



Funded by
the European Union



GUIDANCE NOTE

DESIGN YOUR CITY'S PATHWAYS FOR ECONOMIC GROWTH P4EG



**NEXT GENERATION OF LOCAL ECONOMIC DEVELOPMENT PLANS
UNDER THE MAYORS FOR ECONOMIC GROWTH (M4EG) INITIATIVE**

ARUP



TAL
TECH



Funded by
the European Union



GUIDANCE NOTE

DESIGN YOUR CITY'S PATHWAYS FOR ECONOMIC GROWTH P4EG



Acknowledgements

This Guidance Note was co-created by Arup, Climate-KIC, Tallinn University of Technology (TalTech), and UNDP for the Mayors for Economic Growth (M4EG) initiative. We are grateful to the many colleagues who contributed to this publication: Luke Thompson, Sean Lockie, Pasquale Capizzi, Tim Hawley, Max Russell and Nicolas Wiecek from Arup, Ralf-Martin Soe, Luiza Schuch de Azambuja and Lita Akmentina from TalTech, Nikhil Chaudhary from Climate-KIC, and Semira Osmanovic and Tina S. Stoum from UNDP. We are also grateful to Pelle Lutken for his critical review and inputs and to our many colleagues from Eastern Partnership countries who reviewed and provided valuable inputs to tailor further this guidance: Tinatin Tkeshelashvili, Mustafa Sait-Ametov, Zhirayr Edilyan, Javid Mammadov, Valentin Croitoru among others, including through a Training of Trainers in September and October 2023. This publication was produced under the joint EU and UNDP initiative M4EG, funded by the EU since 2017 to support local authorities in the Eastern Partnership.

Cover Photo

generated through Midjourney
by Semira Osmanovic.

Design

Natan Aquino

Contact Information

Tina S. Stoum, Regional Project Manager,
tina.stoum@undp.org

December 2023

Copyright © UNDP

All rights reserved

Please cite this resource as Arup,
Climate-KIC, TalTech, UNDP (2023)
"Introduction and Guidance Note:
Pathways for Economic Growth",
2023 Urban Learning Center.

Disclaimer

The views expressed in this publication do not represent those of the member countries of the United Nations, UNDP Executive Board or of those institutions of the United Nations system that are mentioned herein. This publication serves the purpose of disseminating further the existing online course materials for capability development of local authorities and partners. The content represents a snap-shot in time and is expected to be updated based on needs and demands. The designations and terminology employed and the presentation of material do not imply any expression or opinion whatsoever on the part of the United Nations concerning the legal status of any country, territory, city or area, or of its authority, or of its frontiers or boundaries. This publication was funded by the EU, produced under the joint EU and UNDP initiative M4EG, funded by the EU since 2017 to support local authorities in the Eastern Partnership. Moreover, the contents of this publication shall not be taken to reflect the views of the European Union.

ARUP



TAL
TECH

Contents

PART 1 The P4EG 4

- Introduction & Overview of the P4EG 5
- Overview of the P4EG Methodology 10
- Alignment with global frameworks 11
- The P4EG process 11
- Recap of importance and final recommendations 14

PART 2 Guidance Note 16

- What is this guideline about? 17
- Who is this guidance for? 17
- How to use this guidance note? 18
- PHASE 1 – Pathways pre-planning and launch 21
- PHASE 2 - Review of existing plans and global targets 28
- PHASE 3 - Local economic situation assessment & community listening 32
- PHASE 4 – Strategy making 41
- PHASE 5 – Prioritization: actions planning and selection 47
- PHASE 6 – Implementation, monitoring, learning and evaluation 53

CONCLUSION 58

ANNEXES 59



Funded by
the European Union



GUIDANCE NOTE

**DESIGN YOUR CITY'S
PATHWAYS FOR
ECONOMIC GROWTH
P4EG**

PART 1

The P4EG

ARUP



TAL
TECH

PART 1 - The P4EG

INTRODUCTION & OVERVIEW OF THE P4EG

Why a new generation of local economic development plans?

In today's dynamic world, municipalities are at a critical juncture where their choices and actions today will significantly impact their communities for generations to come. Coupled with the high level of unpredictability for future generations' needs, this guide argues for a re-refresh of local economic development planning. Conventional economic perspectives primarily centred around Gross Domestic Product (GDP), have faced increasing criticism for their narrow focus. While GDP is an essential measure of economic activity, it falls short of capturing the broader dimensions of well-being and sustainability that modern communities strive for. As such, the need for a more holistic departure from GDP becomes evident in our pursuit of inclusive and sustainable growth.

This guide also notes that more traditional and standard linear planning processes and documents are no longer sufficient in the face of our complex and ever-evolving global landscape. The uncertainties posed by rapid technological advancements, environmental challenges, and shifting societal dynamics demand a more adaptable and resilient framework. The Pathways for Economic Growth (P4EG) approach acknowledges the need to move away from rigid, one-size-fits-all plans. It embraces an approach that thrives on flexibility, innovation, and continuous learning. By doing so, municipalities are better aided in navigating the complexities of the modern world and creating thriving, sustainable economies that benefit all residents today and in the future.

What is the P4EG framework?

The Pathway for Economic Growth (P4EG) is a strategic framework designed to guide cities and municipalities toward sustainable, inclusive, innovative, and resilient economic development. Founded on the principle of holistic development, P4EG emphasises the social, environmental, and economic factors in local development. Comprising eight building blocks, P4EG provides cities and towns with the necessary framework to set a diagnostic of their local situation, identify key drivers of change, opportunities, stresses, and shocks facing them, and establish prioritised actions allowing municipalities to deliver on the targets set out in their developed vision.

Watch the
introductory
P4EG video here



The P4EG was designed as a resource under the **Mayors for Economic Growth (M4EG)** network in the Eastern Partnership countries, however its relevance and applicability can extend to other places in the world with further tailoring.

P4EG constitutes a “new” generation of local economic development strategies characterised by the following key aspects:

1 Enhanced Local Economic Interactions

P4EG places great emphasis on the intricate dynamics within local economic systems. Fostering collaboration and synergy among various stakeholders promotes a more interconnected and mutually beneficial environment for businesses, communities, and institutions.

2 Comprehensive Assessment of Local Assets

It encourages a broad and thorough evaluation of local assets and challenges. This includes resources beyond tangibles but intangible factors like institutional frameworks and governance structures. Understanding these elements and their contribution to a hyperlocal context is crucial for effective economic planning and development.

What does “hyperlocal” mean?

Under the M4EG initiative, the term "hyperlocal" embodies the idea of combining global knowledge and methods with a keen understanding of the unique strengths and characteristics of a specific community (e.g. financial resources, cultural richness, human potential, local identity). This approach seeks to ensure that development strategies resonate with the distinct needs and aspirations of the local population.

3 Integration of Sustainability and Climate Resilience

P4EG is integral in aligning economic growth with sustainability goals. It advocates for strategies that foster environmental stewardship, enhance climate resilience, and support a transition towards a circular economy aiming for net-zero impact. This ensures that economic development is not only prosperous but also environmentally responsible.

4 Alignment with the European Green Deal Objectives

P4EG draws inspiration from the European Green Deal, aligning with its objectives and strategic positions. This facilitates the integration of international practices and inspirations and allows cities to benefit from a broader community's collective knowledge and experiences.

5 Incorporation of Gender-Responsive Planning

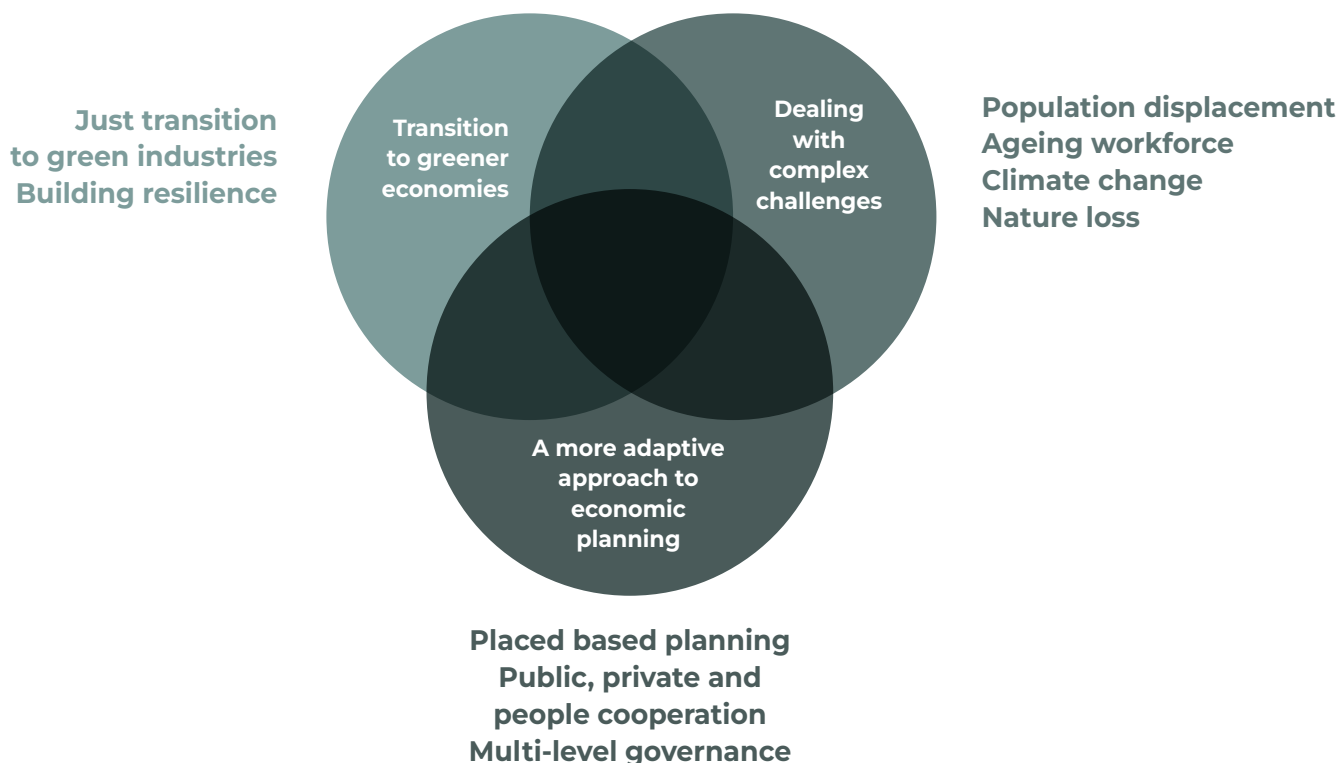
One of the guiding principles of P4EG is the consideration of gender-responsive planning. Economic strategies should address gender-specific needs, creating a more equitable and balanced economic landscape.

6 Emphasis on Place-Based Factors

P4EG emphasises understanding the unique characteristics of a locality and the interactions between various place-based elements. This includes factors such as cultural heritage, social dynamics, narratives and identities, and spatial configurations, all of which play a crucial role in shaping the economic landscape of a city and surrounding areas.

7 Innovation and learning for increased relevance

In any city or municipality, constant changes in internal and external factors require ongoing experimentation with new possible solutions, learning from these and adapting strategies and planning documents accordingly. To ensure accountability and assess outcomes, monitoring of planned activities is crucial. Equally important is the continuous learning process, which involves capturing both intended and unintended effects.



P4EG is an economic planning approach designed to help pivot cities to more sustainable forms of economic growth. As seen here, it promotes a more adaptive approach in dealing with complex challenges. Areas noted are to illustrate and are not all-inclusive.

