

Final Project Report

**PROMOTING
ENTREPRENEURSHIP
AMONG THE CONFLICT-
AFFECTED POPULATION
IN UKRAINE, PHASE III**

June 2021

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List of Acronyms and Abbreviations

B2B	Business-to-Business
EECP	Entry-exit checkpoint
EU	European Union
GCA	Government-controlled areas
GDP	Gross domestic product
IDP	Internally displaced person
MSME	Micro-, small and medium-sized enterprise
NGCA	Non-government-controlled areas
NGO	Non-governmental organisation
PLN	Polish złoty (Polish currency)
UAH	Ukrainian hryvnia (Ukrainian currency)
UNDP	United Nations Development Programme
UN RPP	United Nations Recovery and Peacebuilding Programme
USD	United States Dollar
VET	Vocational education and training

Project Synopsis

Reporting Period	March 2019 – December 2020
Donor	The Government of the Republic of Poland
Country	Ukraine
Project Title	Promoting Entrepreneurship among the Conflict-affected Population in Ukraine, Phase III
Project objective	<p>The Project aimed to boost the support for entrepreneurship development, jobs creation, business skills advancement, and accessing markets in the challenging conflict-affected environment with the objective to improve the resilience of IDPs and local population and prevent further deterioration of the economic situation in Donetsk and Luhansk oblasts (GCA) of Ukraine.</p> <p>This Project is a continuation of the previous phases (I and II), and it contributes to sustainable recovery of living conditions of the conflict-affected population as a part of the broader economic recovery efforts.</p>
Implementing Agency	United Nations Development Programme (UNDP) in Ukraine within the United Nations Recovery and Peacebuilding Programme (UN RPP)
National Partners	Regional and local authorities of Donetsk and Luhansk oblasts (GCA), Ministry of Digital Transformation, chambers of commerce and industry, business membership organisations
Project Start Date	27 March 2019
Project End Date	31 December 2020
Total project budget	1,025,378.89 USD
Tranche 1	1,984,911.31 PLN (518,510.83 USD)
Tranche 2	1,984,388.45 PLN (506,868.06 USD)
Project Locations	GCA of Donetsk and Luhansk oblasts
Beneficiaries:	IDPs and local population, oblast, raion and municipal authorities of the targeted oblasts
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The United Nations Recovery and Peacebuilding Programme (UN RPP) is being implemented by four United Nations agencies: the United Nations Development Programme (UNDP), the UN Entity for Gender Equality and the Empowerment of Women (UN Women), the United Nations Population Fund (UNFPA) and the Food and Agriculture Organization of the United Nations (FAO).

Twelve international partners support the Programme: the European Union (EU), the European Investment Bank (EIB), the U.S. Embassy in Ukraine, and the governments of Canada, Denmark, Germany, Japan, the Netherlands, Norway, Poland, Sweden & Switzerland.

Executive Summary

The Project's ultimate goal was to foster economic revitalisation, improve resilience of the conflict-affected population and prevent further deterioration of the economic situation in eastern Ukraine by rendering continuous support to micro, small and medium-sized enterprises (MSMEs) of Donetsk and Luhansk oblasts (GCA).

In its third phase, the Project extended its activities both in scale and geographical coverage to include the settlements located close to the 'contact line'. The Project also focused on more innovative knowledge-sharing approaches and networks, including the launch of the e-learning online platform.

During its Phase III, the Project reached tangible results in developing viable and sustainable mechanisms to support the creation of jobs and improve livelihoods, enhance business skills and promote access to markets for the conflict-affected women and men.

In total, 575 entrepreneurs (364 women) strengthened their business skills in financial, legal, HR issues, as well as in marketing, branding, business communication and networking, online promotion and sales. Moreover, a pool of 20 (13 women) local business consultants and trainers was created through a tailored training of trainers programme.

The capacity building interventions were augmented by the creation of an online learning platform on business development to provide continuous information support for the entrepreneurs and those who plan to commence business activity in eastern Ukraine. Over 1,350 people (39% women) have already registered for the 17 online courses, offered by the platform, out of which almost 400 people have successfully completed the selected learning programmes.

Furthermore, the Project launched a small business grants programme that enabled 91 MSMEs (45 women) to implement their business initiatives aimed at starting, renewing or expanding entrepreneurial activity, which helped create 192 new jobs (117 women) for IDPs and local conflict-affected population. Moreover, as an outcome of the Crowdfunding Academy, 53 entrepreneurs (28 women) increased their capacity in attracting alternative funding, and 12 business projects were further supported with their presentations on the online crowdfunding platforms.¹

The successful organisation of the two annual business expos "East Expo" provided the opportunity for 255 MSMEs from eastern Ukraine to showcase and promote their businesses—from homemade delicacies and textiles, to chemical products and IT.² Notably, 70% of the entrepreneurs managed to find new partners and clients from other oblasts of Ukraine and abroad at the B2B meetings. In addition, the "East Expo" information campaign reached over 1 million people all over Ukraine.

Two regional forums "Live and Work in Ukraine" brought together over 5,200 school students and 140 representatives of vocational education and training (VET) institutions and local MSMEs to share information on existing educational programmes, current demand of the labour market and to improve the public perception of blue-collar jobs.³

¹This activity was co-funded by the European Union and the Government of Japan.

²"East Expo 2019" and "East Expo 2020" were co-funded by the European Union, the U.S. Embassy in Ukraine and the governments of Denmark and Japan.

³This activity was co-funded by the European Union and the Government of Japan.

As far as boosting entrepreneurship and business development is concerned, 12 motivational videos with success stories of entrepreneurs from eastern Ukraine were showcased during the “Big Stories of Small Businesses” entrepreneurship promotion campaign. The three winners of the video contest were also showcased in a nationwide information and awareness raising campaign reaching over 1 million viewers all over the country.

Context Overview

The socio-economic impact of the armed conflict continues to perpetuate uneven and non-inclusive development across the country, particularly in eastern Ukraine. The situation negatively impacts the protection of human rights and gender equality, equitable access to social and economic benefits, access to quality healthcare, and freedom of movement for civilians living in the conflict area. The ongoing conflict has had a major effect on the national, and the local economy, with the loss of livelihoods and employment, which led to an overall deterioration of macroeconomic conditions.

