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MAYORS FOR ECONOMIC GROWTH

2022 ANNUAL PROGRESS REPORT

2021 - 2024

MAYORS FOR ECONOMIC GROWTH

Funded by the European Union

UNDP

"The Mayors for Economic Growth is one of our flagship initiatives for local economic growth and resilience at the local level. This requires new innovative approaches and building new partnerships at the local level and beyond ..., in order to unlock the green and digital transitions which we are strong in promoting."

Nicholas Cendrowicz
Deputy Head of Unit C1 'Georgia, Moldova, Economic Investment Plan',
DG NEAR, M4EG Urban Learning Center Launch, 7 December 202

"In the last 7 months we have had very productive work sessions with Chora Foundation and UNDP. During our online meetings we have analyzed the economic situation in our city, and conducted many interviews with residents and reviewed them together. It has been a great learning journey for our whole team. I am confident that we will have great results from this process. "

Orkhan Musayev
Head of Khirdalan City Municipality

"Through the M4EG municipal transformation portfolio we have applied innovative and creative approaches, improved citizens' involvement, attracted new partnerships and vibrant youth. We have done this through challenging stereotypes about the city and developing together interventions to make the city into a vibrant and sustainable economical place"

Rusudan Zhozhadze
Head of Municipal Policy Planning, Risk Management and
Monitoring Division of Municipal Policy Department, Batumi City Hall

"The Urban Imaginaries Programme of the M4EG has been a transformative experience for our municipality. By researching and evaluating multiple cross-cutting areas, we can address our unique challenges and drive sustainable growth for the future"

Nazeli Arsenyan
Ashtarak City Council Member

"No matter when the war ends, we all will deal with its consequence for years... We're embracing uncertainty, and simultaneously believe that the city should be innovative and ready for experiments as never before".

Maksym Terletsky
Deputy Director, Programme Manager,
City Institute of Lviv. Full article on Lviv

2022 IN NUMBERS

Building a cohort of local authorities demonstrating change

398
local authorities recommitted to the Mayors for Economic Growth initiative, of which 134 are new members

28
local authorities went 'deep' with learning and seed-fund implementation under the two main programs in 2022, Portfolio Journey and Urban Imaginaries

134
representatives tested how to re-think local economic development with a systems lens

M4EG pivoted to the new crisis reality

63
local authorities supported and 22,000+ displaced people and refugees directly supported

30+
national and regional network events held

400k+
people reached in the Eastern Partnership

BACKGROUND & STRATEGY

Countries of the Eastern Partnership (EaP) region (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova2, Ukraine) are emerging economies with uneven prosperity which makes the vulnerability of parts of the population a key challenge. Difficult geographical characteristics, the relatively small size of the economies, lack of diversification, and demographic challenges associated with emigration and low fertility rates combined with exposure to macroeconomic risks, create a complex development picture.

The Mayors for Economic Growth (M4EG) initiative was launched by the European Union (EU) in 2017 to support Mayors and municipalities of the EaP countries in becoming active facilitators for sustainable economic growth and job creation. The first phase of the initiative recorded high popularity: over 400 municipalities across the region had committed to the initiative's objectives, and over 250 local economic development plans (LEDPs) were designed. The M4EG Phase II, known as the "M4EG Facility", will build on and integrate lessons learned from the first phase while seeking to build synergies and avoid duplication with other local economic development (LED) programs already underway in the region.

The first phase introduced an integrated approach to local economic development planning. However, these plans have not all generated the desired investments for transformation. To achieve this result, the M4EG Facility aims to serve as a platform to enable and learn about transformation. This entails that the local authorities explore how to apply a strategic innovation framework with new tools and methods, including engaging in deep listening (enhanced stakeholder engagement to better grasp and tap into narratives that exist in society), co-creation with diverse groups of innovators, investors, and public servants, activate portfolios and manage them (dynamic management), actively design bankable projects to attract private sector and other forms of financing, while simultaneously develop capabilities in local authorities.

During the implementation of the second phase of the initiative, the M4EG network will increase to 350 re-committed local authorities, and up to 70 seed-funds/innovation grants will be activated, and a minimum of 12 local authorities will go through a process of "portfolio" development. Three funding facilities will be available to the local authorities in the network: the EU Call for Proposal for pilot projects (ref. 170157, 2021), Annual Portfolio Call (2022-2022), and M4EG Innovation Project Call (2021-2023).

BASIC M4EG DATA

Title of project	Mayors for Economic Growth (aka M4EG Facility)
Contract Number:	ENI2020 / 416-147
Duration of project	48 months/4 years: 1 Jan 2021- 31 Dec 2024
Target Countries	Eastern Partnership Countries where M4EG is currently implemented: Armenia, Azerbaijan, Georgia, Moldova, Ukraine
Reporting period	1 January - 31 December 2022
Type of report	Annual Progress Report
Date of submission	28 February 2023
Implementing Partner	UNDP
Purpose of Report	The report summarizes the achievements so far, identifies challenges, and outlines any mitigation strategies put in place by the project management. The report provides a brief update on the context of the project. The progress report builds on the previous 2021 Annual Report and Mid-Year Brief (Jan-June 2022).
Total project cost	€12,094,364
European Union	€11,800,000
UNDP	€294,364
SDG contribution (main)	**SDG8:** Decent work and economic growth, **SDG11:** Sustainable cities
Regional Programme Europe and CIS (2022-2025)	**Outcome 1:** #1: Structural transformation accelerated, particularly green, inclusive and digital transitions.
UNDP Strategic Plan 2022-2025	**Tier 2 Development Outputs:** E.2 Innovation capabilities built, and approaches adopted to expand policy options at global, regional, national and sub-national levels **Tier 3 Organizational Effectiveness:** 1.3 Cutting-edge strategic innovations and digital solutions cultivated for policy and programming

ABBREVIATIONS

ALC	Agirre Lehendakaria Center
CfP	Call for Proposals
CfI	Call for Interests
CO	Country Office
CLC	City Learning Circle
CoP	Community of Practice
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations, the European Commission
DoA	Description of Action (i.e. the approved project description)
EaP	Eastern Partnership countries
EC	European Commission
EU	European Union
EUD	European Union Delegation
HLS	Human Learning Systems
IRH	Istanbul Regional Hub (of UNDP Regional Bureau for Europe and the CIS)
LA	Local Authorities
LEDO	Local Economic Development Officer
LEDP	Local Economic Development Plan
MDD	Municipal Development Document
MEL	Monitoring, Evaluation and Learning
MRDI	Ministry of Regional Development and infrastructure of Georgia
M4EG	Mayors for Economic Growth (Facility)
SWOT	Strengths, Weaknesses, Opportunities, and Threats
ToR	Terms of Reference
ULC	Urban Learning Center
UNDP	United Nations Development Programme
VDAP	Virtual Development Assignment Programme

Note on definitions: depending on the country context and/or wording previously used in endorsed documents, the report uses local authorities, municipalities, cities, and towns interchangeably.

MAYORS FOR ECONOMIC GROWTH

2022
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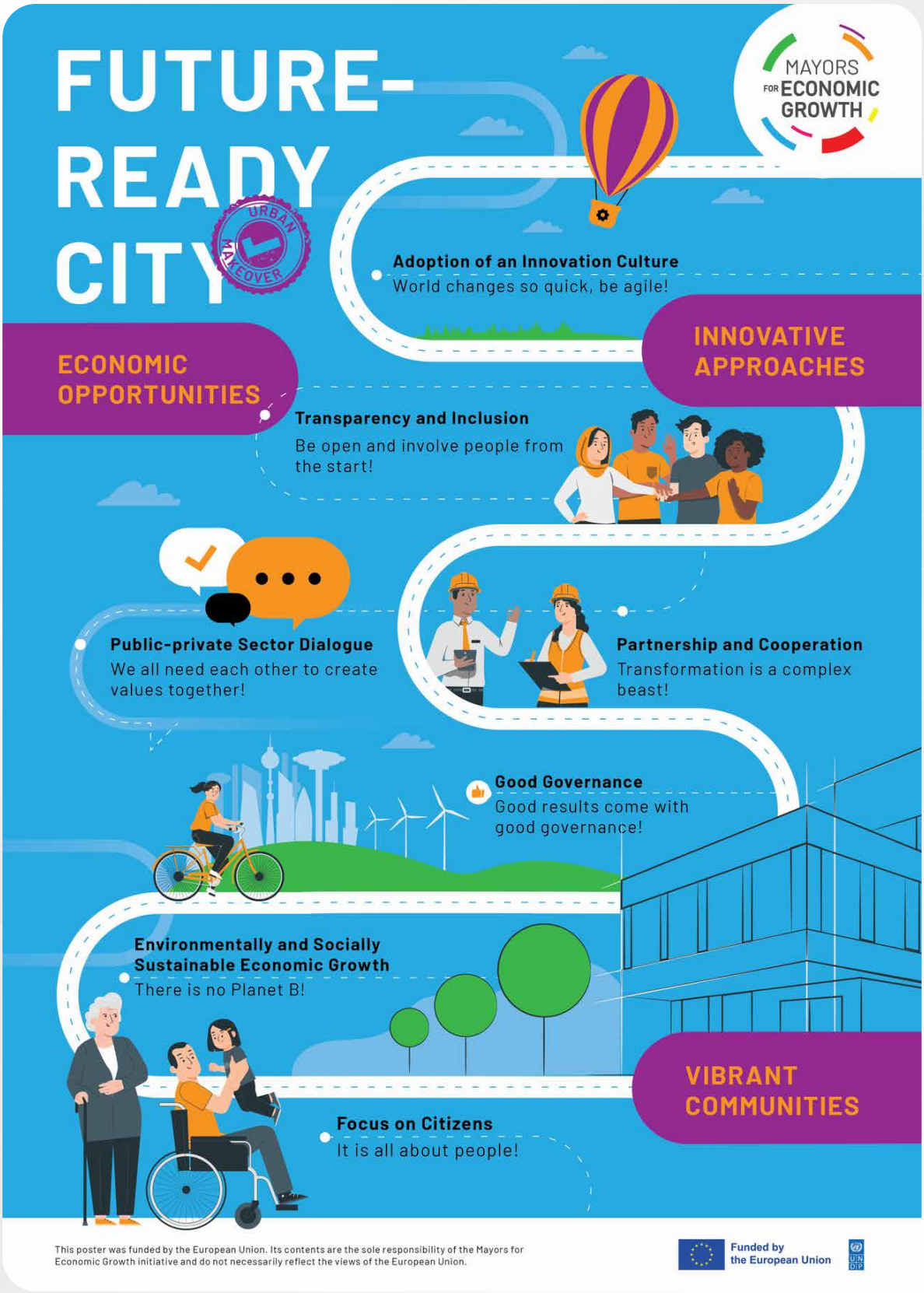
FUTURE-READY CITY
URBAN MAKEOVER
MAYORS FOR ECONOMIC GROWTH
Adoption of an Innovation Culture
World changes so quick, be agile!
INNOVATIVE APPROACHES
ECONOMIC OPPORTUNITIES
Transparency and Inclusion
Be open and involve people from the start!
Public-private Sector Dialogue
We all need each other to create values together!
Partnership and Cooperation
Transformation is a complex beast!
Good Governance
Good results come with good governance!
Environmentally and Socially Sustainable Economic Growth
There is no Planet B!
VIBRANT COMMUNITIES
Focus on Citizens
It is all about people!
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MAYORS FOR ECONOMIC GROWTH

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The following represents an overview of the implementation of the activities under this project for the period 1 January-31 December 2022.

Component 1: EaP municipalities are supported in their participation in the M4EG initiative
In 2022, M4EG saw an increased interest with a growing network throughout the five implementing countries. By end year, 398 local authorities had recommitted to the second phase of the initiative (Phase II, 2021-2024), with 134 of these being new members. M4EG held a new Call for Interest for Portfolio Journey and Urban Imaginaries in Azerbaijan and Armenia. Members were offered peer-to-peer and learning opportunities. More than 30 in-person and online regional and national events were held to foster stronger networking and learning opportunities across the diverse cohorts of municipalities and partners.

In 2022, UNDP and partners (Ove Arup, Climate KIC and Taltech) devised the blueprint for the forthcoming Urban Learning Center (ULC) under M4EG. The ULC had a soft launch with the EU and M4EG network on 7 December 2022. A solid conceptualization of a dynamic learning ecosystem for the M4EG was designed, launched, and vetted with a Survey among the M4EG members. Learning modules with a focus on the green and digital transitions and skills and capabilities for future-readiness are under drafting and will be made available for all members in 2023.

All seed-funds or grants provided under the M4EG (implemented by UNDP country offices) are complemented by "learning and doing" together with UNDP and technical providers. In this sense, the M4EG takes a "hyperlocal" approach while working side-by-side with municipal teams and partners to tailor the support and seed-funds to the context and existing capabilities.

Under the Portfolio Journey, Cohort 1 cities (Areni in Armenia, Kutaisi and Batumi in Georgia, and Ceadîr-Lunga in Moldova) finalized the design and intention of their portfolio for system transformation in April, which led to the next phase of the work of ideating options/interventions of up to €100,000. A common starting point for the portfolio cities in the region has been declining economic opportunities coupled with dormant or active conflicts and crises. Many of them had visioned tourism as an opportunity to switch from traditional economic sectors to more sustainable and attractive value creation. The Portfolio Journey process helped cities to analyze their needs and resources and reimagine what those opportunities for economic and community vibrancy and innovation could look like. Batumi, with Start-up Ecosystem Development, and Areni, with Sustainable Tourism, both focus on diversification of economic opportunities by building the community and city identities beyond the current images, whereas Kutaisi, with Eco-smart City, and Ceadîr-Lunga, with Energy Transition, focus more on the green transition aspects of the economic and community transformation.

Cohort 2 (Gyumri and Kapan in Armenia, Icherisheher (Old City Baku) and Khirdalan in Azerbaijan) have progressed in different phases and have finalized their portfolio frame and intention, including through sensemaking and social listening sessions. Most Cohort 2 members have started the design of their interventions.

Urban Imaginaries (UI) was designed in 2022 to support small initiatives that seek to reimagine or reinvent key aspects of local living through applying Human Centred Design with the support of Centre for Public Impact. The 18 selected local authorities went through learning, mentoring, and design work of interventions of up to €60,000. These "acupuncture" interventions aim to help transform the larger city or community context and become catalysts for urban makeovers. The first cohort, with nine municipalities from Armenia, Georgia, and Moldova, began in early spring 2022. The second cohort of nine municipalities from Azerbaijan and Ukraine began in late summer 2022. UI Cohort 1 completed their journey in December 2023 and had begun implementing their solution pathways.

A key feature across the approaches within the M4EG is to embed a stronger social cohesion focus and give local authorities the tools to achieve this. Hence, the M4EG is introducing and enhancing the existing municipal practices of social or community listening and community engagement through the existing programmes of the M4EG (i.e. Portfolio Journey and Urban Imaginaries). This entails gradually moving beyond the more passive forms of participation to active co-creation with residents and partners to foster a culture of trust, innovation, and resilience. To support this end, a Community Listening Guidance was prepared in 2022 together with the Agirre Lehendakaria Center. The draft Guide was tested and validated with four local authorities, two of which are from Ukraine, in what was known as a City Learning Circle.

An overall Guidance Document for Local Economic Development Plan (LEDP 2.0) is in place and was tested in Baghdati, Georgia. The strong focus on the green transition with clear linkage to the EU Green Deal is seen as an added value. The LEDP 2.0 will be offered to all members in Georgia in 2023 and will be further tailored to the other countries' contexts, including in-depth pilots as needed.

Component 2: Municipal pilot projects building on existing LEDPs are successfully implemented

This output ensured that local authorities have active and dynamically managed portfolios that aim to support transformation at the local level. The portfolios were originally thought to be designed as an implementing arm of the LEDPs, however, most members have not updated their LEDPs from Phase I of the M4EG (2017-2020). These previous LEDPs (LEDP 1.0) had a more traditional and narrow economic growth focus in comparison to the green, digital, and resilience aspects of the 'urban makeover' focus embedded in the new LEDP 2.0 and the programmes under Phase II of the M4EG (i.e. Portfolio and Urban Imaginaries Programmes). Component 2 is nonetheless building on the technical assistance provided under Output 1 described above.

As of end-2022, 28 local authorities had been selected and finalized designing their interventions, with close to 30 seed-funds initiated and starting implementation, and many more under design. The interventions under Portfolio Journey were designed within the funding guideline (see activity 2.1.1) aiming for at least five options in three positions of the portfolio to provide enough diversity and depth by testing the hypothesis that transformative change can only happen if it is induced simultaneously in different parts of the system. Effects and results will be duly captured in 2023. Please see activity 2.1.3 for an overview of interventions under implementation.

A first of its kind Dynamic Portfolio Management Framework was developed with Chora Design to help the municipalities manage their portfolios in a flexible and adaptive way, and hence offer an alternative to standard project management. This practice also captures the learnings and intelligence that the portfolios are producing on which solutions are working and inducing change, thereby informing policy making and investment decisions within the respective municipalities and beyond the portfolios.

Component 3: Ukraine Crisis Emergency and Refugee Response, Recovery, and Resilience
This new output in 2022 is due to the onset of war in Ukraine at the end of February 2022. The regional approach for the Eastern Partnership that was foreseen in the project was thus not possible in the current crisis context, with Ukraine in an armed conflict and the Republic of Moldova continuing to host Ukrainians and other nationalities as refugees. This drastic change in the regional context and frame of operation required an adjusted approach for the regional project to support the new realities of members in Ukraine and Moldova.

This output supports the local authorities in Ukraine and Moldova to address the complex and changing realities and effects of the ongoing war in Ukraine. Since April, M4EG offered direct support to local authorities and their partners where the needs are the most pressing. In total, M4EG supported 63 local authorities through assistance to their crisis response efforts, including 49 LAs supported under UN Community Volunteers programme. The estimated number of final beneficiaries – war-affected population of M4EG municipalities including hosted IDPs - exceeds 50,000 people, with at least 22,000 refugees and internally displaced people and families.

In October, the "EU Response and Renewal Grant Programme for M4EG" was launched to offer additional direct support to city and town authorities and their partners. The first key principle is to build on the ongoing response and renewal initiatives within the local authorities and amplify these rather than bring initiatives from the 'outside'. A second key principle is to support ongoing area-based systemic interventions to urban response, recovery, and renewal, with a whole of society response, allowing also for bottom-up initiatives geared towards more sustainable economies and neighborhoods. It builds on the Agora Framework, embedded in the M4EG approach, and seeks to support key stakeholders in immediate response and long-term recovery and renewal.

The new funding programme has two lots:
1) Response and Immediate Recovery, and
2) Renewal and Anticipation. The competitive Call for Proposal for members in Moldova and Ukraine was launched on 27 October 2022, with the deadline of 23 December 2022. In total, 153 unique proposals from applicants from Ukraine and 30 proposals from members in Moldova were submitted. Selection of proposals for funding and a subsequent learning and peer to peer support scheme will be rolled out in 2023.

Visibility and outreach

The communications and visibility strategy for the project aims to reach a wide audience in the Eastern Partnership region, with a particular focus on raising awareness and understanding of the project's goals and objectives among local authorities. Through a variety of communication channels, including social media, traditional media, and targeted outreach events, the M4EG was able to reach an estimated 413,531 people in five countries of the Eastern Partnership region.

The M4EG communication efforts included targeted social media campaigns ("City Postcards" and "intro video to M4EG"), which helped to raise awareness of the initiative and engage key stakeholders. The UNDP Country Offices worked closely with traditional media outlets to secure coverage of the project, which helped to reach a wider national audience. The project organized a series of outreach events such as online and offline gatherings and learning sessions (e.g., Show &Tell, Urban Learning Center launch, etc.), which provided opportunities for municipalities' representatives to learn more from other members and the project's offers and provide their feedback.

These efforts helped to ensure that the initiative was well-communicated and visible to local authorities, civil society organizations, other partners, and residents. Overall, the communication and visibility efforts made a significant impact in raising awareness and understanding of the initiative among key stakeholders in the Eastern Partnership region.

Key challenges, risks, and recommendations

2022 was marked by the onset of war in Ukraine and the necessary pivot the initiative made to support the new realities on the ground. Considerable time and effort of regional and national colleagues was necessary to adapt and stay relevant in the evolving context. The additional funding of €1.8m from the EU for M4EG's new component on crisis, recovery, and resilience illustrated the continued relevance of supporting Mayors and their teams at the forefront of change and security challenges.

Across the board, local, national, and regional evolving contexts require that M4EG stick to its adaptive approach. This included the continued tensions along the Armenia-Azerbaijan borders, which has affected cities in different ways, including human resource availability and capacities for committing to development and design work. In addition, from the outset, local authorities have very different capacities and capabilities, which is affecting their ability to keep up the pace of absorbing and internalizing new ways of working, especially through online work. These are reasons why teams are progressing at different paces and why the processes need adaptation at times.

Based on evolving realities and needs expressed by local authorities, the project team is proposing to adjust two project indicators in 2023 (see section on Monitoring, Evaluation and Learning).

Total utilization of funds in 2022 was EUR 2,460,753.

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RESULTS

RESULTS

The overall objective of this action is to enhance economic inclusive growth and job creation in the region by supporting local authorities (LAs) in the EaP countries to design and implement LEDPs in line with the principles of good governance and sound financial management.

The specific outputs are:

1. EaP municipalities are supported in their participation in the M4EG initiative.
2. Municipal pilot projects building on existing LEDPs are successfully implemented.
3. Ukraine Crisis Emergency and Refugee Response, Recovery and Resilience (new in 2022)

The M4EG Phase II (2021-2024) designed a two-pronged engagement strategy, namely 1) 'Broad' and 2) 'Deep'. Broad engagement, which falls under this first output, is open to all signatories and offers networking and learning opportunities for the entire regional network through country or regional level activities. 'Deep' engagement is reserved for the frontrunners that are testing new tools and approaches, usually coupled with learning journeys and seed-funds implementation, to demonstrate possible pathways for local inclusive growth and/or examples of thriving communities.

In 2022, the M4EG shaped an identity around its concept of city or town "makeover". This thematic focus calls on reimagining the city through creating a responsive, resilient, and sustainable urban space where the city will have increased economic opportunities and vibrant communities in various and compact forms with an embracing mindset. The overall objective of the M4EG is to support green and inclusive economic development of secondary towns in the EaP countries. However, while having a solid economic opportunity to attract and retain companies and jobs is important, it is also necessary to cultivate a vibrant and exciting community to attract a wide diversity of talent. As such, this broadened focus of the M4EG signals a clear departure from its Phase I focus on local economic development only.

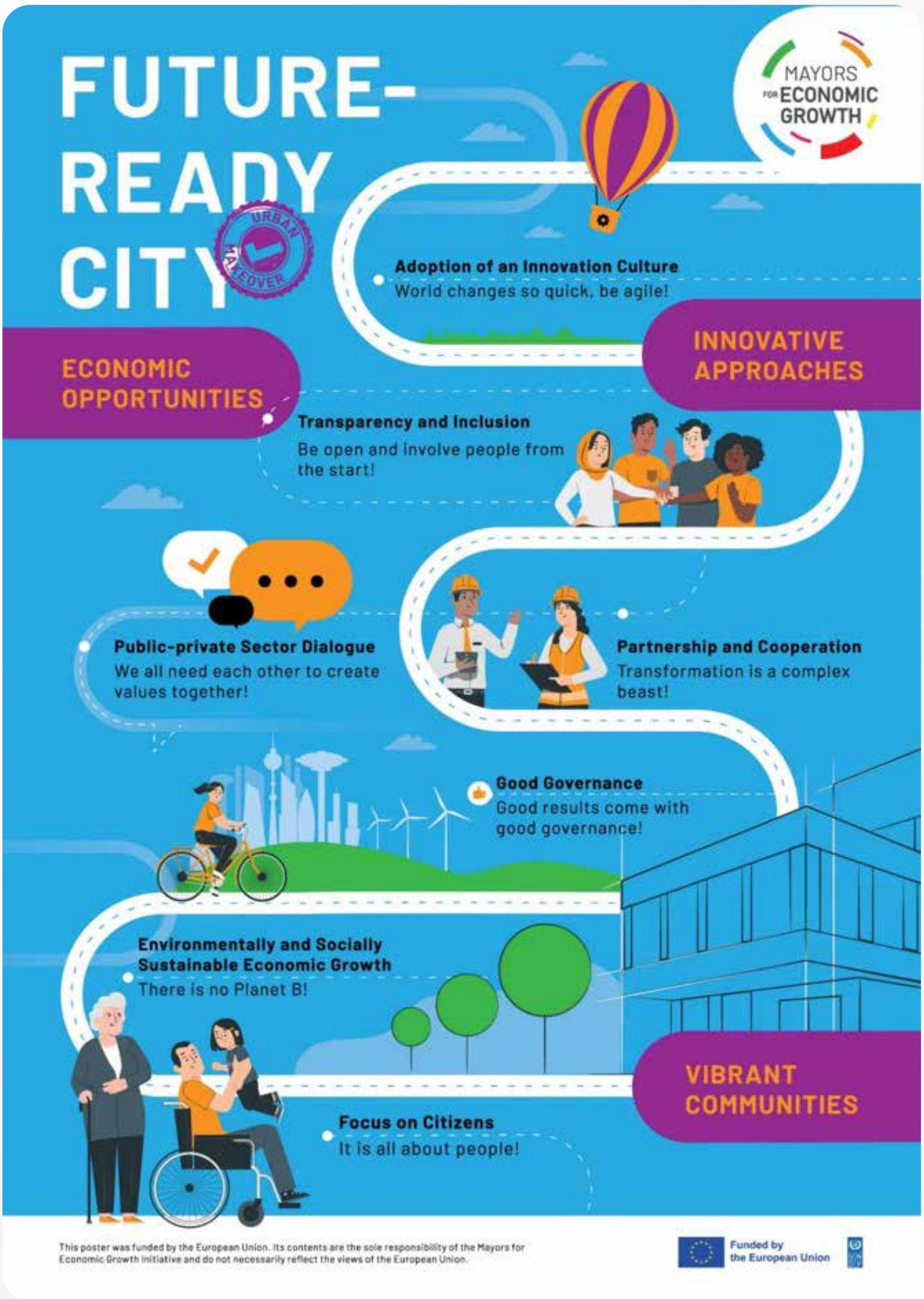


Figure 1 M4EG infographic on future-ready cities

OUTPUT 1:
EAP MUNICIPALITIES ARE SUPPORTED IN THEIR PARTICIPATION IN THE M4EG INITIATIVE

The first output is open to all signatories and offers networking and learning opportunities for the entire regional network through country or regional level activities. This output presents a new generation local economic development plan and the concept and methodology of the forthcoming Urban Learning Center. The first output also supports selected municipalities with tailored technical support to design and activate the seed-funds under the second output.

