

A Manual for Local Government and Business

# LOCAL ECONOMIC DEVELOPMENT IN CONSOLIDATED COMMUNITIES: Useful Advice and Best Practices



**ДОВРЕ ПРАКТИКИ**



**ДЕЦЕНТРАЛІЗАЦІЯ**

**ЦЕ ДОБРЕ**

The manual, “Local Economic Development in Consolidated Communities: Useful Advice and Best Practices,” was developed within USAID “Decentralization Offering Better Results and Efficiency” (DOBRE) Program. This Manual is for representatives of local government; business community; and residents that work on creating a favorable economic environment in their communities.

The Manual elaborates USAID/DOBRE’s Local Economic Development (LED) planning methodology and experience of DOBRE’s consultants who cooperated with 75 consolidated communities when developing local economic development programs for them.

Within Local Economic Development component of USAID/DOBRE, its partner communities opted for implementing projects that focused on

- supporting existing businesses;
- supporting entrepreneurship development;
- attracting new business and investments;
- developing human capital.

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USAID Decentralization Offering Better Results and Efficiency (DOBRE) is a five-year program implemented by Global Communities and funded by USAID (United States Agency for International Development). The program aims at strengthening local self-government and creating better conditions for the development of consolidated communities, strengthening citizen engagement into decision making, and ensuring accountability and transparency in public administration.

The consortium of DOBRE’s implementing agencies led by Global Communities includes the Ukrainian Crisis Media Center, Social Boost, the Foundation in Support of Local Democracy (FSLD/FRDL), Malopolska School of Public Administration at the Krakow University of Economics (MSAP/UEK) (Poland), and the National Democratic Institute (NDI).

USAID DOBRE operates in 7 target regions: Dnipropetrovsk, Ivano-Frankivsk, Kharkiv, Kherson, Kirovohrad, Mykolayiv, and Ternopil Oblasts. In June 2020, the Program [started operating in three more regions](#): Zaporizhia, Chernivtsi, and Chernihiv Oblasts.

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# IMPLEMENTED PROJECTS BY GOALS



**SUPPORTING EXISTING BUSINESSES**



**SUPPORTING ENTREPRENEURSHIP DEVELOPMENT**



**DEVELOPING HUMAN CAPITAL**



**ATTRACTING NEW BUSINESS AND INVESTMENTS**



## IVANO-FRANKIVSK OBLAST

- NYZHNIOVERBIZKA
- DZVYNIATSKA
- STAROBOHORODCHANSKA
- VERKHNIANSKA
- TLUMATSKA
- PYADYTSKA
- PECHENIZHYNSKA
- BILOBERIZKA
- BILSHIVTSIVSKA
- LANCHYNSKA



## KIROVOHRAD OBLAST

- NOVOPRAZKA
- BOBRYNETSKA
- NOVOUKRAYINSKA
- MALOVYSKIVSKA
- DMYTRIVSKA
- SMOLINSKA
- POMICHNIANSKA
- KOMPANIIVSKA



## MYKOLAYIV OBLAST

- OLEKSANDRIVSKA
- HALYTSYNIIVSKA
- SHEVCHENKIVSKA
- BASHTANSKA
- MOSTIVSKA
- BUZKA
- PRYBUZHANIVSKA
- DOMANIVSKA
- KAMYANOMOSTIVSKA
- VOZNESENSKA
- ARBUZYNSKA



## DNIPROPETROVSK OBLAST

- APOSTOLIVSKA
- ZELENODOLSKA
- SOFIYIVSKA
- PETRYKIVSKA
- NOVOOLEKSANDRIVSKA
- VASYLKIVSKA
- SLOBOZHANSKA
- TSARYCHANSKA
- MOHYLIVSKA
- HRECHANOPODIVSKA
- MYRIVSKA
- POKROVSKA
- PISHCHANSKA
- MYKOLAYIVSKA



## KHERSON OBLAST

- CHAPLYNSKA
- VYSOKOPILSKA
- TAVRYCHANSKA
- PRYSYVASKA
- ASKANIA-NOVA
- MUZYKIVSKA
- KOCHUBEYIVSKA
- VELYKOKOPANIVSKA
- NOVORAISKA
- STANISLAVSKA



## TERNOPILOBLAST

- HUSIATYNSKA
- ZAVODSKA
- MYKULYNETSKA
- BAIKOVETSKA
- SKALATSKA
- TEREBOVLANSKA
- VELYKOHAIIVSKA
- KHOROSTKIVSKA
- SKALA-PODILSKA
- IVANIVSKA
- SHUMSKA
- VYSHNIVETSKA
- ZOLOTOPOTITSKA
- PIDVOLOCHYSKA
- ZOLOTNYKIVSKA
- BORSHCHIVSKA
- LANOVETSKA
- ZBORIVSKA



## KHARKIV OBLAST

- ZOLOCHIVSKA
- MEREFYANSKA
- STAROSALTIVSKA
- MALYNIIVSKA

# TYPICAL LOCAL ECONOMIC DEVELOPMENT TOOLS

## Retail Spaces:

- ✓ Public spaces with retail elements
- ✓ Spaces for festive fairs
- ✓ Farmers' markets