Despite United Nations Secretary-General's appeal for a global ceasefire, hostilities in eastern Ukraine intensified, leading to an increase in civilian casualties until the renewal of the ceasefire came into effect on 27 July 2020. In March 2021, the increased military presence, active fighting and use of heavy weapons raised concerns over a potential escalation of the armed conflict. The UN Human Rights Monitoring Mission in Ukraine reported 5 civilian casualties in March 2021 alone. While 2020 saw the lowest level of civilian casualties and attacks on civilian infrastructure for the entire conflict period, the recent return to active fighting might signify that the positive trend observed following the July 2020 ceasefire might reverse course soon.⁴

Moreover, the outbreak of COVID-19 pandemic has exacerbated the situation. In Ukraine, in mid-March 2020, the government-imposed quarantine restrictions to minimise the risk of the coronavirus transmission across the country, including, in the conflict-affected areas of eastern Ukraine. In May 2020, these restrictions were eased, and an adaptive quarantine was introduced to counter the spread of the virus. Since then, the COVID-19 restrictive measures have been implemented in each oblast in accordance with their own respective risk levels. The adaptive quarantine currently in place has been extended until 31 August 2021.⁵ As of 24 June 2021, there were 2,231,914 confirmed COVID-19 cases (52,181 deaths) in the government-controlled areas (GCA) of Ukraine, including 90,491 and 26,535 cases in Donetsk and Luhansk oblasts, respectively.⁶ The COVID-19 immunisation campaign started in February 2021, however the vaccination rate in Donetsk and Luhansk oblasts is the lowest in Ukraine—2.3%, compared to the national average of 5.3%.⁷ The pandemic, combined with the impact of the seven-year long armed conflict in the region, has provided a substantial challenge to people, households and businesses in unprecedented ways. Indeed, the COVID-19 pandemic further exacerbated existing vulnerabilities. Intertwined with incidences of discrimination and marginalisation, it also created new vulnerable groups, such as healthcare workers, the frontline staff of the response to the pandemic and workers in “high-contact” sectors and occupations, as well as informal workers who lost their jobs and have not been entitled to social benefits.

From March to June 2020, all entry-exit checkpoints (EECPs) in eastern Ukraine were closed in an attempt to contain the spread of the COVID-19 virus in communities along the 420-kilometre ‘contact line’. Before the closure, approximately 1.2 million people crossed the ‘contact line’ every month to receive various services, social benefits, attend educational

⁴UN OCHA Situation Report, April 2021 <https://reports.unocha.org/en/country/ukraine/#cf-5129NN5geSxCKZM4LNxEES>

⁵<https://www.kmu.gov.ua/npas/pro-vnesennya-zmin-do-deyakih-aktiv-kabinetu-ministriv-ukrayini-i160621-611>

⁶According to the data of the Ministry of Health of Ukraine <https://moz.gov.ua/article/news/operativna-informacija-pro-poshirennja-koronavirusnoi-infekcii-2019-cov19>

⁷<https://vaccination.covid19.gov.ua/news/vaccinationdata115>

institutions, to work, to use healthcare services or to visit their family members. As of today, the EECs remain only partially operational. According to UN OCHA estimations, the closure has impacted more than one million people, including over 300,000 elderly and 163,000 vulnerable persons who have not been able to visit their families and friends, access essential services or withdraw cash, since late March 2020. February 2021 saw a small increase of civilian movement across the 'contact line', with almost 40,000 individual crossings recorded compared to 29,000 in January 2021, representing, however, only 4% of the almost 990,000 crossings in February 2020. To a large extent, crossings have been limited to those people who have been granted humanitarian exemptions negotiated by humanitarian organisations. In addition, people have been allowed to cross based on the pre-approved lists issued in NGCA.

Communities living close to the 'contact line' were particularly impacted by the introduction of stringent restrictions on movement, imposed as a result of COVID-19 pandemic. Farmers have been unable to reach their fields to plant food crops, and this resulted in smaller production volume and thus a spike in food prices. Incomes decreased for them and for small traders who rely on farmers' produce. Unemployment, increased food insecurity and restricted access to basic services made conflict-affected people even more vulnerable and dependent on external assistance.

As indicated, the overall situation had significant negative economic consequences; it caused a reduction in economic activity, hence, in outputs, trade, and, subsequently, household spending. The real GDP in 2020 fell by 4% compared to 2019. Unemployment and the level of vulnerability increased across Ukraine, with the eastern regions being affected the most: during the fourth quarter of 2020, the national unemployment rate was 10.1%, compared to 14.9% and 15.4% in Donetsk and Luhansk oblasts respectively.⁸ According to the Assessment of the impact of the COVID-19 pandemic on micro, small and medium-sized enterprises in eastern Ukraine⁹, conducted by the UN RPP, a significant percentage of local companies (56%) were not able to adapt to the new conditions caused by the pandemic or adapted only partially. Furthermore, the socio-economic assessment of the impact of the pandemic on businesses and households¹⁰, carried out by the United Nations System in Ukraine, showed that smaller businesses were more impacted by external shocks, such as the COVID-19 pandemic. The crisis disproportionately affected sectors such as tourism and hospitality, as well as the informal economy, where many women and young people are employed. In general, women were often more affected by the economic slowdown resulting from the pandemic than men. They were more likely to be laid off or sent to unpaid/paid leave during the lockdown.

These pressing challenges were addressed by UNDP within the framework of Phase III of the "Promoting Entrepreneurship among the Conflict-affected Population in Ukraine" Project. The Project was a continuation of the previous actions implemented with the financial support from the Government of Poland in 2015-2018, and was aimed at supporting sustainable recovery of living standards among the IDPs and local conflict-affected women and men in Donetsk and Luhansk oblasts of Ukraine, by promoting entrepreneurship, supporting business skills development and expanding business support services.