Activity 1.1.1 on support to the EU Call for Proposals

This activity was completed in 2021 and reported in the 2021 Annual Report.

Activity 1.1.2 on review of the LEDP process and adapting the methodology and review of plans

In 2022, Ove Arup, Climate KIC, Tallinn University of Technology (TalTech), and UNDP devised a new methodology and piloted the new concept and methodology in Baghdati, Georgia.

How is the new proposed methodology different from Phase I?
Understanding the local economy, and all the factors within the local economic system that interact with one another, is fundamental to developing an evidence-led LEDP. To better reflect the complex economic (and political, social, and environmental) systems we live in today, the second phase of the M4EG LEDPs cannot be founded upon a traditional economic baseline alone. The new generation of LEDPs must broaden out the understanding and assessment of local assets (and challenges) and how they are shaped by local governance and institutions. Integrating climate resilience, sustainability, and effective transitions towards net zero circular economy targets are at the core of the LEDP 2.0. This draws directly on the European Green Deal objectives and strategic positions, in particular aligning with European Missions of most relevance for cities (Climate Adaptation and Climate-neutral and Smart Cities).

In LEDP 1.0, eight building blocks were used to shape the approach to LEDPs and assessment within them. While the building blocks cover a certain level of understanding of place and local systems, there is room to expand the breadth and depth of the building blocks to support local authorities to have a better understanding of place and the interactions between place-based factors (or outcomes) and the governance and institutions that shape them. The figure below illustrates these new building blocks vis-a-vis Phase I. It denotes which blocks are factors/outcomes and which are governance/institutional. And, in response to the need to plan for economies that are more resilient to economic, environmental, political and other shocks, additional shock-based factors are also proposed.

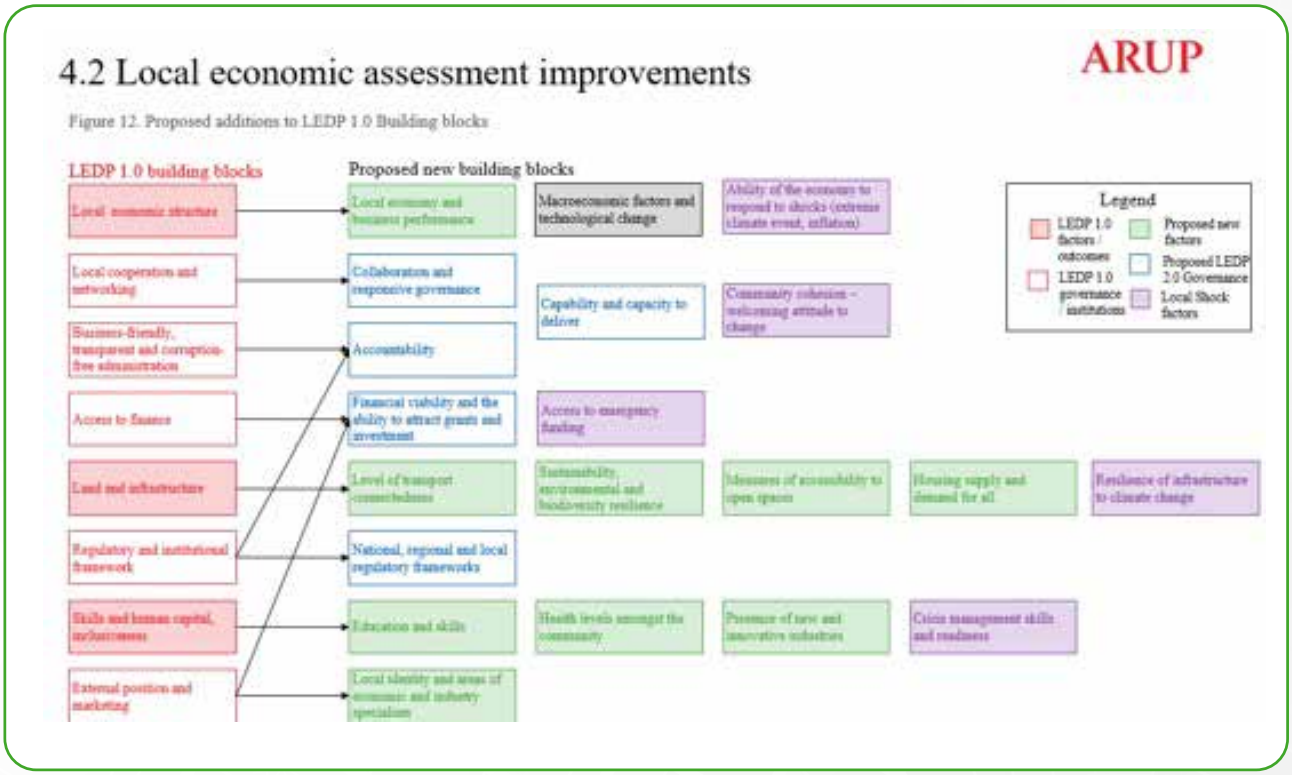


Figure 2 Old and new building blocks of the LEDP infographic developed by Arup

A deeper review confirmed shortcomings of Phase I

The review of literature, guidelines and interviews with UNDP local officers and partners revealed four main categories of challenges with LEDP 1.0. Arup categorized the challenges into product and process. It is important to note that weaknesses in process ultimately lead to shortcomings in the LEDPs themselves.

Process Challenges of Local Economic Development Plans

- Gaps in local capability and capacity for successful development of LEDPs
- Lack of local engagement and ownership during the LEDP development
- Lack of ongoing monitoring and evaluation of the LEDPs

Product Challenges of Local Economic Development Plans

- "Building blocks" of analysis from LEDP 1.0 (layers of analysis against which economies were assessed) lacked reference to sustainability, resilience, influence of macro-factors, and consideration of places as interacting ecosystems
- Lack of reference to future trends in strategy-making
- Low requirements regarding feasibility of actions
- Issues not being actionable

Table 1 LEDP 1.0 components/building blocks and corresponding key issues

LEDP 1.0 BUILDING BLOCKS	KEY ISSUES
Process of local Economic development planning	• Inadequate local capacity • Lack of community ownership and local engagement • LEDP 1.0 Guidelines not tailored to city size
Local Economic Assessment	• Difficulties identified for data availability • Economic analysis too narrowly defined
Strategy making	• Narrowly defined SWOT leading to too high level a strategy, hence less localized and relevant to context
Strategy implementation	• Missing feasibility testing and contingency planning
Keeping the plan alive	• Lack of monitoring and evaluation of plans • Single purpose document

The table above identifies the key issues associated with LEDP 1.0 building blocks. The table uses a traffic light assessment to highlight the biggest areas of weaknesses. Table 1 indicates further review of key aspects of the LEDPs compared to best practice. Annex A provides more detail regarding the main areas of weaknesses. Overall, LEDPs 1.0 often lacked a robust process due to lack of local capacity in many instances. This then led to narrowly defined economic analysis, often around existing sectors only, and SWOT as well as a vision/LEDP that was not adaptive to drivers of change.

The new generation of LEDPs aim at enhancing inclusive economic growth and job creation by supporting local authorities in the Eastern Partnership (EaP) countries to design and implement LEDP through:

1. Strengthening capacities and capabilities of local governments through the process of developing the LEDP;
2. Implementing thorough business analysis and transparent decision-making to support more robust projects, rather than efforts to replicate what has been done elsewhere;
3. Integrating climate resilience, sustainability, and effective transitions towards net zero circular economy targets at the core of the LEDPs. These should draw directly from the European Green Deal objectives and strategic positions, in particular aligning with European Missions of most relevance for cities (Climate Adaptation and Climate-neutral and Smart Cities); and
4. Investing in portfolios of projects encompassing several actions related to improvements in buildings and infrastructure, energy system transitions to zero-carbon, low-/no-carbon mobility shifts (especially related to commercial transport and urban logistics), and deployment of urban greening interventions, with explicit and visible articulation of benefits to citizens and the community, including all co-benefits, such as improved public health.

What are the process improvements in the LEDP 2.0?

Improved organisational process for LEDP 2.0 drafting

Review of LEDPs 1.0 and feedback gathered underlined the opportunity for Phase II to improve the process of writing the plans, especially on the dimensions of community ownership and local engagement.

The process should include:

- Clearly defined roles and responsibilities for collaborative ownership of the LEDP development process.
- Greater accountability of local officers.
- LEDP Development Board consisting of local authorities, community members, and business groups.
- Local engagement and ownership all throughout the development of the plan, building on existing local practices and methods.

Strengthening capacities and capabilities of municipalities by providing access to an Urban Learning Centre and further assistance from experts

Building the capacity and capabilities for secondary cities to fully embrace their potential to activate and shape economic development efforts requires attention to professional training gaps, long-established processes and structures that hinder system thinking ways of working, and incorporating real strategic alignment with imperatives for climate resilience and sustainability, as well as social inclusion and equity. To do so, the internal municipal capacity and capabilities must be improved around various pillars such as: economic literacy, economic metabolism mapping, project implementation/operational training, and strategic management.

Key focus will be on:

- Clearly defined roles and responsibilities for collaborative ownership of the LEDP development process
- Working with local officers from UNDP and municipalities to identify needs – piloting exemplary plans, running workshops and information sessions
- Technical benchmark of existing solutions on the market, functionalities, costs, and estimation of feasibility of the "preferred way forward"
- Developing an open-access resource centre – Urban Learning Centre (ULC) – for all the local country officers which would include training modules around all steps of the LEDP development, guidance for different levels of knowledge, and tailored paths according to existing skills and certifications to nudge LEDP leads into completing more trainings
- Integrating the ULC with the LEDP process and document itself: encouraging plan completion and ease of writing by having all resources, forms, material, and forums in one place and directly linked to guidelines

Scaling the plans to local capacity and capability

Municipalities involved in the M4EG have different scales (ranging from dispersed rural municipalities of less than 10,000 inhabitants to large urban local authorities of over 1 million inhabitants e.g., Tbilisi) and hence do not have access to the same means and capacities for the LEDP development. Having a tailored and scalable structure of the plans will allow for better buy-in and results from municipalities as it will result in a higher achievement rate of plans. Hence, the new methodology will tailor requirements, as much as feasible, for LEDP completion and proposed learning material according to an initial questionnaire or form to specify municipality means and capacities e.g., size of the municipality, typology, data availability, and eligibility for other international funding programmes.

LEDP 2.0 templates and guidelines will specify the level of detail and depth of analysis required for each section needing completion depending on data availability, human resources, and capability. It will also provide detailed guidance (prompts, modules, learning paths) for less advanced municipalities to help them complete their plans.

M4EG is looking to integrate the forms digitally for improved access, potentially by creating a simple issue tree (Figure 2) structure at the beginning of the online form to be completed for LEDP 2.0, generating a tailored LEDP form based on answers which can always be changed.

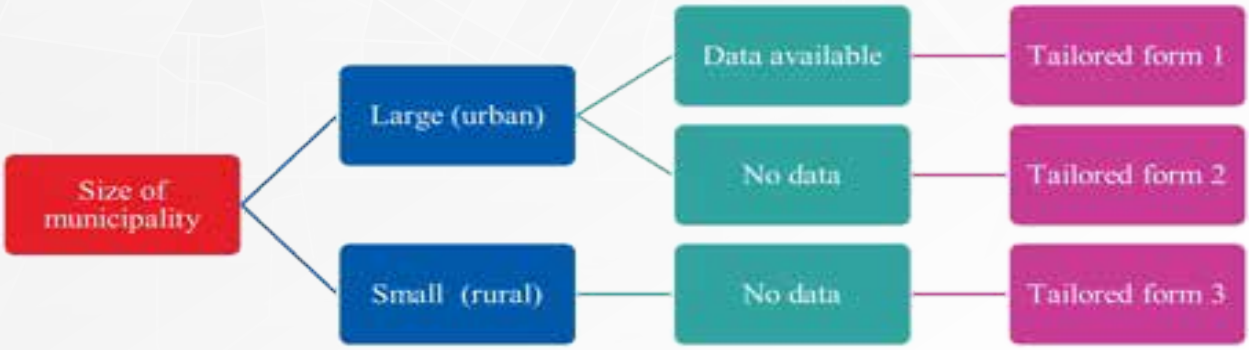


Figure 3 Simplified illustration of tailoring requirements for LEDP 2.0 based on Municipalities' characteristics

Strategy-making improvements

Integrating drivers of change to the SWOT analysis and developing mind maps of connection

LEDP 1.0 includes guidance for local authorities to develop a baseline snapshot of the local economy with a description of the current local economic situation, relative to the national average in trend terms. LEDP 2.0 should further innovate by asking local authorities to be more prescriptive in the consideration of how the current economic conditions will be affected by drivers of change, a selection of these might include:

- Digital transformation of economies
- Demographics and movement of people
- Inflationary pressures
- Climate change and environmental degradation
- Ecology
- Inclusivity

Develop a long term 10-to-15-year vision based on the combined information from the building blocks, develop long list of actions / projects that respond to the SWOT and short list into a manageable number of actions.

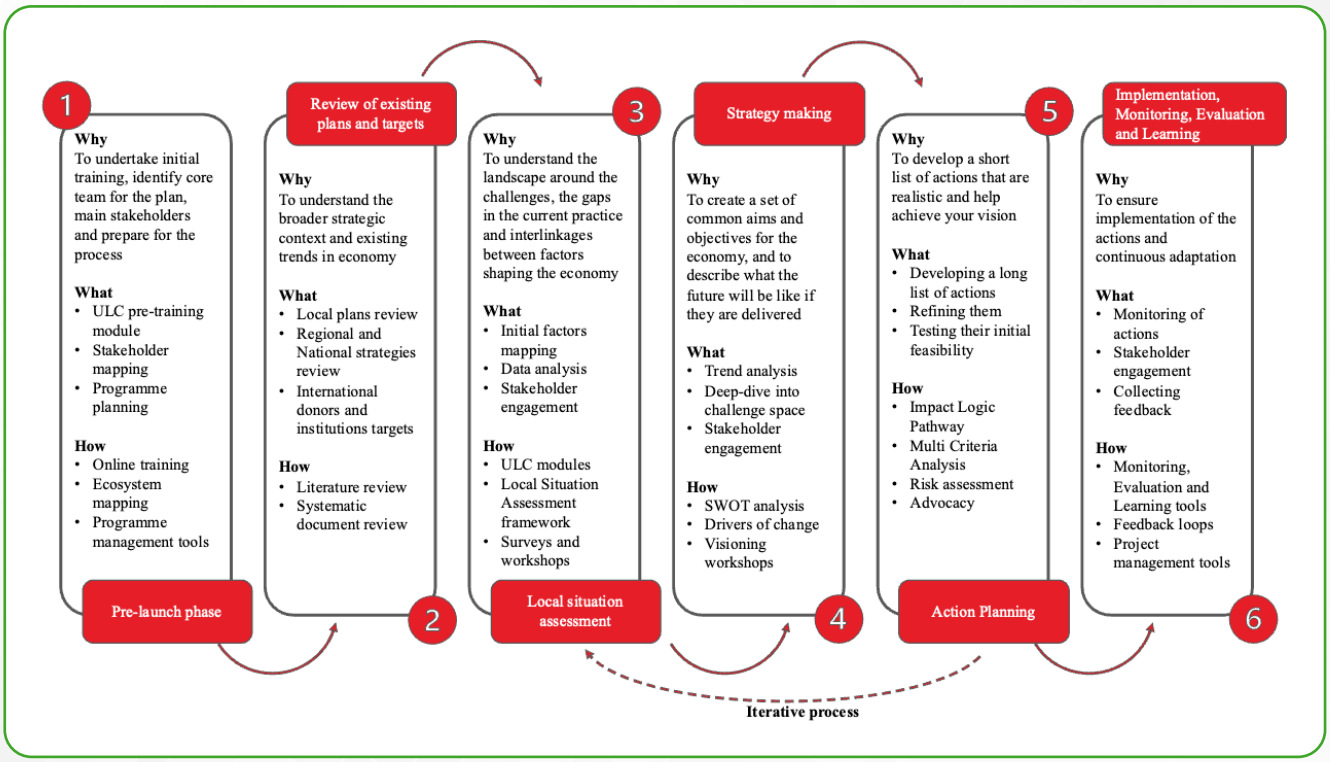


Figure 4 Overview of proposed LEDP 2.0 methodology

Pilot for LEDP 2.0: Baghdati, Georgia
At the beginning of 2022, the Selection Committee's review of the competitive Call for Interest in Georgia, Baghdati municipality was selected to pilot the new LEDP 2.0 methodology. Baghdati was selected based on their performance in the first phase of the M4EG and the solid assessment of their LEDP 1.0. In August 2022, the work with the Baghdati municipality began.

With technical support from Arup and Climate KIC, one study visit to Baghdati and a high number of online design and learning sessions were conducted with the core team from Baghdati municipality. To get a glimpse into the review and design, please see the Baghdati Miro workspace here. The pilot underlined the importance of tailoring the methodology to the national and local contexts, and found the following:
- Lack of disaggregated data at the municipal level impacts strategic planning and decision making. This calls for enhanced data gathering and a greater need for additional sources of information, including qualitative sources.
- LEDP 2.0's new building blocks go beyond the traditional plan's focus of relevant local economic team's responsibility, and hence require additional capacity building of core municipality staff, particularly around the green transition.
- The existing legislative ecosystem had to be carefully reviewed to ensure a clear value add for the LEDP 2.0. In the case of Georgia, there is an existing Municipal Development Document (MDD) methodology focusing on Local Economic Development (LED) developed with the support of UNDP, approved by the Government of Georgia and recommended to all municipalities. It is the position of the Ministry of Regional Development and Infrastructure (MRDI) that municipalities should develop strategic documents that take into consideration key principles of MDD guidelines. At the same time, MRDI acknowledges that additional planning guidelines are helpful for that purpose and provide new learning and approaches. Therefore, the LEDP 2.0 of Baghdati Municipality should consider MDD methodology approved by the government, but also bring new value – green economic transition perspective, alignment of municipal planning to the EU's Green Deal Objectives and action-oriented format. It is crucial that the LEDP 2.0 methodology is adapted to each of the EaP countries, ensuring alignment with government recommendations.

The pilot will wrap up in February 2023 where the municipality will have a light LEDP 2.0 template document and an 'investor day' event is planned.

A video from the field visit to Baghdati can be accessed **here**.

Part of the pilot – introducing EU Green Deal to 19 municipalities in Georgia

The described activity was undertaken with 19 municipalities from Georgia in November 2022, as part of the development of a pilot Pathways document with Baghdati, and templates, guidelines and methodology were refined following this activity to reflect more on the "economic benefits" of the transition to green economies. The guide outlines main activities to be conducted (group discussions and presentations), questions to be prompted and guiding principles. It can be found in the Urban Learning Center.

Figure 5 Photos of workshop in Georgia with 19 local authorities introducing the EU Green Deal

Difficulties encountered and measures taken

Due to the shortcomings of Phase I (LEDP 1.0) as well as uncertainty about the updated status of the previously designed plans, additional time was used in 2022 to review the old methodology, gather inputs from national and local authorities, and ensure sufficient tailoring to the changing realities and national contexts for a clearer value add. The Baghdati pilot proved to be a beneficial approach to unpack the draft methodology including the new thematic building blocks in a hands-on, co-created approach with the municipality.

Changes introduced

The new building blocks, including their linkages to the EU Green Deal, was relatively new to the municipality team and additional time was spent by technical providers and UNDP for substance workshops around green transition and the interplay between economic, social and environmental concerns.

As the M4EG Phase II introduces a wider focus beyond economic opportunities alone, and the LEDP 2.0 adds elements on the green and digital transition and a stronger focus on resilience and a whole of place approach, it has been suggested by partners and UNDP alike to consider changing the name from LEDP 2.0 to "Sustainable Economic Development Pathway". This also moves the focus from a linear change plan to a more adaptive 'pathway' for new economic opportunities and vibrancy in the municipality.

Achievements

An overall Guidance Document on LEDP 2.0 (including linkages to the forthcoming ULC learning modules) is in place. The guidance is supported by a Learning Document that provides a clear step by step process and inspiration for designing the LEDP 2.0 or "pathway" document, and includes references to relevant templates, guides and case studies. A draft Template for the LEDP 2.0/Pathway and its Evaluation Criteria and Guide were prepared. A larger focus was put on the in-dept pilot of the draft methodology, which proved to be a successful way to test and adapt the final methodology package expected at the end of Q1 in 2023. The strong focus on the green transition with clear linkage to the EU Green Deal is seen as an added value.

Due to the strong need to tailor any methodology to the different realities in the EaP countries, it is suggested that a similar piloting takes place in the other EaP countries prior to a fully-fledged roll-out to the whole national network. Hence, in 2023, the project teams will seek to lower the ambition in the number of plans devised to focus on quality and relevant above quantity.

Activity 1.1.3 on Portfolio Development

The current phase of M4EG (2021-2024) builds on the successes of Phase I (2017-2020) and is to develop and implement an innovative approach for local authorities to define their needs and solve complex problems by collaborating with different stakeholders, experimenting and testing different solutions and learning from each other, which falls within the overall frame of "strategic innovation".

Countries of the Eastern Partnerships are emerging economies. Large segments of the population and many provinces and regions have remained stagnant, while others have prospered. The uneven prosperity makes the vulnerability of parts of the population a key challenge.

Difficult geographical characteristics, relatively small economies, lack of diversification, and demographic challenges associated with emigration and low fertility rates combined with exposure to macroeconomic risks in the external environment, create a complex development picture. The complexity of development challenges, the high velocity of change as a result of the crises and rapid digitalization of the region, mean that traditional development methods may not suffice. To support the initiatives of the local authorities, this activity, Portfolio Journey, will bring additional capabilities to the local level to tackle complex development challenges.

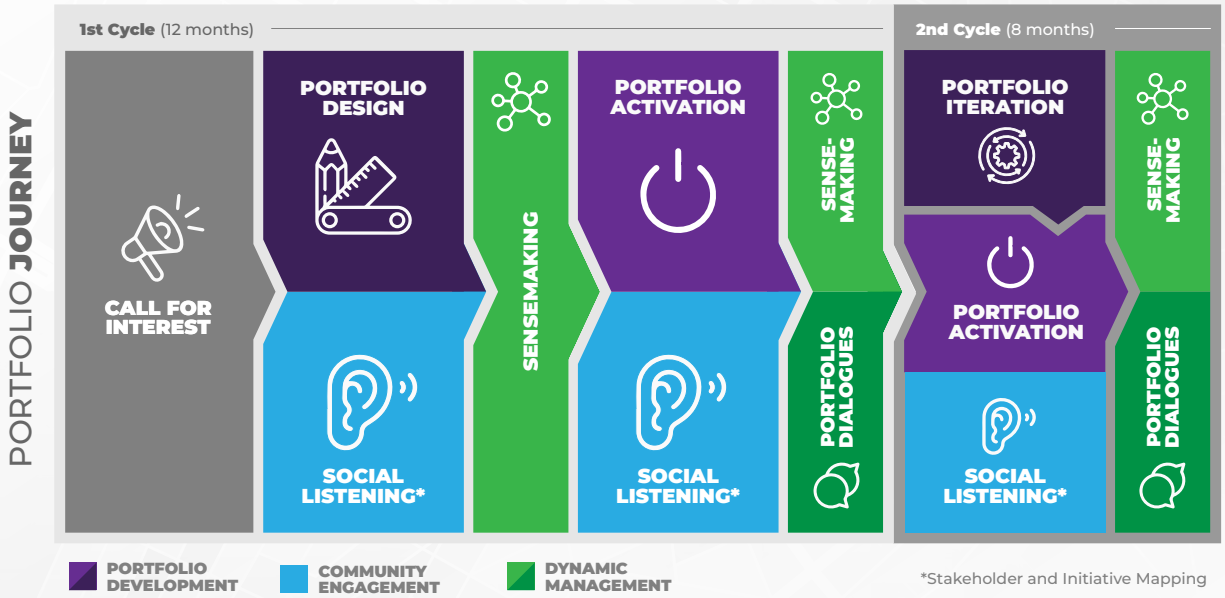


Figure 6 Illustration of the Portfolio Journey for the selected local authorities

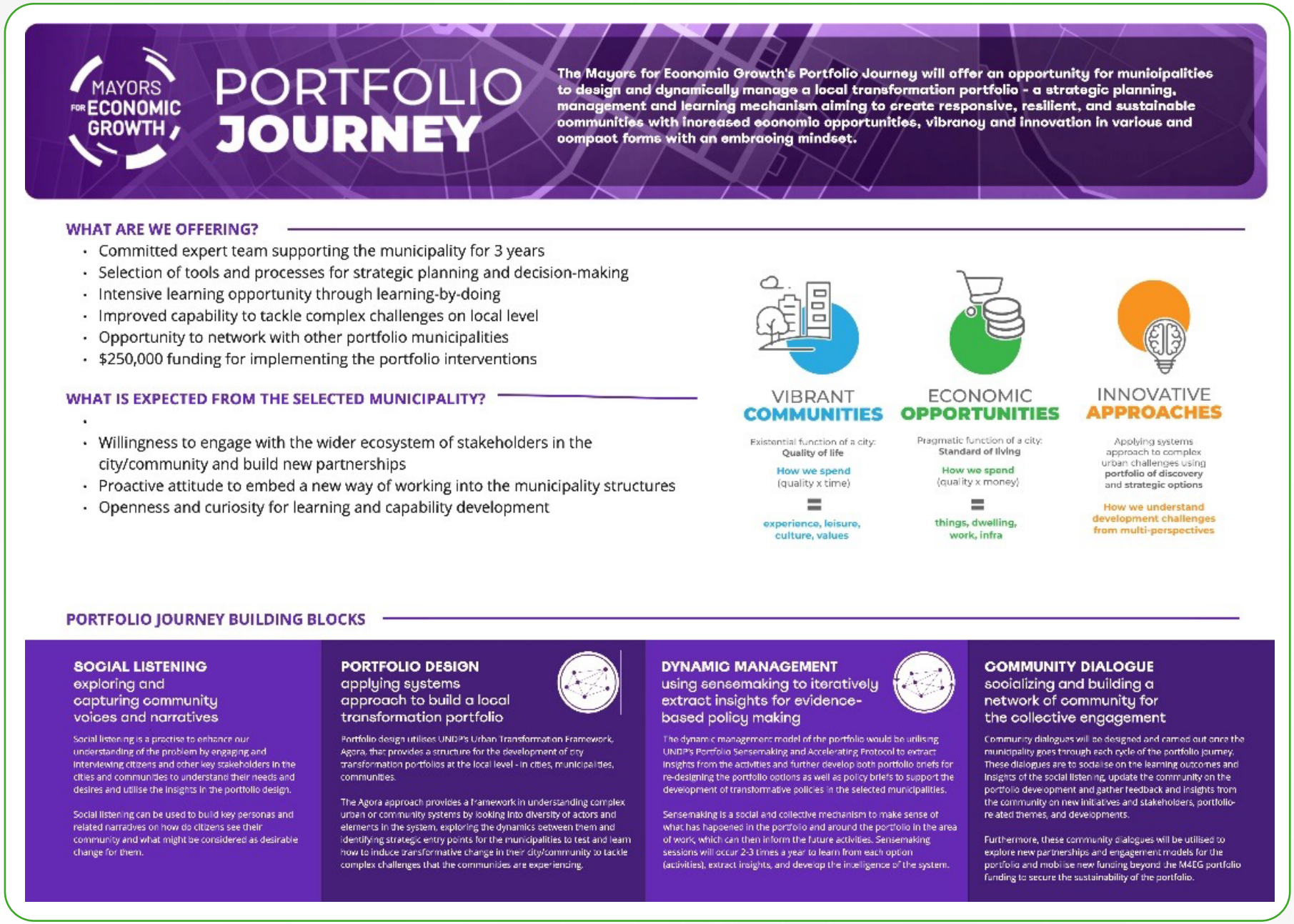


Figure 7 Infographic on Portfolio Journey programme

Activity 1.1.3.0 Criteria and guidelines development for selection of municipalities

Finalized in 2021 and reported on in the 2021 Annual Report. In 2022, the Call for Interest Guidance Note for "Portfolios for municipal transformations" and "Urban Imaginaries" under the Mayors for Economic Growth (M4EG) Facility 2021-2024 was slightly updated to run another call for Armenia and the first call for Azerbaijan. The internal Selection Process Evaluation Guide continued to support the selection process. The EU & UNDP M4EG Selection Committee was set up in 2021 to support the Steering Committee in decision-making of selection of municipalities in the M4EG programmes.

