

**Study on Results and Impact of Implementation of Local Economic Development Plans in Armenia in 2019-2020**

September 2020

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# INTRODUCTION

The overall purpose of the European Union’s Mayors for Economic Growth (M4EG) Initiative (hereafter the Project) is to support local self-government bodies of the Eastern Partnership countries in playing an active role in local economic growth and job creation in their communities. The Project encourages and supports the mayors of communities of Eastern Partnership countries to design and implement local economic development plans (LEDPs) and strengthens the respective competences and skillset of community heads to implement economic strategies in line with the principles of community good governance and sound financial management.

Since its launch, 74 Armenian communities have joined the M4EG Project, and 27 of these communities have managed to be promoted to the status of M4EG acting members. These 27 communities joined the Project in two phases. The first phase took place in 2017-2018, and 16 communities (Areni, Ashtarak, Martuni, Tashir, Yeghegnadzor, Dilijan, Gyumri, Ijevan, Alaverdi, Sevan, Sisian, Kapan, Vayk, Charentsavan, Meghri and Gavar) were included in the M4EG Armenia team. These communities have developed their LED plans for 2019-2020 and have managed to register different success stories during the first 1.5 years of the implementation of those plans. The second phase (in 2019-2020) followed immediately after the first one. During the second phase, 11 more communities (Akhtala, Akhuryan, Aparan, Etchmiadzin, Metsavan, Kajaran, Artik, Jermuk, Parakar, Vanadzor and Armavir) joined the club of Acting Members, and began implementing their plans from the second half of 2020 onwards.

The purpose of this report is to give more general and comprehensive information on the results regarding the 16 acting members of the first phase of the M4EG Project achieved via the implementation of LED plans and participation in the Project (see the list of participants and the schedule of interviews in Annex 1). The information has been collected through interviews with local economic development officers (LEDOs). Due to restrictions put in place by the coronavirus outbreak, the interviews by the Expert were conducted online and on the phone. The interviews were conducted in Armenian. While conducting such surveys implied coordination difficulties, mutual high responsibility and willingness allowed to carry out the study without flaws.

The interviews were conducted based on the following documents:

* The individual LEDPs submitted by the community, particularly, the action plan and monitoring indicators.
* The monitoring report submitted in July 2020 regarding the implementation of the individual LEDPs.

Within the framework of this Project, interviews with LED officers were conducted over August-September 2020. The discussions were conducted based on a questionnaire and guidance provided by the M4EG Secretariat.

The purpose of this study has been positively accepted by the LED officers of all member communities and they have showed high willingness in accepting the invitation to participate in the interview. The average duration of the interviews was 70-80 minutes. Immediately after each interview, a one- or two-page record was created and submitted to the interviewees.

Interviews with the LEDOs went smoothly. M4EG Country Coordinator in Armenia, Mr. Sevak Hovhannisyan, and junior expert Lilit Apyan have had significant input in the proper preparation and arrangements of the interviews.

This report has been produced based on the records of 16 interviews conducted in Armenia.

# General Outcomes and Results of Participation in the M4EG Initiative

The purpose of this section is to give an overview of the overall results and key outcomes of participation in the M4EG Project in sectors that directly impact the economy and business environment.

This section focuses on the assessment of the Project’s impact in following five dimensions.

The first subsection gives a brief overview of the input the LED officers have in the economic development of the communities and the change in that input over the project years, due to participation in the Project.

The second subsection focuses on the changes in the relationship and collaboration between staff of municipality administration, business and civilian population as this has crucial importance within the framework of the Project.

Over the years of the implementation of the Project, various events have been organized with the participation of almost all LED officers. Thus, it is particularly important to study the competences and skills of the LEDOs to analyse obstacles to economic development. The third subsection reflects the change and development of those competences in the program period, as well as gives account of the respective events.

The fourth and fifth subsection focus on practice of establishing partnerships on local and international levels, and exchange of experience, as well as reflect to what extent the LED officers have employed them during the implementation of local development plans of the communities.

## 1.1. Contribution of the M4EG Membership to the Economic Development Process in the Communities

Local economic development officers are the people who are authorized to elaborate economic development plans for the communities, implement and assess them. However, on local level, the LEDOs did not fully possess the professional skills, and needed knowledge and skill development. The results of the survey showed that all respondents developed their knowledge in the field of local economic development from the very first day of their participation in the Project. This is thanks to the courses on the development of LED plans as well as the further organization of networking, experience exchange and capacity building activities. All this has contributed to defining realistic and target-oriented goals and actions for supporting economic development in compliance with SMART[[1]](#footnote-1) approach. That is the clear formulation of the goals stemming from comprehensive analysis of the local economy and the needs of the private sector, focusing resources on priority areas, effective use and assessment of time and resources, expansion of opportunities to attain the goals through collaboration with the state, private sector and donor organizations.

