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# Strengthening MSME Business Membership Organizations in Ukraine

3<sup>rd</sup> Project Board meeting

27 January 2023

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## Key Project Parameters

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Duration: 4 years (2019-2023)

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Budget: \$2 600 000

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Funding: Government of Switzerland

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Implementing Agency: UNDP Ukraine

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Implementing Partners: Ministry of Economy of Ukraine, Entrepreneurship and Export Promotion Office

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Recipients: 27 BMOs: 7 CCI, 12 industry-specific, 8 inter-sectoral



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# Goal & Objectives

## **Project's Goal:**

To support MSME sector in Ukraine and improve its competitiveness through more professional, demand-driven and client-oriented BMOs

## **Project's Objectives:**

- Strengthening organizational development, improving governance and operational management of BMOs
- Facilitating access to and utilization of the business development services (BDS) by MSMEs
- Facilitating professional public-private dialogue (PPD) to improve the regulatory framework and overall business environment for MSMEs



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## Crosscutting Workstreams: **BMO Leadership Programme**

**BMO Leadership Programme** in cooperation with KMBS aimed to develop capacities of the 27 partner BMOs' leaders and teams to facilitate the quality transition of the organizations they represent to a well-governed and influential communities of MSMEs:

- ✓ **10 cross-disciplinarily modules** for the BMO leaders
- ✓ **5 topical sub-modules** for the BMO teams
- ✓ **6 meetups** with opinion leaders and experts for BMO leader (in-person) and teams (online)
- ✓ **27 strategies** developed and presented by the partner BMOs
- ✓ **120 registered** participants of the online component



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# Crosscutting Workstreams: **Innovation Accelerator**

**Responsive Innovation Accelerator** – on-demand mechanism for piloting innovative solutions in organizational development, business development services and PPD by partner BMOs:

- ✓ **25 partner BMOs** received targeted advisory support on **multilevel membership** aiming at increasing their awareness of the membership policy framework, assisting in the development and adoption of such policy as well as effective tools and approaches for members recruitment and membership management
- ✓ **20 partner BMOs** received targeted advisory support in developing **communication strategies** and providing them with the effective professional tools and approaches to public outreach, visibility, work with social media, etc.
- ✓ **10 pilot GPOs** are developed with the partner BMOs by assessing economic potential and preparing a profile for each of them, including: potential members, specific products/services, potential volume of procurement, estimated purchasing power, economic potential for selected services/products, potential financial benefits, potential additional non-financial benefits and their financial value
- ✓ **7 voluntary business standards** are being established with the partner BMOs through developing standards' requirements, streamlining accreditation procedures and promoting the concept of self-regulation organizations
- ✓ **5 open regulatory platforms** based on PPD mechanisms at the national, oblast and municipal level are being developed and launched in the partnership with the State Regulatory Service of Ukraine



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# Crosscutting Workstreams: **Evidence-Based Transformer**

**Evidence-Based BMO Transformer** – R&D and IT support of BMO sector transformation:

- ✓ **420 active BMOs** are included in the **BMOs Interactive Catalogue** for MSMEs launched on Diia.Business Portal in cooperation with the Ministry of Digital Transformation and the Entrepreneurship and Export Promotion Office of Ukraine. This open-source information including geography, activities, and support provided to MSMEs will assist entrepreneurs with shortlisting BMOs for potential membership.
- ✓ **1,000 Ukrainian MSMEs** responded to the representative nationwide survey to assess their attitudes, expectations, current challenges, barriers to growth, and needs in financial and non-financial business development services. The survey results are presented in the “Outlook Study for Ukraine on advancement of Business Membership Organizations and Business Development Services”



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# Crosscutting Workstreams: **BMO Competitiveness Booster**

**BMO Competitiveness Booster** – Immediate Response Small Grants Programme designed to support project proposals from the three consortiums composed of 27 partner BMOs aiming to implement immediate response solutions required to address the emergency need of Ukraine's MSMEs:

