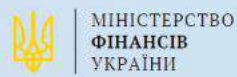
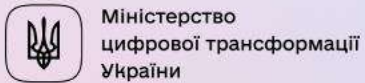


Research on the current state and needs of businesses in Ukraine

July 2022



Technical information and methodological notes

This publication was prepared by the Center for Innovations Development, Export and Entrepreneurship Promotion Office, and Diia.Business national project jointly with Advanter Group, with the support of the European Union, Ministry of Digital Transformation, Ministry of Economy, Ministry of Finance, Ministry of Communities and Territories Development, the Coalition of Business Communities for the Modernization of Ukraine, and the USAID Competitive Economy Program in Ukraine.

This publication reflects the position of the authors and does not necessarily reflect the opinion of the European Union.

The research was carried out within the framework of [the Initiative](#) for economic recovery, business development and export of Ukraine.

Methodology and analytics: Advanter Group, [advanter.ua](#)

Method: online survey of business owners and CEOs.

Survey periods and sample size:

Survey period: 20.07 – 31.07.2022

A total of **842** respondents took part in the survey.

The entrepreneurs interviewed represent all regions of Ukraine and various industries (slide 70 – passport block).

An analysis was carried out on some issues in the following aspects:

- macro regions
- industries
- size of business (pre-war)
- data from [previous waves of business research](#) (Advanter) and [the Initiative for economic recovery](#) (CID, EEPO, Diia.Business)

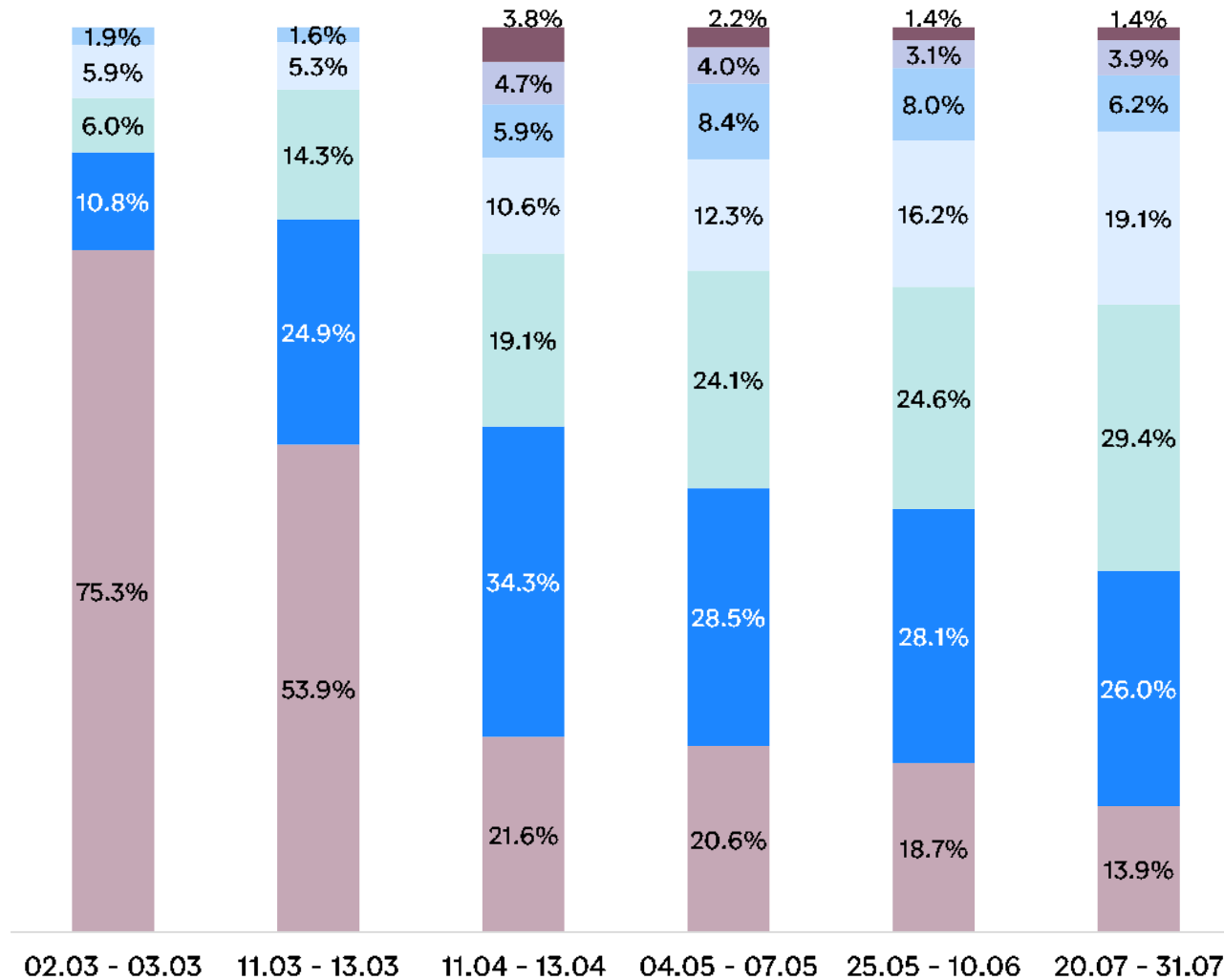
Generalizations are made based on the State Statistics Service data for 2020 and 2021.

The Business Activity Index UBI has been calculated since 2020. The Index is unified for manufacturing and service businesses.

Contact details: info@advanter.ua | info@cid.center | analytic@epo.org.ua

Main results

The state of businesses compared to the period before 24.02.2022



39,9%

of enterprises have stopped or almost stopped their operations

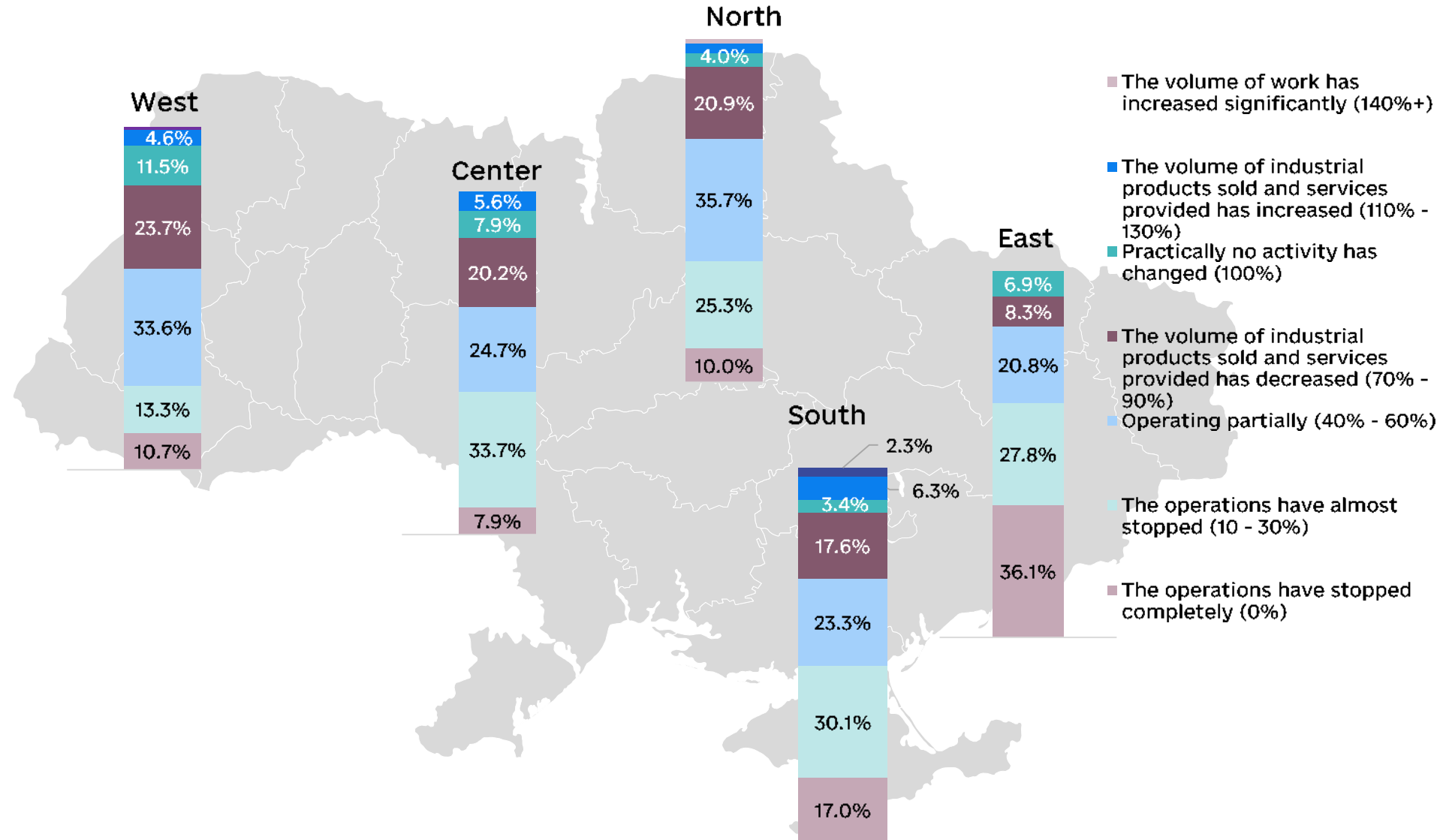
11,5%

have not changed or increased the volume of work compared to 23.02

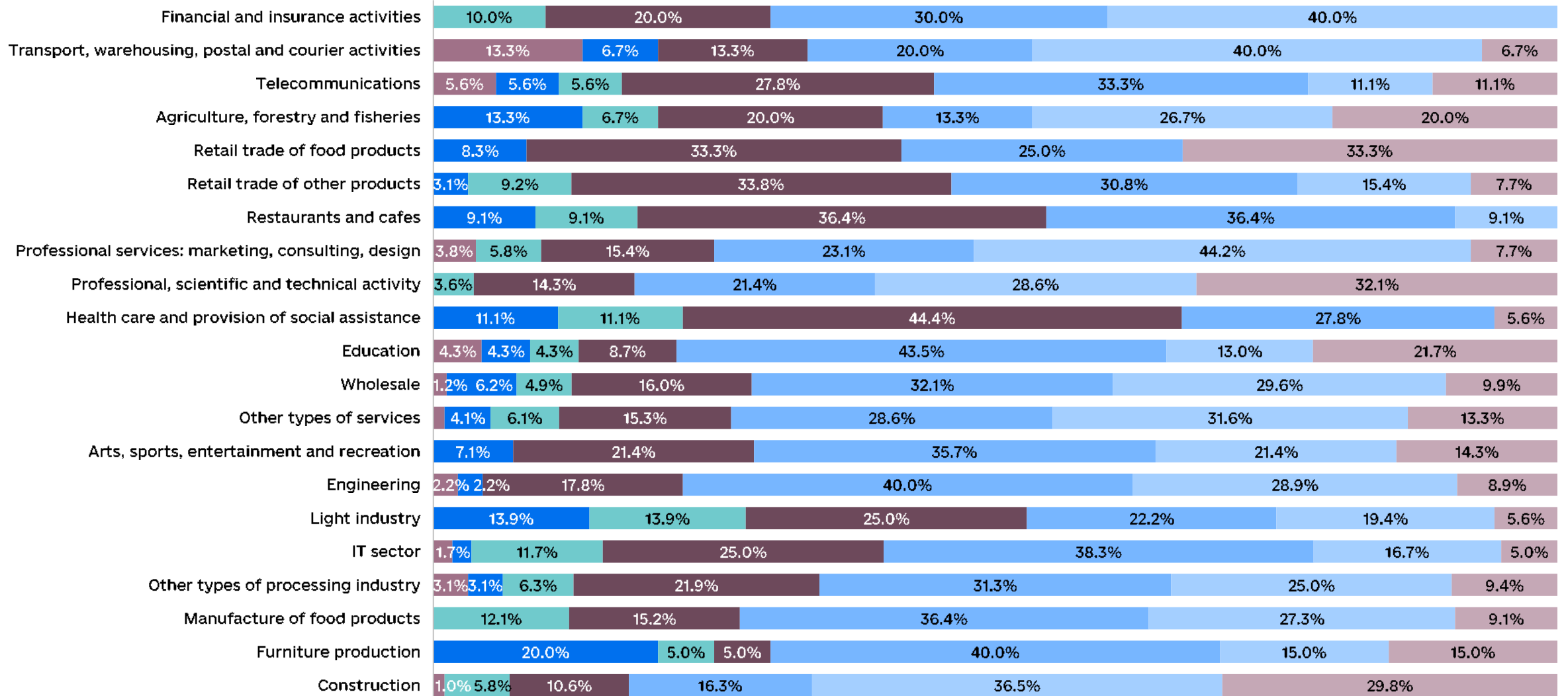
- The volume of work has increased significantly (140%+)
- The volume of work has increased (110 - 130%)
- Practically no activity has changed (100%)
- The volume of work has decreased (70% - 90%)
- We are operating partially (40 - 60%)
- The operations have almost stopped (10 - 30%)
- The operations have stopped completely (0%)

The state of businesses compared to the period before 24.02.2022

West
Volyn region
Zakarpattia region
Ivano-Frankivsk region
Lviv region
Rivne region
Ternopil region
Khmelnyskyi region
Chernivtsi region
South
Crimea
Dnipropetrovsk region
Zaporizhzhia region
Mykolaiv region
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Vinnytsia region
Kirovohrad region
Poltava region
Cherkasy region

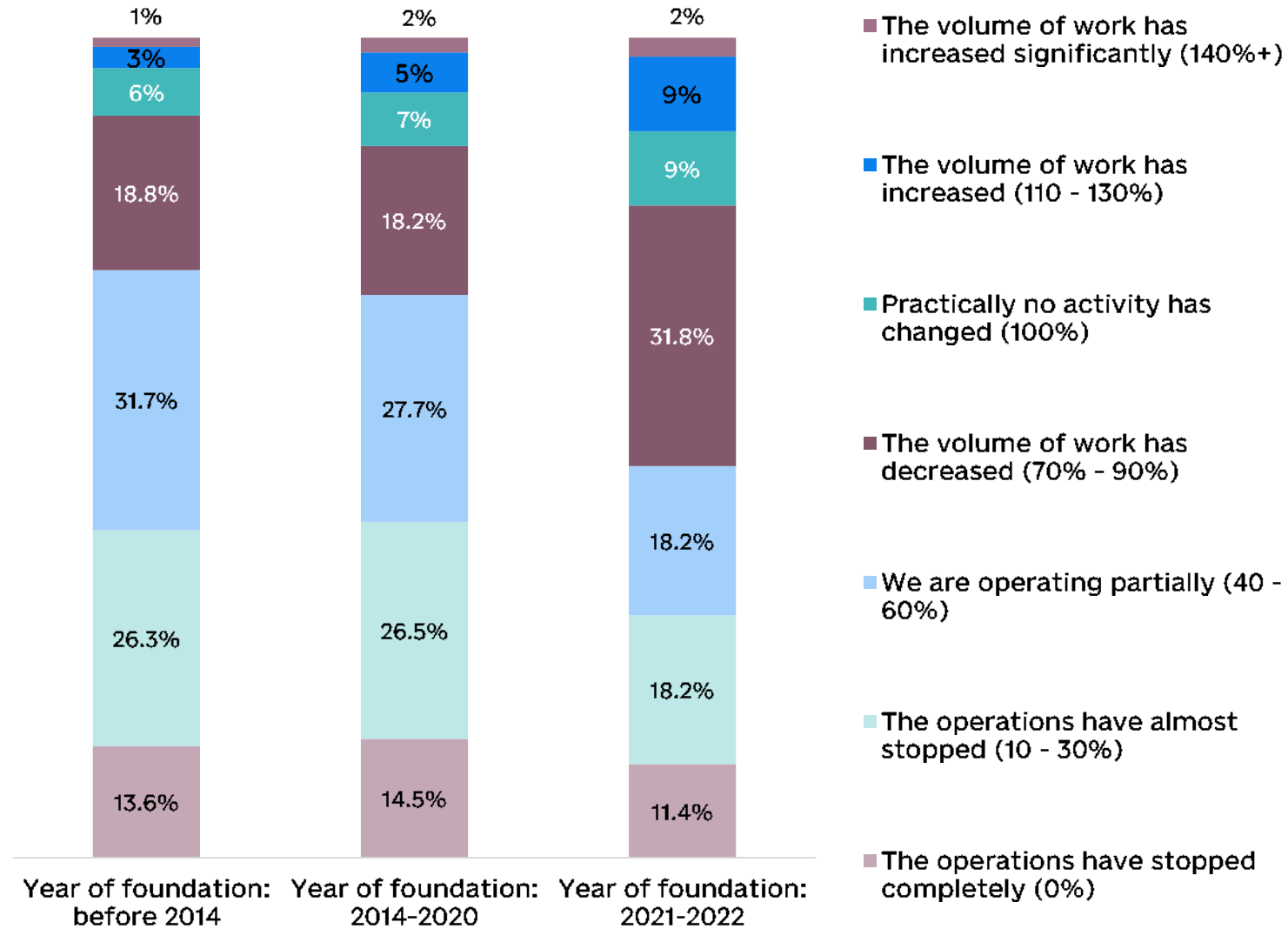


The state of businesses compared to the period before 24.02.2022

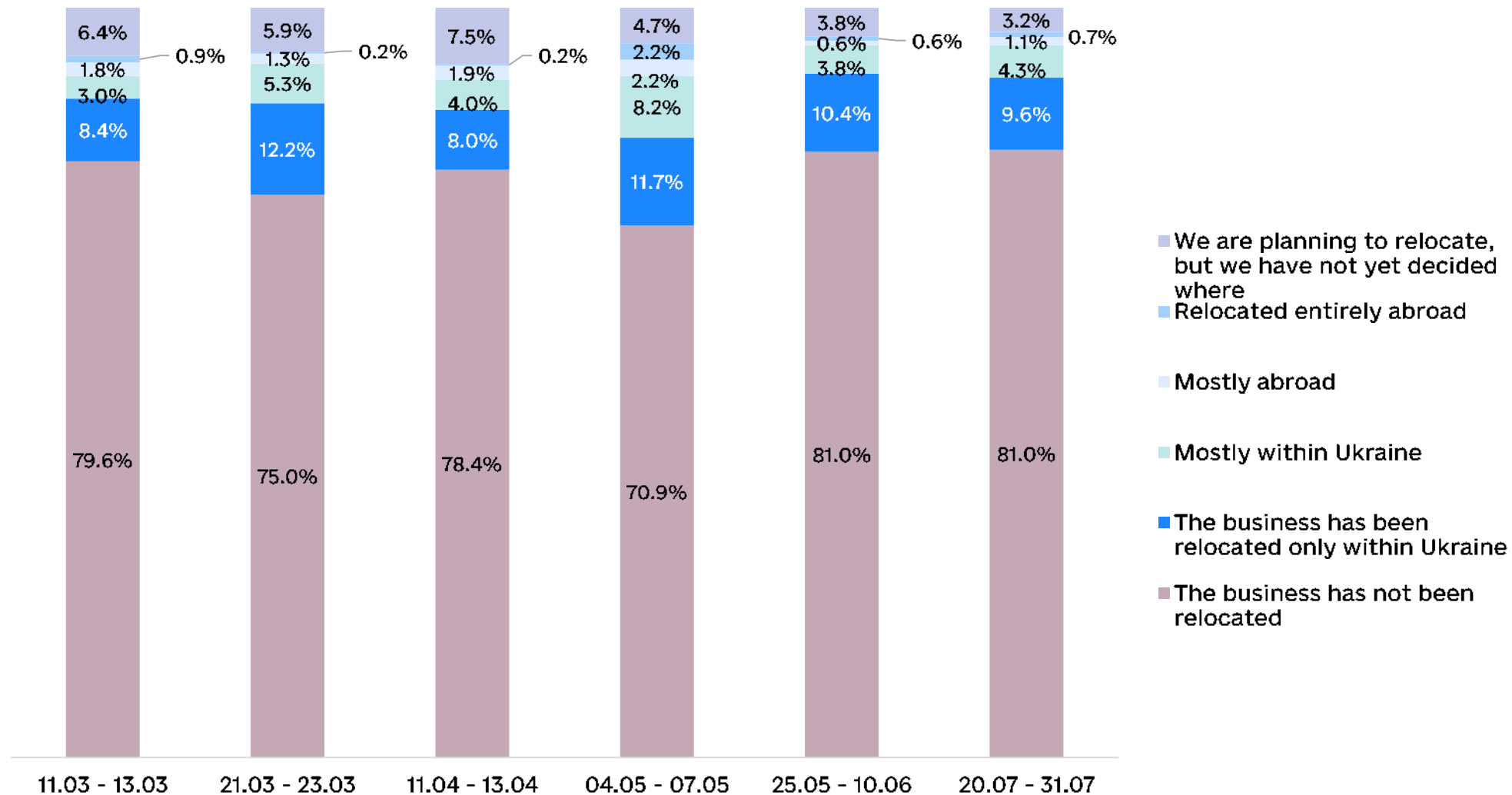


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- The volume of work has increased (110-130%)
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The state of businesses compared to the period before 24.02.2022

