



Mayors for
Economic Growth



Approved by the decision
of the executive committee
of the city council from
_____ 2018 year № _____

LOCAL ECONOMIC DEVELOPMENT PLAN IVANO-FRANKIVSK CITY COUNCIL TO THE 2020 YEAR

*"The city of successful active people, creative solutions,
open to modern business models and technologies"*

This Plan was prepared with technical support from the Mayors for Economic Growth initiative of the European Commission. It was reviewed by the experts of the World Bank and commended as excellent by the Mayors for Economic Growth initiative. Its content is owned by and remains sole responsibility of Executive Committee of Ivano-Frankivsk City Council

Preface



Dear people of Ivano-Frankivsk,

Ivano-Frankivsk is a European city, a regional, cultural and industrial center of the Carpathian region in the Western Ukraine with its glorious history, original culture and national traditions.

Our city is actively developing and open to positive transformations.

Ivano-Frankivsk is the second Ukrainian city to receive four prestigious awards of the Parliamentary Assembly of the Council of Europe (PACE) - the European Diploma, the Flag of Honor, the Plaque of Honor of the Council of Europe and the Europe Prize, which was received in 2018.

It brings us great joy, while also imposes many new responsibilities. The modern world is constantly and rapidly changing, and therefore we must respond in a timely manner to all the challenges caused by new realities, to integrate into the European and global economy as quickly as possible, and to take our place in the international division of labor, markets and resources.

Since Ivano-Frankivsk was established, despite its complex and multifaceted history, the city has always felt the closeness and spirit of Europe, the national traditions were preserved here, its residents were distinguished by entrepreneurial thinking and willingness to integrate into the family of European nations.

In recent years, responsibility for the future state of the cities in Ukraine has largely shifted from the government to the municipal authorities, the city community, and local business representatives. We were faced with a need to involve and unite the efforts of the most active members of the urban community, private entrepreneurs and authorities as broadly as possible for the implementation of a common goal: building a city according to European model that is modern, economically developed, and comfortable for living.

That is why the creation of the Local Economic Development Plan of the city that corresponds to the City Development Strategy till 2028 and contains a number of concrete measures, will be an effective tool for its practical implementation.

I am grateful to everyone who participated in the discussion and creation of the Local Economic Development Plan of the city and at the same time, I encourage you to join all the indifferent patriots of our glorious city in its implementation!

We are open for communication, new, creative ideas, partnership, and effective cooperation!

**Yours sincerely,
City Mayor**

Ruslan Martsinkiv

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1. Summary:

City of Ivano-Frankivsk as a regional, cultural and industrial center of the Carpathian region in the Western Ukraine is the second award-winning Ukrainian city with four prestigious awards of the Parliamentary Assembly of the Council of Europe (PACE) – the European Diploma, the Flag of Honor, the Plaque of Honor of the Council of Europe, and received the highest award in 2018 - the Europe Prize.

Population is 257,500. Distances to the borders: 180 km with Romania, 200 km with Poland, 300 km with Slovakia, 320 km with Hungary.

Main findings of the SWOT analysis (shortened version):

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. The proximity of the city to Western Europe 2. Proximity to the Carpathians - the tourist attraction of Ukraine 3. Significant recreational and tourist resources 4. Diversified economy 5. Favorable conditions for starting a business 6. Investment attractiveness of the city 7. Openness of local government, smooth communication between the population and the authorities 	<ol style="list-style-type: none"> 1. The outflow of labor resources and the shortage of skilled workers 2. Lack of a city brand 3. Limited access of small and medium-sized businesses to credit and other financial resources, high interest rates 4. Absence of free land plots
Opportunities	Threats
<ol style="list-style-type: none"> 1. Focusing the actions of government and business on the development of priority areas of the city's economy: tourism, IT sphere 2. Using the effect of financial decentralization to develop the city's infrastructure and increase its attractiveness 3. Strengthening the fight against corruption in government 	<ol style="list-style-type: none"> 1. Further outflow of labor abroad 2. Growth of inflation, instability of the national currency, high loan interest rates 3. Escalation of the conflict in the East of Ukraine (aggression of Russia)

Strategic vision: Ivano-Frankivsk is the center of the Carpathian region in Western Ukraine,

the city with the developed, high-tech industry, open for modern business models and technologies, attractive for foreign investment, as well as a regional cultural, educational, and tourist center, where the multinational customs and traditions are being preserved and multiplied.

Main goals: 1. Development of small and medium-sized enterprises through introduction of financial support mechanisms for SME development, increase of communication level between business and government, promotion of local producers, improvement of the permitting procedures and government procurement. 2. Formation of business infrastructure, business support institutions, business clusters, development of IT-sphere of the city economy, support and assistance in development of start-up entrepreneurs, promotion of female entrepreneurship. 3. Development of tourist infrastructure and travel industry in the city by creating new quality tourism products, developing festival tourism, actively cooperating between the authorities and the tourist alliance. Development of the city as a creative center of various cultures, arts and crafts.

Main events (in the amount of 19) correspond to the blocks of topics in the Plan, aimed at meeting the set Goals by 2020 and maximizing the city's approach to the Strategic Vision. The events in the Plan correspond to the approved City Development Strategy till 2028.

Financing Implementation of measures is mainly planned for funds of the **city budget** and partly at the expense **small and medium-sized businesses of the city**, as well as the **grant funds**.

2. List of tables and charts:

Table 1: Migration flows (page 5).

Table 2: Industries (and sub-industries) with growth prospects and their problems (page 7).

Table 3: Cooperation and interaction at the local level (page 8).

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Table 5: Projects on energy modernization and utilization of solid waste that are being implemented in the city of Ivano-Frankivsk (page 11).

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Table 9: Situation with skilled labor force in the basic industries of the city economy (page 13).

Table 10: Number of employees at small enterprises

(page 13).

Table 11: How the region is perceived by its residents (page 14).

Table 12: Results of the SWOT analysis (page 15).

Table 13: Action plan (page 16-21).

Table 14: Financing scheme (page 22).

Table 15: Indicators and monitoring mechanisms (pages 23-24).