## Grants for Business:

- ✓ Grants for novice entrepreneurs
- ✓ Voucher support

## Financing Funds:

- ✓ Refunding interest on loans
- ✓ Microlending funds

## Dual Education:

- ✓ Dual education training and methodology centers
- ✓ Career guidance and internship programs
- ✓ Informal education programs

## Training and Demonstration Events:

- ✓ Theme-based centers
- ✓ Study tours

## Shared Spaces:

- ✓ Co-working facilities
- ✓ Public kitchens and workshops
- ✓ Business incubators

## Local Business Support Institutions:

- ✓ LEDA (Local Economic Development Agencies)
- ✓ BSC (Business Support Centers)
- ✓ Business clubs, entrepreneur clubs

## Cooperatives

## Social Entrepreneurship

## Tourism Products:

- ✓ Tourist information centers
- ✓ Festivals
- ✓ Maps of communities and promotional materials with local business advertisements
- ✓ Marking hiking trails and other community territory
- ✓ Enhancing tourism infrastructure, such as roads; parking spaces; camping areas, etc

## Access to Land Assets:

- ✓ Land plot register
- ✓ Preparing development documents for land plots
- ✓ Bringing utility services to land plots
- ✓ Land reclamation

## Business-specific Infrastructure:

- ✓ Restoring neglected facilities
- ✓ Handing over use rights to facilities

## Attracting Investors:

- ✓ Leasing out land plots and premises connected to utilities
- ✓ Local government assistance in developing supporting documents

## Partnerships with Business:

- ✓ Public private partnership
- ✓ Program for developing areas where large businesses are present

## Regional Products:

- ✓ Promoting products that are authentic for a targeted area
- ✓ Helping with registering protected geographical indications with state authorities

# APPROACH TO LOCAL ECONOMIC DEVELOPMENT

## TYPES OF LOCAL ECONOMIC DEVELOPMENT TOOLS

### By business activity type

- Supporting existing businesses with tools to improve the quality of working places and make business more innovative.
- Supporting development of entrepreneurship with tools that create favorable conditions for new start-ups, and for increasing the quantity of entrepreneurs and businesses.
- Supporting new businesses and investments with tools that create favorable economic and infrastructural conditions, to attract new businesses to the area and raise investments for companies.

### By business factors

- Developing human capital by utilizing tools that encourage employees to build up their competences; develop their skills; and help reduce outmigration of human resources.
- Making the area more appealing with tools that improve the quality of infrastructure and public spaces, and preserve the environment.
- Providing access to finance by using tools that make it easier for existing businesses to tap financial resources available on the market.

TITLES of LED TOOLS	TYPOLOGY of LED TOOLS					
	By business activity type			By business factor		
	Supporting Existing Businesses	Supporting Entrepreneurship Development	Attracting New Business and Investments	Developing Human Capital	Making the Area More Appealing	Access to Financing
Retail spaces	√				√	
Grants for business	√					√
Financing funds	√					√
Dual education	√			√		
Training and demonstration events	√			√		
Shared spaces		√		√		
Local business support institutions		√				√
Cooperatives		√		√		
Social entrepreneurship		√		√		
Tourism products		√			√	
Access to land assets			√		√	
Business-specific infrastructure			√		√	
Attracting investors			√		√	
Partnerships with business			√		√	
Regional products			√		√	

# LOCAL ECONOMIC DEVELOPMENT PROCESS



**Local Economic Development (“LED”)** is a participatory process that involves community stakeholders; and aims to support a sustained economic growth at a local level, and improve a quality of life of residents.

**LED Steering Committee** is an advisory body that is set up to plan and implement LED activities in a community, and review them on a regular basis.

## Objectives of LED Steering Committees:

- identify challenges to the community development and select tools for addressing them;
- develop and implement development projects in the community;
- coordinate and monitor the implementation of activities listed in the economy section of a Community Development Strategy;
- search for opportunities to raise funds for activities of the Strategy;
- seek partners for projects;
- review draft decisions of the session and the executive committee on economic development on a preliminary basis;
- review planned activities for their relevance and consistency with conditions in the community regularly (at least once a year).

**Community economic development readiness test** is a self-assessment test that helps determine to what extent a community is prepared for its economic development.

**Economic profile** is a document for potential investors that contains consolidated information about the following resources of a community:

- local economic environment; markets; economic base; taxes; and professional services;
- infrastructure; service lines; and utilities;
- natural resources;
- population; workforce; civil society organizations; and social capital of the community;
- local self-government.

**Local Economic Development Tools** are various projects that create conducive conditions for development of communities’ local economy.

**Local Economic Development Program** is a set of specific projects for upcoming two to four years, whose implementation will enable reaching economic development goals that are defined in the Community’s Development Strategy. The community’s LED Steering Committee members and its stakeholders develop, implement and review this Program on a yearly basis. The Local Council should approve the Program.

**Project** is a series of logical, chronological and consistent activities that should result in attaining a goal within a specified time frame, while utilizing the following allocated resources: human; material; and financial.

**Project cycle** describes a process for a project initiative implementation that comprises the following stages:

- identifying a challenge and/or selecting a project idea;
- drafting a project concept;
- creating a plan of activities;
- raising funds;
- carrying out the project-related activities;
- compiling project progress reports;
- monitoring a project implementation.

