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**Local Economic Development Strategic Planning  
and Practice Casebook**

With Cases from the  
Humber Region, United Kingdom,  
Zenica Municipality, Bosna & Herzegovina  
Vushtrri Municipality, Kosovo  
Smolyan Municipality, Bulgaria  
City of Rezekne, Latvia  
City of Poprad, Slovak Republic

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## INTRODUCTION TO CASEBOOK

When asked what is the most serious problem facing their community, most Mayors will include unemployment at or very near the top of the list. This was clearly the case when, as the World Bank and Bertelsmann Foundation were starting the Cities of Change program in 1999, participating Mayors were asked what policy issue they would most want see addressed in the pilot Cities of Change program. Mayors wanted to know how they could reduce unemployment and poverty in their municipalities. As a result of this interest, the local economic development cluster emerged.

In 1999, at the beginning of the program, the concept of LED strategic planning was relatively new in Central and Eastern Europe, the Baltics and Balkans, but also comparatively new in Europe. Where good practice had been developed, it had only infrequently been published and there were relatively few capacity building and knowledge products available in the public domain to enable local governments and their partners to learn how to develop their own LED strategies. The Cities of Change program aimed to help the LED cluster cities to design and implement their own LED strategies. A core task of the program was to develop practical knowledge products that could be used by municipal governments and communities to understand, design and implement integrated LED strategic planning.

As a practical product of the program, this LED Strategic Planning and Practice Casebook seeks to help the reader understand municipal approaches to LED strategic planning by identifying good practice in strategic planning methodology. The Casebook serves as a collection of six local economic development strategies that provide examples of good practice from across Europe and from the Cities of Change network. The Casebook also contains good practice notes and comments.

Most municipalities are tempted to develop long and highly detailed strategies, however, if the process is to be truly effective and output-oriented, the key is to develop short, well written strategies that are inclusive and encourage stakeholder involvement and input. As this Casebook demonstrates, the link between the evidence base, strengths, weaknesses, opportunities and threats, and the vision, goals, objectives, programs and projects needs to be fully understood if a community is to develop an LED strategic plan. The strategies contained in this Casebook each demonstrate strong linkages between the evidence base and LED strategic aims.

Further information of LED Strategic Planning can be found at [www.worldbank.org/urban/led](http://www.worldbank.org/urban/led) where additional LED resources and case studies are available. The Cities of Change Web site ([www.citiesofchange.net/](http://www.citiesofchange.net/)) also lists the key resources and information about the pilot cities, strategic management more broadly, and environmental management.

## OVERVIEW OF LED STRATEGIES

This LED Strategic Planning and Practice Casebook has been compiled to provide examples of LED strategies and action plans that are comprehensive, well structured and integrated in their approach to improving the potential for local economic growth. The primary objective of the Casebook is to highlight good practice in LED strategic planning so that the lessons identified can be replicated and applied by other municipalities and cities in their efforts to develop their local economy. In compiling these strategies, a key aim is to showcase the benefit of devising an integrated LED strategy with appropriate programs and projects so as to create better conditions for lasting economic growth and employment generation.

These strategies were developed in countries with very different levels of economic development, some still seriously suffering from post conflict difficulties and with varying degrees of decentralization. The purpose is to show that even in the most challenging situations, local government in partnership with the business community and other stakeholders can start to improve the conditions that will enable businesses to grow faster and better. We hope these strategies will serve as an incentive for other municipalities to think seriously about how they can develop better business enabling environments.

### Humber Forum Economic Development Action Plan, England, United Kingdom

- The Humber Forum Economic Development Action Plan builds on previous local and regional research and highlights the fundamental weaknesses affecting the local area economy.
- The action plan details the organizational set-up for LED and provides an illustrative flowchart that identifies the partnership structures in operation.
- In describing the economic context of the Humber sub-region, the action plan has a concise local economy assessment that details the important and pertinent economic trends.
- The action plan contains a balanced set of *hard* and *soft* infrastructure programs, and includes a set of sub-regional benchmarks that allow for comparison at the regional and national level.
- As an example of good practice, it contains a strong summary table highlighting priority initiatives and themes for investment with forecast expenditures.
- It provides a comprehensive summary schedule of LED initiatives consisting of a breakdown of costs and budgetary expenditures, together with projected and specific program targets. These targets are specific and include land area, jobs created and/or safeguarded, new small and medium sized enterprises, learning opportunities and businesses assisted.
- Significantly, the action plan outlines the local process for monitoring, review and evaluation.

### Entrepreneurship and SME Development Strategy in Zenica Municipality

#### Bosnia and Herzegovina

- Devised as part of a joint initiative between the Zenica Municipality and the Southeast Europe Enterprise Development (SEED), a multi-donor initiative managed by the World Bank Group's International Finance Corporation and World Bank's Urban Group, the Entrepreneurship and SME Development Strategy in Zenica Municipality seeks to foster the development of small and medium sized enterprises (SMEs) and entrepreneurship.

- With a forward looking vision, the strategy recognizes the need to work with different tiers of government to effect positive change.
- The SWOT analysis highlights pertinent factors that impact the municipality and these factors are clearly reflected in the selection of appropriate LED projects. For example, the threat of the anti-entrepreneurial mindset results in an LED project for entrepreneurial training for youths, while the weakness of a lack of finance for SMEs translates into a project to establish a micro-credit scheme of SME development.
- The strategy identifies five strategic goals that each support the mission of creating a strong entrepreneurial center with a modern, dynamic and diversified economy.
- In providing detail on each strategic goal, operational goals, programs and quality projects are then identified that in turn fulfill the LED strategic aim.
- The strategy is consistent throughout and provides a clear understanding as to the need for well selected projects that individually deliver a specific program and goal. The strategy also contains a project implementation table that clearly identifies individual projects with appropriate goals, sources of funding, implementing agency, start date and project duration.
- This table effectively allows for the monitoring and review of project delivery and schedule so as to ensure that strategy implementation occurs as envisaged, in a timely manner, to estimated budget, and with the partners identified.

### **Vushtrri Municipality Strategy for Local Economic Development, Kosovo**

- Written by the Municipality and developed with the World Bank Group's Urban and Small and Medium Sized Enterprise Department and the Open Society Institute's Local Government and Public Service Reform Initiative, the Vushtrri Municipality Strategy for Local Economic Development provides a good example of a succinct and structured approach to devising and developing an LED strategy.
- In conveying the preferred direction of the municipality, the strategy is structured as a step-by-step approach that covers the five key stages of strategy development including: organizing the effort, the local economy assessment, strategy making, strategy implementation and strategy review.
- The strategy contains a 'visions to projects' matrix that outlines the sequential nature of the LED strategy making process, from LED vision, to goal, to objective, to program and project.
- In providing the specific and necessary details for each project, the strategy contains an implementation table that clearly identifies LED project partners, funding sources, project duration, beneficiaries and start date. Individual project action plans contain some details but are developed further within the implementation phase of the program.
- In seeking to facilitate a greater understanding of the practical requirements of implementing an LED project, the strategy contains a set of LED project action plans that clearly state the nature and requirements of the project, and can thereby serve as a benchmarking mechanism for monitoring the progress and output of project implementation.

### **City of Smolyan Local Economic Development Strategy, Bulgaria**

- Written by the City of Smolyan municipal team and produced as part of the Cities of Change initiative, a joint program of the World Bank and the Bertelsmann Foundation, this LED strategy reflects the efforts of the City of Smolyan to initiate and develop a comprehensive and structured LED strategy.
- In pursuing a step-by-step approach that covers the five key stages of strategy development, the strategy includes a comprehensive breakdown of the municipal budget and provides a thorough local economy assessment.
- It contains a visions to projects matrix that outlines the sequential nature of the LED strategy making process, and provides the specific and necessary details for each project.
- Usefully, the strategy implementation section contains a multiyear investment planning procedure that highlights budgetary revenues and expenditures.
- It contains an LED project implementation table that clearly identifies LED project partners, funding sources, project duration, beneficiaries and start date.
- In seeking to provide a greater understanding of the practical requirements of implementing the LED strategy, the strategy concludes with a set of LED project action plans that highlight the nature and requirements of the individual LED projects.

#### City of Rezekne Strategy for Local Economic Development, Latvia

- Written by the City of Rezekne municipal team and produced as part of the Cities of Change initiative, this LED strategy reflects the efforts of the City of Rezekne to initiate and develop a comprehensive and structured LED strategy.
- In pursuing the five stage approach to strategy development, the strategy includes a detailed background to the LED planning process and provides a comprehensive breakdown of the municipal budget. Of note in this strategy is the strength of the local economy assessment.
- The strategy contains a ‘vision to projects’ matrix that outlines the sequential nature of the LED strategy making process, and contains a balanced set of *hard* and *soft* infrastructure projects.
- It provides an overview of Rezekne’s multi-year financing plan and capital improvement planning system, and is accompanied by an interesting section detailing the development of an agency approach to LED that has been established to oversee strategy implementation.
- Rezekne’s strategy contains an LED project implementation table that clearly identifies LED project partners, funding sources, project duration, beneficiaries and start date.
- To provide an understanding of practical planning requirements and inputs necessary to realize the strategy, it concludes with a sample set of project action plans that highlight the nature and likely resources of individual LED projects.

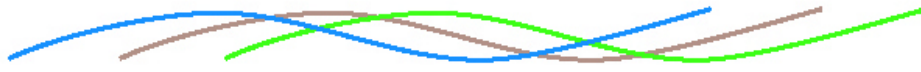
#### City of Poprad Strategy for Local Economic Development, Slovak Republic

- Written by the City of Poprad municipal team and produced as part of the Cities of Change initiative, this LED strategy follows the five stage approach to LED strategy planning.
- The strategy contains a detailed overview of the LED institutional set-up that is necessary to carry forward LED strategic planning. It includes a description of the municipal budgetary process and

background to the LED planning process. Of note in this strategy is the role of a strong local employer in the municipality, and the related approaches taken to maximizing the benefits of developing the local economy.

- The strategy contains a ‘vision to projects’ matrix that clearly outlines the integrated and structured nature of devising LED projects, and includes a balanced set of *hard* and *soft* infrastructure projects that seek to build local capacity.
- The strategy provides an overview of Poprad’s multi-year financing plan and capital improvement planning system, and includes information on the role and results of a business attitude survey as a means of informing LED strategy from a private sector perspective.
- Poprad’s strategy contains an LED project implementation table that identifies LED project partners, funding sources, project duration, beneficiaries and start date. The strategy concludes with a sample set of project action plans that outline likely resources associated with individual LED projects, project partners, risk factors and evaluation timeline.

# *Humber Forum*



## **HUMBER ECONOMIC DEVELOPMENT ACTION PLAN**

**- a sub regional action plan for the Humber -**

**Final Version - 17/02/03**

**For the period April 2003 - March 2006**

**Prepared by:  
The Humber Forum in Consultation with the Humber Sub Regional Action Plan Partnership**

## 1. OVERVIEW

### 1.1 Overall Context

The plan has been developed by partners in the Humber sub region to contribute to the continued economic development and regeneration of the sub-region.

Our economic analysis, as presented in “*Progress in the Humber 2001/2002*”, shows that issues facing us stem from the economic base and structure of the sub region, which is traditional, established and has limited growth potential. Although there is some representation by high-value added industry, it is exposed to global competition, especially the manufacturing sector. Critically, the knowledge-based market services sector with high potential for job creation is under represented in the Humber sub region. However, there is a strong international outlook evidenced by the port related activities and trade patterns.

Consequently there is generally a low-earnings, low-skills and low asset base type economy and, therefore, high unemployment levels continue and non labour market participation prevails. Also problems with learning attainment and graduate retention are apparent across our sub region.

In response to the issues outlined above we have set ourselves these six aims:

1. Facilitate strategic infrastructure improvements
2. Invest in key clusters (mainly chemicals, food & drink, digital)
3. Build stronger public/private networks
4. Connect people to economic opportunity
5. Get the best out of the sub region's assets
6. Expose businesses and individuals to leading edge practice from elsewhere

We have mapped these aims onto the Regional Economic Strategy (RES) objectives and cross-referred to the priorities for investment identified via both the economic analysis work undertaken in the sub region and consultation with our partners.

Clearly we cannot instantaneously transform the local economy, nor can we operate on all fronts effectively at once, so we have decided to prioritise our actions through the 7 initiatives for investment outlined below, taking care to ensure that they can address all the cross cutting themes, which are an integral part of our action plan.

### Humber Trade Zone

We have developed a public/private sector partnership that will create and maintain a sustainable strategic and integrated trade zone. It will be our focus for strengthening our clusters in ports and logistics, chemicals, and the food and drink sector, primarily through transport and infrastructure development, workforce development, business support via clusters and targeted environmental initiatives.

The immediate priority, currently being addressed is the land assembly and site preparation work of the HTZ strategic sites already selected for development. Simultaneously, work is ongoing with partners on the cluster development programme with a specific HTZ focus on chemicals, food and drink, ports and logistics and some work on the digital cluster. Also, the emerging workforce development opportunities are being tackled by partners to ensure maximum impact of the infrastructure investments both in the sites and transport infrastructure.

## **Rural Renaissance**

We will continue to encourage the diversification and growth of the rural economy as well as implement market town initiatives across the sub region. We will help develop new ways of doing business and new ways of learning making much better use of technology in our rural areas, encouraging entrepreneurship and new SMEs. The rural sector suffered disproportionately from recent natural disasters and targeted measures to alleviate the situation will be further implemented as appropriate.

In order to develop and deliver the rural renaissance priority initiative effectively across the Humber sub region, it was agreed by North Lincolnshire Council, North East Lincolnshire Council, Yorkshire Forward, the Humber Forum and the East Riding of Yorkshire Council that the latter would be the lead partner for this work.

## **Urban Renaissance**

Much development progress has been made in this area but much more progress with delivery is still required. We are now utilising more resources under this priority and aim to start the transformation work on our urban centres imminently. This involves both the built environment and the integration of ‘softer’ skills measures. The initial focus was on Kingston upon Hull as our sub regional capital city. The town centre renaissance of Bridlington, Scunthorpe and Grimsby is now progressing. Local communities are currently working with newly emerging ‘town teams’ to represent amenity, business and political interests in creating long term environmental, social and economic renaissance strategies, including housing to build upon raising aspirations and enhancing skills in citizenship and civic leadership.

## **Coastal Communities Restructuring**

The overall sub regional aim of this initiative is to revitalise our long established coastal resorts and consequently regenerate their economies. It will embrace the emphasis now placed on the development and diversification of the tourism agenda. Some of this work is closely linked to our cultural industries development programme.

Also under this initiative we will continue to develop specific programmes focused on regenerating local economies that continue to be adversely affected by the decline in our fishing industry under the theme of fisheries restructuring.

## **Overcoming Economic Exclusion**

This priority is a real challenge to meet at sub regional level given that we still have far too many pockets of social and economic exclusion. We will continue to develop and implement locally targeted initiatives such as building sustainable neighbourhoods including addressing the housing agenda, creating social economies, improving community safety by reducing the fear of crime and disorder in our communities and providing community finance schemes, especially microfinance, influenced by emerging priorities being identified by our four Local Strategic Partnerships. We will also address the task of connecting people to economic opportunities created by our geographically targeted priority initiatives through improving basic skills levels and ensuring appropriate labour market entry level skills are available. The health sector has a key role to play in improving the health of our communities across the sub region, linking new investments in the health sector for our economic benefit and raising awareness of care/health sector supply chain links for both businesses and people through the sub regional health sector group.

## Workforce Development

As well as ensuring that we have the skills and capacity available to implement all our priority initiatives we will assist businesses to continue to develop their people in order that they may continue to meet the ever more demanding requirements of the market place. We will aim to ensure that there will be sufficient appropriately trained people entering the labour market. Much of this work will be integrated into the cluster development work outlined in the Humber Trade Zone and some will also be incorporated into specific business support packages developed via the Innovation and Business Growth priority initiative.

The link between skills and economic growth is well known and given that our sub region has some significant pockets of economic exclusion we will tackle this issue in all our priority initiatives. The specific foci of this priority initiative will be the delivery of the Learning and Skills Council Humberside's Workforce Development Strategy and the implementation of the Framework for Regional Employment and Skills Action (FRESA) in the Humber sub region, & links to the Humber Employment Framework.

## Innovation and Business Growth

As well as helping to innovate new products, encourage innovative ways of producing existing products and find new uses for them, we will expose our businesses to innovative ways of running their organisations to assist them to increase both their efficiency and their effectiveness, thus building our capacity to innovate and creating potential new opportunities for entrepreneurship.

Business Link Humber has the lead responsibility for this priority and it is their business plan that has driven the themes identified for action in the Humber sub region. Increasingly, the business support agenda is aligning itself with that of Yorkshire Forward resulting in more streamlined activities across the Humber.

Given the current emphasis on the 'electronic' industries agenda and its integration into all types of business communities, the key themes of 'E' for Enterprise and 'Intensive Knowledge Industries' will be merged with the themes of this priority. This will enable our businesses to continue to make more effective use of new technologies and in particular strengthen the lead we have already established in using broadband technology across the Humber sub region under the digital cluster.

## Conclusion

We strongly believe that the delivery of this action plan will reinvigorate our sub regional economy whilst maintaining our local and unique character. It will thereby improve the profile and image of the Humber sub region resulting in even further investment potential from an increasing number of sources in future years.

However its successful delivery is consequent upon two main influences, which must be continuously monitored, reviewed and evaluated for their effectiveness:

1. The integration with regional and local plans, which is clearly set out in the diagram on page 6 to illustrate linkages that have been established and reflected in the development process of the Humber Economic Development Action Plan and
2. The extent to which all its partners can work together in partnership for mutual benefit. The partnership structure is illustrated in a flowchart on page 7, which sets out the roles and interactions between the current networks in the sub region.

## 1.2 Strategic Framework

The Regional Economic Strategy (RES) is a ten-year strategy to transform the regional economy in both urban and rural areas of Yorkshire and the Humber. Yorkshire Forward prepared the RES on behalf of the whole region and it is the Regional Development Agency's aspiration that the region owns the RES and has a commitment to deliver it through the action planning process.

The Regional Action Plan (RAP) and the four sub regional action plans (SRAP) set out the practical work required to take forward the delivery of the RES. All of these plans are based on a rolling programme of three-year priorities for the areas covered and on an inclusive partnership approach.

The Yorkshire Forward Single Pot replaced 13 different funding streams and aimed to simplify previous arrangements and improve flexibility and co-ordination for partners. The Single Pot will only be used to fund activities that implement the RES and which are included in the RAP or the four sub regional action plans. The ultimate aspiration is that all funding streams required to deliver the actions identified and agreed by the partners under the priority initiatives in the Humber sub regional action plan will use the action plan as a key to prioritise their investments.

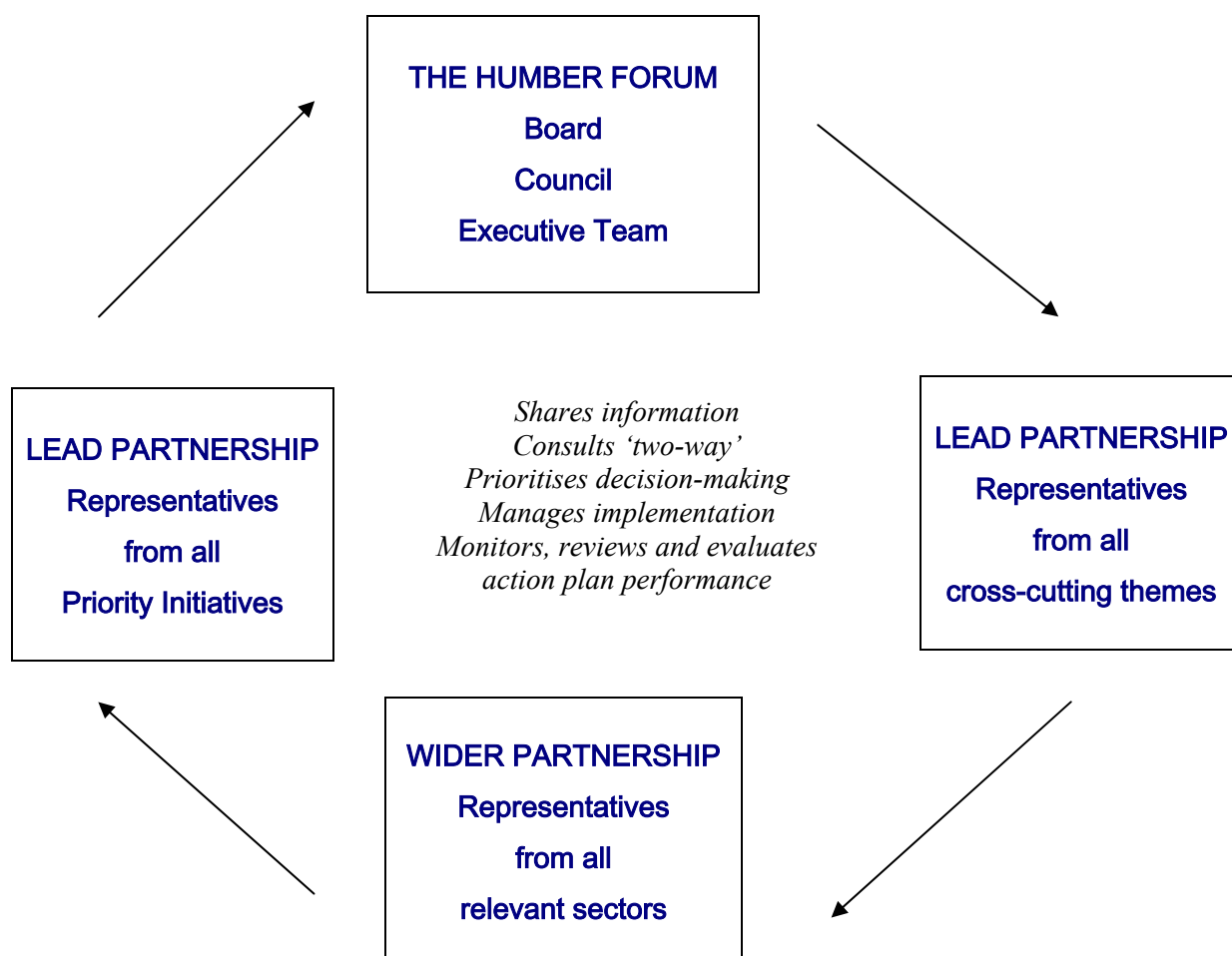
The diagram below shows the relationship between the main strategies and plans in the context of the action planning process, courtesy of Yorkshire Forward.



### 1.3 Partnership Structure

Many of these partnerships will have their own funding plans and/or have their own organisations within the network, which perform statutory functions. The key activities of the Humber sub regional action plan partnership are: information sharing, two-way consultation, prioritised decision-making, implementation management, monitoring, review and evaluation of performance. The flowchart below reflects the current structure of the network, which at this stage is a three-dimensional model comprising: The Humber Forum, the Lead Partnership Group, and the Wider Partnership Group.

*Flowchart to illustrate partnership structure in operation*



#### 1.3.1 The Humber Forum

The Humber Forum Limited is the strategic public-private partnership for economic development and regeneration in the Humber sub region and is the lead and focus for this action-orientated network. The Board of Directors is a strategic decision making body and includes representatives from key organisations and partnerships from public, private and voluntary/community sectors. The Council of Members comprises over 120 senior representatives from key organisations and stakeholders in the sub region. The Humber Forum Executive Team prepares economic analysis and tailored research, facilitates the process, drafts the Humber Economic Development Action Plan information for consultation, makes recommendations and is responsible for the ongoing monitoring, review and evaluation of the action plan. The Executive Team also manages the action plan strategic development and technical support contract on behalf of the sub regional action plan network to ensure the appropriate integration of relevant strategies and plans, and the co-ordination of specialist technical advice and guidance for project sponsors and/or managers. For full details about the Humber Forum visit the website at [www.humberforum.co.uk](http://www.humberforum.co.uk)

### *1.3.2 Lead Partnership Group*

This group comprises the key strategic sub regional public/private/other stakeholders actively involved with the Humber Economic Development Action Plan process. The lead partners for each of the 7 priority initiatives are responsible for leading and driving the prioritised actions identified and agreed by the various partnerships towards delivery. The individual lead partners mainly define their own roles in this process, because it is essential that they fit with their respective networks, especially for consultation and decision-making purposes. However, quarterly meetings between lead partners will be held to ensure synergy between priorities. The key partners in this group are: the 4 unitary authorities, (the East Riding of Yorkshire Council, Kingston upon Hull City Council, North East Lincolnshire Council, North Lincolnshire Council), who are mainly represented via their economic development and regeneration teams; the four unitary authority area based Local Strategic Partnerships, Business Link Humber, Learning and Skills Council Humberside, Hull & Humber Chamber of Commerce, the Rural Forum for East Riding and Northern Lincolnshire, Hull City Build and the new renaissance town teams for Scunthorpe, Bridlington and Grimsby/Cleethorpes, Yorkshire Forward Humber team and the Humber Forum executive team. Cross-cutting theme representatives also attend.

### *1.3.3 Wider Partnership Group*

This group forms the main consultation body on specialist information relating to their specific sector or individual specialist knowledge and/or experience. In working towards total inclusiveness of relevant partners, this group also comprises those individuals, organisations and groups formerly referred to as the *Perimeter Group*. These partners, whilst not always directly involved with the sub regional action plan, nevertheless need to be kept informed of its development and may as a result identify some contribution towards its implementation. It is within this group that a number of new partnerships have emerged to influence and contribute to the delivery of economic regeneration in the Humber sub region. The diversity of these partners and their involvement in the Humber action plan from individual organisation representation through larger partnerships to funding programme responsibility, provides a broad scope for local, sub regional, regional, national, European and international dimensions to be integrated into the sub regional action plan network. This group includes representation from the University of Hull, the University of Lincoln, East Riding College, Bishop Burton College, Hull College, Grimsby College, North Lindsey College, the Environment Agency, English Nature, Humber Industry and Nature Conservation Association, the Countryside Agency, the Council for the Protection of Rural England, Business in the Environment, British Waterways, Job Centre Plus, Connexions, Yorkshire and Humber Assembly, Government Office for Yorkshire and the Humber, Humber Trade Zone Management Group and Advisory Group, Business Link Humber Strategic Management Group, City Learning, East Riding Learning Partnership, North Lincolnshire Learning Partnership, North East Lincolnshire Learning Partnership, Community Safety Partnerships, Business in the Community, Humber Health Group, Humber E Sub Region Group, Humber Seafood Group, Humber Chemical Focus, Princes Trust, Yorkshire Arts, Hull and South Humber Common Purpose networks, Local European Programme Partnership Groups, various Single Regeneration Budget partnerships, the Council for the Voluntary Service throughout the Humber sub region, European Information Centre, Primary Care Trusts operating in the Humber sub region, HM Prison Service based in the Humber sub region, and Yorkshire Tourist Board. Information, advice and guidance, and presentations are continually provided by the Humber Forum executive team on how to ensure inter-connections between relevant partnerships and to enable new partnerships to link into the existing network for mutual benefit.

## 2. APPROACH

### 2.1 Purpose

The main purpose of this document is to provide the foundations for a working action plan that will:

- Provide an annually updated economic and policy framework within which the actions can be implemented
- Bring together partners from all sectors of the economy to deliver common agreed aims and objectives
- Demonstrate how the Regional Economic Strategy will be delivered and monitored in the Humber sub region
- Act as a tool to attract and access additional sources of funding to ensure its overall effective operation

### 2.2 Timeframes

The sub regional action plan is a 'live' working document that continues to capture, store and disseminate information provided by its partners. Its period of operation is from April 2003 to March 2006 and it builds on and rolls forward the existing Humber action plan for April 2002 to March 2005. The timetable for the 2003/06 plan is:

- Preliminary partnership consultation and updating in July 2002
- Networking event focusing on delivery of current projects in September 2002
- Ongoing consultation with partners culminating in overview statement of current position and priority update reports circulated in October 2002
- Main document revisions to be completed in October 2002 via consultation
- Final draft of 2003/2006 Humber sub regional action plan to be circulated to the all Humber sub regional action plan partners by the end of October 2002
- Breakfast Briefing session to be delivered as part of ongoing consultation with all Humber sub regional action plan partners on 30 October 2002
- The Humber Forum Board will be requested to endorse the revised Humber Economic Development Action Plan at its meeting on 11 November 2002
- Project sponsors continue to work with priority lead partners, the Humber Forum Executive and Yorkshire Forward to complete draft project schedule
- Final Humber SRAP detailing prioritised projects for 2003/6 with precise funding and targets indicated by priority initiative will be presented for formal endorsement by the Humber Forum Board at its 27 January 2003 meeting

## 2.3 Methodology

This plan is the result of an extensive and highly intensive consultation process with partners in the Humber sub region and beyond including the following activities:

- An action-orientated strategy for collecting, collating and evaluating data provided by the Humber sub regional action plan partnership network
- A mapping exercise of the action plan objectives against the RES objectives
- Application of the analysis from the “*Progress in the Humber 2001/2002*” to the economic case for the Humber sub regional action plan
- The integration of the Humber sub region’s big issues for action as identified and agreed by the wider Humber Forum membership
- The establishment of a strong inclusive partnership with regular networking events, meetings and other communications to ensure progress
- The assistance with quantification of partners proposals from project level to strategic ‘fit’ and back to ensure a robust approach to our priority initiatives
- Ensuring compliance with the action plan guidance prepared by Yorkshire Forward as requested and influenced by the action plan co-ordinators

## 3. VISION AND AIMS

### 3.1 Vision

The Humber Economic Development Action Plan will naturally contribute to the Regional Economic Strategy vision, which is to create a world class, prosperous region that is sustainable; has empowered partnerships and communities; has a culture of enterprise and creativity; is self reliant; has ladders of opportunity for all and has a positive identity.

With its own unique combination of physical assets the Humber sub region has an ambition to provide a distinctive and different sub regional dimension to economic development, enabling it to play a key role in wider regional, national and international economies.

### 3.2 Aims

Based on the key findings presented in the economic background in section 5 and followed through into the priority initiatives for investment in section 8 of this document, the six aims of the Humber Economic Development Action Plan are to:

1. Facilitate strategic infrastructure improvements
2. Invest in key clusters (mainly chemicals, food & drink, digital)
3. Build stronger public/private networks
4. Connect people to economic opportunity
5. Get the best out of the sub region’s assets
6. Expose businesses and individuals to leading edge practice from elsewhere

*Additional action notes relating to the six aims:*

1. Further development & extension of current prioritised investments in the Humber sub region's infrastructure, such as strategic sites in the Humber Trade Zone, areas targeted by Hull City Build in the master plans, both rural and urban transport improvements, coastal zone enhancement and restructuring works will take place.
2. Key clusters identified by Yorkshire Forward will continue to be prioritised along with ports and logistics in the Humber Trade Zone, construction primarily under the renaissance agenda and overcoming economic exclusion linked to housing and health agendas, and care/health in both overcoming economic exclusion and innovation and business growth priorities.
3. Ongoing strengthening and clarification of network roles & responsibility continues.
4. Emphasis on connecting people to opportunities will be maintained in all priorities.
5. Focus on maximising impact of & value added from current assets will be kept up.
6. Greater emphasis will be placed on new companies, encouraging entrepreneurial individuals and the acceleration of high growth potential in both new and existing businesses to make significant contributions to the growth of the Humber economy.

#### **4. COMMUNICATIONS & CONSULTATION**

As communications is an integral part of the Humber Economic Development Action Plan, it is important to develop efficient and effective methods to engage internally and externally in order to sustain the partnership network. Therefore, both in terms of the capture and the dissemination of information and strengthening and expanding the strategic framework the communication and consultation process is of vital importance to the successful delivery of the action plan. It also underpins the motivating and inclusion factors needed to build a strong and vibrant partnership network and provide the foundation building blocks of a monitoring, review and evaluation process to inform future development work.

On the higher level there is a need to raise awareness and understanding and to trigger action responses from target audiences and/or partners and through them to draw in information for analysis, research and evaluation. This would include responding to consultations, engaging in the process and sharing knowledge and expertise. More specifically, there is a need to encourage partners to accept that the Humber Economic Development Action Plan belongs to all the partners; it is not the property of any one individual partner, for example the Humber Forum executive team, which is actually the facilitator and enabler of the communication process.

The nature of the Humber sub regional action plan partnership network means that individual partners have different roles within it and at different times. For example, one individual role within an organisation's department and another as a partnership representative may differ. The Humber Forum understands these differences and also encourages other partners to appreciate and understand these differences in order to strengthen the network and help to tackle key issues and overcome obstacles to delivery with a positive and constructive approach.

Sometimes we need to gain input from partners, i.e. we need to encourage our partners to share at different levels:

- knowledge and understanding of key issues from all points of view
- strategic and policy making to ensure there is a 'two-way' fit
- planning knowledge and skills in the context of options, risks, rules etc.
- evaluation expertise to ensure this feeds back into policy and planning

Sometimes partners need information or need to know how to find out about the Humber Economic Development Action Plan, its key projects and other partners roles. The Humber Forum executive team also needs to know what these information needs are in order to carry out its role effectively on behalf of the partnership. The Forum needs feedback from partners on the appropriate levels, styles and frequency of communication required in order to ensure we target audiences appropriately.

The communication and consultation methods currently being operated include:

- written via emails, postal correspondence, Forum Board papers and reports
- presentations at quarterly networking events and various briefings events
- publication of annual document and guide booklet
- updates, question and answer section on website and in newsletters
- technical support workshops for project sponsors
- participation in partners events and training sessions by invitation

If our communication and consultation works for you let all your contacts know, if it can be improved let us know how.

#### **4.1 Challenges Identified Through Consultation**

As a result of continuous consultation with partners and building on our response to “**The Regional Economic Strategy for Yorkshire and Humber 2003-2012**” consultation draft we have included ongoing challenges and outlined positive action being taken to address them in this section based on our current experience:

##### **4.1.1 How to access the ‘Single Pot’**

Last year we identified the need for joint commitment to and participation of all partners, including regional partners and the other three sub regional action plan coordinators, in a clear and common communication strategy. As a result we have jointly contributed to, “**Regional and sub regional action planning guidance 2003/6**” printed by Yorkshire Forward and available via all Yorkshire Forward offices. The Humber Forum produced “**A Guide to the RESHAP 2002/3**” in March 2002, still available via its office, which will be updated for 2003/4.

##### **4.1.2 What about non-Single Pot funding?**

The Humber Forum continues to make good progress in identifying sources of funding regional partners are planning to invest in the Humber sub region in 2003/4. However, it continues to be a significantly huge task as indicated last year and will require a considerable amount of additional time to achieve a total forecast investment figure with any degree of accuracy. There is a real willingness to participate by partners in this identification of total investment exercise from both within and without the Humber sub region, but it is not a top priority for the majority.

Much progress has been made in aligning the single pot in particular with European Structural Funds via the Business Link network. The Learning and Skills Council and Job Centre Plus are now co-financing their own funds with the European Social Fund via the Objective 3 programme. Two key challenges here are to ensure that:

- 1) priorities already agreed within the Humber SRAP can still be met and
- 2) clear accessible advice and guidance for the funding processes is available

### 4.1.3 Beyond the Humber Sub Regional Action Plan / other linkages

Work currently being done to avoid potential duplication and overlap of initiatives is now actively shared with partners as increasing clarity between local, regional and sub regional activities emerge. Working across sub regions in the new arrangements is proving more difficult to achieve except where it builds on existing partnerships. It is important to recognise the potential impact of Humber SRAP priority investments upon the region via for example the Humber Trade Zone and of other SRAP priorities upon the Humber via for example Selby coalfield restructuring, the European Objective 1 programme in South Yorkshire and Leeds financial services sector.

### 4.1.4 Prioritisation Process

In order to identify the priority initiatives for investment in the Humber sub region it was essential to adopt a pragmatic approach, which was clearly justified to all. There are two key issues remaining from last year. Firstly to achieve maximum inclusivity within extremely tight time-scales requires an absolute minimum of 3 months' lead time at all stages. Secondly to identify specifically focused and significant investments that can simultaneously spend and deliver key targets. The process recommended to arrive at the prioritised proposals, to implement the 7 priority initiatives for investment in the Humber sub region, set out in section 8, is as follows:

- Prepare the business case for the proposal based on economic needs and/or opportunities using current research and analysis documentation.
- Clearly demonstrate that the conclusions drawn from the business case indicate a significant contribution can be made to the Humber SRAP.
- Consult extensively with other partners to ensure proposal consistently addresses needs and exploits opportunities with minimum displacement.
- Check 'fit' with all appropriate strategies and plan for implementation in the 2003/4 financial year - refer to section 1.2 for strategic framework context.
- Map proposals onto RES objectives for 'best-fit' - refer to section 8.1 for a guide. This is essential if submitting proposal for Single Pot funding and highly desirable if requesting other funding sources to maximise Humber SRAP contribution to the delivery of the RES.
- Thoroughly assess project capacity to deliver projected targets within timeframes required by the SRAP and prepare brief risk and options analysis.
- Work out specifically what funding the project requires from each funding source and what are the specific targets associated with each funding source.
- Check the reality of the resulting finance and target projection profile with the appropriate funding provider to ensure it meets their requirements.
- Present the proposal to the appropriate partnership group for endorsement prior to detailed appraisal by the funding providers - refer to section 8.2.

### 4.1.5 Implementation

Much progress has been made by Yorkshire Forward in the current year 2002/3 to implement a robust process for single pot project appraisal both via the Humber SRAP and the Regional Action Plan. However, the responsibility now rests with all partners to work at speedier resolution of and consequently processing of issues relating to those prioritised projects in the 2002/3-action plan. The

implementation of the current year's targets will naturally form the building blocks for 2003/4 and beyond so it is essential that we deliver the RES targets we committed to as far as practicable. In order to overcome project related issues as effectively and quickly as possible we concluded that it is essential to invest in both dedicated administrative support and specialist technical advice to ensure successful delivery of targets.

Due to the current complexity of mixing different funding sources, in addition to the single pot, with highly intensive levels of administration processes attached to them, and increasingly demanding technical contents, the Humber Forum negotiated a technical support contract with Yorkshire Forward, on behalf of its partners, to provide some project development assistance to Humber SRAP partners once their projects have been earmarked for funding - see action planning guidance booklet referred to in 4.1.1 for definition. The Humber Forum and its partners also provide European Structural Fund technical support via the Humber Objective 2 Programme Effectiveness Team.

#### **4.1.6 Monitoring, Review and Evaluation**

A single monitoring process remains the ultimate goal for the single pot system, a request that the Humber sub regional action plan partners have been promoting and aiming to make a reality for some time. As noted in 4.1.2 there has been considerable progress over the last year in the alignment of single pot funding with that of the regional structural fund programmes in the Yorkshire and the Humber region and that it is anticipated that this will become a reality in April 2003. In terms of MRE, the Humber Forum remains keen to share its experience with all partners to ensure linkages via the Regional Intelligence Network and to enable all results to be accessed by all partners to feed back into the future project development cycle.

### **5. ECONOMIC CONTEXT**

The Humber Economic Development Action Plan sets out the overall activity framework for the economic development and regeneration of the Humber sub region and identifies priority initiatives for investment over a three-year period. Together with the three other sub regional action plans (SRAP) and the Regional Action Plan (RAP) for the Yorkshire and the Humber region it will enable actions to be implemented to deliver the six objectives of the Regional Economic Strategy (RES).

#### **5.1 Economic Background**

The following paragraphs provide a brief pen-picture of the sub-region in order to place the Humber Economic Development Action Plan in its sub regional context. The Humber Forum's ***"Progress in the Humber 2001/2002"*** provides a more detailed economic review of sub region and is the main reference document.

The Humber sub region has an east-coast location mid-way between London and Edinburgh (approximately 200 miles) facing the Continent; Leeds is 50 miles from the Humber Bridge and Sheffield 60 miles and York 40 miles. Although perceived, both within and without the sub region as somewhat peripheral and isolated, within a four hour drive by a commercial vehicle there is a market of over 40 million people and the industrial customers and suppliers of the North, the Midlands and parts of Southern England.

The sub region's key unique asset is the Humber Estuary, which has determined the significance of the City of Hull and its port, together with the port and towns of Grimsby, Immingham and Goole. Scunthorpe, a major steel manufacturing and processing centre once based on local ironstone reserves, now draws its raw materials from elsewhere via the estuary's ports and wharves.

The south bank of the estuary, upstream from Grimsby, contains the largest continuous belt of industry in the sub region, much of it, which is related to chemicals and petro-chemicals. Some 81% of the sub region's land is agricultural, nearly half of which is classed as Grade 1 or 2, mostly used for highly productive arable farming.

There are four Unitary Authorities covering the Humber sub region, namely the East Riding of Yorkshire Council, Kingston upon Hull City Council, North East Lincolnshire Council and North Lincolnshire Council.

The total population is 868,500 (2001 census), mainly concentrated in the urban areas centered upon Kingston upon Hull (350,000), Grimsby (100,000), and Scunthorpe (80,000). Overall, the population is slowly increasing and, in common with most other parts of the country, there has been a shift from the large urban centres to the surrounding rural areas and suburbs. Projections are for continued slow growth but with increasing proportions of elderly people and significant numbers of single-person households. It has been estimated that nationally, 40% of all households will comprise only one person by 2010).

There is, overall, a diverse yet fairly weak economic base, with a curious blend of insularity, and yet with an international outlook. There are some high-output industries, notably chemicals and steel, which inflate average GDP indicators and mask the presence of many low value-added and low wage sectors. Manufacturing industry is relatively strongly represented but, apart from notable exceptions, many of the large employing sectors are low value-added and vulnerable. The biggest manufacturing industries are food, chemicals and steel.

The sub region is significantly under-represented in growth and value-added sectors, including professional and financial services. Many businesses serve only local markets. The ports complex, the biggest in the UK, handles a sixth of the country's sea borne foreign trade and has a strategic location, facing continental Europe. It is at the eastern end of the M62/M180/trans-Penine routes, the Humber ports are the northernmost in the UK and able to provide overnight sailings of less than 12 hours to and from continental Europe.

There are 23,185 enterprises, 84% of which have an annual turnover of less than £500,000, and 44% less than £100,000, giving little scope for investment. Less than 1% of employers employ over 200 people, yet account for a third of all employees. At the other end of the scale, more than two thirds of employers have fewer than five employees yet account for under a tenth of total employees. There is evidence of business clusters in the Humber's staple industries and of newly emerging clusters that may increase in economic significance.

Business formation is below national and regional rates and aspects of the sub region's social and economic conditions militate against entrepreneurship. The Humber is also not strongly competitive, for different reasons, in terms of inward investment compared to regional and national front-runners. Thirty percent of all jobs are part-time, roughly in line with the national average. Overall there are high proportions of jobs with old skills or low skills and earnings are generally 10% or so below national averages (with notable exceptions) and household incomes are low. Average house prices are just over half of national figures. Large sections of the community, in Hull especially remain unconnected to the economic and social mainstream. On the south bank of the Humber, where GDP per head is high due to the presence of a few high output industries, North Lincolnshire has been a star performer, in recent years, in terms of job creation while neighbouring North East Lincolnshire has experienced nil net job growth for approaching 20 years.

Unemployment is above the national average, and has been falling slower than nationally; there are higher rates especially in Hull and North East Lincolnshire. Degrees of disadvantage, under-achievement and social need have severe drag effects on overall economic performance, despite visible progress, investment and good infrastructure. These are due in part to low educational participation and attainment, which in turn are partly the result of the low quality of many jobs. There is a high level of labour market self-containment, with over 90% of the resident workforce working within the sub region.

The Humber Forum's "*Progress in the Humber 2001/2002*" benchmarked the Humber sub region against the nation and against the region (see page 16). On many indicators the Humber sub region represents around 17-18% of the Yorkshire and the Humber region. The Humber sub regional economy overall has a greater share of negative economic indicators than positive ones, suggesting a degree of under-performance.

Our challenge is clearly to move significantly towards a modernised and competitive sub regional economy. This will be achieved by prioritising partners' proposals presented to address market failure and also by creating, identifying and seizing new opportunities through continuing to work in consultation together, based on a common understanding of our current issues and prospects for the future.

## 5.2 Key Humber Sub Regional Benchmarks

	The Humber	Yorkshire and the Humber	National		The Humber	Yorkshire and the Humber	National
<b>Area</b>	3,511 sq. km.	22.8% of Y&H	1.4% of UK	Employed who are self-employed	7.80%	10.00%	11.30%
<b>Agricultural land</b>	2,811 sq. km.	26.2% of Y&H	3.1% of England	Employee jobs in Manufacturing	25.40%	19.20%	15.70%
<b>Population (2001)</b>	868,000	17.5% of Y&H	1.5% of GB	Employee jobs in Financial and business services	10.50%	14.50%	19.0% (GB)
<b>Ethnic minorities (1991)</b>	1.00%	4.40%	5.5% (E&W)	Population of working age	530,600	17.2% of Y&H	1.6% of E&W
<b>Gross Domestic Product</b>	£10,413 m	18.8% of Y&H	1.4% of UK	Resident workforce aged 16+	420,000	17.2% of Y&H	1.5% of GB
<b>GDP per head</b>	£11,759	107% of Y&H	94% of UK	Economic activity rate	76.90%	77.90%	78.7% (GB)
<b>Enterprises</b>	23,185	17.5% of Y&H	1.2% of UK	ILO unemployment	5.90%	4.55%	4.3% (GB)
<b>Enterprises per 100 population</b>	26	26	31 (UK)	Fall in unemployment over five years	44.00%	50.90%	55.30%
<b>One-year business survival rate</b>	90.00%	89.90%	90.1% (UK)	Long-term unemployed (12 months +) as % of total	18.40%	18.10%	19.20%
<b>Three-year business survival rate</b>	61.90%	60.80%	62.5% (UK)	Average gross weekly earnings	£306.75	98% of Y&H	89% of GB
<b>Commercial and industrial floorspace</b>	11.2 m sq. m.	17.8% of Y&H	2.0% of E&W	Average hours worked weekly	41	40.2	39.8 (GB)
<b>Annual turnover of enterprises</b>	£22,873 m	12.0% of Y&H	0.6% of UK	Average district concentration score in Indices of Deprivation	7,497	7,292	6,710 (England)
<b>Annual gross output per employee of Manufacturing</b>	£126,400	£95,800	£104,400 (UK)	Income deprived	236,900	17.70%	2.2% of England
<b>Index of value added per employee</b>	96.7	91.9	100 (UK)	Employment deprived	61,450	18.20%	2.1% of England
<b>Annual port traffic</b>	73.8 m tonnes	99.9% of Y&H	13.8% of UK	Income support claimants	63,200	18.3% of Y&H	1.7% of GB
<b>Foreign imports</b>	40.1 m tonnes	99.9% of Y&H	20.7% of UK	Households	367,000	17.4% of Y&H	1.8% of England
<b>Foreign exports</b>	18.3 m tonnes	99.9% of Y&H	10.3% of UK	Dwellings in Council Tax Band A	50.30%	46.50%	26.1% (England)
<b>International port passengers</b>	1 million	99.9% of Y&H	3.2% of UK	Average price of residential property	£61,808	£73,204	£118,766 (E&W)
<b>Airport passengers</b>	446,000	23% of Y&H	0.3% (UK)	Workforce qualified to at least NVQ Level 4	16.30%	19.50%	22.6% (GB)
<b>Employee jobs</b>	327,200	16.0% of Y&H	1.3% of GB	Employed and self-employed in job-related training	15.30%	13.80%	13.80%
<b>Ratio of non-employed to employed</b>	124	121	111 (GB)	Five or more Grades A*-C at GCSE/GNVQ in 2000	42.20%	43%	50% (England)
<b>Part-time employee jobs</b>	30%	32%	30% (GB)				

### 5.3 Observations on key Humber sub regional economic benchmarks

In making the economic case for investment in the Humber sub region the following observations highlight needs, market failure and new opportunities, which must be taken into account in the prioritisation for investment decision-making process.

- The Humber sub region produces 18.8% of the region's GDP, but our businesses only generate 12% of the regional annual turnover, so we are not punching our weight in terms of competitiveness of business stock.
- The Humber sub region only has 16% of employee jobs in the region. This partly explains the figures in terms of wealth creation in that 30% of our workforce has part-time jobs and only 10.5% of our employee jobs are in financial and business services.
- The five-year fall in unemployment rates is some 6% points below the regional figure, and 11% points below the national, so the local economy is not generating enough employment demand to include the excluded.
- Overall output per employee is greater than national and regional averages, largely as a result of a few high-output industries. However, there are many areas in which productivity still needs to be raised.
- A key asset for the sub region, the region and beyond is the Humber's ports and this is reflected in the port traffic and import/export figures, but they do not capture sufficient added-value benefits of trade flows through the ports.
- An above regional and national percentage of employed and self-employed people benefiting from job-related training; is evidence of an employer commitment to workforce development.

### 5.4 Economic needs and opportunities to be addressed by the sub region

Members of the Humber Forum, having considered "*Progress in the Humber 2001/2002*" and other economic intelligence, have identified four 'big issues' for the sub region:

1. Industry innovating and embracing change
2. An efficient transport infrastructure
3. Benefiting from the latest communications technology
4. Properly co-ordinated education and training

Although there are many issues and challenges facing The Humber, there are also opportunities to be grasped in order to improve the sub region's economic competitiveness. Many of these are addressed through economic development initiatives and these need implementing in a planned way. The draft Strategic Framework for Economic Development in the Humber sub region provides a 'bridge' between economic analysis and this action plan to ensure that it addresses the key issues identified by the sub regional partners.

"*Progress in the Humber 2001/2002*" identified challenges and opportunities, which have been developed in the Strategic Framework to provide a focus for the action plan so that it can help to make a real positive difference.

The three key themes for this focus are:

1. Developing a stronger and more relevant knowledge base
2. Building a capacity to innovate
3. Higher degrees of entrepreneurship

These need to be incorporated into actions to address the conclusions we have drawn from the economic context, which are:

- The economic base and structure of the sub region is largely traditional, established and has limited inherent growth potential
- The jobs and skills profiles are largely determined by the economic base
- There is some representation by high-value added industry but it is exposed to global competition, especially the manufacturing sector
- The knowledge-based market services sector with high potential for job creation is under represented in the Humber sub region
- High unemployment levels continue and labour market non-participation adds to the dependency ratio
- There is generally a low-earnings and low asset base type economy
- Problems with learning attainment and graduate retention are apparent despite having representation by 2 universities in the sub region
- There is evidence of younger, more motivated people leaving the subregion, and demographic trends in parts of the Humber are for this to continue
- There is a strong international outlook when evidenced by the port related activities and trade patterns but it is concentrated in too few businesses
- Approximately 90% of employees live and work in the sub region, a high measure of self containment reflecting distance from and travel times to jobs in South & West Yorkshire; regeneration of those areas will therefore not necessarily mean job opportunities reaching into the Humber sub region's workforce
- The sub region's assets, both natural and built, provide opportunities for the development and diversification of tourism
- There is serious housing market failure in parts of the sub region (notably in Hull) whilst in other areas the issue of affordability is to the fore. The significant linkages between the economic development, regeneration and housing agendas are becoming increasingly explicit
- Poor health indicators, high crime rates, and high levels of Income Support illustrate aspects of social deprivation, particularly in urban areas. A healthy workforce is needed to make maximum contribution to the ongoing development of the Humber sub regional economy

## 6. CROSS CUTTING THEMES

The overall aim of this section is to illustrate how these themes will be embedded into the Humber Economic Development Action Plan objectives and priorities for action. These themes must be integrated into the development process for all Humber sub regional proposals for action, from conception stage through to delivery of individual projects. By way of practical preparation and sharing of good practice in the Humber sub region the Humber Forum Executive team has completed a series of briefing sessions on all cross cutting themes with a particular focus on sustainability and social inclusion. These have resulted in some new actions around the application of sustainability and diversity appraisals to both plans and individual projects. This process will continue throughout the sub regional action plan implementation phase.

The five original cross cutting themes listed below have an additional theme in this revised document to reflect the additional theme of employment and skills to the RES. Action proposed to address each of the six themes in the Humber Economic Development Action Plan implementation process is also outlined below:

### 6.1 Environmental Sustainability

The principles of the Regional Sustainable Development Framework (RSDF) are being applied in practice across the seven priorities identified for investment. These principles form an integral part of the planning process for all plans represented in the Humber sub regional action plan. Specific attention is also being given to packages of environmental initiatives currently proposed both via the sub regional and regional action plan to ensure they are integrated into the economic and social priorities for investment of the plan with a view to achieving a ‘win-win’ result for all partners involved in the implementation process.

The former work of the Humber Estuary Partnership in promoting sustainable estuary management has also been accounted for in the development process. Yet another positive example of participating in more practical integration between man-made and natural environments is the continuing development of the Humber Industry and Nature Conservation Association (Humber INCA). One of the specific outcomes of the Humber Trade Zone Strategy, which is being extended to the whole of the sub region, is *‘to achieve a more sustainable and better-integrated Humber economy with a greater capacity for self-generated growth leading to a substantial increase in added-value and GDP per employee’* to ensure that we get the best out of our assets.

### 6.2 Partnerships

Partners are extensively and actively engaged in the Humber Economic Development Action Plan process and through this they are able to really own a share of the action in the Humber sub region. Given the significance of this theme to the overall success of the Humber Economic Development Action Plan, it is covered in some detail under section 1.3. The significant amount of time invested by all partners for mutual benefit must be acknowledged. We continually aim to ensure that the RES partnership goals can be met in the Humber sub region, i.e. to ensure that relevant partners are involved in developing and delivering projects; to keep key local and regional partnerships informed and supportive of the priority initiatives identified by the Humber partners and to use a participative approach, which responds to needs and includes all communities in decisions and delivery wherever possible. Our aim of building stronger public/private networks is also being partly achieved through the application of this cross cutting theme across the Humber sub regional plan.

### 6.3 Geographic Adaptation

Regional interventions must complement sub regional actions. Local proposals must add value to the sub regional actions. The main focus of this theme is to ensure interventions are made at the appropriate geographic level. Having established needs based on thorough economic analysis, partners must ensure actions are wrapped up into a package at sub regional level or rolled out from the region to the sub region as appropriate. Attention must be given to the strategic fit of proposals and adaptation of proposals to and from Local Strategic Partnership Strategies and Local Community Plans. In order to address the issue of geographical adaptation in the Humber sub region we have also targeted priorities for investment by natural geographic groupings, i.e. Humber Trade Zone, Urban Renaissance, Rural Renaissance, and Coastal Communities Restructuring to enable the diverse needs of the sub region to be tailored to meet local needs. Our approach to this cross cutting theme will enable us to make a positive contribution to achieving of two of our six aims, namely getting the best out of our assets and facilitating appropriate investments in strategic infrastructure developments.

### 6.4 Social Inclusion and Diversity

Social inclusion involves gender and diversity and projects must therefore show how they are tackling Humber related issues in this context. Both gender and diversity themes are important and as such will require specific targeted actions to address the root cause of related problems. Practical work continues to ensure social inclusion and diversity needs identified in our research are addressed in our plans and projects. It is also clear that both aspects of this theme must be mainstreamed across all areas of activity in our sub regional plan, especially if we are to achieve our aim of connecting people to economic opportunity. This is now being addressed in the emerging proposals for a Humber wide approach to social enterprise. As this emerges and is clarified via the partnership network a better understanding of its integration in this cross-cutting theme will be achieved. It is vital that we continue to monitor and evaluate our progress with this theme and that the key messages and findings are disseminated as widely as possible across our partnership network. The Overcoming Economic Exclusion themed priority initiative detailed in section 8 has been developed specifically to address issues to be tackled under this theme. In the Humber sub region the inherited Single Regeneration Budget programmes are being evaluated and again findings will be aligned with the new Humber action plan agenda. The achievement of our aim to connect people with economic opportunity will ensure that currently perceived excluded groups will be carefully considered on the transitional pathway from old to new agendas and not lost en route.

### 6.5 Creativity, Innovation and Technology

Integration of this theme into our priorities for investment will provide an opportunity to achieve our aim of exposing our businesses and people to leading edge practice and new approaches. Application of this theme to the maximum number of our project proposals will also enable us to progress towards the focus on building our capacity to innovate and raising the levels of entrepreneurship across the Humber sub region as identified in the research completed as part of *“Progress in the Humber 2001/2”*. Utilising new technologies and ICT will be captured under the ‘E’ business theme as part of the Innovation and Business Growth priority initiative for investment detailed in section 8. This cross-cutting theme will also form an integral part of the Humber Digital Cluster, particularly high on the agenda of the newly emerging Digital City initiative in Hull, which anticipates sub regional impact.

Creativity and innovation will clearly be encouraged throughout the Humber sub regional action plan and will be specifically covered both in the Coastal Communities Restructuring priority initiative and the cluster work also outlined in section 8. The promotion of a learning culture and creative thinking techniques is clearly in the development plans for the Learning and Skills Council Humberside, the Connexions service, the University of Hull, local learning partnerships and many of the educational establishments in the sub region. Achievement of our aim to expose our people to leading edge

practice from elsewhere will also be greatly enhanced by the integration of this theme into all our prioritised plans and projects.

## 6.6 Employment and Skills

This new theme has been introduced to ensure that the priority initiatives for investment identified via economic research and consultation with our partners can maximise their contribution to the delivery of the overall plan by improving skills, learning and employment opportunities across the Humber sub region. The Humber Forum network requested that education and skills be tackled at its Board level via the big issues groups in the last planning period. Key partners also requested that a Humber sub regional Employment Strategy be developed and the Forum has now secured funding directly from the European Commission to take this forward. Clearly this theme is an integral part of our Workforce Development priority initiative through which the Framework for Employment and Skills Action (FRESA) will be delivered in the Humber sub region. Its application across the Humber sub regional action plan will make a significant contribution to the achievement to two of our aims to invest in key clusters and to connect people to economic opportunity.

## 7. PROGRESS & KEY CHANGES

### 7.1 Progress to date with 2002/2003

To quote from the revised RES:

*“Hull is a city determined, like the region, to build a better future and early successes include the successful tourist attraction, The Deep, and the BBC’s Digital Learning Centre. Hull CityBuild is about to kick start developments like Ferensway and invest tens of millions of pounds to transform the city centre. The Humber Trade Zone is moving from a concept to action with major infrastructure improvements, food and chemicals cluster initiatives, skills programmes and proposals to tackle congestion about to capitalise on one of the region’s prize assets, the ports complex with the greatest potential in Europe. This will build on the excellent developments at Europarc in North East Lincolnshire and Normanby Enterprise Park at Scunthorpe in North Lincolnshire, as well as the work of the renaissance town team at Grimsby. The East Riding has developed innovative electronic community access to public services, attracted major investment by Guardian Glass to Goole and smaller scale public investment to rural towns like Market Weighton.”*

In addition to the above observations a Rural Forum has been established for the East Riding and Northern Lincolnshire with the East Riding of Yorkshire Council as its accountable body. The Humber Seafood Group has been set up to promote the interests of the fisheries catching and processing sectors in the Humber sub region. Humber Chemical Focus is moving into second phase delivery priorities with existing chemical companies. The Humber Forum has achieved its technical support and strategic management targets. Environmental initiatives identified for action in the Humber sub region and now being delivered via the RAP for the benefit of wider partnerships. The Hull, Bridlington and Cleethorpes Integrated Development Plan partners are working hard to progress their respective packages of prioritized projects into delivery phases. The Humber social enterprise agenda is progressing.

