

Support to the Economic Recovery of Ukraine



KEY PARAMETERS OF THE OFFER

Duration

4 years (2024-2027)

Budget

Estimated total budget is **\$140 million** (approximately \$40 million is already mobilized or in the process of mobilization)

Targets

At least **100 thousand** self-employed and entrepreneurs capacitated to livelihoods generation (at least 50% relocated, re-established, and/or women-led businesses)

At least **1 million** women and men benefiting from improved access to livelihoods

At least **100 thousand** jobs created/retained (at least 50% for women, youth, people with disabilities, IDPs and/or veterans)

At least **2 million** women and men benefiting from improved employment opportunities

At least **20% increase** in sales volume of the selected value chains

At least **5 million** women and men benefitting from improved economic conditions

Development partners

Japan, the EU, Germany, Switzerland, Sweden, the US, Republic of Korea, Czech Republic, International Chamber of Commerce, multinational corporations

Beneficiaries

Ukraine Ministries of Economy, Foreign Affairs, Finance, Digital Transformation, Education and Science; and, Communities, Territories, and Infrastructure Development; Social Policy; National Bank of Ukraine, State Employment Service, State Regulatory Service, Entrepreneurship and Export Promotion Office, Ukraine Invest

Recipients

Entrepreneurs, self-employed individuals, employees; micro, small, and medium enterprises (MSMEs); business support institutions (including business membership organizations (BMOs) and clusters), educational (including vocational education and training) institutions, regional administrations; municipal and rural communities, civil society organizations (including women and youth organizations)

Coordination & Partnerships



UNITED NATIONS
UNCTAD



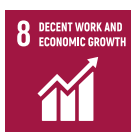
International
Trade
Centre



International
Labour
Organization

UN
WOMEN

Contribution to SDGs



CONTACT US

- **Yuliia Samus**, Head of Communications, at yuliia.samus@undp.org
 - **Lesia Shyshko**, Head of Strategic Planning and Partnerships, at lesia.shyshko@undp.org
- www.undp.org/ukraine

FOLLOW US @UNDPukraine



CONTEXT – THE IMPACT OF THE WAR



Since the beginning of Russia's full-scale and unjustified invasion of Ukraine in February 2022, the physical damage of the war in the country is estimated to be around USD 135 billion – equivalent to 60% of Ukraine's pre-war GDP – while the economic losses have reached USD 290 billion. The projected cost of recovery and reconstruction could reach USD 411 billion.

[[World Bank. 2023. Ukraine Rapid Damage and Needs Assessment: February 2022 – February 2023](#)]



A substantial contraction in GDP during the first year of the invasion (approximately 29%) was followed by a positive turn in 2023 from this steep decline. This contraction prompted an increase in poverty, with a significant rise from 6% to 24% in 2022 (based on the poverty line of USD 6.85 per person per day), resulting in an additional 7.1 million people falling into poverty and erasing 15 years of advancement.

[[World Bank. 2024. Recent Economic Developments](#)]



Displacement and migration induced by the war continue to be a significant trend, the patterns of which remain prone to change. By the end of December 2023, the number of displaced Ukrainians across Europe and beyond reached approximately 6.4 million; while as of January 2023, an estimated 5.4 million people were displaced internally. September 2023 estimates for internally displaced people were 3.7 million, whereas the number of returnees from internal displacement or abroad reached 4.6 million. For those who have fled the country, it is estimated that 90 per cent are women and children.

[[UNHCR. 2024. Operational Data Portal. Ukraine Refugee Situation](#)

[[IOM. 2023. Ukraine Internal Displacement Report](#)

[[UN Women. 2022. Rapid Gender Analysis of Ukraine](#)]



An estimated 4.8 million jobs have been lost in Ukraine since the start of the invasion. While approximately 9.8% in 2021, the unemployment rate swelled to 24.5% in 2022 and slightly decreased to 19.4% in 2023

[[ILO. 2022. The impact of the Ukraine crisis on the world of work: Initial assessments](#)]



Both Ukraine and the EU exhibit their commitment for Ukraine's membership in the EU, recently demonstrated by the opening of accession negotiations in December 2023. The EU is a leading partner for Ukraine in trade, with the volume of Ukraine exports to the EU reaching EUR 27.6 billion in 2022.

[[European Commission. 2024. EU trade relationships by country/region](#)]



MSMEs in Ukraine comprise 99.98% of all business entities. They create the largest share of value added (64%) at cost of production and providing 82% of jobs in the form of employment, sole proprietors, and working shareholders, or 74% of all jobs in the labour market in 2021.