Charts:

Chart 1: the number of small and medium-sized enterprises per 10,000 people of de facto population (page 6).

Chart 2: number of small enterprises (page 6).

3. List of abbreviations:

SME -small and medium-sized entrepreneurship;

SFS- State Fiscal Service;

CDAS - Center for the Delivery of Administrative Services.

EU- European Union

4. Introduction to the Plan

City of Ivano-Frankivsk has joined the Mayors for Economic Growth Initiative in May of 2017 **based on the Decision of the Executive Committee of Ivano-Frankivsk City Council No. 367 dated May 26, 2017 (Annex A: Document 1).**

Ivano-Frankivsk is one of the 24 regional centers of Ukraine, the administrative, economic and cultural center of Ivano-Frankivsk region, with a total area of 83.73 sq.km. and a population of 257500 inhabitants. The Ivano-Frankivsk City Council also includes the following five villages: Vovchynets, Uhornyky, Mykytyntsi, Krykhyvtsi, Khryplyn.

Distances to the European capitals: Warsaw - 526 km, Berlin - 1056 km, Bucharest - 667 km, Budapest - 600 km, Rome - 1837 km, Vienna - 920 km, Prague - 992 km, Vilnius - 899 km, London - 2093 km.

Distances to the borders: with Romania (customs checkpoint "Porubne") - 180 km, with Poland (customs checkpoint "Mostyska") - 200 km, with Slovakia (customs checkpoint "Uzhhorod") - 300 km, with Hungary (customs checkpoint "Chop") - 320 km

Railway connection: Ivano-Frankivsk is connected directly to Minsk and Moscow via direct rail, and indirectly via Lviv – with Budapest, Bratislava, Warsaw, Wroclaw, Varna, and Prague. The duration of the trip from Lviv to Ivano-Frankivsk by rail or by road is 2-3 hours.

Air service: Ivano-Frankivsk International Airport has a convenient geographic location and provides services to aircrafts of all types. Ivano-Frankivsk is connected by a daily flight with Kyiv, where flights to most of the world are already taking place. There are direct flights to Venice (Italy), Valencia (Spain) and Alicante (Spain).

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The presence of a developed infrastructure and an increasing level of quality of life in the city contribute to the mechanical and natural growth of the population. The population of the city has increased by 18,000 people within 10 years. According to the Main Directorate of Statistics in Ivano-Frankivsk region, the average age of population in Ivano-Frankivsk is 38.2 years, including men – 36.3 years, women – 39.8 years.

The share of the working-age population is 72.7%.

Table 1: Migration flows, persons

	2010	2011	2012	2013	2014	2015	2016	2017
Number of people who moved to the city	4459	4720	5695	5938	5216	7906	4960	6122
Number of people who moved out of the city	4370	4656	4292	4567	3605	4595	2328	3277
Migration balance	89	64	1403	1371	1611	3311	2632	2845

Maintaining the positive migration balance of residents, primarily at the expense of the working-age population, improves the labor market security of the city with manpower resources.

In order to ensure the sustainable economic development, to stimulate employment, to engage all interested local community members in the implementation of the local economic development plan in the city of Ivano-Frankivsk, it was decided to develop the Local Economic Development Plan of the city.

The Local Economic Development Plan for Ivano-Frankivsk city until 2020 is consistent with the Development Strategy of Ivano-Frankivsk City for the period up to 2028 (hereinafter - the Strategy).

5. Process of developing the Local Economic Development Plan

A working group was set up in order to develop the Economic Local Development Plan. It included the key representatives of small and medium-sized businesses, active members of civil society, city council deputies and representatives of the executive branch (working group composition - Annex A: Document 2). Advisor to the Mayor for Economic Development was also appointed and a separate editorial team was selected to work on the Plan. During the meetings of the working group, the ways of local economic development were discussed and the process of creating the Plan was adjusted.

The statistical data contained in the Local Economic Development Plan are the official data from the Main Directorate of Statistics in Ivano-Frankivsk region.

The conclusions of the Working Group were also based on the results of large-scale opinion surveys of entrepreneurs and managers of industrial enterprises – the major employers in the city of Ivano-Frankivsk, which were taken in 2016-2018, namely:

1. **The poll conducted by the project of international technical assistance "Partnership for Urban Development" (the PLEDDG Project)**, implemented by the Federation of Canadian Municipalities (FCM) with the financial support of the Canadian Government. Managers of small, medium-sized and large businesses - 116 of the city entrepreneurs were interviewed (Survey Results Report - Appendix A: Document No. 5).

2. **Written and electronic questionnaire regarding the ease of doing business in the Ivano-Frankivsk city among businessmen of the city** (both legal and natural persons) - 918 questionnaires.

In addition, the analytical work of the working group was based on two independent studies:

1. Based on results of the study, conducted by the Transparency International Ukraine together with the Institute of Political Education, **the city of Ivano-Frankivsk became one of the three most transparent cities in Ukraine** (Annex A - Document 3).

<https://ti-ukraine.org/research/reitynh-prozorosti-100-mist-ukrainy/>

This pilot study was conducted in 25 cities of Ukraine. The assessment was based on a methodology that covers 13 subject areas.

3. The Office of Effective Regulation and the Union of Ukrainian Entrepreneurs tested the ease of doing business in all regional centers of Ukraine in summer of 2017 and the rating was formed on the basis of this analysis called the "Regional Doing Business". Methodology of the World Bank was the basis of this study.

According to this survey, Ivano-Frankivsk became one of the three regional centers where it is easy to conduct business (Annex A - Document 4).

6. Local economic analysis

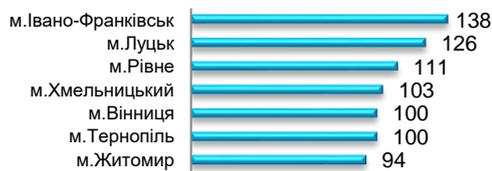
6.1. Analysis of the local economic structure

Ivano-Frankivsk city is one of the few Ukrainian cities, which maintains a stable dynamics of development. 24610 business entities were registered on the territory of Ivano-Frankivsk as of 01.01.2018, including the legal entities - 11950, the natural persons - entrepreneurs - 12660 (**Annex A: Document 6 and Document 7**)

The main characteristic of the economic complex of Ivano-Frankivsk is the diversified specialization, which ensures the relative stability to the macroeconomic risks in the country.

