FACILITATING SUSTAINABILITY AND ECONOMIC PROSPERITY WITHIN SINGLE INDUSTRY MUNICIPALITIES:

International and Ukrainian Experience

LED Practitioner's Guide

This LED Practitioner's Guide **"Facilitating Sustainability and Economic Prosperity Within Single Industry Municipalities: International and Ukrainian Experience"** was prepared under the Ukraine Municipal Local Economic Development Project, which is being implemented by the Federation of Canadian Municipalities with the financial support from the Government of Canada.

Authors: Ted Treller and Valeriy Kokot
Edited by: Igor Lepyoshkin

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Kyiv, 2014

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Introduction

> *"It is a serious mistake to talk of the interests of the nation without understanding the interests of each and every individual municipality"*

Clearly the sum total of regional and national economic prosperity is to a large degree a direct function of the relative successes of individual communities and their local economic development (LED) efforts. As such there are measurable economic benefits accruing from regional and national efforts to ensure wherever practical that every community is competitive and sustainable.

Unfortunately more often than not when a discussion on local economic development turns to the role and importance of sustainable single industry municipalities in fostering and facilitating broader regional and national economic prosperity, the conversation tends to become infinitely more difficult. It is more difficult because unlike the intuitive perception we all have of the role and importance of individual cities and urban areas it seems that all too often the concept of a single industry municipality or town begets a very narrow and very stereotypical perspective. This perspective is usually that of a small, isolated village with a single, large employer – a municipality either driven along by the fervor of a temporary economic boom or one that is suffering the consequences of severe dislocation and decline. More often than not this perspective conjures something out of a Dickens novel – a community with limited development prospects other than some depleting resource; at best limited amenities and infrastructure other than a few company owned facilities; and essentially a community offering nothing more than a shanty town of worker residences nestled in a scarred environment of soot and belching smoke stacks. And thus, regardless of country and regardless of the new economic realities of the 21st century, an assumption is made that for the most part single industry towns are somewhat disposable; collectively offer little to regional or national economic value other than during a boom; and present scant opportunity for sustainability, i.e. once the resource is depleted the municipality has no future.

The sad part of this story is that, at least in a very generalized sense, this stereotypical perspective is not wrong in and of itself because communities like this do exist. But they are decidedly the exception rather than the rule. They are the exception because this flawed perspective tends to broadly assume that in all such incidences of single industry municipalities there is a lack of resourcefulness in diversification, a lack of alternative economic opportunities, and an overly high degree of vulnerability to the forces of globalization. In doing so this perspective overlooks or ignores those communities whose resources do not deplete nor pollute – such as those based on renewal industries such eco-tourism and recreation. It also overlooks the transformational possibilities of local resources, i.e. transforming an old mill site to one producing value added wood products. Further, it disregards the fact that the majority of single industry towns exist within the context of a considerably different development milieu than they did in the years past. This is not to say that some single industry towns are not remote, nor small, nor premised on a boom and bust cycle. This is not to say there isn't evidence of urban decline and shrinkage after resources are depleted. Rather it is to say these single industry towns are much, much different than what they were in the past and what many perceive them to be today – certainly within a pure economic sense they are neither disposable nor discountable. In fact regardless where they exist seldom is their demise preordained; and seldom is there an absence of opportunities for renewal and revitalization.

Not surprisingly, today within the scope of local economic development programming, there is a significant and fundamental challenge in understanding and supporting the survivability and sustainability of single industry municipalities. This challenge is especially important because

single industry municipalities are not rare phenomena nor are they temporary aberrations. They exist internationally in large numbers of varying sizes and structures. Collectively in almost every jurisdiction they are important and significant factors in regional and national economic development success.

This LED Practitioner's Guide explores the structure, character, incidence and evolution of single industry municipalities. Once we properly understand what they are we can better appreciate the magnitude of contributions these communities do provide and can provide to regional and national economic prosperity; and the role that needs to be played in ensuring their ongoing competitiveness and sustainability. Importantly it isn't the purpose here to focus on why these municipalities were created in the first place or how well they have prospered since they were initially organized. While this may have a bearing on our analysis, the intent here is to explore the relative incidence of the phenomena within an international context; discuss why it is important to understand this phenomena as a distinct subset of LED; introduce some of the more "successful" transition experiences including case studies; synthesize key lessons learned and best practices; and with this research as a foundation provide some thoughts and suggestions for facilitating and sustaining economic prosperity within single industry communities of Ukrainian.

The research effort in preparing this Guide extended over 2014. It included the identification and review of numerous documents and reports pertaining to single industry towns, cities and municipalities. It also included site visits and a series of interviews with key stakeholders within selected Ukrainian municipalities. From the very beginning special care was taken to ensure that the compilation and analysis of all information was balanced, as complete as possible, and especially relevant to the specific needs of Ukrainian municipalities and LED practitioners.

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Understanding the Phenomenon of Single Industry Towns

Any effort to fully appreciate the importance of single industry towns, the relevance of international best practices and lessons learned in fostering and facilitating their success, and the implications of this experience to local economic development within Ukraine, must start with an accepted definition of the term "single industry town". A review of the literature is somewhat deficient in this regard despite the breadth of international experience and evidence. The crux of the problem lies with the plethora of somewhat similar terms used interchangeably but lacking consistency when making comparisons, i.e. monotowns, resource towns, company towns, boom towns, resort towns and so forth. For this reason it is important to begin with a broader universal definition encompassing some combination of definitions and with this as a starting point acknowledge the differences in specific typologies at the point of drawing out insights and recommendations.

1.1. Definitional Considerations

Any effort to fully appreciate the importance of single industry towns, the relevance of international best practices and lessons learned in fostering and facilitating their success, and the implications of this experience to local economic development within Ukraine, must start with an accepted definition of the term "single industry town". A review of the literature is somewhat deficient in this regard despite the breadth of international experience and evidence. The crux of the problem lies with the plethora of somewhat similar terms used interchangeably but lacking consistency when making comparisons, i.e. monotowns, resource towns, company towns, boom towns, resort towns and so forth. For this reason it is important to begin with a broader universal definition encompassing some combination of definitions and with this as a starting point acknowledge the differences in specific typologies at the point of drawing out insights and recommendations.

With this thought in mind consider the following definitions that are often quoted in a vasriety of research efforts and periodicals:

A **single industry town** is a municipality where a single economic activity dominates the livelihood of its citizens.

A **single industry town** is a municipality in which not less than 50% of the economic base is derived from a single sector.

A **single industry town** is a community or municipality that has more than 30% of its local labour force tied directly to a single industry sector or resident firm.

Within the context of these various definitions, single industry towns as a category or typology of urban settlement necessarily includes all of those diverse but similar municipal typologies including but not limited to: "monotowns", "mono-industrial towns", "company towns", "resource towns", "college towns", "instant towns", "boom towns", "mill towns", "rail towns", "resort towns", "new towns[1]", "industrial model villages", and so forth. This aggregation under the central theme of being a single industry town assumes within each individual typology a single economic activity is acknowledged as dominating the livelihood of its citizens; and/or 50% or more of the economic base is derived from a single sector; and/or more than 30% of the local labour force is tied directly to a single industry sector or resident firm.

All of these sub-typologies are somewhat different and it is especially important to recognize these differences in the evolution and context of the community when seeking to extrapolate lessons learned and best practices. For example a "monotown" is usually associated with a planned economy where considerations other than strictly market forces link sector specialization to a unique location. A resource town is the consequence of classic location theory where a small, isolated settlement is built around a specific resource, such as minerals, forests, and fishing. The defining character of a company town is that it is a municipality where one company provides the overwhelming totality of local employment and infrastructure (housing, stores, transportation, sewage and water) which is typically though not necessarily confined to a single industry sector, i.e. it normally is founded upon a single dominant sector with supporting ancillary/agglomeration economic activities all of which are controlled directly or indirectly by the company.

Some other insights into single industry towns:

- While more commonly associated with certain industry sectors such as resource extraction, single industry towns are not defined nor limited to a specific industry or industry sector. Nor

[1] The term new town refers to those planned communities arising pursuant to the new towns movement in particular, pertaining mainly to the United Kingdom.

are they necessarily created with a specific economic focus in mind. They include a range of municipalities focusing on a variety of functions and specializing in a variety of products and services from diamond mining (Kimberley, South Africa) to education (Boulder, Colorado USA); from tourism (Gold Coast, Australia) to toy manufacturing (Billund, Denmark); from oil and gas (Fort McMurray, Canada) to high tech (Silicon Valley, USA); from military research (Zhukovsky, Russia) to religious identity (Lhasa, Tibet).

- While many single industry towns are small in terms of population they are not necessarily small. By way of example Tolyatti, Russia (population 720,000) and Detroit, Michigan, USA (population 702,000) are both relatively large single industry municipalities. Further, importantly, while many single industry municipalities are small they are neither necessarily rural nor remote.
- Specific sub-typologies such as company towns are not universally the same between countries or regions even in instances where the same corporate entity is the proponent. Rather a company town's individualism is predicated on more than the company itself because. More often than not, local citizens play a significant role in defining the town's unique character and personality. On the corporate side these centers exist for a variety of reasons. In some instances "company towns are the product of their designer's hope that shaping the built environment in particular ways will allow them to further their political, economic and social goals whether these be exerting greater control over their labour force, ensuring the development of particular types of industrial relations or perhaps more altruistically providing their workers with better housing than they might otherwise be able to secure[2]".
- Many of todays, rich and diversified municipalities actually started as single industry towns. As with the economic premise of most single industry towns, most cities in history owe their development to their strategic geographic location.

And finally,

- Because economic transition is a dynamic concept: (1) given a concerted diversification effort a single industry town today may not be a single industry town tomorrow (e.g. Slavutich, Ukraine); (2) as resources are discovered or depleted and/or market forces revitalize or doom local economies, single industry towns can emerge/disappear; and (3) through restructuring single industry towns can reinvent themselves remaining single industry focussed but in a different industry niche, i.e. from forestry production to wood products manufacture or from rubber and tires to polymer science and research (e.g. Akron, Ohio USA).

In Ukraine at the current time there is no legal definition for the term "single industry town".

There is however a broadly accepted practical definition that, encompassing the opinions of several Ukrainian researchers[3], broadly defines **mono-industrial towns** as those municipalities in which the majority of the resident labour force (as measured by absolute numbers as well as aggregate contributions to taxes and non-tax revenues of municipalities) are engaged in enterprises that are active in one or at most two specific industry sectors.

Further, despite the absence of a legal definition of single industry town, Ukrainian legislation does however legally recognize a "small single function town". These small single function towns are quite distinctly "small towns", in which the specialization of labour (occupations and activities) of the economically active population (active labour force) are determined by enterprises representing predominantly one or two primary branches of economic activity (industrial sectors present within the

[2] Company Towns in the Americas: Landscape, Power, and Working-Class Communities. Edited by Oliver J. Dinius, Angela Vergara.

