

SOCIAL STABILIZATION 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

FINAL PROJECT REPORT

31 March 2020 – 30 March 2021

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Acronyms

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 enterprise
NGCA	Non-government-controlled areas
NGO	Non-governmental organisation
UN RPP	United Nations Recovery and Peacebuilding Programme
UNDP	United Nations Development Programme
VET	Vocational education and training

PROJECT SUMMARY

PROJECT OUTPUT ID 00120593

Donor The Government of Japan

Project Title 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

Project Location Donetsk, Luhansk and Zaporizhzhia oblasts, Ukraine

Project Objective The Project was designed to address the employment and livelihoods issues of the conflict-affected people through the provision of dedicated capacity building, advisory and financing support to women and men willing to set up their businesses, particularly those formerly employed in the heavy industry, ports and in the fishery, to existing agriculture and non-agriculture MSMEs, as well as to start-ups, cooperatives and farmers associations. The goals of the Project are to contribute to the development of a dynamic MSME sector having access to strong business markets in the region. Ultimately, the Project is aimed at boosting resilience and sustainable livelihood opportunities to build strong foundations for peace and economic prosperity to the conflict-affected population, women and men, in eastern Ukraine.

The Project is a follow-up to the previous actions implemented by the UNDP with the financial support from the Government of Japan in 2015-2020 and is an integral part of the broader United Nations Recovery and Peacebuilding Programme (UN RPP).

Implementing Party United Nations Development Programme in Ukraine

National Partners Regional and local authorities of Donetsk, Luhansk and Zaporizhzhia oblasts

Project Start Date 31 March 2020

Project End Date 30 March 2021

Total project budget USD 909,090

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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.

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Executive Summary

**FINAL
PROJECT REPORT**

Social Stabilization 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

During the reporting period, the Project produced a number of tangible results towards boosting entrepreneurship development, job creation, business skills advancement and access to markets, as well as improving access to credit and financing for IDPs and local conflict-affected population in Donetsk, Luhansk and Zaporizhzhia oblasts.

Fostering self-employment and creation of new jobs in the target areas was achieved through the tailored capacity building activities and provision of entrepreneurship grants aimed at overall raise of the business culture and acceleration of economic recovery processes in the target regions. The Project applied the extensive experience and lessons learned from the business grants programme, run since 2015.

As a result, 530 entrepreneurs (385 women) from Donetsk, Luhansk and Zaporizhzhia oblasts improved their knowledge and skills in financial, legal, HR issues, as well as in marketing, branding, business communication, online promotion and sales. Moreover, 49 (6 women) local farmers and trainers of the VET institutions enhanced their knowledge of modern agro-techniques aimed at increasing sustainable agricultural productivity.

The capacity building interventions were followed by the small grant contest, enabling 69 entrepreneurs (27 women) to implement their business initiatives aimed at starting, renewing or expanding entrepreneurial activity, which helped create 203 new jobs (66 women) for IDPs and local conflict-affected population.

Addressing the identified lack of business knowledge among the grant recipients and considering the rapidly changing market conditions and business environment exacerbated by the COVID-19 pandemic, the Project deliv-

ered consulting services in the legal, accounting, marketing and business development areas to the MSMEs during the first 6 months upon the provision of the seed grants. All 69 (27 women) MSMEs, who received the grant support from the Project, benefitted from the consultations given by the expert companies involved by the Project.

Furthermore, the reporting period was marked by the successful organisation of an online business exhibition “East Expo 2020”, aimed at establishing and strengthening relations with other Ukrainian and international enterprises¹. The event provided ample opportunities for 160 (55 women) MSMEs from Donetsk, Luhansk and Zaporizhzhia oblasts to showcase and promote their businesses, such as food products, textile, ceramics, machinery, IT technologies, etc. In addition, 76 (28 women) entrepreneurs found new clients and partners from all over Ukraine and from abroad at online B2B meetings.

As far as boosting entrepreneurship and business development is concerned, 15 motivational videos with success stories of entrepreneurs from eastern Ukraine were showcased during the “Big Stories of Small Businesses” entrepreneurship promotion campaign, reaching over 1,700,000 people². This campaign highlighted the success stories of the MSMEs from target oblasts who managed to set up, restore and maintain business, provide employment to others and contribute to the development of their communities.

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

2. This activity was co-funded by the European Union and the Government of Denmark.

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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 even more, on the local economy, with the loss of livelihoods and employment, which led to an overall deterioration of macroeconomic conditions. In November 2018, the regional security landscape was further affected with the capture by Russian forces of three Ukrainian navy vessels in the Kerch Strait (Sea of Azov). This incident resulted in increased tensions between Ukraine and Russian Federation and in the invocation of the Martial law in several regions of Ukraine, including Donetsk and Zaporizhzhia oblasts for a 30-day period. The impediments to passage across the Kerch strait has accelerated the economic downturn in urban centres along the Azov Sea coastline, limiting freight traffic through Azov Sea ports (Mariupol and Berdiansk), as well as decreasing employment opportunities for those engaged in the fishing industry. These conflict-related issues have significantly contributed to the overall decline of the country's socio-economic situation.

