



LINC Messenger

LOCAL INVESTMENT AND NATIONAL COMPETITIVENESS

1 JANUARY 2010



STRATEGIC UNANIMITY

On December 24 and 25, 2009, the Radas of Crimea’s raion of Bakhchysaray and city of Saky unanimously adopted their economic development strategies drafted with assistance from the USAID Local Investment and National Competitiveness project (LINC)

The unanimous vote, a routine thirty years ago and a rarity nowadays, came as no surprise to officers involved in the strategic planning efforts in Bakhchysaray and Saky.

“The Economic Block of the [Bakhchysaray Raion and City Sustainable Development] Strategy was adopted unanimously because, first, there was wide-spread discussion of this material. And second, Rada members – representatives from ab-

solutely different parties and blocs – themselves participated in the plan development. That is, there was no matter of dispute because it was a jointly worked out action plan,” said Elmira Abylimova, Head of the Bakhchysaray Raion State Administration.

Saky City Rada Secretary Valeriy Kuzin holds a similar opinion: “We had nearly half of our Rada members on the Expert Committee [which was drafting the Economic Development Strategic Plan]. The strategic planning process was well covered by the local newspaper and at meetings of Rada members. We quarreled, debated, argued with each other at the committee meetings, so when the draft strategy was introduced to the City Rada after those hot discussions, there was nothing left to discuss.”

continued on page 2

THE HIGH POINTS OF A LOW SEASON

In December 2009, the USAID Local Investment and National Competitiveness (LINC) project and its Crimean counterparts looked for ways to make the peninsula more attractive to tourists during the off seasons

As an overwhelming majority of people in the former Soviet republics associate Crimea with baking in the sun on its seaside beaches, the problem that looms every summer is how to keep the Crimean tourism sector busy from November to April, when the sun is anything but scorching.

According to experts, rich in history, ethnic legacies, and variety of cultures and religions, Crimea is much more than a mere suntrap, and these

opportunities for attraction of tourists can and must be utilized.

Fully supportive of this idea, the USAID LINC project, which selected tourism as one of its priority sectors for assistance in Crimea, actively collaborates with its counterparts toward this end. To identify challenges and spheres in need of intervention, LINC formed a Working Group of leading players on the tourism market in Crimea, including operators, agencies, associations, researchers, and representatives of the Crimean Ministry of Resorts and Tourism. Three events sponsored by LINC in the first half of December aimed at searching new tourist attractions in Crimea and promoting it as a place for cultural, ethno-historical, and other types of tourism.

continued on page 8

IN THIS ISSUE

STRATEGIC UNANIMITY	page 1
THE HIGH POINTS OF A LOW SEASON	page 1
TEPLODAR: PUTTING EGGS IN DIFFERENT BASKETS	page 2
«THE MORE YOU GIVE LOCALLY..., THE MORE YOU GET IN RETURN »	page 3
LUHANSK AGGLOMERATIONS SET TO COMPETITIVENESS. CRIMEANS ARE GETTING READY	page 4
FDI SCHOOL REOPENS	page 5
LINC CRIMEAN INITIATIVE: QUICK START	page 6
WINTER PREPARATIONS FOR A RICH HARVEST IN THE NEW SEASON	page 7
BRAINSTORMING AT A CALM SEA	page 9

STRATEGIC UNANIMITY

continued from page 1

LINC uses so-called “community-based approach” to strategic planning. This means that LINC advisors and consultants plan and guide the process, provide consulting and other technical assistance, but all decisions are made by Expert Committee for Economic Development – a task force of representatives from local government, businesses, NGO’s, scientific and educational institutions, etc. The strategic planning process consists of several steps. It includes a Business Attitude Survey, production of a Community Profile, a SWOT analysis and formulation of a strategic vision, the development of Action Plans, and finally implementation of the strategy and monitoring of the implementation.

In Saky the Economic Development Strategic Plan is a separate document drafted with solo assistance from LINC. In Bakhchysaray, the economic development strategy – the Economic Block – was hammered out under the guidance of LINC in collaboration with the UNDP Crimea Integration and Development Program (CIDP) as part of the Bakhchysaray Raion and City Sustainable Development Strategy.

The Bakhchysaray economic strategy focuses on three critical development directions, including creation of conditions for investment attraction, improvement in the quality of raion development management, and hard infrastructure development, and two priority sectors: tourism and

agriculture/processing. The strategy of Saky addresses three critical issues: resort and tourism, business development and investment attraction, and upgrade of municipal infrastructure.

According to Ms. Ablyalimova, it was for the first time in the Bakhchysaray Raion that representatives from the three pillars – general public, businesses, and authorities – drafted a joint document, which is “not just a nicely written paper but a real action plan that came into force on January 1.” She said the Economic Block is a high-quality document, well-thought-out, elaborated to smallest details, and realistic. “The most important thing is that I believe it can be put into life,” she added.