[3] Vasylyeva N.V., Dotsenko A.I., Kuzmenko L.M., Melnyk V.V., Udovychenko V.P. et al.

community) that form the (represent the primary contributors to the) revenue side of the town budget and ensure functioning of the social infrastructure and other objects of public infrastructure[4]".

Of note Ukrainian legislation also defines a separate specific category of single function towns – including those that are satellites of "uranium ore mining and processing". These towns are broadly referred to as "administrative and territorial units with labour specialization of their population being determined by companies operating nuclear plants and uranium sites[5]".

Within Ukraine's legally defined single function towns there are four distinct classifications based on economic specialization: niche or narrowly specialised (the dominant industry represents in excess of 90% of the local economic base 90%); specialized (the dominant industry represents in excess of 75% but less than 90% of the local economic base); moderately specialized (the dominant industry represents in excess of 60% but less than 75% of the local economic base); and, non-specialized (the dominant industry represents less than 60% but more than 50% of the local economic base).

1.2. The Emergence of Single Industry Towns

To fully appreciate the history of single industry towns and the implications this history has to future planning and the probabilities for sustainability through successful transition and/or revitalization, it is best to start with a proper understanding as to "why" single industry towns are created or were created in the first place. Broadly speaking there are six reasons. These reasons are not mutually exclusive. A word of caution however, on an individual basis each municipality is unique and we shouldn't lose sight of that when exploring the context of their development and evolution or in drawing inferences to programming from other jurisdictions. That said, the reasons why single industry towns were created and are being created include the following six main factors:

1. The municipal location is deemed important for religious, military or political reasons

While not what we tend to think of as being the typical single industry town, there are many international examples of single industry towns that were and are being created given the rationale of religious, military or political importance or expediency.

There are a number of well-known international examples wherein municipalities were established and continue to exist based on a specific or a number of specific religious foundations. Lhasa, Tibet; Varanasi, India; and Vatican City are perhaps three of the more notable and visible examples of this typology though there are numerous smaller centers that also have similar roots and characteristics. In Canada Cardston, Alberta and Bountiful, British Columbia are two very interesting examples of single industry towns whose identities are predicated on a religious orientation. Pochayiv and Svyatohirsk can serve as examples of such cities in Ukraine.

For the most part single industry towns founded on religious reasons have an inherent longevity and sustainability – or at least the perception of such. This is especially true if the location is somewhat remote or removed; and the religious foundations are especially strong. But in the absence of these circumstances the issues of survival and sustainability become a real concern.

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[4] Decree of the Cabinet of Ministers of Ukraine "On the main directions of ensuring comprehensive development of small single industry towns" dated 17.03.2000 No. 521 (void since 18.07.2012).

[5] Law of Ukraine "On nuclear power use and nuclear safety" dated 08.02.1995.

Within the United States the sterotypical "Amish community" is a ready example of municipal fragility. By way of background despite a number of municipalities created in the early 18th century in North America on the basis of the faith most have been unable to retain their exclusive Amish identity. This was the consequence of dissension within the faith but also just as importantly the consequence of social, cultural, economic and political influences of other nearby cities and towns. And while today there remain exclusive communities of Amish members, for the most part these are nothing more than Church districts. The municipalities of the past where they still exist today have changed or been absorbed into broader agglomerations of more open and more diverse municipalities.

In respect to single industry towns established on the basis of specific military reasons, the history of this phenomenon is considerable and given current events will continue to be so. There are some excellent international examples, not the least of which include experience in China, Russia, Britain, USA, and Canada.

In Canada, by way of example, considerable growth in the numbers of military stations and bases occurred post World War II. Notable examples include Cold Lake, Alberta and Goose Bay, Labrador, both focused predominantly on serving the needs of the local military establishment. Further, in the 1950's and 1960's there were a number of smaller municipalities created/re-invented within some of Canada's rural areas that were tied to specialised military establishments including radar stations (DEW Line and Pinetree Line). In the overwhelming majority of cases military bases or stations within Canada were developed alongside or in close proximity to smaller existing municipalities, usually agricultural. More often than not these bases were located for political as much as military reasons, i.e. as local or regional development incentives. Of course, with the arrival of the base the existing municipalities re-oriented their economic focus to accommodate the new growth factors. Over time they became exceedingly dependent upon the military installation.

An example of a single industry town in Ukraine founded upon a military rationale is Bile, Kiliya District, Odessa Region (better known as Zmiyinyy Island). This municipality was established in 1956 as a radar subdivision of the air defense forces as well as a frontier post. More recently a governmental program on Zmiyinyy Island (2002) envisaged the partial demilitarization of the settlement (radar subdivision withdrawn and radar dismantled) to be replaced by a berth for vessels with 8 m keel depth, a wave breaker, a mobile communications retransmission unit, and a scientific research station.

In terms of sustainability these types of municipalities are no better positioned, and arguably much worse, than municipalities based on a purely economic rationale. Military spending tends to be somewhat cyclical and technology related. For instance, in Canada much of the post-war development of military bases has been reversed and many bases and stations have since closed. These closures have had significant socio-economic disbenefits, and while many of the municipalities that were attached to the bases have been able to survive and restructure themselves, not all were successfully transitioned. Other than the large military installations or those installations established within the context of a major municipality, the survival and sustainability of military towns is quite tenuous.

Finally, with respect to single industry municipalities premised upon political reasoning, Russia's and China's experience is particularly dramatic and interesting. In all cases these unique research cities (e.g., in Russia: Dmytrovgrad, Zhukovsky, Troitsk, Zarechny) were locationally designated and kept "closed" for political and military reasons. This categorization also includes "planned socialist towns" including Nowa Huta and Tychy in Poland; Prypiat and Slavutich in Ukraine; Novopolotsk and Soligorsk in Belarus; Eisenhuttenstadt and Schwedt in Germany; Dimitrovgrad in Bulgaria; Angarsk, Komsomolsk, Magnitogorsk in Russia; Šturovo in Slovakia, and many others.

Unfortunately the long-term survivability of these centers is very much dependent upon the uncertainty of political whim.

2. There is a site specific resource in place that economically supports the rationale for the creation of a municipality

By far the most common set of images that come to mind when discussing single industry towns are those municipalities developed around critical economic resources such as power (e.g. hydro-generating sites); minerals (e.g. gold, coal, copper, iron ore and the like); renewable natural resources (e.g. forestry, fishing and the like); transportation (e.g. at the confluence of rivers, ports, rail and the like); and tourism (e.g. ski hills, along seasides, lakes and the like). These municipalities as a rule tend to be small and isolated. They exist as a focal point for extraction, processing, or utilization, as well as to house the needed workforce.

Typically these municipalities are resource towns, resort towns and company towns.

On an ongoing basis these municipalities prosper or suffer as a consequence of fluctuating global demands and prices for those commodities or services that dominate their local economies. In the longer term, with those municipalities premised on a depleting resource, the inevitability of becoming a ghost town is particularly worrisome. In the past this would have been inevitable. Today there are many instances of better planned municipalities that start early in defining and implementing strategic initiatives that serve to diversify and better position the community for a more sustainable future.

3. A locally embedded entrepreneur successfully develops his business or brings in capital and new ideas for an enterprise

Some single industry municipalities have evolved as such based on the vision and initiative of a resident entrepreneur or a number of local entrepreneurs. In the past we might think of Noisel, France (home to Menier chocolate and a history of family members being the City's Mayors for almost 90 years) as one classic example and Irvine, California (developed under the banner of the Irvine Company) as another. The premise of this evolution is the initiative from an individual or individuals already embedded within the community. These examples and others provide proof that municipalities that are described as small as well as those described as entrepreneurial are not inconsistent dual traits. By way of confirmation, in India: "… the world's largest company in value-added spices, one of the world's Top 10 publishing BPOs, India's biggest exporter of hand-knotted carpets, largest machine tool manufacturer, largest honey exporter, and largest leather exporter all started up in small towns in India, not the big metros[6]." Clearly then, the scope for the ongoing creation or evolution of single industry towns based on this format of growth and development is especially promising given today's environment of technological opportunity.

Though there is an absence of research to confirm the point, it is logical to assume that municipalities with these roots are especially well positioned to handle the challenges of ongoing survival and sustainability given their inherent entrepreneurial character. In fact within the context of local economic development it has been postulated that the best solution to rural economic development problems would be for local communities to forget about attracting industry, and focus on retaining creative, entrepreneurs.

That said as with company towns, they are often subject to the relative stability or instability of a single or very few enterprises and a limited supply of entrepreneurs who are firmly attached to the community.

[6] Patriotism plus passion: stories of 20 entrepreneurs from small towns in India. Madanmohan Rao. April 27, 2014.

4. A firm or industry that started in the municipality expanded over time but remained at the location

Firms that expand and choose to remain at their initial location more often than not do so because they accrue certain industrial benefits in staying so located (market access; skilled workforce; economies of scale; resource access; agglomeration advantages or cluster advantages; and so forth). However it should also be noted that the rationale to stay in place might also be because the entrepreneur was already embedded or tied to the community in terms of social, economic, political and/or religious considerations.

This typology represents one of the more common foundations from which new single industry towns are created today. It includes those where specialization from one sector to another is a basis to create a new single industry town (i.e. a municipality with a predominant forest base is redefined as a consequence of the growth and expansion of local tourism assets); or a municipality that is relatively well diversified but takes on a single industry character (i.e. a municipality that is relatively well rounded in terms of industry sector representation is altered by growth in a specific sector such as electronics and technology).

These municipalities can prosper significantly by growth and development that is essentially organic. On the other hand these municipal typologies can be somewhat riskier in respect to confirming long term sustainability in those instances where the community ties of the entrepreneur or entrepreneurs overshadow or preclude the interests of the enterprise.

5. For development reasons some level of government determines that a specific industry should be located accordingly

There are instances where municipalities are created or enhanced economically based on political priorities and decisions. These priorities can range from considerations such as national security and include centers dedicated to research and development of high technology products, to national interest and include centres established for the purpose of promoting a more equitable geographical distribution of the benefits of national and regional growth and development.

In terms of application the approach can be very directive such as the creation of a unique science city (e.g. Kansai Science City, Japan) or a binding offset agreement that specifies the location of new industry or unsually enhances an existing/underdeveloped industry – a practice that is especially evident in a vast majority of defence contract offset agreements. It can be less directive and less visible as in the use of special incentives and grants that alter the locational decision-making matrix of firms thereby promoting one location over another. Or, in terms of application the approach can be quite subtle through the use of some form of moral suasion. Regardless the effect is the same in most cases, though the degree of resource misallocation will vary as represented by the encouragement of development based on considerations in addition to or in the absence of the interests of rational economic choice.