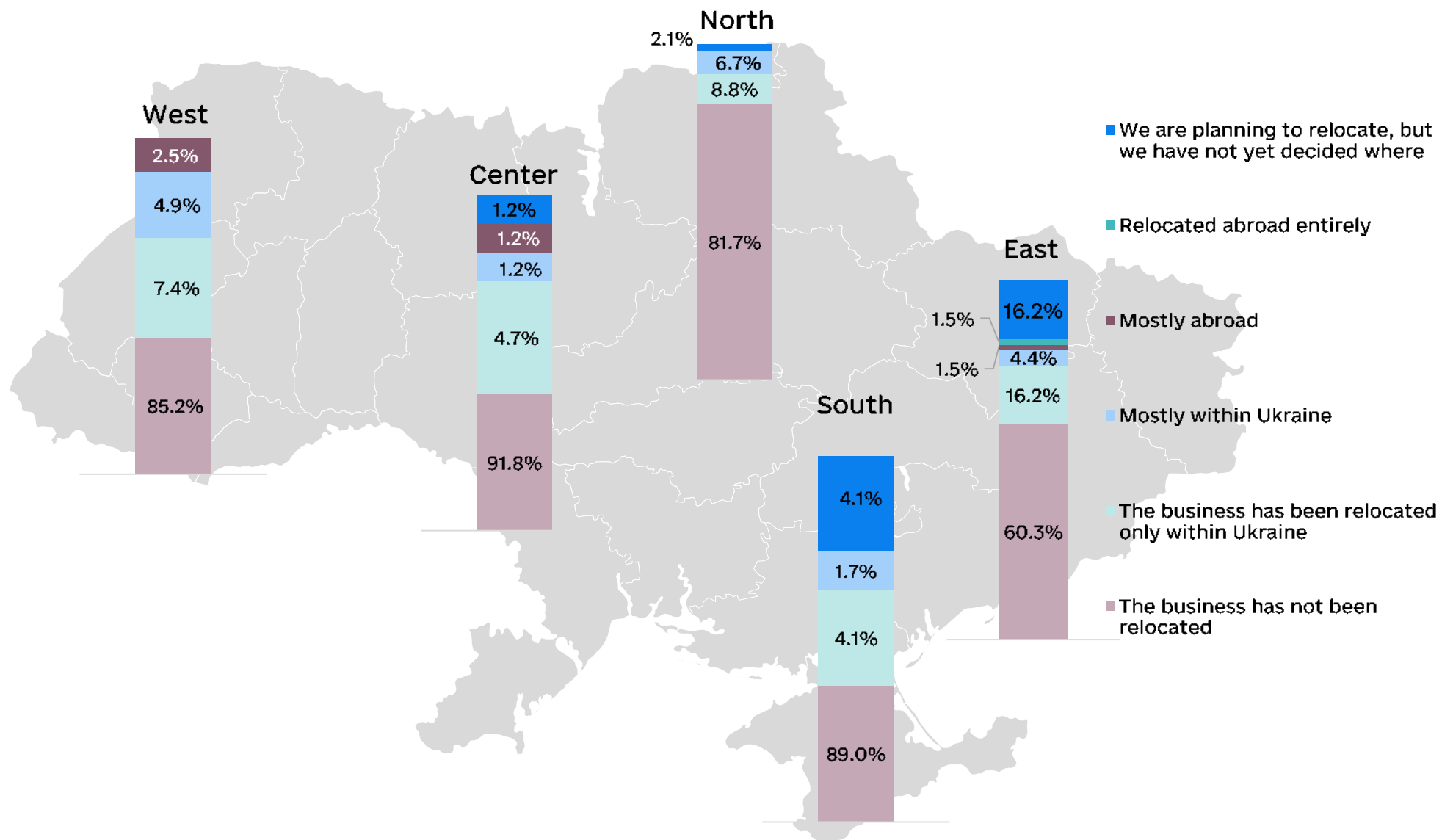


Has the business been relocated?

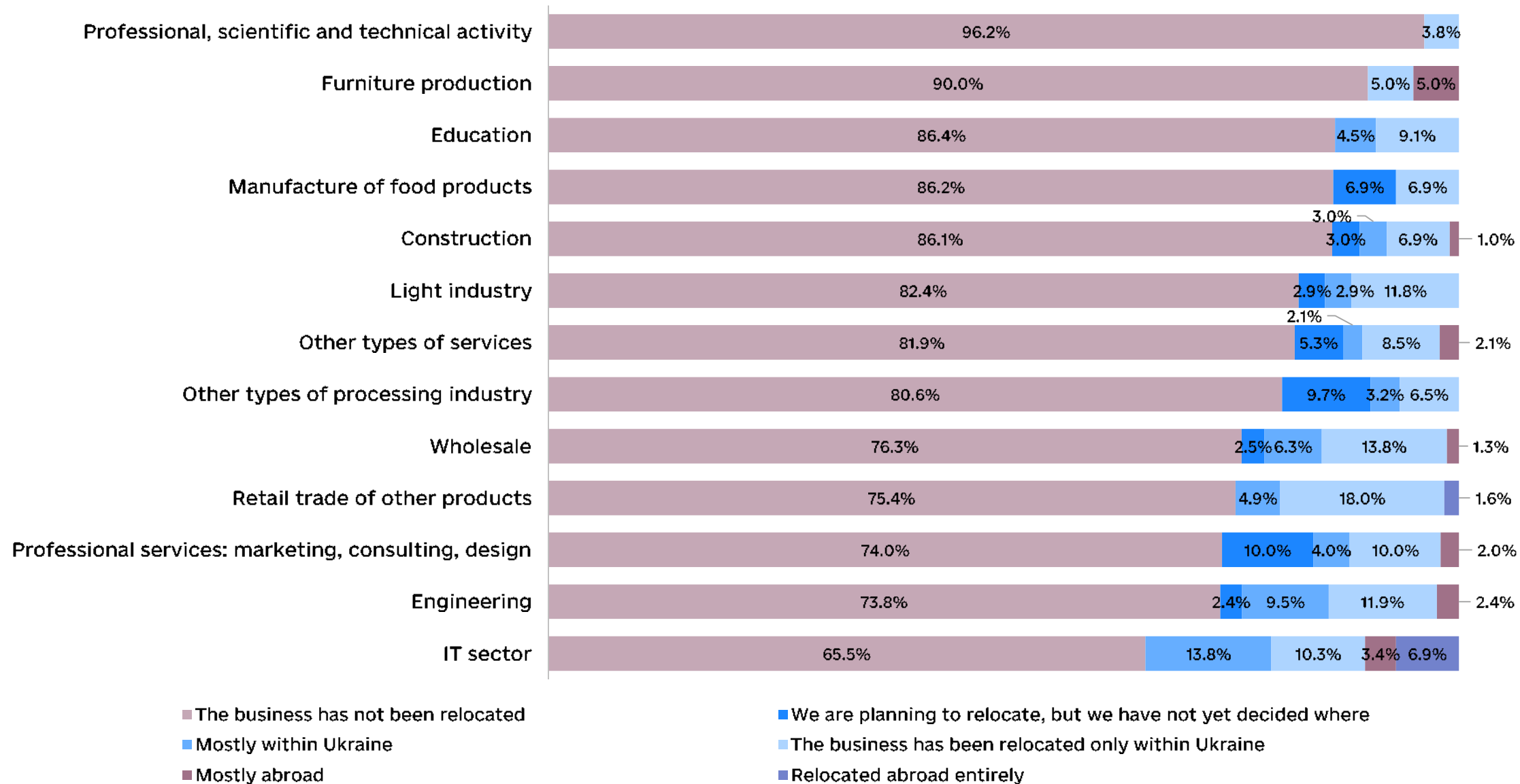


Has the business been relocated?

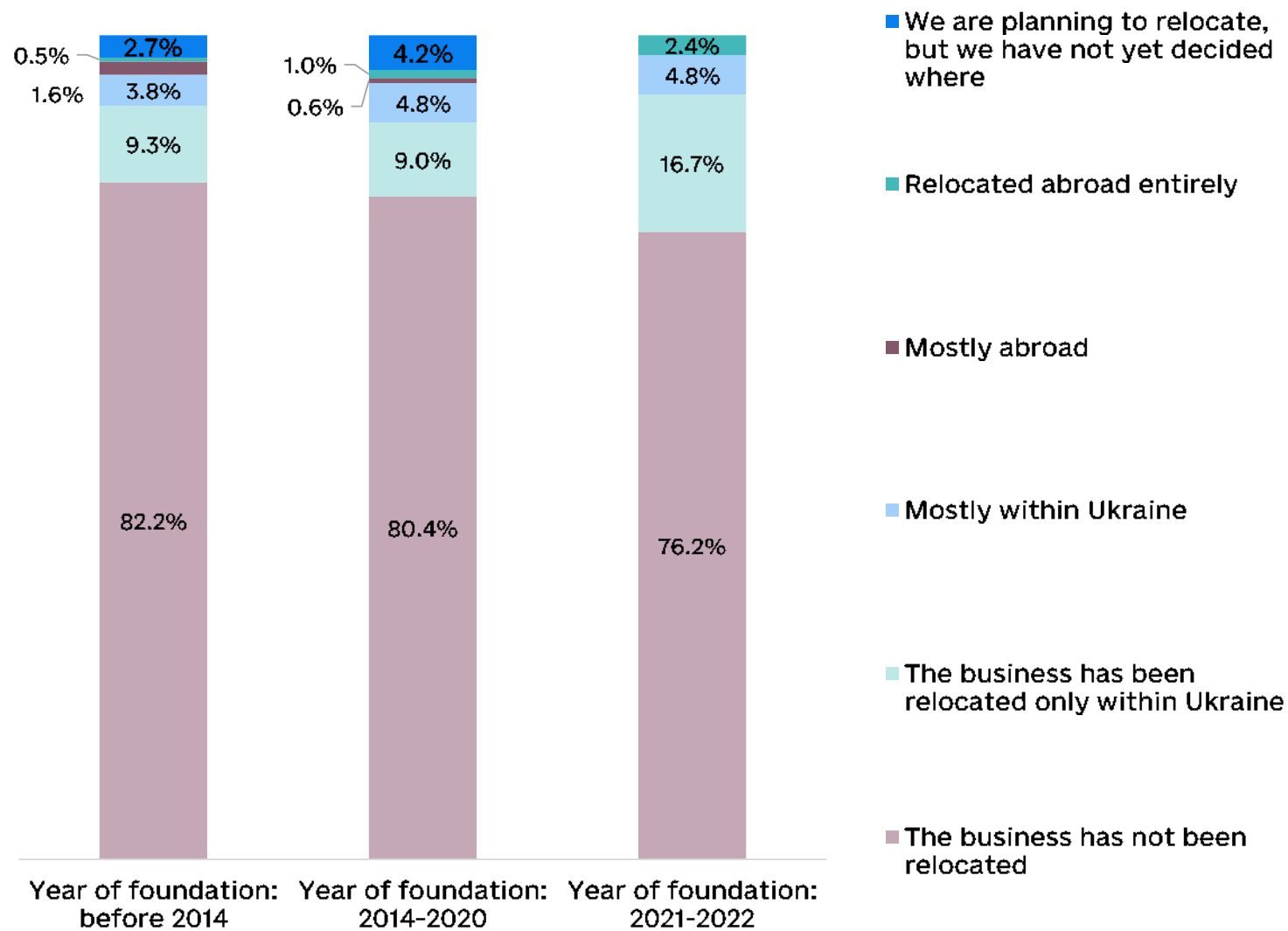
- West
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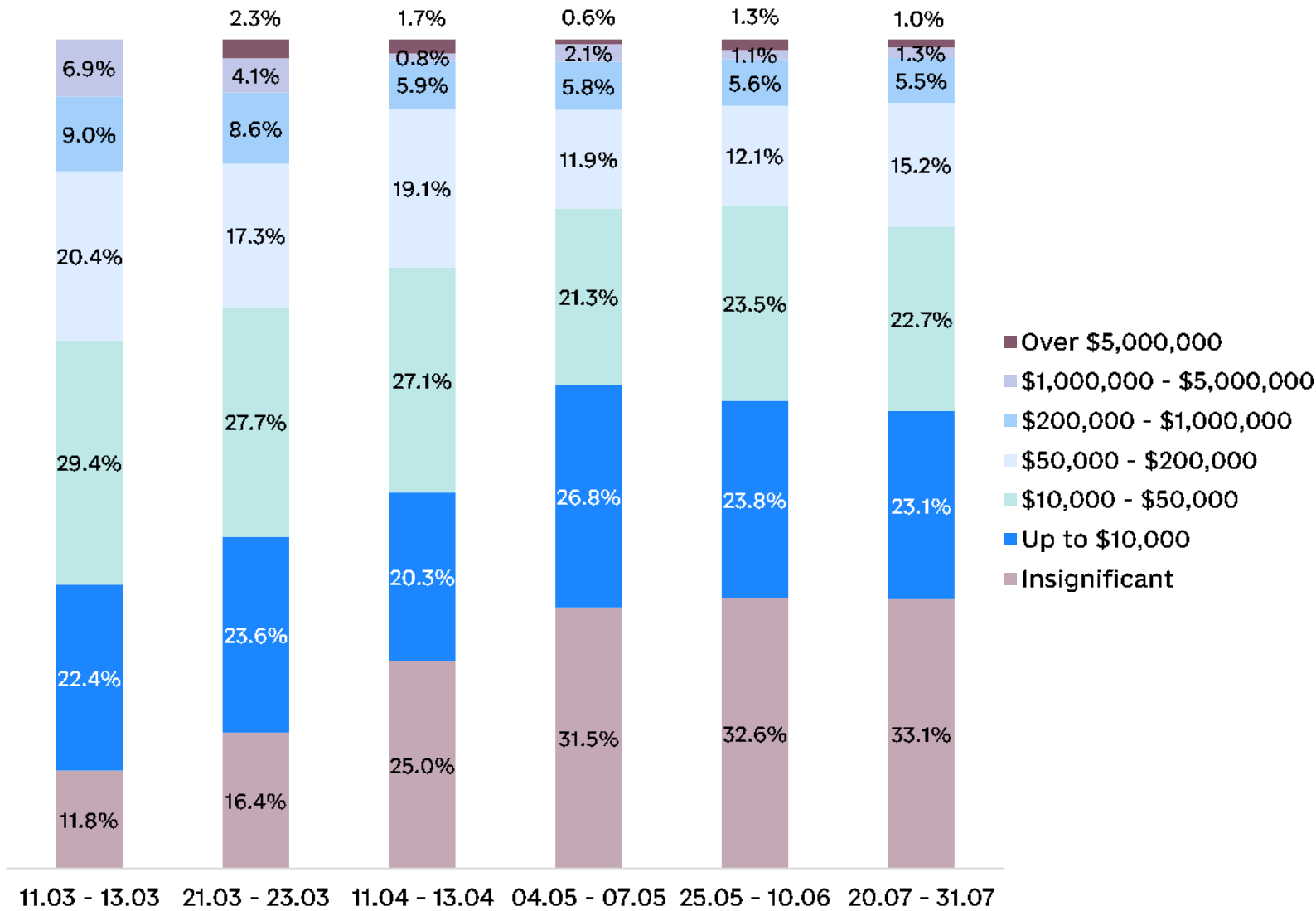
Relocation by industry



Has the business been relocated?



Assessment of direct business losses since 24.02

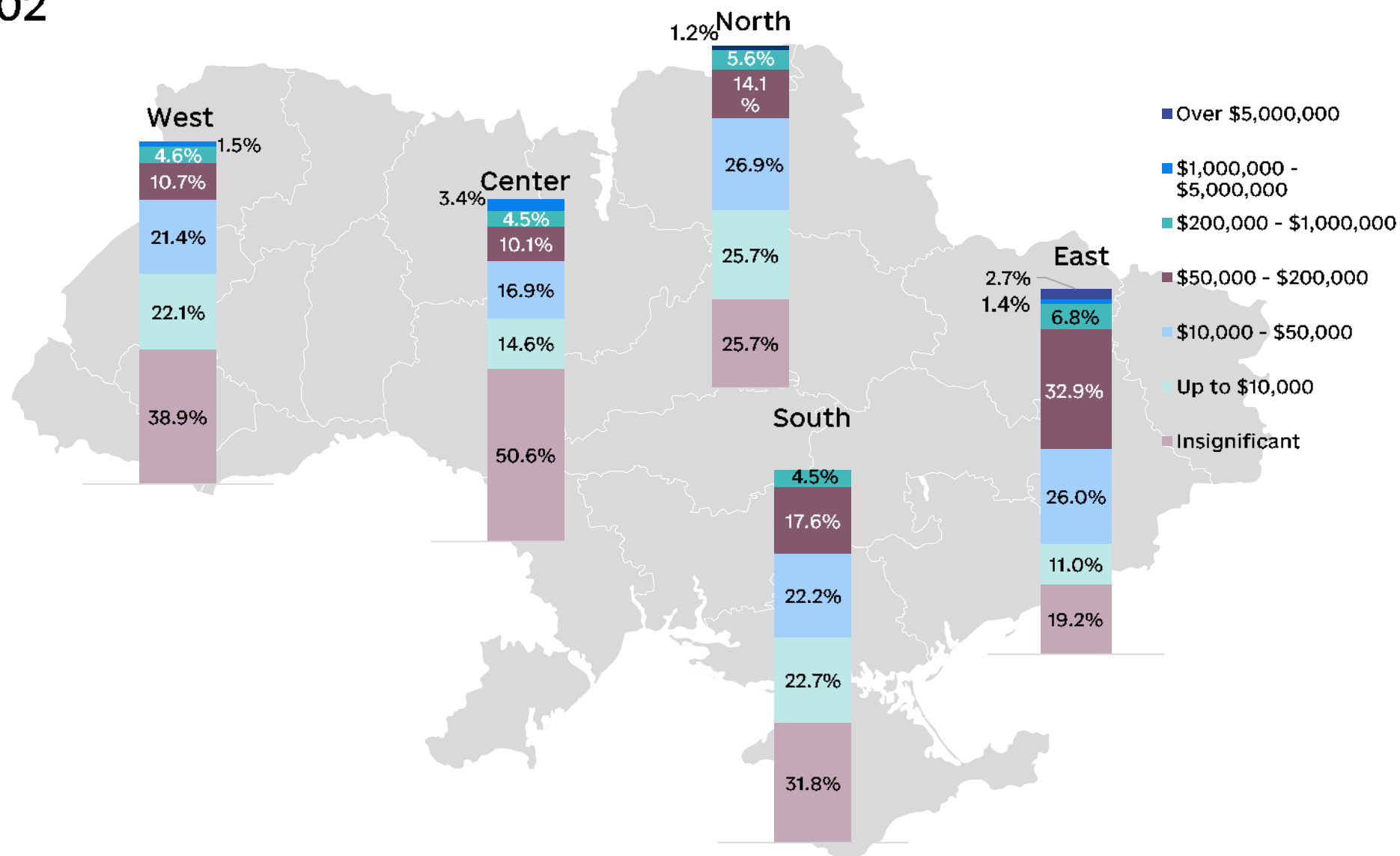


The assessment by businesses of their own losses has stabilized

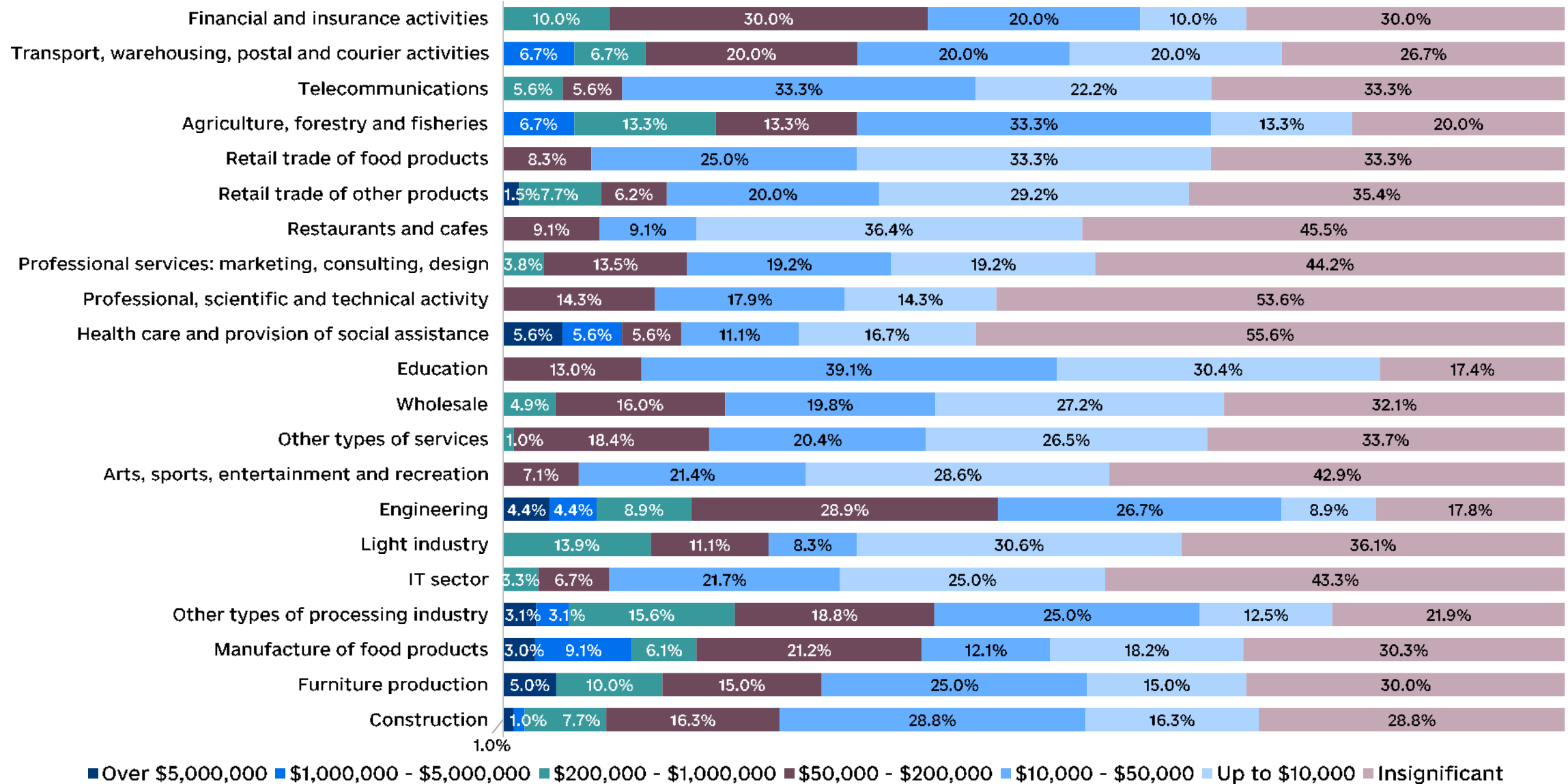
Lost resources, goods, fixed assets, forced overpayments, relocation costs - only direct losses, not including profits lost