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.³

The novel coronavirus outbreak starkly exposed inequalities worldwide and will set back human development for the first time since 1990. According to the UNDP's report "COVID-19 and Human Development: Assessing the Crisis, Envisioning the Recovery"⁴, the combined impact of different shocks affecting health, education and incomes could signify the largest reversal in human development on record. The fall-out from the pandemic is expected to hit poorer economies

and regions harder, as they are less able to deal with the socio-economic impacts.

In Ukraine, in mid-March 2020, the government-imposed quarantine restrictions to minimize 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 30 June 2021.⁵ As of 8 June 2021, there were 2,216,654 confirmed COVID-19 cases (51,333 deaths) in the government-controlled areas (GCA) of Ukraine, including 219,860 cases in the Project's target oblasts.⁶ The pandemic, combined with the impact of the six-year long armed conflict in the region, provides 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 front-line 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 are not entitled to social protection.

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 institutions, to work, to use healthcare services or to visit their family members. As of today, the EECPs 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

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

4. <http://hdr.undp.org/en/hdp-covid>

5. <https://www.kmu.gov.ua/npas/pro-vnesennya-zmin-do-deyakih-aktiv-a405>

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

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. Access to adequate healthcare services, including emergency medical care, remains challenging for people of all ages, especially for older persons and people with disabilities in rural, hard-to-reach settlements close to the contact line. 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 have decreased for them and small traders who rely on farmers' produce. Unemployment, increased food insecurity and restricted access to healthcare services, social assistance and other basic services made conflict-affected people even more vulnerable and dependent on external assistance.

As indicated, the overall situation has 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 have 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%, 15.4% and 10.7% in Donetsk, Luhansk and Zaporizhzhia oblasts, respectively.⁷ According to the Assessment of the impact of the COVID-19 pandemic on micro, small and medium size enterprises in eastern Ukraine⁸, conducted by the UN RPP, a significant percentage of local companies (56%) have not been able to adapt to the new conditions caused by the pandemic or have adapted only partially. Furthermore, the socio-economic assessment of the impact of the pandemic on businesses and households⁹, carried out by the United Nations System in Ukraine, showed that the smaller the business are, the more they are impacted by external shocks, such as the COVID-19 pandemic. The results of the assessment also revealed that women have often been more affected by the economic slowdown resulting from the pandemic than men. Although there are sectoral

specifications, in general, women have more likely been laid off or sent to unpaid/paid leave during the lockdown.

These pressing challenges were addressed by UNDP within the framework of the "Social Stabilization 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" project. The Project was a continuation of the previous actions implemented with the financial support from the Government of Japan in 2015-2020, and was aimed at boosting resilience and sustainable livelihood opportunities to build strong foundations for peace and economic prosperity to the conflict-affected population, women and men in Donetsk, Luhansk and Zaporizhzhia oblasts, the latter along the Azov Sea coastal line of Ukraine.

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 government-controlled areas of Donetsk, Luhansk, and Zaporizhzhia oblasts.

The Project's interventions were aligned with and complemented the following projects under the UN RPP Component I: 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;
- "Promoting Entrepreneurship among the Conflict-affected Population in Ukraine, Phase III", funded by the Government of Poland.

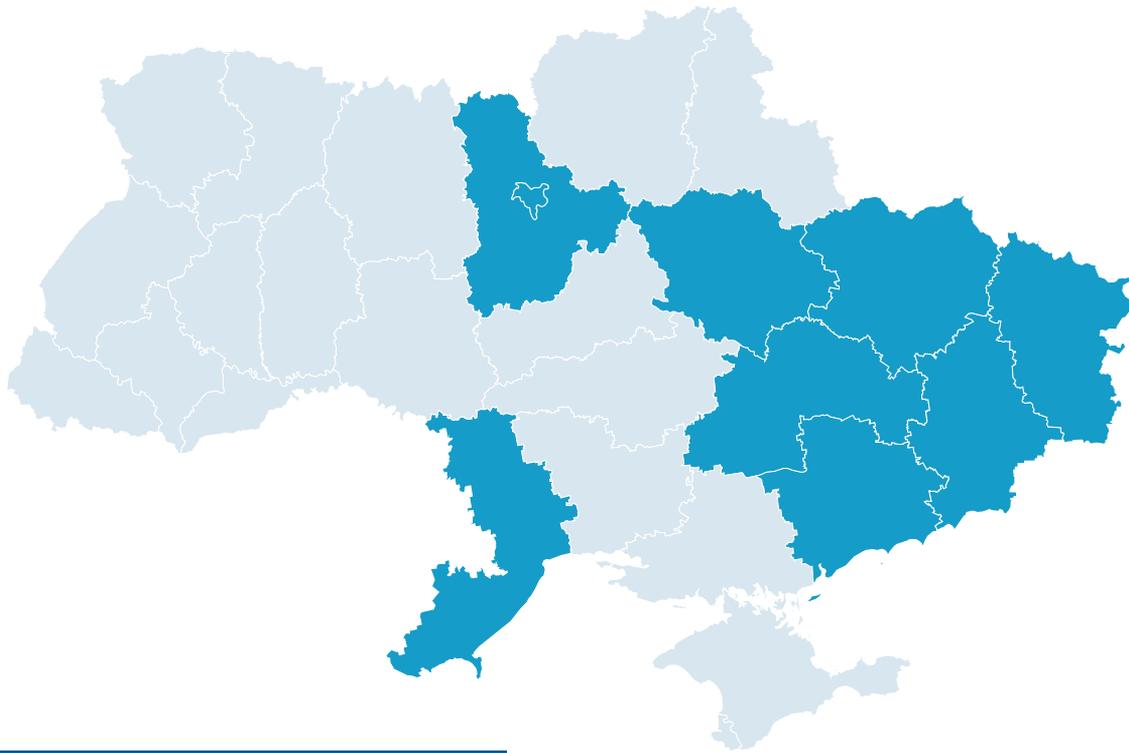
All projects synergise dissemination of common or complementary development solutions for their more effective and efficient scaling-up in the target regions.