Moving from “plan” to “pathways”

P4EG substitutes what is often called a 'local economic development plan'. Using "pathways" rather than "plan" in the context of local economic development reflects a fundamental shift in our approach. The term "plan" often conveys a linear roadmap that outlines a predefined sequence of steps and solutions to achieve specific objectives. However, local economies are intricate systems influenced by numerous variables and uncertainties. The inflexibility of a plan may hinder adaptability in the face of unforeseen challenges or opportunities.

Conversely, "pathways" convey a more dynamic perspective. It implies the existence of multiple interrelated avenues for growth, each designed to adapt as new information emerges or circumstances evolve. A pathway is inherently responsive to the complexity and the unknown, enabling municipalities to navigate the ever-changing landscape of local economic development with resilience and sustainability. By embracing pathways, P4EG intends to empower municipalities to chart a flexible and adaptive course based on continuous learning and be better suited to address the complexities of our modern world.

Key concepts and principles of the P4EG

The P4EG builds upon 7 concepts and principles:



URBAN SYSTEM

Any human settlement – metropolis, city, town or village – is an integrated and complex system-of-systems, comprised of sectors, people and hazards, and managed through effective & adaptive governance mechanisms.



PARTICIPATORY STAKEHOLDER ENGAGEMENT

There is increasing ask for public entities to move from consulting with residents and other community stakeholders to active participation and co-creation. This process entails identifying, mapping, and prioritizing stakeholders and effectively communicating with them all along the process of the P4EG development.



SUSTAINABILITY

Meeting the needs of today without compromising the needs of tomorrow by being inclusive and safe, protecting livelihoods and wellbeing, encouraging community development and citizen engagement, fostering access to services, building strong economies and catalysing innovation. Cities need to be aware of the effects of multiple risks related to the climate and nature crisis and the impact of this in the long term if no action is taken.



GREEN ECONOMY

A green economy is defined as low carbon, resource efficient and socially inclusive. In a green economy, growth in employment and income are driven by public and private investments into such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services. The P4EG should engage with businesses to set goals around skills/qualifications necessary to keep pace with new technology, industry regulations, and net-zero ambitions.



INNOVATION & EXPERIMENTATION

In addition to more conventional projects, the municipality is encouraged to invest in prototyping and piloting possible new capabilities, technologies, resources, partnerships etc. By embracing experimentation, municipalities can test and refine approaches, fostering adaptability and resilience while ensuring that their development strategies are tailored to the unique needs and challenges of their communities. P4EG encourages the adoption of a mission-based 'portfolio of options,' acknowledging that in the complex and ever-evolving landscape of local economies, one-size-fits-all solutions often fall short.



RESILIENCE

Urban resilience is the capacity of a municipality's systems, businesses, institutions, communities, and individuals to survive, adapt, and thrive, no matter what chronic stresses and acute shocks they experience.



LEARNING

The Pathways document promotes the implementation of learning loops, the key idea being that learning is not a linear process, but a loop. The four elements of the learning loop are:

- **Learning** – gaining new knowledge, understanding, and retaining it. This includes more intangible insights on what worked or not, and what can and should be adapted.
- **Application** – applying the knowledge learned, learning insights generated to relevant situations.
- **Feedback** – input on how well the knowledge and insights have been applied and hence adapted the activities, projects, partnerships and similar.
- **Reflection** – reviewing progress, planning, and iterating the next cycle.

OVERVIEW OF THE P4EG METHODOLOGY

P4EG provides a structured approach with distinct phases, including pre-launch preparation, reviewing existing plans and targets, conducting a local situation assessment, crafting a strategic plan, action planning, and implementing, monitoring, evaluating, and learning from the outcomes. This holistic approach ensures that all critical aspects of economic growth are considered and provides cities and towns with the necessary tools and resources to drive economic progress effectively.

A vital strength of the P4EG approach lies in its adaptability to situations of limited data availability. It maximises resources by utilising local knowledge, regional trends, and existing national datasets to construct a comprehensive assessment, even when data is scarce. Engaging identified experts, municipal colleagues, and local community and business networks further enriches understanding of the economic landscape. This adaptability ensures that economic growth pathways can be charted, regardless of data constraints, and provides a solid foundation for informed decision-making.

In situations where comprehensive data may be limited, P4EG emphasises resourceful approaches. This involves leveraging local expertise, understanding regional trends, qualitative data approaches, and using existing national datasets optimally.

What are critical success factors?

Strong program management with clear roles and responsibilities of the design and implementation team.

Shaping an appealing vision and crafting a story for change.

Awareness of local, national, and international climate and nature context.

Robust economic sector mapping to reveal strengths and weaknesses, incorporating a comprehensive analysis of skills, education, and businesses.

The willingness of the leadership to engage diverse stakeholders, donors, investors and central government.

The willingness of team and leadership to embrace innovation, think outside the box, and have the ability to think about what the future looks like for the community.

Credible budget for plan delivery, where existing revenue streams and funding and financing opportunities are mapped up front.

Applying the principle of 'building on what you have', in other words, leveraging existing local resources, strengths, identities, and partnerships to drive sustainable development.

Please see the annexed **Quality Checklist** for the suggested minimum quality criteria of your P4EG.

Note on the importance of tailoring the methodology to country context

Adapting the P4EG methodology to national contexts is of paramount importance as it allows for the alignment of local economic development strategies with broader national goals and priorities. By tailoring and translating the P4EG approach, municipalities can ensure that their efforts contribute effectively to the overall economic well-being of the country. This translation encompasses not only language choices but also the contextual adaptation of P4EG tools and methods to fit the unique characteristics and challenges of the region and or country.

In certain country contexts where nationally approved local economic development methodologies exist, a selection of individual P4EG tools and methods can be adapted, rather than the entire methodology package.

Alignment with global frameworks

Using existing tested and approved approaches, the proposed methodology assists municipalities to align with targets set out in globally agreed inter-governmental frameworks, particularly the 2030 Agenda for Sustainable Development, the Paris Agreement, the New Urban Agenda, and the EU Green Deal. You can learn more about the global frameworks in the P4EG course.

THE P4EG PROCESS



PATHWAYS FOR ECONOMIC GROWTH

P4EG

Using existing tested and approved approaches, the proposed methodology assists municipalities to align with targets set out in globally agreed inter-governmental frameworks, particularly the 2030 Agenda for Sustainable Development, the Paris Agreement, the New Urban Agenda, and the EU Green Deal. You can learn more about the global frameworks in the P4EG course.

Step-by-step

Pre-launch phase

The pre-launch phase is the foundational stage preceding plan implementation. Its primary goal is to conduct initial training, assemble the core team, identify key stakeholders, and make necessary preparations for the process. This phase involves taking the Foundation Course of the **Urban Learning Center (ULC)**, stakeholder mapping, and P4EG program or process planning. These tasks are conducted through, e.g., online and in-person training activities, ecosystem or system mapping, and specialised program management tools.

Review of existing plans and targets

This phase aims to gain insight into the broader strategic landscape and current economic trends. It involves scrutinising existing local plans, evaluating regional and national strategies, and understanding targets set by international donors and institutions. This is achieved through literature reviews and systematic document analysis. This process provides a comprehensive understanding of the prevailing economic context, establishing a robust strategic planning foundation.

Local situation assessment and community listening

This step is crucial for understanding challenges, identifying gaps in current practices, and discerning the interrelationships influencing the economy and how people experience living in your municipality. It involves mapping initial factors, rigorous data analysis, and active stakeholder engagement. Utilising ULC modules on the P4EG and Community Listening, along with surveys and workshops and a structured framework for local situation assessment, provides a comprehensive understanding of the local economic landscape and the lived effects of the population.

Strategy making

Strategy-making establishes shared goals and objectives for the economy and envisions the future upon achievement. It involves examining current trends, exploring challenges, and engaging stakeholders. Tools like SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and exploring drivers of change are employed. Visioning workshops facilitate collective ideation, ensuring formulated strategies are both aspirational and realistic.

Action Planning

Action planning generates a concise list of practical actions instrumental in realising the envisioned economic future. This involves formulating an extensive list of potential actions, refining them, and conducting preliminary feasibility assessments. Tools like the Impact Logic Pathway and Multi Criteria Analysis can be employed. A thorough risk assessment and advocacy efforts are deployed to garner stakeholder support and active engagement.

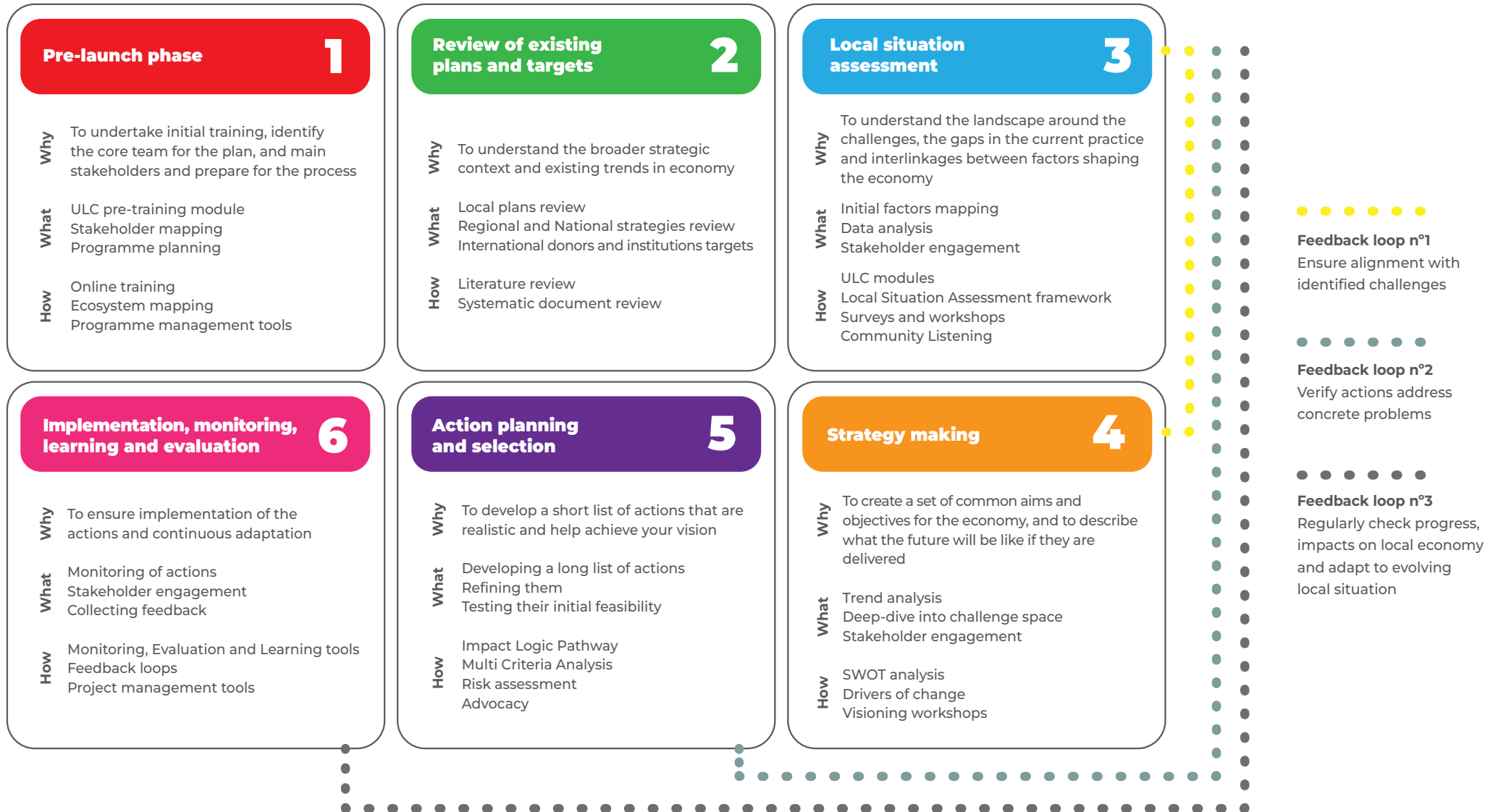
Implementation alongside Monitoring, Evaluation and Learning (MEL)

This phase ensures successful action execution and facilitates ongoing adjustments for optimal outcomes. It involves vigilant action monitoring, stakeholder engagement, and systematic feedback collection. Monitoring, Evaluation, and Learning tools will help monitor effects and progress, and should also include spaces for reflection and learning, both internally within the team and with partners, to better decide what to tweak, stop, and scale as needed. Establishing robust feedback loops from relevant stakeholders, informal as well as formal, and connecting this to decision-making, allows for real-time adjustments.

