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ЕКОНОМІЧНИХ ДОСЛІДЖЕНЬ
ТА ПОЛІТИЧНИХ КОНСУЛЬТАЦІЙ



MUNICIPAL COMPETITIVENESS INDEX 2021 PRESENTATION

Kyiv, September 2, 2021

MUNICIPAL COMPETITIVENESS INDEX: WHAT FOR AND WHAT IS IT ALL ABOUT?

MCI an analytical tool to evaluate municipal business climate,
including economic governance efficiency



For LOCAL BUSINESSES

MCI offers an opportunity to voice their opinions regarding improvement of local business environment and to participate in forming transparent, competitive local business



For LOCAL AUTHORITIES

MCI helps to reveal regulatory barriers, risks of corruption and lack of transparency, to identify and introduce the best practices of public-private dialogue



For the GOVERNMENT OF UKRAINE

MCI sets prerequisites for stimulating sound competition among municipalities and economic growth, scaling up best regulatory practices from local to the national level.



For INVESTORS

MCI can give the rationale for making decisions about investing in the municipalities participating in the MCI

MCI COMPONENTS

1. Starting a business

2. Access to public property

3. Transparency and openness of data

4. Compliance cost

5. Taxes and duties

6. Informal payments and corruption

7. Security of business operation

8. Leadership of municipal authority

9. Development resources

10. Support of innovations

Indicator 1. Bribes and gifts
Indicator 2. Anticorruption activities

Indicator 1. Business development support
Indicator 2. Public-private dialogue

Indicator 1. Human resources
Indicator 2. Financial resources and infrastructure
Indicator 3. Business support infrastructure

MCI 2021 PARTICIPATING MUNICIPALITIES



45 largest cities:

