



Mayors **for** Economic Growth Facility

Mid-year Progress Brief #1

1st YEAR Jan - June 2021

1. Abbreviations

CfP	Call for Proposals
CfI	Call for Interests
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations, EC
DoA	Description of Action (i.e. the approved project description)
EaP	Eastern Partnership countries
EC	European Commission
EU	European Union
EUD	European Union Delegation
IPSA	International Personnel Service Agreement
IRH	Istanbul Regional Hub (of UNDP Regional Bureau for Europe and the CIS)
LEDP	Local Economic Development Plans
MEL	Monitoring, Evaluation and Learning
M4EG	Mayors for Economic Growth (Facility)
SB	Service Bands
ToR	Terms of Reference
UNDP	United Nations Development Programme

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



2. Content

Basic Data	4
Executive Summary	5
Results	6
Monitoring & Learning	10
Project Kick-off	12
Communication & Visibility	13
Budget & Delivery Target for 2021	14
Appendices	15



3. Basic 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: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine
Reporting period	1 January-30 June 2021
Type of report	Mid-Year Progress Brief 2021
Date of submission	30 July 2021
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, if relevant, and provides an updated workplan and budget for the rest of the year. The progress report builds on the previously shared Inception Report.
Total project cost	€10,294,364
European Union	€10,000,000
UNDP	€294,364
SDG contribution (main)	SDG8: Decent work and economic growth, SDG11: Sustainable cities
Regional Programme Europe and CIS (2018-2021)	Outcome 1: Accelerating structural transformations through more effective governance systems



4. Executive Summary

The overall objective of the action is to enhance economic inclusive growth and job creation by supporting local authorities (LAs) in the Eastern Partnership (EaP) countries to design and implement a new generation of Local Economic Development Plans (LEDP) or its equivalent. This is sought through strengthening capacities of local governments, creating inclusive innovation processes for design of investable projects that correspond to the developed LEDPs, and investing in portfolios of projects, in a way that brings tangible benefits to citizens.

This mid-year brief covers the first six months of the project. A key undertaking was to operationalize the project (Output 3), including recruitment of regional and country level project personnel, where all are on board with a few exceptions. Under Output 1 (M4EG network), UNDP ensured outreach for the EU's CfP under the M4EG initiative; the network of 350 member is being re-vitalized with country-level outreach and updated Membership Form, Principles, and Signatory Forms; the procurement process for revising the LEDP and devising the new Urban Learning Center is ongoing; and the Call for Interest for active members to take part in the 'Portfolio Journey' is ready to be launched.

The project was successfully launched internally with respective EU and UNDP offices (30 April), in Ukraine (30 June), and Georgia (21 July).

The report lays forth a few considerations for the Project Steering Committee on the way forward. The updated regional work plan and budget for 2021 are appended to this report. Country specific work plans (living documents) will be shared bilaterally with the respective EU Delegations in the six countries.

Background and Strategy

Countries of the EaP (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine) are emerging economies with uneven prosperity which makes vulnerability of parts of the population a key challenge. Difficult geographical characteristics, 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 in the external environment, 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 unprecedented popularity: over 400 municipalities across the region had committed to the initiative's objectives, and over 250 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 LED programs already under way in the region. The first phase introduced an integrated approach to local economic development planning. However, these plans have not generated the desired investments for transformation. To achieve this result, the M4EG Facility aims to serve as a platform to enable and learn on transformation. This would entail that the LAs explore how to apply a strategic innovation framework with new tools and methods, including engaging in deep listening (narratives that exist in society), co-creation with diverse groups of

innovators, investors and public servants of bankable projects, 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 project implementation the M4EG network will increase to 350 local authorities, 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 Project Fund (2021), Annual Portfolio Call (2022-2023) and M4EG Innovation Project Call (2021-2023).



5. Results

The overall objective of this action is to enhance economic inclusive growth and job creation in the region by supporting local authorities 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.