Clearly because the underlying motivation is not that of economic efficiency of resource use but rather political expediency the longer term sustainability of these new single industry towns can be quite unsteady; especially so when the effects of the subsidies run out. This is not to say however that single industry towns of this ilk are necessarily temporary as there are occasions where the designation properly undertaken becomes a catalyst for deeper and broader municipal growth and development.

6. The desire of a firm to be in a small place to allow it to dominate the local labour market and local government system (the company town)

A company town is generally defined as a place or location, where practically all stores and buildings are owned by a single company that has a geographically-linked business need and so provides employment and infrastructure (housing, stores, transportation, sewage and water) to support the effort.

Company towns are usually located in remote areas. While the company town is typically defined by its economic rationale it is the peculiar internal structure and inner workings of company towns that best typify the essence of these communities. In short the common feature of all company towns is the degree of company control and supervision, reaching beyond the workplace into workers' private and social lives.

Some observations:

"[Company towns] are the corporate equivalents of cities on a hill, monuments to the power and creativity of the corporation. But at the same time they represent a triumph of the collective over the individual, places where the bosses own the workers[7]."

"Company towns are the spatial manifestation of a social ideology and an economic rationale. Company towns …. advance the frontiers of industrial capitalism and have become powerful symbols of modernity. They expand national economies by supporting extractive industries on thinly settled frontiers and, as a result, bring more land, natural resources, and people under the control of corporations[8]."

"Company towns are built upon three major bases: (a) local bossism, i.e. the control over political and repressive powers; (b) paternalistic rule exceeding the basic requirements to attract and stabilize the workforce, and also exertion of a strict control over the workers' lives, salaries and political choices, and (c) personalistic and charismatic authority, validated by a nurtured perception of the boss as someone of exemplary value and extraordinary qualities[9]."

Company towns are best understood in the context of their history and evolution. They first appeared in Europe and North America with the industrial revolution and followed the expansion of capital to frontier societies, colonies, and new nations. Company towns were an integral component of the 19th century European landscape. The earliest U.S. company towns were the New England textile mill towns of the 1820s. The existence of these early incarnations laid out the distinctive image of many towns and villages we see today.

The United States has had more experience with company towns than any other country. At one point the United States had more than 3,000 of them. They were particularly popular in the South and West, and in the mining and lumber industries.

Common characteristics of US company towns included the following: (1) they were financed, built and operated by only one company; (2) the landholder of the town is or was also the primary employer; (3) the architecture of the town delineated a clear hierarchy separating management from labor and reinforcing ethnic segregation; (4) housing was constructed cheaply and with uniformity; and (5) housing was located near the worksite to maximize efficiency. For a number of economic, political and social reasons the phenomenon of company towns is less prevalent in the US today than it was half a century ago. On the corporate side American company towns gener-

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[7] The Company Town: The Industrial Edens and Satanic Mills That Shaped the American Economy. By Hardy Green. 2010.

[8] Company Towns in the Americas. Landscape, Power, and Working-Class Communities. Edited by Oliver J. Dinius and Angela Vergara. January 2011.

[9] Northeastern Company Towns; History, present and future perspectives. Article Published In Ticcih Bulletin 51, 1st Quarter. 2011. http://patrimonioindustrialbrasil.blogspot.ca/2011/04/article-published-in-ticcih-bulletin-51.html

ally died when the company hit a rough patch, and decided they couldn't subsidize their town anymore; on the worker side the heavy internal emphasis on paternalism and bossism became less attractive and workers increasingly sought less coercive opportunities elsewhere.

For a number of economic, political and social reasons the phenomenon of company towns is less prevalent in the US today than it was half a century ago. On the corporate side American company towns generally died when the company hit a rough patch and was unable to continually subsidize the town. On the worker side the heavy internal emphasis on paternalism and bossism became less attractive and workers increasingly sought less coercive opportunities elsewhere.

While company towns are often criticized for their undue emphasis on social control, they also provide an interesting insight into a format of urbanism that successfully merges production with social stability.

Coincidentally while today the trend is toward fewer and fewer company towns in North America there is a growing number of these single industry towns in China, Latin America and Asia.

Elsewhere in terms of illustrating the global spread and economic importance of the company town phenomena, the French city of Le Creusot, the German cities of Ludwigshafen, Wolfsburg, Leverkusen and the Japanese city of Kitakyushu are notable company towns with significant ties to the history and evolution of their respective countries' economic prosperity. The experience of cities such as Bourneville in England; Cabramurra, NSW in Australia; Jamshedpur in India; and Firmat in Argentina are also interesting examples. In Spain, the boom of industrial factories propelled "colonias" like Sedó and Guell. Again as an affirmation of the importance of the company town in economic history, a notable UNESCO heritage site includes Crespi d'Adda in the north of Italy as a typical example of a company town at the end of the 19th century.

Of course dating back to the 1890's company towns were very important in Canada's capital formation and industrialization, urban development, and trade-union movement. The numbers of company towns in Canada is hard to estimate, given issues with classification, however a number of research documents suggest the list is upward of 1,000.

In Ukraine and Russia as a consequence of post 1992 privatization schemes many of the so called mono-industrial towns became what we would traditionally refer to as company towns, though these particular examples have a number of very unique characteristics.

Research shows that company towns, despite their obvious commonalities are, even within the same region and country, distinct urban communities often with their own language, organization, and culture.

Company towns with a resource focus often follow a "boom-bust" cycle. Once resources are exhausted their remains are often either abandoned or serve as a framework for a spontaneously emergent city that has diversified its economy during the tenure of resource extraction.

When it comes to survivability and sustainability, company towns are different from many other so-called single industry towns on a number of levels. By way of example, their paternalistic structure is a valuable asset in maintaining a skilled workforce and in so-called pulling together as a community in a time of crisis. At the same time, this approach tends to limit the community's overall resilience by limiting individual worker flexibility and adaptability to necessary change. In support of this and by way of example, there is an abundance of research suggesting a general dearth of entrepreneurial focus and entrepreneurial inclination within company towns. And while this attribute might be desirable within a paternalistic oriented community, it is a significant impediment to longer term survival and sustainability efforts within the context of company closure and impending community dissolution.

Like most single industry towns throughout the world, the emergence of many of the single

industry towns in Ukraine has tended to be premised on not one but rather on a collection of interrelated development factors. By way of example the City of Donetsk was initially organized as the Yuzivka company town led by an entrepreneur named John Hughes. It's establishment was in part premised on the presence of a specific ore body and fostered through government incentives for the iron and steel industry in the region. In part its development also reflected a military rationale because after the country's defeat in the Crimean War there was an urgent need for the development of railways and rails production. Together these factors illustrate not only the rationale of the development of the community but highlight its inherent strengths and weaknesses in terms of survivability and sustainability.

1.3. The Importance of Single Industry Towns

It is generally accepted that municipalities or urban regions are the vital competitive units of the global economy. They are the place of inventions, investment, jobs, trade, production and incomes. In fact, in every country more than half of the national income is generated within municipalities. And because each nation's economic growth and standard of living depends on the contributions of successful municipalities, their ongoing survival and sustainability is critical.

Within that inventory of municipalities and urban regions, single industry towns are significant players. Unfortunately while we implicitly understand there is value and we know that as a subset of all municipalities and urban regions that there is some magnitude of proven value, the actual and exact importance of single industry towns as a group either on a regional or national or a broader global basis is difficult if not impossible to ascertain exactly. We also realize that this city type tends to be especially vulnerable to boom and bust cycles and thus at one point in time they may be regarded as significant contributors to national economic prosperity while at other times be perceived as a drag. That said perhaps the following observations on the direct and indirect impacts of activities within selected resource and company towns provides some insight into the importance of these unique communities:

"The discovery of gold deposits on the Witwatersrand in 1886 was a turning point in South African history. Far more than diamonds, this changed South Africa from an agricultural society to become the largest gold-producer in the world. Wherever people found gold, another little mining camp grew. Langlaagte became part of a big mining camp called Johannesburg [10]…"

"B2Gold, a company based in Vancouver, Canada, operates Nicaragua's largest gold mine in La Libertad. The company's efforts have helped Nicaragua double gold production in the past three years and has created jobs in La Libertad. Gold is now the country's third-biggest export, following coffee and meat… gold has helped the economy grow by 4 percent annually in the past year, the highest rate in Central America[11]."

"Although the whole state of California is known because of the gold rush, one of the most significant and important places of the gold rush was the city of San Francisco. Before the rush San Francisco was a small tired village, but after the gold was discovered it was soon one of the fastest-growing cities in the world[12]."

Arguably these broad and forceful economic impacts can be ascribed predominantly to the

[10] South African History Online. The Glitter of Gold. http://www.sahistory.org.za/archive/glitter-gold

[11] Nicaragua's gold mining industry is booming, boosting country's economy. PRI The World. January 2012. http://www.pri.org/stories/2012-01-07

[12] The Impact of the California Gold Rush. http://lessons.ctaponline.org/ and http://www.acusd.edu/~qlynch/project.html

importance of "gold". However regardless of the value of the resource, the importance of the municipality was and is critical to the exploitation of the resource.

Lets further consider the following observations when seeking to ascertain some measure of the incidence and relative importance of single industry towns internationally:

- A list of Australia's richest suburbs and towns compiled on the basis of census statistics indicates that mining towns now dominate amongst the country's most affluent areas.
- Today about one million Canadians live in some 1,950 natural or specific resource-reliant communities across Canada.
- In Kazakhstan more than 1.5 million people (16.8 percent of the urban population of the country) live in 27 company towns.
- According to a Russian government study conducted in 1999-2000, there were 467 cities and 332 smaller towns in Russia that could be classified as single industry towns. The combined population of these towns was 25 million, or a sixth of the country's total population.
- According to recent count, there were 110 company towns in Brazil. There are also company towns in Austria, Australia, Argentina, Belgium, Bolivia, United Kingdom, Denmark, Dominican Republic, India, Indonesia, Ireland, Spain, Italy, Malaysia, Mexico, Netherlands, Germany, Norway, Pakistan, Peru, Portugal, Romania, USA, France, Chile, Japan, as well as throughout Africa and the Middle East (e.g., there are 281 single industry towns in Iran, alone).

In Ukraine today there are one hundred and eleven designated mono-industrial towns. This represents near 25% of the total of all Ukrainian cities, a not insignificant number by any measure. As a reflection of economic focus and diversity the majority of Ukraine's single industry towns, 32 municipalities or 29% of Ukraine's total number of mono-industrial towns, have an economic base dominated by coal extraction. This is followed in representation by 27 or 24% whose economic well-being is tied to various processing industries; seven with an economic base primarily engaged in mineral extraction, processing and quarrying; nine in power production; six in chemical and petroleum refining; eighteen in agricultural processing; nine in transportation; two in health and leisure; and, one mono-industrial town whose primary economic foundation lies with arts and craft production.