3559 economically active enterprises operate in the city, where 2 (0.1%) are large enterprises, 124 (3.5%) are medium-sized enterprises, and 3433 (96.4%) are small ones. (**Annex A: Document 8**).

Diagram 1. The number of small and medium-sized enterprises per 10000 people of the existing population



Small and medium-sized enterprises operating on the territory of Ivano-Frankivsk make up 99.9% of the total number of economically active enterprises of the city.

Of the 10,000 de facto population (138), the number of existing medium-sized and small enterprises in Ivano-Frankivsk outran the average regional level (55) more than twice that much, and the all-Ukrainian level (80) – almost by a half. (**Diagram 1**). It should be noted that Ivano-Frankivsk has been in a row leads for several years among separate regional centers with a similar number of population in the

number of small enterprises per 10,000 of the de facto population and takes the second place after the city of Vinnitsa by the number of small enterprises (**Chart 2**).

The contribution of medium-sized and small enterprises to the total volume of sold products and services) by the enterprises of the city is about where the small ones constitute 28%. Nearly 90% of employees of all enterprises –business entities of the at medium-sized and small enterprises (**Annex A: Document 8**).

An important factor for business development is also a favorable investment environment that has already been positively appreciated by foreign international companies. There are 175 enterprises with foreign capital operating on the territory of the city.

As of today, we can state that the largest employers are the enterprises of trade and services, the processing industry, construction, based on the structure of the number of operating enterprises in the city (**Annex A: Document 6 and Document 7**)

In 2017, about 1000 new jobs were created at the enterprises of these industries.

The travel industry or the hospitality industry is actively developing in the city, which also includes hotels, restaurants, exhibition and conference centers, transport, trade focusing primarily on guests, cultural and entertainment facilities, etc. There are 38 subjects of tourist activities in the regional center. In fact, 55% of the total number of subjects of tourist activities in Ivano-Frankivsk region are concentrated in the city. There are 41 hotel-type establishments (hotels, motels, hostels, dormitories and other places for temporary accommodation) operating in Ivano-Frankivsk with a total number of rooms being more than 1530; there are also 689 enterprises of restaurant industry with 38300 seats.

Business tourism is also actively developing in the city of Ivano-Frankivsk. In particular, more than 400 conferences and seminars were held in the city in 2017. More than 20,000 delegates from abroad and from other regions of Ukraine took part in these events. The development of tourism is hampered by lack of the city brand and overall marketing strategy for positioning the city on the tourist services market.

Thus, small and medium-sized business in the economy of Ivano-Frankivsk occupies a significant place and is characterized by constant development in the background of a favorable business climate in the city.

The most promising areas of the city's economy are:

1. Tourism - 73%. (The hospitality industry, which includes hotels, restaurants, exhibition and conference centers, transport, trade that provide services, first of all, for guests, cultural and entertainment facilities, etc. (3300 employed persons).

2. Trade and services - 45%. Trade and services is traditionally the largest SME sector based on the size of business entities and number of the employees. (12300 working people).

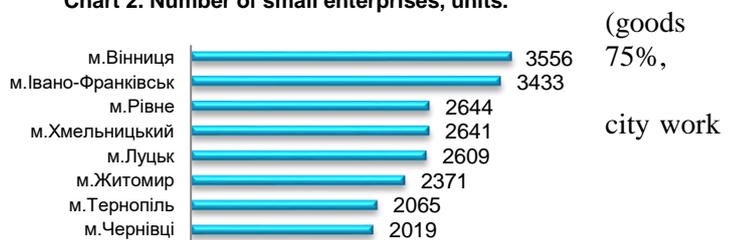
3. Information Technology (IT) - 33%; (1700 employees).

4. Woodworking and furniture industry - 27%.

5. Food industry - 23%. (11700 employed persons in the processing industry)

Table 2: Industries (and sub-industries) with growth prospects and their problems

Chart 2. Number of small enterprises, units.



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Industry (sub-industry) that needs growing	<u>The main problems, which can be solved with the help of business support services</u>
Processing industry	<ul style="list-style-type: none"> - shortage of skilled personnel; - limited access to credit and other financial resources; - shortage of working capital; - outdated material and technical base; - legislative irregularities and frequent changes in legislation
Tourism	<ul style="list-style-type: none"> - lack of a single concept, as well as marketing strategy for the development of the city; - lack of brand and city logo; - lack of cooperation between business areas that are involved tourists: travel agencies + hotels + restaurant networks, etc.; - insufficient awareness of inhabitants and guests about the events taking place in the city (information vacuum); - lack of a single source of information about the events in the city for tourists, as well as for residents; - lack of information and tourist centers with information about the city at the railway station, bus stations, at the airport;
IT sphere	<ul style="list-style-type: none"> - lack of a clear algorithm for the development of the IT sphere in the city; - outdated system of IT education in higher education institutions and, accordingly, lack of qualified personnel; - a weak brand of the city as an IT location

6. 2. Cross-sectoral cooperation and interaction at the local level

The role of local authorities in economic development and business promotion

A survey was conducted on the role of local authorities in economic development and business promotion. The data of the survey mentioned above (**Annex A: Document No. 4**), which was conducted by the PLEDDG project show **that entrepreneurs in general are quite satisfied with the work of the Ivano-Frankivsk municipality (only 6% of dissatisfied with 88% who rated the work as excellent, good and satisfactory).**

Table 3: Cooperation and interaction at the local level

<i>Name</i>	<i>Institutions/individuals involved</i>	<i>Achievements</i>
Discussing and solving the problem issues of the SME development	Advisory Board with the City Mayor (heads of industrial enterprises of the city), Council of Entrepreneurs under the Executive Committee of the City Council	On an ongoing basis, sharing successful experiences
Business breakfasts with the City Mayor	City Mayor; representatives of small and medium-sized business; representatives of public organizations	Periodically. Improving the quality of communication between government and business, improving the city's economy efficiency
Setting local taxes and fees	Advisory Board with the City Mayor (heads of industrial enterprises of the city), Council of Entrepreneurs under the Executive Committee of the City Council	Discussion of draft regulations at the planning stage
Development of the Ivano-Frankivsk City Development Strategy, as well as	Advisory Council with the City Mayor (heads of industrial enterprises of the city); Council of Entrepreneurs; representatives of the SMEs; Ukrainian-Canadian SBEDIF "Business	At the planning and implementation stage