⁸According to the data of the State Statistics Service of Ukraine

⁹<https://www.ua.undp.org/content/ukraine/en/home/library/recovery-and-peacebuilding/covid-impact-on-sme-in-eastern-ukraine.html>

¹⁰https://www.ua.undp.org/content/ukraine/en/home/library/democratic_governance/covid-19-in-ukraine--impact-on-households-and-businesses.html

The Project was integrated into the UN Recovery and Peacebuilding Programme (UN RPP), a comprehensive undertaking to address priority needs of eastern Ukraine following the outbreak of the armed conflict in spring of 2014. The Programme is intended to strengthen community security and social cohesion, support the economic recovery of conflict-affected communities, and further the implementation of decentralisation and healthcare reforms in the targeted oblasts of Ukraine, including government-controlled areas of Donetsk and Luhansk oblasts.

The Project's interventions were aligned with and complemented the following projects under the UN RPP Component 1: Economic Recovery and Restoration of Critical Infrastructure:

- “EU Support to the East of Ukraine – Recovery, Peacebuilding and Governance” implemented by the UN RPP, funded by the EU;
- “Support to entrepreneurship and employment development along the Azov sea coastline in Donetsk and Zaporizhzhia regions”, funded by the Government of Denmark;
- “Social Stabilisation Support to the IDPs and Conflict-Affected Persons through Job Creation and Restoration of Economic Infrastructure in Donetsk and Luhansk Oblasts and along the Azov Coastline in Zaporizhzhia Oblast”, funded by the Government of Japan.

UN Recovery and Peacebuilding Programme

PROMOTING ENTREPRENEURSHIP AMONG THE CONFLICT-AFFECTED POPULATION IN UKRAINE 2015-2020

EMPLOYMENT & ENTREPRENEURSHIP SUPPORT IN UKRAINE

TRAINING & CONSULTING SERVICES



725

JOBS CREATED

for conflict-affected people



395
WOMEN

330
MEN



930 people

developed business skills and improved employability



542
WOMEN

388
MEN



333

MSMEs supported
through business grants programme



186
WOMEN

147
MEN



333

entrepreneurs
received consulting services on legal, marketing and accounting issues



186
WOMEN

147
MEN



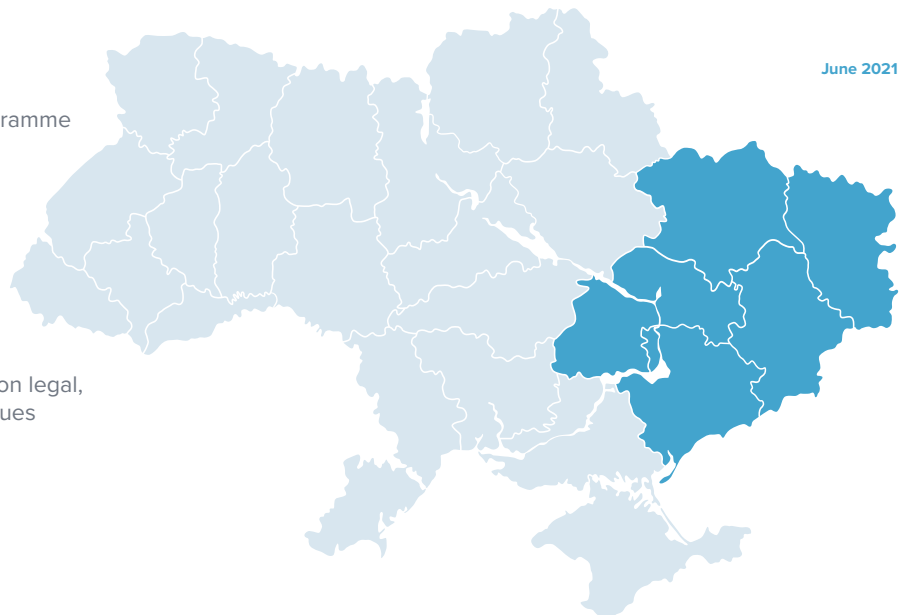
132

entrepreneurs
from eastern Ukraine visited businesses in Poland



66
WOMEN

86
MEN



June 2021

BUSINESS PROMOTION



4

business expos held in Kyiv and Lviv



Some

260 MSMEs

from eastern Ukraine presented their businesses



70% of them

found new clients and partners



Over

9,000

people visited the expos



1,000,000

people reached by entrepreneurship promotion campaign

Project Results

Activity 1: Supporting access to information and business skills development

Interventions aimed at MSME support and job creation have a longer-lasting impact when based on solid capacity development, establishing business support schemes and training on entrepreneurship. In this regard, the Project's activities were directed at strengthening the capacity and enhancing business skills of the local entrepreneurs through delivery of training courses on starting, managing and developing businesses.

During its implementation period, the Project designed and implemented a tailored capacity building programme which resulted in 575 entrepreneurs (364 women) having improved their knowledge and skills in business plan development and fundraising, financial, legal, HR and other practical issues of MSME activity, as well as in marketing, branding, communication, online promotion and sales and learned how to build efficient business processes and develop strategies for business growth.¹¹ The entrepreneurship skills training courses were held during August-October 2019 and August-October 2020 in 37 settlements of Donetsk and Luhansk oblasts.¹² The target audience included IDPs and residents of the local communities who planned to establish, re-start or expand their businesses.



Business development training course in Volnovakha, Donetsk Oblast.

Photo credit: Halyna Balabanova, UNDP in Ukraine

Within the training programme, the participants learned how to develop solid sales strategies, effectively use digital technologies in their business, create and implement marketing strategies, promote their products and services through offline and online media sources,

¹¹The video about the Entrepreneurship Skills Training Programme in eastern Ukraine is available at: <https://drive.google.com/file/d/1181Tf2SdFEuBLAQRm4yIrH9hFZiEbKc/view>

¹²Avdiiivka, Bakhmut, Dobropillia, Druzhkivka, Kostiantynivka, Kramatorsk, Krasnohorivka, Lyman, Manhush, Mariupol, Myrnohrad, Nikolske, Novhorodske, Pervomaiske, Pokrovsk, Selydove, Siversk, Sloviansk, Soledar, Toretsk, Velyka Novosilka, Volnovakha and Vuhledar (Donetsk Oblast) and Bilokurakyne, Bilovodsk, Kreminna, Lysychansk, Markivka, Milove, Novoaidar, Novopskov, Popasna, Rubizhne, Sievierodonetsk, Stanytsia Luhanska, Starobilsk, Svatove, Troitske and Zolote (Luhansk Oblast).

create a recognisable brand. The participants also advanced their knowledge in attracting investment, business promotion through advertising, social networking and exhibitions, sales promotion and entering new markets, business communication and working with the media.