Assessment of direct business losses since 24.02

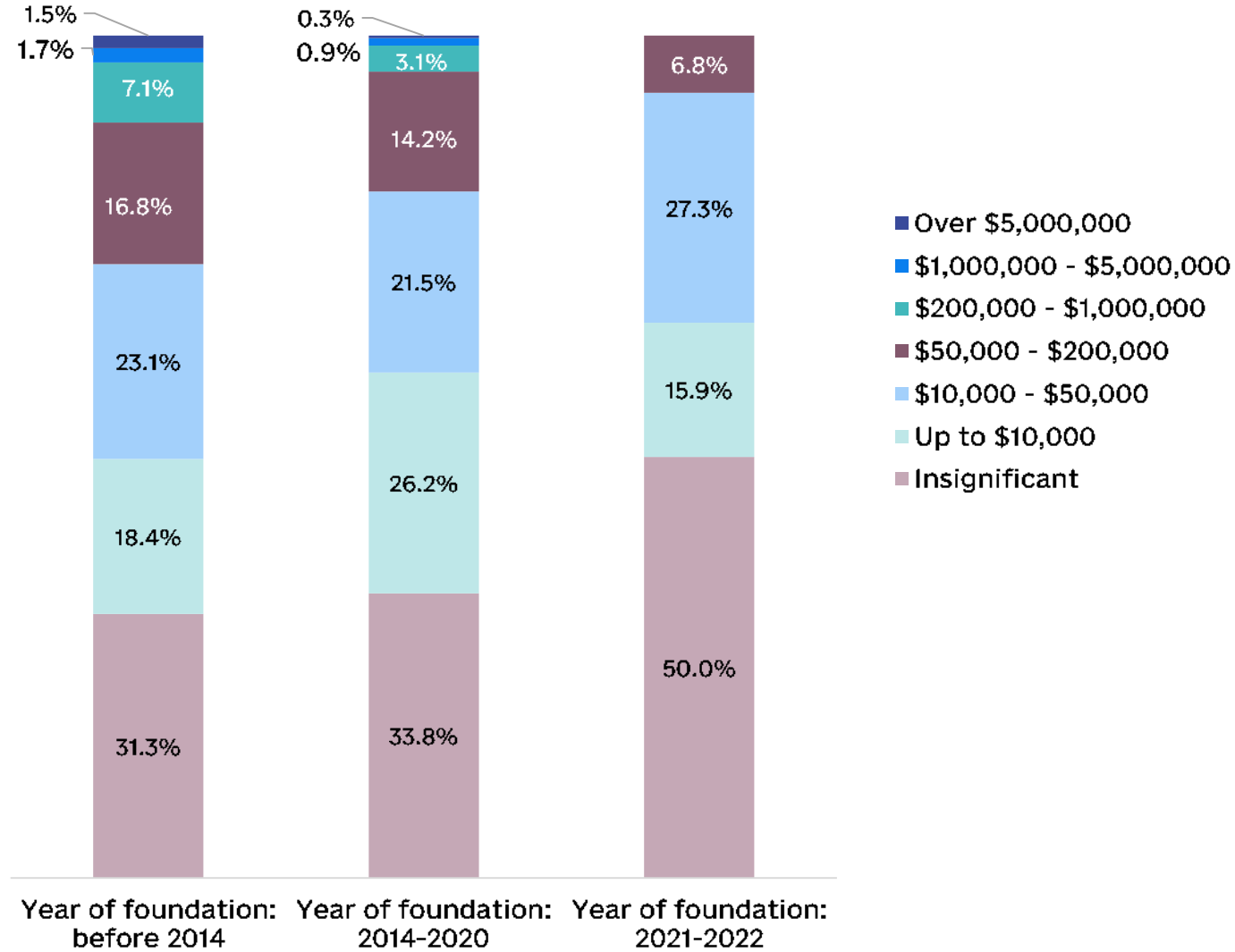
- West
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- Cherkasy region



Assessment of direct business losses since 24.02



Assessment of direct business losses since 24.02



Average losses of enterprises by size

Total direct losses of SMEs since 24.02.2022 are estimated at




\$87 billion

	Number of enterprises in Ukraine as of 2021	Average direct business losses, \$
Micro enterprises (not including private entrepreneurs)	307 871	\$52 726
Small enterprises	47 837	\$350 372
Medium-sized enterprises	17 946	\$2 319 167

Expected losses in the volume of business sales in 2022, by enterprise size

Average expected volume of sales in 2022:

50%

	Share in the total volume of sales (2020)	Expected volume of sales in 2022 (in relation to 2021)					
		11.03 – 13.03	21.03 – 23.03	11.04 – 13.04	04.05 – 07.05	25.05 – 04.06	20.07 – 31.07
Micro enterprises (not including private entrepreneurs)	6%	40%	61,20%	71,80%	48,20%	43,0%	44,6% 
Small enterprises	12%	47%	49,30%	61,70%	45,20%	50,5%	51,7% 
Medium-sized enterprises	39%	38%	29,20%	47,30%	57,30%	57,3%	63,8% 

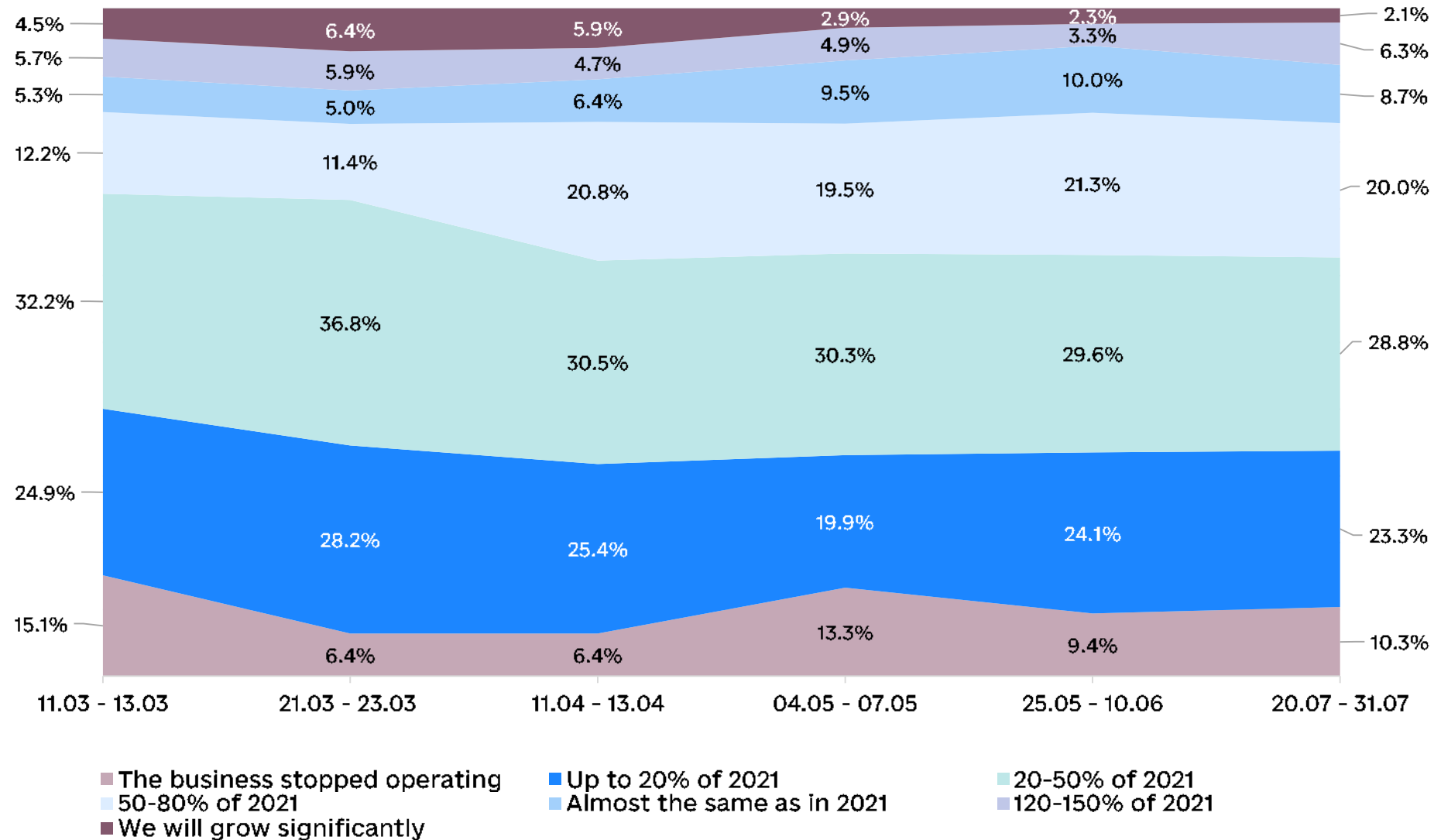
Personnel situation

1 280 000

of SME employees have
been reduced

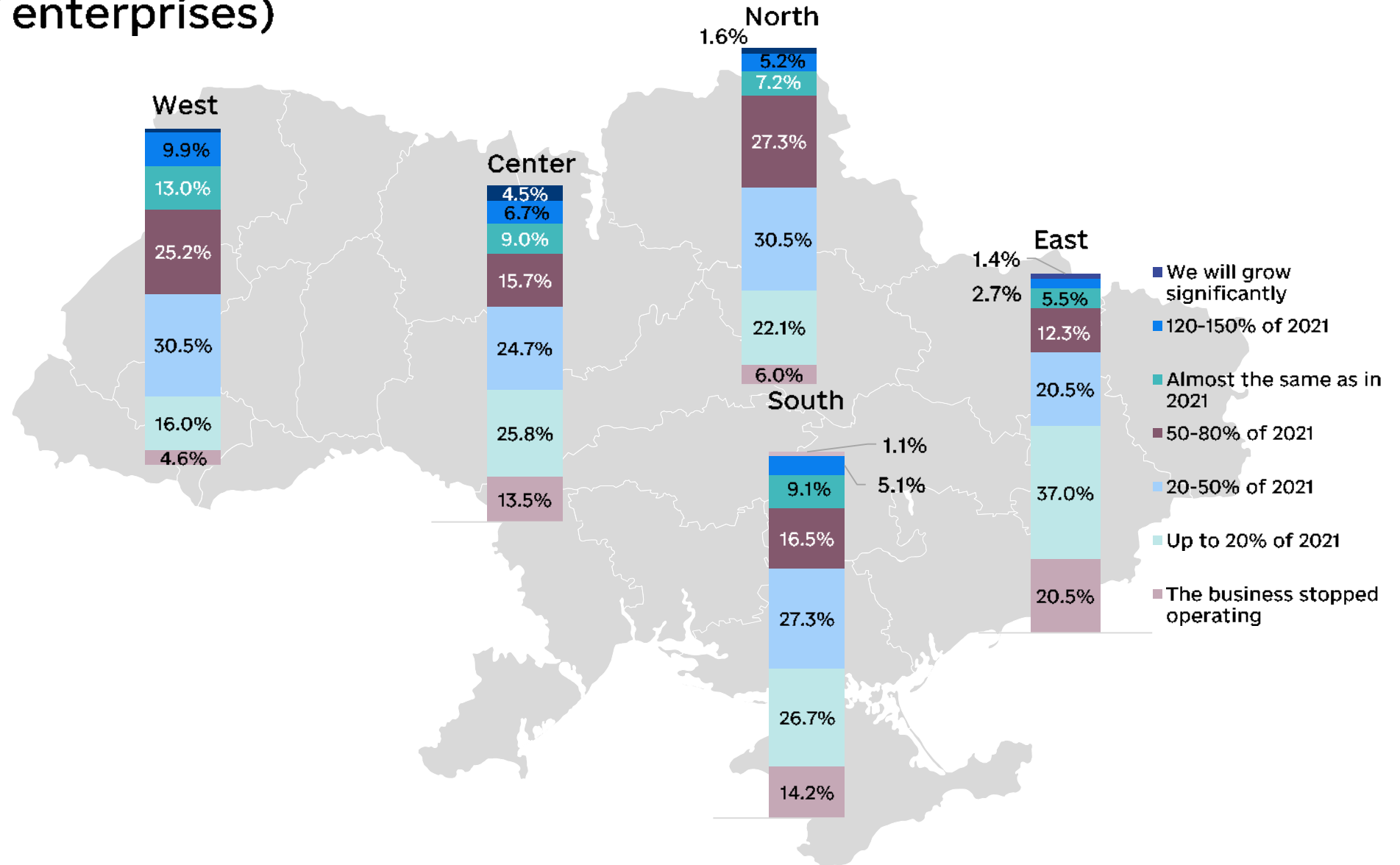
	10.06	31.07
The share of personnel working with pay cuts	27%	26%
The share of personnel (in relation to 23.02) sent on vacation	20%	18%
The share of personnel (in relation to 23.02) reduced at the moment	20%	24%

Business income forecasts for 2022 compared to 2021 (percentage of enterprises)

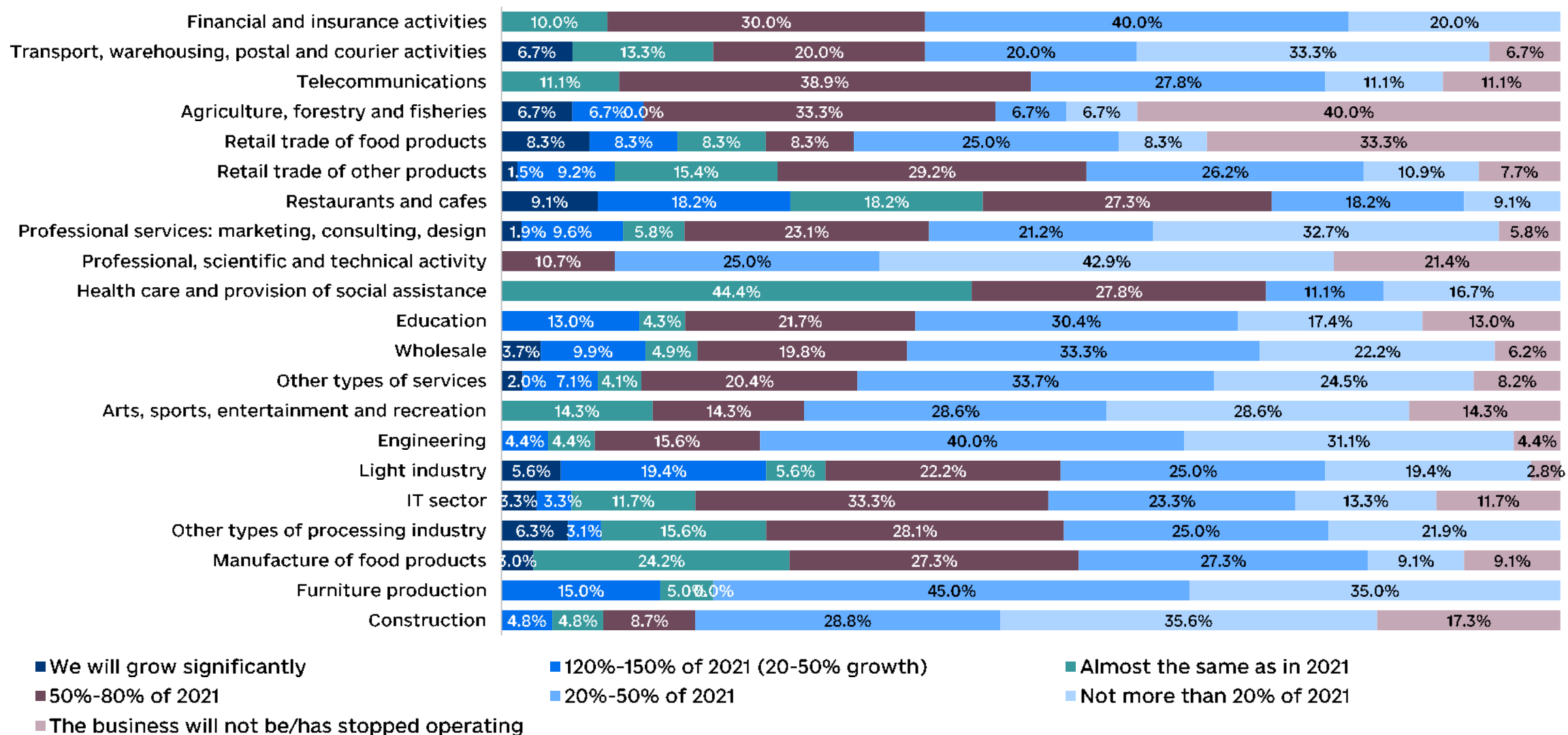


Business income forecasts for 2022 compared to 2021 (percentage of enterprises)

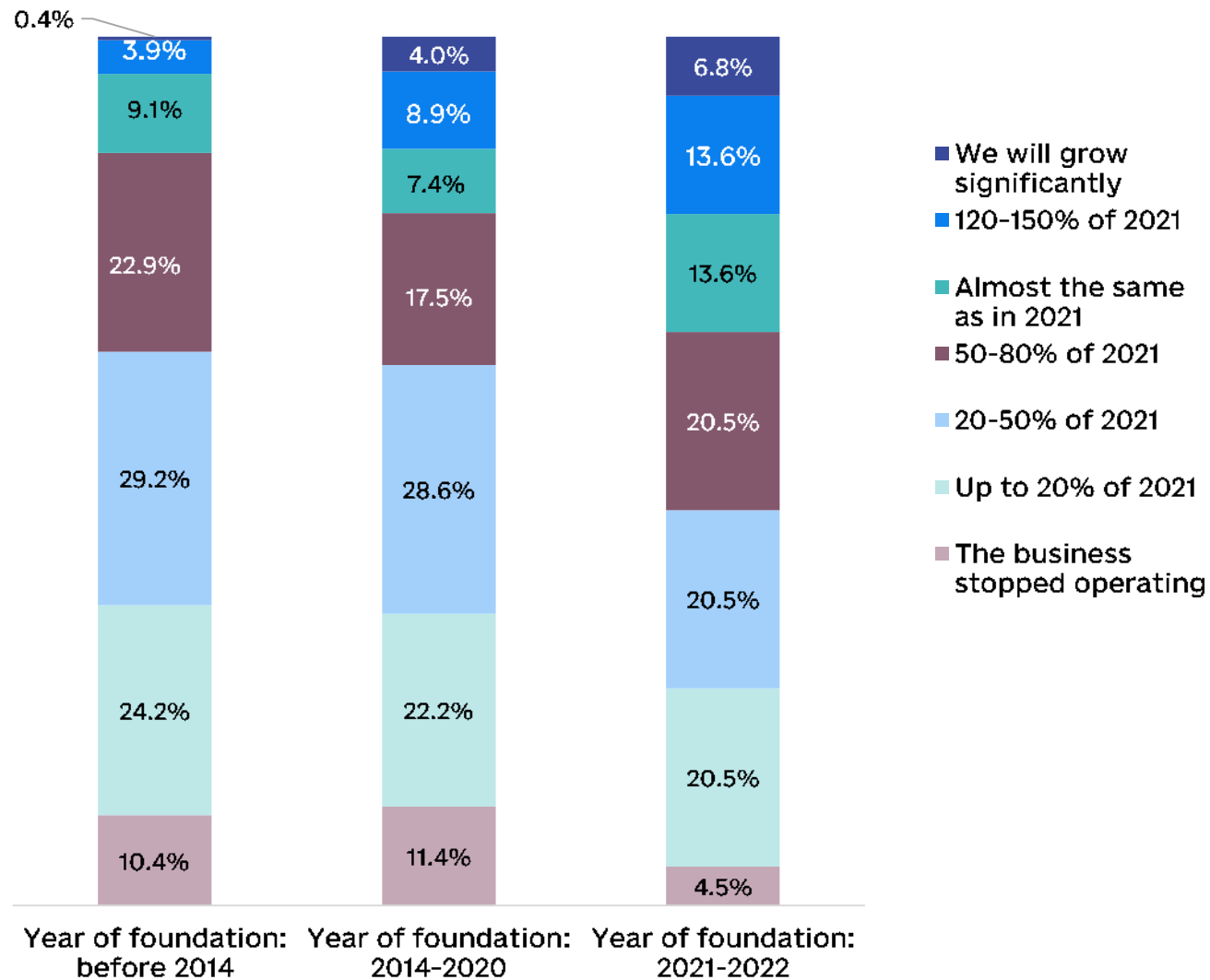
West
Volyn region
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Ternopil region
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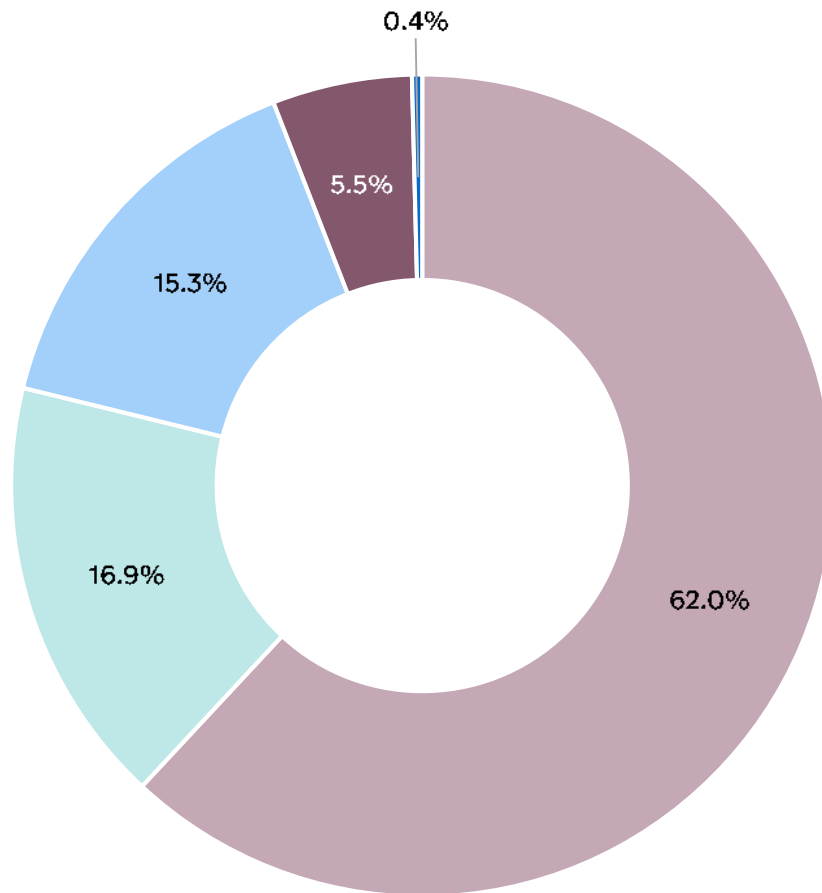
Business income forecasts for 2022 compared to 2021 (percentage of enterprises)



Business income forecasts for 2022 compared to 2021 (percentage of enterprises)



Focus on the domestic market or export?