### 7.2 Key Changes to the Plan for 2003/2004

Apart from the revised format and layout, updating timescales and process details the key changes to the Humber sub regional action plan for 2002/2003 are:

- More detailed references to Local Strategic Partnerships throughout the plan
- Reference to the integration of the FRESA (Pages 5, 21 and 30)
- New strategic framework diagram courtesy of Yorkshire Forward (Page 6)

- New partnership flowchart to reflect strength of partnership network (Page 7)
- Updated population figures based on 2001 Census results (Page 14)
- Additional needs and opportunities to be addressed include tourism, young people and housing in line with RES review findings (Page 18)
- Additional cross-cutting theme of employment and skills (Page 21)
- Additional section on progress in previous year and key changes to next year
- Revised actions by RES Objective in line with RES updates (Page 22)
- Merged priority initiative for Coastal Communities Restructuring - to include Fisheries Restructuring (Page 28)
- Merged priority initiative for Innovation and Business Growth - to include themes of 'E' for enterprise and Intensive Knowledge Industries (Page 31)
- Updated position statements by priority initiative for investment (Pages 25-31)
- Addition of map of the Humber sub region at Appendix C
- Overall greater emphasis on prioritised packages of projects to deliver targets
- More priority focus on entrepreneurship & formation of new SMEs (Page 31)

## 8. PRIORITY INITIATIVES FOR INVESTMENT

### 8.1 Action Summary by Regional Economic Strategy (RES) Objective

Obj. No	Title		2003 – 2006 Proposed Actions	Humber SRAP Priority Initiative
1	<b>Growing the Sub Region's Business</b>	(a)	Grow businesses and employment in the sub region's key economic clusters	Humber Trade Zone, Workforce Development, Innovation and Business Growth
		(b)	Deliver high quality, customer-focused business support services	Rural Renaissance, Innovation and Business Growth
		(c)	Encourage innovation and make better links between higher education and business	Humber Trade Zone, Innovation and Business Growth
		(d)	Seize the opportunity provided by e-business	Rural Renaissance, Innovation and Business Growth
		(e)	Grow the region's exports	Humber Trade Zone, Innovation & Business Growth
		(f)	Increase productivity through workforce development activity	Workforce Development, Innovation & Business Growth
2	<b>Higher Business Birth and Survival Rate</b>	(a)	Create a long-term culture change to value entrepreneurs, enterprise and creativity	Workforce Development, Innovation & Business Growth, Overcoming Economic Exclusion
		(b)	Make the business support structure fit the purpose	All Priority Initiatives
		(c)	Develop entrepreneurial skills and business skills	Workforce Development, Overcoming Economic Exclusion, Innovation & Business Growth
		(d)	Improve access to finance	Innovation and Business Growth, Overcoming Economic Exclusion, Rural Renaissance
		(e)	Generate and promote high growth business – a role for clusters	Humber Trade Zone, Innovation and Business Growth, Workforce Development
3	<b>Attracting and Retaining more Investment</b>	(a)	More effective marketing of the region	Humber Trade Zone
		(b)	Increase, retain and embed foreign investment in the region	Humber Trade Zone
		(c)	Capitalise on public investment in health and education	Overcoming Economic Exclusion, Workforce Development
		(d)	Build on the potential of tourism to contribute to the region's economy	Rural Renaissance, Urban Renaissance, Coastal Communities Restructuring,
		(e)	Develop cultural opportunities in the region to increase its attractiveness as a place to live, work and invest	Rural Renaissance, Urban Renaissance, Coastal Communities Restructuring

## 8.1 Action Summary by Regional Economic Strategy (RES) Objective continued...

Obj. No	Title		2003 – 2006 Proposed Actions	Humber SRAP Priority Initiative
4	<b>Improving Education, Learning and Skills</b>	(a)	Create a culture in which education, learning and skills are highly valued by individuals and businesses	All Initiatives
		(b)	Improve educational attainment and vocational skills amongst labour market entrants	Overcoming Economic Exclusion, Workforce Development
		(c)	Raise the skills and flexibility of the region's workforce, so it can more effectively adapt to change and respond to economic opportunities	Workforce Development
		(d)	Increase the quality, flexibility and responsiveness of education, learning and skills provision	Overcoming Economic Exclusion, Workforce Development, Innovation & Business Growth
5	<b>Targeted Regeneration Programmes</b>	(a)	Transform the most disadvantaged neighbourhoods into sustainable communities	Overcoming Economic Exclusion
		(b)	Mainstream prevention of crime and health inequalities into regeneration activities	Overcoming Economic Exclusion
		(c)	Build the capacity of people and businesses to contribute to and benefit from regeneration	Rural Renaissance, Overcoming Economic Exclusion, Innovation & Business Growth
		(d)	Stimulate community enterprise	Rural Renaissance, Overcoming Economic Exclusion, Innovation & Business Growth
		(e)	Boost the role of the region's five key cities as drivers of employment growth	Urban Renaissance, Overcoming Economic Exclusion
		(f)	Restore civic pride and engagement through community based renaissance in major towns	Urban Renaissance, Overcoming Economic Exclusion
		(g)	Connect people at most disadvantage to job opportunities, through learning and skills	Rural Renaissance, Urban Renaissance, Overcoming Economic Exclusion
		(h)	Create a broader and stronger economic base for rural communities	Rural Renaissance
6	<b>Getting the best out of the sub region's physical and environmental assets</b>	(a)	Provide integrated regional economic, planning, transport and housing frameworks	Humber Trade Zone, Overcoming Economic Exclusion, Urban Renaissance
		(b)	Develop sustainable strategic development and trade zones	Humber Trade Zone
		(c)	Optimise the availability of land and property for business	Humber Trade Zone, Rural Renaissance, Urban Renaissance, Coastal Communities Restructuring
		(d)	Improve transport provision and accessibility	Humber Trade Zone, Rural Renaissance
		(e)	Develop physical infrastructure and connectivity to support the best and most sustainable use of e-technology	Humber Trade Zone, Urban Renaissance, Rural Renaissance, Innovation & Bus. Growth
		(f)	Protect and enhance the region's environment	All Initiatives
		(g)	Make prudent and efficient use of energy and natural resources	All Initiatives
		(h)	Tackle barriers to labour market mobility	All Initiatives

## 8.2 Prioritised Action Context by Priority and Theme

We have prioritised our actions, having already mapped them onto the RES revised objectives, ensured they cover the cross-cutting themes, responded to the economic issues raised in section 5.4 and followed the prioritisation process recommended in section 4.1.4. We have based the projected activities on the assumption that the results of current master planning exercises, feasibility studies and public enquiries are positive and they will enable sufficient momentum to increase expenditure and related targets by 2005/6. By building on and rolling forward the existing action plan, completed in November 2001, we have further developed and refined our agreed priorities for investment in consultation with our partners. The main risk is that projects earmarked for single pot funding in 2002/3 do not deliver their targets (and consequently other funding targets linked to them) and that other potential projects cannot be worked up quickly enough through the process to deliver the target shortfall. We must simultaneously work on reserve project developments and maintain full commitment to deliver our current forecast targets.

### Humber Trade Zone

We have further developed a public/private sector partnership, the HTZ Initiative Management Group, which will create and maintain a sustainable strategic and integrated trade zone. *The two key themes for investment in the HTZ are strategic sites and clusters.* Major strategic sites, already prioritised for action in 2002/3 include Europarc Integrated Logistics, Normanby Enterprise Park, and Humber Bridgehead Sites. Land assembly together with site preparation work is already underway. Feasibility studies are nearing completion for the South Humber Bank and distri-centre proposals. The HTZ is the focus for strengthening the clusters in chemicals, food and drink, ports and logistics and some work on the digital cluster to ensure they are fully integrated with the strategic site developments. The 3 key challenges are 1) to ensure environmental and sustainability actions identified in the research are implemented, 2) that the relevant transport infrastructure issues are tackled via the Humber Forum board big issues group to ensure maximum impact of the strategic sites investment and 3) that the potential workforce development opportunities are seized by other key partners such as the Business Link, Learning and Skills Council, Job Centre Plus and the two Universities where appropriate.

The Humber Trade Zone is one of the catalysts to raising the overall output per employee in the region of Yorkshire and the Humber and thereby making a significant contribution to the delivery of the RES higher-level targets. It must play a key role in providing positive solutions to addressing transport bottlenecks, environmental issues and planning policy considerations. The HTZ proposals need to find ways of maximising the use of the current skills base available, contributing to raising the skills levels relevant to the HTZ clusters and enabling business to grow and more inward investment to be attracted into the HTZ target area.

Due to the complex nature of this priority initiative some work remains to be done in terms of embedding the various priorities identified for action in the original strategy into the current delivery programme. Progress is being made via the publicity strategy including a ports and logistics conference and trade fair planned for 2003. Generally, there has been a lack of reference to the overall HTZ strategy and/or the detailed delivery plans to which the main funding providers refer. Consequently there has been alternate acceleration and delay in project development and appraisal. All proposals must be forwarded the HTZ Initiative Manager at the Humber Forum.

### Rural Renaissance

In order to develop and deliver the rural renaissance priority initiative effectively across the Humber sub region it was agreed by North Lincolnshire Council, North East Lincolnshire Council, Yorkshire Forward, the Humber Forum and the East Riding of Yorkshire Council that the latter would be the lead partner and accountable body for this work. The key partners formally agreed the constitution of the Rural Forum for East Yorkshire and Northern Lincolnshire in July 2002. The main purpose of the

Rural Forum is to work with others to promote and deliver rural renaissance in the Humber sub region within the overall context of the RES, Yorkshire Forward's Rural Renaissance Agenda and the Humber SRAP. This group is also responsible for allocating the Rural Transitional funding up to 31 March 2004. In parallel with this role the Rural Forum will agree priority actions to implement the new Rural Renaissance Agenda in the Humber sub region.

This priority initiative was originally designed to tackle rural poverty and re-connecting people to new opportunities via a package of rural development schemes. Last year there was no earmarked financial allocation to the Humber Sub regional action plan; all funding was allocated via the Regional Action Plan. This year, with the establishment of the Rural Forum we have an appropriate partnership through which to manage this priority initiative at the Humber sub regional level.

The agenda is about improving social, economic and environmental conditions in small towns, villages and the countryside. Due to major changes in agricultural subsidies from the European Commission, fundamental changes in the agricultural industry in the wake of the changes and the impact of foot-and mouth, combined with a lower level of employment in the industry, there is an increasing need to diversify in order to ensure the future viability of the countryside.

Much emphasis is placed on the need to achieve economic targets from the key themes prioritised for action in the Humber sub regional action plan. ***The key themes for this priority are Rural Transition, Renaissance Market Town development, rural capacity building (including counter measures for rural disasters), rural tourism activities in line with the Tourism Action Plan for the region and Leader Plus value added proposals.*** Specific action to deliver targets under these themes will include tackling pockets of low educational attainment and low vocational skills levels, improving access to services in rural communities, establishing market towns as service centres, and employment providers for rural hinterlands, quality improvements and better support for tourism businesses.

Current commitments to action focus on the delivery of the Rural Development Programme as already indicated. The newly formed Rural Forum is currently sharing ideas and proposals between its members and their respective partnerships and with the rural team at Yorkshire Forward. The types of proposals that are being considered to achieve the RES targets under this priority include promoting self-employment opportunities for the over 30s using a series of training events and mentoring sessions linking to the existing Princes Trust scheme for the under 30s. A series of rural business capacity building events and conferences delivering the current gaps in business support provision identified by recent research; the establishment and operation of a rural enterprise network building on the Rural Enterprise Centre already set up at Bishop Burton College; adopting the Renaissance Market Towns approach for the development of for example Brigg, Barton, Pocklington and Howden.

**Note that Hornsea will be accounted for in the coastal priority initiative.**

All proposals must be forwarded to the Rural Programmes Officer at East Riding of Yorkshire Council for consideration as to their suitability and fit with this priority. Closer links are also being established between the Rural Forum and the Business Support Strategic Partnership to ensure appropriate prioritisation and integration of the innovation and business growth priority themes.

## **Urban Renaissance**

This initiative initially focused on ***the key themes of regeneration in the city of Kingston upon Hull, and the town centres of Bridlington, Grimsby and Scunthorpe.*** The renaissance agendas in the 3 key town centres are now being addressed primarily via the 3 respective Local Strategic Partnerships. The exception being that the renaissance 'stepchange' proposed for Bridlington forms a natural integral part of the Bridlington IDP currently prioritised under coastal communities restructuring. It includes connecting people to economic opportunity and the increasing involvement of communities and local organisations to develop capacity and address local issues. Investment in both targeted infrastructure is needed and 'softer' skills to create a professional pathway for both new and existing businesses.

Urban Centres can be a source of pride but when neglected they pose significant challenges, a fact acknowledged in the Government's White Paper, **"Our Towns and Cities; the Future"**, in November 2000. This document declared the need for an urban renaissance and the setting out of a long-term programme of change for towns and cities across the country. In response to this challenge, Yorkshire Forward and Kingston upon Hull City Council, assisted by Hull CityVenture, successfully bid for an Urban Regeneration Company (URC) for Hull.

The successful bid for a Hull URC, Hull CityBuild, was announced in April 2002, and the appointment of the Chief Executive was confirmed in July 2002. Hull CityBuild's primary role is to bring forward developments and create a thriving investment climate for the city. It will manage the delivery of ambitious masterplans for the integrated development of the City Centre and West Hull, aiming to bring in more than £1 billion of new investment over the next 10 years.

As one of the key themes under the urban renaissance priority, Hull CityBuild's key objectives are to integrate Hull more deeply with the wider economy of the Humber sub region and the Regional Economic Strategy; raise the confidence of investors and lever in significant additional private sector investment; draw in major additional public sector finance; develop a more effective labour market and supply chain; improve economic competitiveness of the city; create sustainable business clusters; increase electronic and digital commerce; improve the image and reality of Hull and support initiatives to enhance the city's transport infrastructure.

Building on the £17 million of Single Regeneration Budget finance secured for the period up to 2006/7, HullCityBuild will focus its early investment portfolio on Island Wharf/ Humber Quays, Ferensway, the Fruit Market, Heart of the City, River Hull / East Bank and the Hull Digital Agenda. These major infrastructure developments will link to the soft measures support secured via the Hull Integrated Development Plan, the vision for which is "to establish a vibrant and prosperous City Centre, creating new employment opportunities in knowledge intensive industries for the residents of the City." The Hull IDP will ensure the embedding of cross-cutting themes in capital investments and the connecting of people from the local employment pacts to economic opportunities generated via the master planning exercises.

A particularly important emphasis is placed on ensuring appropriate linkages with mainstream services and other projects. This is achieved in part through relevant sub regional action plan priority links with the Humber Trade Zone, Overcoming Economic Exclusion via the Hull LSP, Workforce Development via the Learning and Skills Council Humberside and Innovation & Business Growth via Business Link Humber to maximise local skills and employment benefits to residents in target areas. Hull CityVenture is also working closely with the Hull URC, Hull IDP and Kingston upon Hull City Council to address current and emerging skills and knowledge gaps with partners across the city. All proposals for delivery of the Hull URC priority actions must be forwarded to the Chief Executive at Hull CityBuild and to the Hull IDP Manager for the Hull IDP.

The other key themes within the urban renaissance priority initiative are three Renaissance Towns proposals emerging for Grimsby, Scunthorpe and Bridlington. Through working with Yorkshire Forward's town team approach Grimsby has created an urban design strategy and development framework closely linked to the work of its Local Strategic Partnership. The key actions will focus on the town centre, Freeman Street regeneration and the Freshney Forest proposal. Scunthorpe town centre is in very early stages of development, and also linked to the Local Strategic Partnership. It is expected to cover the Britannia Corner area of Crosby and Church Square in Scunthorpe town. Bridlington's proposals, as stated above, will clearly link to its Integrated Development Plan priorities under the Coastal Communities Restructuring priority as detailed below. All potential proposals for participation in the delivery of urban renaissance priorities for action in Bridlington, Grimsby and Scunthorpe must be sent to the appropriate Town Centre Manager via the relevant Unitary Authority.

## Coastal Communities Restructuring

This initiative was designed to revitalise coastal communities along the Yorkshire and Lincolnshire coasts in the Humber sub region. It is about connecting local people to opportunities created by the proposed new capital investments especially in the resorts of Bridlington and Cleethorpes. Exploration of emerging needs of people and businesses in traditional seaside resorts is a key element of this priority initiative. It is also about capturing and building on the benefits of cultural industries developments along the Humber sub regional coastline and taking advantage of any “spin-off” activities under the established *themes of the Coastal Zone plan, Withernsea SRB, and the Hornsea Market Town initiative*.

Due to major changes in resort infrastructure and lower levels of employment in the industry there is an increasing need to explore alternative economic activity to ensure the future sustainability of the sub region's coastal zone. The actions identified under the themes of coastal communities revitalisation and cultural industries development aim to improve social, economic and environmental conditions along the Yorkshire and Lincolnshire coast of the Humber sub region. It is extremely important to achieve measurable economic targets from these actions and these two *themes will be tackled via the Bridlington and Cleethorpes Integrated Development Plans (IDP)*. The new tourism agenda will also be addressed via the IDPs in consultation with the relevant renaissance town centre partnerships and the Business Support Strategic Partnership for innovation and business growth opportunities. Emphasis is on measures to create high quality jobs, tackle tourism skill needs through FRESA, and promote business networks, private sector leadership, quality improvement and better business support including managing change in the tourism industry.

The contribution of the fishing communities' regeneration agenda to that of the coastal communities restructuring priority is significant and therefore, through consultation with our partners and majority acceptance, we have included *the Humber Fishing Communities Regeneration (HFCR) Programme as a key theme* for delivery under this priority. Investing in fishing vessel equipment, promoting the benefits of working in the fisheries sector and related supply chains to potential new entrants are examples of how fisheries restructuring is creating opportunities for wider business and social communities along the coastal area.

Some progress has been made with the delivery of prioritised actions in 2002/3; the majority of proposals are just entering their delivery phase. The key challenges are to meet current commitments, agree who will deliver the projects already identified through partnership working, consult relevant local communities, provide technical support to partners where appropriate and integrate the new tourism agenda. All project proposals must be sent to the Bridlington IDP Manager, the Cleethorpes IDP Manager or the Policy Officer at the Humber Forum for the HFCR.

## Overcoming Economic Exclusion

*The themes of this initiative focus on the recreation and development of economic and socially sustainable neighbourhoods, connecting people to opportunities created by Single Regeneration Budget programmes, including Withernsea SRB, and providing access to community finance, especially micro-finance.* This is a daunting task due to the numerous ‘pockets’ of social and economic exclusion across the Humber sub region. However, the four emerging Local Strategic Partnerships in the sub region are increasingly influencing the development and consequent prioritisation for delivery under this priority initiative. Given that it is a thematic priority its actions clearly impact upon and will integrate with the four geographic priorities already outlined above.

The overarching priority of overcoming economic exclusion will probably be best co-ordinated, prioritised and implemented via the four Lisps. This will also ensure that key cross cutting agendas of health, housing, community safety, social enterprise identified for priority attention in our economic analysis will be tackled in an appropriately targeted way across the Humber sub region. Although they

may operate differently, the common agenda includes community strategies and plans for their respective areas, inclusive partnership structures and capacity building for all participants to enable effective implementation of targets. The Managers and Chairs are now meeting regularly with the Humber Forum executive to share information on actual targets projected for delivery across the Humber sub region in order to identify and consult their respective partnerships on priorities for sub regional action.

Some progress has already been made by the RESHAP Health Sector Group, which was primarily formed to provide a link between economic development and community health across the Humber sub region. The group also explores links between the impact of health issues on the delivery of economic targets and how to priorities actions to address these issues in the context of the action plan via direct representation on the LSPs. It also offers advice on positive ways to advocate for health and reduce health inequalities in project appraisals and signposts to sources of relevant technical support. Finally, it provides a valuable connection to the Yorkshire and Humber Forum for Health and Regeneration. The Health Summit, which took place on 29 November 2002 identified opportunities for NHS potential investment over the next 3 years in the Humber sub regional action plan. It also provided an opportunity for partnerships to focus on the health theme in the HEDAP.

The Community Safety Partnerships currently lead on maintaining and improving community safety. Joint working between the four Unitary Authorities and Humberside Police on these partnerships is linked into the four Local Strategic Partnerships. This enables actions identified by the partnerships be prioritised and delivered via the Humber sub regional action plan where appropriate, for example in the 2002/3 period safer communities and communities against drugs initiatives.

The Local Employment Pacts currently supported by the European Objective 2 programme are also making a significant contribution to this priority initiative. However, due the number of 'pockets' of exclusion across the sub region more always needs to be done and so continuous monitoring, review and evaluation (MRE) of targets achieved needs feeding back into the project development cycle.

The roles of Job Centre Plus, Connexions, the CVS, and other voluntary and community development organisations are all highly valuable to the achievement of targets under this priority to ensure our people have relevant access to improve their basic skills levels and appropriate entry skills are accessible for our people to gain and available for our businesses to benefit from. Links to the Business Support Strategic Management Group and LSCH need strengthening in this area of work. Contact the relevant LSP Manager first to discuss participation and/or integration of activities under this priority and establish links for MRE feedback etc.

## **Workforce Development**

As well as ensuring we have the skills and capacity available to implement the above priorities we will also assist business to continue to develop their people in order that they can meet the ever more demanding requirements of the market place. Under this priority we must ensure that there will be sufficient appropriately trained people entering the labour market. The Learning and Skills Council Humberside (LSCH), which leads and drives this priority within the action plan, will undertake much of this work. ***The key themes for this priority are: workforce development, wider participation, and basic skills.*** The provision of opportunities that raise self-esteem, change attitudes and develop skills and support for young people into work are also considered to be important priorities.

Some of the actions prioritised under workforce development will be integrated into the key clusters work programmes via the Humber Trade Zone and the Innovation and Business Growth priority, where technical cluster specific learning will be delivered. ***The generic skills training required by the key clusters theme will be delivered mainly via this priority.*** Furthermore, the thematic, underpinning role of the workforce development priority is emphasised in the 2003/4 planning period with the introduction of the new cross-cutting theme of employment and skills. The four Local Learning Partnerships also have key roles to play under this priority initiative.

The four themes identified in the 2002/3 were graduate retention; skills gap initiatives, 50+ renaissance activities and Young Enterprise initiatives. Learning co-ordinators in the sub region including the Local Learning Partnerships, the LSCH, the four LSPs and Yorkshire Forward have been working together to prioritise action. As a result single pot funds have been committed to three targeted programmes: generic skills workforce development by key clusters, 2) promoting learning by building on the Learning Pays promotion campaign to increase the number of new learners and 3) capacity building for both employers and volunteers within the community and voluntary sector via the Humberside Learning Consortium to build ICT skills and increase the capacity to write funding bids and also support project delivery.

One other 2002/3 project currently being implemented in Hornsea and Withernsea to address the issues of geographic isolation and lack of post-16 provision, is for this group of young people to have access to 'e' learning resources in local schools via further education college outreach centres to provide learning opportunities for this group of young people, which otherwise would be missed. Rural and coastal isolation can significantly disadvantage people wanting to engage in skills development and needs to be addressed by partners across this theme.

New proposals under development include the brokerage of basic skills in partnership with Yorkshire Forward and workplace learning and adult and community learning in partnership with Business Link Humber. Some aspects of the new workforce development proposals for East Riding College will also be moved forward with partners under this priority in 2003/4. Implementation of the FRESA in the Humber will also be achieved through this priority initiative.

The Learning and Skills Council Humberside is now co-financing those aspects of its business plan that are congruent with the European Social Fund under Objective 3 through which additional Humber sub regional action plan targets can be met. This potentially provides partners with a more streamlined approach to accessing financial support to deliver prioritised targets under the Humber sub regional action plan.

For further details of all funding processes related to the workforce development priority and to submit potential proposals to deliver any of the targeted actions identified please contact the Director of Workforce Development at the LSCH.

## **Innovation and Business Growth**

As well as helping develop innovative new products and innovative ways of producing new products, our businesses will be encouraged to find new uses for their products. Our businesses will be exposed to innovative ways of running their organisations to assist them to increase both their efficiency and their effectiveness leading to more wealth generation and more capacity to be sustainable.

One of the key challenges is to create pathways and breakthrough opportunities for emerging social enterprises with potential to connect to the economic mainstream. Much of the additional investment anticipated from the single pot will focus on the delivery of the key clusters targets. There is a great expectation that other partners, in particular the private sector, will make major contributions to this priority both in terms of financial support and targets delivered. Given that 2 of the 6 RES objectives and 3 out of the 6 Humber sub regional action plan aims relate directly to this priority it will need to be the driver of and result from all the previous action plan activities.

Given the emphasis on the electronic agenda and its integration into all types of business communities, it is proposed to merge the current themes of 'E' for Enterprise and Intensive Knowledge Industries originally presented under the priority initiative E-Business Environment, with the Innovation and Business Growth priority. This is in line with the enhancement of the UK Online for Business service provided via the Business Link Humber. The digital cluster theme will be delivered via the geographic priority initiatives according to both their strategic and delivery plans, for

example the Humber Trade Zone has identified priority action under the digital cluster, as has Hull City Build via the Hull IDP and Hull's Digital City initiative.

*The five themes under which the prioritised projects will be delivered are: rural business development and diversification programme, the Humber entrepreneurship programme, the Humber digital programme, technology transfer scheme and cluster development scheme.*

Key successes to date in the 2002/3-action plan process include the establishment of Business Link Humber as the lead partner and the Strategic Management Group as the lead partnership for this priority initiative, and the integration of Trade Partners UK & UK Online for Business as key stakeholders/ deliverers of key services.

New projects for 2003/4 include several co-financed proposals via LSCH co-financing, international trade generation programme part funded by Objective 2, single pot co-financed business support umbrella package including the themes of entrepreneurship, e-business, rural business development and diversification, technology transfer and technical cluster development, regionally integrated environmental business support lead by Business in the Community. All project proposals for potential delivery of targets under this priority must be forwarded to the Head of Policy and Strategy at Business Link Humber.

## Conclusion

Profile and image of the Humber sub region has been repeatedly identified as an issue to be addressed to enable future economic progress to be achieved. Each individual priority initiative (and it is intended, every prioritised project) will include some marketing and public relations activities in order to enhance its own success. The Humber Forum constantly works at positioning the sub region through its various sub regional networking events and participation in wider regional and national networks. Regular briefing sessions are held with the Humber sub regional action plan partners and information will be available in printed form and on the following Web sites at [www.humberforum.co.uk](http://www.humberforum.co.uk) and [www.yorkshire-forward.com](http://www.yorkshire-forward.com).

**8.3 Projected targets and forecast expenditure by priority initiative and theme: summary schedule – revised as per partners submissions at 17 February 2003.**

Priority Initiative for Investment	Total Forecast SP Investment (£ million)	Single Pot Forecast Expenditure by financial year (£ million)			Projected Targets for Total Single Pot Investment as per 2002/3 forecast tbc = to be confirmed by project sponsors via HEDAP Lead Partners						RES
		2003/04	2004/05	2005/06	Ha land	Gross Jobs	Private Sector £m	New SMEs	Learning Opportunities	Businesses Assisted	Objective
<i>Humber Trade Zone</i>	31.8	9	14.6	8.2	22.5	5,665	20	640	1,270	N/A	All
<i>Strategic Sites</i>	29.4	7.7	14	7.7	22.5	5,000	15	40	N/A	N/A	
<b>Key Cluster Developments</b>	2.4	1.3	0.6	0.5	N/A	665	5	600	1,270	N/A	
<b>Rural Renaissance</b>	12.5	1.3	5	6.2	3	30	12	15	3647	tbc	All
<i>Rural Transition</i>	tbc	0	Tbc	tbc	0	tbc	tbc	tbc	tbc	tbc	
<i>Renaissance Market Towns (excluding Hornsea)</i>	11.3	1.3	4	6	2	20	12	10	3647	tbc	
<b>Rural Capacity Building (incl. counter measures)</b>	0.9	0	0.7	0.2	0	10	tbc	5	tbc	tbc	
<i>Rural Tourism Initiatives</i>	0.3	0	0.3	tbc	1	tbc	tbc	tbc	tbc	tbc	
<i>Leader Plus</i>	tbc	0	Tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	
<b>Urban Renaissance</b>	36.5	11.4	12.6	12.5	17	550	90.02	tbc	500	tbc	All
<b>Urban Regeneration Company(Hull CityBuild/Hull)</b>	29.6	8.5	11.1	10	17	550	90	0	500	tbc	
<i>Renaissance Towns – Grimsby</i>	4.9	1	1.4	2.5	tbc	tbc	tbc	tbc	tbc	tbc	
<i>Renaissance Towns – Scunthorpe</i>	0.1	0	0.1	0	0	0	0.02	0	0	tbc	
<i>Renaissance Towns – East Riding package</i>	1.9	1.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Coastal Communities Restructuring inc. Fisheries</b>	10.9	4.5	4.2	2.2	24.7	740	41.55	65	1200	tbc	All
<i>Humber Fishing Communities Regeneration</i>	0.75	0.2	0.3	0.25	N/A	30	0.25	0	0	tbc	
<i>Bridlington Integrated Development Plan (IDP)</i>	3.25	1.9	0.7	0.65	18.5	550	40.0	65	1200	tbc	
<i>Cleethorpes Integrated Development Plan (IDP)</i>	2.3	0.3	1.7	0.3	6.2	160	1.3	0	0	tbc	
<i>Coastal Zone plan (incl. Hornsea &amp; Withernsea)</i>	4.6	2.1	1.5	1.0	tbc	tbc	0	N/A	0	tbc	
<b>Overcoming Economic Exclusion</b>	9	1.7	2.9	4.4	3.5	150	0.56	41	1020	tbc	5
<b>Access to Community Finance</b>	tbc	0	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	
<i>Developing Sustainable Neighbourhoods</i>	6	1.2	2.1	2.7	3.5	80	0.51	41	1020	tbc	
<i>SRB 'spin-off' actions (excluding Withernsea)</i>	3	0.5	0.8	1.7	0	70	0.05	tbc	tbc	0	
<b>Workforce Development</b>	6.6	2.3	2.1	2.2	N/A	190	0.3	42	2000	0	4
<i>Workforce development</i>	5.3	1.5	1.9	1.9	N/A	190	0.3	42	2000	0	
<i>Wider participation</i>	1.3	0.8	0.2	0.3	N/A	tbc	0	0	tbc	0	
<i>Basic Skills</i>	tbc	0	tbc	tbc	N/A	tbc	tbc	tbc	tbc	0	
<b>Innovation &amp; Business Growth including E agenda</b>	5.4	2.9	1	1.5	N/A	623	1.1	570	tbc	tbc	1 & 2

<i>Rural business development &amp; diversification</i>	0.6	0.5	0.1	0	N/A	200	0.25	170	tbc	tbc	
<i>Humber entrepreneurship programme</i>	1.3	0.7	0.5	1	N/A	143	0.2	135	tbc	tbc	
<i>Humber digital programme</i>	1.4	0.8	0.3	0.3	N/A	180	0.4	175	tbc	tbc	
<i>Technology transfer scheme</i>	0.7	0.4	0.1	0.2	N/A	100	0.25	90	tbc	tbc	
<i>Cluster development scheme</i>	1.3	0.5	0.5	0.3	N/A	tbc	tbc	tbc	tbc	tbc	
<b>TOTAL FORECAST EXPENDITURE (£ million)</b>	<b>112.7</b>	<b>33.1</b>	<b>42.4</b>	<b>37.2</b>	<b>48.2</b>	<b>2283</b>	<b>145.03</b>	<b>733</b>	<b>4720</b>	<b>tbc</b>	<b>N/A</b>

N.B: This summary table reflects revised forecast figures collated via extensive consultation with HEDAP Priority Lead Partners following the 27 January 2003 Humber Forum Board meeting.

The project prioritisation and development work will continue throughout the delivery phase to ensure target outputs, costs, and all sources of funding being accessed are maximised by each of the 7 HEDAP priority initiatives for investment.

8.3 Projected targets and forecast expenditure by priority initiative and theme as per partners submissions at 17 February 2003						
Priority Initiative for Investment	Single Pot Forecast Expenditure (£ m)		Projected Targets for Total Single Pot Investment		Theme Title	Theme Description
<b>Humber Trade Zone</b> Aims to: Create and maintain a sustainable strategic and integrated trade zone.	2003/04	9.0	Ha land	22.5	Strategic Sites	The identification of strategic sites is ongoing; this is necessarily integrated with, and cuts across, all other sector and cluster work. The current priority action is to facilitate the development of those sites already selected.
	2004/05	14.6	Gross jobs	5,665		
	2005/06	8.2	Private £M	20		
			New SMEs	640		
			Learn Ops	1,270		
Implement cluster work in ports, logistics, chemicals, food and drink and via environmental initiatives to capture the benefits of the strategic infrastructure investments.					Ports and Logistics Cluster	Ports are the natural assets of the Humber estuary and are one of the Unique Selling Points (USPs) of the Humber sub region. Exploiting the potential of the Humber ports and the estuary is the very 'raison d'être' of the HTZ initiative. The major port operators are committed to ongoing investments.
Strengthen public/private sector partnership networks. Get the best out of the existing sub regional assets.					Chemical Cluster	Investments in the sub region's chemical cluster need to allow the regional strategy to be pursued at local level. This must include cluster mapping and the targeting of specific and strategic inward investments.
					Food and Drink Cluster	The two local cluster development teams are based in Hull and Grimsby. They are committed to an approach, which is co-ordinated both within the sub-region and also with the regional food cluster team.
					Transport Infrastructure	The frailties of the transport infrastructure are already recognised and well documented. Much work is now underway and ideally it needs to be brought to a properly co-ordinated conclusion in a clearly prioritised sub regional transport action plan.
					Business Support	Providing the right support for businesses to achieve success and prosperity, by providing the tools to achieve a competitive advantage, which will be secured through innovation and improved quality.
					Environmental Initiatives	The HTZ IDP has an indicative list of projects under this theme. They are the focus of current actions and aim to represent a balanced developmental approach. The outputs of the projects range from measurable economic benefits to environmental benefits, which aim to ensure the sustainability of the whole initiative. If the balanced approach evidenced in the IDP is to be maintained, investment must be made in projects, which focus on 'win-win' outputs.
					Profile and Image	Earlier research commissioned by Yorkshire Forward has brought into sharp focus the problems to be faced. Poor perceptions and low esteem from both within and without the Humber sub region represent an enormous PR challenge, together with very low levels of awareness of the qualities, achievements and opportunities contribute to an image problem, which has not been effectively addressed to date.

Priority Initiative for Investment	Single Pot Forecast Expenditure (£ m)		Projected Targets for Total Single Pot Investmt		Theme Title	Theme Description
Rural Renaissance  Aims to:  Tackle rural poverty to re-connect people to new opportunities created by rural development and includes some provision for countermeasures for potential rural disasters.	2003/04 2004/05 2005/06	1.3 5.0 6.2	Ha land Gross jobs Private £M New SMEs Learn Ops	3 30 12 15 3647	Renaissance Market Town development	To make smaller market towns places where people want to and can work, live, invest and visit. To maximise the economic potential of market or small towns. These towns should provide good quality employment opportunities, be a focus for enterprise. Skilled local labour, business environments and access to digital communication technology should all feature in a successful town. Market towns must provide access to high quality local services to create attractive lifestyle opportunities and so retain population.
					Rural Transition	To sustain and enhance the distinctive environment, economy and social fabric of the rural countryside. To provide rural communities with access to high quality public services, giving high and stable levels of employment and provide a protected and vibrant countryside which can shape its own future.
					Rural Capacity Building to include some provision for countermeasures for rural disasters	To involve rural community partners and local organisations in developing capacity to address local issues and problems and to encourage individuals, groups and organisations to work together towards a shared future. To provide sound and sustainable measures to counteract the effects of rural disasters.
					Rural Tourism Initiatives	To encourage entrepreneurship through tourism related opportunities. To build capacity in rural areas for diversification through tourism business in line with Tourism Action Plan.
					Leader Plus	To identify any spin-off activities to enhance the current planned investment programme.
Priority Initiative for Investment	Single Pot Forecast Expenditure (£ m)		Projected Targets for Total Single Pot Investment		Theme Title	Theme Description
Urban Renaissance  Aims to: Regenerate the fabric of city centres and connect people to the resulting economic opportunities	2003/04 2004/05 2005/06	11.4 12.6 12.5	Ha land Gross jobs Private £M Learn Ops	17 550 90.02 500	Urban Regeneration Company (Hull City Build) plus Hull Integrated Development Plan (IDP) plus KHCC proposals	An independent business-led company created to deliver a co-ordinated approach to tackling problems of economic regeneration and growth. To develop the quality of the urban environment by involving representatives of the community in both built environment improvements and related softer skills and enhancement measures.
					Renaissance Towns - Grimsby	To focus on the improvement, enhancement and integration / joining up / linkages of Freeman Street with the town centre and the regeneration of the docks area. To progress the recommended investment in the Freshney Forest proposal.
					Renaissance Towns - Scunthorpe	To prioritise investment in the Britannia Corner area of Crosby and the Church Square environs of Scunthorpe town centre. To ensure close and strong linkages to existing soft measures' action and the work of North Lincolnshire's LSP.
					Renaissance Towns –Bridlington: ALL proposals included in IDP package under HEDAP coastal communities restructuring priority East Riding package includes Haltemprice & Goole proposals	To drive forward the step change programme of development activities building on the SRB investment and integrated into the new IDP. The renaissance agenda for Bridlington will focus its priority action via the Integrated Development Plan and cross reference to the renaissance agenda as indicated in the action context section. To develop and build a strong town team to drive forward the step changes identified for the town.

Priority Initiative for Investment	Single Pot Forecast Expenditure (£ m)		Projected Targets for Total Single Pot Investment		Theme Title	Theme Description
<b>Coastal Communities Restructuring</b> Aims to: Realise the potential of the sub region's coastal resorts to re-connect people to economic opportunity and get the best out of existing assets.	2003/04	4.5	Ha land	24.7	Bridlington Integrated Development Plan (IDP)	To provide a range of new opportunities to connect local people to the local economy through a package of soft measures linked to the planned capital investment programme. To accelerate the step change programme of investment via the renaissance agenda. To build on previous capacity developed under the SRB programme.
	2004/05	4.2	Gross jobs	740		
	2005/06	2.2	Private £m New SMEs Learn Ops	41.5 65 1200		
Include some cultural and creative industries work in the development work.					Cleethorpes Integrated Development Plan (IDP)	To capture and build on the benefits of the resorts assets through further investment in physical infrastructure improvements. To link local people to the new job opportunities created. To identify and grow new entrepreneurial talent and new company start up and/or diversification opportunities linked to the resorts potential new attraction and festival programme of activities.
					Coastal Zone Plan (including Hornsea and Withernsea MTI 'spin-off' work)	To identify any additional development activity to add value to the current planned investments.
<b>Fisheries Restructuring</b> (formerly separate HEDAP priority initiative in 2002/3) Aims to: Regenerate areas that are adversely affected by the decline in the fishing industry in the Humber sub region.					Humber Fishing Communities Regeneration (HFCR)	To promote the Humber seafood sector at regional, national and European levels. To develop and implement strategies to maximise economic activity within the sector, improve company competitiveness and promote the Humber as a centre of seafood excellence and as a location for investment.

Priority Initiative for Investment	Single Pot Forecast Expenditure (£ m)		Projected Targets for Total Single Pot Investment		Theme Title	Theme Description
Workforce Development Aims to: Improve the employability of the labour market Raise the skill level of the workforce	2003/04	2.3	Gross Jobs	190	Workforce Development	To promote and invest in ongoing programmes to support workforce development. To provide opportunities, which raise self-esteem, change attitudes, develop skills and support all people in both employed work and self-employment.
	2004/05	2.1	Private £	£300k		
	2005/06	2.2	New SMEs Learning Opportunities	42 2000		
					Wider participation	To raise opportunities at work and prepare for new opportunities in the labour market. To enhance working patterns and ways in which employed people can become more active in the community as a whole.
					Basic Skills	To work with all employers across all sectors to deliver a significant proportion of adult literacy, numeracy & language targets in or near the workplace, during or around employer's working hours. Basic skills covers literacy, numeracy & language needs of post-16 learners inc. those with learning difficulties from pre-entry level up to level 2.
					Generic skills training for key clusters	To work with the HTZ priority and Innovation and Business Growth to identify generic skills gaps to supplement and enhance specialist technical learning opportunities required by key clusters.

Priority Initiative for Investment	Single Pot Forecast Expenditure (£ m)		Projected Targets for Total Single Pot Investment		Theme Title	Theme Description
<b>Innovation and Business Growth (includes E agenda)</b>  Aims to:  Increase the number of new, competitive and sustainable businesses. Expose companies to leading edge practice to generate more wealth.	2003/04	2.9	Gross jobs	623	Rural business development & diversification	To provide added value support to rural businesses in both European Structural Fund Objective 2 areas and non-Objective 2 areas of the Humber sub region seeking to grow and diversify. This theme is part of the aligned Yorkshire Forward /Objective 2 Business Support 'umbrella' scheme. This will enable the project to strategically commission the individual delivery of projects within it to ensure both RES targets and European Objective 2 outputs are met.
	2004/05	1.0	Private £M	1.1		
	2005/06	1.5	New SMEs	570		
					Humber Entrepreneurship Programme including promoting social enterprise	To achieve higher business birth and survival rates to create a radical improvement in the number of new competitive businesses that last. To enhance the enormous potential contribution that the social economy can make to the sub regional economy. To link with the work of the Local Strategic Partnerships on this agenda for mutual benefit.
					Technology Transfer Scheme	To create a vibrant knowledge driven economy within the Humber sub region through concerted development and application of new processes and technologies both corporately and academically.
<b>E-Business Environment (formerly separate priority initiative in 2002/03)</b>  Aims to:  Enable companies to embrace the information revolutionised to expose businesses and the people within them to leading edge practice.					Humber Digital Programme	To promote and enhance communication and trading electronically across the sub region and beyond. To promote the adoption and integration of e-technologies into companies with a view to progressing up through the E adoption ladder and thereby contributing to both Government and regional E-Region plans. To encourage and the support the widening use and application of digital media across the business community of the Humber sub region.
					Cluster development	To develop a strong and numerous cohort of businesses with the ability and resourcefulness to compete in both new and existing markets by taking advantage of the emerging prioritised cluster agendas by both Yorkshire Forward and the Objective 2 Business Support programme of umbrella activities.

## 9. MONITORING, REVIEW AND EVALUATION

The Humber sub regional partnership network is keen to see a single monitoring system become a reality as part of the Single Pot process. Partners are encouraged to continue sharing experiences and examples of good practice. Good progress is being made towards a single monitoring, review and evaluation process for all projects contributing towards the delivery of the RES, whatever the source of funds.

### Monitoring

With regard to individual project monitoring this will be the responsibility of individual project managers. For initiatives such as the Humber Trade Zone, Hull Citybuild, Cleethorpes Integrated Development Plan, the Rural Forum for the East Riding and Northern Lincolnshire, the respective partnership management groups have a responsibility to monitor overall progress towards targets. In the context of the Humber Economic Development Action Plan itself, the Humber Forum clearly has a role to play as part of its overall monitoring of Humber sub regional economic and regeneration activities. Monitoring information will be fed back to partners to enable examples of best practice to be shared. It will also be used as a source of live data on progress towards delivery of the RES and therefore inform both current and future project development.

### Review

At project level, standard quarterly review reports will be expected by the various funding providers involved in the Humber Economic Development Action Plan process. The format of these reports must be agreed at the start of the project development phase. It is strongly recommended that these reviews are prepared in consultation with the Government Office for Yorkshire and the Humber European Secretariat and Yorkshire Forward to ensure synergy with the European Structural Fund and the Single Regeneration Budget progress reviews, required by the various funding programme committees. This approach would clearly reduce time spent by project managers on report writing and enable more time to be spent on implementing projects and delivering targets. At the sub regional action plan level, quarterly progress reports are requested via the priority initiative lead partners, for example the Humber Trade Zone Initiative Manager, the Rural Forum Co-ordinator, the Chief Executive of Hull Citybuild and the local town team managers. The Humber Forum is part of the Regional Intelligence Network, Yorkshire Futures and has a responsibility to produce regular sub regional contributions as appropriate. As part of the action planning process, the Humber Forum produces quarterly progress reports and shares them with the other action plan co-ordinators and Yorkshire Forward.

### Evaluation

When individual projects are completed the project managers prepare project closure reports and impact evaluations at the project level for submission to the various funding providers. At priority initiative level again the lead partners will produce assessment work and evaluations. Results are shared with partners via quarterly networking events, partnership management meetings and regular reports. These evaluations enable partners to build on strengths, address weaknesses and progress round the project development cycle with increasingly sharper focus on emerging action required to ensure the priority initiatives will deliver projected results. The evaluation work clearly informs the planning process for future years of the Humber action plan to enable actions to address up-to-date needs and new opportunities.

## APPENDIX 1: GLOSSARY

BITC	Business in the Community
BITE	Business in the Environment
EDU	Economic Development Unit
EIC	European Union
FRESA	Framework for Regional Employment and Skills Action
GDP	Gross Domestic Product
GOYH	Government Office for Yorkshire and The Humber
HTZ	Humber Trade Zone
HUMMS	Hull Multi Modal Study
ICT	Information and Communication Technology
IDP	Integrated Development Plan
INCA	Industry and Nature Conservation Association
KPI	Key Performance Indicator
LSC	Learning and Skills Council
LSP	Local Strategic Partnership
RAP	Regional Action Plan
RDA	Regional Development Agency
RES	Regional Economic Strategy
RPG	Regional Planning Guidance
SME	Small and Medium sized Enterprise
SRAP	Sub Regional Action Plan
SRB	Single Regeneration Budget
UA	Unitary Authority
YF	Yorkshire Forward
YHA	Yorkshire and Humber Assembly
YTB	Yorkshire Tourist Board

## APPENDIX 2: REFERENCE MATERIAL

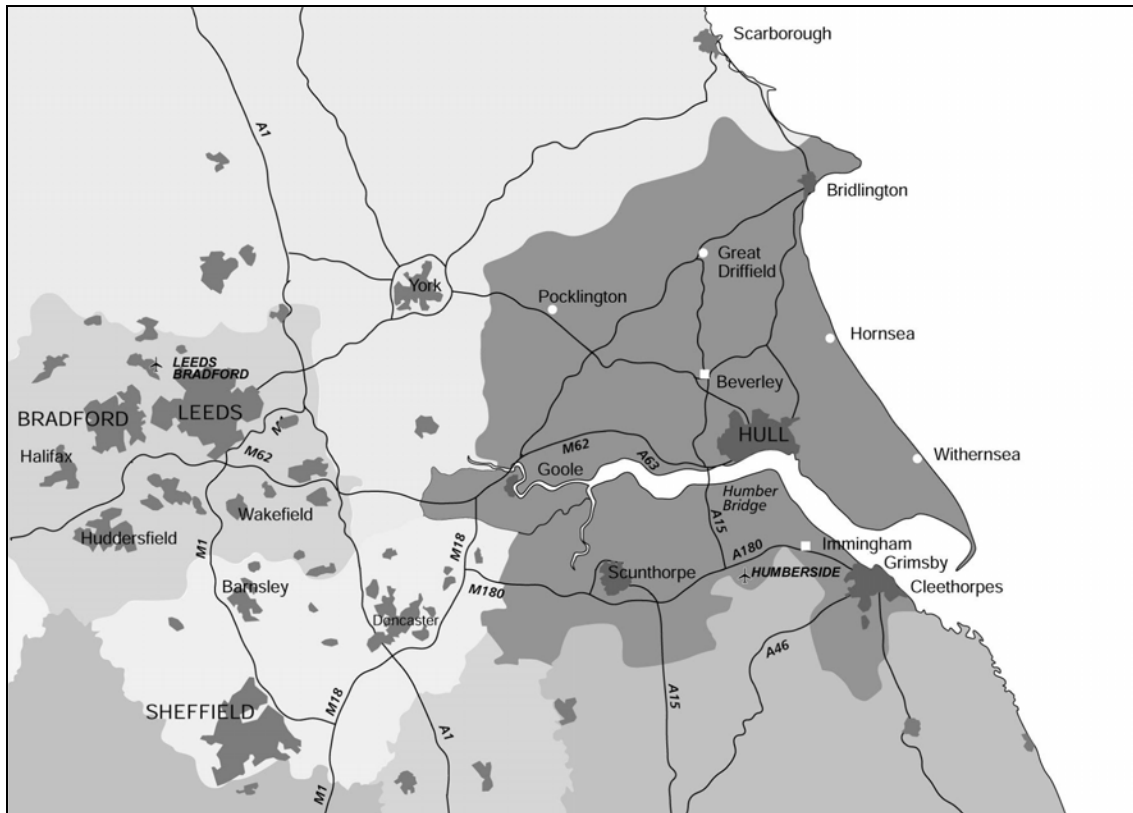
Whilst not totally comprehensive, this list serves to illustrate the breadth of reference documents used in the development process of the Humber sub regional action plan.

Document Contact	Organisation
A Brief Guide to the RESHAP Advancing Together Business Support Strategy Humber Corporate Plan Corporate Plan “Framework for Regional Employment & Skills Action” Hull CityBuild Urban Regeneration Hull City Centre Master Plan “Humber Fishing Communities Regeneration Programme” Humber Sub Regional Action Plan Humber Trade Zone IDP Humber Trade Zone Humberside Economic Review 2000 Objective 2 Business Plan Progress in the Humber 2001/2002 Progress in the Region Regional Action Plan Regional Economic Strategy RES revised draft August 2002 “Regional and Sub Regional Action Planning Guidance 2003/06” “Regional Planning Guidance - Selective Review 2002” “Regional Sustainable Development Framework” Renaissance Market Towns Rural Development Programme Rural Strategy for the East Riding Shoreline Management Plan “The Humber in Figures January 2002” The Single Pot consultation paper “The Social Economy - a development framework” Tourism Action Plan Unitary Authority Strategies Kingston upon Hull City Council North East Lincolnshire Council North Lincolnshire Council West Hull Master Plan Workforce Development Strategy Yorkshire Arts Corporate Plan Y & H Objective 2 plans	The Humber Forum Yorkshire and Humber Assembly Business Link Humber Learning & Skills Council Humberside Yorkshire Forward  Yorkshire Forward Hull CityBuild Hull CityBuild  The Humber Forum (co-ordinator) The Humber Forum (co-ordinator) The Humber Forum The Humber Forum Humberside Training & Enterprise Council Business Link Humber The Humber Forum Yorkshire Futures Yorkshire Forward Yorkshire Forward Yorkshire Forward  Yorkshire Forward  Yorkshire & Humber Assembly  Yorkshire and Humber Assembly Yorkshire Forward East Riding and Northern Lincolnshire East Riding of Yorkshire Council The Environment Agency  The Humber Forum Yorkshire Forward  Yorkshire Forward (co-ordinator) Yorkshire Tourist Board/Yorkshire Forward East Riding of Yorkshire Council   Hull CityBuild Learning & Skills Council Humberside Yorkshire Arts Government Office for Yorkshire & The Humber

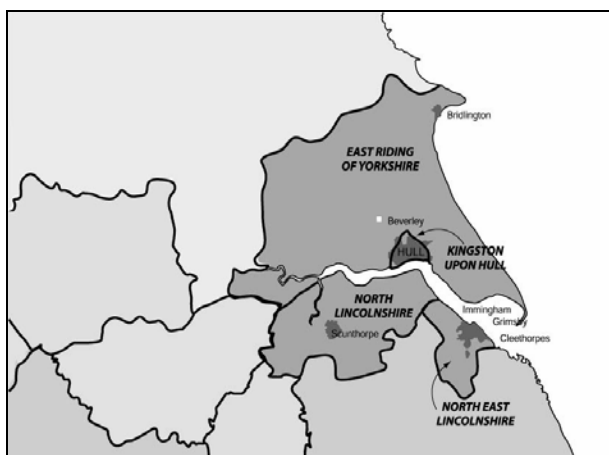


## APPENDIX 3: MAP OF THE HUMBER SUB REGION

### A Regional Context



### Unitary Authority Areas in The Humber



Courtesy of: "Progress in the Humber 2001/2002"

## ACKNOWLEDGEMENTS

Whilst not exhaustive we would like to take this opportunity to thank the following organisations for their valuable contributions to the ongoing Humber Economic Development Action Plan development process:

British Waterways  
Business in the Community  
Business in the Environment  
Business Link Humber  
Community Safety Partnerships in the Humber sub region  
Connexions  
Council for the Voluntary Service throughout the Humber sub region  
Council for the Protection of Rural England  
East Riding of Yorkshire Council  
English Nature  
European Information Centre  
Further Education Colleges in the Humber sub region  
Government Office for Yorkshire and the Humber  
Hull and Humber Chamber of Commerce, Industry and Shipping  
Hull Integrated Development Plan  
HM Prison Service in the Humber sub region  
Humber Chemical Focus  
Humber 'E' Sub Region Group  
Humber Seafood Group  
Humber Trade Zone Management and Advisory Groups  
Job Centre Plus  
Kingston upon Hull City Council  
Learning and Skills Council Humberside  
Local Learning Partnerships in the Humber sub region  
Local Strategic Partnerships operating in the Humber sub region  
MTL Consultants  
North East Lincolnshire Council  
North Lincolnshire Council  
Princes Trust  
RESHAP Health Group  
Single Regeneration Budget partnerships in the Humber sub region  
The Environment Agency  
The Humber Forum Board, Council and Executive Team  
University of Hull  
University of Lincoln  
Yorkshire and Humber Assembly  
Yorkshire Arts  
Yorkshire Forward

**ENTREPRENEURSHIP AND SME DEVELOPMENT  
STRATEGY IN ZENICA MUNICIPALITY  
2003-2008**



Zenica, Bosnia and Herzegovina  
July 2003

## INTRODUCTION

Zenica was one of the most important economic centers in the former Yugoslavia, with its developed industry, organized city structure, developed educational, health, scientific, sport and cultural institutions and multiethnic population as well. The inherited economic structure, which was dominated by the steel industry, has been an obstacle for Zenica to go successfully through the transition process in the economic and social spheres, and therefore it is lagging behind in comparison with some other areas that implemented the transition process more successfully.

Starting from the current needs of the population, available resources and experiences, Zenica is in the stage of adopting a new development strategy, aimed at changing the economic structure, higher employment rates and creating an environment for the overall accelerated development. Both local and foreign scientific institutions, representatives of large scale and small businesses and the local authorities have been engaged to develop this strategy.

Special part of the strategy refers to the development of the entrepreneurship and SMEs in the Zenica Municipality. The whole process of the strategy development was organized by SEED (Southeast Europe Enterprise Development), in cooperation with the local government. SEED has also provided the methodology and the consulting team comprising representatives of the Center for the Entrepreneurship Development of the Economy Faculty of the Ljubljana University, Regional Development Agency BSC Ltd. from Kranj and consulting firm Sinergija Ltd. from Zagreb.

The strategy gives the vision of the Zenica Municipality economic development by the year 2015 through the development of the entrepreneurship and SMEs, strategic development goals for the period 2003-2008 as well as programs for the realization of these goals and concrete projects. Zenica Municipality has already initiated some measures for improvement of business environment. In that respect, it already works on decreasing land and communal fees, enhancing the efficiency of the municipal administration, shortening period for getting permits for building, establishment of the Business Zone with business incubator, linking up local authorities with private sector. In addition to this, the Municipality of Zenica, in cooperation with other Municipalities, and coordinated by OHR, has been actively involved in preparatory activities related to the establishment of the economic region Middle Bosnia.

Through the work on the development of this Strategy, Zenica Municipality, its population, entrepreneurs and other organizations active in the Municipality, accepted the new concept of the municipal development and defined goals and directions of the economic development, which represent a drastic change in comparison with to-date economic orientation of Zenica. The goals that have been defined demand substantial reorganization and change in the ways of work of the existing organizations and institutions, the establishment of new mechanisms for cooperation between public and private sectors as well as the establishment and capacity building of the new institutions and organizations. Aiming at accomplishing the above mentioned, Zenica Municipality will mobilize and engage all available resources. Initial estimates clearly indicate that these resources will not be sufficient for the implementation of the defined plan and programs. In order that this strategy is fully implemented, Zenica will require strong support of other government levels in BiH, as well as the support of the international organizations, which knowledge, experience, technical and financial assistance would help Zenica to translate this vision and goals into reality in the shortest period possible.

**Prof. dr. Zakir Pašalić**

Zenica, 27.06.2003

**Mayor of Zenica Municipality**

## ACKNOWLEDGEMENTS

I wish to reiterate that the openness and willingness for cooperation as well as enthusiasm of the Municipality Government, representatives of the Faculties and scientific research institutions, representatives of the business associations and other institutions, organizations and individuals, have turned the work on this project into genuine pleasure.

During the past year of our work here, we have always had on disposal more than 40 representatives of different institutions and organizations, who have voluntarily contributed significant time and efforts to different activities within this project.

All these people, working in the team for local economic development, four working groups, stakeholder's forum and project teams, with their professionalism, experience and expertise, have provided an enormous contribution to the success of this project.

Beside the above mentioned participants in the project, I wish to address special gratitude to the members of the SEED consulting team, Ms. Gwen Swinburn, the World Bank Senior Urban Specialist, Prof. Dr. Miroslav Glas, Mr. Bogoljub Filipic, MSc and Prof. Dr. Darko Tipuric, who have invested a lot of efforts, time and energy into the activities and contributed a lot to the quality of the project itself.

This project sets a good foundation and designs a platform which can serve to all those who have possibility to help the Municipality and private sector in Zenica in creation of the better business environment, establishment and initiation of the efficient organization and institutions for provision of different kinds of support to private sector as well as to enhance and develop human resources in accordance to the new needs arising from the economy of today.

Work of local organizations and institutions, resources and efforts they invested so far as well as their commitment to this project, represent a guarantee to all domestic and international organizations and institutions that they would be serious and sincere partners, ready for cooperation with all interested in change of currently unfavorable economic situation in Zenica and improvement of the quality of life and standard of Zenica citizens.

Davorin Pavelić  
Business Development Analyst  
Southeast Europe Enterprise Development - SEED

## **VISION OF THE ECONOMIC DEVELOPMENT OF THE ZENICA MUNICIPALITY ENTREPRENEURSHIP, SMALL AND MEDIUM ENTERPRISES**

By creating the institutional, human and material conditions for a faster growth of the existing and emergence of a bigger number of new enterprises, Zenica will become a center of the regional development for Central Bosnia with dynamic and diversified economy by 2015. In order to accelerate the economic development, the Zenica Municipality will work on mobilization and efficient usage of the existing resources. It will invest and provide support for their further development, work on creating the business enabling environment, which would be, in combination with a favorable geo-strategic location, one of the elements for attracting local and foreign investors and entrepreneurs. Focusing on the development activities, the Municipality Zenica will increase the employment, primarily through the development of the private sector and small and medium size enterprises.

Zenica will realize this vision through the development of a modern, entrepreneur oriented and cooperative local administration; through activities and cooperation on the regional, entity and state level; gradual improvement of the economic infrastructure and investments in the human resource development.

By establishing partnership with the private sector, by promoting cooperation among enterprises and encouraging a stronger flow of ideas and exchange of resources, Zenica will create an environment enabling the creation of new enterprises and the development and growth of existing small and medium size enterprises. It will enable the improvement of the living standards of the population, job creation, and it will prevent brain drain of young people.