OVERVIEW OF THE P4EG PROCESS & METHODOLOGY

Figure 2 Summary of the Pathways Process

An overview of the proposed methodology to be followed while developing the Sustainable Economic document. It consists of a six-stage process with several feedback loops to ensure that proposed actions and results are aligned with the local situation's needs and stakeholders' aspirations.



Common risks to consider upfront

While planning and implementing P4EG, several potential challenges may arise:

- 1 Limited Data Availability**
Obtaining comprehensive and up-to-date local data for assessments and decision-making can be challenging, requiring creative information-gathering solutions. Do not shy away from testing new tools and methodologies here.
- 2 Balancing Stakeholder Priorities**
Aligning the diverse interests and priorities of various stakeholders, including national government, partner local governments, businesses, and communities, necessitates effective communication and negotiation. Focus on building relationships and trust to help orchestrate between the many interests among partners.
- 3 Resource Constraints**
Managing limited financial and human resources will require prioritisation and strategic allocation to maximise impact.
- 4 Navigating Regulatory Frameworks**
Adhering to existing regulations and policies, particularly in areas like land use and zoning, may require innovative approaches to policy implementation.
- 5 Integrating Environmental Considerations**
Balancing economic growth with sustainability goals, especially regarding climate change, requires thoughtful resource management and conservation strategies.

The guidance recommends municipality teams to consider this up front and reach out to other municipalities, partners, experts to share notes and explore how any weaker aspects can be embedded in the team or municipalities capacity development and learning plan or similar.

RECAP OF IMPORTANCE AND FINAL RECOMMENDATIONS

P4EG aims for a transformative approach to local economic development, emphasising the dynamic interactions within economic ecosystems. It encourages a holistic assessment of local assets, including tangible and intangible resources, and a deep understanding of governance and institutional frameworks. Crucially, P4EG integrates sustainability and climate resilience, ensuring economic growth aligns with environmental responsibility. Gender-responsive planning is a cornerstone underpinning inclusivity and equity. Drawing inspiration from the European Green Deal, P4EG adopts internationally tested practices while emphasising the unique characteristics of each locality. In essence, P4EG provides a forward-looking blueprint for nurturing resilient, sustainable, and inclusive economic growth tailored to cities' and communities' distinct needs.

Implementing the P4EG requires a strategic and comprehensive approach. In addition to the success criteria shared above, we underline the following to ensure a robust P4EG design and implementation:

1 Multi-Stakeholder Engagement

Foster collaboration among various stakeholders, including government agencies, local communities, businesses, and non-profit organisations. Encourage active participation and input from all parties involved.

2 Policy Alignment

Upstream - ensure the P4EG aligns with national and country-wide plans and objectives. Downstream and horizontal - ensure that local policies and regulations are aligned with the goals of the P4EG. Identify and address any existing barriers or constraints to economic development.

3 Innovation and Technology Adoption

Promote innovation and the adoption of new technologies to enhance productivity and competitiveness in key sectors of the economy. Also, explore how this can be extended to the public sector and the workings of the municipality.

4 Infrastructure Development

Invest in critical infrastructure such as transportation, energy, and digital connectivity to facilitate business operations, service delivery and attract investment.

5 Skills Development and Education

Strengthen educational and vocational training programs to align with the skills needed for emerging industries. This will enhance employability and support the growth of local talent.

6 Monitoring, Learning and Evaluation

Establish monitoring and learning mechanisms, formal and informal, to track progress, effects and learning towards economic growth goals. Regularly review performance and capture learning, internally within the municipality and with partners, and adjust your P4EG as needed.

These six recommendations will help in the successful implementation of your P4EG and sustainable economic growth and prosperity within your city or municipality.

We wish you good luck in your endeavours!

The Mayors for Economic Growth, a joint EU and UNDP initiative, funded by the EU since 2017, supports cities and towns in the Eastern Partnership countries. By fostering robust partnerships and promoting local transformations, the initiative seeks to reshape traditional developmental thinking and encourage sustainable, resilient, inclusive, innovative economic growth within planetary boundaries. The P4EG builds on the learning and evaluation of the first generation of Local Economic Development Plans developed in the first phase of the M4EG (2017-2020).



Funded by
the European Union



GUIDANCE NOTE

**DESIGN YOUR CITY'S
PATHWAYS FOR
ECONOMIC GROWTH
P4EG**

PART 2

**Guidance
Note**

ARUP



TAL
TECH

PART 2 - Guidance Note

WHAT IS THIS GUIDANCE ABOUT?

Visit the ULC
through the
QR code



This Guidance introduces “the how” of designing your Pathways for Economic Growth (P4EG). P4EG is a strategic framework designed to guide cities and municipalities toward sustainable, inclusive, innovative, and resilient economic development. P4EG is founded on the principle that local economic growth should be holistic, considering social, environmental, and economic factors equally. With eight building blocks, P4EG provides cities with the necessary framework to set a diagnostic of their local situation, identify key drivers of change, opportunities, stresses, and shocks facing them, and establish prioritised actions, allowing municipalities to deliver on the targets set out in their development vision.

Municipalities must adeptly manage these complex issues in an era of rapid changes characterised by climate shifts, urban expansion, technological progress, shifting demographics, global pandemics, political strife, and other events and trends. P4EG advocates for a flexible and adaptive 'pathways' strategy over static 'plans' for economic development, ensuring adaptability and resilience in the face of unpredictable global and local landscapes.

This Guidance is a core resource under the EU-funded Mayors for Economic Growth (M4EG) initiative and its **Urban Learning Center (ULC)**.

WHO IS THIS GUIDANCE FOR?

Access the
course through
the QR code:



This Guidance is tailored for municipality staff and external consultants engaged by the municipality. It serves as a hands-on, step-by-step guide for practitioners and partners involved in formulating P4EG. The guidance note was designed for the Eastern Partnership (EaP) and the wider Eurasia region. However, it can be further tailored to other regional and national contexts. Please contact UNDP for more information.

It is important to note that this document offers guiding principles and directions of a general nature. It is not intended to be prescriptive in its application. Municipalities are encouraged to adapt the approach as deemed necessary within their specific contextual framework, ensuring alignment with the essential procedural requisites. This flexibility is provided to accommodate local nuances and needs while preserving the integrity of the overarching process.

This Guidance Note is supplemented by an open-access online course available on SparkBlue in the EaP languages.

HOW TO USE THIS GUIDANCE NOTE?

The following sections follow the P4EG process, from preparation of the official launch to implementation, monitoring, learning and evaluation.

Each of the phases is structured in the same way for ease of understanding and consistency: “What are the objectives of this phase, and why do it?” This introductory section explains why the municipality should try to follow the suggested activities, how they relate to the global objective of the process, and what the specific expected objectives are.

Key objectives – this section lists in a simple way the expected outcomes of doing this phase both in terms of product for the plan and in terms of broader skills and learning developments for the practitioner and the team.

“How to conduct this phase?” – this section provides a clear step-by-step methodology for conducting the phase and various activities:



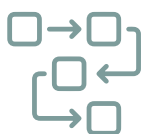
When does it happen?

Provides the timeline within the whole process and the expected duration of the phase



Who is involved?

List the different stakeholders involved in the phase and their roles in the process



What activities need to be undertaken?

Provides a step-by-step detail of the different activities that need to be undertaken to achieve the expected outcome of a given phase



Tips and tricks

Provides any useful tips or additional guidance that can help you in going through this phase, based on others experience of projects and P4EG in-country piloting exercises



Useful tools

Lists all the tools available to you and the team for this phase. This can include additional guidance, modules in the Urban Learning Center, ready-to-use templates for activities, additional sources of information and any useful links



Focus on...

This box will develop a concept that is of particular interest for a given phase and that we highly encourage you to follow

Final Checklist



Key Performance Indicators

This section will provide a simple list of expected outputs to be developed before moving to the next phase.

IMPORTANT NOTE: we understand that there might be phases or activities that you will not be able to perform (e.g., due to lack of data, resources, or time), this should not block you and the development of your P4EG, and by any means you should move on to next phases rather than getting stuck because of a missing output

Output Statement

One sentence statement of what is the expected product of this phase

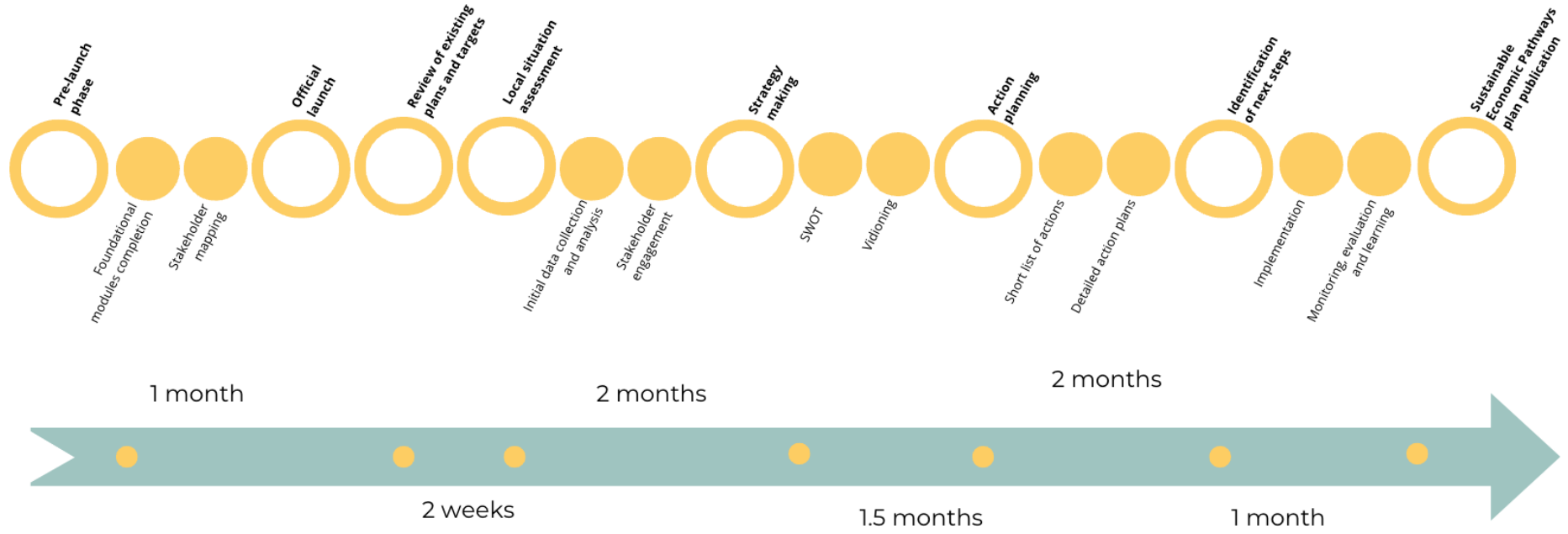
Outcome Statement

One sentence statement of what is the expected result/effect of this phase

Case study

The suggested case study will highlight good practices of a specific aspect of the phase based on other municipalities' practices, international experience or feedback from the pilot. Case Studies are found in **annex** to this Guidance Note and many are also featured in the P4EG online course.

