SUSTAINABLE TOURISM IN THE POST-WAR RECONSTRUCTION OF TERRITORIAL COMMUNITIES IN UKRAINE

Volodymyr Yermachenko¹², Svitlana Melnychenko³, Mykola Sidak¹, Tetiana Dupliak⁴, Tetiana Lositska⁴

¹ Bratislava University of Economics and Management, Bratislava, Slovak Republic
² Simon Kuznets Kharkiv National University of Economics, Kharkiv, Ukraine
³ National University of Life and Environmental Sciences of Ukraine, Kyiv, Ukraine
⁴ State University of Trade and Economics, Kyiv, Ukraine

e-mails: ¹ yvyyer@gmail.com; ² s.melnychenko@nubip.edu.ua; ³ mikulas.sidak@vsemba.sk; ⁴ tetiana.dupliak@ukr.net

Received: 14 July 2023    Accepted: 10 October 2023    Online Published: 17 November 2023

ABSTRACT
The tourism industry appeared to be one of the most vulnerable to the full-scale invasion of the Russian Federation in Ukraine. The losses of the Ukrainian tourism economy during the war significantly exceeded the losses caused by the coronavirus pandemic. The lack of tourist flows to Ukraine, the outflow of investments from the tourism sector, the high level of danger of staying in many regions of the country, the destruction of the tourist infrastructure has become key challenges. In 2022, the revenues of the State Budget of Ukraine from the tourism industry decreased sharply. The incompleteness of the administrative-territorial reform, financial insufficiency, and the unprecedented outflow of human resources with significant losses in the tourism industry actualize the scientific search for reducing the negative consequences of the current crisis.

The article aims: To substantiate, on the concept level, effective management approaches to the economic, ecological, and social development of sustainable tourism, as one of the directions for the restoration of territorial communities in the post-war period.

Methods/Approach: Using economic and statistical methods, the article provides an assessment of the country’s domestic economy, which is characterised by a decrease in the volume of real gross domestic product by 11.4% in the first year of the war compared to the previous one, a reduction in real wages, and an increase in unemployment. The use of methods of analysis and synthesis made it possible to assess the damage caused to the regions of Ukraine and to identify trends in the development of territorial communities and the tourism sector.

Results: The analysis of statistical reports proves that tourism and hospitality development in 2017-2020 (a pre-crisis period for the named industries) required harmony of interests between tourism business entities and local territorial communities. The hypothesis has been confirmed that sustainable development of tourism will stimulate the post-war recovery and evolution of territorial communities. A cluster-based approach to the initiation of tourism development programs is proposed with congregating territorial communities into four groups depending on the consequences of hostilities and selection of specific focus areas. A "win-win" strategy is suggested as a conceptual background for effective management of the territories' restoration and development based on harmonisation of interests between territorial communities and business.

Conclusions: The study is relevant from the point of view of solving the problems of financing the social and economic development of territorial communities through the activation of resources and the creation of a more stable and favorable environment for sustainable tourism.

Keywords: tourism, sustainable development, territorial communities, harmonisation of interests, tourist destinations

JEL classification: K23; L83; L88; R58; Z32
Paper type: Research article.

INTRODUCTION

The national strategic framework of sustainable development goals for Ukraine is based on the UN Summit plan of action "Transforming our world: an agenda in the field of sustainable development until 2030", adopted at the 70th session of the UN General Assembly, which approved 17 Sustainable Development Goals and 169 tasks (Transforming our world: the 2030, 2015).

In Ukraine, the Tourism and Resorts Development Strategy for the period until 2026 (2017) is implemented, which states that tourism is one of the main industries that affects the general state and trends of the world economy under the conditions of transformational changes and its integration into the world community. The State Strategy for the Regional Development of Ukraine for 2021-2027 (2020) have defined the tasks that ensure the achievement of strategic goals (such as promoting the development of tourist infrastructure in rural areas, implementing the development of the recreational and tourist potential of coastal areas on the basis of inclusiveness, broad involvement of territorial communities in planning and implementation of development projects) remain relevant in the post-war period and correspond to the main tasks of the Recovery Plan of Ukraine (2023). Being a part of the other national programs implementation, these projects aim at the reconstruction of tourist infrastructure, the development of domestic and inbound tourism, the creation of a network of tourist information centres, institutional support of tourism enterprises and further business development.

Implementation of the above-mentioned strategic goals is possible if the paradigm of sustainable development is applied. The EU principles of sustainability including the environmental, economic and socio-cultural aspects of tourism development can work as a template for the proper balance between these three dimensions and guarantee the long-term sustainability of tourism progress in Ukraine.

As a result of the reform, 1,469 territorial communities were formed in Ukraine (including 31 territorial communities in uncontrolled territory within the Donetsk and Luhansk regions). The largest number of territorial communities is in Odesa (6.19%), Dnipro (5.85%), Lviv (4.97%) and Kyiv (4.7%) regions.

The war in Ukraine had a negative impact on all sectors of the economy, including tourism. The state budget of Ukraine lost about 30% of revenues from the tourism industry in 2022 (Ministry of Finance, 2023). Several state programs provide for the recovery of Ukraine's economy, including tourism development. Therefore, the purpose of the study was to substantiate proposals aimed at revitalising the sustainable development of domestic tourism as a tool for the restoration and evolution of territorial communities in Ukraine.

METHODOLOGY

The methodological basis was the application of: an abstract-logical method for summarizing the theoretical foundations of the development of sustainable tourism; analysis and synthesis - to determine the economic state of the country and the tourist potential of the territories; economic and statistical - for dynamic analysis of socio-economic development of territories; cartographic - to assess the concentration of territorial communities of Ukraine; forecasting - to determine the country's development trends based on key economic
indicators; logical and comparative analysis - to form reasonable conclusions based on research results.