As a matter of fact, all communities in Armenia have developed a five-year development strategy, which would mainly include improvement of community infrastructures rather than an economic development component. By participating in the M4EG Project and elaborating economic development plans, the LED officers now pay attention to the economic components of the development plans. The LEDOs have mentioned that, for example, when developing plans of improvement of road infrastructures, attention is additionally paid to the economic impact for businesses in the community. Or when renovating the buildings of educational complexes, it is calculated how many new jobs can be created in that area for locals looking for job.

The results of the survey showed that the M4EG Project has provided the community officials with abilities to develop competitive grant or subvention programs both on state level and on grants announced by donor organizations. The officer from Yeghegnadzor community also mentioned that the subvention or grant applications are developed through a more participatory approach – interviews with local businesses and people, meetings and discussions – something that was never done before the program implementation.

According to the LED officers, prior to participating in the Project, there was a stereotype in the communities that the municipalities do not have a role in the economic development process of the communities. Thanks to the new approaches, the Project helped bringing the communities to become real actors in local economy development. The LEDO of Kapan community noted “the knowledge he gained during the revision of the plan served as a basis for developing plans with economic focus, with the active involvement of representatives of the business community.” As a result, for the first time a program aimed at the development of the IT sector was included in the LED plan.

Within the framework of designing LED plans, the community development officers have gained relevant knowledge and skills paying attention to such areas as collaboration between various stakeholders, assessment and effective use of the community’s resources that will contribute to economic development. Thanks to the LED plans, the interconnection between the community branding and the success of the private sector businesses became evident – how the community brand will impact business development and how a business can benefit from the community branding.

## 1.2. Enhancing Public-private dialogue and collaboration

Before participating in the M4EG Project, the communities had limited connection to private sector businesses. Given the fact that the development of a LED plan within the framework of the Project implied active collaboration with the businesses, local self-government bodies, via the LED officers and mayors have begun to value bilateral relationship and acknowledge its favourable prospects.

Although the businesses in not all communities were open to collaboration, in 80% of cases were recorded active participation of businesses. Branches of financial organizations and NGOs operating in the communities have been more willing to meet and discuss their possible role in the local economic development process.

Collaboration with the local population is not a new thing for communities since when developing the five-year community development strategy, as a matter of fact, public discussions are held in which the local population and NGOs actively participate, voice concerns and come up with suggestions. A vivid example is the collaboration between Kapan municipality, ARK Ecological NGO and Goris Tourism Development Office, which has led to the establishment of a centre aimed at advancing the IT sector.

Another example is Tashir community. Before participating in the M4EG Project, the mayor, within the pre-defined scope of responsibilities, had certain collaboration with the businesses – meetings were held once or twice a month, however, the meetings were mostly of a formal nature. Only thanks to knowledge gained via the trainings under the Project, the LEDO of Tashir community served as a link between the municipality and the businesses, as well as contributed to the acquaintance and collaboration between the businesses. These processes served as a basis for organizing a Cheese Festival in Tashir community. The festival is held annually and has significant impact on both triggering the activities of the businesses and boosting the community image as cheese producer and ecotourism destination.

To trigger public-private partnership as well as with regard to the study and discussion of issues related to the economic development plan, at the initiative of Together for Economic Development NGO operating in Charentsavan, a task force comprised of municipality specialists, businessmen and NGO members was set up. It served as a platform for information and practice exchange.

The collaboration enabled LED officers to come to the conclusion that to ensure sustainable economic development, the local self-government bodies should first cooperate with partners (private sector, NGOs) to improve the local business environment and create conditions for the private sector’s economic development and employment, which will benefit the entire community. Local economic development is more successful when it is based on public-private partnership.

Dilijan community in collaboration with the IDeA Foundation and with support of the European Union has significantly improved tourist infrastructures especially in the field of ecotourism by establishing a modern tourist information centre, 11 hiking trails in Dilijan National Park and an agro market.

Thanks to proactive measures of Areni community, a Diaspora Armenian investor has been implementing a large-scale investment program in the community by establishing a 200-ha vineyard with the goal to embark on winemaking in the future.

## 1.3. Abilities and Skills of Municipal Civil Servants to Analyse Obstacles for Economic Development and Take Relevant Measures

Each of the employees in the municipality bears responsibility for the functions in a certain area. However, only LED officers have full and sole involvement in the local economic development function. According to them, by participating in all the capacity- and skill-building trainings organized within the framework of the Project in Armenia and abroad, presently they do not only successfully employ the skills and knowledge they gained to review, implement and assess the actions in the economic development plan, but also provide consultation for the beneficiaries in the sector. The LED officer of Tashir community has mentioned that despite incomplete education in the economic sphere, he has gained such knowledge thanks to the program that has made it easier to understand economic development issues and find solutions to them through discussions with partners. The activities aimed at exchange of practice with EaP partners are particularly highlighted, via which new ideas and approaches have been gained to contribute to local economic development.