[[State Statistics Service of Ukraine. 2022. Activity of large, medium, small, and micro-entrepreneurship enterprises](#)]



Since the start of the full-scale invasion, 64% of MSMEs have temporarily or completely suspended their business activities. However, the vast majority (84% of suspended companies) have managed to partly renew their enterprises within a period of up to 6 months. More than 90% of respondents' MSMEs suffered financial losses due to the full-scale invasion.

[[UNDP. 2024. Assessment of the impact of war on MSMEs in Ukraine \(here, below\)](#)]



Compared to the year before the full-scale invasion, more than half of MSMEs experienced staff reduction in 2022. An additional 34% of enterprises had to continue downsizing in 2023. As of December 2023, almost 8% of remaining personnel have been sent on an unpaid leave, whereas 13% work on the conditions of salary reduction. Every tenth employee has the IDP status.



MSMEs consider the main barriers to their development as uncertainty (58%), unpredictable government actions (51%), insufficient demand of customers (49%), lack of qualified employees (42%), lack of capital (33%), regulatory and/or fiscal obstacles (25%), and unavailability of credit funds (22%).



Among the main obstacles to doing business during the war MSMEs highlight purchasing power reduction (64%), production costs increase (31%), logistics changes (27%), lack of working capital (25%), lack of state and local government support (25%), and disrupted supply chains (13%).



Grants and financial support (51%), soft loans (42%), promotion of export (25%), support in production modernisation (21%), and training / consulting (17%) are considered among the most useful instruments for MSME development.

UNDP AS A PARTNER OF CHOICE

COMPETITIVE ADVANTAGES:

- ✓ **The global mandate to operationalise SDGs** enables UNDP to promote sustainable business practices, contributing to the long-term competitiveness of the private sectors
- ✓ **Global and regional expertise in economic recovery**, inclusive growth, and women economic empowerment offers signature solutions and recognized know-hows
- ✓ **Holistic approach to the economic recovery and proven capacity to combine effective “hard” support interventions** (grants, assets, repairs, and [re]constructions) **with “soft” capacity building activities** ensures sustainable results
- ✓ **Extensive regional presence** in 10 hubs/offices makes an area-based approach efficient
- ✓ **Well-established partnership with the government and unique partnership network** of over 30 BMOs uniting over 30,000 entrepreneurs allows scaling up outreach and support to MSMEs

ECONOMIC RECOVERY FOOTPRINT:

- ✓ **Grant support** provided to **over 1,500 entrepreneurs**
- ✓ **Business training** delivered to **over 10,000 entrepreneurs**
- ✓ **Over 4,500 new jobs** created by supported businesses
- ✓ **Over 40 infrastructure facilities rehabilitated**, benefiting 5 million people
- ✓ **Over 140 educational and 35 State Employment Service institutions** received equipment and training **support**
- ✓ **Over 80 new business development services** rolled out by partner BMOs
- ✓ **Over 15 laws and 30 by-laws** adopted in consultation with partner BMOs

THEORY OF CHANGE

IF:

- The **collective efforts** of governments, international and civil society organizations (including women organizations), and local communities **contribute to Ukraine's post-war recovery, digital, and green transition**, building a sustainable and prosperous future.
- Targeted **support** and gender-transformative assistance **is provided** to affected people and businesses to **increase stability, social cohesion, financial and digital inclusion, women economic empowerment, and the revitalization of Ukraine's MSME sector** while heeding to the principles of good economics and governance.
- **Coordinated interventions** with actors from the public and private sector **support market reactivation and development** to foster demand and productivity.

THEN:

- **Targeted value chains** with the high potential for growth, job creation, and green and digital transformation **will benefit from developed capabilities, improved access to capital, encouraged collaboration, and enhanced business-enabling conditions.**

THEREFORE:

- The **competitiveness, accelerated and green recovery, inclusivity, and resilience of the new cutting-edge Ukraine's economy** will be achieved and sustained.