Both Ms. Ablyalimova and Mr. Kuzin praise the LINC experts who helped develop the strategies – Petro Koshukov and Volodymyr Proskurnin in Bakhchysaray and Anatoliy Solovyov and Iryna Kovra in Saky – and both say the experts have become their friends. Mr. Kuzin called them “great guys and tolerant professionals,” and Ms. Ablyalimova said she can hardly find words to “express the overwhelming gratitude we feel.”

The Bakhchysaray and Saky strategies are the first two developed and approved under the LINC project. In Crimea, LINC-guided strategic planning is also underway in Bilohirsk, Feodosia, Kerch, and Scholkine.



“In fact, we would have just never written this strategy without help of the [LINC] experts”

ELMIRA ABLYALIMOVA,
Bakhchysaray Raion
State Administration
Economy Department
Head



“The strategic plan allowed us to look at certain things in our city from another angle”

VALERIY KUZIN,
Saky City Rada Secretary

TEPLODAR: PUTTING EGGS IN DIFFERENT BASKETS

On November 19-20, 2009, the Expert Committee for Economic Development of Teplodar, Odesa Oblast, identified critical issues of the community’s economic strategy, formulated a strategic vision of the city, and did a SWOT analysis.

Not giving up the idea of consummating the intent of the city origin, the Teplodar community leaders obviously seek diversification of its economic future. Although the Expert Committee (EC) members were nearly unanimous in describing Teplodar as a regional energy center the very first words of the strategic vision, the rest of the text, produced in a heated discussion, features a developed industrial zone, a technopark, and a campus – the latter including not only teaching facilities and dormitories but also R&D facilities and high-tech pilot plants.

The committee identified the following critical issues for the economic strategy to address:

- investment attraction and housing development,
- business infrastructure and human resources development, and
- communal infrastructure development.

Part of the two-day meeting was a SWOT analysis, done to provide a better understanding of the community’s strengths and weaknesses as well as the opportunities it may catch at and the threats it has to keep a wary eye on.

EC made all of the above decisions and conclusions based on data in the Teplodar Community Profile and Business Attitude Survey produced by the USAID Local Investment and National Competitiveness project (LINC) and presented at the meeting. At the next meeting, sched-



“In the very beginning, I was skeptical about this idea [of strategic planning]. Then, when we first met, I became very interested. And today I’m absolutely sure that this thing is ‘doomed’ to success”

LEONID PECHERSKY,
Teplodar Mayor

continued on page 3

TEPLODAR: PUTTING EGGS IN DIFFERENT BASKETS

continued from page 2

uled for December 1, 2009, the committee is expected to identify goals of the strategy.

The Expert Committee for Economic Development, which is chaired by Teplodar Mayor Leonid Pechersky and includes representatives from the local government and other active community members, was formed on October 13, 2009, with the task of drafting an Economic Development Strategic Plan for the city with assistance from LINC. On that day, LINC signed a Protocol of Intentions with the Teplodar City Rada and facilitated the introductory meeting of EC to familiarize the EC members with the strategic planning process and methodology.

The origin of Teplodar goes back to the early 1980s, when the Soviet government selected this territory for the Odesa Nuclear Power-and-Heating Plant project site, and started developing a settlement. In the late 1980s, following the Chernobyl Disaster – the world's worst nuclear accident – the project was suspended, and it was completely discontinued in 1997 in independent Ukraine.

Nevertheless, the Teplodar leadership is quite decisive about location of a thermal power plant in the city and works actively toward this end.

«THE MORE YOU GIVE LOCALLY... THE MORE YOU GET IN RETURN »

This secret about foreign projects was revealed by LINC strategic planning consultant Petro Koshukov.

On December 10, Bakhchysaray Raion State Administration in a public meeting hosted a presentation of the Strategy for Sustainable Development of the Economic Block for Bakhchysaray city and district. The document was introduced to the District Council on December 24, 2009, for approval and became the Official Strategic Plan for Bakhchysaray.

Bakhchysaray – the tourist capital of Crimea. Such a vision of their region is held by 42 members of the Expert Committee, including co-chairman Ilmi Umerov (Chairman of Bakhchysaray District Administration), Ulyana Smirnova (Director of Chernomor Company), and Leontiy Sheketa (Chairman of the Standing Committee on Agriculture, Ecology and Environmental Management, Chairman of Chernomorets Company).

Out of the many ideas and visions of how it should be, the Expert Committee focused on 70 projects to be implemented in the areas of: (A) creation of favourable investment attracting conditions, (B) improvement of the managerial approach of the area, and (C) development of engineering infrastructure. Each of the projects was not only recorded

on the paper but also carefully run through a matrix of six criteria. Five of them were related to the necessity of the project, one to feasibility.

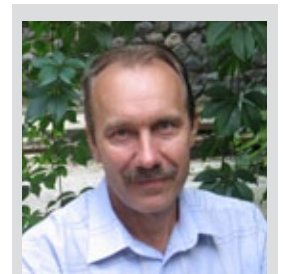
The Action Plan of the Economic Block - part of the Strategy for Sustainable Development of Bakhchysaray city and district - was developed with the assistance of the United States Agency for International Development (USAID) LINC in partnership with CIDP UNDP project "Strategic Plan and Strategic Environmental Assessment in the ARC."

