What is the M4EG?
The Mayors for Economic Growth (M4EG) is a joint EU & UNDP initiative to support Mayors and their teams in the Eastern Partnership region. Through monetary and technical resources, networking and learning opportunities, the M4EG seeks to explore new trajectories of growth to make towns and cities resilient and attractive for people and investment. Recognizing there are no quick fixes for complex challenges, the M4EG takes a 'hyperlocal' and whole-of-place approach, working alongside Mayors and their teams. Find out more on how our municipalities are investing in continuous learning, experimentation, and collaboration to be more futureready: www.eum4eg.com.

What is the Portfolio Journey?
The Portfolio Journey is a two to three-year long program for in-depth learning and implementation under the M4EG. This program is based on systems thinking, which uses a "portfolio approach" to address complex problems that cannot be solved through traditional project management methods alone. The participating municipalities receive implementation funds of up to €225,000, and each received dedicated support from Chora and UNDP to assist with portfolio design, activation/implementation and dynamic management.

The portfolio approach is a complementary method that helps decision-makers navigate problems that require a more comprehensive and interconnected perspective. It is a learning tool for achieving transformative change within a city or town. Challenges such as poverty, inequality, unemployment, and air pollution are all outcomes of interconnected systems that demand new types of policy design and implementation for national and local governments. Designing responses with a systems approach requires dedication, new capabilities, and new and alternative funding modalities to move beyond single projects toward more connected interventions.

Systems thinking originates from the 1950s and has since been widely adopted by both private and public decision-makers when dealing with complex and persistent problems that cannot be solved with technical or single-sector approaches alone. In the context of climate related challenges in cities, various new initiatives embracing systems have emerged over recent years and which the M4EG Portfolio Journey is learning from, including NetZeroCities, Climate KIC’s Deep Demonstrations, New European Bauhaus, and Viable Cities. In 2020, UNDP developed an urban transformation framework called the Agora stencil, together with Chora Design, to apply systems-wide portfolio approach.
### Who are the cities?

10 cities and towns are currently part of the Portfolio Journey under the M4EG at different stages of implementation:

<table>
<thead>
<tr>
<th>Local authority</th>
<th>Country</th>
<th>Population</th>
<th>Portfolio mission/focus</th>
<th>Stage (April 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Areni</td>
<td>Armenia</td>
<td>11,309</td>
<td>Sustainable Tourism</td>
<td>Initial seed portfolio activated (up to 70,000) w/ dynamic management protocol in place</td>
</tr>
<tr>
<td>Gyumri</td>
<td>Armenia</td>
<td>116,800</td>
<td>Cultural Tourism</td>
<td>Option proposal finalisation and signing of the fund agreement ongoing</td>
</tr>
<tr>
<td>Kapan</td>
<td>Armenia</td>
<td>43,190</td>
<td>Participatory Community Wellbeing</td>
<td>Bootcamp finalised in early April, positions designed along with their first options to be implemented in late spring 2023</td>
</tr>
<tr>
<td>Icherisheher</td>
<td>Azerbaijan</td>
<td>3,000</td>
<td>Smart Old City</td>
<td>Social listening and stakeholder inputs ongoing, portfolio design bootcamp in May 2023</td>
</tr>
<tr>
<td>Khirdalan</td>
<td>Azerbaijan</td>
<td>95,200</td>
<td>Creativity and Entrepreneurship</td>
<td>Portfolio design finalised, activation of initial option implementation starting in spring 2023</td>
</tr>
<tr>
<td>Kutaisi</td>
<td>Georgia</td>
<td>129,305</td>
<td>Eco-Smart City</td>
<td>Initial seed portfolio (up to 70,000) activated w/ dynamic management protocol in place</td>
</tr>
<tr>
<td>Batumi</td>
<td>Georgia</td>
<td>173,745</td>
<td>Start-up Ecosystem</td>
<td>Initial seed portfolio activated (up to 70,000) w/ dynamic management protocol in place</td>
</tr>
<tr>
<td>Ceadîr-Lunga</td>
<td>Moldova</td>
<td>19,401</td>
<td>Energy Transition</td>
<td>Initial seed portfolio (up to 70,000) activated w/ dynamic management protocol in place</td>
</tr>
<tr>
<td>Mykolaiv</td>
<td>Ukraine</td>
<td>474,751</td>
<td>Deep Blue Transformation</td>
<td>Portfolio focus designed, positions and option proposals ongoing, implementation from late spring 2023</td>
</tr>
<tr>
<td>Ternopil</td>
<td>Ukraine</td>
<td>224,134</td>
<td>TBC - Response &amp; Renewal</td>
<td>Mayor and team chose to pause portfolio kick-off until spring 2023</td>
</tr>
</tbody>
</table>
Introducing the Portfolios
Spotlight Cohort 1

