



Mayors for
Economic Growth



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***PLAN
OF LOCAL ECONOMIC DEVELOPMENT
KREMINNA CITY COUNCIL***

Kremynna is a pearl of Donbass

Ukraine

August 2018

Dear public of Kreminna, entrepreneurs and investors,



Kreminna is a picturesque city in Slobozhanshchina, the administrative center of Kreminna district.

The city, taking into account good recreational opportunities, has set a course for creation of a regional sports and health center with favorable conditions for tourism and recreation.

In order to create favorable conditions for development of business activity, intensify cooperation with the private sector and develop and

implement joint projects for economic development, Kreminna city council made decision in May 2017 to join the European Union Initiative “Mayors for Economic Growth”. An important stage in the implementation of the Initiative approaches is the development, in cooperation with the private sector and public organizations, of the **Plan for local economic development of Kreminna up to 2020 (hereinafter Plan LED)**.

Plan LED reflects the course chosen by the city authorities for transformation of Kreminna economy from industrial and mining to ecologically sound economy and creation of new jobs in the sphere of regional tourism, recreation and leisure. Possible risks as for the nearness to the conflict zone were carefully analyzed and valued as minor ones. Such a correction will undoubtedly lead to significant improvement in the efficiency of the city activities as a result of the transformation of the economy.

Kreminna is a city located in the woods that are rightfully considered the green oasis in Eastern Ukraine. Availability of rich historical, cultural and outdoor recreational potential of Kreminna gives an opportunity to gain strong positions in the regional tourism market.

However, it is not sufficient for accelerated development of tourism. The key factor in the development of tourism is the level of adequate infrastructure and active marketing in Kreminna.

We have a task – further improvement of quality of citizens’ life. And for this it is necessary to improve further the investment climate, to attract investments, to help entrepreneurs in every possible way.

We are transparent and open. We vote for individual approach and stability concerning the interests of the community.

We have land plots for business. There are active business support programs, various councils work actively, we work closely with public business associations.

The city has taken aim at **development of tourism in the city as its priority for local economic development**.

Let’s cooperate, and I am looking forward to your active supporting.

Sincerely yours,

Mayor of the city

Yurii Prokopenko

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Content

1. Summary
2. List of tables and schemes
3. List of acronyms
4. Introduction to the Plan
5. Development of the Plan for local economic development
6. Local economic analysis
 - 6.1. Analysis of the local economic infrastructure
 - 6.2. Intersectoral. cooperation and interaction at the local level
 - 6.3. Transparent, corruption-free administration facilitating business development
 - 6.4. Access to financing
 - 6.5. Land resources and infrastructure
 - 6.6. Legal and institutional base
 - 6.7. Qualified labor resources, inclusion
 - 6.8. External positioning and marketing
7. SWOT-analysis
8. Visibility and purposes
9. Action plan
10. Financing scheme
11. Indicators and monitoring tools
12. Appendices

Appendix 1: Decree on the establishment of a working group.

Appendix 2: Members of the working group.

1. Summary

Availability of rich historical, cultural and outdoor recreational potential of Kreminna gives an opportunity to gain strong positions in the regional tourism market.

The material basis for development of tourism in the city is an availability of a recreational and tourist complex based on existing natural conditions, historical and cultural, material and manpower resources, sports base.

However, it is not sufficient for accelerated development of tourism. The key factor in the development of tourism is the level of adequate infrastructure and active marketing in Kreminna.

Thus, the recreational and tourist complex of the city can be considered in two aspects: on the one hand, as an intersectoral complex within the service sector, where economic relations arise and develop with the production, exchange and consumption of **recreational and tourist products**; on the other hand - as an integral part of the social infrastructure of the territories of different levels, it is a complex system (network) of enterprises and organizations for the production, **promotion and sale of recreational and tourist services**.

Development of tourism in the city provides for the following:

- creation of specialized material and technical basis;
- support for specific natural and anthropogenic resources;
- unique character of service development and proprietary service technology;
- formation of a fundamentally new scheme of intersectoral and territorial management.

Actually, tourism is the starting point for formation of an intersectoral recreation and tourist complex comprising enterprises, institutions and organizations in various economic spheres.

To strengthen local economic growth, develop and create jobs, strengthen municipal economic management, improve the life of society with account of environmental, economic, innovative and technological and social aspects, **the city chooses the strategy of tourism development , as a priority for economy and culture , as an important factor for improving competitiveness, as an important factor to promote economic development.**

Altogether this will lead to the formation of market conditions for use of natural resources in accordance with European standards, will allow to create about 50 new jobs, will ensure transformation of Kreminna into a tourist pearl of Donbass, formation of clear tourism management, creation and strengthening of material and technical basis, will assist attraction of experienced and qualified personnel and setting-up an eco-park based in Kreminna woods.