Of course there is considerable variation in socioeconomic circumstance and transition prospects amongst Ukraine's mono-industrial towns. This differentiation can be used to further categorize and by implication better understand these unique municipalities and their prospects for sustainability. The basis of this further differentiation is to some degree dependent upon the stability of the population, i.e. in this case some of the more stable mono-industrial towns are located within the Lviv Oblast. However for the most part socioeconomic variability, vulnerability and transitional prospects are best reflected by industry focus, i.e. those mono-industrial towns premised on energy generation tend to demonstrate a higher level of economic development and stability while those in the mainly coal mining centres in Donbas and especially in the Luhansk are the most vulnerable and unstable.

In terms of comparisons based on socioeconomic circumstances and as an aggregate implication to the urgency of transitional efforts the following segregation is notable[13]:

- "Leading towns" are those typically characterized by levels of socio-economic prosperity higher than the average across Ukraine. Examples: Vilnohirsk in Dnipropetrovsk Oblast, Energodar in Zaporizhzhya Oblast, Kuznetsovsk in Rivne Oblast, Netishyn in Khmelnytskyi Oblast, Yuzhne in Odesa Oblast, Yuzhnoukrainsk in Mykolaiv Oblast.

[13] Socio-economic problems of development of monotowns. http://old.niss.gov.ua/monitor/Juli2009/33.htm

- "Moderately developed towns" are those municipalities identified on the basis of socio-economic prosperity being such that is roughly comparable with Ukrainian averages. Examples: Vugledar and Avdiivka in Donetsk Oblast, Krasnoperekopsk in the Autonomous Republic of Crimea, Ordzhonikidze, Pershotravensk and Ternivka in Dnipropetrovsk Oblast, Rovenki in Luhansk Oblast.
- "Depressed towns" include those showing significant evidence of economic, social and environmental decay, seriously lagging in socio-economic development, and near depleted or already exhausted resources. Example: Debaltseve, Dzerzhynsk, Dymytrov, Dobropillya, Dokuchaevsk and Kirovske in Donetsk Oblast, Kupiansk in Kharkiv Oblast, Marganets in Dnipropetrovsk Oblast, Novovolynsk in Volyn Oblast, Rubizhne in Luhansk Oblast.

2

Transitional Challenges and Strategies in Single Industry Towns[14]

[14] Contemporary Policy Issues in Rural Single Industry Small Towns in OECD Countries. John Bryden, NILF, Oslo, Norway. October 2009.

2.1. Transitional Problems

Regardless of location and context, the well-being of single industry towns and their inherent prospects for ongoing sustainability and/or successful transition are clouded by a number of common concerns. Beyond the obvious concerns or issues with their vulnerability to a boom and bust cycle as a consequence of fluctuations in global markets or more simply resource depletion; general lack of economic diversity and alternative economic opportunities; and, in the case of company towns, overt dependence on a single benefactor; there are a range of less obvious but equally concerning problems, usually including any number of the following:

- The municipality is largely controlled by outside interests.
- The middle class is relatively weak and usually includes only a small group of managers, merchants and professionals.
- There is usually a high turnover in the labour force, especially in remote areas.
- Education and skills of the local labour force are tied to one industry or even to one enterprise.
- As a norm, wages within the local workforce tend to be relatively high compared to other communities as an incentive to attract and retain workers.
- Low levels of resident entrepreneurship and an absence of the supporting framework.
- Problems in attracting and retaining professionals in what may be isolated and possibly unattractive locations for young people and families.
- Quality of life concerns including both problems of social isolation and limited provision of a diverse range of services.
- Generally planned with a limited lifetime and lack the flexibility and foresight for accommodating future transition.
- Domination by the interests, issues, and needs specific to the male population. Women have typically been associated with the domestic realm, with little opportunity to access formal (waged) employment.
- The out-migration of youth, who take with them energy and fresh ideas. Relative non-involvement of some groups in economic development.
- Difficulty to develop a sense of community in a town, where no one has roots.
- The absence of new ideas coming into and inherent conservatism of small communities, which generally precludes new and different ideas declining communities.
- There is less support for leaders in communities that are in decline.

The degree of seriousness of each of these problems is dependent upon location and context. And therefore to better understand the depth of potential transition concern and the probability of transition success the following types of considerations need to be taken into account:

- Is the community remote and isolated or does it exist in close proximity to the influence of other urban centres? What is the size of the municipality and how cohesive and connected is it? (e.g. the more isolated the community the greater the relative impact or burden of transition difficulties and the least able a community is able to respond in a positive manner).
- Does the community have historical roots, attachments and/or an identity prior to its establishment or does the community define itself by that "single industry" in which it so heavily relies?

- Is the labour force drawn from the community or is there an abundance of temporary migrant workers?
- Is the workforce unionized and does the community have an active public sector?
- What is the governance structure within the municipality and to what extent is citizen engagement a central tenet in strategic planning and decision making? Is municipal planning indicative of development imagination?
- What are the unique characteristics of the resident dominant industry's foundations – is it premised on renewable or depletable resources? What are the implications of changes in legislation; competition; business climate; technological change; global markets?
- Is the rationale or foundations of the municipality economic, political, military or religious based or a combination?

It isn't surprising to find that the well-being of mono-industrial towns in Ukraine and their inherent prospects for ongoing sustainability and/or successful transition are burdened by a number of factors very similar to circumstances elsewhere. By way of example there is a generalized absence of entrepreneurial endeavor and even interest amongst the local populace; and, there is significant vulnerability by most municipalities with global market dynamics. There are also some uniquely Ukrainian challenges:

- Typically in Ukraine's mono-industrial towns before privatization major enterprise would take on the responsibility for and absorb the cost of selected socio-economic services. This approach was usually the foundation of most state-owned enterprises and was typically part of the agreements when these enterprises were sold to private interests. However, during times of economic difficulty these responsibilities were often ignored by the companies and instead pushed onto local, regional, and national levels of government.
- Most mono-industrial towns have a sizeable share of pensioners within their resident populations (40-50% of local population). This is often a consequence of typically preferential retirement terms.
- Highly skilled/educated labour force participants as a rule would rather change their place of residence to preserve their occupation than change professional orientation and stay in the community (e.g., over 1,500 highly qualified nuclear staff left Slavutych following the Chernobyl closure).
- These single industry towns are mostly the product of Soviet planning where the location of one industry is not necessarily linked locationally with ready access to suppliers, partners (clusters/agglomeration synergies) nor customers.
- In the Soviet Union, urban planning and architecture played a crucial role in shaping the socialist way of life. The Soviet Union fostered the industrialization and urbanization of its territories, and the concept of socialism and communism was inseparable.

Other than the transition challenges noted above, in cases where the enterprise remains intact, often times it is the enterprise itself not the municipality that lacks the capacity to succeed or successfully transition itself to another political/economic reality. In this regard much has been written on the cause of industry failure in mono-industrial towns and the following five factors are noted frequently:

1. There is often a lack of knowledge and motivation by enterprise owners and managers to change and adjust to new circumstances;
2. There is lack of flexibility in the production process to accommodate different products or volumes;

3. There is a general dearth in available funding or investment to facilitate retooling;
4. Management tends to lack the skills and expertise of their international competitors;
5. The work force is generally under skilled and too numerous.

2.2. Transition and Sustainability

> *"Transition is more than just a change, it is a process. Transition in terms of single industry communities refers to a period of decline resulting in something different from the previous condition, a new direction for successful development of the community. For all communities transition is about self-determination[15]".*

The case has been made that the success of each and every individual municipality has a direct bearing on regional and national economic prosperity. However single industry towns are unique and the case can be made that there are certain instances where dislocation and decline is not simply expected but good economics, though certainly not in many nor most communities. And thus what we have here is not a debate on the relative merits of survival, transition and sustainability but rather an insight into how it might best be effected given some level of interest and commitment to the effort.

In any discussion on transition and revitalization it is important to remember that you can not force economic prosperity and relevance on a locality, or turn a once under-developed area into a thriving municipality in a short term. Successful transition can take decades and typically requires a multi-faceted approach with continued effort. Realism and context are especially important. And sometimes that is difficult in communities where because that single industry played such an important role, many people cannot imagine other paths of development. Of course it needs to be recognized that a good portion of the broader development process is driven by exogenous factors which municipalities can not influence. Nonetheless there are a range of possible actions that can be taken by municipalities and these actions do have impact.

As a necessary caution in the narrative that follows we need to remind ourselves that sometimes transition efforts fail to achieve their full potential because there is too great a focus on transplanting an approach from one municipality to another without recognizing the importance of differences in circumstance and context. In truth it is simply not possible to completely replicate an approach. The best approach is always the one that reflects the realities of local circumstance. Without this adaptation there is little expectation of success in the effort.

2.3. Transition Strategies

In terms of single industry towns, transition implies a process that begins initially with some crisis or decline following which the municipality reinvents itself or restructures to an alternative more sustainable future. In this process there are typically three stages: crisis and decline; recovery; and new beginnings. However while the process is three stages the successful transition effort itself must necessarily begin much earlier. It certainly must begin before decline and be carried out throughout the entire process. Within the context of each of these four stages

[15] Survival Skills: The Economic Transitioning of Forestry and other Single Industry Communities The Rural and Small Town Programme Mount Allison University. March 2007.

then, there are certain lessons learned and best practices that can enhance the probability of successful transition.

Transition Strategies – Pre-decline or Pre-crisis (the Growth Years)

In an ideal world the transition effort would have been introduced from the very beginning of the municipality's incorporation or at a time when there was some evidence that an existing municipality was taking on the appearance of being highly dependent on a single industry sector. Of course the early introduction of transition strategies for the most part isn't a common trait of most of the single industry towns we see today though it is becoming an increasingly important aspect of newer single industry towns. Such important "pre-crisis" transition efforts would include:

- Building the foundations of local leadership – Successful transition efforts require the strength and commitment of a number of engaged local leaders. Community economic vitality is largely determined by the quantity of leaders in a community and how, individually and collectively, they talk, decide, act and interact with one another. Having in place strong leadership is the starting point for positive change and development within a municipality.
- Ensuring local government has the credentials or access to the appropriate mix of skills and expertise to introduce and support a transition strategy – Economic development activities are unlike the other roles and responsibilities typical of local governments. They involve market-based transactions, and incentive structures, rather than public service delivery. They require a unique set of skills.
- Developing a shared vision for the future of the municipality – This shared vision should be grounded on a proper and objective understanding of the municipality's economic geography, the role it plays regionally, nationally and globally. The effort should be: (1) inclusive and substantive; (2) based on honest and transparent discussion; (3) grounded in reality; and, (4) consider both current residents and potential newcomers.
- Undertaking a LED strategic planning effort – While local industry is still strong, it is important that the municipality make plans to develop the local economy and mobilize the local community to participate in that process. The strategy needs to be clearly understood and accepted by all the key interests in the city.
- Promoting community ownership and citizen empowerment – This is best achieved by emphasizing the importance of civic engagement and participation in the planning process. It is important to ensure the process is inclusive and transparent. The plan should build from citizen/stakeholder input.
- Committing to work together as a community – There must be an understanding and some level of commitment by the local governments, local enterprises and key stakeholders to work together long before economic crisis occurs. Trying to add a vision and strategy exercise onto an already stressful period of economic crisis is clearly not the best way to success.
- Ensuring private sector involvement and commitment to provide the earliest possible warning of economic concerns and a similar commitment on the part of the community and government decision makers to build on any lead time afforded by such notice.

