



Mayors for  
Economic Growth

# **LOCAL ECONOMIC DEVELOPMENT PLAN Pervomaiskyi City Council**

**Ukraine  
September, 2018**

## Preamble

### Dear Partners!



At the end of a period of training and creation of the Local Economic Development Plan within the framework of the EU's initiative "Mayors for Economic Growth", I want to summarize.

During this period, we were able to gain considerable experience in approaching the formation of the provisions of the economic plan, and made some transforming in our vision of the priorities of the development of city Pervomaiskyi.

Despite the fact that we are open to large institutional investors and actively engage them in the development of new enterprises and capacities and see the industrial development as one of the directions of the city's strategy, within the framework of the Economic Development Plan, we decided to focus on tools directed towards people's self-employment, development own business and small business, namely: development of tourism and creative industries.

Our city does not have a significant historical heritage, is quite young and is not integrated into the tourist sphere of the region. We focus on the attraction of visitors to the development of event tourism, and not to the development of interesting locations, because we see that the tourist goes to events, and not to contemplate locations.

The city has a great potential for event tourism and there is a possibility of significant growth in this direction in the future. Several events of a regional scale are already being held in the city. These are sports and creative events and events associated with active recreation.

The city Pervomaiskyi has something to show and surprise tourists. However, this direction is hampered by poorly developed urban infrastructure and information environment.

The great potential of self-employment and small business development are creative industries, which are aimed at attracting a wide range of people to cooperate in the field of crafts (hand-made and hobbies that can be monetized). This sphere is closely connected with the development of tourism, because it enables to form the market of souvenir tourism not only within the city borders but also outside of them.

A great deal of subversion in this direction is the holding of forums, master classes and the creation of a craftsman hub, which will become the focus of creativity and collaboration.

The introduction of these two instruments can give a powerful impetus to the development of small business and the attraction of tourists, which will contribute to an increase the city's overall revenue.

We systematically study the experience of Ukraine's cities as well as beyond of its borders and we are ready to take better practices as an example for following.

This Plan will become our road map in this process.

**Best regards,  
City Mayor – Mykola Baksheiev**

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## 1. Resume

Pervomaiskyi is a city of a regional significance in Kharkiv region, located in its central part, the administrative center of Pervomaiskyi district. The city's territory is 30.8 sq.km, which is 0.1% of the territory of Kharkiv region. The distance from the city Pervomaiskyi to the regional center of city Kharkiv by rail is 88 km, along the highway – 86 km, to the capital of Ukraine, Kyiv, – about 580 km.

The population of city Pervomaiskyi is 30 thousand people, which is 1.1% of the total number of Kharkiv region. Men – 45.6%, women – 54.4%. Population density – 972 people per 1 sq.km. The number of able-bodied population at the working age is 18 thousand people, which is 61% of the city's population. The employment rate of the population is 42.4%. According to the structure of education, the largest number of registered unemployed with vocational education – 71%, basic higher education – 22%.

One of the most important economic resources of the city's development is the land. The total area of land is 3083,1 thousand hectares. The city has an automated registration system for business entities. As of 01.01.2018 there were registered 111 small enterprises, 896 individual entrepreneurs. Business entities apply to the Center for the provision of administrative services upon obtaining documents of a permission. Small enterprises in the city make up 93% of all enterprises. The number of small enterprises is increasing. There are 8 industrial enterprises in the city.

Today, the local branch structure of small business shows that the main area of activity of entrepreneurs is wholesale and retail trade and services.

One of the main directions of the Local Economic Development Plan is to create favorable conditions for the development of the tourism sector, which will allow accelerating the city's economic development, increase the quality of life of the population, harmonious development and consolidation of society, and popularize the city. Event tourism is one of the new and highly profitable types of tourism. Today, event events become more popular and attractive for active tourists, when a tourist can not only get acquainted with the locality and its landmark, but also become an active participant in any event.

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## 3. List of abbreviations

EU - European Union etc. (all abbreviations from the text)

SEA – subject of entrepreneurial activity

#### **4. Introduction to the Plan**

By decision of the 29th session of the 7th convocation of Pervomaiskyi City Council dated 27.04.2017, № 527-29 / 7, it was decided to join the EU's initiative "Mayors for Economic Growth" in order to ensure sustainable economic development of the city. One of the important initiatives within the framework of the Initiative was the development of the Local Economic Development Plan of city Pervomaiskyi by 2020.

Economic growth at the local level is the most complex object of the state regional policy, which requires taking into account the specifics of the sectoral and territorial structure of the local economy, determination the specifics of local conditions of a capital accumulation, the peculiarities of the functioning of the local labor market, employment and staffing.

The city of a regional significance Pervomaiskyi is located in the central part Kharkiv region, it is the administrative center of Pervomaiskyi district. The city's territory is 30.8 sq.km, which is 0.1% of the territory of Kharkiv region.

The distance from the city Pervomaiskyi to the regional center of city Kharkiv by rail is 88 km, along the highway – 86 km, to the capital of Ukraine, Kyiv, – about 580 km. To the north of Pervomaiskyi district is Zmiiv district, to the east - Balakliiskiyi, to the south - Lozivskiyi, to the south-west - Sakhnovshchynskiyi, to the west and northwest – Kehychivskiyi and Novovodolazskiyi districts of Kharkiv region.

The city has a favorable geographical location. The proximity of Prydniprovia, Kharkiv, good transport links with the industrial center of Ukraine contribute to a favorable economic and geographical position. Through the territory of the city pass the Moscow-Symferopol railway, the road of state importance to Pavlohrad, Dnipropetrovsk, Zaporizhzhia and the highway of the regional significance Pervomaiskyi - Kurhan - Husarivka. The connection with Kharkiv is carried out by intercity buses and electric trains.