APPROACH

The **nexus approach** to the economic recovery continuum is based on three strategic objectives, as follows:

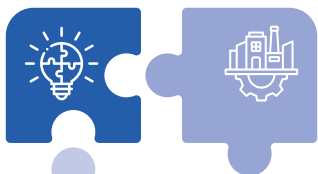
- ▶ **from** emergency crisis response
- ▶ **through** ensuring inclusivity, social cohesion, and leaving no one behind
- ▶ **to** the accelerated recovery and sustainable growth of Ukraine's economy



For each of the three objectives, comprehensiveness of the intervention will be achieved through addressing the needs of the key actors in four interrelated areas:

CAPABILITIES

- ✓ market-oriented vocational, technical, entrepreneurial, digital, and soft skills
- ✓ training and advisory support



CONDITIONS

- ✓ physical and digital infrastructure
- ✓ policy and regulatory frameworks
- ✓ business development solutions for green economy

CAPITAL

- ✓ grants, asset replacement
- ✓ development and innovative finance, de-risking



CONNECTIONS

- ✓ business intermediary organisations
- ✓ ecosystems, networks and partnerships
- ✓ market access and internationalisation

An area-based approach will offer a strategic way to address the crisis and recovery conditions in different regions of Ukraine. Tailoring innovative solutions to the specific needs of each region will allow for a more targeted, effective, people-centred, comprehensive, inclusive and context-specific interventions to ensure integration of multi-facet needs of economic recovery and inclusion of all vulnerable populations in Ukraine, including women, youth, people with disabilities, IDPs and veterans.

In the **“Crisis”** regions that are partially occupied and/or have ongoing active hostilities (**Donetsk, Kherson, Kharkiv, Luhansk, Mykolaiv, and Zaporizhzhia Oblasts**), efforts will be directed to providing livelihoods and addressing the emergency needs of entrepreneurs in tandem with the development of long-term durable solutions.

In **“Transit”** regions liberated and/or located in closer proximity to the conflict line with a higher level of reconstruction and recovery needs (**Dnipro, Chernihiv, Kyiv, Odesa, and Sumy Oblasts**), investments in job creation and restoration of MSMEs will be prioritized to create sustainable livelihoods and facilitate the return of residents to normal life.

In **“Hosting”** regions not directly affected by active hostilities (**Chernivtsi, Ivano-Frankivsk, Khmelnytskyi, Kirovohrad, Lviv, Poltava, Ternopil, Vinnytsia, Volyn, Zakarpattia, and Zhytomyr Oblasts**), the focus will be on leveraging their more favourable economic conditions by attracting investments, fostering economic growth, and utilising these regions as potential hubs for development.

The intervention will target specific value chains with the highest potential for:

- ✓ livelihood generation
- ✓ job creation
- ✓ contribution to reconstruction
- ✓ internationalisation
- ✓ green and digital transformation
- ✓ inclusivity and women economic empowerment

Potentially targeted value chains may include but be not limited to:

- ✓ food processing
- ✓ production of construction materials
- ✓ high-tech machine-building
- ✓ textile, apparel, and footwear production



Intervention will support and take into consideration Ukrainian commitments to accession to the European Union and developing a green economy. These commitments, and the ensuing need for alignment with the EU Green Deal, are both a necessity and an opportunity for Ukraine. Higher quality and European standards of goods and services, as well as sustainability practices throughout all levels of production and the supply chain, is expected to bring more and a diverse range of investors interested in the reconstruction of the country.

INTERVENTION MATRIX

Objectives Components	Enhanced livelihoods, self-employment, and entrepreneurship	Advanced and sustainable human capital, flexible and responsive labour market	Competitive and resilient MSMEs, drivers of sustainable economic growth
Capabilities	<ul style="list-style-type: none"> ✓ Entrepreneurship training ✓ Advisory support ✓ Mentoring ✓ Targeted support to relocated, re-established, IDP, veteran, and/or women-led businesses 	<ul style="list-style-type: none"> ✓ Professional training ✓ Upskilling for digital and soft skills, and green jobs ✓ Strengthening education services providers 	<ul style="list-style-type: none"> ✓ MSME capacity-building for access to finance, greening, internationalisation, and digitalisation ✓ Capabilities for expanded exports and public/donor procurement
Capital	<ul style="list-style-type: none"> ✓ Grants ✓ Asset replacement 	<ul style="list-style-type: none"> ✓ Active labour market programmes ✓ Financial incentives for job creation ✓ Blended financing for human capital development ✓ Grants 	<ul style="list-style-type: none"> ✓ Market ecosystem enabling financial accessibility ✓ Innovative finance mechanisms ✓ De-risking instruments
Connections	<ul style="list-style-type: none"> ✓ Business development services ✓ Networking ✓ Digitalisation ✓ Social entrepreneurship 	<ul style="list-style-type: none"> ✓ Public private dialogue ✓ Cross-sectoral cooperation ✓ Digital connectivity 	<ul style="list-style-type: none"> ✓ Strengthening business intermediary and membership organisations ✓ Export promotion and quality infrastructure ✓ Online business development ✓ B2B cooperation fostering innovation and investments
Conditions	<ul style="list-style-type: none"> ✓ Access to basic infrastructure ✓ Regulatory conditions improvement 	<ul style="list-style-type: none"> ✓ Labour market flexibility and responsiveness ✓ Educational institutions responsive to private sector needs 	<ul style="list-style-type: none"> ✓ Policy and regulatory frameworks ✓ Business development solutions for green economy ✓ Public-private partnerships for physical and digital infrastructure ✓ Industrial parks and facilities

