on the way to a new tourist cycle route, the new space provides educational, cultural, integration, tourist and recreational services to guests and residents of the community.

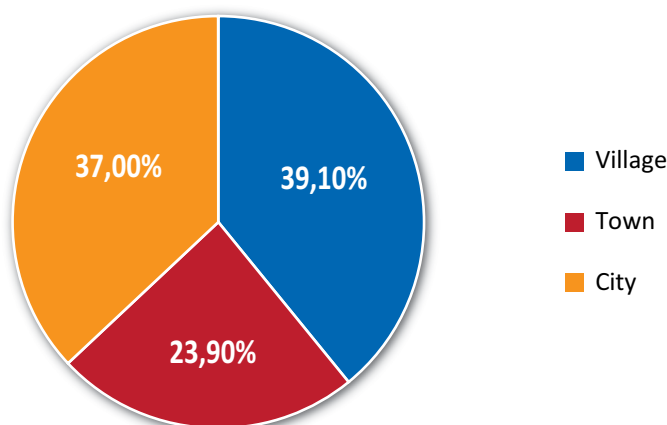


FINDINGS AND CONCLUSIONS

Survey and interview findings

To prepare this report, in March-April 2022 the authors performed an online survey (using a Google form) of TC representatives from six oblasts (regions) of Ukraine: Chernivtsi (26%), Chernihiv, Ternopil, Ivano-Frankivsk (19.6% each), Kirovohrad (13%) and Dnipro (2%). Respondents represented city (39%), town (24%), and village (37%) communities. A total of 46 TC representatives were covered by the survey.

Fig. 1. Community type (46 responses)



The survey extensively covered communities from both the first and second cohorts of the DOBRE Program (2017-2018) (35% of respondents), and the fourth cohort (2020-2021) (44%), while the third cohort (2019) had slightly less active participation at just 20%.

Due to the ongoing war and the difficulty in contacting other stakeholders (entrepreneurs and civic activists), the respondents were mostly comprised of LSGB representatives. Communities in areas of active fighting or at risk of hostilities were not included in the survey.

The authors also individually interviewed (via Zoom) 22 LED, tourism, public space design, cooperative, and DOBRE Program specialists with field experience of LED planning. Overall, the surveyed specialists worked with 70% of the Program's partner communities in eight oblasts (regions) during 2018-2021.

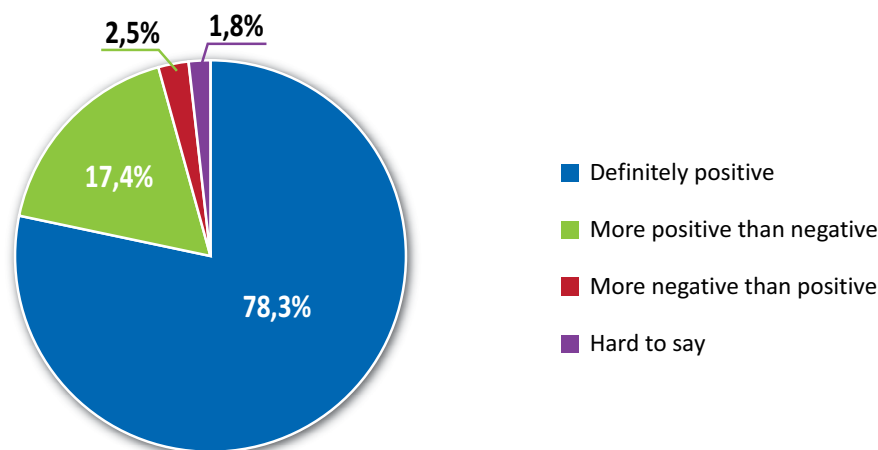
Despite these efforts, the results cannot be considered representative and should be interpreted with caution. On the other hand, given the constraints of wartime and the extent of the individual interviews with the experts, the study is worthy of attention.

2.1. Respondent rating of DOBRE's support of communities in LED

All the experts interviewed noted the significant positive impact of the DOBRE Program on the development of the partner communities.

This sentiment was echoed by the community representatives who responded to the online questionnaires: 78% of them rated the Program's assistance in creating and maintaining processes for planning and implementing LED projects and initiatives in their community as definitely positive.

Fig. 2. How would you generally rate the DOBRE Program's assistance in establishing and maintaining processes for planning and implementing LED projects and initiatives in your community? (46 responses)



The interviews with experts lead to the conclusion that due to USAID DOBRE Program the words "Local Economic Development" for the first time truly mean a separate important area of local governance in Ukraine. Apart from extensive planning, LED also required the structure of LSGB executive authorities, procedures, and policies to be reconfigured. This achievement is a logical effect of the philosophy of the Decentralization Reform implemented in Ukraine since 2015. However, the reform's economic component has not been clearly articulated at the national level. In their responses USAID DOBRE partner communities indicated that the LED planning methodology and tools are effective and feasible. It is important to note that the LED component was implemented in conjunction with the Youth, Budget and Gender components to ensure synergy of planned activities. Another positive aspect was the improved communication between the communities, which added the spirit of competition and stimulated innovation.

Extracts from the interviews:

"The help is definitely important. It is great to have that kind of support";

"Initially, communities perceived LED as an additional burden. However, they found it useful to learn how to formulate needs and plan for the growth of value-added in the community";

"LED planning was a relatively new topic, especially for the first two cohorts. The strength of the Program is that it plans different areas of development at the same time, making it possible to see how different economic, social, youth and budgetary policies are inter-connected";

"One positive aspect of the Program is that it helped different communities to work together. It is a kind of networking. And this is something we can see now, in time of war.

Several experts reported that community leaders were able to see the benefits of the practical implementation of LED projects as such, not only within the DOBRE Program grant support. Some of them acknowledged that this work made it possible to establish communication with local entrepreneurs, identify active community members, unite them into associations, or even help build local community identity.

Extracts from the interviews:

"Wise community leaders (though few in numbers, unfortunately) said that it was important to 'pump up' their people, unite them, and start communicating better in the community."

"The practical training gave the community a sense of unity towards a common cause, helped motivate the community, and eventually residents started feeling empowered."

"It is great to see a new, comprehensive approach to identifying new leaders in communities, who are learning to communicate."

"With DOBRE team's effort, the government started understanding the business community better, and the business community too started understanding the government. An example of this is the co-financing of LED projects by the government and businesses. Before DOBRE, communities had virtually no such examples of cooperation."

"The success of community support depends on people and their motivation. There will be results, no doubt, if the LED WG has motivated and competent people. The DOBRE Program helped to "nurture" such people in the communities."

The survey of community representatives provides more detail on the medium- and long-term impact of the implement LED projects on communities. For example, 48% reported improved communication between local government and businesses, 36% reported that local residents had started their own businesses, and another 29% reported opportunities for career guidance for student and youth entrepreneurship.

Of the specific LED support tools provided by the DOBRE Program that proved useful, the surveyed experts most frequently cited the study visits to other Ukrainian communities and grant support. Peer-to-peer communication made it possible to see firsthand that such success stories are real as well as to learn the behind-the-scenes details that are usually left out of Facebook posts.

Extracts from the interviews:

"Visiting Ukrainian communities and talking with each other was great";

"The study trips throughout Ukraine were very useful, especially learning about the experiences of the first cohort of communities";

"The most useful thing was the exchange of experiences between the communities. They suggested simple but not trivial solutions. For example, one community noticed that the library was open from 2 pm to 8 pm and not from 9 am. So, the community came up with an idea of turning the library into a co-working space."

When asked about the most effective LED support tool for the community provided jointly with the DOBRE Program, the responses of the community representatives confirmed the experts' estimates: 62% mentioned consulting support, 60% –

grant co-financing, 44% – training events, 38% – study visits to other communities in Ukraine.

It should be noted that 87% of the community respondents rated the work of the LED planning consultants hired by the DOBRE Program as definitely positive, while another 13% were more positive than negative.

When commenting on one-time trainings, one consultant made an interesting observation: "For rural community members, the opportunity to learn was a sign that they were 'unintelligent' in the eyes of 'big city' people". This meant that these one-time training sessions, even if delivered by the best trainers, did not have the desired effect, and it was important to have systematic and ongoing activities within the DOBRE Program to build trust. Here one-on-one mentor format and regular one-on-one community meetings proved to be more effective.

||| The experts interviewed also reported that the LED methodology had been adopted by other, non-DOBRE communities which saw the positive experiences of the Program.

Extracts from the interviews:

.....
"It is great to have this package of guidance materials. I shared it (with the Program's permission) with other communities, and it worked".
.....

2.2 Respondent rating of methodology application experience at the LED planning stage

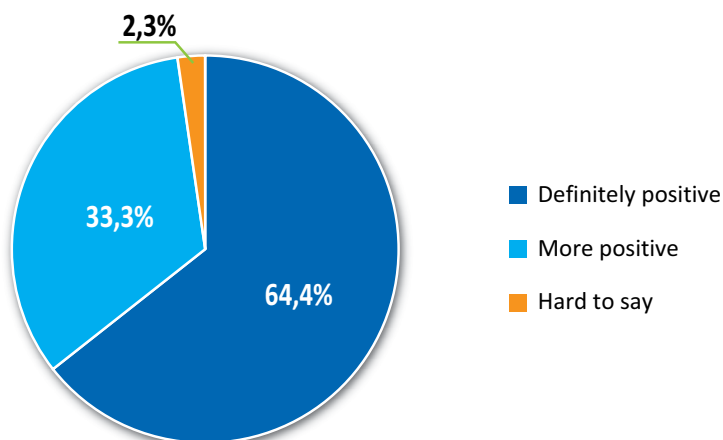
In general, all consultants interviewed noted the importance and usefulness of the systematic LED methodology and tools offered by the DOBRE Program. It made it possible to have more systematic planning at the local level and ensured that all parties involved had the same understanding of the expected products and results.

Extracts from the interviews:

.....
"In general, it was all success from the standpoint of methodology. It was good, there was evidence of its effectiveness".
.....

This assessment is shared by the community representatives: 64% of respondents gave a definitely positive and another 33% a more positive assessment of the LED planning stage in their community (which included an analysis of the situation, preparation of an economic profile of the community, development of several LED projects and an LED program).

Fig. 3. How would you generally rate the DOBRE-supported Local Economic Development PLANNING stage in your community (which included a situation analysis, preparation of the community economic profile, development of several LED projects, and the LED program)? (45 responses)



According to the experts interviewed, one of the key challenges at the LED planning stage in almost every community was related to how an inclusive LED WG could be organized and how it should function. This was due to a lack of understanding on the part of local stakeholders of both the LED concept ("What kind of economy can we plan for at the local level?") and the need for a change in established planning practices ("What to do will be decided by the community leader and their deputies!").