The population of city Pervomaiskyi is 30 thousand people, which is 1.1% of the total number of Kharkiv region. Men – 45.6%, women – 54.4%. Population density – 972 people per 1 sq.km. In recent years, there has been a constant decrease of population in the city. The main reason for the decline of the population should be noted, first of all, the natural decrease of the population. Recently, the population, except of the natural reduction, is also influenced by the migration movement of the population. For 2014 - 2017, the number of exits more than the arrivals. The main causes of migration are family circumstances, departure for studying, many citizens change their place of residence for economic reasons.

The number of able-bodied population at the working age is 18 thousand people, which is 61% of the city's population. The employment rate of the population is 42.4%. According to the structure of education, the largest number of registered unemployed with vocational education – 71%, basic higher education – 22%.

#### **5. The process of developing the Local Economic Development Plan**

In the process of elaboration of the Local Economic Development Plan, a special working group was created on July 26, 2017 by the Mayor's order that united representatives of the local government body, business and community. In its work, the working group was guided by the following principles: the principle of openness, the principle of collegiality, the principle of innovation (the attention of stakeholders in the process of developing the Plan was focused, first of all, on innovative approaches and solutions that go beyond the established practice of local governmental body), the principle of methodological accuracy, etc.

Local economic growth requires taking into account the specifics of the sectoral and territorial structure of the local economy, determining the specifics of local conditions for capital accumulation, the peculiarities of the functioning of the local labor market, employment and staffing. In developing the Local Economic Development Plan, the working group tried to take into account all of these factors of influence.

## 6. Local economic analysis

### 6.1. Analysis of the local economic structure

There are 8 industrial enterprises in the city. The leading industry of the city is the production of flour-grinding and plastics products, which account for 67% and 30% of the city's industrial output, respectively.

According to the volumes of sold industrial products, city Pervomaiskyi is on the 3<sup>rd</sup> place among the cities of regional significance in Kharkiv region. The retail turnover in 2017 amounted to 293.9 million UAH, which is at the level of the indicator in 2016.

Today, the local branch structure of small businesses shows that the main area of activity of entrepreneurs is wholesale and retail trade (food industry) and services. In 2017, the volume of foreign trade turnover in city Pervomaiskyi totaled USD 21582,9 thousands USD. Export transactions with goods were made for the amount of 16334,9 thousand USD, imported – 5248,0 thousand USD.

As of 01.01.2018 there were registered 111 small enterprises, 896 individual entrepreneurs. Small enterprises in the city make up 93% of all enterprises. The number of small enterprises is increasing.

The small enterprises of the city employ 562 people. In total in the sphere of small business occupied 1906 people, which makes up 38% of the busy population of the city.

The city is fully equipped with objects of social and commercial infrastructure, which have recently changed their appearance in accordance with modern architectural trends. At the end of 2017, the city has 232 stores, of which 74 grocery stores, 155 stores with non-food assortment of goods and 3 with a mixed assortment of goods.

The network of retail kiosks has 37 facilities, restaurant enterprises comprise 30 enterprises, gas stations (including gas filling stations) – 10 objects, pharmacies and pharmacy points – 24 objects.

As of 01.01.2018 in the city there are 85 facilities for the provision of household services, from them: repairing of footwear – 7, repairing and sewing of clothes – 4, hairdressing services – 23, repairing of TV and radio equipment – 2, repairing of clocks – 1, repairing of complex home appliances – 1, photo-services – 3, others (service stations, car wash, parking lots, ritual, cosmetic room) – 44.

Compared to the previous year, the number of objects of the consumer market decreased by 1.7%

The decrease in the objects of the consumer market was due to the closure of a tailoring and repairing apparel company, a shoe shop, a car maintenance station, a jewelry store, a grocery store, a cafe and a pub. The closure of these objects did not cause discomfort for the city's population. The city has a well-developed sphere of the consumer market.

The foreign economic activity in the city was carried out by 5 enterprises. The goods were exported to the countries of the American continent, the European Community, Africa, the Middle and Near East, Central and Middle Asia, the CIS and Transcaucasia. The basis of exports was food products.

The development of the tourism industry contributes to the development of the region's economy and increases investment attractiveness, promotes the attraction of tourists. The presence in the city of free labor resources, tourist recreational and historical cultural potential has expanded the vector of tourism development in the direction of the event tourism. Event tourism is one of the new and highly profitable types of tourism. Today more popular and attractive for active tourists are events, when a tourist can not only get acquainted with the locality and its landmark, but also become an active participant in any event.

Event tourism is the engine of many related to culture and tourism spheres, including the socio-economic development of the city. The development of event tourism gives us the opportunity to provide young people, through everyday life and mass consciousness, with many achievements of the national culture that have been lost and are in a state of oblivion. For today, the city has already developed a certain infrastructure of event tourism and annually it is replenished with new events, which from the casual category pass into the regular one.

## **6.2. Cross-sectoral cooperation and interaction at the local level**

In city Pervomaiskyi there is an established system of cooperation and interaction with public organizations representing interests of various spheres of city life, namely: socio-cultural, sporting, tourist, ecological.

Since 2017, the City Council has introduced the program budget for the participation of the "Public Project" to obtain a municipal grant for the implementation of their own initiatives. Each year, 5 winners of the competition receive additional funds for the implementation of their own projects.

The priority direction in cooperation at the local level is the introduction of public-private partnership, as a system of relations between the city and business.

The City Council actively cooperates with all organizations, takes part in the events initiated by it. Organizations whose activities are aimed at supporting the most vulnerable groups of the population, financial assistance from the city budget is provided. Sessions are open to the public, it is possible to make comments and suggestions on city decisions. A local TV channel is working, which details the activities of the local council.