Overview of the P4EG steps and timeline



PHASE 1

Pathways pre-planning and launch

What are the objectives of this phase, and why do it?

Introduction to Pathways for Economic Growth – your P4EG

The P4EG methodology offers an innovative and comprehensive approach to local economic development planning. Recognising the diverse range of strategies and concepts involved, it is crucial to allocate initial time to establish expectations, processes and roles at the beginning of your process.

Purpose of the Initial Stage

This first phase of the P4EG is dedicated to structuring and framing the entire pathway document development. It serves as a preparatory phase to ensure that essential prerequisites are in place. During this stage, securing support from the mayor and senior leadership, identifying key stakeholders and community voices, establishing a management framework, and defining milestones and expected timelines are paramount. The outcome will be the effective launch of the P4EG process with both your internal and external audiences.

“if a resident in your city or town knows of the pathway vision, then you have already gone a long way in shaping local ownership”

M4EG Secretariat

Benefits of this Approach

This approach ensures more outstanding commitment and ownership of the P4EG's completion. This includes obtaining buy-in from the mayor, encouraging community involvement, and implementing tools to monitor progress. It also allows time to complete the Foundational Course modules in the Urban Learning Center (ULC) before diving deeply into the P4EG's development.

Access the course Foundations for Future Readiness available here:

Armenian, Azerbaijani, English, Georgian, Romanian, Russian and Ukrainian.

Involving Key Partners

Assigning tasks or contributions early on engages key partners from the outset, ensuring awareness of activities and shared responsibilities. It also promotes co-creation and ensures diverse perspectives are considered throughout the process.

Structured Programme for Clarity

A clearly defined P4EG program provides visibility on expectations for each stage, facilitating seamless communication within the team. It allows everyone to integrate their tasks into their overall schedule, even when time is limited.

Creating Momentum through Launch

Organising a public launch meeting and external communication surrounding the P4EG generates momentum and garners support. A public announcement can also attract stakeholders not initially identified, encouraging broader participation in the process.

Key objectives

In doing this, you will achieve:

- Clear overview of the process, stages, and milestones for the P4EG
- Appoint a core team for the P4EG development and a stakeholder board for sense-checking and approval of stages
- Identification of audiences and first engagement with community and business networks

By doing this, you will end up better at:

- Local planning knowledge
- Programme/project management
- Engaging with local communities and stakeholders

Skills and learnings



Self-assessment skills matrix (core team based)

Question	Not aware	Aware	Knowledgeable	Experienced	Expert
Programme management skills					
P4EG programme awareness					
Networking and external communication skills					



Associated Urban Learning Centre modules

Course: Foundation for Future Readiness – all modules with specific attention on Module 5: **“Managing Complex Challenges”** and Module 6: **“Innovation in the Public Sector”**.

Course: P4EG – First two modules: **“Introduction to P4EG”** and **“Preparing for the P4EG programme”**

Course: Green & Just Transition – Module 1: **“Green and Just Transition Deep Dive (Part 1)”**

Course: Smarter & Inclusive Cities – Module 1: **“Inclusivity for Smarter City Development”**

How to conduct the pre-planning phase and launch of Pathways development?



When does it happen?



1 month (minimum) in advance of launching the Pathways development process

- 2 weeks to form the plan’s core team, secure approval from mayor and leadership, develop the work programme.
- 2 weeks to get in touch and confirm external stakeholders who will be part of the steering board or similar decision-making body.
- 2 weeks (in parallel) to prepare the launch event.



Who is involved?

Internally

Mayor and Deputies: Important to engage and align to provide political support and buy-in for the P4EG process and its outputs.

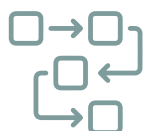
Core team: Define a core team of staff that will be responsible for the day-to-day delivery of the P4EG process.

Wider engaged team: Representatives from different municipal departments who will be involved in the development of the P4EG. Ideally that might include representatives from the Departments such as Economic development, Environmental sustainability, Urban planning, Infrastructure, Utilities, Health among others.

External stakeholders

Members of the steering group from outside the municipal council: local businesses, civil society, utility companies, minority groups, local associations, education institutions, as relevant.

The ultimate mix of stakeholders is dependent on each local context. However, **the team must engage a diversity of perspectives and expertise.**



What activities need to be undertaken?

Step 1: Confirm the time and resources available for the P4EG development with the Mayor

Step 2: Structure the core P4EG governance

Step 3: P4EG programme/process lead and members of the core team complete the foundational modules under the ULC

Step 4: Identify and appoint the stakeholder board (see “Focus on...” box in this section)

Step 5: Identify any additional local and external key experts or supporting partners

Step 6: Read the guidelines, identify key stages and their duration

Step 7: Establish programme with clear milestones and deadlines – use guidance on programme management provided in the ULC or by UNDP

Step 8: Establish and confirm with Mayor dedicated budget and resources allocated for development of the P4EG

Step 8: Organise a kick-off meeting with the steering board and the task force

Step 9: Design a press-release and ideally organise a small event to present the P4EG programme, expected outputs and expected inputs from the wider audience

Step 10: Launch event/communication to the wider public and open a dedicated space to register their opinions on challenges, pain points, and hopes for the future



Tips and Tricks

When contacting stakeholders that you want to have in the steering board, make sure to consider their interest and possible influence and to highlight what this involvement will bring them – this will help you get better engagement

For community voices, anonymity is key to getting contributions and responses, otherwise people might not participate or state conventional thoughts; a website is a good option, you can also provide a sealed box at strategic points in the city and/or online feedback forms (Google, Survey Monkey etc.)



Useful tools

In the folder **Phase 1 Methodology Resources** you can find tools such as:

- Guidance to structure the project governance and core team
- Excel spreadsheet (Gantt chart) template
- **UNDP's Programme and Project Management Guidance**
- Meeting structure and agenda for launch event
- Guidance on press release / social media communication around the programme
- Co-creation method: collective system mapping – using **Living Guide to Social Innovation Labs guidance**
- System map to identify stakeholders (e.g., using **Kumu.io**)
- ULC modules



Focus on... Identifying and getting key local stakeholders on board for the plan

ENGAGING STAKEHOLDERS FOR ECONOMIC DEVELOPMENT

Internally:

- Mayor: Provide political support and buy-in
- Core Team: Responsible for day-to-day project delivery
- Wider Engaged Team: Representatives from various municipal departments for plan development

Externally:

- Steering Group Members: Local businesses, civil society, utility companies, minority groups, associations, education institutions

Key Stakeholder Inclusions:

- Local business leaders and Chambers of Commerce
- Representatives from civil society, NGOs, labor unions
- Academics in relevant fields
- Youth, women-led groups, and minority representatives
- Other municipal department representatives
- Local utility companies
- Neighboring municipality representatives for alignment and future collaboration.
- Unique local influencers (e.g., celebrities, sports figures, religious leaders)

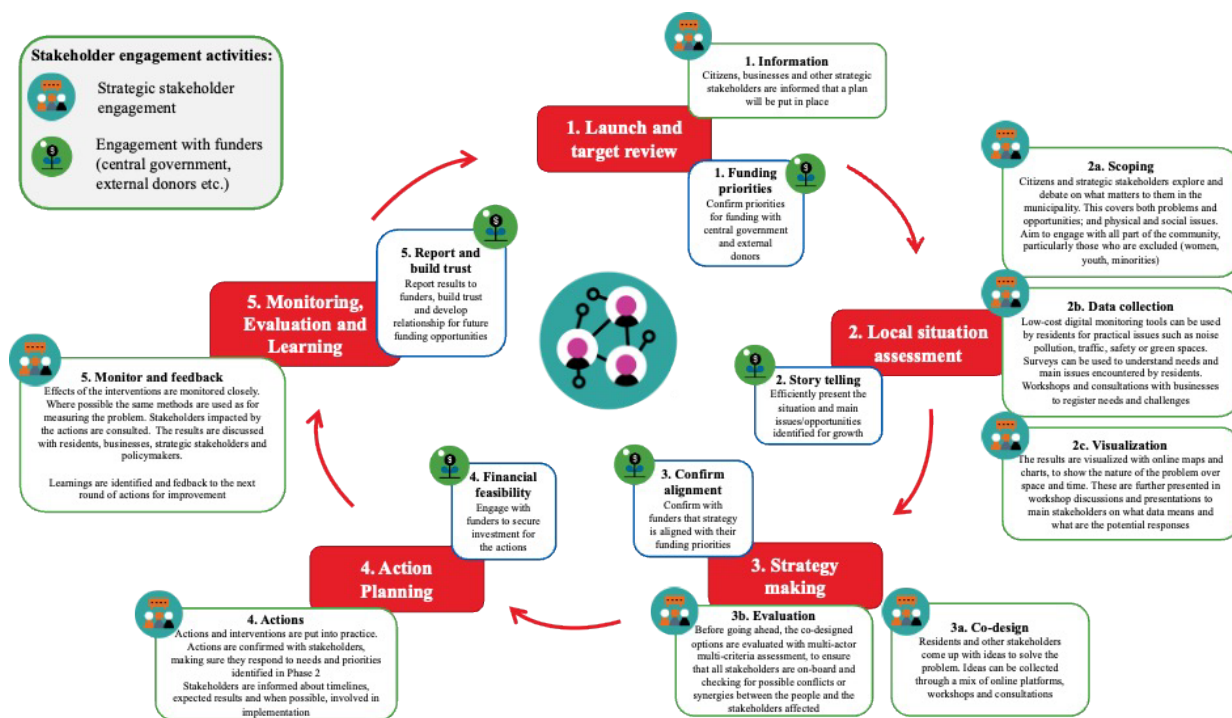
Stakeholder Group Size:

- Aim for 10-15 members with gender balance for representativity, engagement, and critical thinking

Engagement Strategies:

- Tailor requests to each stakeholder, highlighting specific benefits and scope of involvement
- Maintain regular meetings, consultations, and updates for ongoing engagement
- Address conflicts constructively to uncover solutions and opportunities

Learn more about the proposed approach for stakeholder engagement, inspired by the Looper model in the P4EG course. The **Looper model** is developed by the EU as a new way of improving neighbourhoods and cities.

Figure 3 Proposed stakeholder engagement process for Sustainable Economic Pathways


Final checklist

- Letter of agreement from the Mayor
- Work programme in Excel format outlining steps, budget and deadline for the development of the Plan
- Agreed budget at municipality level to develop the plan, conduct meetings, undertaken external consultation, and engage experts as needed
- Project governance has been appointed: core team constituted, and key local stakeholders committee confirmed
- Project launch event and/or announcement held.

