

PREFACE



Dear residents of Nizhyn!

Nizhyn is a city with rich, glorious history and modern, young presence, aimed at European values and positive changes.

Local economic development is one of the driving forces behind the positive transformations of the community. And only permanent synergy among the business community, the government and civil society is able to improve the quality of life and the local economic potential.

Local economic development planning for the short-term perspective, which is the result of work of various community individuals: from executive committee to business representatives, entrepreneur's associations, the public and academics, should be the basis for urban development programs. Such a planning document of the city of Nizhyn is defined "Local Economic Development Plan".

The purpose of the Local Economic Development Plan is solving of common problems of the residents of the city of Nizhyn and realization of common goals for economic growth, competitiveness, investment attractiveness, quality of life in the community through efficient use of resources and realization of the common interests of the authorities, community and business.

The development of the Plan has become an example of partnership among a wide range of enterprises, institutions and organizations, and the public sector. The document itself is the property of all interested parties, in order subsequently to provide public support for the implementation of measures and projects of the action plan of the Local Economic Development Plan.

Thank you to everyone who participated in the working group meetings, made suggestions and remarks, found time to contribute to the vision of the economic prosperity of our city.

We are open for dialogues and new creative ideas!

**Best Regards,
Mayor of Nizhyn**

Anatolii Linnyk

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TABLE OF CONTENTS

PREFACE.....	2
1. EXECUTIVE SUMMARY.....	4
2. LIST OF TABLES AND FIGURES.....	5
3. ABBREVIATIONS.....	5
4. INTRODUCTION TO THE PLAN.....	6
5. PROCESS OF LOCAL ECONOMIC DEVELOPMENT PLAN DEVELOPMENT.....	6
6. LOCAL ECONOMIC ANALYSIS.....	7
6.1 Analysis of local economic structure.....	7
6.2 Local cooperation and networking.....	8
6.3 Business-friendly, transparent and corruption-free administration.....	8
6.4 Access to finance.....	9
6.5 Land and infrastructure.....	9
6.6 Regulatory and institutional framework.....	9
6.7 Skills and human capital, inclusiveness.....	10
6.8 External positioning and marketing.....	10
7. SWOT ANALYSIS.....	11
8. VISION & OBJECTIVES.....	11
9. ACTION PLAN.....	13
10. FINANCING SCHEME.....	15
11. MONITORING INDICATORS AND MECHANISMS.....	16
12. ANNEXES.....	18
Annex 1: On making amendments to annex 1 of the Mayor`s Order No. 45 issued on March 1, 2018, "On making of a working group for development of the Local Economic Development Plan ».....	18
Annex 2: Composition of the working group for development of the Local Economic Development Plan.....	20
Annex 3: Tables.....	21

1. EXECUTIVE SUMMARY

Nizhyn is a city of regional significance, a district center of Chernihiv region. It is located in the northern part of Ukraine. The territory of the city is 43.5 km². Nizhyn is one of the main transport hubs in the region. A functioning airfield, which is located in the city and subordinated to the Ministry of the Emergencies of Ukraine, has strategic importance.

On December 06, 2017, Nizhyn signed up to Mayors for Economic Growth by signing a membership agreement and undertaking a series of measures to ensure sustainable economic development.

At the initial stage of the Plan's development, thorough study of area development state, data analysis were carried out, local economy was studied.

On January 01, 2018 there are 19 medium-sized enterprises, 61 small business representatives and 3319 micro businesses in the city. The main sectors of the city economy are machine-building, food production, woodworking, chemical and construction materials industries. Its share in the total region volume of sales in 2017 is 5.6%. Perspective development areas are the services sector, industry and tourism. The town council's executive committee created an Entrepreneurs' Council for establishing effective interaction between the city authorities and the public.

During the SWOT analysis, the strengths and weaknesses of the city, its opportunities, as well as the threats that may arise while implementing these opportunities were identified. With regard to internal factors, one of the main strengths of the city is convenient geographical location and developed transport links, the General Plan of the city, city transparency, multidisciplinary economic activity, rich cultural and architectural inheritance. But at the same time, the weaknesses of the city are: undeveloped tourism infrastructure, lack of a city marketing system and promotion of local business, imbalance between supply and demand in the labor market, discrepancy of education with present-day production needs. Regarding external factors, a high level of human potential and increased access to international financial resources are opportunities for economic development, but the biggest threat is the location of Nizhyn close to the aggressor country, which is a rejection factor for investors to settle in the city.

On the basis of the received information, the vision and objectives of the city's economic development in future have been formed. **Vision: Nizhyn is an industrial center with a developed processing industry and a favorable business environment in the field of trade and services, with developed tourism infrastructure and preserved historical and architectural heritage.**

Objectives:

- **Providing conditions for the processing industry development with the logistics center in Nizhyn;**
- **Creation of a business environment for sectoral cooperation;**
- **Creation of information environment for tourism development.**

And already based on the stated objectives, a plan of action was formulated with concrete measures and projects on economic development of Nizhyn. The action plan includes the implementation of 9 projects for two years: creation of a logistic field in the industrial zone of the city, studying the possibilities of creating

an industrial park and “dry port”, increase of land resources by approving the city boundaries, establishing a business support center for SMEs, raise of awareness among small and medium-sized enterprises about existing funding programs, providing educational and information days for SMEs, creation of an information-tourism center , development of marketing strategy, attraction of businesses to tourism development. The total budget of projects is 27 535 000 UAH (EUR 860,468).