The main actions to achieve the goal are:

1. Cleaning the river Krasna, the wood near the river Krasna and turning it into a park.
2. Providing utility lines, leasing out plots in the park to investors by means of open bidding at the lowest price ("for 1 hryvna") for installation of leisure and cultural facilities.
3. Recultivating of existing urban refuse dump and extend industrial site of the existing "branded" enterprise "Pinta- Kreminna Brewery", LLC for floor molting unit.
4. Building roads and laying utility lines, leasing out the territory of former refuse dump to investors by means of open bidding at the lowest price ("for 1 hryvna") provided that production facilities and new jobs are created.
5. Support institutional capacity of local public association "Kreminska Business Association", that will provide assistance to small and medium-sized business (SMB) from Kreminna and other cities of the region in creation of enterprises on new sites.

Expanding leisure areas and providing a wide range of recreation and leisure services (sports and fitness complexes, recreation areas, cafes, pubs, beaches on water bodies of Kreminna).

6. Information campaign and media tour in Luhansk, Donetsk and Kharkiv regions about Kreminna environmental and recreational opportunities, potential and services of the city's SMB.

2. List of Tables and Schemes

Table 1: Action Plan

Table 2: Financing scheme

Table 3: Indicators and monitoring tools

3. List of acronyms

LED – local economic development

EU – European Union

IDP – internally displaced persons

LLC – Limited Liability Company

LLC PE - Limited Liability Company, Production Enterprise

IC – Industrial Company

NGO – Non-Governmental Organization

NEFCO - Nordic Environment Finance Corporation

GES - general education school

ATO - Anti-Terrorist Operation

4. Introduction to the Plan

In May 2017 Kreminna city council made decision to join the European Union Initiative “Mayors for Economic Growth”. For the first time, in cooperation with the private sector and public organizations a plan for **local economic development of the city of Kreminna up to 2020** was worked out.

The city of Kreminna is the administrative center of Kreminna district. The city is located on the territory which is under full control of the Government of Ukraine, 50 km from the delimitation line. The council includes such settlements as: Kreminna, the village of Zhitlivka, the village of Stara Krasnianka, the village of Dibrova, farmstead Kuzmine. The city was founded in 1733, it is located 723 km from Kiev, the capital of Ukraine, 1551 km from the border (Kreminna – Chop), 100 km from the border with Russia. Population of the community is 22.0 thousand of residents and 14.5 thousand of temporarily displaced persons of whom permanently residing are about 5.0 thousand.

When developing the plan the working group decided to use strategic and program documents of the city of Kreminna as a basis, namely: Annual programs of economic and social development of the city of Kreminna; General plan of the city of Kreminna; General Program of reimbursement of interest on loans received by the population of the Kreminna City Council for the implementation of energy-saving measures; The program of social support for families, children and youth, prevention of domestic violence, gender equality and combating trafficking in human beings in Kreminna urban community. LED is a new document that became a separate step-by-step document of the economic development of the city.

Plan LED reflects the course chosen by the city authorities for transformation of Kreminna economy from industrial and mining to ecologically sound economy and creation of new jobs in the sphere of regional tourism, recreation and leisure. The LED plan will be financed from the local budget, private sector contributions, and donor resources.

5. The process of working out the Plan of local economic development

In May 2017, the Working group on working out the Plan for Local Economic Development was established, which included representatives of the Mayor’s office, public organizations and business in equal proportions, equally men and women, including IDPs. The Working group consisted of nine members. The meetings of the group were held twice a month. The chairman and secretary of the Working group accepted all the proposals every day, and then discussed them at the meetings.

The members of the Local Development Forum, whose members are the city entrepreneurs, have actively joined the development of the Plan. And it was with their help that the priority areas of the Local Economic Development Plan were identified.

Due to the free movement of information on the development of the plan, other concerned residents of the city, an initiative group from higher professional education "My Yedyni" (We Are United), an initiative group of active women of the city "Kreminshchyna Aktyvna" (Active Kreminna Area), representatives of the established Center for Gender Equality joined the plan development. Consultations were held with the major enterprises in the city economics.

Based on the results of the joint work, approaches of the Initiative were estimated by everyone as present-day and progressive. The Plan for local economic development is a product of compromise achieved by the city community.

6. Local economic analysis

6.1. Analysis of local economic structure

Characteristics of key industries

Volume of products (works, services) sold by enterprises of major industries in 2017 amounted to 1,102,400,000 hryvnas. (33,400,000 EURO), which is, compared with the previous year, almost 5 percent more. This is not a major but already a positive result.

The industrial complex is mainly represented by the following enterprises:

Raw material industry – "Kub-Gas", LLC, gas extraction.

Food industry - "Pinta - Kreminna Brewery", LLC, beer production. Private enterprise "Prodgrupservis", milk products. "Tatius", LLC, bakery and confectionary products.

Machine building – "Kreminna plant "Ritm", LLC, manufacture of heat exchanging units, metal work.

Wood working and fabrication of wood products – State enterprise "Kreminna Forestry and Hunting Industry".

Manufacture of finished metal products is represented by production enterprise "Atlant", LLC, which renders services on forging, stamping, painting and packing and produces devices for fastening parts.

Other industries - Ukrainian-Polish "Viko-Ukraine", LLC. This enterprise with foreign investments specializes in production and sale of professional-class shop equipment for shops of any size – from a concession stand to a hypermarket.