Transition Strategies – Crisis and Decline

Even though it is pretty clear that single industry towns are by definition extremely vulnerable to dislocation and decline, when a crisis hits there is always some sense of surprise and panic. This occurs despite the fact that there is usually an ample number of warning signs of impending decline. Even though the process of decline can be quite drawn out there is an urgency to act

and to use all opportunities for transition if any hope for a successful transition is to be realized. Certainly there are very few if any examples of single industry towns that survived in the absence of undertaking any transitional activities.

During a period of "crisis and decline" the transition effort needs to be well focused and proactive. Assuming some attention has been paid to those "pre-crisis" transition strategies, even if the effort occurred during the period of crisis and decline, important next stage transition efforts will generally include:

- Taking Responsibility – Understanding and accepting that a proper response to the challenge is one that has a unique local orientation and one that needs to be directed by local authorities. Taking responsibility is an essential first step in the transition effort. Municipalities required to use their own capabilities often require changing attitudes and organizational structures as well. This is a challenging situation especially so when we acknowledge that many of the determinants of municipal socio-economic well being are outside the control of the municipality.
- Mobilizing a short-term response – It is important early on to undertake some effort to lessen the immediate financial and emotional effects of job loss, income reduction and other economic aftershocks amongst the local population. The effort need not have to be extensive nor expensive but rather serve to acknowledge the situation and provide some manner of relief.
- Gathering together working groups of key stakeholders and appointing a dedicated and committed development organization to proactively implement programs and seek out projects and investment opportunities.
- Setting aside or developing new financial mechanisms and sources to meet transition needs is critical.

Operational Focus:

- A community's uniqueness can often be at the core of its competitiveness. How a community leverages or creates its own uniqueness of place can help set it apart from other municipalities.
- Working on a regional basis as a means to capitalize on regional strengths and share service delivery costs. Collaborating with other levels of government and organizations to put appropriate supports in place and to leverage resources can yield substantive synergistic benefits.
- Encouraging "forward looking" land use planning that envisions the orderly development of industrial, commercial and residential spaces. – There needs to be a change of focus from supply driven to demand driven. Well-planned spaces would foster a greater sense of community and encourage diverse businesses to migrate to the town.
- The lesson of many company towns is that few long-term benefits are to be gained from providing artificial life to the company. The subsidies, tax breaks, and lower wages that are required by such companies rarely work. In effect, the benefits of such actions often are limited to buying time for displaced workers.
- Changing the investment climate by removing disincentives and deterrents; introducing innovative investment attraction/facilitation programs/services; and proactively pursuing specific investment opportunities premised on local assets including opportunities for value added, value chain or business cluster initiatives. Inherent in this task is the politically difficult task of prioritizing companies and forms of inward investment.
- ntroducing or enhancing business retention efforts that target support to local enterprises and the local business community as they seek to retrench and survive. Using this base of local enterprises as a platform for future growth and development.

- Promoting an entrepreneurial culture and environment that acknowledges the importance of entrepreneurs and builds on the establishment of successful SME's as the cornerstone of a successful transition effort.
- Ensuring an emphasis on education, skills and innovation in the transition effort. This includes efforts at supporting the workers of impacted enterprises through transition and training. Educational, training and research establishments must be closely involved in the strategy and its implementation for regeneration and economic development to be successful. They must share the vision, and ensure that their actions reinforce it.

Transition Strategies – Recovery

A period of recovery implies hope. Unfortunately, all too often a period of recovery also implies complacency. Yet this is not the time for complacency. It is the time to ensure that the transition effort isn't simply successful, but sustainable. In this regard important "recovery" transition efforts would include:

- Ensuring that Institutions, organizations, systems and processes are in place to support and maintain the flexibility of action and response. They will help in the effort to seize opportunities and to react to circumstances that inevitably change over time.
- Acknowledging that transition management depends on many complex and interrelated factors and on the combination of strengths brought to the task by all actors. Ongoing recovery will depend on a range actions including planning and implementing economic strategies, providing incentives for industry and new resident relocation to communities, maintaining service levels, stabilizing municipal debts and revenues, providing worker support, and maintaining high community morale.
- Successful communities all have certain characteristics in common that make the process of transition a realistic and achievable goal. These characteristics include those that build resilience and sustainability over time. They include: a willingness to take risks; being flexible and accepting of change; strong leadership; forging partnerships and maximizing synergies based on cooperation; being proactive and committed; paying attention to the importance of planning and especially its implementation; and an emphasis on broad community engagement.

3

Selected Case Studies of Community Transition Experience

The preceding sections of this document have presented sufficient evidence to confirm that there are many municipalities around the world whose entire socio-economic well-being and survival depend on a single industry or single company or single resource. And, as discussed, because of this heavy dependence these communities are particularly vulnerable to such factors as resource depletion, technological change, industry restructuring, shifts in world markets, changes in government policy and priorities, and so forth. Of course industry restructuring and closures are nothing new. In fact, by way of example because most natural resources can be exhausted, resource industry closures are an inevitable fact of life. That being said, despite the inevitability of change community transition from a past that had depended on a single resource or single employer to a future based on a new economy is seldom adequately planned for and consequently seldom successfully achieved. The numbers of ghost towns that populate the landscape illustrate very well that the journey is at best challenging.

In the narrative following, the experiences of six transition communities are described. Three of them are from Ukraine, one from the USA, France, and Canada. All have achieved some level of success in their efforts to re-invent and revitalize themselves. All of these municipalities are different on a number of levels: location, geography, resources, governance, demographics, as well as social, political, economic, and environmental circumstances. Of course, they also differ from each other in terms of the problems they faced and the opportunities they pursued. However, collectively their journeys are somewhat similar and it is these experiences that provide important insights and lessons for other municipalities facing similar transition journeys.

3.1. International Experience

Ponca City, Oklahoma (USA)[16]

Community Context

Ponca City is located in north central Oklahoma in close proximity to Tulsa, Wichita, and Oklahoma City. The municipality has marketed itself based on its central location, which allows it to serve as an effective hub for distribution and for manufacturing, research, and corporate facilities. Ponca City also has small-town advantages such as low crime, a low cost of living, and a close-knit community.

Ponca City was created in 1893. It was selected for its proximity to the Arkansas River and the presence of a fresh water spring near the river. Oil has been the major industry in this municipality of 25,000 since 1911. For most of its history, the city had been a one-company town as the headquarters for the Conoco Oil Company. At its height in the 1980s, Conoco employed over 5,000 people in research and development, refining, human resources, management, and more. Ponca City was not only a one-company town but a one-industry town, with the local economy 80 percent oil-dependent and totally invested in the success of Conoco.

The Transition Period

Ponca City was first hit by major downsizing at Conoco in 1993, when approximately 1,400 jobs were cut, resulting in an annual payroll reduction of $40 million. This precipitated an economic slowdown in the city and county in 1993 and 1994. The unemployment rate, which had always been well below the national average of six percent, jumped to 12 percent and unemployment compensation claims more than doubled from the previous year. Then in 2002, Conoco merged with the Phillips Petroleum Company and laid off more than 3,500 workers. The town's psychology and identity was rocked by the downsizing of its one major employer.

[16] This case study was sourced from materials prepared by the International Economic Development Council (IEDC).

Very early on after the beginning of the decline a number of initiatives were put in place by the local government to re-energize and refocus the community. These included:

- **Establishing and Funding a New Economic Development Organization.** With the need for economic diversification away from the oil and gas industry Ponca City immediately moved to establish an Economic Development Advisory Board (EDAB). In conjunction with the establishment of this Board, the City adopted a half-cent sales tax and used this funding to offset expenditures incurred in attracting major employers. EDAB also used available funding to support other smaller businesses through economic development funding incentives.
- **Creating a Proactive Business Retention and Expansion Program.** In terms of other on the ground programming, the Economic Development Advisory Board set up a business retention and expansion (BRE) program to understand and address the needs of existing employers in the community. The BRE program focused on three issues: understanding the immediate needs of the business community, providing business and industry intelligence to help them become more competitive, and providing worker training. Regular visits to businesses in order to develop and strengthen relationships became the cornerstone of the BRE program.
- **Collaborating with a Technology Centre to Re-train the Workforce.** As a major component of improving the competitiveness of Ponca City businesses and addressing the needs of the newly displaced and unemployed, the Economic Development Advisory Board collaborated with a local career and technology education center (Pioneer Technology Centre) to deliver workforce training services.
- **Building an Industry Cluster around a Technology Lab.** One of the biggest successes in Ponca City's transition efforts was a partnership forged between the Economic Development Advisory Board, the local campus of Oklahoma State University, and the city's major employer/enterprise (ConocoPhillips). Through this partnership a high technology testing and evaluation center was created. It led directly to the creation of 52 jobs, which was expected to grow to 120 at full capacity. Indirectly, and most importantly, this initiative resulted in the creation and attraction of a number of other businesses into the community.
- **Nurturing Entrepreneurship through an Incubator Facility.** Concurrent with the development of the technology lab, an incubator for small businesses was also opened. The Business Incubator offered typical incubation services, providing workspace at discounted rates as well as shared services and technical assistance to fledgling businesses. It also offered entrepreneurship and skills training, management development, themed seminars and consultations (such as assistance with developing business plans, loan proposals, or feasibility studies), help with recruitment of workers, and both soft and hard skills training, all in one location. A majority of the businesses locating in and graduating from the incubator engaged in light manufacturing. In its almost two decades of operation, the incubator has had many successes. A total of 40 businesses have graduated from the program, with 86 percent still in operation. A total of 120 jobs were created by those businesses. Many of the businesses graduating from the incubator feed into the supply chains for the petrochemical, service industries as well as science and technical research.

Key Outcomes

Ponca's City's diversification strategy with its emphasis on quality jobs in knowledge-based industries positively impacted the local and regional economy. Companies locating in Ponca City have produced a higher percent of knowledge-based jobs and higher average pay. Ponca City also has won awards for retaining and expanding businesses. In May 2008, it received an award for the best business retention program in North America. It also won an award from the International Economic Development Council for Economic Development Excellence.