**MAIN RESULTS**

Local economic development, which is the basis of global sustainable development, is, according to the definition of the World Bank (Word Bank, 2023), a process of joint work of community residents to achieve sustainable economic growth, which will bring economic benefits and improve the quality of life for all members of the community.

The economic development of territorial communities (local economic development) is determined by a strategic partnership between business structures and local communities, which helps to accelerate the rate of growth of the main activity indicators for the community and business units, ensuring an increase in investments in new and existing enterprises, – that is determined by a high degree of harmonisation of interests between communities and business environment (Di Virgilio et al., 2023).

The influence of tourism companies, as the principal manufacturers of a tourist product, on local economic development, at the level of territorial communities and regions, in one respect, is determined by the increase in budgetary tax revenues (including the boost of the tourist tax). At the same time, tourism development directly affects business evolution in hospitality (hotel, restaurant, and entertainment industry), transport, retail trade, local industries etc., the business entities of which, in turn, increase tax revenues to the budget and create jobs for community residents (Dorokhov et al., 2023). All this makes it possible to fulfil the main goals of the sustainable development of a country (Ukraine 2030. The Doctrine of Sustainable Development, 2018), such as increasing the level of employment and welfare of the population, which leads to overcoming poverty and ensuring a decent standard of living.

To implement effective interaction between territorial communities and business, a progressive "win-win" management strategy, which was proposed by Harvard University scientists Roger Fisher and William Urie in 1981, can be used. It assumes that the struggle between the parties loses to mutually beneficial cooperation and the benefit is given by respect for the interests of the other party (Covey, 2020).

The impact of the activities of tourism enterprises on the development of territorial communities in the format of a "win-win" strategy is presented in Fig. 1.

In order to prove the decisive role of tourism development, the income indicators of local budgets and enterprises of the tourism and hospitality industries in 2018-2020 were analysed based on the data of the Ministry of Finance of Ukraine (2023) and the State Statistics Service of Ukraine (2023) (Table 1). Simultaneously, the main objects of the study were those regions that have a formed framework of specialisation of tourist destinations and a high level of tourist flows, such as Ivano-Frankivsk region – sports, recreational and "green" tourism, Lviv region – excursion and nostalgic tourism, Odesa region – health, excursion and nostalgic tourism, and Kherson region – health and recreational tourism. To assess the general influence of the tourism industry indicators on the local and regional budgets, the pre-crisis (for the tourism industry) years of 2018-2019 and 2020, the second half of which was marked by the COVID-19 pandemic,
were included.

**Figure 1.** Harmonisation of the interests of territorial communities and business as to the "win – win" strategy

**Table 1.** The main indicators of the activity of territorial communities and business in the field of tourism and hospitality

<table>
<thead>
<tr>
<th>Regions</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Local budget revenue, UAH million</td>
<td>Tourist tax, UAH million</td>
<td>Tourist enterprise revenue, UAH million</td>
</tr>
<tr>
<td>Ivano-Frankivsk region</td>
<td>18 829.7</td>
<td>3.7</td>
<td>453.41</td>
</tr>
<tr>
<td>Lviv region</td>
<td>34 840.3</td>
<td>13.4</td>
<td>511.59</td>
</tr>
<tr>
<td>Odesa region</td>
<td>32 280.10</td>
<td>11.6</td>
<td>202.19</td>
</tr>
<tr>
<td>Kherson region</td>
<td>13 451.10</td>
<td>2.7</td>
<td>53.91</td>
</tr>
<tr>
<td>Ivano-Frankivsk region</td>
<td>18 357.60</td>
<td>6.1</td>
<td>344.95</td>
</tr>
<tr>
<td>Lviv region</td>
<td>34 495.0</td>
<td>21.6</td>
<td>655.64</td>
</tr>
<tr>
<td>Odesa region</td>
<td>33 474.7</td>
<td>21.4</td>
<td>220.54</td>
</tr>
<tr>
<td>Kherson region</td>
<td>13 129.6</td>
<td>8.4</td>
<td>58.2</td>
</tr>
</tbody>
</table>

**Source:** compiled by the authors based on official data of the Ministry of Finance of Ukraine and the State Statistics Service of Ukraine

Fig. 2-4 represent the dynamics of the business and territorial community indicators covering the tourism
and hospitality industry (he figures delimit the interests of the named parties).

General indicators that determine the interests of communities comprise income to local budgets and employment of the local population, supplemented by the tourist tax, which reflects the tourist flow increase – accordingly, local business entities receive additional development.

Figure 2. Harmonisation of interests of territorial communities and business entities due to the tourism industry development at implementing the "win-win" strategy, 2018

Figure 3. Harmonisation of interests of territorial communities and business entities due to the tourism industry development at implementing the "win-win" strategy, 2019

Figure 4. Harmonisation of interests of territorial communities and business entities due to the tourism industry development at implementing the "win-win" strategy, 2020
The conducted analysis proves that the tourism industry can significantly add to local territories development, even those that have, in addition to tourism, other potential drivers of expansion (manufacture, transport, agriculture etc.).

Important issues in tourism restoration and development in the most damaged territorial communities and regions of Ukraine are the interaction between tourism companies and local authorities at all levels and support from international organisations for the coordination of actions. In this case, the application of a system of relevant interrelationships between individual tourism enterprises will contribute to the strengthening of their cooperation and will ensure a synergistic effect (Andries et al., 2021).