ACTIVITIES AND RESULTS



OUTPUT 1

Enhanced livelihoods, self-employment, and entrepreneurship

KPIs	Targets
Number of self-employed and entrepreneurs capacitated to generate livelihoods	At least 100 thousand (at least 50% relocated, re-established and/or women-led businesses)
Number of women and men benefiting from improved access to livelihoods	At least 1 million

Activity 1.1. Strengthening capabilities of entrepreneurs to ensure business continuity and generate livelihoods

1.1.1. Establish and institutionalise market-oriented training programmes to enhance entrepreneurial skills, digitalisation, and financial literacy

The aim is to provide market-driven training programmes that are sustainable and institutionalised by the reputable providers of educational services in order to improve entrepreneurial skills, support digitalisation, and increase financial literacy. The training will cover important business-development topics such as creating business plans, legal and taxation policies and procedures, financial management and reporting, marketing, e-commerce, crisis management, etc. This comprehensive approach will help war-affected entrepreneurs, in particular women, youth, people with disabilities, IDPs, and veterans become more resilient. It will also ensure that these individuals have consistent access to knowledge, skills, and advisory support, which will ultimately enhance their competitiveness and ability to generate livelihoods.

1.1.2. Launch and institutionalise a green/SDG accelerator for entrepreneurs, offering a selection of “free-of-charge franchise” sustainable business models and the SDG value chains support programme

Localisation of global UNDP signature solutions such as the [SDG accelerator](#) and [SDG value chains](#) will help war-affected entrepreneurs in Ukraine to build back better by modernising and digitalising their businesses, as well as benefiting from a selection of sustainable business models that prioritise social entrepreneurship, green, circular, sharing, and care economy solutions, made available through free-of-charge franchises in targeted value chains. Entrepreneurs will be supported in transforming their business behaviours and remodelling their business ideas to take advantage of emerging market opportunities. They will also be assisted as they improve their business growth by advancing innovative solutions, and contributing to the local transition to a green and sustainable economy.

Activity 1.2. Accelerating financial inclusion of the self-employed and entrepreneurs

1.2.1. Grant programmes to enhance the generation of livelihoods, support business continuity, and aid businesses with adaptation, relocation, and re-establishment

Technical support for war-affected entrepreneurs and self-employed individuals provides access to seed capital (cash and in-kind grant) to business initiatives that generate income for the war-affected population. This grant support will be provided on the basis based on the transparent and inclusive competitive application and selection process. Grant recipients will receive comprehensive advice, mentoring and networking opportunities for the entire grant life cycle to foster learning community building. Tailored mentoring for women-entrepreneurs will be offered leveraging on UNDP global expertise in this area with such web-platforms as [STEM4ALL](#). The grant programmes will empower business initiatives that promote sustainable livelihoods, offer financial assistance to individuals and groups engaged in income-generating activities, foster economic resilience, and contribute to the overall well-being of war-affected communities. There will be a specific emphasis on targeted value chains, relocated or re-established businesses, and businesses (co-)led by women, youth, people with disabilities, IDPs, and veterans.

1.2.2. Asset replacement: accelerating business restoration to strengthen crisis resilience, including by promoting sharing economy

A technical support, potentially in the form of voucher programme, prioritizing digital solutions in the restoration of business and recovery planning, will be offered to facilitate damage assessment and to empower entrepreneurs with vital information to make informed decisions regarding the restoration of their businesses. Support will be channelled to business revitalization, restocking inventory, repairing facilities, and investing in technology to enhance operational efficiency. The programme will focus on rapid recovery of businesses in war-affected communities, while stimulating modernisation of the economy, sustainable business models and co-production solutions.