OUTPUT 1

EaP Municipalities Are Supported In Their Participation To The M4EG Initiative

Under Output 1, Activity 1.1.1. on **support to the EU Call for Proposals** ([EuropeAid/170157/DH/ACT/Multi](https://ec.europa.eu/eaid/170157/DH/ACT/Multi)) of a total of €10M, two international assessors with solid expertise on local economic and urban development were recruited. The two consultants have assessed the concept notes and are ready to review the shortlisted ones in early fall 2021.

Relatedly, UNDP helped disseminate information about the EU Cfp as well as the new phase of the M4EG to local authorities through its existing country channels and networks. UNDP was subsequently approached by a number of local authorities in EaP countries for additional information. For those now shortlisted, UNDP staff have checked in with the respective LAs and offered to provide technical support for the project proposal development.

To illustrate, in the case of **Armenia**, six municipalities were selected to develop full proposals for the EU's M4EG Cfp. UNDP Armenia reached out to all six to check in on their proposal development and offered support. UNDP was consequently asked to help review the draft proposals once available and provide technical inputs as needed. UNDP also ensured that the list of questions from the six on the proposal development were transmitted to the EU and subsequently addressed.

To revitalize the network, a revised *M4EG Membership Form* and *General Principles of the M4EG Facility – Collaboration with Signatories* (Appendix 6) were finalized and published in English on the M4EG web site (<https://www.m4eg.eu/en/>) and is now being translated to the national languages. The current members will carry over their membership to the next phase of the initiative and have the option to sign up through the new form. The updated General Principles will be shared with all in the network, in addition to reaching out to new possible members. UNDP (as host the M4EG 'Secretariat' in each country) will soon reach out to the existing signatories in order to update the **Signatory/Member Files** ([example on existing web page](#)). The new web page aims to include an interactive map and information of all signatories.

Activity 1.1.2 on **review of the LEDP process and adapting the methodology and review of plans**, was initiated with internal discussions within UNDP on scope and process. As any adaptation and proposed new methodology, including LEDP templates and online platform to host the LEDPs are linked to the forthcoming **Urban Competence/Learning Centre** (Activity 1.2.2), a combined competitive procurement process for both activities is currently ongoing to select suitable provider. The Urban Learning Center is envisioned as the learning and exchange platform between stakeholders, as well as offer visibility to the local authorities. The Center is expected to provide an evolving training programme or packages, including guidance on LEDP 2.0 development, hands-on training on innovative methods (deep listening, leadership, sensemaking, strategic planning and foresight), gender and diversity inclusion, publication of knowledge products and similar. The announcement for bidders to apply was launched on 19 July 2021, and can be found [here](#). A provider is expected to be on board in mid to late-September 2021 to begin the work in close collaboration with the EU and UNDP.

Activity 1.1.3 on **Portfolio development** was initiated with drafting and finalizing the **criteria and guideline development for selection of municipalities** (Activity 1.1.3.1.), appended to this progress brief. An internal *Selection Process Evaluation Guide* was developed to support the selection process. 4-6 local authorities will be selected this year through this Cfl. A minimum 12 local authorities will roll out portfolio approaches and implement a total of 50 pilots over the next four years of the project. The selected municipalities will undergo a 4-6-month design process and implement their portfolios through the funds under the Annual Portfolio Call (Activity 2.1.3).

An international consultant, Mr Sean Dillon Lockie, the current Director and Head of the Urban Transitions and Cities Programme at the [Climate KIC Foundation](#), was recruited to lead this work. A desk study on existing innovation funds criteria was conducted, and an initial workshop with UNDP offices (20 pax) on criteria setting was conducted. The criteria is light but focused and entail inter alia a clear commitment to test new approaches and an open mindset to do innovation; appropriate capacity to do innovation; demonstration of collaborative and inclusive work, including with civil society and residents; consideration and commitment to gender equality aspects; and evidence of positive impact in a previous urban development project or initiative. The *Cfl Guidance Note* and its criteria are now being translated to the national languages, and each country will launch the Cfl process in end July-August 2021 (as long as the project has received endorsement and/or been successfully registered in the country). Each country plans to hold info sessions on the Cfl before their individual country deadline for applications. **Ukraine** was the first country to launch the Cfl (online application form) on 23 July.

