

Final Project Report

SUPPORT TO ENTREPRENEURSHIP AND EMPLOYMENT DEVELOPMENT ALONG THE AZOV SEA COASTLINE IN DONETSK AND ZAPORIZHZHIA REGIONS



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Acronyms

AAS	Agricultural advisory service
B2B	Business-to-Business
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross domestic product
HACCP	Hazard Analysis Critical Control Point
HoReCa	Hotel, Restaurant, Catering
IDP	Internally displaced person
ILO	International Labour Organization
LAAS	Light Agricultural Advisory Service
MSME	Micro, small and medium-sized enterprise
NGO	Non-governmental organization
OHCHR	Office of the United Nations High Commissioner for Human Rights
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UN RPP	United Nations Recovery and Peacebuilding Programme
UNDP	United Nations Development Programme

Context Overview

One year since the Russian Federation's 24 February 2022 invasion of Ukraine, the war has already resulted in significant loss of life, unprecedented displacement, internally and towards neighbouring countries, and devastating destruction of Ukraine's infrastructure. According to estimates, over 21 million people have been affected by the war, and some 18 million require humanitarian assistance¹. In the first few months after the invasion, nearly 8 million people were internally displaced in Ukraine, and the same number fled across borders. Since then, the displacement crisis has continued. Almost 5.5 million people returned to their places of origin, while millions more have continued to flee from the east. Today, more than 5.4 million people are still internally displaced in Ukraine, and over 8 million people are refugees². Overall, the toll on civilians has been devastating – 22,209 casualties have been verified by the Office of the High Commissioner for Human Rights (OHCHR) as of March 2023, including 8,317 killed and 13,892 injured. The number represents only a fraction of the actual toll, as the verification process has faced immense challenges, including a lack of access to areas under the military control of the Russian Federation.³

During the year of the full-scale war, the total amount of documented damages caused by Russia to Ukraine's infrastructure has reached almost US\$143.8 billion. By February 2023, over 150,000 residential buildings, 3,170 education and 1,216 health-care facilities and 1,800 cultural objects had been damaged or destroyed. At least 426 large and medium-sized private enterprises, as well as state-owned enterprises, and tens of thousands of small private enterprises, have been damaged or destroyed since the beginning of the war. The number of damages caused to the agriculture sector and land resources is \$8.7 billion.⁴



People fleeing the war-affected regions of Ukraine.
Photo credit: UNDP / Oleksandr Ratushniak

¹ Ukraine Data Explorer, OCHA, <https://data.humdata.org/visualization/ukraine-humanitarian-operations/>

² Ibid.

³ Ukraine: civilian casualty update 20 March 2023, OHCHR, <https://bit.ly/40mXRI3>

⁴ Damages to Ukraine's Infrastructure, Kyiv School of Economics (5 September 2022), <https://bit.ly/3g3SyVI>

A series of attacks on energy infrastructure across Ukraine have caused severe disruption to the functioning of power plants and energy transmission systems. According to the recent comprehensive Energy Damage Assessment from the United Nations Development Programme (UNDP) and the World Bank, the attacks on energy infrastructure has caused over US\$10 billion in damages and left over 12 million people with no or limited electricity.⁵ The power outages have disrupted public services, including transportation, communications, livelihoods, and access to running water and heating – a particular concern in the winter given sub-zero temperatures.⁶

The war has also had a devastating impact on Ukraine's economy and people's livelihoods. As estimated by the International Labour Organization (ILO), employment in 2022 was 15.5 percent (2.4 million jobs) below the 2021, pre-war, level.⁷ According to World Bank data, Ukraine's gross domestic product (GDP) shrank by 37.2 percent in the second quarter of 2022 compared to the same period in 2021. The effects of the war on poverty and society are expected to be massive. As forecast by the World Bank, the proportion of the population with income below the national poverty line may reach nearly 60 percent, up from 18 percent in 2021. Based on the global poverty line of \$6.85 a day, poverty was projected to have increased from 5.5 percent in 2021 to 25 percent in 2022.⁸

The lack of employment is particularly a concern among IDPs. As of October 2022, only 34 percent of IDPs indicated being employees, while another 7 percent confirmed having their own business. The main constraints to employment for both IDPs and non-IDPs are the lack of jobs matching their experience or interest, the overall lack of jobs given active conflict in the area, and low salaries.⁹

Furthermore, the crisis has had a significant impact on the Ukrainian social protection system both in terms of increased expenditure and decreased revenue¹⁰. With the closure of social services, schools and kindergartens, women's share of care – for children, the elderly, relatives with disabilities, sick, or injured family members – has sharply risen, often combined with the necessity to earn their own income.

The UNDP analysis also suggests that development setbacks for Ukraine will be significant, including increased inequalities and poverty rates; the country's economy, its social fabric, and the environment will also suffer. Eighteen years of socio-economic achievements in Ukraine are at risk, and to mitigate such dramatic development setbacks, an effective humanitarian-development-peace nexus approach is critical¹¹.

⁵ Ukraine Energy Damage Assessment Report, UNDP/the World Bank, March 2023, <https://bit.ly/3LvWdbz>

⁶ Ukraine: Situation Report, 16 Nov 2022, UN OCHA, <https://cutt.ly/o3jZi2U>

⁷ Impact of the crisis on employment, incomes and social protection, February 2023, ILO, <https://bit.ly/3ZENoQL>

⁸ Europe and Central Asia Economic Update, Fall 2022: Social Protection for Recovery, the World Bank, <https://openknowledge.worldbank.org/handle/10986/38098>

⁹ Ukraine Internal Displacement Report - October 2022, IOM Ukraine, <https://cutt.ly/33jVbot>

¹⁰ The impact of the Ukraine crisis on the world of work: Initial assessments, ILO, <https://bit.ly/3c2lslA>

¹¹ The Development Impact of the War in Ukraine: Initial projections, UNDP, <https://bit.ly/3xNBekW>

Outcome 1.

MSME SECTOR ALONG THE AZOV SEA COASTLINE IN DONETSK AND ZAPORIZHZHIA REGIONS GROWS, GENERATING NEW JOBS

During its implementation, the Project achieved notable results in developing viable and sustainable mechanisms, to: support the creation of jobs; improve livelihoods; enhance business skills; and promote access to innovative business mechanisms, for internally displaced people, and the local conflict-affected population. However, due to the full-scale invasion in Ukraine in February 2022, the target areas of the Project became areas of ongoing hostilities, or fell under the military control of the Russian Federation. In view of this, partial repurposing of the Project activities and objectives was proposed to address the emergency needs of the war-affected population and communities. The major aim was to increase capacity for recovery from the shocks of armed conflict, by building the resilience of local institutions, and society more broadly. The reprogramming was aligned with the provisions of the Ukraine Flash Appeal, and agency-specific response strategies; such as the United Nations Development Programme's, Resilience Building and Recovery Programme; and the Food and Agriculture Organization's Rapid Response Plan.

The development of micro, small and medium-sized enterprises (MSMEs) included the critical support of a Light model of Agricultural Advisory System (LAAS), a comprehensive, locally developed system. LAAS provides pertinent information and advisory services to MSME farmers, and aggregators of agricultural products and processors on how to increase their competitiveness and access markets. An information exchange and communication network has been established for entrepreneurs and a dedicated website, and app developed to facilitate access to its resources.¹² Following the outbreak of war in February 2022, all planned activities supporting LAAS were suspended and therefore have not been completed.

By mapping LAAS actors at the regional level, the Project conducted a thorough assessment of potential capacities: analysing existing partnerships, and links between different actors; and their respective strengths and weaknesses. In total 45 actors – including: aggregators, extension services providers, input suppliers, post-harvest processors, research institutes, retailers; universities and vocational institutions – were assessed and included in the network of advisory service providers. In addition, 20 highly qualified individual agricultural advisors in the target raions along the Azov Sea coastline, and an additional pool of 35 agricultural advisors residing in neighbouring regions and territorial communities, were identified and joined the LAAS network to provide advisory services to agricultural MSMEs. During the reporting period, more than 1,600 hours of consultations were provided for 65 agricultural MSMEs.