As world practice shows, the recovery of countries after crises occurs at the expense of profitable and fast-growing industries, one of which is tourism. (Jarmusevica et al., 2019). 2022 demonstrated a significant recovery in tourism spending, with revenues for many tourist destinations return to pre-pandemic levels (Baloch et al., 2022). In 2022, more than 900 million tourists made international trips. This is twice as much as in 2021, yet 37% less than in 2019. Europe continues to be the most attractive tourist region in the world with 585 million arrivals in 2022 (80% of the pre-Covid-19 pandemic level). According to the UNWTO forecast for 2023, the number of international tourists will reach 80-95% of the pre-pandemic level, especially in the regions of Europe and the Middle East (UNWTO, 2023).

The crisis was initially caused by the coronavirus pandemic and then continued because of Russia's military aggression. According to estimates by the World Bank and the European Commission, Russia's full-scale invasion in Ukraine resulted in the death of 9 655 civilians, including children (UN: there are more than 8 million internally displaced people in Ukraine. This is a quarter more than two months ago, 2023). The war caused significant losses of jobs, income and property for Ukrainian citizens. During the war, 13.5 million people were displaced in Ukraine and Europe. (During the year of the war, more than 9 600 civilians died in Ukraine, including 461 children, 2023). The economic situation in the country has deteriorated significantly. According to the Ministry of Finance of Ukraine, the real GDP declined by 11.4% in 2022 compared to 2021 (Minfin, 2023). Over the past two years, the nominal wage has decreased by 12%, and the real wage (corrected by inflation) dropped by 27% (Real wage, 2022). The unemployment rate in 2022 made 21.1%, compared to 10.3% in 2021. Employment deterioration was observed in all regions of Ukraine and was directly dependent on the full-scale invasion (Unemployment rate, 2023). Given that the damage caused to Ukraine's infrastructure is increasing every day, the cost of recovery after the one-year period of the Russian invasion alone was USD 411 billion (Zbytky, 2023). The frontline regions of Ukraine were most affected: Donetsk, Kharkiv, Luhansk, Zaporizhzhia, and Kherson (Table 2).

In addition, the reconstruction budget claims for Kyiv, Zhytomyr, Sumy, Chernihiv regions, where the Ukrainian authorities have regained control, amount to USD 56.4 billion, and USD 15.9 billion is needed to support Vinnytsia, Dnipropetrovsk, Kirovohrad, Odesa, and Poltava regions. The claim of the supporting regions (Volyn, Zakarpattia, Ivano-Frankivsk, Lviv, Ternopil, Khmelnytskyi, Chernivtsi, Cherkasy) amount to USD 11.4 billion.
The Ministry of Culture and Information Policy constantly records damage to cultural heritage sites in Ukraine as a result of Russian aggression. Starting from February 24, 2022, to July 25, 2023, 763 objects of cultural heritage were damaged or destroyed, including 105 of national significance, 595 of local significance, and 63 newly discovered among them (Table 3).

### Table 3. Destruction of the tourist infrastructure of Ukraine

<table>
<thead>
<tr>
<th>Region</th>
<th>Length of destroyed roads, km</th>
<th>Damaged or destroyed monuments of cultural heritage, units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>total</td>
<td>of national significance</td>
</tr>
<tr>
<td>1. Vinnytsia</td>
<td>-</td>
<td>4 1</td>
</tr>
<tr>
<td>2. Volyn</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. Dnipro</td>
<td>75.0</td>
<td>28 1</td>
</tr>
<tr>
<td>4. Donetsk</td>
<td>2695.2</td>
<td>100 12</td>
</tr>
<tr>
<td>5. Zhytomyr</td>
<td>49.3</td>
<td>2 1</td>
</tr>
<tr>
<td>6. Zakarpattia</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7. Zaporizhzhia</td>
<td>3872.3</td>
<td>35 0</td>
</tr>
<tr>
<td>8. Ivano-Frankivsk</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9. Kyiv</td>
<td>1402.3</td>
<td>69 16</td>
</tr>
<tr>
<td>10. Kropyvnytskyi</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11. Luhansk</td>
<td>2959.4</td>
<td>25 0</td>
</tr>
<tr>
<td>12. Lviv</td>
<td>1809.4</td>
<td>32 2</td>
</tr>
<tr>
<td>13. Mykolaiv</td>
<td>1809.4</td>
<td>22 3</td>
</tr>
</tbody>
</table>

In connection with the full-scale invasion of the Russian Federation into Ukraine, the Resolution No. 1364 of the Cabinet of Ministers of Ukraine of December 6, 2022, (as amended) defined the list of territories where hostilities are (were) conducted or temporarily occupied by the Russian Federation (2022). The list includes territories in accordance with the Codifier of administrative-territorial units and territories of territorial communities. According to the Order of the Ministry on Reintegration of the Temporarily Occupied Territories of Ukraine No. 309 dated 22.12.2022 (as amended) and the results of monitoring, the territories of territorial communities should be grouped as following (Fig. 5):

I. Territories where hostilities are (were) conducted (territories of possible hostilities; active hostilities).

II. Temporarily occupied territories.

III. Territories where hostilities or temporary occupation have ended.

IV. Territories where no active hostilities were conducted, and which were not temporarily occupied.
As to the end of July 2023, hostilities are (were) being conducted on 39.3% of territories of territorial communities which are now temporarily occupied, or hostilities or occupation had ended (Table 4). (Decision of the CM (as amended), 2023). The fourth group includes 12 'oblasts' (regions) of Ukraine, where hostilities were not conducted and which were not temporarily occupied.