Extracts from the interviews:

"There was a widespread misunderstanding of the importance of quality planning. There was a traditional expectation that the community leader would be in charge of everything. Because it was customary. As a result, the public is slow to respond to new proposals, like, 'Let's discuss it in office!";

"It took a lot of time to explain the theories and approaches because the community had little understanding of LED in the beginning".

Existing payment practices also played a negative role, according to respondents. The key document for the planning of socio-economic development in the communities was the annual Socio-Economic Development Plan, which in many cases was "subordinated" to the budget and was formal in nature, justifying the expenditures for the purposes set forth in the local budget. In this context, the preparation of another local planning document in the economic sphere (in addition to the Municipal Development Strategy, the Socio-economic Development Plan and other local target programs) seemed questionable.

The situation was even more complicated in the communities participating in the EU's Mayors for Economic Growth Initiative (Ukraine had almost 150 of them at the beginning of 2022), which were obliged to adopt a LED program every two to three years using the Initiative's methodology. In these communities, the DOBRE Program helped verify priorities, update and supplement existing plans, and co-fund individual projects.

Extracts from the interviews:

"It was a strange situation, as the locals pretended not to know about the LED plan, which was adopted last year using the methodology of the Mayors for Economic Growth Initiative";

"Because the LED program overlapped with other documents, it was necessary to figure out how to avoid duplicating many different documents".

As a result, according to the respondents, work on the LED program was often perceived only as a formality required to receive grant financing from the DOBRE Program. Due to that, local authorities became active on the working group only after the consultants clarified for them what a WG is and after they truly immersed in the firsthand work of preparing LED projects.

MAJOR PROBLEMS/OBSTACLES ENCOUNTERED DURING THE LED PLANNING STAGE:

1. According to the experts:

- 1) Poor understanding of the importance of quality LED planning and the need to change the established practice of short-term planning through the Socio-Economic Development Plan that is subordinate to the local budget (which in turn is often the result of political agreements);
- 2) Difficulties in engaging all stakeholders to the planning process, especially local entrepreneurs and farmers;
- 3) Lack of human resources, both in LSGBs and project implementation;
- 4) Small financial support of LED projects for the communities of the 4th cohort.

2. According to community representatives:

- 1) Few local sources of funding/co-funding for LED projects (according to 64% of respondents);
- 2) Lack of business and/or public initiatives (58%);
- 3) Lack/poor quality of statistics on the local economy (49%);
- 4) Lack of positive experience of local government/business cooperation (42%);
- 5) Difficulties with planning in an uncertain economic and political environment (42%).

Another challenge was engaging local businessmen, farmers, and hired managers in the WGs. In most cases they were not active (even if attending the meetings), except in matters where their private interest was obvious.

Extracts from the interviews:

"Each community has its own story to tell. Each of them has their own spheres of influence, activists, relatives...";

"Only Vyzhnytska TC had active businesspeople, because they were all local deputies, active opinion leaders, combining private and public interests. Other communities had only one or two people [on the WG] from the business community, without too much initiative on their part";

"Businessmen had only their own interests in mind (and not the interests of the community)";

"Entrepreneurs came when they realized their interest in the project";

"It is difficult to attract businesses because they do not believe that they will be useful. Although the only motivation for business is often self-interest";

"Low participation of entrepreneurs, who are not interested in attending meetings and do not want to spend time on something that does not directly benefit them";

"Lack of time for business, lack of desire to cooperate with local government, businesses were often invited at inconvenient times, such as sowing, harvesting, etc. There will definitely be no participation from the business community at this time, as they have more pressing tasks".

On the other hand, according to the survey of community leaders, the key six problems that local businesses are facing are the ones that can be solved at the community level. These include "Lack of qualified workforce" (cited by 47% of the respondents), "Lack of land and/or premises for business" (27%), and "Inadequate information and consulting support for businesses" (20%). In solving these problems, which are of private interest but cannot be solved by the efforts of individual businesspeople, it is reasonable to expect more active participation of the latter.

The situation was particularly difficult in communities where local entrepreneurs deliberately distanced themselves from local government (either because of long-standing personal or business conflicts or political sympathies/opposition). The problem was partially solved through the facilitation by LED Program consultants, who held individual meetings with entrepreneurs outside the city/village councils, positioning themselves as independent facilitators. The LED further benefitted from the participation of local civil society activists, including youth, who were involved in other components of the program but also helped with LED.

Read more about business engagement in LED planning in the report entitled "How Consolidated Communities Can Improve Engagement and Support for Local Business Development."

Extracts from the interviews:

"The authorities relied on their communication network. If the circle of community leaders included entrepreneurs, the working group was inclusive. Otherwise, the working group consisted only of officials and utility companies' executives";

"Businessmen were engaged through personal contacts. In one community, the wife of a major businessman was persuaded to come to the first meeting. Then (when he saw who and what was there) he came himself.";

"I traveled to each farmer individually. I met with them one-on-one and convinced them to join the working group. The general context was as follows:

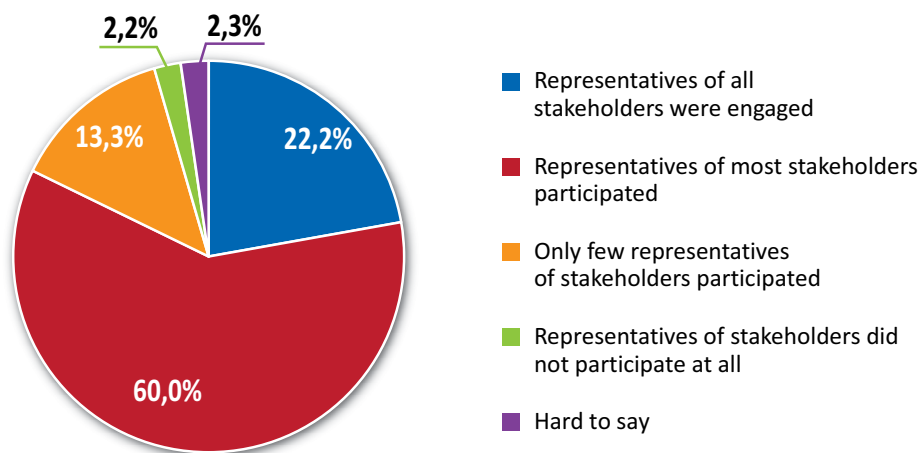
"We already give them money, what more do they want from us?";

"In Nedoboivska TC, the consultant first held two or three introductory online meetings with community representatives to get to know each other, explain the tasks of the working group, and select people who would be motivated to work. Only after that, the working group was formed";

"Consultants tried to improve communication between government and businesses but not were able to attain their goal".

The survey of community representatives is more optimistic about stakeholder participation in the WGs: 22% reported that representatives of all stakeholders, and 60% reported that representatives of most stakeholders, participated in the WGs.

Fig. 4. How successful, in your opinion, was the engagement of community stakeholders, especially local entrepreneurs, farmers, and business representatives, in the development of the LED Program? (45 responses)



Having a representative working group at the table was an important achievement but not a guarantee of progress. Very often, according to the experts interviewed, the initial meetings in this format were characterized by confrontations between members. Local government and businesses had little experience of communicating and so there was little trust between them. The LED consultants had to work hard to get the parties to listen to each other and focus on the issues on the agenda. At the same time, successful examples of LED in other communities, including those of the first cohort, often helped resolve much of these situations.

Extracts from the interviews:

"It was a difficult start. But later there was a lot of engagement and a lot of questions asked, "Why weren't we invited to this before?", "Why in all these years this is my first time coming to the village council?";

"In the only community where I provided consultations, a businessman came to the working group on his own, and there was a conflict right away. But eventually it did end in a constructive discussion";

"Sometimes members of the working groups were random people who did more harm than good. When a person is not in the know, a lot of time is spent explaining".

The LED planning methodology included an important preparation stage for analyzing the community's preparedness for LED (self-assessment of the community's readiness for economic development) and collecting key data to create the community's economic profile. Both tools required considerable information and analytical work. This was complicated by the lack of official statistics at the TC level. The problem was reported by almost all the experts interviewed. In their view, a solution would be to reduce the list of statistical indicators and to complement the quantitative data with a description of trends in the area concerned. It would also be a good idea to modernize the format of the economic profile (supplement with formulas/macros. However, the Excel file has limited capabilities for working with databases) in order to facilitate the analysis. Using visuals in the form of infographics and diagrams could also help improve the presentation and clarity of the key generalized data on the economic profile. The profile can also be published and communicated through the [DOSVIT](#) platform.

Extracts from the interviews:

"The LED Readiness Diagnostic Questionnaire should be better adapted to the realities of Ukraine. The idea of having an economic profile is correct. However, the format and data need to be revised to make the database more functional.";

"The economic profile is a necessary document. However, it contains unnecessary data and has not too user-friendly format (an Excel file with many tabs)";

"The profile should not be uploaded to the website in Excel as it is not convenient for external users";

"There is no guarantee that the profile has any effect. External users have little interest in it. Although there is this positive example where an investor was attracted after he had seen the economic profile of the community.".

Experts also advised for small communities dominated by the agricultural sector to consider simplifying the formats of both instruments.

Extracts from the interviews:

"The diagnostic questionnaire is not for rural communities but for large cities.";

"Templates are overly formalized and need to be updated and made more relevant to the nature of the community".

The LED program format as proposed by the DOBRE methodology received mostly positive feedback from the experts interviewed as it provided a specific description of the content for each of the selected LED projects (as opposed to the lengthy descriptive style of the aforementioned Socio-Economic Development Plan or the LED program according to the EU's Mayors for Economic Growth Initiative). Such a focus allowed for quick numbers check on the feasibility and realism of LED project ideas. This was important because many experts interviewed noted that many WG members had overly ambitious ideas for LED projects that went far beyond the authority and potential resources of LSGBs.

Extracts from the interviews:

"Problems at the planning stage included poor awareness of the realities, high expectations, and inadequate understanding of project sustainability";
"Often they tried to build spaceships, i.e., they had disproportionate expectations."

According to the experts, some useful results were observed at the stage of generating ideas for LED projects (which involved multiple stakeholders). The process not only generated project ideas/concepts of higher quality, with the projects having a better chance of being implemented, but also had some indirect results and impacts. Engaging a wide range of stakeholders beyond the business community made it possible to identify new opportunities and challenges for LED. The dynamic work within the WGs created a new informal environment of active community members, spurred synergy of interaction between different members, and increased understanding (especially among entrepreneurs) of the tasks of local self-government and their motivation to participate in matters for the common good.