**Pre-project research** is a preliminary review of prevailing conditions; based on its results, one can make a decision on a project feasibility.

Types of **pre-project research** encompass a review of condition of community's infrastructure (i.e., buildings; land plots; etc.); benchmarking; drafts of scenarios for a project implementation; feasibility analysis; business models; business plans; legal analysis; historical background reviews; and surveys.

**Pre-project research includes the following methods:** desk research; engagement of stakeholders; hackathon and brainstorming sessions; workshops; conferences; contests; and opinion surveys.



# LOCAL ECONOMIC DEVELOPMENT PROCESS IN A COMMUNITY

1

**Create an LED Steering Committee in a community.** The LED Steering Committee should engage representatives of local government (i.e., officers of local government; starostas; members of Local Council); representatives of local business and associations of entrepreneurs; wider groups of residents, youth activists; including members of education sector; etc. Optimally, there should be 5 to 15 members in a group. The Steering Committee should hold its meetings once a month (or at least once per quarter). The Steering Committee is established as an advisory body. The Local Council has to approve its charter and membership regulations.

2

**Hold a constituting meeting of a community's LED Steering Committee.** It is necessary to specify objectives for the Steering Committee and determine a frequency of its further meetings. At this meeting, members should **complete a community economic development readiness test**; familiarize themselves with a structure of their community's economic profile; and nominate persons responsible for collecting data for the economic profile.

3

**Develop a community's economic profile.** At its second meeting, the Steering Committee should discuss the gathered information and finalize the economic profile, including data on the available resources and their community's capacities. The completed economic profile should be published on the community's website.

4

**Define goals for strategic vision and economic development.** At its third meeting, the Steering Committee should define a strategic vision and goals for economic development, taking into consideration the community's resources and capacities, in line with the existing economic profile.

5

**Identify tools for local economic development.** At the fourth meeting, the Steering Committee decides on the activities to attain the strategic vision and the goals for economic development (i.e., supporting existing businesses; supporting entrepreneurship development; attracting new business and investments), with due consideration of the available community's resources and capacities. One can select LED tools, based on a community's Development Strategy; the data in the economic profile; and findings of a survey for business representatives, etc. A discussion should result in identifying LED tools to develop in order to stimulate the community's local economy.

6

**Develop projects for local economic development.** Based on the LED tools previously selected, the Steering Committee should develop project proposals that contain the following parts:

- a project name;
- a strategic goal and operational objectives the project will support;
- the project goals;

- the project impact area and number of residents that will enjoy the results of the project execution;
- a need statement or a problem the project will address;
- a description of the project's financial and institutional sustainability;
- key stages for the project implementation;
- the project's activities ;
- the project's expected results, including quantitative and qualitative data;
- the project's time line and its overall life cycle;
- the resources required for the project execution;
- funding sources;
- the project implementing partners.

**Develop a Program for local economic development.** At its sixth meeting, the Steering Committee drafts an LED Program, including the materials of its previous meetings:

- the goals for strategic vision and economic development;
- the LED projects;
- the action plan for the project implementation .

The LED Program must be consistent with the community's Development Strategy.

**Approve the Program for local economic development.** Members of the Local Council should approve the prepared LED Program and publish it on the website of their community.

**Implement the Program for local economic development.** The implementation of the approved LED Program is vested in structural units of the Local Council and persons in charge of specific projects. The Steering Committee holds regular meetings to coordinate activities under the Program.

7

8

9

# SUPPORTING EXISTING BUSINESSES



**Retail spaces** are areas that are organized in a community to let its entrepreneurs sell their products. These areas are combined with available infrastructure that community members use for public events.

## Typical projects comprise:

- public spaces with retail elements that are open to anyone. Community residents usually use them – squares; parks; public gardens; areas close to water - for recreation; install kiosks for retail sales and designate areas for itinerant trade;
- spaces for holding festivals and trade fairs, where temporary facilities for retail are placed; they should match visual styles of these public spaces;
- farmers' markets are designated spaces in communities, where local farmers and producers sell their agricultural products.

## Stages of implementation include:

- developing a concept for a public space with its establishment. This concept must be gender-sensitive and incorporate needs of all target groups, including business; community residents - specifically women; youth; and persons with disabilities;
- compiling documents for arranging the space, including design documents for rehabilitation of existing premises; documents for connecting utilities; and placemaking plans;
- arranging the space: leveling the area; placing fences, benches, litter bins; connecting utilities, such as: indoor lighting and water supply; including services for road and sidewalk maintenance; installing public restrooms, etc.;
- procuring and installing equipment for retail outlets; a foldable stage; sound and light equipment, etc.).

## EXAMPLES

### ARRANGING A MARKET SQUARE IN MOSTIVSKA CONSOLIDATED COMMUNITY OF MYKOLAYIV OBLAST

USAID/DOBRE Program supported the installation of the retail pavilion with twelve booths and three mobile kiosks in the market square. In addition, two recreation areas; two parking lots; and a food court were arranged next to this public space. The square was equipped with a collapsible stage that can be used during festive cultural and entertainment events. Local residents and businesspeople can also sell their produce here twice a week.