In 2022, the tourism industry revenues to the state budget of Ukraine significantly decreased, namely: the share of tax paid by camping sites and children's recreation camps decreased by 57%, by tour operators - by 35%, and travel agencies - by 27%. The total number of taxpayers engaged in tourist activities decreased by 17%. A significant reduction in tax revenues was recorded in the city of Kyiv (58%) and Odesa (46%) region (SATD, 2023). Tourism taxes are small fees that are usually collected indirectly through accommodations or travel companies. Taxpayers are citizens of Ukraine, foreigners, and stateless persons who live within the territory of a city or village and occupy the accommodation temporarily. Tourist tax rates for domestic tourism in 2023 are up to 0.5% of the minimum wage and up to 5% for inbound tourism. The minimum wage as of

---

**Figure 5.** Map of Ukraine with designation of territories where hostilities took place

Territories where hostilities are (were) conducted (territories of possible hostilities, active hostilities)

Temporarily occupied territories

Territories where hostilities or temporary occupation have ended

Territories where no active hostilities were conducted, and which were not temporarily occupied

Territories where active hostilities were not conducted
January 1, 2023 is UAH 6 700 (SATD (2023)).

Table 4. Territorial communities assigned to groups I-III

<table>
<thead>
<tr>
<th>Oblast (region)</th>
<th>Territories where hostilities are (were) conducted</th>
<th>Temporarily occupied territories</th>
<th>Territories of possible hostilities</th>
<th>Temporarily occupied territories ended</th>
<th>Territories of possible hostilities ended</th>
<th>Territories of possible hostilities suspended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>of possible hostilities</td>
<td>of active hostilities</td>
<td>ended hostilities</td>
<td>temporary occupation</td>
<td>ended temporary occupation</td>
<td>possible hostilities</td>
</tr>
<tr>
<td>Dnipro</td>
<td>6</td>
<td>5</td>
<td>20</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Donetsk</td>
<td>21</td>
<td>15</td>
<td>20</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Zhytomyr</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zaporizhzhia</td>
<td>19</td>
<td>6</td>
<td>47</td>
<td>18</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Kyiv</td>
<td></td>
<td></td>
<td></td>
<td>11</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>Luhansk</td>
<td>3</td>
<td>30</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mykolayiv</td>
<td>14</td>
<td>2</td>
<td>1</td>
<td>18</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Odesa</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Sumy</td>
<td>14</td>
<td>3</td>
<td>2</td>
<td>21</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Kharkiv</td>
<td>50</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Kherson</td>
<td>18</td>
<td>31</td>
<td></td>
<td></td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>Chernihiv</td>
<td>4</td>
<td></td>
<td>57</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>146</td>
<td>36</td>
<td>131</td>
<td>111</td>
<td>127</td>
<td>27</td>
</tr>
</tbody>
</table>

The amount of the tourist tax in 2022 decreased by 24% compared to 2021. The decline occurred in 14 regions of Ukraine. These are territories that were or are in the war zone and are temporarily occupied. In Kherson oblast, the income from the tourist tax decreased by 95%, in Mykolayiv oblast – by 90%, in Donetsk oblast – by 83%, in Luhansk oblast – by 80% (SATD, 2023).

In 2022, an increase in the tourist tax was recorded in some regions due to the internal migration of Ukrainians from the occupied and front-line territories to safer areas. Lviv oblast became the leader in terms of the tourist tax paid in 2022 (Table 5).

Table 5. Top-5 regions of Ukraine by the tourist tax paid in 2022

<table>
<thead>
<tr>
<th>Region / city</th>
<th>Income from tourist tax, UAH million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lviv region</td>
<td>41.43</td>
<td>23.15</td>
</tr>
<tr>
<td>Kyiv (the city of)</td>
<td>31.474</td>
<td>17.59</td>
</tr>
<tr>
<td>Zakarpattia</td>
<td>19.471</td>
<td>10.88</td>
</tr>
<tr>
<td>Ivano-Frankivsk</td>
<td>17.956</td>
<td>10.03</td>
</tr>
<tr>
<td>Cherkasy</td>
<td>12.555</td>
<td>7.02</td>
</tr>
<tr>
<td>Ukraine total</td>
<td>178.948</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: SATD (2023)

The number of foreign tourists to Ukraine decreased by approximately half – from 4 million to 2 million in 2022 compared to 2021. At the same time, the tourists were officials, delegations, representatives of international organisations, volunteers, and journalists. According to Euromonitor International, global inbound tourism lost $6.9 billion in 2022 due to the war in Ukraine (Ukraine Recovery Plan, 2022).

Covering all damages and needs will depend on the capabilities of the Ukrainian budget, private sector investments and the war trajectory. Tourism can become a source of income and a tool for the recovery of Ukraine precisely by ensuring the competitiveness of the tourist product as one of the sources of revenue formation for the budgets of united territorial communities, which will slow down internal and external labour
migration (Kabat et al., 2020), contribute to the growth of the population's employment level, the development of transport, social and economic infrastructure (sectors with the greatest need for recovery: transport - 22%, housing and communal services - 17%, energy - 11%, social protection and livelihoods - 10%, explosives management - 9%, agriculture - 7%).

The process of decentralisation, which included the transfer of powers and budget revenues from state bodies to local self-government administrations through the formation of territorial communities (Klus & Martinkovich, 2019), contributed to the independent resolution of issues of local importance at the expense of own resources. The availability of tourist and recreational resources, a well-thought-out strategy for the development of the territorial community is a prerequisite for its restoration.