One of the main directions of the Local Economic Development Plan is to create favorable conditions for the development of the tourism sector, which will allow accelerating the city's economic development, increase the life quality of the population, harmonious development and consolidation of society, and popularize the city.

## **6.3. Transparent, corruption-free administration that promotes business development**

All draft documents are published on the official website of the City Council to familiarize residents of the city. The site of the city also contains regulatory acts, the decision of the City Council and its executive committee.

Entrepreneurs request access to the Center for the provision of administrative services, which began its work on September 27, 2013, it operates a system of recording to a specialist through an electronic queue and introduces a project to evaluate the quality of administrative services. Specialists of the Center are provided with 118 types of various services, including 98 entrepreneurs can use. Nowadays, comfortable conditions for quick solution of any problems of citizens and business are created. Information about the donor programs for supporting entrepreneurial activity is published on the official site of Pervomaiskyi City Council. Also, the Unified System of Local Petitions is operating on the official site of Pervomaiskyi City Council.

The city has an automated registration system for business entities. Applicants apply to the Center for the provision of administrative services upon obtaining documents of a permissive nature.

## **6.4. Access to funding**

The key issue for small and medium businesses is the inaccessibility and high cost of credit resources. Small business is looking for loans with a term of use from 6 to 18 months and is ready to pay for loans up to 25-35% per annum. Such rates are acceptable for business in the absence of additional costs for the execution of mortgages, valuation and insurance of mortgage, hidden fees and payments. The main alternative sources for small and medium businesses are personal loans from relatives and friends, pawnshops, credit unions, etc. In most cases, such sources are very expensive and risky.

Information on existing financial resources for the development of entrepreneurial activity is limited. Two banks in the community provide loans to small businesses. The financial and lending support in the city of small business entities was not provided through the reimbursement of interest on the use of bank loans.

## **6.5. Land resources and infrastructure**

The level of gasification of city Pervomaiskiy on the basis of the use of natural gas is characterized by a sufficiently developed system of distribution of gas pipelines of medium and low pressure. The source of gas supply of the city is Pervomaiskiy gas distribution station Shebelinkagazdobyh.

The city's electrical supply is carried out from the local substation 110/10 kV "Pervomaiskiy-City" with 110 kV supply lines, built in 2010, which made it possible to switch to more reliable electricity supply of the city. Basic voltage classes: higher voltage is 330 kV, average voltage is 110 kV, lower voltage is 10 kV.

The water supply of city Pervomaiskiy is carried out from the underground waters of the Syvash water intake. The water supply system consists of 6 wells, 3 of which are operated, 2 tanks of 6000 m<sup>3</sup> each, pumping station 2nd lifting, chlorinator installation. Sewage water is recycled at treatment facilities with a total biological treatment capacity of 20,5 thousand m<sup>3</sup> per a day.

Heat supply in the city is carried out by Pervomaiskiy municipal utility company "Teplomerezhi". In 2008 in city Pervomaiskiy 12 boiler houses (Heat Distribution Point -1-5, Solid Fuel Modular Boiler Room 1-7) were built on the basis of the latest technologies with minimal expenses of energy resources. Boiler Room of Pervomaiskiy central district hospital was reconstructed into the solid fuel one.

One of the most important economic resources of the city's development is the land. The total area of land is 3083,1 thousand hectares, among which:

- agricultural purpose - 1426,9809 hectares
- residential and public building - 777,0849 hectares
- historical and cultural destination - 7,3 thousand hectares
- recreational purpose - 110,2606 hectares
- forestry - 286,8500 hectares
- water fund - 53,0000 hectares
- industry, transport, communication, energy, defense - 421.6236 hectares

The structure of the land fund shows that the largest share of the territory of the city consists of agricultural land and land residential and public buildings.

A list of non-residential premises provided for rent is created. The list is located on the official site of Pervomaiskiy City Council. Total, as of 01.01.2018, 25 lease agreements were concluded. 1398,85 sq.m. of non-residential premises of communal property of Pervomaiskiy territorial community were transferred to entrepreneurs for rent

Recently, from foreign investors were received requests for the provision of land plots with all the necessary infrastructure for the construction of a solar electric station.

## **6.6. Legal and institutional basis**

The municipality has organized an electronic document flow between departments. The Center for the provision of administrative services operates in the premises of the City Council, where comfortable conditions for the rapid solution of the problems of citizens and business are created, but despite some positive changes at the last time, some unjustified rules, norms and other administrative barriers still exist. The biggest problem is the passage of procedures for obtaining a building permit. There is no coordination between institutions, and some of them ask for the same information. New entrepreneurs are particularly lacking in information about financial resources, or even about existing affiliate business organizations that can provide them with support as well as the information about national or donor business support programs. Agency for the development of entrepreneurship in the city is absent.

## **6.7. Skilled labor resources, inclusiveness**

According to the information from the City District Employment Center, as of 01.01.2018, 170 city residents received consultations on organization and conduct of entrepreneurial activity. One time unemployment assistance for the organization of entrepreneurship was received by 2 unemployed, who



were trained in the course "Strategic Planning and Development of Private Entrepreneurship" carried out by the Kharkiv Center for Vocational Training.

Training was conducted on the basics of entrepreneurial activity to organize their own business. During the reporting period, 11 training seminars on "How to start own business?", "Development of Small Entrepreneurship in Rural Areas", aimed at increasing the volume of productive employment through the attraction of unemployed to entrepreneurship and self-employment. It was the most difficult to find work for young professionals with legal and economic education. People, who are unemployed for more than two years, gradually lose their motivation to receive a new specialty and become very passive in finding a job. Some enterprises initiate professional training only to meet their needs, without co-operating with other enterprises of their own sector.