LINC Project Chief of Party Howard Ockman congratulated members of the Expert Committee on the work they have already done. "70 projects is quite ambitious, but also a meaningful number...but you can continue to imagine future, continue to think of projects for economic future of the region," he said.

Head of the Bakhchysaray Raion State Administration Economy Department Elmira Abylimova cordially thanked LINC representatives and noted: "We have been discussing the strategy for eight years now. I want you to know that we will continue bothering you. On behalf of the economic management I would like to say that we will take advantage of your services for a very long time as the strategic approach is very new to us. At this stage we need the help and the knowledge that you give in this project."



On October 13, 2009, LINC Chief of Party Howard Ockman (in the forefront) and Teplodar Mayor Leonid Pechersky (second from the right) signed the Protocol of Intentions. The third and fourth from the right are Ihor Parasyuk and Vasyl Kashevsky, LINC strategic planning consultants, who will guide the strategic planning process in Teplodar



"Trying to work on the principles of social partnership, when we take into account opinions of the Rada and businesses, we also try to come to a decision by consensus. This is a cornerstone of strategic planning. The Strategic Plan is a plan that should unite you, not divide. It is one of its major purposes."

**VOLODYMYR
PROSKURNIN,
LINC Strategic
Planning Consultant**

LUHANSK AGGLOMERATIONS SET TO COMPETITIVENESS. CRIMEANS ARE GETTING READY

On Dec. 1-2, 2009, in Severodonetsk, on Dec. 3-4 in Alchevsk, and on Dec. 8-9 in Simferopol, the USAID LINC project held Regional Competitiveness forums for communities of two Luhansk Oblast economic sub-regions and Crimea

Designed by the USAID Local Investment and National Competitiveness project (LINC) as a prelude to regional strategic planning efforts, the forums assembled a total of about 300 representatives from regional and local governments, business circles and general public of two Luhansk Oblast agglomerations and Crimea.

Part of the events in the Luhansk Oblast's cities of Severodonetsk and Alchevsk was the signing of multilateral Protocols of Intentions to develop and implement regional economic development strategic plans for two agglomerations tentatively called the Western Luhansk Region and the Central Luhansk Region, respectively. Beside LINC, the cosignatories included, for the Western Luhansk Region, the City Radas of Lysychansk, Rubizhne and Severodonetsk, the Kreminna Raion State Administration, and the Kreminna Raion Rada, and for the Central Luhansk Region, the City Radas of Alchevsk, Bryanka and Stakhanov.

In Crimea, no economic sub-region for regional strategic planning has been selected yet.

The forums were aimed at getting together active community members as well as Ukrainian and international experts to discuss how the regions could enhance their competitiveness.

LINC experts and guest speakers from the Kyiv National Trade and Economics University, the Kyiv Economics Institute, and the East Europe Foundation covered various aspects of regional competitiveness. Their presentations addressed

the following topics:

- Importance for businesses to operate in a region with competitive environment;
- Tools to enhance competitiveness of individual businesses;
- Development of trade potential;
- Legal aspects of providing land for investments;
- Innovation capacity and commercialization of R&D;
- Opportunities and threats to competitiveness implied by regulation;
- Labor force potential;
- Drafting and implementing a regional strategy;
- Investors' requirements and decision-making in foreign direct investment;
- Geographic information systems as an economic development tool; and
- Meeting international quality standards.

The forum participants also had an opportunity to communicate with experts directly during breaks.

It looks like the events succeeded in spreading the notion of regional competitiveness to the two regions. Speaking in Severodonetsk, LINC Chief of Party Howard Ockman said he was very impressed with the large attendance. "I think it's a terrific start when so many serious people, community leaders, businesspeople, showed up at a forum on a subject as difficult and complex as competitiveness," he said. In Simferopol, summarizing the first day's proceedings, Crimea's Deputy Economy Minister Oleksandr Balanin expressed the ministry's willingness and desire to work in close cooperation with LINC on Crimean regional competitiveness enhancement.



"Regional competitiveness is a relatively new and complex concept. Representatives of business and government were two prevailing groups among the Forum audiences, and we wanted to make sure that the topic of competitiveness is equally familiar to all of them."

Howard Ockman,
LINC Chief of Party



"Competitiveness is an essential link in the overall idea of economic growth. Businesses that operate in stagnant areas cannot grow... Even if you have good firms that are operating in uncompetitive regions, they will fail. And good firms that are operating in competitive regions can grow and become competitive internationally."

PAUL RICHARDSON,
USAID/Ukraine Office
of Economic Growth
Acting Director



"Countries like Ukraine for development and entry to the world's trade need to know relevant international standards and rules. The lack of knowledge and the inability to operate at Western markets forbids being competitive."