The LED officer of Sisian community has employed the knowledge and experience he gained through capacity building activities to support local businesses to cope with the socio-economic difficulties during COVID-19 outbreak. He and his team conducted research on international best practice and consulted local agribusiness on specific measures to mitigate the risks created by the pandemic.

According to the LED officers, the subvention or grant programs they managed to win over the past two years were thanks to the knowledge they had gained via participation in the M4EG Project. This particularly includes proper presentation of the community development vision, ability to reveal the development constraints, planning of actions, formulation of expected results, etc. The trainings organized within the framework of the M4EG Project helped them to identify the real issues in the communities and find ways to solve them. The capacity building activities reshaped a value system in community governance where the local self-development bodies have begun to attach importance to having dialogue with the businesses, understanding their issues and join efforts for the community development. Thanks to the M4EG local authorities started to carry out activities that were not included in the area of their responsibility before. It was not considered as a function which can/should be implemented by the community administration. For example, Alaverdi community started to match job seekers with employers. It has created a database on job seekers, which helped businesses in recruiting of the new workers.

The workshops and trainings organized within the framework of the M4EG granted LEDOs with very practical knowledge and skills, which has been practically employed. Those activities have also enabled to create a collaboration between the communities and that has contributed to mutual consultations and exchange of information. All economic development officers equipped with new knowledge and skills have immediately shared their experience with partners in municipalities, which has increased the efficiency of the common work.

## 1.4. Use of the Best Armenian and International Practice in Implementation of Local Economic Development Plans

Within the framework of the Project, the experience exchange organized within Armenia and abroad have enabled the LED officers to bring the best programs to their communities from each of the foreign countries and communities. Acquaintance and collaboration with EaP member states were established during the trainings regularly organized within the framework of the program and via joining the M4EG’s FB platform.

The LED Armenia team demonstrates a “chain” approach, which means that it maximally encourages exchange of knowledge and skills with other partner communities. One of the chains of exchange of experience is presented below.

On May 14-17, 2019, within the framework of the Project’s “Staff Exchange” program, Ashtarak community hosted Ms. Gunta Smane, Head of Development and Planning Department at municipality of Valka in Latvia. During her visit, she participated in development of a practical strategy for the PR and Marketing Centre of Ashtarak community, presented the local economic development practice of the municipality of Valka to the representatives of the local business community, NGOs and municipality staff. The LED officer of Ashtarak community asserted that within the framework of that collaboration, significant improvements had been made in the stage of implementation of actions envisaged by the LED plan. In addition, the LEDO and the municipality staff had learnt useful information. Furthermore, the economic development officer has shared his knowledge on local level and visited Tashir and Yeghegnadzor communities, with the goal to get acquainted with the opportunities for the tourism industry in the communities and present the successful practice of Ashtarak community.

Usually a need for collaboration and exchange of practice arises when writing subvention programs for the community. The LED officers provide consulting support for the design of the technical specifications of construction subvention programs, development and implementation of environmental programs as well as clarification of the economic component in the programs. The Armenian Country team provides support for the implementation and assessment of the LEDP. The results of the survey show that the acquaintance and collaboration between LEDOs in Armenia began only after participation in the M4EG Project. Prior to that, there had not been any collaboration between the LEDOs. Currently, the officers have been actively communicating on the M4EG Armenia’s FB page where various LED-related issues are being discussed. M4EG in Armenia Facebook group has 73 members, the majority of which actively participate in the discussion of various issues. Besides general group discussions, the LED officers also hold individual discussions.

According to respondents, one of the best contributions of the M4EG Project is that it granted opportunity to LED officers of various communities to get to know each other and be informed what works are being carried out in various communities in Armenia to boost local economic development, and what approaches the municipal civil servants and the mayors demonstrate.

Before joining the M4EG Project, by participating in activities organized by various international donor organizations, the staff of local authorities had relevant experience in implementing development plans, but thanks to the M4EG all that moved to another level of development.

Unfortunately, in case of Armenia, language obstacles have been a grave limiting factor for establishing cross-country collaboration. Exchange of practice has taken place mostly within the framework of joint events organized by the M4EG Project with the participation of representatives of EaP countries.

## 1.5. Impact of Partner Relationships with Other M4EG Members (Experts, Facilitators) on Further Activities of LEDOs

The M4EG Project has not only given a huge stock of knowledge and skills to the LAs but has also granted them a chance to establish partnerships and friendships with the facilitators, experts and other specialists involved in the program. Speaking about the facilitators, the LEDO of Yeghegnadzor community said that the M4EG trainer, Mr. Alexander Karaev, has provided huge assistance by teaching the techniques and skills required for writing effective programs. After drafting of the LED plan it has further been discussed with the trainer, which shows that collaboration has continued after the training as well.

The trainings have been quite effective, and collaboration with trainers continued after their completion as well. According to the LED officer of Charentsavan community, “This is the philosophy of the program.”

All member communities mentioned that they often take advantage of consultations with M4EG Armenia experts. These played a significant role in designing and implementing the right steps aimed at the economic improvement of the communities by the LEDOs.