Activity 1.1.3.1 Launch of a call for interest for all municipalities

In 2022, the Call for Interest Guidance Note for "Portfolios for municipal transformations" under the Mayors for Economic Growth (M4EG) Facility 2021-2024 was updated and a second cohort of the Portfolio Journey was selected for Azerbaijan and Armenia, as well as four new members from Azerbaijan under the Urban Imaginaries programme. With the third Selection Committee meeting on 18 July, a total of 28 members are going 'deep' with learning and seed-fund implementation.

Table 2 and Table 3 below list selected municipalities by Selection Committee for the two programmes under the M4EG in 2022, Portfolio Journey and Urban Imaginaries, held on 1) 3 December 2021, 2) 1 February 2022, and 3) 18 July 2022

Portfolios for Municipal Transformations: Portfolio Journey
Learning journey on systems thinking and seed-funds implementation of up to EUR 225,000 per local authority (2-3 years programme)

Table 2 Portfolio Journey local authority members

LOCAL AUTHORITY	COUNTRY	POPULATION	FOCUS AREA
Areni	Armenia	11,309	Sustainable Tourism
Ceadîr-Lunga	Moldova	19,401 (2014)	Energy Transition
Mykolaiv	Ukraine	474,751	Response & Renewal
Ternopil	Ukraine	224,134	Response & Renewal
Kutaisi	Georgia	129,305 (2022)	Eco-Smart City
Batumi	Georgia	173,745 (2022)	Start-up Ecosystem
Gyumri	Armenia	116,800 (2016)	Cultural Tourism
Kapan	Armenia	43,190 (2011)	Diversification of economic opportunities (TBD)
Icherisheher	Azerbaijan	3,000	Heritage in service of societal, economic and innovation challenges (TBD)
Khirdalan	Azerbaijan	95,200 (2014)	Entrepreneurship and Talent

Innovation Grants: Urban Imaginaries

Learning journey on human centered design and seed-funds implementation of up to EUR 60,000 per local authority (8-10 months programme)

Table 3 Urban Imaginaries local authority members

LOCAL AUTHORITY	COUNTRY	POPULATION	FOCUS AREA
Alaverdi	Armenia	24,262	Cultural Life
Ashtarak	Armenia	25,000	Public Transportation Mobility
Charentsavan	Armenia	20,363	Public Square
Cahul	Moldova	30,018 (2014)	Waste management
Călărași	Moldova	10,800 (2014)	Sustainable Waste Collection Platforms
Lviv	Ukraine	717,486	Integration of IDPs into hosting community
Trostianets	Ukraine	20,638	Improved MSMEs support services
Sumy	Ukraine	258,057	Digitalization of healthcare services provision
Melitopol	Ukraine	153,112	Improved access to admin and social services for members of a temporarily occupied community
Poltava	Ukraine	283,037	Creation of an open green public space for interaction between IDPs and local people of hosting community
Sabail	Azerbaijan	73200	'Second Breath' – rehabilitation center for women released from correctional facilities
Naftalan	Azerbaijan	10303	Community space for less privileged families
Mingachevir	Azerbaijan	106620	Transition to LED lighting at household level
Urva	Azerbaijan	5000	Development of tourism destination route and promotion of locally produced goods
Samtredia	Georgia	42,200	Developing sports facilities and new identity of the city
Tskaltubo	Georgia	44,599	Developing vibrant cultural and social space
Poti	Georgia	41,100	Arranging central park, increasing its accessibility
Rustavi	Georgia	128,788	Promoting green entrepreneurship among youth through applying innovative approaches; developing environmental services

Figure 8 Screenshot of the Interactive Map over the members going 'deep' with learning and demonstration projects/funds

Country updates for 2022 under the Call for Interest

AZERBAIJAN

The National Launch took place on 14th of March 2022 with participation from representatives of the Government of Azerbaijan, Heads of EU Delegation, UNDP Country Office (CO), and more than 60 heads of local authorities (Azerbaijan National Launch 14 March 2022). As of 31 December 2022, there are 55 members of the network in Azerbaijan.

The call for proposals was made public on 20th of May 2022 and 30 applications were submitted for Portfolio Journey and Urban Imaginaries streams of the project. During the call period, UNDP CO, with support of UNDP IRH, hosted face to face Info Sessions in Lankaran, Ganja, Sheki, and Baku to brief network members on the opportunities available (Azerbaijan Info Sessions).

In addition, a high number of questions and individual session consultations were held to best explain the programmes and expected level of engagement by the municipal team.

Of the 30 applications, six local authorities were selected for deep dive under Portfolio Journey and Urban Imaginaries. The selection results were announced at the Show & Tell Event in July 2022 (Azerbaijan Show & Tell Event 28 July 2022). Khirdalan City Municipality and Icherisheher Administration will take part in the Portfolio Journey. Sabail, Mingachevir, Naftalan, and Urva municipalities will be participating in the Urban Imaginaries Programme.

Figure 9 M4EG team in discussion with Mayor and Head of International Department at Icherisheher at M4EG Baku launch, March 2022

Figure 10 Ganja, Azerbaijan, M4EG info sessions for Call for Interest in June

ARMENIA

As agreed with the EU, a second call went out among the M4EG network in Armenia for one more additional municipality/community to take part in the Portfolio Journey. The Call for Interest was launched on 24 May 2022. By the deadline of 26 June 2022, 16 proposals were received, out of which 7 were from the amalgamated communities of Syunik, the region targeted by the EU Delegation. During the CfI, two online info sessions and over 10 individual consultations were held with the interested municipalities.
As a result of the open call, two local authorities, Gyumri and Kapan in Syunik region, were selected for Portfolio Journey. The Gyumri Portfolio team's engagement started in September 2022, while Kapan Municipality asked for a delay given the escalation on its border with Azerbaijan and prioritized security issues.

Figure 11 Portfolio Design Bootcamp in Areni, Armenia, June 2022

Difficulties encountered, risks, and measures taken

UKRAINE

Although the municipalities were selected at the end of 2021 through the CfI, the activity was put on hold by the onset of the war in Ukraine at the end of February 2022. However, in July 2022 all five of the local authorities participating in the Urban Imaginaries programme asked to resume their engagement. Similarly, in September 2022, Mykolaiv also re-started under the Portfolio Journey. After consultation with Ternopil and the capacity of the UN CO team in Ukraine, who were also implementing the response and emergency activities for the repurposed funds under M4EG, Ternopil is expected to re-start its portfolio design and implementation in early spring 2023.

ARMENIA

In the case of Areni, some delays and revisions were encountered during 2022, mainly due to limited human capacity of the municipality. UNDP adapted with additional support, particularly more frequent check-ins and in-person meetings in order to offset this. Although selected at the end of July 2022, the leadership of Kapan Municipality requested to delay the engagement until January 2023 due to other pressing concerns, including security and border related issues.

Changes introduced

For time and resource efficiency, it was jointly decided with DG NEAR in fall 2021 that the Innovation Call for Proposal, also known as the Urban Imaginaries Programme (see more information below under Output 2), should piggyback on the selection process of the Portfolio Approach/Journey.

Achievements

10 local authorities were selected for the design, activation, and management of the portfolio approach, also known as the 'Portfolio Journey'. The CfI continues to see high interest from eligible local authorities, with a total of 163 municipalities applying for the two existing learning and seed-fund programmes in 2021 and 2022. A total of 117 applied to the CfI in Armenia, Georgia, Moldova, and Ukraine in 2021. And a total of 47 applied in Azerbaijan and the extra call in Armenia in 2022. As the new phase of the M4EG introduces new terms and approaches around systems thinking, additional information meetings and documents were found helpful to better guide and boost interest within the country networks.

The active participation of EUD focal points in the CfI selection process continues to be a good practice, as it led toa more objective assessment of the shortlisted applicants, particularly in ensuring that the resources allocated under M4EG are applied effectively and can synergize rather than duplicate other support provided by the EU in the Eastern Partnership countries. Adding interviews with mayors and proposed municipal team staff as part of the selection process is proving to be an effective way to check-in on the level of engagement and vision of the mayors and senior management, as well as capacity of these team.

Activity 1.1.3.2 Tool for social listening

In 2022, UNDP contracted Agirre Lehendakaria Center (ALC) as a partner to help co-create a resource on social listening for the members of the M4EG. As part of the design, four local authorities were brought on board in a City Learning Circle to co-test some of the resources and to provide feedback on them. The Guide was in draft form at the end of 2022 and is expected to be a living resource and made available to the members in spring 2023.

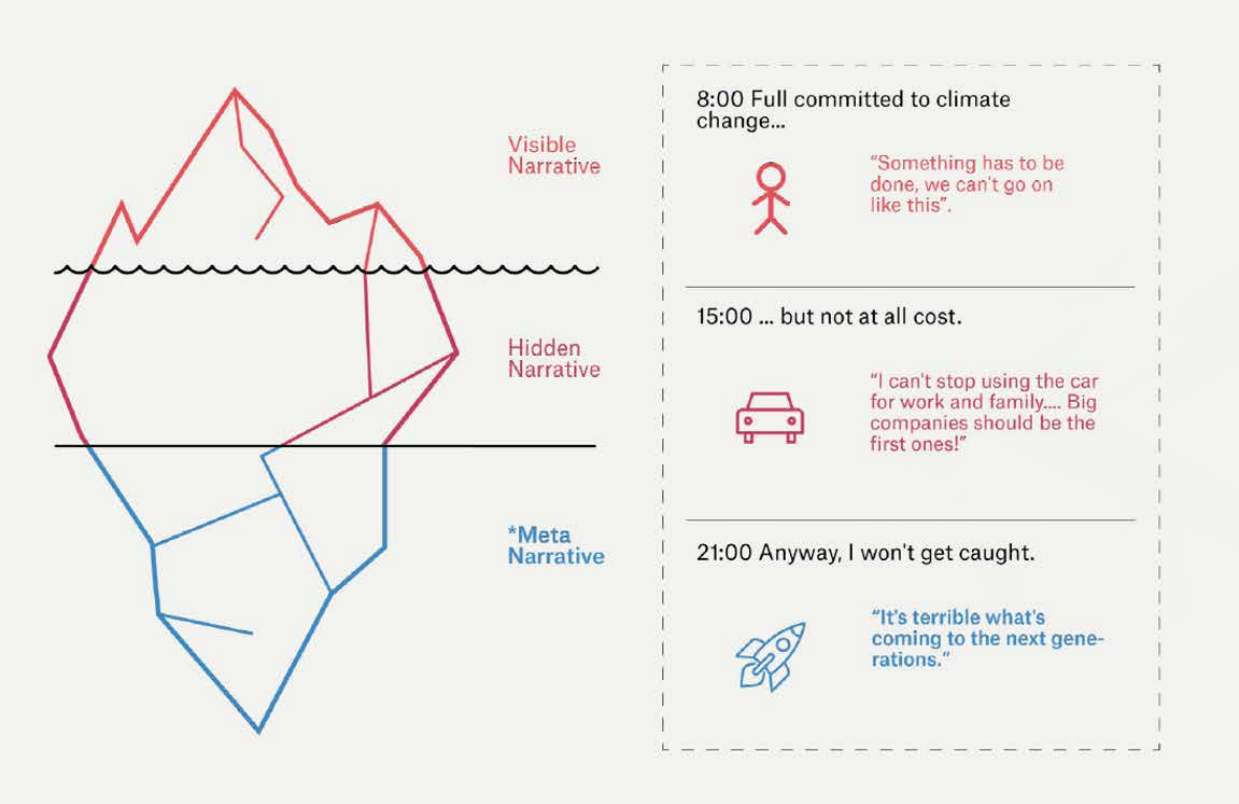


Figure 12 Illustration from ALC on 'deep' listening to narratives in a town, city, region

What is the value added of social listening?
Societies around the world are struggling with distrust and disjointed thinking and action. In many ways and for many reasons that relate in part to shifts in political landscapes, social media incentives, and other parts of information ecologies, and where it is difficult for communities and societies to listen well to one another, to dialogue, and to understand perspectives of people who have different backgrounds and views. Building cultures of trust and understanding between people and governments begins at the local level and can arguably only be effective when it involves deepening understanding of shifting cultural narratives and a stronger intent by local authorities to engage in community listening.

Community listening involves building understanding of collective narratives that are operating in a city or region. The listening is designed to glean patterns of lived experience of people and how it is shaped by underlying values and behaviors, as well as emerging needs, challenges, and opportunities. This understanding enables the building of collective intelligence, interconnection of existing actions, and better decision making by local governments so that their initiatives can align with citizens' perceptions and lived experiences. Community Listening processes are designed to be ongoing and iterative processes that create cultures of trust, social innovation, and inclusion and thereby better outcomes for the future.

The main aspects in the forthcoming Guide include the following:

Ecosystem Mapping: Mapping is the compendium of information on key initiatives and agents operating in a territory. That is, knowledge about the general ecosystem of the town, city, or region and also of the strengths and weaknesses of the current connection of existing people, organizations, projects, and initiatives.

Listening & Collective Interpretation spaces: A deeper understanding of local dynamics requires a strategy of deep community listening. This process includes a set of qualitative tools that, complemented by quantitative data, can shed light on a community's narratives and reveal, in depth, its needs, challenges and opportunities. The analysis of the narratives and key ideas are validated in deliberative and sensemaking spaces with local stakeholders.

Taking the listening further: Co-creation: The output and intelligence from the listening exercises can be taken further to create space for collaborative creation and design specific responses that can address systemic problems and improve or complement existing initiatives and projects. The set of existing initiatives and the new ideas that emerge contribute to the necessary knowledge to build new or strengthen existing processes of social innovation in the territory.

Taking the listening further: Experimentation at 5 levels of impact: Complex social problems can only be well-addressed on multidimensional scales and levels of intervention. Therefore, ALC's system approach involves developing portfolios with projects and interventions that are conceptualized and integrated across five levels of intervention and impact: (i) community innovation, (ii) support for start-ups (small and medium scale), (iii) large-scale public-private/-civic partnerships, (iv) redesign of public services and (v) new policies and regulations. As with co-creation and prototyping practices, this novel portfolio approach, also known as a "people powered portfolio" requires new capabilities to design, manage/orchestrate, and evaluate the interconnected and integrated sets of projects with a holistic view.

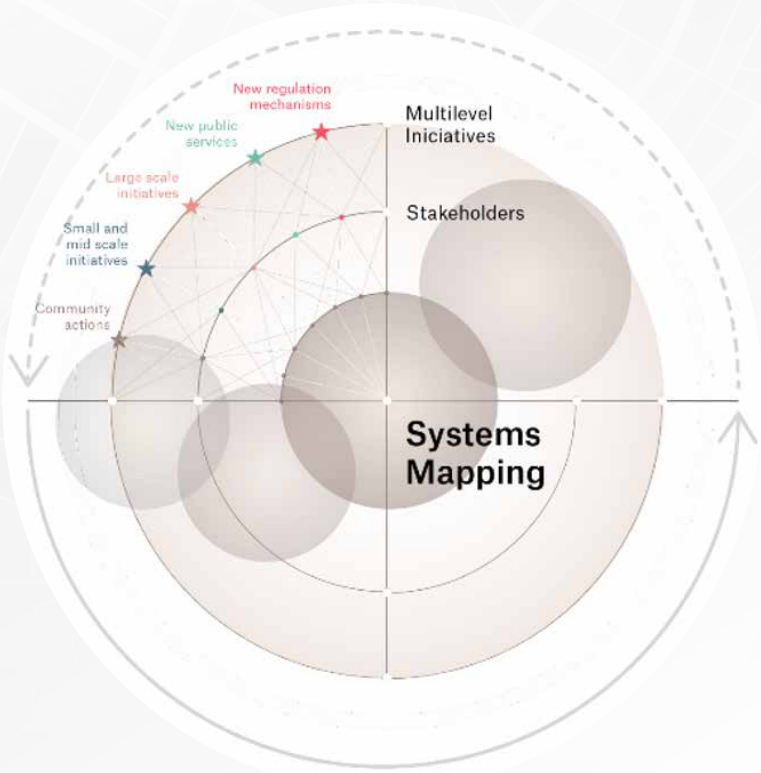


Figure 13 ALC illustration of ecosystem mapping

City Learning Circle

To walk the talk on co-creation and ensure relevance of tools for M4EG members, ALC and UNDP decided to test some of the tools together with a small cohort of municipalities. It was also found meaningful to bring in different country perspective beyond the M4EG. Hence, two other non-M4EG members, Prishtina in Kosovo, and Stepanavan in Armenia formed a City Learning Circle (CLC) together with two cities in Ukraine, Kamienets-Podilskyi and Ivano-Frankivsk. Prishtina and Stepanavan are engaged under a similar initiative to the M4EG called the City Experiment Fund — an initiative under the Slovak Transformation Fund, implemented by UNDP in partnership with the Slovak Ministry of Finance. The learning circle was created to engage the municipalities, their partners and UNDP Country Offices in testing tools for community listening and engagement.

The two cities in Ukraine were selected through an open call for interest in the summer of 2022. A relatively high interest was seen, with 19 M4EG members applying. Although the country was in a crisis, anecdotal evidence from the applicants informed that Ukrainian members saw an increased need to better listen to community needs, learn from other cities, and connect with international actors beyond Ukraine.

The CLC, made up of the four partner cities, ALC, and UNDP, connected virtually in six sessions during fall 2022 to share experiences, tools, ideas and challenges to learn ways they can grow, expand, and improve their work. The CLC received positive feedback from the city staff on the hands-on testing and the opportunity to engage with other cities in a Community of Practice format, and the CLC experience provided useful inputs to the forthcoming Guide.

Coming steps in Q1 2023

Among the coming steps in the first quarter of 2023, ALC and UNDP will finalize the Guide and make it available for M4EG members in relevant languages and other interested local authorities. ALC will ensure that their website will host relevant research, educational materials, and suite tools, including a K-tool beta (plug in for professional drawings) as open access. For those municipalities interested, ALC can provide feedback on tools or can be contacted for coaching sessions to learn more about their work and how to partner with them. UNDP will consider moving the Guide into a facilitated learning module on the Urban Learning Centre SparkBlue platform, depending on M4EG member feedback and interest.

Difficulties encountered and measures taken

It was important for the project team to carefully review the terminology around 'deep' or 'social listening' as in certain country, cultural, or historical contexts, it could be understood as a means for local authorities to control or harm residents. Hence, the project team intentionally referred to this practice as a social or community listening practice for the purpose of bringing in residents' perspectives and open the door for increased co-creation with residents.

Changes introduced

As the extended scope of this community engagement is relatively new in more standard development practice, it was jointly decided with the provider, ALC, to test tools together with M4EG members. This is how the City Learning Circle was conceived.

M4EG hired a Social Listening Specialist (part-time and home-based position) in early 2022 to support this exercise. The position was converted to Analyst level and a new person is expected to start in January 2023.

Achievements

The Guide is in draft format and will be released in early spring 2023, based on learnings from the City Learning Circle. The four participating cities under the CLC deepened their knowledge and professional connections around the Social Listening component of a Community Engagement strategy throughhands-on experience testing tools and methods with direct, practical application in their cities.

The CLC was only opened for Ukrainian members as the M4EG team found a clear appetite within the national network, and some with previous experience in applying more active community engagement tools and strategies. In speaking of their reasons for wanting to join the City Learning Circle, participating local authorities from Ukraine mentioned wanting to better listen to community needs, learn from other cities and connect with the outside world. In the context of ongoing decentralization, there is a national strategy for regional development at the provincial level and a new conception of local strategies. Community listening and engagement are seen as important to developing reconstruction strategies, programs, and projects. It was also mentioned that Ukraine national leadership continues to encourage Ukrainian cities to stay actively engaged in international networks and in futures work for post-war rebuilding.

Activity 1.1.3.3 System analysis and representation for municipalities

The Portfolio Journey started in mapping; analyzing and understanding the local systems through stakeholder mapping, sensemaking, and social listening. That phase of the work was followed by a cohort-based design sprint (bootcamp) for setting up the identity, objectives, and intent (desired direction, framing, and focus) for each portfolio before identifying key system dynamics and positions – entry points for the system to induce desired change.

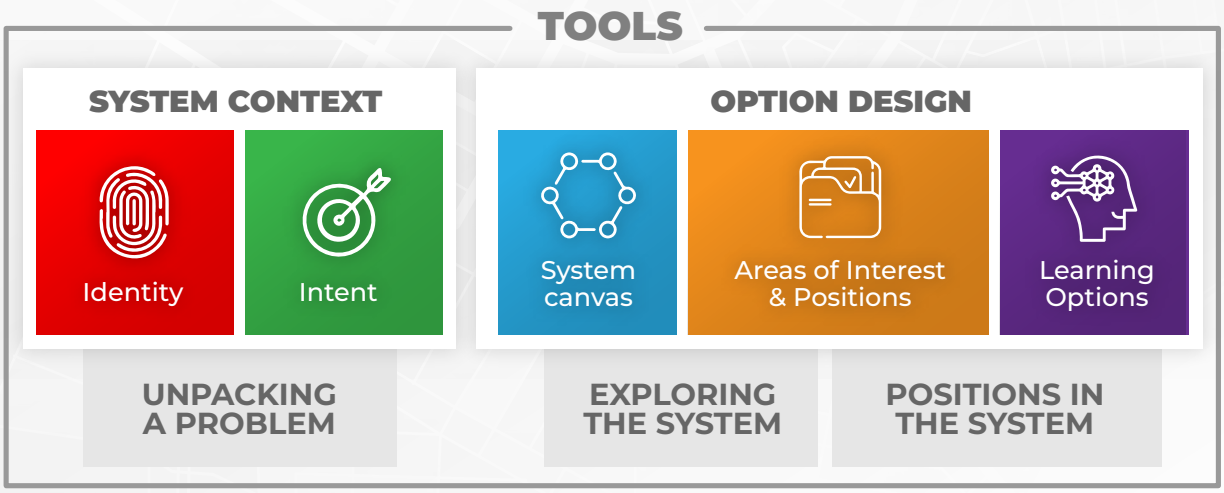


Figure 14 The portfolio design process is estimated to take six months during the first round. The municipality may use and explore tools such as system canvas, areas of interest, city personas, and identifying strategic positions. UNDP and partners will support the municipality with a mix of learning sessions on how to unpack a systemic challenge in urban system context, as well as how to explore and design a portfolio of options utilizing the mentioned tools. The process will be adapted based on what emerges throughout the journey, hence each municipality may have its unique journey

Cohort 1 cities (Areni in Armenia, Kutaisi and Batumi in Georgia, and Ceadîr-Lunga in Moldova) finalized this phase of the work in April and the work was captured in portfolio briefs and illustrations. This led to the next phase of the work of ideating the options (interventions, see Activity 1.1.3.4). Many of the portfolio cities in the region are experiencing declining economic opportunities coupled with dormant or active conflicts and crisis. Many of them had envisioned tourism as an opportunity to switch from old economic sectors into sustainable and attractive value creation.

The portfolio journey process helped cities to analyse their needs and resources and reimagine what those opportunities for economic and community vibrancy and innovation could look like. Batumi, with Start-up Ecosystem development, and Areni, with Sustainable Tourism, focused on diversification of economic opportunities by building the community and city identity beyond the current perception, whereas Kutaisi, with Eco-smart City, and Ceadîr-Lunga with Energy Transition, focused more on the green transition aspects of the change.