Areni / Armenia
Sustainable Tourism

From underdeveloped infrastructure to well-developed diversified tourism and an attractive community

Areni faces challenges linked to insufficient infrastructure and underdeveloped waste management, resulting in environmental pollution, and negatively affecting tourist activity in the area. The specific area of interest the city has decided to address through this portfolio is sustainable tourism, both from an economic and environmental perspective. The portfolio intends to attract and direct additional financial resources to the community to renew parts of its local infrastructure and contribute to the diversification of the local economy by exploring possibilities of interconnected value propositions, as well as exploiting new niches and alternative tourism offerings, such as eco, gastro and adventure tourism.

Intended effects:

• Shared ambition and strategy committed to transformation and mobilization of all stakeholders towards the creation of inclusive, innovative, and resilient tourism.
• A clean, green, and safe environment for visitors and residents across generations.
• A diverse, connected, sustainable, and attractive tourism economy that attracts funding towards infrastructure renewal and other benefits applied to Areni’s community as a whole.

Areni team did an extended outreach as part of the design process, including the youth, guest house businesses, wine factories, homemade winemakers, and artisans.

"Thanks to the program I understood that there is no problem without any solution, just that we need to look at the problem from different angles."
Norayr Grigoryan, Areni Community Administration
Batumi / Georgia
Start-up Ecosystem

From talent drain into talent retention and knowledge-driven economy

A key challenge for Batumi rests on an economy mainly dependent on tourism - a sector which predominantly hosts seasonal activities and offers low-skill service jobs during summers. Talented youth (14-29 years old) look therefore for high quality education and diverse work opportunities in Tbilisi or abroad, contributing to a high emigration rate in the city. Despite a high demand for managerial and entrepreneurial skills, the higher and professional education systems are not well orientated towards the needs of the city’s labor market. Given these challenges as well as the need to diversify the city’s labor market with a focus on high-skilled knowledge work and improve access to innovation and startup activities and networks, the specific area that the City Hall has decided to address through the M4EG Urban Makeover portfolio is Startup Ecosystem Development.

Intended effects:
- Diversify and broaden Batumi’s talent pool by retaining talented local youth and attracting external high-skilled talent.
- Contribute to a renewed urban identity by making Batumi Georgia’s second startup capital.
- Ignite interest, develop startup-savviness and encourage a culture of entrepreneurship and innovation with a particular focus on youth.
- Enable the City Hall to become an enabler of Batumi’s startup ecosystem.

“I was very interested in engaging stakeholders, interviewing private sector representatives, and sharing their expectations and experiences (social listening and sensemaking) which gave us the opportunity to choose the direction of the portfolio based on a diverse discussion, and showed us the different ways and approaches to the challenges, that can be replicated in the municipality’s other activities.”
Rusudan Zhozhadze, Municipal team of Batumi
Ceadir-Lunga / Moldova
Energy Transition

From an import-based and extractive energy system to an independent, affordable and renewable energy set-up

The city of Ceadir-Lunga is an important and historical industrial city since the Soviet Union times. Ceadir-Lunga has historically been a significant industrial city closely connected to the Russian economy ever since the Soviet Union. Its heavy reliance on energy imports from Russia has led to a sharp increase in energy prices, which is having a significant impact on the city’s residents. This, combined with high unemployment rates, low incomes, and outdated energy efficiency standards, has placed a considerable burden on households, putting individual and community well-being, access to basic needs, and social inclusion at risk.