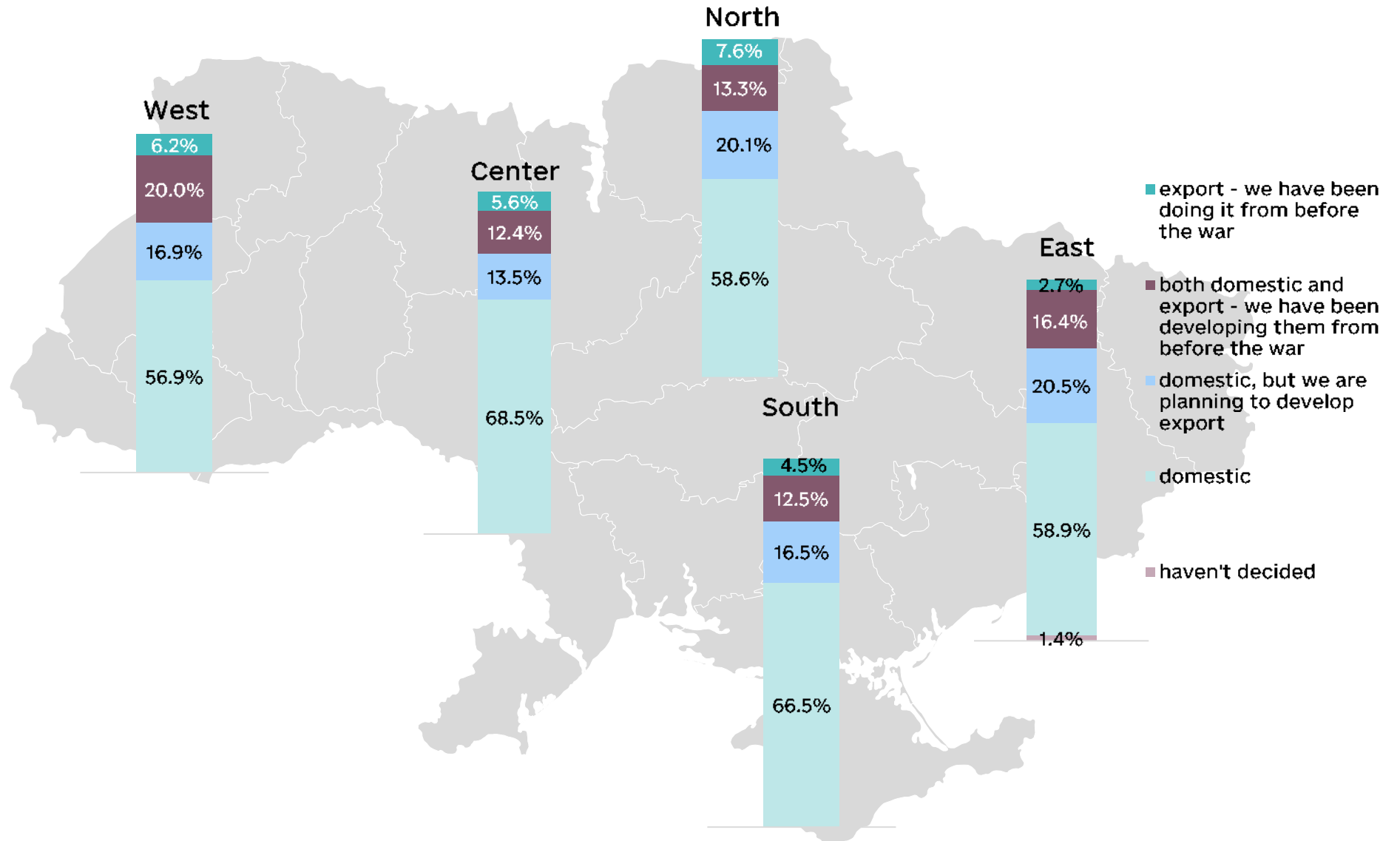
- domestic
- domestic, but we are planning to develop export
- both domestic and export - we have been developing them from before the war
- export - we have been doing it from before the war
- haven't decided

38%

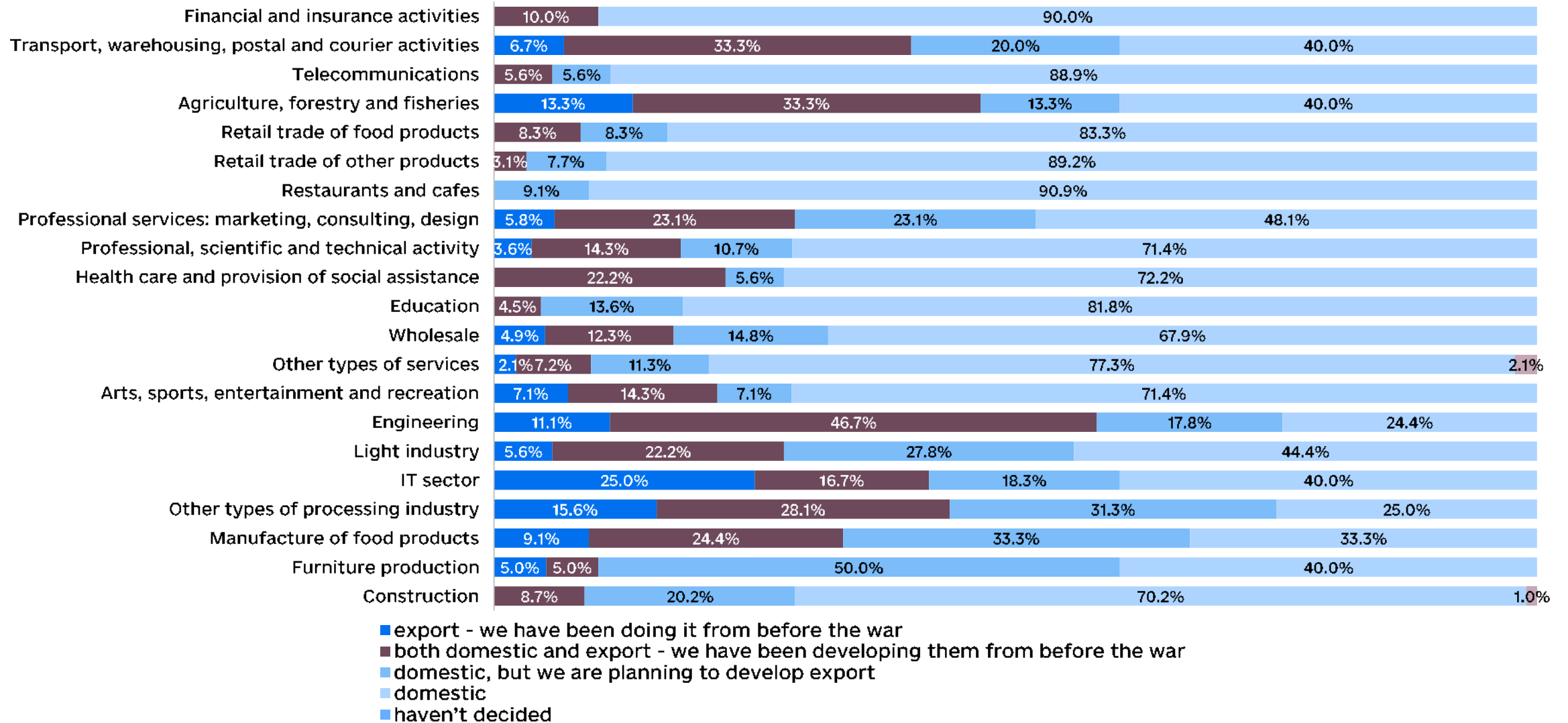
of businesses are focused on export development

Focus on the domestic market or export?

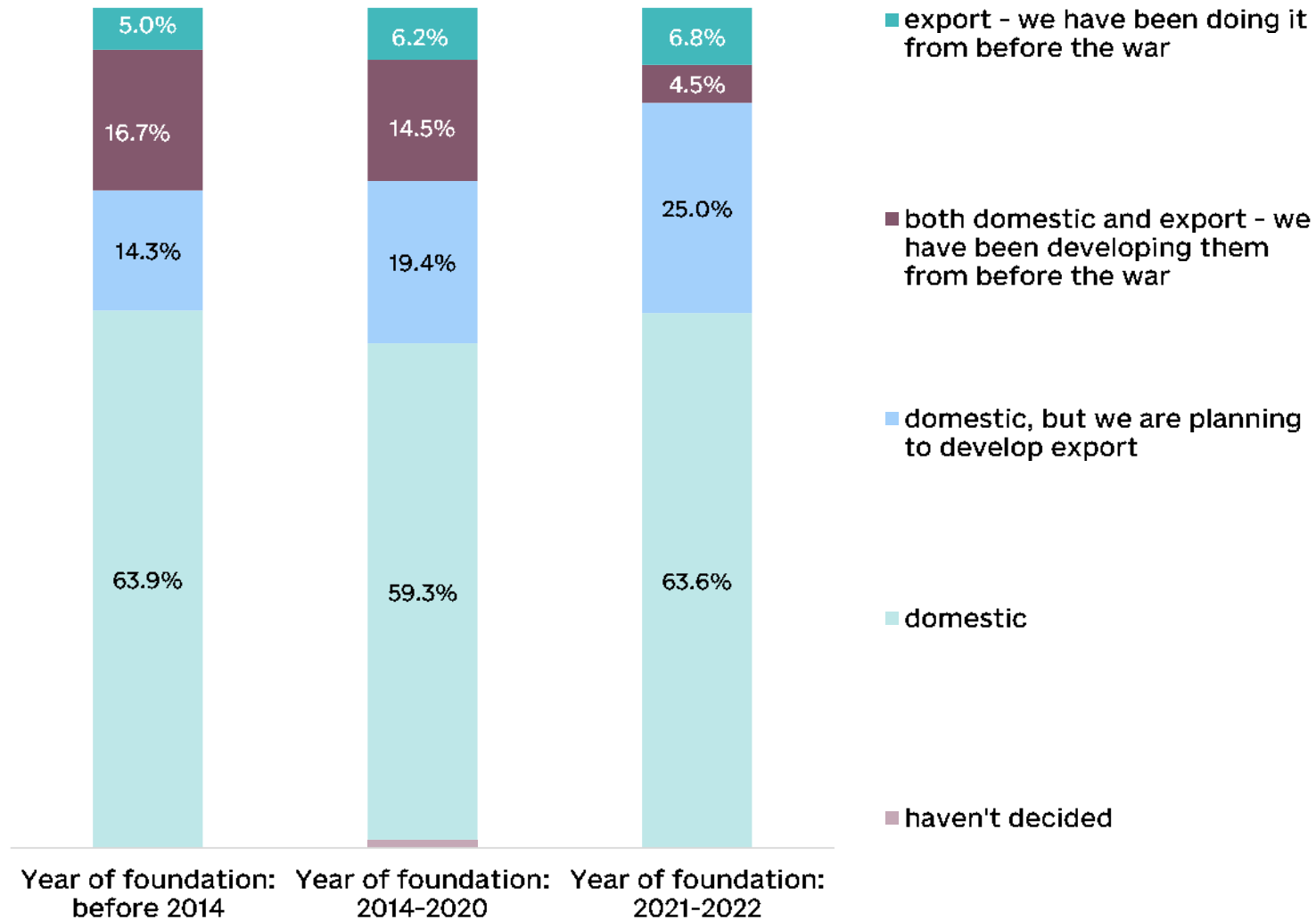
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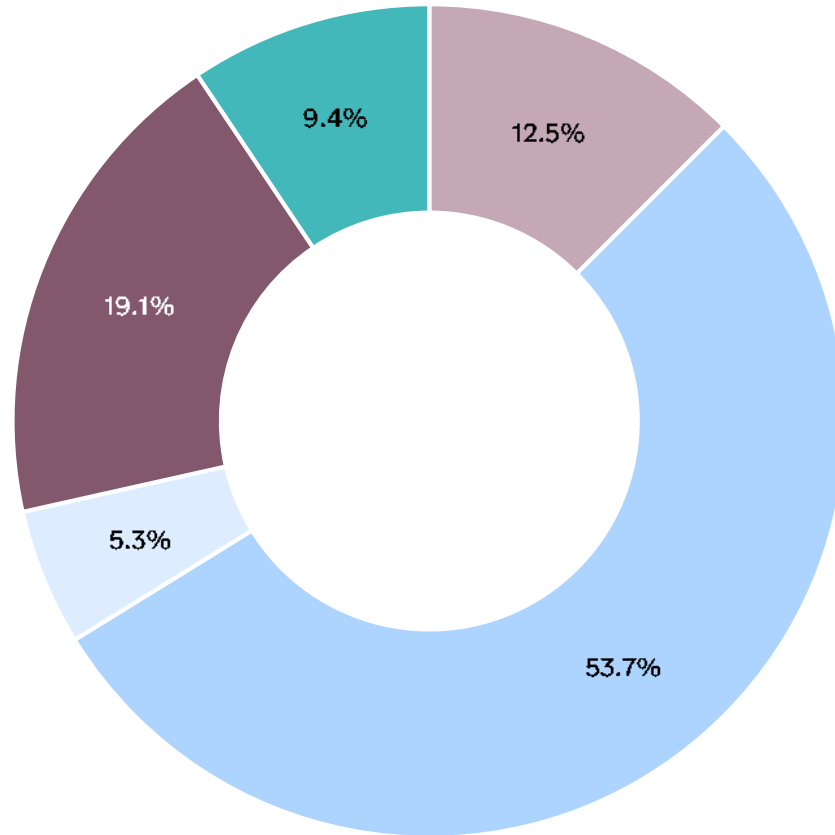
Focus on the domestic market or export?



Focus on the domestic market or export?



Does the business have a strategy, a business development plan considering the new reality?



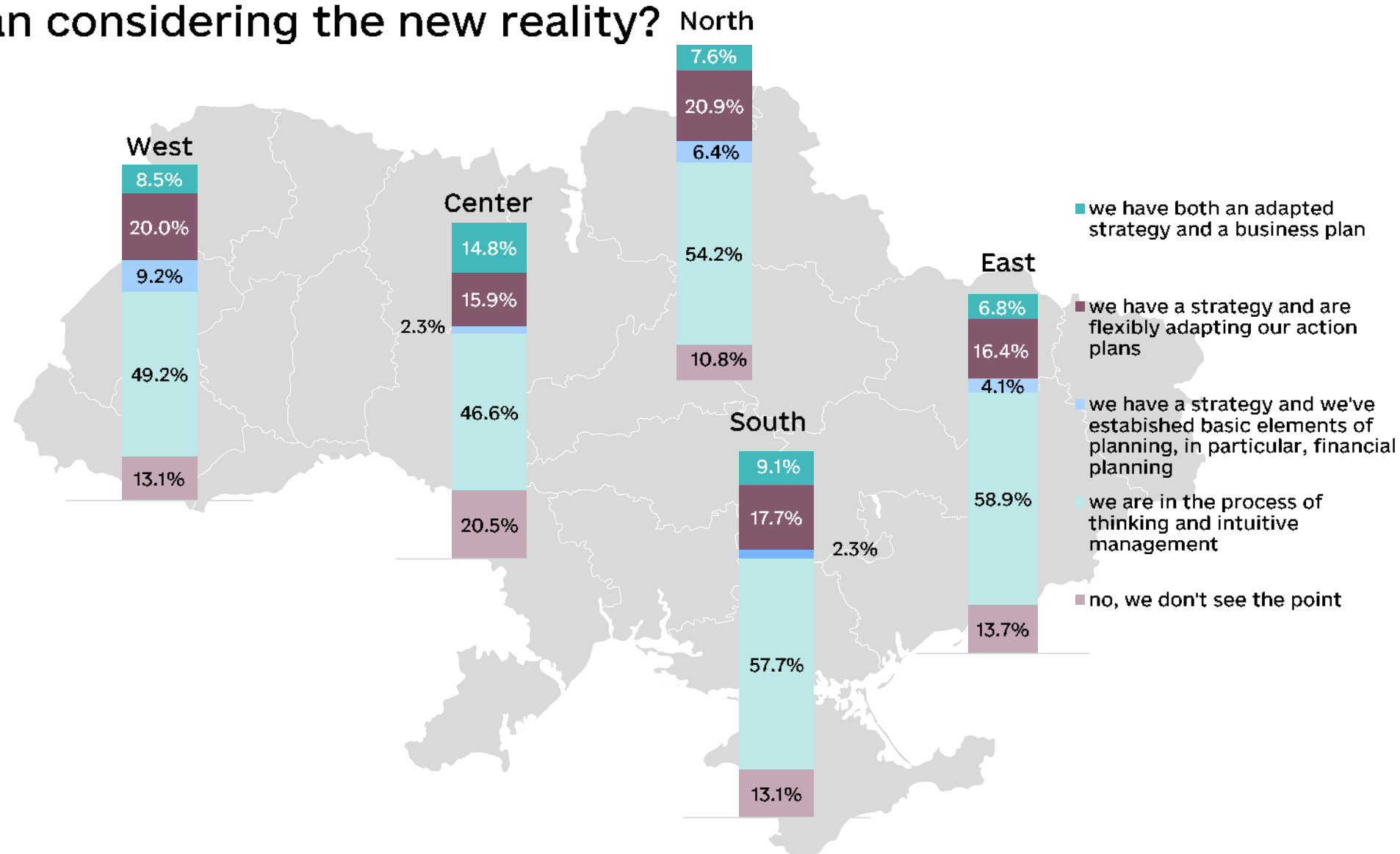
- no, we don't see the point
- we are in the process of thinking and intuitive management
- we have a strategy and we've established basic elements of planning, in particular, financial planning
- we have a strategy and are flexibly adapting our action plans
- we have both an adapted strategy and a business plan

33,8%

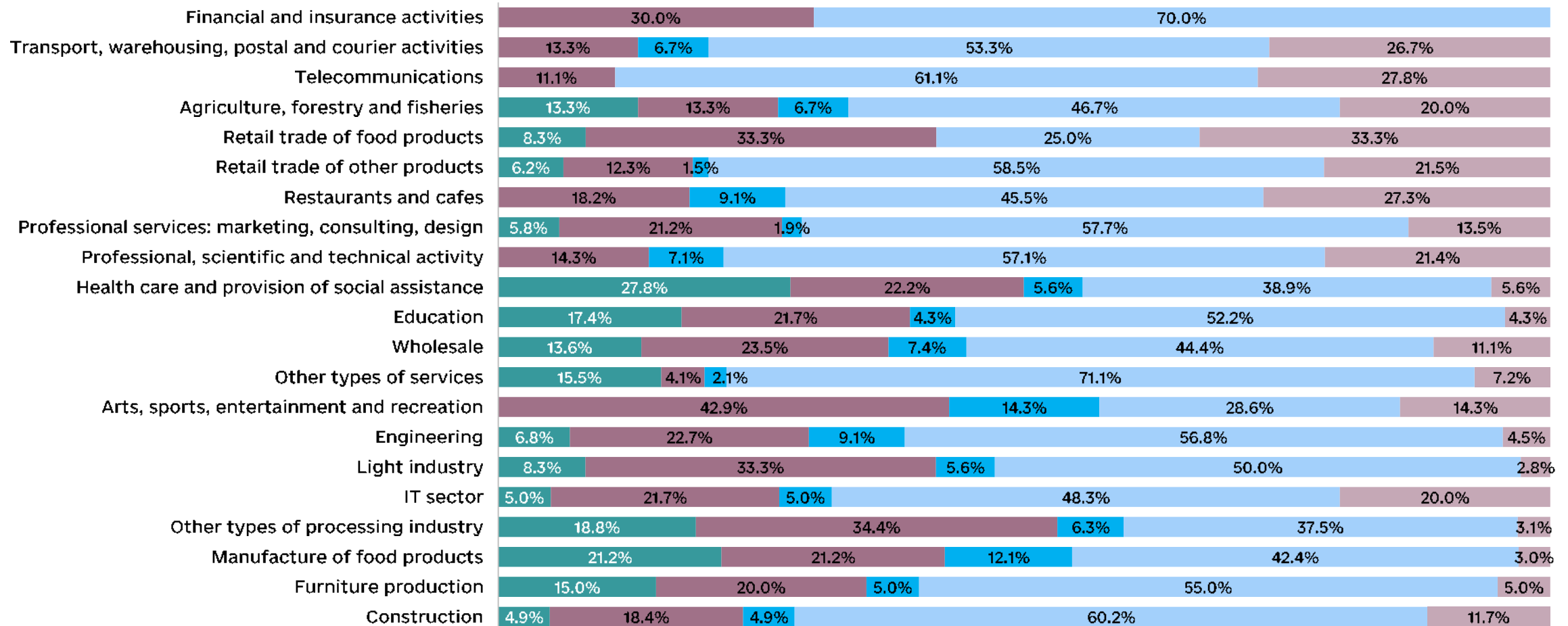
of businesses have already adapted and have an action plan

Does the business have a strategy, a business development plan considering the new reality?