### **Situation in Zenica Municipality**

This document is a summary of a more extensive development document on Entrepreneurship and SME Development Strategy, elaborating the situation in the Zenica Municipality after almost ten years of the economic stagnation, caused by the war destruction and economic transition, that has severely affected the economy in Zenica. The Zenica Municipality initiated the process of reviewing the economic problems and finding solutions through organized activities of the people from the Zenica Municipality. For the accelerated development, it is necessary to have support from the other levels of authorities, organizations and institutions in Bosnia and Herzegovina as well as support from international institutions and organizations through the transfer of knowledge, experiences and financial support for the efforts of the Zenica Municipality. Based on the analysis of competitiveness and SWOT analysis of entrepreneurship in Zenica, the development vision has been defined, which will become the reality through implementation of numerous development programs and projects. The Entrepreneurship Development Strategy will become an important chain link within the general Development Strategy in the Zenica Municipality because the entrepreneurship sector has to be a driving force of the economic and social changes in the Zenica Municipality.

The Zenica Municipality was a strong industrial center before 1990. In the economic situation of that time the basic industry enabled the development of the town of Zenica, immigration of a bigger number of people, development of specialized two -year colleges and institutes. After 1990 the Municipality has found itself in a very difficult economic situation due to the tradition of production center for iron, steel and coal and because this production can survive in this location only at a smaller specialized scale. This industry is facing with a very strong competition of European and world manufacturers, with whom it is not able to compete due to the outdated technology and logistic problems. A radical change of the economic structure of the Municipality is necessary. The preconditions for the change is to change the educational system, the educational structure of the population fit for work and to provide access to new knowledge, promote entrepreneurship and entrepreneurial initiatives. In addition, the key for implementation of these changes is to find and define significant financial sources needed for implementation of new projects.

With the population of 128.000 in the Municipality, Zenica has happened to be in the situation that only 26 000 of them have regular jobs, and even among them there is redundant working force. The unemployment rate is 36,6%, and among the unemployed, there is a significant percentage of qualified workers. There are approximately 1.200 enterprises and approximately 1.250 active independent entrepreneurs in Zenica. In addition to this number of formally registered legal entities, there is a significant percentage of the gray economy in the Zenica Municipality. Zenica is in the situation that it is lagging behind the neighboring municipalities regarding the dynamics of creating new enterprises and jobs, while at the same time the educational system is producing more than 2000 of new qualified personnel with secondary and university degrees, who have weak chances to find jobs. On the other hand, Zenica has at its disposal significant unused resources within former enterprises, particularly within the Steel Factory. Due to the reduction of the production level, a part of the land, premises and equipment are becoming available for creating new enterprises, expanding the existing ones and for accepting enterprises-investors from the other areas. Therefore, Zenica is focusing on entrepreneurship as a concept that will enable activating of those resources and it will become an important leverage of the economic development of the municipality.

During the preparation of the strategy defining the developmental directions, the Municipality, in cooperation with SEED and its consulting team, has adopted and modified principles, experiences and best practices of the World Bank for planning the local economic development. The organizational framework has been created for engaging interested individuals, organizations and societies, leading people in the economy and municipal administration, who can contribute to radical changes in the economy of Zenica through their professional knowledge and experiences as well as their reputation and personal integrity. During the discussion, four areas have been identified, which require significant changes in the material balances and behavior of legal entities. The working groups, consisted of experts, entrepreneurs and clerks of the municipal administration, have been formed for those areas:

1. Development of economy through entrepreneurship and SME development.
2. Development of physical and business infrastructure as a base for development of economic activities.
3. Human resource development in accordance with the needs of a new economic structure.
4. Restructuring of agriculture and entrepreneurship development in rural areas.

Based on the statistical data, surveys among entrepreneurs and organizations that are supporting SMEs, interviews with reputable entrepreneurs and discussions of working groups and stakeholders' forums, and by reviewing experiences of other municipalities in BiH and good practices from abroad, an assessment of four groups of factors related to competitiveness of the economy in the Zenica Municipality has been prepared. By this the assessment of the situation in the Zenica Municipality has been done for all areas that are of importance for its economic development.

## COMPETITIVENESS ANALYSIS

ANALYSIS OF FACTORS RELATED TO COMPETITIVENESS OF ECONOMY	
Economic Structure	<ul style="list-style-type: none"> <li>➤ Production by activities</li> <li>➤ Employment</li> <li>➤ Investments, local and foreign</li> </ul>
Territorial Advantages	<ul style="list-style-type: none"> <li>➤ Location and physical infrastructure</li> <li>➤ Natural resources</li> <li>➤ Business and cultural facilities</li> <li>➤ Living and business costs</li> <li>➤ Image of the city and Zenica Municipality</li> </ul>
Human Potential	<ul style="list-style-type: none"> <li>➤ Population (demographic structure)</li> <li>➤ Employed</li> <li>➤ Education and training</li> </ul>
Institutional Environment	<ul style="list-style-type: none"> <li>➤ Cooperation between the municipality and businessmen</li> <li>➤ Existence of the stakeholders' network</li> <li>➤ Impact of norms, habits and conventions</li> </ul>

Simultaneously with the preparation of the Entrepreneurship and SME Development Strategy, an expert group consisted of scientific institutions and institutions of higher education in Zenica has prepared a general development strategy for Zenica, including all other areas of the economy and social activities.

In spite of undoubted economic problems in the Zenica Municipality, which are the problems that the entire economy of Bosnia and Herzegovina is facing, the existing resources and resoluteness of the Municipality and entrepreneurs to create conditions for development of entrepreneurship through the activities defined by this document are opening new perspectives and possibilities for development of Zenica. With the summarized outline of the strategy and the most important development projects, this document provides both local population and business people in the Zenica Municipality and foreign donors and potential investors with an insight into the development directions and possibilities for engaging into development projects in the Zenica Municipality. At the same time it represents also an assumed responsibility by the Municipality and entrepreneurs to follow the defined directions and by doing this to contribute to creating new possibilities for entrepreneurs, creative and professional people of Zenica.

## SWOT Analysis

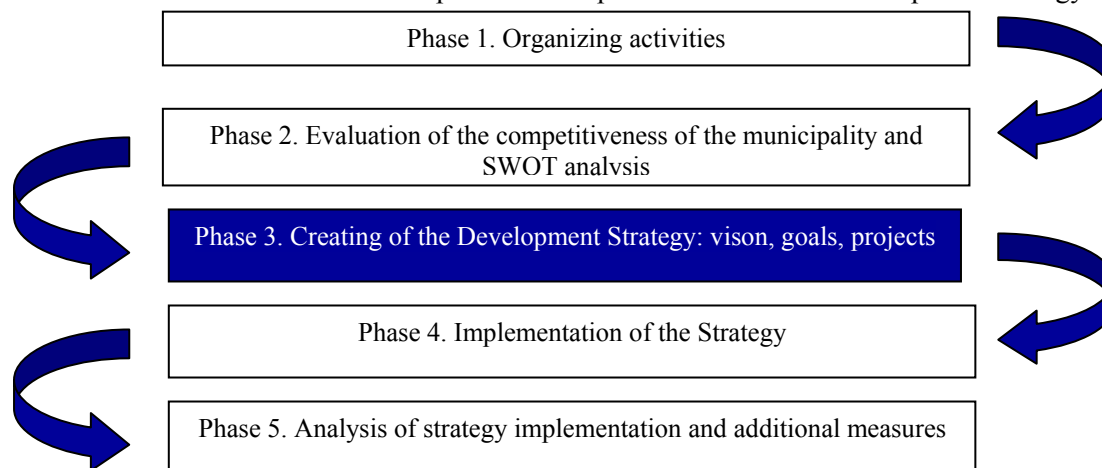
Within the work on four important development areas, SWOT analyses were completed for each of these areas, and finally they were compiled into one general SWOT analysis of the entrepreneurship and SME development in the territory of the Zenica Municipality.

FACTORS	INTERNAL	EXTERNAL
POSITIVE	<i>S – STRENGTHS</i>	<i>O – OPPORTUNITIES</i>
	<ul style="list-style-type: none"> <li>▪ Geographical location along the European corridor and transport network</li> <li>▪ Industrial and artisan tradition and culture</li> <li>▪ Urban planning of Zenica well arranged</li> <li>▪ Relatively cheap, educated and trained labor force</li> <li>▪ Schools for secondary and high education and institutes as a base for creating knowledge</li> <li>▪ Sports and cultural capacities, places for recreation and tourism enabling a good quality of living</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improvement of logistics through construction of a highway and reconstruction of the old ones</li> <li>▪ Vicinity of the developed EU countries and perspective for EU membership</li> <li>▪ Possibilities to use the old facilities for new industrial activities and services</li> <li>▪ Political commitment to change the situation</li> <li>▪ Development of entrepreneurial infrastructure to support SMEs</li> <li>▪ Existing experienced entrepreneurs</li> <li>▪ Opportunities for agriculture and small processing capacities</li> <li>▪ Multi ethnicity of Zenica</li> <li>▪ Acceptance of Zenica as a regional developmental center</li> </ul>
NEGATIVE	<i>W – WEAKNESSES</i>	<i>T – THREATS</i>
	<ul style="list-style-type: none"> <li>▪ Tradition of large enterprises</li> <li>▪ Monolithic economic structure</li> <li>▪ Lack of entrepreneurial and managerial knowledge and skills</li> <li>▪ Lack of support for entrepreneurs</li> <li>▪ Lack of finance for SMEs</li> <li>▪ Bureaucratic behavior of one part of the municipal administration</li> <li>▪ Competition of the “gray” economy</li> <li>▪ Fragmentation of the agricultural land</li> <li>▪ Small number of students and a need to reform the educational system</li> <li>▪ Unfavorable image of Zenica</li> </ul>	<ul style="list-style-type: none"> <li>▪ Anti-entrepreneurial mindset</li> <li>▪ Small number of people oriented to modern understanding of work</li> <li>▪ Passivity and waiting for actions from the state and cantonal government</li> <li>▪ Delay of privatization</li> <li>▪ Impact of politics on business decisions in enterprises</li> <li>▪ Financial exhaustion related to social problems</li> <li>▪ Corruption and private means</li> <li>▪ Lack of financial resources</li> <li>▪ Non-existence of coordination or combining development activities</li> </ul>

Zenica has a cultural heritage and significant potential for development, which is possible to mobilize and use for a stronger economic development. However, the local entrepreneurial strengths and the investment potential of the existing enterprises are not sufficient for a faster development and overcoming the existing situation of lethargy. Therefore, Zenica has decided to encourage local entrepreneurs in an organized manner and to attract entrepreneurs and investors from other regions and countries.

## ENTREPRENEURSHIP AND SME DEVELOPMENT STRATEGY

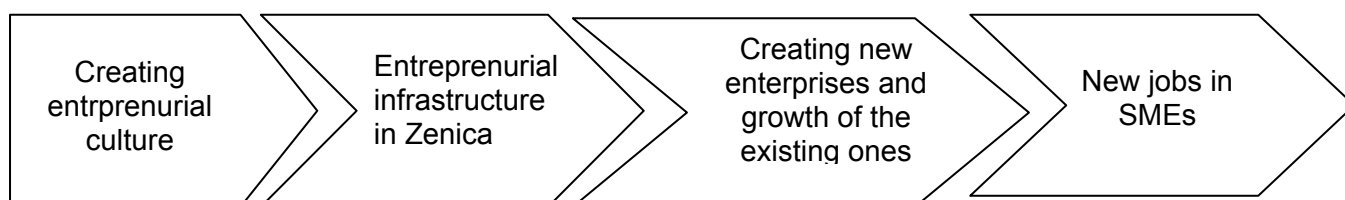
The results of the research and SWOT analysis direct the Zenica Municipality towards entrepreneurship as a positive strength for better usage of the identified advantages and conversion of the opportunities into the factors, which will enable a bigger number of new enterprises and development of the existing ones, and job creation as well. In that sense Zenica has already passed a section of the road towards the development and implementation of the development strategy.



This material is one of the implementation results of the third phase related to the planning process of the local economic development, through which the Zenica people defined and accepted the development vision of the Zenica Municipality requiring:

- Development of new production and services for the purpose of diversification of the economy
- Development of numerous SMEs, encouraging mutual cooperation, linking and cooperation with larger enterprises
- Strong support for the quality development and application of modern technologies
- Partnership among entrepreneurs, developmental and educational organizations and institutions, municipal authorities and NGOs
- Equal development of the city of Zenica and other places in the territory of the municipality
- Development of Zenica as a regional center with strong educational, health, cultural and other social facilities

From 2003 to 2008 Zenica needs to focus on new development directions, create a base for a faster economic development, achieve tangible results regarding the transformation of the economic structure and encourage people and organizations to firmly commit themselves and accept the concepts of entrepreneurship as one of the leverage for the future development.

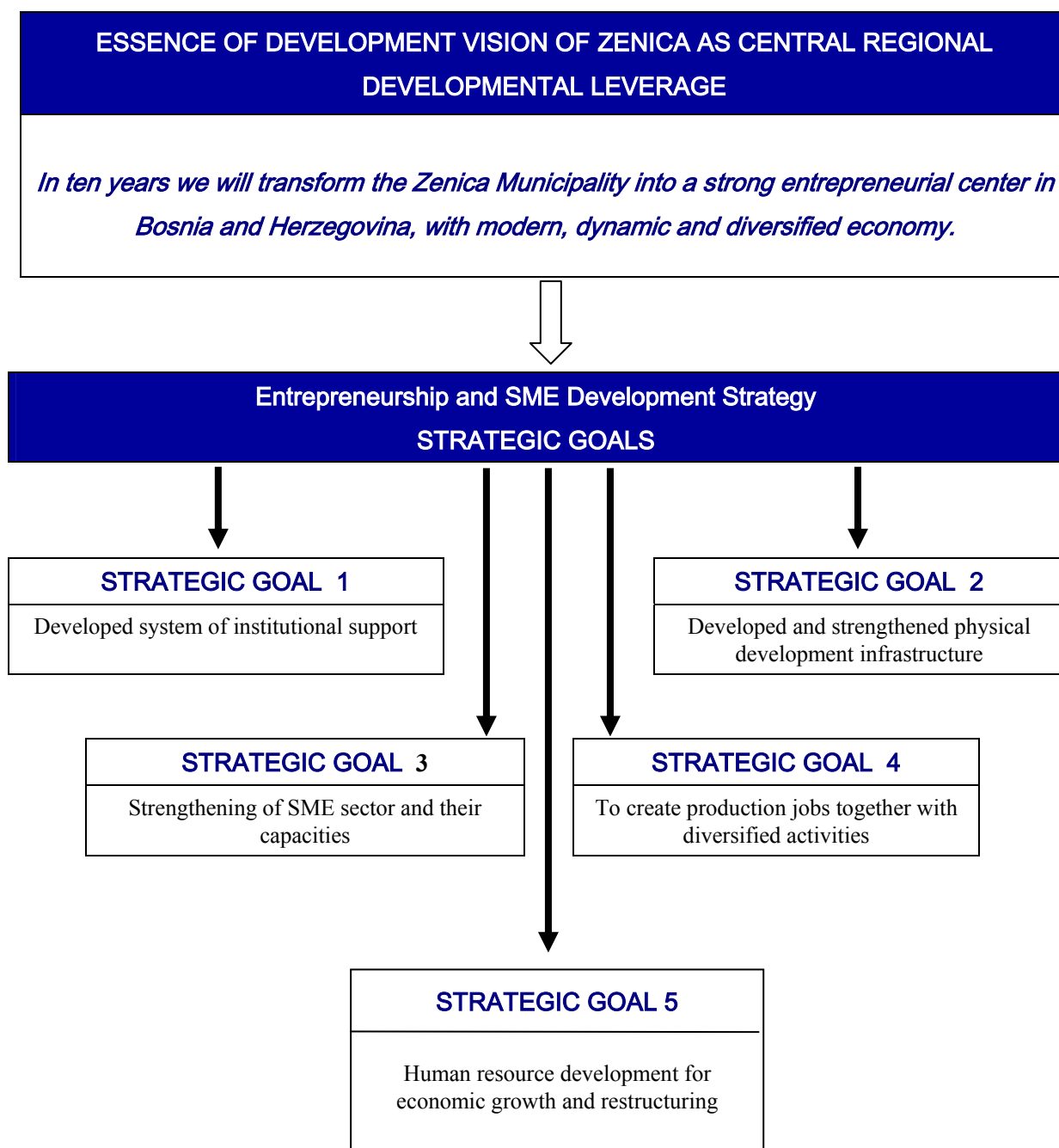


Simultaneously with the entrepreneurship development and dynamic economic development, Zenica has to gradually revitalize the city with all its facilities, which will enable more comfortable life with better offer of products and services. A lot of efforts have to be put into the development of the city as an educational, administrative, cultural and sports center in the region, with simultaneous and equal distribution of the economic and production activities into smaller settlements in the territory of the municipality. All that has to be done with an aim to transform the entire Zenica Municipality into a dynamic, entrepreneurial center, rich with different facilities in Central Bosnia.

## STRATEGIC GOALS OF ENTREPRENEURSHIP AND SME DEVELOPMENT IN ZENICA

Zenica was one of the most important industrial centers in Bosnia with its dominant metallurgical production, based on which scientific-research and educational infrastructure was built. After radical reduction of production, Zenica has to build a leading position on new economic foundations. The Development Strategy of the Zenica Municipality expands ambitions beyond the reconstruction of the city and municipality and is focusing on:

- Development of the entrepreneurial climate and infrastructure, which will enable a dynamic growth in the future,
- Faster strengthening of its own entrepreneurial potential,
- Attracting enterprises from the other regions and countries,
- Positioning of Zenica as a broader regional development center.



## STRATEGIC GOAL 1

### *Developed system of institutional support*

*In the Zenica Municipality there is no cooperation or link between the municipal and cantonal authorities with entrepreneurs, managers and experts. Establishing partnership through institutionalization of the development coalition will enhance the relations between the public and private sector and it will create such a sector, which will become a real “service” and support for entrepreneurs and the private sector. It will enable easier and faster resolving of problems SMEs are facing, it will remove obstacles for creating new enterprises and growth of the existing ones. It will also create a favorable entrepreneurial climate and attitude of the community towards entrepreneurship and entrepreneurs.*



#### **Operational goal 1**

To improve entrepreneurs' satisfaction with the operations of the Municipality

#### **Operational goal 2**

Active work of the stakeholders' forum (development coalitions)

#### **Operational goal 3**

To build positive entrepreneurial climate

*The Municipality still does not have any important leverage or resources to encourage development, but with its support for entrepreneurs and their development projects it can encourage individuals to establish new enterprises and to invest in the growth of the existing ones. Due to the partnership relations, the satisfaction of entrepreneurs will increase and dynamic of the SME development will become better*

*Commitment to entrepreneurship development has to come out from consensus of businessmen and the Municipality, which has to be transformed into cooperation and a coordinated effort related to the activities for achieving the developmental goals. The Stakeholders' Forum will enable an agreement on the development priorities and directions, on joint projects as well as easier and faster resolving of problems in the relation of Municipality – enterprises-social activities*

*In Zenica, a positive attitude will be established towards entrepreneurs, through their promotion and raising awareness on their contributions to the welfare of the community. The Municipality and entrepreneurs will create a positive attitude towards entrepreneurship through media, round tables, seminars and other forms of support to entrepreneurs.*



### **PROGRAMS TO ACHIEVE GOALS**

1. Program to establish development coalitions
2. Program of non financial support to SME development
3. Program to promote entrepreneurship
4. Program to enhance local business environment



### **PROJECTS TO BE IMPLEMENTED**

1. Continuation of activities of the Stakeholders' forum and establishing other development coalitions (entrepreneurs' associations, development coalitions for selected projects)
2. Staff training in the Municipality and institutions for supporting SME development
3. To establish an office for handling all administrative activities at one place (One-Stop-Shop)
4. To develop municipal programs of non-financial support for entrepreneurship development
5. Promotion of entrepreneurship, its importance and possibilities it opens for entrepreneurial individuals
6. Promotion of entrepreneurial achievements and successful entrepreneurs
7. Promotion of joint projects and cooperation
8. Co-financing of promotional material, business meetings and business connections

## STRATEGIC GOAL 2

### *Developed and strengthened physical development infrastructure*

*When creating new enterprises and strengthening the existing ones, entrepreneurs and SMEs are facing with difficulties related to impossibility to acquire a location, land, business premises at the market acceptable and affordable prices. Due to the previous extensive industrialization, Zenica does not have large areas of free land, but it can use a large portion of the former location of the Zenica Steel Factory that is available because of the reduced steel production. We will establish a development agency as a coordinator of development activities and we will create other elements of the entrepreneurial infrastructure, which will enable efficient usage of materials, human and financial resources.*



### Operational goal 1

To establish the most important institutions of physical infrastructure

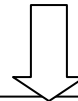
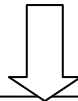
*Zenica has not developed any forms of physical infrastructure for the existing and new enterprises, and therefore it will be intensively working on its development. The infrastructure will serve new and the existing SMEs, and it will encourage innovations as well as the usage and introduction of new technologies. The institutions of infrastructure will enable faster acceptance of investors and entrepreneurs from other regions and countries, providing them with support at one place.*



### Operational goal 2

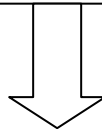
To create business infrastructure for SME development

*Because of the domination of bigger enterprises, Zenica has not developed the business infrastructure needed by SMEs as support for their business operations. Therefore the Development Agency will encourage and develop different service providers to SMEs and potential enterprises/investors from other regions and countries. Those organizations will help donors and development coalitions by providing efficient support.*



### PROGRAMS TO ACHIEVE GOALS

1. Program to develop support institutions and mechanisms
2. Transfer of knowledge and staff training in those institutions



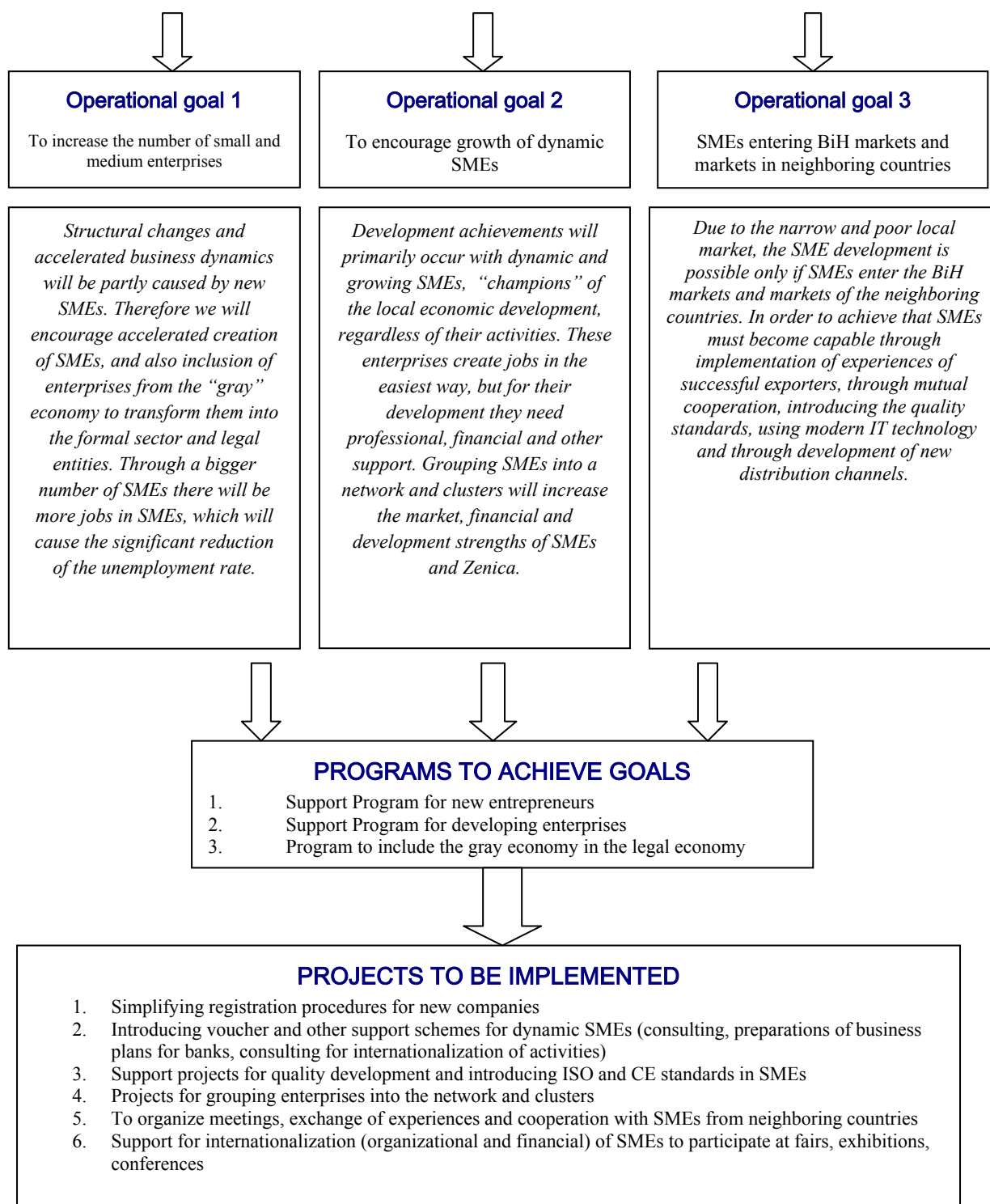
### PROJECTS TO BE IMPLEMENTED

1. To establish the Development Agency (later Regional Development Agency)
2. To establish the Financial Fund (micro-credit scheme, guarantee scheme, subsidies for interest rates) for SME development
3. To establish One Stop Shop
4. To establish Scientific-Technological Park and Technological Zone
5. To establish the Entrepreneurial Incubator in the Business Zone in the area of the Steel Factory
6. To establish the Business Zone in the area of Steel Factory with arranged utilities
7. To establish technological centers (agriculture, metal processing), enterprise clusters
8. To establish Agricultural Cooperative

### STRATEGIC GOAL 3

#### *Strengthening SME sector and their development capacities*

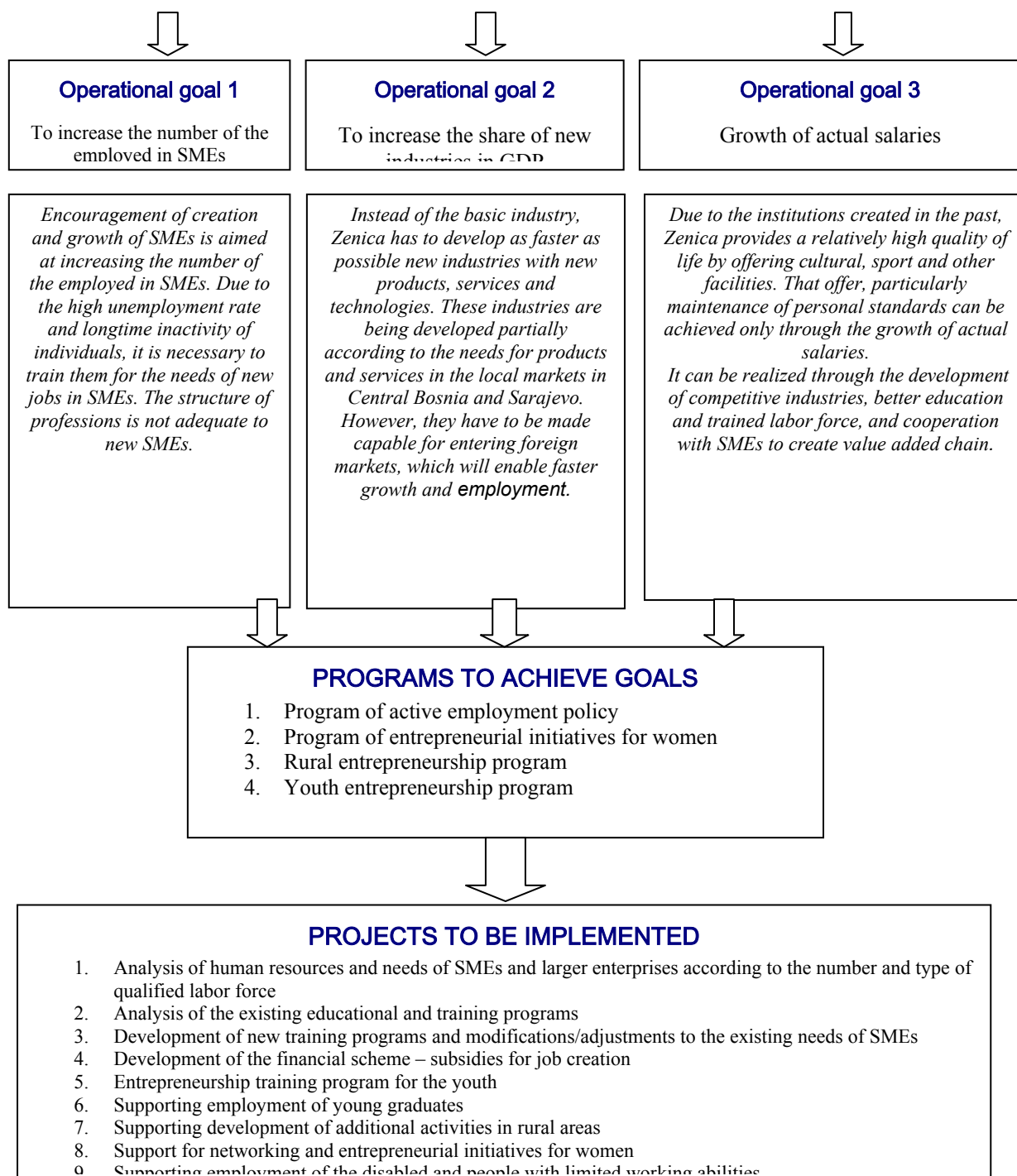
*In the Zenica Municipality the number of SMEs (according to the population) is lagging behind the average at the level of BiH, and particularly behind the standards of developed countries. The changes of the economic structure require creation of a big number of new SMEs as well as development of new products and services in the existing SMEs. Therefore, the capacities of those enterprises have to be enhanced for introducing innovations with a specific focus on support for dynamic SMEs like “champions” and driving forces of the development.*



## STRATEGIC GOAL 4

*To create production jobs with diversified activities*

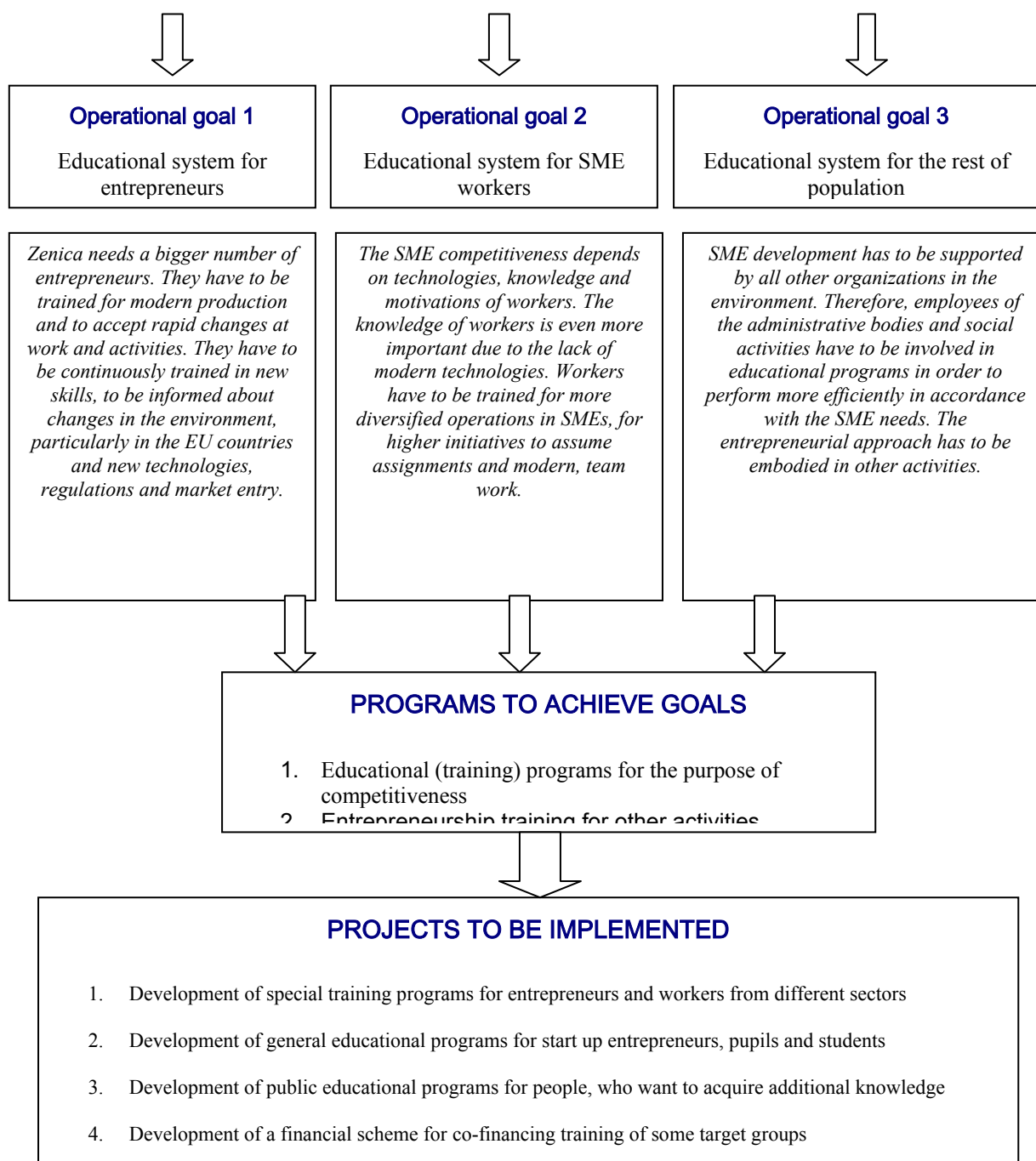
*The Zenica Municipality is in a very difficult economic situation because of the dominant heavy industry, which lasted for decades. It is no more competitive and currently it is operating at lower capacities. Therefore, Zenica needs to develop diversified processing activities and services. The uncontrolled development has resulted in a huge number of trade companies, and the modern economy has to develop production jobs through the development and application of new technologies and their transfer through cooperation of enterprises with educational institutions and research centers. The dynamic economy can attract both entrepreneurs and investors from other parts of the world.*



## STRATEGIC GOAL 5

### *Human resource development for the economic growth and restructuring*

*Zenica used to have a big number of educated and trained employees, educated primarily for the needs of metallurgy and accompanying activities. Because of the war caused discontinuity of the activities, deterioration of the former dominant production and difficult economic situation the knowledge and experiences are outdated and they have not followed the development of new technologies. Also, there has been brain drain of young people. For the development of new activities and entrepreneurial initiatives, numerous people have to be retrained, including entrepreneurs, managers as well as experts and qualified workers, particularly the unemployed. A larger number of women, students and graduates need to be involved into the working contingent in order to stay in Zenica and contribute to its development.*



	GOALS					Value	SOURCE OF FUNDS %						
PROJECT LIST	Partnership	Infrastru cture	Strengthen ing of SMEs	Job creation	HRD	EURO	Donors	State	Municipality	SME	IMPLEMEN TER	START	DURATION
1.Continuatio of activities of Stakeholders' Forum and other development coalitions	X	X				3,000	-	-	100	-	Municipality	09.2003	Continuously
2 Staff training for Municipality and institutions supporting SME development to perform better and remove obstacles	X	X			X	5,000	50	-	50	-	Municipality	09.2003	03.2004
3. Improvement of performance of One Stop Shop	X	X			X	5,000	50	-	50	-	Municipality	09.2003	12.2003
4. Creating municipal, non-financial forms of support for entrepreneurship development	X	X	X	X		100,000	-	-	100	-	Municipality	09.2003	Continuously
5 Promotion of entrepreneurship and opportunities offered by entrepreneurship	X		X		X	20,000	40	-	40	20	Agency	09.2003	Continuously
6. Promotion of entrepreneurial achievements and successful entrepreneurs	X		X		X	20,000	40	-	40	20	Agency	09.2003	Continuously
7. Promotion of joint projects and cooperation	X		X		X	15,000	40	-	20	40	Agency	09.2003	Continuously
8.Co-financing of promotional materials, business meetings and business networking	X		X			40,000	50	-	20	30	C. of Commerce	01.2004	Continuously
9.Establishment of Development Agency for Zenica Municipality	X	X	X	X	X	100,000	50	-	50	-	Municipality	06.2003	Continuously
10. Establishment of Financial Fund (micro-credit scheme, guarantee scheme, subsidies) for SME development	X	X	X	X		300,000	60	20	20	-	Agency	01.2004	Continuously
11. Establishment of One Stop Shop	X	X				30,000	70	-	30	-	Agency	10.2003	03.2004
12. Creation of Scientific -Technological Park	X	X	X	X	X	1,000,000	50	30	20	-	Faculty of Mechanical Engineering	09.2003	06.2005
13. Creation of Entrepreneurial Incubator	X	X	X	X	X	200,000	50	30	20	-	Agency	11.2003	09.2004
14. Creation of Business Zone with arranged utilities	X	X	X	X		1,000,000	50	30	20	-	BZZ1	09.2003	09.2005
15. Creation of Technological Park (agriculture, metal processing)	X	X	X	X	X	250,000	60	20	10	10	Agency	11.2003	12.2004
16. Creation of Center for development of rural areas	X	X	X	X	X	200,000	70	20	10	-	Agency	11.2003	Continuously
17. To simplify registration procedures for new company	X	X	X			10.000	-	-	100	-	Municipality	09.2003	Continuously
18. Consulting for internationalization of activities		X	X			50.000	60	-	20	20	Agency	01.2004	Continuously
19.Introducing voucher and other schemes to support dynamic SMEs (consulting, preparation of PN)	X	X	X			200.000	50	30	20	-	Agency	01.2004	Continuously
20.Projects supporting quality development and introducing ISO and CE standards in SMEs		X	X			300,000	50	30	10	10	C. of Commerce	01.2004	Continuously

21. Projects for grouping enterprises in a network and clusters	X	X	X	X	X	100,000	70	-	20	10	Agency	03-2004	Continuously
22.To organize meetings with SMEs from neighboring countries	X		X			40.000	50	20	20	10	C. of Commerce	03.2004	Continuously
23.Support (organizational and financial) for SMEs to participate at fairs, exhibitions, conferences	X		X			40.000	20	20	10	50	Agency	01.2004	Continuously
24.Analysis of human resources and needs of SMEs and larger companies by qualification of workers				X	X	40.000	80	-	20	-	Agency	10.2003	04.2004
25.Analysis of existing educational and training programs				X	X	5.000	80	-	20	-	Agency	10.2003	04.2004
26. Development of new training programs and modifications/adjustments of the existing ones according to the needs of SMEs	X	X	X	X	X	40.000	80	-	20	-	Agency	03.2004	12.2004
27. Development of financial scheme- subsidies for new jobs	X	X	X	X		500.000	60	30	10	-	Agency	01.2004	06.2004
28. Entrepreneurship training for the youth	X	X		X	X	50.000	70	20	10	-	Agency	10.2003	05.2004
29. Support for employing young graduates	X	X	X	X	X	100.000	50	40	10	-	Agency	02.2004	05.2004
30. Support for development of additional activities in rural areas	X	X	X	X	X	200.000	60	30	10	-	Agency	03.2004	Continuously
31.Support for networking and entrepreneurial initiatives for women	X	X	X	X	X	50.000	50	-	25	25	Agency	02.2004	Continuously
32. Support to employ the disabled and people with limited working capabilities	X	X		X	X	100.000	50	40	10	-	Agency	01.2004	Continuously
33. Development of special training programs for entrepreneurs and workers from different sectors	X	X	X		X	50.000	70	-	30	-	Agency	11.2003	02.2004
34. Development of general educational program for start up entrepreneurs and for schools	X	X	X	X	X	30.000	70	-	30	-	Agency	11.2003	02.2004
35.Development of general educational programs for people, who want to get additional knowledge	X	X	X	X	X	100.000	70	-	30	-	Agency	01.2004	12.2004
36.Development of financial scheme to co-finance training of target groups	X	X			X	50.000	60	30	10	-	Agency	05.2004	10.2004

# MUNICIPALITY OF VUSHTRRI



## STRATEGY FOR MUNICIPAL ECONOMIC DEVELOPMENT 2003-2006

July 2003

### **Disclaimer**

This strategy has been written by municipal teams with advice from the World Bank Group and OSI-LGI (Budapest) and the Riinvest Institute for Development Research, Prishtina. The World Bank Group and LGI take no responsibility for the content of this strategy; however, they congratulate the Municipality for the quality of this work.

## INTRODUCTION

The Municipality of Vushtrri was competitively selected for participation in the ‘Developing Enterprises Locally Through Alliance and Action’ (DELTA) project, which aims to enhance municipal capacities for SME Development. DELTA is a joint initiative of the World Bank Group and the Local Government and Public Service Reform Initiative (LGI), which is a network program of the Open Society Institute (OSI).

The drafting of this strategy for local economic development by the Municipality of Vushtrri is a key component of the DELTA Project. The DELTA project was guided by Local Economic Development (LED) experts based in the Urban Department of the World Bank, and is implemented locally by Riinvest.

The project aims to support Kosovar Municipalities to build their capacities to draft and implement Local Economic Development strategies which will promote a more favorable environment for SME development, and strengthen the ties between local governments and other organizations (business associations, professional associations and NGOs engaged in LED).

## LED Team

Five members form the LED team in Vushtrri:

1. Refik Ramaj, Department of Finance, Team Leader
2. Zeqir Hasani, Department of Finance
3. Agim Shahini, Head, Alliance of Kosovar Business (AKB)
4. Fahri Maxhuni, Department of Finance
5. Ruzhdi Bajrami, Business Registration Office, Department of Finance

Key participants from national and local level organizations form the stakeholder forum in Vushtrri:

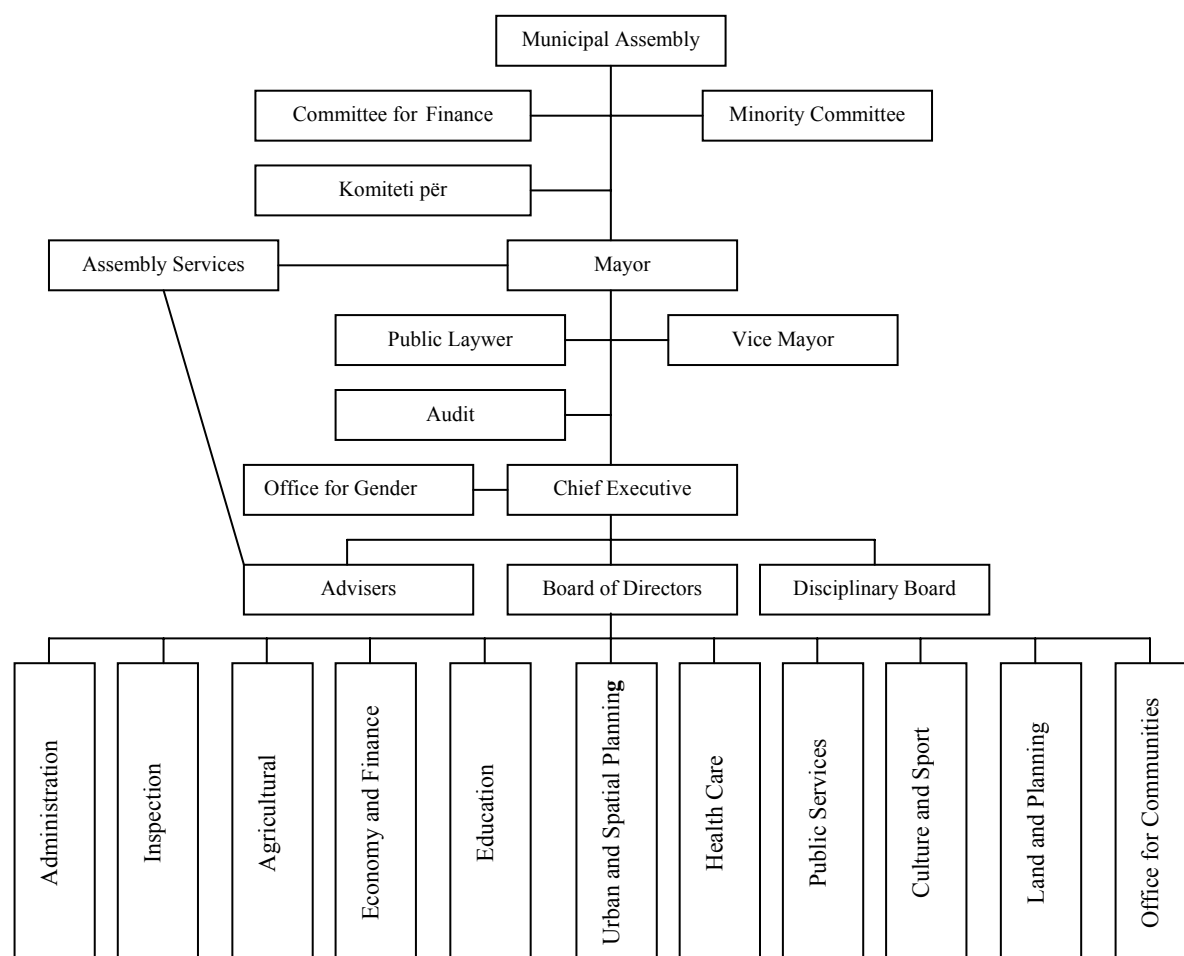
- Ali Jakupi, Minister, Ministry of Trade and Finance
- Ahmet Shala, Deputy, Kosova Trust Agency
- Menderes Ibra, CEO, Ministry of Agriculture and Forestry
- Myrvete Pantina, Professor, Prishtina University Business School
- Shemsi Bajrami, Department of Urban Planning
- Shaip Neziri, Department of Finance and Economy
- Megjit Percuku, Department of Healthcare
- Hysen Sfarqa, Department of Education
- Shefqet Popova, Head, umbrella organisation of NGOs

A development team was created, which is comprised of local government leaders and influential members of the private sector. To support the work of the LED team in developing the strategy and implementing the projects, a business association was established. Several trainings were organized by the DELTA team between February and November, 2002, which included presentations and case studies by international and local experts. A ten day study tour of Hungary, Croatia and Bosnia and Herzegovina provided Vushtrri participants with first-hand knowledge of what the results of their work could look like.

## LED Meetings and Future Activities

The LED team has been meeting four to five times per month, and the advisory board has conducted monthly meetings. The LED strategy was reviewed and approved by the Municipal Assembly on April 25, 2003. The LED team will have an office and a decision has been taken to form a permanent group for the implementation of LED strategy. The operational procedures of this group will be defined and incorporated in the next version of the strategy.

## Municipal Structure



**Municipal Budget:** Overall Total: €4,803,284

Vushtrri's 2003 Municipality budget (in euros)

Category	Municipal Administration	Education	Health	Local Community Office
Salaries	412,463	1,971,285	309,232	31,380
Goods and Services	457,311	463,886	204,146	26,000
Capital Investments	759,374	78,418	70,000	-
Budget Reserves	19,789	-	-	-
<b>TOTAL</b>	<b>1,648,937</b>	<b>2,513,589</b>	<b>583,378</b>	<b>57,380</b>

Source: Department for Budget and Finance, Vushtrri Municipality

The allocation of the 2003 budget is:

- 40% for Economic development
- 25% for Social issues
- 35% for Environment protection

## MUNICIPAL OVERVIEW

### Historical Background

Vushtrri, or Vicianum (Area of Calves) as it was previously called by its ancient Illyrian name, is an ancient population settlement, which dates back, before the Roman Empire. At the end of the first century B.C., Viciana was conquered by the Roman Empire. During Roman occupation, Viciana developed a considerable economy and a thriving culture. After the fall of the Roman Empire, Viciana was transferred to Byzantine rule. After the Great Schism of the Church in 1054, the majority of Vushtrri's population remained Catholic.

In the fourteenth century the Ottoman Empire began to expand into the Balkans. Ottoman presence in Vushtrri was first recorded in 1439. The establishment of Ottoman administration in Vushtrri introduced Islam to the municipality and the construction of mosques, inns, Muslim religious schools and hamams (public baths) followed. Between the 15<sup>th</sup>-18<sup>th</sup> Centuries, Vushtrri was one of the largest settlements in the Balkans and it was the center of a very important *Sanxhak* (administrative unit) of the Ottoman Empire.

During World War I Vushtrri was occupied by Austro-Hungary. During World War II Vushtrri was incorporated into the German zone of occupation. In November 1944, the Yugoslav Communist administration was established.

In March 1989, Serb state authorities abolished the Constitution of 1974. This led to an armed uprising by the population of Kosova, organized by the Kosova Liberation Army (KLA), which led to the intervention by NATO forces (March-June 1999). During the conflict, more than 500 Albanian civilians were killed in Vushtrri and the surrounding area and another 100 remain missing. NATO forces entered Vushtrri on 16 June 1999.

### Geographic Position



(Source: OSCE)

- Vushtrri is situated half way between Pristina and Mitrovica, Kosova's two largest cities
- Vushtrri is bordered by Mitrovica in the north, Besiana in the east, Kastriot in the south, Drenas in south-west, and Skenderaj in the west
- Area: 345 square kilometers
- Terrain: hilly in the north; fertile valley in the south
- Rivers: The River Sinica is the principal waterway. Two smaller rivers: Tërstena and Studimja flow in the town of Vushtrri
- Mild continental/Mediterranean climate

Average temperature: 11.3 Centigrade

## Population

As in the rest of Kosova, the current demographic data in Vushtrri municipality is missing. The following figures are estimates based on the available official data of the 1981 population census. Vushtrri has approximately 106,000 inhabitants. Vushtrri Municipality is composed of 66 villages. Of these, 61 are inhabited primarily by Kosovar Albanians and five by ethnic Serbs.

## Ethnic Composition in Vushtrri Municipality

Population	Kosovar Albanian	Kosovar Serbs	Kosovar Ashkali	Total
January 1999	90.3%	6.3%	-	-
March 2003	101,600 (95.4%)	4,000 (4.0%)	400	10,000

## Employment

Unemployment and partial employment is around 40% to 50%, being higher in rural areas. The population segments with the highest level of unemployment are: women, youth and engineers.

The primary cause of this high unemployment rate has been the 90% reduction in the size and operation of SOEs. Also the growing population is a serious problem that has a direct impact on the employment level. Vushtrri, based on some estimates among the municipalities that has the highest rate of unemployment.

## Economic Development Background

The principal areas of economic activity in Vushtrri for the first half of the twentieth century were: agriculture, stockbreeding, trade and craftsmanship (leather makers, metal producers, fabric producers etc). Between 1970 and 1980, several industrial capacities were built, such as a factory for Zing sheeting, for textiles and for ink and lacquer. In 1976, measures for land grouping were applied which intensified the development of agriculture in this area.

The number of new SMEs is increasing due mainly to the use of private capital investments; there are few loans, and conditions are not favorable. In 2002, there were only 13 SMEs. Of these, 10 are in the trade field and they received loans from the banks. One of these loans will be used for building of industrial capacities for processing of potatoes.

## Economic Profile

Vushtrri is considered suitable for investments because it is located between the two market cities of Prishtina and Mitrovica.

- Its financial means are mobilized mainly from its own resources.
- The credits offered by the financial institutions are not the preferred option due to high interest rates and short repayment period.
- An increasing number of trade SMEs. In 2000 there were only 130 SMEs.

## Agriculture

- Vushtrri is the largest producer of potatoes in Kosova
- Vushtrri has a highly fertile soil covering 15,879 hectares
- 7,000 hectares of land are irrigated
- The assembly of the equipment for the first factory that will process potatoes is in its final phase and the production has started in the beginning of February 2003

## Services

This sector is mainly represented by vehicle mechanics, beauty salons, tailors and several building construction companies. 85% of services are provided by the private sector.

## Tourism

The region has natural resources that have potential for development of mountain tourism. The mountains of Qyqavica and Shala are well known for their natural beauty, and offer a vast opportunity for the development of mountain and winter tourism. The thermal springs, if developed, have the potential to attract considerable numbers of tourists as well.

## Post War Projects (Ongoing or Completed)

Following the 1999 conflict, Vushtrri received considerable financial assistance from international organizations. The following projects are direct results of this contribution.

No.	Project Name	Status
1.	Reduction of the municipal tax for 25% of all SMEs	Under implementation
2.	Establishing of the Office for Rapid Services and Procurement	Under implementation
3.	Processing of potatoes	Under implementation
4.	Construction of a Sports Hall	Completed
5.	Establishing the Industrial area	The lot has been assigned
6.	Cleaning of River Tërstena	Started
7.	Repairing of sewage system and asphaltting of "Tirana" street	Completed
8.	Repairing of the sewage system in "Podranqa" neighborhood	Completed
10.	Asphaltting of the street in the center of town 5 km long	Completed

### 1. Project to Reduce Municipal Tax for 25% for all SMEs

The project was initiated by the LED group and by the Association of Businessmen, and was supported by the municipal administration. Its accomplishment impacted the stimulation of SMEs, registering of new enterprises and increase of employment. It also influenced the increase of tax incomes because businesses completed their obligations for 95.78%.

### 2. Project for Establishing a 'One-Stop Shop' and Procurement Office

This project resulted in the execution of regulations and procedures applicable for public procurement requiring transparency and true competition. This resulted in rational use of money for municipal needs and those of community.

### 3. Project for Processing of Potatoes

The local government has encouraged a farmer from the municipality and assisted him in building a factory for potato processing. The municipality made a business plan for him, enabled him to change the agricultural land into construction land, issued him, free of charge, a permit for building and connection to waterworks and sewage system, as well as other relief.

This factory is expected to start operating in February 2003. It will have about 20 workers and will influence on the reduction of the import of processed potato products by an expected 24%. It will have an impact in the fall of price for this product and in stimulation for potato production. The municipality started its advertising campaign with: "Buy Local Products" to help the selling of products.

#### 4. Project for the Construction of a Sports Hall

The project is valued at €399,000. The investors were: USAID with €350,000 and the municipality with €49,000. The aim of the project is to develop and popularize sporting and cultural activities, as well as increase employment.

#### 5. Project for Industrial Area

This project area is 100 hectares and is situated 4 kilometers from the town. It is selected for production enterprises and for those that sell in bulk. The municipality will enable the enterprises to use the land for 5 years without any rent. After 5 years they will pay a rate of 50% and after 10 years they will pay the full amount. It is expected that this project will have an impact on the development of enterprises, increase employment and ease traffic congestion in town.

#### 6. Project for Cleaning of River "Tërstena"

3 km long, value of €5,000. Investor: Municipality of Vushtrri. Cleaning of riverbed will provide a clean environment.

#### 7. Project for Repairing the Sewerage System and Asphaltting "Tirana" Street

1 km long, value 200.000 €, investor USAID.

#### 8. Project for Repairing the Sewerage System in "Podranqa" Neighborhood

6 km long, investor: Municipality of Vushtrri with €13,000 and the local community with €30.000.