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the Program of Economic and Social Development of the City	Center"; Center for Entrepreneurship Development "Business Incubator" at the Ivano-Frankivsk National Technical University of Oil and Gas; NGOs; higher education establishments; deputies of the City Council	
Development of the Program for Improving the Competitiveness of the Ivano-Frankivsk City SMEs	Council of Entrepreneurs, representatives of the SMEs, representatives of non-governmental organizations, higher educational institutions	At the planning and implementation stage
Cooperation between vocational educational institutions and enterprises of the city	City Advisory Board of industrial enterprises managers and heads of institutions of professional technical education	On a regular basis. A Memorandum of Cooperation was signed. The Program for cooperation between vocational schools, industrial enterprises, and small and medium-sized enterprises for 2018-2020 was approved.

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

The development of small and medium-sized businesses is also supported by the work of a number of institutions, aimed at simplifying the activities of entrepreneurs, as well as providing information, reference, and consultancy support. The effective work of the Center for Delivery of Administrative Services has been established in Ivano-Frankivsk; also, the Taxpayer Service Center is working here. The Ukrainian-Canadian Business Center, the Business Incubator Center for Entrepreneurship at the Ivano-Frankivsk National Technical University of Oil and Gas are operating successfully.

In 2017, the quality of administrative services provided by the Center for Delivery of Administrative Services (CDAS) was assessed by 25897 visitors. The quality of service provision was positively evaluated by 25193 visitors, which is 97.3%, while negatively is 2.7%.

Visitors of the CPAS can also assess the quality of service and delivery of administrative services on the official website of Ivano-Frankivsk (www.cnap.if.ua) through the "On-Line Consultation" service and with the mobile application "Mobile Ivano-Frankivsk".

The authorities of Ivano-Frankivsk have organized the event honoring the leaders of the city economic development called the "Triumph" for the 15th time already. The "Triumph" project entered the final contest of the best practices of the Council of Europe in 2012 – 2nd place in the nomination "Support of Local Entrepreneurship" in the contest of the Council of Europe "Best Practices of Local Authorities of Ukraine".

City authorities also organize the event called "Buy Local Products from Ivano-Frankivsk - Give Work to People of Ivano-Frankivsk". This event received the award (3rd place) in the contest "Best Practices of Local Self-Government" in 2014;

In order to establish interaction between business, government, scientific and educational institutions and to promote the city's economic development, new clusters (energy, tourism) are being created and the existing clusters are being developed.

6.4. Access to funding

Near 20 international projects were realized and are being realized in Ivano-Frankivsk **within the framework of the programs of the European Union, the UN Development Programs, the World Bank, the European Bank for Reconstruction and Development, the Swedish International Development Cooperation Agency (SIDA), the Nordic Environment Finance Corporation (NEFCO), the German Society for International Cooperation (GIZ), as well as cross-border cooperation between the twin cities.**

In order to financially support the development of entrepreneurship, the Procedure for granting financial and credit assistance to business entities in Ivano-Frankivsk city was approved (decision of the City Council dated August 30, 2017 No.218-15).

Weaknesses are:

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- imperfection of the legislative framework for doing business;
- lack of real access of small and medium-sized businesses to credit and other financial resources

Table 4: Experience in realization of projects in Ivano-Frankivsk city from 2004 to 2017:

	Project name	Project financing
1	"Municipal Governance and Sustainable Development Program" (2004-2014)	UNDP program
2	"Implementation of the system for separate collection, sorting and processing of solid waste in Ivano-Frankivsk city" (2006-2008)	Tacis Program (TCAS) The European Union
3	"Improving the efficient management of the system of separate collection and processing of solid waste in Ivano-Frankivsk city" (2009)	All-Ukrainian competition of projects and programs of local self-government
4	"Community participation in local self-government through the creation of associations of co-owners of multi-apartment buildings and social partnership" (2011)	All-Ukrainian competition of projects and programs of local self-government
5	"Improvement of the ecological situation in Ivano-Frankivsk city and the region by introducing the technology of environmental collection and recycling of solid waste based on the experience of the Baia Mare city, Maramures (Romania)" (2010-2012)	Hungary-Slovakia-Romania-Ukraine Cross-Border Cooperation Program
6	"Promoting the environmental awareness of the population in order to educate responsible attitude towards water resources as a prerequisite for sustainable development of the region" (2011-2012)	Joint project of the United Nations Development Program and Coca-Cola Ukraine (supported by TM BonAqua)
7	"Reconstruction of the natural source on Lenkavskoho Str." (2012)	Joint project of the United Nations Development Program and Coca-Cola Ukraine (supported by TM BonAqua)
8	"Improving energy efficiency in the buildings of educational institutions in Ivano-Frankivsk city" (2012)	NEFCO project
9	"Inter_Urban - Cross-border database of indicators for monitoring the sustainable development process on the territories of the cities of Baia Mare and Ivano-Frankivsk" (2013-2014)	Hungary-Slovakia-Romania-Ukraine Cross-Border Cooperation Program
10	"Management of biodegradable waste in Baia Mare city (Romania) (2013-2015)	Hungary - Slovakia - Romania-Ukraine Border Cooperation Program
11	"Common network of cooperation in the field of culture and social protection for the development of cities from the Polish-Ukrainian borderland" (2013-2015)	The project of the border cooperation program Poland-Belarus-Ukraine
12	"Restoration of blacksmith art as one of the oldest elements of economic growth" (2014 - 2016)	the European Union project
13	"Public monitoring of the delivery of administrative services in the city of Ivano-Frankivsk" (2014)	mini project within the framework of the EU-UNDP project "Distribution of best practices of non-state monitoring of the administrative services delivery"
14	"Increasing the level of awareness of the residents of Ivano-Frankivsk regarding the openness and transparency of the activities of local executive bodies" within the framework of the project "Participative Democracy"	financed by the Ministry of Foreign Affairs of Norway
15	"Affordable Ivano-Frankivsk" within the framework of the "Intelligent Cities" concept (2016-2017)	EU/UNDP project "Community Based Approach to Local