West
Volyn region
Zakarpattia region
Ivano-Frankivsk region
Lviv region
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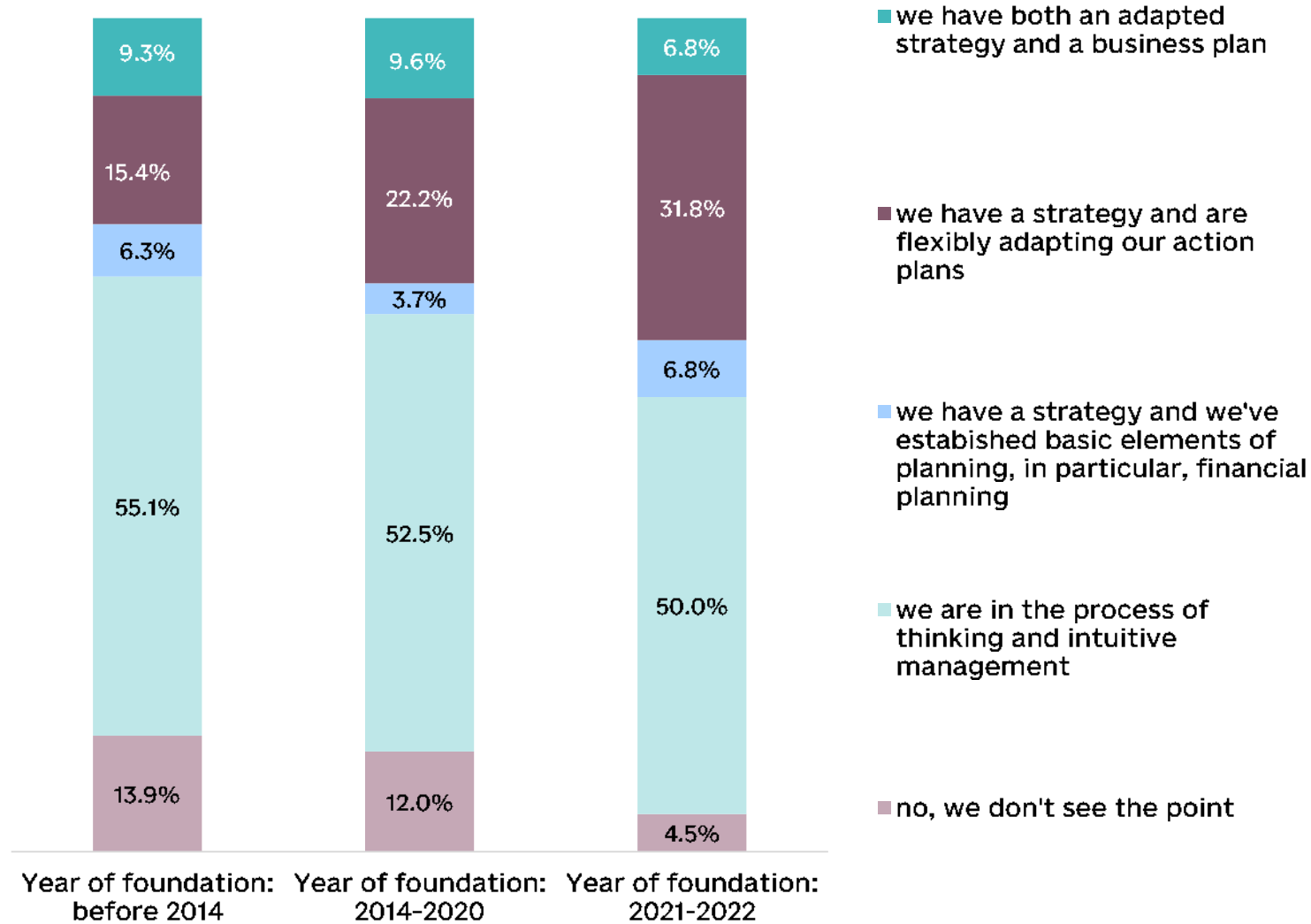


Does the business have a strategy, a business development plan considering the new reality?

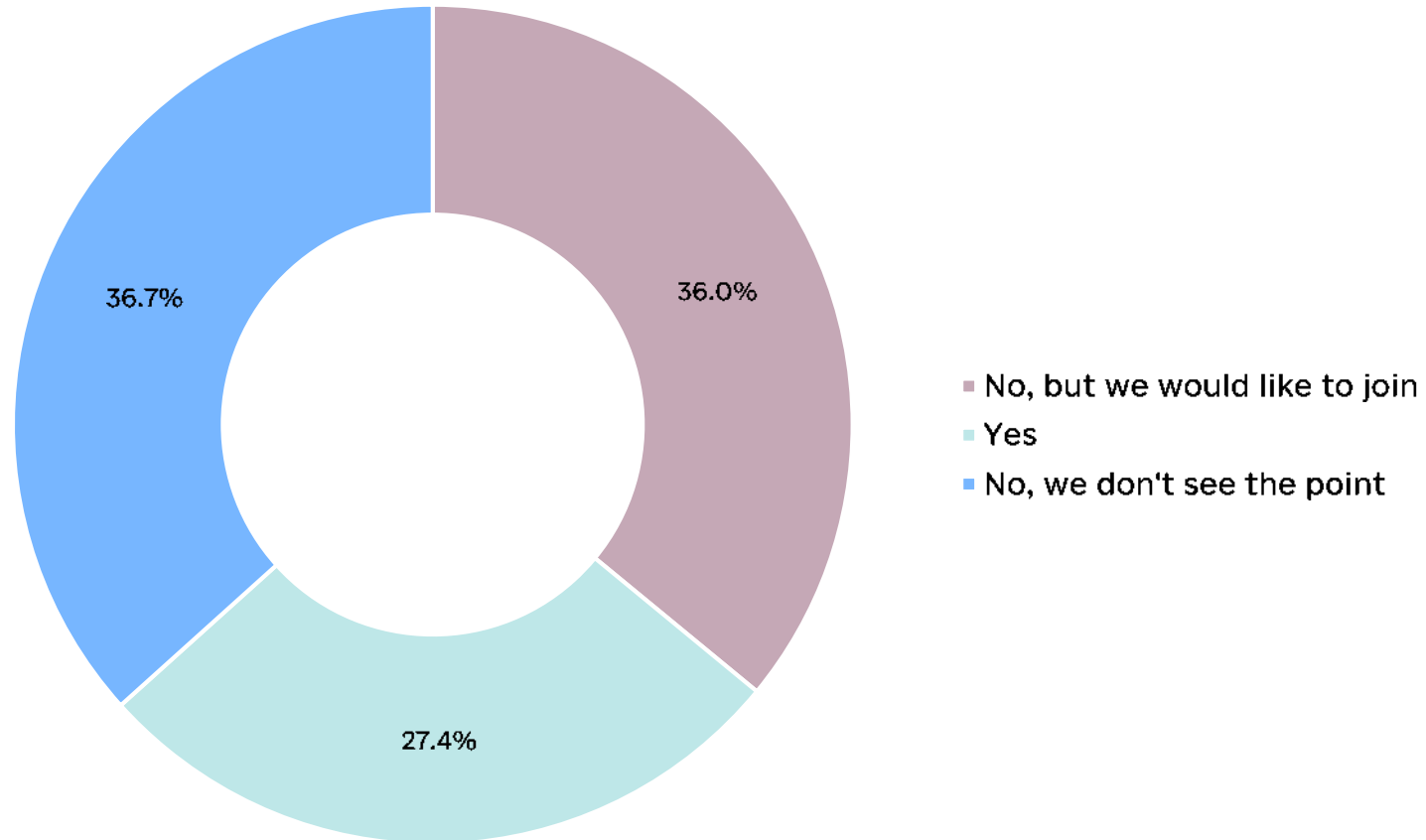


- we have both an adapted strategy and a business plan
- we have a strategy and are flexibly adapting our action plans
- we have a strategy and we've established basic elements of planning, in particular, financial planning
- we are in the process of thinking and intuitive management
- no, we don't see the point

Does the business have a strategy, a business development plan considering the new reality?

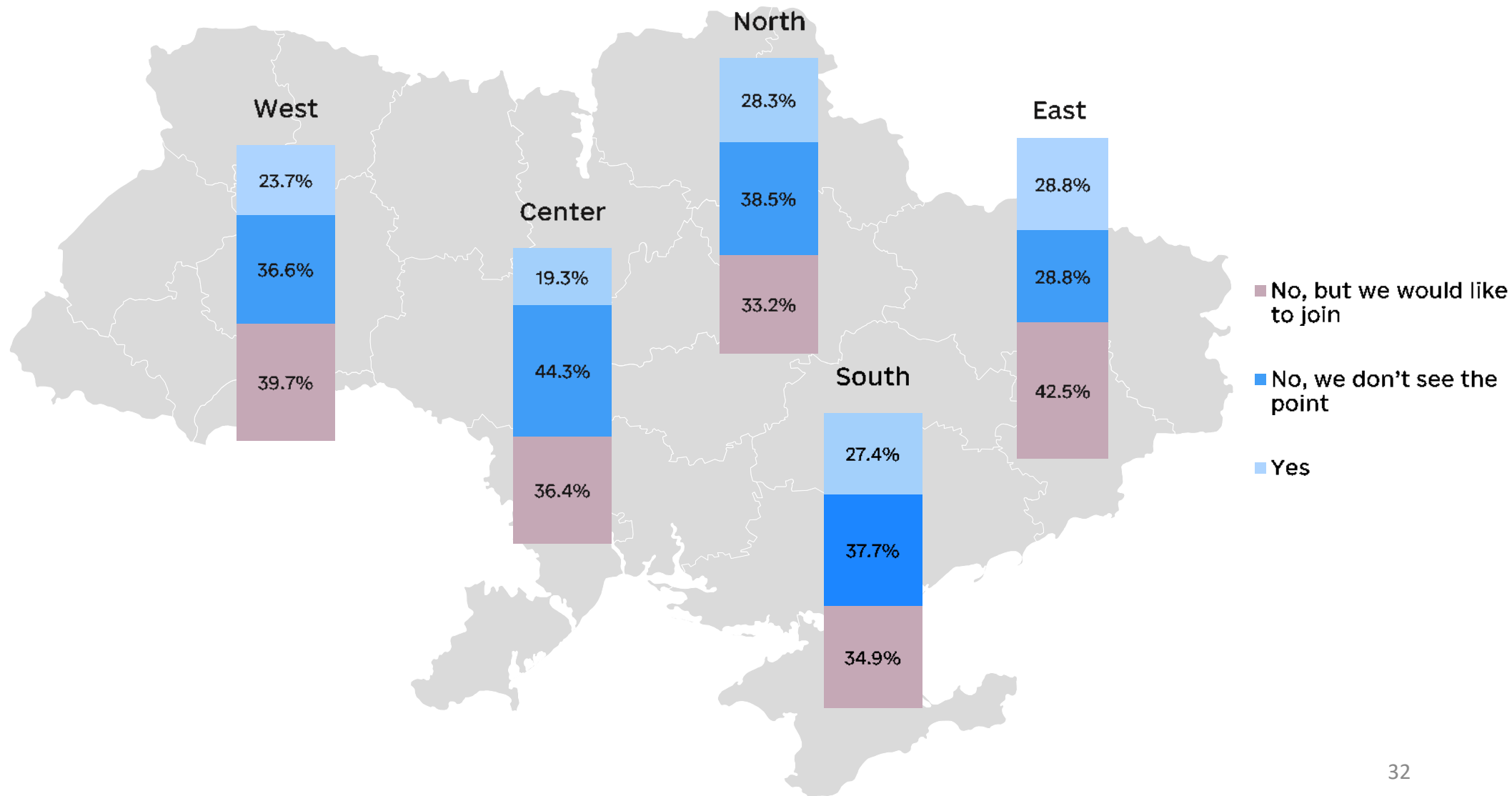


Are you personally or is your company a member of business associations or business clubs?