The restoration of territorial communities in Ukraine should consider a special approach to different groups of territories and be based on the principles of: immediate start and gradual development; creation of fair welfare; integration into the EU; reconstruction 'better than it was'; stimulation of private investments. The formation of the system of proper livelihood of the population (Filip et al, 2022) of territorial communities in Ukraine should be based on the goals of sustainable development. Global trends prove that the guidelines on sustainable tourism development and management practices in the EU are applicable to all forms of tourism in all types of destinations, including mass tourism and various niche tourism segments. The principles of sustainability of the EU regarding the environmental, economic, and socio-cultural aspects of tourism development acquire the proper balance between these three dimensions in order to guarantee the long-term sustainability of tourism development in Ukraine.

The current experience notices of the impossibility to implement all the above-mentioned directions of tourism development, unless an effective system for ensuring the safety of tourists, providing high-quality and affordable services is created in the country, issues related to the ecological safety of the territories, preservation of cultural heritage in compliance with standards for quality shelter, changes in the approach to urban planning and evacuation plans for people and valuables. The implementation of the above-mentioned directions requires the involvement of various sources of funding, among which is the tourist tax, which feeds the local budget. Theoretically, the income generated by this tax can be directed by local authorities to the improvement and development of the tourist infrastructure of territorial communities and other goals of local economic development. This will have a positive impact on the economic security of communities (Voznyak et al., 2021).

The upheavals caused by war bring great changes and a new legacy is created as a result. Many people are proud of Mariupol, Chernihiv, Kharkiv, Bucha, Gostomel, Irpin, Borodyanka and many other cities and communities. Foreigners and Ukrainians will want to visit the places where our people heroically won in the fight against the enemy, choosing freedom. Therefore, the development of memorial tourism with the involvement of state institutions, business, and cultural initiatives will eventually be mixed with other types of tourism: cultural, sports, green, etc. (Revitalization of tourism 2022).

To ensure tourism development and a positive impact on the recovery of territorial communities in Ukraine
in the post-war period, it is necessary to apply sustainable tourism practices and create tourism products that incorporate the cultural and natural heritage of the region (UNDP, 2023); promote the wide impact of tourism on the territory and population through the involvement of economists, sociologists, anthropologists, ecologists and other specialists who can help in this work (Costa et al., 2020).

Cooperation with local communities and giving them the opportunity to participate in solving development issues and tourism management is important in the process of restoring the tourism sphere. The support of small and medium-sized businesses at the local level through the provision of economic sustainability and social justice in the tourism sector will ensure the creation and development of jobs, which is extremely relevant for the current situation (Nosyriev et al., 2022).

Ensuring the effective functioning of the tourism industry requires a system of management, regulation and control by territorial communities linked to the interests of local residents and ensuring their participation in the process of tourism development. Civil society can play an important role in the recovery of a tourist destination – in particular, by entering into the process of planning and implementing projects, ensuring monitoring of their implementation and influencing the regulation of tourism industry activities within the territory of the community.

An essential step in the restoration of the national economy is the development of proposals and solutions aimed at domestic tourism development (Fig. 6).

To draw attention to Ukraine, open new tourist markets and ensure the attraction of foreign investments in the tourism industry, it is necessary to create an effective network of informing the world community about Ukrainian history and culture, including through an all-Ukrainian tourist portal, digitalisation of tourist infrastructure facilities, development of virtual tours considering Ukrainian post-war realities. These approaches can be used, for example, when introducing new formats of memorial tourism.

The possibilities of digitalization in the development of a tourist destination as a sustainable ecosystem have been proven in research (Petya Popova, et al. 2023). Cooperation between local tourism destination management establishments and tourism businesses is a key solution to support digitalisation. In addition, the main tasks of digitalisation in tourism are training in new digital technologies and the development of high-speed broadband. Virtual reality is one of the popular technologies in the global tourism industry development. The unforeseen socio-economic challenges provoked by the war in Ukraine can make the development of VR and AR technologies one of the important tools for tourism recovery (Market revenue, 2023). The achievement of a positive balance of key economic indicators is also crucial for the recovery of territorial communities in the post-war period.

It should also be noted that the development of local infrastructure is pre-designed and tested primarily by local residents, who use the logistics system, recreational services and communications more than visiting tourists. The trend towards strengthening individual tourism, which is becoming increasingly popular in different countries (especially with already saturated markets), requires a precisely developed local transport and information infrastructure, convenient for use and mastered by the local population, to facilitate route
planning and stay in the destination for foreigners. Thus, a region with modern technologies of “smart cities” (many innovations can be implemented not only in metropolises, but also in settlements with a small number of residents) wins twice: the first time, getting paid for the implemented technologies by residents who use them in day life, and simultaneously act as testers, and the second - upon arrival of tourists, both domestic and foreign flows.

**Figure 6.** Challenges and directions of restoration of the tourist sphere of territorial communities

One of the approaches to post-war recovery is the formation of strategic focus areas of tourist specialisation in accordance with the tourist potential of destinations and the goals of territorial development. To ensure an effective result, it is necessary to highlight and consider those negative changes that took place in the respective
territories during the war in terms of security, including environmental, population demography, labour potential and economic status of the community. To restore territories as tourist destinations, it is necessary to apply appropriate regulatory activities regarding the preparation of laws and by-laws (Kuril, 2020). First, they should be aimed at maximally motivating the return of young people, ensuring the appropriate level of their social development.

