



**Mayors for  
Economic Growth**

**LOCAL ECONOMIC DEVELOPMENT PLAN  
OF THE KOROSTEN CITY  
FOR THE YEARS 2019-2020**

**Korosten City Council**

**Korosten  
Ukraine**

**"Industrial Center of Polissya and City of High Quality of  
Life"**

**August, 2018**



**Dear citizens of Korosten!**

Over the past years, we all together have done a great deal for the economic development of our native city. We supported the bills promoting economic growth, implemented strategic planning, introduced the new forms of industrial revival, such as, for example, an industrial park. It resulted positive changes in the structure of the industrial complex. The number of processing enterprises increased, hundreds of new jobs created, and revenues to the city budget considerably grown. Private initiatives fully supported.

The principles of public-private partnership has helped in the development of small and medium businesses, which have become more sophisticated in their operation. Commercial, domestic and other services had tendency to distribution from the city center to the periphery. Cooperation with international organizations and European partners allowed us to learn new approaches for ensuring sustainable economic development.

As a result, the city preserved and considerably strengthened its status as the industrial center of the Ukrainian Polissya.

However, in recent years new challenges and risks emerged that could negatively affect the sustainable economic development of our city. They lie in the difficult socio-political state of our country, economic recession and increase of migration.

The structure of the industrial complex of the city is not fully able to withstand possible financial and economic crises. Tax pressure, unfavorable monetary policy does not allow us to fully realize the potential of entrepreneurship in economic growth.

Therefore, the city became a participant of the Mayors for Economic Growth Initiative. Under this project the Local Economic Development Plan for 2019-2020 was developed. It focuses on the introduction of new forms of economic development such as clusters, investment attraction in the Industrial Park Korosten, further development of small and medium businesses. The purpose of the Local Economic Development Plan is to combine the city's capabilities with the experience of the European Union countries in economic growth and the creation of a local economy that would successfully resist the challenges of the modern world.

**Mayor**

**Volodymyr Moskalenko**

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## **1. Executive Summary**

Korosten is the city of region significance, located on the river Uzh, the tributary of the Pripyat, 87 km north of the regional center Zhytomyr, 150 km from the capital of Ukraine and 60 km from the border with the Republic of Belarus. The population of the city is 63.6 thousand people.

Local government and the community of the city implemented the City Development Strategy actions, initiated the adoption of economic normative and legislative acts, contributed to the creation of the Korosten Industrial Park and fully supported private initiatives. This ensures the city's gradual development.

Over the past 10 years, there have been positive changes in the structure of the economy that have reduced the risks of industrial production decline, job losses and revenues to the city budget.

The business sector was substantially expanded; the activities of small and medium-sized businesses became more sophisticated. Commercial, domestic and other services had tendency to distribution from the city center to the periphery.

There are sufficient natural resources in our region. Available land and other resources in the city, potential infrastructure opportunities are sufficient reserves for economic development.

At the same time the city's economy is partly dependent on one of the branches of industrial production while other branches have no reserves to expand their activities. Tax pressure, unfavorable monetary policy does not allow us to develop the potential of entrepreneurship fully. The existing engineering and transport infrastructure is in unsatisfactory condition.

Due to the economic downturn and difficult socio-political situation in the country migration of population has increased, and shortage of skilled labor has emerged.

Therefore, a general vision of the Local Economic Development Plan is to make such decisions that would effectively use the strengths and opportunities, as well as minimize the weaknesses and reduce the potential negative impact of risks on sustainable urban development.

The objectives of these decisions are:

- development of a woodworking cluster in the issues of providing enterprises with raw materials, the formation of appropriate labor market and social infrastructure, the possibility of scientific developments application, sales of products on the domestic and foreign markets, increasing the revenue part of the local budget. Ultimately, the cluster's activity will provide regional development;
- Industrial Park activity will lead to further structural changes in the industry. It will reduce the negative impact of financial and economic crises on economic development;
- development of small and medium business.

The activities of cluster and industrial park combined with the existing programs will promote the development of entrepreneurship; improve the city infrastructure; promote the real participation of the community in the development of the city.

Development of the woodworking cluster does not require significant expenditures. The partners and the city budget will finance operational expenses. Creation of conditions for placing of enterprises in the industrial park area will be carried out at the expense of the management company. "Unibudinvest" company will invest in the construction of a furniture factory. The City Council, as the initiator, will contribute to the above-mentioned objectives through alternative financing mechanisms (establishing a minimum land rent, exemption from payment of share participation in infrastructure development, implementation of the citywide Small and Medium Entrepreneurship Development Program).

The purpose of the Mayors for Economic Growth Initiative is completely in line with the strategic goals of the city. Therefore, participation in it is an additional leverage in the

development of the local economy through effective management and pooling of the partner efforts, involving the community in these processes.

The introduction of modern levers of development time-tested in developed countries will provide a powerful impetus for the further development of the city.

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## **3. List of Abbreviations**

LED Plan - Local Economic Development Plan

City Strategic Plan - Strategic Plan for the development of the Korosten city up to 2025

IP - Industrial Park

EU - European Union

NGO – Non-Governmental Organization

NBU – National Bank of Ukraine

Thous.hrn – thousand hryvnias

Mln - millions

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

On May 18, 2017, the Korosten City Council has joined the Mayors for Economic Growth Initiative that aims to promote the development of the capacity of local government bodies to stimulate economic growth, increase the level of employment, ensure participation of citizens in economic, social and cultural processes, as well as increase their well-being and quality of life.

Korosten is the city of region significance located on the Uzh river, the tributary of Pripyat, 87 km north of the regional center Zhytomyr, 150 km from the capital of Ukraine, and 60 km from the border with the Republic Belarus. The city has 63.6 thousands of residents, 61% of whom are able-bodied populations. The gender distribution of the population remains almost unchanged in last years: men - 45.9%, women - 54.1%. The average age of a citizen is 40.5 years. As in Ukraine as a whole, it is gradually increasing, but according to calculations, more than half of the city's population will be in 2026 at the working age. The migration of the population of the city is increasing, which is caused by the lack of high salaries; material and living problems. There is an increase in the number of young people who go out of the city to study and do not return.