Tourism and recreation industry

Availability of recreational and tourist potential of the city based on existing natural conditions, historical and cultural, material and manpower resources contributes to the development of the tourism industry.

For that purpose a register of tourist services and facilities, located in the territory of the Kreminna district, has been established. It includes 105 tourist sites, of which: nature protection territories - 9; recreation centers - 5; hotel complexes - 1; recreational facilities for children - 3; religious institutions (churches, temples, monasteries) - 12; monuments of local significance - 41; springs - 5; walking and horse riding tours - 1; leisure and entertainment - 22; homesteads -2; hotels - 1, other - 4.

The infrastructure of the district's tourism comprises 5 recreation centers ("Sosnovyi Bir", "Lisova Poliana", "Zelena Villa", "Budynok myslyvtisia", "Zoria"), 3 recreational facilities for children ("Mriia", "Zoria", "Sosnova Roshcha"), 1 hotel complex «Prilisne».

Existing network of institutions which are currently either mothballed or are in the process of reconstruction or major repair (recreation center "Ugoliok", health resort "Ozernyi").

In April 2017 a swimming pool and an up-to date hall for weightlifting were officially opened in the sports center "Olympus". Besides, an artificially turfed sports ground for game-based sports was restored. The sports center "Olympus" was turned into a fully-featured center for Olympic and Paralympic training of athletes.

Up to January 1, 2018 the number of small and medium-sized businesses is 1613, of which:

- small enterprises - 420,
- individual entrepreneurs - 1193.

The number of employed in small and medium-sized business is 3606 persons (including individual entrepreneurs), which includes:

- small enterprises (including microenterprises) - 2111 persons,
- individual entrepreneurs with employees - 1495 persons.

Number of individual entrepreneurs that pay taxes, out of total number, is 1133 persons or 96 per cent.

The share of revenues from small businesses to budgets of all levels is 63,5 per cent. The number of small businesses increased by 25 per cent in 2017 compared to 2016.

Entrepreneurs start their business operations most actively in the following industries: retail trade, transport services, civil construction, agriculture. The sphere of trade is the most attractive for small and medium-sized businesses where it is possible to make profit faster and without significant expenses.

Particular attention is paid to the development of youth entrepreneurship. Thus, in 2017 the initiative group of NGO "Our Community" and NGO "Kreminna Business Association" launched the project "School for a Young Entrepreneur", which provides for the promotion of youth employment.

The infrastructure for the development and support of entrepreneurship is as follows:

Center for the provision of administrative services of the city council, business center, 5 credit unions, 2 banking institutions, an insurance company, 3 public associations of entrepreneurs.

The city has great experience in the implementation of donor projects and co-financing thereof – EU, USAID, NEFCO and also the national programs of regional development (STATE Fund for Regional Development).

The city residents deliberately chose the course for transformation of the city economy from industrial and mining to ecologically sound economy and creation of new jobs in the sphere of regional tourism, recreation and leisure. The city economy has quite a good base including catering, leisure and sports establishments which need attraction of certain investments.

In spite of the relative nearness to the conflict zone, the number of tourist wishing to visit Kreminna is growing 20-25 per cent every year since 2015 according to monitoring data by NGO "Kreminska Business Association".

On the whole they are week-end tourists, guests from neighbouring industrial towns which have no recreation structure, students and schoolchildren from Luhansk, Donetsk and Kharkiv regions, and the greatest number of them is from those towns: Severodonetsk, Rubizhne, Lisichansk, Popasne, Mariupol, Kramatorsk, Konstantynivka and others.

Risks from nearness to the territory of the conflict zone were analyzed during the meetings of the work group and they were valued to be minimum.

Thanks to the additional security measures in the region the criminal situation has improved, the level of criminality was reduced 20 per cent according to the report of the Police Department.

Most tourists are residents from neighbouring industrial towns, which are situated not far from the conflict zone, and they are well acquainted with everyday reality.

6.2. Intersectoral cooperation and interaction at the local level

In Kreminna there exist a well-established system of cooperation and interaction with public organizations and initiative groups which represent interests in various spheres of city life, namely: economic, social and cultural spheres, sports, tourism and ecology. On the initiative of the city council, the Public Council was established, the work of the local economic forum, the youth council, the gender council, the initiative group of internally displaced persons was launched. In total, 29 associations of citizens and initiative groups have been registered and operate in the city. The city council actively cooperates with all associations. Public associations are particularly active in the initiatives of the city aimed at improving its sanitary and ecological status. Thus, in 2018 on the initiative of the city authorities and with partial financial support, the community arranged eight places of public space. Organizations, which activities are aimed at supporting the most vulnerable segments of the population, are provided with financial assistance from the city budget.

Since 2017, the city council has introduced a Budget for Participation. According to the results of public discussion, in 2017 21 projects were implemented, and in 2018 - 16.

In cooperation with public organizations in 2017-2018 with the support of international donors 8 projects aimed at the development of the city were implemented. All of them were supposed to be co-financed from the budget.