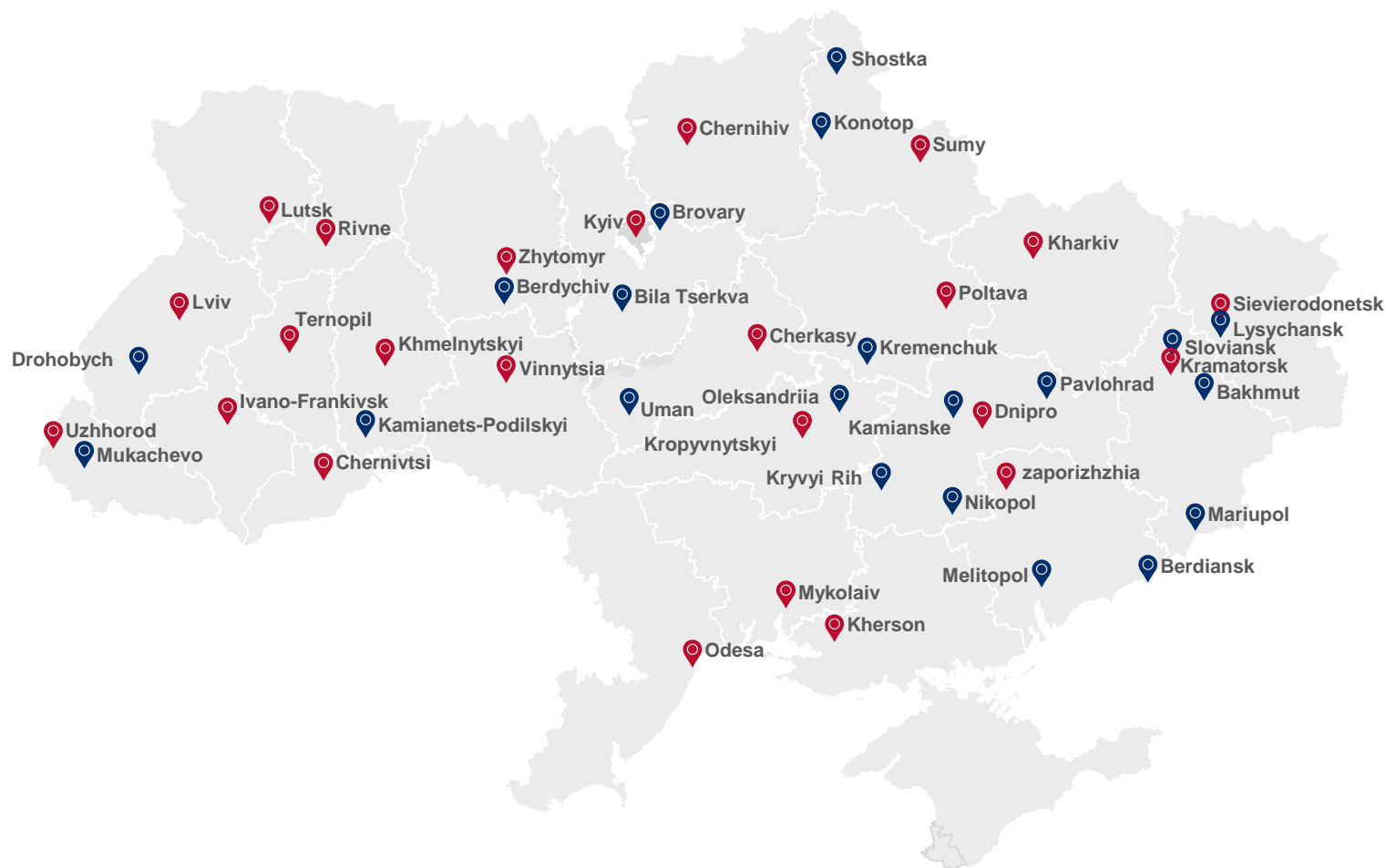
 24 oblast centers

 21 municipality with population over 73000



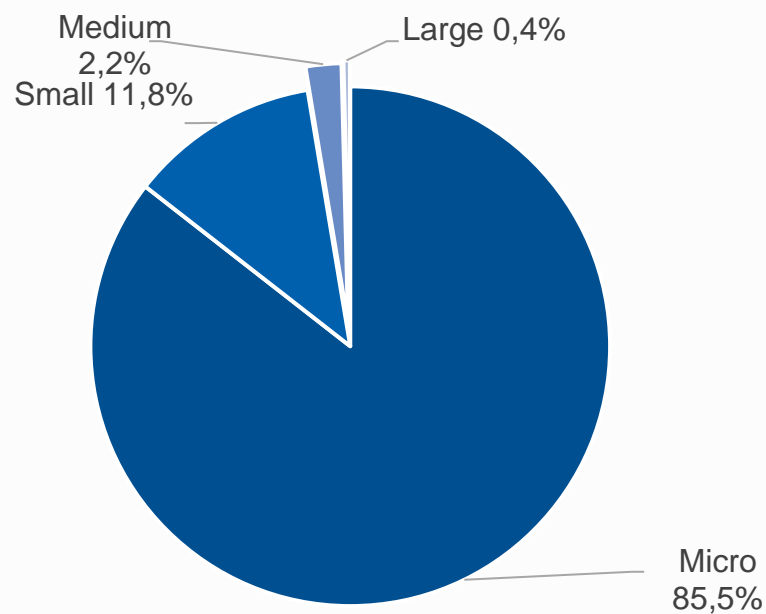
7454 surveyed companies and individual entrepreneurs (CATI)

+ statistic data collection

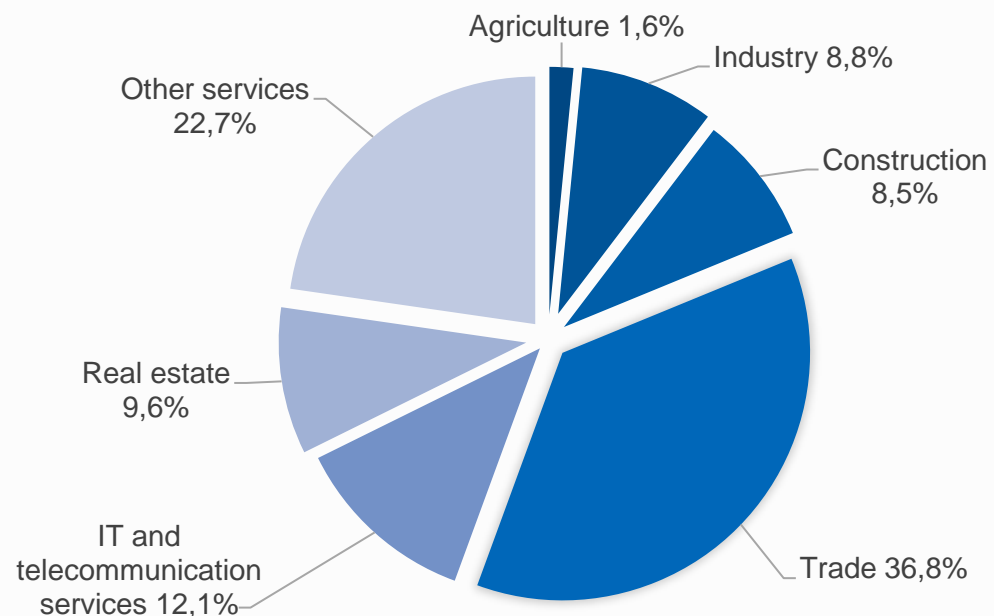


MCI 2021 PARTICIPANTS PROFILE

SIZE OF BUSINESSES



SECTORS



7454
business entities



50% individual entrepreneurs
50% legal entities



32% women
68% men

— MCI 2021 RESULTS FOR OBLAST CAPITALS AND NATIONAL MCI



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MCI 2021: HOW DID WE CALCULATE?

MCI 2021 CONTAINS TWO RANKINGS:

- 1) For the 24 cities participating in MCI 2019/2020
- 2) For 45 municipalities of MCI 2021



(the results of the two rankings differ in the sample of the municipalities and the set of indicators, therefore are not to be compared against each other)



MCI-Oblast capitals 2021

- 24 cities – Kyiv and 23 Oblast capitals
- The same selection of cities and set of indicators were used as in MCI 2019/2020
- The results are comparable with MCI 2019/2020