Output Statement

- Completion of the pre-planning module in the Urban Learning Centre.
- Establishment of the core team's organogram.
- Compilation of the stakeholder board members' list.
- Clear communication of initial milestone dates and the plan delivery date.

Outcome Statement

At this phase's close, all stakeholders understand their roles in the P4EG process. The community is engaged and has a dedicated platform to share opinions and aspirations.

CASE STUDY: Tallinn's participatory planning process for its strategy development

PHASE 2

Review of existing plans and global targets

What are the objectives of this phase, and why do it?

Before delving into analysis and P4EG formulation, begin with a comprehensive review of what plans and strategies exist in your municipality. This entails examining existing urban, economic, environmental, and strategic plans, ranging from national to local scales. **Avoid duplication of efforts by identifying gaps and areas for complementary action.** This initial step provides invaluable context, guiding the alignment of your plan with established strategies and immediate opportunities. If mandatory processes exist in your country context, such as a five-year municipality or local community plans, consider linking up and using the P4EG methodology and tools to complement your existing planning cadence.

Set overarching goals in line with reviewed strategies for the long term. Start thinking of your city or municipality's longer-term vision and action steps for the near future, laying the foundation for goal attainment. Harmonising the P4EG with regional/national/international strategies ensures alignment with sought-after sectors and project types for potential funders and investors.

Furthermore, **emphasising green targets and objectives in the review, aligning with the criteria of International Financial Institutions**, enhances eligibility for funding and facilitates effective communication using a common language. We recommend adopting key concepts and language from global instruments and unpacking these for your context (e.g., digital transformation), which is crucial to ensure alignment and attract new partners and funding in the long run.

This review process, especially of local and regional plans, is the initial phase in the Local Situation assessment. It provides crucial insights into the integration of the local economy within the broader regional ecosystem and its prevailing trends. Additionally, previous local plans serve as valuable resources for mapping the economy, ongoing projects, and readily available data, optimising your plan's data collection efficiency.

Key objectives

In doing this, you will achieve:

- Identification of overarching goals and targets for the P4EG
- Understand the regional and country strategic landscape in terms of economic development objectives
- Collate/review of existing local document and sources

By doing this, you will end up better at:

- Systematically reviewing strategic documents/landscape scanning
- Understanding what the transition to a greener and more sustainable economy implies, including adopting new concepts and language to explain your challenges to a broader audience

Skills and learnings



Self-assessment skills matrix

Question	Not aware	Aware	Knowledgeable	Experienced	Expert
Evaluate your level of understanding of the EU Green Deal					
National and regional strategies for economic development and green transition					
Facilitation skills for internal workshop (incl. oral skills, presentation tools)					



Associated Urban Learning Centre modules

Course: Foundation for Future Readiness – specific focus on Module 2: **“Drivers of Change”**, Module 3: **“Understanding Green and Just Transition”** and Module 4: **“Understanding Smarter and Inclusive Cities”**

Course: P4EG – Module 3 on **“Review of global, national and local context”**

Course: Green & Just Transition Module 1 & 2: **Green and Just Transition – Deep Dive Part 1 & Part 2**

Course: Smarter & Inclusive Cities - Module 2: **“Smarter Governance”**

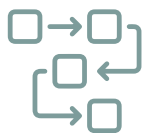


Who is involved?

Mainly the **P4EG/Pathways manager**

Can get assistance from local municipal departments in their respective fields of expertise

Local municipal departments for the EU Green Deal workshop and or 2030 Agenda, and other international instruments



What activities need to be undertaken?

Step 1: Set up a framework to review the existing documents

Step 2: Identify relevant documents via desk-based research and engage colleagues across teams in the municipality

Step 3: Proceed to the review of the documents making sure you capture strategic goals and visions, as well as any dedicated sources of funding, investment programmes or grants mentioned

Step 4: Organise an internal workshop with the core team to present and discuss the EU Green Deal objectives, 2030 Agenda and the SDGs, and others, as needed, in the light of the municipality's context and to identify the most relevant ones for the municipality

Step 5: Write down the five identified objectives that resonate the most with the economy and explaining why: this could be related to the nature of the economy, specificities from the spatial location, social structure (e.g., aging population or migratory patterns), willingness to transition to greener economies etc.



Tips and Tricks

It is easy to get lost in the numerous documents published at different geographical levels.

Key questions to keep in mind when reviewing the documents are:

- What direct impact can this policy/strategy/vision have on my local economy?
- What is the ultimate goal of making the proposed change?
- How aligned is the municipality with the proposed targets?

For regional / national / international documents consider only the most recent ones (no more than 3 years) and focused on economic development, innovation and environment only

For local documents consider all published documents as they might contain some useful data; make sure you ask/engage colleagues from other municipal departments

For the workshop on EU Green Deal Objectives consider group discussions and presentation of results to stimulate interest and discussion around the topic



Useful tools

In the folder Phase 2 Methodology Resources you can find tools such as:

- Template of table for the analysis – provided in guidelines document
- List of proposed documents/sources to be reviewed - provided in guidelines document
- Summary of global targets and objectives (EaP Future priorities, EU Green Deal, UN Habitat, Paris Agreement, International Energy Agency) - provided in guidelines document
- EU Green Deal objectives **workshop template**
- Consider using generative AI tools, such as Chat GPT to help summarize and synthesise, however, be aware of ethical consideration such as privacy, possible inaccuracies and ‘hallucinations’



Focus on... EU Green Deal and EU's Digital Decade objectives

The European Green Deal is the EU's response to climate change and environmental threats. It aims for net-zero emissions by 2050, decoupling economic growth from resource use, and ensuring inclusivity. The P4EG document should align with these principles for resilience and sustainability. This helps communicate effectively with stakeholders and meets the goals of governments, donors, and investors.

The EU Digital Decade is an initiative by the EU aimed at ensuring that Europe's digital transformation benefits everyone by 2030. It sets specific targets and outlines a vision for the EU's digital transformation in four key areas: skills, government, infrastructure, and businesses.

Learn more about the “EU Green Deal” and the “EU’s Digital Decade” in the P4EG course.

Final checklist

- Table with local, regional, national and international plans and strategies reviewed and corresponding strategic objectives.
- Workshop organised and hosted on EU Green Deal, and SDGs as part of the 2030 Agenda.
- Shortlist of 5 global targets that can drive your P4EG.

Output Statement

By the end of this phase, you have selected five overarching targets for the plan that align with EU Green Deal principles and or other international or national strategies for sustainable economic growth.

Outcome Statement

By the end of this phase, you have a clear overview of the strategic trends in economic development, green transition and climate targets at regional and national level. You have a better understanding of what international donors and central/local governments look for in terms of projects to be financed.

CASE STUDY:

Forest resilience of Armenia, enhancing adaptation and rural green growth via mitigation

PHASE 3

Local economic situation assessment & community listening

What are the objectives of this phase, and why do it?

Before a local economic development plan can be shaped, it is first necessary to gain a thorough understanding of the local context and dynamics of the local economy and residents' perceptions and felt effects of the economic situation. The P4EG methodology recommends a local economic situation assessment coupled with a strong community engagement and listening process or exercises. This will provide you with the information you will need to make strategic decisions that will direct the P4EG efforts and actions and provide a baseline against which to compare progress.

Please note that this phase requires longer time compared to other phases as you may want to hire external economic analysis support, and ensure adequate time to conduct survey, interviews and similar with a wide range of actors.

Conducting a situation assessment will help identify the following:

- Different groups making up the economy, and their interactions and interconnections
- How money comes into (and leaves) the local economy
- What factors are holding back the local economy
- Economic sectors or areas that are already strong in the region and could be improved upon
- Assets that might be underused
- The competitive advantages of the area
- Horizon scanning and identification of strategic risks

Community listening can help validate and highlight new areas of importance that the quantitative data or process might be missing, including underlying narratives about your municipality and the economy. Community listening will help you understand the meaning behind words, delving into community members' thoughts, concerns, and hopes. This dynamic process helps foster a connection through genuine conversation, interest and empathy.

In many cases, municipalities will have pre-existing local plans that may have already partly produced the analysis for some of the local sectors that we ask to analyse (e.g. in Georgia, the Municipal Development Document (MDD) mandatory process for all municipalities follows similar principles to the ones presented in these guidelines). **The P4EG document process does not encourage duplication of work.** Therefore, for areas already analysed, the municipalities can directly provide the results of the analysis in the corresponding section.

Key objectives

In doing this, you will achieve:

- An overview of the local situation of the municipality and the trends at play
- Identification of the main challenges and gaps (e.g., data) for local planning, including residents and actors' perceptions of their town/city

By doing this, you will end up better at:

- Understanding the local economy as a system
- Engaging with stakeholders and the local community to collect insights, needs, interests and narratives about your municipality and its economic situation

What does the Local Economy Assessment consist of?

Assessing a local economy is a nuanced undertaking that demands a structured approach. P4EG introduces 8 key building blocks to analyse and enhance economic landscapes systematically. Each block addresses vital aspects contributing to a thriving local economy. This approach encourages cities to leverage strengths, tackle weaknesses, engage stakeholders, and acknowledge pivotal factors. By setting benchmarks, foreseeing trends, and crafting compelling narratives, cities can assess their economic standing and steer toward sustainable growth. This comprehensive examination forms the foundation for informed decision-making and targeted interventions in economic development. For each of the 8 building blocks, cities need to consider

1. What are our strengths?
2. What are the assets, projects, and expertise that we can build on?
3. What are our weaknesses and main challenges in this area?
4. What are the blockers and barriers that restrain us from changing?
5. Who are the main stakeholders in this area?
6. Why is it important for economic development?
7. What does good look like?
8. What are the megatrends for this factor?
9. What is the story we are trying to tell? And to whom?

Local Economy Assessment Recommended Tools

Three recommended tools for local economy assessment are integral to the P4EG process, providing comprehensive insights into each of the 8 building blocks.

1. Trend analysis

Trend Analysis is a powerful tool to discern recurring patterns and tendencies within a dataset over a specified period. By scrutinising historical data, this technique unveils valuable insights into past performance, enabling informed projections for the future. Its versatility extends across a broad spectrum of datasets, making it an invaluable asset for comprehensive analysis. Commonly utilised tools for trend analysis encompass line graphs, regression analysis, and moving averages, each contributing to a thorough understanding of data trends and facilitating strategic decision-making.

2. Locational quotient

The Location Quotient (LQ) Analysis is a pivotal tool employed in economic analysis to assess the concentration of a specific industry or occupation within a defined geographic area relative to its prevalence in a larger region, such as a state or nation. This method provides critical insights into the strength of an industry cluster or specialisation within the local economy. By pinpointing areas of competitive advantage, the LQ analysis aids in the identification of strategic opportunities for targeted investment and development, thereby fostering economic growth and sustainability.