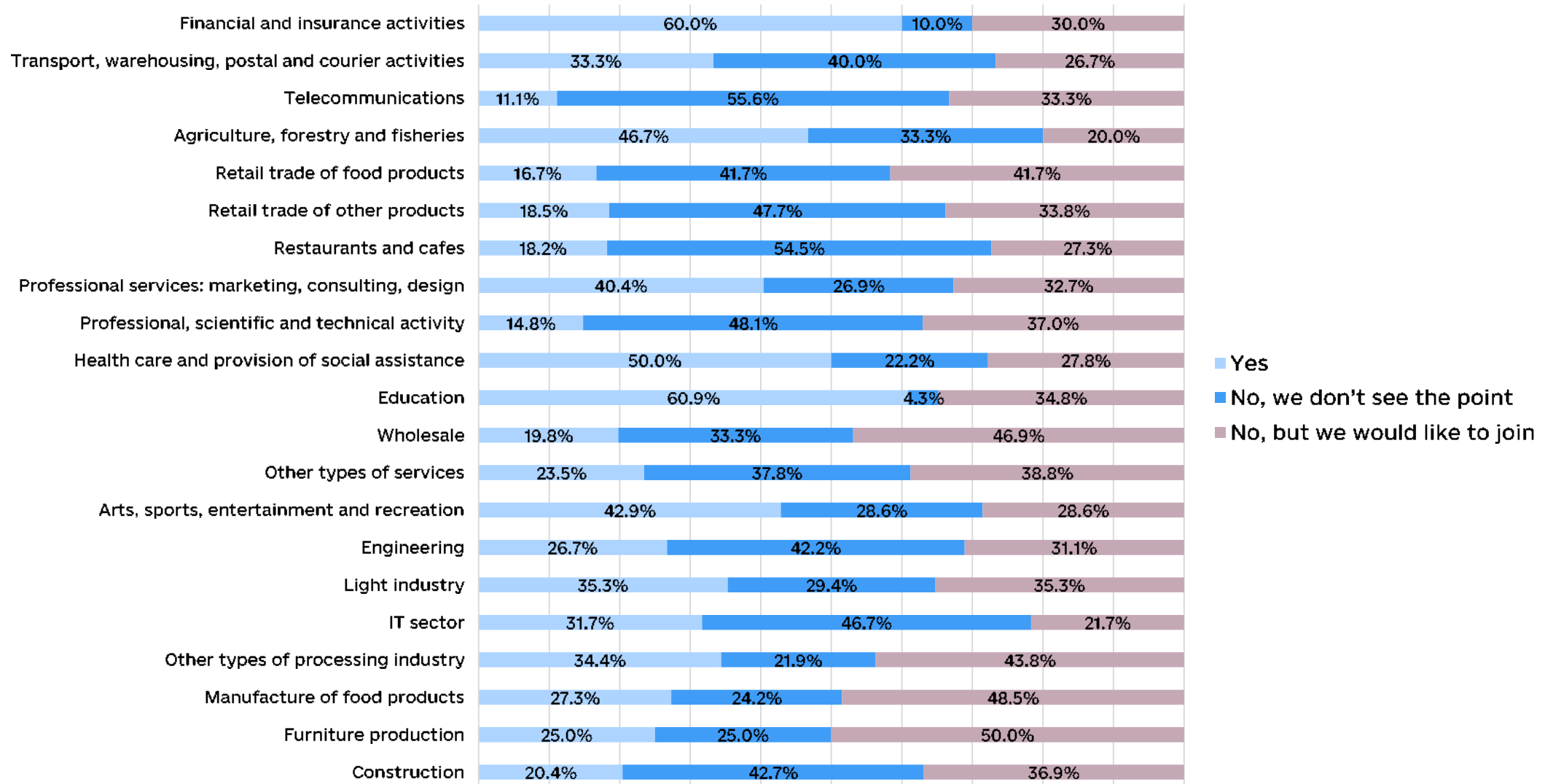


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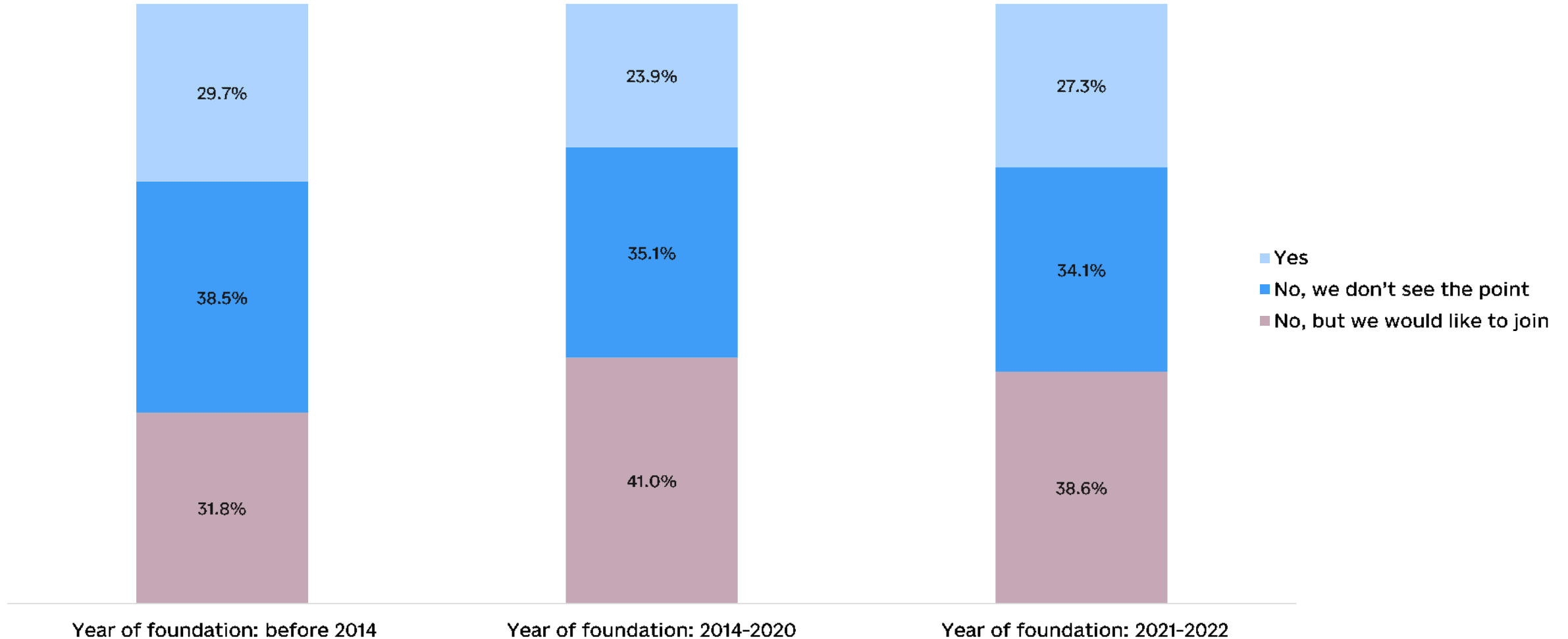
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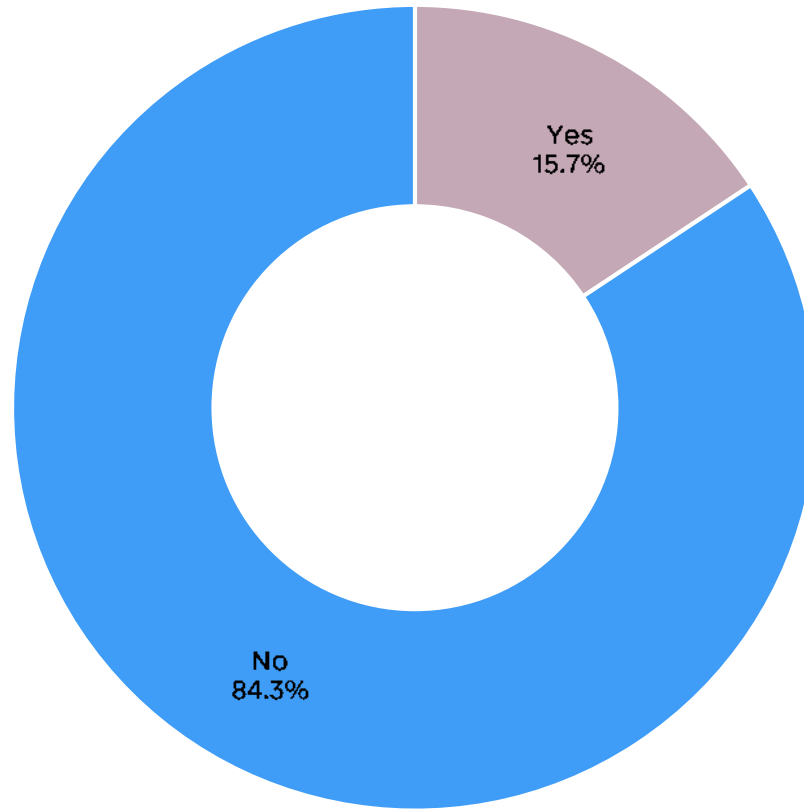
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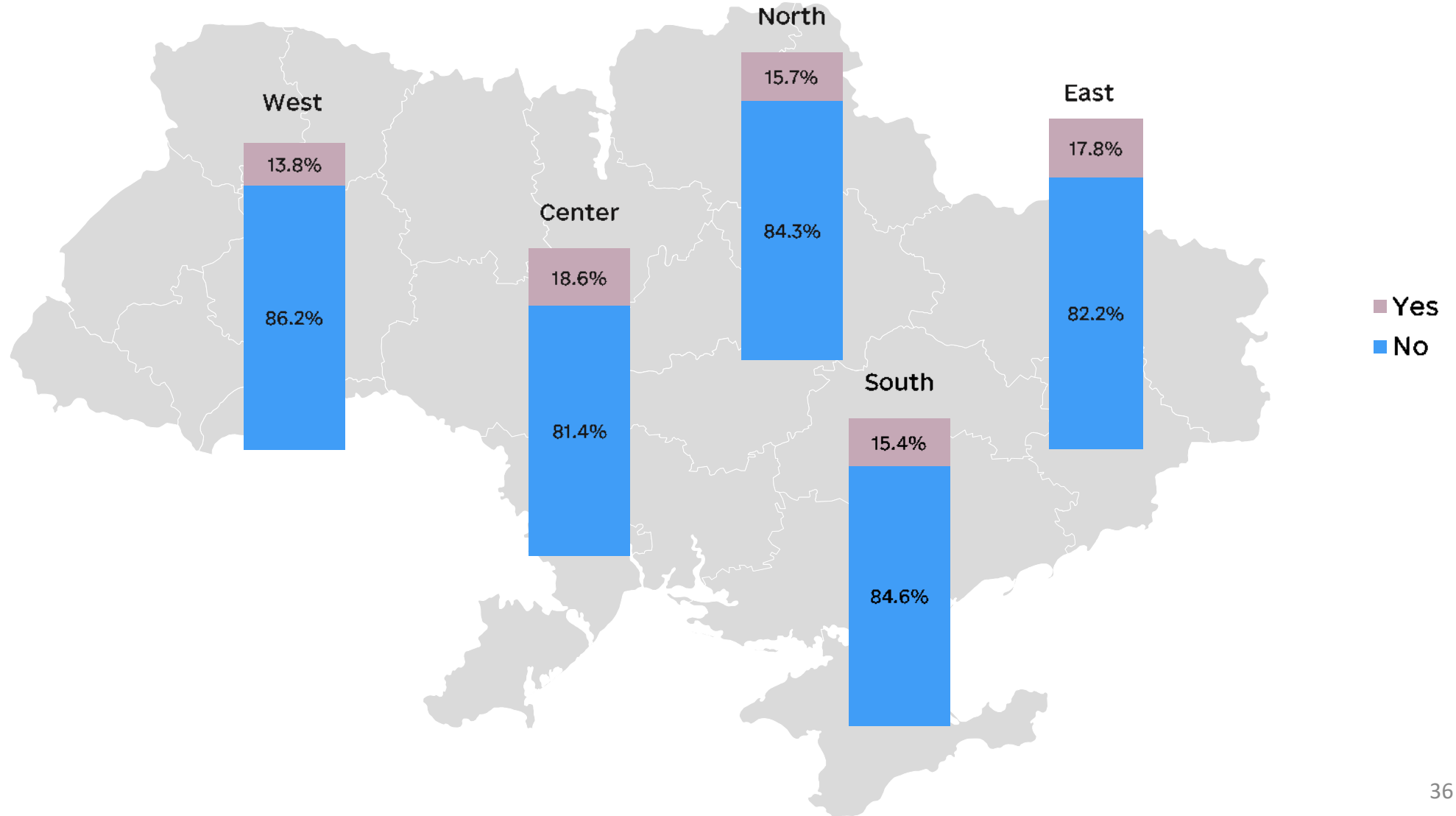


Do you know about BAT ("Best available technology") for your industry?

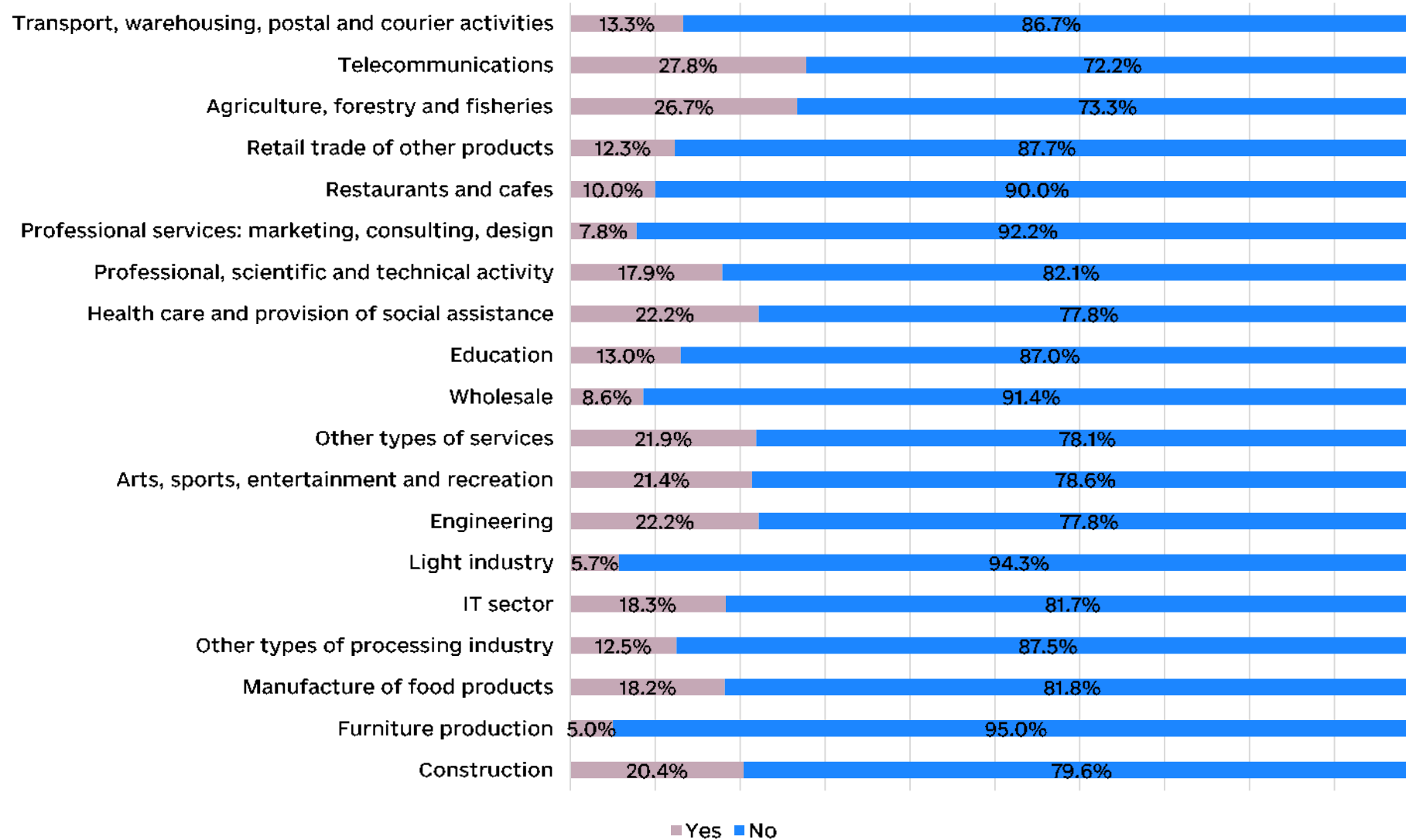


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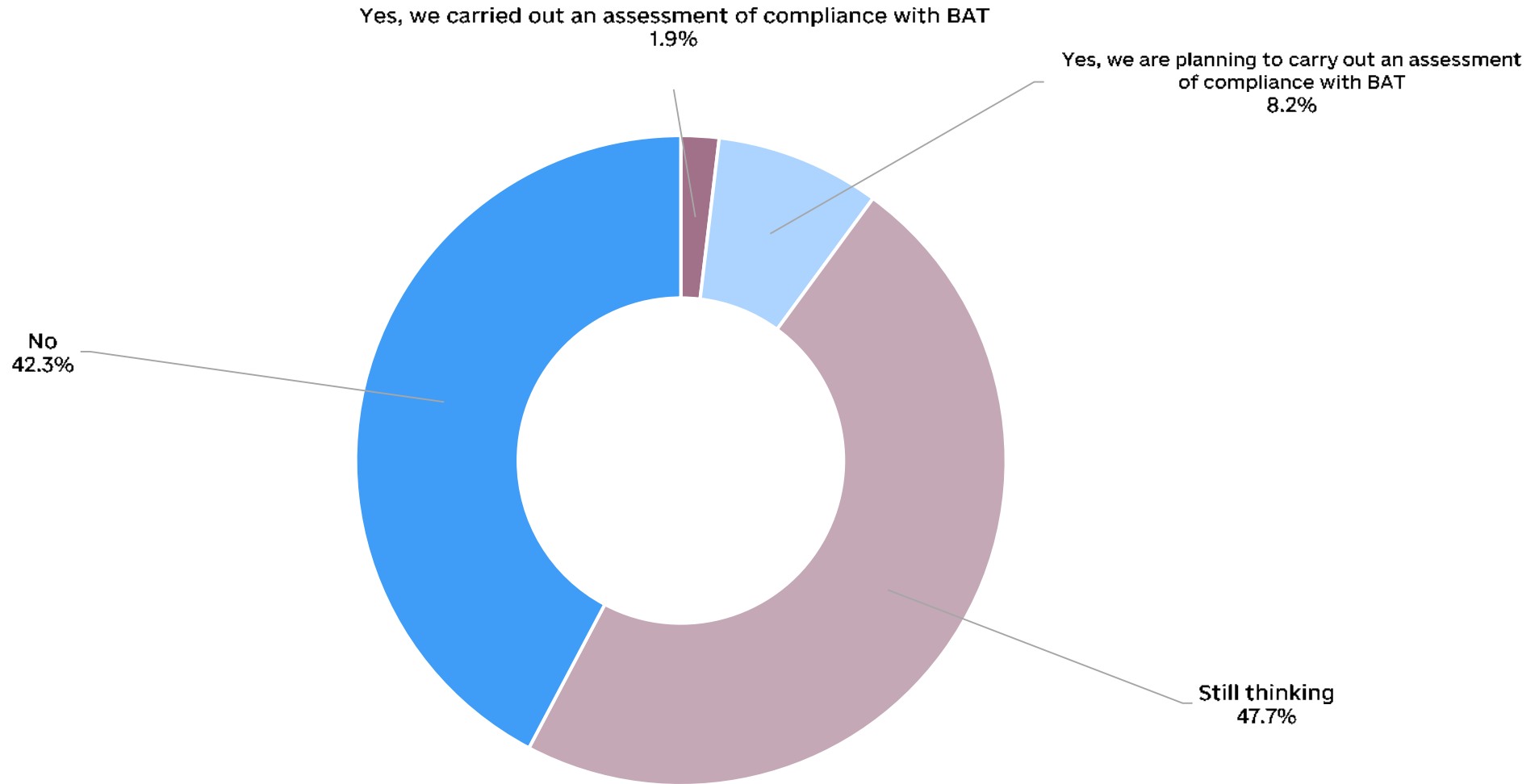
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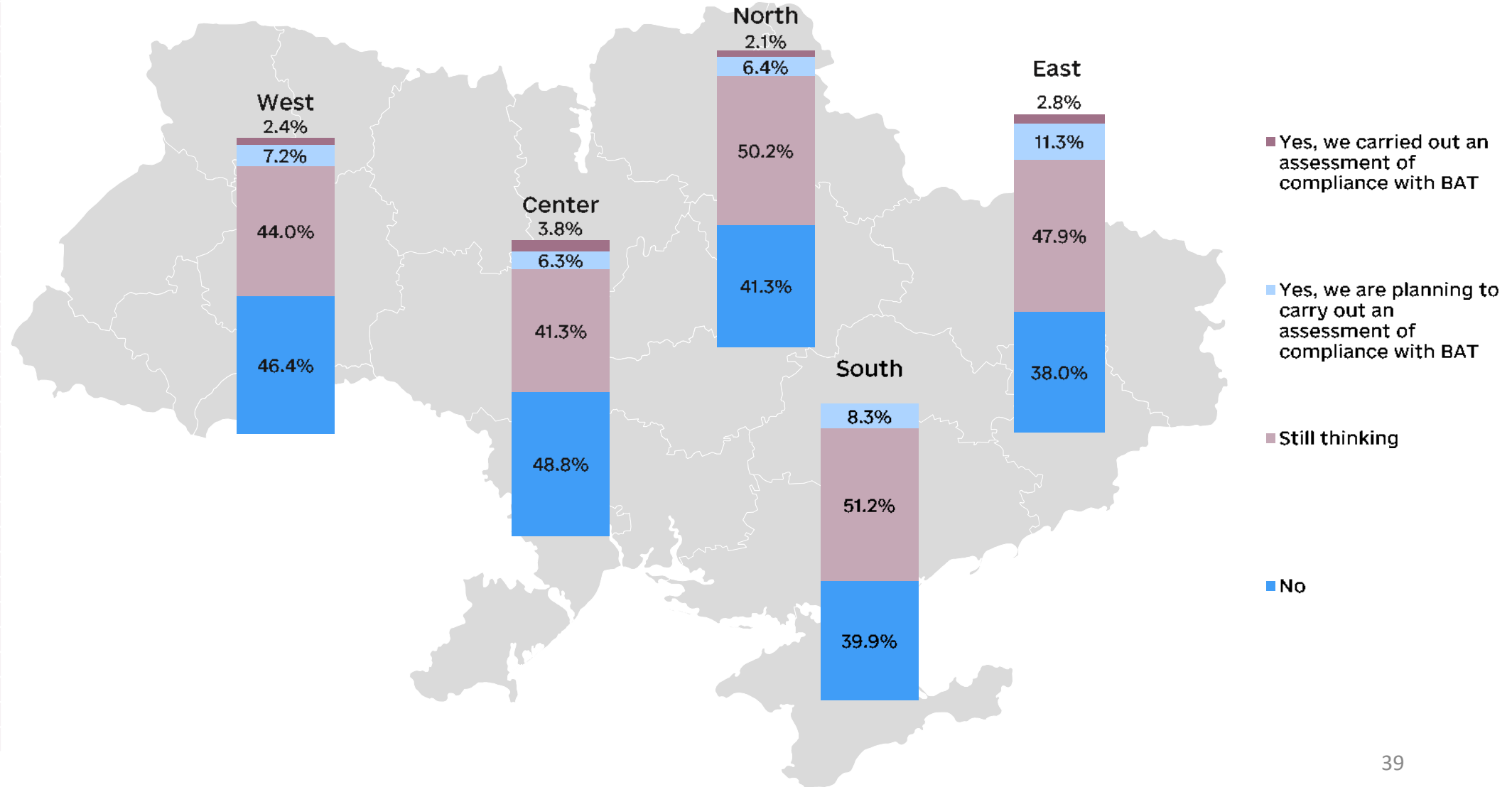


Are you planning to resume manufacturing in accordance with BAT?

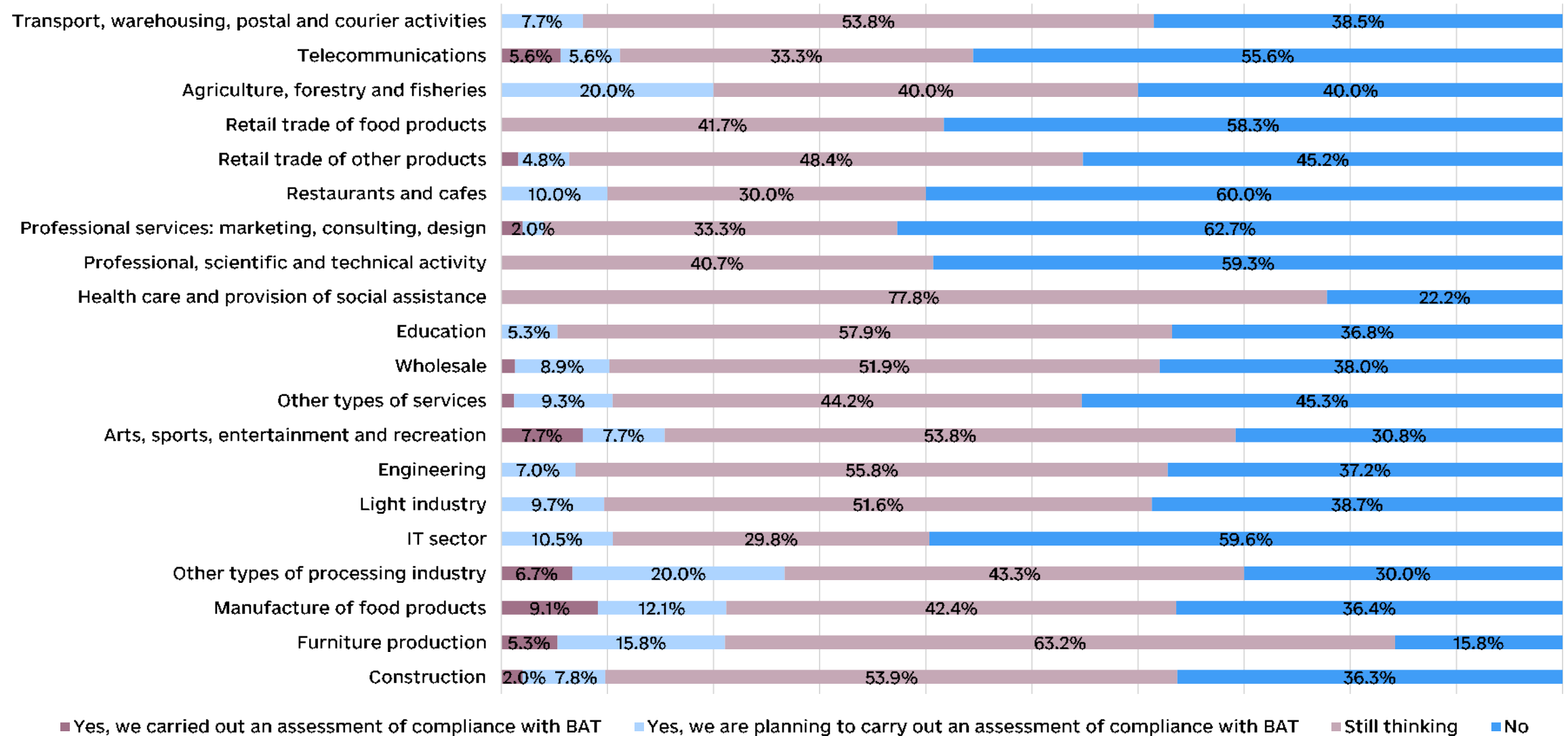


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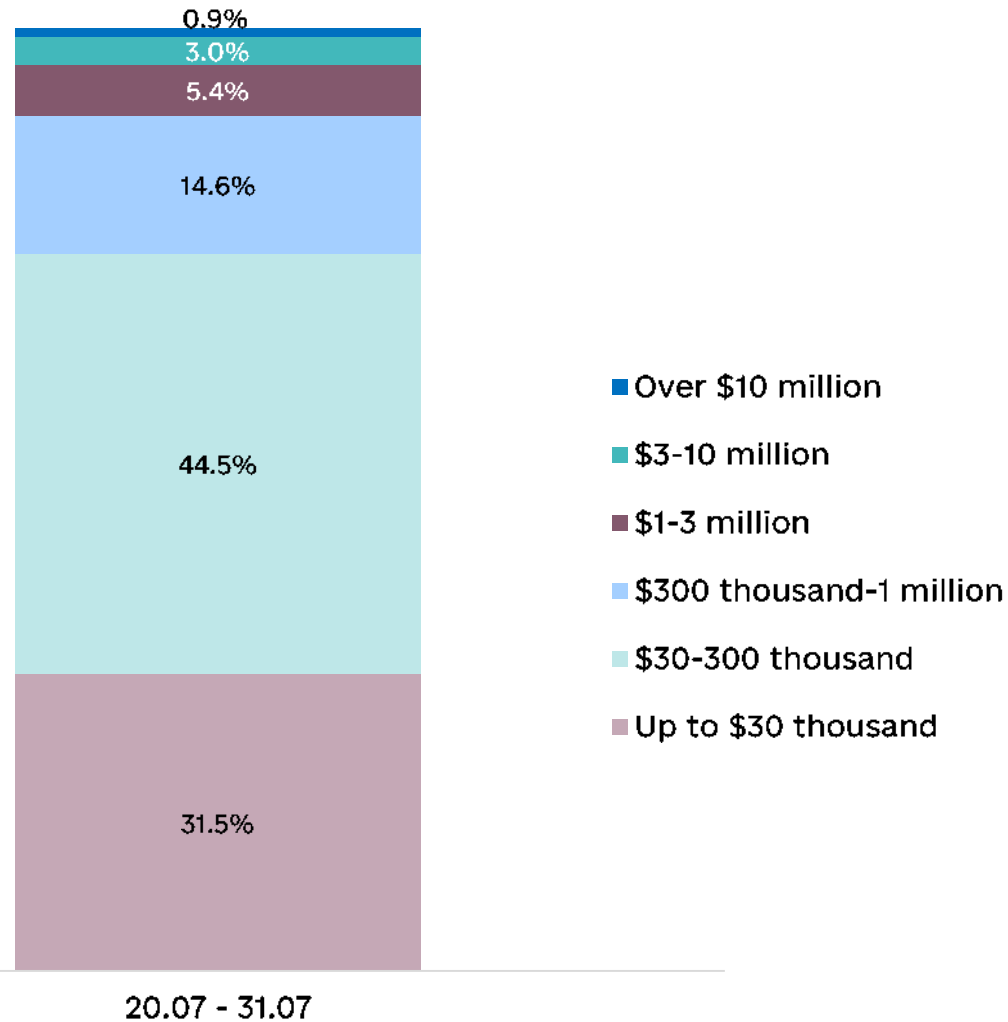
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Are you planning to resume manufacturing in accordance with BAT?