Apart from the learning programme, the Project also developed 3 practical guides on exhibition activities (Annex 4), elaboration of a marketing plan (Annex 5) and the art of business presentation (Annex 6), which were distributed among the participants of the above-mentioned training sessions.

The COVID-19 pandemic increased reliance on digital solutions – from e-commerce to teleworking and e-learning tools. Therefore, the Project fast-tracked digital transformation of the skills development activities throughout 2020. To reach a wider audience as well as to maintain constant information support for the entrepreneurs and those who plan to start business activity, the Project developed a web-based learning platform “Start.Business”¹³. The platform features business development video courses and other relevant learning and knowledge materials aimed at strengthening capacity and enhancing entrepreneurial activity of the conflict-affected population in eastern Ukraine. This user-friendly online platform offers 17 courses on the following business-related issues:

 Business planning and origination	 Business in logistics	 Business in textile production	 Business in ceramics production
 Business in the hospitality industry (hotel management)		 Business in creative industries (arts, entertainment, media, etc.)	
 Business in the food processing industry	 Bakery products and confectionery	 Industrial equipment manufacturing	
 Vehicles maintenance	 Furniture manufacturing	 Food delivery service	 Restaurant business

¹³<https://startbusiness.com.ua/>



The e-learning platform was designed to provide the conflict-affected people with a permanent free access to the learning and knowledge materials on how to start a business in the above-mentioned sectors in the targeted oblasts and on the benefits of entrepreneurship. In total, over 1,350 people (39% women) have registered for the above-listed online courses and 400 of them have successfully completed the learning programmes.

Moreover, the assessment of business niches was conducted to identify opportunities to start, re-start or expand business by IDPs and local population in Luhansk and Donetsk oblasts. Business ideas (e.g. cheese factory, home decoration workshop, dance studio, carpet cleaning service, etc.) in fifteen niche areas were identified, based on current trends and possible saturation of respective markets, as well as risks and complexity of implementation in the conflict-affected areas. The analysis demonstrated high profitability potential, estimated a significant impact on the economy of specific communities and required minimum or no re-training and/or external investment. The respective knowledge materials were distributed among the participants of the offline training sessions.

To improve access to additional financial resources for self-employment and MSME development, the Project launched the 2nd Crowdfunding Academy¹⁴ (the first one was organised in 2017). A series of six webinars and an offline training session were organised for 53 entrepreneurs (28 women) from the targeted oblasts to increase their capacity in the crowdfunding methodology as a transparent and innovative tool to attract public funding and potential investors to support business ideas.

As a follow-up to the academy, its participants developed 12 business projects and received practical guidance on registering and presenting their ideas on the existing crowdfunding platforms. In addition, a study visit to Kyiv was organised to enable the participants to learn about successful crowdfunding campaigns that raised substantial financial resources via the kickstarter.com platform. All 12 business projects were provided with online consulting services and were supported in developing professional promotional videos to launch their crowdfunding campaigns, which ran during July-August 2019. The business ideas varied from private innovative schools to public urban spaces and production of cosmetics. For example, entrepreneurs from Sviatohirsk, Donetsk Oblast, launched a camp for Innovative Educators (raised USD 1,250), where school students, parents and teachers shared their ideas on how to improve educational services in Ukraine. An entrepreneur from Sievierodonetsk, Luhansk Oblast, raised more than 6,000 USD to build a family leisure park, with a sports ground and a cinema, and which would also offer English lessons. An entrepreneur from Rubizhne, Luhansk Oblast, raised some USD 1,500 to co-fund the expansion of her recently launched innovative private school for children.

¹⁴This activity was co-funded by the European Union and the Government of Japan.

Activity 2: Provision of seed grants for small-scale business start-up and expansion

The capacity building interventions under the Project were followed by the launch of the small business grants programme. Using extensive experience and lessons learnt from previously implemented microfinancing support, the Project updated the grant scheme to help launch, restore or expand micro-, small and medium-sized business activities and to create jobs for IDPs and local population in Donetsk and Luhansk oblasts. 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, both women and men as well as people with disabilities being strongly encouraged to apply. An experienced grant programme administrator (NGO “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 grant support programme.



The grant contest envisaged 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 amount of the grant for the implementation of one business project was 250,000 UAH (up to 10,000 USD) and was subject to the number of new jobs created:

- **up to 250,000 UAH** was awarded to the business plans that provided for the creation of at least 4 jobs during the implementation (entrepreneur and at least 3 employees);
- **up to 200,000 UAH** was awarded to the business projects creating at least 3 jobs (entrepreneur and at least 2 hired workers);
- **up to 150,000 UAH** - for the business projects that foresee the creation of at least 2 jobs (entrepreneur and 1 employee);
- **up to 100,000 UAH** was allocated for entrepreneurs who create 1 job (self-employed).



Natalia Sirenko, 29, with the support from the Project (USD 4,300) opened a photo studio in Mariupol, Donetsk Oblast, and created 2 jobs.¹⁵

Photo credit: Halyna Balabanova, UNDP in Ukraine

During the open call for application, 675 business plans were submitted to the start-up grant contest. As a result of a highly competitive evaluation process, 91 entrepreneurs (45 women) received the grant support from the Project and managed to set up, restore or expand their businesses, creating 192 additional jobs (117 women) for the IDPs and residents of Donetsk and Luhansk oblasts (Full list of the Project grantees is available in Annex 3). Among the supported MSMEs were, for example, an IDP from Luhansk who opened a beauty shop, which is the only one of that kind in the remote town of Markivka, or an entrepreneur from Sievierodonetsk who opened the biggest car repair service in the city¹⁶.



Olena Burian, 59, with the support from the Project (USD 7,100) expanded her sewing workshop in Popasna, Luhansk Oblast, and created 3 new jobs.