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		Development -III"
16	"Gender Analysis in Ivano-Frankivsk," (2017 - 2018)	Ministry of International Affairs of Canada and the PLEDDG project
17	"Smart tourism in Ivano-Frankivsk (Smarttourism)" within the framework of the Partnership for Local Economic Development (PLEDDG), implemented by the Federation of Canadian Municipalities (FCM). (2017)	Ministry of International Affairs of Canada and the PLEDDG project

Table 5: Projects on energy modernization and utilization of solid waste that are being implemented in the city of Ivano-Frankivsk

No.	Projects on modernization of heat and water supply in the city	Project financing
1	"Reconstruction and modernization of the centralized heat supply system in the city of Ivano-Frankivsk" 2009-2019	attraction of the EBRD loan funds and a grant from the Sida Fund.
2	"Local Initiatives for a Sustainable Ukraine" (LINK) on energy efficiency measures and the implementation of the local action plan in the field of environment and energy (LEAPs) of Ivano-Frankivsk for 2016-2018.	grant funds from the Regional Environmental Center for Central and Eastern Europe
3	"Increasing energy efficiency of objects of the budgetary sphere in Ivano-Frankivsk"	attraction of the NEFCO loan funds and a grant from the E5P fund. The total cost of the project is 7,980 million Euro
4	Development of the target program for solid household waste management in Ivano-Frankivsk in 2016-2021.	The funds of the municipal budget, supported by the USAID Municipal Energy Reform Program in Ukraine and the European Bank for Reconstruction and Development

6.5. Land resources and infrastructure

Table 6: Private sector needs in land resources and infrastructure

Expressed needs of the private sector by type of infrastructure	Existing conditions for meeting the needs in this segment
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<i>Micro company or individual entrepreneur (workshop) – with or without shared use areas</i>	<i>List of vacant land plots that can be transferred for use (exhibited for land trades, are constantly updated on the official website of Ivano-Frankivsk city at http://www.uzvif.gov.ua</i> <i>Information about vacant objects of communal property of Ivano-Frankivsk, the demand for which is being studied and which can be leased on a competitive basis, is constantly updated on the official website of Ivano-Frankivsk city at http://www.mvk.if.ua/fkvm</i>
<i>Office space – with or without common areas</i>	<i>Information about vacant objects of communal property of Ivano-Frankivsk, the demand for which is being studied and which can be leased on a competitive basis, is constantly updated on the official website of Ivano-Frankivsk city at http://www.mvk.if.ua/fkvm</i>

6.6. Legal and institutional foundation

Table 7: Legal and institutional conditions

Issues identified in the regulatory scope	High/low negative impact	Main regulatory body	Possibility of mitigation / improvement at the local level (in detail)
Fiscal burden on the SMEs	high	State Fiscal Service (SFS) of Ukraine	Reducing local tax rates and fees
Limited access to financial resources	high	National Bank of Ukraine (NBU)	Providing the SMEs financial and credit support at the local level
Frequent changes in legislation	high	Verkhovna Rada	Deregulation of entrepreneurial activity

6.7. Skilled labor resources, inclusivity

The city has a significant human potential for innovative development. In the coming years, small businesses are a major factor in increasing the number of new jobs and investments. The most positive dynamics is observed in individual entrepreneurs - during 2017, the number of employees in them increased by 3933 people.

Table 8: The number of new jobs created at the enterprises of the "main circle" during 2017

Enterprise name	Number of created new jobs, units in 2017
SE PA "Karpaty"	0
LLC "TycoElektronicsUkraine LTD"	406
LLC "Electrolux Ukraine"	42
ALC "Ivano-Frankivskyy Khibokombinat"	107
LLC "Intelcom"	17
LLC "Ligos"	21
SE "Spetszalizobeton"	43
Ivano-Frankivsk Training and Production Enterprise UTOG	0

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PJSC "Production and Trade Confectionery Firm "Lasoshchi "	0
LLC "Kuvert-Ukraine"	0
Other	
Total	636

Table 9: Situation with skilled labor in the basic industries of the city economy

Industry	Current situation with skilled labor	Forecast situation in the future	Possible courses of action
production sector	Significant shortage	Small shortage	increasing the average wage for employees and securing the social package, creating conditions for the return of the "migrant workers" from abroad
construction	Small shortage	Small shortage	Increasing the average monthly wages for employees, creation of conditions for return of the "migrant workers" from abroad, legalization of hired labor
Wholesale and retail trade; repair of vehicles and motorcycles	Significant amount	Significant amount	Increasing the average monthly wages for employees, legalization of hired labor
transport, warehousing, postal and courier activities	Small shortage	Small shortage	Increasing the average monthly salary for employees
Financial and insurance services	Excess demand	Excess demand	Adapting education to a socially oriented market economy
Education	Excess demand	Excess demand	Adapting education to a socially oriented market economy
Health care and social assistance	Excess demand	Excess demand	Medical reform

Table 10: Number of employees at small enterprises

	As of 01.01.2017		As of 01.01.2018	
	Number of business entities	Number of employees	Number of business entities	Number of employees
Legal entities who have hired employees	2809	77816	2946	74545
Individual entrepreneurs	2459	7919	2825	11852

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who have hired employees				
Total	5268	85735	5771	86397

Problems in the labor market of the city:

1. Outflow of labor resources
2. Lack of qualified regular labor force
3. Inconsistency of demand on the labor market with the proposal to train specialists by higher educational institutions and vocational schools
4. Low level of wages at small enterprises
5. The problem of employing young people, especially graduates of higher educational institutions

Possible ways to improve the working methods:

1. Realization of the Program for cooperation between vocational schools, industrial enterprises, and small and medium-sized enterprises for 2018-2020. The main tasks of the Program are the following:

- holding meetings in vocational education institutions with the participation of local business representatives;
- production of informational materials, conducting various campaigns and events for the purpose of creation of workplaces and for promotion of workers' professions;
- conducting contests for the best in profession;
- assistance in passing the industrial practice of students from vocational schools at enterprises with the further employment;
- strengthening the material and technical base of vocational and technical institutions.