The purpose of the Mayors for Economic Growth Initiative is completely in line with the strategic goals of the city. Therefore, participation in it will be an additional lever in the development of the local economy through effective management and pooling of efforts of local partners, involvement of the community in these processes. Overall, this will create additional developmental resources (financial and labor) that can be aimed at expanding the range of social services, improving the quality of life and developing of human potential.

For sustainable economic development, the City Council adopted and implements the City Strategic Plan, the Master Plan, the Sustainable Energy Action Plan. On their basis, the program of economic and social development and a number of sectoral city-wide programs are adopted every year. Participation in Mayors for Economic Growth Initiative, as well as the development of the LED Plan, will allow the above-mentioned strategic documents to be more effectively implemented taking into account the principles and experience of the EU.

The LED Plan based on the main actions of the existing strategic documents but with a more detailed action plan, as well as a vision of creating new forms and principles for combining the efforts of the authorities, communities and business in ensuring sustainable economic development.

In the development process of the LED Plan, as well as most of the strategically important documents of the city, the non-governmental organizations "Regional Development Agency", "Korosten Council of Entrepreneurs", "Association "Korosten City Managers Council", institution "Zhytomyr Regional Development Agency" were involved, the focus groups were created and some special experts were involved.

Implementation of the LED Plan actions will be financed by the city budget and private business on the principles of partnership, transparency and accountability.

## **5. Process of Local Economic Development Plan Development**

The basis for the LED Plan is a detailed analysis of the structure of the local economy: the identification of sectors that are the most promising for further development, the possibility of implementing actions in the shortest time, the possibility of influencing the situation, etc.

In October 2017 the working group for developing the LED Plan was created by the Mayor's Order. It was composed of representatives of the Executive Committee of the Korosten City Council, the Municipal Employment Office, non-governmental organizations and deputies (See Annex 1, Annex 2, page 21, 22).

For more than 15 years, there is the practice of collegial bodies participation in strategic documents development and implementing international technical assistance projects (UNDP, GIZ, PARP), etc. Teamwork helps to find and effectively implement concerted solutions.

The conclusions of the analysis, the results of public and administrative monitoring of the implementation of the City Strategic Plan (November-December 2017) were taken into account during planning the main actions of the LED Plan.

## **6. Local Economic Analysis**

### **6.1. Analysis of Local Economic Structure**

Korosten is the third largest city in the region, a powerful social and economic center of the surrounding villages of Korosten, Ovruch, Luhyny, Emilchino, Khoroshiv and Malyn districts.

The city is located at the crossroads of highways and railways of national and international importance, providing logistic infrastructure and transit traffic in all directions.

317 legal entities and 2,288 individual entrepreneurs carry out business activities in Korosten (see Table 4, page 23). The share of microbusiness (up to 2 employees) is 60.5%, the share of small businesses with the number of employees up to 50 people is 30.3%. Large business is represented by three industrial enterprises with the number of employees over 250 each.

By type of economic activity, Korosten is characterized by multisectoral economy with a focus on commerce (30%) and industrial manufacturing (22%) (see Table 5, page 23). By volume of industrial manufacturing enterprises of the city, occupy the 2nd place in the region.

The woodworking, chemical, metallurgical, machine-building and mining industries predominate in the structure of industrial manufacturing of the city. They are the main exporters of manufactured products.

The structure of industry, which has developed over 15 years, provides the growth of industrial production volume, the creation of new workplaces and an increase in revenues to the city budget. The exceptions were 2007-2008 years – the period of the global financial and economic crisis.

Investment opportunities are taken by domestic investors mainly.

Zhytomyr region is one of the most wooded in Ukraine (34% of the region's territory). Due to the availability of free land resources and the initiative of the City Council to create two industrial parks, the woodworking industry has been developing especially fast in recent years. It is represented by three powerful enterprises. In turn, their activities are attracting higher education institutions and specialized colleges to cooperation, promoting businesses which provide transportation services of raw materials and finished goods, advertising, food services, small order manufacturing and other services.

Through investing in new enterprises, modern equipment and technologies, the woodworking industry is the most efficient and fast growing. Therefore, a complex of enterprises in this sector has become the engine of economic growth of the local economy. Their share in the structure of the city's industry is: by the number of employees - 33%, by income to the city budget - 40%, by volume of production - 30%.



Enterprises in other sectors are currently not able to expand their activities due to insufficient number of investment proposals and general unfavorable investment climate in the state.

The population of the city is 63,6 thousand people, another 80,0 thousand people live within a radius of 20 km with good transport accessibility. Nevertheless, because of the difficult socio-political situation in Ukraine, the migration of the population to other countries has increased. Therefore, it leads to a lack of labor force and skilled personnel.

### ***6.2. Local Cooperation and Networking***

Korosten has a system of cooperation and interaction with non-governmental organizations representing interests of different spheres of city life, namely: economic, social-cultural, sporting, tourist, ecological. There are 32 associations of citizens in the city. The City Council actively cooperates with all organizations, takes part in the events initiated by them (see Table 6, page 23). Financial assistance from the city budget is provided to organizations whose activities are aimed at supporting the most vulnerable sections of the population.

Since 2008 the City Council held a competition among non-governmental organizations to obtain a municipal grant for the implementation of their own initiatives.

The number of non-governmental organizations are functioning in the city which activities aimed at the development of the city. NGO "Korosten City Managers Council" in cooperation with the Executive Committee annually develops city upgrading programs and implements them by the common efforts of business, municipal services and city budget. Korosten Regional Businessmen Association, NGO "Korosten Council of Entrepreneurs" participate in discussions of local tax and fees rate, protecting small and medium business. NGO "Regional Development Agency" is carrying out public monitoring of the implementation of the Strategic Plan.

In controversial questions on the city's life issues, local authorities and city community always find compromise solutions.

Promotion of public-private partnership is one of the main areas of work for the coming years. There is a prospect of combining of local preferences and business opportunities in improving and developing city infrastructure, social sphere, and so on.