The sources of funding for the measures of the Local Economic Development Plan of Nizhyn are the municipal budget, the state fund of regional development, funds of private investors, international, state and regional funds, grant and donor organizations.

2. LIST OF TABLES AND FIGURES

Table 1: Action plan

Table 2: Financing scheme

Table 3: Monitoring indicators and mechanisms

Table 4: Classification of enterprise according to size

Table 5: Presentational table for private sector companies

Table 6: Assessment of local cooperation

Table 7: Growth sectors & their challenges

Table 8: Access to finance

Table 9: Private sector needs in area of land and infrastructure

Table 10: Regulatory and institutional framework

Table 11: Skills situation

Table 12: How the local area is perceived by its citizens

3. ABBREVIATIONS

LG - local governments

NGO - nongovernmental organization

SME - small and medium entrepreneur

DED - design-estimate documentation

IE - individual entrepreneur

4. INTRODUCTION TO THE PLAN

On December 06, 2017, Nizhyn signed up to Mayors for Economic Growth by signing a membership agreement and undertaking a series of measures to ensure sustainable economic development.

Nizhyn is located in the northern part of Ukraine, 83 kilometers from the regional center Chernihiv and 150 kilometers from the capital of Ukraine, Kyiv. Total population (for 01.01.2018) - 70046 people, of which 45,216 accounted for population in working age. The average age of the population is 41.7. Migration flows (for 2017): 938 people left, 329 people arrived. At present there is a departure of the population in search of work in big cities - Kyiv, Kharkiv, Dnipro, Odessa and abroad.

The local economic development of Nizhyn is a key aspect in strengthening the competitive position of the city in the region and boosting its economic growth, welfare, job creation, investment attraction and quality of life for all residents of the community, based on a strategic partnership between the authorities, business, the public sector and other important parts of the community.

Creating the most favorable business environment, including infrastructure and services of the highest possible quality at the lowest possible cost for the enterprises, the city will be able to provide significant development of the existing business, stimulate the creation of new enterprises and attract investments.

But any development is not possible without a clear vision, and even less without planning. European Initiative "Mayors for Economic Growth" is a partner in cooperation with whom Nizhyn will be able to plan the growth, development and enhancement of the economic potential of Nizhyn clearly and effectively by developing a Local Economic Development Plan.

During the developing of Local Economic Development Plan, the states of the program documents of Nizhyn were taken into account:

1. Strategy for the development of small and medium entrepreneurs in Nizhyn
2. General plan of Nizhyn
3. Annual programs of economic and social development of Nizhyn

The focus of this Plan is on the development of the private sector in order to stimulate employment growth and effective partnership cooperation in the development of Nizhyn.

A good example of partnership was the process of developing a Local Economic Development Plan, as representatives of both the private sector and civil society were involved in this process.

The implementation of large-scale measures from the action plan provides financing of the municipal budget in the amount of 10%. Some activities will be financed entirely at the expense of the municipal budget.

5. PROCESS OF LOCAL ECONOMIC DEVELOPMENT PLAN DEVELOPMENT

A Working Group was established following the Mayor's Order, aiming to develop the Local Economic Development Plan of Nizhyn for 2019-2020, with the participation of the representatives of the city leaders, departments of the city

council's executive committees, heads of enterprises and institutions, entrepreneurs, representatives of public associations, scholars and independent experts (see Annexes 1, 2).

The preparatory meeting of the Working Group took place on June 7, 2018, where its members learned the methodology for developing the Plan, discussed and approved the plan for all period of work, determined the amount of necessary information and its source for the development of the community profile and discussed the methodology of conducting a survey of enterprise's heads and entrepreneurs of the city, consulting services on issues that are relevant to all aspects of planning. In general, 5 meetings of the working group on the development of the Local Economic Development Plan took place. The sessions were very lively and meaningful, taking into account the opinion and critique of each member of the working group, as a result of which there was a consensus of the economic development vision of Nizhyn.

During the development of the Local Economic Development Plan, the following principles were applied:

- a deep and systematic analysis of the city's economic and social development and the formation of its basis for realistic forecasts;
- expert analysis of internal potential and competitive environment;
- formation of a realistic vision of the future and the formulation of real and achievable objectives based on socio-economic analysis and expert analysis of SWOT;
- formation of action plan with taking into account available resources, their sources, terms of realization of measures, criteria of performance of concrete performers;
- development of the Plan with taking into account the existing city planning documents, as well as strategies for the development of other territorial-administrative units, which includes the community;
- involvement of local experts, the private sector and civil society in the development of documents;
- elaboration of an effective management system of development programs, control over its implementation, correction and updating of the Plan.

6. LOCAL ECONOMIC ANALYSIS

6.1 Analysis of local economic structure

Nizhyn is a city of regional significance, the district center of Chernihiv region. It is located in the northern part of Ukraine. The territory of the city is 43.5 km².

Nizhyn is one of the main transport hubs in the region. Nizhyn is located at the intersection of transport routes, which pass from west to east and north to south, about 7 km from the road E101. Nizhyn Railway Station is an important object of the transport infrastructure of the municipality. The operating airfield, located in the city and subordinated to the Ministry of Emergencies of Ukraine is strategically important. The combination of all types of transport networks enables the development of a logistics center in Nizhyn.

On January 01, 2018 there are 19 medium-sized enterprises, 61 small business representatives and 3319 microenterprises in the city (see Table 4, 5). The main sectors of the city economy are machine-building, food production, woodworking, chemical and construction materials industry. The main industrial complex of the city is represented by 13 enterprises, which produce a wide range of industrial products. In 2017, commercial products were manufactured for a total amount to UAH 831.0 million, which is UAH 94.3 million more than in 2016. Its share in the total region volume of sales in 2017 is 5.6%.

