

WARTIME SME SUPPORT POLICIES IN UKRAINE



Recommendations for rapid SME support programmes for international donor organizations

Requirements for any SME support programmes in wartime Ukraine:

- Fast disbursement of funds to the beneficiary SMEs, e.g. within one month.
- Streamlined application and reporting process, - one-pager principle (one page call, one page application and one page reporting).
- Focus on maintaining the capabilities of SMEs, not developing new lines of business.
- Coverage - ability to support thousands of SMEs.
- Scalability - easily scaled up with the arrival of new donors, both public and private.

POLICY 1.

SMEs (Manufacturing SMEs) Operational Capabilities Support.

Business can lose its production capability due to the damage of loss of equipment, staffing challenges due to evacuation or military draft, or due to the supply chain disruptions. Unless swift actions taken, restoring business capabilities will be hard, time-consuming, and expensive.

Fast track grants for operational capabilities support for:

- Equipment storage, disassembly, or relocation.
- Civil defense facilities or arrangements.
- Re-arrangement of supply chains.



- Digitization of business processes, back-ups of business-critical data and shift to cloud-based solutions.

Priority beneficiaries – manufacturing SMEs.

Expected outcomes and impact – preserving operational capabilities of SMEs until after the end of war or until relocation.

Indicator – number of SMEs supported.

POLICY 2.

Support for SME volunteer programmes.

Many SME employees (if not called up for military service in the Armed Forces of Ukraine or territorial defense) are engaged in various volunteer initiatives. SMEs continue pay their staff. However, with business activities of many SMEs limited or at complete halt, the SMEs would struggle to support their staff for long, having drained their liquidity reserves.

Proposed support programme – provision of grants (subsidies) for SMEs staff engaged in volunteer initiatives (stage 1), once-off grants for sole entrepreneurs engaged in volunteer initiatives (stage 2). Priority to the SMEs and sole entrepreneurs operating in regions of Ukraine affected by heavy fighting¹.

Expected outcomes and impact – basic income maintenance.

Indicators – number of supported SMEs' staff members and supported sole entrepreneurs.

POLICY 3.

Institutional Support Grants for SMEs

Various economic activities have stopped with Russian invasion of Ukraine (tourism, some creative industries etc.). Short-term support could allow saving some SMEs operating in these impacted industries.

Proposed support programme – once-off institutional support grants to the SMEs operating

¹ Possible priority SME types:

1. SMEs operating regions designated as active war zones (or with open war activities).

2. SMEs producing non-essential goods and delivering non-essential services during the wartime, yet who would be essential in the immediate post-war period (without the support will not be able to restore business activity).

3. SMEs producing essential goods or providing essential services but that were operating on volunteer basis due to the partial or complete demand collapse.



in certain business activities lines (based on codes of economic activities prior to the war). The programme should take stock of the Ukrainian Cultural Foundation 2020 institutional support grant programme.

Expected outcomes and impact – thousands of supported SMEs, number of sectors and industries with maintained capacity.

POLICY 4.

Support for Exporting SMEs

Many export-oriented SMEs have trouble shipping their goods out of Ukraine (with delivery companies reorienting to the needs of the war economy). Service companies find it difficult to meet their clients' requirements regarding location of legal entities (limitations on working with Ukrainian contractors).

Grant projects for ensuring longevity of export-oriented SMEs:

- Setting up warehouses and logistic operations from the EU countries.
- Setting up legal entities in the EU and rearranging operations with Ukrainian legal entities.
- Shifting online operations to the EU online environments.

Expected outcomes and impact - operational continuity of SMEs (maintaining business activity).

POLICY 5.

Support for Fast Wartime Transformation of SMEs

The state of war causes certain goods (sleeping bags, body armor etc.) to be in peak demand. Ukrainian SMEs with relevant capabilities require support for scaling up production or for quickly introducing new types of goods into their portfolios.

Support programme would foresee grants for fast wartime transformation of SMEs:

- Introducing new types of goods and services.
- Scaling up production of goods or delivery of services in peak demand.
- Procuring and setting up logistics for raw materials required or peak demand categories.

Expected outcomes and impact - increase in domestic production of wartime peak demand goods and delivery of peak demand services.



POLICY 6.

Business Support Organizations Grant Programme

Many business support organizations (BSOs) have shifted to the volunteer activities (humanitarian assistance, relocation support etc). However, BSOs are needed in their prime role of supporting SMEs, esp. if SMEs to recover or to restart their business activities. Support programme will provide grants for BSOs that

- Coordinate SMEs supporting Armed Forces or providing humanitarian assistance.
- Support SMEs in ad hoc alliances and networks, e.g. logistics or sourcing pools.
- Develop new services for SMEs for the wartime period.
- Assist SMEs in grant management.

Expected outcomes and impact – preserving SMEs support ecosystem for faster SMEs recovery.

Recommendations prepared

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