

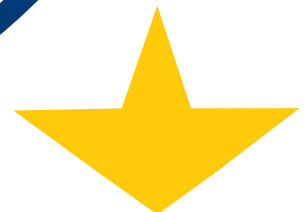


EU4Business

SME POLICY TRENDS

NOVEMBER 2021 BULLETIN

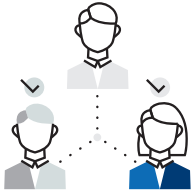
UKRAINE



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TRENDS IN SME DEVELOPMENT

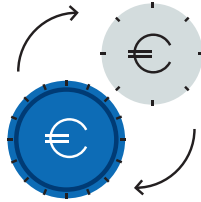
IN UKRAINE



Total SMEs in Ukraine

373,310

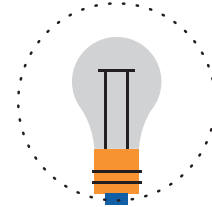
compared with
380,079
in 2020



Government Resources supporting SMEs in 2021

€389.21
million

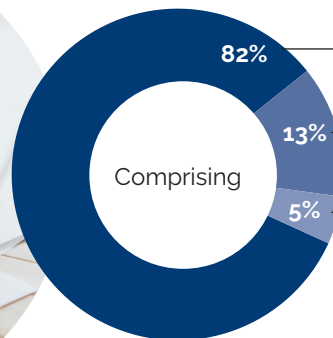
0.28%
of GDP



Annual Change in SMEs':

Incomes **+0.53%**

Employment **+1.73%**



Micro

307,871

Small

47,837

Medium

17,602

SMEs supported by EU

amounted to
7,836

2.1%
of total in Ukraine

in 2020

Estimated Annualised EU support SMEs in Ukraine

€40.49
million

(annualised budgets available in 2020)

Performance of EU supported SMEs in 2020, Annual Change:

Incomes **+28.6%**

Employment **+8.4%**

Exports **+7.2%**

GOVERNMENT OF UKRAINE CURRENT SME POLICY

LATEST POLICY DEVELOPMENTS ON UKRAINIAN SME POLICY



According to **Denys Shmyhal**, one of the main directions of the Government's economic policy is the concept of "long-lasting money." In particular, last year, at the initiative of the President of Ukraine, preferential lending programs for small and medium-sized businesses were launched.



In a year we see the result: UAH 50 billion in soft loans have already been issued. The next two projects in this area are the creation of the Stock Market and the reform of the pension system."

Link [Statement of Prime Minister, Denys Shmyhal, made during the All-Ukrainian forum "Ukraine 30. Economy Without Oligarchs," on June 14, 2021.](#)



Small and medium business is the basis of Ukraine's economy, so it is an important priority for the government. The state and business must work as a team and as allies who share a common interest, such as a successful and prosperous Ukraine."

Link [Statement of President Volodymyr Zelenskyy during a speech at the All-Ukrainian Forum "Ukraine 30. Small and Medium Business and the State" on March 18, 2021.](#)

ENTREPRENEURSHIP DEVELOPMENT VECTOR

OF THE NATIONAL ECONOMIC STRATEGY 2030

OBJECTIVES

- Ensuring an effective state policy on business development.
- Stimulating the development of entrepreneurial culture and competencies.
- Creating conditions for increasing the level of access of enterprises to finance.
- Creating conditions for increasing the level of access of enterprises to markets.
- Stimulating the development of innovations.

SME support is also envisaged by the number of strategic goals under other strategic vectors:

- Strategic vector 3 'Regulatory environment'.
- Strategic vector 5 'International economic policy and trade'.
- Strategic vector 7 'Investment attractiveness'.
- Strategic vector 8 'ICT'.
- Strategic vector 9 'Agro-industrial sector and food industry'.

TARGETS

Strategic objective 1:

- coordination of the activities of state bodies on the development of small and medium business, in particular, a clear definition of the role of each of the stakeholders in the ecosystem of small and medium business development;
- coordination of strategies and programs for small and medium business development at the central, regional and local levels;
- regular collection of statistical data on small and medium business challenges, and policy making based on the information collected.