¹² <https://doradnyk.org.ua/>

The multifunctional marketplace platform [Svoi.Market](#) has been developed to unite local MSME producers from target areas in a single online marketplace. The platform provides permanent access to online markets, and facilitates cross-sectoral communication and business-to-business (B2B) relationships for MSMEs. The marketplace has an integrated information exchange and communication network for registered vendors and buyers. By the end of the Project, 135 MSMEs had registered on the platform to sell their products and services online: the marketplace featured some 11,500 goods items and boasted up to 14,000 visitors per month.

In total, 1,769 MSMEs (1,105 led by women), including 556 farmers, 245 of whom were women, from Donetsk and Zaporizhzhia oblasts, advanced their business skills; improved knowledge in business planning and fundraising; accounting and financial processes; encouraging the motivation and adaptation of staff; developing marketing, branding and business communication; as well as learning to build efficient business processes and strategies for business growth.¹³

Within the Project's small grant programme, 175 entrepreneurs (74 women) from Donetsk and Zaporizhzhia oblasts managed to set up, restore or expand their businesses. Notably, 53 percent of the MSMEs represented the hospitality (27 percent) and food processing (26 percent) sectors. In 2022, an additional 18 MSMEs relocated from the war-affected oblasts received grant support to restore their business activities in safer regions of Ukraine. Importantly, all 175 businesses that received grant support benefited from the consultations by the expert companies involved by the Project.

¹³ This activity was co-funded by the European Union.

Activity 1.1.1.

Support the development of effective business information systems, communication network and network of advisory services

ASSESS EXISTING SERVICE PROVIDERS AND IDENTIFY POTENTIAL AGRICULTURAL ADVISORY SERVICE PROVIDERS

The lack of market-appropriate business services and training opportunities has been a sustained challenge in the eastern regions of Ukraine along the Azov Sea coastline. The shortage led to the decline of the local economy, already in a fragile state due to the conflict-related outward migration of skilled labour and know-how, and interruption of supply and value chains. Outward migration increased markedly due to large demand for Ukrainian workers in the European Union (EU), as a visa-free travel for Ukrainians was introduced. This migration resulted in a severe labour shortage in Ukraine, particularly affecting labour-intensive agriculture, such as fruit and vegetables. Inter alia, the small enterprise sector could have offered opportunities to diversify employment. In addition, the conflict in Ukraine, led to the loss of key industries and markets for food products, resulting in an increased importance placed on the agriculture industry.

The inadequate provision of services in rural areas was addressed through the establishment of a Light model of Agricultural Advisory System (LAAS), a comprehensive, locally developed system, which provides pertinent information and advisory services to MSME farmers, aggregators of agricultural products and processors, to increase their competitiveness and access to markets. The model proposed a pluralistic and inclusive extension and advisory system, which gave distinct roles and responsibilities for the various advisory system actors, depending on their key strengths, at the national, regional and local levels.

At regional (oblast) level, the model foresaw public-private partnerships providing a coordinated and efficient advisory system for all farmers. It was designed to be demand-driven (that is, responsive to the real needs of farmers), pluralistic (that is, recognize that there are many different advisors) and provide multiple services (farmers require different types of information delivered in different ways). The public-private partnerships included a variety of actors such as research institutes, universities, vocational schools, producer organizations, registered agricultural advisory service organizations, private consulting companies, individual experts, regional farmers' organizations, individual cooperatives, regional agricultural chambers, and agencies such as the veterinary service, among others. The services provided by the actors included marketing and information campaigns, on-farm demonstrations, seminars, workshops, training sessions, tours and farmers' discussion groups.

At the local level, the model included activities that fostered local innovations; community engagement; and inclusion of smallholders, vulnerable rural actors and other hard-to-reach groups, often disconnected from 'formal' public- and private-sector sources of advice. Hromada or territorial community administrations, were best placed to collaborate with communities, including ensuring the uptake of advice by hard-to-reach groups of farmers, such as very small farms and farms in remote areas. Instead of setting up traditional advisory services, the communities were tasked to establish brokering hubs.

PROJECT TARGET AREAS



- Boundary of oblast
- Boundaries of raions
- Contact line (from 2014 till 24 February 2022)
- Berdiansk City

Through mapping potential LAAS actors at regional level in the raions of Donetsk and Zaporizhzhia oblasts along the Azov Sea coastline, the Project identified two registered agricultural advisory service organizations, one university, eight vocational schools (six in Zaporizhzhia and two in Donetsk); five research institutes (two in Zaporizhzhia and three in Donetsk); 21 input suppliers (eight in Zaporizhzhia and 13 in Donetsk); six agricultural cooperatives (three in each region), and two consulting companies (one in each region). The Project also identified more than 20 highly qualified individual agricultural advisors in the target raions along Azov Sea coastline and an additional pool of 35 agricultural advisors residing in neighbouring regions and communities, who joined the LAAS network to provide advisory services to agricultural MSMEs in the project target areas.

The registered agricultural advisory was best placed to play a central role within the LAAS network in terms of advisory service provision and establishment of public-private partnerships. The Project assessed the institutional and technical capacity of two agricultural advisory service (AAS) providers: Eastern Ukrainian Agricultural Department of the Service (EUADS) from Donetsk Oblast, and Zaporizhzhia Information and Consultancy Centre: Agro-Tavria, from Zaporizhzhia Oblast. Following the assessment, a support package was developed that included training in various technical areas, design of development strategies for the next three years, as well as the development of tools for the provision of advisory services. During the reporting period, more than 1,600 hours of consultations were provided for 65 agricultural MSMEs.

As part of the support package, the Project conducted the following capacity-building activities:

1. A training programme on the mechanism for state cost compensation for advisory services

In October 2021, the Project implemented a dedicated training programme to increase the capacity of the local advisory service providers. The programme was conducted in a hybrid format. It covered 51 participants (38 online and 13 offline), including 31 agricultural advisors (from the three extension service providers in the target region), eight representatives of territorial communities and 12 state officials. The participants increased their knowledge of the following issues:

- The state support programme for AAS, and opportunities for AAS/farmers/territorial communities made available by state programmes.
- Practical experience of and challenges in using the state support programme.
- The new mechanism for compensating for the cost of advisory services.
- Good practices from farmers and AASs of using state support programme.
- A road map for AAS providers to access state programmes resources.

The participants deepened their knowledge and understanding of the importance and advantages of participating in the state compensation programme for AAS. It was recommended that LAAS and Agro-Tavria Centre register as extension service providers in the national registry.

2. Study tour

From 1 to 5 November 2021, the Project organized a five-day study tour for nine representatives of the two AASs from the Project's target regions. The main objective of the study tour was to promote the best advisory practices, develop networking and stimulate the exchange of business ideas between AASs from different regions of Ukraine.

The AAS providers from Dnipropetrovsk, Poltava and Lviv oblasts provided training on the following issues:

- The history, activities, and achievements of the host AAS.
- AAS management tools: strategy plan, budget, communication plan, business plan.

- AAS products and specialization.
- Current projects and funding.
- Client profile, client database and client satisfaction measurement tools.
- Best advisory practices.
- Local, national, and international collaboration.

ENGAGE LOCAL ADMINISTRATIONS

The Project has identified 39 local administrations, including 30 territorial communities in Zaporizhzhia Oblast and nine territorial communities in Donetsk Oblast, to outline means of collaboration and the support needed to enable them to play the brokering hubs' role. This function is primarily intended to raise farmers' awareness of local advisory activities conducted by LAAS actors, such as on-site demonstration events, farmers discussion groups, and local government-organized activities. Of these 39 communities, five were selected for further engagement in LAAS piloting in the region: Nove, Tokmak, Yakymivka, Kostiantynivka and Terpinia communities (all in Zaporizhzhia Oblast).