SERHIY ZHELVAKOV,
Stakhanov Mayor

FDI SCHOOL REOPENS

On October 28, 2009, twenty trainees gathered in Kyiv to attend the first workshop of the USAID LINC project's first cycle of training in attraction of foreign direct investment.

The twenty represent different parts of Ukraine and different institutions, from Sevastopol to Vinnytsya and to Lviv, and from a city hall to the Economy Ministry of Crimea and to National Agency of Ukraine for Foreign Investment and Development.

Actually, the FDI training program, just launched by the Local Investment and National Competitiveness (LINC) project, was initiated in early 2006 under its predecessor project, Local Economic Development (LED). It was the first step made in Ukraine toward training of FDI professionals for local governments and public administration agencies.

Welcoming the new group of trainees in the very conference room of the Puscha-Ozerna sanatorium where LED had its first FDI training session, LINC Chief of Party Howard Ockman said he had a feeling of nostalgia. "I remember that it was snowing outside. But inside everything was extremely warm with nervousness and expectations," he said. "We weren't sure of whether the training was correctly calibrated for the participants, whether it would be too easy or difficult. And it really made us quite excited about the whole prospect."

"Today, as I stand here, I'm no less excited about the prospect of this FDI training. But this time all of my pleasure and excitement comes from the fact that I know this training is good, we know that it works," Mr. Ockman concluded.

He also said that FDI attraction in many ways is the "very heart of the entire LINC project."

According to LINC Investment Promotion Coordinator Kseniya Sydorkina, although the training program has been continuously fine-tuned, no radical changes have happened in it since the LED time. "The only significant change is that we've rearranged the workshops a bit by moving the study tour to the Czech Republic over to the very end of the program, when participants will be familiarized with all of its topics including the last one – industrial site promotion and marketing," she said.

The program, which includes four workshops, a study tour of industrial parks in the Czech Republic, and final examinations, was developed by Ukrainian, Czech, Scottish, and US LED experts, who also acted as lecturers. Use of interactive training techniques brings trainees nearer to the realities of FDI attraction in Ukraine and Central and Eastern European countries, and familiarizes them with conceptual issues of professional investment attraction based on case studies and simulated situations and events that may affect an industrial facility's development and marketing strategy.

Under LED, the program issued a joint certificate with the Ukrainian Center for Foreign Investment Promotion (InvestUkraine) to 112 graduates, who represented 55 cities, 24 oblasts of Ukraine, 13 NGO's, and two central government institutions.

The second workshop, called "Working Smartly and Tactically – Planning for Success," took place on Dec. 16-18, 2009. The event starred Jiří Doležel, Olomouc Economic Development Department Head, Czech Republic, who shared the city's practical experience in attracting FDI.

Says one of trainees, Tetyana Pasichnyk, InvestUkraine Information Department Manager: "The presentation by Jiří was very useful. It clearly illustrated how public-private interaction became one of the most important factors in investment attraction. He also stressed that the city's success to a significant extent owed to the adoption of a master plan and a strategic development plan implemented jointly by the Economic Development Department, the Regional Development Agency for Central Moravia, and the Economic Development Committee."



"You're going to find that this is quite a serious training. Although it involves local economic development, elements of municipal and regional development, to me it's really a business class. Everything you will learn is directed at doing business deals"

HOWARD OCKMAN,
LINC Chief of Party



"The cities in which our alumni work have attracted over one billion dollars' worth of investment and created ten thousand new jobs"

KSENIYA SYDORKINA,
LINC Investment Promotion Task Leader

"The main task of public authorities is to create jobs, increase public revenue, and grow household incomes, which is impossible to fulfill without investment. This training course will therefore help us better perform the functions of public authorities"

ELMIRA ABLYALIMOVA,
Bakhchysaray Raion State Administration Economy Department Head



LINC CRIMEAN INITIATIVE: QUICK START

Improvement in the well-being of citizens – the ultimate goal of any economic development activity – is a community project fueled by far-reaching strategic vision. The USAID Local Investment and National Competitiveness project (LINC) will assist Ukrainian cities and regions to define and travel an optimal strategic path to community sustainability through increased jobs and investment secured by increased economic competitiveness.

LINC is an ambitious economic development project. Its mission is to help increase competitiveness in cities and economic regions by systematically helping to improve business conditions and practices at both the local and national level. The project will do so through a number of activities, including promotion of economic reform at the national level; support for economic development and competitiveness strategic planning efforts in cities and economic regions; alleviation of administrative and regulatory barriers to investment and exports; fostering of investment and public/private partnerships; acceleration of efficient trade integration; development of a local-level unified property registry; and other tasks.

Having gained momentum from its predecessor projects, the new LINC project, which kicked off in mid-April, hit the ground running by concentrating early on major initial efforts in the Autonomous Republic of Crimea.

The LINC Crimean Initiative is part of the overall project work portfolio implemented in concert with its two other components: Improving the Business Enabling Environment, and Enhancing Enterprise Competitiveness. In terms of tasks, the LINC Crimean Initiative aims to improve economic governance in Crimea, pilot the development of a Unified Property Registry, and undertake a competitiveness enterprise development program.