### ARRANGING A RETAIL AND FAIR TRADE SPACE IN BOBRYNETSKA CONSOLIDATED COMMUNITY OF KIROVOHRAD OBLAST

USAID/DOBRE Program funded the installation of six wooden kiosks for retail trade, including a power generator. Community members use the kiosks during various events and festivals that are held in the central park of Bobrynets.



**Grants for Business** are funding mechanisms for delivering non-repayable financial benefits for starting up a business or for implementing business development projects aligned with requirements and priorities of the grant provider.

Typical projects include:

- supporting novice entrepreneurs with start-up grants;
- providing voucher support as non-repayable benefits for creating and implementing business development solutions.

**Implementation stages include:**

- raising funds for grants;
- determining priorities for providing grants to businesses; developing policies and procedures for selecting program participants;
- awarding successful contestants with grant support and monitoring the use of the granted funds.

## EXAMPLES

« **VOUCHER SUPPORT FOR BUSINESSES IN LVIV OBLAST.** The Lviv Oblast State Administration offers small businesses and individual entrepreneurs non-repayable financial benefits (“vouchers”) that can be used to cover an amount of the cost of work and services they have procured from specific companies. Sole traders pay at least 30% of that cost and the Administration pays up to 70%. Businesses can choose from three types of vouchers—innovation (up to UAH 100.000); marketing; and consultancy vouchers (up to UAH 50.000).



**Financing funds** are financial mechanisms that enable entrepreneurs, operating in a particular area or sector, to obtain repayable or non-repayable funds for their business development.

Typical projects include:

- refunding interest on loans, where a local government pays a portion of the interest on loans that is granted to entrepreneurs;
- micro-lending funds are financial mechanisms of granting small long-term repayable business loans.

Implementation stages include:

- setting up a fund and filling it with funds from the budget, businesses or the donor community;
- determining priorities; a transparent management and a model for control;
- developing procedures for granting/recovering the funds;
- communicating services of the fund and providing loans to entrepreneurs in line with the priorities.

## EXAMPLES

« **Refund of Interest on Loans in Lviv Oblast.** The Lviv Oblast State Administration compensates a portion of the interest on loans that is granted to small businesses and sole traders at the level of the National Bank of Ukraine discount rate. Loans up to UAH 3 million with a term of up to three years are eligible for the interest refund.

« The Entrepreneurship Support Fund in the city of Ladyzhyn in Vinnytsia Oblast was established under DTEK Corporation’s Social Partnership Strategy. The Fund provides financial support on a repayable basis for developing existing businesses and establishing start-ups in Ladyzhyn.



**Dual education** is a method of training that combines learning theory at educational institutions and on-the-job practical training in companies.

Typical projects include:

- establishing training and methodology centers for dual education that are based at the local vocational education institutions and companies;
- implementing career guidance programs for young people and offering internships to students at local companies;
- implementing informal education programs, such as training activities outside the core curriculum of education institutions.

## EXAMPLES

« A joint dual education project between the Polissya National University and a producer of organic products that offered an internship for students with various major subjects at the company. All students entered into dual education contracts; for 3 months, they work at the company and receive wages.

« Informal Education Activities in Chernivtsi Oblast Organized by the U.S. Peace Corps Volunteer. Emily Essi, Peace Corps Volunteer, had been offering Business English lessons in Nedoboivska Consolidated Community for two years, from 2017 to 2019, in the format of a speaking club. Emily also helped the partners with developing and hosting an event in the format of a TED-x conference.



**Educational demonstration activities** include venues or visits that allow learning about an experience of a certain sector or participation in a manufacturing process.

Typical projects include:

- theme centers, where one can view achievements in a certain area;
- study tours to organizations or enterprises to learn about their field experience.

## EXAMPLES

« *STEM-kids* information and training spaces in Mostivska Consolidated Community of Mykolayiv Oblast were established with the support by USAID/DOBRE Program, where children learn how to assemble and program

« Demonstration and training center for dairy farmers established in Molocharske Agricultural Cooperative in Pokrovska Consolidated Community in Dnipropetrovsk Oblast. The center organizes regular open training courses and provides advice to small and medium-sized producers from various regions of Ukraine on how to keep cows, produce milk and what storage technique to use.

# SUPPORTING ENTREPRENEURSHIP DEVELOPMENT



**Shared spaces** are office rooms or manufacture premises, where several entrepreneurs can work concurrently or sequentially.

Typical projects include:

- co-working centers that are established as equipped and shared office spaces, where entrepreneurs can rent a space for working; or as municipal/commercial kitchens and workshop facilities to manufacture products;
- business incubators that are established as office or manufacture spaces and offered to novice entrepreneurs on preferential terms, including a certain period of time and an expert support. For instance, successful entrepreneurs or experts provide mentorship to novice entrepreneurs and support them from developing a concept idea to a market launch.

Implementation stages include:

- developing a concept for a shared space and establishing it. The concept must be gender-sensitive and incorporate needs of all target groups, including business; wider groups of residents; engaging women; youth; and persons with disabilities;
- compiling documents for registration, including a business plan and model rental contracts;
- hiring personnel and equipping the space according to the needs of the target audience (i.e., providing renovation; computer hardware; office furniture; and necessary tools, etc.).