2. Assistance in setting up one's own business:

- Conducting trainings and seminars for those who intend to become self-employed, based on the following:
 - ✓ **business incubators;**
 - ✓ **business center;**
 - ✓ **City Employment Center**
- **Attracting investments of individuals who, having worked a certain period outside the country, want to stay in the city,** are willing and have an opportunity to start their own business (informative and explanatory work **with the involvement of specialists and individuals who have already gone through this path and are successfully developing their business**).

6.8. External positioning and marketing

Table 11: How the region is perceived by its residents

<i>Positive aspects, the obvious strengths of our region, according to its residents</i>	<i>Degree of importance (1-5)</i>	<i>Negative aspects, obvious WEAKNESSES of our area in the opinion of its residents</i>	<i>Degree of importance (1-5)</i>
Comfortable for life (about half of the respondents are proud of the city and want their children to live here)	5	Proximity to the EU borders, which influences the outflow of skilled personnel	5
Favorable business climate	5	Lack of quality tourist products	3
City of young creative people	5	Urban development	3
High educational potential	4		
Safety	5		
Preservation of national identity and architectural monuments	3		

City of festivals	3		
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7. SWOT-analysis

Table 12: SWOT analysis results

Strengths	Weaknesses
1. Proximity of the city to the EU borders. 2. Proximity to the Carpathians - the tourist attraction of Ukraine 3. Significant recreational and tourist resources 4. Availability of developed transport infrastructure 5. Diversified economy 6. Favorable conditions for starting a business 7. Investment attractiveness of the city 8. Favorable conditions for the development of high-tech production, IT industry 9. Positive demographic situation (natural and migratory population growth) 10. Openness of local government, smooth communication between the population and the authorities	1. The outflow of labor resources and the shortage of skilled workers 2. Low level of interconnection of educational and scientific establishments of the city with the production sphere 3. Lack of external positioning, promotion, marketing and branding of the city in the internal and external markets of tourist services 4. Insufficient number and quality of tourist products. 5. Limited access of small and medium-sized businesses to credit and other financial resources, high interest rates 6. Low activity of business associations 7. Absence of free land plots
Opportunities	Threats
1. Focusing the actions of government and business on the development of priority areas of the city's economy: tourism, IT sphere 2. Using the effect of financial decentralization to develop the city's infrastructure and increase its attractiveness 3. Granting the wide access to external markets for enterprises of the city	1. Further outflow of labor abroad 2. Final deterioration and destruction of production capacities at industrial enterprises 3. Unpredictable inflation growth 4. Escalation of the conflict in the East of Ukraine. Aggression of Russia

8. Vision and goals:

Strategic vision:

Ivano-Frankivsk is the center of the Carpathian region of Western Ukraine, a city of the developed, high-tech industry, open to modern business models and technologies, attractive for foreign investments, a regional cultural, educational and tourist center, where the multinational customs and traditions are preserved and multiplied.

Main goals

<p>Development of small and medium-sized enterprises through introduction of financial support mechanisms for the SME development, increase of communication level between businesses and government, promotion of local producers, improvement of the permitting procedures and government procurement</p>
<p>Formation of business infrastructure, business support institutions, business clusters, development of IT-sphere of the city economy, support and assistance in development of start-up entrepreneurs, promotion of female entrepreneurship</p>
<p>Development of tourist infrastructure and travel industry in the city by creating new quality tourism products, developing festival tourism, actively cooperating between the authorities and the tourist alliance. Development of the city as a creative center of various cultures, arts and crafts.</p>

9 Action plan

Table 13: Action plan

Subject blocks	Main actions	Actions (project ideas)	Duration (start - finish)	Participating partners	Estimate expenses, UAH \ EUR	Monitoring indices, goal indicators	Results, summary
<p>1. Intersectoral cooperation and interaction on local level;</p> <p>2. Transparent and corruption-free administration, that contributes to business development</p> <p>3. External positioning and marketing</p> <p>4. Access to financing</p>	<p>Goal №1</p> <p>Development of small and medium-sized businesses through the implementation of financial support of business development, increase of business-government communication level, popularization of local producers, improvement of licensing procedures and public procurement</p>	<p>1.1. Popularization of local producers; conducting round tables, exhibition fairs, promotions, festivals, seminars, conferences</p>	01.01.2019-31.12.2020	Small and medium-sized businesses (local producers)	200 000 UAH. (6575 EUR)	Number of conducted events, number of participants, amount of sold products (goods and services)	Promotion of local business' goods and services
		<p>1.2. Conducting business lunches with the city Head</p>	01.01.2019-31.12.2020	Small and medium-sized businesses, Public organizations	70 000 UAH (2287 EUR)	Number of conducted events, number of participants	Efficient business-government dialogue,
		<p>1.3. Payment of credit interest rates to small businesses from the local budget for the realization of the most progressive projects</p>	01.01.2019-31.12.2020	Small businesses	1 million UAH (32680 EUR)	Number of small businesses that received the interest rate payments. Amount of payments.	Increase of product sales volumes, employment rate, realization of new projects
		<p>1.4. Conducting training session on documents preparing procedure for participation in public procurement, on regular policy, simplification of</p>	01.01.2019-31.12.2020	Small and medium-sized businesses, public organizations, "Prozorro" platform, leading	120 000 UAH (3920 EUR)	Number of conducted events, number of participants	Improvement of tender procedures, decrease of number of complaints

