



LESSONS ON LOCAL ECONOMIC DEVELOPMENT FROM UKRAINE'S NATIONAL REVOLUTION

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It's December 22nd 2013 and I'm standing in the middle of the Maidan Square in Kiev, Ukraine. I'm not alone. Around 500,000 citizens surround me. Since May 2012 I had been consulting with several cities across Ukraine with the Federation of Canadian Municipalities (FCM). Working on behalf of Global Affairs Canada, FCM implements municipal development programs around the globe. Each of FCM's international programs partner with Canadian municipalities to establish peer-to-peer learning, with an opportunity for cross-cultural exchange, and trade relations in a developing or transitioning economy. On this visit to Ukraine my assignment was to support and mentor municipal managers who were looking to create economic development projects aimed at enhancing prosperity through investment attraction.

Local Government in Ukraine

Local government in Ukraine is divided in subdivisions consisting of 24 regions (oblasts), which are further divided into districts (raions).

Heads of local government serve as representatives of the central government in Kiev. They are appointed and dismissed by the President.

What began as a simple capacity building and knowledge exchange program, unintentionally evolved into witnessing and participating in one of Ukraine's greatest local and national transformations.

On this day in Kiev, citizens from across the country gathered to protest national corruption, the political and fiscal castration of local governments, and their own lack of choice. Weeks earlier a small protest started when then President, Viktor Yanukovich, made a last minute decision to forgo signing a deal that would move Ukraine closer to membership in the European Union, and instead signed a deal with

Russia. His decision was against that of parliament and the majority of Ukrainian citizens. Immediately people took to the streets to express their displeasure. It didn't take long for several hundred demonstrators to morph into hundreds of thousands willing to stand and defend their right to democracy and free choice. Following three months of conflict with intensifying violence against the citizens standing in the square, the president was ousted. What followed was a quick succession of changes: a new interim government, restoration of previous Constitutional amendments to support the decentralization of powers, presidential and then parliamentary elections, and significant reforms to legislation that define municipal governance.

This level of disruption is hard to imagine in most of our municipalities. Across North America and in many developed countries we take for granted the political and economic structures that provide stability – rule of law, social equality, pluralism, accountability, and transparency. Despite this stability, disruption is happening around us in many different ways we cannot control: macro-economic, environmental, and demographic, to name a few. As economic development professionals and municipal managers, how do we face the changes these disruptions bring?

Tough question. With a little reflection on my work providing consulting and mentorship to Ukrainian cities who are undergoing political and economic structural transformation, I've realized three lessons we can heed in developed economies.

Citizens are your greatest asset

Economies can't thrive without people. In our current economic paradigm, that means people to consume and people to produce. But economies and municipalities need more than this "citizen as consumer/citizen as producer" model to thrive. Economies thrive when people live, create, and build their own community. With this perspective, we need to focus on growing our economies from within. Unfortunately, more often than not our economic development planning is focused on what's outside of our cities: the foreign investment we can attract and the new assessment value we can generate.

These are important elements of local development, but disruptive thinking re-envisioned how we create wealth in our communities by engaging local citizens. By engaging the talent and aspirations of our citizens we create new companies and jobs, increase revenues, and grow a vibrant local business sector.

As I stood in the Maidan Square I could see how the demonstrators were laughing, smiling, and working together to construct a safe, self-sufficient community that reflected the Ukraine they want to build for future generations. Two and half years later, I am

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working with these same individuals to build small businesses, incubate startups, and support the growth of their local economies. As I continue my work here in Ukraine I can see that this is a sustainable form of local economic development that truly leverages a community’s greatest assets – its people – to build its future.

Get back to your basics

Markets aren’t complicated. Visit any school yard during lunch hour and you’ll see a thriving economy: kids swapping one lunch item for another, bartering for toys, and maybe even entering into the practice of speculation (how much do you think that first edition print of Batman’s 25th anniversary comic will be worth in 10 years?). For over 10,000 years people have come together for the facilitation of production and exchange. Supply and demand is a basic, innate concept, as though economics is in our DNA.

As economic developers and municipal managers, we complicate things. We use a wide set of abstract tools to analyze market activity, predict future growth, and to understand the effect one thing will have on another. For instance, the price of oil drops, the Bank of Canada decreases interest rates, and the Canadian dollar loses value – a boom for some sectors and a bust for others. But for our citizens/consumers, markets are simple – there’re essentially conversations. These fundamental conversations lead to the exchanges that are happening in our local economies (and in the school yard). Disruptive thinking in the time of economic transition recognizes that municipalities are the original sites of exchange, and seeks to understand the past in order to determine how to define the future. This is not to be confused with “path dependency” and development patterns that keep us locked in past trajectories. On the contrary: new local innovation systems supporting economic growth come from iterations and new combinations of historical processes of production and exchange.

Through their political and economic transition, cities across Ukraine are returning to local markets and historical strengths in the most remarkable way – confronting their empirical and soviet past, and the cycles of economic decline and growth that each structural change has brought. Through this process they are identifying unique strengths and their competitive advantage in the global marketplace.

Collaborate and invest in your enabler

Public infrastructure is the foundation on which our municipalities are built. I’ve already mentioned that for centuries municipalities have served as the center for human and economic development where people have come together to exchange goods, ideas, and culture. This exchange is facilitated by social, economic, and physical infrastructure. Roads, bridges, and transit systems connect and grow both our communities and our economies. This infrastructure is also vital for inclusive, livable, and sustainable communities. Cities across North America are struggling to address infrastructure deficits. They won’t succeed on their own.

National and regional governments must come together to support municipal investment. As Ukraine continues to decentralize through reform, the importance of inter-governmental co-operation is now more pronounced than ever. New roles and responsibilities are being assigned to municipal governments, but what's at risk is even further neglect of a vital infrastructure that keeps their communities and economies functioning. Through conflict and political divides, municipalities must learn to collaborate with one another and all orders of government to build sustainable infrastructure on which their municipalities can prosper.

It's been just over two years since the monumental events at the Maidan concluded. I'm now living in Kiev, Ukraine continuing my work with 16 cities who are looking to transform their local economies through democratic governance, SME business growth, and inter-governmental cooperation. While I provide technical assistance, consulting, and Canadian best practices, I'm continually learning from my colleagues here in Ukraine. Most importantly, I've learned that people and their actions do make a difference in how municipalities evolve and respond to disruption. Kindness and compassion fueled Maidan. They are basic human sentiments with powers enabling a community to live, as Wilson Woodrow would say, "more amply, with greater vision, with a finer spirit of hope and achievement." As you strive to navigate disruption in your own community engage your citizens, get back to your basics, and collaborate.



KADIE WARD is a Senior Governance Advisor with the Federation of Canadian Municipalities International Program "Partnership for Local Economic Development and Democratic Governance." Having worked with 45 cities from 12 counties, Ward is an expert in local and international economic development where she empowers communities, local governments, and economic developers to effect sustainable growth.



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