To address these challenges, the municipality has decided to transition towards an affordable and renewable energy system that prioritizes the needs of its citizens. This entails moving away from an import-based and extractive energy system towards an independent, affordable, and renewable energy setup that empowers citizens. The municipality aims to create a sustainable and inclusive energy future, take a holistic approach to homes as a key driver of the energy transition, and provide relief and inclusion for low-income households.

Intended effects:
- Inclusive and sustainable energy future.
- Holistic approach to the ‘home’ as a key agent of the Energy Transition.
- Relief and inclusion of low-income households.

“Through the portfolio approach, we identified the problem of the city and found solutions. The process has enabled us to apply new and innovative methods for greater impact and sustainability”

Oleg Fazli, Municipal team of Ceadir-Lunga

Oleg Fazli, Municipal team of Ceadir-Lunga
Kutaisi / Georgia

Eco-Smart City

From an old industrial center to an Eco Smart City for urban transformation

Kutaisi has been facing numerous challenges in recent years. Its economic importance has been on the decline, leading to a brain drain and a lack of opportunities for talented youth. The tourist industry has been struggling to recover from the COVID-19 pandemic, which has put a strain on the city's economy and caused a decrease in population due to migration. In addition to these challenges, the city is grappling with environmental issues due to its past industrial activities, which have led to air pollution and other climate-related problems.

To address these challenges and promote environmental resilience, the city has decided to use the Portfolio process. This approach will support its efforts to transform into an Eco-Smart City that respects its environment and resources and is equipped to deploy innovative green solutions to address urban challenges in line with the city's Master Plan.

Intended effects:
- Become an attractor for stakeholders with sustainable interest and agendas.
- Engage with Kutaisi’s citizens, visitors, and businesses to become active stewards of the environment and urban-natural ecosystems and resources.
- Inform and lead an agenda for sustainable policies and incentives at a country level.
- Enable sophisticated and responsible management practices at municipal level in order to lead by example.

"With the active participation of citizens, it was possible to identify a common challenge for the city - improving the condition of the living environment. The participatory process also showed us that solving this issue was impossible with traditional methods and required a complex approach. This led to the vision of the transformation of Kutaisi to an Eco Smart City."

Irakli Goglichidze, Municipal team of Kutaisi
**Gyumri / Armenia**

**Cultural Tourism**

Gyumri, the second-largest city in Armenia with a population of 112,100, is an urban municipal community and the administrative center of Shirak Province. Known as the “culture capital of Armenia,” it boasts a rich history, heritage sites, cultural life, and unique customs. The challenges Gyumri faces are linked to the surge in tourist growth observed since 2018, which the city was not prepared to accommodate. Despite facing growing pains related to cultural and tourism development, the city has successfully reactivated its former cultural and touristic life post-covid pandemic. The city team decided to use the Portfolio process in developing resilient and equitable cultural tourism. Its vision is to turn Gyumri into an international cultural destination, benefiting local communities, visitors, and the preservation and replenishment of its cultural assets in the long term.

**Intended effects:**
- Gyumri becomes a known destination for cultural tourism around the world.
- The Municipality becomes the owner and manager of the comprehensive cultural tourism strategy in Gyumri.
- Visitors have positive and memorable experiences throughout their entire journey to and in Gyumri.
- Gyumri has the necessary infrastructure and conditions for the preservation and continues replenishment of its cultural capital.