Lessons Learned

1. Ponca City could have tried to replace the jobs it lost from Conoco using the one-company, one-industry model that was the local economy's historic base. It could have tried to recover in the quickest, cheapest way possible by attracting a large manufacturer with a package of local and state incentives. Instead, the

city took the opportunity to transform its economic base by significantly reducing its dependence on oil and developing high-tech, knowledge-based jobs.

2. Ponca City's economic development strategy was based on the city's unique competitive advantages. It sought to build a strong workforce that could fuel the growth of startup companies, the expansion of existing ones, and the attraction of new companies. To that end, Ponca City invested heavily in training its existing workforce, and attracting highly-skilled workers from outside. It also took a chance on developing its own scientific research lab. Ponca City showed that it wasn't just interested in filling vacancies; it was investing in the full range of potential and existing workforce talent as the foundation of an economically competitive, equitable future for the city and its residents.

Tumbler Ridge, British Columbia (Canada)

Community Context

Tumbler Ridge is a district municipality located in the foothills of the Canadian Rockies in northeastern British Columbia, Canada. This relatively isolated community is currently home to 2,710 residents. It is a planned town founded in the early 1980s in British Columbia's interior to service the development of two coal mines ("Quintette" and "BullMoose"). Tumbler Ridge began as a megaproject designed to capitalize on rising energy prices. It was the province's youngest community and expected to be the last "instant town"[17]. Within the context of planning this town special efforts were expended in keeping the coal mining facilities well separated from the town site to minimize the feeling of a company town. An attempt to mitigate potential lifestyle conflicts between families and childless households was made by separating the low-density, single-family dwellings from the low-rise apartments.

The development of the town was based on a 15-year agreement to sell 100 million tons of coal to a consortium of Japanese steel mills. At full operation the two mines provided 70% of all local jobs and 65% of the municipal tax base. Declining global coal prices after 1981, and weakening Asian markets in the late 1990s, made the town's future uncertain and kept it from achieving its projected population of 10,000 people. Population projections in 1977 were for 3,568 residents in 1981, 7,940 in 1985, and 10,584 in 1987, after which the level was expected to stabilize. However the population peaked in 1991 at 4,794 people, but then began declining.

The Transition Period

The town was thrown into crisis when the "Quintette" mine was closed without warning three years ahead of schedule. While there was intent from the very beginning by the town's planners to move to a more diversified economy, the few initiatives in this direction were not supported by local industries, nor local decision-makers and as such not much happened in this regard. Consequently the municipality's population declined, as many residents were unable to find other work and so were required to move to other communities to seek gainful employment. Stability was compromised further when the "Bullmoose" open pit mine closed in 2003, although the town had three years advance warning of this closure.

As a first step municipal leaders in Tumbler Ridge and the region acted quickly but carefully to restore local confidence. A Tumbler Ridge Revitalization Task Force was organized. It identified three stages of transition planning: (1) plans for the short-term included certainty of basic services provision, housing, and worker retraining programs; (2) plans for the intermediate-term involved municipal sustainability, population transition, and stability for local services provision; and (3) plans for the long-term focused upon the need to diversify the local economy – promoting new businesses and new business ideas. Despite the fact that increasing world energy prices have brought some mining back to Tumbler Ridge, the diversification strategy in Tumbler Ridge included development in forestry, oil and gas, as well as recreation, tourism, home

[17] Instant town – cities and numerous unofficial communities concentrated around natural resources, appearing as a consequence of the government instantly providing it with municipality status.

businesses as well as a retirement and educational center. Pursuant to this plan the District undertook an international marketing campaign focusing on affordable housing and superior lifestyle within a magnificent natural setting.

The transition plan was both complex and ambitious. It had strong social as well as economic and physical goals.

On the positive side, when designing the town the planners knew that one day the mine would close and the town would be faced with the challenge of how to survive. These planners established a local government framework that included one main town site, not several remote camps. The municipal boundaries were large enough and included a large tax base. The town had a social planning director whose job it was to develop social networks and facilitate social cohesion in the community. The town was planned with separate land uses, and a functioning commercial market. Tumbler Ridge also had the benefit of being part of a region with diverse economic opportunities in oil and gas, tourism, forestry, and agriculture. Most of these activities exist within the town's huge municipal boundary to ensure that future economic development contributes to municipal taxation revenues to pay for expanding service delivery. Tumbler Ridge also has the advantage of political support from local leaders in adjacent communities who believe that the survival of the community is important to the entire region.

Key Outcomes

The town quickly benefitted by a wide range of diversification activities which included eliminating the town's debt, securing services funding from other levels of government, and supporting new economic ventures.

Tumbler Ridge proved itself as being very resilient. The town continues to grow, and the development potential envisioned by its planners, in areas such as oil and gas exploration, forestry, and tourism, now drive the local economy. By way of example Tumbler Ridge's wind resources have proven to be a lucrative prospect for new, multi-billion dollar green energy projects being proposed for the area. The district is also courting biomass companies for the establishment of a wood-pellet manufacturing plant that would create wealth and new employment. Looking ahead, Tumbler Ridge is preparing to accommodate a growing population coming to the community for employment, retirement, and a change of pace. It is a community that continues to redefine what opportunity and quality of life are.

Lessons Learned

1. Tumbler Ridge differed significantly in design and development than other previously incorporated single industry towns. Of considerable note, when it was planned, it was planned from the perspective that mining would eventually cease as reserves were depleted. In this regard considerable attention was afforded developing a community identity beyond that of the mine and mining.
2. Municipal leaders in Tumbler Ridge and the region were quick to get off the mark acting to restore local confidence in the town. The quick action and ongoing leading role taken by the local government was critical to success.
3. The well-developed infrastructure of Tumbler Ridge can be attributed to the planned development approach employed by the District. This resulted in a community that is safe, aesthetically pleasing, economically efficient and encouraging of social interaction. These foundations have proven to be especially important in investment attraction efforts.
4. Key stakeholders and the community at large were engaged and committed to the implementation of planned efforts.
5. Implementation and the key implementing agencies were local. This reflected where responsibility for and commitment to transition ultimately lies – and the fact that regeneration in a municipality is likely to be a continuing process, in response to changing economic and other circumstances.

City of Roubaix (France)

Community Context

Roubaix is a city of 100,000 residents located in the northeast of France. It is about 15 kilometres from the centre of Lille, the established regional capital. Lille was once one of the country's most important industrial regions. Both Roubaix and Lille were textile towns. Collectively they were second in world importance to Manchester.

The city owes its initial growth and development to the textile industry boom that propelled the city from a population of 8,000 in 1806 to 125,000 inhabitants in 1900. During the boom years, Roubaix attracted waves of immigrants, initially from other parts of Europe and later from North Africa, to work in its mills. The pace of urbanization was very rapid, leading to a strong relationship and dependency between factories and nearby residential enclaves.

The French textile industry was hit hard by both world wars and by the Depression. Nonetheless, it was not until the 1970s, that it began to collapse in the face of foreign, predominantly Asian, competition. The crisis of the textile industry and its impacts was exacerbated by the recession of the French economy. In Roubaix, the extent of the collapse of the textile industry was massive: employment fell from 54,000 in 1973 to 8,000 in 2000. Unemployment rose (up to 33 percent in the late 1980s). Skilled workers looked for jobs elsewhere and as a consequence population fell. Concurrent with the loss of jobs and population, a number of shops as well as factories closed.

As many textile factories were located at the heart of the city, the deindustrialization process created many small pockets of decay throughout the city centre. The collapse of the textile industry caused an economic crisis (unemployment), an urban crisis (urban decay), and a social crisis (poverty, social exclusion, and racism).

The Transition Period

The urban regeneration challenges for the city of Roubaix were significant and daunting. The city authorities focused on four essential themes: (1) recreating an economic base for the city; (2) addressing severe urban decay within the city centre; (3) managing the acute housing situation for the benefit of the local population and new residents; and (4) linking economic development and investment in the city with employment and training opportunities for the local unemployed.

The municipality had always been proactive and as a result Roubaix's transition efforts were pursued aggressively.

Given Roubaix is a part of a polycentric urban region, its present and future development could not be addressed nor properly understood in isolation from the wider urban region. As such early on there was a formal, signed agreement between all the municipalities in the city-region which committed them to supporting coordinated regeneration.

Roubaix's regeneration strategy sought to build on the municipality's unique competitive strengths. This included a substantive amount of effort spent on retraining and retrenching; promotion and facilitation of new entrepreneurs and new enterprises, as well as the development of major flagship projects to attract investors, boost the local economy, and increase the international profile of the region.

Furthermore, for the city and its citizens it was important that a properly constituted transition strategy be guided by the philosophy that urban regeneration is about people as well as places; it is about both creating benefits and spreading them to all residents of the community.

Key Outcomes

The region today has a highly diversified economy and a working population of 500,000 people. In terms of industrial representation the region still has 9,000 jobs in 130 companies in the textile industry. However, it is also ranked 2nd nationally for printing/publishing production, 3rd for mechanical and electrical industries; 3rd for chemical and pharmaceutical industries; and 3rd in food processing. It is also headquarters of some major French retail companies. The region is France's first telemarketing region and is increasingly noted for its tourism infrastructure.

Lessons Learned

1. The regeneration of Roubaix depended on the success of a wider economic development strategy for the city-region. This required a transformation of the town's image, so that it would be seen as a place of opportunity, not just challenge.
2. The leading role taken by the metropolitan local authority in driving forward regeneration in all parts of the city-region was essential to success. Making political links at different levels of government and having a tenacious, long-standing, local champion were critical ingredients of success.
3. Long-term persistence and collaborative working across sectors and across centres within a city-region were needed to make sure that urban regeneration succeeds.
4. The ability of the cooperating municipalities to share revenues and their agreement on priorities for regeneration throughout the city-region were essential prerequisites.
5. Transition success in large measure required the long-term contracts between central and local governments. It was necessary to secure collaboration at city-regional level and enable a locally driven development strategy to be implemented.
6. High priority was given to ensuring that as many of the new jobs as possible went to local people, so that the existing population (including "vulnerable groups"), and not just the newcomers, benefited from the regeneration.
7. It was important to recognize that culture was a central part of urban regeneration even in the most deprived areas.

3.2. Ukraine Experience

Western Donbas subregion[18]

Community Context

The Western Donbas subregion, an area of 226,000 residents, is located within Ukraine's Dnipropetrovsk Oblast. It encompasses the communities of Pavlograd, Pershotravensk, Ternivka, as well as both Petropavlivsk and Pavlograd raions. Importantly there exists a strong interconnectedness amongst all member communities based on social, economic and historical ties.

The Western Donbas subregion has experienced a considerable number of boom and bust cycles over its history.

In the nineteenth century Cossack palankas settled the Western Donbas subregion, turning it into an area known for tallow houses, tanneries, tobacco factories, steam powered mills, calico mills, oil pressing plants, foundries, breweries and crop yielding soils. The emergence of the coal industry and its dominant position in the region began with the opening of the first experimental mine in Ternivka in the 1950s. Soon 11 mines were opened in Pershotravensk and Ternivka in Pavlograd and Petropavlivsk raions. All of these coal-mining facilities were made part of the state owned Pavlogradvugillia production enterprise.