## EXAMPLES



PavuTyna co-working center was established with USAID/DOBRE support in Velykohavivska Consolidated Community of Ternopil Oblast. The community renovated its co-working space. DOBRE procured computer hardware and domestic appliances; furniture; a web white board; and established partnership with business and IT vocational training institutions. Entrepreneurs can rent an office space at the co-working and young people can host their events here free of charge. In addition, on the premises, there are development and career guidance groups; a language learning club; and a children playground. Children can learn foreign languages, study in the group, “Erudite”; do hands-on activities in the group, “Profi”; and spend their free time in the playground.



School-based co-working centers were established with the EU support in Baranivska Consolidated Community of Zhytomyr Oblast. The inter-school resource center provides space to sewing and technology co-working facilities. Residents of the community, who have ideas, though can't afford purchasing necessary equipment, can use the equipment available at the co-working center.



A media center in Terebovlianska Consolidated Community of Ternopil Oblast was established with the support from USAID/DOBRE. The Center became the hub for creative industry development in the entire Oblast. The Center's team members supported education-focused sectors with its facilities and equipment; helped attracting tourists and developing local business before and after the Covid-19 pandemic; and publicized all major events in the community.



**Local business support institutions** are established to support the development of entrepreneurship on a particular territory.

Typical projects include:

- LEDA (Local Economic Development Agencies) are inter-sectoral institutions that operate in a specific area and tasked with developing and implementing programs and projects, based on the Development Strategy for the relevant area;
- BSC (Business Support Centers) are institutions that foster small and medium-sized business entities to ensure their successful and active development;
- business clubs or entrepreneur clubs are associations of entrepreneurs in a particular area or sector that are established to protect and promote interests of their members and/or create a community of entrepreneurs.

Implementation stages include:

- determining a project feasibility and its goals, developing a strategic plan;
- obtaining the state registration;
- establishing a team that specializes in establishing plans; drafting job descriptions; selecting candidates on a competitive basis; and training personnel;
- equipping an office space, including renovating its premises; procuring and installing furniture, computer hardware and software.

## EXAMPLES

« A Business Support Center in Merefyanska Consolidated Community of Kharkiv Oblast was established with the support from USAID/DOBRE. This Center offers services for establishing a new business or promoting an existing business; provides advice on taxes; organizes training on business and financial literacy. The community renovated the building of the Center, while DOBRE procured furniture; licensed software; multimedia and computer equipment.

« A Regional Development Center in the city of Novyi Rozdil of Lviv Oblast was established under the EU-funded project. The objective of the Center is to create opportunities for the Rozdillia subregion that covers two raions of the Oblast.

« A LEDA (Local Economic Development Agency) was established in Novoukrayinska Consolidated Community of Kirovohrad Oblast. The Agency provides advice and training for entrepreneurs; female entrepreneurs; self-employed individuals; and emerging entrepreneurs. The community engaged trainers and experts for the Agency's events within the rapid grants contest for female-led organizations, held by the Ukrainian Women's Fund with the EU support. The Agency's team helps residents of the community to start up a new business or develop an existing business; draft a business plan; plan for business sustainability; seek and attract highly specialized consultants.



**Cooperatives** are voluntary associations of individuals and legal entities that unite for the joint pursuit of activities to meet their needs, based on the principles of the local governance.

Typical forms of support include:

- encouraging establishment of new cooperatives, i.e., local government can help with establishing an initiative group; engaging consultants and organizing training events; preparing a charter, a constituting agreement, registration documents, and a business plan; finding a property or land plots for cooperatives;

- ☑ - supporting existing cooperatives, i.e., local government can allocate land plots and premises for cooperatives; fund procurement of equipment; engage consultants; and provide help with drafting documents for grants or loans.

## EXAMPLES

« The cooperative, “*Hutsulski Gazdy*,” in Biloberizka Consolidated Community of Ivano-Frankivsk Oblast specializes in processing fruit and berries that the private sector farmers grow, or the wild-grown plants, berries, and mushrooms. The Village Council renovated and provided the Cooperative with a workspace with the area of about 200 square meters. The Cooperative’s founding members purchased a pre-storage chamber for berries and DOBRE procured the equipment for drying, cooling, and processing.

« A goat-breeding cooperative was established in Karashynska Consolidated Community of Cherkasy Oblast. It is the 4th cooperative established in this community. It specializes in breeding goats (170 beasts), producing and selling cheese to customers outside the community.

« The cooperative, “*Dary Lita*,” in Starobohorodchanska Consolidated Community dehydrates and processes vegetables and fruit grown in the community. The Village Council purchased a freezer. The members of the cooperative developed a business plan; renovated the building premises; and connected to the required utilities. USAID/DOBRE procured equipment for drying and processing vegetable and fruit; furniture for processing; and water supply equipment.



A **social enterprise** is a business entity that produces and sells goods, activities or services to address particular social needs.

Typical forms of support include:

- encouraging establishment of new social enterprises, i.e., local government can assist with drafting registration documents; on preferential terms, can provide room spaces, and funds for their renovation and procurement of equipment;
- supporting operating social enterprises, i.e., local government can provide funds for procuring additional equipment; can assist with drafting documents to apply for grants or loans, and procure services or goods from social enterprises.