7. According to the data of the State Statistics Service of Ukraine. <http://www.ukrstat.gov.ua/>

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

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

ECONOMIC RECOVERY SUPPORT IN UKRAINE 2015-2021



EMPLOYMENT & ENTREPRENEURSHIP SUPPORT IN UKRAINE



2 882
JOBS CREATED
 for conflict-affected people

1 642
 WOMEN

1 240
 MEN



411
MSMEs supported
 through grants programme



60
organizations and enterprises supported
 through jobs co-financing programme

TRAINING & CONSULTING SERVICES



6 968 people
 developed business skills and improved employability

3 920
 WOMEN

3 048
 MEN



608
entrepreneurs
 received consulting services on legal, marketing and accounting issues

BUSINESS PROMOTION



4
 business expos held in Kyiv and Lviv



260 SMEs
 from eastern Ukraine participated with exhibitions



70% of them
 found clients, partners



Over **9,000**
 people visited



1,000,000
 people reached by entrepreneurship promotion campaign

OUTCOME 1

INCREASED JOB OPPORTUNITIES AND ACCESS TO BUSINESS SKILLS FOR CONFLICT-AFFECTED WOMEN AND MEN



 Business development training course in Donetsk Oblast.
Photo by UNDP / Artem Hetman

ACTIVITY 1.1. SUPPORTING ACCESS TO INFORMATION AND BUSINESS SKILLS DEVELOPMENT TO THE CONFLICT-AFFECTED WOMEN AND MEN

The lack of market's appropriate business services and trainings has been a sustained challenge for business development in the eastern Ukraine as well as in the areas along the Azov coastline. This has exacerbated already fragile economic situation, a result of the conflict-induced outward migration of skilled labour and know-how, and an interruption of supply and value chains.

In this regard, the Project's interventions were directed at strengthening the capacity and enhancing the business skills of the local entrepreneurs through delivering training sessions on starting, managing and developing businesses. The ultimate goal of the Project's capacity building activities was to increase the entrepreneurial activity of IDPs and the local population, enabling them to effectively manage their businesses, build effective business processes, and develop strategies to ensure the sustainable growth of their enterprises.

During the reporting year, the Project designed and implemented a tailored capacity building programme which resulted in 479 (334 women) entrepreneurs from the target areas having improved their knowledge and skills in 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. Additionally, 51 women from the target areas received knowledge on women entrepreneurship as the first-choice route to leadership as well as on specific challenges and opportunities for the women-led start-ups and expanding businesses.

These training sessions were conducted during August-October 2020 in 23 locations of Donetsk, Luhansk and Zaporizhzhia oblasts¹⁰. The target audience of the training programme included IDPs and residents of the local

10. Kramatorsk, Pokrovsk, Sloviansk, Mariupol, Vuhledar, Kostiantynivka, Toretsk, Selidove, Kurakhove, Volnovakha, Sievierodonetsk, Kreminna, Lysychansk, Bilokurakhyne, Popasna, Starobilsk, Rubizhne, Melitopol, Orikhiv, Bilmak, Tokmak, Berdiansk and Huliaipole.



Training on innovative farming in Donetsk Oblast.
Photo by UNDP / Oleksandr Symonenko

communities who planned to establish, renew or expand their entrepreneurial activity. Those who registered but could not participate in the learning programme were provided with the video record of the training course containing all theoretical material and practical classes.

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.

ACTIVITY 1.2. TRAINING TO TARGET INNOVATIVE-LEAD FARMERS FOR INCREASING SUSTAINABLE AGRICULTURAL PRODUCTIVITY

To enhance the development of the agriculture sector in the target regions, the Project provided equipment to 3 local vocational education and training (VET) institutions in Donetsk Oblast to support the establishment of agricultural demonstration plots in Siversk, Velyka Novosilka and Volnovakha communities.