Business need for financing



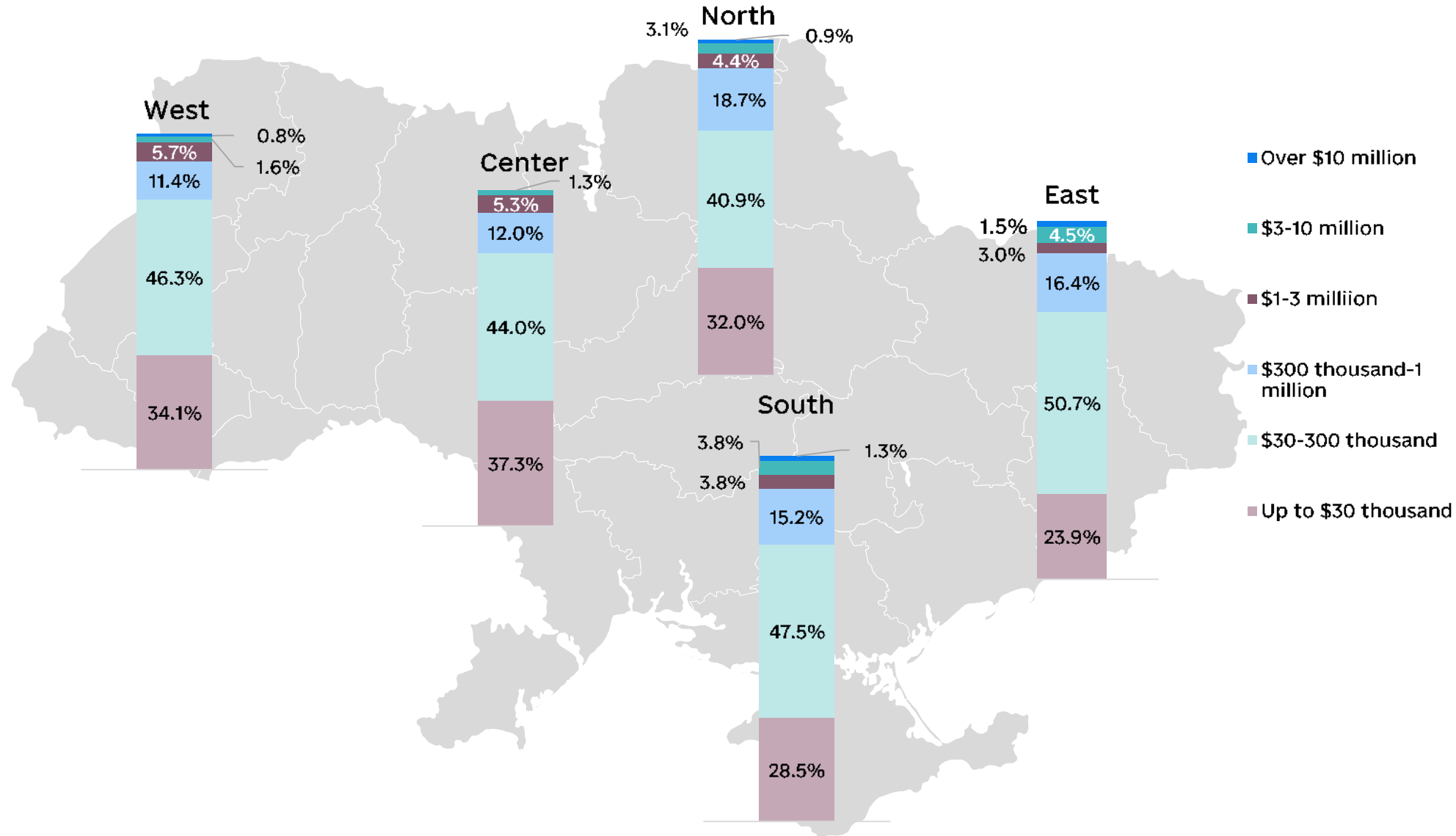
44,5%

need from 30 to 300 thousand US dollars

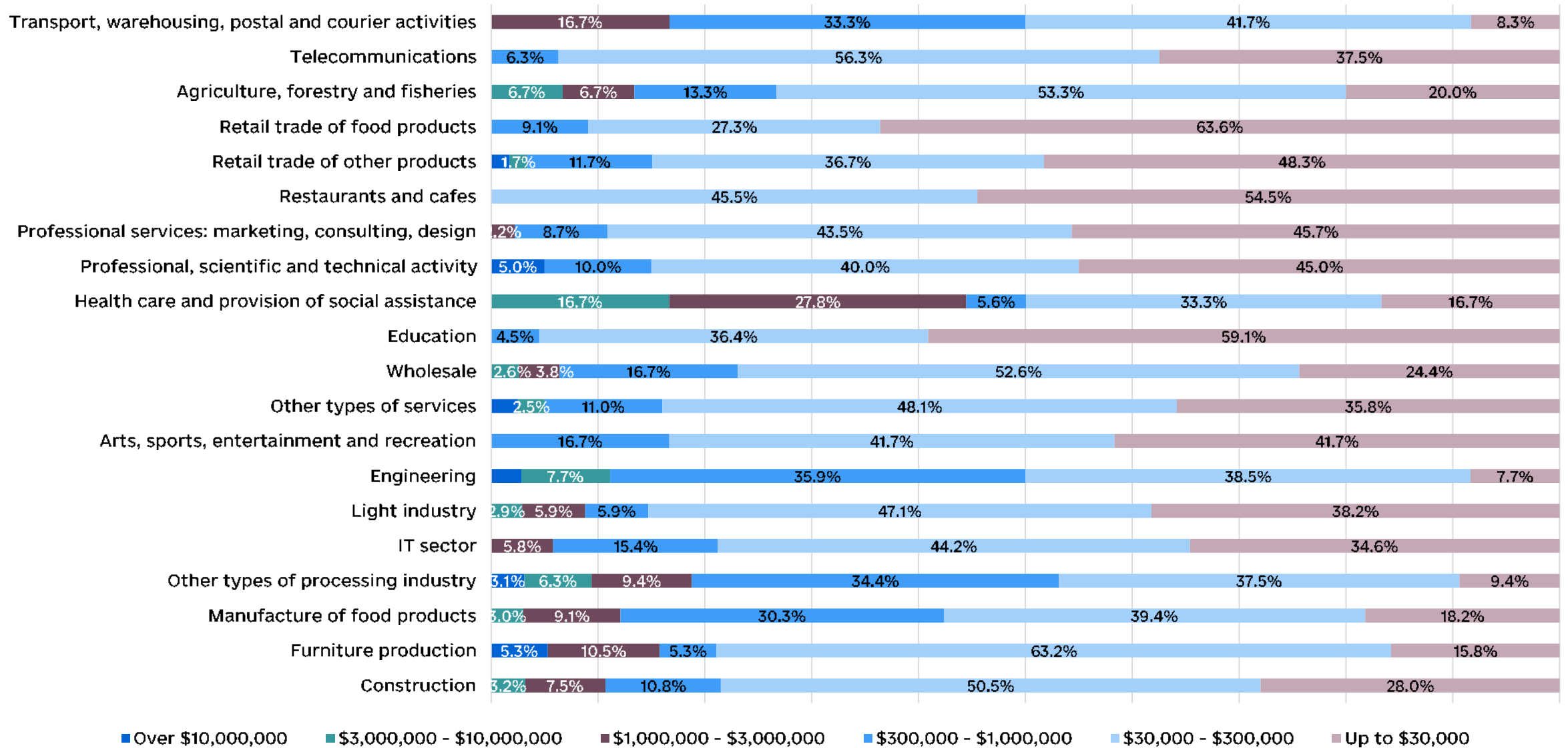
What amount of additional financial resources does your business need (in addition to the resources available to you) to implement your business development strategy?

Business need for financing

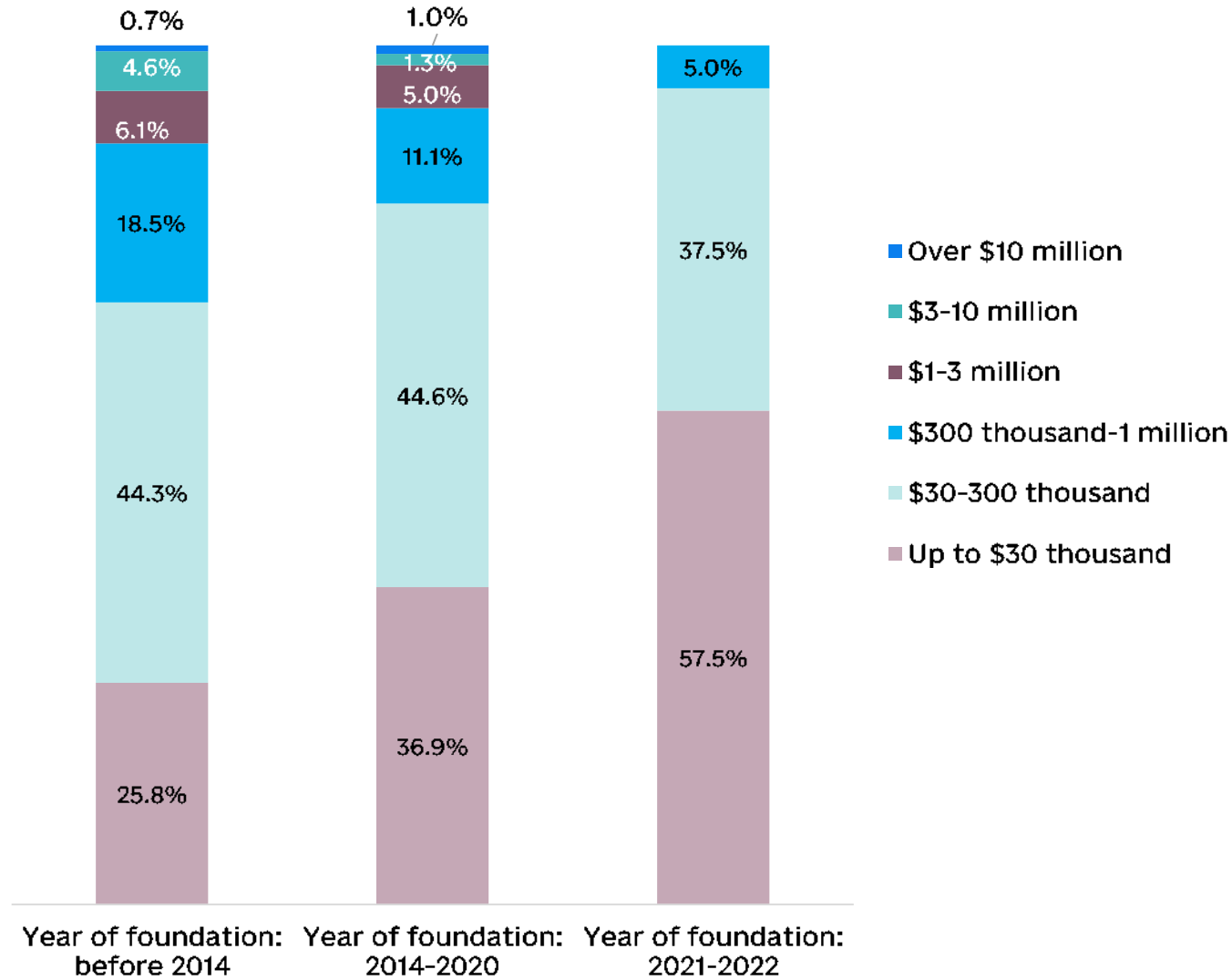
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Business need for financing



Business need for financing






The need for financing

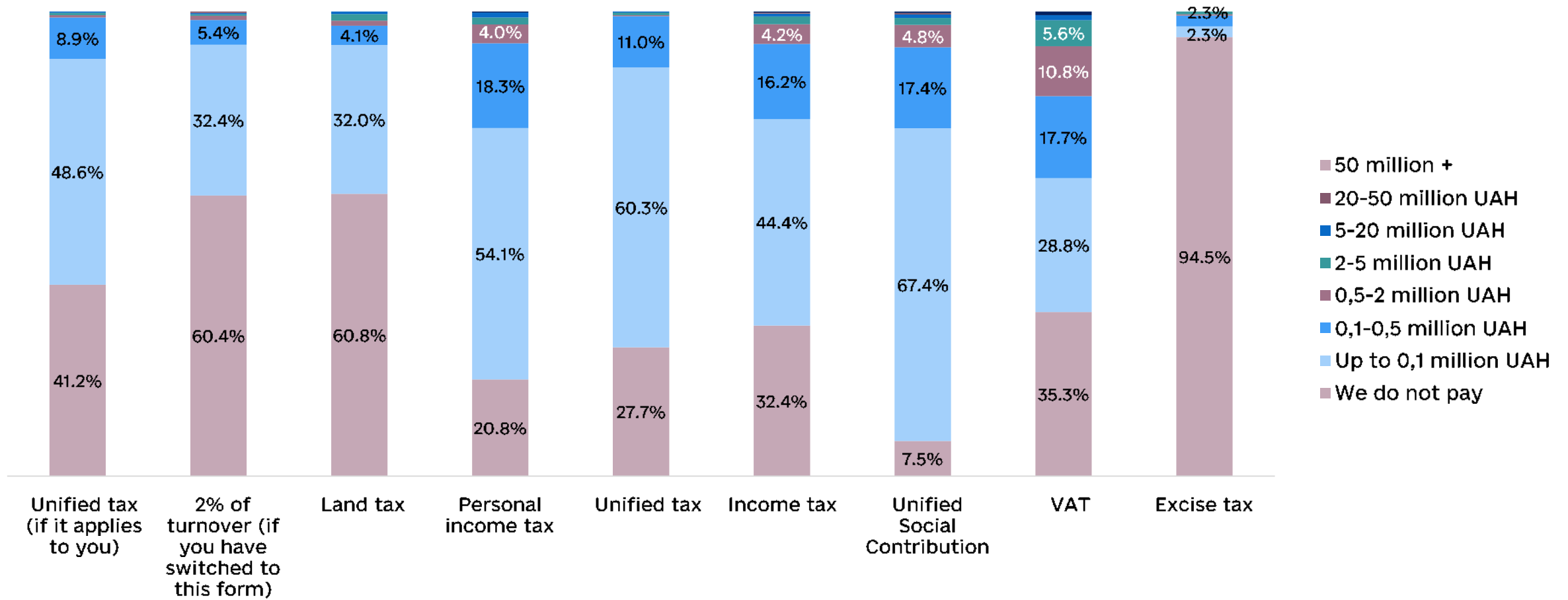
The total financing needs of SMEs are estimated at

\$63,5 billion

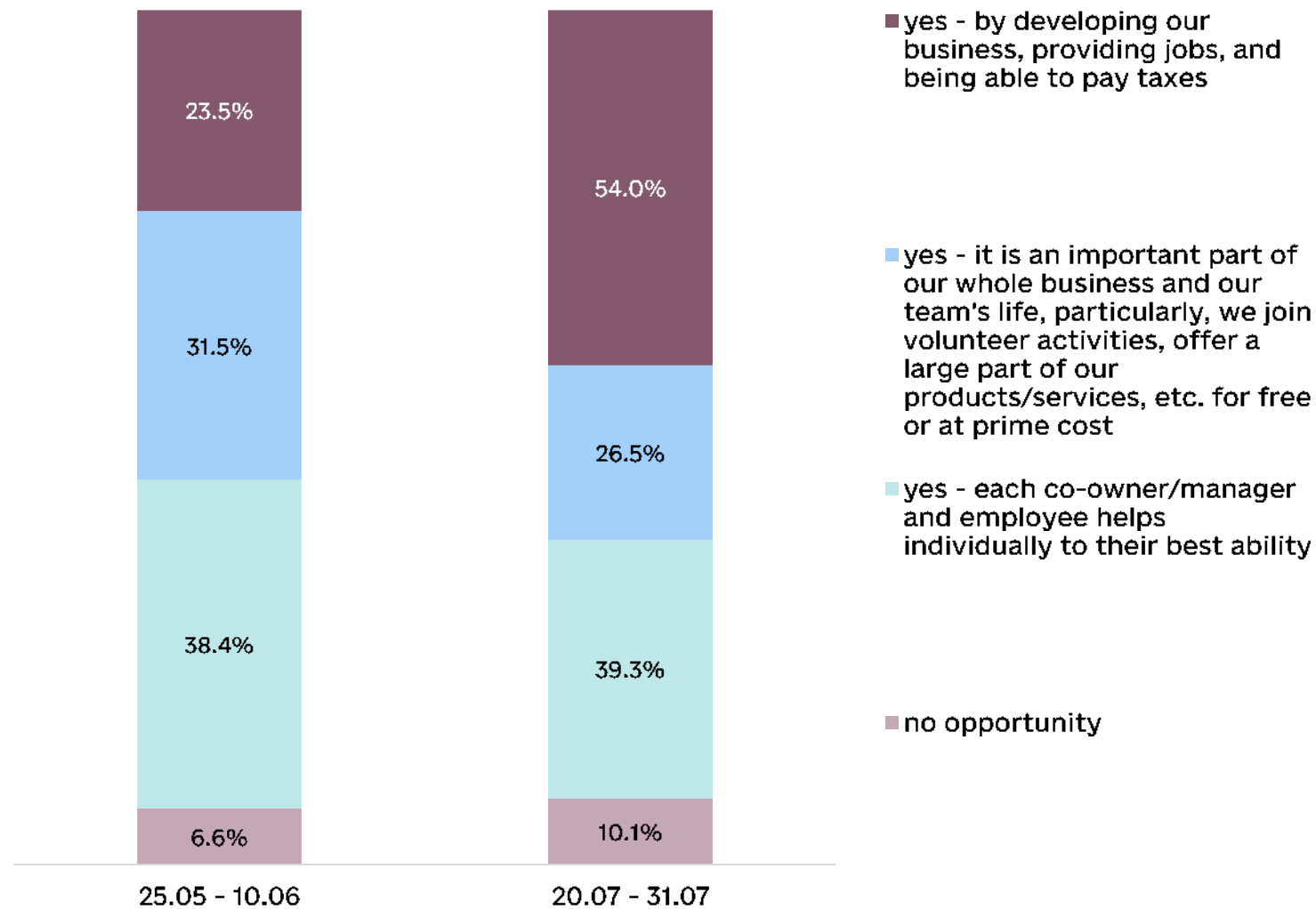
Average need for financing, UAH (July 2022)

Micro enterprises (not including private entrepreneurs)	\$148 885 
Small enterprises	\$530 837 
Medium-sized enterprises	\$3 800 000 

How much tax are you planning to pay during July – December 2022?