## 1.6. Summary of Overall Results

Thus, summarizing the overall achievements of the M4EG Project in Armenia we can highlight the following main positive results:

* The local self-government bodies have gained knowledge and skills to define SMART economic goals for their communities with a transition from pure infrastructure development projects to overall economic development programs or strengthening the economic component in those programs.
* The Project has contributed to establishment and strengthening of the public-private partnership and promoted collaboration.
* The program has enabled to shift the mind set on state level regarding the opportunities and role of local self-government bodies in economic development.
* The function of supporting local economy has become one important duty of Local authorities.
* Over the four years of its activities, the Project has contributed to building relationships and boost exchange of practice between both the local economic development officers within the country and the partners from Eastern Partnership countries. The latter, however, with limited scale.
* Capacity-building activities organized by the M4EG Project have increased the work efficiency of LED officers. The applications for participating in grant or other support programs became more competitive.
* The 16 communities participating in the program have recorded growth in the tourism sector, particularly in winetourism and ecotourism, intensification of improvements and modernization in the agricultural sector, and extended offering of business support services in the communities.

# Specific Outcomes and Results of the LEDP Implementation Process

The purpose of this section is to identify the biggest achievements and challenges of municipalities in implementing the LED plans, lessons learned throughout the program as well as their perceptions about the feasibility of all actions planned to be implemented by the program deadline. This section focuses on the assessment of the LED plan in the following five dimensions.

The purpose of the first two subsections is to identify the biggest achievement and challenges throughout the LED plan implementation. Further on, the feasibility of implementation of actions included in the LED plans by the program deadline are being analysed as well as the effective tools that contribute to the attainment of the goals. At the end, the lessons the municipalities learned and the measures that could be changed upon opportunity are presented.

## 2.1. The Biggest Achievements in LED Plan Implementation

The survey showed there are many success stories, however, some of them have special importance on that list.

**Sevan Business Centre for Innovations**

Sevan community participated and won the EU-announced grant competition on Pioneer projects, becoming the sole winner in Armenia. Within the framework of the pilot project, the Sevan Business Centre for Innovations was established in Sevan city. It has improved the accessibility of small and medium-sized enterprises to business development and support services. The establishment of the centre is one of the key areas of the community’s local economic development plan. “This initiative would be impossible without a proper LED plan that was elaborated within the framework of the M4EG Project,” noted Sevan’s LED officer. The business centre has supported the elaboration of over 60 business plans to start/expand businesses, over 200 people have undergone trainings on entrepreneurship development and other business topics, and a number of network building activities and trainings were organized. Thanks to the newly opened business centre, the community won in the “Business Structure of the Year” category of the “Best Community 2019” awards ceremony organized on November 10, 2019, on the occasion of the 23rd anniversary of establishment of local self-government bodies. As the LED officer says, “The business centre has huge positive impact on the businessmen and employees in Sevan and the region. It has contributed to new knowledge, establishment of business ties and collaboration, expansion of young people’s opportunities to find a job or have career advancement and innovation in business. We are grateful to the European Union, which enabled to transform Sevan community into one of the leading communities of local economic support.”

**Dilijan Tourist Information Centre**

Before participating in the M4EG Project, the city of Dilijan did not have a tourism information centre, and only the knowledge gained within the framework of the program have enabled to establish such a centre. The officer mentions, “Although the Project has not provided financial investment, it has played a huge role in implementation since without the Initiative we did not realize its importance. Today the centre plays a significant role in the development of ecotourism in the community as it enjoys huge tourist interest. The centre provides tourists with comprehensive information regarding the places of interest as well as provides information guides to make tourism easier and more interesting. The centre features modern design solutions, which makes it attractive both for the foreign and local tourists.”

**Charentsavan Community’s Miasin (Together) Platform and Armath Engineering Lab**

One of the biggest achievements of the M4EG Project is the setup of a task force in Charentsavan, comprised of representatives of Charentsavan municipality, businessmen and members of NGOs. This served as the “Together for Economic Development” NGO platform for exchange of information and experience, established in August 2017 immediately after joining the M4EG and particularly also aimed at effectively participating in it. The vision of the platform is to create a community where public and private sectors actively collaborate, support and trust each other to shape a common prospect for the community and more effectively improve the economic quality of the life of the locals. “We want to see an increase in civilian involvement of the business sector, elaboration of a common prospect by the public and private sectors, increase in participation of civil society organizations in economic sectors and sustainability of the process,” said the community’s LED officer.

Along with participating in the M4EG Project, in 2017, Armath Engineering Laboratory was established, where children aged 10-18 get to know science, technology, engineering and mathematics through extracurricular trainings, interesting competitions, and innovation camps. “Our young engineers get a chance to develop, build, test and improve the solutions they created in a safe and joyful environment, in the meantime making new friends and establishing start-ups together,” said the LED officer.