Changes introduced and/or difficulties to overcome

UNDP has found that for several members there have been changes in focal points at the Local Authorities, as well as changes in governance structure within the country, all which is to be expected over time. There is also anecdotal information from ad hoc communication with current members that their LEDPs are no longer valid, seeing that their duration was expected to be for 2 years.

To illustrate, in the case of Ukraine, the recent changes associated with implementation of decentralization reform and local elections, which took place in October 2020, had significant impact on the M4EG's targeted municipalities. In some cases, the borders of municipalities, as administrative units, have been changed in line with the new administrative structure imposed at the final stage of the reform, which was preceded by

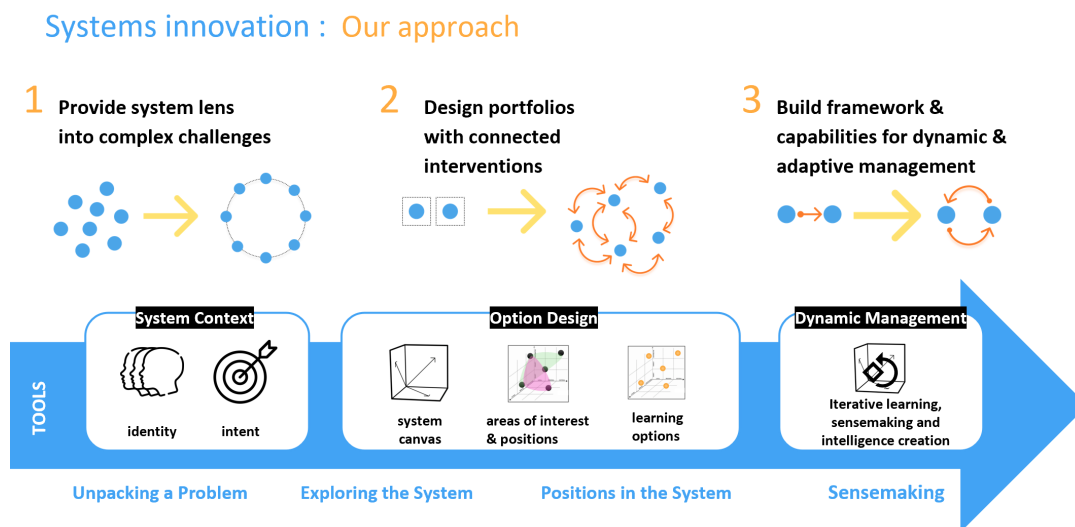
voluntary amalgamation of communities at the earlier stages. Partly for this reason and also due to the short planning horizon (till the end of 2020) of the developed LEDPs, these plans are no longer valid for a number of municipalities. Also, in many of the targeted municipalities, new mayors and their teams have replaced the previous leadership and their team members, including the focal points for M4EG action. Considering these changes, it is advisable to reach out to the existing members of M4EG network asking them to re-confirm their membership, indicating the changes that might have happened in the meantime between the previous and current phases of the project, and also to re-appoint their focal points for M4EG action.

Hence, UNDP has begun to take stock of membership and interest to continue to engage under the initiative, including updating the M4EG Membership/Signatory File for each local authority as noted in a previous paragraph in this progress brief.

OUTPUT 2

Municipal pilot projects building on existing LEDPs are successfully implemented

The **Portfolio Journey Call for Proposals** (Activity 2.1.3) will build on the initial design work of the 4-6 LAs selected (in 2021) through the Call for Interest (ongoing, as noted above). Once selected in the fall of 2021, the LAs will undergo a 4-6 month long process of identifying challenges and designing a portfolio of options that then can be invested in through the CfP. Hence, the CfP will first be launched in the beginning of 2022, to then activate (Activity 2.1.2) and subsequently dynamically manage and carry out sensemaking of the LA portfolio (Activities 2.1.2.1 & 2.1.2.2). UNDP is currently designing the Portfolio Journey methodology as well as identifying existing and future capabilities/resources/providers needed to make this a coherent process across the six countries. Below is a simple illustration of the steps of the portfolio journey process that the selected LAs will undergo.