#### 9. Project for Asphaltting the Street in the Center of Town: 5 km long

Value: €82.000. Investor: Municipality of Vushtrri

#### Business Registry

Type of Economic Activity	Registered Businesses (March 31, 2003)	Percentage (%)
Agriculture and Forestry	-	-
Fishing	-	-
Mineral and resource exploitations	-	-
Manufacturing	3	3.95
Utilities	-	-
Construction	2	2.63
Wholesale and Retail	31	40.79
Hotels and Restaurants	8	10.53
Transport and communications	17	22.36
Financial Institutions	-	-
Pasurit e patundshme: dhënja me qira dhe aktivitetet e biznesit	5	6.58
Administration and social protection	2	2.63
Arsimi	3	3.95
Other	5	6.58
<b>Total</b>	<b>76</b>	<b>100</b>

## SWOT ANALYSIS

<i>FACTORS</i>	<i>INTERNAL</i>	<i>EXTERNAL</i>
<i>POSITIVE</i>	<b>S – STRENGTHS</b>	<b>O – OPPORTUNITIES</b>
	<ul style="list-style-type: none"> <li>▪ Located on the main freeway and rail corridor near Prishtina and Mitrovica</li> <li>▪ Mineral water and magnesium are natural resources</li> <li>▪ 85% of general population is under 50 years old</li> <li>▪ Traditional industries: agricultural production, food processing, wood crafting and blacksmithing</li> <li>▪ Industrial land with affordable prices</li> <li>▪ Large areas of fertile agricultural land with functioning irrigation systems</li> <li>▪ Responsible and well engaged local government</li> <li>▪ Established peace and order with low crime rate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Favorable conditions and a tradition in the production of agricultural products</li> <li>▪ Main producer of potatoes in Kosovo</li> <li>▪ Well-trained workers because of capacity building efforts of international funded programs</li> <li>▪ Great potential for developing agro-business sector because of investor interest in expanding agro processing capacities</li> <li>▪ Local government taxation incentives for production and manufacturing SMEs</li> </ul>
<i>NEGATIVE</i>	<b>W – WEAKNESSES</b>	<b>T – THREATS</b>
	<ul style="list-style-type: none"> <li>▪ High level of unemployment</li> <li>▪ Lack of urban planning</li> <li>▪ Low level of resource utilization in the socially owned sector</li> <li>▪ Poor structure of SMEs dominated by trade SMEs</li> <li>▪ Obsolete technical infrastructure</li> <li>▪ Insufficient experience of business community and local government in operating under a market economy system</li> <li>▪ Low level of reforms in education system</li> <li>▪ Lack of competences of the municipal bodies to manage the property of former socially owned enterprises</li> </ul>	<ul style="list-style-type: none"> <li>▪ Kosovo's undefined political status</li> <li>▪ Lack of institutions to support (start ups and existing business)</li> <li>▪ Unfair competition in the Kosovar market</li> <li>▪ Lack of legal and regulatory framework for the functioning of a market economy</li> <li>▪ Lack of municipal funds to support SMEs</li> <li>▪ Loss of agricultural land due to large illegal developments</li> <li>▪ Delays in privatization causing deterioration of assets</li> <li>▪ Undefined competences of the local government</li> </ul>

## VISION

*Vushtrri - A modern city that maintains and preserves the tradition and ancient civilization in an ecologically clean environment. A city where the local government remains very active and engaged in supporting and fostering rapid economic development. An attractive environment favorable for development of business and low unemployment level will characterize the city, where the citizens and businessmen invest on improving their living standards.*

## MUNICIPALITY OF VUSHTRRI 'VISION TO PROJECTS' MATRIX

Vision	Goals	Objectives	Programs	Projects
Vushtrri will be a modern city that maintains and preserves its traditions and ancient civilization in an ecologically clean environment. A city where the local government remains very active and engaged in supporting and fostering rapid economic development. An attractive environment favorable for development of business and low unemployment level will characterize the city, where the citizens and businessmen invest on improving their living standards.	<i>G1: A local administration that provides and delivers effective, professional and efficient business-friendly support services to the business community</i>	G1:O1: To develop a comprehensive 'red tape' reduction program for business development in city hall	G1:O1:PG1: Local Business Enabling Environment Program	G1:O1:PG1: p1: Undertake a positive entrepreneurship promotion campaign in local media by holding monthly meetings with local media on progress of LED action plan/staff/new announcements etc
				G1:O1:PG1: p2: Initiate and deliver a One-Stop-Shop to facilitate government-business relations
				G1:O1:PG1: p3: Initiate measures to improve the municipal legislation and services through a full review of business regulations and requirements
		G1:O2: To enable the development of dynamic and transparent business forum	G1:O2:PG1: Business Forum Development Program	G1:O2:PG1: p1: Identify sectoral and regional linkages for possible sector-specific business forum
				G1:O2:PG1: p2: Identify key actors and provide training and support facilities to the business forum development program
		G1:O3: To institutionalise an active and collaborative stakeholder advisory group for LED strategy development and implementation	G1:O3:PG1: Public-Private Stakeholder Partnership Development Program	G1:O3:PG1: p1: Initiate and deliver a training program in LED principles and partnership working for local government and stakeholder partnership board
				G1:O3:PG1: p2: Initiate and deliver a training program for local government staff in project development and management skills (finance and governance etc)
	G2: To promote the development of small and medium enterprises	G2:01: To initiate with partner agencies, an integrated sustainable business support and service delivery mechanism to facilitate SME growth	G2:01:PG1: Demand-driven SME Training Program	G2:01:PG1: p1: Identify, initiate and deliver a business training program (propriety business, administration, IT; accounting, management; and business finance etc)
			G2:01:PG2: SME Business Incubator Program	G2:01:PG2: p1: Prepare project brief for, and construct, business incubator
			G2:01:PG3: SME Investment Fund Program	G2:01:PG3: p1: Prepare project brief, identify funding, and establish a modest investment fund to assist in creating new businesses

Vision	Goals	Objectives	Programs	Projects
			G2:01:PG4: Local Purchasing Initiative (LPI)	G2:01:PG4: p1: Produce and distribute a Directory of Local Suppliers and Products
				G2:01:PG4: p2: Produce and distribute a Guide to Doing Business with the Council
				G2:01:PG4: p3: Initiate an internal council and local business training program on LPIs
			G2:01:PG5: Diaspora for Vushtrri Program	G2:01:PG5: p1: Initiate a Diaspora club and establish business ambassadors
			G2:01:PG6: SME Incentive Program	G2:01:PG6: p1: Establish an incentive program that allows a 5 year tax exemption from municipal duties for SME exporters
				G2:01:PG6: p2: Establish an incentive program that allows a leveled exemption from municipal dues dependant on the creation of new jobs
	G:3: To preserve, protect and enhance sites of historic importance and cultural heritage	G3:01: By 2006, to renovate and revitalize sites of ancient and historical importance	G3:01:PG1: Building and Sites Revitalization Program	G3:01:PG1: p1: Prepare project brief, and identify, key sites of ancient and historical importance
				G3:01:PG1: p2: Prepare programming brief, and restore, the Stone Bridge
				G3:01:PG1: p3: Prepare programming brief, and restore, the town's Hamam
				G3:01:PG1: p4: Prepare programming brief, and restore, the town Fortress
				G3:01:PG1: p5: Prepare programming brief, identify, and initiate a training program for craftsman skills development
	G4: To safeguard the environment and develop the physical infrastructure for improved municipal planning and business development	G4:01: By 2004/5, to initiate and produce an urban plan	G4:01:PG1: Urban Planning Program	G4:01:PG1: p1: Identify, recruit and train urban development planning team and develop an integrated urban strategy
				G4:01:PG1: p2: Publicise, promote, and liase with local businesses and residents on the urban planning process
				G4:01:PG1: p3: Undertake a survey of vacant and underused public and municipal properties, and industrial sites

Vision	Goals	Objectives	Programs	Projects
				G4:O1:PG1: p4: Establish directory of public and municipal properties, and industrial sites
		G4:O2: To improve road transportation, sanitation and waste water facilities in the municipality of Vushtri	G4:O2:PG1: Road and Public Lighting Improvement Program	G4:O2:PG1: p1: Prepare programming brief for, and implement, unspecified road asphaltting projects and public lighting improvements
			G4:O2:PG2: Sanitation and Waste Water Program	G4:O2:PG2: p1: Prepare programming brief for, and expand, the waterworks system
				G4:O2:PG2: p2: Prepare programming brief, and construct a wastewater collecting point
				G4:O2:PG2: p3: Prepare programming brief, and construct, a system for industrial waters
		G4:O3: To facilitate public-private partnership working to rehabilitate and develop the power network	G4:O3:PG1: Power Supply Improvement Program	G4:O3:PG1: p1: Prepare programming brief, and identify, a range of power supply improvement projects for action and implementation
	G5: To ensure that Vushtri's educational system supports LED  G6: To develop and expand Vushtri's agricultural sector activity	G4:O4: To maintain, protect and rejuvenate the local environment	G4:O4:PG1: Environmental Improvement Program	G4:O4:PG1: p1: Initiate the cleaning, collection and placing of wastebins
				G4:O4:PG1: p2: Increase of town's green areas (including the construction of a new park in town)
		G5:O1: To align the educational system with labor market activities	G5:O1:PG1: Educational Program	G5:O1:PG1: p1: Develop a scholarship program for workplace training
		G6:O1: To expand the potential for agricultural diversification and support the development of agro-businesses	G6:O1:PG1: Agricultural Program	G6:O1:PG1: p1: Training of farmers for the use of mechanisms and advanced agricultural methods
				G6:O1:PG1: p2: Develop heated green houses through loan stimulation for the farmers
				G6:O1:PG1: p3: Training on the use of irrigational system for the increase of productivity in agriculture
				G6:O1:PG1: p4: Stimulation for development of livestock and poultry farms
				G6:O1:PG1: p5: Promoting efficient ways of cooperation between farmers

\*Projects italicized are suggestions for possible inclusion in the next articulation of the Vushtri Municipal Economic Development Strategy.

## REGISTER OF THE PROJECTS

GOALS	Protection and cultivation of ancient culture and history	Public sector to be efficient and responsible towards businesses	Modern urban and infrastructural development of the municipality	Development of new businesses	Development of intensive agro businesses
PROJECTS					
Restoration of the Stone bridge	X				
Restoration of <i>Hamam</i> the Public bath in town	X				
Restauration of town's Fortress	X				
Restauration of Craftsmanship	X			X	
Establishment of a Business Forum		X		X	
Establishment of Business Data base and products offer		X		X	X
Organization of a Business office in the municipality		X		X	X
Organization of a training program for local staff according to survey results		X		X	
Defining needs for development of Employers' capabilities and skills		X		X	
Issuance of the Urban plan 2004/05	X		X		
Expansion and improvement of Electric infrastructure			X		
Expansion of waterworks system			X		
Construction of a Collecting point for Wastewater			X		
Asphalting of roads			X		
Construction of system for Industrial waters		X	X	X	
Cleaning, collection and placing of waste containers			X		
Building of a new park in town			X		
Increase of town's green areas			X		
Creation of Data overview for donors		X		X	
Establishment of a Diaspora club		X		X	
A 5 year tax exemption from municipal duties for the exporters		X		X	X
Leveled exemption from municipal dues dependant on creation of new working places.		X		X	X
Organizing of the physical infrastructure by the L.G. for new investments		X	X	X	X
Development of a Business incubator		X	X	X	X
Training farmers in the use of mechanisms/advanced agricultural methods					X
Training on the use of irrigational systems for increased agric. productivity					X
Counseling on the necessity of quality breed in live stock and chicken farming					X
Development of heated greenhouses through loans to farmers					X
Stimulation for the development of live stock and chicken farms					X
Promoting efficient ways of cooperation between farmers					X
Promotion of a medium advanced program of education		X		X	
Drafting of a long-term policy of scholarships and stimulation of deficiency staff.		X		X	

## CHART OF PROJECTS

Name of Project	Total Value (€)	Sources of Funding (%)			Implementing Partners	Duration	Starting Date	Targeted Group/Beneficiaries
		Local Governm ent	Civil Society	Donors				
Restoration of the Stone bridge	45.000.00	50	10	40	LG, B, CS	3 years	25.07.2003	Citizens Business
Restoration of <i>Hamam</i> the Public bath in town	28.300.00	50	0	50	LG., Don.	1 year	15.06.2004	Citizens Business
Restauration of town's Fortress	103.000.00	50	25	25	LG., CS, Don.	3 years	22.08.2003	Citizens Business
Restauration of Craftsmanship	9.300.00	70	30	0	LG, CS.	1 year	15.02.2004	Citizens Business
Public lighting in town	75.000.00	50	0	50	LG, Don.	2 years	25.08.2003	Citizens Business
Establishment of a Business Forum	20.000.00	20	80	0	LG, CS.	6 months	15.05.2003	Citizens Business
Establishment of Business Database and products offer	4.000.00	100	0	0	LG	6 months	20.05.2003	Citizens Business
Organization of a Business office in the municipality	10.000.00	100	0	0	LG	3 months	15.04.2003	Municipality, Citizens Business
Organization of a training program for local staff according to survey results	15.000.00	60	0	40	LG, Don.	3 years	20.04.2003	Municipality, Citizens Business
Defining needs for development of Employers' capabilities and skills	10.000.00	40	25	35	LG, CS, Don	1 year	25.03.2003	Business, Citizens, Municipality
Issuance of the Urban plan 2004/05	100.000.00	30	0	70	LG, Don.	3 years	25.06.2003	Municipality, Business, Citizens
Expansion and improvement of Electric infrastructure	200.000.00	25	15	60	LG,CS,Don	3 years	10.04.2003	Municipality, Business, Citizens
Expansion of waterworks system	200.000.00	30	10	60	LG, CS, Don.	3 years	20.05.2003	Municipality, Business, Citizens
Construction of a Collecting point for Wastewater	30.000.00	70	10	20	LG, CS, Don.	1 year	25.07.2003	Citizens Business
Asphalting of roads	1.000.000	25	15	60	LG, CS, Don.	3 years	15.07.2003	Citizens Business
Construction of a system for Industrial waters	20.000.00	50	10	40	LG, CS, Don	2 years	22.05.2004	Citizens Business
Cleaning, collection and placing of waste containers	90.000.00	100	0	0	LG	3 years	22.01.2004	Citizens Business
Building of a new park in town	50.000.00	30	0	70	LG, Don	1 year	01.05.2005	Citizens Business

Increase of town's green areas	10.000.00	100	0	0	LG	1 year	02.07.2003	Citizens Business
Creation of data overview for donors	10.000.00	100	0	0	LG	1 year	15.05.2003	Citizens Business
Establishment of a Diaspora club	20.000.00	25	75	0	LG, CS.	2 years	15.04.2004	Citizens, Business, Community
A 5 year tax exemption from municipal duties for the exporters	5.000.00	100	0	0	LG	1 year	10.08.2003	Citizens, Business
Leveled exemption from municipal dues dependant on new creation of new working places.	8.000.00	100	0	0	LG	1 year	10.08.2003	Citizens, Business
Organizing of the physical infrastructure by the L.G. for new investments	500.000.00	30	30	40	LG, CS, Don.	3 years	12.07.2004	Citizens, Business, Com.
Development of a Business incubator	200.000.00	22	50	25	LG, CS, Don	3 years	05.05.2004	Citizens, Business, Com.
Training of farmers for the use of mechanisms and advanced agricultural methods	5.000.00	50	50	0	LG, CS.	1 year	10.07.2003	Citizens, Business
Training on the use of irrigational system for the increase of productivity in agriculture	5.000.00	50	50	0	LG, CS.	1 year	10.07.2004	Citizens, Business
Counciling on the neccessity of quality breed in livestock and poultry farming	5.000.00	50	50	0	LG, CS	1 year	10.07.2004	Citizens, Business
Development of heated green houses through loan stimulation for the farmers	5.000.00	50	50	0	LG,CS	1 year	10.07.2004	Citizens, Business
Stimulation for development of livestock and poultry farms	5.000.00	50	50	0	LG,CS	1 year	15.08.2004	Citizens, Business
Promoting efficient ways of cooperation between farmers	10.000.00	50	50	0	LG,CS	3 years	15.08.2004	Citizens Business
Promotion of a medium advanced program of education	10.000.00	50	25	25	LG, CS, Don	3 years	10.06.2003	Citizens, Business, Com.
Drafting of a long term policy of scholarships and stimulation for deficiency staff.	10.000.00	40	30	30	LG, CS, Don.	1 year	15.05.2004	Citizens, Business, Com.

## EXAMPLES OF LED PROJECT PLANS

<b>Project 7:</b> <b>MUNICIPAL OFFICE FOR BUSINESSES</b>		<b>Type of Program:</b> Advising, consultations Encouragement of new businesses Offering services for new businesses
<b>Description:</b> The office consists of experts that will offer relevant information on business registration, obtaining of working licenses, procedures and expenses. The office will can operate as a mediator during the procedures of registration, issuance of licenses etc. The office will increase partnership with business community and will offer to L.G. data on private business development and will create data for potential investors. This office will help in registration of businesses and it will increase the incomes of the municipality.		
<b>Expected Results:</b> Supports and encourages business development Support for young business people. Increases trust of businesses in L.G. Reduces business failures. Increases tax incomes for L.G. Improves business environment for domestic and foreign investors.		<b>Beneficiaries:</b> Business people L.G. Potential investors
<b>Executors:</b> Business association Business registration office International organizations		<b>Contributions to the Project:</b> Technical assistance Support for space Specific information Financial support, technical assistance.
<b>Preconditions:</b> Project manager exists Premises at disposal Commitment of institutions that are included in the legal and administrative aspect of the business.		<b>Risk Factors:</b> The office is in possession of the local administration Low level of business development Poor cooperation between the local administration and the businesses.
<b>Estimated Expenses:</b> 10,000€ for years 1,2,3 Location-premise is offered by the municipal administration Equipment 4,500€ Salary 2,500 € for two workers Variable expenses 1,000 €		
<b>Duration:</b> 6 months to 1 year		

<b>Project 21:</b> <b>DIASPORA CLUB</b>	<b>Type of Program:</b> Increase of investments Increase of the number of businesses Decrease of poverty
<b>Description:</b> Local Government will implement the project for establishing a Diaspora club in order to have regular meetings with fellow countrymen who are now abroad, offering them relevant information for investment opportunities in Kosova. This would have an impact on the increase of number of businesses, on reducing the level of poverty and on increasing employment opportunities.	
<b>Expected Results:</b> New investments Encouragement of the private business Decrease of poverty Good business conditions	<b>Beneficiaries:</b> Businessmen Investors Community
<b>Executor:</b> Local Government Private business Community	<b>Contributions to the Project:</b> Direct support in issuing relevant information Favourable business environment
<b>Preconditions:</b> Project manager exists Commitment of relevant government institutions	<b>Risk Factors:</b> Diaspora's lack of interest Insecurity of investments
<b>Estimated Expenses:</b> 10,000 € for 1 year Equipment: 7,500 € Salary: 2,000 € Variable expenses: 500 €	
<b>Duration:</b> 1 year	<b>Beginning of Works:</b> After 6 months First recapitulation after 6 months

<b>Project 25:</b> <b>BUSINESS INCUBATOR</b>	<b>Type of Program:</b> Encouragement for new entrepreneurs Advancement of the local business environment Investment in human resources Decrease of poverty
<b>Description:</b> Local Government having sufficient space, will implement a project for creation of a business incubator. The reason for creating such an incubator is the increase of the number of new enterprises, creation of new jobs, creation of condition for the start of new businesses, decrease of poverty etc.	
<b>Expected Results:</b> Good infrastructure Favorable business environment Increase of new private businesses New jobs Increase of income from taxes	<b>Beneficiaries:</b> Business community Investors Community
<b>Executor:</b> Local Government Community Private business	<b>Contributions to the Project:</b> Direct support in improving conditions for businesses Technical assistance for businesses
<b>Preconditions:</b> Project manager exists Commitment of relevant government institutions	<b>Risk Factors:</b> Lack of concrete projects Lack of willingness of the private business Lack of professionalism in setting priority projects Lack of financial means
<b>Estimated Expenses:</b> 100,000 € for 3 years Equipment: 80,000 € Salary: 10,000 € Variable expenses: 10,000 €	
<b>Duration:</b> 3 years	<b>Beginning of Works:</b> After 6 months First recapitulation after 1 year

**CITY OF SMOLYAN**



**LOCAL ECONOMIC DEVELOPMENT  
STRATEGY  
2004-2007**

Smolyan, Bulgaria  
May, 2004

**Disclaimer**

This strategy has been written by the City of Smolyan Municipal Team with advice and guidance from the World Bank Group and the Bertelsmann Foundation. The World Bank Group and Bertelsmann Foundation do not accept any liability for the accuracy or content of this strategy; they do however congratulate the Municipal Team for the quality of this work.

## INTRODUCTION

### Local Government in CEE Countries

Local governments are increasingly making decisions and actions that have a long term impact on the local community. To ensure that these decisions and actions are undertaken in a consistent way, a clear and long-term perspective is necessary. This preferred direction, often called a vision, should be developed with strong and active participation from the local community. The use of strategic planning and management methodologies is a way for developing the vision and transferring the vision into successful programs, projects and actions.

### Cities of Change Program

The World Bank and Bertelsmann Foundation decided to support ten cities from the Central and Eastern Europe region under the group heading of the Cities of Change network. Support provided under the Cities of Change program included the financing of network meetings, training in appropriate methodologies and the provision of technical assistance to initiate the development of five-stage local economic development strategies planning process. In devising programs and projects to fulfill the preferred vision for Smolyan municipality, this five-stage process included:

- Organizing the Effort
- Doing the Local Economy Assessment
- Preparing the Strategy
- Strategy Implementation
- Developing of the Monitoring and Evaluation System

In undertaking these stages, each of these stages were informed best practices. Below is a brief summary of the process and results of the work undertaken in the City of Smolyan.

### Smolyan Municipal Government

Three governmental tiers of public administration exist in Bulgaria:

- State administration on the central level;
- Regional administration being fully dependent on central administration (no democracy and no council on this level); and,
- Municipal government as the only level of local government.

Important reforms on decentralization in Bulgaria were introduced in 1995 (Local Government and Local Administration Act) and in 1997 (Local Budget Act and Local Taxes and Fees Act). Mayors and members of a municipal city government are locally elected. The mayor has responsibility for chairing city council meetings and is head of the municipal administration. An administration consists of a city hall and other departmental units like budgetary units (otdel) and budgetary enterprises (zveno). The mayor has responsibility for selecting and recruiting departmental heads, and these heads report to the mayor. The financial plans of all departments are included in the municipal budget and must be agreed and approved by the city council.

Smolyan local government has a number of statutory responsibilities that include primary education, health service, culture, daycare, physical planning, the issuing of trade and construction permits, public asset management, the maintenance of local roads, household waste collection, planning and budgeting. Water and wastewater services, electricity, and telecommunication services are managed by the state.

At the end of each annual financial planning cycle, municipal units and departments prepare an assessment of their “needs” for the next year. Often, those needs are higher than the budget will allow, and a final budgetary section is prepared on the basis of last year numbers making small corrections according to the department suggestions. A draft of the municipal budget is analyzed by

deputy mayors and discussed with the mayor. After the mayor has accepted the draft budget, the draft is then presented to the full city council for discussion. After discussion, the council approves the budget. Then the head of each unit and the wider administration is informed of the resources that are available for them.

### **Organizing the Effort**

In Smolyan, the Deputy Mayor with responsibility for Tourism and Investment initiated the local economic development (LED) process of updating of the LED strategy. The Mayor established an internal Interdepartmental LED Group (ILG) that consists of:

- Deputy Mayor (responsible for LED)
- Head of the Department of Architecture, Construction and Ecology
- Head of Finance Department
- Chief Architect
- Head of Legal Department
- Head of Construction Section
- Head of Land Management Section (Cadastral)
- Head of Municipal Ownership Section
- Head of Education, Culture and Health
- Head of Tourism and Investment

The ILG takes part in the LED stakeholder meeting and considers administrative issues relating to LED. The ILG meets on a monthly basis or on demand when necessary. Smolyan City Council, comprising of 29 elected members, has created two Commissions to oversee LED. The Budget and Economic Development Commission has six members and the Privatization, Municipal Property and Investment Commission has nine members. The Commissions sit prior to City Council meetings and provide expert and legal advice on the propositions and resolutions that the City Council is considering.

### **LED Stakeholder Group**

With the Municipality having good relationships with representatives of the local community, a Stakeholders Group was identified and created to participate in the LED strategy development process. The Stakeholders Group consists of:

- Local Chamber of Trade and Industry Representative
- Association of Rodophean Municipalities
- Regional Development Agency
- Local Industry
- Local Hotel Owners
- Representative of local restaurant owners
- Local Media
- Association of Potato Producers
- Regional Tax Administration Office
- Local Office of the State Road Administration
- Local Water and Sewage Company
- Local Electricity Company
- Local Office of the Ministry of Culture
- Regional Inspection for Environment Protection.
- Other Departments of the Smolyan Municipality

### **Strategy Making Process**

In 2001, the Deputy Mayor of Smolyan with responsibility for LED recruited an expert to develop a draft LED strategy document for the city. The first stakeholder meeting to discuss this document was held in February 2001. As a result of this meeting, stakeholders provided feedback on the content of

the strategy. The strategy was approved without major changes and a decision was taken to update the strategy in the next year with stronger involvement of the local community during the process.

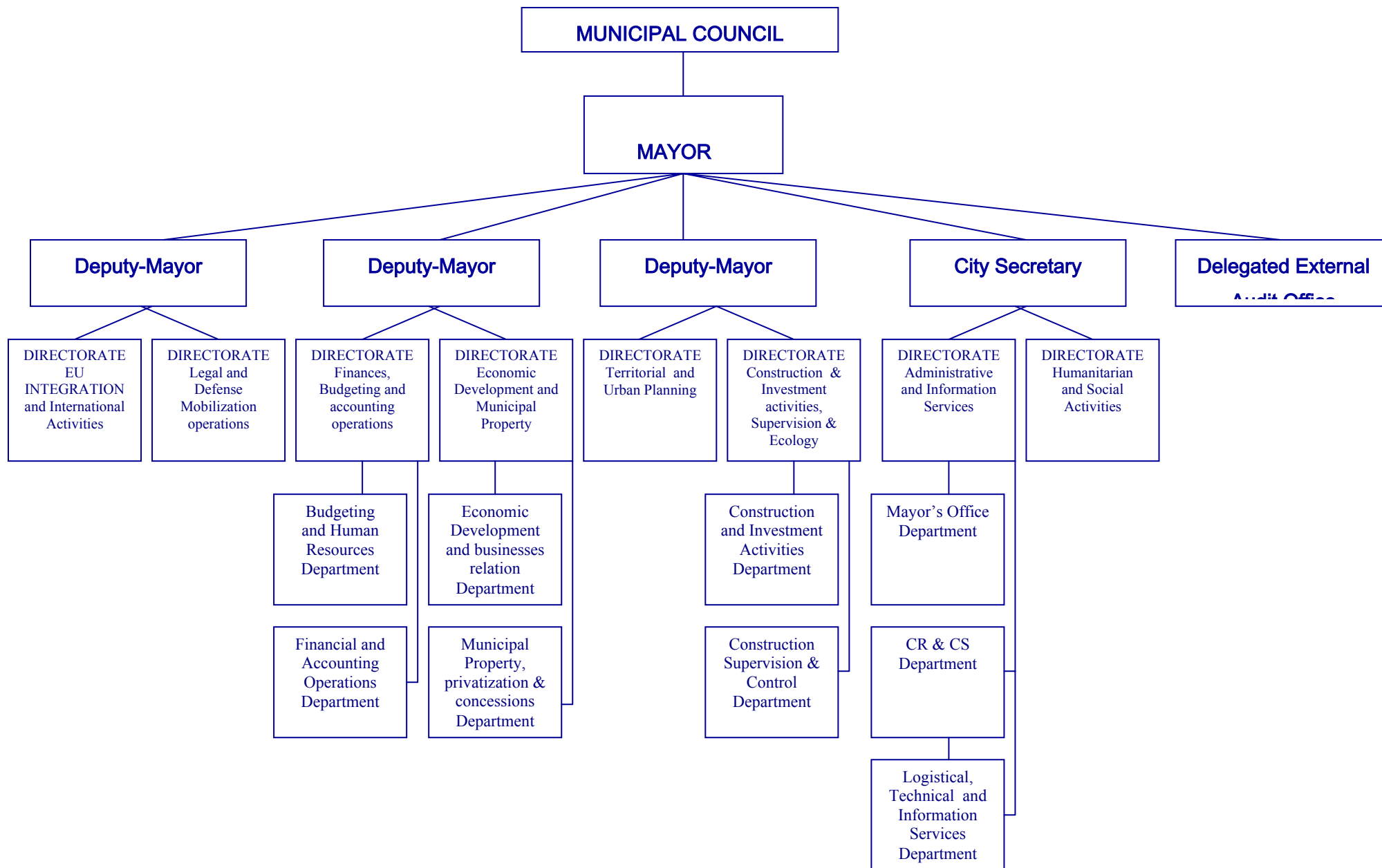
A second stakeholders meeting occurred in January 2002. The aim was to review new data collected, review problems and opportunities, and prioritize LED actions. As the attendance of this meeting was not sufficient (lack of SMEs representatives) the final goal has not been achieved. As a result of this, the leader of the LED section then met with the Head of the Chamber of Commerce and using a summary of the stakeholders meeting, conversations with SME representatives and earlier feedback and survey results, an LED vision, goals and objectives were proposed.

An internal ILG meeting was then held to discuss the proposition of LED programs. A third stakeholders meeting began from the presentation by the city team a structure of goals, objectives and programs. The stakeholders discussed and proposed some small changes that have been included in the final shape of the drafted strategy document. Then finally the new LED strategy document has been discussed and approved by Smolyan City Council in autumn 2002. After its approval, the document was published and was made available for the local community and visitors.

The current LED strategy document is the result of an evaluation and monitoring review undertaken during the period November 2003 to May 2004. This update coincided with a new political administration following local elections held in October 2003. The revised strategy was informed by the development of a Tourism Development Strategy for Smolyan that identified data on the state of infrastructure, tourist and tourism-related services, and took into consideration stakeholders opinions and views. This process resulted in the identification of a full inventory of projects into implementation phase, in preparation and such expected funding approval. Consequently, in May-July 2004, a process of profiling all of the municipal real estate property will be accomplished in order to allow for the better management and investment promotion.

### **Structure of Smolyan Municipal Government**

Consisting of 86 villages grouped around eight neighborhoods, the City of Smolyan has an elected mayor and small office employing forty people in total. The Municipality of Smolyan employs 88 people in the City Hall, and 320 in total. Smolyan city council consists of 29 elected members.



## 2003-2004 Municipal Budget (in BGN)

Budgetary Revenues	2003	2004
<b>Total Revenues</b>	<b>13,782,454</b>	<b>13,719,767</b>
<i>Own Revenues</i>	<i>4,448,084</i>	<i>4,734,740</i>
Tax Revenues	1,017,582	998,740
Revenues from Selling Property	640,071	750,000
Other Own Revenues	2,790,431	2,986,000
<i>Subsidies</i>	<i>9,334,370</i>	<i>8,985,027</i>
Subsidies for Capital Improvement	757,293	252,000
Subsidies for Operation	8,577,077	8,733,027

Bulgarian Leva = BGN1.64 = \$US1

Budgetary Expenditure	2003	2004
<b>Total Expenditure</b>	<b>14,079,161</b>	<b>14,355,625</b>
<i>Operating Expenditure</i>	<i>12,129,880</i>	<i>13,233,200</i>
Personal Expenditure	7,056,887	7,588,846
Goods & Services	5,072,993	5,115,828
Other operating expenditures	-	528,526
<i>Other Current Expenditure</i>		<i>205,000</i>
Capital Improvement Program Expenditure	1,949,281	917,425

Bulgarian Leva = BGN1.64 = \$US1

Structure of Expenditure By Activities	FY 2003		Plan for FY 2004	
Functions (Activities)	Bulgarian Leva (lv)		Bulgarian Leva (lv)	
Administration	2,780,440	19.7%	2,279,452	15.9%
Education	6,087,813	43.2%	6,183,673	43.1%
Health Care	619,565	4.4%	560,116	3.9%
Social Services	886,222	6.3%	1,202,620	8.4%
Housing, Communal Services	928,934	6.6%	1,078,830	7.5%
Culture and Recreation	939,793	6.7%	1,079,224	7.5%
Economic Activity and Services	1,763,454	12.5%	1,658,193	11.6%
Others	72,940	0.5%	313,517	2.2%
<b>Total</b>	<b>14,079,161</b>	<b>100%</b>	<b>14,355,625</b>	<b>100%</b>

Bulgarian Leva = BGN1.64 = \$US1

## LOCAL ECONOMY ASSESSMENT

The aim of the local economy assessment is to create an economic profile of the community that highlights the basis of its comparative advantages and disadvantages from both an internal and external perspective. Research is a key initial effort, next is sharing this information with stakeholders and working with them to identify critical issues for local economic development, so that they may influence the visioning process. Also important is the review of comparative information on the competitive position of neighboring communities and other regional, national or supranational competitors.

### Geographical Position

Smolyan Municipality encompasses the town of Smolyan and 87 settlements, 48 of which are mayoralties. Smolyan is situated in southern Bulgaria in the central part of the Rhodopes. The Vacha River Valley divides the West Rhodopes in two parts: Batak-Dabrak and Perelik-Prespa. The Smolyan Hollow, in which the town of Smolyan is situated, is in the Perelik-Prespa part. The municipality covers 844 square kilometers and coniferous woods cover approximately 67 percent of the municipality. With a mountainous relief, the municipality lies between 800 and 2,191 meters above sea level, the highest point peak in the Rhodopes (Perelik). The climate is extremely mild, being cool in summer and soft in winter. The area is characterized by clean air, natural beauty and preserved fauna, factors considered to be important in the development of winter and summer tourism. The beautiful nature contrasts with many Brownfields left by restructuring of economy and relatively many unfinished family houses.



Source: Smolyan Municipal Web site

### Demography

There are eight local councils and 86 towns and villages in the municipality. In 2001, the municipality had a total population of 47,458 (23 115 men and 24,343 women). The natural rate of

growth in population since 1993 has been negative. During 1997 and 1998, a 4 percent growth rate was observed. In 1994, Smolyan had a population of was 50,954. Between 1994 and 2001, Smolyan's population decreased by 3,500 people (7%) as a result of negative natural growth and migration. An alarming factor is that while the active population and the population above active age keeps approximately the same level from 1992 to 1999, the group under active age for the same period has decreased from 11,870 to 8,205 citizens, i.e. a drop of 3,665 in children and youth group. The population of Smolyan is not only decreasing but also getting older. At the end of September 2001, almost 12,400 were employed with close to half being employed by private sector. The average level of unemployment in 2001 was 18 percent.

### **Tourism**

The municipality boasts favorable climatic conditions, a variety of the plant and animal life, well preserved traditions, customs and architecture. Located ten kilometers from Smolyan, the renowned Pamporovo resort has an excellent hotel base, numerous holiday homes, ski facilities and associated attractions. Several cultural and historical sites exist in the municipality including the medieval castle of Agoushevi Konatsi. Other notable features include the feudal mansion of Alibeev Konak and the architectural and ethnographic reserves in the Shiroka Laka Dolno Raikovo district. In total there are six interesting tourist sites:

**Rozhen Mountain Meadows:** As a Karst no-drainage hollow connecting the Perelik and Prespa parts of the Rhodopes, the area is historically associated with the uniting of the Rhodope Mountains into the Bulgarian state in 1912. This is a site of national significance as traditional place for families that lived on both sides of the previous border. For the last 100 years it has been the site of the national Rhozhen Folklore Festival that takes place every four years.

**The Village of Shiroka Laka:** This is one of the best-preserved villages in the Central Rhodope area not only for the architecture significance of its houses but also for the small craft workshops. Shiroka Laka is also famous as the setting of the Masquarade Mummies' games, held there the first weekend of March.

### **Architectural monuments in the town of Smolyan**

Cheshitska mahala in Dolno Raikovo District, Smolyanq is a neighborhood that has preserved the architecture and spirit of the Bulgarian Revival period, with its lively stone and whitewashed Rhodope houses that host cozy pubs and commercial sites. The Lazlo Nagi Museum is associated with the great Hungarian poet who translated and published Rhodope folklore songs and legends into his native language. Over a hundred buildings in Smolyan have been classified as an architectural monument.

The early Christian Basilica in the Mogilata area near Smolyan dates from the 4th Century and is an archaeological monument of national importance. Smolyan's art gallery was founded in 1964, and in 1983 it was moved to a specially designed building, where it has 1,000 square meters of exhibition area. The History Museum in Smolyan hosts a permanent exposition boasting more than 3,000 artifacts from the pre-historic to the contemporary period.

Smolyan also features two tourist sites that present specific tourist opportunities. The National Astronomical Observatory "Rozhen" is the largest observatory on the Balkan Peninsula and the best planetarium in Bulgaria. Natural resources surround Smolyan and attract numerous tourists. The Lake area with its small housing facilities perched on the surrounding hills is a preferred site for picnics and weekend tourism to both residents and tourists. The rock formations west and north of the town form a spectacular ring and include hiking trails that lead to local tourist sites including the Orpheus rocks, the Maids Temple and Turlata.

In the nearby Upper Arda River area tourists can visit the Uhlovitza Cave and the stone bridge called the Passage Cave. The Garga Trail allows tourists to enter the three wild caves, and provides a

combination of boating and wading through an underground river. Also available is a ride on an alpine trolley, rock climbing and mountain bike trails.

### **Education**

Ten local kindergartens exist of which six are combined with nurseries. There are four primary and three general education secondary schools. A foreign language secondary school and a mathematical secondary school also operate in the town. There are also six state technical schools and a vocational secondary school of applied arts.

The largest school in the Smolyan municipality is the First Secondary School “Sveti Kiril i Metodiy”. 1,040 pupils from the 1st to the 12th class are educated there in 44 divisions. The divisions of the primary course are profiled into fine arts, choreography, music and early foreign language learning. There are specialized classrooms for all of these subjects and two computer rooms. In the recent years the pupils of the Mathematical Secondary School “Vassil Levski” are educated in the following profiles:

- Informatics, mathematics and English.
- Informatics, mathematics and either English or German language.
- Biology, chemistry and a either English or German language.

### **Transport and Infrastructure**

Accessible only by road, Smolyan has a road network measuring 461 kilometers. Inter-settlement transport is undertaken by small sized buses and Smolyan is served by fifteen transport firms with eighty-six buses and numerous taxis. Though the town is supplied with water from twenty-two springs, water provided for drinking and domestic use is inadequate and there are no purification plants for wastewater in the municipality. The wastewater system covers only fifty percent of the city of Smolyan and in many settlements it does not exist at all.

Telecommunication services, electricity and water supplies are generally good. Smolyan has a relatively well-developed social services system. The city boasts numerous cultural institutions, a good education system with two universities, a developed healthcare system with a regional hospital situated in Smolyan.

### **Finance and Industry**

There are twelve branch offices of banks and more than ten insurance companies. Light industry is well developed, represented by textile, tailoring and dairying enterprises, and enterprises for the production of bread, breadstuffs and sweets. The majority of firms that operate in the wood production and woodworking industry are private.

The mainstay of the municipality’s economy is “Gamakabel”, a private company that produces various kinds of cables and serves the national and international market. ZMM produces metalworking and woodworking machines and tools. Many building companies function in the municipality. These firms have the material, technical expertise and manpower to undertake various kinds of construction and installation work.

### **Agriculture and Livestock**

Agricultural land accounts for approximately 25 percent of the municipality. The cultivable land is 106,000 hectares, including 21,000 hectares of cornfields, 59,000 hectares of meadows, and 11,000 hectares of commons and pastures. The agricultural lands are small-sized, scattered and far from the road network.

Land suitable for cultivation is primarily situated on the mountain slopes and the river valleys. Potato production is the main branch of plant growing in the municipality. The municipality produces the Rhodope potato which is well known for its quality throughout the country. Unfortunately, there is no controlled market, which accounts for the reduction of the sown areas. Livestock is reared primarily

by individual producers each possessing a few animals. There are several larger cattle and poultry farms on the municipality's territory.

### Sales, Employment and Productivity

Below there is a short picture of social cross-section of the community of Smolyan and employment data. So as to obtain a clear and true picture of local economy, the city established a partnership with the local statistics and local tax office to identify key trends and characteristics. As a result of that collaboration, the diagrams below were produced and show key characteristics of major economic activities that are undertaken in the municipality, including change in sales, employment and productivity in major sectors of the local economy. These dynamic of changes can be observed over the last 3-4 years. There are also global data on Smolyan's economy and data on communal infrastructure and services.

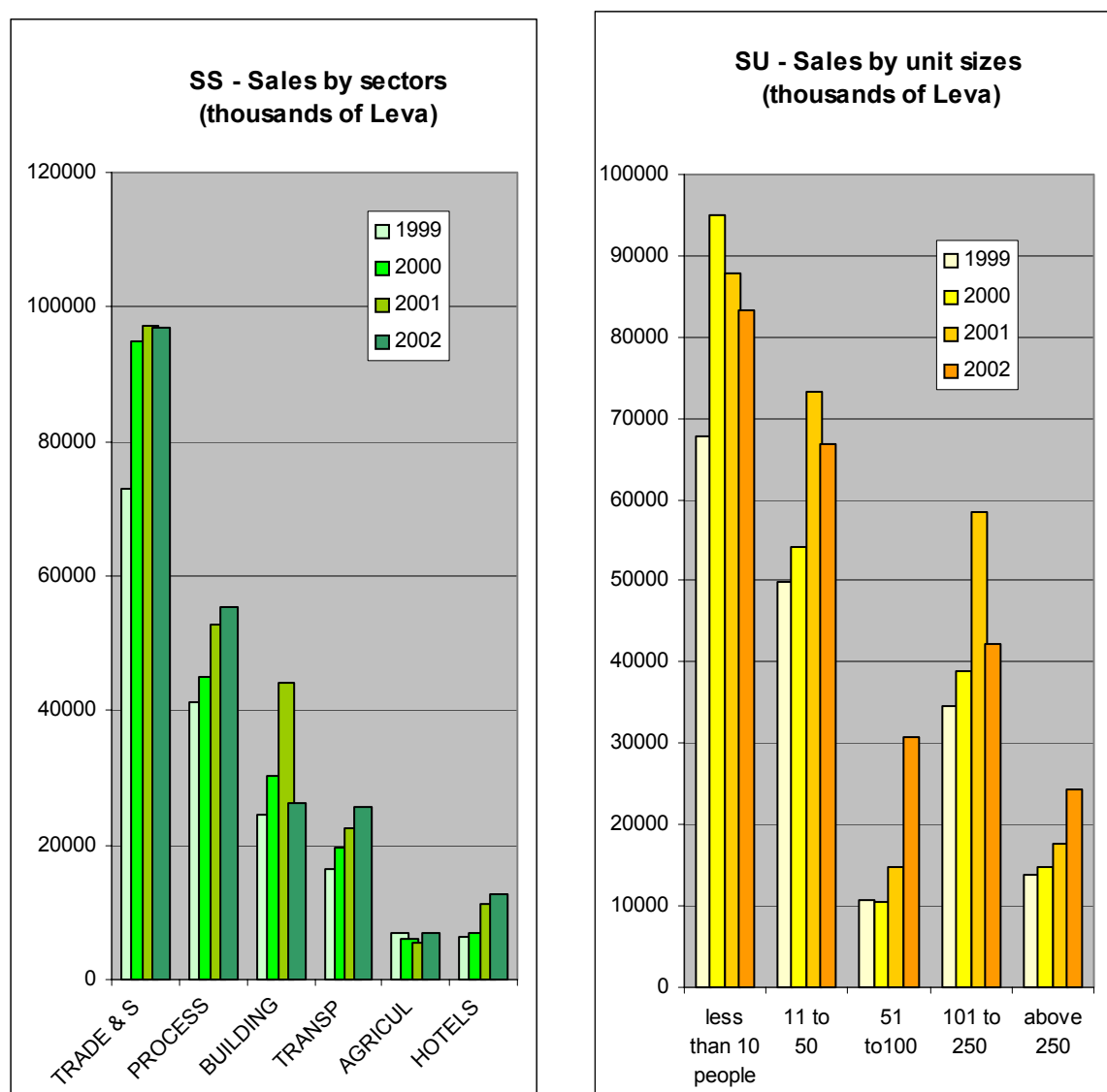


FIG. 1

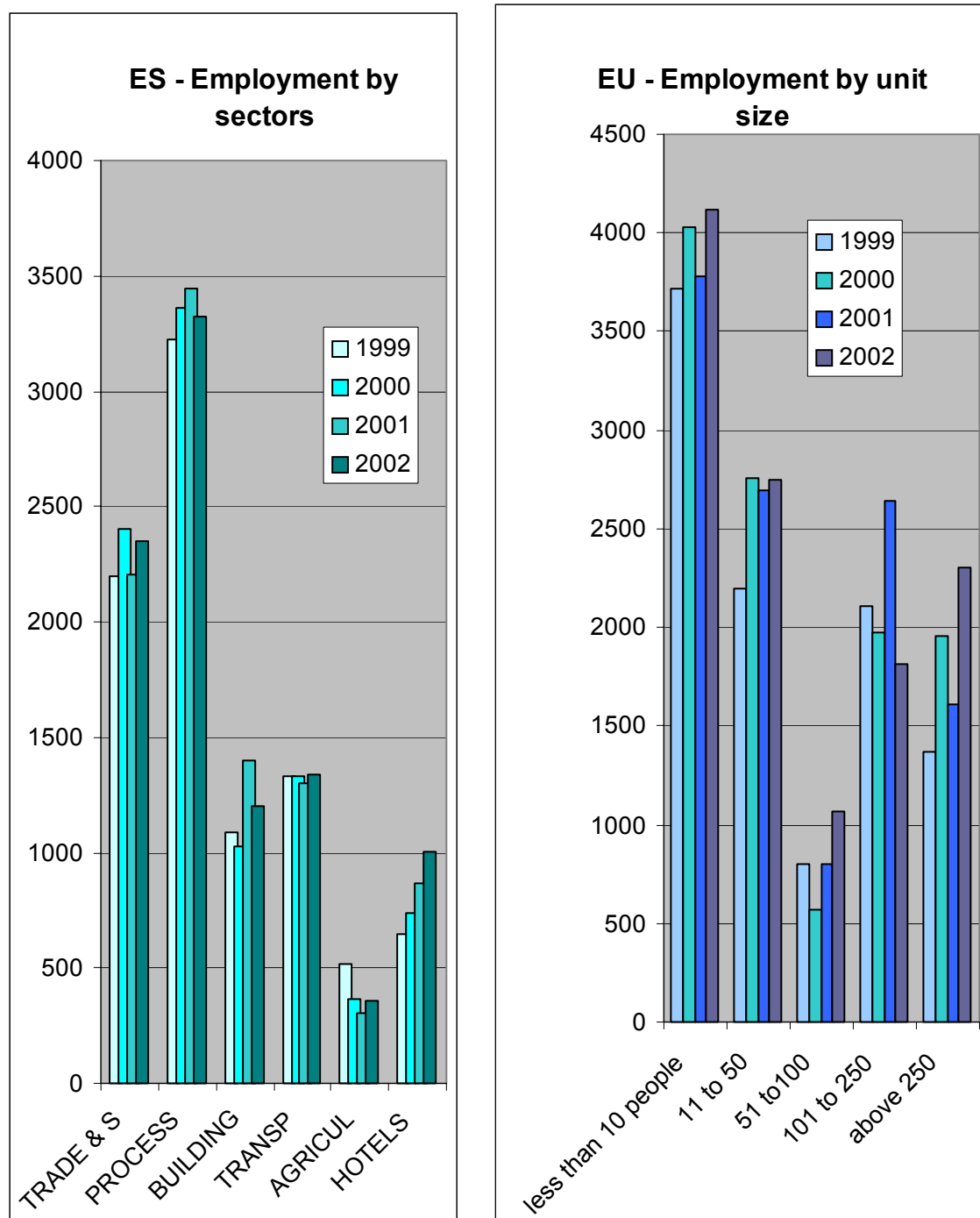


FIG. 2

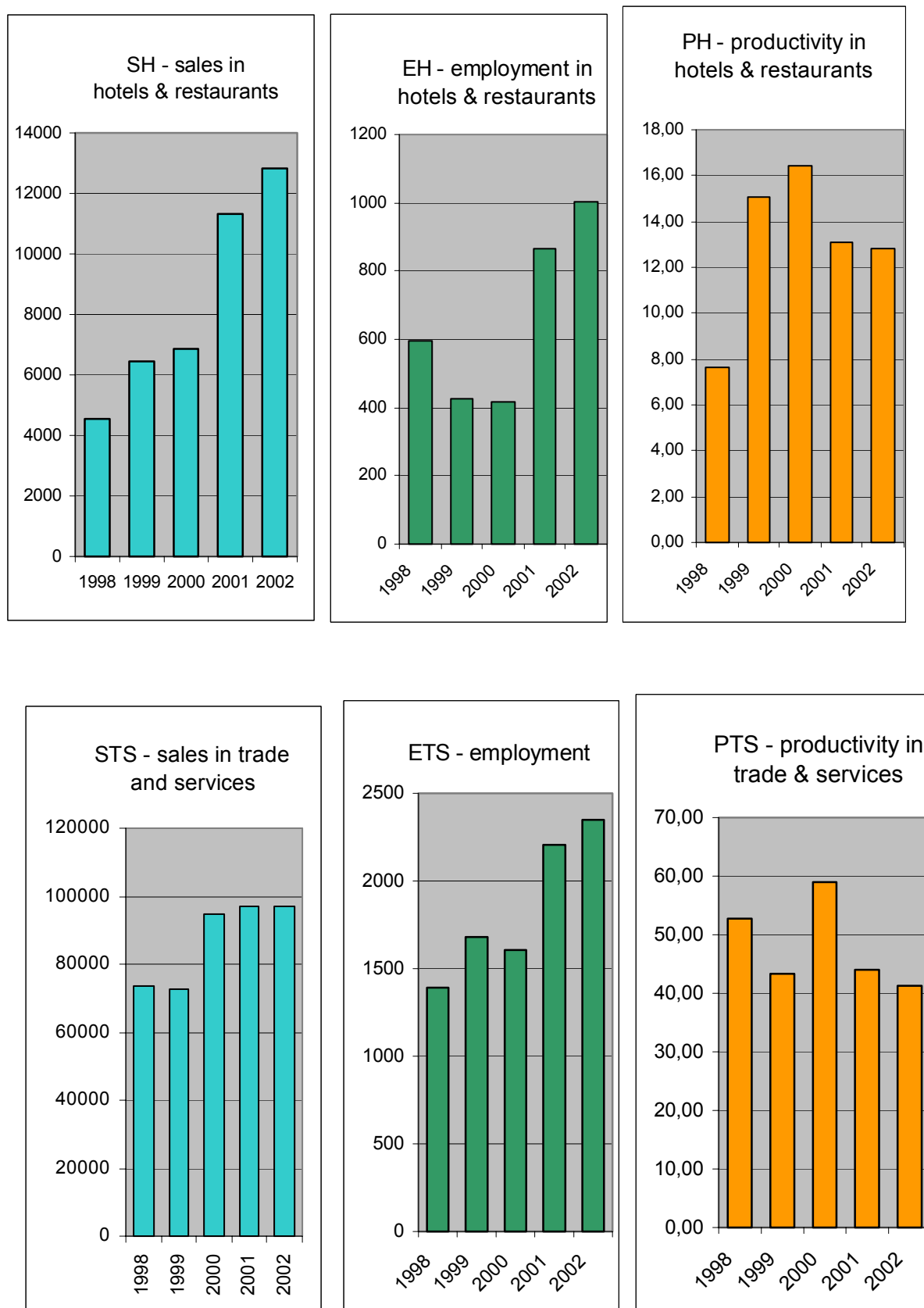


FIG. 3

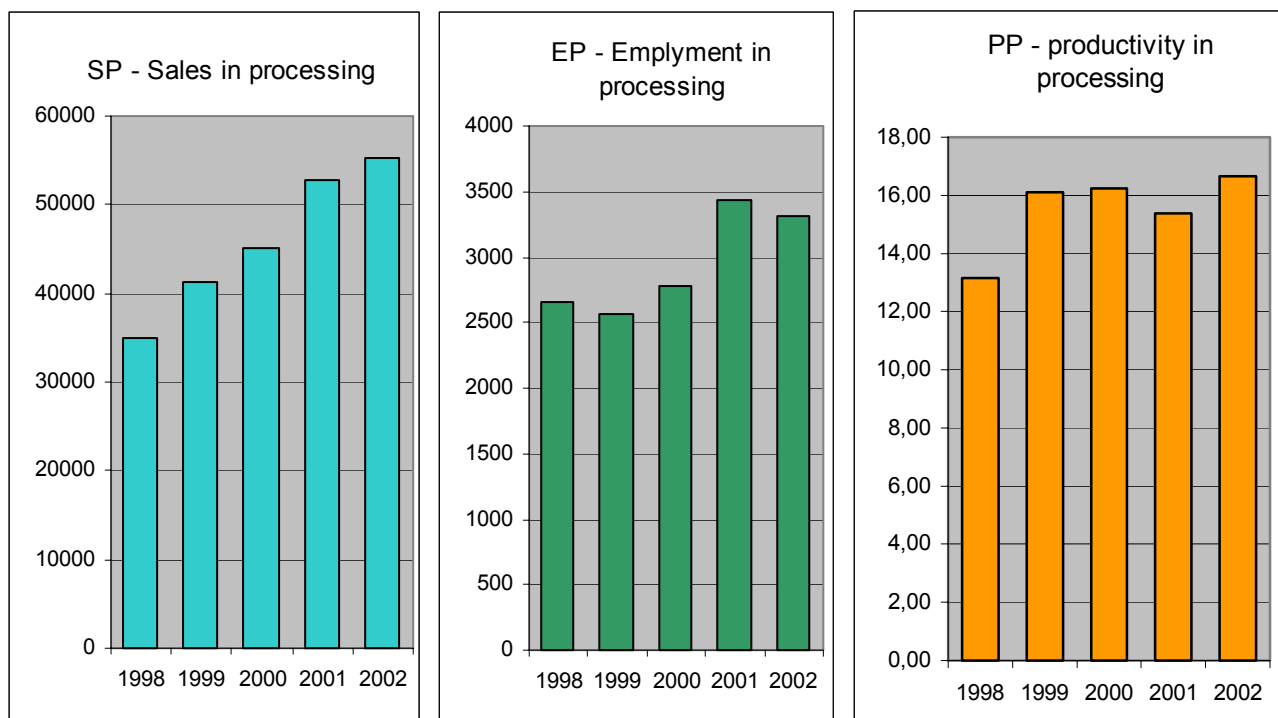


FIG. 4

Looking at the diagrams one can observe that during the four years from 1998 to 2002, sales by local business increased by nearly by 70 percent. In the same period, employment was decreasing from 1998 to 2001. 2002 was the first year when employment began to increase. These changes are related to a high increase in productivity. During the years 1998 to 2001, productivity in Smolyan increased by 100 percent and stabilized in 2002. Analyzing sales and employment by sectors major activities giving employment and sales are: trade and services and processing industry. Next group is formed by construction and transportation, but in construction huge decrease can be observed in 2002, when transportation is growing smoothly. The last group is comprised of agriculture, hotels and restaurants, where the tourism sector is the fastest growing one in the municipality.

Diagrams of specific sectors show that progress has occurred in processing, where sales, employment and productivity increased permanently during the last five years. Large increases can be observed in hotel and restaurant activity, where sales in 2002 were nearly three times higher than in 1998. Productivity in this sector was not very high as these are mostly small family hotels. A remarkable drop is observed in construction in 2002. Looking at a breakdown of sales and employment by unit size one can see that highest position have small firms (below 10 employees) and about 70% of sales and employment belong to those which employ less than 50 people.

In conclusion it is visible that a long term LED strategy in addition to tourism and agriculture, should also create the right conditions for the development of an environmental friendly processing industry and for SME development in general.

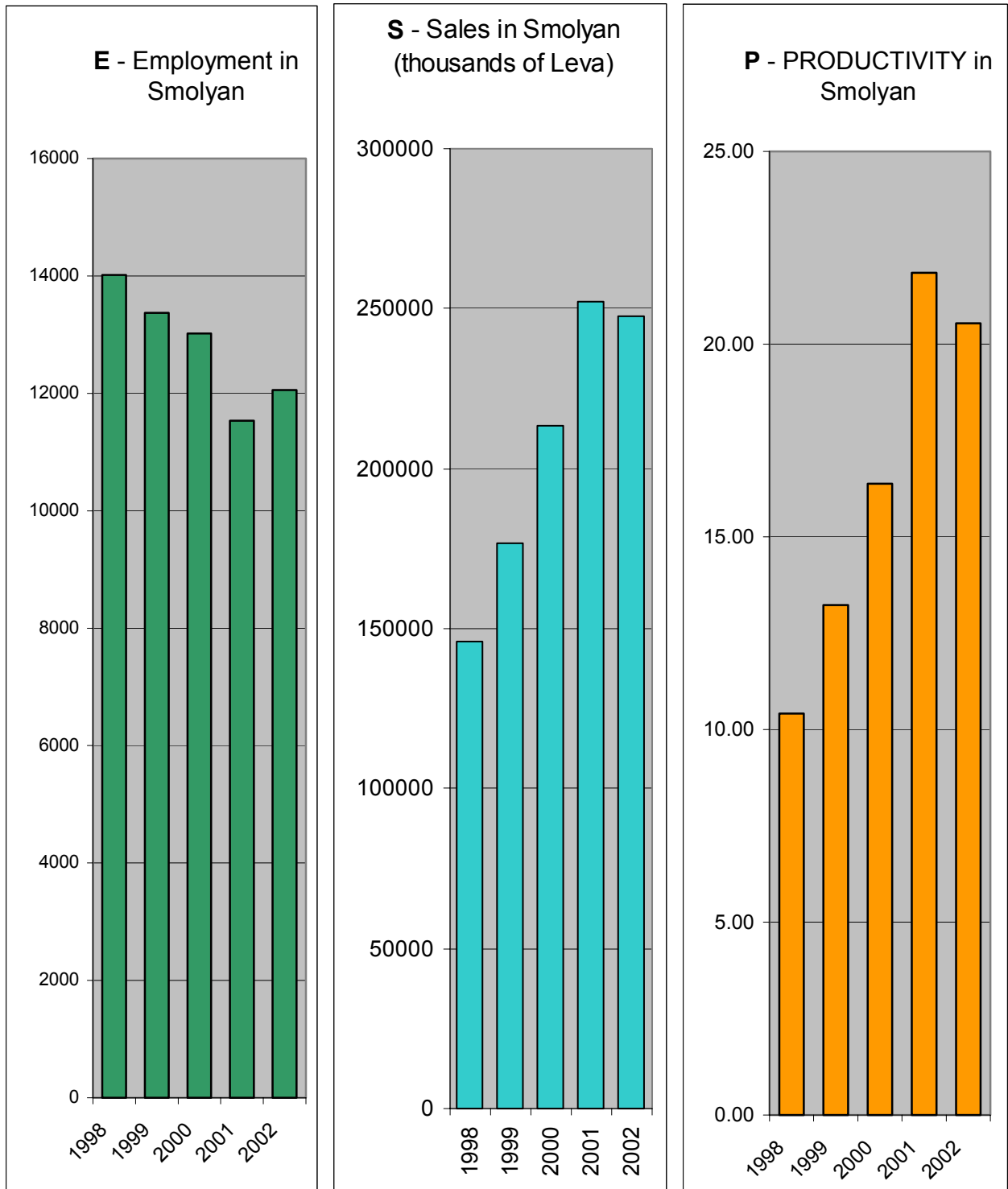


FIG. 5

## Competitive Comparison of Data on Tourism Development with the Municipality of Bansko

	SMOLYAN	BANSKO
<b>DISADVANTAGES</b>	<ol style="list-style-type: none"> <li>1. Remoteness from the capital - 250 km from Sofia, according to the specific relief the average traveling speed is lower - 40km/h compared to the normal average speed for II class roads - 60km/h, which significantly increases the traveling time</li> <li>2. Not enough strong developed economy</li> <li>3. Lack of internal and foreign investments</li> <li>4. Migration trend</li> <li>5. The town of Smolyan is not so popular as a tourist center.</li> <li>6. Insufficient sport infrastructure</li> <li>7. Small number of marked pedestrian walks</li> <li>8. Lack of high category hotels: no 4/5 star hotels</li> </ol>	<ol style="list-style-type: none"> <li>1. Low-developed economy – predominance of woodcutting, wood-processing and furniture enterprises</li> <li>2. Municipality does not have the advantages of the big city - as infrastructure, car parks, communications, and services</li> <li>3. More severe climate</li> <li>4. Predominating ski-runs of higher difficulty unsuitable for beginners</li> <li>5. Not enough chair-lifts</li> <li>6. Lack of serious potential for development of alternative tourist elements (forms)</li> <li>7. 7. Water supply and sewerage problems</li> </ol>
<b>ADVANTAGES</b>	<ol style="list-style-type: none"> <li>1. Preserved pure and beautiful environment</li> <li>2. Ecologically pure production - potato production, dairy and meat industry</li> <li>3. High quality of life</li> <li>4. Low crime rate</li> <li>5. Emerging alternative tourism development</li> <li>6. Proximity to the ski-resort Pamporovo</li> <li>7. Rich cultural and historical heritage, as well as living heritage – crafts, traditions, folklore</li> <li>8. Common border with the Republic of Greece</li> <li>9. The town of Smolyan is both a municipal and regional center</li> <li>10. 10. Opportunities for construction of Sport Tourist Center “Perelik”, including several new ski-runs in total length about 25 km, altitude of 800 m</li> </ol>	<ol style="list-style-type: none"> <li>1. Proximity to the capital of Bulgaria - 160 km from Sofia</li> <li>2. The town of Bansko is popular in Bulgaria as a tourist center</li> <li>3. It offers many different and interesting cultural programs - there are 120 sites of cultural importance, lots of museums, artisan’s workshops and souvenir shops, 70 taverns</li> <li>4. Spa resort, 6 km from Bansko - in the village of Dobrinishte, opened and covered swimming pools with mineral water, availability of high category hotels - 4 stars hotels</li> <li>5. The total length of the ski-runs is longer and with better service, offering wider choice of winter sports opportunities than those in Pamporovo</li> </ol>

### Additional Data

OTHER RELEVANT DATA	SMOLYAN	BANSKO
Population	33,000	13,988
Unemployment rate	21.2%	13.84 %
In productive age	61.5%	49.44 %
Economically active	48.07 %	
SKI tourism infrastructure		
Cabin lifts	None	6 km
Chair lifts	16.7 km	10 km
Bar-lifts	6 km	6 km
Other tourism forms	Emerging adventure tourism	Environmental tours in Pirin National Park

	Rural tourism	Rural tourism offer
<b>Cultural offer</b>	Rozhen folklore summit Youth Orpheus Celebrations	Annual Jazz Festival in Summer
	Popular local cuisine	Established musical product

## Summary of Comparison

- Comparison with Bansko shows that using the image of Pamporovo Smolyan can still attract more tourists. There are natural conditions for improving of ski facilities what now makes limitations for further development of ski tourism.
- Length of ski lifts in comparison with number of winter visitors is highly insufficient.
- The unique Rhodope picturesque and clean environment as well as attractive climate in both winter and summer season and preserved original local Rhodope cuisine can also be treated as an asset in comparison with closer to Sofia better known Pirin Mountains region.
- Next opportunity in relation to Bansko is given by an advantage that the city of Smolyan is bigger and can offer more services. It is not only the Pamporovo resort but also a living regional center.
- Development of agro-tourism which is growing fast in Smolyan proves that visitors see the nature in the heart of Rhodopy as attractive and the sector has a potential to grow.

## Summary of Opinions Collected

After collection and presentation of hard data some survey, meetings and conversations were held. Below is a summary of collected messages:

The major message from hotel owners is that Smolyan is not yet a tourism center because it is not attractive enough (those who said it is a tourism center justified that with nature and clean air).