### ***6.3. Business-friendly, Transparent and Corruption-Free Administration***

The provision of services by the Executive Committee of the Korosten City Council is carried out according to the international standard of quality ISO 9001: 2000.

The development of local legal documents is carried out under the Law of Ukraine "On the Basic Principles of Regulatory Policy in the Field of Economic Activity ". All draft documents are submitted to the city public discussion. A separate section was created on the city site. It contains regulatory acts, as well as decisions of the City Council and its Executive Committee.

The Center for Administrative Services Providing provides with 66 types of different services, including 11 for business. At present, reconstruction of the premises for the expansion of the Center for Administrative Services Providing has begun. Reconstruction is financed from the city budget. Supported by the local government the Korosten Entrepreneurship Development Center provides information and advisory services for entrepreneurs of the city and Korosten district operates free of charge. Specialists of such services as Municipal Employment Office, Tax Inspectorate, Social Insurance Fund and others are involved in the work of the center.

To ensure transparency and openness, the City Council significantly reduced the minimum price rate required for the mandatory conduct of the procedure for electronic procurement of goods, works and services for public funds.

The Executive Committee and the Korosten Entrepreneurship Development Center recommends businesspersons to use actively the Electronic Procurement System.

An on-line broadcast of sessions of the city council was introduced. Therefore, citizens of the city receive information about the decisions made promptly.

Public hearings concerning issues of the development of the city, the adoption of local normative and legal documents are held. The purpose of the hearings for the local government is not only to inform citizens but also to receive feedback from the community, to awaken citizens' sense of responsibility and involve in solving the city's problems, to direct their creative initiative and involve them in the implementation of decisions.

Sociological survey in 2017 showed a certain passivity of citizens and insufficient level of education of young entrepreneurs. Follow-up to the results of the survey, an action plan was developed to address this situation. This plan was submitted to the experts of the joint Ukrainian-Norwegian project "Participative Democracy and Grounded Solutions at the Local Level in Ukraine".

#### **6.4. Access to Finance**

In the city there are 16 bank departments and branches that provide lending services to business entities. However, the main problems for business are high interest rates and lack of mortgaged property. 80 percent of borrowers were denied access to credit because of insolvency.

Due to the lack of an effective state program, entrepreneurship is uncompetitive in comparison with other countries. The Center for Business Support and the Executive Committee are constantly informing business community about current international programs. Nevertheless, due to lack of knowledge there is a certain passivity in the use of these opportunities.

To increase young people's knowledge on entrepreneurship a pilot project "School of Entrepreneurship" was implemented in general educational institutions with the assistance of the project "Participative Democracy and Grounded Solutions at the Local Level in Ukraine". It was implemented by the Association of Ukrainian Cities in cooperation with the Norwegian Association of Local and Regional Authorities, the Norwegian Institute for Urban and Regional Studies and funded by the Norwegian Ministry of Foreign Affairs.

In 2017 the City Council introduced a procedure for partial reimbursement of interest on loans received by business entities in banking institutions. Reimbursement is funded by the city budget on a competitive basis (see Table 7, p. 24). Within two years only two entrepreneurs benefited from this service, but in the future, with the acquisition of experience, this mechanism will be more in demand and effective.

#### **6.5. Land and Infrastructure**

There are free land plots for doing business on the territory of the city (see Table 8, page 25). Sale and lease-out of land are carried out under Ukrainian legislation and local regulations, based on the normative-monetary valuation, location and intended purpose.

Currently, the city's Master Plan is being amended. It includes areas for industrial and residential development.

Zoning of the territory of the former airfield, which is attributed to the industrial lands, was developed. On this territory three powerful woodworking enterprises were built, and the land plot with an area of 42 hectares was specified as IP Korosten.

In July 2018 the woodworking company "Korostenskii MDF Plant" was selected as the managing company of the park. This is the second industrial park in the city created by the initiative of the local government.

Due to the limited funds in the city budget, it is not possible to provide land plots for industrial use with supplies utilities. Therefore, the City Council adopted a minimum land lease rate for the management company of the park to arrange the engineering networks of the IP Korosten.

Municipal property is mostly used for the needs of municipal services and public sector facilities. At the same time, 170 objects are rented by private entrepreneurs, another 13 are offered for privatization and leasing. Municipal property management is carried out under the legislation of Ukraine and local regulatory acts that ensure its openness and transparency.

Under the "Smart Cities" project the freely available for use register of municipal property and land plots was created.

### ***6.6. Regulatory and Institutional Framework***

The Common Licensed Office was created in Korosten first in Zhytomyr region. It subsequently became a structural subdivision of the Executive Committee of the Korosten City Council with the developed cooperation algorithm (information cards, service regulations and trained specialists).

With the adoption of the Law of Ukraine "On the Principles of State Regulatory Policy in the Field of Economic Activity", an inventory of all existing local regulatory acts valid at that time was carried out. Almost 30% of the documents were revoked, while others were revised and re-approved taking into account the requirements of the current legislation.

Every year the City Council adopts a plan for the development of local regulatory acts for the next year and informs the public about it. It conducts a public discussion of draft documents with the mandatory involvement of businesspersons of the city, public organizations. Following the results of the year the Mayor reports to the city community about the regulatory policy.

### ***6.7. Skilles and Human Capital, Inclusiveness***

The number of employees in the enterprises, institutions and organizations of the Korosten city is 17.2 thousands people (excluding persons employed in private entrepreneurship).

Every year the employment service employs almost 3,0 thousand citizens. In 2017 the number of job vacancies from employers in the city amounted to 4338 vacancies, but the vacancy rate is only 46% which is almost 10% below than the 2016 figure and tends to decrease.

Positive in the last year is the legalization of jobs due to increased responsibility of employers for undeclared workers.

At the present stage, when the local economy is gradually increasing, demand for labor is also intensifying (see Table 9, page 25). At the same time, the demand for skilled workers is growing at a relatively higher pace. But the local labor market is not very competitive with the European one, where similar jobs are paid much higher, therefore the problem of a shortage of skilled labor, especially engineering specialties, appears in the city. In addition, young people graduated from universities, also do not return to the city in most cases (see Table 10, page 26).