Extracts from the interviews:

"The preparation of LED projects was a very good process that even involved schools and high school students";
"At the beginning, Mykolayivska TC seemed to have the least potential, but thanks to internal cooperation and the working group's drive, it turned out to be one of the most capable communities";
"Ust-Putylska TC wanted to set up a sewing workshop but did not have the budget to repair the premises, so the LSGB officials almost removed the project from the list of priority projects. But when the local entrepreneurs heard about these plans, they asked for a two-day delay. As a result, representatives of the local businesses organized a fundraising campaign and carried out the repairs on their own and at their own expenses".

The question of human resources has been a common concern throughout the entire process of working on LED projects. On one hand, there was often a clear need for enhancing the capacity of LSGB officials, responsible for LED, to work with modern tools and methodologies for economic development analysis and planning. On the other hand, several great LED project ideas were rejected since the community lacked qualified professionals to implement it.

Extracts from the interviews:

"Creating a business support center was a great idea, but by who? So that ended up getting dropped";
The HR problem of LSGBs was exacerbated by the overburdening of capable LSGB officials with all tasks, including those under multiple DOBRE components";
"Infrastructure is about proper planning. They think in terms of what is available rather than what is effective. Like, "We've got an old school, let's do something with it".

Equally important was the stage where first the WGs and then the Executive Committee or Local Council Meeting approved the list of LED projects (as part of the LED program). WGs' group results were often reviewed by the community leadership or local council members. This was especially paradoxical in those communities where the leaders of the working group publicly distanced themselves from the meetings at the beginning ("I don't want to put pressure on the members of the group with my presence, let them say what they think") and then, on the contrary, tried to cross out items from the list of priority projects at the end. Sometimes an opposite happened: government officials first imposed a list of projects on the WGs, and then (in public discussions or when presented to the local council) entrepreneurs, farmers, or other stakeholders, who were not involved in the process, tried to cross out or eliminate individual projects that, in their opinion, were shortlisted out of dishonesty or seemed unrealistic.

Extracts from the interviews:

.....
"Projects would change because the opinions of all stakeholders were not taken into account (at first, the authorities imposed their own projects, some of which they spied out in a neighboring community or even on Facebook)";

"The community leader did not attend the working group meetings so as not to pressure the members, but after the working group approved LED projects, the leader revised almost the entire list";
.....

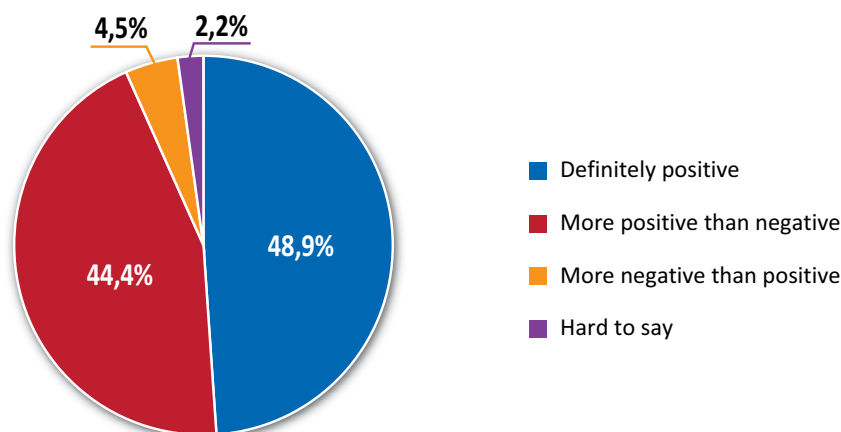
Several consultants noted the problem of whether the previously drawn up community development strategies were relevant in relation to the strategic economic objectives. Since LED programs should be compatible with the goals of the Strategy, there was no choice but to break the hierarchy of planning documents (both those developed by the consultants of the Jerzy Regulski Foundation in Support of Local Democracy (FSLD/FRDL) and those of other authors) for the sake of sound and sustainable LED decisions.

2.3. Respondent rating of LED methodology of the implementation stage

Some of the interviewed experts reported that they did not have detailed information on the progress of LED projects in their respective communities because their scope of work was limited to the LED planning stage and their contract with the Program had already expired by the time of the survey. However, most consultants continue to communicate informally with their communities, which allowed to have the following estimates as presented below.

49% of the community representatives rated the implementation of LED projects in their community as definitely positive and another 44% as more positive than negative. More negative assessments were expressed by 4% of respondents.

Fig. 5. How would you generally rate the IMPLEMENTATION stage of the LED Program in your community? (46 responses)



When analyzing the results of both the survey of experts and of community representatives as to the implementation of LED programs, it is important to understand the different contexts (external conditions) in which communities worked at different times. In the first years of the Reform, the communities, which were formed through voluntary mergers, received significant subsidies from the state budget for the development of the LED infrastructure. For these communities, small grants for LED projects from the DOBRE Program complemented certain key development elements or supported individual initiatives relying on the already existing resources. On the other hand, the communities, which were formed later, in 2019-2021, did not have access to such significant budget support from the Government. Consequently, many of their requests for large-scale projects to develop their own infrastructure, including for LED purposes, remained unmet. The potential (desired) LED projects themselves often lacked proper financing.

Our work further suffered from the COVID-19 pandemic and the lockdown introduced in Ukraine in March 2020. In these circumstances, all events would have to transition to online mode, which was challenging both because the communities lacked the digital skills and because of technical limitations (mainly the quality of the Internet connection). The lockdown restrictions also negatively impacted business operations, including procurement and contract performance.

In addition, LED projects were temporarily put on hold in some communities where local government changed after the October 2020 elections. The Russian military aggression, which began in 2014, led to significant changes in the economic development priorities of the communities in the southern and eastern regions. And Russia's full-scale war against Ukraine since February 24, 2022, has rendered irrelevant any local activity not related to the provision of humanitarian or military assistance to the internal forces.

Extracts from the interviews:

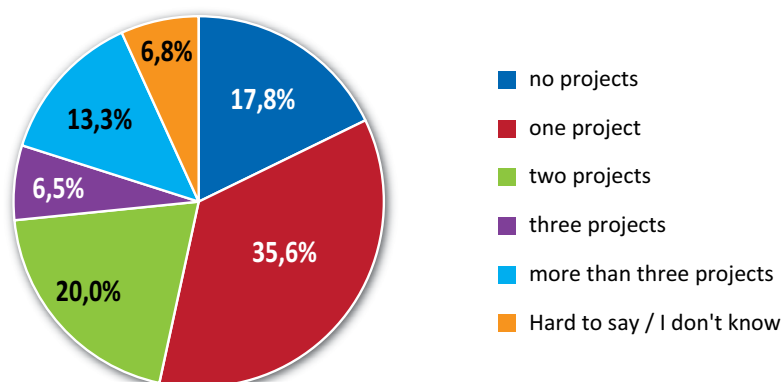
"Although LED projects were small, they worked well in communities that received significant infrastructure grants from the 2017-2019 state budget. Finally, the projects focused on the improvement of 'spots,' such as better conditions for commerce, training for employment, public spaces for socialization, etc.";

"With the change of leadership in the 2020 elections, the project was put on hold. However, it was later resumed"

Almost all of the communities had at least 3-4 LED projects included within their approved LED programs. In most cases, out of all projects implemented was at least one (funded by the DOBRE Program). Some experts reported that their communities had two or more LED projects implemented. At the same time, in a number of communities, specifically where technical assistance projects had been implemented, no "hard" LED project was ever completed. These were mainly the communities that were unable to work under the large-scale lockdown restrictions in 2020-2022, or where the Program was unable to organize the procurement process due to various internal factors.

Community representatives provided more diverse answers to the survey. 36% of the respondents reported the implementation of one LED project, 20% reported two, 7% reported three, and another 13% reported more than three. Meanwhile, no LED projects implemented was stated by 18% of the respondents from the communities.

Fig. 6. How many projects in your community's LED Program have been implemented to date? Please also consider for LSGBs, businesses, cooperatives, etc. (46 responses)



Out of the successfully implemented projects, the consultants interviewed most frequently mentioned the creation of business support centers. Such projects, which were aimed at creating platforms for professional communication and training of entrepreneurs, proved to be useful in the time of the pandemic. They entailed a set of measures, including events where the tax service representatives were attending, to help businesses adapt to working under the lockdown restrictions. In many communities, these initiatives were supported by projects aimed at early career guidance for students and young people, most often in the form of school co-working spaces.

Extracts from the interviews:

"The most successful LED project among my communities is Stanislavska TC, which created a Tourism and Entrepreneurship Support Center and marked tourist routes";

"The brightest projects were those driven by deputy mayors. In Merefyanska TC, a Business Support Center was established at the Administrative Service Center to help local individual entrepreneurs adapt during the lockdown;

A Business and Tourism Center was established in Starosaltivska TC to hold trainings with the participation of tax officials";

"In my opinion, the most successful project is in Ust-Putyla, where a sewing workshop was set up as a co-working space that provides both training and household services to residents";

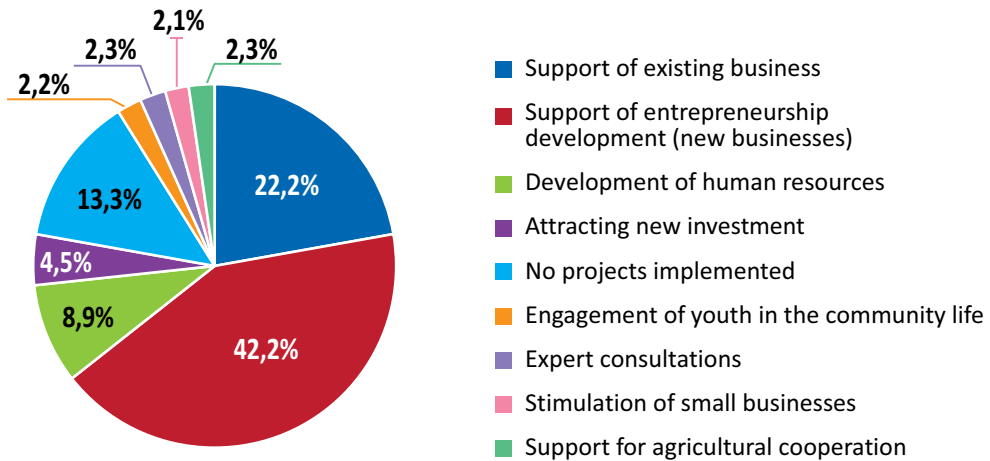
"I would like to note the significant impact of the Dykoros cooperative on promoting active pursuit of business initiatives by young people in Terebovlianska TC";

"Despite initial skepticism about the community's leadership, the school co-working space has proven to be a success";

"In Sofiyivska TC, while developing entrepreneurship in the community, they created a smithy, initially just to provide new services to residents and businesses, but very soon they saw additional potential for vocational training for students and turned the smithy into a blacksmith co-working space".