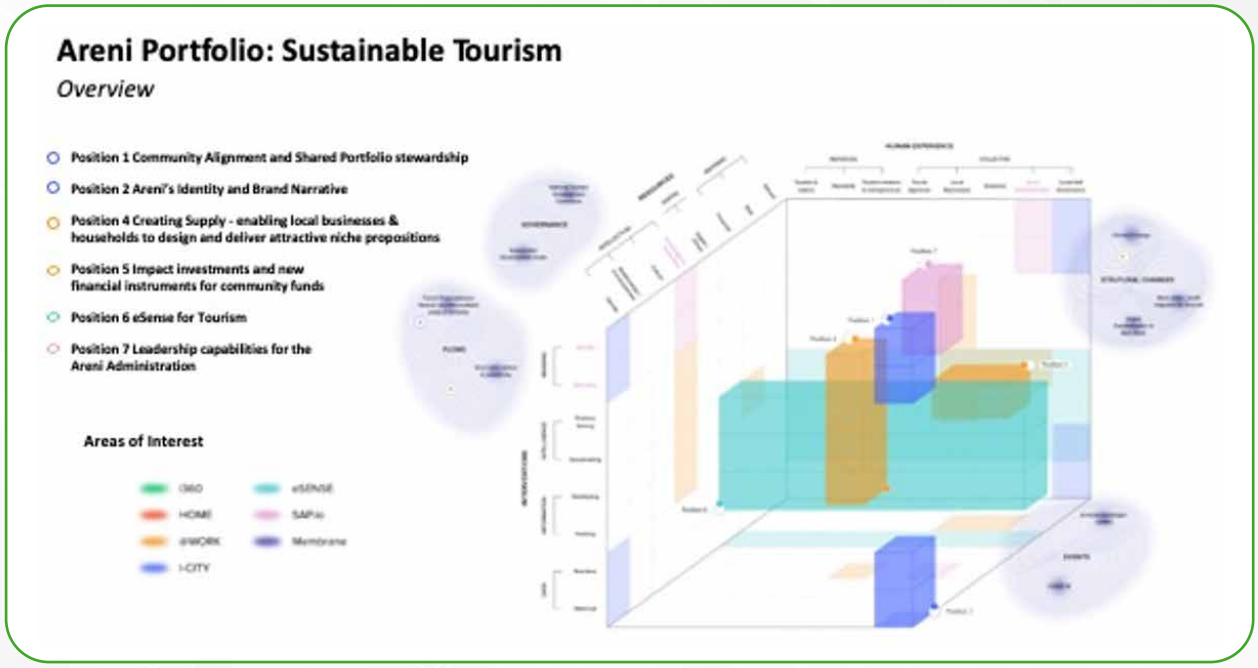


Figure 15 The visualization of the Areni Sustainable Tourism Portfolio illustrating their localized system canvas and identified positions, and where to design learning options – interventions that can inform the city about the complex challenge in their local system

Table 4 Comparison of Cohort 1 Journey Portfolio members

Areni, Armenia

Sustainable Tourism Portfolio

The challenges the city faces are linked to insufficient infrastructure and underdeveloped waste management, resulting in environmental pollution and affecting tourist activity in the area. The specific area of interest that the city has decided to address through this project is that of sustainable tourism, both from an economic and environmental perspective. In addition, the project is intended to attract and direct additional financial resources to the community to renew parts of its local infrastructure, as well as 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 that commits to transformation and mobilizes 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.

Batumi, Georgia

Start-up Ecosystem Portfolio

A key challenge for Batumi is having an economy that is mainly dependent on tourism, which as a sector predominantly hosts seasonal activities and offers low-skill service jobs in summer. Similarly, the city faces emigration by its talented youth (15-29 years old) who leave in search of higher-quality education and better and more diverse work opportunities to either Tbilisi or abroad. While there is a high demand for managerial and entrepreneurial skills, the higher and professional education systems are not well orientated towards the needs of the labor market. In addition, unlike Tbilisi, Batumi barely has access to innovation and startup activities and networks. Given these challenges as well as the need to diversify the city's labor market with a focus on high-skilled knowledge work, the specific area that the City Hall has decided to address through the M4EG Urban Makeover project 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.
- Improve City Hall's capacity to enable Batumi's startup ecosystem.

Ceadîr-Lunga, Moldova

Energy Transition Portfolio

The city of Ceadir-Lunga is an important and historical industrial city since the Soviet Union and has historically been closely connected to the Russian economy. Almost entirely dependent on energy imports from Russia, the city and its inhabitants are facing drastically rising energy prices. In combination with high unemployment rates, low-income scales, and outdated energy efficiency standards, rising transport, heating and electricity costs are hitting households hard. Individual and community belonging and wellbeing, provision of basic needs, and social inclusion are at risk.
The municipality has decided to address rising energy prices and the need to transition to an affordable and renewables-based energy proposition. As such, the municipality seeks to transition from an import-based and extractive energy system to an independent, affordable, and renewable energy set-up that puts the citizen at the center.

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.

Kutaisi, Georgia

Eco-Smart City Portfolio

In recent years Kutaisi has faced a number of challenges – a decline in economic importance leading to brain drain and decreased opportunities for talented youth, combined with a tourist industry struggling to recover from the COVID Pandemic, have contributed to a strained economic system and population decrease due to migration. Current environmental challenges and its previous industrial activities contribute to air pollution and other climate related issues. The city has decided to use the Portfolio process to supports is environmental resilience ambitions and advance its transformation towards becoming an Eco-Smart City that is respectful of its environment and resources and is able to deploy innovative green solutions to address its urban challenges – well 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.

The Portfolio Journey of the Cohort 2 cities (Khirdalan and Icherisheher in Azerbaijan and Guymri and Kapan in Armenia) started Çin August and September and the cities have progressed at a different pace depending on their local context and capabilities. Gyumri has finished their system analysis work (as well as ideation) in December and Khirdalan is moving into the design sprint after finalizing social listening in Jan 2023.

With Gyumri team we tested a more offline setting for the design sprint over a week of intensive face-to-face work, which resulted in quick design outputs as well as improved team working dynamics and local context understanding. At the end of 2022, the Icherisheher team in Azerbaijan identified their topic as 'Heritage as an enabler of change' through stakeholder mapping and sensemaking. Kapan in Armenia is starting their process in January 2023.

Activity 1.1.3.4 Portfolio Ideation – designing portfolios for transformative change

Portfolio ideation for Cohort 1 cities took place between May and July, after which the teams started preparing for activation, including contracting and procurement. The ideation phase of the process guided the city design teams in identifying first interventions that could help them better understand their selected topic and test new innovative solutions that built evidence on what might work well in tacking their problems. That's why the focus of the interventions is on learning and testing, and we call them learning options that can build our argumentation and evidence for better solutions and policies. This first round of designing and activating options utilized the seed funding from their overall 225,000 € funding and the teams were able to utilize funds up to 100,000 €.

The interventions were designed within the funding guideline (see Activity 2.1.1), aiming for at least five options in three positions of the portfolio to provide enough diversity and depth by testing the hypothesis that transformative change can only happen if it is induced simultaneously in different parts of the system. Each option was backed by arguments on why engagement in this position is needed due to the system analysis done earlier, what development effects it will bring, why and how this option can contribute to the expected effects, and what type of value it can deliver. The first steps of the activities and the budget were also indicated for all.

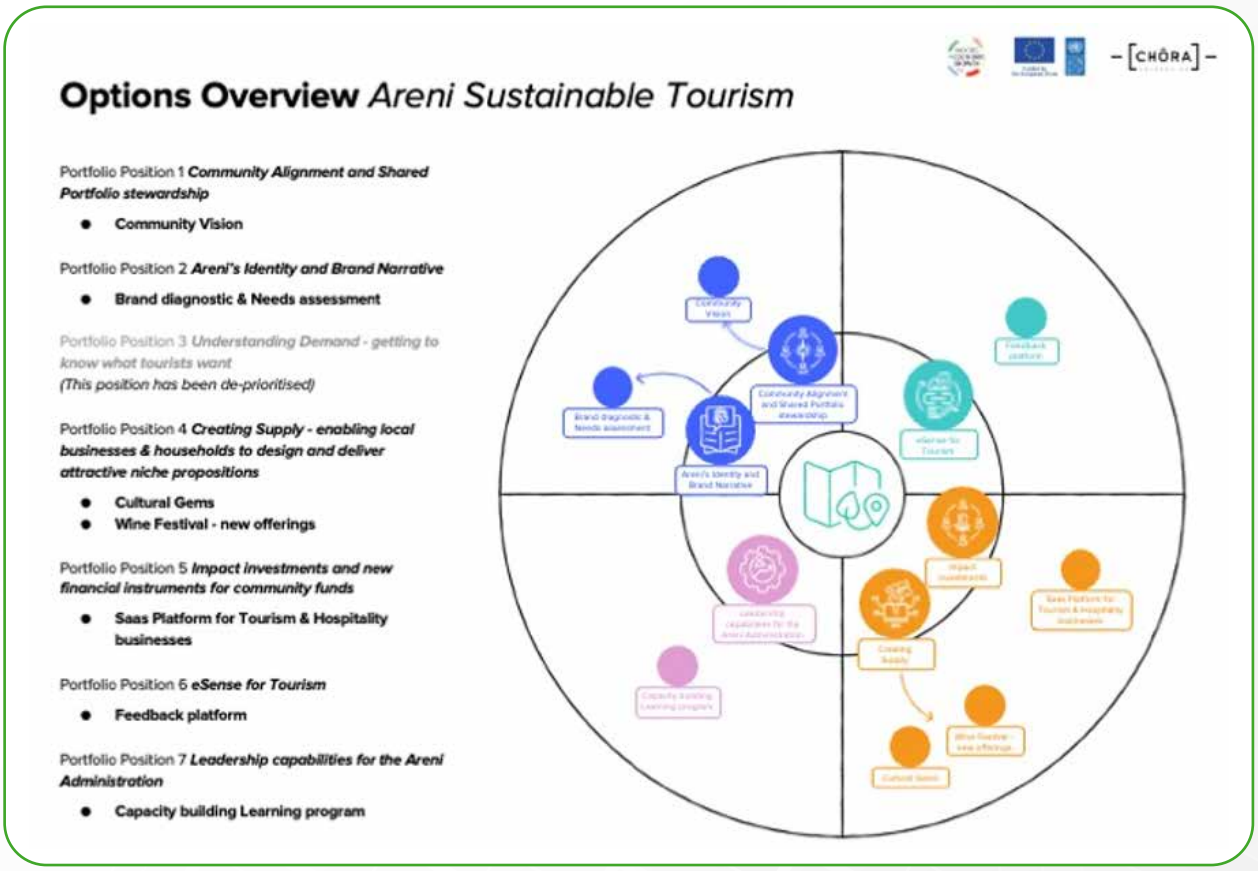


Figure 16 Areni's Sustainable Tourism Portfolio's first interventions were developed in the following areas: exploring how a shared community vision, identity, and brand narrative can be created for Areni as a tourism attractor; how niche tourism propositions can be designed and delivered; how new, innovative financial instruments can help promote equitable distribution of wealth; how to establish a comprehensive tourism feedback system; and how to improve leadership capabilities of the Areni Administration through a learning programme

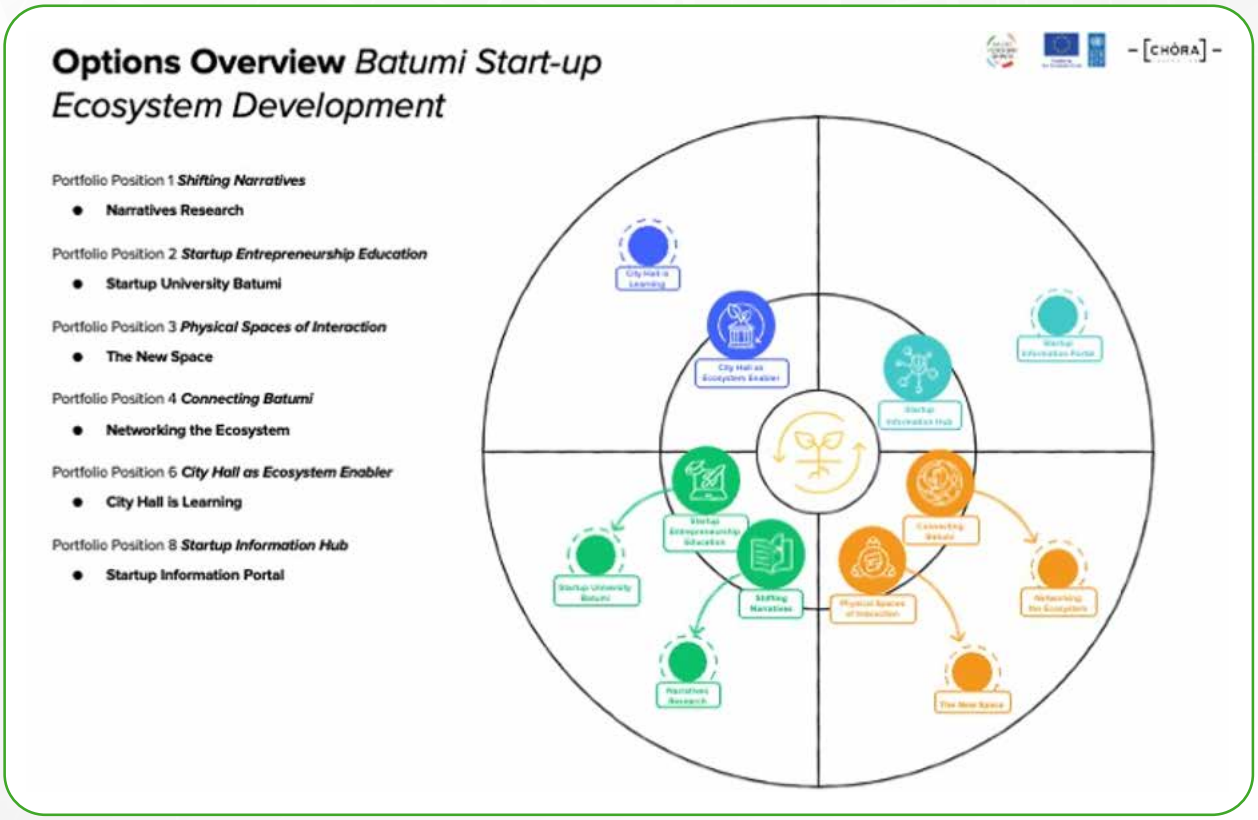


Figure 17 Batumi's Start-up Ecosystem Development portfolio explores dominant job narratives, spaces where youth are educated and empowered to become start-up entrepreneurs, physical spaces of interaction for talent, building connections with mature start-up networks, how the City Hall can become an enabler and a facilitator of the ecosystem, and how information can be made available for all ecosystem actors

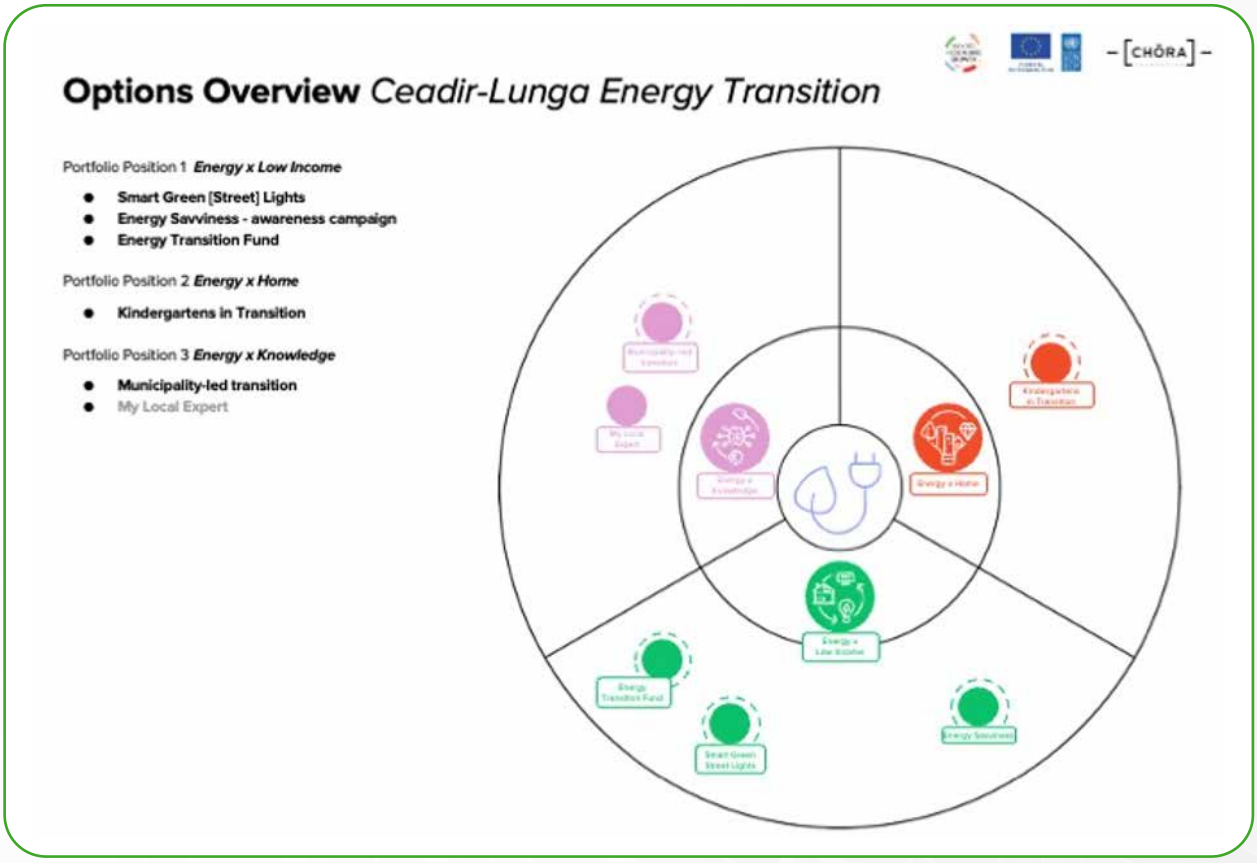


Figure 18 Ceadîr-Lunga's Energy Transition Portfolio designed interventions around supporting low-income households and communities by smart street lights, awareness-raising on energy solutions and habits, exploring possibilities on establishing an energy transition fund, energy efficiency measures on kindergartens, and municipality capability building programmes

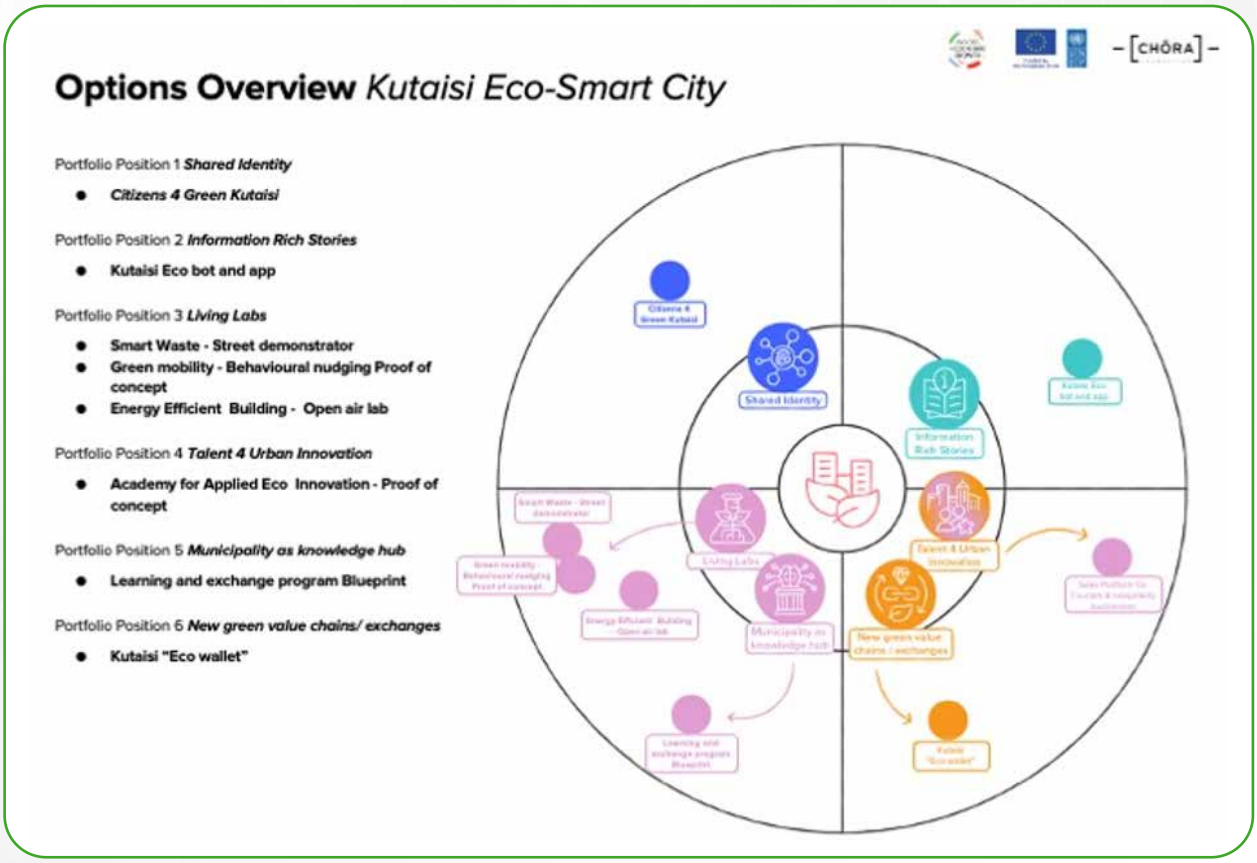


Figure 19 Kutaisi's Eco-Smart City Seed Portfolio covers the following entry points: Co-creating a shared vision and identity for Eco-Smart Kutaisi; collecting and sharing information-rich stories about sustainability by utilizing tech; showcasing sustainable solutions for examples and movements through living labs; urban innovation talent programmes; establishing the municipality as a Knowledge Hub and a connector for the topic; and exploring the possibilities of new green value exchanges through e-currency for sustainability. In addition, Kutaisi defined and designed six other positions for the portfolio, which will be activated during the next iteration

Difficulties encountered and measures taken (for both Activity 1.1.3.3 and Activity 1.1.3.4)

The local context, such as the impact of the Armenia-Azerbaijan border conflict, has affected cities in different ways, which is showing in their availability of human resources and capacity on committing in development and design work. In addition, from the outset, local authorities have very different capacities and capabilities, which is affecting their ability to keep up the pace of absorbing and internalizing new ways of working, especially online work. These are reasons why teams are progressing in different pace and why the processes need adaptation at times.

Changes introduced

No major changes were introduced; however, the Portfolio Journey process and plans were adapted as needed to various changing realities of the municipalities and their capabilities.

Achievements

The first cohort of the first ever Portfolio Journey finalized the design of their portfolios and ideated more than 40 options that can be implemented as part of their portfolio. As seen later in this Annual Report, fourteen of these co-designed options, or interventions, were brought to the implementation phase in 2022.

Activity 1.2.1 Annual Forum – 2022 Show & Tells

The Annual Forum at the regional level took another shape in 2022 in the form of regional and country based 'Show & Tell' events. The purpose of these Show & Tells was to support the members to exchange knowledge and good practices, and in particular to showcase the first cohorts' work under Portfolio Journey and Urban Imaginaries programmes.
The purpose of the regional hybrid Show & Tell event was to celebrate and give space to the 13 Mayors and their teams to present their work under the M4EG so far. The regional online event was hosted by the Mayor and the city of Kutaisi, with almost 200 online participants.

Concurrent in-person events were organized in both Moldova (15 participants, including seven mayors) and Azerbaijan (60 participants and 50 Mayors). In Kutaisi, the in-person component of the event was attended by representatives of 56 municipalities in person, as well as representatives from the European Union Delegation to Georgia, DG Near and the Georgian Ministry of Regional Development and Infrastructure (MRDI). There was an increased media presence reaching more than 5,000 people in Georgia alone on the day of the event, and 34 news pieces in Azerbaijan alone.

Figure 20 Regional online Show & Tell hosted from Kutaisi in Georgia

Figure 21 Members of the network in Azerbaijan discussing at the in-person Show & Tell event in Baku

Figure 22 EU Delegation Ambassador with media in Azerbaijan

Show & Tell events for the Urban Imaginaries Programme

Two online events were organized, on 15 June and 15 November 2022. The purpose of the events was two-fold: for municipality teams to share their learning journey during the Discovery phase with the entire cohort, and for municipalities to listen and learn from each other. City teams were prepped and given mentoring and templates to best 'pitch' their work to the network. Each session had approximately 40 municipality staff from 20 local authorities.

Inspiration Sessions under Urban Imaginaries Programme

As part of the 2022 Urban Imaginaries, four inspiration online sessions were held for the local authorities engaging and were open to all M4EG members. The first session introduced city teams to storytelling for systems change and showed the participants how stories can be a vehicle for building empathy, changing mindsets, and learning, and thereby lead to systems change. The second session revolved around participatory foresight and sought to illustrate for the city teams how to prepare for the unexpected in times of increasingly rapid change, growing complexity, and critical uncertainty. The participants were introduced to a case study – Rustavi, Georgia – and some of the practical tools that are increasingly used today by city leaders to analyze emerging trends, anticipate possible risks, and engage their communities in designing their futures.

The third session introduced participants to Human Learning Systems (HLS), which is a new approach to public service that embraces complexity, human relationships, and continuous learning. The fourth inspiration session focused on resource mobilization and ways in which participants can better understand their financial needs, improve their budgeting initiatives, and strengthen the transparency of their financial frameworks by using the Responsible Sensing Toolkit (RST) designed by the City Innovation Exchange Lab (CITIXL) in Amsterdam.

All four inspiration sessions were well attended with between 60-100 participants, each. The recordings of the Show and Tells as well as a video from the event in Georgia can be found on the M4EG YouTube channel.

Figure 23
UI registration communication

Difficulties encountered, measures taken, and changes introduced

NA

Achievements

Although all regional events were held online, and as COVID-19 restrictions were gradually lifted at the national level, more and more events could be organized in-person at country level. The M4EG initiative continues to attract attention from existing and potential members as well as their partners. As shown in Appendix 1 Progress Review, 28 events were organized in 2022 aimed at exchanging learning and networking between the regional and national networks.