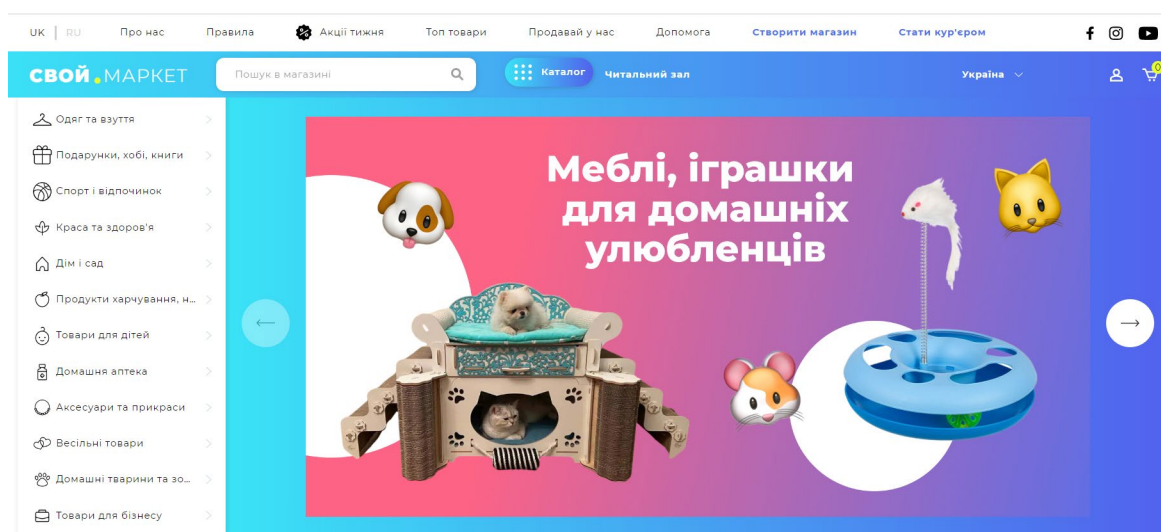
CREATE INFORMATION EXCHANGE/COMMUNICATION NETWORKS FOR ENTREPRENEURS

In order to further increase agricultural MSMEs' access to customized digital advisory services during the COVID-19 pandemic, the Project initiated the development of a dedicated mobile application and video courses. The mobile app had been planned to extend the web platform, developed previously under the United Nations Recovery and Peacebuilding Programme (UN RPP). With the outbreak of war, the development of the app and the courses was suspended; however, it is planned to resume these activities with the support from other projects.

The Project also designed a training programme for AAS organizations to strengthen their technical capacities to create and deliver digital advisory services, including web platform and mobile application management, digital content creation, digital communication and social media marketing, media relations, and photo and video shooting and editing. The procurement of information technology and photo equipment, and the provision of related training to support AAS providers in digital content creation, had been initiated, but was suspended with the beginning of the war in Ukraine in February 2022.

CREATE AN ONLINE MARKETPLACE FOR LOCAL MSMEs

The UN RPP developed the multifunctional platform-marketplace [Svoi.Market](#), which is free of charge for its vendors and was designed to unite local MSME producers from the target areas on a single online platform. The marketplace has an integrated communication network for registered vendors and buyers. This provides permanent access to online markets and facilitates the cross-sectoral communication and B2B relationships of MSMEs. With the help of the marketplace, local MSMEs can quickly shift their commercial activity online and decrease their dependence on the rent of the physical premises and other external factors.



Interface of the online marketplace Svoi.Market

The entrepreneurs registered on the marketplace also received professional support with content creation and free-of-charge publications on [The City](#) news media network, which operated more than 50 local media outlets in eastern Ukraine. This helped the entrepreneurs attract new customers and promote their products throughout the country.

Creating and administering an online store requires considerable financial investment, especially for micro-businesses. Notably, on the [Svoi.Market](#) website entrepreneurs can create online stores free of charge, and quickly commence online sales with the ability to set up online payments and courier delivery. Detailed step-by-step text and video instructions for MSMEs are [available at the platform](#). As of February 2022, the marketplace featured some 11,500 goods items and boasted up to 14,000 visitors per month.

By the end of the Project, the marketplace was represented by 135 registered MSMEs, which sell their products and services online. Some 50 of them are former UN RPP grantees and participants of the Programme's East Expo business exhibitions. Throughout October to November 2021, the Project [presented](#) the marketplace at the East-Expo 2021 business exhibition in Kyiv, and 13 cities in Donetsk, Luhansk, Zaporizhzhia and Kherson oblasts.¹⁴ These events were attended by some 180 visitors, of whom 125 were women.

In addition, the Project launched a campaign to promote e-commerce, which showed 10 success stories of entrepreneurs who managed to digitize their businesses, shift to online trade, and lead them through the COVID-19 pandemic.

¹⁴ Berdiansk, Kherson, Kramatorsk, Kreminna, Mariupol, Melitopol, Pokrovsk, Rubizhne, Sievierodonetsk, Sloviansk, Starobilsk, Volnovakha, and Zaporizhzhia.



Presentation of the Svoi.Market platform during the East Expo 2021.

Photo credit: UNDP / Andrii Krepkikh

Activity 1.1.2.

Develop and deliver a skills enhancement programme for potential and existing entrepreneurs, farmers and cooperatives

BUILDING THE CAPACITIES OF AGRICULTURAL COOPERATIVES

During implementation, the Project identified and assessed six agricultural cooperatives within the prioritized value chains in target areas to enable support for their development by identifying areas for improvement and designing a tailored capacity-building programme. In addition, two initiative groups of farmers from the target region were selected for the creation of fully-fledged cooperatives.

The assessment revealed that most cooperatives lack a clear understanding of internationally recognized cooperative principles related to democratic procedures; members' economic participation; voluntary and open membership, and education, training and information. Most cooperatives were found to lack clear visions and long-term economic perspectives for development. In addition, the vast majority of cooperatives have limited knowledge of the tax code and national accounting standards, and little awareness of the new legislation on agricultural cooperatives that was adopted in July 2020. Ultimately, all agricultural cooperatives providing processing services are not fully compliant with food legislation requirements in terms of safety and quality. To address the identified gaps, several support actions were recommended and implemented:

1. Creating and promoting a standard/model for cooperative development based on internationally recognized principles.
2. Increasing awareness of leadership, management, and administration.
3. Building capacity on cooperative economy and business planning as well as supporting business plan preparation.
4. Building capacity for accounting and taxation, and support for accounting system and optimized taxation strategy.
5. Raising awareness about the requirements of the new legislation on agricultural cooperatives and supporting cooperatives and initiative groups with (re)registration.
6. Building capacity on food legislation, and supporting preparation for, and implementation of, food safety and quality management systems.

Furthermore, the Project undertook several support actions to address the management and operations-related gaps identified in agricultural cooperatives and initiative groups from the target regions. Two online training sessions were delivered, including sessions on accounting, taxation, and financial reporting, as well as on the requirements of the new legislation governing agricultural cooperatives' operations in Ukraine since its adoption in July 2020. As a result, 11 cooperatives' leaders, 7 of whom were women, members and staff (accountants) increased their knowledge of the aforementioned issues. At the request from cooperatives and initiative groups, more than 10 post-training individual consulting services were delivered, addressing specific needs for setting-up/upgrading the accounting system, fiscal reporting, preparation of re-registration package, including statute, bylaws, agreements between cooperatives and their members, and so on.

The Project conducted a three-day study tour for five agricultural cooperatives and initiative groups to a successful cooperative in Dnipro, specializing in berry production. The study tour was attended by seven cooperative leaders and members, six of whom were women, who had the opportunity to learn from the experience of a successful cooperative about governance, operations and services provided to members. As well as sharing the cooperation experience between farmers, the participants had the opportunity to learn about modern strawberry growing technologies in open and protected fields, organic farming, post-harvest berry handling and processing practices and technologies.