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		licensing system		experts			
<p>1. Intersectoral cooperation and interaction on the local level</p> <p>2. Land resources and infrastructure</p> <p>3. Transparent and corruption-free administration, that contributes to business development</p>	<p>Goal №2:</p> <p>Growth of business infrastructure, business support institutions, business clusters, development of IT-spheres in city economy, starting business support, support of women-entrepreneurs</p>	<p>2.1. Assistance in business development support structures' activities</p>	01.01.2019-31.12.2020	"Business incubator", JV "Ukrainian-Canadian SBEDIF Business-Center", Center of business development	80 000 UAH (2614 EUR)	Number of entrepreneurs who used the services, number of conducted events, number of newly registered entrepreneurs	Increase of number of entrepreneurs and amount of services provided
		<p>2.2. Creation of a new "business-incubator" (based on the existing one)</p>	01.01.2019-31.12.2020	"Business incubator", JV "Ukrainian-Canadian SBEDIF Business-Center", Center of business development	1 million UAH (32680 EUR)	Creation and functioning of a new "business-incubator"	Increase of number of entrepreneurs
		<p>2.3. Support of clusters creation and functioning projects in Ivano-Frankivsk city, namely green energy, gastronomy, tourism clusters, clusters of industrial enterprises and trade educational institutions to prepare work force</p>	01.01.2019-31.12.2020	Small and medium-sized businesses, public organizations, leading educational institutions, scientists, industrial enterprises of the city	200 000 UAH (6575 EUR)	Creation and functioning of clusters. Number of meetings conducted.	Increase of products sales, employment rate, realization of new projects
		<p>2.4. Support of starting businesses through the conduct of a competition to identify the best 10 business projects and their financing</p>	01.01.2019-31.12.2020	Small and medium-sized businesses, public organizations, leading educational institutions	300 000 UAH (9800 EUR)	Number of business-projects submitted for the competition. Amount of funds allocated to the competition winners.	Increase of the number of starting businesses and new business-projects

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<p>1. Qualified work resources and inclusiveness</p> <p>2. Transparent and corruption-free administration, that contributes to business development</p>	<p>2.5. Creation of favorable conditions for IT cluster development (workshops, design-conferences, startup competition, teaching computer sciences for school children and teachers)</p>	01.01.2019-31.12.2020	Small IT businesses, teachers, students, scholars	1 million UAH (32680 EUR)	IT cluster creation and functioning. Number of conducted events, number of sessions and conferences participants, number of submitted projects for the competition	Increase of the volume of IT services provided, increase of the number of employed population in IT sphere
	<p>2.6. Workshops for public organizations in writing grant applications</p>	01.01.2019-31.12.2020	Department of economic and integration development of municipal executive committee	100 000 UAH 3267 EUR	Number of conducted workshops, number of participants, number of submitted grant applications	Increase of the number of submitted grant applications
	<p>2.7. Ensuring provision of education to the participants of Antiterrorist operation (ATO)</p>	01.01.2019-31.12.2018	Employment Department of the city Executive Committee, municipal employment center	85 000 UAH (2777 EUR)	Number of educational sessions conducted and number of participants.	Increase of the number of employed ATO participants
	<p>2.8. Ensuring provision of practical training for high school graduates at the city enterprises</p>	01.01.2019-31.12.2020	Employment Department of the city Executive Committee, municipal employment center	-	Number of graduates who have undergone practical training at the city enterprises	Increase of cooperation between city enterprises and educational

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							institutions
		2.9. Quarterly identification of a winner among city enterprises with the highest monthly salary	01.01.2019-31.12.2020	Employment Department of the city Executive Committee, municipal employment center	-	Quarterly report on the salary level on city enterprises, winner identification	Salary increase on city enterprises
		2.10. Meetings with heads of the enterprises regarding the HR needs, regional request in the city educational institutions	01.01.2019-31.12.2020	Employment Department of the city Executive Committee, municipal employment center	-	Number of people employed	Decrease of unemployment rate
		2.11. Support of women-entrepreneurs	01.01.2019-31.12.2019	Employment Department of the city Executive Committee, Canadian Embassy ("PLEDDG" Project)	121 000 UAH 3954 EUR	Number of new women-entrepreneurs who received assistance, financial assistance amount	Increase of the number of women-entrepreneurs
1.External positioning and marketing 2. Transparent and corruption-free administration, that contributes to business development	Goal №3 Development of city tourism infrastructure through the creation of new quality tourism products, development of festival tourism,	3.1 Creation of the Tourism Support and Development Council affiliated to the city mayor	01.01.2019-30.06.2019	Small businesses in the tourism sphere, public organizations, scholars, cultural figures	-	Official document about the creation of Tourism Support and Development Council, number of Council's meetings	Improvement of cooperation in the tourism sphere between the city government, people and

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<p>active cooperation of the government and tourism alliance. Development of the city as a creative center of different cultures, arts and trades.</p>						enterprises
	<p>3.2. Development and creation of Ivano-Frankivsk city brand and logo</p>	01.01.2019-30.12.2019	Small businesses in the tourism sphere, public organizations, scholars	100 000 UAH (3267 EUR)	Official documents and materials on the creation of city brand and logo	Increase of the number of tourists visiting the city
	<p>3.3.Restoration of ornamental and blacksmith art as the important element of city tourism development, tourism infrastructure and tourist attractiveness of the city</p>	01.01.2019-31.12.2020	International investment funds, small businesses in forgery and tourism sphere, public organizations, culture and art workers	9 180 000 UAH (300 000 EUR)	Creation on the basis of communal educational and cultural institutions of: 1.Blacksmith Art School. 2.Blacksmith Arts and Crafts Gallery	Application for a grant projects competition !
	<p>3.4. Creation of the “Museum of the Future” (Interactive museum – as a modern approach to the promotion of the local culture and preservation of historical heritage)</p>	01.01.2019-31.12.2020	International investment funds, small businesses in forgery and tourism sphere, public organizations, culture and art workers	15 300 000 UAH (500 000 EUR)	Conducting restoration works of the museum in the city hall (Ratusha) premises (Ivano-Frankivsk museum of regional ethnography) and turning them into modern interactive institutions. Turning the museum onto a cultural and educational center and a must-cisit place for tourists	Application for a grant projects competition