The situation in the country is extremely difficult, but the gradual liberation of a part of the occupied territories contributes to the recovery of the national economy. Thus, the National Bank of Ukraine made a forecast of key economic indicators until 2025 based on real data of 2019-2022 (Report on inflation and monetary policy of the National Bank of Ukraine for the first quarter of 2023, 2023). Based on the NBU forecast, we used the MATLAB software to create a three-dimensional graph describing the changes in some key economic indicators over a period of seven years, from 2019 to 2025. This approach designs a visual interpretation and conduct a detailed analysis of data (Fig. 7).

![Changes in Indicators over Time](image_url)

**Figure 7.** Forecast of economic indicators until 2025

*Source: compiled by the authors on the basis of the Report on inflation and monetary policy of the National Bank of Ukraine for the first quarter of 2023, 2023*

Where:
- Real GDP reflects changes in the volume of the gross domestic product, corrected by inflation.
- Base inflation reflects the expected inflation rate without the influence of one-time factors.
- Consumer Price Index (CPI Index) reflects changes in prices for goods and services in the country.
- Nominal wage reflects the expected changes in the average salary level.
- Real wage reflects the expected changes in the average wages, corrected by inflation.
- Unemployment rate reflects the expected labour market conditions in the country.

In recent years, significant changes have been observed in Ukraine, which are related to internal and external economic factors. At the same time, an increase in the 2023 consumer price index and core inflation compared to the previous year is predicted, with a decrease in the unemployment rate, an increase in real GDP, real and nominal wage (Fig. 8).
Figure 8. Dynamics of key economic indicators for 2018-2026

The data of Fig. 8. indicate a recessionary period of the Ukrainian economy in 2022 and further growth of real GDP in 2024 and 2025, a gradual decrease in the inflation rate and the unemployment rate (in 2023 – to 18.3%, in 2024 – to 16.5%, in 2025 year up to 14.7%). In 2023-2025, the labour market recovery is expected resulting from economic growth.

This predicted trend is the key to the country's overcoming of the economic crisis.

First, the GDP growth, which can raise the income of the state and regions and subsequently be directed to the development of infrastructure, education, health care and other areas. This is important for territorial communities, which will become more attractive for investors and businesses, thus ensuring the employment of the local population and their welfare.

Second, lower inflation rates in the coming years may contribute to reducing the current negative impact. In the context of the territorial community's recovery, information on nominal and real wages can help to assess the effectiveness of its progress. The growth of real wages in territorial communities may highlight that the local economy is recovering after the crisis. However, if the nominal wage increases faster than inflation, this can have a negative effect on the economy as a whole and lead to an increase in inflation and a decrease in the purchasing power of citizens. Therefore, when restoring territorial communities, it is important to balance the growth of nominal wages with inflation to ensure stable economic development.

Thirdly, a gradual decrease in the level of unemployment will stimulate economic activity and the recovery of territorial communities.

The restoration of territorial communities in Ukraine in the post-war period should be based on the implementation of strategic principles of sustainable tourism development for maintaining national interests
and solve the following tasks:

- creation of a peaceful, open and safe, socially cohesive society with proper governance and inclusive institutions;
- overcoming imbalances in the economic, social and environmental spheres;
- decentralisation and implementation of regional policy, which ensures a harmonious combination of national and regional interests;
- transformation of the economic activity of territorial communities and tourism business on the transition to the principles of the "win-win" strategy;
- ensuring partnership interaction of state authorities, local self-governments, business, science, education and civil society organisations for the relocation of young people and their future social activity;
- revitalisation and development of territories as tourist destinations, maintaining the environment in proper condition, which will ensure the quality of life of the local population and tourists;
- preservation and development of national cultural values and traditions.

The restoration and sustainable development of tourism should create the grounds for the development of territorial communities in Ukraine based on the effective use of scientific achievements, the stimulation of innovative activities, finally, the creation of a favourable investment climate.

**DISCUSSION**

To substantiate the theoretical and methodological provisions and practical recommendations regarding the development of sustainable tourism and its impact on the territorial communities' recovery in the post-war period, we suggest summarising the available achievements regarding certain aspects of the research, which are grouped into:

- defining the problems of globalisation and the transition to sustainable development, compliance with its principles by subjects of certain types of economic activity (Transforming our world: the 2030, 2015);
- implementation of the sustainable development goals in the field of tourism with the determination of the main priorities for tourist destinations in Ukraine concerning national backgrounds (Babov et al., 2019);
- factors that affect recreational and tourist resources and tourism in general without observing the principles of sustainable development (Bazhe
ova et al., 2022; Roik et al., 2022), systematisation of probable changes expected in the tourism industry in the coming years according to world data online platforms and news agencies without taking into account the restorative nature of the impact of sustainable development on the country's economy (Nosyriev et al., 2022; Motsa et al., 2022);
- a comprehensive consideration of the investment attractiveness of regional tourism systems of Ukraine, which is based both on financial aspects and the resource potential of the subjects of tourism activity (Boiko et al., 2018, 2022; Bosovska et al., 2019);
- development of tourism in the community, considering available and engaged labour, natural, recreational, historical-cultural, balneological and other resources (Filip et al., 2023), development of strategies
for promoting the tourist potential of territorial communities on domestic and foreign markets (Koval, 2019).

Studying theoretical, methodological and praxeological aspects of sustainable development of tourism and its impact on the national economy are the focus of research by experts of the World Economic Forum (WEF, 2023), and the World Tourism Organization (UMWTO, 2023). Sharpley R. (2020) substantiated the theoretical interrelation between tourism and sustainable development. Such scientists as L. Ruhanen etc. (2015) studied the trends and patterns of tourism development based on the principles of sustainability over the past 25 years. D. Miller, B. Merrilees, A. Coughlan (2014) link urban development to sustainable tourism. Hussain et al. (2015) investigated the relative impact of aspects of sustainability (ecological, economic, socio-cultural, and institutional) on anticipating satisfaction with the development of sustainable tourism. The obtained results demonstrate that the present scientific literature does not contain approaches to determining the impact of sustainable tourism on the recovery of territorial communities in Ukraine in the post-war period.