Major problems:

- Bad roads inside the municipality and difficult access (only by bus)
- Not enough sport and recreation infrastructure and other opportunities for leisure and fun
- Only one attraction: skiing, and a lack of trails for hiking (with signs)
- Major desired public sector partner is the municipality of Smolyan.
- Lack of support from the municipality side, city should organize:
- Construction of open and closed swimming pool
- Tennis courts
- Hiking trails with signs suitable for individual tourists
- Some ski lifts just in Smolyan (without necessity to move to Pamporovo)

## Business Opinion Survey Summary:

About 25 firms have been interviewed; majority of them was created after 1990. Major problems they declared were:

- Not enough big local market,
- Lack of capital
- State bureaucracy. They have problems with different inspections which are not enough transparent. No clear criteria, subjective decisions.
- Most of the firms declared small profit last year; some declared zero profit only one generated a big loss.
- Most of them have no modern equipment, some of them bought some new in last year
- Most of the firms are equipped with computers, has internet connection.
- Most (22) firms sell products on local market, only 6 outside.
- Many have declared problems with receiving credits, but 12 of them received it last year.
- Most of them plan to improve quality of production and improve technology.
- They haven't had in 2001 serious problems with city utilities and transportation.

## Conclusions

All the data and opinions collected and presented above as well as results of analysis of economical and competitive position of Municipality of Smolyan allows us to conclude the following:

1. Competitive position of the municipality of Smolyan has some important advantages as well as opportunities. Trends observed in the municipality in the last years prove an ongoing restructuring of local business and the continued growth of sales. A newly updated strategy can also have positive impact in the longer term giving needed synergy in efforts of both private and public sector development. However, serious consideration should be given to improving tourism products and competitiveness to increase tourism sales as a share of municipal GDP.
2. The Municipality of Smolyan cannot successfully, in longer term, continue its development without at least some support from the state government (improving of access road, opening of the border with Greece and support for the Perelic project). It means that a key factor for Smolyan's LED activity should be to develop a permanent lobbying effort at a central level in Sofia so as to encourage the necessary support in those areas outside the city's responsibility but which are crucial for removing basic limitations for further growth in Smolyan.

## DEVELOPING THE LED STRATEGY

Both the local economy assessment as well as the knowledge and experience of stakeholders and specialists are major inputs for proposing the strategy for a city. Preparing of the strategy means:

- Creating a vision: a picture of the city in the future of 10, 15 or more years ahead
- Developing goals: they show more clear directions for development
- Developing objectives: they are to be specific enough to be measurable and the measures have to be established
- Propose programs: they should be chosen to achieve as much as possible in reaching the objectives above

The City of Smolyan LED team has successfully collected data and opinion but the stakeholder meeting to identify priorities attracted fewer people than expected. Consequently the city team prepared the updated strategy document on:

- Former strategy document
- Stakeholder feedback city received to the previous version
- Collected present opinions of stakeholders
- Surveys of business sector and hotel owners
- Local economy assessment in the table above

A number of goals was developed and proposed. The list was presented to the next meeting of internal LED team with representatives from hotel owners, the Chamber of Commerce and additional SMEs. The LED team has presented proposition of goals and objectives, and during the meeting, identified programs to fulfill goals. A summary of this meeting was developed by the municipal team and is outlined in the SWOT analysis.

## SWOT ANALYSIS

	INTERNAL	EXTERNAL
POSITIVE FACTORS	<b>Strengths</b> <ul style="list-style-type: none"> <li>➤ Very nice landscape and climate for living</li> <li>➤ Excellent natural environment and air quality</li> <li>➤ Attractive local folklore, art, dancing etc</li> <li>➤ Skiing facilities in Pamporovo</li> <li>➤ Family hotels and restaurants with excellent unique local kitchen</li> <li>➤ Rhodopean food (agricultural produce of the municipality is recognized as one of high quality in Bulgarian domestic market</li> <li>➤ Legal Framework requiring public revenues from tourism to be spent only for tourism support activities</li> <li>➤ Consensus with tourism stakeholders on how to spend money for tourism, generated in the Municipal Tourism fund.</li> <li>➤ Available educational infrastructure for tourism, lacking up-to date educational programs</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>➤ Smolyan and the Rhodopes are recognized in Bulgaria as a good healthy location for both living and visiting</li> <li>➤ Prospects for development of hand craft businesses</li> <li>➤ Enlarging the ski resort in the direction of Perelik mountain what should make the ski season longer</li> <li>➤ Possible development of other sports (in summer) in the region (e.g. hiking, extreme sports: rafting, caving, rock climbing)</li> <li>➤ Better access to and from Greece, if transport infrastructure improved (more influx of tourists)</li> <li>➤ New border post is an opportunity too</li> <li>➤ Development of environmentally friendly forms eco-rural, recreation</li> <li>➤ Establishment of Tourism Development consultative committee to support municipal decision-making regarding tourism</li> <li>➤ Establishment of Business-orientation program, operated by NGO to provide information and advice to business on how to get access to EU funding resources.</li> <li>➤ Establish partnership between educational institutions and employers association for development of programs meeting the market demand for man power</li> </ul>
NEGATIVE FACTORS	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>➤ Poor regional transport infrastructure</li> <li>➤ Lack of infrastructure for sports and entertainment</li> <li>➤ Insufficient capital for businesses</li> <li>➤ Lack of knowledge and experience in business activity</li> <li>➤ Difficulty for businesses in receiving bank credits</li> <li>➤ Stifling bureaucracy and tax level</li> <li>➤ Insufficient promotion of the region to tourists</li> <li>➤ Too many imported food products that could be produced locally</li> <li>➤ Lack of knowledge in accessing EU funds</li> <li>➤ Lack of adequate skills of employees in tourism</li> <li>➤ Local firms sales are mostly on the local market</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>➤ Construction of road to Greece is postponed</li> <li>➤ Too short winter season (for skiing)</li> <li>➤ Poor sustainability of local business</li> <li>➤ Lack of experience of free market economy/ entrepreneurial attitudes</li> <li>➤ Lack of foreign and domestic investments (can the Perelic project attract an investor?)</li> <li>➤ A better competitive position of Bansko ski-resort after its modernization in 2002-2003</li> <li>➤ Too many Brownfields causes that the city has not a face of tourist center (can it attract more tourists?)</li> </ul>

## CITY OF SMOLYAN 'VISION TO PROJECTS' MATRIX

Vision	Goals	Objectives	Programs	Projects
Smolyan will become a priority destination for tourists in the region and a city with a strongly developed private sector	G1: To improve the living conditions in the city for stopping the decrease of population and for increasing tourist attractiveness of Smolyan municipality	G1:O1: To raise the quality and standards of waste water networks and road infrastructure for better business and community development	G1:O1:PG1: Road Improvement Program Identify, and prepare project briefs and programming documents for, specific road improvement projects	G1:O1:PG1: p1: Reconstruction of road Smolyan Mugla Village. G1:O1:PG1: p2: Construction of new road connection Ryaka Village – Katranitsa Village G1:O1:PG1: p3: Construction of new road connection Kutela Village – Slaveino Village G1:O1:PG1: p4: Construction of new road connection Cheplyat Village – Bukatsite Village G1:O1:PG1:p5: Reconstruction of new road connection New Center District – Stankovo Surbubian- Levotchevo Village G1:O1:PG1:p6: Construction of additional section in the road Smilyan Village-Sivino village G1:O1:PG1:p7: Construction of a new street “Snezhanka”, in Smolyan G1:O1:PG1:p8: Construction of new a new street Elitsa” in Smolyan G1:O1:PG1:p9: Construction of new a new street “Aleko Konstatinov” in Smolyan G1:O1:PG1:p10:Construction of a road section Stoikite village- Grashitsa village G1:O1:PG1:p11:Construction of local road connection Vievo Villages
			G1:O1:PG2: Waste Water Improvement Program Identify, and prepare project briefs and programming documents for, specific waste water improvement projects	G1:O1:PG2: p1: Construction of water supply system for Vievo village, main pipeline, extension II. G1:O1:PG2: p2: Construction of sewage water collector for Vievo Village G1:O1:PG2: p3: Construction of water supply system for Ryaka Village G1:O1:PG2: p4: Construction of water supply system for Razvantsi area, P. Serafimovo Village G1:O1:PG2: p5: Sewage waters network for Elenska area, Tarun Village G1:O1:PG2: p6: Joint water supply system for Oreshets and Straja villages G1:O1:PG2: p7: Water supply extensions for Shiroka Laka Village G1:O1:PG2: p8: Waste water treatment facility construction for recreation asea Ardashlu, Pamporovo resort G1:O1:PG2: p9: Integrated project for improving water cycle management in Smolyan.

Vision	Goals	Objectives	Programs	Projects
		G1:O2: To revitalize Smolyan's urban centre and upgrade sites of historical, architectural and cultural significance	G1:O2:PG1: Beautiful Bulgaria Program- phase IV Identify, and prepare project briefs and programming documents for, specific urban and physical revitalization projects	G1:O2:PG1: p1: Repair works on exterior and technical equipment of Water Cascades in New Center area of Smolyan G1:O2:PG1: p2: Reconstruction of open playground in the New Center area, Smolyan G1:O2:PG1: p3: Repair of stone clock tower in Smilyan and creation of recreation area in its vicinity G1:O2:PG1: p4: Improvement of vertical spatial siting of Chinara recreation area G1:O2:PG1: p5: Repair works of the historic memorial complex at Srednogorets Mount, Polkovnik Serafimovo Village G1:O2:PG1: p6: Reconstruction and hydro isolation placement of Lasl Nagi Museum House in Raikovo District G1:O2:PG1: p7: Facade and roof reconstruction of "St. Peter and Pavel" church in Levotchevo village G1:O2:PG1: p8: : Facade and roof reconstruction of "St Theodor Stratilat" church in Raikovo district, Smolyan G1:O2:PG1: p9: : Facade and roof reconstruction of "The Holy Mother" church in Ustovo district, Smolyan
		G1:O3: To raise the quality and availability of education and cultural services for residents and visitors	G1:O3:PG1: Education and Cultural Services Program Identify, and prepare project briefs and programming documents for, specific education and cultural services projects	G1:O3:PG1: p1: Development of internship programs with Smolyan-based universities meeting demand for human resources by public and private sectors. G1:O3:PG1:p2: organize and carry out the biannual International Youth Folklore Festival Orpheus celebrations" – 2005 &2007 G1:O3:PG1: p3: Interior modernization of Alibeev Konak architectural complex (of national value) and its establishment as a cultural and training center in folklore performance arts. G1:O3:PG1: p4: May Cultural Days in Smolyan - annually G1:O3:PG1: p5: Weak of live drawing arts in the open Smolyan 2004 G1:O3:PG1: p6:Mummers masquerade games in Shiroka Laka Village (annually) G1:O3:PG1: p7: Local communities' summits
		G1:O4: Development of social infrastructure	G1:O4: PG1: Improving the municipal housing policy	G1:O4: PG1: p1: Create a municipal housing facility for disadvantaged people (single parents, disabled people, elderly people, etc.)
			G1:O4: PG2: Improving the structure and the state of material and technical base of educational institutions in the municipality	G1:O4: PG2:p1:Pilot project "Improving Energy Efficiency in public buildings- High School of Natural Sciences and Math- Smolyan" G1:O4: PG2:p2: Youth Sports events calendar primary, secondary and high school students
	G2: To increase the number of visitors (tourists) in the	G2:O1: To identify, and exploit, recreation and tourism opportunities to	G2:O1:PG1: Smolyan Tourism Promotion Program	G2:O1:PG1: p1: Identify target markets, and initiate and implement a "Visit Smolyan and the Central Rhodopes " – city and region marketing project G2:O1:PG1:p2: Rozhen National Contest in Folklore performance arts.

Vision	Goals	Objectives	Programs	Projects
	municipality	establish Smolyan as a preferred destination for visitors and tourists with supporting infrastructure		G2:O1:PG1: p3: Initiate and implement a tourist information signposting initiative for better visitor guidance (hotels, sites, railway station etc.)
				G2:O1:PG1: p4: Strengthening TIOs network performance in Smolyan municipality
				G2:O1:PG1: p5: Promoting Smolyan as an astronomical destination in Bulgaria.
			G2:O1:PG2: “Northern Greece” Tourism Program	G2:O1:PG2: p1: Cultural Exchange project “Days of Smolyan and Xanthi and Days of Xanthi in Smolyan” G2:O1:PG2: p2: Tourism opportunities in Region of Eastern Macedonia and Thrace, Greece and Rhodope Municipalities, Bulgaria
			G2:O1:PG3: “Rhodope Crafts” Program	G2:O1:PG3: p1: Restoration of the ethnographic Craft Street in Ustovo District, Smolyan, implementation phase 1 and II G2:O1:PG3: p2: “Traditions and the past – an alternative for the future”, Mogilitsa village G2:O1:PG3: p3: Traditions for the future” for promoting cultural identity and hand weaving tradition in Smilyan Community G2:O1:PG3: p4: Artisan demonstration workshop establishment in Shiroka Laka village
			G2:O1:PG4: Sports and Recreation Facility Program	G2:O1:PG4: p1: Creation of sports, training and recreation center, based on development of already existing infrastructure (old stadium, indoor swimming pool, multi-sports hall and accommodation faculty)
	G3: To support local firms to increase sales outside the municipality	G3:O1: To initiate with partner agencies, an integrated business support and service delivery mechanism to facilitate local SME growth and development	G3:O1:PG1: Small Business Center Development Program	G3:O1:PG1: p1: Identify partners, and prepare project brief and programming document for the establishment of a Small Business Development Center to facilitate SME training and SME-local government relations
			G3:O1:PG2: Demand-driven SME Training Program	G3:O1:PG2: p2: Initiate and deliver a business training program (propriety business, administration, IT, accounting, management, and)
			G3:O1:PG3: “Smolyan and Rhodopean” Local Producers Club Program	G3:O1:PG3: p1: Initiate and deliver a customized training and accreditation program for local producers including measures to develop local product sector and promote local, direct trading, branding etc.
			G3:O1:PG4: SME Investment Fund Program	G3:O1:PG4: p1: Prepare project brief, identify funding, and establish a modest investment fund to assist SME start-ups
			G3:O1:PG5: Local Purchasing Initiative (LPI)	G3:O1:PG5: p1: Produce and distribute a Directory of Local Suppliers and Products
				G3:O1:PG5: p2: Produce and distribute a ‘Guide to Doing Business with the Council’
				G3:O1:PG5: p3: Initiate an internal council and local business training program on LPIs
			G3:O1:PG6: “Northern Greece” Trading Program	G3:O1:PG6: p1: Initiate and implement a cross-border trading project to establish economic ties and partnerships between Smolyan and Xanti (Greece) G3:O1:PG6: p2: Produce and distribute a ‘Guide to Doing Business with Greece’; identify Chambers of Commerce and potential partnering opportunities for SME development and trade

Vision	Goals	Objectives	Programs	Projects
	G4: To support local firms to improve efficiency and enhance Smolyan's capacity to deliver effective and sustainable LED	G4:O1: To develop a comprehensive 'red tape' reduction program for business development in city hall	G4:O1:PG1: Local Business Enabling Environment Program	G4:O1:PG1: p1: Undertake an entrepreneurship promotion campaign in the local media by holding monthly meetings with local media on the progress of LED action planning, business enabling environment announcements etc.
		G4:O2: To enable the development of dynamic and transparent business associations	G4:O2:PG1: Business Association Development Program	G4:O1:PG1: p2: Initiate measures to improve municipal legislation and services through a full review of business regulations and requirements
				G4:O2:PG1: p1: Identify sectoral and regional linkages for possible sector-specific business associations
				G4:O2:PG1: p2: Provide training and support facilities to the business association development program
	G5: To put in place the necessary programs to retain existing, and attract new, investment	G5:O1: To develop appropriately targeted and supported marketing and promotion mechanisms to attract and retain foreign and domestic investment in Smolyan	G5:O1:PG1: Investment Attraction and Retention Program	G5:O1:PG1: p1: Brown field revitalization project
				G5:O1:PG1: p2: Establish a directory of public and municipal properties, and industrial sites
				G5:O1:PG1: p3: Construction of Sports and Tourism Center "Perelik
				G5:O1:PG1: p4: Preparation of a strategy for restitution, re-grouping and management of municipal forests.
				G5:O1:PG1: p5: Construction of secondary forest road Oreshets village- Golyam Dab-Razpatya
	G6: To put in place the necessary management systems and procedures to ensure timely and effective delivery of agreed LED programs and projects	G6:O1: To institutionalise an active and collaborative stakeholder advisory group for LED strategy development and implementation	G6:O1:PG1: Public-Private Stakeholder Partnership Development Program	G5:O1:PG1: p6: Construction of secondary forest road Shiroka laka – Kukuvitsa
				G5:O1:PG1: p6: Preparing a profiles of all municipal real estate property
				G6:O1:PG1: p1: Initiate and deliver an ongoing training program in LED principles and partnership working for local government staff and stakeholder partnership board
		G6:O2: To initiate a LED strategy review and implementation process to ensure the coordination of institutional efforts in support of the LED strategy	G6:O2:PG1: LED Monitoring and Evaluation (M&E) Program	G6:O1:PG1: p2: Initiate and deliver an ongoing training program for local government staff in project development and management skills (finance and governance)
				G6:O1:PG1: p3: Initiate an EU-accession working group to identify and learn about EU funding opportunities and criteria and other EU related community development programs
				G6:O2:PG1: p1: Initiate a LED M&E training program
				G6:O2:PG1: p2: Establish M&E project leaders responsible for individual project monitoring and review
				G6:O2:PG1: p3: Identify, establish and maintain a LED database system for the purpose of annual reporting and analysis
		G6:O3: To review existing, and develop new, systems for long term financial management and investment planning for sustainable LED	G6:O3:PG1: Financial Planning and Management Program	G6:O3:PG1: p1: Initiate and deliver a training program for local government staff in financial management techniques
				G6:O3:PG1: p2: Initiate and deliver a training program for local government staff in long term financial planning and investment planning

## CITY OF SMOLYAN PROJECTS MATRIX

Strategy Goals	G1: To improve the living conditions in the city for stopping the decrease of population and for increasing tourist	G2: To increase the number of visitors (tourists) in the municipality	G3: To support local firms to increase sales outside the municipality	G4: To support local firms to improve efficiency and enhance Smolyan's capacity to deliver effective and	G5: To put in place the necessary programs to retain existing, and attract	G6: To put in place the necessary management systems and procedures to ensure timely and effective delivery
<b>LED Projects*</b>						
G1:O1:PG1: p2: Construction of new road connection Ryaka Village – Katranitsa Village	X	X				
G1:O1:PG1: p3: Construction of new road connection Kutela Village – Slaveino Village	X	X				
G1:O1:PG1: p4: Construction of new road connection Cheplyat Village – Bukatsite Village	X	X				
G1:O1:PG1:p5: Reconstruction of road connection New Center Distric – Stankovo Surbubian- Levotchevo Village	X	X				
G1:O1:PG1:p6: Construction of additional section in the road Smilyan Village- Sivino village	X	X				
G1:O1:PG1:p10: Construction of a road section Stoikite village- Grashitsa village	X	X				
G1:O1:PG1:p11: Construction of local road connection Vievo Villages	X	X				
G1:O1:PG1: p1: Reconstruction of road Smolyan Mugla Village.	X	X				
G1:O1:PG1:p7: Construction of a new street “Snezhanka”, in Smolyan	X					
G1:O1:PG1:p8: Construction of new a new street Elitsa” in Smolyan	X					
G1:O1:PG1:p9: Construction of new a new street “Aleko Konstatinov” in Smolyan	X					
G1:O1:PG2: p1: Construction of water supply system for Vievo village, main pipeline, extension II.	X					
G1:O1:PG2: p2: Construction of sewage water collector for Vievo Village	X					
G1:O1:PG2: p3: Construction of water supply system for Ryaka Village	X					
G1:O1:PG2: p4: Construction of water supply system for Razvantsi area, P. Serafimovo Village	X					
G1:O1:PG2: p5: Sewage waters network for Elenska area, Tarun Village	X					
G1:O1:PG2: p6: Joint water supply system for Oreshets and Straja villages	X					
G1:O1:PG2: p7: Water supply extensions for Shiroka Laka Village	X					
G1:O1:PG2: p8: Waste water treatment	X					

Strategy Goals	G1: To improve the living conditions in the city for stopping the decrease of population and for increasing tourist	G2: To increase the number of visitors (tourists) in the municipality	G3: To support local firms to increase sales outside the municipality	G4: To support local firms to improve efficiency and enhance Smolyan's capacity to deliver effective and	G5: To put in place the necessary programs to retain existing, and attract	G6: To put in place the necessary management systems and procedures to ensure timely and effective delivery
<b>LED Projects*</b>						
facility construction for recreation area Ardashlu, Pamporovo resort G1:O1:PG2: p9: Integrated project for improving water cycle management in Smolyan.	X					
G1:O2:PG1: p1: Repair works on exterior and technical equipment of Water Cascades in New Center area of Smolyan G1:O2:PG1: p2: Reconstruction of open playground in the New Center area, Smolyan G1:O2:PG1: p3: Repair of stone clock tower in Smolyan and creation of recreation area in its vicinity G1:O2:PG1: p4: Improvement of vertical spatial siting of Chinara recreation area G1:O2:PG1: p5: Repair works of the historic memorial complex at Srednogorets Mount, Polkovnik Serafimovo Village G1:O2:PG1: p6: Reconstruction and hydro isolation placement of Lasl Nagi Museum House in Raikovo District G1:O2:PG1: p7: Facade and roof reconstruction of "St. Peter and Pavel" church in Levotchevo village G1:O2:PG1: p8: Facade and roof reconstruction of "St Theodor Stratilat" church in Raikovo district, Smolyan G1:O2:PG1: p9: Facade and roof reconstruction of "The Holy Mother" church in Ustovo district, Smolyan	X X X X X X X X X X	X X X X X X X X X X				
G1:O3:PG1: p1: Development of internship programs with Smolyan-based universities meeting demand for human resources by public and private sectors. G1:O3:PG1:p2: organize and carry out the biannual International Youth Folklore Festival Orpheus celebrations" – 2005 &2007 G1:O3:PG1: p3: Interior modernization of Alibeev Konak architectural complex (of national value) and its establishment as a cultural and training center in folklore performance arts. G1:O3:PG1: p4: May Cultural Days in Smolyan - annually	X X X X	X X X X				

Strategy Goals	G1: To improve the living conditions in the city for stopping the decrease of population and for increasing tourist	G2: To increase the number of visitors (tourists) in the municipality	G3: To support local firms to increase sales outside the municipality	G4: To support local firms to improve efficiency and enhance Smolyan's capacity to deliver effective and	G5: To put in place the necessary programs to retain existing, and attract	G6: To put in place the necessary management systems and procedures to ensure timely and effective delivery
<b>LED Projects*</b>						
G1:O3:PG1: p5: Week of live drawing arts in G1:O3:PG1: p6: Mummery masquerade games in Shiroka Laka Village (annually) G1:O3:PG1: p7: Local communities' summits	X X X	X X				
G1:O4: PG1: p1: Create a municipal housing facility for disadvantaged people (single parents, disabled people, elderly people, etc.)	X					
G1:O4: PG2:p1: Pilot project "Improving Energy Efficiency in public buildings- High School of Natural Sciences and Math-Smolyan"	X					
G2:O1:PG1: p1: Identify target markets, and initiate and implement a "Visit Smolyan and the Central Rhodopes" – city and region marketing project		X				
G2:O1:PG1:p2: Rozhen National Contest in Folklore performance arts.		X				
G2:O1:PG1: p3: Initiate and implement a tourist information signposting initiative for better visitor guidance (hotels, sites, railway station etc.) G2:O1: PG1:p4: Youth Sports events calendar primary, secondary and high school students		X X				
G2:O1:PG1: p5: Strengthening TIOs network performance in Smolyan municipality		X				
G2:O1:PG1: p6: Promoting Smolyan as an astronomical destination in Bulgaria	X	X				
G2:O1:PG2: p1: Cultural Exchange project "Days of Smolyan and Xanthi and Days of Xanthi in Smolyan" G2:O1:PG2: p2: Tourism opportunities in Region of Eastern Macedonia and Thrace, Greece and Rhodope Municipalities, Bulgaria		X X				
G2:O1:PG3: p1: Restoration of the ethnographic Craft Street in Ustovo District, Smolyan, implementation phase 1 and II G2:O1:PG3: p2: "Traditions and the past – an alternative for the future", Mogilitsa village G2:O1:PG3: p3: Traditions for the future" for promoting cultural identity and hand weaving tradition in Smilyan Community	X X X	X X X				

Strategy Goals	G1: To improve the living conditions in the city for stopping the decrease of population and for increasing tourist	G2: To increase the number of visitors (tourists) in the municipality	G3: To support local firms to increase sales outside the municipality	G4: To support local firms to improve efficiency and enhance Smolyan's capacity to deliver effective and	G5: To put in place the necessary programs to retain existing, and attract	G6: To put in place the necessary management systems and procedures to ensure timely and effective delivery
<b>LED Projects*</b>						
G2:O1:PG3: p4: Artisan demonstration workshop establishment in Shiroka Laka village	X	X				
G2:O1:PG4: p1: Creation of sports, training and recreation center, based on development of already existing infrastructure (old stadium, indoor swimming pool, multi-sports hall and accommodation faculty)		X			X	
G3:O1:PG1: p1: Identify partners, and prepare project brief and programming document for the establishment of a Small Business Development Center to facilitate SME training and SME-local government relations			X	X		
G3:O1:PG2: p23: Initiate and deliver a business training program (propriety business, administration, IT, accounting, management, and)			X	X		
G3:O1:PG3: p1: Initiate and deliver a customized training and accreditation program for local producers including measures to develop local product sector and promote local, direct trading, branding etc.			X	X		
G3:O1:PG4: p1: Prepare project brief, identify funding, and establish a modest investment fund to assist SME start-ups			X			
G3:O1:PG5: p1: Produce and distribute a Directory of Local Suppliers and Products			X	X		
G3:O1:PG5: p2: Produce and distribute a 'Guide to Doing Business with the Council'			X	X		
G3:O1:PG5: p3: Initiate an internal council and local business training program on LPIs			X	X		
G3:O1:PG6: p1: Initiate and implement a cross-border trading project to establish economic ties and partnerships between Smolyan and Xanti (Greece)			X	X		
G3:O1:PG6: p2: Produce and distribute a 'Guide to Doing Business with Greece'; identify Chambers of Commerce and potential partnering opportunities for SME development and trade			X	X		
G4:O1:PG1: p1: Undertake an entrepreneurship promotion campaign in the local media by holding monthly meetings with						

Strategy Goals	G1: To improve the living conditions in the city for stopping the decrease of population and for increasing tourist	G2: To increase the number of visitors (tourists) in the municipality	G3: To support local firms to increase sales outside the municipality	G4: To support local firms to improve efficiency and enhance Smolyan's capacity to deliver effective and	G5: To put in place the necessary programs to retain existing, and attract	G6: To put in place the necessary management systems and procedures to ensure timely and effective delivery
<b>LED Projects*</b>						
local media on the progress of LED action planning, business enabling environment announcements etc.				X		
G4:O1:PG1: p2: Initiate measures to improve municipal legislation and services through a full review of business regulations and requirements			X	X		
G4:O2:PG1: p1: Identify sectoral and regional linkages for possible sector-specific business associations			X	X		
G4:O2:PG1: p2: Provide training and support facilities to the business association development program			X	X		
G5:O1:PG1: p1: Identify and survey vacant and underused public and municipal properties, and industrial sites		X			X	
G5:O1:PG1: p2: Establish a directory of public and municipal properties, and industrial sites		X			X	
G5:O1:PG1: p3: Initiate project brief and programming document to bring selected commercial sites back into to use through remediation and servicing (including Perelic project)	X	X			X	
G5:O1:PG1: p4: Preparation of a strategy for restitution, re-grouping and management of municipal forests.					X	
G5:O1:PG1: p5: Construction of secondary forest road Oreshets village, Golyam Dab-Razpatya	X				X	
G5:O1:PG1: p6: Construction of secondary forest road Shiroka laka – Kukuvitsa		X			X	
G5:O1:PG1: p6: Preparing a profiles of all municipal real estate property					X	
G6:O1:PG1: p1: Initiate and deliver an ongoing training program in LED principles and partnership working for local government staff and stakeholder partnership board						X
G6:O1:PG1: p2: Initiate and deliver an ongoing training program for local government staff in project development and management skills (finance and governance)						X
G6:O1:PG1: p3: Initiate an EU-accession working group to identify and learn about EU						

Strategy Goals	G1: To improve the living conditions in the city for stopping the decrease of population and for increasing tourist	G2: To increase the number of visitors (tourists) in the municipality	G3: To support local firms to increase sales outside the municipality	G4: To support local firms to improve efficiency and enhance Smolyan's capacity to deliver effective and	G5: To put in place the necessary programs to retain existing, and attract	G6: To put in place the necessary management systems and procedures to ensure timely and effective delivery
<b>LED Projects*</b>						
funding opportunities and criteria and other EU related community development programs						X
G6:O2:PG1: p1: Initiate a LED M&E training program						X
G6:O2:PG1: p2: Establish M&E project leaders responsible for individual project monitoring and review						X
G6:O2:PG1: p3: Identify, establish and maintain a LED database system for the purpose of annual reporting and analysis						X
G6:O3:PG1: p1: Initiate and deliver a training program for local government staff in financial management techniques						X
G6:O3:PG1: p2: Initiate and deliver a training program for local government staff in long term financial planning and investment planning						X

## CITY OF SMOLYAN LED PROJECT IMPLEMENTATION PLAN

City of Smolyan LED Projects										
No.	Project Title	Total Value in BGN	Funding Sources (%)				Implementing Partners	Project Starting Date	Duration	Targeted Group / Beneficiaries
			Donors	City Government	State or International Funds	Private Sector & Community				
1	G1:O2:PG1: p3 Reconstruction of the stone clock tower in Smilyan village	19 440	50%	50%	50%	-	Ministry of Labor	June 2004	September 2004	Unemployed and tourists
2	G1:O4: PG2:p1 Improving Energy Efficiency in public sector - High School of Natural Sciences and Maths- Raikovo District, Smolyan	231 000	100%	-	100%	-	School's Parent-Teacher Committee School Management	June 2004	18 months	High school, city budget, community
3	G2:O1:PG1: p4: Strengthening TIOs network performance in Smolyan municipality	9 800	66%	33%	33%	33%	Tourists Info Centers, Association of Hotel owners	June 2004	12 months	TIOs, tourists, community
4	G1:O1:PG2: p4: Construction of water supply system for Razvantsi area, P. Serafimovo Village	183 040	80%	20%	70%	10%	Local communities, water supply & sewerage system fund	May 2005	September 2006	Serafimovo community
5	G5:O1:PG1: p3: Construction of Sports and Tourism Center "Perelik	68 060 000	93%	7%	14%	79%	Central Government	pre-feasibility study done	not yet defined	Hotel owners, tourists and all the community
6	G2:O1:PG3: p2: "Traditions and the past – an alternative for the future", Mogilitsa village	16 400	70%	30%	70%	-	Craftsmen, Mogilitsa community	April 2004	December 2004	Craftsmen, community, tourists
7	G6:O2:PG1: p1. Initiate a LED M&E training procedure	3 000	-	100%	-	-	Cities of Change Program	July 2004	5 months	City of Smolyan Administration

City of Smolyan LED Projects										
No.	Project Title	Total Value in BGN	Funding Sources (%)				Implementing Partners	Project Starting Date	Duration	Targeted Group / Beneficiaries
			Donors	City Government	State or International Funds	Private Sector & Community				
8	G1:O2:PG1: p6 Reconstruction and hydro isolation placement of Lazl Nagi Museum House in Raikovo District, Smolyan	29 368	50%	50%	50%	-	Ministry of Labor	June 2004	September 2004	Unemployed, History Museum, Raikovo community
9	G1:O3:PG1p3: Interior modernization of Alibeev Konak architectural complex (of national value) and its establishment as a cultural and training center in folklore performance arts.	625 650	98%	2%	70%	30%	Smolyan Municipality High School of Shiroka Laka Village Smolyan History Museum IT companies Construction companies	June 2004	24 months	Local community, tourists, High School of Folklore Performance Arts in Shiroka Laka village
10.	G1:O1:PG2: p8 Construction of a Waste water treatment facility /WWTF/ and sewage collectors for recreation area ARDASHLU and PAMPOROVO winter resort	1 578 158	98 %	2 %	-	98%	Maritsa Iztok Mining Plc, VIP-97 Ltd., Ivalko- Ltd., Border Police Directorate – Smolyan, Melinvest Privatization Fund, Multi-profile Hospital – Smolyan, Pamporovo.	June 2004	24 months	Tourists and Hotel Owners
11	“Brown field revitalization project”	155 000	90%	10 %	-	90 %	Business community and owners	May 2004	April 2007	Private sector and community
12	G3:O1: PG2. p2 Establishment of Business Training and Qualification Center in Smolyan	291 000	80%	20%	80%	-	Partner NGO, Businesses, Regional Employment Office	September 2004	September 2006	Unemployed people Middle management level staff of local SMEs Officials from LG in Smolyan region and Central south of Bulgaria

## STRATEGY IMPLEMENTATION

Now when the strategy consisting of vision, goals, objectives, programs and desirable outputs and outcomes is drafted and some projects are defined - the major challenge is to create a mechanism and tools for implementation. First step is to develop projects relevant to desirable objectives, outputs and outcomes of programs. For each of the projects detailed action plan and budget has to be prepared by the person who is nominated as a project leader (coordinator). When the projects are prepared they should pass approval face. This face should be included in the city financial planning and budgetary process.

The structure from the vision to programs and projects presented in the tables above includes projects which are in different stages of development. Some of them are presented only as an ideas of action when others present fully developed projects. Some of them are just now under implementation and can be finished in a year. For all those projects before they are finally approved further details are or will be presented in a unified form shown in the fiche below.

Projects has to be identified, responsible persons will be nominated and detailed description, action plans and financing scheme will be developed. Program and project implementation methods and processes are to be put in place as an obligatory procedure.

### LED Strategy Implementation Tools

Once when the desired set of projects for implementation of the LED strategy has been developed in Smolyan and all the ongoing and new invented projects has been presented in the form above. The city began to work out tolls for implementation.

### Multiyear Financial Plan

Each municipality in Bulgaria as everywhere is obliged by law to develop and present one year budget but efficient and reasonable planning of strategy implementation requires much longer perspective then one year budgeting. In spite of many uncertainties mayor of the city took a decision to establish new rules for long term planning.

As a first step the city has developed according to a new national level regulation a very preliminary three years prognosis of revenues of the municipality of Smolyan. Next the Financial Department developed three year forecasts of operating expenditures. Results of this prognosis are presented in the table Fig. 6. Major output (the most important numbers) for implementation of the LED strategy is an operational surplus. It shows how much resources year by year can be used from the municipal budget or capital improvement program and for supporting other development project.

### Prognosis of Budgetary Revenues and Expenditures for the City of Smolyan (2005-2007)

1 USD = 1.64 PLN	Execution	Plan	Prognosis		
Fiscal year	2003	2004	2005	2006	2007
<b>REVENUES</b> (in thousands of BGN)	<b>13,782</b>	<b>13,720</b>	<b>14,353</b>	<b>15,078</b>	<b>15,759</b>
OWN REVENUES	4,448	4,735	5,098	5,546	5,941
TAXES	1,018	999	1,250	1,340	1,420
Other own revenues	3,431	3,736	3,848	4,206	4,521
Subsidies	9,334	8,985	9,255	9,532	9,818
Delegated tasks	9,272	8,762	9,025	9,295	9,574
Municipal tasks	63	223	230	237	244
<b>OPERATING EXPENDITURES</b>	<b>12,130</b>	<b>13,233</b>	<b>13,534</b>	<b>14,272</b>	<b>14,950</b>
STATE DELEGATED TASKS	8,513	8,868	9,134	9,408	9,690
Administration	851	968	997	1,027	1,058
Education	5,621	5,571	5,739	5,911	6,088
Social services	828	1,115	1,149	1,183	1,219
Culture and Recreation	543	560	576	594	611
Others	670	654	673	694	714
MUNICIPAL TASKS	3,616	4,365	4,400	4,864	5,260
Administration	451	746	753	753	753
Education	441	506	518	530	542
Housing, communal services	745	913	907	937	999
Culture and Recreation	359	493	498	512	526
Economic Activity	1,479	1,623	1,635	2,040	2,345
Others	141	85	89	92	95
<b>OPERATING SURPLUS</b>	<b>1,653</b>	<b>487</b>	<b>819</b>	<b>806</b>	<b>809</b>
<b>CIP expenditure</b>	<b>1,949</b>	<b>917</b>	<b>775</b>	<b>790</b>	<b>810</b>

### Multiyear Investment Planning Procedure

The next important task of the Implementation Phase was to develop a ranking list of prepared projects to compare their budgetary requirements with municipal budget capabilities to finance and support them. The process is quite complex as some projects can be co-financed by external sources. The final plan shows the set of projects with a timescale and their budgets coordinated with a multiyear financial plan and a forecast of external financing. The municipality of Smolyan developed a Multiyear Investment Planning procedure that will help to develop the above plans.

The procedure can be supported by public domain software called WPR 2.1 developed in Poland under Local Government Partnership Program funded by USAID now available in English language version. When the new updated strategy document is approved the mayor is to create a MIP commission consisting of head of city hall departments and units, some representatives of City Council commissions, some representatives of stakeholders (not more than 10 people). The major tasks of the MIP commission is to advice to the mayor in following issues:

- Proposal of criteria based mostly on the city strategy;
- Methodology of projects evaluation and selection;
- Proposal of a content of project application forms;
- Step by step description of the process;
- Procedure of workflow with calendar and responsibilities; and,

- Review of project application and propose a ranking list of projects to be included in next year's city budgets.

The MIP commission will be chaired by relevant deputy mayor. The MIP coordinator is responsible for preparing all the draft materials that are to be discussed by the MIP commission and for developing them further according to the MIP commission guidelines.

All the eligible parties (also city units and departments) when proposing some investment projects to be financed out of the city budget will be obliged to do this according to the new procedure. Any project that does not fulfill the requirements of the MIP procedure cannot be placed in the city budget or in the Multiyear Investment Plan.

The first stage of project development is completing up the fiches above. In order to place the project in the Multiyear Investment Plan further data has to be collected and presented. For unifying the application of presenting those data forms A and B (Figure 7 and 8) has been developed.

Next in the Figure 9, a foreseen calendar is presented. It shows the timescale in which the city is going every year (after evaluation of progress and taking into account new data) to update the plan and coordinate it with required by law one-year budgeting process. Next tool that is presented in figure 10 is a proposition of Criteria with their Weights and Points. It is common that always there is more project ideas than the city budget can afford, than it is necessary to have a tool for sorting out projects and develop a ranking list taking into account priorities of the strategy as well as external financing possibility. The list presented in Figure 10 is to be discussed and finally criteria for sorting out the projects should be approved by the council together with the strategy document. Of course the ranking list as an automatic result of the scoring system used by the professionals cannot replace final budgetary discussion and final decision, but it is to give possibly the most unbiased input for this discussion.

## FORM A

- 1 Project ID
- 2 Name of project
- 3 Who propose it
- 4 Goals to be achieved
- 4.1 Outcomes (results seen from long time perspective)
- 4.2 Outputs (immediate results)
- 4.3 Advantages, when the projects is implemented
  1. Economic (including impact on the city budget)
  2. Social (including - how many citizens will benefit)
  3. Environmental
  4. Others
- 5 Type of project (construction, renovation, buying equipment)
- 6 Social support and participation
- 7 Scope of work (parameters, numbers, standards)
- 8 Place of construction
- 9 Duration (in months)

10	<b>How Far the Project is Developed</b>		
	1. Functional and spatial concept	YES	NO
	2. Feasibility study	YES	NO
	3. Technical design	YES	NO
	4. Environmental impact assessment	YES	NO
	5. Construction permit issued	YES	NO
	6. Accessibility of land	YES	NO
	7. Under construction	YES	NO
	80% done		
	50% done		
	30% done		

## 11 Total Cost Estimation

12	<b>Financing of the Project</b>					
	<b>Year</b>	<b>Total Expenditures</b>	<b>City Budget</b>	<b>Bulgarian Public Resources</b>	<b>European Funds</b>	<b>Others</b>
	2004					
	2005					
	2006					
	2007					

	2008					
13	Remarks					FIG. 7

## FORM B

1	How far the Project is Developed			Estimate			
				Spend Resources	Needed Resources	Duration	Deadline
	1. Functional and spatial concept	YES	NO				
	2. Feasibility study	YES	NO				
	3. Technical design	YES	NO				
	4. Environmental impact assessment	YES	NO				
	5. Construction permit issued	YES	NO				
	6. Accessibility of land	YES	NO				
	7. Construction phase	YES	NO				

2 Scope of work (parameters, numbers, standards)

3 Financing of the project

Years	Total Expenditures	City Budget	Bulgarian Public Resources	European Funds	Credits and Loans	Others
2002						
2003						
2004						
2005						
2006						
2007						
2008						

4 Base for cost calculation

Estimation  
Cost of similar projects  
Unit cost  
Cost calculation

5 Level of guarantee of external financing

Proposition  
Some initial agreement  
Financing confirmed

## CALENDAR of DEVELOPING and UPDATING MULTIYEAR INVESTMENT PROGRAM

			MAY				JUNE				JULY				AUGUST				SEPTEMBER				OCTOBER				NOVEMBER				DECEMBER			
	ACTION	WHO TAKES the ACTION	19	20	21	22								32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
1	Updated manual issuing	MIP commission																																
2	MIP criteria are approved by the mayor	MIP commission +mayor																																
3	Informing of all parties about updated MIP procedures and deadlines	MIP coordinator																																
4	Eligible parties deliver project applications on Form A	Author of the project																																
5	Units of city administration fill up Forms B according to the manual	Departments and city units																																
6	Review of the projects and evaluation against criteria	MIP commission																																
7	Developing of a ranking list of projects	MIP commission + mayor																																
8	Merging of the list above with MFP, assuring the affordability	Investment Dept + Finance Director																																
9	Developing of an initial MIP project with a plan for financing of a deficit	MIP commission and Finance Director																																
10	Public debate on the developed MIP version	Mayor, MIP commission, PR section																																
11	MIP approval by the City Council	Mayor and the City Council																																

Proposed Criteria, their Weights and Points for scoring system leading to develop a ranking list of projects for being placed in Multiyear Investment Plan of Smolyan

Weights						
Strategic projects	Local projects		Proposition of criteria for MIP project choice			Points
%	%					
30		1	The project implements strategic goal			
		a	The project implement very well at least 2 strategic goals			1
		b	The project implement very well 1 strategic goals			0,5
		c	The project implements well at least 2 strategic goals			0,5
		d	The project implements well 1 strategic goals			0,2
15	15	2	The ongoing project to be finish soon			
		a	80% done			1
		b	50-80% done			0,5
		c	30-50% done			0,2
30	30	3	Level of external grant financing (preferential credits may be added)			
		a	Above 60%			1
		b	40 - 59%			0,5
		c	20 - 39%			0,2
	15	4	Number of inhabitants who benefit			
		a	All local community citizens			1
		b	More than 50%			0,5
		c	Between 20 and 50%			0,2
10		5	Impact on the city budget			
		a	A positive impact can be calculated and is remarkable			1
		b	Project is expected to give some saving or revenues			0,5
		c	No positive influence			0
	30	6	Public support and participation			
			Local community participate in expenditures			
		a	Above 25%			1
		b	Between 10 and 24%			0,5
		c	Nothing			0
15	10	7	Positive influence on other projects			
		a	Very important for other high priority projects			1
		b	Support other projects			0,5
		c	No influence			0

## MONITORING AND EVALUATION OF THE STRATEGY IMPLEMENTATION

Implementing the strategy requires tools for monitoring of progress. The Smolyan team has developed a simple system that is planned to be officially approved and implement from 2004 when the strategy update takes place. For the strategy, the Department of Investment and Tourism is to propose for each of goals and objectives (programs) at least one outcome measure. The proposition can be presented in a form of a table like below:

Goal or Program	Name of Indicator	Definition of Indicator	Source of Data	Initial Value	Current Value

It is recommended to propose more indicators and make the final choice after having discussions with politicians. It is also important to make these choices in agreement with the political opposition as these measures should be applied for long periods to keep comparability. When there is an agreement of the choice it is necessary to define indicators precisely and charge a unit (or a person) responsible for collecting needed data as well as measure the initial value of the indicator.

The following steps are suggested:

Step 1. Choosing of the indicators that characterize in best way what we would like to achieve as a long-term impact. For each of indicator a timetable is proposed.

Step 2. Defining of data needed for calculation of indicators and establishing of responsibility for collecting them.

Step 3. Collection of initial data as a base.

Step 4. Collecting data in required intervals.

Step 5. Analyzing of results, evaluation of progress and suggestion how it should influence further implementation or even updating of the strategy.

### For each of projects an output measures has to be defined

It is responsibility of a unit or person who proposes the projects to define output indicators for the projects. The indicators should reflect the most important factors which allow an evaluation of whether the project successfully implements the strategy as well as whether its management is efficient enough.

Each of Projects should have defined set of output measures. In addition to indicators for evaluation some milestones for purpose of monitoring has to be established. Milestones are usually defined when some characteristic stages are finished on which it is easy to check whether the project is on time and within planned costs. Definition of an indicator is a responsibility of the proposer but it has to be approved by relevant deputy mayor. Proposition of milestones as well as responsibility for the monitoring should be placed in a city unit or a city hall department that supervises the project implementation phase. For monitoring of progress a table like below can be used.

**Project Name:**

Milestone	Planned Stage	Done or Not	Planned Expenditures	Money Spent	Comments	Forecast and Planned Interventions

**Final Evaluation of set of Projects:**

Project	Planned Scope of work	Done scope of work	Planned Total Expenditures	Money Spent in Total	Comments	Value of ind	Value of ind.	Value of indn

Project indicator examples:

- Relation of planned scope of work to the one which was done
- Relation of money spend to those which was planned
- Unit cost (when can be compared with other similar projects)
- Satisfaction level measured by survey of users opinion

**Strategy Review**

In each year until the end of June, the Investment and Tourism Department has to develop outcome measures report for the strategy for the preceding yearly period and present the report to the mayor. The report has to include the definitions of indicators, historical values from previous years and current values of them. The Department presents also analysis and conclusions. The report should be input for a strategy review the mayor lead before issuing guidelines for the next year planning.

**Project Monitoring**

Every year after updating of the Multiyear Investment Program and approval of the city budget all units and departments which supervise projects has to deliver monitoring and evaluation plan for each of the projects to the MIP coordinator. The plan consists of tables like above filled out with data and calendar of actions that are to be taken during the year to monitor progress and measure indicator values.

## CITY OF SMOLYAN – EXAMPLES OF LED PROJECT ACTION PLANS

<b>Project Title:</b> G1:O1:PG2: p8 Construction of a Waste water treatment facility and sewage collector for the recreation area ARDASHLU and PAMPOROVO winter resort		<b>Relevance to Strategy Program:</b> G1:O1:PG2: : Improving environmental management through modernization of existing and construction of extensions of the water supply and sewage waters system	
<b>Brief Description of the Project:</b> The objective of the project is to reduce environmental pollution from wastewater through the construction of a wastewater treatment facility and leading sewage collectors for purification of wastewaters produced by hotels and catering facilities in the recreation area ARDASHLA and Pamporovo ski resort. Activities will include the construction of: Leading collector 1 of total length 1,051m, Ø 300 mm Leading collector 1a of total length 135m, Ø 300 mm Leading collector 2 of total length 297m, Ø 300 mm Leading collector 3 of total length 1,607m., Ø 300 mm A wastewater treatment facility ARDASHLU with a capacity for purification of 180 cubic meters of sewage waters, or hourly capacity of 7.5 cubic meters.			
<b>Expected Outcome/Results:</b> Secure collection and removal of wastewater from existing and projected hotel, catering, recreation and housing facilities in the areas stated above and their purification. Reduction of pollution and the restoration of biodiversity in Golyama River where the treated waters will be disposed of. Improving the overall tourist attractiveness of ARDASHLU recreation area		<b>Target Groups:</b> The approximately 11,500 annual tourists that benefit from recreation and tourism opportunities in the target area of the project. Businesses, including hotels, catering and housing facilities that make use of the wastewater facilities.	
<b>Participants in the Project:</b> Maritsa Iztok Mining Plc, VIP-97 Ltd., Ivalko- Ltd., Border Police Directorate – Smolyan, Melinvest Privatization Fund, Institute in Orchards and Food Processing – Plovdiv, Multi-profile Hospital – Smolyan, Pamporovo Holding group, Elina Plc, Markoni Ltd, Zeus Travel Investment ltd., Mortimor Plc, Pamporovo Travel Group.			
<b>Success Assumptions:</b> Full project designs developed Budget provisions for real estate buy off of land the facilities will be located on Application procedure for grant funding in process State Enterprise for Environmental Management Activities /SEFEMA/		<b>Risks:</b> New priority set of the potential funding institution SEFEMA	
<b>Project Budget:</b>			
<b>Total:</b> 1,578,158 BGN	<b>Municipal Contributions:</b> 20,000 BGN		<b>External Funding:</b> SEFEMA 1,558,158 BGN
<b>Project Duration:</b> From: 2004 To: July 2006		<b>Completion Deadline:</b> July 2006	

Prepared by: Name: Y. Vladimirov  
Position: Senior Expert, Construction, Supervision and Environmental Department, Smolyan Municipality

<b>Project Title:</b> G5:O1:PG1: p1 “Brown field revitalization project”		<b>Relevance to Strategy Program:</b> G5:O1:PG1: Investment Attraction and Retention Program	
<b>Brief Description of the Project:</b> The aim of this project is to prepare a full inventory of municipal Brownfield sites and revitalize them through finding new designations for them and investors to revitalize them. Activities: Make a full inventory of municipal Brownfield sites owned by the municipality Make an assessment of their value and possible new designation according to location and social importance. Prepare investment profiles of Brownfield sites and promote them as a development opportunity for businesses. Contracting revitalization activities for at least ten Brownfield sites from 2004 to 2007			
<b>Expected Outcome/Results:</b> A portfolio of Brownfield sites with potential for revitalization Businesses interested in Brownfields redevelopment 10 Brownfield sites redeveloped by 2007		<b>Target Groups:</b> Private businesses NGOs Individual Entrepreneurs	
<b>Participants in the Project:</b> Smolyan Municipality Experts from the Municipal Property Department External investment experts Entrepreneurs			
<b>Success Assumptions:</b> Commitment of local administration Interest of entrepreneurs and businesses in redeveloping brownfield sites Existing good practices in Bulgaria		<b>Risks:</b> Insufficient interest in brownfield sites for which their will be a requirement to preserve their social function	
<b>Project Budget:</b>			
<b>Total:</b> 155,000 BGN	<b>Municipal Contributions:</b> 15,500 BGN		<b>External Funding:</b> Businesses 139,500 BGN
<b>Project Duration:</b> From: May 2004 To: April 2007		<b>Completion Deadline:</b> April 2007	

Prepared by: Name: R. Halvadjeva  
Position: Head of Municipal property Department  
Institution/organization: Smolyan Municipality

<b>Project Title: G3:O1: PG2. p2</b> Establishment of Business Training and Qualification Center in Smolyan		<b>Relevance to Strategy Program</b> G3:O1: PG2: Initiate and deliver a business training program in propriety businesses, administration, accounting, management, marketing	
<b>Brief Description of the Project:</b> The goal of the project is to establish a Business Training and Qualification Center (BTQC) in Smolyan to deliver orientation, qualification and management training to local small and medium sized enterprises (SMEs) and the public administration. Activities: Identify funding sources to implement reconstruction and modernization activities of the building to host the BTQC Identify a partner NGO to operate jointly the BTQC with the Municipality Implement modernization activities as well as training equipment for the BTQC Survey labor market demand and develop relevant training programs according to findings of the survey Start first series of training course Permanent operation of the BTQC			
<b>Expected Outcome/Results:</b> Modernized premises of the future BTQC by May 2006 Secure a partner NGO to contribute to the provision and training program development according to local SME demand 4 completed and delivered training courses by September 2006 The sustainable operation of the BTQC		<b>Target Groups:</b> Unemployed people with higher education irrelevant to local labor demand Middle management level staff of local SMEs Officials from local governments in Smolyan region and Central south of Bulgaria	
<b>Participants in the Project:</b> Smolyan Municipality, Partner NGO, Businesses, Regional Employment Office			
<b>Success Assumptions:</b> Funding identified for modernization works on premises Identified NGO involved in project development activities and accredited for delivery of business training		<b>Risks:</b> Unsecured funding for equipment of the premises	
<b>Project Budget:</b>			
<b>Total:</b> 29, 000 BGN	<b>Municipal Contributions:</b> 58,200 BGN	<b>External Funding:</b> SIF: 77,600 BGN MEER: 52,800 BGN UNF: 48,500 BGN FLGR: 48,500 BGN	
<b>Project Duration:</b> From: September 2004 To: September 2006		<b>Completion Deadline:</b> September 2006	

Prepared by: Name: I. Godev  
 Position: Head of Tourism and Investment Department  
 Institution/organization: Smolyan Municipality

<b>Project Title:</b> G1:O2:PG1: p3 Reconstruction of the stone clock tower in Smilyan Village		<b>Relevance to Strategy Program:</b> G1:O2:PG1 “Beautiful Bulgaria Program (BPP) Phase IV”	
<b>Brief Description of the Project:</b>  The stone clock tower in Smilyan was built in the 17th Century and from the beginning of the 20 <sup>th</sup> Century has been used as a military guard facility by the authorities. Since the first decade of the 20 <sup>th</sup> Century, when a clock mechanism was installed, the tower has been utilized for civic purposes. It is the only stone-built clock tower in the municipality and its depiction is a part of the local community’s heraldic sign. Project objective: To implement renovation works on the Clock Tower and improve the overall attractiveness of the site by turning it into a recreation area. Project activities include: Repair of the tower’s façade and the wooden framing and copper roof Install a new wooden staircase inside the tower to allow access to the clock mechanism Improve the vertical and horizontal planning of the site, install wooden benches and shades			
<b>Expected Outcome/Results:</b>  Improving the qualification of 7 jobless people Opening 9 temporary jobs, each of 3 months duration Improving the tourist attractiveness of the village		<b>Target Groups:</b>  9 unemployed persons from the local community, 7 of whom will improve their chances on labor market by undergoing professional qualification course in construction works Local population	
<b>Participants in the Project:</b> Smolyan Municipality Ministry of Labor and Social Policy UNDP		<b>Project Beneficiaries:</b>  Local population Tourists, visiting Smilyan and Smolyan municipality in general	
<b>Success Assumptions:</b>  Experience of Smolyan Municipality in the previous phases of BBP, in partnership with MLSP and UNDP Appointed official in local administration who deals with BBP projects		<b>Risks:</b>  Lack of unemployed people from the local community with the appropriate preliminary qualification to be employed for project’s activities implementation	
<b>Project Budget:</b>			
<b>Total:</b> 19,440 BGN		<b>Municipal Contributions:</b> 9,720 BGN	
		<b>External Funding:</b> BBP: 9,720 BGN	
<b>Project Duration:</b> From: June 2004 To: September 2004		<b>Completion Deadline:</b> September 30 <sup>th</sup> , 2004	

Prepared by: Name: Rosetta Buikova  
Position: Chief Expert, Coordinator BBP  
Institution/organization: Smolyan Municipality, ASPE Directorate

<b>Project Title:</b> <b>G1:O4: PG2: p1:</b> Improving Energy Efficiency in the public sector High School of Natural Sciences and Maths, Raikovo District, Smolyan		<b>Relevance to Strategy Program:</b> <b>G1: O4: P2:</b> Improving the state of the material and technical base of educational institutions in Smolyan Municipality	
<b>Brief Description of the Project:</b> Improving energy efficiency in the High School of Natural Sciences and Maths Raikovo District, Smolyan, to reduce public spending in the long run. The school is one of the oldest high schools in the municipality and is listed in the top thirty elite high school institutions in the country. The “new” wing was constructed in 1971 using technologies incompatible with energy efficiency strategies and unfamiliar for the public sector in that period. Activities include: Development of full project designs Installation of thermo-isolation and replacement of the existing window and doorframes.			
<b>Expected Outcome/Results:</b> Improved ability to heat the school effectively and cost efficiently Reduction in expenditures by 25% compared to present levels of heating expenses.		<b>Target Groups:</b> 581 students 48 teachers 11 other staff	
<b>Participants in the Project:</b> School Parent-Teacher Committee School Management Businesses as potential sub-contractors			
<b>Success Assumptions:</b> Experience of the Teacher-Parent Committee, the School management and Smolyan Municipality in implementation of joint projects Effectuated procedure for development of full project design Identified sub-contractors with capacity to implement the project works Identified donor program and approved project idea at first evaluation phase.		<b>Risks:</b> Change in priorities of the donor program	
<b>Project Budget:</b>			
<b>Total:</b> 231,000 BGN		<b>Municipal Contributions: -</b>	
		<b>External Funding:</b> European Bank for Reconstruction and Development: 75% Ministry of Energy and Energy Resources: 25%	
<b>Project Duration:</b> From: 2004 To: 2005		<b>Implementation Deadline:</b> 2005	

Prepared by: Name: Красимира Чакърова  
 Position: Гл.експерт “Образование”  
 Institution/organization: Община Смолян

<b>Project Title:</b> <b>G1:O3:PG1p3:</b> Interior modernization of Alibeev Konak architectural complex (of national value) and its establishment as a cultural and training center in folklore performance arts	<b>Relevance to Strategy Program:</b> <b>G1:O3:PG1: Education and Cultural Services Program</b>
<b>Brief Description of the Project:</b> <b>Project Goals:</b> <ul style="list-style-type: none"> <li>▪ To Enhance the tourist product of the municipality by investments in cultural heritage</li> <li>▪ To improve the quality of cultural tourism offer of Smolyan municipality by establishment of new products and extending the access to existing cultural sites (Smolyan History Museum) to disabled people</li> <li>▪ To promote the cultural tourism offer of the municipality by development of internet and multi-media based promotion campaign</li> </ul> <b>Project activities include:</b> Preparation of technical designs, full renovation of the interior of the national cultural architectural monument “Alibeev Konak”, District of Gorno Raikovo, Smolyan, as well as adjustment of its premises for tourist accommodation and for the needs of training into traditional Rhodope folklore performance arts (folklore singing, dancing and playing musical instruments), as well as a demonstration center of traditional Rhodope cuisine. Improvement of related public infrastructure and reconstruction of the street leading to Alibeev Konak, including sidewalks and street lightning Adjusting the permanent display of Smolyan’s History Museum for access for disabled people by purchasing and installing special platforms and technical devices to allow such access Assessment of existing cultural resources related to traditional community summits ( <i>sabori</i> ), to Rhodope folklore performance arts and traditional Rhodope cuisine, and their organization into new cultural tourism products Promotion of the cultural available in Smolyan municipality, including new products developed by means of printed materials, Internet promotion, promotional tours and participation in national and international tourist exchanges	
<b>Expected Outcome/Results:</b> Creation of new jobs: <ul style="list-style-type: none"> <li>▪ 73 jobs in construction and renovation activities, with duration between 2 and 6 months.</li> <li>▪ 3 permanent jobs, 1 full-time, 2 part-time</li> <li>▪ Employment of external experts for product development 5</li> <li>▪ Improvement of quality of life standards for citizens</li> <li>▪ Improved attractiveness of the residence area in Gorno Raikovo District, reconstructed Shipka street, where an estimate of 1000 people live</li> <li>▪ Access for disabled people to Permanent exposition of Smolyan History museum</li> <li>▪ Local ownership of project knowledge products Creation of multi-language promotional tool kit to be use by all stakeholders in tourism:</li> <li>▪ Circulation of 2000 copies of “Temptations of Rhodope Cuisine” brochure in four languages</li> <li>▪ Circulation of 12000 copies of promotional leaflets presenting the cultural offer of the region.</li> <li>▪ Creation of a web-site, allowing on-going utilization of promotional activities</li> <li>▪ Creation of multi-media CD-ROM in circulation of 1000 copies.</li> </ul>	<b>Target Groups:</b> <ul style="list-style-type: none"> <li>▪ 76 people employed for project implementation, equaling to 3,214 workdays</li> <li>▪ Bulgarian and foreign tourists</li> <li>▪ Bulgarian and foreign intermediaries on tourist market</li> <li>▪ The High School of Folklore Performance Arts in Shiroka Laka village</li> <li>▪ Smolyan History Museum</li> <li>▪ Local tourists; people from local communities</li> <li>▪ Local tourism-related businesses and IT companies</li> </ul>
<b>Participants in the Project:</b> Smolyan Municipality High School of Folklore performing Arts in Shiroka Laka Village Smolyan History Museum IT companies Construction companies	