Activity 1.3. Connecting entrepreneurs with national, regional, and global value chains

1.3.1. Enhance access to business development services and networking for entrepreneurs

Entrepreneurs will have their awareness raised regarding the availability and importance of business development services and their providers, including business membership organisations, and those for women in particular. In addition, the capacity of business support infrastructure will be scaled up to deliver lasting advisory and consulting services to entrepreneurs, and by offering digital services and solutions, such as online platforms. A business development services portfolio will highlight such sustainable business models as social entrepreneurship, circular, and sharing economy solutions. Various existing networks and platforms will also be supported to encourage collaboration and synergy among entrepreneurs and self-employed individuals. Through these connections, entrepreneurs can leverage collective expertise and support to navigate the complexities of business management, fostering vibrant entrepreneurial ecosystems.

1.3.2. Assist entrepreneurs, in particular those working in rural areas, with digitalisation and developing e-commerce to foster their competitiveness and internationalisation

Support in this area will combine enabling access to digital solutions for business (such as customer relationship management, learning management systems, webstores, marketplaces, etc.) and information regarding market opportunities, financial assistance, technology, and innovation with individualised advice. This support will be tailored to different sectors and size of business, maximising the utilisation and efficiency of these tools for war-affected entrepreneurs. Strengthening the role and participation of entrepreneurs in the global marketplace through e-commerce will be emphasised.

Activity 1.4. Improving regulatory and enabling conditions for entrepreneurship

1.4.1. Ensure entrepreneurs' sustained access to basic infrastructure (electricity, heat, water, Internet) by assessing needs, engaging partners, supporting selected interventions, and sustaining their ownership and proper maintenance

Continual access to the essential infrastructure – electricity, heat, water, Internet, and digital – for war-affected entrepreneurs and self-employed individuals will be ensured through comprehensive needs assessments, strategic partnerships, and targeted interventions, i.e., providing equipment, including for renewable energy, and conducting repairs. The support will aim to minimise possible financial losses from infrastructure disruptions by securing ongoing business functioning and ensuring access to critical infrastructure.

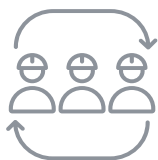
1.4.2. Offer institutional and digital solutions and build the capacity of the authorities, public and private service providers, and business support organizations to create an enabling business environment

A more conducive business environment can be created by identifying regulatory bottlenecks, simplifying and improving regulations, leveraging digital solutions, and enhancing the capacity of relevant stakeholders. The aim is to reduce red tape, encourage entrepreneurship, attract investment, and promote economic growth by creating an environment where businesses can thrive with less regulatory burden. This involves streamlining and simplifying regulations, conducting regulatory audits, assessing the impact of regulations, and actively engaging relevant stakeholders in the regulatory process while building their capacity. Digital tools will be utilised to modernise processes, making compliance and information access more efficient.



BUDGET

1. Enhanced livelihoods, self-employment, and entrepreneurship	Costs
1.1. Strengthening capabilities of entrepreneurs to ensure business continuity and generate livelihoods	\$10 million
1.2. Accelerating the financial inclusion of the self-employed and entrepreneurs	\$20 million
1.3. Connecting entrepreneurs with national, regional, and global value chains	\$5 million
1.4. Improving regulatory and enabling conditions for entrepreneurship	\$10 million
Total	\$45 million



OUTPUT 2

Advanced and sustainable human capital, flexible and responsive labour market

KPIs	Targets
Number of jobs created/retained	At least 100 thousand (at least 50% women, youth, people with disabilities, IDPs and/or veterans)
Number of women and men benefiting from improved employment opportunities	At least 2 million

Activity 2.1. Addressing the existing demand-supply gap in the labour market through skill development

2.1.1. Delivery of professional training, reskilling, and upskilling programmes to address immediate labour market needs in workers, the self-employed, and entrepreneurs in targeted value chains

Activities will be used to develop a comprehensive set of reskilling and upskilling programmes tailored to align with the evolving needs of the labour market based on the forward-looking assessment results. These programmes will be extended to individuals who have suffered loss of job or production facilities. Special attention will be given to IDPs, returnees, and veterans, with a specific focus on empowering women. The overarching goal is to empower these individuals with a renewed skill set that meets the evolving demands of the labour market.