As at January 1, 2018, 178 business entities are engaged in production sector, 1685 in trade, 886 in services. The largest share in the entrepreneurship of the newly formed entities is occupied by trade and services. Along with trade sector, there is a tendency to increasing the number of entrepreneurs engaged in catering, domestic services. Domestic services of the first need: hairdressing, tailoring, repairing: footwear, television and radio equipment, watches, household appliances (see Table 5).

In 2017 the trading network increased by 4 units: the market - 1, the pharmacy - 1, the grocery store - 1, the cafe - 1. Due to the development and expansion of the trading network, revenues to the municipal budget increase.

As of January 1, 2018, the city's trading network has 24 pharmacies, 6 pharmacy points, 380 trade objects. There are 66 enterprises operating in the restaurant industry.

Entrepreneurial potential has created opportunities for new additional working places. The largest share of working place creation in the city is for small and medium entrepreneurship. Therefore, during 2017, 202 new working places were created in the city: 53 - in trade, 60 - in the service sector, 89- in production.

Formation of the business climate in Nizhyn is carried out through the implementation and realization of the Program for supporting the development of small and medium enterprises for 2017-2020 years.

In 2017, the total amount of revenues to the municipal budget increased by 35.7% (UAH 174 533.2 thousand) in comparison to 2016 (UAH 489 346.4 thousand). The share of the development budget is 0.97% against 0.68% in 2016.

The volume of capital investments in 2017 amounted to 161.4 million UAH, which is 2.4% of the total volume in the region. Due to the good geographical location and developed logistic, more and more investors build modern high-tech enterprises of agrarian processing industry in the city.

City enterprises carry out foreign economic activity. In 2017, the export of goods amounted to 20.7 million USD, import - 52.6 thousand USD. The main trading partners of the city are the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the United Kingdom, Lithuania, Malaysia, Switzerland, Poland, Estonia, Canada, China, Russian Federation, Israel, Serbia, Romania, Latvia, Italy, Finland, Slovenia, Germany, The Netherlands.

6.2 Local cooperation and networking

In Nizhyn effective cooperation is established with the public sector, representing the interests of various spheres of urban life: economic, socio-cultural,

sporting, tourism, ecological. Conferences and forums, round tables, public hearings and sociological research are often held in the city.

For the effective cooperation of the city authorities with the public in the sphere of entrepreneurship development and the implementation of regulatory policy in the context of economic reforms, the city council's executive committee created an Entrepreneurs' Council (14 members). In 1993, in Nizhyn a municipal enterprise "Entrepreneurship Support Fund" was created, which still provides consulting services and a range of services in the area of entrepreneurial activity. Telephone hotlines for entrepreneurs are held regularly, which helps to establish a dialogue between city authorities and business representatives in the process of creating a favorable legal framework.

Cooperation between enterprises is supported by the Chernihiv Regional Chamber of Commerce, but at the local level the development of the business environment for sectoral cooperation is low due to the lack of sufficient legislative powers and local financial resources. Therefore, the development of the business environment is one of the tasks for the next two years.

In total there are 144 registered nongovernmental organizations in the city, but not all of them are effective. In 2017, in partnership with organizations, the city implemented 5 projects funded by European partners. There is also partnership through the participatory budget (see Table 6).

6.3 Business-friendly, transparent and corruption-free administration

Nizhyn is an open city governed by the principles of transparency and partnership. According to Transparency International Ukraine, in 2018 Nizhyn took 10 position in the Transparency Rating of 100 Ukrainian cities.

In Nizhyn there is the Center of administrative services. But for the technical insolvency only more than 30 services are provided out of 100 registered. One of the forms of resource support for small entrepreneurs is involvement in tenders at the expense of municipal budget. There are 15 tender committees in the budget institutions of the city, which in 2017 conducted 101 procurement procedures. Information about open procurement is published on the official website of the city council, and interested parties can apply online for participation (see Table 7).

City councils' sessions and meetings of deputy commissions are open for the public, as well as sessions go on-line. The web portal "Open Budget" is created for people to find information about the budget of the city in accessible form.

Within the framework of the project "Participatory democracy and substantiated solutions at the local level in Ukraine", the Operative Sociology company conducted a survey for learning the opinion of the city's entrepreneurs about the assessment of the city's contribution to attracting investment. The object of the study was selected entrepreneurs that carry out investment activity in the city for more than 1 year, and those who want to invest. The method of focus groups was used. The participants of the focus group noted that entrepreneurs do not have any problems with obtaining any information from the authorities, they can always consult on business issues.

Information about national and international support programs is published on the official website, on the social network Facebook and sent to interested people.

6.4 Access to finance

On the territory of Nizhyn, five banks provide credit financing to entrepreneurs (see Table 8). But, as in other cities of Ukraine, the entrepreneurs' activity in credit funding for the business development is not good enough due to high interest rates and repay loan inability. The municipality is thinking of creating a municipal program for loan interest repay. Information about the existing financial resources for business development is available in a limited amount, although the demand for consulting services for enterprises funding and starting a business is quite high. Establishing a business support institution will assist cooperation, awareness of financial opportunities and improved conditions for the city's economic development.

6.5 Land and infrastructure

At present 133 real estate objects are rented. The most popular is the premises for placing shops and offices of individual entrepreneurs.