10. Funding Model

Table 14: Funding model

Actions on the projects	Planned expenses (UAH/EUR)	Sources of funding (UAH / EUR),				Funding shortage	Notes
		Local budget	Budgets of other levels	Private sector	Donors		
1.1.	200 000 UAH (6575 EUR)	200 000 UAH (6575 EUR)	-	-	-	-	
1.2.	70 000 UAH (2287 EUR)	70 000 UAH (2287 EUR)	-	-	-	-	
1.3	1 million UAH (32680 EUR)	1 млн. грн. (32680 EUR)	-	-	-	-	
1.4	120 000 UAH (3920 EUR)	120 000 UAH (3920 EUR)	-	-	-	-	
2.1.	80 000 UAH (2614 EUR)	80 000 UAH (2614 EUR)	-	-	-	-	
2.2.	1 million UAH (32680 EUR)	1 million UAH (32680 EUR)	-	-	-	-	
2.3	200 000 UAH (6575 EUR)	200 000 UAH (6575 EUR)	-	-	-	-	
2.4	300 000 UAH (9800 EUR)	300 000 UAH (9800 EUR)	-	-	-	-	
2.5	1 million UAH (32680 EUR)	1 million UAH (32680 EUR)	-	-	-	-	
2.6	100 000 UAH (3267 EUR)	100 000 UAH (3267 EUR)	-	-	-	-	
2.7	85 000 UAH 2777 EUR	85 000 UAH 2777 EUR	-	-	-	-	
2.11	121 000 UAH (3954 EUR)	60 500 UAH (1977 EUR)		-	60 500 UAH (1977 EUR)	-	Donor – PLEDDG Project
3.2	100 000 UAH (3267 EUR)	50 000 UAH (1634 EUR)	-	-	50 000 UAH (1634 EUR)	-	
3.3	9180 000 UAH (300 000 EUR)	1530 000 UAH (50 000 EUR)	-	-	International investment funds	7650 000 UAH (250 000 EUR)	Application for a grant projects competition!
3.4.	15300 000 UAH (500 000 EUR)	3060 000 UAH (100 000 EUR)	-	-	International investment funds	12240 000 UAH (400 000 EUR)	Application for a grant projects competition!
Total	28856 000 UAH (943 000 EUR)	8856 000 UAH (289 000 EUR)				19890 000 UAH (650 000 EUR)	

Note 1: The exchange rate of the National Bank of Ukraine as of June 26, 2018 (30,6 UAH for 1 EUR) was taken for the calculation.

11. Monitoring indicators and mechanisms

Table 15. Monitoring indicators

Actions / Ideas	Duration	Expected results			
		Month 1 to 6	Month 7 to 12	Month 13 to 18	Month 19 to 24
1.1.	01.01.2019-31.12.2020	Number of events conducted, number of participants			
1.2.	01.01.2019-31.12.2020	Same as 1.1	Same as 1.1	Same as 1.1	Same as 1.1
1.3	01.01.2019-31.12.2020	Number of small businesses that received interest rates compensation. Compensation amount.	Number of small businesses that received interest rates compensation. Compensation amount.	Number of small businesses that received interest rates compensation. Compensation amount.	Number of small businesses that received interest rates compensation. Compensation amount.
1.4	01.01.2019-31.12.2020	Same as 1.1	Same as 1.1	Same as 1.1	Same as 1.1
2.1.	01.01.2019-31.12.2020	Number of entrepreneurs who used the services			
2.2.	01.01.2019-31.12.2020	Preparatory work to create new Business-incubator	Preparatory work to create new Business-incubator	Creation and functioning of a new Business-incubator	Number of entrepreneurs who used the services
2.3	01.01.2019-31.12.2020	Preparatory work to create new clusters	Preparatory work to create new clusters	Creation and functioning of clusters. Number of conducted meetings	Number of conducted meetings. Meetings' results.
2.4	01.01.2019-31.12.2020	Number of business-projects submitted for the competition. Amount of funds allocated to the competition winners	Number of business-projects submitted for the competition. Amount of funds allocated to the competition winners	Number of business-projects submitted for the competition. Amount of funds allocated to the competition winners	Number of business-projects submitted for the competition. Amount of funds allocated to the competition winners
2.5	01.01.2019-31.12.2020	Preparatory work on IT-cluster creation and organization	Creation and functioning of IT-cluster.	Number of events conducted, number of session	Number of events conducted
2.6	01.01.2019-31.12.2020	Number of workshops conducted, number of participants			
2.7	01.01.2019-31.12.2020	Number of training sessions conducted and	Number of training sessions conducted and number of	Number of training sessions conducted and	Number of training sessions conducted and

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		number of participants.	participants	number of participants	number of participants
2.8	01.01.2019-31.12.2020	Number of graduates who had practical training at city enterprises	Number of graduates who had practical training at city enterprises	Number of graduates who had practical training at city enterprises	Number of graduates who had practical training at city enterprises
2.9	01.01.2019-31.12.2020	Salaries level analysis. Identifying the winner.	Salaries level analysis. Identifying the winner.	Salaries level analysis. Identifying the winner.	Salaries level analysis. Identifying the winner.
2.10	01.01.2019-31.12.2020	Number of employed people	Number of employed people	Number of employed people	Number of employed people
2.11	01.01.2019-31.12.2019	Number of women-entrepreneurs who started a business and received assistance, assistance amount	Number of women-entrepreneurs who started a business and received assistance, assistance amount	Number of women-entrepreneurs who started a business and received assistance, assistance amount	Number of women-entrepreneurs who started a business and received assistance, assistance amount
3.1	01.01.2019-31.06.2019	Official document about the creation of the Tourism Council	Number of Council's meetings. Meeting protocols	Number of Council's meetings. Meeting protocols	Number of Council's meetings. Meeting protocols
3.2	01.01.2019-31.12.2019	Official documents and materials on city brand and logo creation	Official documents and materials on city brand and logo creation	Practical use of city brand and logo	Practical use of city brand and logo
3.3	01.01.2019-31.12.2020	Development of grant project	Submitting grant projects for the competition	Creation of a Blacksmith Art School	Creation of a Blacksmith Arts and Crafts Gallery
3.4	01.01.2019-31.12.2020	Development of grant project	Submitting grant projects for the competition	Conducting restoration works of the museum premises (Ivano-Frankivsk museum of regional ethnography)	Creation of interactive "Museum of the Future"