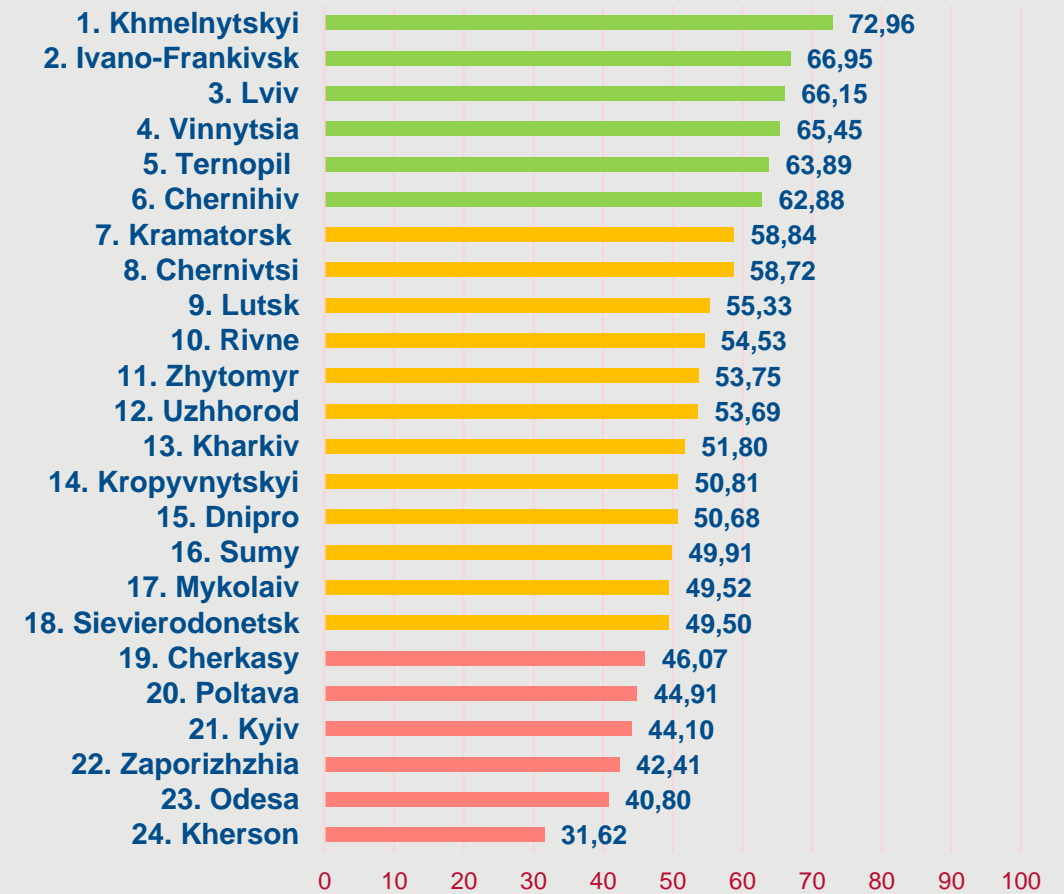
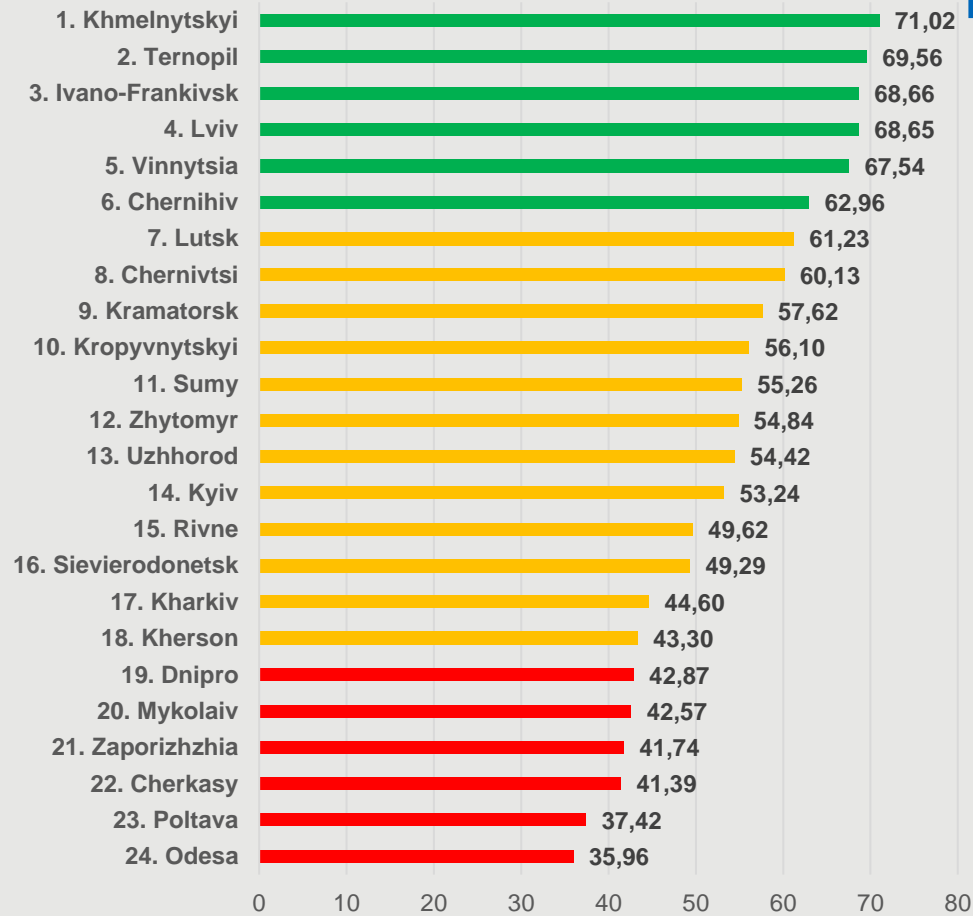
The results allow tracing progress of the municipalities against the previous wave of the survey.