The municipality began the process of ensuring equal access to quality education for children with special educational needs by organizing their training in general educational institutions based on the application of personally oriented teaching methods, taking into account the individual peculiarities of educational and cognitive activity of such children. At schools, inclusive education classes are created, together with the employment center round tables, job search workshops are organized.

## **6.8. External positioning and marketing**

City Pervomaiskyi is well located, which is important for the growth of existing enterprises and companies and for the creation of new ones. Over the past five years, the local government has invested heavily in improving the quality of community life. Sports infrastructure, city park and small green areas with numerous playgrounds for recreation in residential neighborhoods are well-maintained and developed.

The healthcare sector is gradually improving - the hospital and primary health care facilities are being renovated and modernized.

The municipality has recently launched a policy to promote local products by organizing various events at the local level. A city investment passport has been developed to promote the city as an attractive place for investment. A new official site of the city is being developed, in which new sections will appear, including business-related ones in the city.

The municipality maintains relations with many world embassies, such as Belgium, Canada, Germany, and positions the investment opportunities of the city on different platforms (forums, exhibitions, etc.). Representatives of the city took part in the forum of creative industries in city Dnipro where they presented their possibilities.

The City Council first organized an exhibition of energy-efficient technologies within the framework of the "Days of Sustainable Energy" in Pervomaiskyi, on the square near the Palace of Culture "Khimik", which allowed potential producers to meet with representatives of local business circles to discuss issues related to energy efficiency measures and benefits for enterprises operating in this territory.

On the invitation of City Mayor Mykola Baksheiev, on September 14, the Consul General of Germany, Mr. Wolfgang Moessinger, arrived to city Pervomaiskyi with a working visit. Mr. Moessinger highly appreciated the results of Ukrainian-German cooperation of our city.

## 7. SWOT - analysis

The choice of the strategy of development of the city tourist industry is based on the analysis of the internal and external environment, the assessment of its overall socio-economic status and the existing tourist potential. An effective strategy is able to increase the internal potential of the tourist industry of the city and through the use of external opportunities to strengthen the city's position on the interregional tourist market. In order to determine the main factors of influence and formulation of strategic directions of tourism development of city of Pervomaiskyi for the period 2018 - 2020, a SWOT-analysis was conducted.

<b>Strengths</b>	<b>Weaknesses</b>
<p>Political will of the city authorities and desire of the local business to change the situation for the better.</p> <p>Availability of qualified skilled labor.</p> <p>Developed local demand market.</p> <p>Availability of unused "niches" in business.</p> <p>Presence of a network of banking institutions.</p> <p>Unique historical and cultural heritage.</p> <p>Presence of recreation zones.</p> <p>Close proximity to city Kharkiv.</p> <p>Good transport accessibility of the city.</p> <p>Sufficient natural resources, potentially attractive for tourism and recreation.</p> <p>Support of initiatives of tourism development by the local authorities.</p> <p>Availability of free land.</p> <p>Significant reserves of rock salt.</p> <p>Availability of industrial areas for direct processing of rock salt and production of related products.</p> <p>Proximity of the city with developed infrastructure to industrial grounds.</p>	<p>Absence of business centers, business incubators, non-bank financial and credit and information and advisory agencies in the city.</p> <p>Absence of public associations of business entities.</p> <p>Lack of cheap financial and credit resources for business.</p> <p>Lack of stimulation system for small and medium business at the local level.</p> <p>High level of competition in trade.</p> <p>Bad road condition.</p> <p>Imperfect navigation, marking and labeling system.</p> <p>Improper setting of tourist facilities.</p> <p>Absence of walking walk zones, places of mass recreation, shortage of attractions and entertainments</p> <p>Inadequate status of tourist infrastructure and accommodation and catering facilities for tourists (HoReCa).</p>
<b>Opportunity</b>	<b>Threats</b>
<p>Possibility of attracting young specialists and returning skilled workers to the city when creating new high-paying working places.</p> <p>Establishing contacts with compatriots who implement their own business abroad.</p> <p>Increase of investment programs and projects.</p> <p>System development of domestic tourism, growth of general interest in the history and culture of the region.</p> <p>Presence of brownfields - industrial buildings that are not in use.</p> <p>Possibility of cycling and hiking trails organization.</p> <p>Development of international cooperation in the economic and cultural spheres.</p> <p>Growing demand from residents of the region in the field of cognitive, event, industrial, "green" tourism (local tourism).</p> <p>Introduction of new technologies for the</p>	<p>Political instability.</p> <p>Lack of progressive changes in legislative acts in the field of entrepreneurial activity.</p> <p>Outflow of labor, growth of its value, increase of competition.</p> <p>Competition from the cities where the best conditions for doing business are created.</p> <p>Budget deficits, the impossibility of financing large infrastructure projects.</p> <p>Sharp decline in purchasing power of the population and as a consequence of demand for travel services.</p>

<p>arrangement of urban space, adapting it to the reception of visitors makes the city attractive to tourists.</p> <p>Ensuring the availability of modern information technologies and their further development.</p> <p>Collaboration with other cities and regions (directly, through association of cities and other associations) for the external positioning and marketing of the city.</p>	
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## 8. Vision and goals

One of the directions of the Local Economic Development Plan is to create favorable conditions for the development of the tourism sector, which will allow accelerating the city's socio-economic development, promote the life quality of the population, harmonious development and consolidation of society and popularization of the city.

The great new "niche" for the development of small and medium business is the sphere of tourism and related services. It is known that tourism is one of the most dynamic and competitive industries. At the same time, there are certain reservations about the purposeful development of the tourism sector. Among the various types of activities, this activity is most risky. Although tourism creates many favorable employment opportunities, most of such working places do not provide high wages and in fact do not leave room for professional growth. These jobs may not meet the needs of the territory in raising the level of employment. Of course, it will be necessary to make significant efforts to carry out the appropriate advertising and promotional work, to create the appropriate image of the city and its systematic support. The joint efforts of "authority", "business" and "community" precisely in this area can give quick and meaningful results.