Activity 1.2.2 Urban Learning Center

In 2022, UNDP and its partners (Ove Arup, Climate KIC and Taltech) devised the blueprint for the forthcoming Urban Learning Center (ULC) under M4EG. The ULC had a soft launch with the EU and M4EG network on 7 December 2022.

Context: Cities and towns are at the forefront of today's unprecedented complex challenges and uncertainties, yet local authorities and municipalities are overstretched with limited resources.

Taking a conventional learning approach would not, in itself, be sufficient and, hence, the M4EG takes a more adaptive approach based on continuous learning and co-creation of approaches through shared experience of application. The Urban Learning Center builds upon the value of bridging and connecting municipalities to each other through peer-to-peer sharing of experiences. These co-learning opportunities can help municipalities to navigate new tools and approaches to shape cities and towns to be more future proof, to identify new partnerships, and to mobilize new funding for local authorities.

Figure 24
M4EG Components of the learning ecosystem

The ULC intends to transcend 'business as usual' activities through a range of tools and approaches with an 'urban makeover' intention, including foresight, social and community listening, sensemaking, adaptive and agile management, and learning and monitoring effects, all with a strong focus on local solutions linked to the global objectives set out in the 2030 Agenda for Sustainable Development and its framework of SDGs. The ULC is intended as the umbrella to bring all the activities of the M4EG together and provide an enabling learning ecosystem.

The evolution of the thinking behind the ULC has evolved from a predominantly digital platform-centric approach to a hybrid learning ecosystem, culminating in the ULC 'soft' launch on the 7th of December 2022. This is based on a clear adult and community learning theory and modalities. The initial learning topics are set out and structured as courses or learning journeys, composed of different modules of blended learning activities and learning pathways designed for various 'learning personas' (mayors, municipal management, and municipal staff).

Once launched, the UCL included a SparkBlue platform (https://www.sparkblue.org/urban-learningcenter) which is open for log-in for members and partners and contains basic information and resources. The launch was accompanied by a User Needs Survey to better understand M4EG learning needs. In the beginning of 2023, the survey had a total of 165 responses, with a particularly large response from Ukraine.

The recording of the Soft Launch and a short 2min graphic video introducing the ULC to the network and partners can be accessed **here**.

What does the ULC enable the M4EG to achieve?

The purpose of the ULC is to develop the skills, practices, and capacities of the municipalities in the M4EG network to become strategic and proactive actors of 'urban or local makeover', with new economic opportunities in thriving communities, through innovative methods. The ULC will play an energizer and aggregator role that not only provides content and learning opportunities, but also proactively seeks to mobilize the network.

The ULC will have the following strategic objectives:

- Building capacities for sustainable, resilient and inclusive economic development by generating, sharing, bridging, and transferring contextualized learning.
- Facilitating exchange within an active and vibrant network of municipalities.
- Promoting innovation with a purpose in all aspects of learning and exchange, including feedback loops and co-creation.

In doing so, the ULC will strive to achieve the following outcomes:

1. M4EG Members have a demonstrated ability to leverage their learning to promote and shape new partnerships and opportunities for local development.
2. Local economic growth is driven by sustainability, resilience, and inclusivity.
3. Users of the ULC have access to direct experience of practical applications and a range of learning tools.
4. A range of local actors within cities are part of innovative economic development.
5. Networks are vigorous and active, fostering collaboration and knowledge transfer.
6. Leadership in economic development gives space and inspiration to a range of municipalities and local stakeholders.

Who will engage with the ULC?

While the ULC is focused on the continuous learning development of municipalities as the epicenter of economic development planning, it is understood that this development is not possible without involving the stakeholders who will be part of its future. In this way, we can consider different lines of catchments: Primary catchment: M4EG members (350 municipalities/local authorities). Given the structure of the municipalities, it is envisaged that this primary basin will comprise a high-level political focal point and a high-level technical focal point. This is not exclusive, and it will be up to the municipality to decide the total number of primary enrolments that are part of the city's economic growth.

Secondary catchment: This is targeted at those actors who are designated by the municipality as stakeholders in economic growth planning, and for whom it is considered necessary to have access to all or part of the training. Some examples are consultants, engineers, support team, and designers, among others.

Tertiary catchment: This will correspond to those actors that form part of the economic development of the locality in a more specific way, or that allow the ULC to be maintained without the need for access to the platform itself. This can take the form of funding, public opinion, or advertising in the media. Some examples are investors, media, the private sector, civil society, and academic partners. In order to appropriately engage with the primary membership of the ULC, these have been simply segmented into the following 'learning personas':

1. Mayors and policy decision-makers (political level)
2. Leadership (technical and management)
3. Municipal staff (technical, planning, etc.)

This recognizes that not all 'learning personas' will require the same level of training and capacity-building for different topics. The access to knowledge will be granted accordingly to the level required for each role.

The intention is that staff of all M4EG members (currently 350 municipalities in the EaP) can sign up and will have access to training, capacity development, and knowledge exchange activities through the Urban Learning Center and its various learning programmes.

The ULC is deliberately non-linear and designed to meet a variety of needs on a demand basis. Municipalities operate in complex systems that are context specific and dynamic. What works in one place might not work in another, and what works at one point in time won't necessarily work in another. Continuous learning and evolution of approaches is required to adapt.

What are the Learning Modules and Learning Paths?

A number of learning modules are in motion already and others are being developed with topics like a new generation of Local Economic Development Plans, Smart/Digital cities, Portfolio Thinking in Cities, Social Innovation, Alternative Financing, etc. The actual modules will be determined following engagement with the M4EG community around their needs.

The modules will be designed around the audience, will be structured in bite-sized chunks on specific topics, will use a variety of delivery modes, will cover 'soft' as well as 'hard' skills, and will provide certificates of completion. Learning pathways will be devised across the modules and sign-posting other resources, for different learning groups based on role, to ensure the learning is as efficient and relevant as possible.

List of learning opportunities (with some still to be confirmed depending on needs and relevance of local authorities):

- Portfolio Journey 2022-2024
- Urban Imaginaries 1.0 2022 (Human Centered Design)
- Urban Imaginaries 2.0 2023 (new generation local economic development plans)
- City Learning Circle on Listening and other peer-to-peer topics
- Smart and Inclusive City
- Circular/Green Economy
- Social/Deep Listening/Stakeholder Engagement Toolkit
- Crowdfunding and other Alternative Finance approaches
- Strategic Risks and Foresight
- Leadership track and mentoring for Mayors
- City North Star programmes with mentoring from EU cities

The learning modules and paths may be available on demand, on a competitive call basis, self-paced online modules, cohort-based peer group learning, etc., depending on needs and available resources.

Next steps in 2023

A hard launch of the ULC is planned for April 2023. Along with the hard launch, a Foundation Module will be available on the SparkBlue platform, which will be accompanied by in-country and possibly in-person workshops. Three other hybrid learning modules are expected in 2023: "Crafting your LEDP 2.0/Pathways", "Green Transition", and "Smart & Inclusive City".

Difficulties encountered and measures taken

NA

Changes introduced

NA

Achievements

A solid conceptualization of a dynamic learning ecosystem for the M4EG was designed, launched, and vetted with a Survey among the M4EG members. Learning modules are under draft and will be made available for all members in 2023.

Activity 1.3.1 Platform development, regular publication, and maintenance

In 2022, the new website was finalized in all languages (https://www.m4eg.eu/).

The project website was created as a means of the project to Eastern Partnership municipalities and is becoming a platform to showcase the project's activities, news, and achievements. In addition to the written content, the team also included various multimedia elements such as images, videos, one-pagers, and blog posts to make the website more engaging and interactive. The website is accessible and responsive, meaning it can be viewed on different devices and screen sizes.

Overall, the project website is an effective tool for communication and information sharing, helping to keep the target audience informed and engaged throughout the project.

As of December 2022, the project launched Google Analytics to track the number of website users. Statistics tools marked that more than 400 people visited the website throughout December 2022 alone.

As mentioned above under the ULC, a SparkBlue platform was designed to host the forthcoming online learning opportunities and with the possibility of peer to peer online engagement: https://www.sparkblue.org/urbanlearningcenter. The site is open for all M4EG municipal staff for log in.

Difficulties encountered and measures taken

After exploration and discussions with partners around possible online platforms for the ULC, the UNDP-hosted and free-of-charge SparkBlue platform was found to be the best option.

Changes introduced

NA

Achievements (vis-à-vis indicators if relevant)

The website is available in all languages and the new ULC SparkBlue platform for learning, online engagement, and peer outreach is available for member sign-up. The ULC on SparkBlue will be further adapted and updated in 2023.

Activity 1.3.2 National Consultations & Network

Throughout 2022, we have seen interest in the M4EG initiative continue to increase among municipalities across the Eastern Partnership countries as well as other actors within the EaP and beyond. In 2022, the network grew to 398 local authorities, with 134 new members.

COUNTRY UPDATES

For more information about the country networks, please see separate 2022 country reports with pictures

Armenia

The M4EG network in Armenia currently has 34 signatory municipalities, with seven new member municipalities in 2022. Due to the improved COVID-19 situation, more of the events and workshops in 2022 could be conducted in-person, which was greatly appreciated by the network in Armenia.

Areni Municipality was the first to engage in the Portfolio Journey. The Chora team started online interactions with the Areni Portfolio Team in March 2022. Initially, the technical support from the experts were planned to be exclusively online. However, after several months of trying to find the most effective way of engagement, this approach was reconsidered and most of the sessions were held in hybrid format, where the discussions were held by the CO team in-person in the local language, while technical experts connected and contributed online. Technical and organizational limitations of the Areni portfolio team (and the municipality team in general) were a major factor affecting the progress of portfolio development and activation. Another factor affecting the progress was the random and unexpected escalations on the borders, which directly influenced the number of team members available, and the priority focuses of the municipality. Despite these challenges, due to the commitment and dedication demonstrated by the Areni Mayor and the Portfolio Team, some progress was made, and by September 2022 a Pilot Portfolio with seven Options was designed. By the end of the year, three Options were activated and progressed.

Gyumri Municipality Portfolio team started engagements with technical experts from October 2022 and has made significant progress in developing related learning, due to the commitment and professionalism of the Team. During 2-7 December, the Portfolio bootcamp was organized in Gyumri with in-person engagement by two Chora foundation experts, which was a success both in terms of learning and progress on Portfolio (including Options) design. The mayor of Gyumri has demonstrated a strong commitment to supporting the process.

Kapan Municipality Portfolio design processes were delayed due to the escalation of conflict on the bordering areas, which directly impacted the security and priority focus of the municipality. Simultaneously, municipality leadership expected to contribute minimal engagement but gain quick, tangible outcomes, and it required a longer process to engage and gain the commitment of the Municipality to prioritize the learning and transformation needs of the Portfolio Journey. Due to the challenges described, the process was delayed but is expected to progress in early 2023.

The Urban Imaginaries partner municipalities: **Alaverdi**, **Ashtarak**, and **Charentsavan**, have made progress during the experimentation phase, which they conducted with municipal funding. In December 2022, low value grant contracts were signed and the first installment (80 percent of the funding) was transferred to the Municipalities to start the implementation in early 2023. All the UI projects are scheduled to be completed by the end of 2023. One major learning has been that online engagement and learning has been demonstrated not to be very efficient. Meanwhile, the municipality teams have reflected on significant learning and benefits from the process. Further methodology and a revised approach must be defined to support the UI projects during the implementation phase.

Figure 25 Urban Innovation Day in Yerevan, November 2022

Urban Innovation Day

On 30 November 2022, the "Urban Innovation Day" Forum was organized as part the project's efforts to promote networking and innovation for urban makeovers. The Forum had approximately 95 participants from 35 signatory municipalities and 18 partner organizations or agencies. It was the first discussion organized in the country to focus on innovation and new approaches for the efficient transformation of the amalgamated communities. The long-term intention was to make the Urban Forum an annual signature event by UNDP in the country and this first Forum has the additional role of testing the interest and engagement of the major stakeholders. The Forum was initiated in partnership with Yerevan Municipality. The municipalities struggle in finding adequate and sustainable solutions to the systemic issues they encounter, while some make progress and adopt innovative approaches in certain areas. This networking event was designed to create space for exchange and learning among the communities in the areas of urban transformation and finding innovative solutions to the complex challenges the communities face.

The summary video illustrates the flow and outcomes of the Forum.

"These meetings under the M4EG initiative are very important because during such meetings we acquire new tools, thanks to which, we can solve problems that we may have known about, but could not objectively find solutions to."

Emma Baghdasaryan
Expert, Gyumri Municipality

"First of all, I think that such meetings [like Urban Innovation Day] are important as they provide an opportunity for those responsible for the economic development of communities to communicate with each other to create a platform where they can discuss their issues and find solutions"

Ashtot Tserunyan
Head of Development Programs and IT Department of Charentsavan Municipality, Economic Development

Azerbaijan

The M4EG was launched on March 14th 2022 with the participation of representatives from the Government of Azerbaijan, Heads of EU Delegation, UNDP CO, and more than 60 heads of local authorities (Azerbaijan National Launch 14 March 2022). Throughout 2022, the network gradually grew, and as of 31 December 2022, there are 55 member municipalities in Azerbaijan.

As described under Activity 1.1.3.0 above, the Call for Interest was launched in late spring 2022 and the four in-person info sessions around the country saw high interest. As a result of the competitive open call for interest, six local authorities were selected for Deep Dive under Portfolio Journey and Urban Imaginaries. The selection results were announced at the Show & Tell Event in July 2022 (Azerbaijan Show & Tell Event 28 July 2022). Khirdalan City Municipality and Icherisheher Administration were included in the Portfolio Journey, while Sabail, Mingachevir, Naftalan, and Urva Municipalities were included in the Urban Imaginaries Programme.

The learning, design, and seed-fund journey started with all six municipalities in the fall 2022 and moved at a different pace depending on local contexts and realities. As work with Chora Foundation, the Center for Public Impact, and UNDP began, the initiative has received great interest and support from outside stakeholders as well. This has included facilitating new partnerships at the local level. Below are some examples of newly established partnerships by member local authorities due to their focus of work under M4EG:

"For us it is crucial to involve our residents in this initiative. They will be able to grow their small and medium business and help our village to develop as a sustainable tourism destination. Our online sessions and mentoring have helped us to draw the right picture and develop our initiative even further."

Farkhad Ashurbeyli
Project Manager of Urva Municipality

- Khirdalan Municipality established a new partnership with the Small and Medium Business Development Agency of the Republic of Azerbaijan and with the Baku Engineering University.
- Sabail Municipality established a new partnership with the Ministry of Internal Affairs of Azerbaijan and the Penitentiary Service of the Ministry of Justice.
- Urva Municipality established a new partnership with the State Tourism Agency of Azerbaijan.

As local development in Azerbaijan is mainly orchestrated by the Local Executive Powers and Central Government, the emergence of municipalities as valuable partners for various stakeholders is a direct effect of the M4EG Initiative. A great example of this is the rural Urva Municipality led by Gunesh Hajiyeva, who, with the help of Project Manager Farkhad Ashurbeyli, has established a new partnership with the State Tourism Agency that will support the further development of their interventions planned under the Urban Imaginaries stream of M4EG. This partnership will not only enhance the effectiveness of planned interventions but will also contribute greatly to the community of Lezgi minorities who live in the area.

The establishment of these new cooperations is a direct effect that M4EG has brought to Azerbaijan. Continuous meetings held on the ground with municipal teams, local and central government representatives, private sector operators, and, most importantly, local citizens, are all contributing to a changed image of the municipalities involved as more active shapers of their communities.

"In our initiative is a bit different from others we have done, here we try to give a "Second Breath" to women released from incarceration by helping them to reintegrate back into society and gain necessary skills and knowledge to support themselves in the future"

Manaf Talibov
Project Manager at Sabail Municipality

Georgia

The M4EG network has grown by 12 new members since its first phase and now unites 60 out of 64 Georgian municipalities. To keep the network vibrant, more activities will be offered in offline format, as stressed by signatories. To address this need M4EG has offered various initiatives, such as a bi-weekly e-brochure about networking, funding, and training opportunities, and online workshops.

Under Deep Engagement, three parallel workstreams were activated in Georgia with seven M4EG signatories, which were identified through a competitive process as part of the Call for Interest:

> ***"We had organized the viewings before as well, but it did not gather so much public interest, like the one we organized for testing the prototypes – what made a difference was reaching out to people by the information medium they are most comfortable with (social media group), and asking them what they would like to see. The turnout was unexpectedly high."***
>
> **Irakli**
> Municipal Staff, Poti

Portfolio Journey: Batumi and Kutaisi were selected to champion Portfolio Design and create successful cases others may learn from. Batumi started creating a new startup ecosystem and Kutaisi began building an Eco-smart city. Both cities have chosen challenging and ambitious thematic scopes, which they would not be able to address with their own expertise, capacities, and resources. The process started with a high intensity inception phase, sensemaking and defining a portfolio thematic scope. The portfolio design core teams applied deep listening to better understand how citizens experience key problems and where they see underlying causes. Then the team participated in a four-day bootcamp allowing a deep dive into problem analysis, followed by identification of portfolio positions and ideation. Subsequently, seed portfolio options have been defined. Both Batumi and Kutaisi teams activated portfolios by implementing a set of initiatives to test and learn what works and what does not. The cities managed to attract attention to their portfolios, cultivated new partnerships with various stakeholders representing different sectors, and initiated key events highlighting progress towards their portfolio intention.
Both Georgian portfolio municipalities presented their development projects and local solutions at the fifth annual contest organized by the National Association of Local Authorities of Georgia (NALAG) to reveal the best practices in local governance and municipal performance. In total, fourteen municipalities were awarded in 2022, with Kutaisi winning the national award for the smart eco-city portfolio.
https://www.facebook.com/UNDPGeorgia/posts/pfbid02fq1Ew1ZE-k9CMxDqDZ2PjedhX8ZU1ngdNu9CbYpN4g69fr2Xpc2ygvZ2xhZuHcKUxl

Figure 26 Mayor of Kutaisi presenting their portfolio to other municipalities in Georgia at the NALAG conference in November 2022

Urban Imaginaries: Four Georgian municipalities - **Samtredia**, **Tskaltubo**, **Poti**, and **Rustavi** - have learned how to apply a human centered approach, helping them to reimagine their cities and develop small scale initiatives in cooperation with local residents across a wide range of issues, including the development of cultural, sports and social spaces, and services, promoting green entrepreneurship and environmental services.

"We had organized the viewings before as well, but it did not gather so much public interest, like the one we organized for testing the prototypes – what made a difference was reaching out to people by the information medium they are most comfortable with (social media group), and asking them what they would like to see. The turnout was unexpectedly high."

Irakli
Municipal Staff, Poti

Figure 27 The six local authorities going 'deep' in Georgia meet-up to share lessons learned

Pathways – new Local Economic Development Plans: Baghdati was selected to pilot the new generation of Local Economic Development Plans. The municipal team co-created the methodology together with UNDP and Arup. The focus was on a green economy transition and future readiness, taking into consideration the EU Green Deal objectives. In 2022, the municipal team worked on data gathering and analysis and went through workshops with Arup and Climate-KIC.

Under the broad engagement, several events have been organized with the M4EG signatories. The following are Georgia's key events calendar of 2022:

- 19 May – Signing Statement of Intent between the Batumi City Hall, UNDP, and Georgia's Agency for Innovation and Technology
- 28 July – Show & Tell event in Kutaisi with more than 70 people present in-person
- 11-13 October – Workshop with Portfolio and Urban Imaginaries municipalities in Kakheti
- 18-19 October – Polish-Georgian Investment Forum where M4EG was well-featured
- 8-9 November – Inception workshop with Baghdati municipality to Pilot LEDP 2.0
- 26 November – Meeting Successful Georgian Founders; the first Startup Grind networking event in Batumi
- 30 November – National Steering Mechanism in Georgia – first meeting
- 3-4 December – Hosting Delegation from Moldova, Ceadir-Lunga Municipality representatives study visit in Kutaisi
- 16 December –Best Practice Program 2022, a flagship project of National Association of Local Authorities (NALAG) identifying best municipal practices in specific nominations. This is a key event for municipalities, an initiative launched by NALAG several years ago with EU support.
- 20 December – Meeting Successful Georgian Founders – the second Startup Grind networking event in Batumi

Moldova

Figure 28 Mayors Forum in Moldova

In 2022, 12 new members joined the M4EG network. Currently there are 57 members in the network, with level of engagement and membership to be re-confirmed by annual filling of the Signatory Profile.

M4EG has promoted new approaches and understanding for economic growth and development in Moldova over the last year. The challenges faced by Moldova in 2022 have been numerous and complex, with year over year consumer price inflation reaching over 40 percent in 2022; notably the price of gas (the main source of heating for the country) increased five-fold over the course of 2022. Since the onset of the 2022 Russia-Ukraine War, 700,000 refugees entered Moldova, a country with only approximately 2.6 million citizens; over 100,000 Ukrainian refugees remain as of February 2023. Despite this, M4EG has made significant progress in implementing its programs and initiatives.

One of the key accomplishments of the past year has been the initiation of the Ceadîr-Lunga Portfolio Journey with the first Letter of Agreement signed in November 2022 and a disbursement of seed funding in December 2022. This program has helped to create a more supportive environment for the energy transition goal of the municipality by improving energy infrastructure, promoting consumer awareness, and fostering innovation. Another major accomplishment of the past year has been the Urban Imaginaries program in Calarasi and Cahul. This program has helped to promote urban regeneration and revitalization in the field of waste management by supporting the cities to experiment and learn with new avenues of talking about old problems. In addition to the Portfolio Journey and the Urban Imaginaries program, M4EG also launched two important programs in Moldova aimed at addressing the challenges faced by Ukrainian refugees fleeing the war: the Refugee and Response Programme and the Response and Renewal Programme.

The Refugee Response program, launched in May 2022, was designed to help Ukrainian refugees achieve socio-economic integration in Moldova. The program provides refugees and host communities with support in areas such as education, training, and job placement, and works to foster integration. In October 2022, M4EG launched the Response and Renewal program, aimed at enhancing local economies and communities' ability to provide adequate services to the more than 100,000 Ukrainian refugees still residing in Moldova. As of 27 December 27 2022, 30 LAs have applied to the Grant Programme.

The launch of these programs demonstrates M4EG's commitment to addressing the most pressing social and economic challenges facing Moldova. These programs are an important part of M4EG's ongoing efforts to promote economic growth and development in the country and will play a key role in helping to ensure a brighter future for the people of Moldova.

Networking events & study tours

• Refugee Response Awareness Campaign – September 28th, 29th, 30th and October 3rd, 4th – 14 local authorities were visited and individual information sessions with the Mayor were conducted in order to better comprehend the realities of refugees trying to seek refuge in the respective localities and better design projects and programs to assist them – Link to press releases

• Mayors Networking Retreat – joint networking event with Migration & Local Development Project financed by the Swiss Government which took place on November 25-26 Link to post on FB in Romanian. As part of the event, the local project team, supported by IRH colleagues, has conducted the World Café exercise, whose purpose was to present five areas or levels of interventions within the Response & Renewal Grant Programme for mayors to discuss with them specific challenges, current activities, and opportunities within each area.

• Energy Efficiency Study Tour of Ceadir-Lunga Municipality Team to Georgia, November 30-December 3, 2022 LinkedIn post

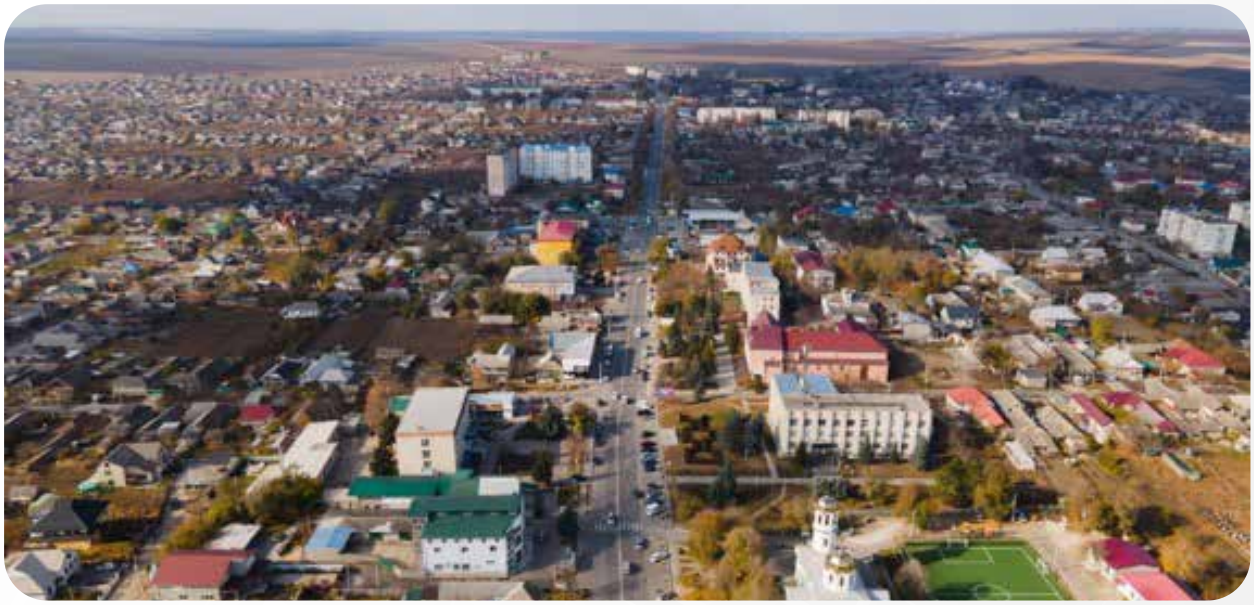


Figure 29 Ceadir-Lunga is the frontrunner for Portfolio Approach in Moldova

Portfolio Journey

Ceadîr-Lunga, with a population of approximately 29,000 people, is one of the largest cities in Moldova. Ceadîr-Lunga experiences high levels of poverty and lacks access to basic services such as electricity, water, and sanitation. According to the Moldovan National Bureau of Statistics, about 27 percent of the population in Ceadîr-Lunga lives below the poverty line, which is higher than the national average. The city has an outdated energy infrastructure, with many residents relying on outdated energy sources such as wood, coal, and oil. This has led to significant environmental problems, including deforestation and air pollution. Furthermore, many residents lack access to basic electricity services and, as a result, are forced to use unreliable and often dangerous energy sources.