**Tourism Development Strategy of Ashtarak Community**

By participating in the Project, a Tourism Development Strategy was created in Ashtarak community, with a unique concept of guesthouses. Within the framework of the strategy, a network of guesthouses was established and a common development plan was elaborated in collaboration with Ashtarak’s Tourist Development Council. “By analysing the data provided by the executives of restaurants located on transit routes, we noticed that a large number of tourists visit the restaurants but they do not stay overnight in the community. This gap became evident during the elaboration of the LED plan, and it was offered to the people living on transit routes to turn their houses into guesthouses. Thanks to this, there has been a 4-5-fold increase in tourist numbers,” said the LED officer.

**Kapan IT Development Centre**

Kapan community’s officer noted, “The M4EG Project was the incentive that changed the context of economic development plans, triggering the development of industries that had never been considered primary for the municipality. The IT sector is one of them.” In February 2020, the IT Development Centre was established jointly with the ARK Ecological NGO and Goris Tourism Development Office. Twelve young people participated in the centre’s initiatives and contributed to IT development in the community. The establishment of the centre coincided with the outbreak of the coronavirus pandemic; thus, the centre has long not had the chance to widely develop its activities. Now it has reopened and continues its active work in compliance with the rules of the pandemic.

**Other Achievements**

Within the framework of the Project:

* Yeghegnadzor community collaborated with GIZ to roll out dual education in winemaking.
* Trainings for farmers were organized in Areni community in winemaking and intensive agriculture.
* Agromarket was established in Meghri community and important infrastructures for agricultural development were created.
* Collaboration was launched with neighbouring communities – the LED officer of Tashir community (ranked as an excellent LEDP) provided support to Metsavan community to develop a LED plan that has successfully participated in the M4EG Project. On top of that, an agreement was reached on collaboration and joint efforts in the economic development sector.
* Has facilitated exchange of practice: Ashtarak community’s LED officer shared his experience in tourism development with the communities of Tashir and Yeghegnadzor.

## 2.2. Biggest Challenges throughout LED Plan Implementation

The main challenges, which the municipalities involved in the Project faced are listed below.

* 60% of the community respondents noted that on community level they have come across the issue of lack of financial means when initiating actions aimed at supporting local economy and encouraging actions. Lack of funds caused several activities not to be implemented in due time, however, there is no activity that has been cancelled or hold on for an indeterminate time.
* Five LEDOs reported that they encountered difficulties in the establishment of public-private dialogue. There is an issue of common mind set in Armenia - many businessmen prefer to work behind closed doors, staying away from not only other people directly involved in the sector but also the municipality and other stakeholders. This is due to factors such as distrust and pursuit of individual benefit. However, the practice shows that in case of proper communication and formulation of the issues, almost all businessmen have expressed willingness to collaborate.
* Language barriers (knowledge of Russian and English) have been a limiting factor for active collaboration of LED officers with the peers in other countries.
* The 2018 Velvet Revolution in Armenia led to significant structural and staff changes in central, regional administration and local self-government bodies. Many mayors were dismissed, including in 3 of the 16 acting member communities. Despite these processes, only one officer (Gyumri community) was changed in 16 LED member communities, and in general, there have not been significant changes in the LED plan implementation. Nevertheless, the actions included in the plans have not always been approved by the next mayors and were sometimes deemed to be unrealistic. Thus, four of the community respondents have made changes in the LED plan, making them more realistic and achievable.
* Another challenge which the communities came across is also the low level of decentralization, especially with regard to tax revenues. Local self-government bodies do not directly benefit from increasing business activity in the community because all taxes generated by the business go to the state budget.
* In all communities, restrictions due to the coronavirus pandemic have been considered an obstacle to implementing the plans.

## 2.3. Feasibility of Full Implementation of Development Plan Actions by the End of the Program

Monitoring conducted within the framework of the Project has shown that over 75% of 396 actions included in the LED plans of the 16 acting communities have been successfully implemented, while 25% have veered off schedule due to the abovementioned obstacles.

LED officers of 10 communities (Yeghegnadzor, Sevan, Martuni, Meghri, Sisian, Kapan, Tashir, Areni, Gyumri and Dilijan) noted that they successfully implement actions in their plans and that each ensures an implementation range of 80%-100%. The LED officers of Charentsavan, Alaverdi, Ashtarak, Ijevan and Gavar have recorded lower than 70% implementation in the first year of the plan. However, over the last semester they have managed to largely support the implementation of the actions and have reached 75%-80% threshold. Vayk community embarked on the implementation of the plan very actively. However, in the last semester, due to the pandemic, it did not manage to reach 65% of implementation of the actions.

Tourism is deemed a priority area in the communities’ LED plans. It includes also organization of festivals and other mass events. These have also been cancelled due to COVID-19 and will be implemented next year.

Vayk community’s LED officer mentioned, “In the current situation of the pandemic, it is not possible to predict future steps. All face-to-face meetings with possible investors have been cancelled. Raising funds has become even more difficult. However, I do not stop looking for new sources of investments.”