According to the community representatives, the most successful were the LED projects implemented in the areas of promoting entrepreneurship (new businesses) (cited by 42% of respondents) and supporting existing businesses (22%). By contrast, significantly fewer respondents confirmed full implementation of projects focused on raising human resources quality and attracting external investment for community development. Success of such projects was reported by only 9% and 4% of the community representatives, respectively.

Fig. 7. What do you think was the most successful LED project implemented in your community, if any? (45 responses)



An important factor of successful project implementation was the involvement of the community leadership and the proactive position of the implementers towards communication with the program's and DOBRE's specialists. As one respondent accurately put it, "for project implementation it meant an extra pair of eyes, revealing all the details that were not given due attention or accurately calculated at the planning stage," so the necessary adjustments could be made quickly. Many projects further required land plots and/or use/ownership rights to be duly registered, and utilities (mainly electricity) connected. Such questions could hope for prompt resolution only if community leaders were involved.

Extracts from the interviews:

"On the one hand, the initiative of everyone else was 'stifled' when the leader or their deputy were very active on the WGs. On the other hand, during the implementation of LED projects, the activity of community leadership was critical for the success."

MAJOR PROBLEMS/OBSTACLES ENCOUNTERED DURING THE IMPLEMENTATION OF LED PROJECTS:

1. According to the experts:

- 1) Land allocation and documentation, connection to the power grid;
- 2) LED project planning quality, including project staffing, feasibility and sustainability. At the implementation stage, project content would often be subject to discussion for potential adjustments;
- 3) Donor procurement policy restrictions;
- 4) Problems in communication among stakeholders, lack of experience in implementing projects in the community;
- 5) Lockdown and war, which impacted the implementation of the projects of the fourth cohort;
- 6) Failure to meet the project implementation schedule. As a result, projects related to agriculture and outdoor construction were often significantly delayed because they were dependent on weather conditions and/or the seasons of agricultural work.

2. According to the community representatives:

- 1) Force majeure (lockdown, weather disasters, Russian military threat, etc.) (69%);
- 2) Lack of local sources of funding/co-funding for LED projects (cited by 47% of respondents);
- 3) Protracted and complex procurement procedures for financing by the DOBRE Program (18%).

An additional constraint for the LED projects were lengthy USAID's approvals and the Program's procurement policies and procedures. The interviewed experts pointed out that they did not always seem to be necessary and/or effective. In some cases, it was necessary to make significant revisions to the projects that had already been prepared.

Extracts from the interviews:

"Time waiting for specific services (e.g., queue for a zoning consultant)";

"Vysokopilaska TC had to completely redesign the projects due to the donor's policy";

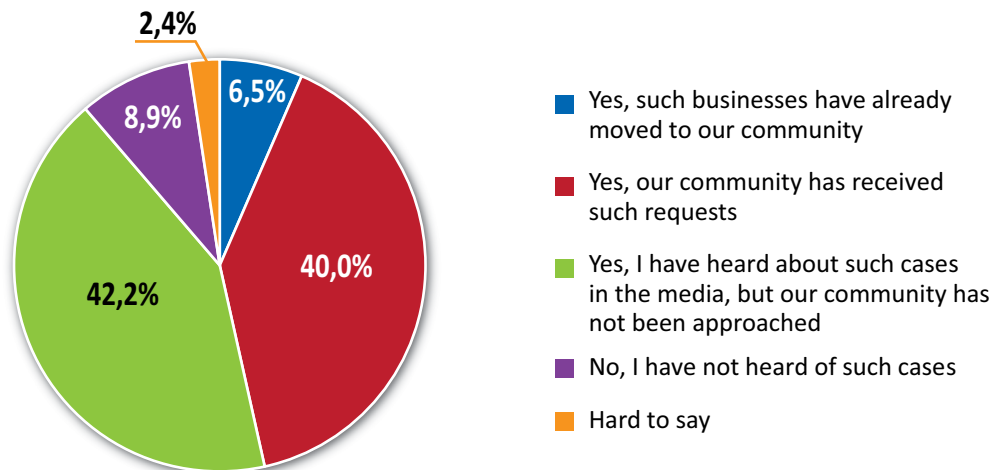
"With grant funds, purchases should be made at the community level so that more money stays in the community and the price would be lower (as much as 30-40% in the case of trade booths)";

"Many projects were rejected, mainly due to insufficient capacity to handle all procurement and donor policy requirements".

2.4. Respondent rating of wartime challenges

According to a survey of community representatives at the end of March 2022 (3-4 weeks after the start of the full-scale Russian military aggression against Ukraine), 43% of them reported that their community had already discussed and/or made decisions to adapt the local economy to wartime conditions, while 41% gave a negative response. In most cases, this involved communicating with local farmers and agricultural producers about changing crops and preparing to host production facilities evacuated/displaced from areas of hostilities. 40% of respondents reported that their community had already received inquiries from businesses seeking new locations, and another 7% had already hosted such displaced businesses.

Fig. 8. During martial law, a lot of businessmen from the regions where the hostilities are taking place decide to relocate their production to other parts of Ukraine. Do you know of any such cases? (46 responses)



CONCLUSIONS:

- 🕒 Interviews with experts revealed that through the effort of USAID DOBRE Program LED is now being recognized, perhaps for the first time in Ukraine, as a separate, important local policy which, in addition to thorough planning, requires the structure of executive authorities of local self-government bodies as well as related procedures and policies to be reviewed and redesigned. This is a logical effect of the philosophy of the Decentralization Reform implemented in Ukraine since 2015. However, the reform's economic component has not been clearly articulated at the national level. In their responses USAID DOBRE partner communities indicated that the LED planning methodology and tools were effective and feasible. It is important to note that the LED component was implemented in conjunction with the public engagement, youth activism, transparent budgeting, and local service improvement components to ensure synergy of activities. Another positive aspect was the improved communication between the communities, which added the spirit of competition and stimulated innovation.
- 🕒 The opportunities of the DOBRE Program were most effective in the communities where the local teams were proactive and prepared for the positive changes expected from the cooperation with the Program. The experts interviewed similarly indicated that the LED was the most difficult to implement compared to other components. LED initiatives by nature have a high degree of inertia, so the results of many projects in this component will be seen only after the end of the DOBRE Program. On the other hand, LED projects have a greater chance of bringing substantial development and sustainability to communities.
- 🕒 78% of the community representatives surveyed highly valued the DOBRE Program's assistance in creating and supporting processes for planning and implementing LED projects and initiatives in their community. Another 17% rated it as more positive than negative.
- 🕒 The LED methodology used by the DOBRE Program in peacetime also can be effective in the conditions of war and post-war situations, provided it is modified to reflect the economic, humanitarian, and security circumstances of the communities. Key factors to consider include the displacement of people and businesses from dangerous areas, the threat of a food crisis, complicated logistics, and the constant threat of airstrikes by the Russian army.
- 🕒 When asked about the successful LED projects, the consultants surveyed most often mentioned the creation of Entrepreneurship Support Centers in partner communities. Such projects, which were aimed at creating platforms for professional communication, career guidance for young people, and training for community entrepreneurs, proved useful in the context of the pandemic. This fact was also confirmed by the findings of the survey of community representatives. According to them, the most successful were LED projects on promoting entrepreneurship (new businesses) (42% of respondents) and supporting existing businesses (22%).

- ④ Almost all experts interviewed emphasized on the need for the communities to build effective communication within the community and cooperation between LSGBs and businesses. Only one-third (31.1%) of respondents rated the level of communication between businesses and government in their communities as high. The survey of community representatives also confirmed that this part of the LED process is one of the weaknesses in the partner communities. Only 15.6% of respondents consider the level of business involvement in community decision-making to be high, while another 75.6% believe that businesses are involved only in some decisions and only occasionally.

Key challenges and problems hindering the engagement of local businesses in community decision-making, according to the respondents, include: business representatives not having enough free time (62.2%); low business motivation (33.3%); business representatives believing that their opinion is not actually taken into account (26.7%); businesses not willing to cooperate with local government (17.8%).

- ④ The survey results also showed that the activity of entrepreneurs on the working groups decreased significantly with each successive stage of DOBRE's LED component implementation. For example, high and medium involvement of business representatives decreased from 82.2% at the planning stage to 55.6% during the implementation. Some entrepreneurs, who saw no future benefit for themselves from the planned LED initiatives, refused to participate in the working groups. It should be noted that such decision similarly could have been influenced by a lack of free time, unprofessional communication on the part of LSGBs, and often long and incomprehensible bureaucratic procedures on the part of the DOBRE Program (an extra application required to receive DOBRE funding in addition to the LED program approved by the community; protracted review of applications and procurement according to the approved budget).

At the same time, the surveyed community representatives rated the initiative of local businesses as rather low. Only 8.9% of respondents reported high levels of business initiative in their communities, while 46.7% reported average and 42.2% reported low levels.

- ④ The respondents provided some interesting answers when asked about the positive impact of implemented LED projects on the community. 46.7% of respondents believe that improved communication between local businesses and government is the most positive of the impacts. The second most important effect is new businesses started by local residents (35.6%), and the third (28.9%) is the new opportunities for students and young people to receive career guidance and for promoting youth entrepreneurship.
- ④ The survey results show that entrepreneurs in the Program's partner communities mostly rely on their own resources when planning and developing their businesses. They expect the government to become a better partner, to start communicating effectively, and to create an environment that would support business development.

- ④ Of the support tools that communities received from the Program, 62.2% of respondents said that consulting support for the LED program launch and planning process was the most effective. Another 60% noted co-financing from the DOBRE Program for LED projects.

It should be noted that all community representatives interviewed rated the quality of the work of the DOBRE Consultants and LED planning experts in the partner communities more or less positively. There was no negative evaluation of their services among the respondents.

This survey finding may indicate that partner community representatives mostly understand the importance of quality development planning and recognize that the role of international technical assistance programs is primarily to "give a fishing rod, not a fish".

RECOMMENDATIONS

Recommendations for local community professionals, the Government, donors, and implementers of technical assistance programs in Ukraine

Drawing on the study of DOBRE's LED methodology and its practical application in partner communities as well as on the interviews with consultants and a survey of community representatives, the following are the recommendations for the key audiences.