One possible way to stop the outflow of youth from the city is the further development of the economy. Some enterprises implement training on their own.

The Strategic Plan includes actions for improving the visual image, creating conditions for recreation, sports and cultural development. Land plots for multi-storeyed and cottage residential development are specified by the Master Plan.

There is also the problem of the lack of training opportunities for the local economy in the city. The existing Vocational School cannot meet these needs, due to the long-term and bureaucratized process of obtaining licenses for new specialties. The municipality has no possibility to influence the system of vocational education.

Some enterprises are forced to attract the necessary specialists from other regions of Ukraine, creating more attractive conditions for their work, and send their employees for training in other regions.

### **6.8. External Positioning and Marketing**

According to the results of public monitoring Korosten outside is positioned as a city with a thousand-year history, where the International Potato Pancake Festival is held annually, as well as the developed railroad hub and the city where a powerful woodworking complex is being created (see Table 11, page 26).

Korosten is an active member of the Association of Ukrainian Cities, closely cooperating with the Association "Energy Efficient Cities of Ukraine" and other Ukrainian NGOs. Korosten is a signatory to the EU Covenant of Mayors and the Mayors for Economic Growth Initiative. In cooperation with UNICEF, UNDP, PARP, UNDEF, USAID, GIZ, NEFCO, KS a number of projects were implemented in various sectors in Korosten. The city repeatedly won the All-Ukrainian competitions "Best practices of local self-government" and "City of the best amenity", and in 2017 was awarded the title "Energy Expert".

In order to popularize the successful experience of the project activity of the city, its potential, to gain experience in various spheres of development, representatives of the Executive Committee of the Korosten City Council take an active part in various trainings, seminars and conferences, sometimes participating as the host party.

In order to popularize the city's potential in various spheres of its development, every year, promotional products are produced. In 2017 the City Council adopted the city's energy logo. At the moment, the issue of developing a brand book of the city is being considered.

The LED Plan includes a number of strategic positioning actions, for example, marketing survey on identifying key sectors of business on the territory of IP "Korosten" and further promoting them.

### **7. SWOT Analysis**

During discussing the SWOT analysis, it was concluded that the main threats and weaknesses are the objective result of a difficult socio-political situation in the country, an unfavorable investment climate, the need to invest significant funds to replace the worn-out infrastructure, the state's inaction in training the necessary personnel for the functioning of the economy and the development of small and medium-sized businesses. At the same time, the efforts of the local government and community create conditions for the intensive development of the city's economy. Therefore, some provisions may be specified as strengths as well as opportunities.

<b>Strengths</b>	<b>Weaknesses</b>
<p>Strategic and Master Plans are developed;                      Convenient geographic location, access to the natural resources;                      An extensive network of railways and motorways;                      Availability of free land resources, industrial and municipal real estate;                      Operation of IP "Korosten";                      Small and Medium Enterprise Support Program;                      Developed industrial complex of the city;                      Significant investments in woodworking enterprises.</p>	<p>Economic development, the preservation of jobs and revenues to the city budget significantly depends on the stable work of the woodworking industry;                      Insufficient number of investment proposals for enterprises of other industries, except for woodworking;                      The existing engineering and transport infrastructure of the city requires the investment of significant funds in the construction of new facilities and the reconstruction of existing ones;                      Out-migration from the city;                      Lack of skilled labor.</p>
<b>Opportunities</b>	<b>Threats</b>
<p>Korosten Entrepreneurship Development Center;                      Partial reimbursement from the city budget of interest rates for loans attracted by entrepreneurs for the implementation of business projects;                      Extending the powers of local government bodies, their resource base as a result of administrative-territorial and budget reform;                      Understanding the need to combine efforts of local government, business and community in planning, management and fulfilling economic and social tasks;                      Free Trade Area with EU countries;                      Cooperation with various international organizations, programs and projects.</p>	<p>Difficult socio-political situation in the state;                      Unfavorable investment climate in general in the state;                      Lack of state support for small and medium business development;                      Lack of funding, low capacity of the State Fund for Regional Development in reconstruction and modernization of infrastructure;                      Uncontrolled felling of forests and illegal export of business wood abroad.</p>

Under current circumstances, to combine strengths and opportunities and reduce the impact of weaknesses and threats, the LED Plan foresees the introduction of cluster development, which will be based on a set of existing and future enterprises in the woodworking industry. This model is designed to solve the following tasks:

- in cooperation with partners to ensure the development of the forest fund in the amount necessary for nonstop work of the industry and improvement of the ecological situation;
- in cooperation with educational institutions to create a system for training engineers and specialists in labor professions, to organize scientific activities on forest cultivation, improvement of the technical and technological processes of wood processing taking into account non-waste and environmentally-friendly production;
- by the efforts of the City Council, business structures and non-governmental organizations to create conditions for the labor force retention in the city through the development of social infrastructure (housing, social and cultural objects and institutions, etc.);
- increase of production volumes and its distribution on the domestic and foreign markets;
- attraction of investments in such sectors as renewable energy, resource-efficient and clean production on the territory of the IP Korosten.

## **8. Vision & Objectives**

The following vision of the city was proposed by the developers of the LED Plan: **"Korosten is a regional historical-cultural and economic center of Zhytomyr Polissya with a developed multisectoral industry. The city is open to guests and investors, environmentally friendly, comfortable for living "**, formulated by the community during the development of the Strategic Plan.

Reduced version: **"Industrial center of Polissya and city of high quality of life"**.

The main objective of the LED Plan is to create such a structure of the city's economy, which would greatly reduce the negative impact of possible financial and economic crises, thereby ensuring sustainable economic growth, job creation, revenues for the local budget and increase of the community well-being.

Taking into account the vision, according to the conclusions of the analytical part of the LED Plan, the following objectives are defined:

- support and improvement of the conditions for the development of the woodworking industry;
- creation of the conditions for the construction of enterprises of other industries in the territory of the IP;
- stimulating the development of small and medium businesses.