On the whole, the LED officers mentioned that the 2nd semester of this year will be intensive and there is a positive prospect of full implementation of the plans.

## 2.4. Useful Skills and Knowledge that Municipalities Gained during the Project

Among useful knowledge and skills that the M4EG Signatories gained thanks to participation in M4EG Project, the LEDOs mention the following that they believe has been the most effective and useful.

|  |  |
| --- | --- |
| **Table 1։Set of Knowledge Gained by the Municipalities** |  |
| Understanding of the role of the municipality with regard to dialog with the businesses and economic development | 100% |
| Constructive and comprehensive knowledge gained during the elaboration of LED plans | 100% |
| SWOT analysis | 100% |
| Knowledge and skills to develop competitive grant programs | 93.8% |
| Understanding of SMART approach | 87.5% |
| Business assessment and consultation | 75.0% |
| Acquisition of marketing skills | 37.5% |
| Resource estimate | 31.3% |
| Understanding of logic and importance of M4EG pillars | 31.3% |
| Risk planning | 31.3% |

The assessment of the competences of LEDOs (the baseline was done in 2017) showed notable progress in competence level. On average the general score recorded 20.3% growth increasing from 3.29 to 3.96 (maximum score 5). The top five of the 30 competences that recorded the highest progress were the ability to develop a project financial scheme (increased by 41.5%), identification of information needs and sources of information on LED (increased by 38%), development of monitoring indicators and monitoring procedure for an action plan (increased by 37.5%), formulation of a vision and key objectives, for LED (increased by 37%), and Project cycle management (increased by 34.3%). Chart 1 pictures ten competence areas which recorded the highest progress. The results of assessment of all competences are provided in Annex 3.

|  |
| --- |
| **Chart 1։ Individual assessment results of 10 competences of LED officers with the highest progress, 2017-2020** |
|  |
| *Note: Assessment scores from 1 to 5: 1 - I don't understand what it is about; 2 - I have a general understanding of how it works; 3 - I know how it works in theory; 4 - I use it in my practice; 5 - I can transfer my experience to others.*  *Source: Individual assessment of LED officers, 2017-2020* |

## 2.5. Lessons Learned by Municipalities within the Framework of the Project

12 of the 16 communities mentioned that their next LED plan elaboration will be preceded by a more in-depth and comprehensive economic analysis because that accounts for the plan’s feasibility. In addition, more experienced specialists who have a clearer idea of the economic issues and can provide correct priorities will be involved in the elaboration of the plan.

Meghri community’s LED officer noted that the community would no longer be viewed as an institution organizing trainings as there are more specialized organizations to this end. Thus, further on the LED officer will not include this within the community’s functions.

The most important lesson for the Kapan community’s LED officer was the elaboration of actions without having financial means or at least financial arrangements in that regard. “Since the beginning, our community’s LED plan included the establishment of a large technology centre. While implementing the plan, the economic team of the community realized that either that action would remain on paper or clear changes were needed. In the end, we established an IT support centre requiring incomparably fewer investments.”

The LED officers noted that from now on they would take part in practice exchange activities more often and would be more often take the initiative. According to them, those activities should not be short-term but rather long-term as only in that case they can understand the issues and the solutions. The officers also mentioned that their position required continuous self-education in view of economic changes. Thus, taking part in specialized trainings should be an integral part of their work schedule.

## 2.6. Summary of Specific Results

As a result of the survey, it became clear that member communities have faced various challenges when implementing their LED plans, however, these have mostly not hindered proper implementation of the actions included in the plans. LED officers of all member communities noted that they have a myriad of achievements attributable to the M4EG Project. The latter has contributed to professional development of human resources in local self-government bodies, giving them constructive skills and introducing to the international practice. The local self-government bodies have started to have a clearer understanding of their role in dialogues with the business and development of collaboration, which has enabled to establish firm partnership between the community and business representatives. This has contributed to the setup of such economic goals for the community that are mutually beneficial for the community, the businesses and the local citizens.

# 3. Conclusion

The M4EG Project implemented by EU funding has been highly appreciated by all 16 communities. It has had crucial impact on rethinking of the role and functions of local self-government bodies in the context of support for local economic development. It has happened on the level of state/national government as well as on the level of regional administration and local self-government. Already, both the economic development function and the institute of local economic development officer are a key element of local self-government.

An important achievement of the Project on the level of local self-government is the development of knowledge and skills aimed at analysing the local economy through participatory processes, identifying issues, defining priorities, planning steps toward development and support. Unlike other development plans, the LED plans have been a system of precise and practical actions and have included a clear mechanism of monitoring and evaluation of results.

The next important achievement is the introduction of collaborative work approach. The survey showed that only after collaboration within the M4EG Project, the communities have begun to closely communicate with the local businesses and develop mutually beneficial goals aimed at the wellbeing of the communities. This is a huge issue in the entire country and thus requires a comprehensive solution.