Local self-government bodies:

1. First, establish a hierarchy of LED planning documents to focus what limited resources are available on priority tasks. At the top of this hierarchy put the goals set out in the TC's Development Strategy. All tactical (medium and short term) documents should be consistent with the provisions of the strategy. To achieve this, LED planning should be synchronized with the development/ updating of the Community Development Strategy. Special attention should be paid to the Strategic Economic Development (SED) plan, which LSGBs are required to develop every three years (budget planning horizon) and which is not limited to measures that are financed only from the local budget. Consider combining the SED plan and the LED program into a single document. Alternatively, improve and transform the SED plan into a list of operational tasks derived from the LED strategy and program (in effect, an action plan for implementing the strategy).
2. Ensure consistency: designate an official or department responsible for planning and implementing the LED policy. Based on this, build a team of people who can plan and implement LED projects together with the public and the business community. Routine but very important components of successful LED processes in the community include the LED working group and its regulations approved by the local council as well as the community's economic profile and the regularly updated LED programs for public use.
3. When planning and implementing LED projects, involve experienced external consultants. In an environment where there is a shortage of local qualified staff, this is an objective need.
4. As public funds in the time of war are scarce, it is important to ensure that the strategic priorities of community development are the key consideration when local budgets are drawn up and approved. Do not be afraid to allocate funds from the local budget to meet the needs of local businesses. The cumulative effect of this on the community's economy is evident. Targeted business development programs could be an effective tool in this regard. Cooperation between the government and businesses is possible and can be very effective, as shown by the experience of the first weeks of the full-scale war in Ukraine.
5. Ensure that your LED program only includes the projects that can be realistically implemented within the life of the program, which is typically three years. When estimating the resources needed for program implementation, pay attention to

the capacities of local budgets (TC, oblast budget) and potential sources of extra-budgetary financing. Focusing on unfeasible, too extensive projects will only result in a loss of much human effort and valuable time.

6. Study the LED experience of other Ukrainian communities. Reach out and see for yourself what works and what does not. Make sure that the experience of others can be adapted in your community. Study both positive and negative cases. Do not blindly believe social media because they often sugarcoat the reality.
7. Engage LSGBs, businesses, and the public in a real (not just on-paper) dialogue. The survey of DOBRE's partners showed that businesses expect mostly intangible support from LSGBs. Look for new formats of establishing communication (through such events as, f.e., Coffee with the Mayor, Breakfast with Businesses, etc.) to build a basic level of trust. It is not enough to have a one-way communication on social media: a monologue needs to become a dialogue. Remember, even the best government ideas may be rejected if they are not properly communicated to the target audience. Perform regular surveys to determine the needs and sentiments of local businesspeople.
8. Providing early career guidance and helping young people (grades 5-7) unlock their entrepreneurial potential are important components of LED for communities prioritizing workforce and human capital development. Achieving this requires bringing together both school education (through vocational training and by introducing entrepreneurship and financial literacy as a compulsory subject for grades 5-9 in 2021) and local entrepreneurs (as mentors for student projects).
9. Explore opportunities for intercommunity cooperation, especially with neighboring communities. Many LED projects will not be effective if they are limited to a single community. Take advantage of economies of scale and collaborative synergies when 1+1=3.

As for the recommendations for the period of martial law, due to the uncertainty as to the duration of the war at the time when this Report was being prepared, the surveyed experts focused their recommendations on those communities that had no active hostilities in their territory and were not under occupation. The general idea is to use the momentum of volunteer activity and the linkages/models of interaction between businesses and government developed in the first weeks of the full-scale war to put the local economy on a war footing. This includes the following:

- ☉ Supporting local businesses to localize (start/expand) the production of basic foods (primarily bread and grains) in the community to reduce dependence on distant suppliers and broken supply chains and transportation channels;
- ☉ Encouraging households to actively use their own land to grow vegetables, fruits and poultry for their own consumption (supporting the Gardens of Victory initiative¹⁷ and replicating MHP's (a Ukrainian agriculture holding company) Sowing Seeds project¹⁸). Together with the previous recommendation, this will help to enhance local food security in the community;

¹⁷ Gardens for Victory: <https://sadyperemohy.org/>

¹⁸ Launch of the Sowing Seeds with MHP project in 2021: <https://mhp.com.ua/uk/novyny-ksv/posiy-nasinnya-z-mhp-2021>

- ③ Promoting all local export-oriented businesses as well as companies selling products outside the community;
- ③ Integrating IDPs in economic activities; their presence in the community can be transformed from a social problem to an economic success. Many highly qualified people moved to the western and central regions of the country because of the war, and (after initial adaptation) can be involved in the development of local economy as employees or self-employed entrepreneurs, mentors or trainers for local entrepreneurs or youth. Even the most remote, short-handed communities now have an unexpected human resource: internally displaced persons (IDPs);
- ③ Helping businesses relocate from dangerous areas, including identifying and negotiating with entrepreneurs, finding premises and land; assessing local human resources, including IDPs, to inform interested entrepreneurs.

The Government:

1. When planning the organizational structure for implementing the Recovery Plan for Ukraine, consider the possibility of providing grants to communities for priority projects as identified by LSGBs. This will help to avoid a situation where, as accurately summed up by an expert interviewed, “community spends money on what it is provided for, not on what the community really needs it for”.
2. Improve coordination among the institutions which formulate and implement state policies in key areas of LED. The said institutions include the Ministry of Environmental Protection and Natural Resources of Ukraine (Nature), the State Agency for Tourism Development of Ukraine, the Ministry of Agrarian Policy and Food of Ukraine (Agriculture), the Ministry of Culture and Information Policy of Ukraine (Cultural Heritage), the Ministry of Economy of Ukraine, and the Ministry of Communities and Territories Development (Regional Development). The existing problems of inter-agency coordination at the national level pose a serious barrier to effective planning and implementation of LED projects for TCs. This is particularly acute in the tourism sector, which before the war was identified as a priority in many communities.
3. Allow delegating certain functions in the planning and implementation of LED tools to local/regional business support institutions, NGOs, business associations and regional development agencies.
4. Simplify regulatory and permit obtaining processes, reducing the number of inspections and unnecessary bureaucracy for businesses. After the war, Ukraine should create business conditions that will allow it to quickly become the worldwide leader in economic freedom. As of 2022, Ukraine ranks only 130th out of 177 countries¹⁹.

¹⁹ Country Rankings: <https://www.heritage.org/index/ranking>

5. Develop separate, targeted support programs for young entrepreneurs to help them to start or grow their own businesses. Key tools should include low-cost and long-term credit programs, financial incentives for the creation of new jobs, and preferential lease terms on municipal or state property and land.
6. Rebuilding the infrastructure of post-war Ukraine will require large numbers of workers and technicians (especially in light of the Government's intention to ensure that at least 60% contracts for the reconstruction of Ukraine are awarded to local companies and producers²⁰). This means that the Government should already start reserving the funding to train these works and technicians in vocational institutions (through what is known in Ukraine as “government order”). The curricula for such training need to be updated with the involvement of private businesses from different industries and with the use of dual education approaches.
7. Launch a state program of non-refundable financial assistance to promote job creation or self-employment for IDPs, with both IDPs and local businesses, which create jobs for the IDPs, as the beneficiaries. The terms of the program should stipulate that part of the assistance can be used for soft activities or services (training, marketing, development of IT solutions).
8. To solve the chronic problem with the lack of statistical data at the TClevel, develop a municipal statistics database at the national level to be managed by one of LSGB associations.

Donors and implementers of ITA programs:

1. Concentrate financial support for LED (at least in part) at the community level rather than at the regional level. Competition between communities can be productive and serve as an additional incentive to perform better. This recommendation was made by some of the DOBRE’s experts interviewed.
2. In the context of martial law (and post-martial law), it is important to remain flexible when providing grants for LED projects. The consultants recommend offering the communities a choice of several financing options: procuring directly, transferring funds to the communities or municipal entities (e.g., local development agencies), or engaging partners from local economic development organizations to project implementation (as grant recipients).
3. When designing grant programs, seek balance between soft and hard assistance, as having a large number of trainings without practical application of the acquired knowledge may significantly reduce the motivation of those participating. Overloading the program's work plan with soft components without providing financial resources for the implementation of the projects designed will make little sense in post-war Ukraine.
4. Ensure sustainability of grant projects. For this purpose, arrange separate training and education work with due consideration of the experience of Ukrainian communities.

²⁰ Minister of Economy presents a roadmap for economic recovery of Ukraine: <https://www.me.gov.ua/News/Detail?lang=uk-UA&id=2266a425-d01c-48b8-a22d-c4ef4073a854&title=MinistrEkonomikiPredstaviladorozhniuKartuEkonomichnogoVidnovlenniaUkraini>

5. Simplify bureaucracy, in particular by developing standard/universal LED projects (e.g., opening of a local bakery by businesses, opening of school co-working spaces by LSGBs and businesses, etc.). As the war in Ukraine is continuing, quick and easy procedures are one of the key factors for rapid economic recovery. According to the experts interviewed, the answer is less formalities and more efficiency. Faster and easier procedures will allow for more effective delivery of international technical assistance in Ukraine.

Specifically, consider the following:

- ☉ Simple and clear procedures for developing and submitting applications for LED project funding. Avoid requiring an additional application for LED co-funding if the project is already detailed in the LED program which was drawn up using the partner donor's methodology. If impossible to avoid, make the procedure as easy and quick as possible. The value of aid to Ukraine is diminished by the lengthy approvals of requests for co-funding and procurement of commodities and services, which in time of war may take 3-6 months;
 - ☉ Short timeframe (up to 2-4 weeks) to decide on the LED project funding;
 - ☉ Easy and quick procurement of commodities and services. Ensure flexibility of the funding for LED projects (with such options as procuring directly; funding through municipal institutions of partner communities (local development agencies or similar institutions); transferring funds to accounts in state-owned/commercial banks; funding through partner NGOs).
6. Due to the uncertainty as to how the communities will have to work after the war, developing an exhaustive list of modifications that need to be made to the DOBRE LED methodology to make it effective in the future is rather challenging.

Nevertheless, listed below are some changes we can mention at this point:

- ☉ Review the indicators used by the DOBRE Program to select partner communities and ensure that they reflect the current situation in Ukraine;
- ☉ When selecting partner communities, use a variety of capacity assessment criteria and categorize the communities based on the level of infrastructure damage, population actually present, and size of mined areas. The initial conditions and selection of LED tools for communities under occupation or in a war zone will undeniably differ significantly from those which did not directly experience fighting or occupation;
- ☉ Considering Ukraine's status as a candidate for the accession to the European Union, plan LED initiatives through the prism of the obligations and opportunities for TCs that may arise from this status;
- ☉ Increase funding for LED initiatives. Modest budgets for this component yield poor results and discredit the idea of LED (as not solving problems but only supporting the grantees). If donors consider including LED as an important or core part of their programs, it is imperative to secure reliable sources of funding for the initiatives that can make a tangible difference in each partner community;

- ④ An important suggestion provided by the consultants was to adapt the LED planning methodology and improve the designing of donor programs by first identifying needs and collecting initiatives from local business representatives and then discussing bottom-up grant proposals with local authorities. Such inclusive designing process and clear communication to potential partners of the mechanisms, terms and conditions of cooperation secures greater chances of success.
- 7. Purchase expert support services for the implementation of projects on construction and public space design. This will increase the likelihood of quality project implementation, including the compliance with the approved design and cost estimates. At the same time, the role of such an expert should be clearly defined so that their involvement does not become an additional obstacle to the implementation of LED projects in the community.
- 8. Many TCs are unable to attract loans that would finance LED programs as they lack qualified specialists with necessary skills. Training such specialists on international technical assistance would be an important step in adding more potential sources of funding for LED projects in the TCs.