## EXAMPLES

« The social enterprise, “*Barvysta*,” was established in Ozerne town of Zhytomyr Oblast. Its commercial products include clothing; home textiles; eco-bags; and bags for lunch boxes. Its social product is provision of employment opportunities to graduates of a local vocational school, who do not have a practical professional experience.

« The social bakery, “*Horikhovyi Dim*,” in Lviv produces cookies. It spends 40% of its profits on social projects of the *Horikhovyi Dim* Foundation, including maintenance of a shelter for women in crisis life situations.



**Tourism products** are products or services that visitors to the community can use in order to meet their catering, accommodation, and travel experience needs.

Typical projects include:

- a tourist information center is an entity that provides information about tourism opportunities to visitors to the community;



- festivals are mass festive events that aim to promote achievements in a specific sector;
- camping grounds is an improved open-air area for tourists, for their temporary recreation and accommodation.

## EXAMPLES

«

Novooleksandrivska Consolidated Community of Dnipropetrovsk Oblast develops a weekend tourism for visitors who arrive from Dnipro. Together with consultants, the community members marked bike trails along the Dnieper; opened two bike rental stations; and installed signage along the trails. In addition, while developing the community's Tourism Development Concept with USAID/DOBRE support, a member of the LED Steering Committee seized an opportunity and established her own business. Together with her husband, she restored a neglected building with the adjacent area, and transformed it into the ethnic estate, "*Mayorova Khata*." It is located near the bike trail and offers opportunities for learning local culture and travel services to the visitors.

«

The Heritage Center, "Vyhoda Narrow-gauge Railroad," was established in Vyhoda Town of Ivano-Frankivsk Oblast. The oldest building in town was renovated and transformed into a modern interpretive visit center, under the EU-funded project. The Center offers an interactive exhibition dedicated to the local environment and the Carpathian forest ecosystem; the history of Vyhoda Narrow-gauge Railroad; ethnography; and folk crafts, etc.

# ATTRACTING NEW BUSINESS AND INVESTMENTS



**Access to land assets** is a tool for economic development that calls for preparing land plots together with information about them for the subsequent use by businesses.

Typical forms of support include:

- setting up a register as a database of land plots, including relevant information about them: the cadaster number; area; location; designated utilization; access to service lines and roads, etc.;
- preparing documents for land plots as part of compiling materials that govern planning, development, and use of land plots;
- bringing to land plots the following utility services: electricity; gas; water; heat supply; waste and storm water disposal lines;
- land plot reclamation as part of restoring degraded land to a condition that suits its economic utilization.

## EXAMPLES



With the support by USAID/DOBRE, Nyzhnioverbizka Consolidated Community of Ivano-Frankivsk Oblast prepares development documents for its village of Nyzhnii Verbizh, including the village land survey; the village master plan; the strategic environmental assessment; the updated monetary valuation of land plots, based on target ratios; the land management design documents to modify the boundaries of the land plot.



The *Agrometer* system is used in Konoplianska Consolidated Community of Odesa Oblast. The community purchased a high-precision professional land measurement, “the *Agrometer*,” and record-keeping system to measure areas, perimeters, and distances; to store measurement results; and prepare field maps on a computer. Utilizing this system, the community made the inventory of its land plots efficiently.



In 2014-2015, 46.4 hectares of the degraded land, which were left after the closure of the former brimstone quarry in the city of Novyi Rozdil in Lviv Oblast, under the EU-funded project, were reclaimed to accommodate an industrial park in the area.



**Business-specific infrastructure** is a process for developing infrastructure that is aligned with the needs of business entities that operate in the area.

Typical forms of support include:

- restoring neglected facilities is a process for restoring neglected industrial facilities that one can use for their initial purpose or a new one;
- handing over use rights to infrastructural facilities.

Implementation process encompasses:

- establishing a joint working group comprising representatives of a local government and a business community;
- studying infrastructure needs of a business;
- holding public hearings and discussions;
- determining a new infrastructure facility for business;

- ✓ developing design and cost-estimation documents, including terms of references;
- ✓ raising funds and managing projects for business infrastructure development.

## EXAMPLES

« Renovation of *the Promprylad* plant. The innovation Center was established on the premises of the old plant in Ivano-Frankivsk. It operates at the crossroads of four areas of the regional development, including new economy; urban development; modern arts; and education. The total area of the Center is 37.800 square meters, including 5.800 meters of the renovated space. 25 resident companies operate at *the Promprylad*; the center hosts about 600 events every year.



**Attracting investors** is a local government activity that focuses on establishing new companies and business entities in the community.

Typical forms of support include:

- granting, on preferential terms, land plots with infrastructure facilities at the business start-up stage;
- drafting supportive documentation while making investments.

Implementation process comprises:

- appointing an officer responsible for cooperating with investors;
- preparing registers of vacant land plots and properties;
- determining potential market niches, developing business cases for investments;
- creating and disseminating information materials to promote investment opportunities in a community;
- granting land plots and premises to an investor;
- supporting an investor from the stage of expressing interest to starting operations.