Many scientists determine the theoretical and practical foundations of tourism development without estimation of potential factors of evolutionary changes, principles of sustainable development and forecasting its impact on the progress of territories. Only a few Ukrainian and foreign scientists concluded that the irrational use of resources, the degradation of natural and cultural heritage, as well as negative social consequences determine the need to change the paradigm of tourism development based on rational management and responsible use of recreational and tourist resources in compliance with principles of sustainable development (Ugur et al., 2020; Zenker et al., 2020; Hall, 2019; Mihalic, 2020; Kock et al., 2020; Sigala, 2020).

The development of national economic systems within the Industry 4.0 concept involves the further implementation of artificial intelligence in the management of territorial communities, the use of large databases, cloud and Internet of Things technologies (Dalenogare et al., 2018; Matyushenko et al., 2020).

Modern approaches to the institutional environment development should be used both at the state and local self-government level, to progress sustainable development of humanity towards political and institutional coherence while supporting any sphere including tourism (Transforming our world: the 2030, Agenda for Sustainable Development (2015), point 17.17). Changes in the state administration system aimed at expanding the socially responsible model of society's evolution and harmonising the interests of the entire business environment, necessitate the use of cognitive approaches as the most promising directions for reforming modern management systems (Labunska, et al, 2019).

When investigating the concepts of implementation of "smart infrastructure" and "smart city", Yermachenko et al. (2023) emphasize the existing challenges to the effective management at the community level. These challenges are provoked by the emergence of a gap between the stated goals of management and the needs and motives of citizens' behaviour. In this aspect, the harmonisation of the goals of the country's socio-economic development and the interests of civil society at the level of individual territories acquires great significance and is defined as one of the priority goals specified in the UN Resolution (Transforming our world: the 2030 Agenda for Sustainable Development, 2015). The indicated problem needs to be solved at
both levels – of new methodological approaches and of designing practical recommendations for the development of territorial communities.

The implementation of digital technologies, support for the digital transformation of tourism service providers will contribute to the innovative practices of booking and consumption of tourist services, as well as to fostering inclusive tourism. The dependence between the tourism industry and the development of human capital in the modern conditions of economy digitalisation is determined (Stryzhacket al., 2021).

The authors identified the main directions of tourism development based on sustainability by grouping territorial communities on grounds of their location during hostilities, compared to the already existing scientific research aimed at improving the vectors of strategic development of the tourism industry in the conditions of armed conflicts and post-conflict recovery (Nosyriev et al., 2022), optimisation of possible measures to coordinate the activities of the main participants of the tourism industry with substantiation of further post-war recovery trends (Bazhenova et al., 2022), the systematisation of the negative consequences of armed conflicts on tourism, the identification of the main obstacles to the development of inbound tourism in modern realities (Taranenko, 2022).

Opposing to the existing works of Ukrainian scientists (Roik et al., 2022; Koval, 2019), in which attention is focused on the justification of the tourism sphere development as an object and subject of the political process that affects the change of the institutional structure, we have broadened the idea possible coordination of the life of tourist communities with global standards of safety and quality of tourist services in accordance with the criteria of sustainable development.

The analysis of inbound tourist flows over the past 20 years (Roskladka et al., 2018) made it possible to identify the factors that caused the negative dynamics of tourist arrivals in Ukraine and to build a forecasting model of this component using various types of spline interpolation and predictive functions. The results of the conducted comparative analysis in different systems gives confidence in the development of inbound tourism, especially in the post-war period.

The aggression of the Russian Federation against Ukraine caused crisis phenomena in all sectors of the country’s economy, including the tourism and hospitality industry. Not only the general indicators of profitability of all business entities of the tourism industry were affected, but also the disruption of structural relationships between business units of the tourist services market occurred. Studying the current state of the tourist services market and the hospitality industry, Zuravka et al. (2023) point to problems that lead to a decrease in the hospitality sector efficiency. This is the destruction of the formed chains of interaction between the subjects of tourism activity, a decrease in solvent demand, a shortage of certain types of products, a lack of personnel. Agreeing with the identified problems, one should add systemic problems of interfering the harmony between territorial communities and the activities of subjects in the field of hospitality and tourism. These reflect the reduction of cash flows to local budgets, the impoverishment of the population due to the loss of jobs, the destruction of infrastructure facilities, damage to ecosystems and tourist attractions. Such circumstances inhibit sustainable development at the local level, tourism and hospitality in particular, and the
country's economy as a whole.

The main hypothesis of the study is to prove the influence of the tourism industry on the general development of local communities, in which a framework of tourist destination specialisation has been formed, and to determine tourism as a stimulus of sustainable development of territories.

The application of the "win-win" concept to harmonise the interests of local communities and businesses allows to form a conceptual direction of approaches to the development of tourist destinations in the post-war reconstruction of the country.

The research methodology is based on the provisions of macroeconomic theories, concepts of sustainable development, scientific assumptions that effectively organised and methodologically ensured development of domestic and inbound tourism, world popularisation of tourism potential of Ukraine, reconstruction of tourist infrastructure, institutional support of tourism entities can contribute to restoration of territorial communities in the post-war period, including through the development of sustainable tourism.