2.1.2. Strengthen the capabilities of public and private providers to deliver professional education services, flexibly addressing the labour market needs, and to increase employment opportunities particularly for vulnerable groups

The objective of this activity is to bolster the capabilities of training providers and professional educational institutions, and to adaptively respond to the evolving needs of the labour market through training-of-trainers, technical advice, and digital solutions for effective delivery of educational services. Emphasis will be placed on augmenting the supply of on-the-job training opportunities as integral components of a professional education framework, creating a practical and relevant learning environment. Concurrently, there is a concerted effort to elevate the qualifications and competitiveness of the workforce by tailoring training programmes to meet industry needs. Additionally, the initiative seeks to foster stronger collaboration between training providers and educational institutions. The established connections will improve the flow of information, and channel new experiences and insights from the labour market directly into the design of professional education programmes. This symbiotic relationship ensures that educational curricula closely align with the real-world demands of the labour market, facilitating the production of highly skilled and industry-ready professionals. The role of emerging technologies in the delivery of training programmes, e.g. AI, VR, and online platforms will be emphasized to create more engaging, accessible training solutions and to support their scalability. Through these multifaceted enhancements, the initiative aims to create a synergistic ecosystem that does not only address immediate labour market needs but also contributes to the long-term resilience and competitiveness of the workforce.

Activity 2.2. Empowering growth by enhancing access to finance in order to foster responsiveness in the labour market and job creation

2.2.1. Facilitate the design and implementation of active labour market programmes, financial incentives, and support mechanisms for the private sector to encourage job creation in targeted value chains, in particular, for women, youth, people with disabilities, IDPs, and veterans

A set of customised policies and initiatives will be piloted and put in place in cooperation with relevant stakeholders. These will be designed to facilitate the transition of unemployed or underemployed individuals into the labour market, specifically addressing the unique needs and barriers faced by women, youth, people with disabilities, IDPs, and veterans. A market-based (re)training platform for employment-seekers and students will equip them with the necessary tips, skills, and confidence to find a job or start a business. Such a holistic approach promotes job creation within targeted value chains while prioritising the inclusion of vulnerable groups. It combines various strategies aiming to foster economic growth, reduce unemployment, and enhance the livelihoods of the war-affected population.

2.2.2. Launch grant and technical support programmes to support professional educational institutions and centres for the transfer of technologies, promoting hybrid skills and combining entrepreneurial, green, digital, and technical skills

Grants paired with technical support to professional educational institutions will enable them to develop and launch training curricula for new professions, as well as establish and equip modern workshops to make sure that training provided by these institutions meets the demand of the labour market and supports economic recovery. Support to business-oriented initiatives will enhance the financial viability of educational institutions by creating an additional source of finance. The

objective is to transform these institutions into dynamic learning hubs that not only cater to the current needs of various industries but also prepare students for and anticipate emerging trends in the job market. This relies on best practices available globally through UNDP network and includes integrating advanced teaching methods, e-learning platforms, and hands-on experiences with modern equipment relevant to the industries and value chains in focus.

Activity 2.3. Expanding employment opportunities through dialogue and cooperation, emphasizing technology and innovation, to ensure that the workforce is prepared for the future of work

2.3.1. Facilitate public-private dialogue to bridge the gap between employer needs and the workforce offer

Public-private dialogue is essential for advancing the professional education system and plays a pivotal role in bridging the gap between education and employment, adapting professional education to evolving market demands. Engaging public and private actors in dialogue will help align professional education curricula with the needs of employers, and entrepreneurs, equipping the workforce with relevant skills and improving the overall quality of education. Involving business in the process of planning, designing, and delivering educational services will enable new technologies to be incorporated and additional resources to be infused, enhancing the training infrastructure.

2.3.2. Foster cooperation between employers and entrepreneurs with training and educational institutions to improve the quality of the labour force

Fostering partnerships between educational and training institutions, and employers and entrepreneurs is pivotal to improve the quality of the labour force. Flexible training options, providing hands-on experiences through internships, offering professional development opportunities for educators, promoting joint research projects, organising networking events, and implementing feedback mechanisms can further refine education and training programs. Based on lessons learned, academic institutions can further redefine and continuously adapt their curricula to respond to the needs of the labour market and address the shortage in skilled labour. Cooperation among key stakeholders in the labour market is crucial to promoting a systemic transformation of the labour market, improving the overall quality of the labour force, and nurturing a skilled, adaptable, and industry-ready workforce to promote sustained economic growth.

Activity 2.4. Systemic and coherent reform of labour market and education policies

2.4.1. Support the design of systemic reforms in the labour market, as well as the improvement and modernisation of the professional education system infrastructure

Support for designing systemic reform of the labour market regulatory framework and policies in collaboration with all relevant stakeholders will be supplemented with renovating the professional education system infrastructure and re-equipping selected educational institutions to ensure alignment with current standards and labour market needs. Deploying cutting-edge technology and tools will play a pivotal role in modernising the professional education system, contributing to an emerging immersive and innovative learning environment.