<b>Success Assumptions:</b> Availability of full designs for project works Identified potential sub-contractors for supplies and services Experts in restoration works in available locally Advanced negotiations with relevant central government agencies for securing external funding Approval from the National Institute of Cultural Monuments passed.		<b>Risks:</b> External funding still to be secured Drastic change in tourist demand
<b>Project Budget:</b>		
<b>Total:</b> 625,650 BGN	<b>Municipal Contributions:</b> 11,562 BGN (1.5%)	<b>External Funding:</b> 614,050 BGN Pre-accession instruments 70%, Private funding 30%
<b>Project Duration:</b> From: 2004 To: 2006		<b>Completion Deadline:</b> September 2006

Prepared by:

Name: Ilia Godev, Tanya Mareva and Maria Luincheva

Position: Head of Tourism Department      Position: Director of President

Institution: Smolyan Municipality, Smolyan History Museum, Luincheva Designs Ltd

<b>Project Title:</b> <b>G1:O2:PG1: p6:</b> Reconstruction and hydro isolation placement of Lazl Nagi Museum House in Raikovo District, Smolyan		<b>Relevance to Strategy Program:</b> <b>G1:O2:PG1:</b> “Beautiful Bulgaria Program (BPP) Phase IV”	
<b>Brief Description of the Project:</b> The building of the present Lazlo Nagi Museum was built 120 years ago in the typical Bulgarian Revival style for Central Rhodope region, and was inhabited by a craftsman’s family. The building is one of the municipal sites declared an architectural monument of national value. The project objective is to improve the overall condition of the building by outside repair, placement of hydro-isolation and hydro-drainage of surface waters to prevent further damages in the construction. Project activities include: Repair of roof construction and bath facility in the building Refreshment of white-wash of facades and interior Hydro –drainage and hydro-isolation placement			
<b>Expected Outcome/Results:</b> Professional training of 10 persons to acquire qualification needed for reconstruction works Opening 13 job places for duration of 3 months Improving the tourist attractiveness of the location, where the building is situated Dolno Raikovo district Preserving the variety of tourist sites within the town of Smolyan		<b>Target Groups:</b> 13 people to be employed for construction work on the Smolyan History Museum	
<b>Participants in the Project:</b> Ministry Of Labour And Social Policy UNDP Smolyan Municipality		<b>Project Beneficiaries:</b> History Museum –Smolyan, proprietor of the Lazlo Nagi museum The people employed for construction works implementation The community in Dolno Raikovo district and tourist visiting Smolyan	
<b>Success Assumptions:</b> Experience of Smolyan Municipality in the previous phases of BBP, in partnership with MLSP and UNDP. Appointed official in local administration who deals with BB projects		<b>Risks:</b> Delay in coordination procedures with the National institute of Cultural Monuments	
<b>Project Budget:</b>			
<b>Total:</b> 29,368 лв.		<b>Municipal Contributions:</b> 14,839 лв.	<b>External Funding:</b> MLSP, UNDP: 14,839 лв.
<b>Project Duration:</b> From June 2004 To: Sept 2004		<b>Completion Deadline:</b> September 30 <sup>th</sup> , 2004	

Prepared by: Name: Rosetta Buikova  
Position: Chief expert, Coordinator BBP  
Institution/organization: Smolyan Municipality, ASPE Directorate

<b>Project Title:</b> <b>G6:O2:PG1: p1:</b> Initiate an LED M&E training procedure		<b>Relevance to Strategy Program:</b> <b>G6:O2:PG1:</b> LED Monitoring and Evaluation Program	
<b>Brief Description of the Project:</b> Goal of the project: Build capacity within the local administration and stakeholders' group to perform the annual monitoring and evaluation of LED implementation, as well as to institutionalize its management.			
Activities:			
Appoint an LED M&E Coordinator from management level in the Municipality			
Establish an M&E Committee with local government experts and stakeholders			
Develop appropriate training programs and train members of the M&E Committee in the application of LED M&E procedures and tools			
Carry out monitoring and evaluation of LED implementation from July to November each year in order M&E reports be used for next fiscal year planning			
<b>Expected Outcome/Results:</b> Institutionalization of LED management by establishing M&E Committee Improve long-term financial and capital investment planning through training in and application of M&E procedures Annual M&E reports each November Improved public-private partnership		<b>Target Groups:</b> Local government officials Stakeholders Board	
<b>Participants in the Project:</b> Local government officials, Stakeholders Board			
<b>Success Assumptions:</b> Political support for M&E on LED Support of stakeholders Experience of Smolyan municipality on implementation of citizen participation models		<b>Risks:</b> Change in national regulation reducing LG competencies in planning for development	
<b>Project Budget:</b>			
<b>Total:</b> 1,500 Euro	<b>Municipal Contributions:</b> 1,500 Euro	<b>External Funding:</b> -	
<b>Project Duration:</b> From: July 2004 To: November 2007		<b>Completion Deadline:</b> November 2007	

Prepared by:  
 Name: D. Shupeva  
 Position: EU Integration expert  
 Institution/organization: Smolyan Municipality

<b>Project Title:</b> <b>G5:O1:PG1: p3:</b> Construction of Sports and Tourism Center “Perelik”		<b>Relevance to Strategy Program:</b> Improvement in sport/recreation infrastructure G5: Attraction of new investments G2: Increasing the number of visitors (tourists) in the municipality (long term impact)	
<b>Brief Description of the Project:</b>			
The project requires multiannual investments, and includes the following activities:			
Construction of 8 networks of ski-tracks with total horizontal length 29,775 meters,			
Construction of servitude areas at a total area of 500 hectares, non-monolithic catering establishments with a capacity of 1,550 people.			
Detached spaces for emergency accommodation with a capacity of 200 people,			
Ski lifts and rope-line with a total length of 25,000 meters,			
Transportation infrastructure: parking places, connecting road, ski-grounds, sanitary facilities			
<b>Expected Outcome/Results:</b> Formation of 100 new places of work Construction of ski- tracks with total horizontal length 29,775 meters. Available additional services infrastructure to provide servicing 1,550 people daily Construction of ski lifts and rope-line with a total length of 25,000 meters. Construction of parking places, ski- grounds. Improved competitiveness of Smolyan compared with other winter sports centers in Bulgaria		<b>Target Groups:</b>  Tourists in the municipality  Citizens of Municipality of Smolyan  Sports clubs and federations  Hotel and restaurant owners  Smolyan Municipality	
<b>Participants in the Project:</b> Municipality of Smolyan Stockholders and owners of terrains Strategic investors		<b>Municipal Contribution/Financial and in-kind:</b> 2,500,000 USD	
<b>Success Assumptions:</b> Presence of suitable terrain and long winter The experiences of the Municipality of Smolyan at the construction of sport and tourist infrastructure Approved environmental assessment of project’s impact Approved Spatial planning for the site.		<b>Risks:</b> Suspension of the financing	
<b>Project Budget:</b>			
<b>Total:</b> 68,060,000 BGN		<b>External Funding:</b> 6,390,000 BGN	
<b>Municipal Contributions:</b> 4,100,000 BGN			
<b>Project Duration:</b> It is necessary a presence of complete investment and technical project for the determination of the project duration		<b>Completion Deadline:</b> Not yet confirmed	

Prepared by:      Name:  
Position:  
Institution/organization:

<b>Project Title:</b> G2:O1:PG3: p2: Traditions and the past: An alternative for the Future, Mogilitsa village		<b>Relevance to Strategy Program:</b> 2002-2006 G2:O1:PG3: Rhodope Crafts Program	
<b>Brief Description of the Project:</b> The goal of this project is development of a demonstration center to promote crafts-related tradition of the local community among both the community’s members and tourists, visiting the area. Objective of the projects: <ul style="list-style-type: none"><li>To preserve local cultural heritage by creating conditions for continuity among generations trough training of young people in practicing traditional Rhodope crafts</li><li>To establish demonstration workshops to operate as tourist attraction sites in order to fill in the gap by restitution of the major site (Agushevi Konatsi) as primary site, visited by tourists visiting Upper Arda River area</li><li>To open a souvenir shop selling crafts product produced by local craftsmen</li><li>To promote the tourism opportunity and local community’s tradition at national and international level</li></ul>			
<b>Activities:</b> <ul style="list-style-type: none"><li>Survey on crafts tradition in the area</li><li>Development of training programs and conduct of training of local young people in crafts skills</li><li>Preparation and publication of promotional materials and installation of information boards for tourists</li><li>Establishment of a demonstration crafts center and souvenir shop for sale of crafts product</li></ul>			
<b>Expected Outcome/Results:</b> Database creation on characteristics of local crafts Developed map of crafts in Upper Arda River area Developed training materials, purchased craft equipment and conducted training of local young people in Rhodope crafts skills (woodcarving, metalwork and traditional weaving) Established and operating Crafts Demonstration Center with craftsmen workshops adjusted for tourist visits in Mogilitsa Village, and operational retail outlet for sale of craft products Improved information infrastructure through installation of tourist info and guiding signs for the village and the area		<b>Target Groups:</b> 18 presently practicing local craftsmen and newly trained young people that will enrich their knowledge of traditional Rhodope crafts and their artistic characteristics 11 hotel owners include in the product improvement program Local Tourism Council Mogilitsa Mayor including improved income opportunities for community members	
<b>Participants in the Project:</b> 18 local craftsmen Local private businesses including eleven hotel owners in the area of Mogilitsa Local Tourism Council in Mogilitsa			
<b>Success Assumptions:</b> Continuity of tourism development policy carried by Smolyan Municipality Experience of LTC-Mogilitsa in Tourism development projects Established track record of cooperation between Smolyan Municipality and LTC (Mogilitsa) Approved and secured external funding Availability of craft tradition in the project site		<b>Risks:</b> Lack of interest in project participation of some local stakeholders	
<b>Project Budget:</b>			
<b>Total:</b> 1,640,397 BGN	<b>Municipal Contributions:</b> 4934,97 BGN		<b>External Funding:</b> 1,1469,00 BGN
<b>Project Duration:</b> From: April 2004 To: December 2004		<b>Completion Deadline:</b> December 2004	

Prepared by:

Name: M. Chochev  
Position: Chair of MB of LTC (Mogilitsa)  
Institution/organization: Local Tourism Council (Mogilitsa)

<b>Project Title:</b> <b>G1:O1:PG2: p4:</b> Construction of water supply system for Razvantsi area, P. Serafimovo Village		<b>Relevance to Strategy Program:</b> <b>G1:O1:PG2:</b> Wastewater Improvement Program Identify and prepare project briefs and programming documents for specific wastewater improvement projects	
<b>Brief Description of the Project:</b>  The project includes the construction of a water tank, basin, cistern, reservoir and water conduit to ensure the extra supply of water to the population of the village of Serafimovo. The overlying water quantity from the new reservoir joins to the existing reservoir on a lower elevation. The length of the water-conduit: 1,956 meters, reservoir 15 square meters, 16 pumping-shaft			
<b>Expected Outcome/Results:</b> It should ensure a normal water supply for the population of drinking water, and should also minimize the maintenance and repair expenses associated with the water supply and sewerage system. Improvement of anti-fire protection and improvement of the drinking water quality		<b>Target Groups:</b> The population of the village of Serafimovo, neighborhood Razvantzi: 219 inhabitants	
<b>Participants in the Project:</b> Smolyan Municipality Department of Construction, Constructional Control and Ecology The population of village of Serafimovo and the neighborhood Razvantzi (219 inhabitants) Water Supply & Sewerage system Smolyan Social Investment Fund		<b>Municipal Contribution/Financial and in-kind:</b> Investment control Constructional control	
<b>Success Assumptions:</b> Strong social impact and the creation of a functional infrastructure. It is a crucial factor for a normal life and development of the village		<b>Risks:</b> If it becomes impossible to ensure the necessary financial resources.	
<b>Project Budget:</b>			
<b>Total:</b> 183,044 BGN	<b>Municipal Contributions:</b> 36,700 BGN	<b>External Funding:</b> 146,344 BGN	
<b>Project Duration:</b> From: May 2005 To: September 2006		<b>Completion Deadline:</b> September 2006	

Prepared by: Name: Y. Vladimirov

Position: Chief Expert Water supply and Sewage system Construction

Institution/organization: Construction, Supervision of Works and Ecology Department, Smolyan Municipality

<b>Project Title:</b> <b>G2:O1:PG1: p4:</b> Strengthening TIOs network performance in Smolyan municipality <b>Duration:</b> 12 months beginning June 2004		<b>Relevance to Strategy Program:</b> <b>G2:O1:PG1:</b> Smolyan Tourism Promotion Program
<b>Brief Description of the Project:</b>  The project has three objectives, for the achievement of which specific activities are planned: <ul style="list-style-type: none"> <li>▪ The first objective of the project is the publication of a informational guide for the region containing information on tourist destinations as well as tourist accommodations and amenities. The guide, to be published twice a year, is the first of its kind in the region. The guide will be distributed by the four tourist information centers (Smolyan, Mogilitsa, Momchilovtsi, Shiroka Luka), and Smolyan Hoteliers and Restaurateurs Association, and will be made available at the Smolyan Regional Library, Historical Museum and Planetarium</li> <li>▪ The second objective is to purchase special display equipment for the organization and display of the guide and other tourist-related information</li> <li>▪ The third objective of the project is to better collect and manage tourist related information through the purchase of computer equipment for the Smolyan Municipal Tourist Information Center. The duration of the project is expected to last approximately one year</li> </ul>		
<b>Expected Outcome/Results:</b> Publication of two issues of Smolyan Tour Info Guide, each in circulation of 2,000 copies Improved display of tourist related materials Setting and operation of a more efficient and effective collection, management Dissemination of the tourist information		<b>Target Groups:</b> TIOs in Smolyan Tourism Stakeholders Smolyan local administration Public tourist sites in the municipality
<b>Participants in the Project:</b> Smolyan Municipality, Smolyan Municipal Tourist Information Center, Shiroka Luka Tourist Information Center, Mogilitsa Tourist Information Center, Momchilovtsi Information Center, Smolyan Hoteliers and Restaurateurs Association, Rhodopi Regional Tourism Association.		
<b>Success Assumptions:</b> Experience of the partners in preparing promotional materials at local and regional level (Regional tourist Association, Hotel and Restaurateurs Association, Municipal Tourism Department) Good partnership history of the parties listed above		<b>Risks:</b> There is always the risk that the guide will be ill-received or information in the guide will be inadequate for tourists, thus failing to increase tourism in the region.
<b>Project Budget:</b>		
<b>Total:</b> Total cost of the project amount to: 9,787 BGN (USD\$ 6,132)	<b>Municipal Contributions:</b> 3,290 BGN	<b>External Funding:</b> 531 BGN
<b>Project Duration:</b> From: June 2004 To: May 2005		<b>Implementation Deadline:</b> May 2005

Prepared by: Adam Bramm  
 Position: PC Volunteer/Internship in T&I Dept.  
 Institution/organization: Smolyan Municipal

## CITY OF REZEKNE



## STRATEGY FOR LOCAL ECONOMIC DEVELOPMENT 2004-2010

Rezekne  
September, 2004

### **Disclaimer**

This strategy has been written by the City of Rezekne Municipal Team with advice and guidance from the World Bank Group and the Bertelsmann Foundation. The World Bank Group and Bertelsmann Foundation do not accept any liability for the accuracy or content of this strategy; they do however congratulate the Municipal Team for the quality of this work.

## INTRODUCTION

Located in the southeast part of Latvia, the city of Rezekne is centrally situated in the rural Latgalia region in close proximity to the region's ports and main cities. Rezekne lies within the main Warsaw-St. Petersburg-Riga-Moscow motorway corridor.

During the 1980s and 1990s, the majority of Rezekne's factories operated in traditional industries and these experienced increasing competition from international competitors as a result of changes in the world economy. Throughout the 1990s, a number of Rezekne's major companies were forced to close resulting in soaring unemployment and growing social problems. During this time, Rezekne faced a number of serious challenges:

- The collapse of traditional industries and markets, particularly those industries that produced for the large Soviet Union market
- Social integration of a multinational community
- Redevelopment of a poor technical infrastructure
- The strengthening of local government institutions responsible for the local community

During this period, city representatives sought to establish international contacts to share experience with other cities that had faced similar problems. In 1999, Rezekne joined a network of central European cities established as part of the Cities of Change program initiated by the World Bank and the Bertelsmann Foundation. Rezekne, together with a number of other cities, participated in the Economic Development Cluster. A primary aim of the cluster was to develop a local economic development strategy to strengthen LED institutional capacity within the city administration.

The program methodology was based on a five stage approach to LED strategic planning that included:

- Organizing the Effort
- Conducting the Local Economy Assessment
- Developing the LED Strategy
- Strategy Implementation
- Strategy Review: Developing a monitoring and evaluation system

Towards the end of 2000, Rezekne City Council adopted appropriate institutional structures to develop a local economic development strategy. A cross-departmental working group was established to support the strategy output process, and comprised of municipal members and local experts. In addition, the Latgale Entrepreneurship Supporting Center became a partner.

Work on Rezekne's local economy assessment commenced in February 2001. In July 2001, a draft LED strategy was confirmed and conveyed for public discussion and comment to the residents of Rezekne, state bodies and to municipal institutions. In December 2001, Rezekne City Council approved the final document of the local economic development strategy.

The LED strategy document covers the period 2004-2010. The city of Rezekne aims to implement a new approach to LED strategic planning and to initiate new collaborative activities between the municipality, entrepreneurs and residents. The municipality will become a leader in developing partnerships and programs for social integration, and will represent citizen interests, initiate economic growth and improve the city's technical and social infrastructure.

As part of its broad approach to LED activity, the city of Rezekne prepared a number of strategy implementation applications for several different projects. Two LED project applications were approved as part of the European Unions' PHARE program, and the Rezekne Business Center and Education Business Linkages programs received nearly two million Euros. These projects consist of

hard and soft infrastructure components and establish a background for further development of LED services in the city. It was recognized that the number and cost implications LED projects were too high to prepare and implement in the short time period, and it was accepted that integrated multi-year financial and investment planning would be necessary.

On the basis of the report written for the local economy assessment, the system of annual reporting was implemented. The city council approved the creation of a new Department for Economic Strategic Planning. The tasks of the new department include the:

- Coordination of other departments when dealing with LED strategy implementation
- Collection of all applications concerning strategy implementation projects
- Balancing of financial and implementation requirements
- Administering the database concerning the city itself and the strategy related projects
- Cooperation with entrepreneurs, other organizations and citizens while implementing the strategy

The city of Rezekne's Economic Development Department was transferred into an independent economic development agency: the Rezekne Business Center. The Center has already started providing services to the business community and is preparing new applications for new development projects.

The updated City Development Strategy was approved by the city council in the 2003. The current strategy implementation plan identifies projects that should be implemented in four years period.

### **LED Institutional Set-up**

By the end of 2000, the Rezekne city council had agreed to embark on the process of LED strategic planning. In developing a strategy in partnership with the local community, three LED teams were established. At the beginning of 2001, Rezekne's mayor established an internal cross-departmental LED **Working Group** with representatives from various municipal departments including:

- Urban Planning Department
- Economic Department
- City Marketing Unit
- Finance Department
- Social Services Department
- City Utilities

An **LED Steering Committee** was also established to discuss, oversee and approve the draft LED strategy document. The Steering Committee consisted of politicians and technical professionals including:

- Mayor of Rezekne
- Two members of Rezekne City Council
- Director of the Economic Department
- Leader of the Economic Department at Rezekne University
- Leader of the cross-departmental working group
- A representative of Rezekne Special Economic Zone

A Stakeholders Group was identified and invited to participate in the strategy development process. The Stakeholders Group consisted of:

- City council leaders
- City council members
- County administration representatives

- Representatives of utility companies
- Rezekne university representatives
- Key private sector companies
- Non-governmental organizations
- Local media representatives

The Latgale Entrepreneurship Supporting Center, a local non-governmental organization, was contracted by the city to conduct the local economy assessment and develop a draft strategy proposal. A Cities of Change project coordinator was later nominated as a leader of the working group teams.

Work on the LED strategy commenced in February 2001, and by July 2001, a first draft of the LED strategy was confirmed and conveyed for public discussion to Rezekne's inhabitants, business community, the Latgale Regional Development Agency, the state revenue office, the environment protection office, municipal institutions, water supply enterprise, city council departments and the Rezekne Institution for Higher Education.

During this period, the interdepartmental team worked permanently with experts from the enterprise center to provide professional support for the LED strategy making process. Several meetings involving stakeholders were held to discuss the key elements of LED strategy including:

- Findings from statistical analysis and surveys
- SWOT Analysis (strengths, weaknesses, opportunities and threats) results
- The city's LED vision
- LED strategic objectives, goals and programs
- Draft strategy document

When the local economy assessment was completed, the stakeholders debated the vision of the city. At the end of the debate, all participants accepted the final version of the city vision.

When the Latgale Entrepreneurship Supporting Center specialists presented the results of the SWOT analysis, stakeholders discussed and accepted four key areas identified by members of the interdepartmental team. The stakeholders agreed four strategic goals and two detailed objectives for each of them. This was followed by the preparation of proposals of LED programs and projects dealing with each objective.

In December 2001, the city council approved the final draft document of the city of Rezekne LED strategy proposed by Steering Committee.

### **Structure of Municipal Government**

Rezekne's municipal government has a number of statutory responsibilities that include spatial planning and land, public assets management, issuing of building permits, personal and business registration, primary education, health and social care, culture and recreation services, economic development, maintenance of local roads, housing, solid waste collection, heating supply, water delivery and waste water collection.

The city council consists of eleven elected members. The city mayor and chairman of the city council is elected by the elected councilors. The mayor is also the leader of city hall. One part-time vice-chairman and one non-employed vice chairman on national minorities and integration have been elected by the city council for this period. The chief of the city administration is the executive director, appointed by the mayor. Eight departments are responsible for delivering the main activities of the city's administration. The two municipal agencies of the Rezekne Business Center and the Sport's Center are operated separately and independently (refer to the city of Rezekne municipal structure).

## Municipal Budget

In analyzing the city's annual budgets for 2003 and 2004, it is important to note a number of key points:

- In 2003, two European Union PHARE Program projects totaling 1.8 millions Latvian lats contributed to the municipal budget
- The total revenue of Rezekne City Council in 2004 is estimated as being 8.4 millions lats
- 2004 own source revenues total 4.6 millions lats, a rise of 475,000 lats (11.7%) from 2003
- Municipal shares in citizens personal incomes tax (PIT) has been planned at 4.2 million lats, 488,700 lats (13%) more than last year
- Non-revenue income is estimated at 520,000 lats
- 2004 subsidies from national government is estimated at 2,628,298 lats, a rise of 214,883 lats from 2003
- A transfer from the Equalization Fund of Local Authorities has not been planned and Rezekne is not nominated as a donor for this fund in 2004

## Municipal Budget Overview (2003-2004)

(1 Lat = €1.512; USD\$1.79)

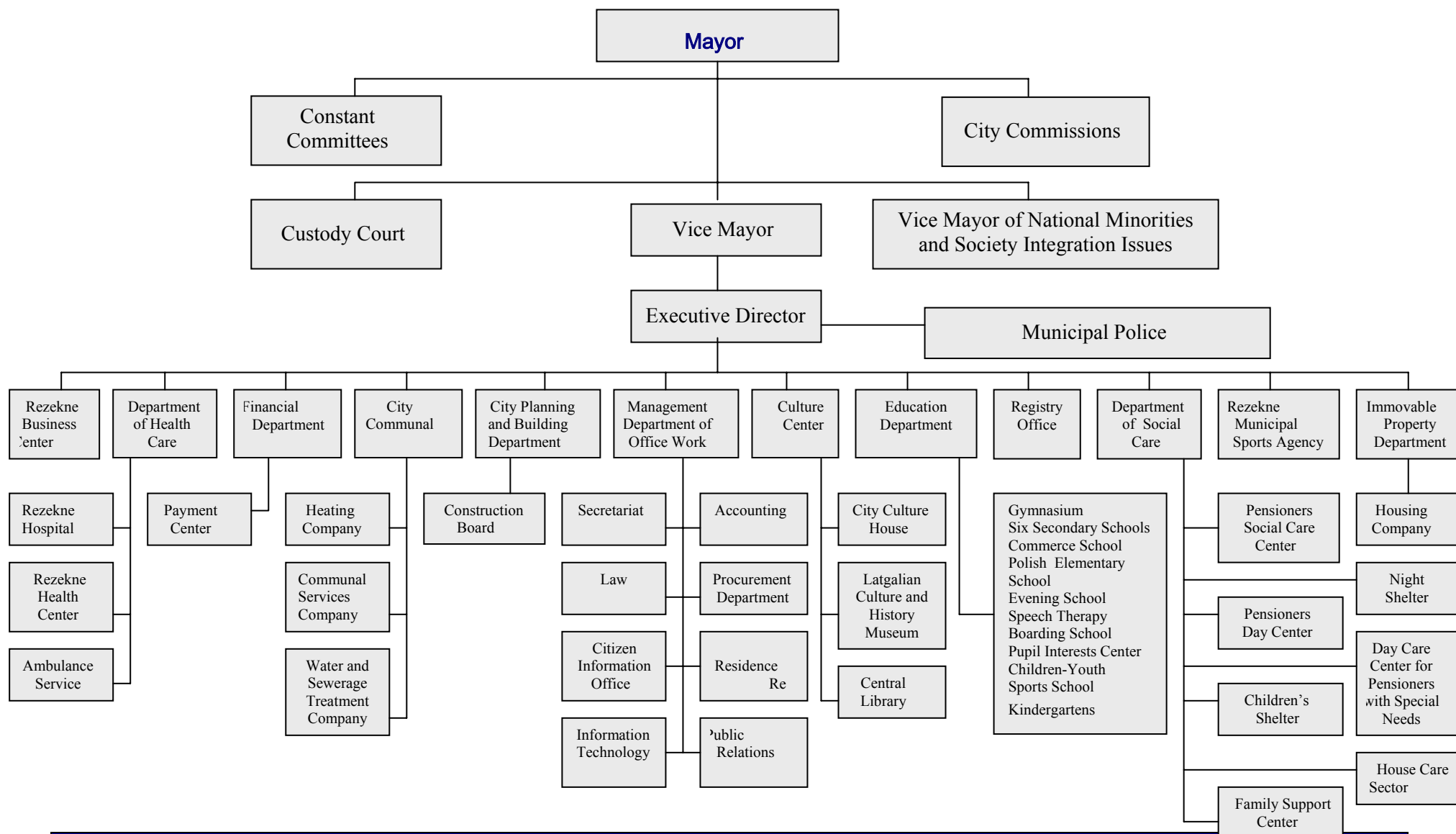
Budgetary Revenues	2003	2004
<b>Total Revenues</b>	<b>9,350,601</b>	<b>8,366,177</b>
Own Revenues	4,728,482	5,351,358
Tax Revenues	4,076,465	4,551,445
Revenues from Selling Property	41,882	275,313
Other Own Revenues	610,135	524,600
Subsidies	4,622,119	3,014,819
Subsidies for Capital Improvement	1,372,252	38,800
Subsidies for Operation	3,249,867	2,976,019

Budgetary Expenditure	2003	2004
<b>Total Expenditure</b>	<b>9,279,252</b>	<b>8,950,501</b>
Operating Expenditure	6,756,094	7,502,723
Personal Expenditure	4,164,811	4,706,697
Goods & Services	2,521,872	2,711,177
Other operating expenditures	69,411	84,849
Other Current Expenditure	408,509	561,089
<b>Capital Expenditure</b>	<b>2,114,649</b>	<b>886,689</b>

Structure of Expenditure by Activities	2003		Plan for FY 2004	
Functions (Activities)	LVL		LVL	
Administration	758,566	8.2%	959,406	10.7%
Education	4,172,850	44.9%	4,620,066	51.6%
Health Care	61,739	0.7%	62,247	0.7%

Social Services	922,102	9.9%	1,070,201	12.0%
Communal Services	899,596	9.7%	1,105,705	12.3%
Culture and Recreation	622,957	6.7%	901,990	10.1%
Economic Activity and Services	1,837,276	19.8%	126,136	1.4%
Others	4,166	0.1%	104,750	1.2%
Total	9,279,252	100%	8,950,501	100%

## City of Rezekne Municipal Structure



## LOCAL ECONOMY ASSESSMENT

Rezekne's local economy assessment was undertaken using statistical data, analysis of population and economic trends, results of surveys carried out among local businesses and residents, and wider level research. The following organizations were contacted and were instrumental in providing relevant information:

- Statistical Office
- Labor Office
- Chamber of Commerce
- County Administration
- City Organization Unit

### Economic Background

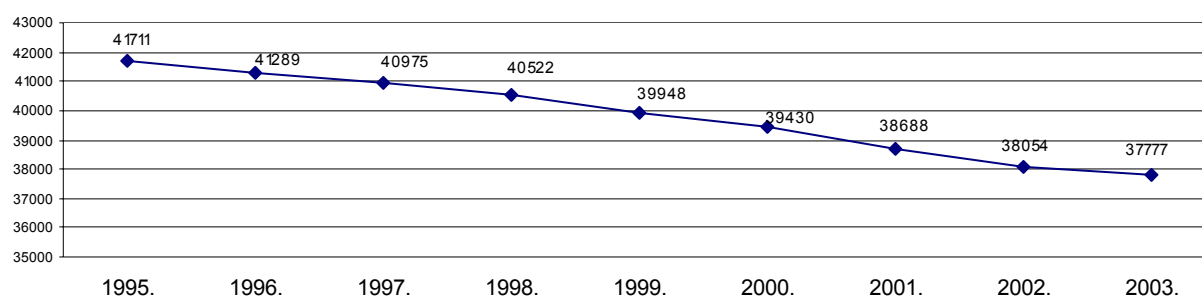
Rezekne is a central city in the rural region of Latgale and located in the southeast of Latvia. It is situated in the vicinity of ports and the main cities of the region. It lies on the Warsaw-St. Petersburg and Riga-Moscow motorway network. By the end of the Second World War, only 5,000 inhabitants remained in Rezekne. During the post-war period, Rezekne became an industrial town, and construction and redevelopment lasted until 1950 with the development of an industrial area adjacent to the Riga-Moscow railroad. Following the establishment of an industrial area, a number of large industrial enterprises were formed including a milk-processing plant, a milking machinery plant and an electrical appliances plant.

A number of large factories produced goods for export to Eastern Bloc countries, Cuba, China and Vietnam. During this time, Rezekne experienced an influx of migrants from other regions of the Soviet Union. The collapse of the socialist economy and the disintegration of the Soviet Union had a significant impact on the ability of Rezekne's factories to compete. The 1990s were a time of gradual decline of Rezekne's main companies, resulting in soaring unemployment and growing social problems. Analysis of the economic base and structure of the economy show that existing traditional industries offer limited potential for growth. The local economy is characterized by low-earnings, low-skills and a low asset base economy with associated high levels of unemployment.

### Demography

Demographic change is the one of the most serious challenges facing the city of Rezekne. During the last ten years, Rezekne has lost ten percent of its population.

#### Rezekne Population (1995-2003)



#### Population Changes and Influencing Factors

	1996	1997	1998	1999	2000	2001	2002
Changes in Number of Population	-314	-453	-574	-518	-742	-634	-277

Natural Change in Population	-287	-320	-291	-247	-198	-276	-278
Migration Balance	-27	-133	-283	-271	-544	-358	1

In 2001, Rezekne experienced a reduction in population of 7.2 persons per 1000 inhabitants compared to Latvia as a whole with a rate of 5.7 per 1000 inhabitants. In analyzing the current demographic situation, the LED working group concluded that this situation was caused by a number of factors:

- A young population leaving Rezekne to study in Riga or other Latvian cities and not returning after completing their studies
- Inhabitants of Rezekne leaving the city in search of employment in Riga and other countries

### Breakdown of Rezekne Population By Nationality

Nationality	Percentage (%)
Latvians	43
Russian	50
Belorussians	2
Ukrainians	1
Polish	3
Other	1

### Labor Force and Unemployment

- 13,800 people were employed at the end of 2001
- 47% were employed in the public sector
- 53% were employed in the private sector
- 70% were employed in the trade and services sector (wholesale and retail, hotels, restaurants, transport, communications, financial institutions, real estate services, etc.)
- 28.2% were employed in the public sector state offices, defense, social security, education, health care, social care
- 24.3% were employed in industry
- 6.2% were employed in building/construction
- 0.7% were employed in agriculture

In recent years, the majority of jobs in Rezekne were related to traditional industries. Today however, most people work in the public sector, in commerce or in the service sector. The number of workplaces in old factories is decreasing and there are fewer investments in such facilities. Most of these jobs are low paid and companies are not investment-oriented. According to data provided by the state employment agency, the unemployment rate in Rezekne is slowly falling and was 10.74% of economically active persons at the end of 2003. Rezekne's officially listed rate of unemployment remains higher than in other Latvian regions.

### Listed Unemployed Persons in Rezekne (2000-2003)

	2000	2001	2002	2003
Number of economically active persons	24,974	24,822	24,285	-
Number of unemployed persons	3,381	2,922	2,774	2,609
Percentages	13.54	11.70	11.18	10.74

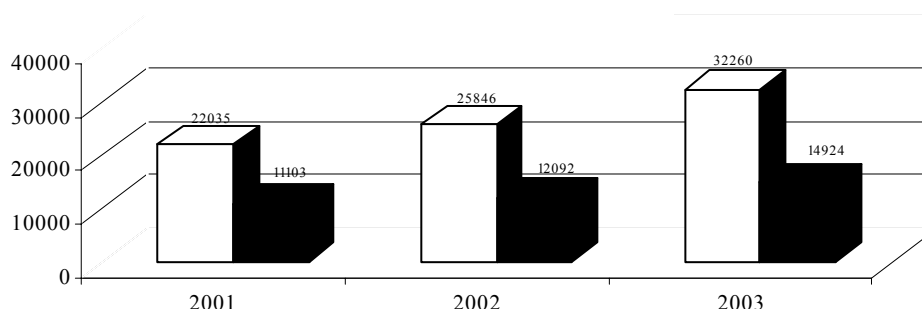
### Local Economy Profile

There has been a stabilization of the economic situation of Rezekne economy in last couple of years after the economic crises of the 1990s.

- Between 1999 and 2000, Rezekne's GDP figures showed a growth rate of 11% to 1,273 lats per person

- Rezekne's share of national GDP is 1.1%
- Rezekne's gross annual industrial production increased by 7% in 2003
- The low level of local purchasing capacity forces industrial companies to be export orientated; about 50% of all goods produced in Rezekne are exported
- The number of employed people in manufacturing in December 2003 was 3,104
- Wholesale and retail turnover in 2001 increased by 10%

### Gross Industrial Production and Export (Thousand Lats)



### Increase in Construction Works in Rezekne (2000-2003)

Year	Construction in Latvian Lats (thousands)
2000	1,110
2001	1,501
2002	3,382
2003	3,959

600 enterprises were active in Rezekne in 2003 with growth mainly occurring in the service and trade sectors. The introduction of new supermarkets has strengthened the local economy. 498 individuals were registered as being self-employed in 2003, and growth in transport and communications has increased by 50%. Though official data is not available for the numbers of tourists, operational data from Rezekne's enterprises suggests that the number of foreign visitors to Rezekne increased by 65% between 2002 and 2003. Between 2001 and 2002, average employee earnings in Rezekne increased by 17%.

### Economically Active Enterprises and Employee Breakdown (2002-2003)

Year	Number of Enterprises	Number of Employees			
		0-9	10-49	50-249	>250
2002	600	465	105	28	2
2003	602	569		30	3

### Breakdown of Economically Active Enterprises by Business Activity (2002-2003)

Type of Economically Active Enterprises	Number of Enterprises	
	2002	2003*
Agriculture, hunting, forestry and fisheries	83	83
Construction	27	28
Wholesale and retail, cars, motorbikes, consumer services	302	286
Hotels and restaurants	21	21
Transport and communication	47	52
Operations with immovable, rent and other commerce	66	84

Other commercial activities	54	48
Total	600	602

\* Provisional Data

### Developable Land

Rezekne lacks housing development areas as well as Greenfield sites suitable for new industries. For many years, the city's administrative borders have remained unchanged with the result that there is no land suitable for new large scale investments within the city boundaries. Moreover, polluted and abandoned Brownfield sites create other difficulties. Developing the areas and premises belonging to the disused factories poses another difficulty. A key issue is the lack of a database of municipal land and real estate properties; a special department was created recently.

The Rezekne Special Economic Zone (RSEZ) comprises approximately 1,900 hectares of industrially zoned land, of which 400 hectares are occupied with existing industry and 1,500 hectares are undeveloped and available for development.

### Rezekne Special Economic Zone

RSEZ provides favorable tax treatment including incentives (of between 80 to 100 percent) in property and corporate income tax, exemption from VAT, and customs and excise tax for goods imported into the zone and then exported onwards to other countries.

A 2003 review of companies located in the RSEZ identified that the most economically active enterprises by turnover, investments and number of employed persons were:

- RSEZ Ltd "Verems"
- RSEZ Ltd "Magistr Fiskevegn Group (MFG2)"
- RSEZ joint-stock company "Rēzeknes dzirnavnieks"
- RSEZ Ltd "A&C Electronic Baltic"
- RSEZ Ltd "Larta-1"
- RSEZ joint-stock company "Rebir"

In 2003, RSEZ status was awarded to RSEZ Ltd "DFD". The goal of RSEZ Ltd "DFD" is to create a brewery and a modern tasting hall where the brewing process can be observed. In comparison with previous years, the dynamics of RZES's 2003 indicators are positive and show that the aggregate amount of turnover, investment and number of work places have increased. The biggest employers in 2003 in the Rezekne Special Economic Zone were:

### Major Employers (2003)

Company	Number of Employees
RSEZ joint-stock company "Rebir"	1,748
RSEZ Ltd "Verems"	730
RSEZ Ltd "Magistr Fiskevegn Group (MFG)"	93

### Hard Infrastructure

#### Water Supply

Rezekne's water supply system serves 29,000 inhabitants and utilizes 19 artesian bores to supply drinking water. Rezekne's total water consumption is 2,260,000 cubic meters (m<sup>3</sup>) with the greatest consumers being residents, public institutions and SMEs. The majority of Rezekne's big industrial enterprises mostly have their own water supply systems. 2,824,000 m<sup>3</sup> of sewage is purified annually.

The “Rezekne Water Supply System Development” project commenced last year and the overall goal of the project is to improve drinking water quality for customers and increase the overall number of customers. Within the project, 6.8 kilometers of new water pipes and 6.8 kilometers of sewage pipes will be constructed and 3-3,500 new customers will be connected to the central water supply and sewage system.

### **Heat Supply**

Energy is generated and distributed by a municipal stock company called “Siltums”. Two sections, the central and northern part of the city, comprise the city’s district heating. The company generates about 200,000 megawatts of thermal energy every year and has approximately 17,000 customers.

In 2004, the Rezekne gasification project was signed between Rezekne City Council and the stock company “Latvijas gāze” to provide the Rezekne heating system with natural gas. “Latvijas gāze” will invest about 5 million lats in construction works through until mid-2005 and Rezekne City Council will provide technical works. This project has been developed in accordance with EU regulations of sulphur quantity in heavy fuel oil. The project has to be completed before the heating season of 2005.

### **Gas and Electricity Supply**

At the present time, it is not possible to use natural gas in Rezekne as there is no gas main. For household needs, people use liquefied gas from gas reserves in the city and individual gas cylinders. Two electricity substations provide the city’s electricity supply. The maximum load in the city is about 17 megawatts. It is considered possible to secure a 50% increase in power without big investments.

### **Telecommunications**

From April 1999, all telephone subscribers in Rezekne have been connected to the Lattelekom digital network, a network that offers fast-moving transmission, ISDN, digital wired lines, Frame Relay, X.25 and 2 Lan. Internet services are offered by “latent Serviss” and “Apollo” (Lattelekom) with regular connection, dial-up and open Internet access. Rezekne benefits from having access to a GSM system for mobile communication services.

### **Transport**

Rezekne is located on the crossing of important state trunk roads including the A-12 Jēkabpils-Ludza Russia border (Terehova) and the A-13 Rezekne-Daugavpils-Lithuania border. The city is an important railway transportation hub in the eastern part of the Latvian railway network, and is well situated on the crossing point of the east-west Riga-Moscow and the north-south St. Petersburg-Vilnius-Warsaw-Berlin rail corridors. Latvian exports to and from the Russian market are primarily transported via Rezekne, and the city has two functioning railway stations. The Railway station Rezekne II has a wide railway network serving industrial enterprises and a storage complex. During the period 2004-2006, and in preparing Latvia’s transport system for the challenges of the forthcoming EU enlargement, a project to develop a new rail freight reception yard in Rezekne will receive support of €7.7 million.

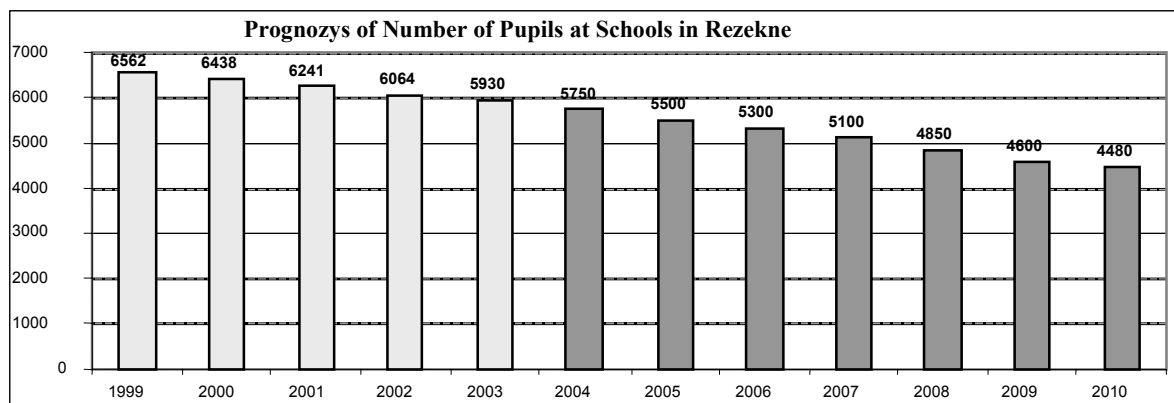
### **Social Infrastructure**

#### **Social Care**

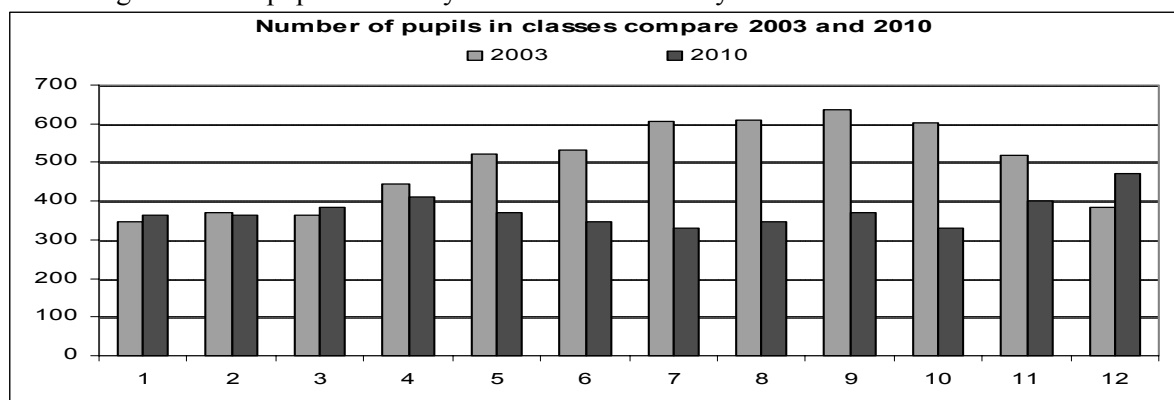
The Social Care Department of Rezekne City Council provides a range of social services including material aid, social care and social rehabilitation.

#### **Education**

The city has a well developed educational network. There are compulsory educational establishments of all levels and other educational and training institutions including secondary schools, a state gymnasium, a primary school, special school for children with speech problems, art school, music school, vocational gymnasium, vocational secondary school and a higher educational institute. Demographical challenges also face city schools.



Decreasing number of pupils force city to reform education system



### List of Rezekne Educational Institutions

- 9 kindergartens
- 11 secondary schools
- 2 professional schools
- Jāņa Ivanova Rezekne music school
- Latvijas Art Academy (Latgale Campus)
- Art School
- The Rezekne Institution for Higher Education Faculties of Humanities, Pedagogic, Economy and Engineering
- Rezekne Border Guard College

Rezekne Higher Education Institution (RHEI) was established in 1993 in response to the economic and social needs of the Latgale region. There are four faculties with almost 4,000 students in the faculties of economics, pedagogy, humanities and law, and engineering. The number of students attending the institution in the last ten years has increased tenfold.

The faculty of economics is the oldest and largest faculty, with more than 500 full-time students and approximately 1,300 part-time students currently in bachelor, master and higher professional study programs. The faculty of pedagogy was founded in 1995 as a result of the reorganizing of the Rezekne Teacher Training College, and presently there are more than 1,028 students in bachelor and

higher professional study programs at the faculty. The faculty of humanities and law sciences has been a part of RHEI since it was established in 1993.

### Culture

The Cultural Center Department of the of the city council administers Rezekne's culture house, public library, Latgale heritage museum and the city recreation park. There are 34 amateur performance groups with 526 participants.

### Health Care

There are primary and secondary health care facilities in the city provided by five health care establishments. With 158 doctors and 371 nurses working in the city, the national master plan has identified Rezekne's hospital as becoming a multi-profile medicine center of emergency treatment during the period 2005-2007.

### Tourism

The Rezekne Higher Education Institution trains students in hotel management. It has undertaken research on the possibilities of developing different kinds of tourism in Rezekne and the surrounding area. There remains a lack of well developed hotels in Rezekne. In 2003, a private company bought the main hotel and another private company prepared a project for the reconstruction of an old hotel. In the summer time, the student hostel offers an additional 200 bed places. The city of Rezekne is a member of the Latvian Association of Big Cities and has started to develop a common tourism strategy for tourist attraction with the aim of increasing the number of one and two days visitors. As part of the project, a project partner identified a tourism route of special Latgale places as well as culinary heritage route.

### Community Surveys

In order to assist the development of the LED strategy, two surveys have been undertaken. One of them investigated business attitudes and the other was a citizens survey.

### Results of Citizens Survey

The aim of the survey was to obtain the views and opinions of the residents of Rezekne. Key questions raised in the survey included:

- Whether Rezekne is an economically developed city
- The main obstacles to local economic development in the city
- The types of LED activities necessary to improve Rezekne's economy
- The types of support that Rezekne City Council could offer employers

172 responses were received of which 119 were women and 53 were men. Most of the respondents were aged between 19 and 30. The table below highlights the responses to the question of 'how to promote LED in the city of Rezekne':

Response: How to Promote LED in Rezekne	Percentage (%)
The promotion of business undertakings	13
Attract external investment	11
Improve social and economic conditions	10
Improve Rezekne's technical infrastructure	8
Promote industry development	8
Explore the possibilities of training and reskilling	6

An improved and more effective tax system	5
Disseminate/promote opportunities to participate in international projects	5

Other ideas and suggestions included:

- Popularize the idea of the Rezekne special economic zone
- Improve the work of the city's municipal administration
- Create social contacts with other cities and countries
- Develop the entertainment industry
- Tourism promotion
- Tidy the city
- Create the attractive image of the city

### Results of the Business Attitude Survey

Fifty five managers and owners of enterprises took part in the Business Attitude Survey. The survey consisted of a number of questions to obtain information about the business, including the business' activity, legal status, number of employees, turnover and membership of professional organizations.

The businesses that contributed to the survey employed 4,362 persons in total. The largest business questioned had 1,150 employees while the smallest business questioned had two employees. 27% of the businesses questioned had a turnover of less than 100,000 lats, while 22% of the businesses questioned had a turnover of between 200,000 and 500,000 lats; the turnover of two businesses surveyed was more than 2 million lats per year.

The list below highlights the responses of businesses when faced with the question of the positive aspects of 'doing' business in the city of Rezekne:

- Transit roads crossing
- Geographical location, close to the Russian boarder
- Recourses for production (free premises, inexpensive labor force, free lands)
- Regional, cultural and administrative center
- Rezekne Special Economic zone
- Inexpensive labor force
- Big town (in Latvia scale)
- Protection (human recourses, industries etc.)
- Rezekne University
- Ways of industry, contacts with Russian market
- Low level of competition
- Not ambitious clients

## DEVELOPING THE LED STRATEGY

Stakeholders were invited to assess the city's competitive position, strengths, weaknesses, opportunities, threats, and define key issues that should be taken into account in the LED strategy development process.

## SWOT ANALYSIS

	INTERNAL	EXTERNAL
Positive	<b>Strengths</b> <ul style="list-style-type: none"> <li>▪ Rezekne is situated on major road crossing</li> <li>▪ The status of Rezekne Special Economic zone</li> <li>▪ Existence of regional and state institutions in Rezekne</li> <li>▪ Rezekne University</li> <li>▪ Rezekne has the status of State inferiority</li> <li>▪ Export oriented companies</li> <li>▪ High density</li> <li>▪ Well developed social infrastructure</li> <li>▪ Compact city</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>▪ Modern, customer orientated city administration</li> <li>▪ Present and future availability of EU Funds</li> <li>▪ Administrative and territorial reform of Latvia</li> <li>▪ Development of economic activities, based on knowledge</li> <li>▪ Efficient utilization of opportunities of Rezekne Special Economic zone</li> </ul>

Negative	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>▪ Lack of effective lobby in the National Parliament and institutions of regional development coordination</li> <li>▪ Poor social economic conditions</li> <li>▪ Rezekne is located in the poorest region of the country</li> <li>▪ Lack of long-term development documents of the city</li> <li>▪ Low level of business activities</li> <li>▪ Low skilled work force</li> <li>▪ Low citizen incomes</li> <li>▪ Survival's city budget</li> <li>▪ High unemployment rate</li> <li>▪ Outward migration rate</li> <li>▪ Lack of space for new developments</li> <li>▪ Low value of investments</li> <li>▪ Low added value created locally</li> <li>▪ Poor technical infrastructure</li> <li>▪ Collapse of traditional city economic activities</li> <li>▪ Local companies related to traditional industries not prepared for market competition</li> <li>▪ Low level of business activity</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Drain of highly educated people to other regions</li> <li>▪ Break-up of the city's public utilities and communal services</li> <li>▪ Lack of realization of state and regional policy</li> <li>▪ Unresolved relations between Latvia and Russia</li> <li>▪ Loosening of the status of State inferiority</li> <li>▪ Competition from better located regions</li> </ul>
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After the SWOT Analysis was undertaken, several problems were listed:

- Negative natural birth and migration rates
- Reduction of work places and a decrease of production
- Poor but expensive housing and ineffective utilities
- Lack of long term development policy
- Lack of management framework transferring strategic objectives into daily activities

Four key issues were identified:

- Demographic trend
- Competitiveness of the local economy
- Quality of life
- City administration capability

An **LED Vision** was defined:

*“Rezekne will be the administrative, economic, educational and cultural center in the Latgale region. It will be a European city with a developed infrastructure where on the base of mutual activities of city-dwellers, employers and City municipality the high level of welfare, equal educational possibilities, work opportunities and housing rights are provided for every city-dweller. Rezekne will be a city where the inhabitants are proud of their city and live in peace with different religious beliefs, languages and traditions.”*

Four strategic goals were formulated to improve the efficiency of public administration in implementing the long term LED strategy and improving the service to its business and residential citizens:

- To increase the transparency and customer orientation of city administration
- To broaden and diversify the economic base in Rezekne
- To improve living conditions in Rezekne
- To archive integrated local community

For each goal two objectives and a number of programs were established. These include increasing the effectiveness and efficiency of the city administration, promoting effective municipal services, delivering a high quality local infrastructure, and ensuring the social and economic development of the city. In delivering these goals, there is a recognized need to organize and integrate improved municipal administrative systems by implementing information management, long term financial and investment planning systems by the end of 2004.

In promoting cooperation between the city of Rezekne administration and the business community for improved economic cooperation and development, an objective of the city is to organize an employers forum, initiate regular onsite visits to Rezekne companies and undertake regular surveys and interviews of local businesses.

To increase and improve support services for individuals wishing to start a business, existing companies, and new investors, a range of activities have been proposed including:

- Promoting new-start businesses
- Initiating business consulting and training service new start businesses
- Increasing the procurement opportunities for local businesses
- Establish a business park and other business support frameworks

In promoting and encouraging investment in Rezekne, there is a need to:

- Fully realize the potential opportunities of the Rezekne Special Economic Zone
- Initiate a city marketing plan
- Promote economic cooperation and collaboration internationally and with other cities
- Establish a municipal real estate management and maintenance plan
- Create and maintain a portfolio of investment projects

The future of the city depends on building and maintaining a high quality of life and skilled workforce, and ensuring that social integration is effective. A key role of the strategy will be to ensure the quality provision of education, health and social services. In the longer term, the city of Rezekne will promote education, develop a social health strategy, attract appropriately qualified development specialists (doctors, teachers, engineers), develop the city's cultural heritage and expand and diversify opportunities for entertainment.

Given the city of Rezekne's high level of unemployment and the low income levels, a social care program will aim to improve the management of social cares services, reduce poverty and social divisions, and initiate a psychology service. In seeking to build community institutions and improved capacity for community integration and harmony, the city of Rezekne will establish a detailed plan of how to develop the process of social integration in the city, by working with municipal and non-governmental organizations activities.

## VISION TO PROJECTS MATRIX

VISION	GOALS	OBJECTIVES	PROGRAMS	PROJECTS
Rezekne will be the administrative, economic, educational and cultural center in the Latgale region. It will be a European city with developed infrastructure where on the base of mutual activities of city-dwellers, employers and City municipality the high level of welfare, equal educational possibilities, work opportunities and housing rights are provided for every city-dweller. Rezekne will be a city where the inhabitants are proud of their city and live in peace with different religious beliefs, languages and traditions.	G1: To increase the transparency and customer orientation of city administration	G1:O1: To increase efficiency of city administration by implementing information and long term financial and investment planning systems by end of 2004	G1:O1:PG1: Improvement of public administration management system program	G1:O1:PG1: p1: Implementation of information management system (MIS) project G1:O1:PG1: p2: CIP and financial planning system implementation project
		G1:O2: To improve public administration clients satisfaction rate through implementation one stop shop system by end of 2002	G1:O2:PG1: Improvement of administrative services program	G1:O2:PG1: p1: 'One-Stop Shop' project G2:O1:PG1: p1: Rezekne employers round table project
	G2: To broaden and diversify the economic base in Rezekne	G2:O1: To promote cooperation between city administration and business community	G2:O1:PG1: Public-business cooperation program	G2:O1:PG1: p2: Business surveys project G2:O1:PG1: p3: Local business promotion project G2:O1:PG1: p1: Rezekne employers round table project
				G2:O2:PG1: p1: Advisory assistance for beginners project
		G2:O2: To increase support for beginners, existing companies and new investors using complex assistance instruments and resave permanent annual increase of work place	G2:O2:PG1: Assistance for starting up companies program	G2:O2:PG2: p1: SME enterprise center project
			G2:O2:PG2: Encouraging local business growth program	
			G2:O2:PG3: New investment promotion program	G2:O2:PG3: p1: Industrial park project G2:O2:PG3: p2: Investment promotion system project G2:O2:PG3: p3: Logistic center project G2:O2:PG3: p4: Development of city marketing plan project G2:O2:PG3: p5: Promotion of Economic cooperation with others cities and countries G2:O2:PG3: p6: Municipal property management and maintaining project

	G3: To improve living conditions in Rezekne	G3:O1: To develop technical infrastructure for providing communal and social services for citizens to achieve national standards by 2008	G3:O1:PG1: Water supply and sewerage system program	G3:O1:PG: p1: Development of city water supply and sewerage system
			G3:O1:PG2: Central heating system program	G3:O1:PG2: p1: Development of city central heating system
		G3:O2: To extend qualitative housing and commercial facilities by 5% per year	G3:O2:PG1: Housing program	G3:O2:PG2: p1: Low income housing project
				G3:O2:PG2: p2: Identification of new housing development areas project
				G3:O2:PG2: p3: Development of city housing policy project
				G3:O2:PG2: p4: Promotion of housing management services market project
	G4: To achieve integrated local community	G4:O1: To equalize personal development opportunities to all members of local community	G4:O1:PG1: City streets and roads development program	G4:O1:PG1: p1: Revitalization of public spaces project
			G4:O1:PG2: Public space program	G4:O1: PG2: p1: Improvement of children recreation ground G4:O1: PG2: p2: Implementation of schools project for public space by organizing special grant from municipal budget
			G4:O1:PG3: Human resources development	G4:O1:PG3: p1: Creation of Live learning center
			G4:O1:PG4: Social assistance program	G4:O1:PG4: p1: Creation of a family support centre G4:O1:PG4: p2: Organizing of summer camps for children from social risks families (yearly)
		G4:O2: To promote linkages and cooperation between different national groups of community	G4:O2:PG1: Society integration program	G.4.O2: PG1: p1: Establishing of national minorities culture centre G.4.O2: PG1: p2: Yearly festival of national minorities in Rezekne

## CITY OF REZEKNE PROJECTS MATRIX

Strategy Goals	To increase the transparency and customer orientation of city administration	To broaden and diversify the economic base in Rezekne	To improve living conditions in Rezekne	To achieve integrated local community
<b>LED Projects</b>				
Implementation of information management system (MIS) project	X			
CIP and financial planning system implementation project	X		X	X
‘One-Stop Shop’ project	X	X		
Rezekne employers round table project		X		
Business surveys project	X	X		X
Local business promotion project		X	X	
Advisory assistance for beginners project		X		X
SME enterprise center project		X		X
Industrial park project		X	X	
Creation of Pedestrian Street in downtown			X	X
Investment promotion system project		X	X	
Logistic center project		X	X	
Development of city marketing plan project		X		X
Promotion of Economic cooperation with others cities and countries		X	X	X
Municipal property management and maintaining project			X	X
Development of city water supply and sewerage system			X	
Development of city central heating system			X	
Low income housing project			X	X
Identification of new housing development areas project			X	X
Development of city housing policy project			X	X
Promotion of housing management services market project			X	X
Revitalization of public spaces project		X	X	X

## LED PROJECT IMPLEMENTATION PLAN

City of Rezekne LED Projects										
No.	Project Title	Total Value	Funding Sources (%)				Implementing Partners	Project Starting Date	Duration	Targeted Group / Beneficiaries
			Donors	City Govt.	Private Sector	Community				
1.	Implementation of Information Management System (MIS) Project	10,000	70%	20%	10%	0%	Donor, Local Government, Private Sector	July 2004	12 months	City Government and Private Sector
2.	CIP and Financial Planning System Implementation Project	1,000	50%	50%	0%	0%	The World Bank	September 2003	18 months	City Government and Private Sector, NGOs
3.	‘One-Stop Shop’ Project	6,000	0%	100%	0%	0%		November 2002	24 months	City Government and Private Sector, NGOs, citizens
4.	Rezekne Employers Roundtable Project	1,200	0%	70%	30%	0%	City Government, Private Sector	January 2004	12 months	City Government and Private Sector, Business Community, Citizens
5.	Business Surveys Project	800	0%	100%	0%	0%	Rezekne Institutions for Higher Education, Local Government	September 2004	4 months	City Government and Private Sector
6.	Local Business Promotion Project	100,000	75%	15%	10%	0%	Donor, Local Government, Private Sector	November 2004	18 months	City Government and Private Sector, NGOs
7.	Creation of Pedestrian Street in the City Center	1,120,000	75%	10%	15%	0%	Donor, Local Government, Private Sector	June 2004	24 months	City Government and Private Sector, NGOs, citizens
8.	Advisory Assistance for Beginners Project	800	0%	100%	0%	0%	Local Government	October 2004	6 months	City Government and Star-ups
9.	Industrial Park Project	1,000,000	50%	10%	40%	0%	Donor, Local Government, Private Sector	February 2005	24 months	City Government and Private Sector, Foreign investors

STRATEGY FOR LOCAL ECONOMIC DEVELOPMENT OF CITY OF REZEKNE (2004 – 2014)

10.	Investment Promotion System Project	10,000	50%	25%	25%	0%	Donor, Local Government, Private Sector	March 2005	12 months	City Government and Private Sector, Foreign investors
11.	Logistic Center Project	6,700,000	75%	0%	25%	0%	Donor, National Government, Private Sector	June 2004	24 months	National Government, Local Government, Private Sector, Foreign Investors
12.	Development of City Marketing Plan Project	10,000	75%	25%	0%	0%	Donor, Local Government	August 2004	8 months	City Government and Private Sector, Foreign investors
13.	Promotion of Economic Cooperation with Others Cities and Countries	10,000	40%	20%	30%	10%	Donor, Local Government, Private Sector, Community	October 2004	14 months	City Government and Private Sector, Citizens
14.	Municipal Property Management and Maintenance Project	100, 000	20%	60%	10%	10%	Donor, Local Government, Private Sector, Community	October 2003	24 months	City Government and Private Sector, Citizens
15.	Development of City Water Supply and Sewerage System	10,000,000	65%	10%	25%	0%	Donor, Local Government, Private Sector	October 2002	84 months	City Government and Private Sector, Citizens
16.	Development of City Central Heating System	500,000	50%	10%	40%	0%	Donor, Local Government, Private Sector	September 2003	24 months	City Government and Private Sector, Citizens, Customers
17.	Low Income Housing Project	45,000	100%	0%	0%	0%	Local Government	December 2003	6 months	City Government, Citizens, Customers, Social risk families
18.	Identification of New Housing Development Areas Project	7,000	80%	20%	0%	0%	National Government, Local Government	May 2004	10 months	City Government and Private Sector, Citizens
19.	Development of City Housing Policy Project	5,000	50%	50%	0%	0%	National Government, Local Government	January 2005	12 months	City Government and Private Sector, Citizens

STRATEGY FOR LOCAL ECONOMIC DEVELOPMENT OF CITY OF REZEKNE (2004 – 2014)

20.	Promotion of Housing Management Services Market Project	100,000	20%	60%	15%	5%	National Government, Local Government, Private Sector, Community	March 2004	36 months	City Government and Private Sector, Citizens
21.	Revitalization of Public Spaces Project	500,000	20%	60%	15%	5%	National Government, Local Government, Private Sector, Community	January 2005	60 months	City Government and Private Sector, Citizens
<b>Total Value:</b>		<b>20,226,800</b>	<b>46.4</b>	<b>38.8</b>	<b>13.8</b>	<b>1.4</b>				

## STRATEGY IMPLEMENTATION

According to the procedures of preparing municipal budgets in Latvia, the municipal budget has to be approved by local government after receiving state budget approval in the national parliament. Though the Republic of Latvia still has no multi-year budget planning system, some municipalities, including Rezekne, have approved a multi-year budget planning system.