Photo credit: Vitalii Shevelev, UNDP in Ukraine

To further support entrepreneurial activity in eastern Ukraine as well as to ensure high quality in the implementation of the awarded grants, the Project provided all the supported MSMEs with the consulting services in the main areas of business activity. These services covered legal counselling related to registration, obtaining permits, certificates, counselling on accounting, including bookkeeping, auditing, reporting, as well as marketing services focused on business and product promotion among customers, use of social media, cooperation

¹⁵Video story about Natalia can be viewed here: <https://youtu.be/sGYWDv7P4yo>.

¹⁶The video story can be viewed here: <https://cutt.ly/Sn6ljbF>

with media, and other relevant effective strategies. Each entrepreneur received a 32-hour voucher for online consultations valid for 6 months after issuing. Considering the limitations imposed by the COVID-19 pandemic, in-person consultations were complemented with remote consulting sessions (via phone, Skype, Zoom, email, social networks, platforms for webinars, etc.), followed by issuing of monthly digests of frequently asked questions (Annex 7).

Activity 3: Strengthening business development services and entrepreneurial networks

Support to MSMEs requires a strong consideration of systemic weaknesses, including lack of cooperation, gaps in business support infrastructure and development services. Underdeveloped business support organisations and services provided to MSMEs may lead to weak motivation of IDPs and local population in Luhansk and Donetsk oblasts to start entrepreneurial activity, as well as of experienced entrepreneurs to achieve sustainable growth of their business. Having reviewed the operational business service providers and multi-profile and industry-specific MSME associations, the lack of training skills among the local business consultants was identified as one of the key barriers to the development of such services.

In 2020, a pool of 20 (13 women) local business trainers was created as a result of the 2-module training of trainers and further remote learning. The top available and motivated industry professionals and NGO experts from Donetsk and Luhansk oblasts were selected to participate in the School of MSME advisors. Being familiar with the relevant regulations and having solid entrepreneurial experience, the participants gained essential skills in design of training programmes, training delivery, facilitation practices, coaching tools and techniques. The training sessions under the School of MSME advisors covered the following issues:

- **Business training activity as a form of adult education.** Development of an idea, design of a training programme.
- **Public speaking skills for business trainers.**
- **Structure of a business training programme.**
- **Managing group dynamics.** Participants' involvement. Constructive feedback.
- **Work with «difficult» participants.** Evaluation of training programme effectiveness.



Training of business trainers and consultants, Kreminna, Luhansk Oblast

Photo credit: Vitalii Shevelev, UNDP in Ukraine

When providing support to MSMEs, it is essential that interventions are adaptive and meaningful. Therefore, domestic training and coaching services were made available to local entrepreneurs via the created pool of the local business trainers. The NGO specialists, members of the Network of Business Support Centres and business owners, who provide advisory support to the new, active members of business associations and communities, started and extended their consultancy services and promotion of MSME networking in the region. In particular, two regional business associations, a regional business club, a community-level business support NGO and an industry association benefited from this activity, and became capable to foster enabling and favourable business environment and provide informational support to MSMEs in the target communities of Luhansk and Donetsk oblasts¹⁷.

Activity 4: Facilitating advocacy and access to domestic and international markets for the region-based MSMEs

The Project interventions were focused on supporting MSMEs from the conflict-affected oblasts with various communication, promotion and advocacy activities through all forms of social media, dialogue establishment and grass root events such as festivals, fairs or expos.

The successful organisation of the 2-day business exhibition “East Expo 2019” provided the opportunity for 105 MSMEs from the conflict-affected oblasts to showcase and promote their businesses¹⁸. The event took place in Kyiv, on 8-9 November 2019, and was aimed at establishing and strengthening relations with other Ukrainian and international enterprises. Notably, 90% of the entrepreneurs managed to find new partners and clients from other oblasts of Ukraine and from foreign countries at the B2B meetings organised by the Ukrainian Chamber of Commerce during the Expo. Over 5,000 people visited the exhibition, panel discussions, masterclasses (such as pottery, embroidery, hand-made and other crafts) and thematic sections on the economic and investment prospects of eastern Ukraine. The “East Expo 2019” information campaign, supported by the Project, reached over 1 million people all over Ukraine.

To further promote successful MSMEs from the conflict-affected oblasts and in order to facilitate inter-regional trade and commercial links, the UN RPP launched the annual business exhibition “East Expo 2020”.¹⁹ The exhibition was conducted on 29 October 2020 in partnership with the Ministry of Digital Transformation of Ukraine. In response to the quarantine restrictions, the 2020 exhibition of MSMEs from the conflict-affected region was held online on the interactive East Expo website (<https://east-expo.com.ua/en/>) and the Government’s business-support portal Diia.Business (<https://business.diia.gov.ua/exhibitions/shid-expo-2020>).

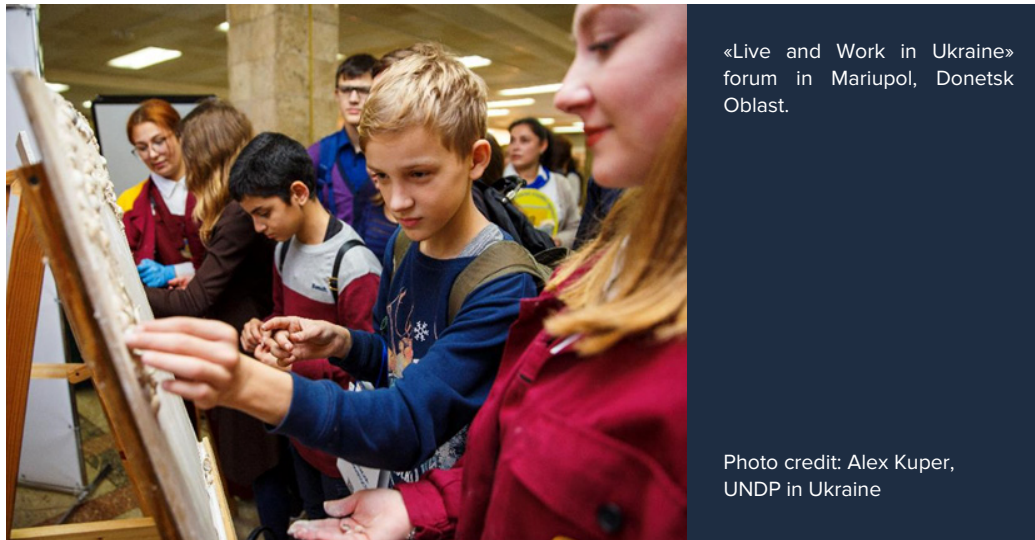
¹⁷Kreminna Business Association, Luhansk Regional Business Club “European Choice”, newly created tourism cluster in Donetsk Oblast (NGO “Young Colourful Ukraine”), NGO “Eastern Hope” (business service provider in Zolote, Luhansk Oblast), NGO “Donbas Entrepreneurs’ Club”, Donetsk Oblast.