2.4.2. Support the structural transformation and quality improvement of the professional education system, in particular by setting up and refining Centres of Professional Excellence

Establishing Centres of Professional Excellence aims to combine initial professional education with training for adults, as well as professional development for the staff of educational institutions. Such centres will drive innovations in pedagogy, disseminate best practices, and cultivate a creative environment. They also aspire to lay the groundwork for the re-training and re-skilling of the adult population, to actively support entrepreneurial initiatives among learners, and to contribute to the public-private dialogue in the area of professional education.



BUDGET

2. Advanced and sustainable human capital, flexible and responsive labour market	Costs
2.1. Addressing the existing demand-supply gap on the labour market through skill development	\$5 million
2.2. Empowering growth by enhancing access to finance in order to foster responsiveness in the labour market and job creation	\$10 million
2.3. Expanding employment opportunities through dialogue and cooperation, emphasizing technology and innovation, to ensure that the workforce is prepared for the future of work	\$5 million
2.4. Systemic and coherent reform of the labour market and education policies	\$15 million
Total	\$35 million



OUTPUT 3

Competitive MSMEs – drivers of sustainable economic growth

KPIs	Targets
Increase in sales volume of the targeted value chains	20%
Number of women and men benefitting from improved economic conditions	At least 5 million

Activity 3.1. Enhancing the capabilities of the MSME ecosystem to contribute to a green economic recovery

3.1.1. Launch and institutionalise a Business Development Academy to improve corporate governance, capacitate exports, and enable the participation of the public and donor procurement for reconstruction purposes

The results of numerous training programmes and platforms for MSMEs supported by UNDP in Ukraine throughout the years will culminate and be sustained by establishing an institution that serves as an educational hub for businesses. This hub will help them enhance their corporate governance, adhere to global sustainability principles (such as the [UN Global Compact](#)), participate in reconstruction-related procurement, and expand their reach into international markets through effective marketing strategies and research. MSMEs will be capacitated on market entry strategies, EU rules, regulations, and standards applicable to specific industries in targeted value chains. MSMEs will also be supported in meeting certification requirements and participating in EU calls and initiatives, such as the [Enterprise Europe Network](#). Technical assistance and advisory support will be provided to help MSMEs implement green practices, so they will be able to offer green jobs and develop circular economy activities. Support will also be provided for comprehensive business development services and a skill development approach to MSME digitalisation, including dedicated support for e-commerce, digital security, analytics for understanding consumer behaviour, search engine optimization (SEO), and digital marketing strategies. This will help MSMEs to compete more effectively on a global scale.

3.1.2. Increase the awareness and capacity of MSMEs to access financing and tap into innovative financing tools

Efforts will be directed towards increasing awareness among MSMEs about the various financing options available to them. With knowledge and information about these options, MSMEs can make informed decisions about the most suitable financing methods for specific needs and circumstances. MSMEs will receive specialised training and support in utilising financing tools, such as crowdfunding, to effectively access capital from a broad base of sources. The institutionalisation of the training platform will ensure that MSMEs have ongoing access to resources and expertise in this evolving financing landscape, enabling them to harness the potential of various financing options and tools.

Activity 3.2. Mobilising public and private sector finance for reconstruction, economic recovery, and sustainable growth

3.2.1. Develop and deploy innovative finance mechanisms, including blended finance, risk insurance, guarantees, trade finance, SDG-oriented, and impact investment solutions

Innovative finance mechanisms that align with the SDGs and emphasise impact investments will be introduced, piloted, and deployed. This activity will contribute to a dynamic financial landscape, where public and private sector finance is mobilised for reconstruction and recovery. This approach will ensure that capital is strategically allocated to projects that generate positive social, environmental, and economic impact. The localisation and scaling-up of financial instruments that mitigate risk and incentivise stakeholders to participate in reconstruction projects will be supported. Hence, the result will be optimising financial resources, catalysing economic recovery, and creating a resilient foundation for long-term reconstruction and growth. These tools enable the private sector to play a pivotal role in achieving broader development goals and building economic resilience, while maintaining a focus on social and environmental responsibility.