Using these plots, in February 2021, the Project organized and conducted 3 training sessions on soil treatment and spraying of field crops. The training programme was aimed at providing local farmers and trainers of the VET institutions with knowledge of modern agro-techniques and therefore increasing sustainable agricultural productivi-

ty. One of the most in-demand topic of the training programme was contemporary techniques of soil treatment: mini-till, no-till, strip-till and vertical tillage. This topic gains special relevance now, specifically with regard to climate change and frequent droughts in the region. Modern tillage methods allow not only to save fuel and labour costs on soil treatment but also to contribute to the retention of moisture in the soil. The trainings took place in Velyka Novosilka (2-3 February 2021), Volnovakha (4-5 February 2021), and Siversk (23-24 February 2021). In total, 49 (6 women) local farmers participated in these learning events.

OUTCOME 2

MSMEs SECTOR IN THE TARGET REGION GROWS, GENERATING THE CREATION OF NEW JOBS

ACTIVITY 2.1. PROVISION OF SEED GRANTS FOR SMALL-SCALE BUSINESS START-UP AND EXPANSION

Within the Project timeframe, a large number of viable business ideas for MSME development was revealed in eastern Ukraine. However, the lack of financial resources to purchase equipment and materials, and limited access to loans for the entrepreneurs from conflict-affected regions hinder the further development of micro-, small and medium businesses in the target oblasts.

Therefore, the capacity building interventions under the Project were followed by the launch of the small business grant programme. Using extensive experience and lessons learned from previously rendered financial support for MSMEs, the Project updated the grant scheme to help launch, restore or expand micro, small and medium-sized business activities in Donetsk and Luhansk oblasts and along the Azov coastline in Zaporizhzhia Oblast. The

business grant contest documentation was developed in line with the principles of gender equality and inclusiveness, the call for proposals was advertised widely both by the grant administrator and the Project, both female and male candidates as well as persons 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 grants support programme.

The grant support within the Project was provided for the start-up, restoration or expansion of the micro, small and medium-sized businesses to create jobs for the local population and IDPs in the target oblasts. The grant



Yaroslava Shevtsova, 28, with the support from the Project opened a fitness gym and created 3 jobs in Svatove, Luhansk Oblast. With the grant received (USD 3,600), she purchased sport equipment and outfitted children area in the gym. Yaroslava plans to expand her business and add yoga classes in the nearest future.
Photo credit: Vitalii Shevelev / UNDP Ukraine



Svitlana Panova, 45, with support from the Project expanded her Areal software company and created 4 jobs in Kramatorsk, Donetsk Oblast. With the grant received (USD 7,500), she launched a call-centre which enhanced the quality of product development and services provision by her company.

Photo credit: Artem Hetman / UNDP Ukraine

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 10,000 USD.

The start-up grant contest for MSMEs from the target areas was announced in August 2020 following an extensive information campaign on social media¹¹ and regional TV. In addition, the UN RPP held a meeting with representatives of Zaporizhzhia Oblast Administration, including the department of agro-industrial development and department of information policy to ensure broader dissemination of information about the contest.

Applicants developed, submitted and presented their business plans at the three stages of evaluation process: a) technical screening against the basic eligibility criteria; b) assessment by independent business experts; c) in-person presentation to the evaluation committees.

During the open call for application¹², 295 business plans were submitted to the start-up grant contest, of which 42% were developed by women. As a result of a highly competitive evaluation process, 69 entrepreneurs (27 women) received the grant support from the Project and managed to set up, restore or expand their businesses.

The grant funds were used for the procurement of the equipment and tools necessary to start production activities, for hiring additional personnel to expand a business and for the initial procurement of feedstock and materials for production or for services provision. The grant amount was directly linked to the number of new jobs created within the business project. The variety of sectors and locations covered by the small grant programme was wide (Full list of the Project grantees is available in Annex 3). Some of the most interesting and promising business initiatives, supported by the Project, included a greenhouse agricultural site, cheese and snack production line, entertainment and sports centres, sewing workshops and others.

11. <https://www.facebook.com/UNDPukraine/videos/291328658760498/>

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



Vasyl Demidov, 34, opened Martial Arts (Aikido) Studio for children in Mariupol, Donetsk Oblast, and created 4 new jobs with the grant support provided by the Project (USD 8,600).
Photo credit: Halyna Balabanova / UNDP 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 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 wide geography of the grant programme and limitations imposed by the COVID-19 pandemic, consulting services were delivered via remote channels (phone, Skype, Zoom, email, social networks, platforms for webinars, etc.), followed by issuing of monthly digests of frequently asked questions (Annex 7), distributed online and by limited in-person consulting sessions.