To address these challenges, Ceadîr-Lunga, the UNDP Country Office, and the Chora Foundation have co-created an energy transition portfolio of initiatives aimed at promoting sustainable energy practices. The Portfolio includes experimentation with new energy generation technologies, the promotion of energy-efficient mindsets, and the implementation of energy education programs for both residents and local businesses. In addition, the city has launched several awareness campaigns aimed at encouraging residents to adopt more sustainable energy practices and reduce their dependence on imported fossil fuels.

Urban Imaginaries

The Urban Imaginaries program was launched in Calarasi and Cahul in spring 2022 with learning and testing sessions around human centered design. Calarasi decided to focus on promoting urban regeneration and revitalization in the city through responsible waste management and collection. Three to four platforms will be built in the town center and informed by the design and testing phases of the programme. Tender process is soon to be launched. Cahul is the second Urban Imaginaries city in Moldova. Its focus is to support the implementation of innovative and sustainable solutions to manage solid waste and to promote environmental protection and preservation in the city.

Ukraine

In 2022, 53 new members from Ukraine joined the M4EG network. By the end of 2022, there were 197 members in the network, with level of engagement and membership to be re-confirmed by annual confirmation of the Signatory Profile.

Context: Following the Russian Federation´s full-scale military invasion of Ukraine on 24 February 2022, the security situation in the country has rapidly deteriorated. The war has resulted in substantial casualties, catastrophic destruction of homes and infrastructure, and unprecedented displacement of civilian populations internally and in neighboring countries. LAs are at the forefront of the crisis response to the war and the felt realities of residents, the internally displaced people (IDPs).

According to UN OCHA, by the end of 2022, the estimated number of IDPs and refugees reached up to 13.9 million people, primarily women and children. This figure is is more than 25 per cent of Ukraine's population. Of the 13.9 million people, about 8 million are refugees in European countries (90 percent women and children), and at least 5.9 million people are internally displaced (over 60 percent women) in Ukraine. Current projections suggest that 18 million individuals will be directly affected by the conflict, with 12 million people in need of humanitarian assistance.

People on the move are extremely vulnerable to various potential health and security risks, while response capacities in host communities, especially in the relatively safe western oblasts receiving growing numbers of displaced people, are stretched to the brink. Loss of employment and income pose a serious issue for many IDPs, and people who have sparse or no private savings to rely on and instead are directly dependent on aid provided by the government and volunteers.

Difficulties encountered and measures taken
As of beginning of 2022, 144 Local Authorities across Ukraine re-confirmed their membership in the M4EG network after its launch in the summer of 2021. Eleven municipalities in Ukraine were selected in the first cohort of 'deep' engagement under M4EG with mentoring and seed funds through the EU's CfP, the Portfolio Journey, and Urban Imaginaries. These local authorities are spread geographically and illustrate the realities on the ground and the constantly evolving landscape of the armed conflict. Out of the eleven, one is currently occupied, one is non-government-controlled (Melitopol – Urban Imaginaries), and two cities have been liberated (Sumy and Trostianets – both Urban Imaginaries), one after heavy urban fighting., Mykolaiv (Portfolio Journey) is one out of many frontline communities directly affected by the war. The remaining LAs are in the central areas and the west, which have remained under the control of the Ukrainian government, and act as transit communities and/or host communities for IDPs (Ivano-Frankivsk – EU's CfP under M4EG, and Lviv – Urban Imaginaries).

Between 11 and 15 April 2022, the M4EG team in Ukraine reached out to the members of the M4EG network to identify immediate needs related to crisis response and, in particular, equipping temporary shelters for IDPs, as well as local war-affected populations. 70 of the M4EG member municipalities responded, with an additional 33 non-members asking for assistance. This snapshot of self-reported needs was considerably high, estimated at EUR 24 million, broken down into categories: furniture and mattresses for shelters, medical equipment, home appliances, bathroom and sanitation, equipment for access to the internet, and digital services. The snapshot covered 21 regions, 103 towns and cities, with an estimated number of 400,000 IDPs and 900,000 affected local populations.[1]

Changes introduced

In March 2022, as agreed with DG NEAR, parts of the future seed funds and grants under the project were re-designed to support emergency response and early recovery. Hence, a new output was created for the project: "Output 3: Ukraine crisis emergency and refugee response, recovery and resilience." For rapid support, the re-distribution is EUR 365,000 for the Ukraine emergency response, which allowed for a swift launch and implementation for Crisis Response activities (see Section 3.1 below).

In addition, M4EG proposed an intervention "EU Response and Renewal Grant Programme in Moldova and Ukraine" in line with the guiding frameworks for UNDP's work in the two countries under crisis, namely the UNDP Economic, Social and Environmental Resilience Offer in Moldova and the UNDP Resilience Building and Recovery Programme in Ukraine. The top-up extension Addendum for EUR 1.8M was signed in October 2022. The current progress in implementation of this activity and planned next steps are described below in Section 3.3.

Portfolio Journey

After the first sensemaking session conducted with the municipality of Mykolaiv in February 2022, further activities were put on hold due to Russia's invasion. Mykolaiv is a few dozen kilometers from the frontline and suffered from daily airstrikes and shelling for more than seven months. Hundreds of houses and apartments have been destroyed, the city's population shrunk from 470,011 (in January 2022) to around 200,000 people, many local businesses closed or relocated toward the western regions of the country, and the city's critical infrastructure, including the water supply system and district heating, were severely damaged. In particular, the supply of clean water to housing buildings and houses was suspended as the Dnipro-Mykolaiv pipeline, the main clean water source, remains damaged.

The municipal team working on the city's portfolio was renewed and resumed work under the guidance and support of M4EG. A series of workshops were conducted, including a strategic foresight session, portfolio design workshops, and mentoring sessions. These activities were coordinated with other work conducted by the municipality in parallel, e.g. the work on the city's updated Master Plan, for which the municipality engaged with UNECE and One-Works consulting company. By the end of 2022, the main analytical part of the work was completed, and priorities were identified. The future portfolio will be built around the idea of the city's transformation toward a "Blue Economy" building on the strong local identity, which will allow for effective and sustainable use of water resources, including seaport and river infrastructure. Moreover, additional sources of funding (Innovation Facility) were identified, which will allow amplifying the effect at the stage of portfolio activation. It is planned that the portfolio design stage will be completed by the end of January 2023 and portfolio options will be activated. By mid-2023 the next stage will be launched to scale up the tested options. It is also envisaged that the portfolio design will be resumed with another pilot city selected for the Portfolio Journey – the municipality of Ternopil. Due to the competing priorities in 2022, this activity was postponed in agreement with the leadership of Ternopil.

Urban Imaginaries

Due to the war, this activity was also postponed for several months in 2022. After the five municipalities selected for participation in the UI learning journey - Lviv, Melitopol, Poltava, Sumy, and Trostianets – have confirmed their readiness to resume, the UI learning journey re-started in July 2022. A series of learning and practical sessions, followed by mentoring and consultations conducted over July to December 2022, have resulted in the formulation of five local initiatives, which will be finalized and supported financially in 2023. All five initiatives envisage an initial stage of solutions prototyping and testing, including deep social listening, which will be followed by launching the tested solutions.

The Lviv team decided to focus on the needs of IDPs hosted by the local community and put in place a multi-component support system, which will cover the employment and psychosocial needs of the new community members. Systemic assistance will be provided for the long-term integration of IDPs into the local community and will also allow for better coordination of the existing services provided to this vulnerable.

The team of Melitopol, which still works in exile, has prioritized improving access to the community members who temporarily left the city to administrative and social services. For this purpose, in the city of Zaporizhzhia, a "communication point" and an open public space JUST HERE will be created and equipped for the effective provision of services jointly with the communal entity Melitopol Development Agency.

The municipality of Poltava will design a "Poltava Green Open Garden" as a new public space for interaction between community members and hosted IDPs. Integration of IDPs, as well as building a united, resilient, and cohesive community, is also one of the strategic objectives for the city. For this purpose, the team has engaged with Poltava National Pedagogic University and the NGO, International Institute for Community Development. The creation of a physical space for people's interaction, including a community greenhouse, will be complemented by a series of events aimed at building social cohesion.

Sumy's team has a strong focus on better provision of healthcare services, namely, employing advanced digital technology to improve the quality of the services and make access for the clients easier. Overall, the pilot initiative aims to introduce an effective and transparent communication system, which can be used by various groups of users - the patients, their relatives, doctors, medical personnel, and healthcare facilities management. It will allow for reducing the patient's stress level associated with a stay in the hospital and increase the level of awareness about the treatment process and confidence/trust. The innovative solution is based on rethinking the hospital's core business processes using a human-centered approach.

The municipality of Trostianets wants to create enabling conditions for entrepreneurship so that the local economy can be restarted. With this purpose, their pilot initiative will be focusing on the creation of new institutional infrastructure for support to businesses, improving accessibility, and quality of services. Within the local initiative, the first steps towards establishing a learning and consultative Center for Support to Business will be made in partnership with the local NGO "Center for European Integration of Slobozhanshchina".

City Learning Circle (CLC)

Additionally, two municipalities from Ukraine – Ivano-Frankivsk and Kamenets-Podilskiy – were selected for participation in the City Learning Circle - a learning series co-designed and organized jointly by ALC and UNDP IRH in partnership with M4EG. City Learning Circle taps into the work of selected cities participating in the City Experiment Fund — an initiative under the Slovak Transformation Fund, implemented in partnership with the Slovak Ministry of Finance. From September to December 2022, the two Ukrainian municipalities have successfully completed the series of training and mentoring sessions through which they have received new knowledge and mastered practical skills in social listening, community engagement, co-creation, and portfolio design and management.

[1] For more information, see M4EG Snapshot of Needs Among M4EG Members in Ukraine, April 2022.

OUTPUT 2:
MUNICIPAL PILOT PROJECTS BUILDING ON EXISTING LEDPS ARE SUCCESSFULLY IMPLEMENTED

This output will ensure that local authorities have active and dynamically managed portfolios that aim to support transformation at the local level. The portfolios were originally thought to be designed as an implementing arm of the LEDPs, however, as was highlighted earlier in this annual report under Activity 1.1.2 Review of LEDPs, most members have not updated their LEDPs from Phase II of the M4EG. These initial LEDPs had a more traditional, narrow economic growth focus in comparison to the green, digital, and resilience aspects of the 'urban makeover' focus embedded in the new LEDP 2.0 and the Portfolio Journey and Urban Imaginaries Programmes. Output 2 is nonetheless building on the technical assistance provided under Output 1 for the implementation of LEDPs, Portfolio Ideation, and the Urban Imaginaries learning programme. This second output will support investment, dynamic management, and the generation of insights from the seed-fund projects. The portfolio approach is implemented through the funding schemes and the iterative Listening - Sense-Making - Co-Creation process. M4EG will channel 70 percent of funds (approximately 50 options, grants, and interventions) to a subset of local authorities to ensure scale and demonstrate the impact of the approach; the remaining 30 percent will be available for small-scale investments across the region (approximately 20 grants) under the Urban Imaginaries Programme.

As of end of 2022, close to 30 seed-funds have been initiated and began implementation, and many more are under design.

Activity 2.1.1 Renewal Fund Development (Criteria & Guidance)

As described under activity 1.1.3.1, the criteria and guidelines development for the selection of municipalities for Portfolio Journey was developed in 2021, and the selection of the first cohort of local authorities for the Portfolio Journey was conducted in December 2021. In 2022, M4EG began the portfolio design phase with stakeholder engagement. Together with Chora Foundation, UNDP designed a detailed guideline to determine the proposed options that will receive funding under the grants and seed-funds component of the M4EG. While keeping in line with UNDP policies, the team designed a disbursement mechanism that is based on the learning and performance of the portfolio. Each local authority part of the Portfolio Journey may access approximately EUR 225,000 over the next 2 years.

The Funding and guiding principles can be found in Figure 30 below.

Difficulties encountered and measures taken

The flexible and explorative nature of the portfolios will also require flexibility in activation, contracting and implementation. This required exploring different contracting mechanisms within UNDP procedures and policies and working on building guidelines that could enable flexibility but also ensure oversight and accountability during implementation.

Changes introduced

NA

Achievements

Guidelines are clear and well communicated to the M4EG members.

MAYORS FOR ECONOMIC GROWTH

PORTFOLIO JOURNEY

FUNDING AND GUIDING PRINCIPLES

The Portfolio Journey of M4EG is providing up to €225,000 funding for the selected municipalities for activating the portfolio interventions. The funding is divided into seed funding and growth funding. In addition, the portfolio is designed to mobilise new partnerships and additional funding for the portfolio interventions - aiming for the scale funding beyond the M4EG funds.

M4EG Portfolio Funds: $250k in total per municipality

Seed Funding $40-100k ▶ **Growth Funding** $150-210k

External Leveraged Funding

Scale Funding

Scaled funding: based on how much the Portfolio is able to mobilise external financing through new partnerships

Portfolio process is preparing the teams to leverage their portfolios in attracting additional funding and partnerships beyond their M4EG portfolio funding to secure the sustainability of the portfolio and utilise the resources and interest of other actors active in the same space.

2022

SEED PORTFOLIO: $40,000-100,000

Seed funding is meant to be used for the activation of first set of options (interventions), which are explorative in nature. Options should focus on "unknowns" in the selected area of work and test something new and innovative that has not been done before in that context. Options should validate hypothesis, generate data, test and compare different possibilities, model change and/or build new relationships with stakeholders.

The seed portfolio will be activated in 2022 and the total amount to be used can be between $40,000 and $100,000 in 2022. The diversity of the interventions is important and they should cover at least 3 positions in the portfolio. A minimum of 5 options should be activated in 2022 and each option should have a clear learning objective with an aim to deliver learnings within 2-6 months. A single seed option should not exceed $30,000, nor take more than 50% of the seed portfolio budget.

Seed portfolio will be activated in two phases - first options (min. 3) in June/July ja rest (min. 2) later in 2022. There is no maximum limit in the number of options to be activated as long as it is within the budget. It is highly encouraged to use fast procurement options: both municipality procurement and UNDP procurement options can be utilised in activating the options. Seed options are not to be used for infrastructural investments only. If hardware is to be tested, it should be an experiment or a demonstration as part of the portfolio. Options should be activated with local partners to build relationships and the ecosystem: favour local city/community partners and only utilise national/regional/global partners, when local partners are not available or provide the needed expertise or capacity.

2023

GROWTH PORTFOLIO $150,000-190,000

Growth funding is aiming to diversify the portfolio and utilises the learnings from the activated seed portfolio options. Intelligence from the seed portfolio can be used to revise positions and hypothesis and test new options, build on the positive experience and add longer-term interventions to further test the working hypothesis or already utilise the learnings in policy recommendations or recommendations for scaling the interventions.

At this stage the positions will be reviewed and updated and it is recommended to increase the diversity of the portfolio by activating additional position with the growth funding. At least 4 positions and 7 options should be activated in 2023 with clear argumentation how the seed portfolio learnings were utilised and how new options would generate added value towards the portfolio intent.

Diversification of relationships is recommended to build a wider ecosystem as well to link the portfolio with other activities that are aligned with the portfolio intent and potential other funding opportunities.

The detailed growth portfolio activation plan will be drafted individually for each city and the funding can be activated in several patches if needed.

Funding will be provided only when:

- municipal team participates actively in the design process
- mayor is actively engaged and endorses the options
- UNDP and EU ensure the alignment of the options with the municipal intent and the Urban Make-Over focus
- selected options are in line with the criteria mentioned in this document

PORTFOLIO ACTIVATION: CONTRACTING AND PROCUREMENT

Portfolio funding is meant to activate the options designed during the portfolio journey and each city has up to $250.000 for that purpose. All the interventions should be in line with the portfolio intent and identified positions. There are two main possibilities how to activate the options: 1) through UNDP procurement or direct contract processes or 2) releasing funds to the local authority (LA) through a Letter of Agreement (LoA) including a detailed workplan and a budget that the LA as a responsible party will implement according to their procurement rules and processes. It is possible also to utilise both activation options and use both UNDP procurement and LA procurement according to LoA for different types of options. It is recommended to utilise the procurement option that is fast and simple and more applicable depending on the nature of the option and avoid multiple transaction costs. Especially the first seed portfolio options aimed to be activated in June/July 2022 require fast procurement process. If LoA process is to be selected, prior to the LoA, the LA's capacities are assessed through the UNDP Partner Capacity Assessment Tool (PCAT), which assesses the partner management and other capacities. Financial capacities are assessed through the UN's Harmonized Approach to Cash Transfers (HACT) micro-assessment if more than $150,000 is expected to be transferred in one year. If needed, also other partners can be contracted through a direct LoA between UNDP CO and the partner.

Option Design phase will identify a pool of potential options that the LAs can activate as part of the portfolio. The Option concepts will provide details about each option and they will be utilised in the procurement processes, e.g to draft Terms of References for services, or to draft the LoA workplans. Regardless who procures (LA or UNDP), it is expected that both parties will actively contribute and shape the terms of reference and other bid documents, in order to ensure high quality outputs.

Figure 30 Output 2, Portfolio Journey funding and guiding principles

Activity 2.1.2 Portfolio Activation

Portfolio activation was planned to start between July and August but the finalization of intervention details for procurement and contracting took longer than expected. To ensure faster activation and agility, part of the activation of portfolio interventions for Cohort 1 happened between September and December 2022 through UNDP procurement, which provided a good starting point for the portfolio implementation. Contracting and transfer of funds to municipalities for the rest of the portfolio activation happened in December 2022 and the municipalities were able to start the active implementation by the end of the year. The grant funds were transferred to municipalities through the Letter of Agreement in Georgia and Moldova and through a Low Value Grant Agreement for the relevant municipal foundations in Armenia.

The overview of the portfolio options (interventions) activated can be found under Activity 2.1.3. Currently there are 19 active options in implementation and around ten ideas or concepts pending or waiting for next iteration or a right moment for implementation. Cohort 2 is expected to activate their portfolios in March and April 2023. Cohort 1 is expected to activate new, additional options in April and May.

Difficulties encountered and measures taken

Portfolio activation, in terms of contracting arrangement with municipalities and finalization of intervention and procurement details needed for the contracting, took longer than anticipated. Where needed, additional capacity baseline and financial assessments were conducted prior to contract agreements.

Changes introduced

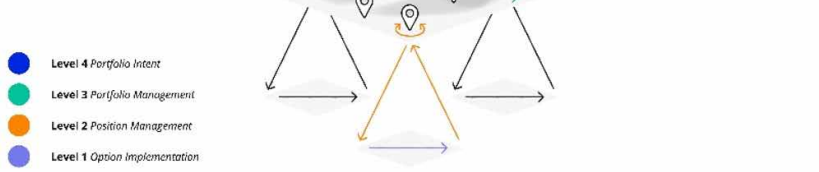
The delay in the contracting process pushed the active implementation period of first portfolio interventions into December 2022 and hence will delay the second iteration of the portfolios, which is now planned to start in April 2023.

Achievements

Four city portfolios are in active implementation and contract issues have been solved and aligned to the requirements of portfolios, UNDP, and the local authorities' rules and regulations.

Activity 2.1.2.1 Dynamic management and seeding (sensemaking workshops, semi-annually in each city with a portfolio) & Activity 2.1.2.2 Sensemaking - regional intelligence generation

A first of its kind Dynamic Portfolio Management Framework was developed with Chora to help the municipalities in managing the portfolio in flexible and adaptive ways, and hence acts as a concrete alternative to standard project management. The management framework requires LAs to fill monthly Learning Logs to capture the activities and learnings for each option and run quarterly, bi-annual, and annual Sensemaking sessions within municipality teams and with local stakeholders to inform the team about needed changes in the implementation and direction of the portfolio. This practice also captures the learnings and intelligence that the portfolios are producing on which solutions are working and inducing change and can inform the policy making and investment decisions also beyond the portfolios. Dynamic management and sense-making trainings were delivered to the Cohort 1 to build the practice and capabilities of municipal teams. The teams were also provided with an online dashboard (on Miro) that can help them to capture and manage the changes in the portfolio and, hence, support knowledge management practices in the municipality.



	Why	What	When	How	Who
4	Review and adapt the Portfolio's overall strategic argument	The object of Sensemaking is the portfolio intent	Yearly basis	The impact and rationale of the entire portfolio will be evaluated, which informs the potential iteration of the overall intent of the portfolio	Portfolio Lead drives
3	Make sense across the whole Portfolio to review and adapt the Positions	The object of Sensemaking is the entire portfolio	Half-year basis	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	Portfolio Lead drives
2	Bring Options and activities within a Position together to review and adapt them	The object of Sensemaking is individual positions	Quarterly basis	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.	Portfolio Lead drives
1	Collect ongoing information and learnings from an Option to manage the Option delivery dynamically	The object of Sensemaking is individual Options	Monthly basis	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.	Option Lead drives

[© CHÔRA]

Figure 31
The roles and responsibilities of the Dynamic Portfolio Management Framework by CHORA

Difficulties encountered and measures taken
Most of the municipalities do not have a knowledge management system or practices to support capturing and documenting the learnings and materials of the portfolio, which needs to be taken into consideration during 2023 implementation to secure sustainability.

Changes introduced
Regional sensemaking was pushed to March and April 2023 to have more portfolios activated and hence increase the learning and improve the decision making for the municipalities.

Achievements
A first-of-its-kind Dynamic Management Framework was developed for system portfolios, introduced to the municipal teams, and is now being implemented as part of the grant scheme under Portfolio Journey. Sensemaking was done as part of the design phase of the currently eight city or town portfolios, and new rounds of sensemaking will take place as part of dynamic management of the portfolios in 2023. All teams have hence been introduced and trained on the UNDP toolkit and practice of 'making sense' of what is happening in their city or town system to better inform decision making around their work and priorities.

Activity 2.1.3 M4EG Annual Portfolio Call & M4EG Annual Innovation Projects Call

As described under activity 2.1.1 (Renewal Fund Development), the process has been tweaked to begin as a call for interest for both Portfolio and Innovation rather than a call for proposal. This allows for additional capability development, co-creation, and learning prior to implementing the seed funds. The implementation of the funds started in 2022.

As 28 LAs are part of the two ongoing journeys, Portfolio and Urban Imaginaries, more than 30 of the grants and seed-funds were committed in 2022. Table 5, below, provides an overview of the ongoing or planned interventions.

Table 5 Ongoing and planned interventions for member LAs

Local authority	Country	Focus – direction of travel	Total grant amount	Name of Interventions/ Options designed	Under implementation	Comments and results/effects so far
Areni	Armenia	Sustainable Tourism	€225,000	Name of Interventions/ Options designed Community Vision; Areni's identiy and brand diagnostic and needs assessment; cultural gems; wine festival new offerings; saas platform for hospitality businesses	€68,500	In initial implementation stage, have already engaged a wider number of stakeholders with more than 350 people from the nine villages (part of the municipality/community) to set a vision for the new economic profile of sustainable tourism hub.
Ceadîr-Lunga	Moldova	Energy Transition	€225,000	Smart green streetlights; energy savviness, kindergartens in transition, energy transition fund	€45,582	Kindergarten demonstration is ongoing (energy audit and energy efficiency measures done), tendering for street lights ongoing. As part of the portfolio work, UNDP supported the city to apply for the Polish Challenge Fund and successfully mobilized an additional USD 60,000 for the portfolio and a new technical partner on renewables in Poland, EuroCentrum from Katowice. This new funding is also under implementation and directly supports some of the activities designed earlier in the year.
Mykolaiv	Ukraine	Renewal – Blue Economy	€225,000	Still under design	0	Process re-started in late fall 2022 after request from Mykolaiv team. UNDP tweaked the existing portfolio methodology and designed a 'respond and renewal' portfolio for Mykolaiv. Mykolaiv began design workshops in December 2022. UNDP helped secure an addition USD 300,000 for their portfolio from Danish funding.
Ternopil	Ukraine	Respond & Renewal (tbc)	€225,000	Forthcoming in 2023	0	On hold. Will start in spring 2023.
Kutaisi	Georgia	Eco-Smart City	€225,000	Smart waste demonstrator, learning and exchange programme blueprint, 'eco wallet', green mobility – behavioral nudging proof of concept	€77,940	Kutaisi set up a strong inter-disciplinary team to support the portfolio approach under the mayor's leadership. Many of the first round of interventions are under implementation and has In December 2022, Kutaisi won the Best Practice Award of municipalities in Georgia for its work under M4EG.
Batumi	Georgia	Start-up Ecosystem	€225,000	Narratives research, StartUp university, the new startup space, networking in ecosystem, city hall is learning, startup information portal	€64,500	Batumi is well underway with the initial activities and has successfully held several events to increase the visibility of the municipality's vision. Also conducted the youth narrative research and identified new space and held a World Cup Start-up competition with StartUp Grind. Batumi City Hall has increased its partnerships incl. signed an MoU with Georgia's Agency for Innovation and Technology.

Local authority	Country	Focus – direction of travel	Total grant amount	Name of Interventions/ Options designed	Under implementation	Comments and results/effects so far
Gyumri	Armenia	Cultural Tourism	€225,000	Still under design	0	Design of identity, intent and interventions/options for the seed-stage of the portfolio were completed. An in-person bootcamp was held in November 2022. Activation/implementation will begin in early 2023.
Kapan	Armenia	Diversification of economic opportunities	€225,000	Forthcoming in 2023	0	On hold until January 2023 as decided with the Kapan leadership.
Icherisheher	Azerbaijan	Heritage in service of societal, economic and innovation challenges	€225,000	Still under design	0	Initial sensemaking and design began, including community listening.
Khirdalan	Azerbaijan	Entrepreneurship and Talent	€225,000	Still under design	0	Initial sensemaking and design began, including community listening.
Alaverdi	Armenia	Cultural Life	€60,000	Improved and sufficient cultural house building conditions	€60,000	Testing of misc. cultural events as part of the journey to find best match. Design of cultural house done and tender process ongoing. Content of culture house activities under design (through public hearing). Approx. additional USD 170,000 mobilized from central government for the culture house.
Ashtarak	Armenia	Public Transportation Mobility	€60,000	Public transport reform	€60,000	Renovating of existing bus stops and procurement for new buses initiated. Finalized transportation system map and plan for the local authority. Approx. additional USD 210,000 mobilized from central government for public transport (bus stops, busses, improvement of roads). Ongoing talks with private entities to build new relationships and supply options.
Charentsavan	Armenia	Public Square	€60,000	Re-imagining central street and center	€60,000	Finalized blueprint and tendering for construction company. Public engagement and hearing around residents' and private sector needs and interest for the urban space – signature space for the amalgamated community.
Cahul	Moldova	Waste management	€60,000	Waste management infrastructure and social engagement activities	€20,000	Partial funds transferred, technical specification ongoing, funds to be spent in early 2023.