MCI 2021

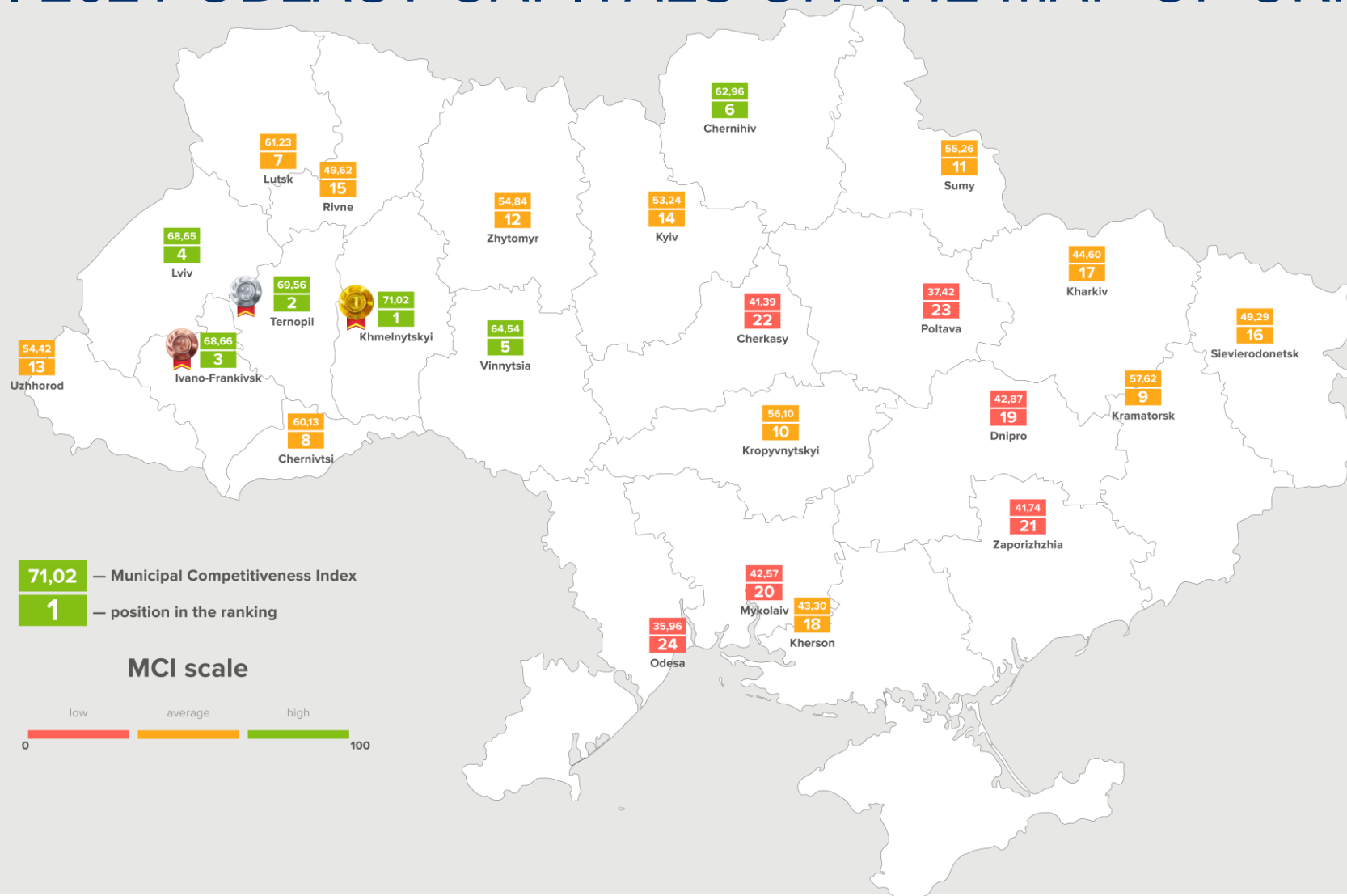
- Ranking of 45 largest municipalities
- Incomparable with the previous wave due to sample differences
- Shorter set of indicators was used due to lack of representation of subsamples in smaller municipalities

The results allow comparing competitiveness of municipalities of any size and location.

MCI 2021 and MCI 2019/2020 FOR OBLAST CENTERS: RANKING AND GROUPING OF MUNICIPALITIES (USING MCI 2019/2020 METHODOLOGY)



MCI 2021 OBLAST CAPITALS ON THE MAP OF UKRAINE



MCI 2021 and MCI 2019/2020: COMPARING THE RESULTS



12 cities

scored higher than the national average
(MCI 2019/20 – 9 cities)



14 cities

scored more than 50 (MCI 2019/2020 - 15 cities)

City	MCI 2021 score	MCI 2021 ranking	Ranking difference	Score difference	Score 2019/2020	Ranking 2019/2020
Khmelnytskyi	71,02	1	=0	-1,94	72,96	1
Ternopil	69,56	2	↑+3	+5,67	63,89	5
Ivano-Frankivsk	68,66	3	↓-1	+1,71	66,95	2
Lviv	68,65	4	↓-1	+2,50	66,15	3
Vinnytsia	67,54	5	↓-1	+2,09	65,45	4
Chernihiv	62,96	6	=0	+0,08	62,88	6
Lutsk	61,23	7	↑+2	+5,90	55,33	9
Chernivtsi	60,13	8	=0	+1,41	58,72	8
Kramatorsk	57,62	9	↓-2	-1,22	58,84	7
Kropyvnytskyi	56,10	10	↑+4	+5,29	50,81	14
Sumy	55,26	11	↑+5	+5,35	49,91	16
Zhytomyr	54,84	12	↓-1	+1,09	53,75	11
Uzhhorod	54,42	13	↓-1	+0,73	53,69	12
Kyiv	53,24	14	↑+7	+9,14	44,1	21
Rivne	49,62	15	↓-5	-4,91	54,53	10
Sievierodonetsk	49,29	16	↑+2	-0,21	49,5	18
Kharkiv	44,60	17	↓-4	-7,20	51,8	13
Kherson	43,30	18	↑+6	+11,68	31,62	24
Dnipro	42,87	19	↓-4	-7,81	50,68	15
Mykolaiv	42,57	20	↓-3	-6,95	49,52	17
Zaporizhzhia	41,74	21	↑+1	-0,67	42,41	22
Cherkasy	41,39	22	↓-3	-4,68	46,07	19
Poltava	37,42	23	↓-3	-7,49	44,91	20
Odesa	35,96	24	↓-1	-4,84	40,8	23

NATIONAL MCI 2021 (OBLAST CAPITALS)

54,68

– national MCI 2021



It is 0.04 points less than the national MCI 2019/2020 – 54.72.