According to LINC Chief of Party Howard Ockman, "Through its activities the project will help to build communities whose economies possess competitive jobs and opportunities for years to come. That will mean that Crimea's young people will stay where they were raised, cities will thrive, and Crimea will be a place with communities as deep and rich as the culture and history of the peninsula itself."

Since April, LINC has signed Protocols of Intentions with six Crimean cities – Bakhchysaray, Bilohirsk, Feodosia, Kerch, Saky, and Scholkine, as well as Bakhchysaray and Bilohirsk raions –

undertaking to collaborate with them in the development and implementation of the communities' economic development strategies. The LINC-guided, community-based strategic planning process and associated activities in Crimea are now in full swing. The goal of the strategic planning efforts is to make the partner cities and raions more competitive and investment-appealing, thereby ensuring their sustainable economic development.

Based on a trilateral protocol signed with Ukraine's State Land Cadastre Centre and Crimea's Land Resources Committee in July, the project began developing a pilot Unified Property Registry in Crimea's Bilohirsk raion. The Registry, when developed and implemented, will strengthen not only the transparency of the Crimean property market, but also the Republic's business-enabling environment and attractiveness to investors.

A streamlined permitting system for businesses serves the same end, and LINC is lending a hand to Crimean raions in rendering their one-stop shops into effective units.

LINC also plans to help Crimea increase competitiveness of its industries and individual enterprises, with the tourism and agriculture sectors receiving early attention. The project's experts have performed necessary analysis for sector selection and are presenting their findings to relevant Crimean authorities.

In an effort to introduce an industrial park (an area zoned and planned for the purpose of industrial development) model into Crimea, in July, LINC sponsored a study tour to the Czech Republic for a group of Crimean regional and local level officials. The experience of the Czech Republic in creating and running industrial parks and attracting FDI was seen as particularly relevant to Crimea's prospects. As Sevastopol City State Administration Economy Department Head Elimdar Akhtemov said to the on-line newspaper *Novy Sevastopol*, the group "had an opportunity to learn what our neighbor [the Czech Republic], who once had been in about the same unenviable plight [as Ukraine], has done to rise to the modern economic level."

Following the study tour, representatives from the Crimean government and municipalities gathered in Dzhankoy City for a conference about development of industrial parks as a strategic approach to creating favorable conditions for investment attraction in Crimea, and discussed initial practical steps toward this end.



Jaroslav Valoušek, Director of TechnoPark Pardubice, Czech Republic, guides the group of Crimean officials through the technopark premises during the USAID LINC-sponsored study tour of Czech industrial parks. Left to right in the forefront are also Scholkine City Rada Secretary Olha Palahitska, and Sevastopol City State Administration Economy Department Head Elimdar Akhtemov.

Photo: courtesy of Tetyana Filippova, director of Simferopol-based Business Solutions Center "Optimum"



Dzhankoy Deputy Mayor Yuriy Nosov (second from left) explains the layout of the Dzhankoy industrial park first phase to (left to right) LINC Crimea Field Director Daniel Themen, LINC Competitiveness & Investment Promotion Specialist Ohga Kuts, and Crimea Industrial Policy Ministry Investment & Economic Development Department Head Natalya Maslova in the wake of the study tour of Czech industrial parks.

Photo from the Dzhankoy City Rada web site (<http://dzhankoi.org.ua/>)

WINTER PREPARATIONS BEGINS FOR A RICH HARVEST IN THE NEW SEASON

In December LINC funded participation of Crimean agricultural specialists in two events, giving local farmers the opportunity to reflect on their approach to the work they do next year, and share experiences with colleagues from other cities in and outside Ukraine.

Fruit and Vegetables in Ukraine - 2009

With the support of the LINC project, Crimean agricultural group consisting of 18 participants attended a conference in Kyiv. The group with representatives from the Ministry of Crimean Agro-Industrial Complex, the Institute of Microbiology UAAN, agricultural college, vegetable growers and producers of organic products from the Crimean region and LINC experts, took part in the conference named "Fruits and Vegetables of Ukraine 2009. Market Prospects." The event brought together 150 people from more than 20 countries across the world. Concurrently with the conference, there was an exhibition devoted to the fruit and vegetable sector: seeds, fertilizers, agricultural machinery, intensive ways of cultivation, irrigation and packaging.

Participants received such information as results of the 2009 forecast, trends in the juice industry, the priority directions in developing import and export, and technological innovations.

LINC experts negotiated and orally agreed on collaboration with the seed companies Clause from France and Rijk Zwaan from the Netherlands to provide vegetable seeds for the event organized by LINC - Field Day - in Bakhchysaray raion, scheduled for July 2010.

Besides learning from the theoretical reports, farmers also had the opportunity to get up-to-date news on the latest technology and modern varieties and hybrids of fruits and vegetables. Some entrepreneurs took actions without further ado. Private Agricultural Enterprise "Mriya" purchased early cabbage seeds for 1 hectare of its land.