The participants of a study tour for agricultural cooperatives to a successful cooperative in Dnipro specializing in berry production
Photo credit: FAO / Maksym Kulbida

In August and September 2021, the Project conducted two training sessions on business planning, leadership, management, governance and administration for 26 cooperatives members. During the training sessions, the following issues and challenges affecting cooperatives emerged:

- Lack of knowledge about legal issues and taxation.
- Lack of support during start-up processes.
- Farmers and their cooperatives prefer to operate in informal conditions.

The informal approach was strongly linked to a lack of knowledge of the new cooperative law, which was designed to encourage members to formally join and use cooperatives by reducing the administrative burden. Other issues identified were difficulty accessing markets (resulting in poor prices); access to finance; limited access to land, especially in Donetsk Oblast; internal migration due to the conflict and and external economic migration of Ukrainians.

Having the action plans prepared based on the diagnostic audits conducted at the two processing cooperative and initiative groups in the first year of implementation, the Project provided technical support for development and implementation of the quality management system and procedures required by the food legislation.

To this end, relevant documentation on Hazard Analysis Critical Control Point (HACCP) prerequisite procedures – including basic instructions, procedures and operational documentation – was prepared, presented to the beneficiaries, and adjusted based on feedback received. Personal consultancy services were provided on implementing procedures, preparing the required documentation for permit application, and clarifying some provisions related to food safety. At the initiative group's request, the Project also supported the development of the product labelling design and content that met the requirements of Ukrainian law regarding food products.

TRAINING SESSIONS ON PRACTICAL ASPECTS OF ENTREPRENEURIAL ACTIVITY

In total, 1,769 MSMEs (1,105 led by women), including 556 farmers (245 women), from Donetsk and Zaporizhzhia oblasts advanced their business skills and improved knowledge of business planning and fundraising, accounting and financial processes, motivation and adaptation of staff, as well as marketing, branding and business communication; and learned how to build efficient business processes and develop strategies for business growth.¹⁵

Training on business promotion activities in Donetsk Oblast.
Photo credit: UNDP / Artem Hetman



To help MSMEs overcome challenges resulting from the COVID-19 pandemic and related predicaments, a series of remote training sessions was delivered on online business promotion and sales to 65 entrepreneurs (46 women) from the two oblasts. The target audience of the training programme included IDPs and residents of host communities who plan to establish, renew or expand their entrepreneurial activity. Those who registered but could not participate in the training programme were provided with video recordings and all the training materials.

Apart from the learning programme, the Project has also developed three practical guides on exhibition activities (Annex 4), elaboration of a marketing plan (Annex 5), and the art of business presentation (Annex 6). These were distributed among the participants of the above-mentioned training sessions.








¹⁵ This activity was co-funded by the European Union.

Activity 1.2.1.

Design and launch a business grant scheme

The business grants programme, run by the UN RPP since 2015, revealed the presence of viable and successful business ideas for MSME development in the target areas. However, the lack of financial resources to purchase equipment and materials, and limited access to loans for the conflict-affected women and men has been hindering further development of MSMEs in the south of Donetsk and Zaporizhzhia oblasts.

Seven non-agricultural, agricultural and food-processing sectors favourable for enhanced production value chains were identified in the south of Donetsk and Zaporizhzhia oblasts along the Azov Sea coastline. Based on market conditions, mapping and needs assessments conducted by the UN RPP the prioritized sectors for value chains were determined as follows:

 <p>Industry and Engineering Services</p>	 <p>Textiles and Clothing</p>	 <p>Hospitality</p>	 <p>Food Processing</p>
	 <p>Dairy and Beef</p>	 <p>Grain and Oilseeds</p>	 <p>Fruit and Vegetables</p>

The Project's support was focused on these value chains to ensure employment and productivity growth, greater value addition, and investment inflow to the region. The business grants contest documentation was developed in line with the principles of gender equality and inclusion, the call for proposals was advertised widely both by the grant administrator and the Project, and both female and male candidates as well as persons with disabilities were strongly encouraged to apply.

An experienced grant programme administrator (Creative Centre CCC) facilitated the efficient, transparent and equal selection process, and ensured a unified approach and cumulative effect from current and previous rounds of the grants support programme. Applicants developed, submitted and presented their business plans at the three stages of the evaluation process: a) technical screening against the basic eligibility criteria; b) assessment by independent business experts; and c) in-person presentation to the evaluation committee.

Grant support within the Project was provided for the start-up, restoration or expansion of the MSMEs to create jobs for IDPs and the local population of the target oblasts. The grants programme envisages that each business plan submitted for the competition should include long-term prospects for profit and realistic market indicators, demonstrate the conditions for self-employment of the applicant and the creation of additional jobs. The maximum size of grant for implementation of one business project was EUR 6,500.

Activity 1.2.2.

Provide small-scale financing through the grant scheme

The start-up grants contest for MSMEs from the Azov Sea region was announced in August 2020 following an extensive information campaign on social media and regional television.¹⁶ In addition, the Project held a meeting with representatives of Zaporizhzhia Oblast State Administration, including the department of agro-industrial development and department of information policy to ensure broader dissemination of information about the contest. Subsequently, the Project also organized 16 online and offline awareness raising events in target communities for more than 200 agricultural MSMEs, including 81 woman-led enterprises, providing them with information about the terms of participation in the grant programme.

To ensure the quality of applications from the agricultural MSMEs, the Project developed a tailored training programme on business planning, financial literacy and investments specific to the requirements of the grant programme. A shorter version of this training programme was delivered to be delivered online due to COVID-19 restrictions related to travel and public gatherings. In total, four online training sessions were conducted for some 74 agricultural MSMEs, including 19 woman-headed enterprises. The trainees were provided with information on how to generate business ideas and accurately prepare and submit grant applications. In addition, the Project conducted a training of trainers session for 26 representatives of various farmer support organizations (11 women), including agricultural advisory service, local administrations, and other stakeholders.



Training session for the representatives of cooperatives.
Photo credit: FAO / Maryna Tsapun

Following the open call for applications,¹⁷ 809 business plans were submitted to the start-up grants contest, of which 45 percent of applications were submitted by women. As a result of a highly competitive evaluation process, 175 entrepreneurs (74 women) managed to set up, restore or expand their businesses with the support of the small grant programme.

In general, 53 percent of the funds were allocated to the hospitality (27 percent) and food processing (26 percent) sectors; while fruit and vegetables received about 14 percent, industry and engineering services 13 percent, grain and oilseeds 12 percent, textiles and clothing 4.5 percent, and dairy and beef 3.5 percent (see Figure 1).

¹⁶ <https://www.facebook.com/watch/?v=291328658760498>

¹⁷ The joint open call for business grants financed by Denmark, the EU and Japan.

The grant funds were used to procure the equipment and tools needed to start production, to hire additional personnel to expand a business, and for initial procurement of feedstock and materials for production or service provision.

The variety of sectors and locations covered by the grants programme was very wide. The most interesting and promising business initiatives supported by the programme included a greenhouse agricultural site, cheese and snack production line, entertainment and sports centres, and sewing workshops.

Figure 1. Distribution of grants by sectors and gender

Value chain	Proportion of the total grant pool	Number of MSMEs supported	Proportion of MSMEs owned by women
Hospitality	27%	48	54%
Food processing	26%	46	46%
Fruit and vegetables	14%	24	37%
Industry and engineering services	13%	23	17%
Grain and oilseeds	12%	20	20%
Textiles and clothing	4.5%	8	88%
Dairy and beef	3.5%	6	50%

To support the small business grant programme participants, the Project staff developed a handbook on taxation and reporting for MSMEs in Ukraine. All 175 MSMEs (67 from Donetsk and 108 from Zaporizhzhia Oblast, 74 women-led), supported through the Project's grant scheme, received hard copies of the practical handbook to guide their daily business activities. The [manual](#) summarized the latest legislative changes regarding MSME activity, taxation and reporting during the COVID-19 pandemic. The handbook covered the general requirements of the Tax Code of Ukraine, the Ministry of Finance of Ukraine and other state bodies and the specific requirements for each of the organizational and legal forms of business entities.