CONCLUSIONS
The invasion of Russia provoked significant challenges for territorial communities. At the local level, it is necessary to solve humanitarian, communal, resources supply, technical, and migration problems, as well as to restore the destroyed infrastructure and logistics. Territorial communities need to continue financing social and economic development in the face of reduced revenues to local budgets. Involvement of local residents in decision-making processes related to the infrastructure development of the territorial communities on the basis of civil initiatives may stimulate the civil society engagement.

Civil society can play an important role in mobilising resources and creating a more sustainable and enabling environment for sustainable tourism development. Therefore, territorial communities need to support tourism as a source of internal financing and expanding external source of the local budget. Sustainable tourism can be a tool for the territorial communities recovery after the war, and the revitalisation of tourist destinations must consider the interests of local residents and involve civil society in the process of tourism development.

Author Contributions:
Conceptualization, V.Ye. and S.M.; methodology, V.Ye. and S.M.; software, T.D.; validation, M.S. and T.L.; formal analysis, T.D.; investigation, T.L.; resources, T.D.; data curation, T.L.; writing—original draft preparation, V.Ye. and S.M.; writing—review and editing, M.S. and S.M.; supervision, V.Ye.; project administration, S.M.; funding acquisition, V.Ye and M.S.
All authors have read and agreed to the published version of the manuscript.

Funding/Acknowledgement:
The authors gratefully acknowledge the approval and the support of this research study by the grant No. 09I03-03-V01-00133, Funded by the EU Next Generation EU through the Recovery and Resilience Plan for Slovakia

Institutional Review Board Statement: Not applicable
REFERENCES


During the year of the war, more than 9,600 civilians died in Ukraine, including 461 children. (2023). available at: https://www.ukrinform.ua/rubric-ato/3673760-za-rik-vijnii-v-ukraini-zaginuli-ponad-96-itisaci-civilnih-sered-nih-461-ditina.html (accessed on 21 May 2023)


Government Portal of Ukraine. MKIP: 763 objects of cultural heritage were damaged in Ukraine due to Russian aggression. available at: https://www.kmu.gov.ua/news/mkip-cherez-rosiisku-ahresiu-v-ukraini-postrazhdalya-763-obiekty-kulturnoi-spadshchyny (accessed on 19 April 2023)


On the approval of the List of territories on which hostilities are (were) taking place or temporarily occupied by the Russian Federation: Order of the Ministry on Reintegration of Temporarily Occupied Territories of Ukraine No. 309 dated 12.22.2022. available at: https://zakon.rada.gov.ua/laws/show/z1668-22#Text (accessed on 3 June 2023)


Recovery plan for Ukraine https://recovery.gov.ua/ (accessed on 29 March 2023)


Resolution of the Cabinet of Ministers of Ukraine No. 1364 of December 6, 2022 (as amended) (2022). Some issues of forming a list of territories on which hostilities are (were) conducted or temporarily occupied by the Russian Federation) available at: https://zakon.rada.gov.ua/laws/show/1364-2022-%D0%BF#Text (accessed on 29 March 2023)


Since the beginning of the war, the Russian Federation has caused more than 147 billion dollars in damages to the infrastructure of Ukraine – KSE. (2023). available at: https://www.unian.ua/economics/finance/z-pochatku-vyiynirf-zavdala-infrastrukturi-ukrainsi-ponad-147mlrd-dolariv-zbitkiv-kse-12260352.html (accessed on 12 May 2023)


The unemployment rate in Ukraine last year was 21.1%. (2023). available at: https://www.ukrinform.ua/rubric-economy/3707740-riven-bezrobitta-v-ukraini-torik-stanoviv-211-nachank.html (accessed on 1 June 2023)


UN: there are more than 8 million internally displaced people in Ukraine. This is a quarter more than two months ago. (2023). available at: https://suspinlife.media/237912-v-ukrainsi-ponad-8-milioniv-vnutrisno-peremisenh-ludej-oon/ (accessed on 25 May 2023)


**About the authors**

**Volodymyr YERMACHENKO,**
Ph.D of Economics, Professor, Postdoctorant of the Bratislava University of Economics and Management, Slovak Republic, Professor of the Department of Tourism, Simon Kuznets Kharkiv National University of Economics, Ukraine

**Research interests:** development of tourist destinations as areas of economic growth

**ORCID ID:** 0000-0002-5779-3967

**Svitlana MELNYCHENKO,**
Doctor of Economics, Professor, Head of the Department of Hotel and Restaurant Business and Tourism of the National University of Life and Environmental Sciences of Ukraine, Ukraine

**Research interests:** economic, ecological and social development of tourism, including taking into account compliance with sustainable development criteria, managerial approaches to tourism management

**ORCID ID:** 0000-0002-5162-6324

**Mykola SIDAK,**
Doctor of Law, Professor, Director of the Institute of Public Administration of the Bratislava University of Economics and Management, Slovak Republic

**Research interests:** public administration of territorial development

**ORCID ID:** 0000-0001-7173-3197

**Tetiana DUPLIAK,**
Ph.D of Economics, Associate Professor of the Department of Tourism and Recreation of the State University of Trade and Economics, Ukraine

**Research interests:** international tourism, business tourism, managerial approaches to tourism management

**ORCID ID:** 0000-0001-5187-8903
Tetiana LOSITSKA,
Ph.D. of Economics, Head of the Research Department of the State University of Trade and Economics, Ukraine

Research interests: economic analysis, development of territorial communities

ORCID ID: 0000-0003-3117-3281

This work is licensed under the Creative Commons Attribution International License (CC BY)