The Mayors for Economic Growth **Innovation CFP** (Activity 2.1.3) is expected to be launched in end-September 2021, and initial discussions with the EU on criteria, focus, and selection process is ongoing. The above information and suggested process for the CFPs have been agreed with DG NEAR.

Additionally, **the project is now fully operationalized**. The UNDP IRH Regional Project Team is now in place, and close to all country level personnel are onboard and or have been assigned to existing personnel. The below provides the status of recruitment:

- **Regional Project Manager** (P4): competitive recruitment process completed, and the ad interim Project Manager was selected and will officially take upon the role in end August 2021.
- **Project Associate** (SB3): competitive recruitment process completed and person on board.
- **Strategic Designer and Learning Analyst** (50%, IPSA¹): competitive recruitment processes completed, and both are on board.
- **Communication Expert** (part-time): the project is currently 'loaning' the Communication Associate (SB3, 50%) at the UNDP Ukraine Country Office since early May 2021.
- **Procurement Specialist** (IPSA10): as identified and noted in the Inception Report, a short and part time specialist is under recruitment to support the complex procurement processes envisioned in the project to bring on board a diverse set of providers.
- **Country level Project Coordinators** (SB4): recruitment in Armenia and Moldova finalized and expected to be on board in August. The Project Coordinators are already on board in Azerbaijan, Ukraine and Georgia. Recruitment in Belarus is forthcoming after finalization of in-country project registration.
- **Country level Project Associates** (SB3, 50%): have been recruited or been assigned within existing Country Office structures.

The UNDP Innovation Specialist/Adviser (P4, 40% dedicated to the project; funded by UNDP) continues to provide technical leadership to the project.

A full list of all UNDP and EUD focal points will be made available once complete.

In-country registration of projects, as needed, is ongoing. It is expected that this administrative process may be delayed in the case of Belarus and Azerbaijan.

¹ International Personnel Service Agreement; a new human resources contract modality launched by UNDP on 15 February 2021.



6. Monitoring & Learning

2021 is a foundation year for the project where key building blocks will be shaped. This includes adapting the current LEDP methodology and hence the existing M4EG network and learning offers; selection of the first cohort of local authorities that will take on and test the portfolio approach over the next 3 years; and the operational and conceptual set-up of two funds: the Portfolio Call (annually for the selected local authorities through the CfI), and the Annual Innovation Call for all M4EG members. These two funds constitute approximately EUR 4million, to fund 50-70 pilots, over the lifespan of the project.

The proxy indicators, as stated in the DoA, to measure a successful implementation in 2021, are:

- 10 more cities have signed up to the M4EG Facility
- 10 additional LEDPs formulated
- 30 additional staff/partners been trained on innovative learning approaches, systems thinking, portfolio development (gender disaggregated as minimum)
- 10 knowledge exchange and networking events organized
- 25 advocacy and outreach initiatives to increase awareness of citizens about EU support to local authorities in selected countries
- 5 small scale local level pilot projects on specific issues (e.g. innovation, gender equality)

Due to changes in the work plan, the project team would like to highlight that it is unlikely that 10 new LEDPs will be formulated by the end year. The European Commission/DG NEAR and UNDP agree that the concurrent conceptualization of the LEDPs will undergo substantial changes to better respond to the complex challenges faced by secondary cities in the EaP countries. Hence, it is envisioned, through the support of the selected provider, that a new concept and methodology will be offered to the M4EG members, and one that will first be piloted among selected few members to ensure adequate feedback and revising as needed before being offered to the whole network.

Similarly, as the implementation of the Portfolio CfP comes after 4-6 LAs are selected and consequently will undergo a design process that might take up to 6 months, the CfP will be launched and implemented first in 2022.

The project team intends to complement the quantitative indicators above with qualitative methods, including pulse checks and close to real-time feedback loops among stakeholders to monitor perceptions and knowledge, capabilities, and possible behavior change. In addition to bringing innovation and stronger systems thinking into development programming, the project also provides an opportunity to test new configurations of monitoring, evaluation and learning (MEL) functions. Here, the project aims to experiment with the MEL principles presented in a recent thought piece by the Chora Foundation for UNDP.² See the box

² Chora Foundation, Monitoring & Evaluation of Portfolios of Development Options, last revision date 13 February 2021.

on the right for more information on these principles.