Local authority	Country	Focus – direction of travel	Total grant amount	Name of Interventions/ Options designed	Under implementation	Comments and results/effects so far
Călărași	Moldova	Sustainable Waste Collection Platforms	€60,000	3-4 new waste and recycling platforms in the town	€40,000	Tender under drafting, no action taken. Design and options around the new waste collection platforms was vetted with residents. Color coding, public awareness, commercial space for marketing etc. as a result.
Lviv	Ukraine	Life-long education for better integration of IDPs in hosting community	€60,000	Details under design	0	Restarted in late fall 2022. In the middle of the Urban Imaginaries Cohort 2 learning and testing journey. Activation of grant expected after March 2023.
Trostianets	Ukraine	Improved MSMEs support services	€60,000	Details under design	0	Restarted in late fall 2022. In the middle of the Urban Imaginaries Cohort 2 learning and testing journey. Activation of grant expected after March 2023.
Sumy	Ukraine	Digitalization of healthcare services provision	€60,000	Details under design	0	Restarted in late fall 2022. In the middle of the Urban Imaginaries Cohort 2 learning and testing journey. Activation of grant expected after March 2023.
Melitopol	Ukraine	Access to admin services for members of a temporarily occupied community	€60,000	Details under design	0	Restarted in late fall 2022. In the middle of the Urban Imaginaries Cohort 2 learning and testing journey. Activation of grant expected after March 2023.
Poltava	Ukraine	Community greenhouse as public space for interaction between IDPs and host community	€60,000	Details under design	0	Restarted in late fall 2022. In the middle of the Urban Imaginaries Cohort 2 learning and testing journey. Activation of grant expected after March 2023.
Sabail	Azerbaijan	Second Breath – rehabilitation center for women released from correctional facilities	€60,000	Details under design	0	In the middle of the Urban Imaginaries Cohort 2 learning and testing journey. Activation of grant expected after March 2023.

Local authority	Country	Focus – direction of travel	Total grant amount	Name of Interventions/ Options designed	Under implementation	Comments and results/effects so far
Naftalan	Azerbaijan	Community space for under privileged families	€60,000	Details under design	0	In the middle of the Urban Imaginaries Cohort 2 learning and testing journey. Activation of grant expected after March 2023.
Mingachevir	Azerbaijan	Transition to LED lighting at household level	€60,000	Details under design	0	In the middle of the Urban Imaginaries Cohort 2 learning and testing journey. Activation of grant expected after March 2023.
Urva	Azerbaijan	Development of tourism destination route and promotion of locally produced goods	€60,000	Details under design	0	In the middle of the Urban Imaginaries Cohort 2 learning and testing journey. Activation of grant expected after March 2023.
Samtredia	Georgia	Developing sports facilities and new identity of the city	€60,000	Rehabilitation of the swimming pool, Space for children	$30,500	After a high number of consultations and outreach to residents, municipality has purchased construction/technical documentation for rehabilitation of indoor swimming pool to serve the needs of the locals and neighbouring communities. The municipality will cost share part of the reconstruction.
Tskaltubo	Georgia	Developing vibrant cultural and social space	€60,000	Establishment of a Cultural Hub, Engaging small entrepreneurs in cultural event	$29,800	Tender processes ongoing, several cultural events conducted along with outreach and stakeholder engagement, including private sector, for the best possible design of the outdoor cultural space. Now arranging educational corner in the Museum, and an additional facility of the cultural hub they are creating. Also partly cost shared by municipality.
Poti	Georgia	Arranging central park, increasing its accessibility	€60,000	Park multifunctionality, adapted public space for all	$30,500	Tender processes ongoing, including for design of facilities for children with different abilities, and new adapted swings etc.
Rustavi	Georgia	Promoting green entrepreneurship among youth through applying innovative approaches; developing environmental services	€60,000	Metaverse academy simulation, High tech learning course	$59,930	Tender and design ongoing, including Rustavi Metaverse Academy for green entrepreneurship development, and youth engagement in the provision of sustainable environmental services for residents.

Please note that more details of above-mentioned interventions will be made available once the local authorities officially report in Q3 of the funds disbursed.

Difficulties encountered and measures taken
Slight delay as noted earlier due to contract processes, speed and contextual realities at the different municipalities, and changing needs on the ground. UNDP and partners applied as much flexibility and adaptability to listen to needs of the municipal teams and what was of value and relevance within their local contexts.

Changes introduced
NA

Achievements (vis-à-vis indicators if relevant)
30 seed-funds or grants were designed and committed;more than half of these are were implemented by end of 2022. This number is expected to steadily increase and all to be activated in 2023.

What was the Urban Imaginaries Programme 2022?

The "Urban Imaginaries" 2022 cohort was designed to support small initiatives that seek to reimagine or reinvent key aspects of local living. Funding of up to 60,000 EUR and technical support went to interventions that can help transform the larger city or community context and become catalysts for urban make-over and ensure long-term sustainability and linkages with the overall development of the city to re-think financing and partnerships around the selected area of interest.

What were the Learning Objectives?

Throughout the course of the program participants gained valuable skills and were introduced to new frameworks that enable them to reimagine their local systems or aspects thereof and analyze key challenges from different perspectives:

- Municipal teams redefined the problem - focusing on root causes and not the symptoms - and have identified 3-4 pathways to develop solutions
- Municipal teams gained the ability, tools, and methods to look at urban environments from multiple perspectives, and are more familiar with complexity-informed approaches
- Municipal teams collaborated, exchanged knowledge, and realized the value of learning together
- Municipal teams that moved to the Test and Learn phase tested their solution, iterated it, learned from the process, and identified ways in which they can continue transforming their cities and communities.

Process and who?

The first cohort with 9 municipalities from Armenia, Georgia and Moldova began in early spring 2022. The second cohort of 9 municipalities from Azerbaijan and Ukraine began in late summer 2022. Cohort 1 was at the end of their journey in December 2023 and had begun implementing their solution pathway.

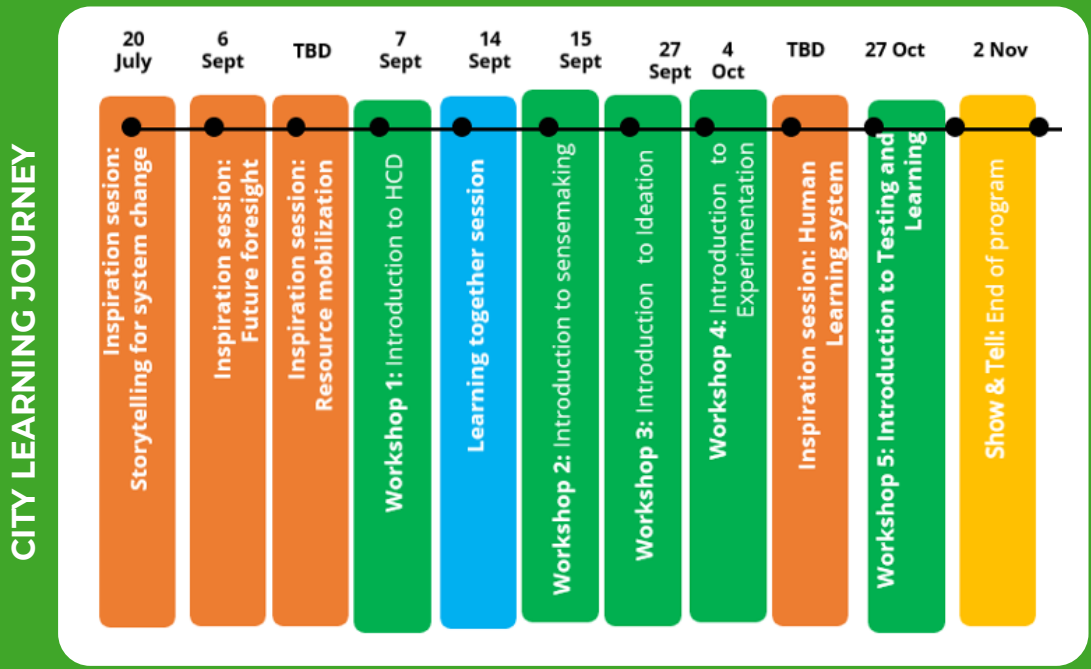


Figure 33 M4EG Urban Imaginaries communication product

OUTPUT 3:
UKRAINE CRISIS EMERGENCY AND REFUGEE RESPONSE, RECOVERY, AND RESILIENCE

This new output in 2022 is a result of the onset of war in Ukraine at the end of February 2022. The regional approach for the Eastern Partnership that was foreseen in the project is currently not possible under the current crisis context, with Ukraine in an armed conflict and the Republic of Moldova continuing to host Ukrainian and other nationalities as refugees. This drastic change in the regional context and frame of operation required an adjusted approach for the regional project going forward.

As agreed with DG NEAR in March 2022 and approved by the Steering Committee, parts of the planned seed-funds and grants under the project were re-designed to support emergency response and early recovery. Hence, a new output will be created for the project: Output 3: Ukraine crisis emergency and refugee response, recovery, and resilience.

This output supports the LAs in Ukraine and Moldova to address the complex and changing realities and effects of the ongoing war in Ukraine. The two states' capacities and capabilities (institutional, political, technical, and organizational) have proven to be resilient since the beginning of the conflict and response. However, protecting and sustaining these capacities for building resilience will be an essential element in responding to the crisis in the immediate and long term.

This proposed additional support under the M4EG intends to offer direct support to local authorities and their partners where the most pressing needs. The first key principle is to build on the ongoing response and renewal initiatives within the local authorities and amplify these rather than bring initiatives from the 'outside'. A second key principle is to support ongoing area-based systemic interventions to urban response, recovery, and renewal, with a whole of society response, allowing also for bottom-up initiatives geared towards more sustainable economies and neighborhoods.

Figure 34 Photo of the first shelter established for IDPs in Lviv municipality of Ukraine, 2022

Activity 3.1 Ukraine Crisis Response (emergency packages, volunteers, online course)

This emergency component under the M4EG seeks to strengthen capabilities of local authorities to provide effective crisis management and coordination in order to address the emergency needs and ensure timely and quality provision of public services for both the host population and the internally displaced. Simultaneously, building on the existing M4EG network and local level partnerships UNDP strengthened the capacity of civil society to absorb and distribute humanitarian and early recovery assistance to IDPs, war-affected communities, and host communities, in particular targeting women, to alleviate the impact of displacement and sustain host communities in the provision of support and services.

M4EG's response is intended for immediate implementation targeted areas, provided that the security situation allows safe access. Target areas include local authorities receiving IDPs (western areas of Ukraine) and the war-affected areas that will benefit from UNDP data collection and information management for aid absorption and enhanced provision of public services.

The assistance was focused on supporting local authorities' efforts of ensuring access to social services and support economic integration of IDPs. UNDP contributed to solutions aimed at addressing challenges to livelihoods, shifting the emphasis from "host community for IDPs" to "host community with IDPs." M4EG received an additional EUR 365,000 for the rapid support to the Ukraine emergency response, which allowed for provision of the following immediate support to M4EG member municipalities:

- IDP shelters equipped to accommodate about 510 temporary and permanent sleeping places (beds, matrasses, pillows, bed linen, etc.), and provided with essential houseware equipment (refrigerators, boilers, washing machines, microwave ovens, etc.), as well as "winterization" items (warm blankets, electric heaters);

- Ten outdoor water dispensers with built-in heating provided to the municipality of Mykolaiv, which is suffering from the outage of water supply, ;
- Support to the municipality of Melitopol, now in exile, to set up of a crisis coordination center with IT equipment (ten laptops with anti-virus software, printers, wi-fi routers, power banks, and external drives for information storage);
- Online course on crisis coordination, response and IDP integration course for local authorities developed in partnership with a leading Ukrainian online course provider, Prometheus; and
- 33 Community Volunteers contracted for periods of 3 to 6 months through the United Nations Volunteer (UNV) modality to keep supporting 49 local authorities in their ongoing local crisis coordination.

Difficulties encountered and measures taken

The security situation in Ukraine, due to the ongoing war, led to shortages on demanded goods, complicated logistics, and damaged power generation facilities, hindering communications with partners on the ground.

Achievements:

In total, M4EG supported 81 LAs within the Crisis Response component, including 49 local authorities supported under the UN Community Volunteers programme, reached 39,099 IDPs, and launched the free online course for local authorities on the essential legal and practical aspects of the immediate crisis response at the local level (IDPs integration, ensuring food security, essential services provision, local economy adaptation, etc.

Figure 35 Photo of Oksana, a UNV working in the Ukrainian municipality of Rivne, 2022

Activity 3.2 Moldova Refugee Response (assessment, procurement, economic integration, municipalities' future readiness)

Context

In light of the ongoing war in neighboring Ukraine, there was an increased number of refugees arriving or transiting Moldova, with over 100,000 refugees still in the country and over 750,000 official border crossing since February 24, 2022.

The majority of Moldovan LAs, signatories of the M4EG initiative, are facing continuous (and growing) pressure to provide basic needs Ukrainian refugees. These host communities and municipalities have quickly responded to the refugees' needs, though capacities and resources are stretched to respond to the crisis while keeping up their existing administrative and service functions. The situation is complex and rapidly changing with high uncertainty. Additionally, Moldova is facing a dramatic energy crisis of its own, a shrinking economy and extremely high inflation of over 35 percent as of December 2022.

The M4EG team in Moldova is in close coordination with the Congress of Local Authorities (CALM) and the National Employment Agency. The expertise offered by these collaborations are invaluable to the efficient implementation of the current refugee response initiative. M4EG members are supported to mitigate the local socio-economic challenges and strengthen their resilience in further management of the refugee response in 2023. M4EG secretariat also supports the inclusion of the local level efforts in the national refugee management and support coordination mechanism.

Implemented activities

1. April-May: Rapid assessments conducted among 30 M4EG member LAs to identify the most affected LAs, their needs, and capabilities. Link to the assessment results.

2. September-October: Field trip was organized to 12 localities of the M4EG network with the biggest number of Ukrainian refugees, selected as a result of the rapid assessment (Dondușeni, Drochia, Bălți, Telenești, Călărași, Ungheni, Selemet, Cimișlia, Cahul, Copceac, Ceadîr-Lunga, Palanca). The purpose of the trip was to meet mayors to discuss challenges and needs LAs are facing while hosting refugees. During the trip, M4EG monitored the delivery of emergency assistance provided (see below for details). . The project team and teams of mayors discussed the upcoming launch of the Call for Local Initiatives within the Response and Renewal Programme for M4EG members in Ukraine and Moldova 2022-2023. Photo report

Key needs and challenges of 12 localities visited within the field trip:

- Unpreparedness of the Government to operate in the Crisis situation at the local level due to sudden influx of refugees.
- Low number of Ukrainian refugees officially employed. Mayors mentioned reasons including: women don't have anyone to take care of their children while they could go to work; some stay in Moldova for 1-3 months and move to EU countries; some work/learn remotely; some do not want to be officially hired as they hope the war will end soon and they will be able to go back home.
- Energy crisis: gas price increase, need for wood supply to low-income families and those hosting refugees, possible electricity and gas supply interruptions during heating season.

• Need of social cohesion activities to lower the tension between local population and Ukrainian refugees, particularly with other local vulnerable populations feeling marginalized by local and international support in favor of Ukrainian refugees.
• Long decision-making process: refugee assistance is managed at the national level under the Ministry of Labour and Social Protection, while refugees and local population go directly to mayors with urgent needs and problems that often require immediate actions.

3. Emergency support provided to 14 localities with the biggest number of refugees from Ukraine, selected as a result of the rapid assessment (Bălți, Cahul, Călărași, Cărpineni, Ceadîr-Lunga, Cimișlia, Copceac, Dondușeni, Drochia, Leova, Palanca, Selemet, Telenești, and Ungheni) in terms of equipment and assets to improve living and sanitation conditions. The support targeted refugee centers with a good track record, and supported refugee status upgrade, improve staying conditions, and increase access to basic services). Prior to procurement and delivery of the items, the assessment has been conducted to gather the urgent needs of the selected Las hosting refugees. Based on the assessment results, more than 3,000 refugees and 300,000 local citizens benefited from procured items. Press release

4. 71 refugees from Ukraine are supported in job-search and job-matching, provided with the access to labor market information and mediation services to facilitate their employment, in cooperation with the National Employment Agency. Job Fairs in Balti, Căușeni, Cahul and Ungheni were organized on October 26, November 29, December 1, and December 8 in each locality to offer the possibility of carrying out direct talks with the refugees and local citizens, especially women. The job fairs provided access to the national electronic database of vacancies, information about the services provided on the labour market, advice on labor legislation, and how to start a business, etc. The National Employment Agency, educational institutions, information and professional orientation centers, and NGOs participated in the fair. (1) Press release about event in Balti. (2) Final press release.

5. On October 27 the M4EG launched the Response & Renewal Grant Programme for Moldova and Ukraine. Thirty municipalities from Moldova applied to the Call for Local Initiatives for emergency response to the refugee crisis and long-term recovery of the local economy from ongoing crisis. (1) Press release on the launch (2) Press release on invitation to Call for Initiatives

6. To improve conditions for learning, during Christmas and New Year holidays, as part of the M4EG initiative, gifts boxes were prepared (incl. notebooks, colored pencils, set of pens, rulers and other tools) for 308 school-age refugee children from Ukraine and families. Original post with more photos. The local authorities with the biggest number of refugees where the gifts were distributed are Palanca, Comrat, Dondușeni, Cimișlia and Bălți.

Figure 36 One of many Ukranian children receiving gift boxes of school supplies in December 2022

Activity 3.3 M4EG EU Response and Renewal Programme (launch call for proposal, selection, implementation)

The "EU Response and Renewal Grant Programme for M4EG" is a light fund structure. This additional support under the M4EG intends to offer direct support to city and town authorities and their partners where the needs are the most pressing. The first key principle is to build on the ongoing response and renewal initiatives within the LAs and amplify them rather than bring initiatives from the 'outside'. A second key principle is to support ongoing area-based systemic interventions to urban response, recovery, and renewal, with a whole of society response, allowing also for bottom-up initiatives geared towards more sustainable economies and neighborhoods. It builds on the Agora Framework embedded in the M4EG approach and seeks to support key stakeholders in immediate response and long-term recovery and renewal.

The structure of the programme has two lots:
1. Response & Immediate Recovery – The funding range for each proposal is EUR 30,000-50,000 (no co-financing required). This lot intends to support the immediate needs of people (IDPs and refugees) whose houses, jobs, and businesses were destroyed or affected by the war and small-scale restoration of infrastructure and services, which are critical for the functioning of the local economy and the well-being of residents, within the M4EG LAs. Needs have been identified within the following categories:

• Individual & Household level: addressing the difficulty of individuals and households within the local authority who are trying to adjust into, or back into, social and economic life in a city/(host)community that has been directly affected by the crisis.

• City & Community level: help to re-start a local economy by addressing the immediate needs in the city on the ground, regarding the city structures (smaller intervention around energy, water, mobility, administration, waste, safety structures, etc.), and the immediate capacity needs of LAs.

2. Renewal & Anticipation – The funding range for each proposal is EUR 70,000 – 100,000 (at least 20 percent co-financing required). This lot intends to support local authorities impacted by the war to get on track with their sustainable development pathways and lay foundations for economic recovery, future sustainable growth and modernization of cities and communities. This lot will emphasize the opportunities that may come in a crisis, to re-imagine the role of local authorities and possible solution pathways for an economically and socially thriving town or city space within the planetary boundaries.

• Individual & Household level: supporting longer-term integration of individuals and households (IDPs, refugees, returnees) and their interaction with members of host communities, including how people are communicating and economically linked to one another (e.g., doing business together, exchanging information, form cooperatives, purchasing groups, etc.).
• City & Community level: support smaller-scale renewal initiatives of the built environment in a sustainable manner to create more inclusive and vibrant places that attract, including supporting the re-building of old and sunk infrastructure. To facilitate, communicate, and bring the presence of the "city" beyond its city boundaries, connecting external partners and bringing knowledge and engagement to the city system. Helping LAs build their capabilities on social listening, sensemaking, and future crisis management and anticipation.

The call for proposal for members in Moldova and Ukraine was launched on 27 October 2022, with the deadline on 23 December 2022.
In total, 153 unique proposals from applicants from Ukraine and 30 proposals from members in Moldova were submitted. In Ukraine, 103 partner municipalities representing 22 oblasts submitted their application (92 for Lot 1 and 61 for Lot 2). The total budget requested by the applying local authorities in Ukraine under both lots is EUR 10.8 million of this, the requested support from M4EG is EUR 8.9 million, with the remainder being co-financed by the LAs. The available funds under the Response and Renewal Programme are approximately 10 percent of the requested funding. Applying local authorities suggested actions for Response and Immediate Recovery (Lot 1) include repair of basic infrastructure, equipment of public facilities for public services provision, measures for quick integration of IDPs into the host communities, and various solutions for resolving the issues with electricity supply, including the alternative (solar) energy sources. Under the Renewal and Anticipation (Lot 2), the suggested local initiatives include more forward-looking actions, e.g. establishing local centers for long-term IDP integration, transformation of public spaces and industrial areas, energy efficiency measures (thermo-modernization) of social infrastructure facilities, support to development of specific local industries, etc.

In Moldova a total of 30 proposals (11 for Lot 1 and 19 for Lot 2) were submitted from 25 partner municipalities. The total budget of the local initiatives in Moldova under both lots totaled EUR 4.2 million of this, the requested support from M4EG is EUR 2.2 million. The suggested initiatives for Response and Immediate Recovery (Lot 1) include renovation and construction of buildings to create integrational and inclusive spaces for refugees, social services centers for provision of public services, and consultation in the field of employment and other training for professional orientation. Under the initiatives for Renewal and Anticipation (Lot 2), the suggested local initiatives are aimed towards sustainable business development through support of SMEs and job creation, establishment of social integration centers to provide accommodation and public services to refugees, and creation of crisis centers in order to improve readiness for emergency situations.

Selection of local initiatives under the Response and Renewal Programme will be conducted in February 2023. Criteria for selection includes alignment to the two lots and intention of the M4EG Response and Renewal Programme; relevance vis a vis local plans and objectives; local ownership; proven capability to implement through showcasing similar ongoing or previous seed-funds and feasibility (from the economic, social, technical, and financial points of view) within the given time period; demonstration of innovative methods to address the issue(s) beyond “business as usual”; potential for scaling-up or absorption in local or national context; and cross-sectoral collaboration and cross-cutting themes. Signing of the grants agreements (March-April) will be supplemented by a learning programme (currently under design) including learning sessions on Systems Thinking, Social Listening, Sensemaking, etc. Over the next 6 months the implementation phase will begin, and it is expected that all supported local initiatives will be completed by the end of 2023. The selected municipalities will be supported with targeted consultancy on the various aspects of their initiative’s implementation. In parallel, a series of learning activities will be implemented to strengthen their awareness of the progressive practices in the municipal development based on Agora’s approach.
The M4EG team will ensure monitoring/pulse structure among the implementing LAs, meta portfolio sensemaking, learning briefs produced and shared in-network and beyond, and support to use PowerBi or another online platform to monitor funds, areas, and results.

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MAYORS FOR ECONOMIC GROWTH

MONITORING & LEARNING

Table 5 Indicators 2022 – as updated per inputs in the Appendix 1 Progress Review

#	Indicator / target	Target met (Y/N)	Comment
Outcome 1			
	Increased number of LAs whose initiatives, building on systems approaches, are interconnected within each portfolio (targeting the 12 municipalities implementing the portfolio approach)	Yes	Target for 2022 was 6. There are currently 8 portfolio cities/local authorities either in design or activation phases.
Output 1: EaP municipalities are adequately supported in their participation to the M4EG initiative			
1.1	20 new cities sign up to the M4EG initiative, with a total of at least 320 members	Yes	Total members: 398. In 2022, 134 new members: Armenia: 7 Azerbaijan: 55 Georgia: 5 in 2022 (7 in 2021) Ukraine: 53 Moldova: 12
1.2	30 additional LEDPs formulated	No	As noted in the 2021 Annual Report and above, the Phase I conceptualization of the LEDPs underwent substantial changes to better respond to the complex challenges faced by secondary cities in the EaP countries. It was decided that a comprehensive pilot is needed to better test the new methodology, which took place in Baghdati in 2022 and an updated concept and methodology is ready to be rolled-out in 2023.
1.3	60 additional staff/partners trained on innovative learning approaches, systems thinking, portfolio development (gender-disaggregated as a minimum)	Yes	In 2021: 59 municipal staff and partners trained. In 2022: 62 municipal staff and partners trained.
1.4	12 knowledge exchange and networking events organized	Yes	Total: 31 events. Regional: 7 (Online Show & Tell, 4 Inspiration sessions for network, launch of ULC, launch of Respond & Renewal) Armenia: 4 (National Urban Innovation Day Forum; Portfolio Approach Workshop with UNDP team and stakeholders; two info-sessions on Portfolio Call). Azerbaijan: 6 (Official Launch, 4 regional info sessions for Call for Interest, in-person Show & Tell & Award Ceremony Georgia: 5 (in-person Show & Tell, workshop with portfolio and UI municipalities, investment event, LEDP session, Best Practice Program Annual Event) Moldova: 7 (Show & Tell in-person event w/7 Mayors), Mayors Retreat, info session with all members, and + 4 job fairs) Ukraine: 2 (launch of online course on crisis response and IDPs integration, national webinar on Response and Renewal Programme)
1.5	25 advocacy and outreach initiatives each year to increase awareness of citizens about EU support to local authorities in selected countrie	Yes	Exceeds target. In 2022, 674 media pieces. The overall coverage is at least 413,531 people.