**Kapan / Armenia**

**Participatory Community Wellbeing**

Kapan is a town in southeast Armenia, serving as the administrative center of the Kapan Municipality as well as the provincial capital of Syunik Province. The economy of Syunik is mainly based on the industrial sector, including mining, building materials production and food-processing. After initial sensemaking and community listening, the team chose to focus their portfolio on creating a community where the well-being of all residents is at its center.

**Intended effects:**
- Kapan has an effective local authority that provides systemic solutions to its residents and attracts and manages external resources.
- Kapan has diversified its economy to better serve the needs of its residents.
- Kapan has a strong supportive social fabric with residents has the agency to shape their community.
Located in Azerbaijan’s Absheron District right outside of Baku, Khirdalan gained the status as a city in 2006. Despite being home to numerous industrial enterprises and factories, it gradually became known as a “sleeper town” of Baku. Since the municipal team came into power after the 2019 elections, they have strived to transform the city’s image. Through the portfolio design phase, the team refined their focus on transforming Khirdalan to be a city that attracts creative entrepreneurship to supplement and in the long run possibly diversify the existing industrial factories. The aim is to generate business ideas and create an enabling environment for them to be converted into successful ventures, resulting in a creative and sustainable Khirdalan.

The municipal team devised four positions and options to be implemented in the initial stage of the transformation process. These include:

• Knowledge Generation - A series of a first of a kind townhall meetings to understand the current interests and needs of different industrial sectors and stakeholders.
• New Identity, New Khirdalan - A series of participatory workshops with local youth, facilitated by artists, in partnership with industry actors in Khirdalan, culminating in an exhibition for the public.
• Talent Matching: Existing Youth to Existing Industry - A one-off pilot job fair experiment to bring together companies from Khirdalan’s industry and job seekers.
• YOUTH-Entrepreneurship Narratives - A series of 2-3 hybrid events featuring local heroes with a relatable socioeconomic background to inspire the target audience in selected physical locations in Khirdalan.

Icherisheher, also known as the Old City of Baku, is a UNESCO World Heritage Site that houses 4,000 residents within its 12th-century walls. This open-air museum, built in an amphitheater style across 22 hectares, sits atop a small hill on the Caspian Sea coast, surrounded by fortress walls measuring 8-10 meters high and 3.5 meters wide. With thousands of annual visitors, Icherisheher is a lively and captivating city with a long-term strategy to become a “Smart Old City” by preserving the site’s spirit, protecting it from external pressures, diversifying and modernizing income generation through cultural assets, tourism and creative industries, and enhancing the quality of life for residents and visitors.

At present, the project team is investigating five potential areas for intervention at the seed fund stage. These include: Smart tech for city management, Cultural assets meet digital technology, Smart tourism, Creative Industry, and Community Development. The project team is interviewing various stakeholders to gather intelligence that will be utilized during the Portfolio Bootcamp scheduled for May 2023.
Located in the South of Ukraine, on the banks of the Pivdennyi Buh River and the Inhul River, Mykolaiv is the capital and industrial center of the oblast in the South of Ukraine. Its historical focus on ship-building and maritime logistics has shaped the city’s identity, where before the war, Mykolaiv ports served 23% of Ukrainian maritime logistics, 80% of alumina exports and hosted 5 large ship-building enterprises.

Wilson Center
The Russian aggression on Ukraine has had a severe impact on the city. Mykolaiv was surrounded by the Russian army, putting it on the front line for eight months until Ukraine liberated the adjacent part of the neighboring Kherson oblast. Currently, the city is at high risk of remote missile attacks and bombings, and the ports and maritime routes remain blocked. The war has had a significant impact on the city’s population, with 50% of residents leaving in search of safer living environments, leading to a surge in the unemployment rate, as many enterprises have also evacuated production facilities and labor force. The city has sustained substantial damage from Russian shelling, damaging more than 8,000 objects of civilian infrastructure, including residential buildings, schools, hospitals, and other facilities. The war context continues to be the key driver for the future of the city. On an organizational and personal level, the war creates conditions of uncertainty about the future and reduced capacity to plan. Facing multiple uncertainties and pressing needs, Mykolaiv City Administration will through the portfolio approach, leverage the maritime industrial identity of the city which is expected to facilitate continuous development of its economy, social, technological, and environmental systems.