The designated person for MEL in the project is currently assessing the applicability and exploring to build a framework. The basic outline of MEL framework for portfolios has been identified and being further developed to ask on these three key properties of an effective portfolio, which are:

1. How emergent is the portfolio? E.g., what are emerging connections, interactions, and insights as a result of the portfolio? (In both quantitative and qualitative measures of recorded number of interactions and assessments).
2. How dynamic is the portfolio? E.g., does the portfolio communicate and function in a timely manner? (Frequencies and timespan of each portfolio option.)
3. How adaptive is the portfolio? E.g., based on the insights and intelligence from the emergent and dynamic properties of the portfolio, has the portfolio been perceptive and adaptive to these key learnings? (Decision-making and the evolution of a portfolio throughout the cycle.)

Proposed Monitoring, Evaluation and Learning Principles (MEL) for portfolios (simplified)

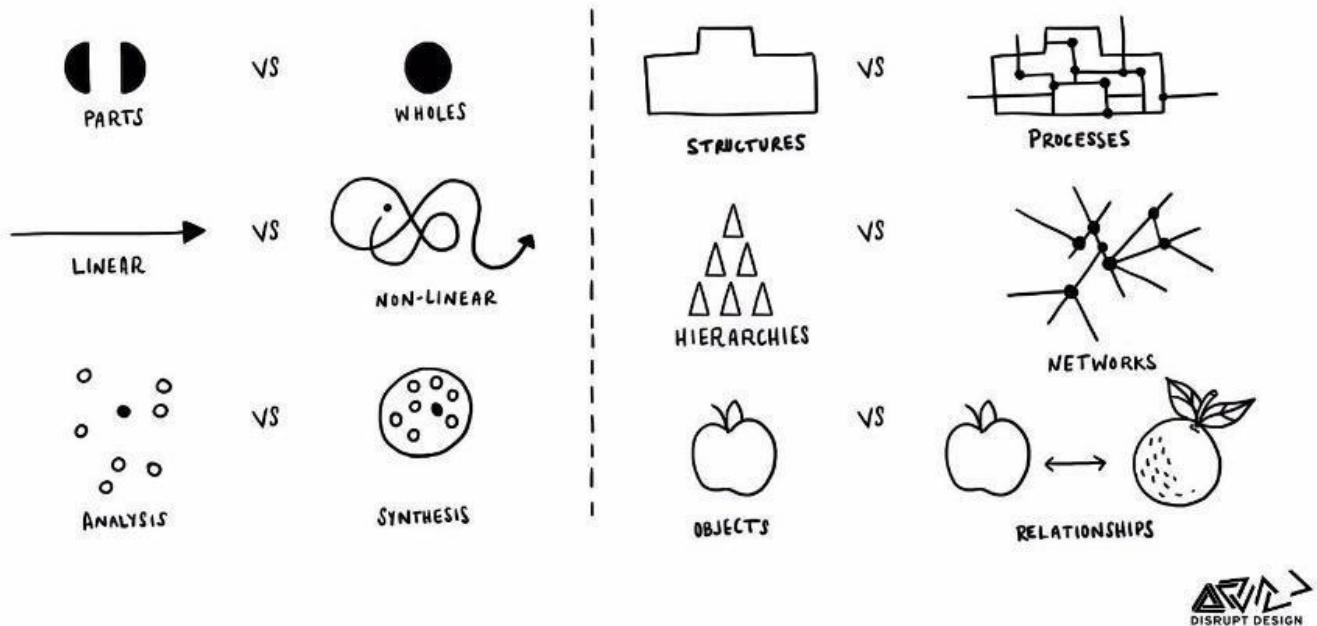
- Embed MEL functions in implementation to enable quicker feedback loops
- A (meta-level) question driven MEL to drive learning (beyond compliance)
- Supplement numbers with qualitative documentation (narratives, storytelling)
- A utilization-focused approach to evaluation where intended users of evaluation is empowered to design the 'how'
- Visuospatial representation of portfolios for systemic observation of problem space
- Starts small and not over-engineer the MEL system; be adaptive
- Learn.