#	Indicator / target	Target met (Y/N)	Comment
Outcome 2			
	Increased percentage of local authorities staff that have applied good practices from other municipalities (targeting all the local authorities who participate in the initiative)	TBC	Percentage target for 2022 is 10 percent. This indicator aims at capturing whether and how knowledge exchange is happening because of the initiative (training, platform, communication efforts). Target should be all local authorities. However, as the network has kept growing, we do not have a baseline for the number of municipality staff engaged in the initiative and hence the 10 percnt target cannot be confirmed at this point in time. The project team plans to conduct a survey among municipal staff to self-report application later in 2023 or 2024.
Output 2: Municipal pilot projects building on existing LEDPs are successfully implemented			
2.1	4 local authorities have implemented portfolio methodology	Yes	On track. So far 4 local authorities have designed their portfolio and is ready to implement the seed funds/grants. Although on track in 2022 and in 2023, the total number of portfolio cities by end of project is expected to be 12. This is a 2 year long design and implementation journey for each city, where 10 have already been selected and 9 out of 10 have begun. Relatedly, 5 unprogrammed grants (under Portfolio and Innovation grants) where re-purposed for the crisis response in 2022, and hence less funds compared to the planned EUR 225,00 per municipality can be given to the extra two cities. Based on this and new emerging needs, including LEDP 2.0 tailoring and ULC roll-out, the project team proposes to lower the final number from 12 to 10 local authorities by end 2024.
2.2	20 small-scale local level pilot projects on specific issues (e.g., innovation, gender equality)	Yes	On track. Under Portfolio Journey, 14 options have been selected for implementation (amount ranges from EUR 5-40,000) The 13 cities under Urban Imaginaries have each designed their grants and are ready to implement them in September 2022.
Outcome 3			
	Number of the war-affected population with improved access to services and new economic opportunities in supported communities	Yes	Measures the number of residents in M4EG members (host residents, refugees, and IDPs) with an improved situation. The target for 2023 is 50,000 people (residents, displaced, refugees. Considering that more than 60 local authorities were supported with emergency and related assistance in 2022 the project team finds it safe to confirm this target, however, a self-reporting from local authorities supported will have to be done in 2023 and or 2024 to confirm the exact figures.
Output 3: Ukraine crisis emergency and refugee response, recovery and resilience			
3.1	Number of local authorities with strengthened capabilities to address the crisis and enhanced resilience to respond, in the short-term, to related socio-economic issues, including introducing a system thinking approach to response and recovery	Yes	Exceeds, target for 2022 was 30. 49 local authorities in Ukraine. 14 in Moldova. More details under Output 3 below.
3.2	Number of IDPs and Refugees directly (& indirectly) supported (disaggregated as much as possible)	Yes	Exceeds, target for 2022 was 15,000. 15,835 IDPs directly supported in Ukraine. 3,776 refugees supported in Moldova.

Strengthening the LEARNING aspects of M&E

Crafting a SYSTEM LEARNING FRAMEWORK

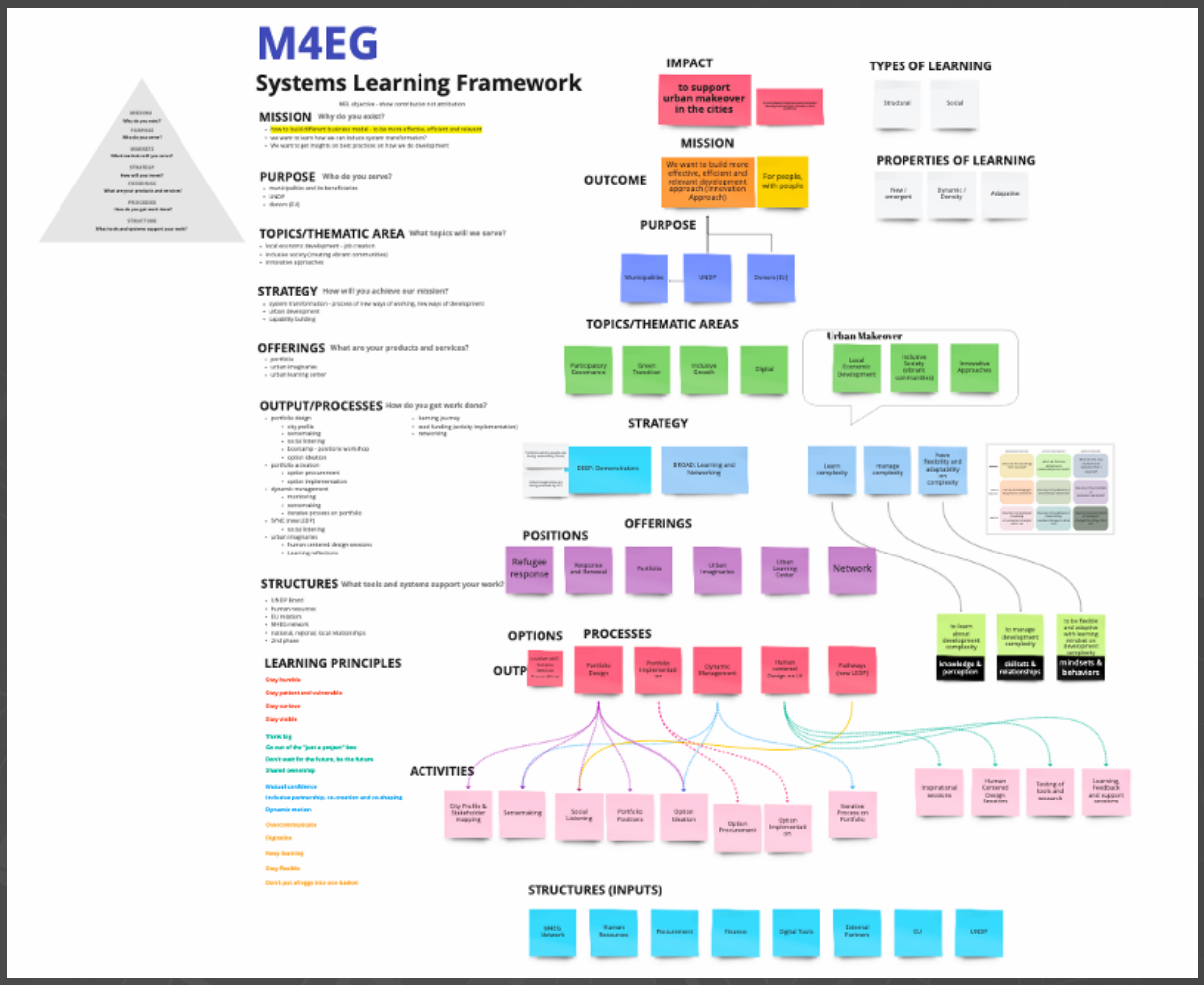

Figure 37 M4EG Systems Learning Framework

As the M4EG contains a vast network of diverse municipalities complex and ever-changing context and development, the project team sought to go beyond the standard monitoring and results chain to gather more intelligence for better project decision-making. Additionally, the M4EG project team's guiding principles highlight the importance of staying curious and dynamic as we engage with the municipalities and the network. A M4EG Systems Learning Framework was developed by the project team in 2022 as an effort to strengthen the learning throughout the project. The M4EG Systems Learning Framework is structured to illustrate the overall mission of the project; the purpose; topics that M4EG cover (i.e., green transition, inclusive growth, digital, and urban makeover); the strategies in the project where we have so-called deep demonstrators and broad networks, products, and services as offerings for the members and beyond; and processes and structures that support our project implementation. The framework has been developed together with the UNDP Quality Assurance Team at Istanbul Regional Hub and will be used as key building blocks to supplement and strengthen the monitoring, evaluation, and learning going forward.

PowerBi – new M4EG Dashboard in 2023

To better visualize the growing network and to monitor project implementation, the project team started to develop a dashboard in fall 2022. The basic framework of the dashboard is finalized, and initial dataset and collection was conducted by end-2022. The software PowerBI, a business intelligence tool for data analysis and visualization, will be used. The dashboard includes key information of the regional and national networks, overview of grants and focus areas, communication figures, and finance related overview. The dashboard is expected to go live in March 2023.

To develop the dashboard, the project team engaged a Business Analyst from UN Capital Development Fund (UNCDF) through the UNDP Virtual Development Assignment Programme (VDAP). The Business Analyst provided training and guidance on using PowerBi for visualization and built the framework of the dashboard.

Internal learning piece on secondary cities in the EaP

As the M4EG Description of Action specifically is to support secondary cities in the EaP, the M4EG decided to carry out an internal research brief to delve deeper into the understanding of 'secondary cities' among the initiative's partners. The research was kicked off in October 2022 and will act as a learning document for the M4EG project team and other relevant partners and will lay out recommendations to fill any learning gaps and possible action points to strengthen the M4EG initiative's relevance.

The brief is qualitative in nature and is only a snap-shot in time. It will first give some background information on the theoretical and general understanding of secondary cities, before delving into more specific themes and other concepts related to secondary cities from an EaP perspective. It will then go on to give a more detailed analysis of the strengths and weaknesses of secondary cities, as well as other issues pertinent to governance, revenue, etc., in the Eastern Partnership countries. This analysis will be undertaken based on a series of interviews conducted recently in the EaP countries. The brief intends to draw on the interviews to see where the challenges and opportunities lie regarding secondary cities in the EaP region. The brief is expected to be finalized in February 2023.

Update on risks and mitigation measures

2022 was marked by the onset of war across Ukraine in end-February 2022. The planned annual work plan and regional focus had to pivot to address the new realities of conflict, with IDPs in Ukraine and refugees in Moldova. LAs selected for learning and seed-funds had to put their engagement on hold to address more immediate needs of residents and those seeking refuge. By the end of 2022, the M4EG had developed a new programme for the crisis called "respond and renewal" as described above under Output 3, while continuing most of the planned programming in Moldova and re-starting the regular programming in Ukraine during fall 2022. Tensions and re-escalations between Armenia and Azerbaijan led to postponing some project activities and implementation of learning and seed-funds as the priorities or capabilities of selected LAs changed. In addition to the stress on local authorities' resources due to the arrival of Ukrainians in the first months of the war, LAs in Moldova also faced a severe energy crisis in 2022. The evolving situation in these countries signified the continued importance of the project to ensure political neutrality in all in-country and regional activities and communication materials and responding to the context and applying a high level of flexibility during implementation. Close liaison with local authorities, UNDP colleagues and partners at the local level as well as good communication flow with the EU Delegation focal point was key.

Depending on national COVID-19 context and regulations, more and more in-country events in 2022 were held in person if the budget or context allowed. The M4EG regional network events continued online to reach and be accessible to most members. All engagement with international technical experts was facilitated through virtual formats, with the exception of two missions (Arup to Georgia for Baghdati pilot, and Chora Foundation to Armenia for Gyumri bootcamp).

Engaging local authorities virtually continues to call for better digital skills of many municipality staff, and, in order, to best facilitate meaningful participation, UNDP opted to purchase equipment (laptops, wi-fi modems) for local authorities' team members as well as conducted ad hoc learning sessions online and in-person, especially in the use of Miro and similar online workshop tools.

Another risk identified in the updated Risk Matrix is the inconsistency between the processes for LEDP 2.0 and existing country level initiatives for municipal development plans. The planned measure here was to carry out selected pilots of the proposed new LEDP 2.0 methodology to ensure that duplication is avoided, and complementarities identified. As seen in the Baghdati pilot, there already exists a similar government approved and required development plan for local authorities, and hence additional discussions and tailoring is needed before a full country roll out takes place. The pilot approach within each country context is suggested for 2023 before any full-fledged roll out of the new LEDP 2.0 methodology.

The updated Risk Matrix can be found in Appendix 6.

Partnerships and Sustainability

2022 was an acceleration year for the project and several providers were on board to support the implementation. Among these were Ove Arup, a well-recognized international consultancy firm, that once began as world renowned architecture company and later expanded to international development and work with cities for systemic change across the world. Climate KIC, a European innovation network working towards a zero-carbon economy, has worked with a high number of cities and towns in Europe, including leading the EU's NetZeroCities initiative, funded by the Horizon 2020 Framework and supporting the European Green Deal. Tallinn University for Technology (TalTech) will bring in both an academic angle and hands-on smart city experience in Estonia and the region. These three partners provide technical support for the new generation of LEDPs and the set-up and first modules of the Urban Learning Center.

Building on the TalTech partnership, the M4EG project team was introduced to the Tallinn City team in 2022 and, after initial discussions, agreed on several activities under the M4EG network where the experience of Tallinn around the municipality's experience in moving toward a green, digital and inclusive transformation can be shared in a "Tallinn North Star Programme" in 2023. Tallinn is the European Green Capital of 2023 and M4EG project team was invited to present its work at the Tallinn Smart City Conference in January 2023.

For the first two cohorts of eight local authorities for the Portfolio Journey, Chora Design was the key technical partner. Chora is a key partner for UNDP globally and regionally on strategic innovation and the application of systems thinking, including portfolio approach, to complex development challenges.

For Urban Imaginaries, the Center for Public Impact, a non-profit that focuses on finding new ways of making governance more inclusive and effective, provided workshops around Human Centered Design and mentoring under the Urban Imaginaries cohorts of 2022.

For the Social Listening Guide, the ALC was contracted in spring of 2022. ALC has considerable experience with social listening and co-creating with communities to build and orchestrate portfolios for social and economic transformation. Their starting point is the lived experience of the metamorphosis of the Basque Country – from violent conflict and environmental degradation more than 30 years ago, to one of the world's most equal societies and home to the world's largest network of worker-owned collaboratives. ALC has codified learnings of the social innovation and community engagement systems and processes that created the conditions for systemic social transformation. ALC has adapted the approaches for diverse contexts around the world and supported cities and regions in 12 countries.

The above providers offer a vast network, experience, and lessons from transformative efforts of towns and cities in the EU and its neighborhood for the benefit of M4EG members.

The project team also established or re-established connections with several organizations and practitioners to help inspire and share lessons of new trajectories of growth and re-thinking towns and urban spaces in the EaP through the national and regional events, including ViableCities in Sweden and Dark Matter Lab based out of the UK.

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COMMS & VISIBILITY

COMMUNICATION & VISIBILITY

The past year saw significant progress in the communications activities performed in support of the project and municipalities. A key highlight was the successful development and launch of the project website, which serves as a central hub for information about the project and its activities.

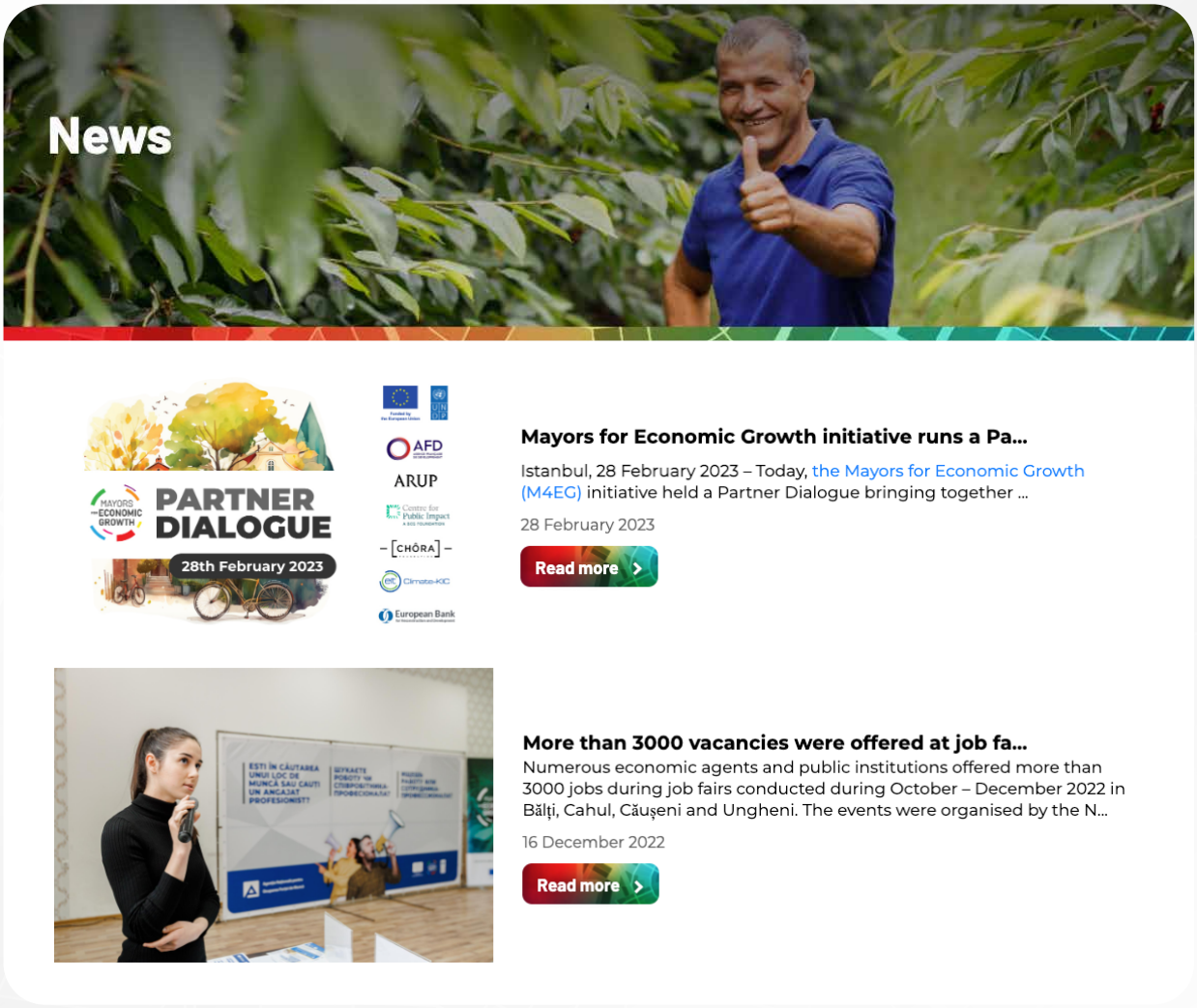

Figure 38 M4EG website News section

A key accomplishment was the production of three videos, which effectively communicated the project's key messages and goals to the targeted audience, helping to increase understanding of the project among local authorities and partners. The first 2-minute graphic video introduced the initiative, the second video introduced and promoted the Urban Learning Center, and the third looked at how a city can be understood as a complex environment. All videos can be accessed on the M4EG YouTube channel.

In addition, the design of ten infographics and two posters was completed, providing a clear visual representation of the various components and offers under the M4EG. These graphics were shared on social media and the project website, helping to further guide and attract active and new M4EG members.

The social media campaigns carried out were also an important aspect of the communications efforts. These campaigns helped to reach a broad and diverse audience by echoing and stressing main offline and online initiatives at regional and country levels. The campaigns leveraged a range of platforms, with significant representation through Twitter, to reach audiences in a targeted and effective manner. Most social media campaigns were built around events, including Show &Tells, the ULC launch, and the new programme of Response & Renewal for Ukraine and Moldova. Additionally, for the 2022 World Cities Day, M4EG launched its "Postcards from cities" campaign showcasing key municipalities' "deep" learning journey and visions.

Figure 39 Postcard from cities campaign, Rustavi's example

The campaign also produced an overarching piece covering the innovative activities of Lviv city during the war. The story went viral, was translated into four languages, and published across various UNDP pages, including HQ website, social media accounts, and partners' webpages.

Figure 40 Cover page of Lviv's story

To cover the Response and Renewal Programme in the Republic of Moldova, M4EG shared various field photos on social media.

Figure 41 M4EG UN Community Volunteer in Ukraine help to distribute humanitarian supply

On the technical side, it should be noted that the team conducted social media mapping and launched a media monitoring tool across EaP countries as well as used Google Analytics for better website tracking performance. Just in the period from December 2022 to January 2023, more than 400 users visited the website.

Figure 42 M4EG team member being interviewed by national media in Azerbaijan

The team continues updating the Guidance Note on Communications and Visibility to streamline various communications and visibility tracks across the five implementing countries. The Guidance Note provides the overall frame, principles, and practical guidance on communication and visibility for UNDP and EU offices supporting the implementation of the M4EG. The Guidance Note is an internal and living document that will be updated throughout the project cycle.

Figure 43 Urban innovation Days in Armenia

Overall, the communications activities performed over the past year were instrumental in advancing the M4EG objectives. With 413,531 people reached in the five targeted countries, the project team ensured a solid representation of its key endeavors.

Figure 44 Jobs Fair for Ukrainian refugees in Causeni, Moldova

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2021 BUDGET & DELIVERY

2021 BUDGET & DELIVERY

During 2022 the planned delivery target was adjusted down to a total of EUR 2,460,753.60[1]. This lower figure is mainly due to some delay in the two main programmes in 2022 (Portfolio Journey and Urban Imaginaries) as selected local authorities were designing and testing interventions prior to release and contracting of the seed-funds. In the case of Ukraine and Moldova, some seed-funds and learning journeys were delayed or had to re-start later in the year due to other more urgent needs of the local authorities.

The following is a snapshot of expenditures in 2021 and 2022 per UNDP unit:

UNDP Unit	Cost incurred (EUR) in 2021*	Cost incurred (EUR) in 2022*
ARM	56,449.47	387,545.83
AZE	25,717.06	91,661.90
GEO	21,954.21	180,769.40
MDA	14,603.43	171,874.12
UKR	33,601.54	366,742.29
IRH[2]	329,169.76	1,262,160.06
TOTAL	**481,495.46**	**2,460,753.60**

*GMS included

[1] Please note that this figure includes the 40% technical advisor cost-shared by UNDP as per the Special Conditions.

[2] Please note that IRH manages the regional technical contracts. The IRH component also includes the co-funded amount of this Action.

Overall key challenges, lessons learned & recommendations

Tensions and the re-escalation of crises, including armed conflict, in the EaP continue to be felt and constitute a high risk and challenge to closely monitor and adapt to going forward. 2022 was marked by the onset of war in Ukraine and the initiative's necessary pivot to re-purpose its support for the new realities on the ground. Considerable time and effort of the regional and national colleagues was necessary to adapt and stay relevant in the evolving context. The additional funding of €1.8m from the EU for the new M4EG component on crisis, recovery, and resilience illustrated the continued relevance of supporting Mayors and their teams at the forefront of change and risks.

Across the board, the local, national, and regional evolving context required the M4EG to stick to its adaptive approach. This included the continued tensions along the Armenia-Azerbaijan borders, which has affected cities in different ways, including human resources availability and capacities for committing to development and design work. In addition, from the outset, local authorities had very different capacities and capabilities, which is affecting their ability to keep up the pace of absorbing and internalizing new ways of working, especially through online work. These challenges led to teams progressing at different paces and occasional adaptation of processes.

The second year of the M4EG Phase II continued to be shaped by the ongoing COVID-19 pandemic, where much of the internal and external engagement and support were provided virtually. Ensuring constructive engagement and necessary digital skills of local authority representatives was a key priority and additional efforts were undertaken to modify approaches and train local authority staff on usage of online document working, including online workshop tools such as Miro.

The cascading effect of COVID-19 pandemic, escalation of conflict, and security measures' impact on national and local level public revenues and fiscal space are felt realities of the local authorities in the network and was echoed as a challenge by the local authorities. A key recommendation is for the project to continue to strengthen the financing and investment focus in 2023 to further explore and unlock economic opportunities. This could entail looking further into the EU's Investment Plan for the Neighborhood more broadly, eliciting stronger engagement from the private sector in the Portfolio Journey, and exploring how to utilize the innovation seed-funds in ways that can further attract financing for the local authorities. To this end, additional resources should be used here in 2023.

The value added of the LEDP 2.0 vis-à-vis other plans and strategies, including some mandated by central governments, continued to be questioned by local authorities and partners. The project team and technical partners have identified several complementary initiatives around local economic development in the implementing countries with a strong focus on avoiding overlaps and creating going forward. Hence, further tailoring and possibly in-depth pilots like the one in Georgia in 2022 should be considered.

As the project introduces change in status quo - new tools, approaches, and mindset shifts around moving from a more traditional project and scientific reductionism approach to one of systems and integrated approach - the project team will continue to put additional efforts on communication, outreach, and advocacy in national languages. M4EG will actively explore more hybrid and in-person meetings when context allows, for a more active co-creation and engagement frame to ensure relevance, absorption, and continued interest among the network members.

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2022 WORKPLAN & FORECASTED DELIVERY

2021 WORKPLAN & FORECASTED DELIVERY

2023 will roll out the major workstreams of the project, with the following expected key highlights:

- Intentional networking and inter-municipal sharing, including online through ULC/Spark-Blue platform, with continued spotlight on the demonstrators, i.e. those implementing grants/seed-funds.
- Financing angle and opportunities for local authorities strengthened through additional resourcing for tailored research around what a M4EG pipeline of investable projects could look like.
- Roll out of four hybrid learning modules under ULC (Foundation, LEDP 2.0., Smart, Green), as well as a new offer on crowdfunding, community listening, and leadership.
- Under Respond and Renewal Programme, selection of proposals and roll out learning and mentoring programme for selected local authorities, support their implementation including through setting up a Community of Practice methodology.
- Roll out the new methodology package for LEDPs, continue tailoring and consider piloting in other countries to ensure the most relevance.
- Offer a follow-up to the Urban Imaginaries Programme with an Advanced Cohort. Several of the exiting 18 municipalities are willing and capable to roll-out a stronger end-user focus/Human Centered Design approach across their service delivery.
- Hold an engaging and substantively strong regional forum in summer of 2023 with a focus on the green transition and resilience.
- Enhanced communication and "voices" from residents, municipal teams, and Mayors on needs and effects during their engagement under the M4EG.

See Appendix 3 2023 Regional Annual Work Plan for more information. Country-level annual work plans are shared and crafted bilaterally with the respective EU Delegation and are made available to all Steering Committee members.

The planned delivery in 2023 is EUR 5.5 m, with the caveat that the realized delivery will heavily depend on where the relevant local authorities are in their implementation of grants/seed funds.

Please see Appendix 4: Annex 3 2023 Budget for more information.

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APPENDICES

APPENDICES

Appendix 1
2022 Progress Overview

Appendix 2
Financial Report for 2022 as per Annex 3 Budget

Appendix 3
2023 Regional Workplan

Appendix 4
Annex 3 2023 Budget

Appendix 5
M4EG Budget Explainer Note #3 (2022)

Appendix 6
Updated Risk Matrix 2023

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2022 ANNUAL PROGRESS REPORT

2021 - 2024

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