Summary Table of the Report's Key Provisions

Key stages of the LED planning process (assistance provided to all partner communities)					
Objectives / Results	What worked well, and what should be replicated or expanded to other communities?	Why did it work well?	What results were achieved?	What did not work and why?	What changes should be made to improve the results?
LED planning process as a whole	LED planning was strengthened in the TCs which performed it at the same time as they were drawing up their development strategies. The recommendation hence is to synchronize the planning cycles (monitoring, revision, implementation) of the TCs' development strategies and LED programs.	Through the decentralization TCs received more power and budget, which made it possible to plan LED and raised motivation to perform it.	Training and information sharing helped to improve the understanding of the LED and planning requirements.	Some TCs were unable to achieve consistency of planning documents at different levels (SED program, local target programs), not least because this entailed a massive scale of work. This meant that the usual SED programs, limited to local budget expenditures, largely remained only a formality.	LED planning should be more clearly integrated into the TC's process of strategic development planning, while subordinating the LED program to the SED program and other local targeted programs in the economic sector (for more details, see the recommendations for LSGBs in the section above).
Establishment of LED working groups and approval of WG regulations	WGs in many TCs became more inclusive and productive after the initial stage. This success was achieved, among other things, through in-depth one-on-one meetings between consultants and businessmen/ entrepreneurs outside of LSGBs.	The initial motivation was to receive DOBRE's consulting and grant support for LED projects. The Program provided further technical assistance and helped to work out the terms of reference, membership and structure of the WGs.	Each TC established a WG, an official advisory body, and agreed on its rules and membership (all LED stakeholders), published them on its website and committed to regular updates. Most TCs established a platform local government and business owners/entrepreneurs to communicate and shape local economic policy.	Some TCs failed to build constructive participation of local businesses on the WGs. The reasons for this include both parties having little experience of such communication, some past conflicts, high expectations of businesses and/or inadequate motivation of LSGBs, and poor understanding of LSGBs' role in LED.	The key to an inclusive and productive WGs lies in having basic trust between the stakeholders, which can be built through regular communication and fulfilling of mutual agreements. To ensure that WGs meet regularly, it is important to include funding of LED projects when planning local budgets and to regularly work on obtaining grants.
Identification of communities' key resources and development of their economic profiles	To facilitate this activity, TC leaders issued written mandates, specifying, among other things, the responsible executor (most often an LSGB official) and co-executors (from other, non-economic units). In many cases, the co-executors and the consultant were working on the same documents at the same time, having shared access for editing.	For this task, it was important to secure technical support of DOBRE's LED consultants, taking into account also the experience of the TCs of the previous cohorts. Community leaders understood that for quality LED planning they first needed to identify what resources the community had and then build on those resources.	Using a database of economic indicators, 103 communities were able to develop and publish updated information on their resources. An economic profile is a structured, user-friendly list detailing all key local resources available for community development. 43 communities used Dosvit platform to visualize their economic profiles.	The availability and quality of many economic indicators were impaired by the lack of statistical data at the TC level. Economic profile data was rarely considered during the development of LED programs, while we are aware of at least two cases of partner municipalities where its usefulness to external actors (e.g., potential investors) was confirmed during the life of the program.	The list of economic profile indicators needs to be reviewed, and the Excel template for data needs to be improved to make the data easier to use and visualize. The chronic problem with the lack of statistical data at the TC level can be solved through the development of a municipal statistics database at the national level to be managed by an LSGB association.

SUMMARY TABLE OF THE REPORT'S KEY PROVISIONS

Objectives / Results	What worked well, and what should be replicated or expanded to other communities?	Why did it work well?	What results were achieved?	What did not work and why?	What changes should be made to improve the results?
Development of LED programs as three-year operational action plans	Presentations by consultants and study visits to other TCs to learn about their LED projects helped to raise the interest and motivation among the WGs' members. Further rise of activity and a sense of ownership was achieved by identifying motivated leaders that would prepare each LED project (usually the author of the project idea) from among both LSGB officials and businesspeople.	DOBRE's financial support for individual LED projects stimulated community work and created a spirit of competition among different LED projects. The LED Project Description Template and Budget Template offered by the DOBRE Program helped to clarify the logic for presenting the information. DOBRE also adapted the Project Card Template to the main sections of the Project Template for the State Regional Development Fund.	Joint efforts of the government and businesses resulted in each TC preparing at least three (in some communities six) LED projects. The projects were drawn up to take into account the interests of both the private and public sectors. Out of nearly 400 projects prepared, DOBRE's support helped to implement 67 hard and 97 soft projects in 100 CCs. Another 10 projects are at the procurement stage. The most common soft projects (36 projects in 34 communities) focused on public space planning with areas for SMEs.	Some TCs were unable to engage the business community to LED, meaning that LED projects were drawn up based only on the perceptions and needs of LSGBs and so were not always applicable. In some communities, LED project implementation was impeded by LSGBs having little interest in them. In some places, communities were unable to provide the required 30% co-funding. In 2020 the Program was technically unable to procure equipment/materials for 29 projects. As a result, 22 communities did not implement hard LED projects as this task was not required by the Program.	The key to successful LED planning is active involvement of the business community. Recommendations for ensuring such involvement were presented above.
Additional LED tools used by DOBRE in selected communities based on LED priorities					
Development of regulatory documents by communities and publication on their official websites	Local councils/leaders were able within a short timeframe to prepare, coordinate, approve and publish on communities' online resources draft resolutions on the establishment of the LED WGs, on the WG Regulations, and on the approval of the LED economic profiles and Programs.	The proposed templates and model documents helped to facilitate the development and approval of the regulations. Success of this endeavor relied on the support from DOBRE's Cooperative Consultant and financial grants from the Program as well as on the experience of other TCs (study visits both around Ukraine and abroad).	Each partner TC was able to adopt local regulatory framework for LED planning. Some communities have dedicated sections on the regulatory framework on their official websites.	Official websites of some TCs were difficult to navigate, making it hard to find the LED regulations. A partial solution was allocating a dedicated section for LED on the website.	Communities can improve the search engine on their official websites to make it easier to search for documents by keyword (not just document details).
Assisting communities in the creation of agricultural cooperatives	In some of the TCs effective creation of the cooperatives was achieved through extensive incentivizing and training. Some LSGB leaders had a positive change in their stance on businesses (including cooperatives) being run by the private sector (as opposed to municipal enterprises).	Success of this endeavor relied on the support from DOBRE's Cooperative Consultant and financial grants from the Program as well as on the experience of other TCs (study visits both around Ukraine and abroad).	To support the cooperatives, DOBRE assisted in the design and implementation of 14 LED projects. Successful projects are being implemented in Bilobrivka, Starobohorodchanska, Mykolajivska, Pechenizhynska, Pokrovska, Dmytrivska, Hlybotska, Vyzhnytska, Shyrokivska (Zaporizhzhia oblast), Kochubeyivska, Sosnytska, and other TCs.	Some TCs were unable to implement certain initiatives on cooperatives due to low trust among potential cooperative members, problems in marketing of products, and opposition from competitors.	At the national level, government policy incentives combined with local support programs could be helpful in developing the cooperative movement, creating new jobs, and making a significant contribution to community resilience and food security.

Objectives / Results	What worked well, and what should be replicated or expanded to other communities?	Why did it work well?	What results were achieved?	What did not work and why?	What changes should be made to improve the results?
<p>Support for communities in the opening/ development of co-working spaces</p>	<p>Opening of spaces/workshops for collaborative work/leisure activities in the communities received active support, especially among young people, who saw it as an opportunity for self-realization. The Program was successful in securing active participation of young people and local education institutions in the opening and management of such spaces.</p>	<p>Consulting and grant support of the DOBRE Program together with the experience of other CCs helped to secure the needed incentives. On the other hand, there was a noticeable lack of local recreational opportunities, especially in rural communities.</p>	<p>Several communities were successful in establishing co-working spaces, for example, youth/STEM co-working spaces in Velykohaivska, Baikovetska, Novoprazka TCs, sewing co-working spaces in Ust-Putyiska, Halysynivska, Verkhnianska TCs, blacksmith co-working space in Sofiyivska CC, kitchen and cooking workshop in Staroborodchanska TCs, woodworking spaces in Petrykivska, Verkhnianska, Staroborodchanska, Velykokocharivska and other TCs.</p>	<p>The tool lacked active engagement of local entrepreneurs in the management of co-working spaces. These spaces could also be integrated with school education programs to serve as modern facilities for vocational training, lessons on basics of entrepreneurship, etc. Such step would have facilitated early career guidance for school students. The reasons lie in rigid stereotypes of how school education should look and the unwillingness of the educators to change.</p>	<p>Designing of co-working spaces should be done with the involvement of businesspeople who would be interested in using modern equipment for their own purposes but who could also act as mentors for young people, allowing them to learn new skills at these spaces. The integration of school education and co-working spaces is possible with motivated educators and supplementing the curricula with the mentioned subjects.</p>
<p>Support for communities in the design and planning of public spaces with places for MSMEs</p>	<p>All TC stakeholders in each TC met for at least three working meetings. Each CC received 1 to 3 offline visits. Work organization. The consultants worked in pairs of an architect and a designer-facilitator. Each community submitted a letter confirming their willingness to provide funds from the local budget for the reconstruction of the area over 1-2 years.</p>	<p>This tool was the most popular among all types of DOBRE's technical assistance. Communities reported an extremely poor quality and lack of safe public spaces with places for MSMEs to operate.</p>	<p>A total of 36 projects were developed for 34 TCs from 10 oblasts. For each TC, the Program produced a model sketch for the renovation of public spaces, a text report with recommendations for infrastructure, plants, and sustainable maintenance of the area, and a 3D video presentation of the future space. The leaders of each community gained additional practical experience in designing participatory priority projects.</p>	<p>Consultants were unable to visit 4 communities more than once during the COVID-19 pandemic.</p>	<p>As designers work, plan for additional resources and develop design estimates for each area.</p>
<p>Assistance in improving community readiness for attracting and communicating with investors</p>	<p>TC stakeholders were selected through an open call. Based on the economic profiles and the additional inventory of resources in the selected TCs, DOBRE supported the TCs in preparing profiles of land (greenfield) and industrial sites (brownfield) that could be of interest to investors (mainly in the solar energy sector, a trend in 2016-2018).</p>	<p>In 2018, 32 TCs received training on how to attract investment, including through individual consultations. The selected TCs had an additional opportunity to promote themselves before investors during the Investment Hub (Kyiv, November 5-6, 2018) and the Strategic Development and Investment Forum (Kyiv, November 20-21, 2019).</p>	<p>Seven selected TCs were able to develop investment profiles, online maps and profiles of greenfield and brownfield sites, and draft investment proposals in these TCs. Communities attracted investors to individual projects (202 hectares of Solar Power Plant (SPP) in Vasylykivska TC; 18 hectares of Solar Power Plant in Sofiyivska TC; 92 hectares of SPP in Pokrovskva TC (all in Dnipro oblast); 45 hectares of SPP in Prybuzhanivska TC (Mykolaiv Region)).</p>	<p>The inflow of investment into the communities was more modest than expected, in part due to TCs having little experience of working with potential investors and LSGBs showing only sporadic activity in these matters. Other reasons include COVID-19 pandemic (since early 2020), presidential, parliamentary (2019), and local (2020) elections, and the proximity of some TCs to the Russian border and/or the Donbas war zone.</p>	<p>TCs need to have a separate, dedicated LSGBs official specifically tasked with attracting external resources for the community. This process requires systematic work and constant communication with target audiences.</p>