The city does not have large plots of land for creation of industrial parks. There is only one land plot of about 15 hectares with the possibility of creating a technology park or "dry port". But now the process of amalgamation with the further formation of the Nizhyn amalgamated hromada is underway. This will give an opportunity to increase land resources.

In order to make the transparency of real estate objects of municipal property transfer, lists of free premises that can be rented are published systematically in the city council's newspaper "Visti" and on the city council's website (as at 01.01.2018 - 2,3 thousand square m.), as well as the announcement of contests for the real estate renters identification.

Information about free land plots, vacant premises and unfinished construction is openly accessible on the official city council's website.

The municipality provides effective and targeted use of the land of the city territorial community. The process of land plots sale and their rent transfer is carried out in accordance with the rules of the current legislation, namely, in accordance with the procedure of land trades. A list of land plots is located on the city council's website.

6.6 Regulatory and institutional framework

The establishment of the state regulatory policy principles is one of the priority directions of the executive committee of the Nizhyn City Council. As at January 1, 2018 there are 16 operating regulatory acts of the city council and the executive committee in Nizhyn. The overwhelming majority of regulatory acts are aimed at streamlining land and rent relations, setting tariffs, local taxes and fees. In particular, the decisions of the city council approved the Procedure for placing on

the territory of the city mobile temporary buildings for conducting business activity, the procedure for placing outdoor advertising, the procedure for organizing and holding non-state mass and exhibition and fairs events in the city. The Program for Promotion and Entrepreneurship Development 2020 (hereinafter referred to as the Program) is adopted, which provides the implementation of measures that will promote the dynamic development of entrepreneurship as an important factor of sustainable economic and social growth at the local level. All normative documents are developed with the participation of a wide range of public and representatives of the business community. In municipality measures to monitor adopted regulations effectiveness is carried out according to the plan. However, existing regulatory disagreements at the state level have a rather negative impact on the city development as a whole (see Table 10).

Still, the document circulation among the departments of the municipality goes in paper, not in electronic form, which is a barrier to improving the service provision.

For business development and support the municipality gave some rent privilege to 31 entrepreneurs for non-residential premises with the total area of 7238, 31 sq. m.

6.7 Skills and human capital, inclusiveness

In Nizhyn, as in many Ukrainian cities, there is an imbalance between supply and demand in the labor market (see Table 11). The city has a high demand for labor resources in the processing industry, sale and retail trade, agriculture and forestry, health care and social assistance. Due to the outflow of labor to Kiev and the reluctance of young people to manual labour occupations, there is a large shortage of sellers, repair mechanics, electricians, drivers, tractor drivers and machine operators in Nizhyn.

The number of employed workers in small and medium-sized enterprises as at January 1, 2018 in the city and district is 6225 people. The highest unemployment rate is among sale and retail trade, public administration and defense, compulsory state insurance, processing industry. The unemployment rate in the city is about 10%.

At present, the education system does not entirely meet the real needs of the business sector. Training of skilled personnel is carried out under a concrete order of employers. Most often the customer is the private sector. Most of the unemployed were trained at the request of the brick plant. Increased their qualification before the start of the heating season nearly 50 heaters. During 2017, 7 unemployed (5 participants of the ATO) were trained and opened their own business, receiving a one-time unemployment benefit for business plans.

Close cooperation between employers, educational institutions and the local employment office about information provision on the needs and opportunities for training, retraining and employment will contribute to improving the situation with labor resources in the city. Also, in order to motivate employers to implement internship programs, in September 2018, the Nizhyn City Council began implementing an internship program in its departments for students of Nizhyn Gogol State University.

6.8 External positioning and marketing

The good location of the city is important for the growth of existing and the creation of new businesses and companies. In recent years, considerable funds have been invested in the improvement of the environment, ecology and quality of life of the community. The city of Nizhyn developed and actively implements Program of investment activity development of Nizhyn for 2017-2019. The purpose of the program is to create a system of measures that should create favorable competitive conditions for attracting investment in the economy of Nizhyn, establishing international cooperation, implementing European integration policy at the city level, and attracting international technical assistance.

Nizhyn is an active member of the Association of Ukrainian Cities, closely cooperating with the Association "Energy Efficient Cities of Ukraine" and other Ukrainian and international organizations. Nizhyn is a signatory to the EU Covenant of Mayors and Mayors for Economic Growth Initiative. In cooperation with UNDP, NEFCO, REC a number of energy saving projects have been implemented in Nizhyn.

The rich cultural and archaeological heritage, age-old history and the status of "7 wonders of Ukraine: historical cities and towns" attract tourists, but the lack of quality tourist infrastructure is a rejection factor for their large influx. Creation of an information tourism center would contribute to the provision of quality services and development of Nizhyn as a tourist center.

Promotion of Nizhyn is carried out by presenting the stand about the city at the UITT International Tourism Exhibition. Every year a Pokrovsky Fair is held in the city, where local producers are promoted. A bilingual official Nizhyn tourism web-portal was developed. The section "Achievements of Entrepreneurship" is placed on the Nizhyn city council's site. It contains interviews with private entrepreneurs and articles about their achievements, which in turn promotes local producers. The official city website contains a section with information for investors.

Unfortunately, the city has no marketing strategy that would provide a common vision for external positioning and marketing. Almost no information and electronic materials about the city and local producers are being developed.

The healthcare sector is gradually improving - hospitals are being restored and primary health care institutions are opened.

Nizhyn actively supports and develops international relations and has sister cities: Svidnitsa (Republic of Poland, 1992), Yanina (Greece, 2004), Preilji (Latvia, 2016).