More information can be found in this [blog post on Local Quotient](#)

An applied example can be found in the following paper: [The Assessment of Competitiveness of Kutaisi and its surrounding areas](#)

3. Shift Share

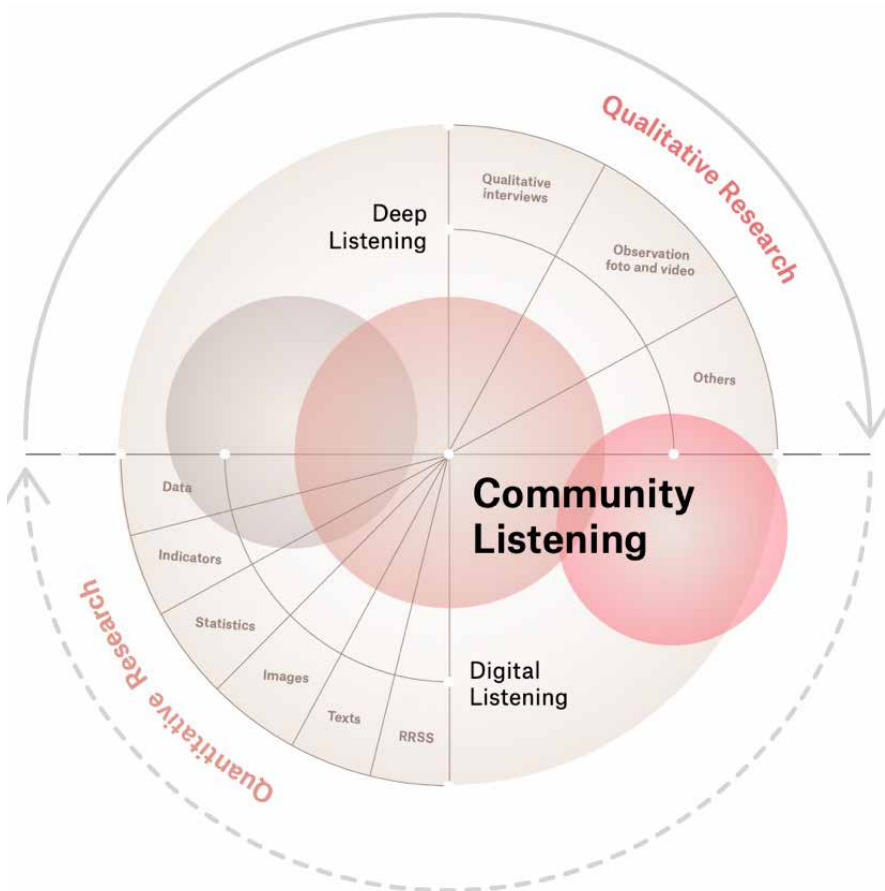
The shift-share analysis is a crucial tool for economic analysis, specifically designed to identify the contributing factors behind shifts in employment or economic growth within a city. This method comprehensively compares local area performance with that of a larger region or country, allowing for a nuanced performance breakdown into distinct components. These components encompass the National (or regional) growth effect, which signifies the contribution of overall economic growth to local area performance; the Industry mix effect, representing the impact of the local area's industry mix on its performance; and the Local competitive effect, which evaluates the local area's performance relative to the larger region, factoring in both the local industry mix and national or regional growth. Through Shift-Share Analysis, areas of competitive advantage and potential zones for targeted investment and development can be astutely identified, thereby propelling economic growth and prosperity.

More information can be found in this [paper on Understanding Shift Share](#)

What does Community Listening consist of?

Community listening can be carried out through different secondary and primary research methods. Here is a list of primary methods: observational and immersive research, in-depth interviews, quick chats, focus groups, participatory audits, self-reporting, and more. While these methods cover a broad spectrum of community engagement, newer techniques such as online surveys, social media listening, and participatory action research are also gaining prominence in the ever-evolving landscape of community engagement and primary research. The choice of method should align with your research goals and the unique dynamics of the community or stakeholders you are engaging with. The P4EG methodology highly recommends that municipal-ity staff actively engage in primary research, including where all team members participate in interviewing partners and resident groups for insights. Please see the introduction to Community Listening under the P4EG module and stand-alone course on the ULC platform to learn more.

Illustration 1: Community Listening Guide, ALC & UNDP



Skills and learnings



Self-assessment skills matrix

Question	Not aware	Aware	Knowledgeable	Experienced	Expert
Economic specialisation assessment methods: Location quotient; shift-share analysis					
Green Economy					
Quality of place as a local economic driver					
Foresight techniques: Drivers of change, Horizon scanning					
Excel for basic data analysis and visualisation					
Facilitation and stakeholder engagement techniques: interview, workshops, surveys, consultations					



Associated Urban Learning Centre modules

Course: **Foundations for Future Readiness** – all modules

Course: P4EG –Module 4:
 “Local Economic Situation Assessment” and “Intro to Community Listening”

Course: Green & Just Transition- Module 1:
 Green & Just Transition - Deep Dive (Part 1)

Course: Smarter & Inclusive Cities – Module 4
 “Smarter and Inclusive Cities Projects and Pilots”

Stand-alone ULC module: “Community Engagement and Listening”

How to conduct the local situation assessment?



When does it happen?



After phase 2 and for a period of 2 to 2.5 months, though likely to take longer

1 month for first review, collection and analysis of available data

1 month for further exploration: qualitative data collection through community engagement activities and surveys and further data requests from governmental institutions



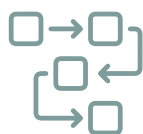
Who is involved?

Pathways manager oversees the data collection across the 8 building blocks, organising stakeholder engagements and consolidating the analysis or synthesis, including from the community listening activities applied

Local municipal departments for the assessment of their respective areas

Local stakeholder board for the workshop on local data and insights

- Wider stakeholders for the survey activity
- Local businesses
- Civil society: representative set of participants will be required, including from underrepresented groups (women, ethnic minorities, age groups)
- Organisations, institutions and associations: schools, hospitals, trade unions, local clubs, among others.



What activities need to be undertaken?

Step 1: Use the guide developed for the Local situation assessment framework to understand what type of information needs to be collected and why it is needed before undertaking any data collection. Decide on what community engagement and listening methods you will apply.

Step 2: Review of suggested data points to be collected listed in the guiding document, initial identification of what is or not available and prioritize based on relevance to your municipality

Step 3: Based on documents reviewed in Phase 2 identification of what data has already been collected for other local plans and can be reused, including if relevant recent community engagement activities (e.g. surveys, focus groups etc.)

Step 4: Data collection across each of the local factors: based on suggested indicators from the guideline, available data from national/regional statistics agency and governmental sources, local data where existing

Step 5: First mapping of the 8 blocks based on data collected

Step 6: Data gap assessment and identification of areas to be investigated through alternative techniques, including qualitative community listening methods (interviews, ethnographic research, surveys, expert focus groups etc.)

Step 7: Complementary stakeholder engagement activities to gather additional insights:

- Survey distribution to local businesses and civil society
- Workshop with stakeholder board – exploring results from the data collection activity and surveys, and trying to fill remaining gaps

Step 8: Consolidation of the local situation snapshot – insert draft in the annexed P4EG Template



Tips and Tricks

- Use Available Data: Combine local data, stakeholder insights, and regional trends for a thorough assessment.
- Reuse Plans: Tap into recent plans to save time and prevent redundancy.
- Involve Experts: Engage experts or colleagues for vital information (see this as a learning opportunity for you and the municipal team)
- Community Input: Engage the community to inform and validate priorities.
- Focus on Key Data: Prioritize essential data points for understanding the local economy.
- Tailor Data: Select data points most relevant to local needs.
- Cost-Efficient Collection: Gather data that is easy and inexpensive to obtain.
- Consider Proxy Data: Use regional or national data when local information is lacking.
- Assure Survey Confidentiality: Encourage candid responses by ensuring anonymity.
- Compile and Present Findings: Report data in an organized manner for stakeholders.
- Clear Data Presentation: Make data easily understandable for stakeholders.
- Use Workshop Tools: Utilize provided tools for effective discussion facilitation.



Useful tools

In the folder P4EG **Phase 3 Methodology Resources** you can find tools such as:

- Local situation assessment framework – guideline template for the 8 blocks of analysis with prompts and examples of what good looks like
- List of national and international data sources for trend identification
- Survey template for local assessment
- Workshop template for local assessment
- Example of a written-up assessment of one of the areas local situations – see annexed example from Baghdati, Georgia
- Ecosystem mapping (e.g. using Kumu.io)
- Social listening: narrative/rapid ethnographic research (see example in Annex IV, and this **UNDP Portfolio Guidance**, 2022)
- ULC modules

Final checklist

- Completion of relevant ULC modules
- All 8 blocks of local situation assessment covered by the assessment either through data collection or qualitative engagement
- Community listening activities conducted (e.g. interviews, survey distributed physically and through social media to gather views or similar)
- At least one workshop with stakeholder board to present intelligence so far, cover data gaps and gather their views on local situation
- Local situation snapshot written and synthesised in less than 10 pages

Output Statement

By the end of this phase, you will have written a local situation snapshot of around 10 pages, highlighting each factor's key strengths, challenges, and comparison to the broader regional or national situation. Where possible, it will be based on data and alternatively on community and stakeholders' insights gathered from interviews and workshops.

Outcome Statement

By the end of this phase, you will have a holistic view of the municipality system, understanding what its main drivers and strengths are and where some challenges exist. You will also be able to understand how each of the factors analysed influence the local economy.

CASE STUDY:

Agirre Lehendakaria Center (ALC) Social Innovation Platform in Stepanavan - Armenia

PHASE 4

Strategy Making

What are the objectives of this phase, and why do it?

In this pivotal phase, information is synthesised into key priorities, known as "grand or complex challenges," guiding the municipality's development. Inspired by Mariana Mazzucato's mission economy model, this approach emphasises setting ambitious societal goals and leveraging government influence for innovation and public value. These challenges become tangible missions, specific targets within a challenge to fuel progress.

This mission-driven strategy addresses broad societal issues affecting everyone. While missions provide a direction, they do not prescribe a single path to success, encouraging diverse solution pathways or what is sometimes called a 'portfolio of options'. The missions or portfolios encompass groups of projects and supportive policies, offering a multi-faceted approach that often go across thematic sectors, though they are still connected and each with its 'learning hat' – in order for you and team to learn from each project or activity to adapt to what works within your context.

“At the core, strategy is about focus, and most complex organizations don't focus their resources. Instead, they pursue multiple goals at once, not concentrating enough resources to achieve a breakthrough in any of them.”

Richard P. Rumelt

Good Strategy Bad Strategy: The Difference and Why It Matters

This phase employs various tools and techniques to help you better shape the future, understanding key drivers of change and potential scenarios. It does not predict the future but explores plausible outcomes based on trends and indicators, and how the municipality can help shape a more sustainable future for the town or city.

The goal is to craft a vision in simple yet memorable language, vividly illustrating the future if objectives are met. It builds a compelling narrative for change or new investments rooted in evidence. Strategy-making and telling a compelling story about the future can also help you gain additional stakeholder support and attract further visibility.

Key objectives

In doing this, you will achieve:

- Identification of key trends that can influence the municipality
- Creation of an overarching vision and mission or 'north star' of the municipality
- Definition of goals and targets for the economy

By doing this, you will end up better at:

- Effectively using strategy-making concepts and tools such as SWOT, STEEPV, Rumelt's Strategy Kernel, Visioning and or Strategic Foresight
- Conducting workshops with various audiences to gather views and translate them into meaningful outputs
- Using workshop tools: Miro boards, paperboards, etc

Skills and learnings



Self-assessment skills matrix

Question	Not aware	Aware	Knowledgeable	Experienced	Expert
Drivers of Change and Foresight tools					
Strategy making tools: SWOT, STEEPV, Rumfelt's Strategy Kernel etc					
Mission-oriented Economy					
Awareness of co-design tools (Miro etc.)					
Facilitation and stakeholder engagement techniques: workshops, co-designing skills					



Associated Urban Learning Centre modules

Course: Foundation – all modules and specifically Module 2: **“Drivers of Change”** and Module 5: **“Managing complex challenges”**

Course: **P4EG** – Module 5: “Strategy Making”

Course: Green & Just Transition - Module 3: Climate Action Planning – Deep Dive

Course: Smarter & Inclusive Cities– Module 4: **“Smarter and Inclusive Cities Projects and Pilots”**

How to conduct the strategy-making phase?