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<p>Support for communities in the developing of tourism (including through the inter-municipal cooperation tool)</p>	<p>Most of the CCs recognize that tourism is first and foremost an element of LED and not just a part of culture. Some CCs managed to build cooperation between providers of different types of tourism services at the same tourist sites and even between neighboring sites (through intermunicipal cooperation). CCs learned to work with tourism development experts in a more focused way.</p>	<p>The success was achieved through the consulting support of DOBRE and partners from among specialized tourism development practitioners, in combination with grants, and the overall increase in the popularity of domestic tourism (especially in the context of COVID-19 travel ban). Local tourism businesses were involved in the planning process.</p>	<p>20 CCs had tourism development concepts and/or projects prepared. 16 projects were implemented. Stanislavska, Tsarychanska and Novooleksandrivska CCs established Centers of Tourism and Business Support and marked tourist routes. Lanchynska CC created a tourism- and business-oriented infrastructure around a scenic view tower. Prysvaska CC worked with businesses to build an Expo House. Pechenizhynska, Nyzhniio-verbizka, Lanchynska and Kolomyiska CCs created an inter-community bicycle route and new infrastructure for tourists through the inter-municipal cooperation tool.</p>	<p>Sustainable tourism development requires substantial investment in infrastructure (roads, communications, etc.), which most CCs were unable to do.</p>	<p>After the war, the demand for domestic tourism will change, people will have lower requirements for living conditions, but at the same time they will want more security. The communities should take this into account.</p>
<p>Assistance in establishing local development institutions (LDIs)</p>	<p>Many CCs were successful in transferring project management and fundraising functions to LDIs (outside executive authorities of LSGBs). It is worth continuing study visits to learn from the experiences of successful, sustainable LDIs.</p>	<p>The positive results were achieved by those CCs which were able to establish communication between the government and businesses and to find LSGB employees who were motivated to learn.</p>	<p>A total of 22 LED projects were developed, with 7 of them implemented by LSGBs.</p>	<p>In several CCs, the new LDIs did not receive sustainable budget funding required at the early stage due to the problems with local budgets and poor understanding of why LDIs are important. Furthermore, some LDIs never become operational because their functions were transferred to an LSGB official.</p>	<p>To decide the division of functions between the LDIs and the LSGBs, the latter should review the work of their LED unit(s) (including on tourism). It is also a good idea to designate a person to be in charge of the LDI. LSGBs should plan for sustainable LDIs.</p>

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<p>Support of TCs in the development of local programs on non-refundable financial assistance for SMEs from local budget.</p>	<p>The Program was able to set up separate WGs on the development of the financial assistance programs for businesses. However, the LED WGs could also be involved in this process.</p> <p>Surveys of local businesses proved to be a good tool and should be performed at the beginning of program designing.</p> <p>All communities received technical assistance in the program development process.</p>	<p>TCs saw success only if they were able to establish communication between the government and businesses and if they understood the importance of LED.</p>	<p>SME support programs were prepared in 2 TCs (Merefyanska TC, Kharkiv Oblast and Sofiyivska TC, Dnipro Oblast).</p>	<p>In one TC the lack of political will on the part of LSGBs and limited local budget resources prevented the adoption of an SME support program.</p> <p>Communities faced difficulties when deciding on the fair criteria for identifying beneficiaries of SME support programs.</p>	<p>Communities are recommended to involve as many local businesses as possible in the discussion and development of programs.</p>
<p>Assistance for community members in transferring/providing access to equipment for cooperatives and NGOs</p>	<p>All communities received individualized technical consulting support.</p> <p>The methods (mechanisms) for transferring equipment and/or materials purchased by DOBRE to LSGBs and/or for its use by cooperative members were compiled into a dedicated report.</p>	<p>To improve the implementation of the projects, DOBRE engaged technical experts as consultants.</p> <p>TCs were provided with guidance and practical materials that helped to regulate the mechanisms for transferring and/or providing access to equipment and materials purchased with the DOBRE Program's funds.</p>	<p>Five LSGBs, four cooperatives, and one NGO in partner communities received assistance in identifying mechanisms for the transfer of equipment or for providing access to it for cooperative members.</p> <p>DOBRE open webinars provided basic knowledge of the mechanisms to representatives of the other 142 TCs.</p>	<p>USAID Regulations for the Program rule out a mechanism where the equipment and materials from the DOBRE Program are transferred directly to the cooperatives, bypassing LSGBs.</p> <p>The lack of such mechanism meant unnecessary bureaucracy, it delayed, and in some cases halted, the implementation of some three dozen LED projects.</p>	<p>When designing community development programs, it is necessary to include an additional mechanism enabling direct support to cooperatives and NGOs and avoiding transferring purchased equipment or materials to LSGBs.</p>
<p>Study visits throughout Ukraine to learn best practices</p>	<p>In their interviews experts often described this tool as one of the most effective soft components of the entire DOBRE Program.</p> <p>The tool proved to be so effective because, among other things, it helped the members of the visiting groups learn about current LED initiatives that can be implemented in Ukrainian TCs.</p>	<p>Peer-to-peer communication made it possible to see firsthand the feasibility of success in Ukraine and to learn the behind-the-scenes details that are usually left out of social media posts on successful stories.</p>	<p>Study visits throughout Ukraine raised the activity of the LED WG members who were part of them, and inspired ideas for new projects and new approaches.</p> <p>A total of 209 people from 87 TCs participated in these visits.</p>	<p>A relatively small number of members of the LED WGs were able to participate in the visits, mainly due to the COVID-19 pandemic that broke out in Ukraine in early 2020.</p>	<p>The choice of participants for the visits should be carefully considered. The main criterion should be their ability and commitment to apply the information learned afterward and to share it with other WG members.</p> <p>The requirements for joining the visit should include sharing of the new knowledge in the community back home. A possible tool to that end may be a presentation by a participant of the visit within two weeks following its conclusion.</p>

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Study visits to Poland to learn best practices	The Polish experience of de-centralization is close to that of Ukraine, meaning it is relatively easy to adapt it to Ukrainian realities.	The participants visiting the examples of small and medium enterprises and LSGB departments working with these enterprises were able to gain new practical experience in terms of processes and approaches.	Representatives of 16 TCs from 7 oblasts of Ukraine familiarized themselves with the work of small and medium enterprises and LED approaches used in Poland at various levels of LSGBs and central authorities.	In some cases, the expectations of individual participants could not be met due to a mismatch between the intended and the professional profile of the participants.	LSGBs should carefully select participants for the visits. The main criterion should be the ability of the participants to apply the information received and disseminate it to other members of the working group. The requirements for joining the visit should include sharing of the new knowledge in the community back home.
Study visits to the USA to learn best practices	Study visits to the USA were useful in broadening the horizons of the participants from partner communities and in allowing an insight into new experiences from another continent.	Study visits created an additional incentive for partner community representatives to plan and implement LED initiatives.	Representatives from 18 partner communities were able to learn about the U.S. experience of LED tools, the work of state and local authorities as well as local businesses, and LED incentives.	During the interviews, the experts pointed out that study tours to the United States were less effective than similar visits through Ukraine. First of all, because many examples seen in the United States are difficult or impossible to implement in Ukraine in the near future.	Develop a stud visit program that best meets the needs of the intended visitors and has the potential for replication of what was seen during the visit in partner communities in Ukraine.
Assistance for TCs in developing/streamlining regulations to create a business-friendly ecosystem in communities	Participants were selected through a competition. DOBRE implemented the project together with CIPE Ukraine, which provided training consulting. In the four months following the training, 4 TCs received detailed consulting support on the status analysis and recommendations for optimization/development of regulations.	Participants were selected by DOBRE through a competition. The training was complemented by valuable practical one-on-one consultations for individual communities.	Representatives of LSGBs and businesses from 10 communities received training on improving the local business environment through better local regulation, anti-corruption and strengthening of the capacity of local business institutions and associations. 4 TCs (Arbuzynska, Bashtanska, Haiytsynivska, Pidvolochyska) received practical consulting support and compiled (or prepared) local regulatory documents.	All work was done online, as the consultant was unable to visit the communities due to the lockdown restrictions in view of the COVID-19 pandemic. We are convinced that in-person consulting is more effective and efficient. The communities were forced to suspend further approval of certain regulations and begin reviewing the requirements of the current legislation due to the changes in the national legislation on regulatory activities, stemming from the introduction of the deregulation policy. Consequently, some of the regulatory acts that the communities were working on as part of the project became irrelevant and could not be adopted.	LSGBs should bring regulatory issues to a broader discussion with the business community and the public, take into account their opinions and interests, and produce larger samples of statistical data. The project should be implemented in the affected communities when it is safe to do so.