Strategic objective 2:

- improvement of Ukraine's position in the Business Dynamics component of the Global Competitiveness Index from 73 to 40;
- course to increase the level of economic and financial literacy has been taken by 10 million citizens of Ukraine;
- functioning of a "single window" ensuring the remote access of SMEs to information, finance, training, and consulting, also at the regional level.

Strategic objective 3:

- creation of a single integrated guarantee instrument providing loans to SMEs;
- liberalization of the National Bank's requirements for factoring operations;
- creation and full functioning of the state Fund of funds.

Strategic objective 4:

- to increase the share of exporting SMEs from 15% to 50%.

Strategic objective 5:

- development of start-ups as an element of the national innovation system;
- participation of entrepreneurs in the process of exchange of experience between innovation centers;
- coordination of business support organizations;
- increasing the amount of venture financing of Ukrainian start-ups from USD 510 million to USD 5 billion;
- improving Ukraine's position in the Global Innovation Index from 45 to 30.

BUDGET COMMITMENTS

Actions aimed to implement the Strategy are included in the action plans of the Cabinet of Ministers of Ukraine. Program and strategic documents of the Cabinet of Ministers of Ukraine, action plans of ministries and other central executive bodies should be aligned with the Strategy and should be implemented with the priority to achieve the strategic objectives set by the Strategy.

MAJOR INSTRUMENTS

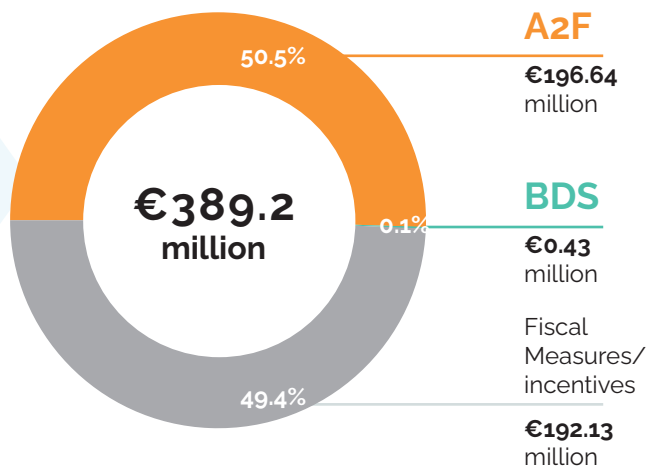
AVAILABLE FOR SMES IN UKRAINE

These are instruments that were active in 2021, some of which have ended already

The following instruments to support SMEs are categorised by instrument in line with EU4Business Facility to allow comparison and coherence of EU support in Ukraine