Under the traditional Soviet model of economic planning and management, state enterprises were required to sustain a city's public utilities and social facilities out of their own revenues. At that time, "Pavlogradvugillia" state holding company successfully met and even exceeded the coal production targets set by the Soviet Government. Thus early on they were well-positioned to provide high salaries to their employees and at the same time maintain almost the entire public utilities and social infrastructure within the region. Almost all so called industrial cities in Ukraine followed the same economic model. Even after the collapse of the USSR this system of providing and maintaining social facilities in Western Donbas remained unchanged. This lasted for approximately ten more years. So entrenched was this system that it became an expectation.

[18] DTEK Social Partnership Programme. 2014. http://spp-dtek.com.ua/

In 1989 annual coal production in Ukraine peaked (more than 14.3 million tonnes). Coincidentally 1989 was also the year when coal miners protested against declining wages and wage arrears. Debt growth, drastic declines in the number mines, deteriorating mining and geological conditions, and an outward migration of skilled staff led to a severe crisis in Western Donbas. The crisis lasted until 2000, when the Ukrainian Government took it upon itself to repay salary arrears. The Government's attempts to sustain its economic position and change the situation for the better through the Ukrainian Coal State Programme during 2000-2003 yielded no tangible results. In 2003, salary arrears were once again at the forefront and a proposal to allow privatisation of Pavlogradvugillia was approved.

The privatisation of Pavlogradvugillia was the initial foray into the denationalisation of Ukraine's coal mining industry. At the time more than 70% of coal mining enterprises were unprofitable. Under the terms of privatisation, in addition to the production infrastructure, the investor was required to meet certain social infrastructure and programming commitments.

The successful bidder was System Capital Management – a financial and industrial group that completed the privatisation process in 2004. The state holding company got a private owner, while Western Donbas communities inherited for the first time, without appropriate adequate financial resources nor management capabilities, responsibility for public utilities and social facilities. In the past they could have relied on the national government for support, after privatisation they were obliged to negotiate with the enterprise directly.

The Transition Period

The transition process commenced in 2003 as a consequence of the crisis in the coal mining industry and the necessary privatization of the "Pavlogradvugillia" state holding company. While some transition progress is notable over the first 4 or 5 years after privatization, it really wasn't until 2008 that a more substantive effort began to take place spurred by DTEK's social development plans. Subsequently in 2012 DTEK and the communities of Western Donbas under the broad banner of CSR undertook together an effort to promote and foster the development of selected initiatives in: healthcare, energy efficiency of public utility services, social infrastructure, the business environment, civic engagement, and economic opportunity identification. Since its inception, DTEK has been one of the leading companies in Ukraine to dedicate efforts to corporate social responsibility.

DTEK's CSR focus or contract emphasizes the need for openness, partnership and cooperation with local communities, and public and municipal authorities. The CSR contract is formalized in a social partnership with each individual community. These social partnerships are subsequently used as tools to enhance the effectiveness of DTEK's social investments and the impacts of these efforts by embracing the broadest possible circle of participants in the process. In context social partnership strategies are similar to strategic planning for economic development.

The transition effort in West Donbas was also aided by assistance from the Ukraine Municipal Local Economic Development Project wherein external technical support was provided to local municipalities and the region in the drafting of strategic plans for economic development. This assistance was followed up by consultation and support for the development of economic development institutions; the use of marketing and branding in investment attraction; and the organization of centres for SME support. Further, financial support was provided for the development of unique demonstration projects in waste management. The strategic planning effort brought together business leaders and local governments to explore the possibilities up a public-private partnership and inter-municipal cooperation, enabling a positive local business environment, strengthening competitive advantages and improving the standard of living for Western Donbas people.

The strategic planning effort served to highlight those critical problems facing the region and its member communities and to identify priority areas where the interests of DTEK and the communities overlap, namely water supply, provision of public amenities, healthcare and social infrastructure (education, culture and social protection). In addition subsequently, DTEK proposed a number of additional initiatives in respect to the establishment of local economic development institutions as well as the introduction of a course on "Energy Efficient Schools" and the implementation of the "Your Hometown in Your Hands" micro-grants programme

For the period 2007-2013, UAH 145 million in social investments were drawn down within the framework of social partnership, including UAH 70 million allocated by DTEK.

Key Outcomes

The region benefitted by its strengthened competitiveness in terms of its efforts to support a more facilitative business and investment climate. At the same time nearly UAH 70 million allocated by DTEK in additional investments in joint projects within Western Donbas territorial communities have been realized
Less tangible, but importantly, the efforts of DTEK through the social partnership strategy served to enhance the outlook, skills and productivity of local employees.

Lessons Learned

1. Early on it was appreciated by all of the key stakeholders that adherence to a policy of Corporate Social Responsibility can benefit an enterprise as well as the region/municipality in which it is located. In Ukraine's privatization process it was especially important to properly negotiate and enforce enterprise CSR provisions.
2. The strategic plan for economic development and the process by which it is developed and implemented is essential to successful transition in that it engages the community and focuses efforts.
3. A successful social partnership strategy requires the engagement of workers, local government, local businesses, the public at large, and the media.
4. A properly implemented social partnership strategy can serve to enhance a community's socio-economic well being by building greater community cohesiveness; transparency; and commitment to change.

City of Slavutych[19]

Community Context

The City of Slavutych is one of several soviet planned towns. It was created on October 2, 1986 shortly after the Chernobyl nuclear disaster to provide homes for those who worked at the Chernobyl Nuclear Power Plant. It was also home to those specialists that were charged with organizing the full decommissioning of the facility. This was the last large-scale urban construction project of the former Soviet Union. Each distinct neighbourhood within the City is characterized by the unique architecture of other Socialist cities who participated in its construction including: Baku, Belgorod, Chernigov, Dobryninsky, Yerevan, Kyiv, Leningrad, Moscow, Pechersky, Riga, Tallinn, Tbilisi, and Vilnius. Slavutych has a population of more than 25,000 represented by 49 nationalities and ethnic groups.
In terms of jurisdiction, Slavutych is a subject of the Kyiv Oblast, though in terms of territory it is located in Chernihiv Oblast.
The last working reactor in Chernobyl was shut down on 15 December 2000. Between 1999 and 2001, the city lost around 10,000 jobs and saw an outward migration of highly qualified experts – over 1,500 families left Slavutych. The city faced a slow and lingering death tied to the closing of Chernobyl. However rather than follow the inevitable path of decline efforts were undertaken to transition the municipality to a more positive and sustainable future.
The Transition Period
The City of Slavutych's transition effort was initiated over the period 1997-1999, roughly representing one or two immediate years before the final shut down of the last reactor and shortly after the Public Council for City Development started operating in Slavutych. Even prior to the Chernobyl plant shutdown, local authorities in Slavutych realized very well that there was an endemic lack of initiative, helplessness and moreover – inaction within the community to make any development near impossible. Led by the Mayor efforts were undertaken to explore the possibilities of and introduce actions for economic diversification. Local authorities knew that there would be significant hurdles to overcome. Active local initiative and political will for change combined

[19] Slavutych municipal community.. http://e-slavutich.gov.ua/SitePages/home.aspx

with the Mayor's exceptional leadership qualities and art of compromise helped give initial optimism to the City's efforts. No stone was left unturned as opportunities were pursued at the regional, national and international level.

At an international level, the determined efforts of the local government resulted in the adoption of the joint EU-Ukraine-US Action Plan to address social problems concerning Chernobyl NPP and Slavutych (1997). This specific programming initiative focused on improving the enabling environment for business development. International technical assistance projects (especially those delivered by TACIS and USAID) made it possible to develop and implement relevant mechanisms to foster sustainable social and economic transition based on the unique idiosyncrasies of Slavutych. An immediate outcome arising from these efforts was the creation in 1997 of the "Slavutych Business Development Agency" (BDA) – a municipal enterprise to support new entrepreneurs and investors, existing companies, and active individuals. Today the BDA's departments are responsible for strategic planning, regional development, business planning and investments, passports provision, property technical examination and assessment, and legal support. It also includes a Business Incubator and a Bureau for Inventors.

The introduction of the Slavutych Special Economic Zone in 1999 (Slavutych SEZ) also played an important role in the transition/diversification effort. The Slavutych SEZ helped attract more than USD $41 million in investment and 1,103 new jobs at newly established enterprises. Slavutych SEZ participants included a range of enterprises producing a diverse array of products including but not limited to: office supplies, printed products, construction and packing materials, crown caps, woodworking products, decorative dishware, fluorescent lights and so forth for export to such locations as Russia, Kazakhstan, Belarus, Moldova, Italy, Germany.

In 2000 the Slavutych City Council developed and approved a Strategic Plan for Socio-Economic Development of Slavutych to the year 2020. This plan focussed particularly on the implementation of measures that would support the creation of a more enabling business climate. An emphasis on broad, transparent, and inclusive stakeholder engagement characterized plan development.

Since the year 2000, Slavutych has introduced a number of business friendly initiatives, such as:

- The involvement of local business on all advisory bodies within the city;
- Greater transparency and equity in municipal competitions for civic resources, including the lease of municipal property and land;
- A revised programme of municipal property privatization;
- Refundable financial aid and loans through the "Chernobyl NPP. Slavutych. Development" Fund, Slavutych Entrepreneurship Support Fund, and BDA Repayable Financial Assistance Fund; and
- A "One Stop" Licensing and Permitting Office.

With these initiatives in place the City has become one of the leaders in business development in Ukraine.

The City was also very active in pursuing transition efforts with international partners. Over the period since 1996 the City of Slavutych participated in the implementation of more than thirty international projects, not the least of which included:

1. Strengthening the Employment Service and the Region's Economic Development, TACIS, 1996-1997;
2. Establishing a Business Development Agency and Strengthening Local Administration Capacity, TACIS, 1996-1997;
3. Establishing a Business Incubator for Small Businesses, USAID, Loyola College, 1999-2001;
4. Creation of Slavutych Community Development Internet Centre (www.e-slavutich.gov.ua), International Renaissance Foundation, 2001;
5. Regional economy staff adaptation project, Project Partner, U.S. Labor Department, 2003-2004.
6. Business development in Ukraine via provision of a hotline for entrepreneurs, BIZPRO Project, 2002-2004.
7. Creating an Intensification Model for Forming a Revenue Side of Local Budget Amid Crisis, International Renaissance Foundation, 2009-2010.

Transition efforts continue today on a number of important fronts including: improving the investment climate, developing technology and knowledge parks; promoting festival events and industrial tourism; and establishing a Research and Development Centre for Anti-Crisis Management in Energy and Environment.