None of the indicators received a high score (7 and above)

Subindex	MCI 2021	MCI 2019/2020	MCI 2021 vs. MCI 2019/2020
Component 1. Starting a business	6,20	5,77	↑0,43
Component 2. Access to public property	5,51	5,24	↑0,27
Component 3. Transparency and openness of data	5,54	5,33	↑0,21
Component 4. Cost of compliance	6,28	7,08	↓-0,80
Component 5. Taxes and duties	5,19	5,69	↓-0,50
Component 6. Informal payments and corruption	5,45	5,19	↑0,26
Component 7. Security of business operation	6,31	5,59	↑0,72
Component 8. Leadership of municipal authority	5,02	5,31	↓-0,29
Component 9. Resources for development	4,69	4,66	↑0,03
Component 10. Support of innovations	4,48	4,86	↓-0,38
Національний ІКМ	54,68	54,72	↓-0,04

10 KEY OBSERVATIONS OF MCI 2021

(Oblast capitals)



6.5 days – average time for business registration (MCI 2019/2020 – 6.1 days).



73.4 days – the average time for receiving land lease/ownership papers (MCI 2019/2020 – 72.4 days).



Access to public procurement is most transparent but received **only 23.9%** of positive evaluations (MCI 2019/2020 - 17,3%).



5.7 days needed for compliance with local regulations (was 1.5 times shorter – 4 days).



Business spends **51.7 days** for tax payments (MCI 2019/2020 – 58.6 days)



10.5% of the respondents experienced corruption, but only 31.9% are aware about local anticorruption programs (MCI 2019/2020 – 9.9% and 31.8%, respectively)



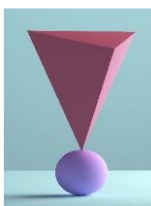
2.7% of the respondents experienced raider attacks (MCI 2019/2020 – 2.5%).



31.1% of the respondents believe that the authorities treat business “well” or “very well” (MCI 2019/2020 – 20.0%).



83.5 days needed to connect to electricity networks (MCI 2019/2020 - 85).



1.98 – average score of the financial support provided by the local authorities to the innovation programs (MCI 2019/2020 – 1.92).