### 9. Action Plan

In order to achieve the objectives set out in the previous section, a set of actions, combined in the following table, has been developed. The cost of actions in euros is calculated at the NBU rate as on May 1, 2018 (1 euro = 31.92 hrn).

**Table 1: Action Plan**

Building blocks	Key Objectives	Actions/ Projects ideas	Duration (start/finish)	Partners involved	Estimated costs (thous.UAN /thous.EUR)	Results	Monitoring indicators
1. Cross-sectoral cooperation and interaction at the local level  2. Transparent, corruption-free local government, promoting business development	1. Support and improvement of conditions for the development of the woodworking industry	1.1. Initiation of a cluster model for the development of the woodworking industry	01.01.2019-30.06.2019	Korosten City Council, The Managing Company of the IP Korosten, institution "Zhytomyr regional development agency", educational institutions, NGOs, etc.	75,0/2,4	- The Action Group is created - The circle of interested persons has been formed	The number of round tables is at least 2; The number of members of the Action Group is at least 3; The number of interested partners is at least 5
		1.2. Determination of cluster participants, collection of necessary information	01.04.2019-31.12.2019		-	- The circle of participants in the cluster is defined - The information about the activities of cluster participants is collected	The number of participants in the cluster is at least 5; The database is formed by 90%
		1.3. Development of strategy for cluster development	01.01.2020-30.06.2020		10,0/0,3	- The strategy for developng the cluster for 5 years is developed	Number of strategy programs is at least 3; The number of working group-developers of the strategy is at least
		1.4. Formalization of the cluster creation	01.07.2020-31.12.2020		-	- A nonprofit organization is created - Its organizational structure is set out	The number of groups to implement the strategy within the organization is at least 3

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<p>1. Land resources and infrastructure</p> <p>2. Transparent, corruption-free government that promotes business development</p> <p>3. External positioning and marketing</p>	<p>2. Creation of conditions for the construction of enterprises of other industries in the territory of the IP</p>	<p>2.1. Construction of engineering utilities of the IP Korosten</p>	<p>01.01.2019-31.12.2019</p>	<p>The Managing Company of the IP Korosten, Korosten City Council, Investment Funds, Project and Construction Organizations</p>	<p>16 000,0/501,3</p>	<p>- The land plot of the IP is prepared for the construction of enterprises of other industries</p>	<p>Engineering utilities are constructed, namely:</p> <ul style="list-style-type: none"> <li>- road infrastructure (paved roads and sidewalks) with a length of at least 400 m,</li> <li>-network for water supply, sewage system with a length of at least 1070 m,</li> <li>- ensuring the supply of electricity at a minimum of 5.6 MW</li> </ul>
		<p>2.2.Attraction of investments to the IP</p>	<p>01.01.2019-31.12.2020</p>	<p>The Managing Company of the IP Korosten, Korosten Entrepreneurship Development Center, institution "Zhytomyr regional development agency", investment, consulting companies, international technical assistance projects and programs</p>	<p>300,0/9,4</p>	<ul style="list-style-type: none"> <li>- A register of investment proposals has been developed;</li> <li>- A range of potential investors has been identified</li> <li>- Amendments to the Concept of the IP are made</li> </ul>	<p>Promotional video is produced; The number of actions for attracting investments is at least 5 per year; Number of project proposals is minimum 2; The number of protocols of intentions regarding the placement of enterprises is at least 3; The number of implemented investment projects is at least 1</p>
<p>1. Transparent, corruption-free government that promotes business development</p> <p>2. Access to finance</p>	<p>3. Stimulating the development of small and medium businesses</p>	<p>3.1. Implementation of the optional course "School of Entrepreneurship" for high school pupils</p>	<p>01.01.2019-31.12.2020</p>	<p>Korosten City Council, Municipal Employment Office, NGO "Regional Development Agency", institution "Zhytomyr regional development agency", NGOs of entrepreneurs, international technical assistance projects and programs</p>	<p>300,0/9,4</p>	<ul style="list-style-type: none"> <li>- The optional course "School of Entrepreneurship" operates</li> <li>- Methodical and educational material base was developed</li> <li>- Youth education, initiative and interest raising</li> </ul>	<p>The number of educational institutions with optional course is at least 2; The number of pupils covered by course is at least 30 people a year; The number of trained trainers is at least 2</p>



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		3.2. Conducting a competition for business projects among students	01.01.2019-31.12.2020		30,0/1,0	- Youth education, initiative and interest raising	-The number of pupils involved in the development of business projects is 20 people per year; The number of submitted business projects is at least 10 per year
		3.3. Renewal of the program to reimburse entrepreneurs interest on loans	01.01.2019-31.12.2020	Korosten City Council, entrepreneurs	400,0/12,5	-Reducing the cost of loans for entrepreneurship - Increasing the level of trust in government	- The number of entrepreneurs participating in the program is at least 2 per year

**10. Financing Scheme**

Organisation of the woodworking cluster does not require significant expenditures. Operational expenses will be financed by the partners and the city budget. Creation of conditions for placing of enterprises in the industrial park area will be carried out at the expense of the Management Company.

The City Council as the initiator will contribute to the above-mentioned objectives through alternative financing mechanisms. A preferential rental fee for land is set for the management company of IP Korosten. It allows to save 2.1 mln hrn per year. Exemption from payment of share participation in the development of city infrastructure will allow using 4.5 mln hrn for the construction of IP.

The implementation of the citywide Small and Medium Entrepreneurship Development Program will provide business assistance in the amount of 200,0 thous.hrn per year for the repayment of interest on loans and information and advisory assistance.

It is planned to attract international technical assistance for implementation of some actions of the LED Plan. The participation of European experts will make it possible to use the experience of European countries in economic development, its modern methods and approaches, in particular to implement a cluster model, an industrial park, as well as raise the level of trust in developed documents from the side of foreign investors.