For the purpose of coordinating the development of the city, providing and maintaining business interests in the city, NGO "Kreminska Business Association", NGO "Nasha Hromada" are actively working. City projects and programs, regulatory legal documents are discussed with them on a constant basis.

In 2014, the Public Council of the Executive Committee of the Kreminna City Council began to operate, which is a permanent, collegial, elective, consultative and advisory body. The work of this body ensures participation of the citizens in the social and political, social and economic life of the city, the establishment of effective interaction of the city authorities with the public, implementation of public control over the activities of the city government. Every year the report of the city's mayor is heard, and proposals for further work are submitted. In addition, they hold public discussions about the municipal budget.

For the first time, the city council, with the support of the Council of Europe, implemented a project aimed at attracting active community residents, primarily young people, to participate in the work of the mayor's office. The result of this project was the establishment of a "Future Politician School", a student parliament and signing an agreement on cooperation with the city of Kluczbork in the Republic of Poland. The youth council is involved in the discussion of the format of the city celebrations and the arrangement of public space.

A priority area in cooperation at the local level is the introduction of public-private partnership as a system of relations between the city and business, as a result of which the common resources are pooled with the distribution of risks, responsibilities and rewards for mutually beneficial cooperation on a long-term basis in the creation or restoration of new and / or modernization or reconstruction of existing city facilities that require investment, and in use or operation thereof.

With the support of the Ukrainian Women's Fund, the city council has established a Gender Equality Center as a single space for communication between society and the authorities.

The infrastructure for support of handicraft trade in the region is represented by the public organization "Kreminska Business Association", which provides comprehensive support to entrepreneurs engaged in tourism activities, organizes and conducts tourist routes, produces souvenirs, etc. For the next two years, we plan to continue working in this area:

- to approve the public budget;
- to increase by 70 per cent the budget for participation (1,700.0 million UAH or 50.0 thousand Euro);
- to improve and expand the work programs of the Gender Equality Center;
- to continue the work of the Future Politician School and the Student parliament;
- to approve programs for business support;
- to work out a strategy for development of the society.

6.3. Transparent, corruption-free administration promotes business development

The work of the city council is based on the principles of transparency, non-corruptness, customer-oriented services (entrepreneurs, residents, tourists), quick resolution of needs, accessibility.

All draft documents are brought up for discussion by the community. The city website contains regulatory acts as well as decisions of the city council and its executive committee.

The city of Kreminna is the only city of district status where in 2016 its own Center for the provision of administrative services was opened. The Center specialists provide 122 different kinds of services, including 20 services for entrepreneurs. At present, with the financial support of the EU / UNDP, a major renovation of the premises to expand the Center for provision of administrative services has been completed, equipped with modern equipment and devices.

In the second half of 2018, a stationary voting system (Viche) was installed, the software transmits the city council meetings to the city council website and YouTube.

A LED running line was installed on the city council building in 2014, and in 2018 a street LED screen was installed. This is a good start for openness and interaction of the city council with the public, increasing the participation of the population in management processes and the ability of the entire community to mobilize to achieve a common goal. These electronic media promptly deliver the city's news and announcements, the sessions and meetings are broadcasted, which allows for quick feedback of the authorities and the society.

There is no any registered case of corruption or exerting pressure on the entrepreneurs from the executive authorities.

Public discussions

Holding hearings is not a goal in itself. For city authorities, the purpose of the hearings is not only to inform the citizens, but rather to get feedback from the public, to awaken a sense of responsibility and involvement in solving the problems of society, to direct their creative initiative, and to involve citizens in the implementation of decisions.

At public hearings the following issues are discussed: the report of the chairman of the city council on his/her activities, the city budget, the budget execution report, the approval of the program for social and economic development, other target-oriented programs, the budget for participation, etc. In 2017 five public hearings were held.

6.4. Access to financing

City budget

The amount of revenues to the city budget for 2017 is 15.0 million UAH (454 thousand Euro), which is by 11,3 per cent more than in 2016. The main sources of income in the city budget are the single tax from entrepreneurial activities and the land tax.

Unfortunately, entrepreneurs do not actively use the services of commercial banks in attracting credit funds, taking into account high discount rates, high collateral requirements, and so on.

In spite of the lack of local financial support programs, the city council provides all kinds of informational support to local entrepreneurs.

Also, at the local level, a mechanism for supporting local entrepreneurs has been introduced, by establishing budget-efficient and tax-friendly entrepreneurs.

According to the prospective plan for the formation of the territory of the Luhansk region, approved by the Decree of the Cabinet of Ministers of Ukraine No883 of 05.09.2015, the city of Kreminna will become the center of the Kreminna united territorial community, which will include Novokrasnyanskaya and Krasnopopovskaya village councils. The total budget of the promising Kreminsky OTG will be more than 140 million UAH (about 47 million euros)

The city authorities provide all kinds of informational support to local entrepreneurs to attract investments.