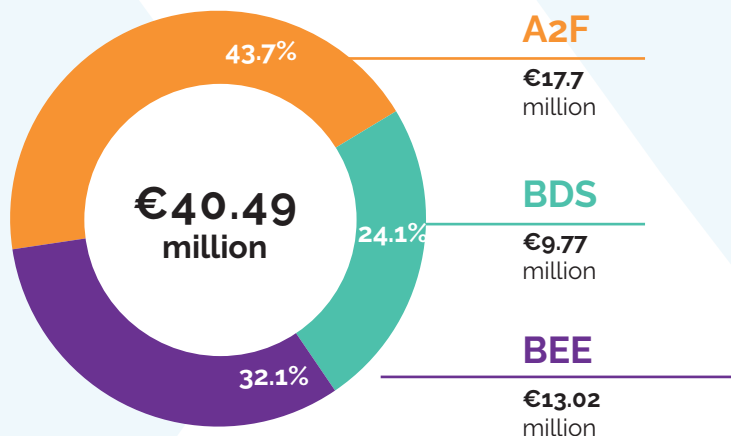


Government of Ukraine



EU4Business

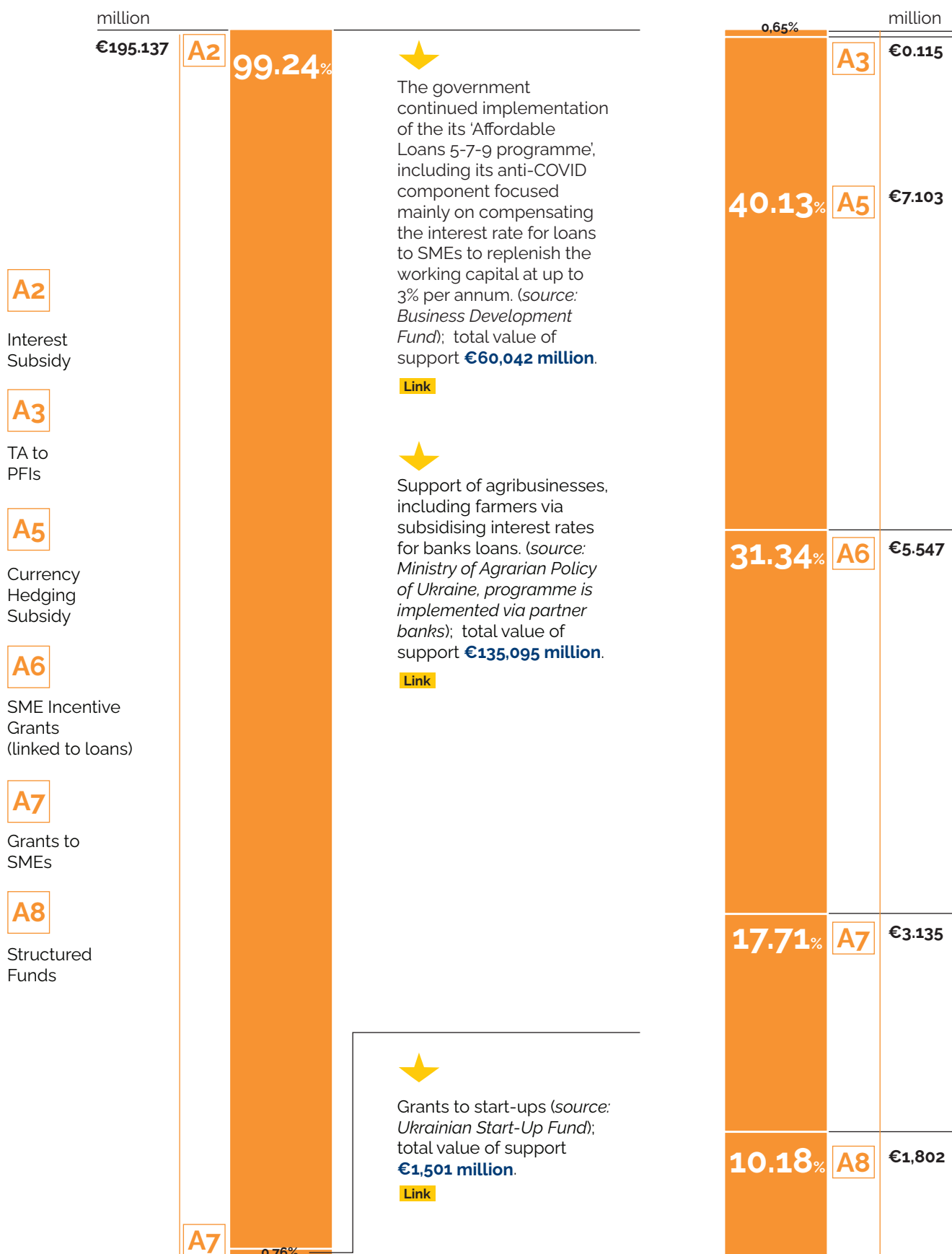
EU4Business 2020



ACCESS TO FINANCE (A2F) INSTRUMENTS

Ukrainian programmes

EU support



BUSINESS DEVELOPMENT SERVICES INSTRUMENTS

		Ukrainian programmes	EU support	
	million			million
<p>B1</p> <p>Consultancy Services for SMEs</p>	<p>€0.434</p> <p>→</p> <p>Creation of the State Institution 'Entrepreneurship and Export Promotion Office'. Main tasks are:</p> <ul style="list-style-type: none"> → delivering training programs on entrepreneurship and export; → providing analytical information and advice to businesses; → free of charge export consulting for businesses; → support businesses in participation in trade promoting events: trade missions, conferences, business visits, business forums etc.; <p>(source: The Office is managed by the Economic and Financial Department of the Secretariat of the Cabinet of Ministers of Ukraine); total value of support €0.434 million.</p> <p>Link</p>	<p>B1</p> <p>100%</p>	<p>46.4%</p> <p>B1</p>	<p>€4.527</p>
<p>B2</p> <p>Capacity Building of BSOs</p>	<p>→</p> <p>Support SMEs in export promotion, including trade information is one of the tasks of the State Institution 'Entrepreneurship and Export Promotion Office'. See 'BDS_B1 Consultancy services for SMEs' (source: Economic and Financial Department of the Secretariat of the Cabinet of Ministers of Ukraine)</p> <p>Link</p>	<p>B5</p>	<p>5.5%</p> <p>B2</p>	<p>€0.533</p>
<p>B3</p> <p>Incubators</p>	<p>→</p>		<p>8%</p> <p>B3</p>	<p>€0.783</p>
<p>B4</p> <p>Clusters</p>	<p>→</p> <p>Support B2B activities, including trade fairs and exhibitions is one of the tasks of the State Institution 'Entrepreneurship and Export Promotion Office'. See 'BDS_B1 Consultancy services for SMEs' (source: Economic and Financial Department of the Secretariat of the Cabinet of Ministers of Ukraine)</p> <p>Link</p>	<p>B6</p>	<p>6.5%</p> <p>B4</p>	<p>€0.639</p>
<p>B5</p> <p>Trade Information</p>	<p>→</p>		<p>7.8%</p> <p>B5</p>	<p>€0.764</p>
<p>B6</p> <p>B2B Activities</p>	<p>→</p>		<p>21.6%</p> <p>B6</p>	<p>€2.116</p>
<p>B7</p> <p>Export Strategies</p>	<p>→</p> <p>Contributing to the development of national and regional export strategies is one of the tasks of the State Institution 'Entrepreneurship and Export Promotion Office'. See 'BDS_B1 Consultancy services for SMEs' (source: Economic and Financial Department of the Secretariat of the Cabinet of Ministers of Ukraine)</p> <p>Link</p>	<p>B7</p>	<p>4.2%</p> <p>B5</p>	<p>€0.407</p>

FISCAL AND OTHER INSTRUMENTS



Launching the All-Ukrainian forum 'Ukraine.30'. The forum is a discussion platform where government officials at all levels, the expert community, civil society and the international community raise a number of critical issues that need to be addressed.