After the conference the participants exchanged ideas about the prospects of collaborating with LINC. All participants expressed their gratitude for the opportunity to gain new knowledge and make new connections with their counterparts, fruit and vegetable growers.

Storage of Fruit and Vegetables in Ukraine

Two LINC specialists - Boris Shadrin, a specialist in business processes, and Alexander Lekhno, a specialist in agribusiness, took part in a confer-

ence "Modern Technologies of Fruit and Vegetable Storage." The organizer of the event was a project of the International Finance Corporation "Development of the Fresh Produce Sector in Ukraine."

The conference was attended by over 120 people representing suppliers of refrigeration equipment, equipment for post harvest handling of products, large and medium-sized producers of vegetables and fruits from all over Ukraine.

The conference began by highlighting the results of the first fundamental study on availability of storage in Ukrainian market for fruits and vegetables. The author of the study was an independent international expert in agricultural business Andrey Yarmak. "Storage for vegetables and fruits is a necessary investment for any serious investment project in the produce business, provided that the grown products are subject for storage," he said. The findings of the study showed that only 20% of the crop in Ukraine is stored in modern storage facilities, although their number grows each year. One of the conclusions made by Andrey Yarmak is the need for reorientation of producers with modern storage facilities. The produce today remains in the repository for the longest period possible in order for the producer to obtain high profit from storing the harvest at the time of sale. With an increasing number of modern storage facilities, producers have the opportunity to sell quality products all year round and thus should get a stable, rather than random profit. The experts came to this conclusion having studied the trends of the produce business in recent years, having analyzed the situation in neighboring countries, and having considered the prospects of Ukraine's entry to the World Trade Organization.

Succeeding reports at the conference introduced listeners to new technologies of storing products, and demonstrated how to convert an old building to modern storage. Dutch, Belgian and Polish equipment importers advertised their products at the exhibition.

An evaluation, offered by the Director of "Dukatt" company Alexander Guritskiy, of the investment required for the construction of various types of storage facilities (potatoes, fruits, vegetables) and his analysis of the storage payback period sparked a fiery debate among the conference participants.



Left to right: Crimean farmer Andrey Bohomolov, Chief Agronomist of 'Sadovod' enterprise Leonid Belyi, and LINC Business Process Specialist Borys Shadrin compare notes of the 'Fruit and Vegetables' exhibition



Crimean Fruit Company exhibiting at the "Fruit and Vegetables in Ukraine - 2009"

THE HIGH POINTS OF A LOW SEASON

continued from page 1

Koktebel, December 3-4: Learning, Acting, and Shooting

The two-day conference “Crimea: Culture, Learning, and Activity,” organized with the Resorts and Tourism Ministry, the Crimean Tourism Development Center, and the Terra Tavrika newspaper in Koktebel, a popular Black Sea resort in Eastern Crimea, gathered about 500 participants, representing tour operators, scientific and educational institutions, and NGO’s. The first day was dedicated to presentations and discussions, which dealt with a variety of issues and problems, from Crimean history and culture to environmental protection and to guides’ qualifications. It was said that many historical attractions in Crimea are left behind popular routes, and there are new opportunities for active tourism, particularly in the Crimean piedmont. According to Oleksandr Yena from the Crimean Postgraduate Institute, “tourists come to Crimea, skip the 60 kilometers-wide zone stretching from the steppe to the sea, and remain unaware of how interesting this place is.”

LINC Crimea Field Director Daniel Themen invited tour operators and other members of the tourism cluster to collaboration with LINC. “Your ideas will help us tune up our project to be of maximum use to you,” he said.

The second day was spent in the field. The participants went to an ancient Christian monastery in the mountainous area of Kyzyl Tash; unveiled a stone with a tablet marking the 45th parallel on the Orta-Syrt ridge, visited the Koktebel Gliding Center, which is renowned for being associated with aircraft designer Oleh Antonov and spacecraft designer Serhiy Korolyov; and watched a demo target practice at a shooting-range – a show the military said could well become a tourist attraction.

Bilohirsk, December 9: Horses, Rabbits, and Goths

The trip to the Bilohirsk Raion, which was organized with the Resorts and Tourism Ministry and attracted 72 tour operators, media people, guides, and other interested persons, focused on opportunities for green tourism.

The group visited an equestrian sports facility, reviewed a green tourism estate and its surroundings, tasted koumiss at a farm, and discussed the area’s tourism potential at the Bilohirsk Raion State Administration.

The Burulcha Equestrian Sports Center offers

its guests horse-riding routes and trout fishing in the Burulcha River, as well as accommodation in cottages.

The Rosenthal Estate as a farm specializes in rabbit-breeding, and also functions as a mini hotel for tourists. In the vicinity of the estate is a Gothic-Alani burial ground, presently haunted mainly by so-called “black archaeologists.”

Millions of tourists drive every year along the Simferopol-Feodosia highway through Bilohirsk to the Black Sea resorts. As one of participants remarked during the discussion, “Lots of money pass by. We need to interest them in stopping here.”