When does it happen?



After phase 3 and for a period of 2 months

1 month for SWOT workshop(s) or alternative strategy sessions preparation, holding and consolidation of results

1 month for second workshop(s) on goals and targets for the municipality and vision development and approval



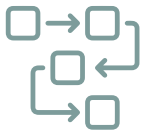
Who is involved?

Pathways Manager: Organizes and leads workshops, consolidates findings, and defines the vision

Municipal Departments: Assess their respective areas in the SWOT phase

Stakeholder Board: Participates in the co-design workshop on local data and insights

Local Community: Engages in co-design sessions, either in-person or online, ensuring representation from various social groups



What activities need to be undertaken?

Step 1: Identify Future Trends

Identify short-to-long term trends (society, tech, economics, environment, politics)
Classify into Megatrends, Micro-trends, Weak signals

Step 2: Prepare for SWOT Workshop or alternative tools

Summarize local data and trends
Develop Economic, Environmental, and Social SWOTs

Step 3: Conduct Workshop(s)

Discuss trends' impact on SWOTs
Consolidate results into a table

Step 4: Conduct Co-design Workshops

Identify goals and investment targets for the municipality

Step 5: Craft a Vision

Align with EU Green Deal and strategic guidelines
Consider diverse group interests

Step 6: Secure Vision Approval

Seek approval from Mayor and strategic stakeholders



Tips and Tricks

- Plan workshops in advance, considering the busy schedules of stakeholders.
- Opt for shorter, engaging workshops over long sessions to maintain interest.
- Utilize "drivers of change" cards from Arup for trend analysis and discussions.
- Prepare prompts for SWOT and strategic goal conversations to facilitate ideas.
- Focus on identifying challenges and strengths; park data considerations.
- Engage directly with relevant experts or colleagues for a rapid SWOT analysis.
- Compile data from phase 3 for easy understanding in workshops.
- Use Miro canvas or flipcharts to prompt discussions and co-creation in workshops.
- Prioritize storytelling for a compelling vision.



Useful tools

In the folder P4EG **Phase 4 Methodology Resources** you can find tools such as:

- Guidance and template for SWOT workshop
- Guidance on Rumelt's Strategy Kernel from **Good Strategy, Bad Strategy** (2017)
- Guidance and template for Strategic Goals and Targets workshop – **see Miro activity with Baghdati**
- Guidance on Vision setting (see Focus on... box below)
- **Arup – Drivers of change cards**
- Corresponding sections in the Sustainable Economic Pathways guidelines document
- Co-design tools – templates and ready-to-use exercises:
 - **Hyper Island toolbox**
 - **Participedia**
- ULC modules



Focus on... Visioning

Visioning is used to create a set of common aims and objectives for a project, in this case the municipality's economic development and to describe what the future will be like if they are delivered.

A vision describes what a world, organisation or location should look like in the future. What optimal state should society aim for? What are the ideal outcomes for a project? Unlike scenarios, a vision describes one preferred future.

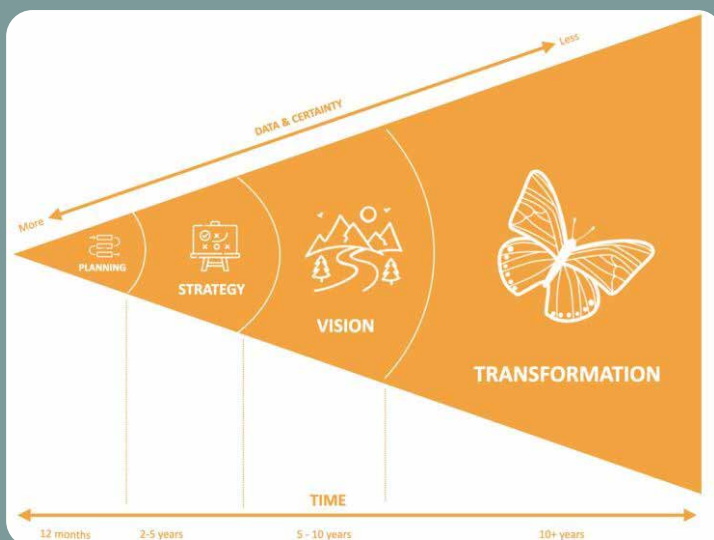


Illustration:

Systems
Innovation
Network

Learn more about the Visioning tool in the P4EG course.

Final checklist

- Completion of relevant ULC modules
- SWOT workshop conducted
- Workshop on strategic goals and visioning conducted
- Definition of a clear, succinct vision aligned with green and sustainable objectives
- Strategy making results (final SWOT, strategic goals and vision) synthetised in less than 5 pages in the P4EG Template.

Output Statement

By the end of this phase, you will have provided a SWOT analysis of the economy, defined a list of targets and goals for the economy (more or less five) and have a two to three sentences vision for the municipality.

Outcome Statement

By the end of this phase, you have reached a common agreement with stakeholders and the local community on aspirations for the municipality in terms of economic and sustainable development. You have a common understanding of where you would like the municipality to be in 10 years.

CASE STUDY:

UNDP North Macedonia – Designing a National Strategy using Strategic Foresight

PHASE 5

Prioritization: Action Planning and Selection

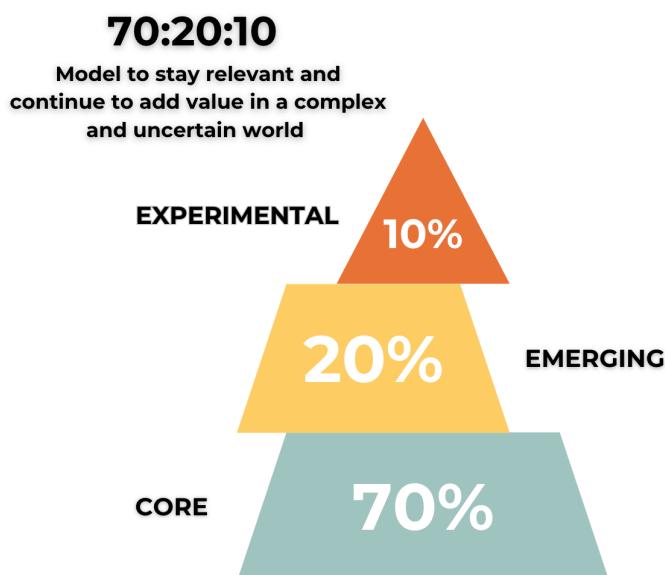
What are the objectives of this phase, and why do it?

Action Planning is a dynamic approach that outlines specific steps to achieve defined goals. It helps align ideas and objectives towards a clear vision. Creating an initial list of actions is crucial after setting the municipality's vision and strategic goals. These actions should be tailored to achieve the strategic goals and vision. They can fall into several categories:

- Policy: Involves legislative, regulatory, or standard-setting measures.
- Investments: Focuses on capital expenses for physical infrastructure, including environmental considerations.
- Other initiatives: Includes partnerships, outreach campaigns, and endeavours contributing to strategic goals.
- Revenue-generating programs: Support social projects, public services, education, training, inclusion, engagement, communications, and health.

It is recommended that the actions follow the 70-20-10 model. The 70-20-10 model is a framework that is often applied to different aspects of business and organizational strategy, including innovation, learning, and resource allocation. The principle behind this model is to create a balanced approach that divides time and resources among core (70%), emerging (20%), and experimental (10%) activities or projects. You can find more information in the P4EG online course. This model encourages both private and public entities to not only focus on their current success but also to invest in future growth and innovation.

The team should define the scope of each action and assign responsibility for its execution. The Action Plan, a pivotal component of the Pathways process, ties together the preceding phases. It outlines actions that align with principles of sustainable economic growth, transitioning to Net Zero, and specific municipal objectives.



Key objectives

In doing this, you will achieve:

- A short-list of actions (core, emerging, experimental) to be developed in the short term (up to 3 years)
- Ensuring these actions are feasible within current or planned resources and capabilities
- Have an initial plan to design and implement these actions

By doing this, you will end up better at:

- Creating and exploring 'impact pathways' from actions to objectives
- Action planning: ensuring feasibility, accounting for contingency and developing a programme for each of the actions

Skills and learnings



Self-assessment skills matrix

Question	Not aware	Aware	Knowledgeable	Experienced	Expert
SMART criteria					
70-20-10 model					
Multi-Criteria Assessment					
Awareness of co-design tools					
Facilitation and stakeholder engagement techniques: workshops, co-design skills					
Contingency / risk management					



Associated Urban Learning Centre modules

Course: Foundations for Future Readiness – all modules and specifically Module 7: **“Mobilizing funding and resources”**

Course: P4EG –Module 6: “Action Planning and Selection”

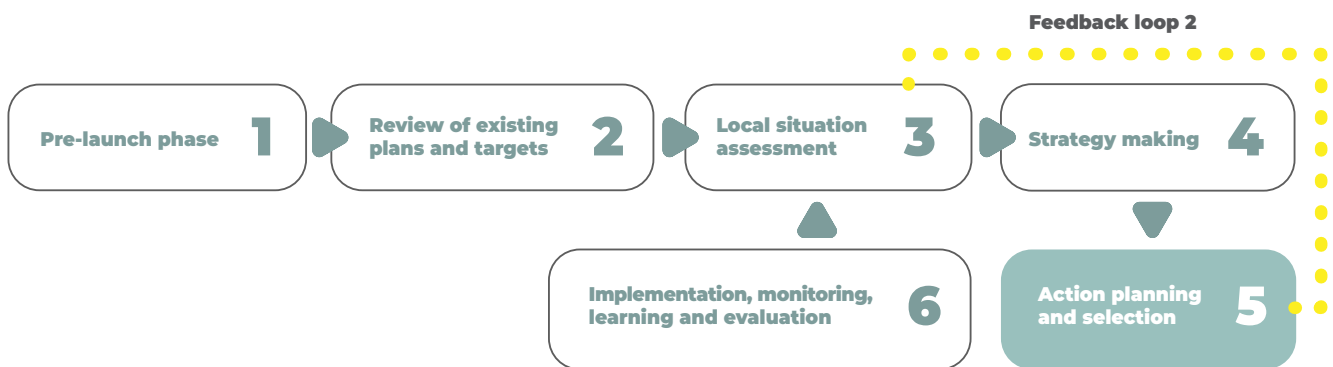
Course: Green & Just Transition - Module 3: Climate Action Planning – Deep Dive

Course: Smarter & Inclusive Cities – Module 3: “Planning for Smarter and Inclusive Cities”

How to conduct the action selection and planning phase?



When does it happen?



After phase 4 and for a period of 2 months

1 month for development of long-list of actions and refinement to a short list

1 month to confirm and plan the actions

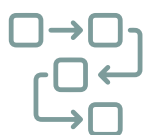


Who is involved?

Pathways Manager: Assisted by potential external facilitators, they will be responsible for organizing and leading workshops, developing the list of actions, consolidating findings, and overseeing the selected actions.

Local Municipal Departments: These departments play a crucial role in feasibility testing of proposed actions, refining them, and taking responsibility for their execution. Depending on the type of action, this could involve departments like Planning, Economic Development, Infrastructure, Environment, and others.

Local stakeholder board for ideation, action selection and approval.



What activities need to be undertaken?