The main strategic goals of tourism development are:

- ensuring efficient and integrated (economic, social, ecological and innovative) use of available tourist and recreational potential by solving the problem of recreational use of nature and environmental protection and improving the territorial structure of tourism in order to develop tourist territories, branding of territories;
- improving of the information infrastructure of recreational and tourist services by introducing tourist information in geoinformation services and popularization of tourist products during the fairs, festivals and exhibitions;
- ensuring the conformity of the price and quality of tourist products by creating conditions for optimization of the organizational and economic structure of activity of small and medium business entities in the field of tourism and the development of national standards for the provision of tourist services in accordance with international standards;
- organizing of the system of qualitative training, retraining and professional development of specialists in tourist support and maintenance, other professions in the field of tourism.

## 9. Action plan

The development of tourism in the city promotes economic development, provides advertising to the city and attracts wealthy people, investors and business people. If the city wants to be included in the tourist routes, it has to offer a number of new services and have its own distinctive feature - the "face" in the tourist market.

**Table 1: Action Plan**

<i>Thematic block</i>	<i>The main objectives</i>	<i>Project(-s) actions</i>	<i>Duration (beginning - completion)</i>	<i>Partners involved</i>	<i>Planned costs</i>	<i>Results</i>	<i>Monitoring indicators (indicators)</i>
<b>1. Cross-sectoral cooperation and interaction at the local level</b> <b>2. Transparent, corruption-free administration that promotes business development</b>	1. Support and development of the existing tourist potential of the city	1.1. Development of a tourist information center (TIC) (including collecting and updating information on electronic services)	01.02.2019-30.08.2019	Administration, business, city residents, media	150000 UAH (4760 EUR)	institutional provision of tourism development in the city	Created TIC, providing services on an ongoing basis
		1.2. The development of new recreational routes that would cover all stages of the city's history	01.03.2019-30.07.2019	Administration, TIC, city residents	12000 UAH (380 EUR)	extension of the list of tourist activities in the city	development of not less than three tourist routes
		1.3. Creation of new objects with local lore topics (museums, expositions, exhibitions, etc.)	01.03.2019-01.03.2020	Administration, business, city residents	300000 UAH (9524 EUR)	increase in the number of tourist attractions	created not less than three tourist objects
		1.4. Construction of recreation areas	01.05.2019-30.10.2019	Administration, business, city residents	60000 UAH (1904 EUR)	arrangement of urban space, development of resort and recreation areas	number of visitors; cleaned of household rubbish and arranged three tourist trails around the city

		1.5. Purchase collapsible stage	01.06.2019-01.08.2019	Administration, business	300000 UAH (9524EUR)	extension of tourist activities list in the city	number of new cultural events
<b>1. External positioning and marketing</b>  <b>Cross-sectoral cooperation and interaction at the local level</b>	2. Development of event tourism	2.1. Popularization of existing activities in the city	01.01.2019-01.05.2019	Administration, TIC, business, city residents, media	20000 UAH (635 EUR)	increase of visit of cultural-historical objects and monuments	number of visitors (not less than 5 per day)
		2.2. Launching new events	01.06.2019-01.10.2019	TIC, administration, city residents, media, business	15000 UAH (476 EUR)	increase in the number of tourist visitors	number of events, tourists
		2.3. Implementation of the complexity of the tourist product, due to the use of opportunities of the suburban recreation area (excursions + active recreation outside the city)	01.07.2019-30.07.2020	Administration, business, city residents, media,	180000 UAH (5714 EUR)	increase in the number of small and medium enterprises	the number of small and medium enterprises
		2.4. Development and promotion of entrepreneurial initiatives related to cycling tourism (rental, service station)	01.05.2019-30.11.2019	Administration, business, city residents, TIC	30000 UAH (952 EUR)	modernization and development of general and specialized tourism infrastructure of the city	bicycle paths in the city, 3 bicycle rental points

		3.1. Creation of Handicraft HUB	01.07.2019-01.03.2020	Administration, business, city residents, media	250000 UAH (7936 EUR)	development of crafts	created HUB, uniting not less than 10 craftsmen
		3.2. Including handicraft products to a local brand	01.05.2019-01.09.2019	Administration, TIC	5000 UAH (158 EUR)	development of the concept of the image and tourist brands of the city	crafts production is part of the local brand
		3.3. Conducting exhibitions, forums of creative industries	Regularly, twice a year	Administration, business, city residents, media, TIC	30000 UAH (952 EUR)	organization and holding of mass celebrations (events), creation of favorable conditions for business start-up and development	number of participants not less than 10 in each event
<b>1. External positioning and marketing</b>	4. Improvement of the city marketing system	4.1. Branding of the city	01.02.2019-01.12.2019	Administration, business, city residents, media, TIC	30000 UAH (952 EUR)	formation of a positive image of the city	placing of brand symbols on all carriers of tourist ads and official documents
		4.2. Creation of souvenir products	01.05.2019-30.05.2020	Administration, business, city residents, TIC	30000 UAH (952 EUR)	activation of the involvement of city residents, public associations, self-organizing bodies in the process of	increase in the number of enterprises engaged in the production and sale of souvenir products

						building tourism	
		4.3. Development of the tourist portal	01.06.2019-31.12.2019	Administration, TIC, media	30000 UAH (952 EUR)	development of the tourist site of the city	number of views
		4.4. Development and encouragement of entrepreneurial initiatives to create comfortable conditions for tourists	Regularly, once or twice per half a year	Administration, TIC, business, city residents, media	30000 UAH (952 EUR)	launching of training programs for entrepreneurs involved in the maintenance of tourists	participants of trainings and seminars are not less than 30

## 10. Scheme of financing

**Table 2: Scheme of financing**

The hryvnia / euro ratio is calculated according to the official National Bank of Ukraine rate: 1 EUR= 31,5UAH according to the course on 01.08.2018.