An important challenge to increasing the role of local self-government bodies in fostering economic development is the centralization of collecting tax revenues. The tax system should be decentralized preferably in line with the process of enlargement of the communities so that the stirring up of the activities of businesses in the community not only contributes to state budget increase but also is directly linked to the community revenues. The latter will boost relationships between the local self-government bodies and businesses and will enable overall economic development in the entire country.

Active collaboration launched with the community stakeholders with the framework of the elaboration of the plan, in-depth analysis of the economy and the trainings and network-building activities organized by the Project have equipped the LED officers and the municipalities with practical and comprehensive knowledge and skills. This includes capabilities in marketing, developing competitive development projects, conducting SWOT analysis, setting up SMART economic development goals and assessing the risks. Generally, apart from the opportunities given by the M4EG Project or other similar initiatives, LED officers in all communities have limited opportunities of participating in qualification enhancement courses since it is not included in the community budget. As the officers mentioned, without participation in capacity building activities to upgrade their skills it is impossible to ensure local economic development in line with the changes taking place over time. The M4EG Project enables local economic development officers to gain up-to-date skills and knowledge to act more effectively but it should be added to the state functions as well.

The LED officers mentioned that lack of financial means often hinders the fulfilment of the goals and proper implementation of activities of LED plans. Besides elaborating competitive grant projects, they also need to find and engage investors. The communities that are relatively small in size and number of population rely only on the community budget and are not able to implement clear economic actions. On the other side, investors are not very active in making investments in small communities. It is very important to establish an ongoing financing mechanism aimed at economic development in the country (co-financing grants), which will enable to replenish limited resources of local self-government bodies and foster the implementation of economic development programs. Such mechanisms should preferably envisage co-funding of small (EUR 50,000) and medium (EUR 100,000-350,000) projects.

Encouragement and expansion of bilateral and versatile exchange of practice between Eastern Partnership countries is also important as it is a source of acquisition of practical skills and knowledge.

Thus, all respondents affirm that the elaboration and implementation of economic development plans within the framework of the M4EG Project should be an ongoing exercise, as communities perceive it as a document containing clear development steps and a business card to attract foreign investors (especially, the English version of the LED plan).

# Annex 1: List of LED Officers who participated in the survey

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No | Community | Name Surname | Position | Date of Interview |
| 1 | Alaverdi | Karine Simonyan | Local Economic Development Officer | 11.08.2020 |
| 2 | Ashtarak | Arthur Voskanyan | Local Economic Development Officer | 03.08.2020 |
| 3 | Areni | Zemfira Harutyunyan | Local Economic Development Officer | 12.08.2020 |
| 4 | Gavar | Varsenik Khachatryan | Local Economic Development Officer | 31.08.2020 |
| 5 | Gyumri | Karapet Mkhchyan | Local Economic Development Officer | 10.08.2020 |
| 6 | Dilijan | Gohar Davtyan | Local Economic Development Officer | 06.08.2020 |
| 7 | Yeghegnadzor | Ani Grigoryan | Local Economic Development Officer | 03.08.2020 |
| 8 | Ijevan | Ararat Paronyan | Local Economic Development Officer | 11.08.2020 |
| 9 | Martuni | Varazdat Mheryan | Local Economic Development Officer | 10.08.2020 |
| 10 | Meghri | Shushanna Margaryan | Local Economic Development Officer | 06.08.2020 |
| 11 | Charentsavan | Ashot Tserunyan | Local Economic Development Officer | 03.08.2020 |
| 12 | Sisian | Vardan Ivanyan | Local Economic Development Officer | 25.08.2020 |
| 13 | Sevan | Armen Khachatryan | Local Economic Development Officer | 10.08.2020 |
| 14 | Vayk | Aram Hovsepyan | Local Economic Development Officer | 03.08.2020 |
| 15 | Tashir | Hayarpi Kirakosyan | Local Economic Development Officer | 04.08.2020 |
| 16 | Kapan | Hasmik Ghonyan | Local Economic Development Officer | 04.08.2020 |

# Annex 2: List of questions for the interview of LED officers

*Part I. General outcomes and results of participation in the M4EG Initiative*

1. Has being an M4EG member changed your perception of what and how local authorities can do in order to stimulate local economic growth? Explain your answer.
2. Has the participation in the M4EG Initiative influenced the state of the public-private dialogue and interaction with civil society in your municipality? How? Have you built any new local partnerships? Provide examples.
3. Has the participation in the M4EG Initiative influenced the capacity of the municipal staff to analyze local economic development issues and plan respective interventions? How? Provide examples.
4. Has being an M4EG member helped you learn about successful tools and approaches of stimulating LED in other municipalities of your country, or in other countries? Provide examples.
5. Have you built any friendships or partnerships with other M4EG members (experts, trainers, etc.), which you have used in your work afterwards? Give examples.