— MCI 2021 RESULTS FOR 45 UKRAINIAN MUNICIPALITIES



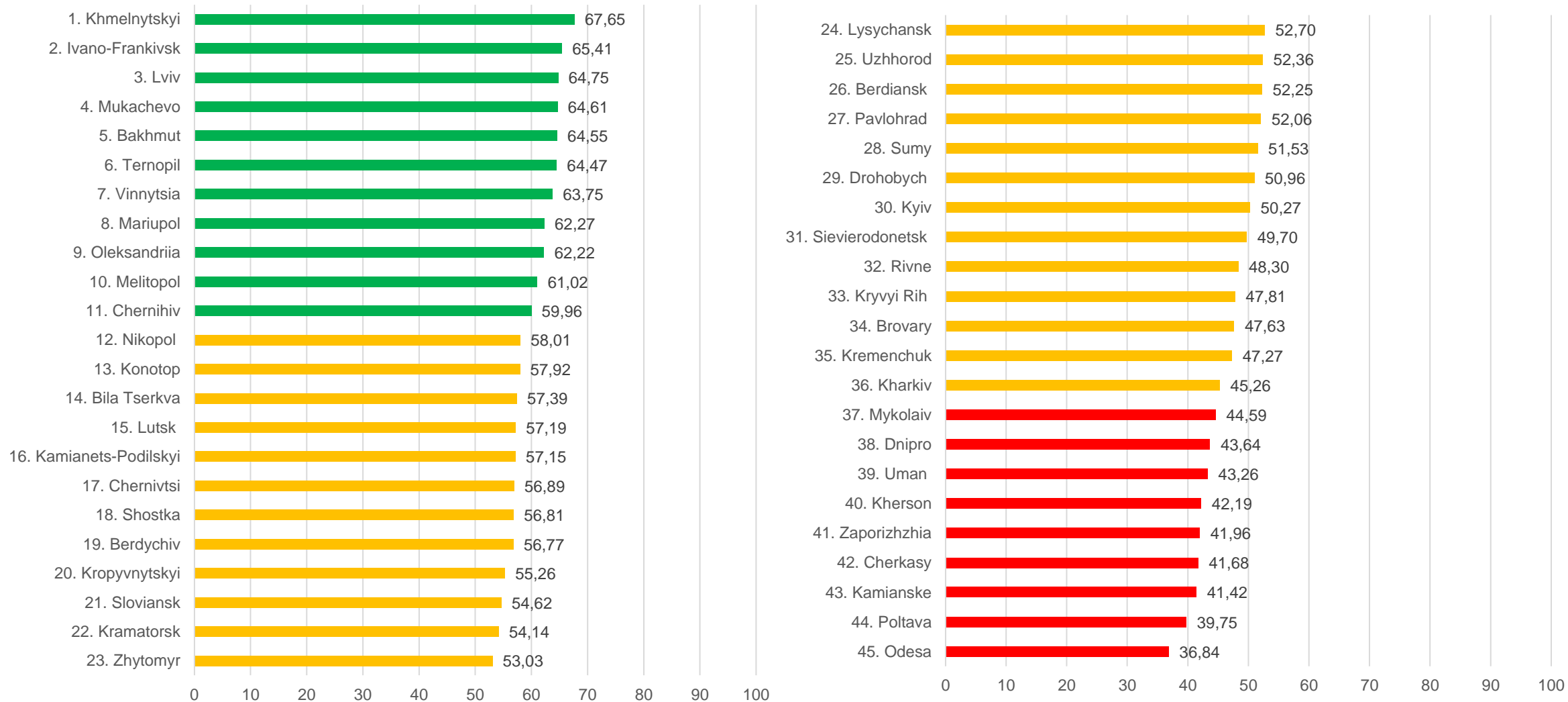
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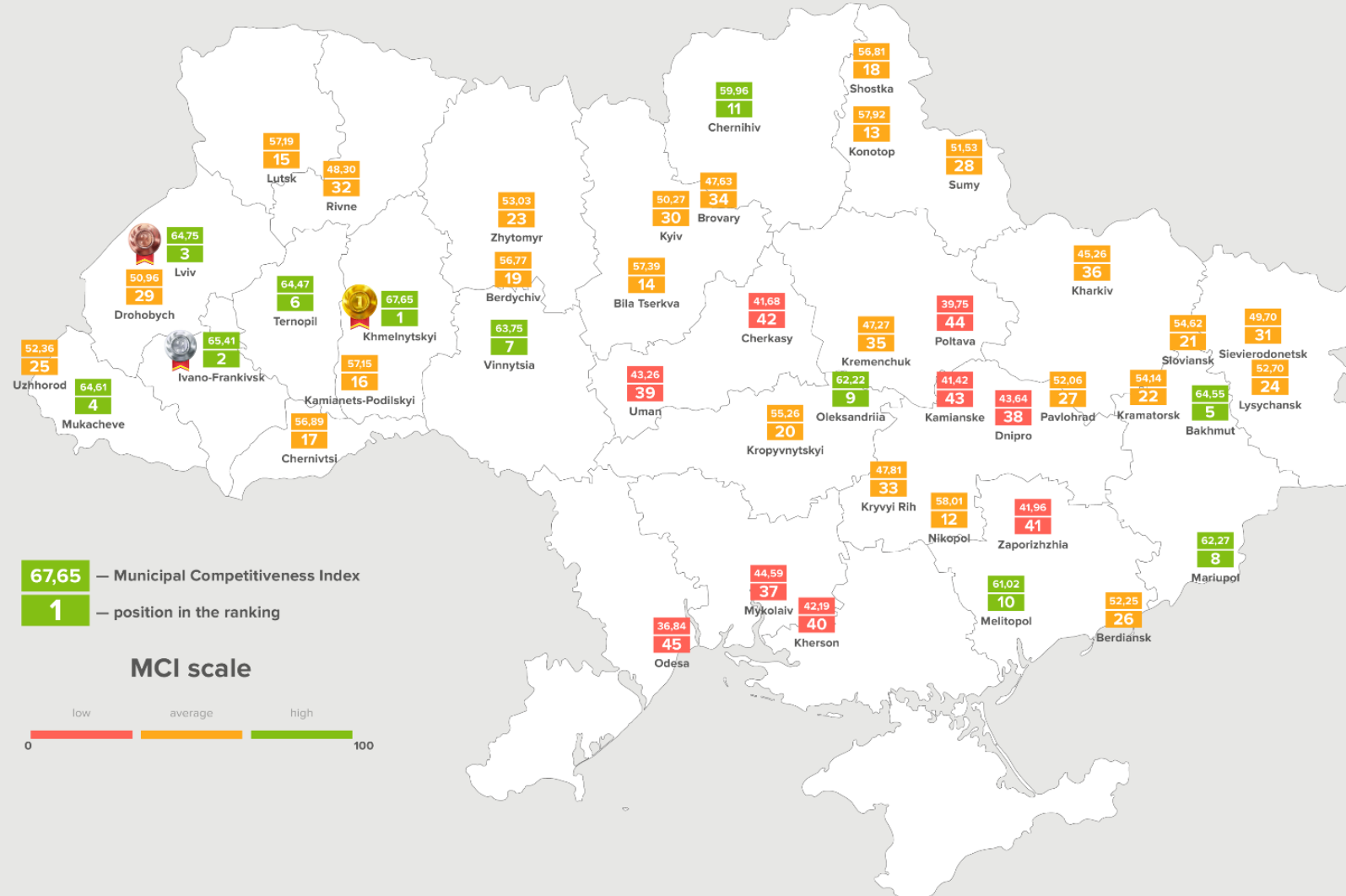
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MCI 2021 RANKING AND GROUPING OF MUNICIPALITIES