There are for now no further updates to the existing risk matrix. Risks are monitored at regular intervals, in close communication with DG NEAR.

2021 also constitutes a year of **deep learning** for EU and UNDP to enhance knowledge and capacities on systems thinking and moving portfolio approaches from the edge to the mainstream of our work.

As announced at the Internal Launch of the project and seen in the updated regional work plan, the EU and UNDP conducted a Portfolio Thinking Induction Course ([overview](#)) for EU and UNDP colleagues working on the project. Six online interactive sessions were held between 8 June to 13 July. A total of 25 colleagues participated in these sessions and now has enhanced their understanding of the world as complex and consisting of systems.

TOOLS OF A SYSTEM THINKER



Feedback from the participants confirms that the course offered fresh perspectives on:

- Seeing development issues, and the world at large, as complex and the need to apply portfolio and systems thinking to address these;
- The need for shifts in individual, collective and organizational mindsets (and hence identities) when applying portfolio thinking;
- Left with an introductory understanding of the basics of the various approaches, methods and tools in designing, implementing and evaluating portfolios (of options);
- Built inspiration and excitement of applying portfolio thinking in their work.

The course helped build a community and peer support network that can be leveraged during the implementation of the M4EG programme. An [interactive Miro board](#) was used throughout the course and where recordings and presentations can be accessed. Additionally, to document the learning journey and capture reflections, a [public blog series](#) with short write-ups from the participants was created.

The course was a first of its kind at UNDP and designed and carried out by the UNDP IRH Innovation Team (in-kind support) and where DG NEAR and UNDP brought onboard a diverse set of resource persons, including inter alia: Indy Johar, Co-founder and Executive Director of [Dark Matter Labs](#), Luca Gatti, Director at [Chora Foundation](#), country examples, and practitioners' perspective of various "portfolios" (finance, art, city).

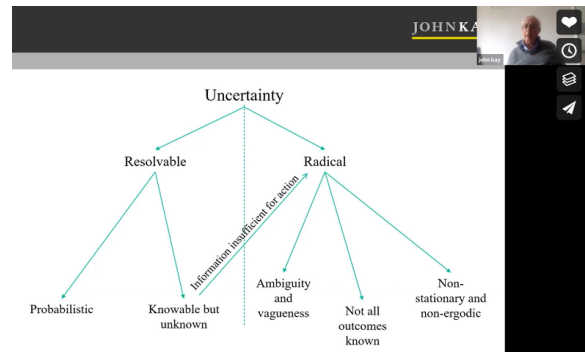
Additionally, around 25 UNDP personnel from the UNDP offices involved in the project now have refreshed their knowledge on EU funded project management through the organization of two learning sessions (mid-July, 4hrs total) by the UNDP Brussels Liaison Office.

7. Project Kick-off

The **Internal Launch** with the relevant EU and UNDP offices was held on 30 April 2021 with close to 90 participants from EU and UNDP offices in all countries. Professor and well-renowned British economist John Kay was the key speaker of the internal launch (recording can be accessed [here](#)).

Country Level Launches will be held in the summer of 2021 in the six countries, timing depending on local country context and joint decisions by the respective EU Delegations and UNDP Country Offices. The

Ukraine launch was successfully held online with approximately 150 participants (86 women, 42 men, 22 corporate accounts) on 30 June 2021 (English recording available [here](#)). The **Georgia** launch was held on 21 July 2021 (recording) with approx. 75 participants online (43% women) and 34 in person (4 women). The Georgia launch also introduced the new Membership Forms and successfully expanded the network with six new members (48 Georgian municipalities were already Signatories).