*Part II. Specific results and outcomes of the LEDP implementation process.*

1. Name your biggest achievements so far in implementing your LEDP (name activities or objectives). Support this claim with measurable numbers. Explain why they are important for your municipality.
2. What were the biggest challenges/failures in implementing your LEDP (apart from the delays and disruptions caused by COVID-19 pandemic)? Try to identify reasons why things didn’t work.
3. What is the probability of achieving the major objectives of your LEDP within the remaining implementation period of your LEDPs?
4. What are the main positive things you have learnt while planning and implementing measures for stimulating local economic growth?
5. What would you have done differently next time? Try to formulate lessons learnt from this experience.

# Annex 3: Individual assessment results of LED officers’ competences, 2017-2020

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| --- | --- | --- | --- | --- |
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| **№** | **Competences** | **2017** | **2020** | **Change** |
| 1. | Identification of the key actors and their roles in the local economic development. | **3.00** | **4.00** | **33.3%** |
| 2. | Identification of information needs and sources of information on local economic development. | **3.23** | **4.45** | **38.0%** |
| 3. | Collection and structuring of “hard” (statistical) information on local economic development. | **3.50** | **4.36** | **24.7%** |
| 4. | Organization and moderation of interviews and meetings with local partners to collect “soft” (informal) information on local economic development. | **3.23** | **4.27** | **32.4%** |
| 5. | Analysis of information, selection of the most important factors and formulation of key findings and conclusions. | **3.23** | **4.27** | **32.4%** |
| 6. | Organization and realization of SWOT analyses. | **3.45** | **4.27** | **23.7%** |
| 7. | Formulation of a vision and key objectives, for local economic development. | **3.32** | **4.55** | **37.0%** |
| 8. | Formulation and planning of practical actions/measures/projects. | **3.36** | **4.45** | **32.4%** |
| 9. | Elaboration of an action plan. | **3.50** | **4.45** | **27.3%** |
| 10. | Development of a financing scheme/mechanism for a project/ program/plan. | **2.95** | **4.18** | **41.5%** |
| 11. | Development of monitoring indicators and monitoring procedure for an action/project/program/ plan. | **2.91** | **4.00** | **37.5%** |
| 12. | Project cycle management. | **3.18** | **4.27** | **34.3%** |
| 13. | Coordination of the different stakeholders (local authorities, business community, NGOs) during a project/program/plan elaboration and implementation. | **3.55** | **4.30** | **21.3%** |
| 14. | Cooperation with regional and national authorities/entities on local economic development issues. | **3.32** | **4.18** | **26.0%** |
| 15. | Development and implementation of activities and services aimed at improvement of the local business environment: local regulations, one-stop-shop services, information and advisory services etc. | **3.27** | **3.82** | **16.7%** |
| 16. | Creation and management of business support infrastructure: business incubator, business/industrial park/zone etc. | **2.55** | **3.00** | **17.9%** |
| 17. | Creation and management of a local/regional business cluster. | **2.55** | **3.27** | **28.6%** |
| 18. | Development and implementation of measures related to municipal property management: land, industrial and office premises etc. | **3.64** | **3.45** | **-5.0%** |
| 19. | Development and implementation of activities related to investment attraction and support for investors. | **3.18** | **3.73** | **17.1%** |
| 20. | Development and implementation of activities and services aimed at work force development. | **3.14** | **3.18** | **1.4%** |
| 21. | Development and implementation of finance products for SME development (credit guarantee funds, credit facilities, support facilities, etc). | **2.77** | **3.27** | **18.0%** |
| 22. | Preparation and implementation of promotion/marketing activities and materials. | **3.09** | **3.27** | **5.9%** |
| 23. | Development and implementation of activities aimed at the promotion of the local business: fairs, exhibitions, study tours etc. | **3.32** | **3.82** | **15.1%** |
| 24. | Development of project proposals for financial support from national authorities/organizations. | **3.45** | **4.00** | **15.8%** |
| 25. | Development of project proposals for financial support from international organizations. | **3.64** | **3.60** | **-1.0%** |
| 26. | Preparation of different kinds of reports: project/program/plan progress reports, monitoring reports etc. | **3.55** | **3.91** | **10.3%** |
| 27. | Preparation of Power Point presentations based on different kinds of documents/reports. | **3.68** | **3.91** | **6.2%** |
| 28. | Presentation of different reports/materials during the working and public meetings, workshops, conferences etc. | **3.73** | **4.18** | **12.2%** |
| 29. | Preparation of specific information for mass media: press-releases, promotional materials, video-clips etc. | **3.32** | **3.55** | **6.8%** |
| 30. | Use of up-to-date communication tools: conference and skype calls, social networks, google groups, messengers etc. | **4.10** | **4.27** | **4.3%** |

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| *Note: Assessment scores from 1 to 5: 1 - I don't understand what it is about; 2 - I have a general understanding of how it works; 3 - I know how it works in theory; 4 - I use it in my practice; 5 - I can transfer my experience to others.*  *Source: Individual assessment of LED officers, 2017-2020* |

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1. SMART stands for specific, measurable, achievable, realistic, and timely. [↑](#footnote-ref-1)