In 2022, the Project additionally provided grant support to 18 MSMEs relocated from the war-affected oblasts (4 from Donetsk Oblast, 6 from Kharkiv Oblast, 4 from Kyiv Oblast, 1 from Luhansk Oblast, 1 from Mykolaiv Oblast, 1 from Odesa Oblast, and 1 from Sumy Oblast) to help restore their business activity in safer regions (Ivano-Frankivsk and Lviv oblasts).

Being an experienced 37-year-old motocross fan, Serhii Kipcharskyi decided to offer a quad bike rental in the Mariupol area with support from UN RPP and the government of Denmark (USD 5,850). Photo credit: UNDP / Galyna Balabanova



Activity 1.2.3.

Develop and deliver consultancy support services for business development, product or service improvement, and promote experience sharing

CONSULTANCY SUPPORT SERVICES FOR BUSINESS GRANTEES

To ensure high quality in the utilization of the awarded grants, the Project supported the grantees with consulting services in the main areas of business activity. All 175 MSMEs that received grant support benefited from consultations given by expert companies engaged by the Project. The consultations offered a range of services, including; legal counselling related to registration and re-registration; obtaining permits and certificates; accountancy training, covering bookkeeping, auditing and reporting; marketing services focused on business and product promotion among customers; and use of social media. Each entrepreneur received a voucher for 32 hours of consultations.

Advisory support to the grantees was available through remote channels (phone, Skype, Zoom, email, social networks, platforms for webinars, and so on) and was followed by the issuing of monthly digests of frequently asked questions (Annex 3) and by in-person consulting sessions in the legal, accounting, marketing and business development areas. The overall duration of these services was six months on conclusion of each grant agreement.

TRAINING NEEDS ASSESSMENT OF AGRICULTURAL MSMEs

The Project conducted a training needs assessment among 94 agricultural MSMEs that received funding under the small grants programme in the first year of implementation, on issues such as production and processing technologies, marketing, legislation, finance and economics. The assessment revealed significant differences in the learning needs of the farmers across the Projects' prioritized value chains.

Grain and oilseed producers, 75 percent of whom were men, were the most experienced farmers among the grantees, with more than half having registered their businesses before 2010. The training needs assessment demonstrated that the priority for these farmers was skills and knowledge of production and processing technologies, expressed by more than 80 percent of respondents; followed by legislation issues such as land acquisition in the context of land reform and labour contracts (59 percent), and finance and economics issues such as finance acquisition under state and donor-funded programmes (almost 50 percent of respondents). Training in conservation agriculture (no-till and mini-till), precision agriculture and organic farming, were the most requested growing technologies.

Fruit and vegetable producers, who were also mainly men (75 percent), were relatively less experienced, with half of them being start-up MSMEs registered in 2019-2020. The fruit and vegetable producers also indicated their top priority need as being information and knowledge on production and processing technologies (over 80 percent of respondents), followed by finance and economics issues (68 percent), and marketing (64 percent). Skills training was most requested in the following growing technologies: greenhouse production, hydroponics and aeroponics, organic farming, climate-smart agriculture, hydro cooling, cold storage and packaging.

The beef and dairy producers, among whom men and women were almost equally represented, were relatively less experienced farmers, with more than 75 percent being start-up MSMEs registered in 2019-2020. More than 60 percent of respondents indicated a lack of relevant knowledge in production and processing technologies, followed by finance and economics (50 percent of respondents), and legal issues (40 percent). The most requested skills training for growing technologies were: animal feeding; milk cooling and pasteurization, and cheese production.

The poultry and egg producers were made up equally of men and women, with more than three-quarters being start-ups registered in 2019-2020. Preference for production and processing technologies, legal issues and marketing were equally indicated by 64 percent of interviewed farmers. The most requested skills training for production technologies were animal feeding, meat storage, packaging and processing (dumpling and sausage production, and smoking and marination of quails).

Of the available sources of information, the farmers preferred specialized web resources, advisory services provided by third-party organizations, technology exhibitions, seminars, and field days.¹⁸

CONSULTANCY SUPPORT SERVICES FOR AGRICULTURAL MSMEs

Based on the findings of the training needs assessment, the Project designed a consultancy voucher programme for 65 grantees (22 women).¹⁹ The consultancy support services covered the areas of expertise required across the prioritized value chains: grains and oilseeds, fruit and vegetables, and beef and dairy. Each grantee received, on average, 24 hours of individual consulting services supported by tailored field visits to farms or enterprises. The consultancy support services were rendered in September to November 2021 and included 108 field visits to the farmers (40 of whom were women), followed by 164 written consultations, with questions and topics shared with a range of experts, to ensure the most appropriate written advice was given. These, in turn, were followed up by 78 oral consultations, to explain and expand on the written consultations.

The topics of the individual consultations included: adaptation of agricultural technologies to reduce the risk of climate change; general improvements in production efficiency; post-harvest handling; marketing, and the use of renewable energy sources and new technologies. For livestock, there was an emphasis on improved feeding and rations, and general husbandry issues. Managerial topics included the registration and correct administration of labour contracts, and improvements in contracts and registration of assets, such as land leases. Notably, 95 percent of the farmers confirmed that they had already adopted – or will adopt – the advice given and were interested in participating in further training courses. The farmers indicated they were interested in further training opportunities in the following areas:

1. Training in production technology for fruit, vegetables and berries in the context of climate change; methods of product quality control, and use of technical and chemical tools.
2. Creation of added value for fruit, vegetable, berry, horticultural, and livestock products, project costs, energy costs, profitability, return on investment, markets for finished products. Cooling and processing.
3. Managing the development of group cooperation and/or aggregation for small producers, to create added product value.
4. Making further sources of funding available for MSMEs.

¹⁸ Field day is an informational event for farmers, which combines exhibitions, demonstration visits to farms and workshops.

¹⁹ 23 farmers represented fruit and vegetables value chain, 23 farmers from the grains and oilseeds value chain, 13 from food processing and 6 from beef and dairy value chains.

**CONSULTANCY SUPPORT SERVICES FOR BUSINESS DEVELOPMENT,
PRODUCT OR SERVICE IMPROVEMENT**

In the second half of 2021, professional consultation sessions were held for MSMEs from the south of Donetsk Oblast and selected areas of Zaporizhzhia Oblast along the Azov Sea coastline, namely in Berdiansk, Mariupol, Melitopol, Prymorsk and Zaporizhzhia. In total, five sessions were conducted during which 58 people (39 women) received consultations on taxation issues, quarantine restrictions, and registration of settlement transactions launching.

Outcome 2.

MSMES, IN THE TARGET REGIONS, SUCCESSFULLY INTEGRATE NEW OR EXISTING MARKETS, PROVIDING THEM WITH IMPROVED PERSPECTIVES FOR SUSTAINABLE BUSINESS OPERATIONS AND LONG-TERM BUSINESS DEVELOPMENT

The Project conducted in-depth market research to identify the market entry points of key products from the prioritized value chains. The study summarized the challenges agricultural producers face in meeting regulatory requirements while entering markets and identified several successful initiatives.

In total, 295 MSMEs, including 76 agricultural businesses, were supported to participate in five national and regional business and technology fairs and exhibitions, which helped strengthen local business capacity, promote local products, share knowledge and experience and find new partners and clients.

The UN RPP's annual entrepreneurship promotion campaign, Big Stories of Small Businesses,²⁰ included six success stories of MSMEs from the south of Donetsk and Zaporizhzhia oblasts. The presentation showcased their experience of starting and maintaining a business, the impact of the COVID-19 pandemic, and contributions to the development of communities, through increasing employment.

The Project also assessed business groups and associations, including 76 agrarian associations and branch associations in the region. The assessment revealed that 90 percent of the MSMEs considered the development of clusters advantageous, and that 60 percent would be interested in joining them. The identified areas for improvement included participative policy development, communication, and provision of consulting services to farmers.