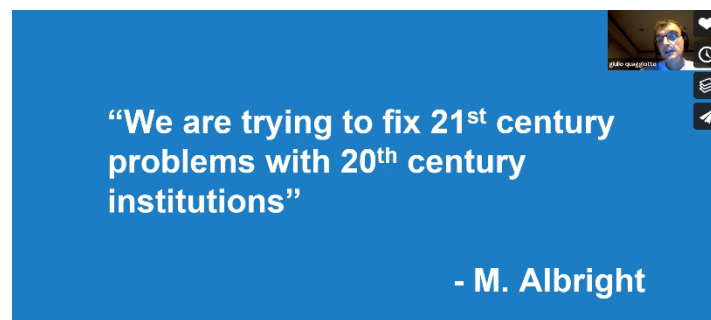
Snapshots of the internal EU & UNDP and country kick-offs in Ukraine & Georgia

The national kick-off in **Moldova** is planned for mid or late September. In **Armenia**, the EU, the governmental counterpart and UNDP mutually agreed to postpone the launch until September given the parliamentary elections in June and new government formation process in the following two months. In the meantime, the project is to informally kick-off on 26th July via Zoom engaging the EUD Armenia, Ministry of Territorial Administration and Infrastructures, and the M4EG Armenia network (both acting and suspended members). The objective of the meeting is to present the project's new phase, objectives, key expected deliverables and upcoming activities for 2021. Timelines for the launches in **Belarus** and **Azerbaijan** are pending registration.

8. Communication & Visibility

In line with Appendix VI – Communication and Visibility Plan, the M4EG Facility team has set up [a living communication plan](#) to be updated on a quarterly basis, revised [visual identity](#) of the Facility, including logos, few printing items, membership and QA forms, during the reporting period. In order to make new communications and visual solutions sustainable, endeavors were drawn up in [the Guidance Note: Communication and Visibility Mayors for Economic Growth \(M4EG\) Facility \(2021-2024\)](#). The guidance note covers the Facility's communication architecture and provides on-hand instruction and mock-ups.

As two countries succeeded in launching the Facility at the national level, the number of informed people started to grow. For instance, about 30, 000 **Ukrainians** were reached with the M4EG related information. Information went viral on social media channels and was covered by two regional digital media. In **Georgia**, more than 8,500 people were covered with information on the Facility launch, and two media hits were achieved in Georgia. The follow-up wave of enquiries in both countries revealed tremendous interest from local authorities. So far, six new municipalities joined the Facility following the kick-off event in Georgia. The project team started media mapping in three countries, namely **Armenia, Georgia** and **Ukraine**, and it is expected that Azerbaijan, Belarus, and Moldova will be assessed by the end of September 2021. Moreover, it was agreed that Armenia, Georgia, and Ukraine COs would provide media monitoring services throughout the Facility implementation cycle. The research of the most suitable monitoring solutions for Azerbaijan, Belarus, and Moldova is still ongoing.



It is planned that the updated Facility website will be developed and tested by the end of 2021/beginning of 2022. Meanwhile, the [existing website](#) will receive several updates, including the Facility logo and the Facility-related documents. Communications efforts will support regional launches and gain media hits in M4EG countries in the following months.

As agreed with DG NEAR, the 1st **Annual Forum** of the M4EG Facility will be held in February 2022.

9. Budget & Delivery Target for 2021

The previous delivery target has been adjusted down to EUR 1.1m. This lower figure is based on the realities of continued online modalities due to the COVID-19 pandemic, recruitment time and onboarding of personnel, the in-kind personnel support provided by UNDP at the IRH, as well as changes in the work plan agreed with DG NEAR.

As noted in the previous *Project Inception Report*, considerable time and effort will be placed on designing the call for funds where the team intends to announce the CfPs for the Innovation funds in end September 2021 with a subsequent selection process, however the actual transfer of funds and implementation of pilots is likely to roll over to 2022 due to administrative processes, including at the country level. Please see *Appendix 3, Note on Budget Updates*, for a brief overview.



Appendices

- Appendix 1:** Updated 2021 Work Plan (living document)
- Appendix 2:** Appendix 3 Budget (updated)
- Appendix 3:** Note on updated Budget estimate for 2021
- Appendix 4:** Call for Interest for 'portfolio municipalities' Guidance Note
- Appendix 5:** (Internal) Guidance Note on Communication & Visibility
- Appendix 6:** Membership Form & General Principles (updated from phase 1 of M4EG)