¹⁸This activity was co-funded by the European Union and the Government of Japan.

¹⁹This activity was co-funded by the European Union, the U.S. Embassy in Ukraine and the governments of Denmark and Japan.

The event provided ample opportunities for 150 (52 women-owned) MSMEs from Donetsk and Luhansk oblasts to showcase and promote their products and services online – from homemade delicacies and textiles, to chemical industry and IT. Each MSME profile contained a brief information about the company, photos, a short video presentation and contact details for ordering products or services. In addition, 76 entrepreneurs participated in the online B2B meetings facilitated by the Ukrainian Chamber of Commerce and Industry with potential clients and partners from all over Ukraine and from abroad. The event helped reconnect economic ties disrupted by the COVID-19 pandemic, facilitate post-crisis recovery and promote the digitalisation of commercial activity at the regional level.

To improve employability in eastern Ukraine, two regional forums “Live and Work in Ukraine” for young people from Donetsk and Luhansk oblasts were held in Mariupol (Donetsk Oblast) and Sievierodonetsk (Luhansk Oblast) in October 2019.²⁰ The events were organised in close partnership with Donetsk and Luhansk Oblast State Administrations as well as with regional employment centres, and aimed at providing information on existing educational programmes, current demand of the labour market and at improving the public’s perception of blue-collar jobs. The forums brought together over 5,200 students aged 14-17 and some 140 representatives of VET institutions and local MSMEs, and included sessions and expert panel discussions as well as career fairs where employers, recruiters and educational institutions provided in-depth information about their work.



During the forum, the students had the opportunity to communicate with the employers, including representatives of utility companies, law enforcement agencies, garment factories, metallurgical and agricultural companies, as well as to learn more about some in-demand professions like steelworkers, cooks, doctors, police officers and engineers. The forums also made a big contribution to improving the public image of vocational professions and vocational education in general.

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



Big stories of small businesses – premier screening in Kyiv on 9 November 2019.

Photo credit: Oleksandr Ratushniak, UNDP in Ukraine

Furthermore, an entrepreneurship promotion campaign within the existing brand of “Big Stories of Small Businesses” was launched to showcase 12 success stories of people who managed to start and successfully maintain businesses, provide employment to others and contribute to the development of their communities. This campaign highlighted the success stories of the regional businesses from targeted oblasts through motivational videos, in order to inspire others to set up their own businesses and create new or expand existing partnerships between MSMEs from the targeted oblasts and the rest of Ukraine. Following the online voting, the best 3 video stories were showcased in a nationwide information and awareness raising campaign screened in intercity trains, on big street screens and in shopping malls in the targeted areas, reaching over 1 million people.



Representatives of the textile businesses from eastern Ukraine at the textile expo in Warsaw during the study visit to Poland on 17-23 November 2019.

Photo credit: Valentyn Honcharenko, UNDP in Ukraine

Overall, 41 (28 women-owned) MSMEs from Donetsk and Luhansk oblasts as well as representatives of Oblast Administrations and the Donetsk Chamber of Commerce and Industry took part in two study visits to Poland, organised by the Project in September-November 2019. During the study tours, the entrepreneurs operating in textile and food processing industries in eastern Ukraine improved their knowledge of the EU standards for goods and services, product certification, import/export operations and logistics and specifics of the corresponding industry development. In addition, the participants received practical information on how to access international markets and find new clients and partners in Poland as well as in other EU countries. Moreover, the participants had an opportunity to attend an international textile expo in Warsaw and to receive group and individual consultations with the relevant experts regarding their product niche and possible market opportunities in Poland and the EU.

Public Outreach and Visibility

During the implementation period, the Project activities and results were widely covered by local, regional and national media, including print, online press and broadcast channels. The key articles, interviews and press releases are the following:

- Як ООН підтримує підприємців на сході України: бізнес-гранти з перспективою [delo.ua](#) national media
- На Схід-Експо 2019 у Києві представили найкращі бізнеси зі сходу України [Економічна правда](#) national media
[Канал24](#) national media
[Новое время](#) national media
- Польша предоставила еще полмиллиона долларов на экономическое восстановление Донбасса [Ostrov](#) regional media
- Польша поможет предпринимателям-переселенцам из Донбасса [62.ua](#) regional media
- Развитие бизнеса на Донбассе: Польша выделила на украинское предпринимательство денег [v-variant](#) regional media
- Польша предоставила \$520 тысяч на трудоустройство переселенцев и жителей Донбасса [dnews](#) regional media
- Правительство Польши выделило 500 тысяч долларов на развитие бизнеса на Донбассе [avdeevka.city](#) local media
- ООН объявляет конкурс мини-грантов на открытие и развитие бизнеса в Донецкой области [Ostrov](#) regional media
- Предприниматели из Донецкой области стали героями проекта «Большие истории малого бизнеса» [Ostrov](#) regional media
- «Великі історії малого бізнесу» онлайн-голосування [delo.ua](#) national media
- «Великі історії малого бізнесу»: обрано переможців відеопроєкту про підприємців зі Сходу України [бізнес схід](#) local media







Information about the Project is also available on the UNDP Ukraine website:






Poland donates another half a million US dollars for economic recovery in eastern Ukraine














An Entrepreneur is Raising Funds to Build a Mini-park with English Lessons in Luhansk Oblast