6.5 Land Resources and Infrastructure

The main natural resource of the community is fertile black soil (arable land), forest areas. The main forest forming species are common pine, oak, maple, aspen and alder. They serve as means of improving the natural environment and have a soil-and-water protective and climate-regulating significance. On the territory of the council there are many protected and recreational areas - nature monuments "Dubovyi Hai", natural boundary "Sosnovyi Bor" and "Bilousova Sadka".

The material basis for the development of tourism in the Kreminna district are existing natural conditions, tourist and sports facilities.

The city council has enough land for development of entrepreneurship. There are vacant buildings and land plots (former Soviet-era enterprises) that can be used as investment sites.

The city carried out reconstruction of water supply networks, which improved water supply. It should be noted that the city uses only spring and artesian water.

Road infrastructure in the city is quite efficient. The city territory is provided with electric power and utility lines in full scope.

Mechanism of allocation of land plots passes through the sessions of the city council, which gives it transparency and openness, and allows addressing the issue within a reasonable time.

Information about vacant premises of communal property is constantly updated on the website of the city council and its transfer is executed at public open auctions.

Land use issues are also addressed through the Administrative Services Center.

6.6 Legal and Institutional Framework

The main regulation of economic activity is usually carried out at the state level, but the city authorities, within the limits of their powers, with the support of public activists, play a significant role in the regulatory control of local business activities, namely:

A city administrative center has been set up so that entrepreneurs and investors can get help to develop their business directly at their location;

An advisory body was created at the Kreminna city Council - the Forum of local regional development, the members of which are representatives of business. The forum discusses issues that entrepreneurs are concerned about;

re provided (information on products and markets, professional advice, etc.);

cooperation between enterprises and establishment of business clusters, etc. are supported.

The main task for the next two years is to develop an efficient strategy for the development of the city's territory under the conditions of decentralization and a plan for sustainable energy-efficient development of the city. Besides, the authorities have developed a general plan for the development of the city, which, after passing the public discussion, is subject to approval.

6.7 Skilled labor resources, inclusion

During 2017, in the Kreminna district employment center, 2,050 people were registered, 1,476 of them were unemployed. 992 unemployed applied to the employment center during the year, which is 23 persons less than for the same period in 2016 (1015). A total of 985 job vacancies were received from enterprises, institutions and organizations of the district. 1,132 people were employed at vacant and newly created jobs. With the assistance of the employment agency 273 socially unprotected persons were employed, including 13 with disability status.

In connection with the transfer to the city in 2014-2015 of such institutions as the Sports Institute of the East-Ukrainian Pedagogical University, Luhansk College of Culture, Luhansk Sports Lyceum, Luhansk Medical University, the Cadet Corps in addition to existing Vocational Lyceum and Medical College which were located in the city and prepared their own specialists, there are no shortages in qualified specialists. Though the question of their employment arises.

Professions in the sphere of service are in great demand at the work market nowadays. Service industry is developing as quickly as trade itself - that is why it needs new personnel. Workers in the sphere of beauty industry and entertainment are in the greatest demand, among the rest – restaurant and tourist segments.

In connection with the tendency of growing number of tourists and guests there is a lack of professional and qualified workers in the tourist sphere (cooks, waiters, chambermaids, hotel managers, guides, etc.)

On the initiative of the representatives of a civil society, the Center for Gender Equality has been established in the city, through which the development of social protection systems is coordinated in order to provide affordable services, especially for social groups that lack access to vocational training or the labor market.

6.8 External positioning and marketing

With the purpose of popularizing the tourist and recreational potential of the territory, promotion of investment-attractive tourist and recreational facilities, informational and advertising products with the

symbols of the territory were developed. The book "Kreminna Land" and the advertising brochure included information on traditions, culture, spirituality, health improvement for children and adults, and local landscapes.

In cooperation with City Mayor of Kluuchbork, Poland, mutual arrangements are held for positive positioning of the town and external market.

The city authorities are developing promotional materials (calendars, postcards, brochures, notebooks, cups, branded T-shirts, etc.) that are distributed to potential donors, visitors to the city, tourists.

The city already traditionally hosts the festival "Games and Toys" for Ivan Kupala holiday, which has become a kind of a hallmark of the city.

The city authorities are open to cooperation with other territories and always invite guests to visit the city. Every month we receive more than one delegation from all regions of Ukraine.

Residents and town guests take those changes which are being performed in the centre and how it has transformed for the last two years.

7. SWOT-analysis

A SWOT-analysis is one of the verified tools for selection of priorities of the city strategic development according to which the following outcomes were obtained.