Table 2: Financing Scheme

Actions	Estimated costs, thous.hrn.	Source of financing				Funding gaps	Remarks
		Local budget	Upper Level budgets	Business	Donors		
1.1. Initiation of a cluster model for the development of the woodworking industry	75,0	25,0	-	25,0	25,0	25,0	-
1.2. Determination of cluster participants, collection of necessary information	-	-	-	-	-	-	Does not require financial expenditures
1.3. Development of strategy for cluster development	10,0	5,0	-	5,0	-	-	-
1.4. Formalization of the cluster creation	-	-	-	-	-	-	Does not require financial expenditures
2.1. Construction of engineering utilities of the IP Korosten	16 000,0	-	-	16 000,0	-	-	The Management Company funds
2.2. Attraction of investments to the IP	300,0	100,0	-	200,0	-	-	-
3.1. Implementation of the optional course "School of Entrepreneurship" for high school pupils	300,0	200,0	-	-	100,0	100,0	-
3.2. Conducting a competition for business projects among high school pupils	30,0	15,0	-	15,0	-	-	-
3.3. Renewal of the program to reimburse entrepreneurs interest on loans	400,0	400,0	-	-	-	-	-
<b>Totally</b>	<b>17 115,0</b>	<b>745,0</b>	<b>-</b>	<b>16 245,0</b>	<b>125,0</b>	<b>125,0</b>	<b>-</b>

### 11. Monitoring Indicators and Mechanisms

Definition and analysis of monitoring indicators is an integral part of the program-target method which has already been implemented in the Korosten city and is applied in the city budget funds using. Monitoring indicators for each action of the LED Plan are shown in Table 3.

Monitoring of the implementation of actions will be carried out once in half a year.

The results of the implementation of the Action Plan for the year will be presented in the the report on the implementation of the Program of the City Economic and Social Development at the meeting of the deputy profile committee and the session of the City Council.

**Table 3: Monitoring Indicators**

Actions/Projects ideas	Duration (start-finish)	Expected results			
		from 1st to 6th month	from 7th to 12th month	from 13th to 18th month	from 19th to 24th month
1.1. Initiation of a cluster model for the development of the woodworking industry	01.01.2019-30.06.2019	The Action Group is created; round tables are conducted; a circle of interested persons is formed			
1.2. Determination of cluster participants, collection of necessary information	01.04.2019-31.12.2019	The circle of participants in the cluster is defined	The information about the activities of cluster participants is collected (database is formed)		
1.3. Development of strategy for cluster development	01.01.2020-30.06.2020	The strategy for developing a cluster for 5 years is developed; strategy implementation programs are developed, relevant working groups have been formed			
1.4. Formalization of the cluster creation	01.07.2020-31.12.2020	Non-profit organization is created; its organizational structure is set out			

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2.1. Construction of engineering utilities of the IP Korosten	01.01.2019-31.12.2019	Engineering utilities are constructed: network of water supply, sewage system with a length of at least 1070 m; minimum 5.6 MW of electric power supply is provided.	Road infrastructure is constructed (paved roads and sidewalks) with a length of at least 400 m		
2.2. Attraction of investments to the IP	01.01.2019-31.12.2020	A register of investment proposals has been developed; promo video is produced; round tables are conducted	Round tables are conducted; protocols of intentions are signed; a range of potential investors has been identified	Amendments to the Concept of the IP are made	One investment project is implemented
3.1. Implementation of the optional course "School of Entrepreneurship" for high school pupils	01.01.2019-31.12.2020	The optional course "School of Entrepreneurship" was implemented in 2 schools, 20 pupils were enrolled	2 coaches were trained; methodical and educational material base was developed; youth education, initiative and interest is increased	The optional course "School of Entrepreneurship" was implemented in 3 schools, 30 students were enrolled	Youth education, initiative and interest is increased
3.2. Conducting a competition for business projects among high school pupils	01.01.2019-31.12.2020	A business projects contest between the high school pupils is conducted	Youth education, initiative and interest raising; 10 business projects are developed	A business projects contest between the high school pupils is conducted	Youth education, initiative and interest raising; 10 business projects are developed
3.3. Renewal of the program to reimburse entrepreneurs interest on loans	01.01.2019-31.12.2020	A tender for reimbursement from the city budget interest on loans has been announced	Reducing the cost of loans for entrepreneurship; the number of entrepreneurs participated in the program is 2	A tender for reimbursement from the city budget interest on loans has been announced	The level of trust in government is increased; the number of entrepreneurs participated in the program is 3

**Додатки**

**Додаток 1. Розпорядження про створення робочої групи**



КОРОСТЕНСЬКА МІСЬКА РАДА  
**РОЗПОРЯДЖЕННЯ**  
МІСЬКОГО ГОЛОВИ

**від 25.10.2017 р № 286**

**Про розробку проекту Плану місцевого економічного розвитку міста Коростеня на 2018-2020 роки**

В зв'язку з приєднанням до ініціативи Європейського Союзу «Мери за економічне зростання» (скорочена назва M4EG), яка зосереджується на сталому економічному розвитку, з метою виконання взятих зобов'язань щодо розробки Плану місцевого економічного розвитку міста Коростеня до 2020 року, відповідно до цілей Стратегічного плану розвитку міста Коростеня до 2025 року та рішення 14 сесії VII скликання Коростенської міської ради від 18.05.2017 р. № 662 «Про надання повноважень міському голові Москаленку В.В. на підписання угоди в рамках ініціативи Європейського Союзу «Мери за економічне зростання», керуючись п.1, п.9, п.20 ч.4 ст.42 Закону України «Про місцеве самоврядування в Україні»:

1. Затвердити склад робочої групи з розроблення проекту Плану місцевого економічного розвитку міста Коростеня на 2018-2020 роки (додається).

2. Робочій групі, при розробці проекту документу керуватися рекомендаціями щодо структури та змісту Плану місцевого економічного розвитку, розробленими Європейською комісією.

3. Проект Плану місцевого економічного розвитку на 2018-2020 роки винести на розгляд міської ради.