<i>Project actions</i>	<i>Planned Costs</i>	<i>Sources of funding</i>				<i>Lack of funding</i>	<i>Notes</i>
		<i>Local budget</i>	<i>The budgets of higher level</i>	<i>Private sector</i>	<i>Donors</i>		
1.1. Development of a tourist information center (TIC) (including collecting and updating information on electronic services)	150000 UAH (4760 EUR)	15000 UAH (476 EUR)			135000 UAH (4284 EUR)		
1.2. The development of new recreational routes that would cover all stages of the city's history	12000 UAH (380 EUR)	6000 UAH (190 EUR)		6000 UAH (190 EUR)			
1.3. Creation of new objects with local lore topics (museums, expositions, exhibitions, etc.)	300000 UAH (9524 EUR)	100000 UAH (3175 EUR)			200000 UAH (6349 EUR)		
1.4. Construction of recreation areas	60000 UAH (1904 EUR)	60000 UAH (1904 EUR)					
1.5. Purchase collapsible stage	300000 UAH (9524EUR)				300000 UAH (9524EUR)		
2.1. Popularization of existing activities in the city	20000 UAH (635 EUR)			20000 UAH (635 EUR)			
2.2. Launching new events	15000 UAH (476 EUR)			15000 UAH (476 EUR)			



2.3. Implementation of the complexity of the tourist product, due to the use of opportunities of the suburban recreation area (excursions + active recreation outside the city)	180000 UAH (5714 EUR)	30000 UAH (952 EUR)		150000 UAH (4762 EUR)			
2.4. Development and promotion of entrepreneurial initiatives related to cycling tourism (rental, service station)	30000 UAH (952 EUR)			15000 UAH (476 EUR)	15000 UAH (476 EUR)		
3.1. Creation of Handicraft HUB	250000 UAH (7936 EUR)			200000 UAH (6349 EUR)	50000 UAH (1587 EUR)		
3.2. Including handicraft products to a local brand	5000 UAH (158 EUR)	5000 UAH (158 EUR)					
3.3. Conducting exhibitions, forums of creative industries	30000 UAH (952 EUR)				30000 UAH (952 EUR)		
4.1. Branding of the city	30000 UAH (952 EUR)	30000 UAH (952 EUR)					
4.2. Creation of souvenir products	30000 UAH (952 EUR)			30000 UAH (952 EUR)			
4.3. Development of the tourist portal	30000 UAH (952 EUR)				30000 UAH (952 EUR)		
4.4. Development and encouragement of entrepreneurial initiatives to create comfortable conditions for tourists	30000 UAH (952 EUR)				30000 UAH (952 EUR)		
<b>Total</b>	1607000 UAH (51016 EUR)	246000 UAH (7810 EUR)	0	571000 UAH (18127 EUR)	790000 UAH (25079 EUR)		

## 11. Indicators and mechanisms of monitoring

**Table 3: Indicators and mechanisms of monitoring**

<i>Actions / Ideas of the project (-s) [1]</i>	<i>Duration (start of action [2] dd.mm.yy - end of dd.mm.yy)</i>	<i>Expected results</i>			
		<i>from 1st to 6th month</i>	<i>from the 7th to the 12th month</i>	<i>from the 13th to the 18th month</i>	<i>from the 19th to the 24th month</i>
1.1. Development of a tourist information center (TIC) (including collecting and updating information on electronic services)	01.02.2019-30.08.2019	created tourist information center			
1.2. The development of new recreational routes that would cover all stages of the city's history	01.03.2019-30.07.2019	analysis of development opportunities	3 new recreational routes		
1.3. Creation of new objects with local lore topics (museums, expositions, exhibitions, etc.)	01.03.2019-01.03.2020	new tourist attractions created			
1.4. Construction of recreation areas	01.05.2019-30.10.2019		3 well-organized tourist trails in the vicinity of the city		
1.5. Purchase collapsible stage	01.06.2019-01.08.2019		new cultural events		
2.1. Popularization of existing activities in the city	01.01.2019-01.05.2019	increased attendance of cultural-historical objects and monuments, at least 5 visits per day			

2.2. Launching new events	01.06.2019-01.10.2019	increase in the number of tourist visitors		
2.3. Implementation of the complexity of the tourist product, due to the use of opportunities of the suburban recreation area (excursions + active recreation outside the city)	01.07.2019-30.07.2020		preparation of tourist product	increase in the number of small and medium enterprises - providers of travel services
2.4. Development and promotion of entrepreneurial initiatives related to cycling tourism (rental, service station)	01.05.2019-30.11.2019		bicycle paths in the city are arranged	points for bicycle rental are opened
3.1. Creation of Handicraft HUB	01.07.2019-01.03.2020		Handicraft HUB is created	projects of local masters are implemented
3.2. Including handicraft products to a local brand	01.05.2019-01.09.2019		image and the inclusion of the products of craftsmanship in the tourist brands of the city are developed	
3.3. Conducting exhibitions, forums of creative industries	Regularly, once or twice per half a year	exhibitions, forums are held new tourist attractions are created		
4.1. Branding of the city	01.02.2019-01.12.2019	branded symbols are created and placed on all carriers of tourist advertising		
4.2. Creation of souvenir products	01.05.2019-30.05.2020	involvement of the city's inhabitants in the development of the tourism industry		increase in the employment rate of the population
4.3. Development of the tourist portal	01.06.2019-		tourist site of the city is	tourist information is