## EXAMPLES

«

The Liz-Mash limited liability company established a 3.2-MW PV power plant on a 5.9-hectare land plot in Novoukrayinska Consolidated Community of Kirovohrad Oblast. The PV power plant was built on the vacant land plot in the industrial area of the city. In order to attract investors, the local government prepared a package of auction documents and engaged a number of candidate investors. Every year, this land plot brings UAH 200.000 of revenue to the community budget. Five jobs have been created. In the same community, the SanVin14 LLC completed the construction of a PV power plant on the 24.9849-hectare land plot. The cost of the work amounted to UAH 196 million. The company pays UAH 1.5 million to the city budget every year. The land plot was purchased through the land auction that the City Council organized .

«

Constructing the plant, "LEONI," in the city of Kolomyia in Ivano-Frankivsk Oblast. In order to attract investors, the local government brought power; gas; water supply; and waste water disposal lines to the land plot, at the expense of the city and oblast budgets, and handed it over to the investor for further utilization. In result, the plant was built in the city; and currently it has provided 1.500 people with jobs.



**Partnerships with business** imply implementation of joint initiatives by the local government and business entities.

Typical projects include:

- programs for developing areas for large business's presence, i.e. based on development strategies of large companies that make investments to enhance the area where their assets are located.

Implementation process encompasses:

- selecting priority areas for cooperation with companies;
- determining shared interests of the company and key players in the specific area;
- elaborating program and projects for area development;
- building financial mechanisms;
- appointing officers in charge;
- implementing a program and compiling progress reports;
- establishing public private partnership (PPP) as a system of relations based on a long-term cooperation contract between a public partner (e. g., a local government or a central executive agency) and a private partner (e. g., a private company or an entrepreneur). This partnership results in combining resources of both partners for creating new or upgrading existing facilities.

Implementation process includes:

- defining a facility and an object of partnership;
- allocating risks, liability, and remuneration among partners;
- selecting a partnership model; entering into contracts;
- setting up a project vehicle company;
- using or operating facilities jointly.

## EXAMPLES

« A public private partnership project for developing summer sports and recreation facilities on Dolobetskyi Island in Kyiv. The City organized a public tender and handed over the area for the private partner to manage in accordance with the law of Ukraine. The City still owns the land plot. The private partner maintains and develops the infrastructure; provides free access to the beach in the day time, at the expense of commercial projects that are implemented in the evening time. The [USAID Public Private Partnership Development Program \(P3DP\)](#) provided technical advice to the local government and took part in awareness events that were hosted at the facility.

« A PPP project of transition to the non-conventional fuel in Malyn of Zhytomyr Oblast helped the city government to heat three schools in winter. The City refurbished its municipal boiler house, and replaced expensive and unreliable imported natural gas with the locally produced biofuel pellets. The pellets are made from the locally sourced waste wood or straw. With regard to this project, the World Bank stated that *“PPP projects do not need to be large to be successful.”* (There are links to videos with more detailed information about the above and other PPP projects on the last page of this manual.)



**Regional products** are the products that are made in a particular area and reflect its geographical specifics in their names; brands; or packaging.

Typical forms of support include:

- promoting products that are traditional for the area;
- providing assistance with the state registration of protected designations of origin.

## EXAMPLES

« A list of products, whose geographical designations can be registered, includes the following: Hutsul sheep bryndza; Melitopol sweet cherries; Kherson watermelons; Carpathian honey; and Transcarpathian wine.

« A list of traditional regional products includes these: Yavoriv toys; Kosiv ceramic tableware; Carpathian herbal tea; and Petrykivka painting.

# OPERATING IN AN ECOSYSTEM

Local economic development requires a concerted operation of the entire ecosystem, engaging all institutions that cooperate in a particular area.

## KEY ELEMENTS OF THE LOCAL ECONOMIC DEVELOPMENT ECOSYSTEM



The ecosystem for local economic development comprises the following elements:

1. Regional and local development institutions that are established to improve economic, social, and environmental sectors of territories, among them are:
  - regional development agencies (RDAs), i.e., non-profit institutions that are created for efficient implementation of the state regional policy;
  - LEDAs (local economic development agencies).
2. Business support organizations that are built to develop business and foster entrepreneurship by providing information; expert; financial and other support:
  - business information support centers (BISC) are organizations that aim to provide information to entrepreneurs and companies about opportunities available on the market. In Ukraine, there are 15 BISCs supported by the EU4Business program and the European Bank for Reconstruction and Development;
  - consultancy companies, business associations, chambers of commerce and industry, entrepreneur clubs, and clusters that can support business professionally;
  - business clubs are associations of entrepreneurs that are established to protect and promote interests of their members and/or create a community of entrepreneurs;
  - business centers, hubs, co-working facilities that can provide accommodation for businesses.
3. Consultants are independent specialists who can assist with the business development in the following areas:
  - registering and supporting a legal entity;
  - setting up business processes, including manufacturing, sales, etc.;
  - developing strategies, business plans, and product commercialization plans;
  - raising funds.
4. Education institutions. The local government and entrepreneurs need to cooperate with educational institutions because they are developing human capital and growing talents. The following is the list with such institutions:
  - formal education institutions, i.e., schools; vocational schools; and technical colleges;
  - informal education establishments, such as business schools and training centers, which can organize training events, including seminars; workshops; courses for professional development; re-training and internship programs for staff.
5. Business financing is the provision of funds by organizations, such as banks; credit unions; private equity funds; private investors, “business angels”; micro-lending funds; voucher and grant-supported programs, etc.