OUTCOME 3

MSMEs, IN THE TARGET REGIONS, SUCCESSFULLY INTEGRATED INTO NEW OR EXISTING MARKETS

ACTIVITY 3.1. CONDUCT VARIOUS ACTIVITIES AIMED AT PROMOTING THE CONFLICT-AFFECTED MSMEs' BUSINESS ACTIVITY THROUGH NATIONAL AND REGIONAL INFORMATION CAMPAIGNS AND EXPOS IN A GENDER SENSITIVE MANNER

The Project's interventions were focused on creating an enabling environment for expanding trade links within Ukraine through awareness raising of relevant stakeholders and promotion of the products and services of local MSMEs in other regions, including through their participation in trade fairs, conferences and exhibitions.

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"¹³. 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>).



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



The event provided ample opportunities for 160 (55 women) MSMEs from Donetsk, Luhansk and Zaporizhzhia 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 (21 of them from Project’s 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 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.

Furthermore, the annual entrepreneurship promotion campaign “Big Stories of Small Businesses” was launched¹⁴, highlighting success stories of people from the target areas who started their businesses or provided employment to others. In 2021 the campaign showcased 15 success stories of MSMEs from the target areas, who managed to start and maintain businesses, lead them through the COVID-19 pandemic, increase employment, and contribute to the development of their communities. The videos were aimed to inspire others to set up their own businesses and to 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 in intercity trains, on big street screens and in shopping malls in the target areas, reaching over 1,700,000 people.



A video from the entrepreneurship promotion campaign “Big Stories of Small Businesses” being displayed in an intercity train. Photo credit: Natalia Shevchuk / UNDP Ukraine

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

3

Lessons Learned & Recommendations

1.

As evidenced by the “Assessment of the impact of the COVID-19 pandemic on micro, small and medium size enterprises in eastern Ukraine”, the COVID-19 and subsequent economic slowdown has extensively affected the Ukrainian economy and prospects of growth. It has 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 are implemented to avert the situation and to enable creation of a thriving private sector composed of local MSMEs.

2.

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 target areas to develop and expand, internationalisation efforts must be undertaken and further improved, for the companies to be able to tap international markets, particularly that of the European Union with unparalleled purchasing power.

3.

In light of the global trend of digitalization combined with the economic crisis caused by COVID-19 pandemic, it is important to train the entrepreneurs 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.

4.

To ensure effective contribution of MSMEs towards sustainable development, gender mainstreaming must take a central role. This will have important economic and social consequences. According to the assessment, women seem to have been more affected by the economic slowdown resulting from the pandemic, mostly, however, due to the sectoral patterns. In addition, adaptation strategies have a significant negative effect on women employees, who have more likely been 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.

5.

While online activity is 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 current pandemic is overcome.

4

Risk Analysis

1.

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

2.

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 limiting access to credit resources. The 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 provoke a fear to start/expand business or invest in production facilities, real estate and land.

3.

Although a ceasefire and an outline for a political settlement were drawn up in the Minsk agreements, no effective ceasefire has taken hold for a significant period of time. 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" and GCAs of these oblasts.

5

Communication, Visibility & Knowledge

During the implementation period the Programme ensured high level of visibility of the Project activities and communication of positive results of the partnership between the Government of Japan, UN RPP and the Government of Ukraine.

The Project activities and results were widely covered by local, regional and national media, including in print, through online press and broadcast channels.

THE KEY ARTICLES, INTERVIEWS AND PRESS RELEASES ARE THE FOLLOWING:

- [Презентація четвертого Конкурсу грантів на започаткування, відновлення та розширення мікро, малих та середніх підприємств окремих районів та міст Донецької, Луганської та Запорізької областей \(website of the NGO “Creative Centre CCC”\)](#)
- [Мариупольцы могут получить 250 тысяч гривен на развитие бизнеса \(Mariupolnews, regional media\)](#)
- [ООН оголошує конкурс бізнес-грантів на сході України \(ГУРТ, national information portal\)](#)
- [Конкурс малих бізнес-грантів на започаткування, відновлення чи розширення мікро, малих та середніх підприємств \(Громадський Простір, national information portal\)](#)
- [В ООН показали, как на востоке Украины восстанавливают предпринимательство \(ЛИГАБізнесінформ, national media\)](#)
- [«Великі історії малого бізнесу»: ООН і Molodiya Festival запустили соцкампанію про підприємництво \(Громадський Простір, national information portal\)](#)
- [Великі історії малого бізнесу: Олег Рупчев з Бердянська відкрив бізнес з ультрафіолетового друку \(Бізнес-Схід, local media\)](#)
- [Великі історії малого бізнесу \(Sostav.ua, national media\)](#)
- [Великі історії малого бізнесу – голосування \(UN RPP information platform Start.Business\)](#)

INFORMATION ABOUT THE PROJECT IS AVAILABLE ON THE UNDP UKRAINE WEBSITE:

- [Flowers, water and textiles: Winning short videos from the Big Stories of Small Businesses Competition Announced](#)
- [Digital Transformation Ministry, UNDP launch East Expo 2020 online business exhibition](#)