**В. Москаленко**

Заступник міського голови  
О.А.Ясинецький

Керуючий справами виконкому  
А.Охрімчук

Начальник відділу місцевого  
економічного розвитку  
Н.Лискова

Начальник юридичного відділу  
Т.Камінська

**Додаток 2. Склад робочої групи з розробки Плану місцевого економічного розвитку**

**СКЛАД**  
робочої групи з розроблення проекту  
Плану місцевого економічного розвитку міста Коростеня  
на 2018-2020 роки

1.	<b>Ясинецький</b> Олександр Анатолійович	керівник робочої групи, заступник міського голови
2.	<b>Лискова</b> Наталія Анатоліївна	секретар робочої групи, начальник відділу місцевого економічного розвитку управління економіки виконкому
<b>Члени робочої групи:</b>		
3.	<b>Вигівський</b> Володимир Васильович	секретар міської ради
4.	<b>Жилін</b> Олексій Васильович	начальник управління економіки
5.	<b>Щербанюк</b> Людмила Петрівна	начальник міського фінансового управління
6.	<b>Кравчук</b> Жанна Миколаївна	начальник відділу взаємодії з роботодавцями Коростенського міського центру зайнятості (за згодою)
7.	<b>Бродська</b> Галина Василівна	Заступник начальника Коростенської об'єднаної податкової інспекції (за згодою)
8.	<b>Вітек</b> Олена Михайлівна	начальник Коростенського міського управління статистики (за згодою)
9.	<b>Луцишин</b> Микола Іванович	виконавчий директор ГО «Рада керівників міста» (за згодою)
10.	<b>Боровков</b> Володимир Валентинович	Депутат міської ради, голова ГО «Агенція регіонального розвитку» (за згодою)
11.	<b>Любочко</b> Світлана Миколаївна	Депутат міської ради (за згодою)
12.	<b>Ярмолюк</b> Руслан Володимирович	Голова ГО «Рада підприємців міста» (за згодою)
13.	<b>Капітанчук</b> Олена Адамівна	Голова ГО «Асоціація приватних підприємців» (за згодою)
14.	<b>Білошицький</b> Олександр Петрович	Голова ГО «Молодіжна рада»

**Додаток 3. Таблиці з аналітичними матеріалами****Таблиця 4. Підприємств міста Коростеня за розміром**

Тип суб'єкта підприємницької діяльності	Кількість, на 01.01.2018 р	Питома вага ЮО СПД, %
Мікропідприємства (< 2 працюючих)	192	60,5
Малий бізнес (< 50 працюючих)	96	30,3
Середній бізнес (50 – 250 працюючих)	26	8,2
Великий бізнес (<250)	3	1,0
<b>ВСЬОГО юридичних осіб - суб'єктів підприємницької діяльності</b>	<b>317</b>	<b>100%</b>
<b>ВСЬОГО фізичних осіб – підприємців</b>	<b>2288</b>	<b>100%</b>

**Таблиця 5. Розподіл підприємств приватного сектору за чисельністю та видами діяльності**

Вид економічної діяльності	Кількість та % підприємств (згідно з класифікацією)					Всього:	
	Мікро-підприємства	Малі підприємства	Середні підприємства	Великі підприємства			
	кількість	кількість	кількість	кількість	кількість	%	
Сільське господарство, лісове господарство, рибальство	4	2	1	-	7	2,2	
Промисловість	27	25	15	3	70	22	
Будівництво	13	9	-	-	22	7,0	
Транспорт, складування, поштові та служби доставки	10	5	2	-	17	5,4	
Готелі, ресторани, громадське харчування	6	2	-	-	8	2,5	
Послуги ІТ	1	-	-	-	1	0,3	
Операції з нерухомістю	24	5	-	-	29	9,3	
Професійна, наукова та технічна діяльність (включаючи бухгалтерський облік, архітектуру, інжиніринг, дослідження та розробки, дослідження ринку, ветеринарні послуги)	13	3	0	-	16	5,1	
Адміністративні та допоміжні послуги (оренда, лізинг, працевлаштування, туризм та каси бронювання, послуги безпеки та розслідування, адміністративні послуги)	7	6	5	-	18	5,7	
Освіта	2	1	-	-	3	0,9	
Охорона здоров'я та соціальна допомога	5	-	-	0	5	1,6	
Інші види послуг	15	12	-	0	27	8,6	
Торгівля	65	26	3	-	94	30,0	
<b>Разом</b>	<b>192</b>	<b>96</b>	<b>26</b>	<b>3</b>	<b>317</b>	<b>100%</b>	

**Таблиця 6: Оцінка співробітництва на місцевому рівні**

Назва та/або функція (сфера/тема, до якої відноситься співпраця)	Залучені установи/особи	Досягнення (тут також необхідно зазначити, яким чином воно здійснюється: наприклад, на етапі планування, реалізації проєктів, надання послуг, на постійній основі або періодично/одноразово)	Оцінка: успішне чи неуспішне
Підтримка підприємництва	ГО «Агенція регіонального розвитку» ГО «Рада підприємців міста» ГО «Асоціація приватних	Створений та діє Коростенський центр підтримки підприємництва. Проведення громадського моніторингу реалізації Стратегічного плану розвитку міста Коростеня	Успішно