Therefore, the city already has significant achievements in promoting, but this work requires systematic, joint actions of all interested sides. (In more detail, the terrain is perceived by residents in Table 12).

7. SWOT ANALYSIS

After analyzing the statistical information, the main strengths and weaknesses, opportunities and threats for the city were identified. The SWOT analysis has become the basis for a realistic action plan that should help the city to maximize the existing comparative advantages and minimize risks.

Strengths (S)	Weaknesses (W)
<ol style="list-style-type: none"> 1. Favorable geographical location of the city and developed transport links 2. The city is among the top ten in the ranking of 100 transparent cities of Ukraine 3. Presence of the General Plan of the city (approved in 2017) 4. Rich cultural and architectural inheritance 5. Nizhyn has the status of "7 wonders of Ukraine: historical cities and towns" 6. Developed educational infrastructure for skill training and retraining 7. The presence in the city of a higher educational institution - Nizhyn State Gogol University 8. The presence of a wide range of economic activities in the city 	<ol style="list-style-type: none"> 1. Undeveloped tourism infrastructure 2. Lack of city marketing system and promotion of local producers 3. Imbalance between demand and supply in the labor market. 4. Inconsistency of education with modern production needs 5. Insufficient capacity of the city budget to participate in the economic and social development of the city
Opportunities(O)	Threats (T)
<ol style="list-style-type: none"> 1. Extending the powers of the municipalities as a result of the local self-government reform and as a result of administrative-territorial reform 2. High human potential level 2. Increased access to international financial resources 3. Introduction of the alternative energy sources use 4. Development of the processing industry 5. Availability of the potential for the development of the "silver economy" 	<ol style="list-style-type: none"> 1. Location of the territory close to the aggressor - country (Russia), the continuation of geopolitical instability in eastern Ukraine 2. Aging of the population 3. Increasing costs of energy resources

The results of the analytical part and the SWOT analysis allow us to trace the ratio of factors of the external and internal environment and to develop a set of measures for solving the problem issues of business development, further ensuring

favorable conditions and activating the entrepreneurial activity, improving the investment climate, ensuring competitiveness of entrepreneurship and ensuring employment of the population.

8. VISION & OBJECTIVES

The vision was formed on the basis of a consensus on what city should look like in the future.

The vision reflects the outcome that the municipality aims to achieve as a result of the implementation of the Local Economic Development Plan. It relies on the main characteristics of the city and strategic directions and becomes the main idea of the entire planning process.

Nizhyn is an industrial center with a developed processing industry and with favorable business environment in the field of trade and services, with developed tourist infrastructure and preserved historical and architectural heritage.

Objective 1

- Providing the conditions for the development of the processing industry with the logistics center in Nizhyn

Objective 2

- Creating business environment for sectoral cooperation

Objective 3

- Creating information environment for tourism development

9. ACTION PLAN

In accordance with the action plan for the next two years, 9 soft and hard projects are planned to be realized that are in line with the main objectives of the economic development of Nizhyn.

As a result of the implementation of the Plan, the following socio-economic benefits are foreseen:

- activation of entrepreneurial initiative, involvement of young people in starting their own business, promotion of professional growth of personnel in the field of entrepreneurship;
- improving the image of the city, increasing its tourist and socio-economic competitiveness.
- deepening of a constructive dialogue with business;
- formation of the infrastructure of entrepreneurship support, informational and resource support;
- increase of attracted investments in the city economy, increase of competitiveness of production and increase of export opportunities of enterprises;
- increase in the level of employment of the city's population and wages, popularization of employers of the city, establishment of the relationship between employers, educational institutions and potential staff. Implementation of the Plan's projects will be based on a trilateral partnership " authority-business-community".

Table 1: Action plan

Building blocks	Key Objectives	Actions / Projects ideas	Duration (start/finish)	Partners involved	Estimated costs Thn UAN (thn EURO)¹	Results	Monitoring indicators
1. Local cooperation and networking	1. Providing the conditions for the development of the processing industry with the logistics center in	1.1. Creating a logistic field in the industrial zone of the city	01.06.2019-01.11.2020	LG, business, the Entrepreneurs' Council, the Press	10 000 (312,5)	Active logistics field	Number of users - from 1000 per month
2.Land and infrastructure		1.2. Studying the possibilities of creating an industrial park and "dry port"	01.01.2019-31.11.2019	LG, business, NGO, experts	50 (1,563)	The possibilities of creating an industrial park and	Number of studied plots of land - minimum 3

	Nizhyn					"dry port are studied	
		1.3. Increasing land resources by approving the city boundaries	01.01.2019-31.12.2019	LG, business, the Entrepreneurs' Council, the Press	150 (4,687)	Land resources are increased	Number of hectares
1. Business-friendly, transparent and corruption-free administration	2. Creation of business environment for sectoral cooperation	2.1. Establishing a SMEs business support center	01.03.2019-01.05.2020	LG, business, the Entrepreneurs' Council, the Press	5 000 (156,25)	Active business support center for SMEs	The number of services provided, the number of entrepreneurs who use the services of the center
2. Local cooperation and networking		2.2. Development of enterprises catalog of Nizhyn	01.02.2019-31.12.2019	LG, business, the Entrepreneurs' Council, NGO, the Press	100 (3,125)	Developed enterprises catalog of Nizhyn	The number of copies printed - at least 50
3. External positioning and marketing		2.3. Providing educational and information days for SMEs	Constantly, periodically once a month	LG, business, the Entrepreneurs' Council, NGO, the Press	50 (1,563)	Educational information days were held	Number of days held, number of participants
1. External positioning and marketing	3. Creation of information environment for tourism development	3.1. Developing marketing strategy	01.01.2020-01.08.2020	LG, business, the community, NGO, the Press	150 (4,687)	Marketing strategy is developed	The number of participants in the working group, the number of meetings
2. Regulatory and institutional framework		3.2. Creating a tourism - information center	01.06.2019-01.12.2020	LG, business, the Entrepreneurs'	12 000 (375)	Active tourism - information	Number of tourists using the services of