-  Entrepreneurs launch camp on innovative education in Donetsk Oblast
-  East Expo 2019 in Kyiv shows off best of business from eastern Ukraine
-  Digital Transformation Ministry, UNDP launch East Expo 2020 online business exhibition
-  First Private School to Open in Rubizhne
-  A Journey into the World of Professions: Regional Forums for Young People Held in Eastern Ukraine
-  Pastries, dances and the Ukrainian Elon Musk: three winners of the Big Stories of Small Business announced

Informational and promotional videos about the Project activities and results are available at the UNDP Ukraine YouTube channel:

-  Innovations that save lives
-  East Expo 2020 (playlist)
-  From water treatment to antiseptic

Videos covering the entrepreneurship promotion campaign “Big Stories of Small Businesses”:

-  Великі історії малого бізнесу - 2019. Трейлер
-  Hanna Horina, cleaning services, Severodonetsk
-  Hanna Telichko, school of robotics, Vuhledar
-  Artem Ponomarenko, bikes, Stanytsia Luhanska
-  Illia Belchev, Wood Trick, Berdiansk
-  Natalia Derzhypilska, Denata Toys, Druzhkivka
-  Natalia Rak, Prianivill, Druzhkivka
-  Oksana Lenko, bakery, Novhorodske
-  Oleg Rusin, coffee shop, Lysychansk
-  Oleksiy Ovchinnikov, Gratsia, Sloviansk
-  Olena Neronova, Montessori school, Severodonetsk

- ▶ Olga Simonova, Barwa, Mariupol
- ▶ Tetiana Andreeva, a store, Berdiansk

Promotional videos within the crowdfunding campaigns:

- ▶ English Park in Severodonetsk
- ▶ Project «Kochovysche» in Mariupol
- ▶ «Tasty workshop» in Pokrovsk
- ▶ Children Centre «JOY», Kramatorsk
- ▶ «neProstoPhoto» studio, Severodonetsk
- ▶ Creative school in Rubizhne
- ▶ Thirstfostyle workshop, Kramatorsk
- ▶ Education experiment in Sviatohirsk
- ▶ Robotics studio U Robot, Sloviansk

Videos on major Project events throughout the year:

- ▶ «Live and Work in Ukraine» Forum in Severodonetsk
- ▶ Схід-Експо: виставка бізнесів зі сходу у Києві
- ▶ «Схід-Експо 2019» зібрала найкращі бізнеси зі сходу
- ▶ East Expo 2020 Teaser

The visibility and outreach of the Project was ensured by using UN RPP/Poland banners, national flag of Poland or brand/press walls with the Polish aid logo displayed during each event (training courses, expo, forums, presentations, information sessions, conferences, etc.). Poland visibility items (stickers and sign plates) were distributed among all beneficiaries to label all purchased equipment and tools, as well as placed on the entrance doors of all grantees supported by the Project.

In addition, the Project facilitated the development of a series of practical manuals for MSMEs (Annexes 4-6) and issued a monthly digest of the frequently asked questions (Annex 7) to provide all the required information to the entrepreneurs on business start-up, day-to-day operation and further expansion.

Lessons Learned and Recommendations

01

As evidenced by the “Assessment of the impact of the COVID-19 pandemic on micro, small and medium-sized enterprises in eastern Ukraine”, the COVID-19 and subsequent economic slowdown extensively affected the Ukrainian economy and prospects of growth. They added to the multi-layered development challenges of eastern Ukraine and impeded the development of MSMEs in the region. Considering the crucial role of MSMEs in sustainable development and poverty reduction, it is important that tailored, evidence-based and decisive policies continue to be implemented to avert the situation and to enable creation of a thriving private sector composed of local MSMEs.

02

Considering limited consumption capabilities of the local population, and the loss of some traditional markets due to political events, studies showed that in order for the MSMEs in the targeted areas to develop and expand, internationalisation efforts must be further improved, for the companies to be able to tap international markets, particularly that of the European Union.

03

In light of the global trend of digitalisation combined with the economic crisis caused by COVID-19 pandemic, it is important to support entrepreneurs with the creation of online stores and train them on how to launch and manage online stores, create digital advertisement and run promo campaigns on web and social media, to make their businesses more sustainable and resilient to similar shocks in the future.

04

While online activities are an efficient tool for businesses to promote their products and services, it cannot fully replace the offline face-to-face communication and networking. Over the years “East Expo” proved to be an effective platform to expand markets, help MSMEs establish new business relations, and give its participants a competitive advantage. It is crucial to come back to the offline format of the event as soon as the pandemic is overcome.

05

It is recommended to introduce additional online learning courses at the existing e-learning online platform, developed by the Project, including courses on running businesses in key sectors of the regional/local economy as well as on business presentation skills and on crisis management for entrepreneurs.

06

Despite continuing high demand for training activities in large settlements and administrative centres, it was noted that many participants of capacity building events would prefer attending training sessions located closer to their place of

residence. Therefore, it is advisable to deliver trainings in the remote areas, in addition to those in administrative centres where learning activities are traditionally concentrated.

07

To ensure effective contribution of MSMEs towards sustainable development, gender mainstreaming must take a central role. This will have important economic and social consequences. Women were more affected by the economic slowdown resulting from the pandemic, mostly due to the sectoral patterns. In addition, the genus of the adaptation strategies had a significant negative effect on women employees, who were more often laid off or sent to unpaid leave during the lockdown. Continuous efforts must take place to bring qualified women to the labour market to ensure equitable development. Hence, activities to encourage women entrepreneurship and to support stereotype-free education broadening the employment opportunities for women, need to be facilitated.

08

The study tours and business visits proved to be not only an effective tool for the experience sharing and search for potential partners and customers, but also an opportunity for MSMEs to collaborate and create both informal and formal networks, associations and clusters. In this regard it is recommended to expand the range of businesses participating in study tours by including MSMEs from the construction, transport/logistics and creative industries. It is also advisable to organise thematic experience exchange visits for representatives of business service providers, management of business associations, regional and local authorities to facilitate adoption of best practices in support of entrepreneurial activity in the region.