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	підприємців» Польська агенція розвитку підприємництва	Врегулювання конфліктних ситуацій між підприємцями та органами влади Участь в розробці загальноміських програм, в обговоренні регуляторних актів	
Реалізація загальноміських ініціатив, проектів та програм	ГО «Асоціація керівників міста» ГО «Рада підприємців міста» ГО «Асоціація приватних підприємців» Підприємства міста	Проведення благоустрою міста. Надання матеріальної допомоги.	Успішно
Надання адміністративних послуг	Центр надання адміністративних послуг, відділі та управління виконавчого комітету Коростенської міської ради	Надання послуг на постійній основі	Успішне
Громадські обговорення	Представники громадськості, підприємств, закладів, установ, депутати міської ради, представники Громадської ради, посадові особи місцевого самоврядування	Проведення громадських слухань дає можливість залучити громадян до обговорення важливих питань життєдіяльності міста, дозволяє публічно висловитись активним громадянам, зняти соціальну напругу в проблемних питаннях розвитку, а також отримати громадські коментарі з питань, що обговорюються.	50/50
Прямі трансляції сесії міського ради, робота депутатських комісій	Депутати Коростенської міської ради, міський голова, посадові особи місцевого самоврядування	Налагодження ефективної системи інформування громади про роботу Коростенської міської ради, її виконавчих органів та посадових осіб, депутатів. Створення об'єктивної суспільної думки стосовно органів місцевого самоврядування і підвищення рівня довіри громади до них на основі отримання повної та всебічної інформації про їх діяльність.	Успішно
Проект «Кабінет мешканця»	ГО «Агенція регіонального розвитку», Коростенська міська рада, управління економіки, управління праці та соціального захисту населення, фінансове управління, відділ реєстрації місця проживання, Центр надання адміністративних послуг, ПРООН в Україні, ТОВ «Міський інформаційний центр», ТОВ «Оріон», (Коростень)	Співробітництво здійснюється на всіх етапах (планування, реалізації проектів, надання послуг) на постійній основі, але по кожному окремому електронному сервісу замовником виступає міська рада, основним координатором виступає ГО «Агенція регіонального розвитку», розробники (ТОВ «Міський інформаційний центр», ТОВ «Оріон», (Коростень), ТОВ «Біс-Софт» (Київ) – на договірній основі, а інші залучені установи в якості партнерів та надавачів електронних послуг у відповідній сфері на постійній основі.	50/50

**Таблиця 7: Доступ до фінансування**

Фінансова установа / донор	Категорії отримувачів кредиту (гранту)	Галузь/діяльність, якій надається пріоритет при фінансуванні	Мінімальний та максимальний розмір кредиту (гранту)	Вимоги (річний відсоток, застава, тощо)
Відділення та філія банківських установ	Суб'єкти підприємницької діяльності	Для ведення підприємницької діяльності	До 500 тис.грн.	



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Міський бюджет	На конкурсних засадах	Створення нових робочих місць, розвиток нового виду виробництва, впровадження енергозберігаючих, екологічно чистих та перспективних технологій; виробництво товарів експортного спрямування та імпортозамінних; модернізація, оновлення та придбання основних фондів для розширення та збільшення обсягів виробництва товарів (надання послуг).	До 100 тис.грн.	Безповоротна фінансова допомога
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**Таблиця 8: Потреби приватного сектора у сфері земельних ресурсів та інфраструктури**

Назва інфраструктури, яка необхідна для представників приватного сектору	Рівень забезпечення на сьогодні	Потреби розвитку інфраструктури у найближчі 6 років	Земельні ділянки громади, які можна використати
Робоча площа для мікропідприємств або приватних підприємств (майстерні) - (із/без) спільними об'єктами	Середній	Так	-
Офісні приміщення - (із/без) спільними об'єктами	Середній	Так	-
Бізнес-інкубатор (<10 стартапів/ мікро-підприємств; > 10 стартапів/мікро-підприємств)	Відсутнє	Так	-
Бізнес/Промисловий парк	Високий	Так	Земельні ділянки на території колишнього аеродрому
Науковий/Технологічний парк	Відсутній	Так	-

**Таблиця 9: Кваліфіковані трудові ресурси, інклюзивність**

Галузь	Поточна ситуація з кваліфікованою робочою силою (наприклад, значна нестача/невелика нестача/відповідність/ перевищення попиту)	Прогнозоване положення в майбутньому (наприклад, значна/невелика нестача/відповідність/ перевищення попиту)	Можливі напрямки дій
Лісопилне та стругальне виробництво	Значна нестача	Значна нестача	Організація навчання на робочому місці, організація професіографічних екскурсій для школярів з метою популяризації робітничих професій певного профілю, створення учбових комбінатів для навчання та перенавчання за певними видами професій, розширення напрямків навчання відповідно до вимог ринку праці, спростити вимоги до отримання відповідних навчальних ліцензій навчальними закладами, заохочення молодих спеціалістів (матеріальне, надання житла),

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Добування каменю, піску та глини	Значна нестача	Значна нестача	
Виробництво готових металевих виробів	Значна нестача	Значна нестача	
Виробництво керамічних плиток	Значна нестача	Значна нестача	
Оптова та роздрібна торгівля	Невелика нестача	Невелика нестача	
Транспортні та вантажні перевезення	Невелика нестача	Невелика нестача	Збільшення рівня заробітної плати

**Таблиця 10: Шляхи досягнення балансу між попитом на кваліфіковані трудові ресурси та можливостями працевлаштування в муніципальній освіті**

Переваги нинішніх методів роботи	Ступінь важливості (1-5)	Недоліки нинішніх методів роботи	Ступінь важливості (1-5)
Популяризація робітничих професій учням шкіл	5	Відсутність навчальних програм за професіями на які є попит на ринку праці в навчальних закладах міста та відсутність учбових комбінатів в місті	5
Можливість проходження навчання, перенавчання та стажування на робочому місці особам, які бажають знайти роботу	3	Думка батьків при виборі майбутньої професії має вирішальне значення, а не пропозиції на ринку праці	5
Повний соціальних пакет при працевлаштуванні на роботу	5	Недеференційований підхід до встановлення розміру заробітної плати працівників та низький рівень заробітної плати. Відсутність заохочення молодих спеціалістів (матеріальне, фінансове, надання житла).	5

**Таблиця 11: Як Коростень сприймається мешканцями**

Які позитивні образи наш муніципалітет проектує в зовнішнє середовище	Ступінь важливості (1-5)	Які негативні образи наш муніципалітет проектує в зовнішнє середовище	Ступінь важливості (1-5)
Фестиваль дерунів	1	Забруднення річки Уж	1
Історико-культурний центр. Туристичне місто	2	Наявність сміття в місті та безпритульних собак	2
Промислове місто. Відкриваються нові заводи	3	Старіння населення. Виїзд молоді з міста. Відсутність навчальних закладів	3
Зручне автотранспортне сполучення в межах міста	4	Значна кількість ігрових закладів в місті	4
Спортивне місто. Є спортивні майданчики по мікрорайонам. Призові місця в олімпіадах і змаганнях	5	Багато автотранспорту та відсутність велосипедних доріжок	5