²⁰ This activity was co-funded by the European Union and the Government of Japan.

Activity 2.1.1.

Identify key agriculture/non-agriculture sectors for market entry

MARKET RESEARCH IN THE PRIORITIZED AGRICULTURAL SUBSECTORS

To improve the access of agricultural MSMEs to new or existing markets, the Project conducted in-depth market research to identify market entry points for key products from the prioritized value chains. To this end, primary and secondary data was collected through desk review, semi-structured interviews and focus group discussions to gather different perspectives of various value chain actors; including suppliers (agricultural producers, cooperatives, and industry associations), and consumers (processors, aggregators/exporters, retailers, and hospitality sector representatives).

The research focused on key fresh and processed products, as identified by the prioritized value chain assessments conducted within the UN RPP:

1. Grains and oilseeds: fresh (wheat, barley, corn, pulses, sunflower, soybean, rape), and processed (wheat flour, cereal groats, and sunflower oil).
2. Animal protein: fresh (beef and poultry meat), and processed (pasteurized milk, soft and hard cheese, other dairy products).
3. Fruit and vegetables: fresh (cabbage, onion, carrot, potato, tomato, cucumber, apples, apricot, plum, berries, and table grapes), and processed (juice, dried fruit and vegetables).

The research assessed the various marketing channels and methods employed by agricultural producers, and how fresh and processed product sales had been affected by COVID-19. It also identified a number of challenges faced by agricultural producers in meeting regulatory and buyers' requirements. The research also assessed the experience and interest of agricultural producers in e-commerce in the context of the pandemic, to identify the challenges, needs, and ideas for employing e-marketing tools and practices.

In addition, the assessment reviewed regulatory requirements and identified generic and specific buyers' requirements for safety, quality, labelling and packaging of fresh and processed products. Consumer preference trends globally and nationally were also documented.

The research showcased a few successful initiatives facilitating direct access of farm produce to retail markets and examples of e-marketing tools employed, including web platforms and social media.

The research findings were widely disseminated among agricultural MSMEs through off-line workshops and the web platform.

MARKET ANALYSIS OF THE PRIORITIZED NON-AGRICULTURAL VALUE CHAINS, INCLUDING DETAILED MAPPING OF MARKET STAKEHOLDERS IN LUHANSK, DONETSK AND ZAPORIZHZHIA OBLASTS

In 2021, market analysis was conducted of the prioritized value chains,²¹ including detailed mapping of market stakeholders, in Donetsk, Luhansk, and Zaporizhzhia oblasts. The study showed that businesses tend to build long-term development plans, which indicate their willingness to stay in the market.

²¹ Industry and engineering services, Textiles and clothing, Hospitality, Ceramics, Food processing, Poultry and eggs, Dairy and beef, Grain and oilseeds, Fruit and vegetables.

STRATEGY DEVELOPMENT OF NON-AGRICULTURAL VALUE CHAINS AT REGIONAL LEVEL

With expert support from the Project, the strategies for the five non-agricultural value chains were developed for Donetsk and Zaporizhzhia oblasts. The strategies included specific recommendations for MSMEs from each value chain: hospitality, textiles and clothing, ceramics, industry and engineering Services, and food processing, to contribute to the design of business projects and development plans in the region.



Sweet Cherry Association, Melitopol, Zaporizhzhia Oblast.
Photo credit: FAO/Sweet Cherry Association

Activity 2.1.2.

Facilitate access to identified markets and value chains

The Project's interventions were focused on creating an enabling environment for expanding trade links within Ukraine and abroad, through the participation of MSMEs from eastern Ukraine in study tours, trade fairs and exhibitions.

The AGRO Expo 2021 – the largest exhibition in Ukraine and one of the ten largest exhibitions in Europe – was held from 29 September to 2 October 2021 in Kropyvnytskyi, Kirovohrad Oblast. The exhibition area of the complex: 125,000 m², with 512 companies exhibited, was of record size in Ukraine. There were over 46,000 visitors over four days and there was a large, 8-hectare, field demonstration site. Twelve farmers (five women) from the Project's target regions took part in the exhibition. While the presentation focused on arable cropping, it included a significant livestock section. All the farmers expressed satisfaction with the event and the teaching provided about new and innovative technologies in agriculture.



Participants of the AGRO Expo-2021, Kropyvnytskyi, Kirovohrad Oblast.
Photo credit: FAO/Maryna Tsapun

To further promote success in MSMEs from the conflict-affected oblasts, and in order to facilitate inter-regional trade and commercial links, on 29 October 2020 the UN RPP, in partnership with the Ministry of Digital Transformation, launched the annual business exhibition **East Expo 2020**.²² In response to the quarantine restrictions, the 2020 exhibition of MSMEs from conflict-affected regions was held online on the interactive East Expo website and the government's business-support portal Diia.Business.

²² This activity was co-funded by the European Union, the U.S. Embassy in Ukraine and the governments of Japan and Poland.

The event provided ample opportunities for 160 MSMEs from Donetsk, Luhansk and Zaporizhzhia oblasts (including 51 from the Project's target areas) to showcase and promote their products and services online: from homemade delicacies and textiles, to the chemicals industry and IT. Each MSME profile contained brief information about the company, photos, a short video presentation and contact details for ordering products or services. In addition, 76 entrepreneurs (21 of them from Project target areas) participated in online B2B meetings facilitated by the Ukrainian Chamber of Commerce and Industry with potential clients and partners from all over Ukraine and abroad. The event helped reconnect economic ties disrupted by the COVID-19 pandemic, facilitate post-crisis recovery and promote the digitalization of commercial activity at regional level.



Participants of the East Expo 2021 showcasing their products from Donetsk Oblast.
Photo credit: UNDP/Andriy Krepkikh

The following year, **the East Expo 2021** exhibition was held on 13-14 October 2021 in Kyiv, in the premises of the Ukrainian Chamber of Commerce and Industry. In addition to the traditional offline presentations at the event's venue, the exhibition was shown online via the [East Expo](#) and [Diia.Business](#) websites, where the profiles of about 200 companies from Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts were presented. In total, 93 MSMEs, including 12 farmers, showcased and promoted their products at the event, with all entrepreneurs gaining new partners and clients during the B2B meetings.²³ The event provided opportunities for the farmers to study new agricultural technologies and, as a result, several farmers in the fruit and vegetables sector planned to develop new products, such as chips from dried cabbage and a range of herbal fruit teas, as well as more traditional added value products from the processing of tomatoes. Overall, more than 700 visitors attended the two-day expo, and more than 1,000 people explored the products online.

²³ 68 MSMEs were physically present at the event; at the same time, some exhibition stands presented several companies, therefore, overall, 93 companies were showcased at the East Expo 2021.

The Project also supported the council of women farmers in Zaporizhzhia Oblast, in the organization and participation of local producers in a specialized business fair, **the Happy Berries Festival**. The event was held in September 2021 in Tokmak, Zaporizhzhia Oblast, and included a specialized fair and side events such as workshops and field visits to demonstration farms. Overall, 24 farmers showcased their products at the festival, which 250 visitors attended, with 120 people attending specialized workshops. The event helped strengthen local business capacity and support homegrown agricultural entrepreneurs, as well as promoting local brands and craft products in the market.

A demonstration tour to three successfully operating farms was attended by 60 people. The tours occurred in:

1. Nove village: Serhii Olshansky's farm, with Cornelian cherry dogwood covering 14 hectares of land and certified by the organic standard system.
2. Sadove village: the Makartet cooperative, with 5 hectares of raspberries, 1.2 hectares of strawberries (open and closed soil), and 0.25 hectares of currants.
3. Pokrovske village: Ivan Zakharenko's farm, with 5 hectares of grapes, producing 10 kg from a bush, and 8 hectares of Lyubasha variety garlic.



Participants of the Happy Berry Festival, Tokmak, Zaporizhzhia Oblast.