	31.12.2019		developed	available	
4.4. Development and encouragement of entrepreneurial initiatives to create comfortable conditions for tourists	Regularly, once or twice per half a year	conducted training programs for entrepreneurs involved in the maintenance of tourists			

12. Annexes

Annex 1: Order on the creation of a working group



УКРАЇНА

ПЕРВОМАЙСЬКИЙ МІСЬКИЙ ГОЛОВА  
ХАРКІВСЬКОЇ ОБЛАСТІ

РОЗПОРЯДЖЕННЯ

26 липня 2017

Первомайський

№ 100

**Про утворення робочої групи  
з питань розробки Плану місцевого  
економічного розвитку в м.Первомайський**

З метою стимулювання економічного зростання, підвищення рівня зайнятості, забезпечення участі громадян в економічних, соціальних і культурних процесах м.Первомайський, а також підвищення їх добробуту та якості життя, в рамках ініціативи "Мери за економічне зростання", керуючись п.20 ч.4 ст.42 Закону України «Про місцеве самоврядування в Україні»:

1. Створити робочу групу з питань розробки Плану місцевого економічного розвитку в м. Первомайський та затвердити її склад (додається);
2. Доручити робочій групі розробити План місцевого економічного розвитку;
3. Контроль за виконанням розпорядження покласти на першого заступника міського голови Орехова А.В.

Міський голова



М.М. Бакшеев

**Annex 2: The consist of the working group**

Додаток  
до розпорядження міського голови  
26.07.17 № 100

**Склад  
робочої групи з питань розробки Плану місцевого економічного розвитку  
в м. Пervoмайський**

- |                                    |  |
|------------------------------------|--|
| 1. Бакшеев Микола Миколайович      | – міський голова, голова робочої групи;  |
| 2. Орехов Антон Володимирович      | – перший заступник міського голови, заступник голови робочої групи;  |
| 3. Приймак Тетяна Володимирівна    | – спеціаліст 1 категорії відділу економіки, секретар робочої групи;  |
| 4. Сторожев Володимир Олексійович  | – заступник міського голови з питань діяльності виконавчих органів;  |
| 5. Коваленко Денис Олександрович   | – керуючий справами виконавчого комітету;  |
| 6. Кошарний Андрій Михайлович      | – завідувач сектору стратегічного розвитку та інвестицій відділу економіки;  |
| 7. Литовченко Ірина Анатоліївна    | – начальник відділу економіки;   |
| 8. Федорченко Роман Анатолійович   | – начальник відділу архітектури, будівництва та земельних відносин;  |
| 9. Ясинський Олександр Іванович    | – депутат міської ради (за згодою);  |
| 10. Цимбалов Іван Олексійович      | – депутат міської ради (за згодою);  |
| 11. Чумак Олександр Валерійович    | – голова Харківської обласної громадської організації «Асоціація приватних роботодавців» (за згодою);  |
| 12. Кузенко Юрій Миколайович       | – перший заступник директора – Головного інженер державного науково-дослідницького і проектного інституту основної хімії «НІОХІМ» (за згодою);   |
| 13. Ігнат'єв Станіслав Євгенійович | – проректор із науково-педагогічної роботи Харківського національного аграрного університету ім. В.В. Докучаєва, засновник Харківського енергетичного кластеру (за згодою);                              |
| 14. Кулініч Олег Васильович        | – кандидат наук з державного управління, доцент кафедри соціальної і гуманітарної політики ХарPI НАДУ при Президентові України, керівник проектів ГО «Інститут соціальної політики регіону» (за згодою); |
| 15. Яременко Сергій Васильович     | – засновник TRUVER.com і Market Report Company - дослідження і аналітика ринків нафтохімії країн СНД (за згодою).  |

Перший заступник міського голови



А.В. Орехов

**Annex 3: Tables**

**Table 4: Classification of enterprises by size**

<b>Type</b>	<b>Number, un.</b>
<i>Micro Business (Private Entrepreneur)</i>	896
<i>Small business</i>	111
<i>Medium business</i>	6
<i>Big business</i>	2

**Table 5: Classification by type of economic activity**

<b>Types of economic activity</b>	<b>Total units</b>	<b>Including</b>			
		<b>enterprises</b>		<b>individuals entrepreneurs</b>	
		<b>units</b>	<b>% to the total number</b>	<b>units</b>	<b>% to the total number</b>
Total	1015	119	11.72	896	88.28
including					
agriculture, forestry and fisheries					
industry	2	2	0.20		
construction					
wholesale and retail trade; repair of motor vehicles and motorcycles	669	25	2.46	644	63.45
transport, warehousing, postal and courier activities	5	2	0.20	3	0.30
temporary placement and organization of food	33	30	2.96	3	0.30
information and telecommunications	3	3	0.30		
financial and insurance activities	4	3	0.30	1	0.10
real estate transactions	1			1	0.10
professional, scientific and technical activities					
administrative and auxiliary services activities	49	5	0.49	44	4.33
education					
health care and social assistance	24			24	2.36

art, sports, entertainment and recreation	15			15	1.48
provision of other types of services	210	49	4.83	161	15.86