INFORMATIONAL AND PROMOTIONAL VIDEOS ABOUT THE PROJECT ARE AVAILABLE ON THE UNDP UKRAINE YOUTUBE CHANNEL:

- [Grants contest in eastern Ukraine](#)
- [From water treatment to antiseptic](#)
- [Innovations that save lives](#)
- [East Expo 2020 \(playlist\)](#)
- [Anastasiia Muranova, English language school](#)
- [Oleh Rupchev, Ultraviolet Printing](#)
- [Serhii Zvilinskyi, tourist & recreation centre](#)
- [Nina Radchenko, growing essential oil crops](#)
- [Maryna Novykova, production of artistic ceramics](#)
- [Tetiana Riabko, anti cafe “Territory of Freedom”](#)
- [Dmytro Kosylkin, clothing for children Be Easy](#)
- [Oleksandr Chaplyk, Cheese production](#)
- [Serhii Kazmenko, water “Dzherelo Zdoroviia”](#)
- [Hanna Cheban, a plastic waste recycling](#)
- [Nataliia Onyshchenko, cardiology office](#)
- [Lidiia Khyla, textile workshop](#)
- [Oleksandr Umantsev, daily apartment rent](#)
- [Serhii Puntus, Auto Service Station](#)
- [Natalia Sirenko, photo studio](#)

The Programme has also widely used social media (Twitter, Facebook, Medium, Instagram and Flickr) to promote the project’s multimedia content, events, success stories and articles.

The visibility and outreach of the Project was ensured by using UN RPP/Japan banners, Japanese flags or brand/press walls with the Japanese logo displayed during each event (training courses, expo, information sessions, etc.).

UNDP/Japan stickers were distributed among all Project beneficiaries to label all purchased equipment/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.

Annexes

ANNEX 1.

PROJECT RESULTS FRAMEWORK

Indicators	Baseline	Target (2020)	Actual (2020)	Means of verification	Comments
Outcome 1 – Increased job opportunities and access to business skills for conflict-affected women and men					
Number of men and women with increased knowledge on starting and improving businesses and occupational skills	0 [2019] – Donetsk Oblast	400 (200 women)	195 (142 women) – Donetsk Oblast	Training feedback forms. Information from the project implementing partner	
	0 [2019] – Luhansk Oblast		94 (62 women) – Luhansk Oblast		
	0 [2019] – Zaporizhzhia Oblast		190 (131 women) – Zaporizhzhia Oblast		
Number of women received knowledge of women focused business start-up and management through the training	0 [2019] – Donetsk Oblast	50 women	14 women – Donetsk Oblast	Training feedback forms. Information from the project implementing partner	
	0 [2019] – Luhansk Oblast		23 women – Luhansk Oblast		
	0 [2019] – Zaporizhzhia Oblast		14 women – Zaporizhzhia Oblast		
Number of innovative-lead farmers trained for increasing sustainable agricultural productivity	0 [2019]	25 (10 women)	49 (6 women)	Training feedback forms. Information from the project implementing partner	
Outcome 2 – MSMEs sector in the target region grows, generating the creation of new jobs					
Number of micro and small businesses which started or expanded their operations	0 [2019] – Donetsk Oblast	60 (30 led by women)	35 (13 women) – Donetsk Oblast	Project records. Monitoring visits. Reports from the grantees and the Grants Administrator	
	0 [2019] – Luhansk Oblast		31 (11 women) – Luhansk Oblast		
	0 [2019] – Zaporizhzhia Oblast		3 (3 women) – Zaporizhzhia Oblast		
Number of micro and small business owners received business consultations	0 [2019] – Donetsk Oblast	60 (30 led by women)	35 (13 women) – Donetsk Oblast	Project records. Monitoring visits. Reports from the grantees and the Grants Administrator	
	0 [2019] – Luhansk Oblast		31 (11 women) – Luhansk Oblast		
	0 [2019] – Zaporizhzhia Oblast		3 (3 women) – Zaporizhzhia Oblast		
Number of new jobs created for IDPs and local conflict-affected population	0 [2019] – Donetsk Oblast	80	124 (37 women) – Donetsk Oblast	Project records. Monitoring visits. Reports from the grantees and the Grants Administrator	
	0 [2019] – Luhansk Oblast		72 (22 women) – Luhansk Oblast		
	0 [2019] – Zaporizhzhia Oblast		7 (7 women) – Zaporizhzhia Oblast		
Outcome 3 – MSMEs, in the target regions, successfully integrate new or existing markets					
Number of MSMEs promoted through business expos	0 [2019] – Donetsk Oblast	50	91 (33 women) – Donetsk Oblast	Events feedback forms. Information from the project implementing partner	
	0 [2019] – Luhansk Oblast		58 (19 women) – Luhansk Oblast		
	0 [2019] – Zaporizhzhia Oblast		11 (3 women) – Zaporizhzhia Oblast		
Number of people reached by various activities aimed at promoting the conflict-affected MSMEs business activity through national and regional information campaigns and expos in a gender sensitive manner	0 [2019]	15,000	1,706,800	Events feedback forms. Information from the project implementing partner, social media metrics tools	

ANNEX 2.