In terms of the measured effectiveness of transition efforts, to date the local population and employed labour force have stabilized at pre-crisis levels – 25,000 and 13,500 respectively. Furthermore, industrial production

has recovered and stabilized. By way of confirmation, in 2000 the aggregate value of industrial production was UAH 476.8 million. Immediately following the 2001 Chernobyl NPP closure volumes dropped precipitously to UAH 42.1 million/year, however by 2013 much of that was recaptured reaching UAH 361.8 million. Finally, as a visible indicator of transition success, Slavutych today has more than 1,700 business entities operating in eight sectors of economy.

Key Outcomes

A number of measurable outcomes have accrued through the transition effort. While the transition process remains on-going, performance to date is one of the most successful in Ukraine – 1,153 new business entities have been created within the city employing more than 10,800 local residents. Less than 20% of the population are currently employed at the decommissioned ChNPP. By all measure, Slavutych has reinvented itself from a single-industry town into a diversified city.

Lessons Learned

1. An integrated and rather rapid economic diversification of the city was made possible only because the city, the region, the national government, and the international community have pooled their efforts and resources.
2. The diversification process was successful because it was launched, supported, and driven by the local government; and it was based on a well-structured strategic development plan.
3. The foundation of any economic diversification effort requires the development of the basic infrastructure to facilitate, support and promote small and medium-sized businesses. Included in this is the need to promote and foster a more positive image of business and entrepreneurship.
4. Implementation of economic reforms requires, above all, a change of perspective through greater citizen and stakeholder engagement.
5. While the successes of other cities stimulate and teach, in the transformation process every city must remember its uniqueness.

City of Novyy Rozdil[20]

Community Context

The City of Noviy Rozdil is located in Western Ukraine within the Lviv Oblast. It was founded in 1953 as a settlement for construction and operating personnel of a newly discovered large-scale deposit of natural sulphur, the largest deposit in Europe. Staff of this "Sirka" Mining and Chemical Enterprise comprised the majority of residents within the City. Given the importance of sulphur as a raw material for the chemical and defence industries, the city attracted chemists, geologists, geochemists, miners, builders, transportation specialists, and energy workers from various parts of the Soviet Union, soon joined by medical workers, teachers, service and retail employees, and their families.

Early on and especially during the period 1960-1980 the City of Noviy Rozdil witnessed considerable population and labour force growth as the growing demand for sulphur drove increases in production mining to near one million tonnes of sulphur annually. Population of Noviy Rozdil grew to 33,000. In addition to sulphur mining the City maintained operations for the production of: sulphuric acid, compound fertilizers, fungicides, deoxidizers, aluminium phosphide, ground sulphur for industrial rubber products, and wettable sulphur to use in vineyards and brick making. At its peak the Sirka Mining and Chemical Enterprise provided employment for 15,000 or two thirds of Noviy Rozdil's working-age population.

However, in the late 1980s it became clear that local sulphur reserves were pretty much exhausted and by 1992 sulphur extraction was ceased completely. By 1996 the company ceased operations. In socio-economic terms Noviy Rozdil began a downward spiral. After the shutdown of the plant 70% of town residents almost simultaneously lost their jobs. While unemployment quickly became problematic the

[20] Official website of Novyi Rozdil City, Lviv Oblast. http://www.novyrozdil.lviv.ua/

failure of the enterprise brought significant problems to the entire infrastructure of the region (drinking water, power, transport, gas and the like) which under better circumstances were adequately managed and paid for by the company.
The shutdown of the "Sirka" Mining and Chemical Enterprise took place in 1996. After the shutdown of the plant 70% of town residents almost simultaneously lost their jobs. Only a small number of professionals managed to leave the area. The shut down occurred in a very difficult transformation period, namely during the collapse of the Soviet Union and a sharpening economic crisis in Ukraine. Every single region had problems similar to those in Novyi Rozdil, while there was neither experience nor resources to resolve them. The economic turmoil of the city was further aggravated by the environmental challenges left unaddressed by the enterprise (a relatively common experience of the Soviet style management of the chemical industry). And so, this flourishing 30-year-old city turned quickly into a depressed area.

The Transition Period

For many local residents the paternalistic relationship between the State Government and the City of Noviy Rozdil had ensured an adequate standard of living for 30 years within the municipality. That is why after the shutdown of "Sirka" in 1996, the city turned first to the state for help in resolving its socio-economic and environmental challenges. It wasn't until March 1998 that the state government finally approved a systematic restructuring of the enterprise, including all of the infrastructure attached thereto, within the context of municipal property.
While numerous efforts were expended by City officials in terms of seeking opportunities to restructure the state enterprise and/or modify the status of the City so that it could better leverage its position, nothing much happened. The City received nothing but promises, which due to the lack of funding were never fulfilled. Even in the case where a UAH 50.0 million project was planned and approved in 2003 to correct the environmental devastation in the area attributable to the operations of "Sirka" Mining and Chemical, the funding was never allocated.
The impetus to change was in many ways a direct consequence of the Orange Revolution in 2004. The participation of residents of the city of Novyi Rozdil in these events fueled local initiative and instilled a willingness by individuals to take charge.
In 2005, with a change in local leadership, the city embarked on an aggressive campaign to promote interest in the utilization of vacant or underutilized industrial capacity within the city. The logical target of these efforts were European investors given the city's close proximity to the EU. Within a few months a German firm ODW "Elektronik" located in Noviy Rozdil and started production. Although the newly established German company at that time was able to create jobs for only some tens of city residents among several thousands of the unemployed, this first success was pivotal. By years end 2014 ODW "Elektronik" had created jobs for 750 employees and production continues expanding.
Over the period 2005–2010 community leaders tried to market a variety of investment proposals to potential investors without any particular plan. A number of smaller successes were achieved. However, although it was possible to achieve some level of transition success, it quickly became obvious that without a clear strategy the effort might lack its full potential and the results achieved might be considerably less than they should be. It was necessary therefore to define a more effective way of targetting and attracting new business and new investments to the City. Thus in 2011 the City embarked on a strategic planning exercise. The plan was to be owned by every city resident, uderstandable to regional and state authorities, whose support was always important for a small town; as well as promising for foreign investors, whose investments were urgently needed for the development.
This strategic planning effort was completed with the assistance of consultants assigned by the Canada-Ukraine Municipal Local Economic Development Project. The effort was driven locally and characterized by broad and inclusive citizen engagement. Importantly the external consultants provided an objective insight into the community's competitiveness and provided expert guidance in ensuring the effort was relevant, realistic and worthwhile. Two major themes fell out of the effort: (1) attracting investments; and (2) business development.
Within the context of these two broad themes one specific initiative identified was the creation of a technology park. The creation of the technology park is a rather ambitious project for Novyi Rozdil both financially (UAH

25 mln) and organizationally. This project is virtually impossible to implement without the involvement of external partners and resources, as it was defined in the Strategic Plan. To this point however with the guidance provided by the plan a strategic partnership has been organized with regional communities (e.g. Zhydachiv, Mykolaiv) , the Lviv Oblast and other key stakeholders. The City has also managed to obtain EU technical assistance within the context of the EU Cross Border Cooperation Programme Poland-Belarus-Ukraine 2007-2013.

The creation of the technology park enables the City to attract new investments in production, including those related to the processing of the existing industrial wastes, which at present are valuable chemical feedstock.

Key Outcomes

Novyi Rozdil's transition benefits include the remediation of 46.4 hectares of land and enhanced diversification of the local economy. The creation of the technology park better positions the city to attract new investments. Another related, transition outcome is the training of local government official in industrial park development, investor relations, and public-private partnerships.

While the learning curve took some time, the city has emerged out of the process stronger, better prepared and more engaged in the local economic development process. Novy Rozdil has benefited by some early successes in diversification and continues to progress after confirming direction and emphasis through an engaged and transparent strategic planning effort. The city has established an effective partnership with other local communities and the Oblast to maximize its LED efforts. Moreover, the city has become a member of the EU technical assistance project with a total budget of EUR 4.4 million, which will allow it to create a technology park for further diversification of the economy.

Lessons Learned

1. Paternalism, characteristic of the majority of the single industry cities of the USSR period and many company towns elsewhere, unduly impedes the development of "a take charge attitude". This in turn stalls or at its worst precludes successful community transition.
2. It is possible to effect some level of LED transition, such as investment attraction, ever without a strategic economic development plan for guidance and focus. However the absence of a proper plan often limits the scope and depth of possible benefits.
3. Small cities are best served in terms of local economic development when they can leverage the advantages and synergies associated with broader regional partnerships.
4. In practice significant challenges to successful transition can turn out to be opportunities. In the case of Novyi Rozdil industrial waste might be deemed a problem in terms of quality of life but the resolution of that problem may turn out to be an effective transition strategy, i.e. waste can be the raw material or feedstock for a new enterprise.
5. Strong leadership is always an essential condition for a strong local community, especially in the transition period.

Final Comments

While not a new phenomena nor a new challenge, the survival of single industry towns has taken on an increasing sense of urgency in many countries of the world, especially Ukraine. This document has sought to explore this issue by presenting a better understanding of the format, incidence and problems associated with single industry municipalities. The perspective is both international and Ukrainian. The narrative also highlights some of the approaches and strategies that have been used to successfully overcome the problems associated with urban decline. The purpose in undertaking this research was to gather insights and guidance for sustainable local economic development within mono-industrial communities in Ukraine.

Transition from crisis to recovery is never assured. In fact, the numbers of single industry towns who have managed to overcome significant challenges to adapt successfully to new economic circumstances is relatively small. For many revitalization and sustainability are unrealistic goals. Most at best continue to struggle at length; whereas others simply don't survive. Of course transition is more than just a change, it is a process – a process founded on self-determination. Success in the effort is about starting early, having good leadership, planning realistically and acting proactively, taking charge, collaborating and being inclusive, as well as persistent in the face of adversity.

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The goal of **Ukraine Municipal Local Economic Development (MLED) Project** is to improve economic opportunities for Ukrainians in a strengthened democracy through inclusive and effective local governments that meet the needs of their citizens and their business communities with support from strengthened enabling institutions. MLED is being implemented from January, 2010 till December, 2014 by the Federation of Canadian Municipalities with the financial support from the Government of Canada.

MLED provides technical assistance to improve planning and support for the delivery of services that foster and support economic growth in twelve cities in Lviv and Dnipropetrovsk oblasts of Ukraine.

30/39, Shchekavytska St., office 27, Kyiv, 04071, Ukraine
tel.: +38 044 2071282
fax: +38 044 2071283
office@mled.org.ua
www.mled.org.ua

UKRAINE MUNICIPAL LOCAL ECONOMIC DEVELOPMENT PROJECT

30/39, Shchekavytska St., office 27, Kyiv, 04071, Ukraine
tel.: +38 044 2071282
fax: +38 044 2071283
office@mled.org.ua

www.mled.org.ua