Strong points	Weak points
1) Attractive picturesque nature;	1) Nearness to the ATO zone arises the warning against visiting it by definite part of potential tourists and investors;
2) Available infrastructure for business development including tourism, recreation and sports (land areas, recreation facilities, health resorts, children's health complex, Olympic youth development center);	2) High level of deterioration of tourist infrastructural objects;
3) Availability of convenient motor-roads, railways, bus and railway stations;	3) Lack of professional and qualified staff for catering and hospitality in tourist's sphere (hotel maids, hotel administrators, trainers, tourist guides);
4) Proximity to famous historical and cultural objects of regional and national value;	4) Lack of financing for the development of public infrastructure and tourist objects (youth camps, camps for schoolchildren, recreation facilities);
5) A considerable part of tourists from adjoining cities, which are industrial ones, but there are no resort and recreation infrastructure in them;	5) Seasonal functioning of resort and recreation objects;
6) Absence of serious pollution sources;	6) Lack of properly equipped recreation areas;
7) Multi-field small and medium-sized enterprises;	7) Lack of territory marketing and modern promoting of the city;
8) Developed civil society manifesting local patriotism, self-confidence of the inhabitants and businessmen in their forces, to assert their own interests resolutely;	8) Lack of municipal funding for the city's economic and social development.
9) Availability of vacant land plots for substantial investments;	Lack of premises to satisfy the demand for the hotel business accommodation

10) Availability of qualified labor (young graduates from higher educational institutions and vocational schools);	
.11.Low level of criminality	
Possibilities	Risks
1) Termination of the state of conflict in the East of Ukraine;	1) Escalation or continuation of the military conflict in the East of Ukraine;
2) Integration to the EU;	2) Stopping of the regional reforms in the spheres of the regional development;
3) Growing of the investment flow due to the Ukraine's image improvement;	3) Change of Ukraine's integration vector.
5) Establishment of a sustainable national business-climate, efficient national investment climate and foreign investment flow;	
6) Improvement of the life living standards in the country.	

Having learned the results of the analytical and descriptive part and SWOT analysis, the municipal community chose the dynamic competitive strategy as a basic one, which stipulates formation of competitive advantages of the city through minimization of impact to the city development of its weak points, using the possibilities that have been appearing today in our country and in the world. That's why the city must use its strong points to the possible extent.

8. Visibility and purposes.

When developing the Plan, the actual interests of all concerned parties were taken into account as much as possible, among which the interests of city residents and business people are top priorities. Visibility of the city development was formed on the deep general analysis, as well as on use of the strong points, and also taking into consideration the consensus results of the SWOT analysis.

Availability of rich historical, cultural, natural and recreational potential of Kreminna gives a possibility to win serious positions on the regional tourist market. Availability of the recreational and tourist complex based on the existing natural conditions, historical, cultural, material and labor resources, and the sport base is a material basis for the city tourism development.

Until 2020 the city of Kreminna will be a regional center of tourist activity implementing actions for constant improvement of tourist and recreational environment, and a city for comfortable and safety living and rest.

Development visibility is focused on a citizen in all aspects of its routine work and life, that is why the Plan contains the following purposes of local economic development:

1. Formation of a universal tourist product of the city of Kreminna.
2. Support for business activity in tourist and recreational fields.
3. Promotion and advancement of Kreminna at regional, national and international Levels as a tourist location.

On the whole all this will lead to formation of market conditions of utilization of natural resources according to the European standards, allow creating nearly 50 new jobs, well-defined tourism industry, creating and strengthening of material resources and technical bases, involving experienced and qualified staff and creating an eco-park within the Kreminna forests.

9. Action Plan

Table 1. Action Plan

Topical Unit	Main purposes	Actions	Duration (beginning-ending)	Involved partners	Planned costs (UAH/Euro, ths.)	Results	Indicators for monitoring
Inter-sectoral cooperation and interaction at the local level	1.1. Formation of a universal tourist product of the city of Kreminna	1.1.1. Arrangement of a tourist investment site on the river bank	01.02.2019-01.11.2020	Administration, NGO "Kreminska Business-Association"	12000.0/363.6	Number of sites – 1	Number of business entities involved (minimum 10 units)
External positioning and marketing		1.1.2. Recultivation of the local waste deposit, expansion of industrial areas of the Kreminna Brewery (brand company of the city)	01.02.2019-01.11.2020	Administration, NGO "Kreminska Business-Association", Kreminna Brewery	8000.0/242.4	Land plot - 1	Expansion of production, creation of new jobs (minimum 10 units)
Land resources and infrastructure		1.1.3. Arrangement of an eco-park	01.02.2019-01.11.2020	Administration, NGO "Kreminska Business-Association"	12000.0/363.6	Eco-park – 1	Number of visitors (minimum 50 people per day)
		1.1.4. Development of active tourism based on historical and cultural traditions involving tourists from other regions	01.02.2019-01.11.2020	Administration, NGO "Kreminska Business-Association"	200.0/60.1	Number of events held (festivals, forums) - 2	Number of involved people (minimum 500 people)
		1.1.5. Development of new tourist routes including bicycle routes	01.02.2019-01.11.2020	Administration, NGO "Kreminska Business-Association", NGO "Nasha Hromada"	50.0/1.5	Number of routes developed – 3	Number of involved people (minimum 50 people per day)