PROJECT FINANCIAL RESULTS

Project Title

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

(ATLAS PROJECT ID: 00120593;
AWARD ID: 00102396)

Preliminary Financial Report

Project Period:
31/03/2020 to 30/03/2021

Project Status:
operationally closed

Summary of Total Project Expenditures as of 07.06.2021

2020	\$710,793.45
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2021	\$189,295.55
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Total Project Budget	\$900,089.00
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Total Project Expenditures	\$900,089.00
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Balance	\$ 0.00
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ANNEX 3.

LIST OF THE PROJECT GRANTEEES

N°	Oblast	Surname	Name	Location	Business	Grant amount UAH
1	Luhansk	Koziieva	Anastasiia	Stanychno-Luhanskyi raion	Recreation area «Lake»	148,000
2	Donetsk	Nychporuk	Volodymyr	Bakhtmutskyi raion	Maintenance without obstacles	100,000
3	Luhansk	Yerkovych	Serhii	Kreminskyi raion	Wooden toys shop «Struzh`Ok»	100,000
4	Luhansk	Knyshov	Serhii	Stanychno-Luhanskyi raion	Manufacturing metal products	148,116
5	Donetsk	Koterha	Anna	Dobropillia	Opening of a beauty salon	89,500
6	Luhansk	Vakhnin	Serhii	Stanychno-Luhanskyi raion	Production of cabinet furniture	248,000
7	Luhansk	Shyshlova	Inna	Svativskyi raion	Development of IP-telephony in Luhansk region with the help of equipment modernization	247,000
8	Donetsk	Sokur	Ihor	Kramatorsk	Grafis Avto car painting workshop	249,998
9	Donetsk	Burmako	Oleksandr	Bakhtmutskyi raion	Poultry meat and chicken egg production	249,717
10	Donetsk	Papazov	Viacheslav	Yasunuvatskyi raion	Expanding small business in Donetsk region for provision of veterinary services	93,136
11	Zaporizhzhia	Soroka	Natalia	Melitopolskyi raion	Consulting business expansion	98,700
12	Luhansk	Honcharov	Oleksandr	Markivskyi raion	Producing and processing poultry meat	74,125
13	Donetsk	Kuliaba	Yuliia	Avdiivka	Manufacturing meat products «Avdiivski sausages»	249,600
14	Donetsk	Volkov	Oleksii	Sloviansk	Beauty studio expansion	157,654
15	Luhansk	Stoliarchuk	Oleksii	Lysychansk	Modernization of a car service station, creation of workplaces	187,833
16	Luhansk	Klements	Inna	Stanychno-Luhanskyi raion	Growing broiler chickens and laying hens	232,800
17	Luhansk	Ivanova	Olha	Bilokurakynskyi raion	Organic vegetables	200,000
18	Luhansk	Shulika	Dmytro	Sievierodonetsk	Expansion of the existing car repair micro business	99,036
19	Donetsk	Serhienko	Olha	Kramatorsk	Introduction of energy saving technologies with the help of thermo-modernization of buildings	250,000
20	Luhansk	Busenkova	Yuliia	Rubizhne	Equestrian health and entertainment complex «Iskander»	97,800
21	Donetsk	Davidenko	Dmytro	Kramatorsk	Expansion of Na vsi Sto car maintenance station in Kramatorsk	248,506
22	Luhansk	Chuchman	Viktor	Rubizhne	Cleaning of pillows and featherbeds	250,000
23	Luhansk	Babikov	Valentyn	Stanychno-Luhanskyi raion	Services for upholstery repair and mattress manufacturing	89,200
24	Donetsk	Soloviov	Oleksandr	Pokrovsk	Expansion of an existing advertising agency	142,000
25	Luhansk	Yevtushenko	Dmytro	Popasnianskyi raion	Machine for paving slabs production	200,000