- Develop a long list of actions based on ideation and existing opportunities.
- Refine the list using a multi-criteria approach, prioritizing higher-scoring actions.
- Validate the short-list with key stakeholders, considering departments, funders, private sector, and civil society.
- Conduct a thorough assessment of individual actions for final selection.
- Test initial financial feasibility, estimating costs and funding sources.
- Establish monitoring, evaluation, and KPIs for effective project management.
- Define high-level governance and arrangements, ensuring societal representation, especially regarding gender diversity. Include appointing a leader, setting a schedule, identifying risks, and involving relevant stakeholders.



Tips and Tricks

Engage with external stakeholders and members of civil society by having them vote to short-list actions (such as through online voting platforms and Google forms), with businesses, citizen and community engagement.



Useful tools

In the folder P4EG **Phase 5 Methodology Resources** you can find tools such as:

- Template for the Multi Criteria Assessment of actions
- ULC modules
- Climate KIC's "impact pathway" template and exercises (see ULC Foundation Course and Green and Just Transition Course)
- Step-by-step guidance to create a short action plan for each of the actions (see P4EG course)



Focus on... impact pathways approach to come up with a long list of actions

Impact Logic, also known as 'Theories of Change' or 'logic model', offer a conceptual framework for understanding how change unfolds over time and how specific actions or projects contribute to desired impacts through interconnected pathways. Co-developing Impact Pathways helps create a shared understanding of change processes and connects various actions and actors to achieve impact goals. It serves as both a communication tool and a framework for monitoring and evaluation, ensuring a focus on relevant outcomes and evidence for learning and adaptation over time.

Learn more about the “Developing of impact pathways” in the P4EG course.

The following example illustrates the Impact Pathways prepared for the LEDP Pilot municipality of Baghdati in Georgia, based on the analysis of priority sectors and critical stakeholders.

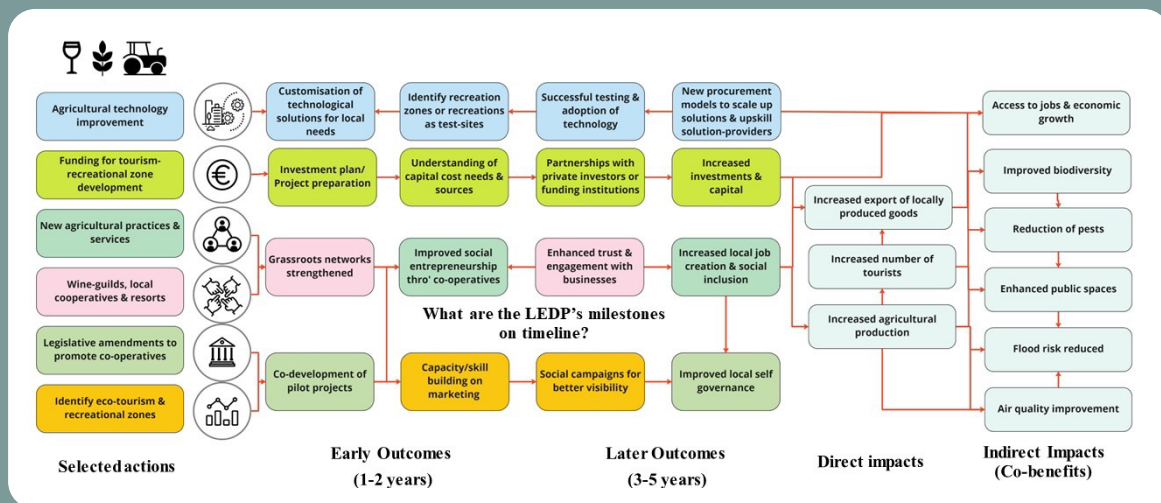


Illustration: M4EG Pilot with Baghdati supported by Climate-KIC and Arup

Final checklist

- Long list of actions considered
- Short-list of actions selected for the Pathways document
- Detailed action plan for each of the actions
- Workshop held with stakeholder board and mayor confirming actions to be implemented and timelines

Output Statement

By the end of this phase, you will be able to list the 5 to 10 actions that the P4EG has come up with. For each of the actions, a short description of the rationale for choosing the action, alignment with vision and overarching plan targets, how and when it should be implemented, initial feasibility and municipal departments in charge of their implementation is provided.

Outcome Statement

By the end of this phase, specific actions have been identified and approved by stakeholders and the community. These actions are specific, measurable, achievable, relevant and time-bound (SMART), making sure that they can be implemented and are not just a statement of intent. The plan is getting close to an end, and you start preparing for the implementation phase

PHASE 6

Implementation, monitoring, learning and evaluation

What are the objectives of this phase, and why do it?

This phase will help you wrap up the plan to come up with a final, yet living, document that can be shared with the public and wider community as well as with regional and national governments, international and financial institutions and others.

It will also prepare the next steps of the planning which are the implementation and continuous monitoring and learning capture of the actions to ensure that the plan stays alive and keeps on track with the actions previously defined.

Key objectives

In doing this, you will achieve:

- A final P4EG/Pathway Document, ready to be published and shared
- Creation of continuous feedback processes or loops to refine the actions proposed and ensure they are relevant and completed
- Creating learnings, sharing and discussing with other municipalities at home and abroad

By doing this, you will end up better at:

- Pitching exercise and presenting the economy and actions in an impactful way
- Using feedback loops and continuously improving local practices
- Monitoring activities, which can be applied to other projects and programmes you are conducting
- Capturing learnings and effects to manage your P4EG dynamically, to stay relevant over time and in changing circumstances

Skills and learnings



Self-assessment skills matrix

Question	Not aware	Aware	Knowledgeable	Experienced	Expert
Monitoring and Evaluation methods, indicators and benefits					
Programme and project management					
Gantt charts					
Learning and feedback loops					
Contingency / risk management					
Presentation / Public speaking skills					



Associated Urban Learning Centre modules

Course: Foundation – all modules and specifically Module 7:
“Mobilizing funding and resources”

Course: P4EG–Module on “Monitoring, Learning and Evaluation”

Course: Green & Just Transition - Module 4:
 “Integrated Pathways for Monitoring, Evaluation and Learning (MEL)” -

Course: Smarter & Inclusive Cities – Module 5:
 “Smarter Implementation, Monitoring and Assessment”

Dynamic Management Framework Training under Portfolio Approach –
 contact your UNDP focal point for more information

How to conduct the Implementation, monitoring, learning and evaluation phase?



When does it happen?



This last phase should last a month at the end of the process to set up and will then be continuously progressed and updated regularly (at least once a year, ideally every 6 months) to check alignment, relevance and success or challenges with implementing the actions.



Who is involved?

Pathways manager

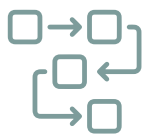
who will oversee organising and leading the document finalization and sharing, and will oversee developing the monitoring and evaluation framework.

Appointed project managers for specific actions implementation

Stakeholder board and Mayor for final approval and sign off

External funders

Broader community, ensuring representativity of minority groups and genders for larger communication and regular communication on progress of actions



What activities need to be undertaken?

- Consolidate research and results into the P4EG template.
- Establish a program management structure, appointing managers for implementation and timelines.
- Define indicators for monitoring, involve the community, and plan data collection.
- Implement a learning system to capture progress, feedback, and adapt actions.
- Release the plan to the public.
- Engage funders to showcase the plan and secure funding.
- Begin implementing selected actions.
- Monitor progress, ensure relevance, and engage stakeholders and the community. Establish a rhythm of learning check-ins to capture what is happening and may impact your plan.
- Adapt and revise the plan and actions as needed.
- Communicate and engage with the community.



Tips and Tricks

- Involve the local community, businesses, and organizations for realistic and cost-effective project implementation.
- Appoint dedicated project managers for efficient execution.
- Prioritize procurement strategy for knowledge transfer, quality, and societal benefits.
- Establish effective feedback loops.
- Create a visually appealing document for external/investor communication, considering hiring a designer for maximum impact. Remember, storytelling is crucial!



Useful tools

In the folder P4EG **Phase 6 Methodology Resources** you can find tools such as:

- Pitch deck template
- P4EG template for the final document
- Project management worksheet
- Programme management best practice
- Learning organization guide from **Centre for Public Impact**
- Learning Loops guidance – using **Looper platform**
- UNDP's evolving **Portfolio Approach**, including **Sensemaking** and Dynamic Management



Focus on... Human Learning Systems

In a constantly changing and interconnected world, static monitoring and evaluation needs to be coupled with continuous learning. Human Learning Systems (HLS) is presented as an alternative to what is known as New Public Management (NPM), where the latter focuses on efficiency, effectiveness, and the introduction of private-sector management practices into the public sector.

HLS on the other hand represents a more holistic and adaptive approach. It's about seeing public and social problems as complex, dynamic systems that require ongoing learning and adaptation. Instead of focusing solely on efficiency and predefined outcomes, HLS emphasizes understanding the system, learning from action, and adapting based on new insights. It's less about control and more about fostering environments where learning and innovation can flourish, often through collaboration and co-creation with stakeholders.

In essence, NPM is more about introducing business-like efficiency and accountability into public services, while HLS is about embracing complexity and continuous learning to navigate and address societal challenges. Both have their place, but they operate from different philosophical and practical foundations. Depending on the context and the challenges faced, one might be more suitable than the other.

A good starting point is asking questions such as: What have we learned from past initiatives; what worked well, what did not work, and what can we learn from that?

Check out these sources:

Human Learning Systems

Partnering for Learning, Centre for Public Impact

Learn more about the Human Learning Systems in the online P4EG course.

Final checklist

- Final written plan
- Dissemination and communication strategy
- Pitch deck prepared for reaching out to potential investors, donors, central government
- Monitoring, Evaluation and Learning strategy for the actions implemented

Output Statement

By the end of this phase, you will have a comprehensive 30-page plan featuring a well-defined vision, clear targets, specific actions, and an implementation strategy. This plan will be officially approved by the mayor and the stakeholder board. Additionally, you'll have a concise pitch-deck for effective communication, along with a detailed two-year action plan.

Outcome Statement

By the end of this phase, you have finished the design process of the P4EG, you are proficient in local planning, confident in interacting with stakeholders and understanding the municipality as a set of interacting factors. You have a clear vision of where the municipality wants to be in the medium-term future and an initial clear plan of how to move along that pathway. The team are also reaching out to external stakeholders both for support and to share their experience.

Conclusion

The pursuit of transitioning towards more sustainable, thriving, and vibrant local spaces requires a new mode of understanding the spaces in which we live and the diverse connections throughout the local economy. Following these principles, the P4EG approach has developed a comprehensive learning pathway towards a holistic perspective for sustainable economic development.

This Guidance was developed to enable municipalities and the diversity of local stakeholders to follow a design process to understand their local place and economy through a holistic lens and develop a new ambition and vision, and tangible goals and actions that can help shape this thriving future. This Guidance, accompanied by an open course under the ULC, provides a step-by-step process and recommendations to assist the learning processes for the municipality team.

The Guidance is a live and evolving document that will incorporate new learnings, tips, resources, and templates to support the wider adoption of the P4EG approach in the Eastern Partnership and beyond as relevant. We encourage you to visit the ULC platform or contact your UNDP focal point for more information.

ANNEXES

Annex 1: P4EG Template

Annex 2: Quality Criteria (self-assessment)

Annex 3: Sample ToR for Consultancy Support for the Local Authority on the P4EG design

Annex 4: P4EG Example: Baghdati, Georgia

Annex 5: Inspiring Case Studies