3. Business-friendly, transparent and corruption-free administration				Council, NGO, local history museum, the Press		center	the center
	3.3. Attracting businesses to tourism development through joint activities	Constantly	LG, business, the Entrepreneurs' Council, NGO, local history museum, the Press	35 (1,094)	Active cooperation	The number of joint events	

1. According to the official rate of hryvnia to the euro of the UNB as of 01.01.2019

10. FINANCING SCHEME

Total budget of the projects is 27 535 thousand UAH. (EUR 860,468). The sources of funding for the measures of the Local Economic Development Plan of Nizhyn are:

- Municipal budget;
- State Fund for Regional Development;
- Funds of private investors;
- Grant and donor organizations;
- Fund raising on the conditions of public-private partnership.

Table 2: Financing scheme

Actions	Estimated costs	Source of financing				Funding gaps	Remarks
		Local budget	Upper level budgets	Business	Donors		
1.1. Creating a logistic field in the industrial zone of the city	10 000 (312,5)	1 000 (31,25)	3 000 (93,75)		6 000 (187,5)		

1.2. Studying the possibilities of creating an industrial park and "dry port"	50 (1,563)	50 (1,563)					
1.3. Increasing land resources by approving the city boundaries	150 (4,687)	150 (4,687)					
2.1. Establishing a business support center for SMEs	5 000 (156,25)	500 (15,625)	2 000 (62,5)		2 500 (78,125)		
2.2. Development of enterprises catalog of Nizhyn	100 (3,125)	50 (1,563)		20 (625)	30 (937)		
2.3. Providing educational and information days for SMEs	50 (1,563)	25 (782)		5 (156)	20 (625)		
3.1. Developing marketing strategy	150 (4,686)	75 (2,343)			75 (2,343)		
3.2. Creating of a tourism - information center	12 000 (375)	1 200 (37,5)	2 400 (75)		8 400 (262,5)		
3.3. Attracting of businesses to tourism development through joint activities	35 (1,094)	35 (1,094)					
Total	27 535 (860,468)	3 085 (96,407)	7 400 (231,250)	25 (781)	17 025 (532,03)		

11. MONITORING INDICATORS AND MECHANISMS

The monitoring of the projects` implementation will be carried out once a quarter, and overall one is once in half a year. The level of achievement of the main objectives of the Local Economic Development Plan will be determined by monitoring the performance indicators of the planned activities and indicators listed in Table 1.

Monitoring of the implementation of the Plan will also be carried out according to the following criteria:

- general status of implementation (ahead of the schedule, according to the schedule, with a slight lag from the schedule);
- percentage of actual actions, or implementation of which has begun;
- the percentage of funds actually allocated for the implementation of the measures;

The department for investment activity and infrastructure development of the executive committee of the Nizhyn City Council is responsible for the final reports.

Table 3: Monitoring indicators

Actions / Projects ideas	Duration	Delivering results (Change)			
		from the 1st to the 6th month	from the 7th to the 12th month	from the 13th to the 18th month	from the 19th to the 24th month
1.1. Creating a logistic field in the industrial zone of the city	01.06.2019-01.11.2020		A database of suitable land plots for the logistic field organization was created, a land plot was allocated, DEDs were developed	Road pavement work and engineering networks were carried out	Landscaping work is done
1.2. Studying the possibilities of creating an industrial park and "dry port"	01.01.2019-31.11.2019	Experienced other cities of Ukraine and Europe on the creation and operation of industrial parks and "dry ports"	The materials of the City's General Plan were worked out, the land plot inventory was carried out and a base of land plots suitable for the organization of a industrial park or a "dry port" was created		
1.3. Increasing land resources by approving the city boundaries	01.01.2019-31.12.2019	Expertise is provided	Approved city boundaries		
2.1. Establishing a SMEs business support center	01.03.2019-01.05.2020	Appointed building, developed DED,	Renovated premises, accomplished landscaping territory	The Center is equipped with skilled personnel and equipment,	

				office equipment and information materials	
2.2. Development of enterprises catalog of Nizhyn	01.02.2019-31.12.2019	Collected information about enterprises of Nizhyn	The catalog is designed and printed in at least 50 copies		
2.3. Providing educational and information days for SMEs	Constantly, periodically 1 time a month	Educational and information days for SMEs are provided	Educational and information days for SMEs are provided	Educational and information days for SMEs are provided	Educational and information days for SMEs are provided
3.1. Developing the marketing strategy	01.01.2020-01.08.2020			A working group was created, a survey was conducted	A marketing strategy has been developed and approved
3.2. Creating of a n tourism – informatio center	01.06.2019-01.11.2020		DED is done	Reconstructed building for the information-tourism center	The Center is provided with skilled personnel and equipment, office equipment, information and advertising product
3.3. Attracting businesses to tourism development through joint activities	Constantly	Conducted corporate events	Conducted corporate events	Conducted corporate events	Conducted corporate events