- ✓ **7 partner CCIs** formed a consortium to implement “**United towards Recovery: Establishment of the Network of Business Support Coordination Centers**” project strengthening BMOs capacity and improving their organizational cooperation by establishing a Network of Business Support Coordination Centers aimed at supporting MSMEs under martial law.
- ✓ **9 partner BMOs** formed a consortium to implement “**Agri-Food Interaction Platform**” project establishing a coordination logistics and information platform designed to consolidate the needs and capabilities of agri-food producers as well as to ensure food security under the martial law.
- ✓ **14 partner BMOs** formed a consortium to implement “**BMOs Cooperation Platform**” project creating a network for direct cooperation between BMOs and enterprises



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## Logical Framework Status (2022)

<b>KPIs: Impact</b>	<b>Baseline</b>	<b>Progress</b>	<b>Target</b>
1.1. The share of the added value (by cost of production) of MSMEs in total added value	64.3%	70.2%	66.2%
1.2. Number of people employed by MSME-members of partner BMOs	151,000	155,000	158,000
1.3. Number of laws and sub-laws, consulted with partner BMOs (laws/sub-laws), submitted to respective authorities review and adopted	0/4	12/26	3/11





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## Logical Framework Status (2022)

<b>KPIs: Outcomes</b>	<b>Baseline</b>	<b>Progress</b>	<b>Target</b>
1.1. Average organizational capacity of partner BMOs (as per organizational capacity index)	2.48	-	3.22
1.2. Aggregate membership of partner BMOs	5,026	5,049	6,031
1.3. Share of women-led MSMEs among the members of partner BMOs	27%	29%	32%
1.4. Share of members paying fees in partner BMOs	60%	41%	75%
2.1. Share of SMEs acquiring BDS from partner BMOs	54%	51%	70%
2.2. Share of members satisfied with the quality of BDS provided by partner BMOs	61%	66%	76%
2.3. Share of BDS customers among women-led MSMEs-members	76%	81%	87%
3.1. Number of industry-based standards developed by partner BMOs	1	6	7
3.2. Share of members of partner BMOs satisfied with the quality of PPD	34%	35%	44%



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## Logical Framework Status (2022)

<b>KPIs: Outputs</b>	<b>Baseline</b>	<b>Progress</b>	<b>Target</b>
1.1. Number of partner BMOs with improved governance and optimized internal processes	7	16	22
1.2. Number of hubs/platforms established/developed for BMO cooperation	0	6	4
2.1. Number of new BDS on cost-recovery basis implemented by partner BMOs	35	78	65
2.2. Number of Group Purchasing Organizations established or facilitated by partner BMOs	1	2	5
3.1.a/b Number of laws/sub-laws, consulted with partner BMOs, that have been submitted to respective authorities for adoption	5/4	32/28	8/14
3.2. Number of partner BMOs that created networks and coalitions	7	27	22
3.3. Number of municipalities that established dialogue platforms to improve local regulations	1	1	6
3.4. Number of partner BMOs that established effective cooperation to advocate for quality standards and/or certification	4	13	14



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## Annual Budget (2022)

<b>Activities</b>	<b>Total USD</b>
Component 1. Improved organizational capacity of BMOs	\$151,200
Component 2. Better MSMEs' access to BDS through BMOs	\$397,600
Component 3. Private sector and governmental side engaged in effective PPD	\$151,200
Project Management & Evaluation	\$162,400
<b>TOTAL</b>	<b>\$862,400</b>



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# Project Evaluation Results