### City of Rezekne Multi-year Financing Plan and Capital Improvement Planning System

- Defines value and timing for prioritization of city development projects at current year and future activities
- Is an effective instrument for data collection and monitoring for the decision-making system, and an information source for citizens, municipal organizations and financial institutions.
- The city's long term financial plan has been prepared for a four year period
- The plan is a platform of interconnected activities and services that has been planned and orientated to the LED strategy goals
- It involves city council members, city administration representatives, the business community and social partners including NGOs and municipal enterprises. The main responsibility as laid down by Latvian legislation goes to the chairman of city council

Income and expenditures are prepared in two ways: according to the classification of budgetary expenditures and to strategy programs. The second of these approaches provides an opportunity to follow strategy targets and to monitor strategy implementation results through monitoring by municipal financial institutions.

The main goal of the program is to mobilize financial resources to improve Rezekne's technical and institutional infrastructure. The four year program is reviewed annually and special procedures implemented to:

- Assess the city's annual report and review priority objectives
- Evaluate strategy implementation results
- Collect new project applications for strategy implementation
- Select priority projects
- Balance planned activities with city financial possibilities

In 2002, Rezekne City Council made a decision to establish an interdepartmental working group that is responsible for developing a new edition of the strategy implementation plan.

### Criteria for Project Selection

Technical and Economical Criteria:

- Adequacy of the project to the technical, construction and environmental standards and regulations
- Connection to the others technical projects
- Using modern technologies
- Available resources of the municipality
- Impact to the municipal budget (after implementation)
- Possibilities to secure external grants, finances, credits

Social and Economic Criteria:

- Project impact on the quality of life, for example, environment and security
- Project impact on economic activities (competitiveness, number of new working places, new incomes for city budget)

- Linkage with local businesses (impact to the local production and services, cooperation with sub-constructors)
- Identification of focus groups of beneficiaries
- Support on social level

Formal and Legislative Criteria:

- Adequacy of municipal decisions and approved strategy
- Obligations and guarantee in State budget

### Budgetary Revenues and Expenditures for the City of Rezekne (2005-2007)

	Execution	Plan	Prognosis		
Fiscal Year					
	2003	2004	2005	2006	2007
<b>REVENUES (in thousands)</b>	<b>9,350</b>	<b>8,366</b>	<b>9,352</b>	<b>9,950</b>	<b>10,605</b>
OWN REVENUES	4,728	5,351	5,473	5,819	6,205
TAXES	4,076	4,551	4,853	5,174	5,515
Other own revenues	652	800	620	645	690
Subsidies	4,622	3,015	3,879	4,131	4,400
Delegated tasks	2,175	2,387	3,226	3,452	3,694
Municipal tasks	2,447	628	653	679	706
<b>OPERATING EXPENDITURES</b>	<b>7,165</b>	<b>8,009</b>	<b>8,622</b>	<b>8,985</b>	<b>9,330</b>
STATE DELEGATED TASKS	2,167	2,310	2,472	2,645	2,830
Education	2,167	2,310	2,472	2,645	2,830
<b>MUNICIPAL TASKS</b>	<b>4,998</b>	<b>5,699</b>	<b>6,150</b>	<b>6,340</b>	<b>6,500</b>
Administration	672	922	950	979	1,008
Education	1,878	2,173	2,260	2,350	2,444
Health Care	62	22	23	24	25
Social Services	906	996	1,035	1,076	1,119
Communal services	654	906	1,041	1,062	1,085
Culture and Recreation	513	554	570	587	605
Economic Activity	268	21	24	25	26
Others	45	105	247	237	188
<b>OPERATING SURPLUS</b>	<b>2,185</b>	<b>357</b>	<b>730</b>	<b>965</b>	<b>1,275</b>
<b>CIP Expenditure</b>	<b>2,115</b>	<b>1,500</b>	<b>504</b>	<b>1,158</b>	<b>1,190</b>

(USD \$1 = 0.547 LVL)

### Municipal Development Agency: “Rezekne Business Center”

Institutional development is a key aim of the Rezekne LED strategy. Although the city is still facing serious demographic and economic challenges, it is clear that the city needs to strengthen its position. The Rezekne Business Center (RBC) city development agency will play a key role in this task. RBC emerged out of the city council's economic development department and is now responsible for LED on behalf of Rezekne City Council. The aim of this project was to improve cooperation between the city administration and the business community in Rezekne. This idea was implemented and financed under the PHARE 2000 “Development of Rezekne Business Center” project. The Rezekne Business Center became operational in December 2003.

RBC provides economic development services for Rezekne City Council that include promoting business activities, providing services to public and municipal establishments, and the provision of public services to individuals and corporate entities in the city Rezekne and the surrounding district.

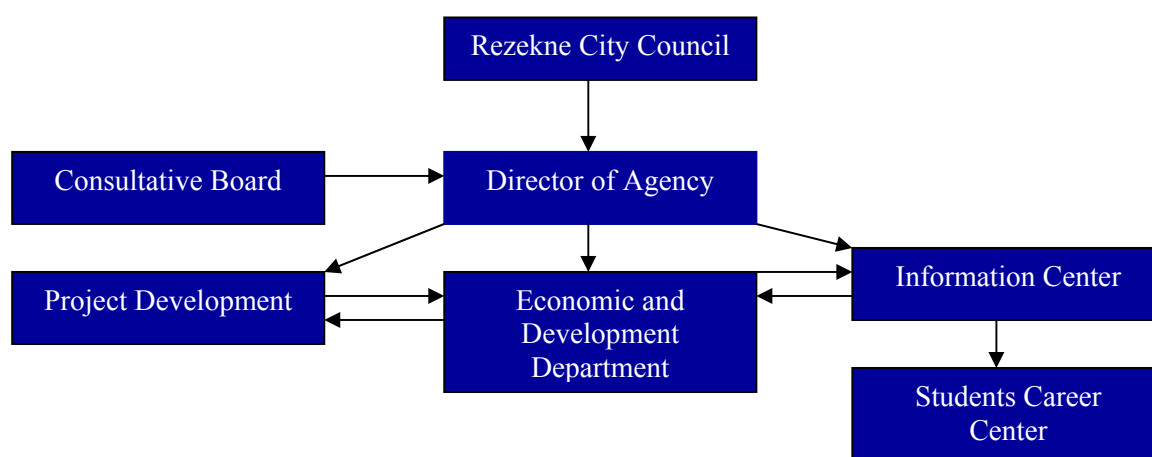
Rezekne Business Center is established on the basis of Rezekne City Council resolution and annual contract for services with mayor of the city. RBC aims to:

- Promote the development of an entrepreneurial environment
- Improve communication among entrepreneurs and the city council
- Ensure continuous identification of preconditions for a successful entrepreneurial environment by offering services to entrepreneurs i.e., consulting, training and office services, as well as providing assistance with obtaining various permits, confirmations, registrations and documents in the municipality
- Establish and develop the database under the agency's supervision as well its utilization to provide the necessary information to entrepreneurs for a more efficient decision-making and business development process
- Enhance the necessary services to the entrepreneurs focusing on regulation, adjustment and improvement of entrepreneurial environment in the interests of Rezekne city
- Provide services to public and municipal establishments, individuals and corporate entities

RBC, according to its objectives and functions, has established the following principal departments:

- Project development department
- Economic and development department
- Information department (Students Career Center)

### RBC Organizational Structure



RBC is charged with undertaking the following functions:

- Summarizing the proposals identified by the Rezekne LED strategy
- Improving the effectiveness and efficiency of solving the economic and development issues in the Rezekne city council by promoting communication between the city council and entrepreneurs
- Promoting Rezekne to supporting institutions
- Attracting investments to enhance the regional and urban business environment
- Providing services to Rezekne city and district entrepreneurs by delivering the following assistance: consulting, training and office services, as well as providing assistance with obtaining various permits, confirmations and registrations
- Cooperating with other organizations
- Organizing international cooperation with other similar establishments and organizations in foreign countries in order to get acquainted with their experience and make improvements to the commercial environment;
- Establishing and maintaining various information databases with the information necessary for Rezekne city commercial environment
- Cooperating with public and municipal institutions, NGOs, businesses and merchants to encourage information exchange and project realization

## LED PROJECT ACTION PLANS

Project: Creation of Rezekne Business Center (SME Enterprise Center)		Program Type(s): Business Development Program
<b>Short Description of the Project:</b> The Rezekne Business Centre (RBC) is a modern center for the promotion of entrepreneurship and LED. The Center offers business development services to local entrepreneurs. With a qualified staff and equipment, the center is able to offer a wide range high quality services to the business community. A professional team offers advice to existing or potential entrepreneurs in management, finance and marketing. Related services include business planning, preparing loan applications, offering business information, organizing courses and seminars, organizing roundtables and conferences, providing feedback to the local administration, advocacy and project development.		
<b>Expected Results:</b> To promote the development of an entrepreneurial environment in the City of Rezekne and the wider region To improve the operational effectiveness of the economic and development activities and planning by improving communication between the municipality and entrepreneurs An increase in the contribution of the private sector to the municipal budget and local economy An improved rate of economic growth and social development To implement entrepreneurship support by attracting entrepreneurship support institutions for the support consultancies; to provide regional entrepreneurs with the necessary competences To provide practical and professional education and training to student interns To reduce unemployment and business failures and increase the number of business start-ups		<b>Target Group(s):</b> The main target user groups of the Rezekne Business centre development plan are: RBC: Development document for period up to 2008; Rezekne City Council: For planning and control of RBC financing; Rezekne city and regional entrepreneurs: for the better development of their companies and getting to know possibilities; RBC cooperation partners: for the preparation and development of cooperation proposals; Education institutions: students and necessary research matching; Potential investors: investment proposals preparation and cooperation planning.
<b>Possible Stakeholders:</b>		<b>Possible Contributions to the Project:</b>
Rezekne City Council		Project Managers
Latgale regional cities and communities; other local municipalities		Partners in the implementation in the project
Ministry of Economy, PHARE program for SMEs, state institutions and employment service, company register, Rezekne education institutions		Technical and financial assistance
Latvian Technological Park, LTC and business incubators, professional and industry associations, support centers, organizations abroad		Technical advice through experts
Rezekne Higher Education Institution		Students may work here as interns
Latvian Development Agency and other organizations willing to exchange information		Technical and financial assistance Technical advice through experts
<b>Prerequisites:</b> Adequate infrastructure Specialists that could provide services		Available premises and equipment Available financial resources
<b>Estimated Costs:</b> Investment: US \$150,000 Non investment: US \$35,000 Annual operational costs: US \$20,000		
<b>Time for Implementation:</b> Development period 2002-2004		<b>Time to Impact:</b> Full institutional capacity by 2008

<b>Project: Economic and Entrepreneurship Information System ( EEIS)</b>	<b>Program Type(s): Local Government Improvement Services</b>
<b>Short Description of the Project:</b> The economic and entrepreneurship information system is a part of the Rezekne Business Center and provides various types of data to entrepreneurs through a portal. It is envisaged that entrepreneurs will use the portal to obtain information about enterprises, economic indices in the Rezekne region and indices of industries. The elaborated services will received information about municipal functions, activities, list of payments for different permissions and confirmations. The Entrepreneur Portal will provide information about municipal regulations and rules that are connected with entrepreneurship. The elaborated business portal will also provide informative linkages among companies, assist with business-to-business communication, assist in partner search, serve as a database for company supply chain needs.	
<b>Expected Results:</b> Entrepreneurs will be able to obtain information on enterprises, local and regional economic and industry indices in Rezekne The elaborated services will get received information on relevant municipal functions, activities, list of payments for different permissions and confirmations The Entrepreneur Portal will provide information about municipal regulations and rules that are connected with entrepreneurship. The business portal also will provide informative linkages among companies, organize business to business communication, effectively assist in partner search, will serve as data base for companies supply and demands needs. The information system about economics and entrepreneurship will integrate and will effectively fulfill each other	<b>Target Group(s):</b> Rezekne city and regional entrepreneurs: for the better development of companies and getting to know possibilities Education institutions: students and necessary research matching; Potential investors: preparation and cooperation planning
<b>Possible Stakeholders:</b>	<b>Possible Contributions to the Project:</b>
Local government	Project Manager
Business association/ Private sector	Project support/ offers information, advertises initiatives and possibilities
International organizations	Technical and financial assistance
Governmental and non governmental organizations	Partners and users of the information and advertising
<b>Prerequisites:</b> Adequate infrastructure Support from the administration to create and update the information system	<b>Risk Factors:</b> Lack of specialized personnel Lack of financial founds
<b>Estimated Costs:</b> Investment costs: US \$90,000 Non Investments costs: US \$45,000 Annual operation costs: US \$8,000	
<b>Time for Implementation:</b> One year	<b>Time to Impact:</b> One year later, after project becomes operational

<b>Project: Venture Capital Fund</b>	<b>Program Type(s): Business Development Program</b>
<b>Short Description of the Project:</b> Created out of the Rezekne Special Economic Zone fund, the Venture Capital Fund will be operated independently of state and municipal grants on a commercial basis, and will utilize external funding. Given Rezekne's weak SME capacity relative to the Latvian average, it is envisaged that the Venture Capital Fund will be an important instrument in the support and development of local enterprises and entrepreneurial activity.	
<b>Expected Results:</b> Support of Business development Access to the capital for most dynamic companies	<b>Target Group(s):</b> Small and medium sized enterprises Existing enterprises Potential investors
<b>Possible Stakeholders:</b>	<b>Possible Contributions to the Project:</b>
Rezekne Special Economic Zone	Project managers
Local government	Technical and financial assistance
Business association/private sector	Technical and financial assistance
<b>Prerequisites:</b> Potential conditions for local business development exist Support from the administration	<b>Risk Factors:</b> Lack of specialized personnel Lack of financial funds Low business potential of local businesses
<b>Estimated Costs:</b> Investment: More than US \$500,000 Non Investment: US \$50,000 Annual operational costs: US \$25,000	
<b>Time for Implementation:</b> 3 years	<b>Time to Impact:</b> After 3-5 years

<b>Project: Business Roundtable</b>		<b>Program Type(s): Business Association Development Program (Public-Business Cooperation)</b>	
<b>Short Description of the Project:</b> There is no regular information exchange between Rezekne municipality and the local business community. The main task of the project is to broaden and diversify the economic base in Rezekne; organize regular meetings between Rezekne’s entrepreneurs, the municipality and the Rezekne Special Economic Zone and Chamber of Trade and Industry, and discuss practical topics for city development, recognize the business community’s situation and needs, and establish a forum for the direct cooperation between public and private sector partners.			
<b>Expected Results:</b> Regular information exchange between local business and municipality Common projects could be developed, development of business environment in Rezekne and trust between business and municipality Help support local to businesses		<b>Target Group(s):</b> Rezekne city and regional entrepreneurs Small and medium sized enterprises Entrepreneurs organisations	
<b>Possible Stakeholders:</b>		<b>Possible Contributions to the Project:</b>	
Rezekne municipality		Manager and donor of the project	
Chamber of Trade and Industry		Co-donor of the project	
Special Economic Zone		Co-donor of the project	
Rezekne City Council		Co-donor of the project	
<b>Prerequisites:</b> Motivation or participation in implementation of project Mutual cooperation with L.G. with the purpose of business development		<b>Risk Factors:</b> Condition that donors offer Untrained and inexperienced staff	
<b>Estimated Costs:</b> US \$3,000			
<b>Time for Implementation:</b> One year		<b>Time to Impact:</b> After one year	

<b>Project:</b> Business Conference Center	<b>Program Type(s):</b> Business Development Program
<b>Short Description of the Project:</b> The Business Conference Center provides a venue for conferences, workshops and training sessions. The reconstructed and equipped business conference center is able to offer simultaneous interpreting and videoconferencing, and a number of international conferences and business training events have been held.	
<b>Expected Results:</b> Creation of Rezekne as business tourism destination Development of conference facility Attracting Rezekne for training institutions Renovation of existing facility	<b>Target Group(s):</b> Rezekne city and regional entrepreneurs Education institutions
<b>Possible Stakeholders:</b> Rezekne municipality Chamber of Trade and Industry Special Economic Zone	<b>Possible Contributions to the Project:</b> Manager and donor of the project
<b>Prerequisites:</b> Existence of the project manager Available office and conference hall	<b>Risk Factors:</b> Budget limitation Additional office staff Insufficiently qualified people to staff the office
<b>Estimated Costs:</b> Investment costs: US \$190,000 Non investment costs: US \$25,000 Annual operational costs: US \$12,000	
<b>Time for Implementation:</b> One year	<b>Time to Impact:</b> After one year

Project: Student Career Center		Program Type(s): Education Program	
<b>Short Description of the Project:</b> As a service of the Rezekne Business Center, the Student Career Center (SCC) will promote and facilitate cooperation between employers and local and regional educational institutions to increase the professional capacity of local labor force and improve overall educational quality.			
<b>Expected Results:</b> Create and use student abilities evaluation system/ criteria Staff selection (Company is receiving list of potential workers) Research databases (universities and companies) Feedback from entrepreneurs Creation of practice places database Office services delivery Participation in students organized events Student’s auction Information about potential sponsors Qualification raise for training staff, experience exchange, practice Project initiative Participation in exhibition/conferences Research for entrepreneurs Create possibility for employment		<b>Target Group(s):</b> Education institutions (local and foreign) Students Trainers/ lecturers Graduates Companies and institutions(local and foreign) Owners Managers Staff Employment institution	
<b>Possible Stakeholders:</b>		<b>Possible Contributions to the Project:</b>	
Municipal Assembly		Department of Education Business community Opportunity for students to work in the office as interns so they can perform services under supervision of senior staff while gaining experience	
Municipal Directorate of Education			
Students organization			
Local business service providers and other institutions – a. practical experience for students and faculties. B. income for university and future positions for students			
<b>Prerequisites:</b> The Project is ongoing and the results achieved so far are satisfactory Commitment from the municipality to support the program		<b>Risk Factors:</b> Lack of continuous source of financing Migration of qualified students to bigger urban centers Limited business potential in the area	
<b>Estimated Costs:</b> Investment costs: US \$20,000 Non investment costs: US \$18,000 Annual operational costs: US \$18,000			
<b>Time for Implementation:</b> 6 months		<b>Time to Impact:</b> After 12 months	

<b>Project: ‘One-Stop Shop’ for Business</b>	<b>Program Type(s): Local Business Enabling Environment Program</b>
<b>Short Description of the Project:</b> <p>The goal of the project is the establishment of a ‘one-stop’ shop that will offer professional advice business in management, finance, marketing and human resources to current Small and Medium Enterprises. Those interested will be able to acquire information and receive assistance in complying with the administrative procedures related to the establishment and operation of a businesses. The ‘one-stop’ shop will provide assistance to business managers in planning, the organization of courses, seminars, support of the business community through communication (roundtables and conferences) with the local administration, advocacy. The ‘one-stop’ shop will gradually become self-financing and users will be charged a fee for services; several services are exempted from payment such as seminars or assistance for starting a business. Initial ‘one-stop’ shop start-up costs will be covered by the municipal budget and/or donor funds. The establishment of the ‘one-stop’ shop will become a factor in improving the overall local business environment. The long term impact will be less unemployment, a better economy and higher local incomes.</p>	
<b>Expected Results:</b> Increase in number of businesses Improvement of business environment Efficient and timely deliver of administrative services for SME Reduction failures in business Decreasing unemployment Better relation between local administration and business clients Faster and better quality of services	<b>Target Group(s):</b> Potential investors, people with business ideas who lack finance or knowledge to start up a a business Existing SME People with business ideas that do not have knowledge or financial means to start a business
<b>Possible Stakeholders:</b>	<b>Possible Contributions to the Project:</b>
Business associations, chamber of commerce Local government, International organizations, European Union programs in regional private enterprise center	The LED team Department for reconstruction and development of the municipality The local chamber of commerce Private businesses
<b>Prerequisites:</b> Availability of office and equipment in the municipal building Availability of trained and skilled individuals in the business service area Possibility to coordinate and merge resources with donor programs	<b>Risk Factors:</b> Not sufficient expertise in business service providing Lack of coordination in donors programs Limited options for financing Difficulties in gathering data and accessing information
<b>Estimated Costs:</b> Personnel salaries (three people): US \$7,200 Equipment: US \$5,000 Variable expenses: US \$4,000 Rent of the building: US \$2,400 Total expenses for the first year: US \$18,600 Partners can contribute to project financing (in cash, equipment, buildings) After a period of time the services of the center may be compensated at reasonable price. Training and seminars can be financed from donations or additional funds	
<b>Time for Implementation:</b> One year	<b>Time to Impact:</b> Review after 3 months of activity

<b>Project: ‘One-Stop Shop’ for Citizens</b>		<b>Program Type(s): Local Government Improved Services</b>	
<b>Short Description of the Project:</b> Two employees (from the municipal administration) will provide basic information on the requirements for registration and licensing of businesses, procedures and fees). The office may distribute information regarding changes in the legislation or administrative procedures from other institutions/departments (procedures for tax collection, requirements for sanitary licensing, fire brigade norms). The office could also provide basic data to possible investors. It is possible that services are free of charge.			
<b>Expected Results:</b> Increase in the quality of municipal professional services offered to citizens, business community and NGOs Improved relations between local administration and citizens Faster and better quality services provided by the municipal administration An improved business environment that is favorable to local and inward investments An increased number of businesses (easier access to info) Established database on business for municipal government An increase in public confidence of municipal government		<b>Target Group(s):</b> Local government: local administration Business community Citizens NGOs	
<b>Possible Stakeholders:</b>		<b>Possible Contributions to the Project:</b>	
Local government		Financial assistance Direct financial support, political support Offers specific information for various staff	
Business association and Private Sector		Financial support Technical assistance	
<b>Prerequisites:</b> Previous and selective preparation Adequate training facilities		<b>Risk Factors:</b> Limited financial resources Insufficiently qualified people to staff the office	
<b>Estimated Costs:</b> US \$10,000 Running costs: US \$2,000			
<b>Time for Implementation:</b> One year		<b>Time to Impact:</b> Review after 3 months of activity	

<b>Project: Promotion of Economic Cooperation with Others Cities and Countries</b>	<b>Program Type(s):</b> <b>Encouraging Local Business Growth</b> <b>Promote Inward Investments</b> <b>Investment in Soft Infrastructure</b> <b>Improving Local Business Enabling Environment</b>
<b>Short Description of the Project:</b> <p>One of the main problems faced by the municipality is that there are so many changes to cope with and very little experience and expertise in many fields. This project aims to establish communication channels between municipalities in the hope that they can share experiences and program ideas. These exchanges could range from selling products in the other's market, creating joint ventures, exchanging students or trainees for apprenticeships. The project will involve professional correspondence, presentations, visiting and hosting the partners, organizing fairs and presentations, and preparing promotion materials.</p>	
<b>Expected Results:</b> <p>Increased opportunities for the local businesses that may find markets and partners in the partnering municipality.          There is an opportunity for tourism development          Increased number of businesses (either locals start new ones to match the ones of the partners or create Joint Ventures)          Increased investments from outside the community          Eventually all the above determine reducing number of unemployed</p>	<b>Target Group(s):</b> <p>Existing entrepreneurs          Local administration.          NGOs and associations          Public institutions</p>
<b>Possible Stakeholders:</b>	<b>Possible Contributions to the Project:</b>
Local government	Leader of the project
Business association	Partner of the project
Chamber of Commerce	Possible partner for the implementation of the project
NGOs, Associations	Beneficiaries of the project due to the opportunities opened for partnerships
Public institutions	Involved in the implementation of the project and participants in the experience exchanges.
Diaspora	Supporter of the project, may represent a liaison with the communities where they settled
<b>Prerequisites:</b> <p>City is determined to support the project and motivate other groups of the community to become involved          There are available, suitable partners identified, willing to partner.</p>	<b>Risk Factors:</b> <p>City instead of increased transparency ends up by taking full advantage of the project for the personal interests of the staff.</p>
<b>Estimated Costs:</b> <p>Total: US \$17,000          Promotion materials: US \$2,000          Visiting partners: US \$5,000          Public relations: US \$3,000          Administrative Costs: US \$2,000          Organizing meetings and fairs: US \$5,000</p>	
<b>Time for Implementation:</b> Start-up in about one year	<b>Time to Impact:</b> First evaluation after 1-2 years of operations.

<b>Project:</b> Business Community Survey	<b>Program Type(s):</b> Local Business Enabling Environment Program
<b>Short Description of the Project:</b> The objective of this project is to conduct a survey of the business community with business individuals from a wide variety of sectors in order to receive current information on the needs, goals and constraints of engaging in business, through a questionnaire prepared by the Directorate for Economy and Finance. This survey will be used to create a realistic overview of the needs of the business community, identify the tools to overcome challenges and design specific projects to address these needs.	
<b>Expected Results:</b> Better knowledge about local business Guidelines for SME support projects	<b>Target Group(s):</b>
<b>Possible Stakeholders:</b>	<b>Possible Contributions to the Project:</b>
Chamber of Commerce	Manager of the project
Local government	Staff of the municipal departments
<b>Prerequisites:</b> There is a socially endangered population	<b>Risk Factors:</b> Insufficient budget Lack of capacity to conduct and analyze surveys
<b>Estimated Costs:</b> 3000 USD	
<b>Time for Implementation:</b> 2 months	<b>Time to Impact:</b> 4 months

## CITY OF POPRAD



## STRATEGY FOR LOCAL ECONOMIC DEVELOPMENT 2002-2010

Poprad, Slovakia  
September 2004

### **Disclaimer**

This strategy has been written by the City of Poprad Municipal Team with advice and guidance from the World Bank Group and the Bertelsmann Foundation. The World Bank Group and Bertelsmann Foundation do not accept any liability for the accuracy or content of this strategy; they do however congratulate the Municipal Team for the quality of this work.

## INTRODUCTION

Poprad is a key town located in the High Tatra region of north central Slovakia. It sits on the main road and rail connection that links Bratislava with the eastern part of the country. The town is situated close to southern border of Poland and has an airport with international connections. Poprad is an administrative center and manufacturing town, and the surrounding region is popular as a tourist destination. The mountains and infrastructure provide a supporting environment for winter sports. The town has a long history of manufacturing and has attracted a number of foreign investors, the most prominent being the Whirlpool Company and its associated suppliers. While Poprad is not a big city in comparison to other Slovakian urban centers, the town offers a good quality of life and a skilled workforce to investors.

Poprad is an active member of the Tatra Euroregion and works closely with its Polish partner town of Zakopane. In 1999, Poprad joined a network of central European cities established as part of the Cities of Change program, a program initiated by the World Bank and the Bertelsmann Foundation. Poprad, together with a number of other cities, participated in the Economic Development Cluster. A primary aim of the cluster was to develop a local economic development strategy to strengthen LED institutional capacity within the city administration. The program methodology was based on a five stage approach to LED strategic planning that included:

- Organizing the Effort
- Conducting the Local Economy Assessment
- Developing the LED Strategy
- Strategy Implementation
- Strategy Review: Developing a monitoring and evaluation system

In devising its LED strategy, a participatory process involving politicians, interdepartmental teams of civil servants and community members was established. This process commenced in 2000 and a local economy assessment was undertaken. An LED vision and goals were identified and following stakeholder consultation, these were approved by the City Council in 2002. Following this, additional LED programs and projects were selected and approved in 2003.

### LED Institutional Set-up

To strengthen institutional capacity in City Hall, a number of developments were undertaken that included:

- A new department responsible for LED
- Multi-year financial planning was introduced to the finance department
- A 'one-stop shop' for citizens was created
- Strategy implementation procedure was established to update strategy the implementation plan every year
- A Council of Third Sector Organizations was established; this has eleven members that are representatives of all the NGOs working in Poprad

A number of new projects were prepared for implementation and several applications for European Union Structural Funds were submitted.

To develop an LED strategy using a participatory approach, three working teams were established:

- Working Group responsible for logistics and professional analysis
- Steering Committee responsible for drafting the strategy
- Stakeholder Group to consult on the draft strategy

Given that there was not a dedicated LED Department within the Poprad administration at the beginning of the strategy making process, a team comprising specialists from different departments was nominated as a **working group**. The leader of this team was the Poprad Cities of Change initiative coordinator. The team was responsible for strategy process, collecting data, conducting surveys and working with the Cities of Change program to prepare a local economy assessment and propose LED strategy goals, objectives and programs.

**The Steering Committee** discussed draft strategy proposals before stakeholder meetings and the Mayor was the steering committee leader. Additional staff members were invited as and when necessary, and the core steering committee consisted of:

- Mayor of Poprad; leader of the team
- Council Member
- Director of Poprad's Regional Advisory and Information Center
- Head of Economic Resources Division
- Head of Property Division
- Head of Business Division
- Representative from the Local Taxes and Charges Division

#### **LED Stakeholders Group: The Local Development Council**

In order to involve the business community in the strategy making process, the City Council initiated a stakeholder group of public, private (major industrial and tourism companies, commercial banks), and non-governmental organizations and institutions. Under the name of the Local Development Council, the stakeholder group is defined as an advisory body to the city administration in the field of the local economic development. The Local Development Council consisted of representatives from the following organizations:

- City Council: the Mayor of Poprad
- Head of City Council's Trade and Tourism Commission
- National Labour Office
- Statistical Office
- The Slovak Airport Administration
- Matej Bel University, Faculty of Economics
- Whirlpool Slovakia; producer of laundresses
- Tatramat; producer of water heaters
- Pivovar Tatran; local brewery
- Tatrakon; food producer
- Tatravagonka; manufacturer of rail wagons
- Darpop; restaurant operator
- Hotel Poprad
- Hotel Satel
- Volksbank
- Tatrabanka
- Chemosvit; a chemical factory based in the neighboring city of Svit
- Regional Advisory and Information Center (Poprad)
- Poprad Students Parliament
- Academy of Education
- Local newspaper journalist and tourism expert
- Slovak Chamber of Trade and Commerce

### Strategy Making Process

The Local Development Council met twice, first in March 2001 to discuss the city's economic situation and strategy development process, and then again in October 2001 to discuss the results of a business attitude survey and SWOT (strengths, weaknesses, opportunities and threats) analysis. The city's LED vision and strategic goals were agreed as a result of these discussions. Also raised at this meeting was the perceived need for a local tourism organization and agency responsible for local economic development. The city council proposed a Commission for Trade and Tourism to review the draft strategy and prepare recommendations for the plenary meeting.

The Commission for Trade and Tourism has played an important role in facilitating local actions for tourism development. In October 2000, the Commission sought to create a Local Association for Tourism (LAT) and initiate closer collaboration with the City of High Tatras in the joint marketing and promotion of the region. In 2001, the Commission also sought to develop a public-private partnership to promote and market the newly reconstructed historic city quarter of Spišská Sobota.

The Commission is composed of members of the city council together with business and tourism experts. In aligning the activities of the Commission with LED strategy, it was appropriate that the Head of the Commission should become a member of the Local Development Council and activities of the commission have been incorporated into the strategy making process. Finally, the city council approved the city vision with strategic goals and decided to establish new department responsible for regional and local economic development. The tourism agency was incorporated in to the new department structure.

Over the next year, the local economy assessment was upgraded, and multi-year financial analyses were prepared. In consultation with different city units and stakeholders, a number of programs were identified and priority projects selected. A special NGO forum was institutionalised to encourage consultation on city plans with the non-governmental sector. At the beginning of 2003, the City Strategy for LED was approved by the city council, and in order to institutionalize the LED strategy implementation planning process, a regular annual procedure was established.

### Structure of Municipal Government and City Budget

Poprad's activities and functions are determined by the Constitution of the Slovak Republic and is further specified by the Municipal Regulation Law. According to the Municipal Regulation Law, the self-governing functions are referring mainly to:

- Managing the property of the municipality, budgeting and final budget of the municipality
- Local taxes and charges
- Economic actions in the municipality
- Local roads, public areas, cemeteries, local cultural and sports facilities
- Environmental policy
- Regional planning documentation
- Own investment and enterprising activities of the municipality
- Public safety in the municipality
- Chronicle of the municipality landmarks care

For the period 2002-2006, there are 31 elected members.

Poprad Municipal Council has a number of responsibilities that include:

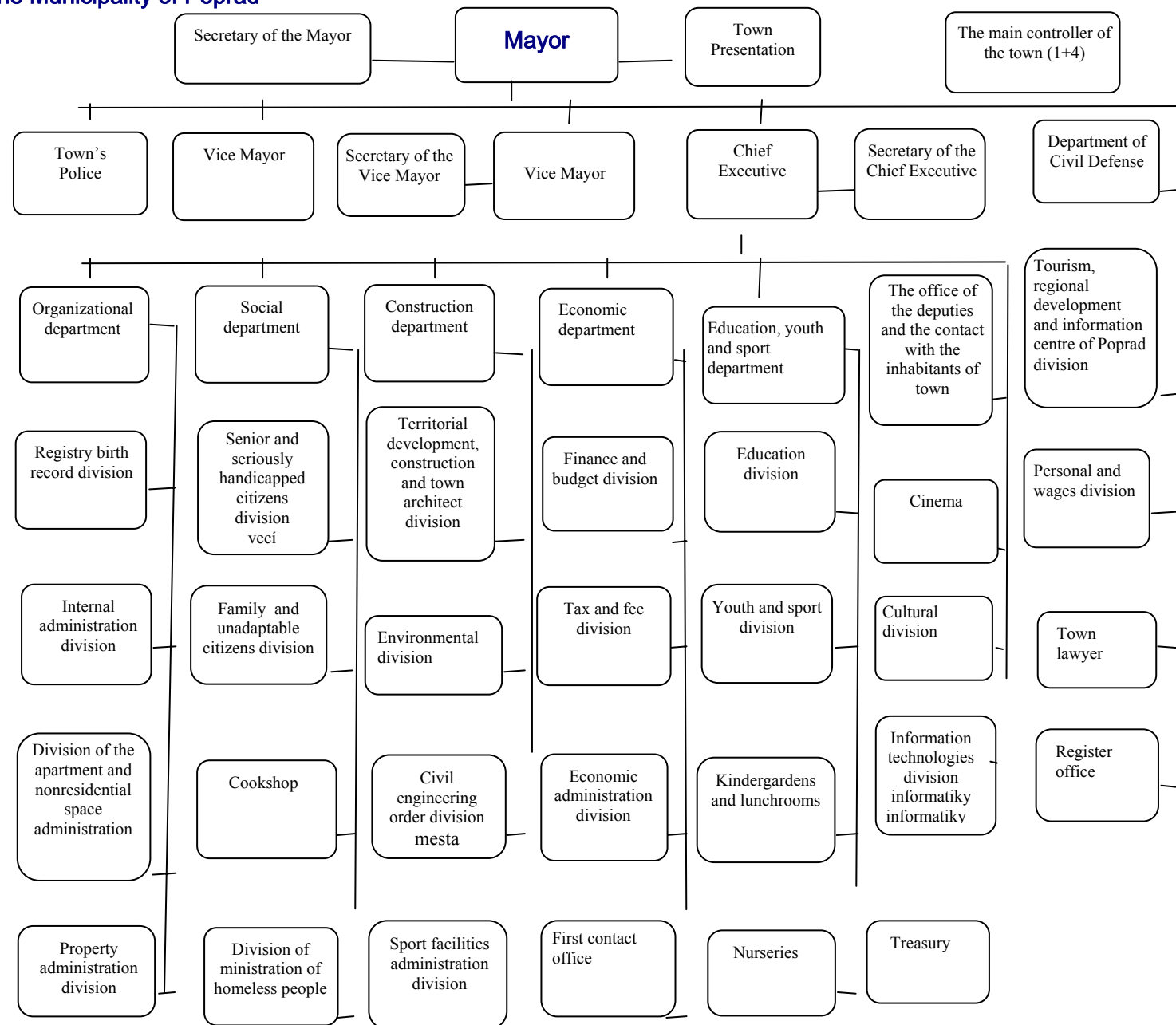
- Designating the managing principles with the property of the municipality and subsequently control them
- Approving the budget of the municipality and the budget changes and to control the budget
- Accepting the regional planning of the municipality and the concept of development
- Deciding about the introduction or cancellation of local taxes

- Announcing the polling municipal residents
- Resolving on resolutions
- Determining a set-up of the local authority
- Establishing and control the municipal enterprises
- Administering honorary citizenships

The city council can establish committees as its permanent or temporary advisory bodies. Committees consist of members of the local council and of residents of the municipality elected by the local council. The committees identified below are presently working in the municipality of Poprad:

- Social and housing
- Financial
- Education, youth and culture
- Tourism and regional development

## Organizational Structure of the Municipality of Poprad



### Breakdown of City Hall Employees

Operational Units	Actual Situation				Total
	Full-time		Part-time		
	Clerks	Labourers	Clerks	Labourers	
Staff	128	-	2	-	130
Cleaning Service	3	30	-	4	37
City Police	36	-	-	-	36
Care Givers	39	-	12	-	51
Café	1	5	-	-	6
Public Works Staff	4	-	6	-	10
Kindergarden	9	2	-	-	11
Cinema	3	1	-	-	4
Cook Shop for Pensioners	1	6	-	-	7
Hostel for Homeless People	1	3	-	-	4
Total	225	47	20	4	296

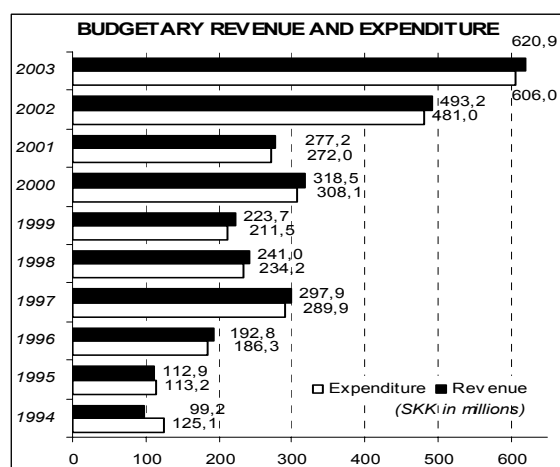
### City Budget

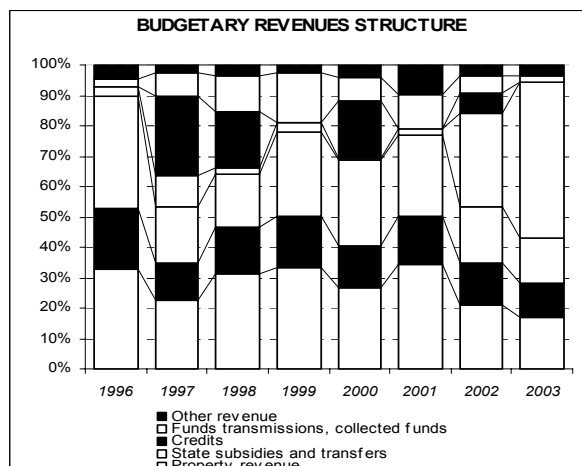
A primary component of Poprad's municipal budget revenue comes from tax receipts from the state budget, income tax (local taxes and fees), property yields and the proceeds of sales, state subsidies, grants and transfers, credits, loans and other receipts. Poprad's budgetary revenue structure is displayed in the graphs below. Between 1996 and 2003, Poprad's budgetary revenue structure experienced change. While at the beginning of the period the largest portion of total revenue was represented by tax income and municipal property receipts from property ownership and sale, during the latter stages of the period, the largest proportion was represented by the transfer of responsibilities to the municipal level and associated budgetary resources. In 2003, state subsidies and transfers reached SK. 317.4 million to become a major source of Poprad's income (51.1%). State and national decentralization of construction, nursing, schools, social assistance and environmental protection and an associated transfer of financial resources resulted in municipal revenues increasing by 224% between 2001 and 2003.

In terms of operational and capital expenses in 2003, the expected inter-year strengthening of non-capital expenses occurred (+40.5%) within the total cost.

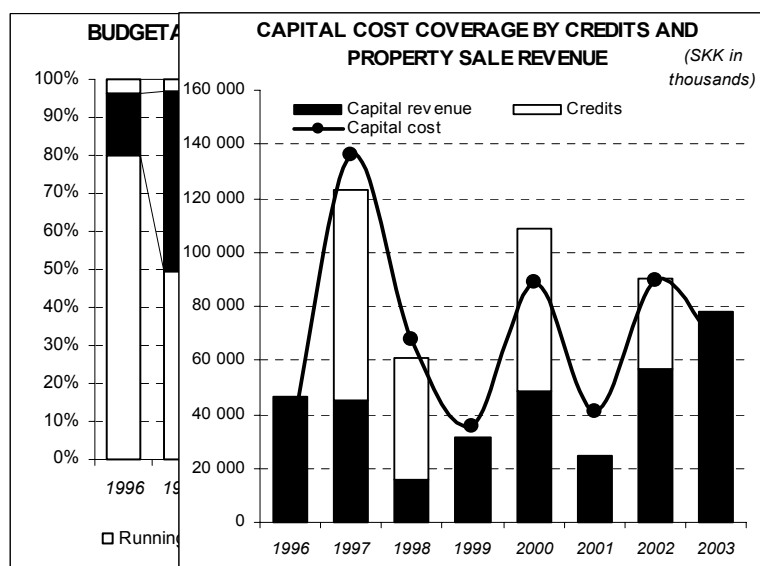
Capital expenditure at the same level as for the last few years is not possible to maintain without additional sources of revenue. Municipal investment varies significantly and is dependent on whether the revenues in a given year is supplemented by credit resources.

During the last year of monitoring, a high volume of investment was financed by the capital revenues which exceeded capital costs.





At the end of 2003, the town was paying three Slovak crown credits and one Euro credit. After reviewing credit payments to the Dexia Bank of Slovakia, the level of debt servicing in 2002 and 2003 was settled at approximately SK. 23 million. A similar amount has been calculated for 2004, and municipal forecasts predict that by 2008, current municipal debt will fall to SK 17.5 million. In 2004, the city of Poprad was evaluated by an independent credit rating agency and judged to have a 'Ba+' credit rating, up from a rating of 'Baa-' in 2003.



## LOCAL ECONOMY ASSESSMENT

In undertaking the local economy assessment, the taskforce team collected data to review and identify the main issues affecting and guiding Poprad's growth and development. Data collected by the taskforce team and supplied by stakeholders provides an overview of the city's historical roots, geographical position, demographic data, unemployment status, economy, transport, spatial management, infrastructure, housing, health, education, sport and culture and environment

### Basic Information

This modern town of forty-four thousand inhabitants south of the High Tatra Mountains is a center for tourism and leisure, and main gateway to the Tatra mountain range. The town extends over the Poprad basin alongside the river which bears the same name. It is an important communications nexus with an international airport. Potential exists to develop the town's engineering industry as exemplified particularly by the successful Whirlpool-Tatramat company, and for the region's tourism.

Poprad, the third largest town of the eastern Slovakia and the tenth Slovak largest town.



Poprad is located in the broad high valley that carries the Poprad River. The cadastre has an irregular radial shape covering an area of approximately 6,305 square kilometers. In the northern part of the district sits the High and Belianské Tatras massif. In the eastern part, lies the Levoca mountain chain; in the south, there is a low highland of the Kozie chrbty, and in the west, there are the heights of the Strbske dividing ridge. The High Tatras massif reaches to approximately 2,000 meters in height. Given its situation close to the Tatra range, Poprad boasts magnificent scenery. The town is surrounded by agricultural land, which then progresses into continuous forest.

The town's social, economic, and geographical significance results from its advantageous transport position both on the E50 road, a road with international significance, and the main rail route linking Kosice and Bratislava with a connection to the Czech Republic and the Ukraine. The international airport at Poprad-Tatry is situated at 718 meters above sea level.

While the number of workers employed in industry throughout the district has decreased, industrial production in financial terms is rising. Enterprises in the district are suffering from secondary insolvency resulting from companies being unable to pay their debts due to the companies themselves being unpaid for work undertaken. The possible development of the area should be oriented towards production restructuring and the utilization of unused production capacities

The city of Poprad consists of seven historical neighbourhoods:

- Poprad
- Matejovce
- Spišská Sobota
- Stráže
- Veľká
- Kvetnica

The urban heritage reserve of Spišska Sobota is situated in the northern part of Poprad. This former market community has a uniquely preserved historical town square with a Romanesque church. Spišska Sobota is one of the best-preserved historical settlements in Slovakia and a visit there offers a welcome complement to a walking or sports holiday in the High Tatras.

### **Local Economy and Labor Market**

Poprad has a long tradition of manufacturing. The flagship of the local economy is the Whirlpool washing machine factory, the first big foreign investor in Poprad. In the 12 years since Whirlpool located in the town, the annual level of production of washing machines has risen almost 20-fold from less than 100,000 units in May 1992 to 1.8 million in 2003. The Poprad factory is now Whirlpool's largest European plant and the factory in eastern Poprad has received additional production from other factories in the Whirlpool company. Whirlpool moved to Poprad in 1992, and during its first 10 years, the venture was initially a joint venture with a local manufacturer, Tatramat. Whirlpool invested three billion Slovak koruna (75 million Euros, USD \$89 million), mainly in equipment and energy supplies. Today, Whirlpool is Poprad's largest employer with 1,200 workers.

The company has created around 3,000 jobs in all including suppliers, and Whirlpool is continuing to move its suppliers to the site. Whirlpool is a hugely important company to Poprad and Poprad has one of the country's lowest unemployment rates.

The firm, which exports around 90 percent of its output, plans to reach capacity of 2 million washing machines in 2005. The arrival of Whirlpool has brought with it a whole new business culture to the region. Whirlpool has set up its own on-site affiliated university offering degree courses in economics and engineering machinery for 60 students at a time. The Czech firm AŽD, which makes cables for washing machines, opened a factory employing 250 people in Poprad as part of Poprad-based Whirlpool (Slovakia)'s policy of having its suppliers nearby.

Development trends of the Poprad industrial base are to be oriented towards optimising the infrastructure system, developing small and medium sized enterprises, and restructuring Poprad's industrial sectors. Poprad city council approved the allocation of 120,000 square meters of municipal land for industrial development use.

The industrial park is located in the Matejovce district of Poprad in the immediate vicinity of the western boundary of the present zone of Tatramat a.s. and Whirlpool Slovakia a.s., subsequently behind a local reserve for the development of Whirlpool Slovakia a.s. area. To the north, the park borders the southern boundary of the Matejovce residential area and to the south, it borders the planned route of the D1 highway. The industrial park can be divided into two interest parts:

- An area for the development of the Whirlpool facility together with space for existing sub-contractors and new sub-contractors (estimated intention of 600-800 labor positions)
- Areas of the industrial park itself (assumed intention of 200-500 labor positions)

The area of the industrial park is a logical continuance of the current plants Whirlpool Slovakia a.s. and Tatramat a.s. as well as the present undeveloped area for enlargement of the Whirlpool production toward to the west.

The industrial park covers approximately 10 hectares. In addition to administrative buildings, there are production plants. The manufacturing plants are situated to the north of the park and cover an area of 3,000 m<sup>2</sup>. These are mainly assigned for machinery production. Smaller facilities are located to the south of the site.

Proposals exist to use European funds to develop an electro-technical and machinery vocational training center in Matejovce, where students would be able to receive a graduate education associated with the manufacturing needs and skills of the industrial park.

The locality has a direct railway connection with the independent factory delivery track into the main railway station Poprad-Tatry. At present, a nearby Tatramat area has a private rail track with loading and unloading space available. Employees have access to transportation through a public bus service that serves the industrial park directly. Existing bus routes connect the northern area with villages situated in the Kežmarok district up to Stará Ľubovňa

### **Workforce and Unemployment**

In December 2003, the unemployment rate in Poprad was 15.83% (the number of unemployed people was 8,139) compared to a national unemployment rate of 15.56%. The average absolute number of unemployed in 2003 was 9,030 people and in comparison to the 2002, it decreased by 19.1% (1,723 people). The average unemployment rate reached the level of 15.74% (in 2003: 19.04%).

In terms of the age structure of the unemployed, the largest group consists of young people in the 20-24 age group, and totals 1,635 individuals; the share of the group is 19% of all registered unemployed.

From the educational perspective, all levels of education experienced a decrease in registration. The biggest decrease was registered in the group of people with basic education (primary school). The second largest group were citizens with secondary level education. 3,766 registered unemployed (41%) had only basic education according the District Job Office in Poprad (December 2003).

A major problem facing Poprad is the extent of the long term registered unemployed people as a proportion of the registered unemployed. A characteristic of the long-term unemployed is a low level of educational achievement. 58.7 % of this group have only an elementary education. The average number of registered unemployed graduates in 2003 was about 650, of which 370 were registered for

less than one year. A large number of these registered unemployed graduates come from the technical training institutions.

List of biggest employers shows that the Poprad labour market is heavily dependent on city administrative functions and industrial activities.

### Major Employers in Poprad

Name of Employer	Form of Ownership	Number of Employees	Activity
Baliarne obchodu a.s.	Joint-stock company	217	Packing-plant
Cestné stavby a.s. Košice	Joint-stock company	140	Road construction
GAS & OIL s.r.o.	Limited	190	Planning
Jednota SD	Cooperative	400	Trade
Lesy Prešov, š.p. Správa lesov	State company	50	Forest
Mesto Poprad - MsÚ	Municipality	224	Municipality
Novastav a.s.	Joint-stock company	25	Construction
NsP Poprad	State company	1,270	Hospital
OD PRIOR Poprad a.s.	Joint-stock company	100	Shopping centre
Okresný úrad Poprad	Budgetary	2,651	Public Administration
PD Družba Poprad	Cooperative	88	Agriculture
Perkins - P. Bendík	Joint-stock company	150	Food processing
Pivovar TATRA a.s.	Joint-stock company	140	Food processing
Podtatran VD	Cooperative	86	Manufacturing
Pozemné stavby Poprad a.s.	Joint-stock company	175	Construction
Sachsering-Tatramat s.r.o.	Limited	98	Engineering
SAD š.p. Poprad	State company	554	Transport
SCAMETATRA a.s.	Joint-stock company	120	Engineering
SINTRA s.r.o. Blava, OZ Zdroj PP	Limited	480	Trade
Slov. pošta š.p. SPP Poprad	State company	515	Mail services
Slovenská sporiteľňa a.s. Poprad	Joint-stock company	169	Finance
Slovenské telekomunikácie a.s.	Joint-stock company	255	Telecommunication
SLOV-VIA a.s. závod 12	Joint-stock company	60	Road construction
Sociálna poisťovňa, pobočka PP	Public	92	Insurance
SPP š.p. OZ Poprad	State company	289	Gas supplier
SSC, Správa a údržba Poprad	Budgetary	138	Road construction
Stavbár a.s. Poprad	Joint-stock company	190	Building construction

Stav.mechanizácia a doprava, a.s.	Joint-stock company	41	Transport
Stavomontáže Poprad a.s.	Joint-stock company	170	Construction
SVP, š.p. OZ PBaH, závod Poprad	State company	171	Administration of Rivers
TATRAKON s.r.o. Poprad	Limited	170	Food processing
Tatramat a.s. Poprad	Joint-stock company	530	Engineering
Tatrastav a.s.	Joint-stock company	140	Construction
Tatravagón s.r.o. Poprad	Limited	170	Engineering
TATRAVAGÓNKA a.s. Poprad	Joint-stock company	2,250	Engineering
Ústav TBC a RCH	Contributively	192	Medical services
Vsl. vodárne a kanalizácie šp	State company	270	Pipe and sewage water
VÚB a.s., pobočka Poprad	Joint-stock company	190	Finance
Wagonmarket s.r.o.	Limited	38	Engineering
Whirlpool Slovakia a.s. Poprad	Joint-stock company	1,200	Engineering
ŽSR-Správa elektrot.a energet PP	State company	222	Railway
ŽSR - Mzdová účtov. skupina PP	State company	247	Railway

## Tourism

Tourism is one of the main business activities in Poprad and the region. A number of large and small hotels offer comfortable conditions to different clientele. In the town of Poprad, there is an ice skating rink, a predominantly English-language cinema, a golf course featuring the world's longest fairway and a variety of shops, bars, restaurants and nightclubs. An aqua park was built over a geo-thermal spring and providing Poprad with its own water and heating. AquaCity comprises the very best accommodation as well as the latest spa facilities offering a range of thermal treatments and innovative therapies.

The City of Poprad is located south of the High Tatras National Park and is a center for tourism and leisure and a main gateway to the Tatras mountain range. There are a number of well-know ski centers in the High Tatras and a number of nearby smaller tourist attractions including the centers of Lopošná Dolina and Spišské Bystré. The Slovak Paradise National Park is situated 14 kilometers from Poprad and other nearby tourist attractions include rafting at Pieniny-Ďervený Kláštor, the castle at Spišský hrad and the Demänovská caves.

The city has relatively few cultural facilities, and there is a need for improved cultural and entertainment facilities. Poprad has a long tradition of organizing sporting events and there is a demand for a large sports hall. The town boasts suitable conditions for tourism development (geographical location, surroundings, accessibility), and it is necessary to elaborate on the tourism development concept, undertake promotion and city marketing, and further utilize the available geothermal water source. The development of recreational facilities is a challenge for the city representatives as well as for entrepreneurs.

Over 350 kilometres of hiking trails cross the nearby countryside, as do hundreds of kilometers of mountain biking routes that vary in difficulty from the extremely rugged to the very gentle. Over the last thirty years or so, the High Tatras have played host to the World Ski Championships and European Ski Jumping Championships and more and more western visitors have joined Slovaks, Poles, Czechs, Hungarians and Russians on annual pilgrimages to the ski slopes. The High Tatras are home to the largest concentration of ski runs, jumps, cable cars and rental shops in the country. Ski centers are spread throughout the mountains and the Tatras Electrical Railway connects most of them. Good signage and easy-to-follow maps highlight ski routes. Almost every resort has at least one ski-rental shop close to the ski lift.

The best known ski slopes are around Strbske Pleso, Starý and Nový Smokovec, Tatranská Lomnica and Zdiar. Strbske Pleso and Tatranská Lomnica also offer night skiing. For non-skiers, the surrounding trails offer winter hikes. Some of the best walking and hiking in Europe await visitors to the region with over 13,000 km of clearly marked routes cutting through forests, glacial lakes and mountains.