Olha Burova, the ministry’s Tourism Department deputy head, said, “The LINC project collaborates with us in many activities, providing both financial and consulting assistance.” According to the official, a result of such reconnaissance trips is new tourist destinations in Crimea outside its popular seaside resorts. Iryna Polyanska, director of a Simferopol-based tourist bureau, said, “I intend to develop a whole program. My plans are to go all over the archaeological monuments and by May 1, 2010, have carried out a Bilohirsk excursion. I’ll do my best to raise the profile of Bilohirsk Raion.”

Sevastopol, December 11-12: Accommodations, Fortifications, and Monastery

LINC organized a two-day study tour for tourism stakeholders and media to explore lodging facilities and visit places of interest that travel agencies and tour operators could offer to their potential clients. On the first day, the participants inspected various accommodation facilities on the outskirts of Sevastopol including a former military compound that had been turned into a sanatorium, and old-style camping sites offering low-budget vacation on the Black Sea for backpackers. The day wrapped up in a meeting to discuss tourism development in and near Sevastopol.

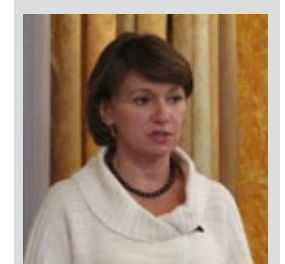
According to participants, for a long time during the Soviet era Sevastopol, as a naval base, was a restricted area closed to visitors. That is why it still lacks decent accommodation infrastructure. On the other hand, besides having military facilities, Sevastopol is rich in ancient and medieval Greek monuments and religious sites as well as picturesque landscapes.

On the second day, the participants went on a tour of Sevastopol attractions, including the 35th

continued on page 9



LINC Crimea Field Director Daniel Themen speaks while standing on the just-unveiled 45th parallel stone, which marks an equal distance from the North Pole and the equator



“It’s great that LINC has brought us all together”
OLENA BAZHENOVA,
Crimean Hospitality
Association Head

THE HIGH POINTS OF A LOW SEASON

continued from page 8

Shore Battery fortifications and Cape Fiolent with its medieval St. George Monastery. At the end of the trip, Crimean Hospitality Association Chairwoman Olena Bazhenova said, "It's great that LINC has brought us all together. It was a good encouragement to do what we've long wanted to do but never managed: meet and dis-

cuss common issues. We need to bear in mind that, irrespective of what we are doing, we are all members of the cluster, and should coordinate our efforts for better performance."

"Our main tasks in the tourism sector are to facilitate association of the tourism industry's actors, such as tour operators, travel agencies, guides, hotels, and educational institutions; help them solve problems of the making of a national system for vocational training, retraining, and development of human resources for the tourism and hospitality industries; assist in establishing relations with public authorities; analyze the regional specifics of tourism activities, and learn the best practices from abroad; and consolidate efforts of most experienced market players. All that will contribute to development of an innovative economic model and will have a positive impact on the image of Crimea and the whole country."

SVITLANA VOZNA,
LINC Tourism Specialist



Inspecting accommodation facilities of a tourist recreation complex in Sevastopol

BRAINSTORMING AT A CALM SEA

On October 7-9, 2009, in Sudak, Crimea, local economic development specialists from 47 cities all over Ukraine assisted by a USAID project made the first step toward creation of a national information system for investors.

The nearly-summertime weather and gentle Black Sea waves of the popular resort failed to lull conference participants into relaxation. Instead, their dynamic activity and attitude toward a common tool for investment attraction exceeded expectations of the event organizer – the USAID Local Investment and National Competitiveness project (LINC).

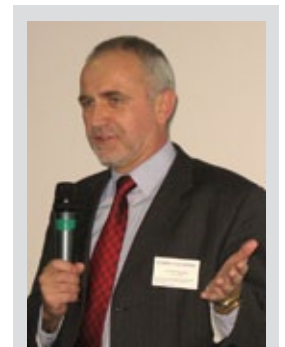
The conference, Developing a National Investment Information System, was called to tackle the problem of inadequate provision of online information on opportunities for direct investments in Ukraine: What should be the structure of the Ukrainian national investment portal? What pieces of information should it comprise? Who will be responsible for supply of the information and maintenance of the portal, and who will coordinate these activities?

Scene Setting

On the first day, to provide ground for discussion, the conference organizer arranged for a number of presentations covering various aspects of the electronic investment promotion and attraction issue.

Dušan Kulka, LINC's Senior Competitiveness and Investment Advisor, gave the initial challenge in a talk entitled "FDI Online Shopping." Mr. Kulka presented findings of international surveys that highlight the usefulness of electronic investment promotion. He noted that in 2008, online sources constituted nearly 30 percent of the information that executives said influenced their perceptions of a territory's business climate. That number has rocketed from nearly zero in 1996. Moreover, the Internet is recognized as the most effective means of reaching corporate executives who may be considering a new site location, according to the data. Mr. Kulka also described the investment decision-making process, and gave examples of national investment promotion web sites in other countries. He concluded that the Internet is becoming an increasingly important source for selecting investment locations and that an efficient national information and investment promotion portal is a necessity for helping Ukraine boost its FDI performance.