MCI 2021 ON THE MAP OF UKRAINE



ІКМ 2021: ЛІДЕРИ КОМПОНЕНТІВ

	1 ST place	2 nd place	3 rd place	4 th place	5 th place	6 th place
1. Starting a business	Bakhmut	Oleksandriia	Konotop	Berdychiv	Rivne	Uzhhorod
2. Access to public property	Sloviansk	Bakhmut	Khmelnyskyi	Pavlohrad	Chernivtsi	Kryvyi Rih
3. Transparency and openness of data	Bakhmut	Khmelnyskyi	Nikopol	Lviv	Mariupol	Vinnytsia
4. Cost of compliance	Kramatorsk	Kamianets-Podilskyi	Nikopol	Ternopil	Mukachevo	Pavlohrad
5. Taxes and duties	Shostka	Berdychiv	Mukachevo	Kamianets-Podilskyi	Brovary	Kamianets-Podilskyi
6. Informal payments and corruption	Mariupol	Berdiansk	Vinnytsia	Khmelnyskyi	Kyiv	Nikopol
7. Security of business operation	КОНОТОП	Bakhmut	Nikopol	Lysychansk	Mariupol	Vinnytsia
8. Leadership of municipal authority	Bakhmut	Ivano-Frankivsk	Khmelnyskyi	Vinnytsia	Mukachevo	Melitopol
9. Resources for development	Khmelnyskyi	Ivano-Frankivsk	Lviv	Mukachevo	Vinnytsia	Shostka
10. Support of innovations	Lviv	Ivano-Frankivsk	Lutsk	Kyiv	Mariupol	Khmelnyskyi

MCI 2021: COMPONENT LEADERS

27 of 45 municipalities

were recognized among Top-6 municipalities of Ukraine at least by one component

Municipalities included in the Top-6 more than others

- Khmelnytskyi – 6 times
- Vinnytsia – 5 times
- Bakhmut – 5 times
- Nikopol – 4 times
- Mukachevo – 4 times
- Mariupol – 4 times

Oblasts with leader municipalities

- Donetsk Oblast – 4 (of 4 municipalities participating in MCI 2021)
- Dnipropetrovsk Oblast – 3 (of 5 municipalities participating in MCI 2021)
- Khmelnytska Oblast – 2 (of 2 municipalities participating in MCI 2021)
- Zakarpattia Oblast – 2 (of 2 municipalities participating in MCI 2021)
- Zaporizhzhia Oblast – 2 (of 3 municipalities participating in MCI 2021)
- Sumy Oblast – 2 (of 3 municipalities participating in MCI 2021)



— BARRIERS AND BUSINESS EXPECTATIONS



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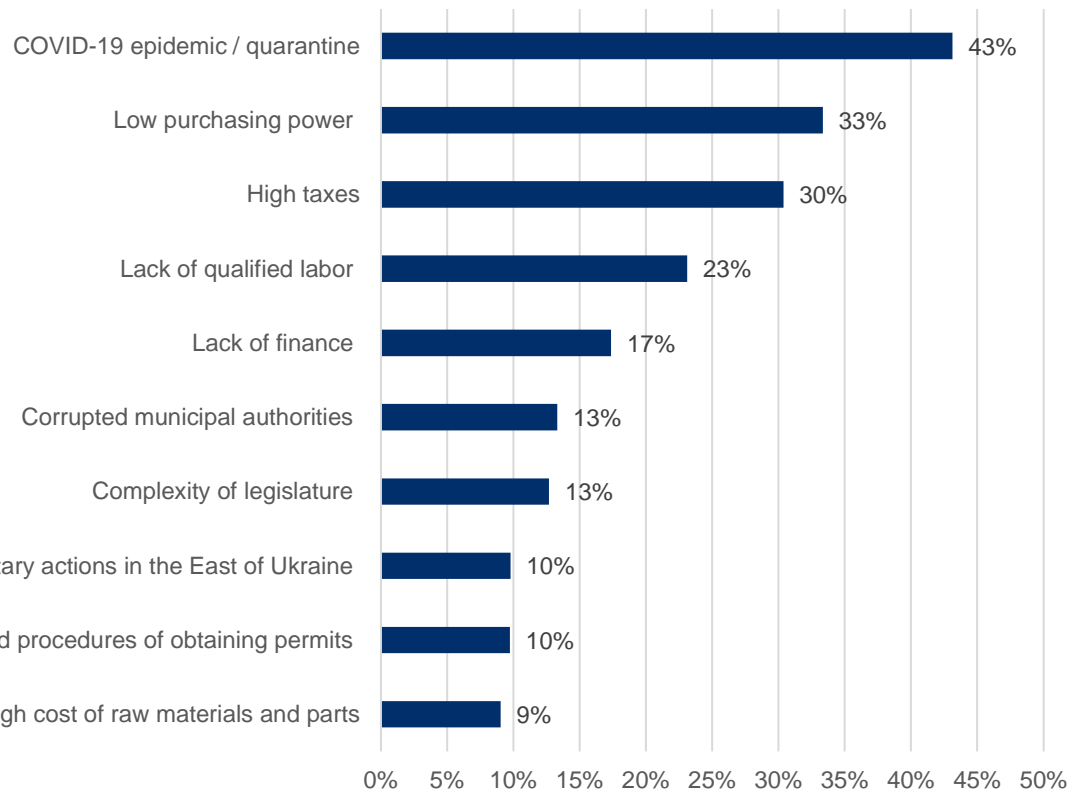