3.2.2. Enhance the market ecosystem to enable access to innovative finance mechanisms, including blended and development finance with higher risk tolerance

Engaging and assisting both public and private stakeholders will enhance their understanding of blended finance models, and their ability to access and leverage these opportunities effectively for sustainable growth. By providing the necessary tools and knowledge and by reducing barriers and risks, this activity will enable the mobilisation of more resources towards sustainable development, particularly in areas where traditional financing may be insufficient or too risk-averse.

Activity 3.3. Increasing market access and B2B cooperation, fostering investments and innovations for MSMEs

3.3.1. Increase MSMEs internationalisation by promoting export, B2B cooperation, and e-commerce

A multifaceted approach to boosting exports will be deployed, which will facilitate market access and regulatory harmonisation; particularly targeting the European market, but also other growing international markets. As part of the enhanced market access, market advisory support, trade missions, and export shows will be supported providing valuable opportunities for MSMEs to showcase their products, establish international partnerships, open new markets, and grow. In regulatory harmonisation, support will be provided for services related to quality management systems, ensuring certification, and standard-setting bodies capacitated to advance compliance with EU and international standards. By leveraging digital technologies, partnerships, and UNDP signature solutions in the digital space, this activity will help unlock the potential of e-commerce for MSMEs, and help them reach new markets and increase their competitiveness when selling to EU and international customers. It will also increase opportunities for digital networking and B2B cooperation of Ukraine's and foreign MSMEs, women-(co)led in particular.

3.3.2. Support industry associations in targeted value chains to become self-regulatory business membership organizations and enhance cluster' institutionalisation

The effectiveness of industry associations within targeted value chains will be enhanced by strengthening their governance, and organisational and technical capacity, to foster competitiveness and advocate for the interests of MSMEs. This support will enable targeted industry associations to evolve into self-regulatory business membership organizations and contribute to the institutionalisation of clusters within the specified industries. Transformed and capacitated associations will play a pivotal role in shaping and governing their respective industries by establishing industry-specific standards, best practices, and codes of conduct. This self-regulation will promote responsible business behaviour, enhance product quality, and build trust among consumers and stakeholders. Institutionalization of industry clusters within the specified sectors will foster collaboration and synergies among businesses operating within the targeted value chains. It will also provide a platform for knowledge sharing, joint marketing initiatives, and collaborative research and development efforts, strengthening the competitiveness and the innovation capacity of the industries.

Activity 3.4. Fostering an enabling environment for MSME competitiveness

3.4.1. Facilitate the adoption of policy and regulatory frameworks, and business-enabling solutions for enhanced MSME competitiveness and EU alignment

Ukraine's EU accession status presents a key lever for institutional and regulatory reforms related to MSME competitiveness. Thus, reforms and measures aligned with the EU roadmap for integration and the [EU Small Business Act](#) will be integral to this intervention. In particular, support will be provided for government strategies and programmes, as well as other solutions and tools, in a range of MSME competitiveness areas, such as greening, smart specialisation and digitalisation (including incentives for digital adoption, support for technology infrastructure development, and policies that encourage digital innovation), women empowerment and entrepreneurship, exports, etc. These solutions include establishing an inter-agency aid coordination platform, and localising such global UNDP signature certification mechanisms as [Gender Equality Seal](#) and [SDG Impact Seal](#). Transparency and accountability in public-private dialogue and partnerships are key and will be supported as part of this activity, including options for regulatory impact assessments. Effective collaboration and policy dialogue among and between the public and private sector; business-enabling policy measures, and a focus on sustainable development will enhance the crisis response and recovery phase, but also lay the groundwork for long-term resilience and development, including alignment with the EU.

3.4.2. Comprehensive support for revitalization of industrial parks, facilities, and zones

In close cooperation with the Ukrainian government, local authorities, and other development actors, UNDP will support revitalization of industrial parks, facilities, and zones to address the needs of industries in targeted value chains, based on effective public-private dialogue which will ensure the viability, ownership, and sustainability of interventions. Support in this area will also address the needs for the construction, reconstruction, and repairs of infrastructure to create, operate, and equip industrial parks, facilities, and zones.



BUDGET

3. Competitive and resilient MSMEs, drivers of sustainable economic growth	Costs
3.1. Enhancing the capabilities of the MSME ecosystem to contribute to a green economic recovery	\$10 million
3.2. Mobilising public and private sector finance for reconstruction, economic recovery, and sustainable growth	\$10 million
3.3. Increasing market access and B2B cooperation, fostering investments and innovations for MSMEs	\$10 million
3.4. Fostering an enabling environment for MSME competitiveness	\$30 million
Total	\$60 million