# USEFUL RESOURCES FOR BUSINESS



**ProRozvytok web portal** is an educational website for local economic development practitioners and those, who are interested in this subject. *ProRozvytok* will help the people that seek solutions for the development of cities and regions to focus on particular tools suitable for addressing typical economic challenges. The website describes 30 model economic development tools illustrated with the international best practices and Ukrainian case studies.

For more information, see [prorozvytok.com](http://prorozvytok.com).



**Diia.Biznes online platform** is a website for both novice and experienced entrepreneurs with answers to your questions about the business development. The website offers a list of business ideas, online advice from practitioners, information about free opportunities and public services for entrepreneurs, and success stories of the people who have launched their own business. The website has a reference book on pressing business issues.

For more information, see [business.diia.gov.ua](http://business.diia.gov.ua).



**Web portal for entrepreneurs.** This website will be useful for novice entrepreneurs because of advice on opening own business and a catalog of business cases. Experienced entrepreneurs will find there information about export transactions, public procurement, business audits, administrative services, standardization, and certification. The website also provides information about business support programs funded by donors, the state budget, and banks, as well as about events in this sector.

For more information, see [sme.gov.ua](http://sme.gov.ua).



The **5-7-9% Affordable Loans Program** was launched to facilitate access to bank loans for micro and small enterprises. The website provides information about the program's eligibility conditions, answers to questions, and details of training events within the program.

For more information, see [5-7-9.gov.ua](http://5-7-9.gov.ua).



**Network of Business Information Support Centers (BISC).** These centers were established to inform entrepreneurs about business opportunities available on the market by hosting high-quality business events for SMEs, business training courses, and business conferences that bring practical benefits and contribute to the development of companies. BISCs operate in 15 oblasts and are a convenient channel of communication with entrepreneurs.

For more information, see [bisc.org.ua](http://bisc.org.ua)



#### EU4Business Initiative:

- access to finance—domestic currency loans, financing of export-related investments, financing of the adaptation to the EU standards, and support to women entrepreneurs and start-ups;
- access to markets—business consultations and export training courses, provision of opportunities for the establishment of trade relations;
- access to knowledge—provision of consultancy services, advisory and technical assistance, special training events for the skills development.

For more information, see [eu4business.eu](http://eu4business.eu).



**Merezha Platform** offers access to a database of verified business consultants on an ongoing basis. Merezha enables sharing of experience via business events and discussions. Leading experts offer their business development knowledge via the platform.

For more information, see [merezha.ua](http://merezha.ua).



**National Small and Medium Business Platform.** The platform's goal is to consolidate the community of entrepreneurs and advocate key reforms of the public policy aligned with business needs.

For more information, see [platforma-msb.org](http://platforma-msb.org).

# INFORMATION SOURCES AND EXAMPLES of PROJECTS

1. Business Incubator in Halytsynivska Consolidated Community: <https://decentralization.gov.ua/news/12338>
2. STEM-kids Information and Training Spaces in Mostivska Consolidated Community: <https://decentralization.gov.ua/news/12474>
3. Business Support Center in Merefyanska Consolidated Community: <https://youtu.be/vXoPWmpU2zo>
4. Business Support Center in Starosaltivska Consolidated Community: <https://youtu.be/FUNImN5Kpdk>
5. Co-Working Center in Baikovetska Consolidated Community: <https://youtu.be/RjUA9scPAa8>
6. Co-working Center in Velykohaivska Consolidated Community: <https://youtu.be/spKONzVOxU>
7. Market Square in Mostivska Consolidated Community: <https://youtu.be/1jZETFghrZA>
8. *Molocharske* Agricultural Cooperative in Pokrovska Consolidated Community: <http://decentralization.uacrisis.org/pokrovka>
9. *Hutsulski Gazdy*, Agricultural Cooperative in Biloberizka Consolidated Community: <https://decentralization.gov.ua/news/12714>
10. A Media Center with a Co-Working Space in Terebovlianska Consolidated Community: <https://uacrisis.org/uk/mediatsentr-u-terebovyansky-otg-u-chomu-jogo-unikalnist>
11. Public-Private Partnership in Restoring City Parks and Developing Facilities for Summer Sports and Recreation in Kyiv: <https://youtu.be/PRminh0jxiE>
12. Public-Private Partnership Project of Transition to the Non-Conventional Fuel in the City of Malyn: <http://ppp-ukraine.org/ppp-in-ukraine-heats-schools-with-biofuel>
13. A small PPP in Ukraine Delivers Big Results, David Lawrence, Retrieved from: <https://blogs.worldbank.org/ppps/small-ppp-ukraine-delivers-big-results>
14. *ProRozytok* web portal: <https://prorozvytok.com/> and <http://gromada.org.ua>
15. Economic Development of Territories. Local Development Agencies Paper, [https://ppv.net.ua/uploads/work\\_attachments/Local\\_Economic\\_Development\\_Agencies\\_UA\\_.pdf](https://ppv.net.ua/uploads/work_attachments/Local_Economic_Development_Agencies_UA_.pdf)

Contact details:



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