N°	Oblast	Surname	Name	Location	Business	Grant amount UAH
26	Donetsk	Kostandian	Svitlana	Avdiivka	KOSTANDYAN jewelry workshop	99,800
27	Donetsk	Chepurko	Anastasiia	Slovianskyi raion	Fresh Bar «Healthy Life» outlet for sale of smoothies, juices, coffee, tea)	144,300
28	Luhansk	Liakhov	Serhii	Novopokrovskiy raion	Providing dental services to the population through the purchase of modern medical equipment	100,000
29	Luhansk	Kalnytska	Nataliia	Sievierodonetsk	Specialized training center «INTELLECT» (preparation for external evaluation)	100,000
30	Donetsk	Demidov	Vasyl	Mariupol	You Dojo sports school	241,850
31	Luhansk	Valuyskyi	Serhii	Stanychno-Luhanskyi raion	AUTO 3D	250,000
32	Donetsk	Katunin	Mykhailo	Slovianskyi raion	Expansion of activities related to provision of repair services	250,000
33	Luhansk	Chemerisov	Mykyta	Stanychno-Luhanskyi raion	Turnery. Expansion of production	150,000
34	Zaporizhzhia	Solokha	Yuliia	Tokmatskyi raion	Women's event space Happy People	249,200
35	Luhansk	Ponomarenko	Artem	Stanychno-Luhanskyi raion	Expansion of services for repair and maintenance of bicycles, and sale of spare parts	59,770
36	Donetsk	Babenko	Maksym	Druzhkivka	Increasing production capacity of the workshop for repair and maintenance of mining equipment	200,000
37	Donetsk	Hrynenko	Anton	Sloviansk	Om-Nom-Nom	248,880
38	Zaporizhzhia	Korets	Olha	Melitopolskyi raion	Translation agency	131,000
39	Donetsk	Novykov	Volodymyr	Toretsk	Production of MDF facades	150,000
40	Donetsk	Rashevskyi	Vladislav	Druzhkivka	Installation and maintenance of air conditioning systems	86,970
41	Luhansk	Hubarenko	Iryna	Bilokurakynskyi raion	Medical care for children of Bilokurakyn district according to European standards	100,000
42	Donetsk	Myshenin	Dmytro	Slovianskyi raion	Development of furniture production	250,000
43	Luhansk	Muranova	Anastasiia	Sievierodonetsk	Expansion of the branch of English Language School in Sievierodonetsk	241,400
44	Luhansk	Zelenskyi	Oleksandr	Lysychansk	BLACK COFFEE coffee shop	114,340
45	Donetsk	Pokatilov	Oleksandr	Kramatorsk	Production of doors and metal constructions to order, and equipment for heating of houses	249,840
46	Luhansk	Prokopenko	Hennadii	Sievierodonetsk	Opening of CarPlaza service station	249,488
47	Donetsk	Postnikov	Valentyn	Bilozerske	Insulation of private houses and other construction works	199,107
48	Luhansk	Abramov	Dmytro	Sievierodonetsk	Tire fitting shop in Sievierodonetsk	193,775
49	Luhansk	Onyshchenko	Nataliia	Novopokrovskiy raion	Expansion of the activities of a private cardiologist's office	100,000
50	Donetsk	Trofimov	Andrii	Manhushskyi raion	Production of paper towels and toilet paper «Utah»	250,000
51	Luhansk	Horina	Hanna	Sievierodonetsk	Clean facade from Mobile Dry Cleaning №1	99,950
52	Donetsk	Borovyk	Mykyta	Sviatohirsk	Establishment production facilities for manufacturing mineral waters and other waters	249,937
53	Donetsk	Novoselska	Anna	Kostiantynivka	Expansion of production of mineral waters and other waters	249,920
54	Luhansk	Leinyk	Pavlo	Popasnianskyi raion	Modernization of agricultural equipment PR Leinyk P. in Popasna	200,000

N°	Oblast	Surname	Name	Location	Business	Grant amount UAH
55	Donetsk	Yemelin	Roman	Toretsk	Organization of tailoring of special working clothes «TorTex»	250,000
56	Donetsk	Tsehuta	Tetiana	Sloviansk	Exclusive	200,000
57	Donetsk	Pleskaniov	Dmytro	Kramatorsk	Woka Asia Food Sloviansk	250,000
58	Donetsk	Panova	Svitlana	Kramatorsk	Expanding IT services business by creating an online customer support department	214,800
59	Luhansk	Ryzhkov	Anatolii	Lysychansk	Production of transformable greenhouses, performance of earthworks and landscaping works	245,000
60	Donetsk	Romanova	Nataliia	Kramatorsk	Organization of garment production	173,100
61	Luhansk	Dudnyk	Hryhorii	Svativskyi raion	Laser engraving shop	100,000
62	Donetsk	Danylenko	Halyna	Sloviansk	New line of women's shoes Comfort-Sport TM Madam Salon	249,225
63	Donetsk	Yahorova	Daria	Dobropilskyi raion	Dobro HUB Media Studio	199,936
64	Donetsk	Matorina	Valentyna	Sloviansk	Expansion of the cosmetology office Studio_estetic_cosmetology in Sloviansk	100,000
65	Donetsk	Danylenko	Marianna	Sloviansk	Modernization of production of men's shoes of TM DANSHOES	250,000
66	Donetsk	Smoliar	Andrii	Sloviansk	Mobile food pizzeria-cafe Pizza Box	196,038
67	Luhansk	Shevtsova	Yaroslava	Svativskyi raion	Launch of the fitness studio «Fitness with Yaroslava» in Svatove	99,650
68	Luhansk	Shapovalov	Denys	Sievierodonetsk	Auto-leader passenger car service station	250,000
69	Donetsk	Romanov	Taras	Druzhkivka	Creation of capacities for production of wheat flour (MILL))	248,000