12. ANNEXES

Annex 1: On making amendments to annex 1 of the Mayor`s Order No. 45 issued on March 1, 2018, "On composing of a working group for development of the Local Economic Development Plan»



UKRAINE
CHERNIHIV REGION
CITY OF NIZHYN
MAYOR

ORDER

from June 06, 2018

Nizhyn

No. 149

On making amendments to annex 1
of the Mayor`s Order No. 45 issued on March 1, 2018,
"On composing of a working group for development
of the Local Economic Development Plan»

According to Articles 42, 59, 73 of the Law of Ukraine "On Local Self-Government in Ukraine", the regulations of the Executive Committee of the Nizhyn City Council of Chernihiv Region, VII convocation, approved by the decision of the city council's executive committee on August 11, 2016, No. 220, in accordance with the Agreement within the framework of the Initiative " Mayors for Economic Growth ", signed by the city of Nizhyn on December 6, 2017, with the aim of developing a Local Economic Development Plan in Nizhyn:

1. To make changes in the working group and to approve them in a new stuff according to appendix 1.

2. To supplement the mayor order from March 1, 2018, No. 45 "On the creation of a new working group for the development of the Local Economic Development Plan of Nizhyn" sub-items 2.1, 2.2, 2.3 in the following version:

2.1 A meeting of the working group will be considered competent in the presence of not less than 50% of its membership.

2.2 The decision of the working group will be considered adopted, if not less than half of the members present at the meeting have voted for it.

2.3 In the absence of a working group member, the participation in the working group is taken by an authorized person on behalf of the head of the institution, department.

3. The department of citizens' requests work (Svitlana Ostapenko) should provide acquaintance with this order of members of the working group.

4. Investment activity and infrastructure development department (Denys Vorona) should be ensured that this order is published on the Nizhyn city council's website within 5 working days from the date of its adoption.

5. Control over the implementation of this order is put on the first deputy mayor Hryhorii Oliinyk.

City Mayor

Anatolii Linnyk

Annex 2: The composition of the working group for development of the Local Economic Development Plan

№	Name	Position
1	Anatolii Linnyk	city mayor, head of the working group
2	Hrygorii Oliinyk	First deputy mayor, deputy head of the working group
3	Serhii Osadchy	deputy mayor
4	Serhii Dzuba	deputy mayor
5	Tetiana Havrysh	head of economic department
6	Denys Vorona	head of investment activity and infrastructure development department
7	ViraTopikha	head of the investment and foreign economic activity unit
8	Larysa Stus	head of economic analysis unit
9	Oleksandr Samoilenko	rector of Nizhyn Gogol State University
10	Volodymyr Vlasenko	head the local employment office, by agreement
11	Vasyl Lukach	director of Nizhyn Agrotechnical Institute, by agreement
12	Mykola Losyna	director of Nizhyn Professional Agricultural Lyceum, by agreement
13	Vitalii Prokopenko	individual entrepreneur, member of the city council's executive committee, by agreement
14	Tamara Stratilat	head of the NGO "Business woman", member of the Entrepreneurs' Council, by agreement
15	Olena Okhonko	head of the NGO "Nizhin Oberih ", head of the Entrepreneurs' Council, individual entrepreneur, by agreement
16	Larysa Artemenko	head of the NGO "Union of Nizhyn Entrepreneurs", member of the Entrepreneurs' Council, individual entrepreneur, by agreement
17	Svitlana Kurochkina	individual entrepreneur, member of the Entrepreneurs' Council, by agreement
18	Serhii Topalskii	individual entrepreneur, member of the Entrepreneurs' Council, by agreement
19	Serhii Kot	director of "NizhynBread and Bakery Plant", member of the Nizhyn region entrepreneurs' association, by

		agreement
20	Anatolii Lytvyn	director of an enterprise "Laks", representative of the Nizhyn NGO "Union of Entrepreneurship Protection in Nizhyn", by agreement
21	Serhii Pasulka	director of the Nizhyn oil plant, by agreement
22	Oleh Vlasenko	deputy general director of an enterprise "Druzhba Nova", by agreement
23	Larysa Zaiko	individual entrepreneur, by agreement
24	Mykola Shkurko	head of Nizhyn NGO "Association of tax payers of Ukraine ", by agreement

Annex 3: Tables

Table 4: Classification of enterprise according to size

Title	Number of staff	Year Turnover, Euro
Micro business (Individual Entrepreneur)	3319	Less than 2 million
Small business	61	2 to 15 million
Medium business	19	15 to 35 million
Large business	-	More than 35 million

Table 5: Presentational table for private sector companies

Type of economic activities	Number & % of businesses (per classification)			
	Micro	Small	Medium	Large
Industrial Manufacturing	178		12	
Agricultural Production	7	1		
Retail	37		1	
Wholesale	1685	7		
Business Services (training, consulting, marketing research, PR, advertising, publishing)	8			
Medical Services	54	20		
Legal Services (notary, lawyer)	10			
Services to Population (hair dresses, laundry, car repair services, minor repair services)	188	1		
Restaurants, cafes, bars etc.	53	13		

Hotels, hostels etc.	6			
IT Services	18			
Transport	41	2		
Construction, Development	9			
Communication Services	12			
Creative Services (design, photography, videography, web design, social media, event)	52			
Waste Management	3			
Tourism	34	17		
Cultural Heritage	11			
Etc.	913			