LINC IT Specialist Denys Podanchuk demonstrated the capacities of Virtual Tours – an advanced tool that can be used for informing potential investors on what a property really looks like. The tool allows a viewer not only to see a panorama of a site or a room but also "walk" from place to place on the site, or from room to room in a building, punching up explanatory information of any feature on the tour that may interest him.



"We need to realize that the role of Internet sources is growing. We must not ignore it. Online shopping is cruel: if you are not online, you don't exist, you're out of business."

DUŠAN KULKA,
LINC Investment
Promotion Advisor

continued on page 10

BRAINSTORMING AT A CALM SEA

continued from page 9

LINC Legal and Regulatory Reform Advisor and Task Leader Volodymyr Buryi then discussed the Ukrainian regulatory environment and the necessity for populating an investment promotion site with up-to-date business regulation and legislation.

Then, LINC Monitoring & Evaluation Manager Olha Kolisnyk provided an overview of the project's partner cities' web sites, and Dmytro Sydorчук, an analyst from the Ukrainian Center for Foreign Investment Promotion (InvestUkraine), presented the agency's view of what the national investment resource of Ukraine should be.

The next speaker, Kyiv School of Economics Assistant Professor Denys Nizalov, focused on the national investment portal as a geographic information system (GIS) that would be extremely useful to investors doing research into the potential of Ukraine business and assets.

Commenting on the presentations as a whole, Eyk Van Otterloo, chairman of Chemonics International, the LINC implementer, said, "I think that the presentations made at the conference are helpful, and will stimulate the attendees to create the best possible web sites for their regions and towns. And that, of course, will help stimulate investments."

Brainstorming

The second and third days of the conference were allocated for participatory work in groups. The participants were divided into nine teams, each receiving a moderator and a task to discuss the issues of portal structure and contents as

well as for responsibilities for information supply and web site maintenance. These break-out sessions required group members to design and eventually present solutions and proposals for a topnotch promotion web site from their regions.

The team work produced impressive brainstorming. According to LINC Chief of Party Howard Ockman, the level of enthusiasm and involvement shown by the participants "exceeded our expectations." As Mr. Kulka confessed later, "I feel reenergized through interaction with you."

The discussion was often heated. Some groups even split into factions, nominating two presenters to report the results of their work. There were a host of proposals, many of which coincided. LINC staff are now generalizing the results, which are expected to be elaborated further by a task force that LINC will soon establish.

The event culminated in a very positive presentation of the Crimean Investment Portal, which received the enthusiastic approval of the audience several times. The presenter and one of the developers of the portal, Crimean Economy Ministry Computer Systems and Information Provision Office Head Serhiy Kurin, said he "lent his soul to the portal's development," which took four years.

A total of 106 people attended the conference, including representatives of Ukrainian local and regional governments and NGOs, InvestUkraine, the Kyiv Economics School, USAID, and Chemonics International.

"Attracting investments is highly competitive business where those who are the first to offer high quality product to investors win. Investor is a demanding client with almost unlimited global "shopping opportunities". And while Ukraine demonstrates excellent potential for FDI attraction, makes its first steps in preparing "product" for investment, it appears to have no platform for selling its product.

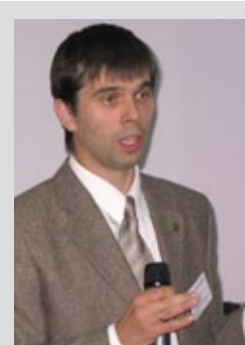
The National Investment Portal is to become such a platform combining functions of promotional tool with interactive databases of land, property, investment projects, local suppliers, etc., and a convenient way for economic development specialists of all levels to place information on business climate, investment incentives, and other relevant info."

KSENIYA SYDORKINA,
LINC Investment Promotion Task Leader



"The basic global goal is to promote foreign investment inflow into Ukraine by providing full, credible, and actual information to all investment process participants."

DMYTRIO SYDORCHUK,
InvestUkraine



"What exactly must be on the investment web site? Not what we just want to show but what the investor is interested in."

DENYS NIZALOV,
Kyiv Economic Institute

Local Investment and National Competitiveness

14-A Ihorivska St.
Kyiv 04655, Ukraine
Tel: +380-44-425-4747
Fax: +380-44-425-7333
www.linc.com.ua

12/4 Sergeeva-Tsenskiego St.
Simferopol 95011, Ukraine
Tel: +380-652 248-081
Fax: +380-652 248-036
linc@linc.com.ua

This publication was made possible through support provided by the U.S. Agency for International Development (USAID) under the Local Investment and National Competitiveness (LINC) project. The individual opinions published in the LINC Messenger do not necessarily reflect views and opinions of USAID and the U.S. Government.

Usage of any information is possible without preliminary agreement with the LINC project, but with obligatory references.