On March 17-19, 2021 special forum dedicated to SME development ('Ukraine 30. Small and Medium Business and State') was held. The following topics were discussed:

- problems of doing business in Ukraine
- ways of cooperation between business and government
- issues of improving the investment climate
- innovative approaches to doing and developing business
- reforms of tax and customs services (from Initiative of the President of Ukraine Volodymyr Zelenskyy).

[Link](#)



Establishment of the Council for the Promotion of Small Business Development. The Council is the consultative and advisory agency created to facilitate the establishment of constructive interaction between government agencies and small businesses and their public associations. (from Consultative and advisory agency under the President of Ukraine).

[Link](#) [Link](#)



The Parliament Committee approved the draft law aimed at the institutionalisation of a Business Ombudsman Council. The objective of this draft Law is to introduce an institution of a business ombudsman. Its function is to protect small and medium-sized businesses, as well as to assist businesses affected by unfair behaviour, to protect their right to freedom of entrepreneurial activity or to protect them from unlawful interference in their economic activities (from Parliament; Government).

[Link](#)



Government is launching a new tool that will allow to open a sole proprietorship automatically, without the participation of the state registrar (from Ministry of Digital Transformation of Ukraine via Portal Diia.gov.ua).

[Link](#) [Link](#)



Introduction of Single Tax Account for paying taxes (from State Tax Service of Ukraine).

[Link](#)



Diia.Business, the large-scale national business development project was further developed. Diia.Business includes online and offline components

The following sections have been implemented on the Diia.Business the online platform:

- a catalogue of business ideas with convenient templates, a list of all necessary legal documents for starting a business;
- online services and support programs for entrepreneurs on one page;
- a directory of entrepreneurs based on materials from relevant government agencies and leading Ukrainian companies;
- success stories of ordinary people who wanted to start their own businesses.

Diia.Business website is part of a large-scale national business development project; it also has an offline component – support centres and hubs for entrepreneurs in different regions of Ukraine. As of today there are 5 such centres have been open, two of them were opened in 2021. (from Ministry of Digital Transformation of Ukraine).