	1.1.6. Establishment of a brand network of public catering, hotels, arrangement of other leisure areas	01.02.2019-01.11.2020		5000.0/151.5	Number of objects commissioned - 10	Number of visitors (minimum 50 people per day)
	1.1.7. Creation of an open-art space	01.02.2019-01.11.2020	Administration, NGO "Kreminska Business-Association", NGO "Nasha Hromada"	2000.0/60.6	Number of objects commissioned – 8	Number of visitors (minimum 100 people per day)
	1.1.8. Development of a children's playground network	01.02.2019-01.11.2020	Administration, business (hotel complexes, physical persons-entrepreneurs in the sphere of catering)	1000.0/30.3	Number of objects commissioned – 7	Number of visitors (minimum 100 people per day)
	1.1.9. Establishment and support of a Horse-riding School	01.02.2019-01.11.2020	Administration	500.0/15.2	Number of objects commissioned - 1	Number of students (minimum 10 people per day)
1.2. Business support in the field of tourism and recreation	1.2.1. Support of the institutional potential of the local NGO "Kreminnska Business-Association" which will provide support to small and medium-sized enterprises from Kreminna and other cities in starting businesses on new sites	01.02.2019-01.04.2019	Administration, NGO "Kreminska Business-Association", a newspaper "Kreminshchyna", TV "Donbas"	20.0/0.6	Functioning of an informational and consulting resource, 1 unit	Number of respondents provided with information (minimum 200 people)

	1.2.2. Provision with new staff	01.02.2019-01.12.2019	Administration, Kreminsky Employment Centre	5.0/0.15	Number of trainings held – 2. Number of people trained – 50 people	Percentage of people employed (minimum 20 per cent)
	1.2.3. Informational support of business people, creation of databases	01.02.2019-01.04.2019	Administration, NGO “Kreminska Business-Association”, newspaper “Kreminshchtna”, TV “Donbas”	50.0/1.5	Number of publications in mass-media – 5. Number of informational resources created – 1	Number of respondents provided with information (minimum 200 people)
	1.2.4. Efficient partnership and active dialogue between authorities and business sector	01.02.2019-01.04.2019	Administration, NGO “Kreminska Business-Association”, newspaper “Kreminshchena”, TV “Donbas”	5.0/0.15	Number of public events held (meetings, round tables, dialogues) – 4	Number of respondents provided with information (minimum 300 people)
	1.2.5. Ensuring access of business people to financial resources	01.02.2019-01.04.2020	Administration, mass media, banking institutions	10.0/0.3	Number of public events held (meetings, round tables, dialogues) – 4	Percentage of credits obtained (minimum 20 per cent)
	1.3.1. Marketing of the city investment capacities; Visualization of the city tourist potential	01.02.2019-01.03.2019	Administration, NGO “Kreminska Business-Association”	600.0/18.2	Number of investment products created (video films, clips, brochures) – 5	Number of respondents provided with information (minimum 1000 people)

1.3. Promotion and advancement of Kreminna at the regional, national and international levels as a tourist location.	1.3.2. Proactive investment activity of the city and promotion of its tourist product on the regional market	01.07.2020-31.12.2020	Administration, NGO “Kreminska Business-Association”	500.0/15.15	Number of regional events – 1	Number of respondents who participated (minimum 500 people)
	1.3.3. Preparation of modern space planning documentation	01.07.2020-31.12.2020	Administration	300.0/9.1	Number of products created (stands, information kiosks) – 6	Number of respondents provided with information (minimum 1000 people)

10. Financing Scheme

The events under the Plan for local economic development of the city of Kreminna are financed from the following sources:

- Local budget;
- State fund for regional development;
- EU funds within the Sector Policy Support Program;
- Global financial funds and companies;
- European Bank for Reconstruction and Development;
- Funding by private investors;
- Grant and donor organizations;
- Fund raising on the basis of state and private partnership.

Events under the Plan will be arranged according to development programs to be prepared and submitted for consideration to international donor and grant organizations.

Application of funds will be made through the special-purpose program which is already implemented in Kreminna in the part of local budget disbursement.

Table 2. Financing Scheme

Actions under the Project	Planned costs	Sources of financing				Lack of financing	Notes
		Local budget	Top-level budgets	Private sector	Donors		
1.1.1. Arrangement of a tourist investment site on the river bank	12000,0/363,6	1200/36,4			10800,0/327,2		
1.1.2. Recultivation of the local waste deposit, expansion of industrial areas of the Kreminna Brewery (brand company of the city)	8000,0/242,4	800/24,2	3000/90,9	1000/30,3	3200,0/97,0		
1.1.3. Arrangement of an eco-park	12000,0/363,6		2000,0/60,6	2000/60,6	8000,0/242,4		
1.1.4. Development of active tourism based on historical and cultural traditions involving tourists from other regions	200,0/60,1				200,0/60,1		
1.1.5. Development of new tourist routes including bicycle routs	50,0/1,5	50,0/1,5					
1.1.6. Establishment of a brand network of public catering, hotels, arrangement of other leisure areas	5000,0/151,5			1000/30,3	4000/121,2		
1.1.7. Creation of an open-art space	2000,0/60,6	1000/30,3			1000/30,3		
1.1.8. Development of a children's playground network	1000,0/30,3	500/15,15			500/15,15		
1.1.9. Establishment and support of a Horse-riding School	500,0/15,2			50/1,5		450/13,7	
1.2.1. Support of the institutional potential of the local NGO "Kreminnska Business-Association" which will provide support to small and medium-sized enterprises	20,0/0,6	20,0/0,6					