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<p>Support for the creation of promotional videos by the community</p>	<p>Two types of videos were successfully created: 1) about the implementation of «hard» projects to open a physical public space; 2) 3D videos for future reconstructed public spaces</p>	<p>Videos were created to share best practices. Part of success is quality performance. DOBRE engaged professional consultants, videographers and an editing specialist. The videos are subtitled in Ukrainian. Some videos are subtitled in English.</p>	<p>12 communities received promotional support. A total of 14 videos were produced and published, including 6 subtitled videos (in Ukrainian/English) about the implemented best practices and 8 3D visualizations of the future renovated public spaces.</p>	<p>The Russian war against Ukraine did not allow the consultants to make the second and third working visits to 6 TCs to produce 3D video visualizations of the future renovated public spaces. It took longer than expected. But the work was successfully completed online.</p>	<p>Subtitles in Ukrainian are recommended for all videos about the implemented projects.</p>

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<p>Support for communities in the spatial planning of the community territory</p>	<p>LSGBs actively collected baseline data on available resources.</p>	<p>Through the decentralization TCs gained the right to independently manage land and other resources and to plan their effective use, so they were interested in obtaining as much up-to-date information about their resources as possible.</p> <p>In addition, DOBRE provided professional consulting services to assist with comprehensive project planning and implementation.</p>	<p>20 TCs were provided with comprehensive community spatial development plans and programs.</p> <p>This included determining the future functional purpose of the territory of the TC, developing a chart of principles and directions for the establishment of a unified system of public services, a chart of the road network, a chart of engineering and transport infrastructure, engineering training and improvement, a chart of the means for the protection of the territory and of the population against dangerous natural and man-made disasters, and a schematic plan for the protection of the environment and cultural heritage sites.</p>	<p>Due to the COVID-19 pandemic, the authors of these programs and plans were unable to actively involve TC population and local businesses in formulating proposals for the future use of the TC territory and in identifying the necessary social, industrial, and recreational facilities.</p>	<p>Before beginning the planning process, TCs should prepare up-to-date information about their resources, including a completed economic profile of the community, and discuss their vision for future development with local residents and businesses.</p> <p>It is useful to involve various specialists in a comprehensive analysis and research of community development areas such as tourism, entrepreneurship, and community infrastructure.</p>
<p>Support for communities in master planning of settlements (localities, populated places)</p>	<p>WG members were active in the drafting of project decisions on the development of the territory of Nyzhnii Verbizh village (Nyzhniioverbizka TC, Ivano-Frankivsk Oblast).</p>	<p>Successful establishment of WGs depended on community leaders being interested in determining the most efficient use of their territory.</p>	<p>TCs has a long-term strategy for planning and development of the territory of the TC settlements in Ivano-Frankivsk Oblast.</p>	<p>Due to the lack of necessary basic data, it was not possible to fully determine the planning interrelations of Nyzhnii Verbizh village with other settlements of Nyzhniioverbizka TC.</p> <p>Residents of Nyzhnii Verbizh village and local business representatives were involved only at the stage of public discussing of the draft master plan.</p>	<p>Before developing the master plan, it is necessary to develop a comprehensive plan for the spatial development of the TC territory.</p> <p>Use a variety of participatory methods before hiring specialists to develop master plans for settlements.</p>

Objectives / Results	What worked well, and what should be replicated or expanded to other communities?	Why did it work well?	What results were achieved?	What did not work and why?	What changes should be made to improve the results?
<p>Assistance to communities in the organization of the annual International Economic Development Week</p>	<p>The annual International Economic Development Week has become an effective tool for communities to highlight the importance of LED through real-life examples and themed activities.</p> <p>The International Economic Development Council also agreed to participate.</p>	<p>With the Decentralization Reform, communities began to compete with each other for various resources, and the annual International Economic Development Week is a good tool for communities to promote and share their achievements to other communities, ITA projects, and partners.</p> <p>In addition, this is the first and currently the only opportunity in Ukraine to recognize the work of economic development professionals at the national and local levels.</p>	<p>A total of 75 communities were able to proactively promote their achievements and share their successes in local economic development, while the government, businesses and community started communicating closer.</p> <p>The DOBRE methodology for LED planning was discussed and presented at a public event.</p>	<p>Due to the COVID-19 pandemic, the events in 2021 were limited to online mode only.</p> <p>No events were held in 2022 due to Russia's war against Ukraine.</p>	<p>Establish a new coordinating body or authorize an existing organization, f.e., the Association of Consolidated Territorial Communities, to promote and develop the International Economic Development Week initiative among all Ukrainian communities and to cooperate with them in this area.</p>
<p>Launch and organization of the annual DOBRE Forum on Strategic Community Development and Investor Attraction</p>	<p>DOBRE invited expert speakers for general and panel discussions.</p> <p>Speakers from partner TCs had the opportunity to share best practices from their communities and receive expert advice.</p> <p>Prior to the event, the DOBRE Program provided technical assistance to interested communities in the preparation of investment proposals, their review by experts, and the preparation of project presentations.</p>	<p>A two-day event; offline mode; all groups of decentralization reform stakeholders in attendance; individual sessions with an investor; a fair for promoting development projects, with a representative of each project attending; each TC could have several representatives participating in the event, usually choosing different panel discussions and gaining more information and experience.</p> <p>Such events change the way community leaders think and act when it comes to attracting investment.</p>	<p>The Forum serves as a platform for discussion, training and dissemination of the best practices in community development and investor attraction with the participation of all community development stakeholders in Ukraine.</p> <p>Community representatives learned how to present and market their community's capabilities and their own projects.</p> <p>Communities recognized that there is competition among communities for investment resources.</p> <p>They were able to realize the value of local businesses in community development.</p>	<p>Two days of the event were not enough for attendees to study all the panel topics in detail.</p> <p>One time the event needed to be held outside the city as it was not possible to find free rooms and a hotel for the participants in the center of Kyiv.</p>	<p>The optimum duration of the event should be three days.</p> <p>Allow more time for lunch and coffee breaks, as these are useful informal discussions that allow for quality networking and the development of new contacts and partnerships.</p>

ADDITIONAL RESOURCES

1. Verkhovna Rada of Ukraine (2012). Law of Ukraine "On Development and State Support of Small and Medium-Sized Businesses in Ukraine": <https://zakon.rada.gov.ua/laws/show/4618-17#Text>
2. V. Vorobey (2021). Local Economic Development in Consolidated Communities: Useful Advice and Best Practices. USAID DOBRE Program: https://decentralization.gov.ua/uploads/library/file/717/MER_2021_WEB.pdf
3. Diia.Business: <https://business.diia.gov.ua/>
4. eRobota: <https://diia.gov.ua/services/categories/biznesu/yerobota>
5. EU4Business Initiative of the European Union: <https://eu4business.org.ua/>
6. Institute for Economic Research and Policy Consulting (2021). The competitiveness index of Ukrainian cities. USAID Program "Competitive Economy of Ukraine," Info Sapiens, Institute for Economic Research and Policy Consulting: <http://www.ier.com.ua/ua/mci>
7. V. Kozina, I. Bakunchyk, Yu. Bodashevskaya, L. Fedchenko, O. Lebedynska, A. Serbina, T. Stankus, M. Bondar, M. Kolpovska, O. Ilchenko (2021). Tools for Managing Communal Property of Consolidated Communities. USAID DOBRE Program: <https://donors.decentralization.gov.ua/advice/14508>
8. Conference of International Non-Governmental Organizations of the Council of Europe (2009). Conference of International Non-Governmental Organizations of the Council of Europe (2009): <https://rm.coe.int/16802eeddb>
9. V. Kryzhanivskiy (2021). Financial Support for Local Self-Government Bodies in the Development of Local Businesses and Entrepreneurship Stimulation. USAID DOBRE Program: <https://decentralization.gov.ua/uploads/library/file/775/DOBRE.pdf>
10. Network of Business Information Support Centers: <https://bisc.org.ua/>
11. National Platform for Small and Medium-Sized Enterprises: <https://platforma-msb.org/>
12. MEREZHA Online Expert Solution Platform: <https://www.merezha.ua/>

ANNEXES

The Annexes section contains documents that provide the reader with additional information and methodological details that enhance the credibility of this Report.

1. **Annex 1. List of consultants interviewed (for USAID DOBRE Program's internal purposes)**
2. **Annex 2. Links to LED programs and economic profiles of communities**
3. **Annex 3. Links to sample documents, draft decisions, and programs**

Links to LED programs and economic profiles of communities²¹

LED Programs:

[Shyrokivska TC, Zaporizhzhia Oblast:](https://shyroke.org.ua/documents/prohrama-mistsevoho-ekonomichnoho-rozvytku/)

<https://shyroke.org.ua/documents/prohrama-mistsevoho-ekonomichnoho-rozvytku/>



[Khotynska TC, Chernivtsi Oblast:](https://khotyn.dosvit.org.ua/storage/documents/attachments/883776cbe69db9155110e930f5a4d39f.pdf)

<https://khotyn.dosvit.org.ua/storage/documents/attachments/883776cbe69db9155110e930f5a4d39f.pdf>



[Shumska TC, Ternopil Oblast:](https://shumska-gromada.gov.ua/programa-mer-10-14-32-16-07-2021/)

<https://shumska-gromada.gov.ua/programa-mer-10-14-32-16-07-2021/>



[Koropska TC, Chernihiv Oblast:](https://koropska-gromada.gov.ua/programa-miscevogo-ekonomichnoho-rozvitku-10-03-43-18-08-2021/)

<https://koropska-gromada.gov.ua/programa-miscevogo-ekonomichnoho-rozvitku-10-03-43-18-08-2021/>



[Novoprazka TC, Kirovohrad Oblast:](https://rada.info/upload/users_files/04366086/03604dbfbe4af3c5db203cde8cc27143.pdf)

https://rada.info/upload/users_files/04366086/03604dbfbe4af3c5db203cde8cc27143.pdf



[Novhorod-Siverska TC, Chernihiv Oblast:](https://ns-mrada.cg.gov.ua/index.php?id=34554&tp=1)

<https://ns-mrada.cg.gov.ua/index.php?id=34554&tp=1>



Economic Profiles:

[Khotynska TC, Chernivtsi Oblast:](https://khotyn.dosvit.org.ua/storage/documents/attachments/ed3330b26bc000ddd97c45e6e9379c13.pdf)

<https://khotyn.dosvit.org.ua/storage/documents/attachments/ed3330b26bc000ddd97c45e6e9379c13.pdf>



[Koropska TC, Chernihiv Oblast:](https://koropska-gromada.gov.ua/ekonomichnij-profil-09-38-07-18-08-2021/)

<https://koropska-gromada.gov.ua/ekonomichnij-profil-09-38-07-18-08-2021/>



[Losynivka TC, Chernihiv Oblast:](https://losynivska-gromada.gov.ua/ekonomichnij-profil-losinivskoi-gromadi-10-36-02-07-05-2021/)

<https://losynivska-gromada.gov.ua/ekonomichnij-profil-losinivskoi-gromadi-10-36-02-07-05-2021/>



[Voznesenska TC, Mykolaiv Oblast:](http://voz.gov.ua/nvesticyniy-pasport.html)

<http://voz.gov.ua/nvesticyniy-pasport.html>



²¹ During martial law, many LSGBs either blocked their official websites altogether or removed from public access on such websites any demographic data, data on socio-economic development, and other information that could be used by the Russian military/saboteurs. As a result, links to the economic profiles and LED programs of some DOBRE partner communities were inactive at the time when this Report was being prepared.

Links to sample documents and draft resolutions

- [Test of community readiness for LED](#)
- [Model mandate for the establishment of an LED working group](#)
- [Sample regulation on the LED working group](#)
- [Model resolution for adoption of the Community Economic Profile](#)
- [Sample LED program approval resolution](#)