## Demography

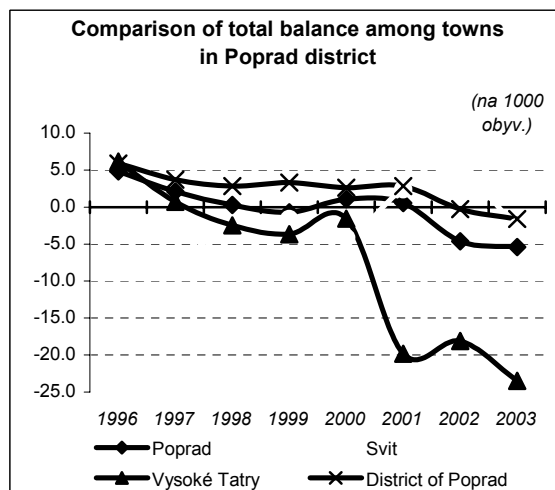
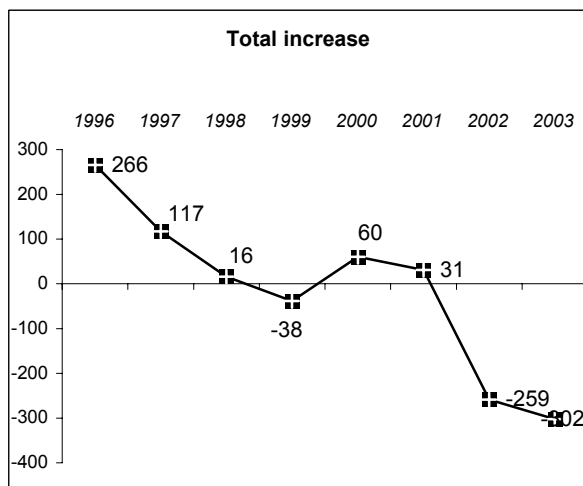
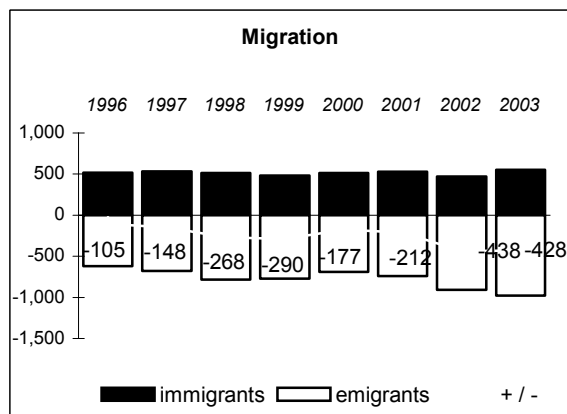
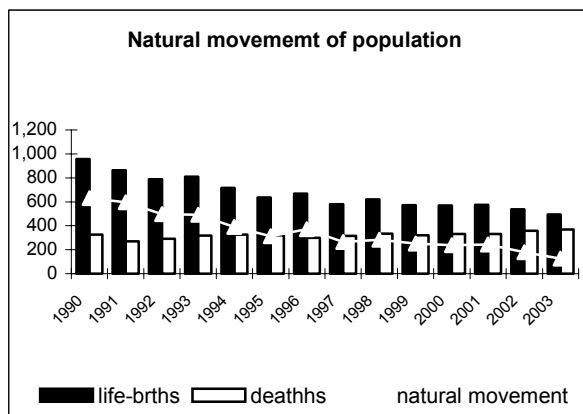
With a population of 55,680 (2003) Poprad is experiencing a decline in its population. Poprad's population was lower in 2002 than in the previous year. The District of Poprad has a population of 104,356 inhabitants and the city of Poprad comprises 53.35 % of the district population.

Demographic breakdowns are shown in the graphs below. A general trend in Poprad is the increase in the number of retired age-group, with an increase of 10.9% to 17.5% between 1995 and 2003. A similar trend is visible in the working age group which experienced a rise from 62.9% in 1995 to 71.14% in 2003. The main fall in numbers was recorded in the group of before working age that experienced a reduction, down from 26.2% to 11.32% in the same time period.

Poprad's population density figures highlight that there are 883 citizens per square kilometer, and in terms of ethnic origin, the city's population is: Slovak (94%); Roma (1%) and Czech (1%). 65% of the population are Roman Catholics; 7% are Protestants, with 17% of the population being non-religious.

In 2001, Poprad's population increased by 31, but this was offset by a population decline of 259 citizens in 2002 and 302 in 2003.

The District of Poprad consists of three towns: Poprad, Svit a Vysoké and Tatry. The city of Poprad has the highest share of working age group from all of district's towns, as well as from district itself.



## Education

Educational trends show that there is a significant decrease in the number of people with a basic/elementary education. At the same time, there is an increase in the number of people finishing higher education and graduating from university. This is as a result of the activities of new educational institutions.

### Structure of Poprad District

Type of Institution	Number of Pupils	Percentage (%)
Elementary	25,524	24.7
Vocational School	20,553	19.9
Training Institution	17,274	16.8
Secondary School	2,875	2.8
University	5,806	5.6
Others	879	0.9

From the educational point of view, it is clear that the population of the city with full secondary school education or university education is rising.

### Schools in Poprad

Type of School	Number	Sector
Nursery School (1,747 children)	12	State
Special Nursery School	1	State
Elementary Schools (6,682 pupils)	12	State, one church
Alternative Elementary School	1	State
Artist Elementary Schools	2	State, private
Special Elementary School	1	State
Center of Free Time	1	State
Center of School's Services	1	State
Secondary Schools		
▪ Comprehensive Schools	2	State
▪ Comprehensive School	1	Church
▪ Business College	2	State, private
▪ Medical School	1	State
Vocational School		
▪ Technical College	1	State
▪ Girl's Vocational School	1	State
▪ Training Schools (building construction, engineering, services, electrical)	4	State
University		
▪ University of Matej Bel	1	Faculty of Economy, Management
▪ Pedagogical University Prešov	1	University of Third Age
▪ Poprad City University	1	Pedagogy
▪ Church University Ružomberok	1	Management
		Nursing, management
Other types of education (NGO)		
▪ Academy of education	1	Language, Training,
▪ Regional Advisory Information Centre	1	Business Education
		Marketing, Management, Human

▪ Centre of Science and Technique	1	resources
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### Transport and Infrastructure

Poprad lies on Slovakia's main east-west highway and is approximately 328 kilometres east of Bratislava. The city is well connected to the rail network and is considered to be a rail terminus. A train depot is located adjacent to the railway station providing an opportunity to build a rail freight cargo transfer terminal. The station infrastructure does not however meet modern railway transport standards.

The Poprad-Tatry Airport is located five kilometres west of Poprad. The airport is open year round and is capable of accommodating short and medium range airliners. Poprad-Tatry Airport presently handles international charter flights from Russia, the Ukraine, Germany and Bulgaria, and private and business flights.

The city's parking system is also influenced by the fact that the level of individual motorisation exceeds the national level. It is inevitable to solve the issue of parking areas both in urban areas (housing estates) with the highest population density as well as in the centre of the city, taking into consideration the incoming visitors.

## DEVELOPING THE LED STRATEGY

The Local Development Council stakeholders group were invited to assess the city's competitive position, strengths, weaknesses, opportunities, threats, and define key issues that should be taken into account in the LED strategy development process.

### SWOT Analysis

	Internal	External
Positive	<b>Strengths</b> <ul style="list-style-type: none"> <li>Higher than average working age population in comparison to national or regional average</li> <li>Growth in the city's financial sector</li> <li>Presence of Whirlpool Co. and associated development activities</li> <li>Proximity of city to tourism attractions (4 national parks)</li> <li>Urban heritage reserve of Spišská Sobota</li> <li>Potential of geothermal springs at Grebark</li> <li>Location of city on main east-west transportation routes (road and rail)</li> <li>Air Rescue Service in Poprad supporting tourism development</li> <li>Kvetnica Medical Centre</li> <li>Kvetnica Recreational Zone</li> <li>International Mountain Films Festival</li> <li>Tradition of organizing sporting events</li> <li>Effects of Regional Advisory and Information Center's work</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>Tradition of machine production in the city</li> <li>Export potential of industrial enterprises (Whirlpool, Tatramat, Tatravagónka)</li> <li>Landscape suitable for breeding of cattle and sheep</li> <li>Development of housing savings/mortgages financing</li> <li>Privatisation of housing stock</li> <li>Poprad-Tatry Airport</li> <li>Construction of D1 highway</li> <li>Development of telecommunications sector</li> <li>Preparation of tourism law</li> <li>List of housing applicants registered by municipality</li> <li>Cross-boarder cooperation with Poland</li> <li>EU Accession Programs</li> <li>Possibility of cross-boarder co-operation with Poland</li> <li>City candidacy for WOG</li> <li>Increased number of foreign supermarkets chains</li> <li>Privatization of agriculture</li> <li>Construction of the new highway D1</li> </ul>
Negative	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>Lack of LED institutional capacity</li> <li>Out-migration and population decline</li> <li>High unemployment rate</li> <li>Low quality of tourism services</li> <li>Overloaded inner transportation system</li> <li>Need of strategic development division within</li> <li>Existence of informal economy</li> <li>Location of Tatrakon in the city center</li> <li>Existence of Brownfields</li> <li>Lack of Greenfield sites for industrial development</li> <li>Lack of spatial planning</li> <li>Unfinished water treatment plant and lack of investment in water and wastewater system</li> <li>Imbalanced housing</li> <li>Lack of sport hall and conference center</li> <li>Lack of local tourism organization</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>Aging population</li> <li>Decline of agriculture sector</li> <li>Weak construction sector</li> <li>Unfinished water privatization process</li> <li>Shortage in housing supply</li> <li>Increasing disparity between real income of population and construction costs of housing/rental costs</li> <li>Deteriorating housing stock</li> <li>Lack of a geriatric department at hospital, and lack of accommodation facility for an oncological center</li> <li>Unstable university education</li> <li>Insufficient financial transfers from central government</li> <li>Lack of housing</li> <li>Secondary insolvency</li> </ul>

Data collected as part of the SWOT analysis are formed into a “Report on State of the City”, with intention of establishing a regular updating of the document. This report describes the city profile from a number of viewpoints: history, overall geographical position, demographic data, unemployment status, economy, transport, administration, city finances and budget, spatial management, infrastructure, housing, health, education, sport and culture, environment. This comprehensive document forms a good basis on which to formulate the SWOT analysis.

### Results of Business Attitude Survey

In addition to this report, the city taskforce team undertook a business attitude survey to identify the opinions of businessmen and women on the state of the entrepreneurial environment. The business attitude survey was undertaken in the summer of 2001 and questioned 65 local businesses. 30 responses were received and the results are listed below. Key factors identified as hindering business development include:

- Cost of energy and materials
- State rules and limitations
- High interest rates of credits and lack of credits
- Foreign competition

From those business surveyed, almost 40% of production/services are sold locally within the District of Poprad; 24% are sold within Eastern Slovakia and 18% of products are exported outside of Slovakia. In order to enhance the business environment, businesses identified transportation infrastructure, the attraction of foreign investments, the building of industrial parks, and better marketing of the city and tourism development as being key factors.

Results of Business Attitude Survey were presented to the Local Development Council in October 2001. During the discussion, LDC members expressed the need for tourism development, together with improvement in transportation connection, especially the better utilization of Poprad airport.

### VISION

Based on the results of the local economy assessment and discussions held in October 2001, the LDC adopted the following vision for Poprad’s development:

*“In 2010, the City of Poprad will be a dynamically developing municipal unit, with developed citizen-oriented municipal democracy, fully integrated into the European Community of local governments, characterised by attractive socio-economic conditions and environment, providing an interesting spectrum of entrepreneurial opportunities for the location of domestic as well as international investments.”*

### **LED Goals, Objectives, Program and Projects**

The “Report on State of the City” together with the improved SWOT analysis were presented to the Local Development Council at the end of May 2002, prior to the Local Council meeting. Discussion occurred and comments were received. After incorporation of the LDC comments into the Report, SWOT analysis, LED strategy goals and revision of first version of the city development vision, the whole document was presented on the Local Council meeting.

The detailed and advanced LED Strategy with developed objectives and programs was elaborated on in the second half of 2002 as 2002 was a year of municipal elections (as well as Slovak parliament elections). The Strategy was approved by the new Local Council of Poprad.

## POPRAD LED 'VISION TO PROJECTS' MATRIX

Vision	Goals	Objectives	Programs	Projects
“In 2010 the city of Poprad will be dynamically developing municipal unit, with developed citizen oriented municipal democracy, fully integrated into European community of local governments, characterized by effective and transparent self-governing apparatus, attractive socio-economic conditions and environment, providing quality technical infrastructure and interesting spectrum of entrepreneur opportunities for location of domestic as well as foreign investments.”	<b>G1:</b> To expand tourist industry in Poprad.	<b>G1:O1:</b> To promote City of Poprad as tourist destination and increase number of visitors in the city. Measured by number of visits	<b>G1:O1:PG1:</b> Historical tourist attractions program	<b>G1:O1:PG1: p1:</b> Revitalization of Spiska Sobota project
				<b>G1:O1:PG1: p2:</b> Revitalization of Velka project
				<b>G1:O1:PG1: p3:</b> Spiska Sobota tourism promotion project
			<b>G1:O1:PG2:</b> Business tourism program	<b>G1:O1:PG2: p1:</b> Congress Center project
			<b>G1:O1:PG3:</b> Recreation tourism program	<b>G1:O1:PG3: p1:</b> Aqua park project
				<b>G1:O1:PG3: p2:</b> Tourist exhibition In Krakow
				<b>G1:O1:PG3: p3:</b> Tourist exhibition in Prague and Berlin - co-participation
	<b>G2:</b> To expand economic base of Poprad	<b>G1:O2:</b> To develop complex and integrated regional (Poprad and High Tatras) tourist offer in next two years and increase tourism visits. Measured by number of visits	<b>G1:O2:PG1:</b> Development of existing tourism attractions program.	<b>G1:O2:PG1: p1:</b> Days of the town Poprad
			<b>G1:O2:PG2:</b> Development of new tourism products program.	<b>G1:O2:PG2: p1:</b> Bicycle path
				<b>G1:O2:PG2: p2:</b> International festival of movies
		<b>G2:O1:</b> To expand SME base (measured by SME employment growth)	<b>G2:O1:PG1:</b> SME Support program	<b>G2:O1:PG1: p1:</b> Training program for beginners
				<b>G2:O1:PG1: p2:</b> Financial incentives program for SME
			<b>G2:O2:PG1:</b> Preparation of industrial and commercial sites.	<b>G2:O2:PG1: p1:</b> Revitalization of postindustrial facilities
		<b>G2:O2:</b> To attract inward investments (number and amount of investments).		<b>G2:O2:PG1: p2:</b> Matejovce Greenfield project
			<b>G2:O2:PG2:</b> Development of industrial cluster.	<b>G1:O2:PG2: p1:</b> Industrial development project

		<b>G2:O3:</b> To increase export of local companies (export value per employee)	<b>G2:O3:PG1:</b> SMEs. Export program	<b>G2:O3:PG1: p1:</b> Introduction to European markets project
		<b>G2:O4:</b> Workforce development (educational structure of employed population)	<b>G2:O4:PG1:</b> Development of qualified and skilled employees according to existing demand.	<b>G2:O4:PG1: p1:</b> Vocational training meets industry demand for skilled workforce
		<b>G2:O5:</b> Promotion of IT usage in business (increase of businesses' internet connections and domains)	<b>G2:O5:PG1:</b> Program for supporting of IT technologies.	<b>G2:O5:PG1: p1:</b> Introduction in internet possibilities to Poprad companies
	<b>G3:</b> To expand technical infrastructure of the city	<b>G3:O1:</b> Development of infrastructure improving business environment	<b>G3:O1:PG1:</b> Hard infrastructure development program	<b>G3:O1:PG1: p1:</b> Rebuilding of the crossroads in Sp. Sobota-Vagonarska Street
				<b>G3:O1:PG1: p2:</b> Connection of Srobarova and Tajoskeho street
				<b>G3:O1:PG1: p3:</b> Adjustment of the local crossroads Hranicna, Slovenskeh
				<b>G3:O1:PG1: p4:</b> Rebuilding of the crossroads in Sp. Sobota, school neighbourhood preparation
				<b>G3:O1:PG1: p5:</b> Master plan of Poprad
				<b>G3:O1:PG1: p6:</b> Reconstruction of Moyzesowa and I/18 street crossroads
				<b>G3:O1:PG1: p7:</b> Revitalisation study of the center of Matejowice
				<b>G3:O1:PG1: p8:</b> Reconstruction of the centre of Velka II
				<b>G3:O1:PG1: p9:</b> Reconstruction of D Tatarka st. pavement
		<b>G3:O2:</b> Development of infrastructure improving quality of life	<b>G3:O2:PG1:</b> Housing development program	<b>G3:O2:PG1: p1:</b> Study for social and Roma's housing
				<b>G3:O2:PG1: p2:</b> Technical facilities for housing construction Poprad Matejowice

				<b>G3:O2:PG1: p3:</b> Technical facilities for housing construction Poprad Straze
			<b>G3:O2:PG2:</b> Revitalisation program	<b>G3:O2:PG2: p1:</b> Completing of stairs to Immaculate Straze
			<b>G3:O2:PG3:</b> Infrastructure for recreation	<b>G3:O2:PG3: p1:</b> Construction project documentation for football stadium Poprad Straze
				<b>G3:O2:PG3: p2:</b> Multifunctional sport hall construction documentation
	<b>G4:</b> To strengthen public administration in city of Poprad	<b>G4:O1:</b> Establishment of integrated management system focused on strategy implementation	<b>G4:O1:PG1:</b> Staff training program	<b>G4:O1:PG1: p1:</b> Staff training project
			<b>G4:O1:PG2:</b> New management tools program	<b>G4:O1:PG2: p1:</b> CIP development project
				<b>G4:O1:PG2: p2:</b> MIS development project
				<b>G4:O1:PG2: p3:</b> Implementation of multiyear financial planning project
				<b>G4:O1:PG2: p4:</b> Establishment of the LED department
		<b>G4:O2:</b> Increase of prepared projects financed/cofinanced from external sources	<b>G4:O2:PG1:</b> Project management program	<b>G4:O2:PG1: p1:</b> Project development workshops
		<b>G4:O3:</b> Citizen/businesses oriented administration system	<b>G4:O3:PG1:</b> Citizen and businesses information program	<b>G4:O3:PG1: p1:</b> Information 'kiosk' project
				<b>G4:O3:PG1: p2:</b> 'One-stop' shop project
	<b>G5:</b> To expand and improve social services	<b>G5:O1:</b> Institutional development of local community (number of organisations and associations)	<b>G5:O1:PG1:</b> Non-governmental sector development program	<b>G5:O1:PG1: p1:</b> NGOs forum
			<b>G5:O1:PG2:</b> Youth support program	<b>G5:O1:PG2: p1:</b> Return sport for youth
		<b>G5:O2:</b> Human resources development (educational structure of community)	<b>G5:O2:PG1:</b> School education program	<b>G5:O2:PG1: p1:</b> Renovation of school buildings project
				<b>G5:O2:PG1: p2:</b> ICT in schools
			<b>G5:O2:PG2:</b> After-school	<b>G5:O2:PG2: p1:</b> Vocational trainings

			education program	G5:O2:PG2: p2: IT for adults training project
			G5:O2:PG3: Development of cultural activities	G5:O2:PG3: p1: Days of the town of Poprad
				G5:O2:PG3: p2: Spisska Sobota festiwal
			G5:O2:PG4: Development of sport and leisure time activities	G5:O2:PG4: p1: School Olympic games fro children and youth of Poprad
				G5:O2:PG4: p2: Tatra skiing league
				G5:O2:PG4: p3: Euro league of mountain bicycles
				G5:O2:PG4: p4: Tournament of three cities
				G5:O2:PG4: p5: Days of sport
				G5:O2:PG4: p6: Run of Olympic day
		G5:O3: Reduction of social exclusion (number of homeless, social benefits expenditures)	G5:O3:PG1: Equal chance program	G5:O3:PG1: p1: Trip for active members of pensioner's club
				G5:O3:PG1: p2: Pensioner's clubs
				G5:O3:PG1: p3: Roma's educational projects

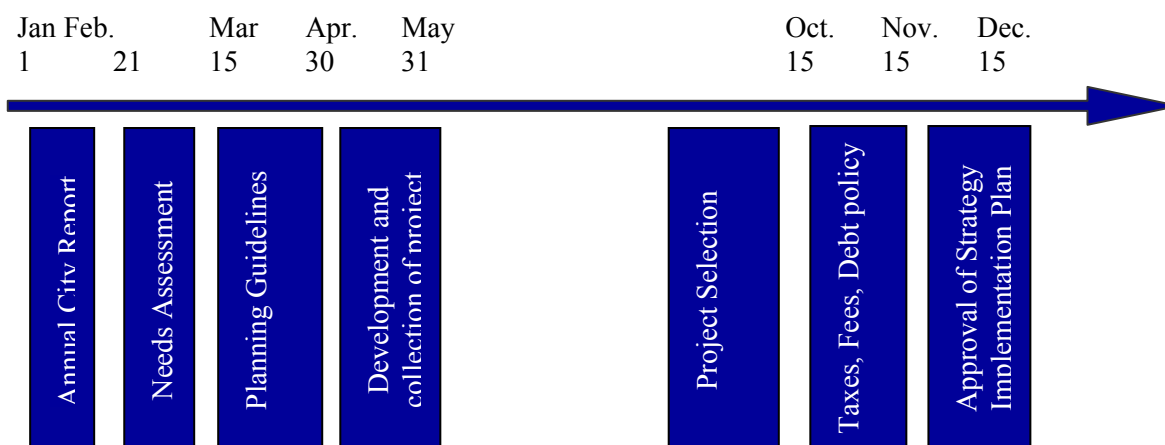
#### IV. STRATEGY IMPLEMENTATION

A strategy implementation plan called the *Poprad Marketing Plan* is a part of the City of Poprad's strategic planning system. According to the timeline outlined below, different partners are working on the annually updated Strategy Implementation Plan following the steps listed below:

- Annual Local Economy Assessment
- Needs assessment, key issue identification and planning guidelines
- Collection of project requests
- Project selection and draft strategy preparation
- Multi-year financial forecast and creditworthiness analysis, and the establishment of local tax rates, local fees and city debt policy
- Strategy implementation plan approval.

The following partners will participate in the annual cycle of Strategy development and implementation:

- City Council
- Mayor
- Steering committee
- Municipal departments and other city units
- Entrepreneurs, NGOs and citizens

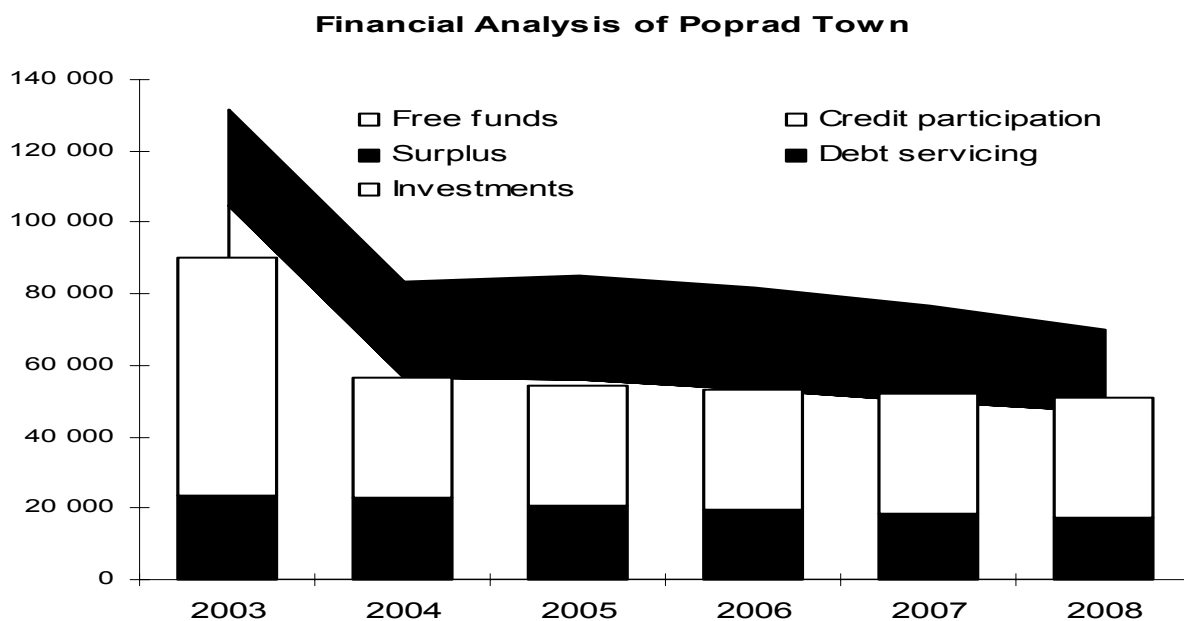
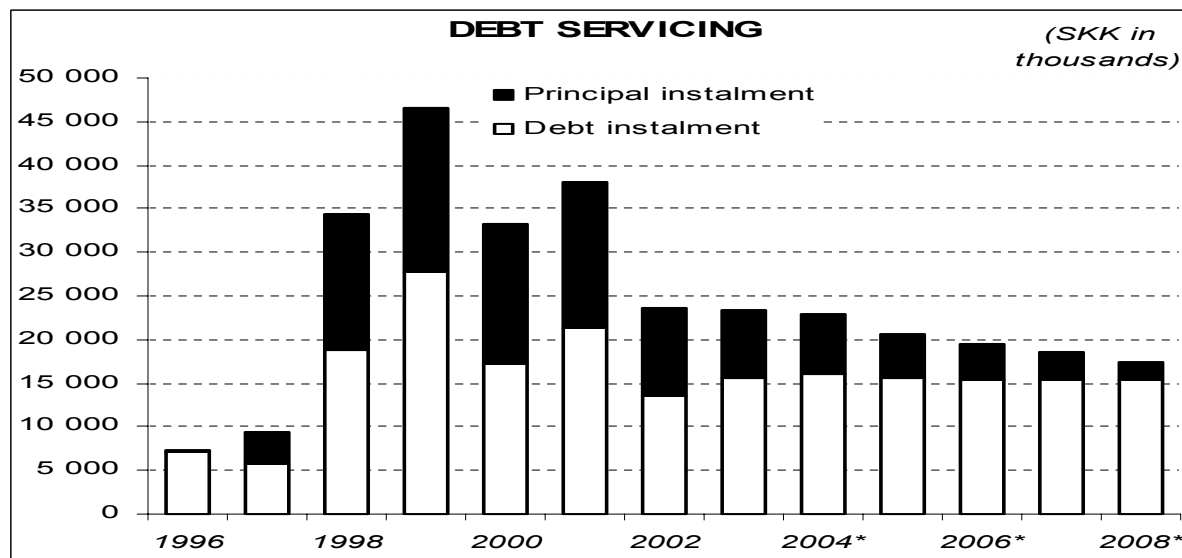


The Marketing Plan of Poprad (2004-2006) is going to be the basic direction for actions of the municipality of Poprad for next three years that will be limited by the approved budget for each single year. The local council of the town of Poprad will approve the municipal budget for 2004 during its session in November 2004 and the strategy implementation plan for this year is represented by the approved projects.

Within the Cities of Change project, the long-term financial predictions have been elaborated via the utilization of the programming tools of the GFAM and MIP. As a prediction parameter, the basis of the state budgetary proposal were used. The main goal of such a financial analysis to estimate the development of the revenue and expenditure of the town budget and the ability of the town to realize its development projects, eventually to its financial resources by the means of credits and the credit capacity of the town.

The output of the analysis results in the graph which illustrates the relationship among the investment coverage and debt servicing by the means of free funds (a difference between revenues without credits and running cost without the debt servicing), a budgetary surplus and potential credit resources. The

budget for the year 2004 has been approved as a balanced budget, that is why the free funds amount is identical with the debt servicing and investment volume. Following the estimation of maintenance of the capital cost amount for coming years at least at the volume of the year 2004, we get to the conclusion that such an investment tempo is possible to keep without any parameters changing only in case of gradual spending/consuming of the accumulated budgetary surplus.



Analyzing City priorities and available financial resources following projects were selected for implementation.

## V. CITY OF POPRAD PROJECTS MATRIX

Strategy Goals	To expand tourist industry in Poprad	To expand the economic base of Poprad	To expand technical infrastructure of city	To strengthen public administration in city of Poprad	To expand and improve social services
<b>LED Projects</b>					
Master plan of Poprad	X	X			
Study for social and Roma's housing			X		X
Revitalisation study of the centre of Matejovce	X	X	X		
Reconstruction of the center of Velka II. Phase	X	X	X		
Construction project documentation for football stadium Poprad Straze			X		
Technical facilities for housing construction Poprad Matejovce			X		
Technical facilities for housing construction Poprad Stráže			X		
Multifunctional sport hall: construction documentation, EIA	X		X		
Connection of Srobarova and Tajovskeho street			X		
Completing of stairs to Immaculate Straze	X		X		
Bicycle path	X		X		
Adjustment of the local crossroads: Hranična, Slovenského odboja a Wolkerova - preparation			X		
Rebuilding of the crossroads in Sp. Sobota-Vagonárska St. school neighbourhood-preparation			X		X
Rebuilding of the crossroads in Sp. Sobota-Vagonárska St.			X		X
Reconstruction of Moyzesova and I-18 street crossroad-traffic lights	X		X		
Reconstruction of D. Tatarka street pavement	X		X		
Days of the town Poprad	X	X			
Information "kiosks" project	X	X		X	
International festival of Mountain movies	X	X			
Trip for active members of pensioner's club					X
Pensioners' clubs					X
Return sport to youth	X	X			X
Congress Center project	X		X		
Aqua park	X		X		
Tourist exhibitions	X				
Tourist exhibition in Prague and Berlin co participation	X				
Spiska Sobota tourist promotion project	X				
Training program for beginners		X			
Finance incentives program for SME		X			
Revitalization of post industrial facilities		X	X		
Matejovce Greenfield project		X	X		
Industrial development project		X	X		
Vocational training meets industry demand for skilled workforce		X			X
Introduction in Internet possibilities to Poprad companies		X			X
Staff training project				X	
CIP development project				X	
MIS development project				X	
Implementation of multiyear financial planning project				X	
'One-stop shop' project				X	

Establishment of LED department				X	
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## POPRADE PROJECT IMPLEMENTATION PLAN

City of Poprad LED Projects										
No.	Project Title	Total Value	Funding Sources (%)				Implementing Partners	Project Starting Date	Duration	Targeted Group / Beneficiaries
			City Govt.	State European Union	Private Sector	Community				
1.	Master plan of Poprad	800,000	100%	0%	0%	0%	Local authority	July 2004	7 months	City government
2.	Study for social and Roma's housing	200,000	100%	0%	0%	0%	Local authority	August 2004	3 months	Roma ethnic group
3.	Revitalisation study of the centre of Matejovce	300,000	100%	0%	0%	0%	Local authority	August 2004	2 months	Matejovce village community
4.	Reconstruction of the centre of Velka II. Phase	4,260,000	100%	0%	0%	0%	Local authority	2004	12 months	Velka village community, businesses
5.	Construction project documentation for football stadium Poprad Straze	250,000	100%	0%	0%	0%	Local authority	September 2004	2 months	Football clubs, Youth
6.	Technical facilities for housing construction Poprad Matejovce	1,000,000	75%	25%	0%	0%	Local authority	July 2004	5 months	Matejovce village community
7.	Technical facilities for housing construction Poprad Straze	1,000,000	75%	25%	0%	0%	Local authority	July 2004	4 months	Local community
8.	Multifunctional sport hall: construction documentation, EIA	1,850,000	100%	0%	0%	0%	Local authority	August 2004	5 months	Community
9.	Connection of Srobarova and Tajovskeho street	2,200 000	100%	0%	0%	0%	Local authority	July 2004	4 months	Local community
10.	Completing of stairs to Immaculate Straze	370,000	100%	0%	0%	0%	Local authority	After 2004	2 months	Local community
11.	Bicycle path	16,600	20%	70%	10%	0%	Local authority	June 2004	6 months	Communities of Poprad, Svit, Spiška Teplica, visitors, tourists

STRATEGY FOR LOCAL ECONOMIC DEVELOPMENT OF CITY OF POPRAD (2002 – 2010)

12.	Adjustment of the local crossroads 'Hranična, Slovenského odboja a Wolkerova' - preparation	70,000	100%	0%	0%	0%	Local authority	September 2004	1 month	Local community
13	Rebuilding of the crossroads in Sp. Sobota-Vagonárska street, school neighbourhood - preparation	150,000	100%	0%	0%	0%	Local authority	September 2004	1 month	Local community
14.	Rebuilding of the crossroads in Sp. Sobota - Vagonárska street	500,000	100%	0%	0%	0%	Local authority	September 2004	2 months	Local community
14.	Reconstruction of Moyzesova and I-18 street crossroad – traffic lights	4,000,000	75%	0%	15%	0%	Local authority	May 2004	2 months	Local community
15.	Reconstruction of D. Tatarka st. pavement	2,100,000	100%	0%	0%	0%	Local authority	July 2004	2 months	Local community
16.	Days of the town Poprad	80,000	87%	0%	13%	0%	Local authority	Aug / Sep 2004	1 week	Citizens, visitors, twin cities
17.	Information "kiosks" project	500,000	100%	0%	0%	0%	Local authority	March 2004	3 months	Citizens, visitors
18.	International festival of Mountain movies	1,200,000	25%	0%	60%	15%	Foundation Mountain Movies, local authority	October 2004	2 weeks	Citizens, tourists
19.	Trip for active members of pensioner's club	300,000	100%	0%	0%	0%	Local authority, senior clubs	April 2004	1 week	Senior club members
20.	Pensioners' clubs	650,000	92%	0%	8%	0%	Local authority, senior clubs	2004	12 months	Pensioners
21.	Return sport to youth	400,000	85 %	5%	5%	5 %	Local authority sport clubs private sector community	January 2004	12 months	Youth, children, community tourists
<b>Total Value:</b>		<b>22,196,600</b>								

## CITY OF POPRAD LED ACTION PLANS

Project: Establishment of Development Department with LED Responsibilities		Program Type(s): Local Government Improvement of Decision Making Processes	
<b>Short Description of the Project:</b> Municipality of Poprad as a reformed oriented town has tried to implement many new instruments, techniques, and methods in decision-making processes. These facts helped the municipality to take a membership in Cities of Change project supported by the Bertelsmann foundation and The World Bank. Working team was learnt about the Strategic management technique and for its implementation within the municipality is evitable to change an organizational structure and create a new section or department that will be responsible for development activities of the town. Newly developed department will be responsible for collecting data, preparing basic documents for decision makers, organizing effort of strategy making processes, coordinating the processes within the municipality a.s.o. The economic effects would be many; the most important will be a fact that the municipality will understand his strengths, opportunities, weaknesses and threats; decision makers will have very well developed analysis, the town will have its Vision and Strategy based on economic facts and SWOT analysis connecting to the capital investment plan. Establishment of development department with LED responsibilities will open possibilities for special kind of activities focusing on Strategic Management and multiyear financial planning processes.			
<b>Expected Results:</b> <ul style="list-style-type: none"><li>▪ Implementation of Strategic management within municipality</li><li>▪ Coordination of processes within municipality</li><li>▪ Development of analysis (SWOT, CBA)</li><li>▪ Development of Vision and Strategy</li><li>▪ Improvement of decision makers processes</li><li>▪ Involvement of citizens into decision-making</li></ul>		<b>Target Group(s):</b> Municipality Decision makers Community	
<b>Possible Stakeholders:</b>		<b>Possible Contributions to the Project:</b>	
Municipality		Project manager, financial support, technical assistance	
Private businesses		Professional opinion, comments	
Community		Promotion, voluntary work, technical assistance, comments	
Public organizations		Experts, technical support, comments	
<b>Prerequisites:</b> Strong support from politicians and mayor Educated staff Technical support		<b>Risk Factors:</b> Not adequate data or lack of data Co-operation within departments Support	
<b>Estimated Costs:</b> Full-time person (1-2): 150,000-300,000 Sk. Technical support (e.g. PC, printer, phone, room): 200,000 Sk.			
<b>Time for Implementation:</b> January 2004		<b>Time to Impact:</b> First evaluation: August 2004 Second evaluation: January 2005	

<b>Project:</b> <b>Reconstruction of Veľká Neighborhood</b>	<b>Program Type(s):</b> <b>Urban Development, Hard Infrastructure Project for Public Investment</b>
<b>Short Description of the Project:</b> Municipality of Poprad consists of six suburbs, which centers had started to be revitalized in 1996. Priority was given to the center of Poprad as a main part of the suburbs, which was followed by the center of Spišská Sobota as a main historical part of Poprad, and the third chosen center for reconstruction was the center of Veľká. Reconstruction of Veľká neighborhood was started in 2002 and the II. phase of the project should be finished in 2004. Project is completely focused on the hard infrastructure (e.g. water supply pipes, sewage, telecommunication cables, electricity supply) as well as on architectural revitalization of neighborhood. The economic effects would be many; the most important is a fact of modernization of infrastructure, improvement of environment, support for SMEs, and support for tourist-oriented businesses. Reconstruction of Veľká neighborhood will open possibilities and create preconditions for new investments in that part of the town that can improve unemployment rate in Poprad by creating new jobs. Revitalization of center will open possibilities for new tourist attractions as well as for cultural events.	
<b>Expected Results:</b> <ul style="list-style-type: none"> <li>▪ Improves the hard infrastructure</li> <li>▪ Encourages the development of private business</li> <li>▪ Creates preconditions for new investments</li> <li>▪ Intensifies the development of services</li> </ul>	<b>Target Group(s):</b> Community Business community Society
<b>Possible Stakeholders:</b>	<b>Possible Contributions to the Project:</b>
Municipality	Project manager, financial support, technical assistance
Private businesses	Developer, technical support
Society	Comments, ideas
<b>Prerequisites:</b> Building permit issued Ownership clarified Completed financing from different sources	<b>Risk Factors:</b> Low budget in comparison to the value of the project
<b>Estimated Costs:</b> II. Phase: 4,260,000 Sk.	
<b>Time for Implementation:</b> II. Period Commencement within 2004	<b>Time to Impact:</b> First evaluation: after 1 month of operation Second evaluation: after 6 months of operation Third evaluation: after one year

<b>Project:</b> <b>Return Sport to Youth</b>		<b>Program Type(s):</b> <b>Local Government Improved Services</b>	
<b>Short Description of the Project:</b> Town of Poprad as a several times candidate town for Olympic games has got a big tradition in organizing sport activities within the town as well as in the High Tatras region. Poprad is represented by many sportsmen all over the world who have become European and some of them even World champions. Such success is achieved because of very good developed work with children and youth. Municipality of Poprad annually organizes a lot of events focusing on young people but the most popular are sports activities. Return Sport to youth project represents a calendar of sport events for the year 2004: <ul style="list-style-type: none"><li>▪ Reception of Slovakia, Europe, World champion's)</li><li>▪ Reception of the best sportsman of the town Poprad</li><li>▪ School Olympic games fro children and youth of Poprad</li><li>▪ Tatra skiing league</li><li>▪ Euro league of mountain bicycles</li><li>▪ Pupil league of Poprad</li><li>▪ Spiš league</li><li>▪ Challenge day</li><li>▪ Run of Olympic day</li><li>▪ Street ball tournament</li><li>▪ Days of sport</li><li>▪ Boyard</li><li>▪ Tournament of three cities</li></ul> We can hardly find a financial profit from this project but on the other hand there is very big economical one. Looking at our youth as our future we need to enforce ourselves to create a friendly environment for them as well as for all society. Many young people have to cope with such kind of problems like drugs, crime, and alcohol because of lack interest from parents or society. There is a big challenge also for Poprad community to create some precondition for such kind of events for young people that attract them and invite them to organize their own free time together with others.			
<b>Expected Results:</b> Improvement of sport activities Support for young people Decline of crime Encourage of partnership Friendly environment		<b>Target Group(s):</b> Children, youth Society Twin cities Sport community from the region Tourists	
<b>Possible Stakeholders:</b> Municipalities Private businesses Sport association Public donors.		<b>Possible Contributions to the Project:</b> Project manager, financial support, technical assistance Co-financing, technical assistance Promotion, voluntary work, technical assistance Financial support	
<b>Prerequisites:</b> Partnership Leadership		<b>Risk Factors:</b> Public donors co-financing Weather Partnership	
<b>Estimated Costs:</b> 400,000 Sk.			
<b>Time for Implementation:</b> 2004: Mainly during the Summer season		<b>Time to Impact:</b> Evaluation after each event	

<b>Project:</b> <b>Adjustment of the Local Crossroads: Hranična, Slovenského odboja a Wolkerova - Preparation</b>		<b>Program Type(s):</b> <b>Hard Infrastructure</b> <b>Public Investment</b>	
<b>Short Description of the Project:</b> <p>Streets are situated in the town centre. The roads are currently in a very bad condition because of the old infrastructure and insufficient maintenance from 90s. These roads are asphalted but damaged. These roads connect the center of the town to other roads. Project would like to solve the problem of crossing these streets each other. Character of these streets has changed completely during the last days. There are many public buildings beside this road such as: elementary school, kindergarten, a number of businesses, social center etc. This affected also the density of transport, which has caused many traffic accidents for last time. Traffic inspectors prepared a plan for solving traffic problems and the main goal of the project is its implementation.</p> <p>Rehabilitation and asphaltting of these town roads will improve the road infrastructure of the town, creates preconditions for the opening of new businesses, existing businesses, and will help for continuing this road in other neighborhoods. Close to this road is the railway station and through a bridge it connects to the other side of the town. The project is fully justified considering the sensitive infrastructure of the municipality. Project will save time for citizens, environment and there will be also another economical effect because of petrol savings.</p>			
<b>Expected Results:</b> improvement of transport infrastructure less traffic accidents solving traffic problems creates preconditions for opening of new businesses creates preconditions for better connections with other parts of the town		<b>Target Group(s):</b> Citizens live in the area Society	
<b>Possible Stakeholders:</b> Municipality Developers Society		<b>Possible Contributions to the Project:</b> Project manager, financial support, technical assistance Technical assistance Opinion, comments	
<b>Prerequisites:</b> correspondence to Master Plan completed financing feasibility study		<b>Risk Factors:</b> financing	
<b>Estimated Costs:</b> Total costs: 70,000 Sk.			
<b>Time for Implementation:</b> September 2004		<b>Time to Impact:</b> November 2004 January 2005	

<b>Project:</b> <b>Matejovce Housing Project: Zoning, Technical Planning, Hard Infrastructure</b>	<b>Program Type(s):</b> <b>Hard Infrastructure</b> <b>Public Investment, State Fund for Housing Development</b>
<b>Short Description of the Project:</b> <p>Demographic statistical data for the year 2003 affirms supposed negative trends of the number of citizens of the city of Poprad for the next years. The number of inhabitants of the city continuously declines and it reached 55 680 citizens of which were 28 881 (51,87 %) females in December 31st 2003. The number of citizens in the district of Poprad was lower in 2002 than in the previous year and this fact is the same for the year 2003. Dynamics of natural movement of population has declined rapidly from the year 1990 in Poprad. From the value 631 by 958 births and 327 deaths in the year 1990 till 126 (494 births and 368 deaths) in 2003. Migration balance has ran into negative numbers from the year 1996 to 2003 and the share of emigrants has been going up from the year 2000. Decrease caused by migration was represented by -105 people in 1996 but in 2003 it was even – 426 people. The development of completed flats has been not favourable in the Poprad during the last years. The number of completed flats is really low in comparison to the year 1989. While in 1989 there was built 1209 flats in the district of Poprad in 2003 it was 295, in 2002 it was 205, in 2001 it was 228, in 2000 it was 270, in 1999 it was only 339 flats, in 1998 it was 137 flats and in 1997 it was only 119 flats. The number of individual building houses represents 74.6 % from the amount. The housing stock included 28 205 flats, with density 3.47 person per flat, in the district of Poprad in 1991. This situation is under the Slovak's average one because for instance in 1996 the average housing stock was 29 757 flats with 3.43 person per flat. During 1995-2000 there was built 966 flats in the district of Poprad, which was less than before the 1990 per one year. All those facts definitely effect housing conditions in Poprad and present some negative trends that have to be come with. Politicians as well as representatives of municipality have prepared Housing Policy Strategy for 2002 – 2004. Main goal of the Strategy is increase number of finishing flats and houses by promotion of construction. Municipality decided to use as much as possible of affordable resource from the State Found for Housing Development and EU funds. Objective of Matejovce housing project is to developed an urban study (zoning, technical planning) and create preconditions for single or semidetached houses building. Project will create about 10 – 15 plots for private houses in Matejovce Cadastre and improve land quality by building hard infrastructure. Strong financial effect will be achieved mainly by improving the land quality by building hard infrastructure.</p>	
<b>Expected Results:</b> Zoning, technical planning Development of preconditions for housing construction and improvement of hard infrastructure	<b>Target Group(s):</b> Citizens Developers
<b>Possible Stakeholders:</b>	<b>Possible Contributions to the Project:</b>
Municipality	Project manager, financial support, technical assistance
Developers	Co-financing, technical assistance
Society	Opinion, comments
Citizens	Purchasers
<b>Prerequisites:</b> Correspondence to Master Plan Completed financing Environmental balance	<b>Risk Factors:</b> Very high costs for improving the land quality Not very high favourable location Lack of interest
<b>Estimated Costs:</b> Total costs: 1,000,000 Sk. Municipality 75%: 750,000 Sk. SFHD 25%: 250,000 Sk.	
<b>Time for Implementation:</b> July 2004-December 2004	<b>Time to Impact:</b> September 2004 January 2005

<b>Project:</b> <b>Stráže Housing Project: Zoning, Technical Planning, Hard Infrastructure</b>	<b>Program Type(s):</b> <b>Hard Infrastructure</b> <b>Public Investment, State Fund for Housing Development</b>
<b>Short Description of the Project:</b> <p>Demographic statistical data for the year 2003 confirms negative trends in the number of citizens of the city of Poprad for the next years. The number of inhabitants of the city continuously declines reached 55, 680 citizens of which were 28 881 (51,87 %) females in December 31st 2003. Dynamics of natural movement of population has declined rapidly from the year 1990 in Poprad. From the value 631 by 958 births and 327 deaths in the year 1990 till 126 (494 births and 368 deaths) in 2003. Migration balance has ran into negative numbers from the year 1996 to 2003 and the share of emigrants has been going up from the year 2000. Decrease caused by migration was represented by -105 people in 1996 but in 2003 it was even – 426 people. The development of completed flats has been not favorable in the Poprad during the last years. The number of completed flats is really low in comparison to the year 1989. While in 1989 there was built 1209 flats in the district of Poprad in 2003 it was 295, in 2002 it was 205, in 2001 it was 228, in 2000 it was 270, in 1999 it was only 339 flats, in 1998 it was 137 flats and in 1997 it was only 119 flats. The number of individual building houses represents 74.6 % from the amount. The housing stock included 28 205 flats, with density 3.47 person per flat, in the district of Poprad in 1991. This situation is under the Slovak's average one because for instance in 1996 the average housing stock was 29 757 flats with 3.43 person per flat. During 1995-2000 there was built 966 flats in the district of Poprad, which was less than before the 1990 per one year. All those facts definitely effect housing conditions in Poprad and present some negative trends that have to be come with. Politicians as well as representatives of municipality have prepared Housing Policy Strategy for 2002 – 2004. Main goal of the Strategy is increase number of finishing flats and houses by promotion of construction. Municipality decided to use as much as possible of affordable resource from the State Found for Housing Development and EU funds. Objective of Stráže housing project is to developed an urban study (zoning, technical planning) and create preconditions for single or semidetached houses building. Project will create about 10 – 15 plots for private houses in Stráže Cadastre and improve land quality by building hard infrastructure. Strong financial effect will be achieved mainly by improving the land quality by building hard infrastructure.</p>	
<b>Expected Results:</b> Zoning, technical planning Development of preconditions for housing construction and improvement of hard infrastructure	<b>Target Group(s):</b> Citizens Developers
<b>Possible Stakeholders:</b> Municipality Developers Society Citizens	<b>Possible Contributions to the Project:</b> Project manager, financial support, technical assistance Co-financing, technical assistance Opinion, comments Purchasers
<b>Prerequisites:</b> Correspondence to Master Plan Completed financing Environmental balance	<b>Risk Factors:</b> Very high costs for improving the land quality Not very high favourable location Lack of interest
<b>Estimated Costs:</b> Total costs: 1,000,000 Sk. Municipality 75%: 750,000 Sk. SFHD 25%: 250,000 Sk.	
<b>Time for Implementation:</b> July 2004-November 2004	<b>Time to Impact:</b> September 2004 January 2005

<b>Project:</b> <b>Multifunctional Sports Hall</b>	<b>Program Type(s):</b> <b>Infrastructure</b> <b>Public Finance</b>
<b>Short Description of the Project:</b> <p>The official report “Development of the Town in Period 1999-2002” accepted that the main tasks for the period are divided into four areas: construction and environment, social area, support for the culture, sports and education, and regional co-operation and self-government development. Poprad as a previous candidate town for the Olympic Games has a well prepared Master Plan that focuses on sports facilities; however, construction of sports facilities within the town has not occurred. Decision makers together with private businesses proposed the development of a Congress Hall many years ago but were unable to secure the necessary resources. Newly elected members of the local parliament suggested the preparation of a technical document for a Multifunctional Sport Hall with possible use for congresses. The multifunctional and multi-use Sports Hall is a big project (approximately 2 million Sk) and will be cofinanced by EU funds. One of the basic conditions for the application is a building permit and therefore the municipality of Poprad must prepare supporting technical documentation to achieve this.</p> <p>The project will open the possibility to organizing and holding sport as well as cultural events in Poprad, and the Hall will also provide enough room for congresses to take place. Such a center will be unique within the Region of the High Tatras, and it is envisaged that the multifunctional sports hall will be used by public, as well as private and NGO, sectors. The Sports Hall will provide a number of rooms also for use by private companies, indirectly creating new jobs. Covering of marketing gap will be one of possible economical effect. Best practice shows that such complex spend enormous money for maintenance and therefore is evitable to construct the hall in a way that it creates a places for businesses and leisure activities for covering them. These activities will provide services either for citizens or for tourist.</p>	
<b>Expected Results:</b> Construction documentation, EIA Precondition for EU funds	<b>Target Group(s):</b> Sport clubs Sport community Citizens Businesses Tourists
<b>Possible Stakeholders:</b> Municipalities Private businesses Sport clubs Public donors	<b>Possible Contributions to the Project:</b> Project manager, financial support, technical assistance Technical design Promotion, technical assistance Financial support
<b>Prerequisites:</b> Correspondence to Master Plan Clarified ownership Completed financing from different sources	<b>Risk Factors:</b> Public donors co-financing
<b>Estimated Costs:</b> Public finance: 1,850,000 Sk.	
<b>Time for Implementation:</b> August 2004-January 2005	<b>Time to Impact:</b> First evaluation after 1 month Second evaluation after 3 months Third evaluation after 5 months

<b>Project:</b> <b>Reconstruction of the Football Stadium in Poprad-Stráže</b>	<b>Program Type(s):</b> <b>Sport Facility</b> <b>Public Investment, Structural Funds</b>
<b>Short Description of the Project:</b> <p>Poprad Stráže Football Club represents Poprad in football league. Main support of the municipality is oriented to the Poprad and Veľká football courts although those clubs dropped out from the contest. Representatives from the Stráže Football Club asked decision makers for support their activities focusing on reconstruction of Football Station. Politicians suggested to prepare technical documentation and financial study for the project. Project itself supports football community in Stráže and improves sport and cultural activities in one urban part of Poprad. There is no direct financial effect by implementation of the project but on the other hand cost benefit analysis points many facts that can improve quality of life of citizens in Poprad. Implementation of project creates opportunity for youth and football players to use actively spare time and prevent them from crime and alcohol.</p>	
<b>Expected Results:</b> Technical documentation, financial study Building permission	<b>Target Group(s):</b> Football clubs Youth Citizens
<b>Possible Stakeholders:</b> Municipality Football clubs Donors Citizens	<b>Possible Contributions to the Project:</b> Project manager, financial support, technical assistance Co-financing, technical assistance Co-financing Voluntary work
<b>Prerequisites:</b> Completed financing Clarified ownership	<b>Risk Factors:</b> Co-financing
<b>Estimated costs:</b> 250 000,- Sk	
<b>Time for Implementation:</b> September 2004	<b>Time to Impact:</b> November 2004

<b>Project:</b> <b>Reconstruction of Veľká Neighborhood</b>	<b>Program Type(s):</b> <b>Urban Development, Hard Infrastructure</b> <b>Project for Public Investment</b>
<b>Short Description of the Project:</b> <p>The municipality of Poprad consists of six suburbs which had started to be revitalized in 1996. Priority was given to the center of Poprad as a main part of the suburbs; this was followed by the center of Spišská Sobota as a main historical part of Poprad, and the third chosen center for reconstruction was the center of Veľká. The reconstruction of the Veľká neighborhood was started in 2002 and the II. phase of the project should be finished in 2004. This project is focused on the hard infrastructure (e.g. water supply pipes, sewage, telecommunication cables, electricity supply) as well as on the architectural revitalization of neighborhood.</p> <p>The economic effects would be many; the most important being the modernization of infrastructure, improvement of environment, support for SMEs and support for tourist-oriented businesses. The reconstruction of the Veľká neighborhood will open possibilities and create preconditions for new investments in that part of the town, serving to reduce the unemployment rate in Poprad by creating new jobs. Revitalization of center will create possibilities for new tourist attractions as well as for cultural events.</p>	
<b>Expected Results:</b> Improves the hard infrastructure Encourages the development of private business Creates preconditions for new investments Intensifies the development of services	<b>Target Group(s):</b> Community Business community Society
<b>Possible Stakeholders:</b>	<b>Possible Contributions to the Project:</b>
Municipality	Project manager, financial support, technical assistance
Private businesses	Developer, technical support
Society	Comments, ideas
<b>Prerequisites:</b> Building permit issued Ownership clarified Completed financing from different sources	<b>Risk Factors:</b> Low budget in comparison to the value of the project
<b>Estimated Costs:</b> II. Phase: 4,260,000 Sk.	
<b>Time for Implementation:</b> II. Period Commencement: Within 2004	<b>Time to Impact:</b> First evaluation: after 1 month of operation Second evaluation: after 6 months of operation Third evaluation: after one year

<b>Project:</b> <b>Revitalization of Matejovce Neighborhood</b>	<b>Program Type(s):</b> <b>Hard Infrastructure</b> <b>Public Investment</b>
<b>Short Description of the Project:</b> <p>Even though the town of Poprad is the 10<sup>th</sup> largest town in Slovakia, fewer blocks of flats have been developed in the last ten years than during 1988 alone. While the population has declined, there is a rise in the number of people per square meter in these flats. Elected members of the local council started to consider this reality and according the Master plan of Poprad, have chosen an area for single housing construction site. One possible site for such kinds of activities is Matejovce. The project is focused on the development of an urban study, a feasibility study and technical documentation. Very strong economic development effect can be achieved by improving the land quality (development of hard infrastructure) and creating some preconditions for single housing construction.</p>	
<b>Expected Results:</b> Urban study, feasibility study, technical documentation Development of preconditions for housing construction and improvement of hard infrastructure	<b>Target Group(s):</b> Decision makers Citizens Developers
<b>Possible Stakeholders:</b>	<b>Possible Contributions to the Project:</b>
Municipality	Project manager, financial support, technical assistance
Private businesses	Co-financing, technical assistance
Society	Opinion, comments
Citizens	purchasers
<b>Prerequisites:</b> Correspondence to Master Plan Completed financing Environmental balance	<b>Risk Factors:</b> Non attractive area for purchasers Very high costs for improving the land quality Proximity of industrial zone
<b>Estimated Costs:</b> 300,000 Sk.	
<b>Time for Implementation:</b> August 2004-October 2004	<b>Time to Impact:</b> First evaluation after presentation of urban and feasibility study Second evaluation after presentation of technical project

<b>Project:</b> <b>Social Housing for Roma's Community</b>	<b>Program Type(s):</b> <b>Hard Infrastructure</b> <b>Public Investment, Structural Funds</b>
<p><b>Short Description of the Project:</b></p> <p>Population of Poprad is about 50 000 citizens and the Roma's community is represented by less than 1% of population. Regardless of this municipality must cope with many problems connecting to the community especially near by the centers of urban parts of the town. Aim of the project is pointed to the community that is located in Matejovce. Roma's families have live exactly in the town centre for many years and they completely destroyed the building. Municipality of Poprad did not invest a lot of money to maintain the house and presently the town hall has got some warnings from public administration about the condition of building. Decision makers decided to revitalize the centre and to find appropriate location for new social housing. After a long discussion with stakeholders an area was chosen. Project is solving not just a housing problem but also employment of the community mainly by self-employment. Project is focused on development of urban study, feasibility study and technical documentation for building permission.</p> <p>Very strong economical effect can be achieved mainly by helping Roma's families to build houses in very good quality standard and at the same time to provide them with jobs.</p> <p>Municipality will provide 10 % of financial sources and 90 % will be applied from the Structural fund within the Operational program Basic infrastructure.</p>	
<p><b>Expected Results:</b></p> <p>Urban study, feasibility study, technical documentation          Development of preconditions for housing construction          and improvement of hard infrastructure</p>	<p><b>Target Group(s):</b></p> <p>Decision makers          Roma's families          Developers</p>
<p><b>Possible Stakeholders:</b></p> <p>Municipality          Private businesses          Society          Citizens</p>	<p><b>Possible Contributions to the Project:</b></p> <p>Project manager, financial support, technical assistance          Co-financing, technical assistance          Opinion, comments          Comments</p>
<p><b>Prerequisites:</b></p> <p>Correspondence to Master Plan          Completed financing          Environmental balance</p>	<p><b>Risk Factors:</b></p> <p>Very high costs for improving the land quality          Roma's community</p>
<p><b>Estimated Costs:</b></p> <p>Total costs: 2,000,000 Sk.          Municipality (10%): 200,000 Sk.          Structural fund (80%): 1,600,000 Sk.          State government (10%): 200,000 Sk.</p>	
<p><b>Time for Implementation:</b></p> <p>Application: From August 2004          Realization: 2005</p>	<p><b>Time to Impact:</b></p> <p>First evaluation: After presentation of urban and feasibility study          Second evaluation: After presentation of technical project</p>

<b>Project:</b> <b>Street Reconstruction: Šrobárova and Tajovského</b>		<b>Program Type(s):</b> <b>Hard Infrastructure</b> <b>Public Investment</b>	
<b>Short Description of the Project:</b> Streets are situated in South-East part of the settlement JUH V.,VI. The roads are currently in a very bad condition because of the old infrastructure and insufficient maintenance from 90s. These roads are asphalted but damaged.  Project would like to solve the problem of connection those streets because the previous road plan created some barriers for cars not to use them as transport road. Although those barriers protect children commuting to school from the nearby block of flats the density of car has risen enormously and the mainly Šrobárova street is heavily used. Traffic jam can be solved by streets' reconstruction.  This project is fully justified not only in the economic aspect but also in other aspects of life. With the implementation of this project, 3.000 inhabitants of this area would gain directly, respectively indirectly would gain about 6.000 inhabitants of surrounding areas. Asphalting of this road creates possibilities for the spreading of the street in this key area. Project will save time for citizens, environment and there will be also economical effect because of petrol savings.  Preparatory works (mark the line, demolish existing barriers, dig the ground etc.); Works of the lower base (cover with gravel, build the pier, build the tampon layer with compression from gravel, dig drainage canals, supply and set pipes etc.); Works of the upper base (cover with gravel, supply, transport, put and compress tar and gravel of 50cm thickness.).			
<b>Expected Results:</b> Improvement of traffic infrastructure Less traffic accidents Solving traffic problems		<b>Target Group(s):</b> Citizens live in the area	
<b>Possible Stakeholders:</b> Municipality Developers Society		<b>Possible Contributions to the Project:</b> Project manager, financial support, technical assistance Technical assistance, Opinion, comments	
<b>Prerequisites:</b> Correspondence to Master Plan Completed financing Building permit Project Motivation of the community to be involved in the project		<b>Risk Factors:</b> Financing	
<b>Estimated Costs:</b> Total costs: 2,200,000 Sk.			
<b>Time for Implementation:</b> July 2004-December 2004		<b>Time to Impact:</b> January 2005 After one year	