09

Based on the experience in business promotion motivation campaigns and the already existing brand of “Big Stories of Small Businesses” it is recommended to continue identifying success stories and using them to launch public motivational campaigns, that will inspire people in the targeted oblasts to launch businesses and create a positive image of the entrepreneurs in the region and throughout the country. This activity should be strengthened by expanding partnership with nationwide business-oriented media, creation of dedicated special project pages, quizzes, voting and other interactive tools.

10

The crowdfunding campaigns, conducted within the Project, revealed that the targeted online communication (video messages, advertisements, emailing, etc.) between those providing funds and those seeking funds is one of the key elements of successful campaigns. Moreover, those projects which included education and social cohesion elements (thematic education camps, private schools, urban public spaces) in their business models, eventually raised more funding. It is recommended to continue holding the Crowdfunding Academy and to include as many creative and innovative business ideas as possible across the targeted oblasts, particularly the socially responsible businesses.

Risk Analysis

01

The quarantine measures to contain the spread of COVID-19 in Ukraine may be extended till the end of 2021, leading, unfortunately, to a worsening of the economic situation and further deterioration of the quality of people's lives, first of all, among the most vulnerable groups. In its turn, the infection risk mitigation measures (otherwise, the measures being necessary and desired) can have a negative impact on the economy of small communities, with serious consequences on people's wellbeing and mental health, significantly affecting the most fragile community members. Worsening of the pandemic situation and enforcement of the quarantine measures may impact sustainability and further development of the businesses, and decrease their resilience and ability to maintain the newly created jobs.

02

Worsening of the macroeconomic situation in Ukraine, together with the burden put on the national financial institutions by the COVID-19 pandemic, may lead to increase of inflation rates, depreciation of the national currency and to further limiting access to credit. Further economic downturn in the country and worldwide may generate uncertainty within the business environment and create lack of resources for business development, especially in the conflict-affected context, and generate a fear and anxiety to start and expand business or invest in production facilities, real estate and land.

03

Although a ceasefire and an outline for a political settlement were drawn up in the Minsk agreements, no effective ceasefire has taken hold for any significant period. Deterioration of the security situation in Donetsk and Luhansk oblasts may preclude minimal security conditions necessary for programming in the areas close to the 'contact line'.

²¹ Minsk Memorandum 2014 and the Package of Implementing Measures adopted in 2015 (the latter being endorsed by UN Security Council Resolution 2202 of 17 February 2015).

Annex 1.

Project Results Framework

Indicators	Baseline	Target (2019)	Actual (2019)	Target (2020)	Actual (2020)	Means of verification
1.1. Number of users, who received new knowledge and skills on business development through an online training platform for entrepreneurs	0 (2018)	300	0	1000	1,354 (529 women)	Online training feedback forms. Automatically generated online platform reports.
1.2. Number of men and women with increased knowledge and skills on starting and improving businesses	0 (2018)	200 (100 women)	262 (160 women) – Donetsk Oblast	400 (100 women)	345 (218 women) – Donetsk Oblast	Training feedback and registration forms. Post-training survey and monitoring.
			174 (104 women) – Luhansk Oblast		230 (146 women) – Luhansk Oblast	
1.3. Number of micro, small and medium-sized businesses which started or expanded their operations (disaggregated by sex of business owner/manager)	0 (2018)	20 (10 women-led businesses)	23 (10 women-led businesses) – Donetsk Oblast	70 (35 women-led businesses)	51 (25 women-led businesses) - Donetsk Oblast	Project records. Monitoring visits. Reports from the grantees and the Grants Administrator.
			12 (9 women-led businesses) – Luhansk Oblast		40 (20 women-led businesses) - Luhansk Oblast	
1.4. Number of MSMEs provided with business consulting services and technical assistance (disaggregated by sex of business owner/manager)	0 (2018)	20 (10 women-led businesses)	23 (10 women-led businesses) – Donetsk Oblast	70 (35 women-led businesses)	51 (25 women-led businesses) - Donetsk Oblast	Project records. Monitoring visits. Reports from the grantees and the Grants Administrator.
			12 (9 women-led businesses) – Luhansk Oblast		40 (20 women-led businesses) - Luhansk Oblast	

Indicators	Baseline	Target (2019)	Actual (2019)	Target (2020)	Actual (2020)	Means of verification
1.5. Number of new jobs created for IDPs and local the conflict-affected population (disaggregated by sex)	0 (2018)	60 (30 women)	48 (25 women) – Donetsk Oblast	200 (100 women)	109 (58 women) – Donetsk Oblast	Project records. Monitoring visits. Reports from the grantees and the Grants Administrator.
			17 (12 women) – Luhansk Oblast		83 (59 women) – Luhansk Oblast	
1.6. Number of local entrepreneurial networks with strengthened institutional capacities that are able to provide better services to their members	0 (2018)	2	0	3	5	Training feedback and registration forms. Post-training survey.

Comments: The following MSME support organisations and associations have been strengthened through capacity building: Kreminna Business Association, Luhansk Regional Business Club “European Choice”, newly created tourism cluster in Donetsk Oblast (NGO “Young Colourful Ukraine”), NGO “Eastern Hope” (business service provider in Zolote, Luhansk Oblast), NGO “Donbas Entrepreneurs’ Club”, Donetsk Oblast

1.7. Number of local professionals with required knowledge, skills and experience, who are able to provide training and capacity-building assistance on business development (disaggregated by sex)	0 (2018)	20 (10 women)	0	20 (10 women)	20 (13 women)	Training feedback forms. Post-training survey.
1.8. Number of businesses that improved their access to foreign markets through information sharing, capacity building and networking (disaggregated by sex of business owner/ manager)	0 (2018)	0	0	150 (75 women-led businesses)	150 (52 women-led businesses)	Feedback forms. Contractor’s reports. Follow-up survey of businesses.

Indicators	Baseline	Target (2019)	Actual (2019)	Target (2020)	Actual (2020)	Means of verification
1.9. Number of businesses that received new outreach and networking opportunities at the national level promotional events (disaggregated by oblast)	0 (2018)	70	140 (49 women) – Donetsk Oblast	140	178 (64 women) – Donetsk Oblast	Event feedback forms. Project records. Follow-up survey of the participants and partners.
			60 (20 women) – Luhansk Oblast		77 (25 women) – Luhansk Oblast	