from Kreminna and other cities in starting businesses on new sites							
1.2.2. Provision with new staff	5,0/0,15				5,0/0,15		
1.2.3. Informational support of business people, creation of databases	50,0/1,5					50,0/1,5	
1.2.4. Efficient partnership and active dialogue between authorities and business sector	5,0/0,15	5,0/0,15					
1.2.5. Ensuring access of business people to financial resources	10,0/0,3	10,0/0,3					
1.3.1. Marketing of the city investment capacities; Visualization of the city tourist potential	600,0/18,2			10,0/0,3		590,0/17,9	
1.3.2. Proactive investment activity of the city and promotion of its tourist product on the regional market	500,0/15,15	5,0/0,15		5,0/0,15		490,0/14,85	
1.3.3. Preparation of modern space planning documentation	300,0/9,1	10,0/0,3				290,0/8,8	
Total	42240,0/1333,95	3600,0/109,05	5000,0/151,5	4065,0/123,15	27705,0/893,5	1870,0/56,75	

11. Indicators and monitoring tools

Outcome indicators are a part of the special-purpose program and will be developed on each event to determine its indicators.

Progress in events fulfillment will be monitored once a quarter and an overall monitoring will be made each half-year. The monitoring results will be submitted for consideration to the City Council and Community Council.

In order to explore public opinion on effectiveness of the Plan for local economic development, a public monitoring will be made once a year through surveys of different social groups of population (according to statistical error).

Table 3: Monitoring indicators

Actions	Duration	Expected results			
		01.01.2019 – 30.06.2019	01.07.2019 – 31.12.2019	01.01.2020 – 30.06.2020	01.07.2020 – 31.12.2020
1.1.1. Arrangement of a tourist investment site on the river bank	01.02.2019-01.11.2020	Development and approval of design and project documentation	Performance of works under the project	Performance of works under the project	Commissioning
1.1.2. Recultivation of the local waste deposit, expansion of industrial areas of the Kreminna Brewery (brand company of the city)	01.02.2019-01.11.2020	Development and approval of design and project documentation	Performance of works under the project	Performance of works under the project	Placement of production
1.1.3. Arrangement of an eco-park	01.02.2019-01.11.2020	Development and approval of the project	Performance of works under the project	Performance of works under the project	Commissioning
1.1.4. Development of active tourism based on historical and cultural traditions involving tourists from other regions	01.02.2019-01.11.2020	Preliminary work, offering proposals	Holding the event	Preliminary work, offering proposals	Holding the event
1.1.5. Development of new tourist routes including bicycle routs	01.02.2019-01.11.2020	Preliminary work	Development of a conception and approval of routes	Promotion campaign for respondents	Updating and actualization of the routes
1.1.6. Establishment of a brand network of public catering, hotels, arrangement of other leisure areas	01.02.2019-01.11.2020	Development and approval of design and project documentation	Performance of works under the project	Performance of works under the project	Commissioning

1.1.7. Creation of an open-art space	01.02.2019-01.11.2020	Preliminary work	Development of a conception and approval of placement of art-objects	Promotion campaign for respondents	Updating the information
1.1.8. Development of a children's playground network	01.02.2019-01.11.2020	Preliminary work	Development of a conception and approval of placement of children's playgrounds	Promotion campaign for respondents	Updating the information
1.1.9. Establishment and support of a Horse-riding School	01.02.2019-01.11.2020	Preliminary work	Arrangement of the Horse-riding School	Promotion campaign for respondents	Updating the information and actualization of school functioning
1.2.1. Support of the institutional potential of the local NGO "Kreminnska Business-Association" which will provide support to small and medium-sized enterprises from Kreminna and other cities in starting businesses on new sites	01.02.2019-01.04.2019	Preliminary work and holding a promotion campaign			
1.2.2. Provision with new staff	01.02.2019-01.12.2019	Preliminary work on an educational campaign and procurement	Holding a promotion campaign. Holding 5-day trainings for 25 people		
1.2.3. Informational support of business people, creation of databases	01.02.2019-01.04.2019	Preliminary work and creation of a database			

1.2.4. Efficient partnership and active dialogue between authorities and business sector	01.02.2019-01.04.2019	Preliminary work and holding events			
1.2.5. Ensuring access of business people to financial resources	01.02.2019-01.04.2020	Preliminary work and holding events	Preliminary work and holding events	Preliminary work and holding events	
1.3.1. Marketing of the city investment capacities; Visualization of the city tourist potential	01.02.2019-01.03.2019	Preliminary work and manufacture of 2 video clips, 1 booklet, advertisement products.			
1.3.2. Proactive investment activity of the city and promotion of its tourist product on the regional market	01.07.2020-31.12.2020				Preliminary work and organization of a festival
1.3.3. Preparation of modern space planning documentation	01.07.2020-31.12.2020				Preliminary work, manufacture and placement of 3 information kiosks and 3 stands.