**Table 6: Distribution of private sector companies by number and type of activity**

Types of economic activity	Number and % of companies								
	Total	Micro		Small		Medium		Big	
		units	%	units	%	units	%	units	%
agriculture, forestry and fisheries									
industry	2							2	0.2
construction									
wholesale and retail trade; repair of motor vehicles and motorcycles	669	644	63.45	20	1.97	5	0.49		
transport, warehousing, postal and courier activities	5	3	0.30	2	0.20				
temporary placement and organization of food	33	3	0.30	30	2.96				
information and telecommunications	3			2	0.20	1	0.10		
financial and insurance activities	4	1	0.10	3	0.30				
real estate transactions	1	1	0.10						
professional, scientific and technical activities									
administrative and auxiliary services activities	49	44	4.33	5	0.49				
education									
health care and social assistance	24	24	2.36						
art, sports, entertainment and recreation	15	15	1.48						



provision of other types of services	210	161	15.86	49	4.83				
Total:	1015	896	88.3	111	10.9	6	0.59	2	0.21

**Table 7: Assessment of cooperation at the local level**

<b>Name and / or function (sphere / theme of which it concerns)</b>	<b>Institutions / individuals involved</b>	<b>Achievement (it also needs to specify how it is implemented: for example, at the planning stage, project implementation, provision of services, on an ongoing basis or periodically / once)</b>	<b>Score: useful or not useful</b>
"Association of Private Employers"	Pervomaiskyi employment center	The main tasks of the Organization are to promote the entrepreneurial activity, conduct entrepreneurship training together with the employment center	useful
Charitable Organizations "Pervomaiskyi City Charitable Foundation "Dzherelo"	enterprises and individuals entrepreneurs of the city	carrying out activities aimed at solving problems associated with the comprehensive development of city Pervomaiskyi	useful

**Table 8: Industries (and sub-industries) with growth prospects and their problems**

<b>Industries of growth (sub-industries)</b>	<b>The main problems that can be solved with the help of business support services</b>
<b>Tourist industry (hotel business, event-tourism)</b>	Lack of knowledge about the promotion of products, master classes on the development of the direction of the creative industry, the lack of material resources for the creation of "masterpieces" of art. The lack of an information center, which would also provide the city guests with information on the area of services.

**Table 9: Access to funding**

Financial institution / donor	Categories of recipients of a loan (grant)	Industry / activity, which is given priority in financing	Minimum and maximum loan (grant) size	Requirements (annual percentage, mortgage, etc.)
PryvatBank	individuals entrepreneurs and legal entities	-	500 000,00 - 2 000 000,00	The minimum period of 1 month The maximum term is 5 years The amount of the first installment is 0.00% Interest rate 19.00% Loan provision - real estate, equipment, motor transport, in addition - a guarantee from the individual - the owner of the business
Oschadbank	individuals entrepreneurs and legal entities		either	The minimum period of 1 month The maximum term is 5 years The size of the first installment is 25.00% Interest rate 17.50% One-time fee 0,20% Property insurance 0.3% Loan provision - real estate, movable property, goods in circulation

**Table 10: Needs of private sector in land resources and infrastructure**

The expressed needs of the private sector by type of infrastructure	Existing conditions for meeting needs in this segment	Possible future needs (within 6 years)
<i>Microcompany or individual entrepreneur (workshop) - with or without shared use areas</i>	421	953,9
<i>Office premises - with or without common areas</i>	17,2	2640,51
<i>Business incubator (&lt;10 startups / microcompanies; &gt; 10 startups / microcompanies)</i>		
<i>Business / Industrial Park</i>		a land plot of 35 hectares, city Pervomaiskyi, industrial zone
<i>Scientific / Technological Park</i>		a land plot of 6.5 hectares, cadastral number: 63115 00000:06:002:0114 city Pervomaiskyi, Dorozhnia str.

**Table 11: Legal and institutional conditions**

<b>Regulatory issues identified</b>	<b>High / low negative influence</b>	<b>The main regulatory body</b>	<b>Possibility of mitigation / improvement at the local level (in detail)</b>
<i>Ensuring protection of competition in entrepreneurial activity</i>	<i>low</i>	<i>Department of Consumer Market and Mass Communications</i>	<i>Consumer rights protection, control of quality and product safety, as well as all types of services and works</i>
<i>Organizational and economic conditions for the development of entrepreneurship</i>	<i>low</i>	<i>Department of Architecture and Department of Communal Property</i>	<i>Creation of favorable organizational and economic conditions for the development of entrepreneurship (granting of land plots, transfer of entrepreneur of state property, necessary for entrepreneurial activity)</i>

**Table 12: Qualified workforce situation**

<b>Industry (According to Table 1)</b>	<b>Current situation with skilled labor (for example, a significant amount / small lack / mismatch / excess of demand)</b>	<b>Forecast situation in the future (for example, a significant amount / small lack / mismatch / excess of demand)</b>	<b>Possible directions of action</b>
<i>hotel business</i>	<i>lack of skilled labor</i>	<i>sufficient quantity</i>	<i>consulting and training on organization and conduct of entrepreneurial activity</i>
<i>event tourism</i>	<i>lack</i>	<i>small shortage</i>	<i>Organization of training of highly skilled personnel for coordination and realization of event tours</i>

**Table 13: Perception of the locality by its inhabitants**

<b>Positive aspects, the obvious strengths of our locality, according to the inhabitants</b>	<b>Degree of importance (1-5)</b>	<b>Negative aspects, obvious weaknesses of our area in the opinion of the inhabitants</b>	<b>Degree of importance (1-5)</b>
<i>young city</i>	<i>2</i>	<i>lack of workplaces</i>	<i>3</i>
<i>comfortable for living</i>	<i>4</i>	<i>the absence of interesting locations for businesses</i>	<i>5</i>
<i>compact location</i>	<i>4</i>	<i>weak consumer demand</i>	<i>4</i>

<i>availability of historical and cultural heritage</i>	5		
<b><i>Possible actions that are easy to implement</i></b>			<b><i>Under the guidance</i></b>
<i>promoting the brand of the city</i>			<i>Tourist Information Center</i>
<i>popularization of the developing city with its interesting locations</i>			<i>Tourist Information Center</i>