Photo: [UHBDP website](https://uhbdp.org.ua/)

In addition, with Project support, six farmers from Zaporizhzhia Oblast attended Fresh Business Expo 2021, held in Kyiv from 30 November to 2 December.

Finally, in the framework of the UN RPP, an annual entrepreneurship promotion campaign, Big Stories of Small Businesses, was held, highlighting success stories of people from the target areas who started their businesses or provided employment to others.²⁴

²⁴ This activity was co-funded by the European Union and the Government of Japan.

In 2021 the campaign showcased six success stories of MSMEs from the south of Donetsk and Zaporizhzhia oblasts. The videos were designed to inspire others to set up their own businesses and create new, or expand existing, partnerships between MSMEs from the target regions and the rest of Ukraine. The best video stories were showcased in a nationwide information and awareness raising campaign screened on intercity trains, in cinemas, on big street screens and in shops in the target areas.²⁵



Presentation of the entrepreneurship promotion campaign, Big Stories of Small Businesses, at the East Expo 2021.

Photo credit: UNDP/Andriy Krepkikh

²⁵ <https://startbusiness.com.ua/bssb-2021/>

Activity 2.1.3.

Promote formation and development of clusters, business groups and associations

REVIEW AND ANALYSIS OF THE EXISTING CLUSTERS, BUSINESS GROUPS AND ASSOCIATIONS

Reform of the agricultural sector in Ukraine resulted in a multifaced and atomized structure of agri-food systems. It currently uses various organizational forms – agricultural enterprises, production cooperatives, farms, vertically integrated holding companies, sole proprietorships and households – that are heterogeneous in production and specialization. The reform was accompanied by the emergence of lobby and advocacy groups. While the trend of agricultural entities uniting in industry associations and unions is attested, the development of the associative sector has often been hindered by a low level of agricultural producer engagement and interest in membership. Possible reasons may include: low confidence in any form of association; limited awareness of the potential benefits of membership; imperfect internal management; low effectiveness of associations in achieving statutory objectives; complexity and difficulty in building and maintaining members' relationship, and payment of membership fees.

Having identified 28 associations and unions in the target areas in the first year of implementation, the Project assessed their effectiveness in achieving statutory objectives. To this end, primary and secondary data were collected through document reviews (policy and legal framework, and official websites of associations), semi-structured interviews and focus group discussions, to gather different perspectives on various stakeholders: agricultural producers, associations' representatives, and regional and local public administrations. The assessment looked into the range of activities undertaken, and the degree to which they were successful, including: participation in agricultural policy development and implementation (dialogue and lobbying); intensity and frequency of communication with members; availability and range of advisory services provided to members; degree and regularity of improvements within associations, in response to new realities and meeting the emerging needs of members; cooperation between members for joint input procurement, output marketing and use of infrastructure; and the availability of partnerships for interaction with civil society, executive and legislative bodies at national, regional and local levels.

The above assessment of business groups and associations reached 76 agrarian associations and branch associations. Just over 37 percent of the surveyed agricultural MSMEs were members of industry associations. The main recognized benefits of membership were: better access to information about tax and licensing issues, availability of support programmes (including grants), and information about preferential loan programmes. However, 90 percent of the respondents favoured the development of clusters, and 60 percent would be interested in joining them. According to the survey results, the main problems that clusters could resolve are improving access to storage (elevators for grain and associated services of drying, cleaning and testing), storage for vegetables, processing of agricultural products, and development value chains. In addition, it would be essential to create infrastructure improvements that should include logistics, transport and roads, the modernization of machinery and equipment, and the promotion of agritourism.

The following measures were identified to increase the attractiveness of industry associations:

1. Strengthening participation in the development and implementation of agricultural policy dialogue, lobbying, and advocacy of agricultural producers at the local, regional and national levels.
2. Improving information and communication with farmers.
3. Improving the provision of consulting services.
4. Development of cooperation and partnerships, access to online sales and market information, and increasing membership of associations.
5. Knowledge sharing, especially through social media, mobile applications and new technology.

CAPACITY BUILDING PROGRAMME FOR CLUSTERS, GROUPS, ASSOCIATIONS AND LOCAL BUSINESS SERVICE PROVIDERS

In the second half of 2021, the Project finalized the development of strategies for clusters, groups, associations, and local business service providers from the prioritized non-agricultural sectors of the economy in Donetsk and Zaporizhzhia oblasts. The documents were developed and presented to the stakeholders from the hospitality, textile and clothing, ceramics, industry and engineering services, and food processing value chains. The strategies contained general information on cluster registration and recommendations on potential development pathways.

Lessons Learned

01

The development of sustainable value chains is particularly important for MSME farm producers, and requires ongoing partnership between producers and other locally based advisers. The challenges faced by vulnerable groups – such as limited access to markets, services, support and finance – can be successfully overcome and provide examples where local and national authorities can play a crucial role in overcoming barriers in the regulatory and tax environment.

02

The quarantine restrictions that were in effect in Ukraine during the COVID-19 pandemic forced some of the planned Project activities to take place online, and as a result, some interventions took more time to implement than initially planned. The restrictions on offline promotional activities reduced the effectiveness of advertising campaigns and, therefore, negatively affected the number of expected applicants and participants. Participation in online capacity-building activities at the beginning of the pandemic was also a challenge for most farmers, who lacked digital skills.

03

Study tours, business visits and trade missions proved their effectiveness as practical tools for experience sharing and searching for potential partners and customers. Ukrainian MSMEs wanting to cooperate with businesses from the EU often lack knowledge of the rules and regulations as well as specifics of certain markets they want to export to. Ukrainian entrepreneurs operating in promising sectors of economy should be invited to EU countries to make connections with local entrepreneurs directly at their production units and offices.

04

One of the effects of the Russian Federation's full-scale invasion of Ukraine is the national, and world, economic downturn manifested in local currency devaluation, inflation, and GDP decline. Developed consumer markets in stable economies, and access to funding sources, are also less accessible. Restrictions of investment and bank loans, on which MSMEs are highly dependable, makes them vulnerable. Therefore, availability of options for working mechanisms of financing, fundraising, and grants, especially in war conditions, must remain among the Programme's priorities.

05

The destruction of premises, forced displacement, and limited access to markets and services of MSMEs has resulted in high levels of relocation. Strengthening local institutions' capacity to support relocation and business continuity for these MSMEs – as well as ensuring that local and displaced businesses have access to emergency relief, efficient community cooperation and communication tools – is essential. The instruments for establishing efficient advisory services for sustainable value chains in MSMEs, farming, and agriculture can help overcome the impact of military invasion.

06

Despite the overall decline of the economy in the target regions due to Russia's military invasion in Ukraine, MSMEs in the target oblasts have tended to maintain their business activity where possible, sustaining enterprises in diverse, traditional and innovative areas. These businesses require support in gaining access to new markets and strengthening trade links. To address this need, access to business exhibitions, fairs, networking opportunities and high-level promotional events should be facilitated.

07

Most of the MSMEs in the south and the east of Ukraine interested in cooperation with businesses from other regions of Ukraine, as well as entering the EU market, have digital tools and promotional activities of insufficient quality. Hence it is important to attract potential international partners to demonstrate the advantages of possible cooperation with businesses from the target oblasts of Ukraine through business digitalization and e-commerce promotion. This would help war-affected MSMEs to shift their commercial activity online, strengthen their crisis resilience and support interregional and international cooperation.

08

The introduction of advisory bodies within local communities to retain and strengthen MSMEs, also oriented towards the further stages of recovery, will focus on enhancing export-oriented enterprises for the broader access of Ukrainian business to international markets.

09

To respond to the urgent needs of the war-affected MSMEs, the UN RPP, in cooperation with the Ukrainian Chamber of Commerce and Industry, launched an anti-crisis platform which has already brought together over 1,400 people, providing consulting on crisis-related issues in business. It is important to continue to support the functioning of such platforms and provide continuous quality consulting services to war-affected entrepreneurs through webinars on a regular basis.