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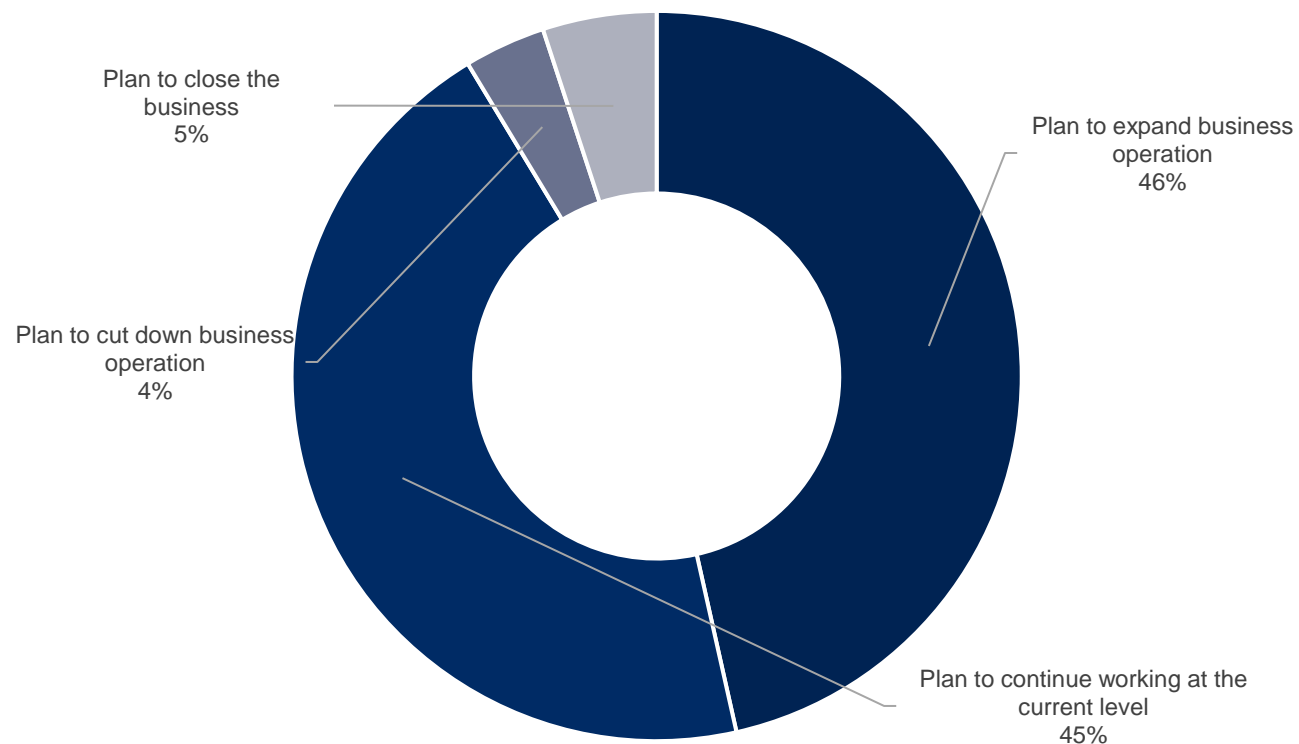
BARRIERS FOR BUSINESS OPERATION

Top-10 barriers for business operation



PLANS REGARDING BUSINESS OPERATION (1)

Plans regarding business operation



- **Optimistic expectations** of business operation prevail over pessimistic
- 46% of business executives plan to **expand** their business operations
- 45% plan to continue working **at the current level**
- 4% plan to **cut down** business operation, and 5% – **close** their business

— THE OUTCOMES OF THE PROGRAM OF IMPROVING MUNICIPAL COMPETITIVENESS INDEX AND NEXT STEPS



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THE OURCOMES OF THE PROGRAM OF MCI IMPROVEMENT



5 pilot municipalities participate in the Program: Kropyvnytskyi, Mykolaiv, Sumy, Ternopil, Chernihiv



4 out of 5 Program participants improved their MCI rates in 2021



Expert support in improving business climate is provided



Needs and gaps were analyzed



Consultations with key stakeholders were conducted



A 12-months feasible, evidence-based and detailed plan of improving business climate is elaborated



4 meetings of Intermunicipal Taskforce on MCI improvement were conducted



The online platform for Intermunicipal Taskforce was established:
<https://erepublic.org.ua/ikm/>



5 municipalities are selected to participate in the Program: Zhytomyr, Zaporizhzhia, Poltava, Rivne, Kherson

INTERMUNICIPAL TASKFORCE ONLINE PLATFORM

<https://erepublic.org.ua/ikm/>



The screenshot shows the homepage of the IKM platform. At the top left is the USAID logo. To its right is the text "Міжміська робоча група ІКМ". Below this is a map of Ukraine with orange location markers. To the right of the map is a video player showing a video titled "ПРОГРАМА ІКМ" with the subtitle "ПРОГРАМА ПОКРАЩЕННЯ ІНДЕКСУ КОНКУРЕНТОСПРОМОЖНОСТІ МІСТ УКРАЇНИ". Below the video player is the text "Платформа ефективної комунікації муніципалітетів та бізнесу" and an orange button labeled "Приєднатись". At the bottom, there are four statistics in orange boxes: "Представників міських рад" (60), "Міста" (38), "Найкращих практик" (16), and "Партнерських бізнес-спільнот" (4).

Категорія	Кількість
Представників міських рад	60
Міста	38
Найкращих практик	16
Партнерських бізнес-спільнот	4

NEXT STEPS

- The MCI Improvement Program is extended to 5 municipalities: Zhytomyr, Zaporizhzhia, Poltava, Rivne, Kherson
- Further extension of the Program is planned to include 10 more MCI-2021 municipalities

**September
2021**

Beginning of work with the municipalities

Announcement of **10 MCI 2021 municipalities** selection

**October
2021**

Application review and selection of **10 municipalities**

**October - November
2021**

Beginning of work with the new Program participants



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Resources and contacts: the USAID
Competitive Economy Program in Ukraine

Institute of Economic
Research and Policy
Consulting

InfoSapiens



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