



# Supporting small and medium-sized enterprises and preparing them for reconstruction and recovery

## Stabilising the Ukrainian economy during the war

Small and medium-sized enterprises (SMEs) are the backbone of the Ukrainian economy, accounting for two thirds of the value added and employing more than 80 per cent of the working population. They are suffering badly from the consequences of Russia's war of aggression. Production facilities have been destroyed, sales are falling, skilled workers have fled or are fighting at the front. Desperately needed investments entail high risk, and access to financing is a major constraint. Some companies need to rebuild their operations, relocate to new sites,

explore new markets and introduce innovations and digital solutions. At the same time, integration in the European single market is giving them opportunities to enter new markets. The German Federal Ministry for Economic Cooperation and Development (BMZ) is working with the European Union (EU) and other international partners to support Ukrainian enterprises. It provides expert advice and financial assistance to help them survive in the marketplace, while adapting to the new wartime conditions and preparing for EU accession.

### How BMZ supports small and medium-sized enterprises (SMEs)

- Since Russia's war of aggression began, around **25,000 Ukrainian SMEs** have received support, such as financial assistance, training or advice, e.g. on innovation processes.
- As it adapts to EU laws, Ukraine is benefiting from support in **three areas**: free movement of goods, consumer protection and intellectual property rights.



**Loans and grants** are essential for SMEs to be able to invest, to carry out necessary changes, and to cover operating costs.

- 1** Since the beginning of the Russian war of aggression, BMZ and the EU have enabled SMEs to access loans for investments, the availability of which would otherwise have been limited.
  - Around **6,200 SMEs** have received loans totalling **EUR 373.4 million**.
  - Through the financing of interest subsidies, around **8,200 SMEs** receive loans at reduced interest rates.
- 2** For many SMEs, receiving grants can ensure their short-term survival and sustain their operations.
  - Moreover, the support for around **750 SMEs**, almost half of which are run by women, has also secured employment. Some **5,000 jobs** were saved and **2,000 new ones** created.



In addition to financial support, SMEs need the **right expertise** to market their products and services.

- 1 Around **100 business, industry and trade actors** (e.g. chambers and associations) have benefited from training designed to improve the support they provide to SMEs.



BMZ is working to reinforce Ukrainian SME **competitiveness, innovative power and networks**, in order to ensure their medium and long-term survival on national and international markets.

- 1 Since the end of 2022, financial support for more than **230 SMEs** to help them carry out energy efficiency measures has made them more competitive.
- 2 More than **140 SMEs** received financial support to enter new markets in Europe and pursue innovation.
- 3 **12 European Digital Innovation Hubs** have been established, which have already advised more than **210 SMEs** on digitalisation and supported their implementation of digital solutions.
- 4 Successful networking activities have already led to the signing of over **400 contracts** between Ukrainian SMEs and companies in the EU.



First set up in 1999 on behalf of the German Government, the **Business Development Fund (BDF)** is a state institution under the auspices of the Ukrainian Ministry of Finance. Today, it is one of the most important institutions for the provision of finance to SMEs. It is envisaged that – with assistance from BMZ and other international partners – the BDF will in future become a national body for supporting economic reconstruction in Ukraine, similar to Germany’s KfW development bank.

- 1 BDF is currently working in partnership with **52 financial institutions** in Ukraine.
- 2 Since the beginning of 2022, over **44,000 loans** have been granted to SMEs.
- 3 BDF’s activities are financed exclusively from the Ukrainian state budget and by donors.

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