<b>Relevance</b>	<ul style="list-style-type: none"> <li>Highly relevant and important for the current country context</li> <li>Substantial progress made but not yet critical mass to pursue the process without support – hence third phase recommended</li> </ul>
<b>Coherence</b>	<ul style="list-style-type: none"> <li>Aligned to needs and its approach does not overlap with other initiatives</li> <li>Both internal and external coherence: aligned with SECO and UNDP priorities as well as Government needs</li> </ul>
<b>Efficiency</b>	<ul style="list-style-type: none"> <li>Undertake relevant expenditures that bring the value for money</li> <li>BMOs supported the project management style, procedures and decisions made</li> <li>Uneven workload, lack of participatory approach in selection of consultants/contractors</li> <li>Project management was efficient and showed adaptive management capacity</li> </ul>
<b>Effectiveness</b>	<ul style="list-style-type: none"> <li>Largely reaching its expected results, but some targets may not be achieved given the current situation</li> <li>Recognized value of the professional training provided in supporting capacity development of BMOs</li> <li>Qualitative appreciation of BMOs generally high, the project is found to be focused and supportive</li> <li>PPD on-going but efforts may be affected by martial law and changing priorities</li> <li>Low direct involvement of the Ministry of Economy but good partnership with EEPO</li> <li>More intensive communication efforts needed with project stakeholders</li> <li>Expected project extension beyond 2023 on track to reach outcomes</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Mechanisms are being created to develop sustainability, but it is necessary to consolidate progress</li> <li>The scaling up of the project would have a positive effect on MSME development</li> </ul>



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# Annual Work Plan (2023): Component 1

Planned Activities	Q1	Q2	Q3	Q4
<b>1.1. Provide follow-up support to BMOs engaged in Phase I</b> (joint with 1.4.)				
<b>1.4. Implement BMO capacity development programme</b>				
1.4.1. <b>BMO Competitiveness Booster:</b> support to BMOs' strategies, final capacity assessment				
1.4.2. <b>Responsive Innovation Accelerator:</b> multilevel membership, organizational policies				
1.4.3. <b>BMOs Confidence Building Campaign:</b> promoting benefits from BMO membership				



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# Annual Work Plan (2023): Component 2

Planned Activities	Q1	Q2	Q3	Q4
<b>2.2. Support development and rollout of general BDS</b>				
2.2.1. <b>BMO Competitiveness Booster:</b> support to BMOs' strategies				
2.2.2. <b>Evidence-Based BMOs Transformer:</b> model CRM solution "E-BMO"				
2.2.3. <b>BMOs Confidence Building Campaign:</b> promoting benefits from BMO membership				
<b>2.4. Promoting sustainable practices among MSMEs</b>				
2.4.1. <b>Responsive Innovation Accelerator:</b> voluntary industry and business conduct standards				
2.4.2. <b>BMOs Confidence Building Campaign:</b> promoting benefits from BMO membership				



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# Annual Work Plan (2023): Component 3

Planned Activities	Q1	Q2	Q3	Q4
<b>3.1. Improve general advocacy strategy of BMOs</b>				
3.1.1. <b>BMO Competitiveness Booster:</b> support to BMOs' strategies				
<b>3.2. Support partnerships for advocacy and dialogue</b>				
3.2.1. <b>Responsive Innovation Accelerator:</b> BMO coalitions				
<b>3.3. Strengthen BMO capacity to develop industry standards</b>				
3.3.1. <b>Responsive Innovation Accelerator:</b> voluntary industry and business conduct standards				
3.3.2. <b>BMOs Confidence Building Campaign:</b> promoting benefits from BMO membership				
<b>3.4. Promoting public-private dialogue at local and national level</b>				
3.4.1. <b>Responsive Innovation Accelerator:</b> dialogue regulatory platforms				
3.4.2. <b>BMOs Confidence Building Campaign:</b> promoting benefits from BMO membership				



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# Annual Budget (2023)

<b>Planned Activities</b>	<b>Total USD</b>
Component 1. Improved organizational capacity of BMOs	\$145,600
Component 2. Better MSMEs' access to BDS through BMOs	\$190,400
Component 3. Private sector and governmental side engaged in effective PPD	\$201,600
Project Management & Evaluation	\$134,400
<b>TOTAL</b>	<b>\$670,800</b>





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# Discussion