[Link](#)



Creation of the State Institution 'National Investment Fund of Ukraine' (from Ministry of Economy of Ukraine); total value of support € 3m.

[Link](#)



Support programme: "Assistance to employees and sole proprietors worth UAH 8,000". Entrepreneurs engaged in the activities included in the List of economic activities that may suffer due to stricter quarantine can get the one time support of UAH 8,000. The same support was offered to employers who may lose income due to quarantine. They can get UAH 8 thous. per employee. This measure is not tied to the List and is implemented through regional employment centres. (from Ministry of Digital Transformation of Ukraine Regional employment centres); total value of support €84,059 m.

[Link](#) [Link](#)



One-time compensation for Unified social contribution (USC) for businesses from the List of economic activities that may suffer due to stricter quarantine (from Regional State Tax Services); total value of support €6,004 m.

[Link](#)



Individual entrepreneurs (I group) have been offered a temporary exemption from social security contributions (SSC) in January-May 2021. (from Regional State Tax Services); total value of support 99,069 m.

[Link](#) [Link](#) [Link](#)

NATIONAL INSTITUTIONS FOR SME DEVELOPMENT

IN UKRAINE

STATE INSTITUTION ENTREPRENEURSHIP AND EXPORT PROMOTION OFFICE

Established
2021

Annual Budget
€434,310

Staff
41

[Link](#)



GOALS



Promotion of the development and support of small and medium enterprises.



Support and promotion of exports of goods, works and services of Ukrainian manufacturers in accordance with the program documents of the Cabinet of Ministers of Ukraine.



Other state planning documents.

MAIN ACTIVITIES

1. Promoting the interaction of businesses with governmental and local authorities in order to facilitate the public-private dialogue.
2. Informational support for businesses to ensure their development, internationalization and digitalization of business processes.
3. Making proposals for draft SME development programs at national, regional and local levels.
4. Promotion of entrepreneurship, development of business culture.
5. Technical support and administration of online platforms, websites and web portals for SMEs to raise their awareness on entrepreneurship and exporting.
6. Participation in the creation of online services for businesses.
7. Delivering of training programs on entrepreneurship and export.
8. Drafting proposals to public authorities on the implementation of measures aimed at de-shadowing the businesses.
9. Promoting the development of business support infrastructure and e-commerce development.
10. Providing analytical information and advice for businesses.
11. Free of charge export consulting for businesses.
12. Participation in the preparation, organization and coordination of trade promoting events: trade missions, conferences, business visits, business forums, etc.
13. Contributing to the preparation and organization of Ukraine's participation in the international exhibitions and fairs.
14. Assisting Ukrainian businesses in participation in the international exhibitions and fairs, including organization and coordination of group displays.
15. Cooperation with foreign trade missions and missions on the territory of Ukraine.
16. Participation in the creation and promotion of the export brand of Ukrainian goods and services to foreign markets.
17. Participation in the development and implementation of SMEs and export support measures at the regional level.
18. Ensuring the functioning of the export web portal.

BUSINESS ADVOCACY MECHANISMS

IN UKRAINE

The following mechanisms are in place to engage in dialogue between private sector and Government on business reform and advocacy in Ukraine:

Council for the Promotion of Small Business Development

[Link](#)

OBJECTIVES

- Facilitation of productive cooperation between public authorities and small businesses and their public associations.
- Help to solve the problems of small entrepreneurs

MEETING FREQUENCY:

- Meetings are held by the decision of the Chairperson of the Council.
- 5 meetings were held. (last held 04 August 2021)

Coordination Council to promote the development of micro and small-scale entrepreneurship

[Link](#)

OBJECTIVES

- To improve the conditions for the development of entrepreneurship.

MEETING FREQUENCY:

Meetings are held by the decision of the Council, but not less than once in every three months (last held 6th of May 2020) 5 meetings were held. After establishing of the Council for the Promotion of Small Business Development, the Coordination Council stopped functioning de facto. However, there was no official suspension of the Council. (last held 07.05.2021)

Council of Entrepreneurs under the Cabinet of Ministers of Ukraine

[Link](#)

OBJECTIVES

- Ensuring the interaction between executive bodies and businesses based on partnership, openness, and transparency

MEETING FREQUENCY:

The Council is not functional (last meeting held in April 2016)