Intended effects:
- Mykolaiv to become a dynamic economic regional center to attract people and investments.
- Actively involve and engage citizens, academia, and private sectors in recovering and building forward its economy and environment.
- Support Mykolaiv as a city of green and blue transition hub through R&D, innovations, and sustainable economy measures.

In end of 2021, Mykolaiv and Ternopil in Ukraine were selected for the Portfolio Journey. Both city teams began the journey in early 2022 with initial stakeholder mapping, social listening and sensemaking as part of designing the portfolio focus. However, the work was interrupted by Russia’s war of aggression on Ukraine in late February 2022. The Mykolaiv municipality requested that the work be resumed in December 2022, while the Ternopil city team has postponed their active engagement until spring 2023. In response to the changed circumstances, UNDP modified the existing Agora Urban Transformation Stencil to shift its focus to the new realities: response, resilience, and renewal.
The first of its kind at UNDP, the Dynamic Portfolio Management Framework was developed together with Chora to help municipalities manage their portfolios in flexible and adaptive ways, and hence acts as a concrete alternative to standard project management. The framework requires monthly Learning Logs to be filled by city teams, capturing activities and lessons learned for each option. Quarterly, bi-annual, and annual Sensemaking sessions are run within the municipality teams and with local stakeholders to inform necessary changes in implementation and direction of the portfolio. The practice captures intelligence that portfolios are producing on which solutions are working and inducing change and can be utilized to inform policy-making and investment decisions beyond portfolios. Municipal teams are trained in dynamic management and sensemaking and provided with an online (Miro) dashboard to help them capture and manage changes in the portfolio, and support knowledge management practices.

How are the portfolios managed?

<table>
<thead>
<tr>
<th>Why</th>
<th>What</th>
<th>When</th>
<th>How</th>
<th>Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Review and adapt the Portfolio’s overall strategic argument.</td>
<td>The object of Sensemaking is the portfolio.</td>
<td>Yearly basis</td>
<td>The impact and rationale of the entire portfolio will be evaluated, which informs the potential iteration of the overall intent of the portfolio.</td>
<td>Portfolio Lead drives</td>
</tr>
<tr>
<td>2. Make sense across the whole Portfolio to review and adapt the Positions.</td>
<td>The object of Sensemaking is the entire portfolio.</td>
<td>Half-yearly basis</td>
<td>All positions within the entire portfolio are brought together through the Sensemaking protocol to generate intelligence that could inform the iteration of the portfolio composition.</td>
<td>Portfolio Lead drives</td>
</tr>
<tr>
<td>3. Bring Options and activities within a Position together to review and adapt them.</td>
<td>The object of Sensemaking is individual positions.</td>
<td>Quarterly basis</td>
<td>All options within the same thematic area of interest are brought together through the Sensemaking protocol to generate intelligence that both evaluates the learning value and informs the re-design of individual options.</td>
<td>Portfolio Lead drives</td>
</tr>
<tr>
<td>4. Collect ongoing information and learnings from an Option to manage the Option delivery dynamically.</td>
<td>The object of Sensemaking is individual Options.</td>
<td>Monthly basis</td>
<td>Learnings and insights are extracted from the on-ground Option experiences to be fed into the second level of dynamic portfolio management. The Option learning log is a tool designed to support the synthesis and documentation of these option-level learnings.</td>
<td>Option Lead drives</td>
</tr>
</tbody>
</table>

The roles and responsibilities of the Dynamic Portfolio Management Framework by CHORA.
Portfolio in action