10

Gaining practical knowledge of starting business from scratch, taxation peculiarities and national legislation for MSMEs have made them more flexible and adaptive in changing environments and devastating circumstances, especially during the nine-year-long armed conflict. Moreover, such entrepreneurs create jobs; their activities add value to the raw materials and products; and ensure tax payments.

Annex 1.

RESULTS FRAMEWORK

Indicators	Baseline	Target (2020)	Actual (2020)	Target (2021)	Actual (2021)	Target (2022)	Actual (2022)	Means of verification	Comments
OUTCOME 1 – MSMEs SECTOR IN THESE COASTAL AREAS GROWS, GENERATING THE CREATION OF NEW JOBS									
1.1. Number of new MSMEs in target regions operating sustainably at Project's end (broken down by sector)	0 (2019)	NA	NA	Not less than 100 (60 Zaporizhzhia Oblast, 40 Donetsk Oblast)	175 (67 Donetsk Oblast, 108 – Zaporizhzhia Oblast)	Not less than 100 (60 Zaporizhzhia Oblast, 40 Donetsk Oblast)	175 (67 Donetsk Oblast, 108 – Zaporizhzhia Oblast)	Local administration's reports Project's reports and records	* By sectors: Textile and Clothing – 8 (7 women) Hospitality – 48 (26 women) Food Processing – 46 (21 women) Grain and Oilseeds – 20 (4 women) Dairy and Beef – 6 (3 women) Industry and Engineering Services – 23 (4 women) Fruit and Vegetables – 24 (9 women)
Output 1.1 – Improved access to relevant business information, skills development and support									
1.1.1. Number of business people trained, informed and advised by the Project (broken down between agriculture and non-agriculture businesses)	0 (2019)	250 (at least 125 women)	779 (545 women) 300 (111 women)	500 (at least 250 women)	1,213 (860 women) 556 (245 women)	500 (at least 250 women)	1,213 (860 women) 556 (245 women)	Project's records, local administration's records and sites	In total, 1,769 (1,105 women) people were trained, informed and advised by the Project
1.1.2. Percent of surveyed business people, having received training and advice from the Project, claiming (and showing evidence of) skills improvement (broken down between agriculture and non-agriculture businesses)	0 (2019)	70%	98%	80%	98%	80%	98%	Enterprise survey results	Based on the post-training evaluation, 98% business people confirmed skills improvement as a result of the Project intervention.

Indicators	Baseline	Target (2020)	Actual (2020)	Target (2021)	Actual (2021)	Target (2022)	Actual (2022)	Means of verification	Comments
1.1.3. Project supported on-line information platform is operating and used	0 (2019)	1 platform operating, used by no less than 200 business people	1 platform being upgraded, new marketplace used by 74 business people	1 platform operating, hosted by local institution, used by no less than 400 business people 1 Mobile app operating, hosted by advisory service organization	1 platform operating, hosted by local institution, used by no less than 400 business people	1 platform operating, hosted by local institution, used by no less than 400 business people 1 Mobile app operating, hosted by advisory service organization	1 platform operating, represented by 135 registered MSMEs, featured some 11,500 goods items and had up to 14,000 visitors per month	Platform's usage statistics Enterprise survey results	During the reporting period, 135 MSMEs registered on the Svoi. Market platform. As of February 2022, the marketplace featured some 11,500 goods items and had up to 14,000 visitors per month. Since the outbreak of the full-scale war, and as the Project's target areas became the territories controlled by the Russian federation, many MSMEs from the target regions suspended their activity or relocated, therefore could not register on the platform.
1.1.4. Evidence of operational and sustainable extension services network covering the Project target areas	No (2019)	Network operating	Network operating	Network operating and sustainable	Network operating	Network operating and sustainable	Network operating	Project's records Enterprises survey results	The identified inadequate provision of services in rural areas was addressed through the establishment of a Light model of Agricultural Advisory System, a comprehensive, locally developed system providing pertinent information and advisory services to farmers, aggregators of agricultural products and processors. An information exchange/communication networks for entrepreneurs were established and a dedicated website (https://doradnyk.org.ua/) and an app developed to facilitate access to its resources. With the outbreak of the war in February 2022, all further planned activities supporting LAAS were suspended and therefore could not be completed.

Indicators	Baseline	Target (2020)	Actual (2020)	Target (2021)	Actual (2021)	Target (2022)	Actual (2022)	Means of verification	Comments
Output 1.2. Improved access to business financing									
1.2.1. Number of new and/or existing entrepreneurs having obtained and benefited from a Project's grant (for start-up or development purposes) (broken down by sector)	0 (2019)	100 business people (no less than 50 women)	175 (66 women): 8 - Textile and Clothing; 48 - Hospitality 46 – Food Processing 20 – Grain and Oilseeds 6 – Dairy and Beef 23 – Industry and Engineering Services 24 – Fruits and Vegetables	100 business people (no less than 50 women)	175 (66 women): 8 - Textile and Clothing; 48 - Hospitality 46 – Food Processing 20 – Grain and Oilseeds 6 – Dairy and Beef 23 – Industry and Engineering Services 24 – Fruits and Vegetables	100 business people (no less than 50 women)	193 (83 women): 13 - Textile and Clothing; 49 - Hospitality 50 – Food Processing 20 – Grain and Oilseeds 6 – Dairy and Beef 31 – Industry and Engineering Services 24 – Fruits and Vegetables	Grants administrator's records	

OUTCOME 2. MSMEs SUCCESSFULLY INTEGRATE NEW OR EXISTING MARKETS, PROVIDING THEM WITH IMPROVED PERSPECTIVES FOR SUSTAINABLE BUSINESS OPERATIONS AND LONG-TERM BUSINESS DEVELOPMENT

2.1. Percent of overall production volumes sold by MSMEs in the target oblasts (broken down by sector)	27.6% Donetsk Oblast (2018); 43.1% Zaporizhzhia oblast (2018)	NA	NA	29% Donetsk Oblast 45% Zaporizhzhia Oblast	33.9% – Donetsk Oblast 51.0% – Zaporizhzhia Oblast	29% Donetsk Oblast 45% Zaporizhzhia Oblast	33.9% – Donetsk Oblast 51.0% – Zaporizhzhia Oblast	State Statistics Service	
2.2. Number of MSMEs in active clusters, business groups in the region (broken down by sector)	0 (2019)	NA	NA	50	7 – Textile and Clothing 30 – Hospitality 8 – Ceramic 9 – Food Processing 8 – Industry and Engineering services 16 – Fruits and Vegetables	50	7 – Textile and Clothing 30 – Hospitality 8 – Ceramic 9 – Food Processing 8 – Industry and Engineering services 16 – Fruits and Vegetables	Project records	

Indicators	Baseline	Target (2020)	Actual (2020)	Target (2021)	Actual (2021)	Target (2022)	Actual (2022)	Means of verification	Comments
Output 2.1 – Improved access to new or existing markets									
2.1.1. Number of MSMEs' activities promoted at national/international levels through Project supported exhibitions, fairs and other networking events (broken down by sector)	0 (2019)	50 (25 owned by women)	160 (55 women)	100 (50 owned by women)	91 (33 women-led) - Donetsk Oblast 58 (19 women-led) - Luhansk Oblast 11 (3 women-led) - Zaporizhzhia Oblast	100 (50 owned by women)	91 (33 women-led) - Donetsk Oblast; 21 (9 women-led) – Kherson Oblast; 58 (19 women-led) - Luhansk Oblast; 107 (62 women-led) - Zaporizhzhia Oblast	Project records	160 MSMEs (including 21 agricultural) took part in the East Expo 2020; 93 MSMEs (22 agricultural) – in the East Expo 2021; 24 agricultural businesses participated in Happy Berry Festival in 2021.
2.1.2. Percent of average marketing costs incurred by Project supported MSMEs in target areas (broken down by sector)	TBD	TBD	NA	4%	19%	4%	19%	Enterprise survey	