Table 6: Assessment of local cooperation

<i>Title and/or Function (area/theme on which it works)</i>	<i>Institutions/ Persons involved</i>	<i>Achievements</i>	<i>Assessment : useful or not useful</i>
<p>Entrepreneurs' Council</p> <p>Ensuring the participation of citizens in the socio-political, social and economic life of the city, establishing effective cooperation between the city authorities and the public, exercising public control over the activities of the city authorities</p>	Nizhyn city council, entrepreneurs, NGO	<p>Constantly</p> <p>Provided cooperation between the city authorities and the public</p>	useful
<p>Participatory budget</p> <p>Opportunity to participate in the distribution of local budget funds through the creation of projects for improving the city or voting for them.</p>	Nizhyn city council, entrepreneurs, NGO, city residents	<p>the competition takes place each year in September</p> <p>For 2016-2017, 7 projects were implemented</p>	useful
<p>Municipal Enterprise "Entrepreneurship Support Foundation"</p>	Nizhyn city council, entrepreneurs, NGO, city residents	<p>Constantly</p> <p>Provided consultant services</p>	useful

Table 7: Growth sectors & their challenges

(Growth) Sector	Main challenges likely requiring business support assistance
Public procurement	Resource support for small businesses by involving in tenders at the budget fund expense
Good Government	All draft documents are submitted to the public for discussion. All regulatory acts, as well as the decisions of the city council and its executive committee are published on the city website
Providing business services	The work of the administrative service center
Public discussion	Receiving feedback from the community, directing their creative initiative, involving citizens in the implementation of decisions
System of local petitions	Citizens' appeals to address city life issues

Table 8: Access to finance

Financial institution / donor	Categories of recipients of a loan / grant	Industry / activity that is given priority in financing	Minimum and maximum loan amount	Requirements (annual percentage, mortgage, etc.)
The Public Joint-Stock Company "Privatbank"	Functioning at least 6-12 months	No limits	From 500 000 UAH up to 10 000 000 UAH	Solid mortgage, surety, interest rate 19-20%
The Public Joint-Stock Company "State Savings Bank of Ukraine"	No limits	Procurement of vehicles, agricultural machinery and equipment	From 1 000 UAH up to 20 000 000 UAH	Mortgage, surety, interest rate 0.1-12%
Joint-Stock Company Raiffeisen Bank Aval	No limits	No limits	Investment up to 3,000 UAH	There is no pledge interest rate 21.5%
The Public Joint-Stock Company "Ukrsotsbank"	No limits	No limits	up to 98% of the deposit amount	A pledge of property rights to a deposit placed in a

				bank
Joint-stock company "Policombank"	Functioning at least 6-24 months	No limits	From 50 000 UAH Maximum depending on the company's turnover	Mortgage, surety, interest rate from 20%

Table 9: Private sector needs in area of land and infrastructure

Expressed private sector needs by type of infrastructure	Existing Provision in this segment	Indicative future requirements (within 6 years)
Micro-company or sole trader workspace (workshops) – (with/without) shared common facilities	15 objects	increase in demand
Office space – (with/without) shared common facilities	15 objects	increase in demand
Business incubator (< 10 start-up/micro-companies; > 10 start-up/micro-companies)	15 objects	demand at the same level
Business/ Industrial park	-	demand at the same level
Science/ Technology park	1 object	demand at the same level

Table 10: Regulatory and institutional framework

Agreed Regulatory Challenges	High/ Low Negative Impact	Main public agency involved	Scope for local mitigation/improvement (details)
Legal registration of entrepreneurs not according to their placement	High	Verkhovna Rada of Ukraine, Cabinet of Ministers of Ukraine	Possibility at the legislative level to oblige business owners to legalize the company and pay taxes at the actual location of production, rather than the location of the head office
Impossibility at the local level to influence	Medium	Verkhovna Rada of	In order to detect unregistered workforce at

objectively the work of enterprises in the field of registration of real volumes of production and engaged hired labor through inspections, regulations, collegiate raids		Ukraine, Cabinet of Ministers of Ukraine	local enterprises, raids and inspections are systematically conducted. According to their results, protocols are drawn up, which are only partially executed by the owners of the enterprises. Part of the entrepreneurs refuses to allow a working group on the territory of enterprises for inspections
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Table 11: Skills situation

Sector (According to the Table 1]	Current Skills Situation (e.g. significant/slight shortage/mismatch/excess to demand)	Projected Future Situation (e.g. significant/slight shortage/mismatch / excess to demand)	Possible Directions for Action
Micro business (Individual Entrepreneur)	Incompatibility of supply and demand	Excess demand	Improving offers quality
Small business	Incompatibility of supply and demand	Excess demand	Establishing cooperation and partnership between employers, local employment office and educational institutions, retraining of working personnel
Medium business	Incompatibility of supply and demand	Excess demand	Establishment of cooperation and partnership between employers, local employment office and educational institutions, introduction of the latest technologies, retraining of the workforce

Table 12: How the local area is perceived by its citizens

Likes/Perceived Strengths in the Image we Project Externally	Degree of Importance (1-5)	Dislikes/Perceived Weaknesses in the Image we Project Externally	Degree of Importance (1-5)
Nizhyn belongs to first 10 cities rate of Ukraine with the largest preserved cultural and architectural fund	5	The decline of industry and the growth of social tensions associated with it	3
Favorable geographical location of the city	5	Population aging, outflow of working age population and highly skilled personnel	4
Availability of higher and vocational education institutions	4	Undeveloped tourism potential	3
Possible Actions that could easily be Considered			Led by
Promotion of cultural and architectural heritage			LG
Popularization of higher and vocational schools of the city			LG
Promotion of resource potential and investment opportunities			LG