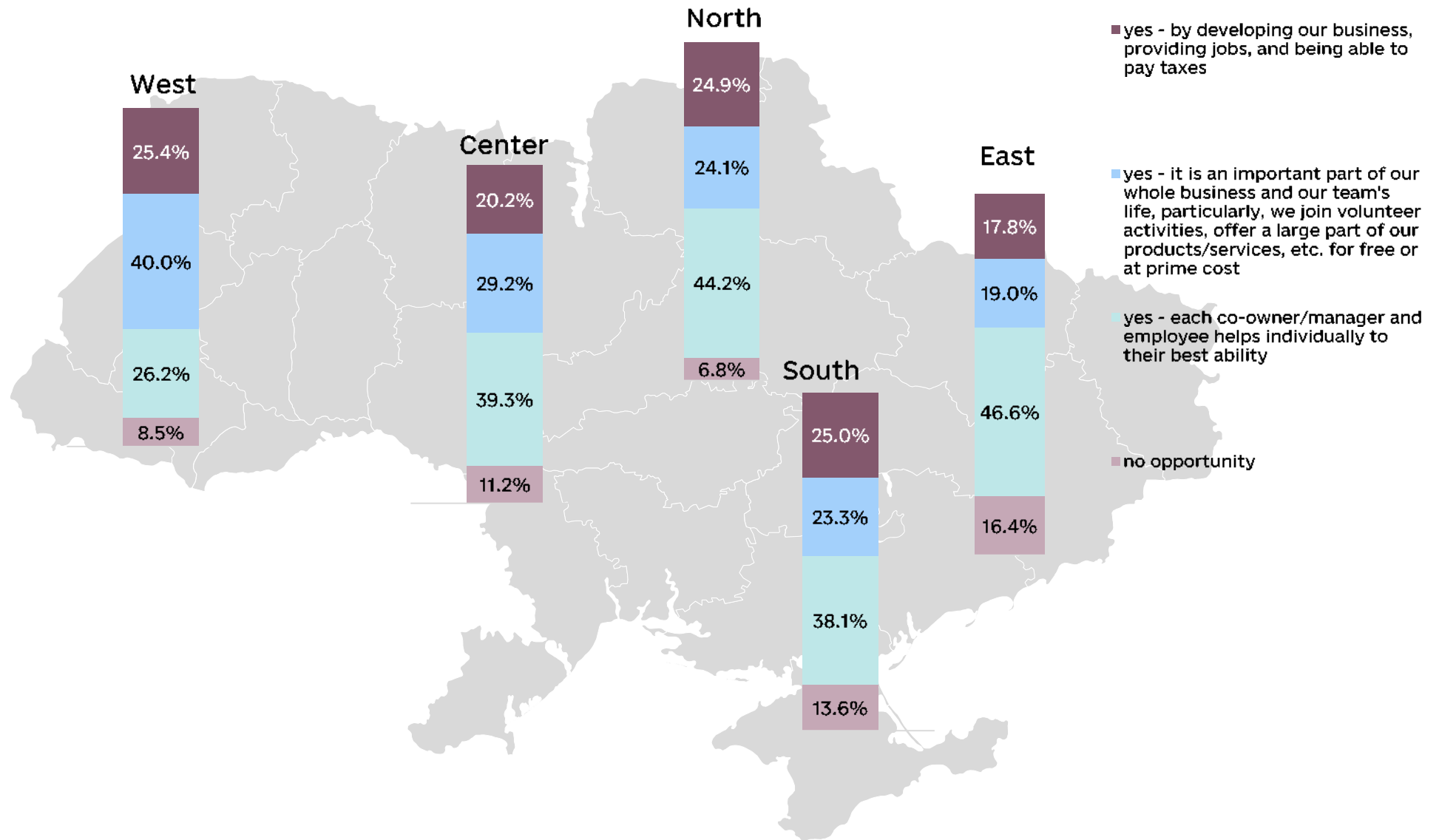
Is the business helping Ukraine win the war?



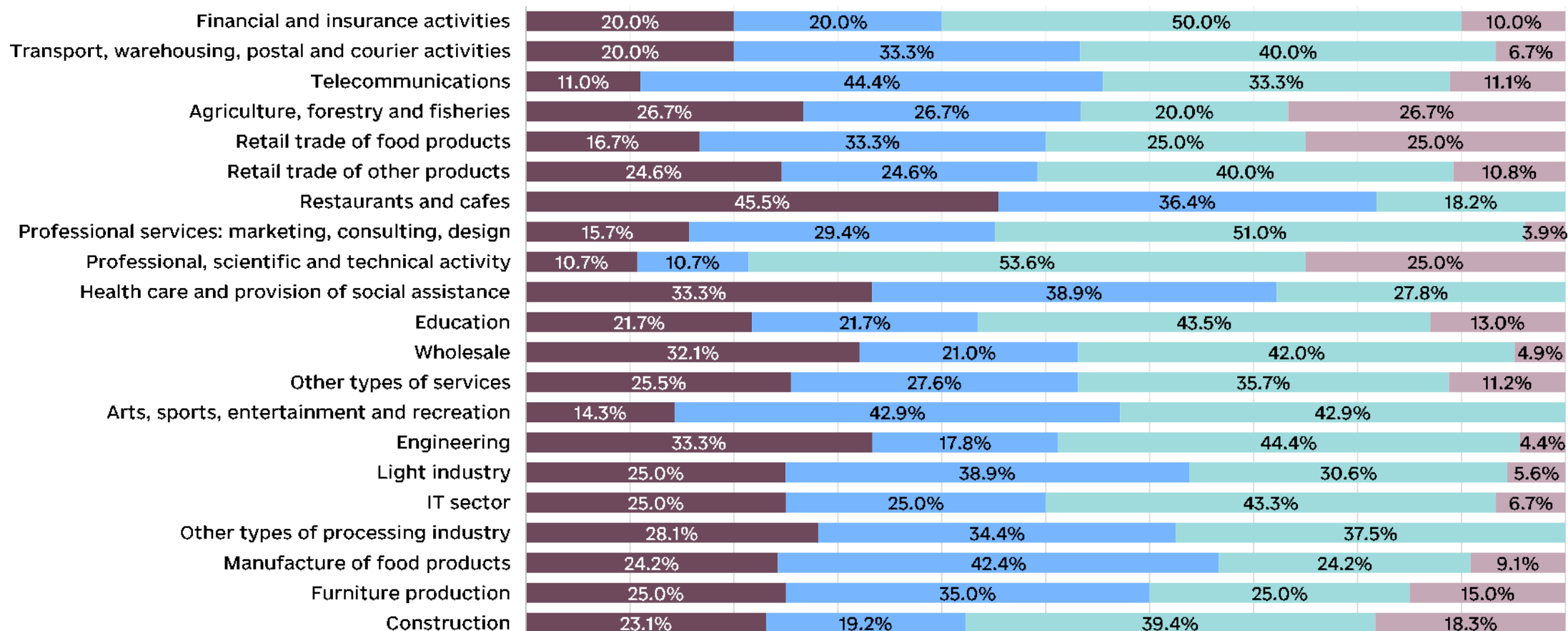
65,8%
of businesses joined
volunteer activities

Is the business helping Ukraine win the war?

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Volyn region
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Ivano-Frankivsk region
Lviv region
Rivne region
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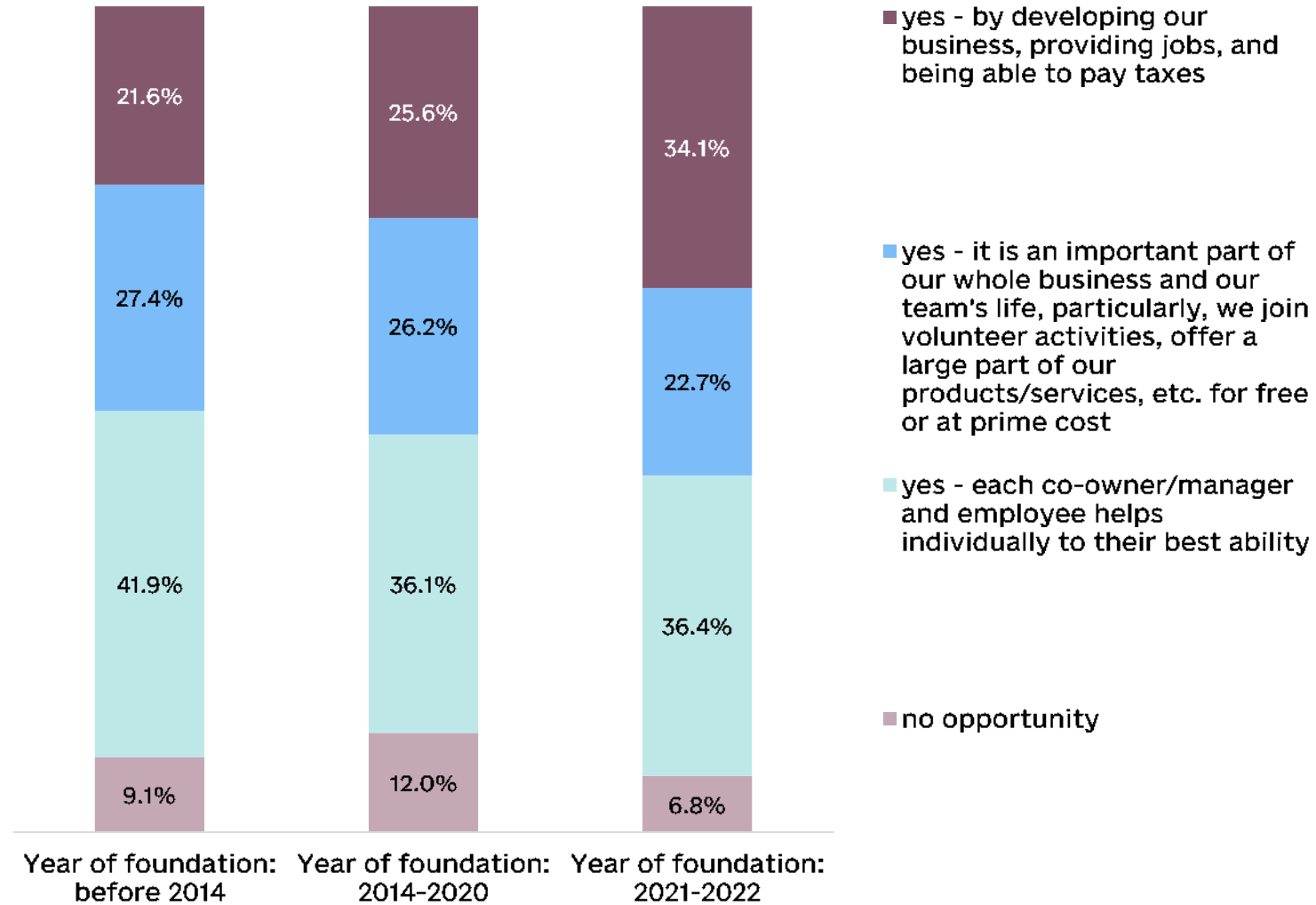


Is the business helping Ukraine win the war?



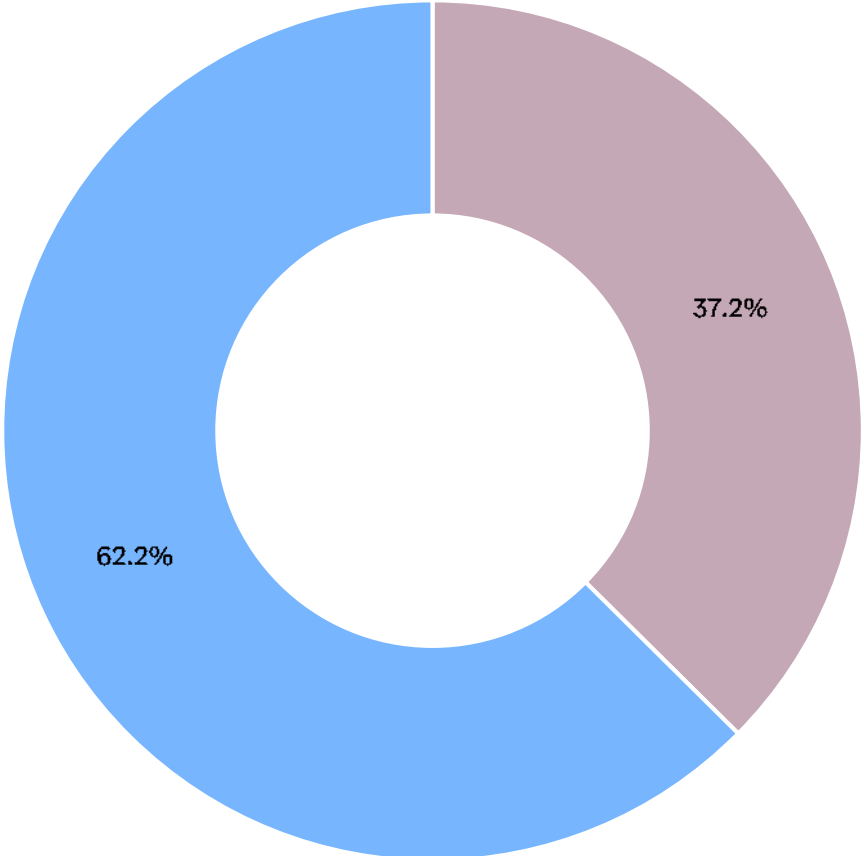
- Yes, by developing our business, providing jobs, and being able to pay taxes
- Yes, it is an important part of our whole business and our team's life, particularly, we join volunteer activities, offer a large part of our products/services, etc. for free or at prime cost
- Yes, every co-owner/manager/employee helps individually, to their best ability
- No opportunity

Is the business helping Ukraine win the war?



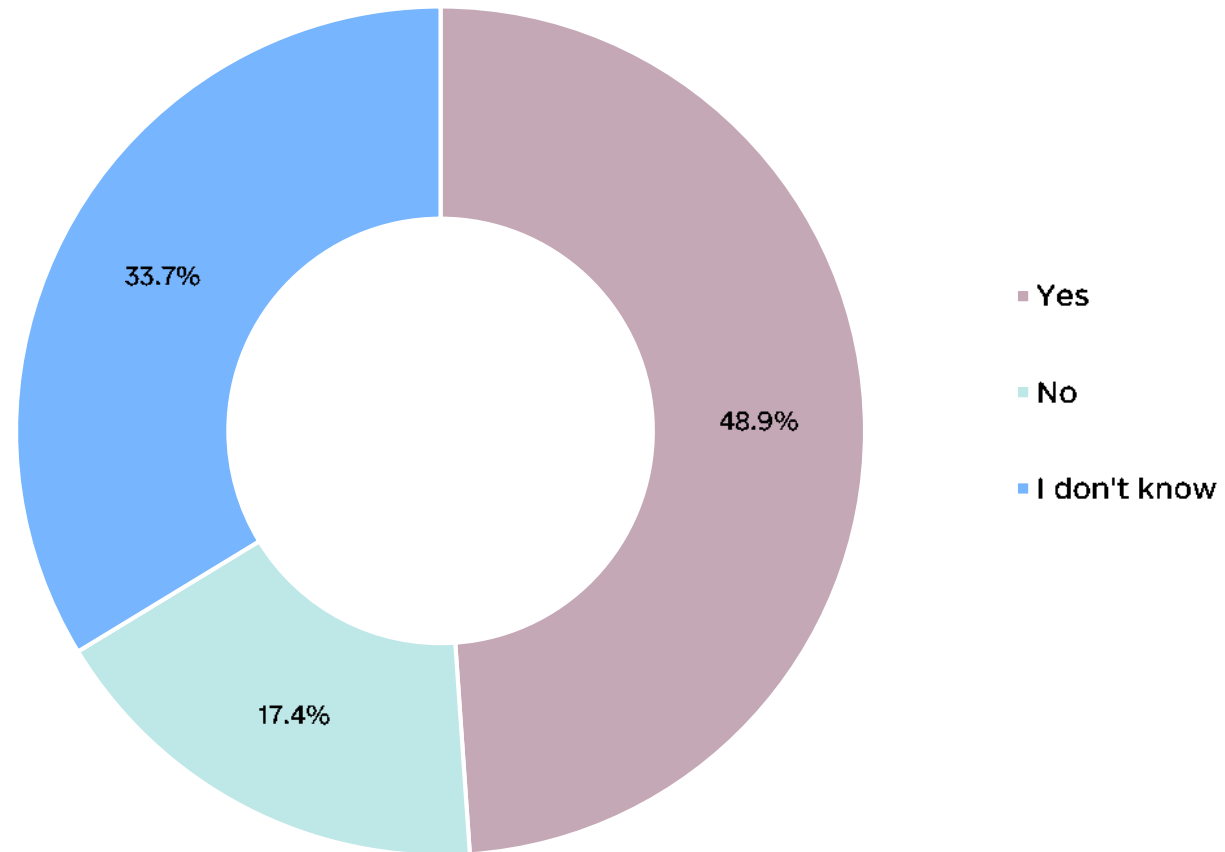
What is the attitude of your business towards internally displaced persons (IDPs)?

10%
of respondents did not choose any option



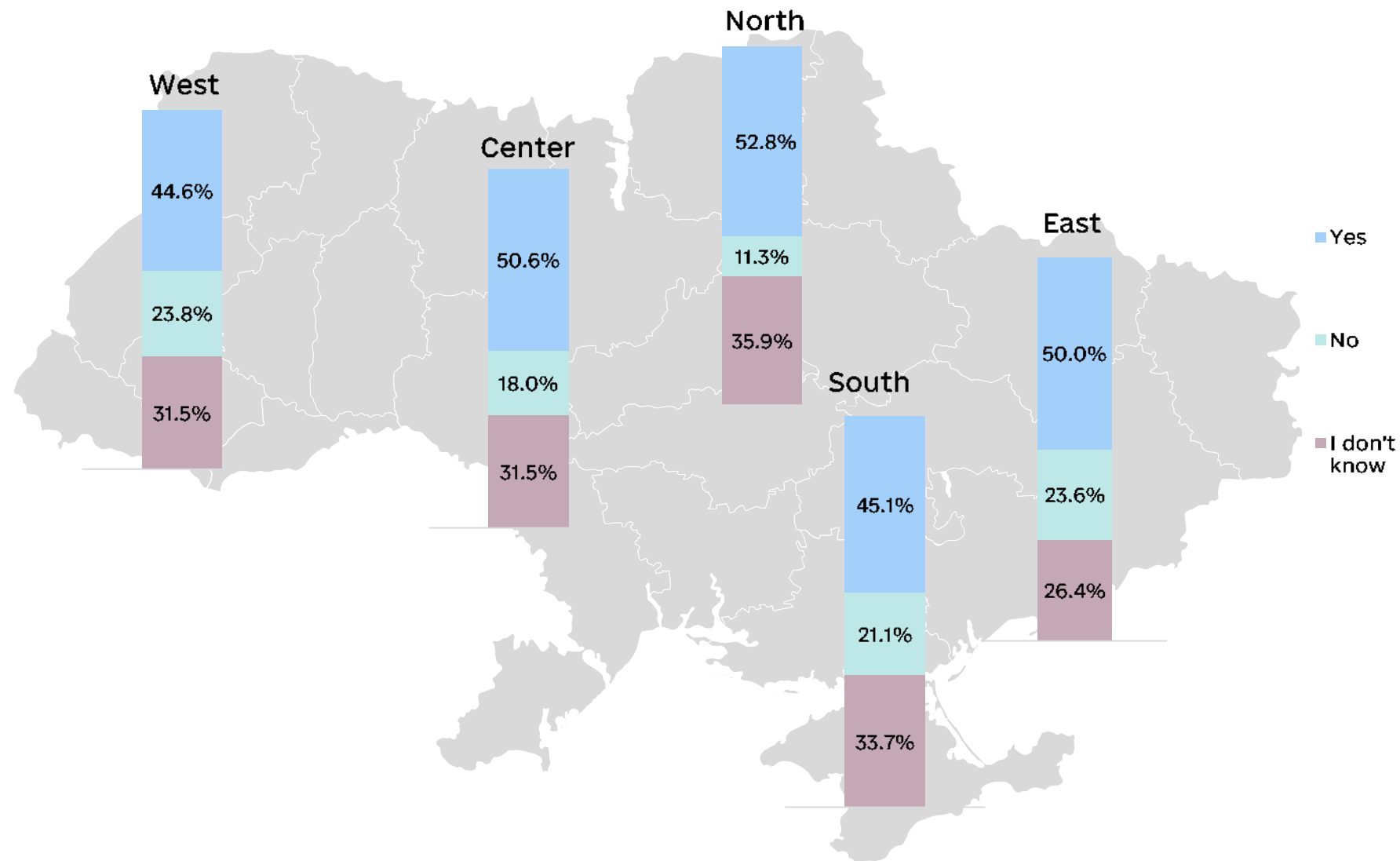
- We help economically: we are hiring or plan to hire IDPs
- We provide humanitarian help (directly or indirectly)

Do you consider IDPs to be promising in terms of long-term employment and reintegration in the local community?

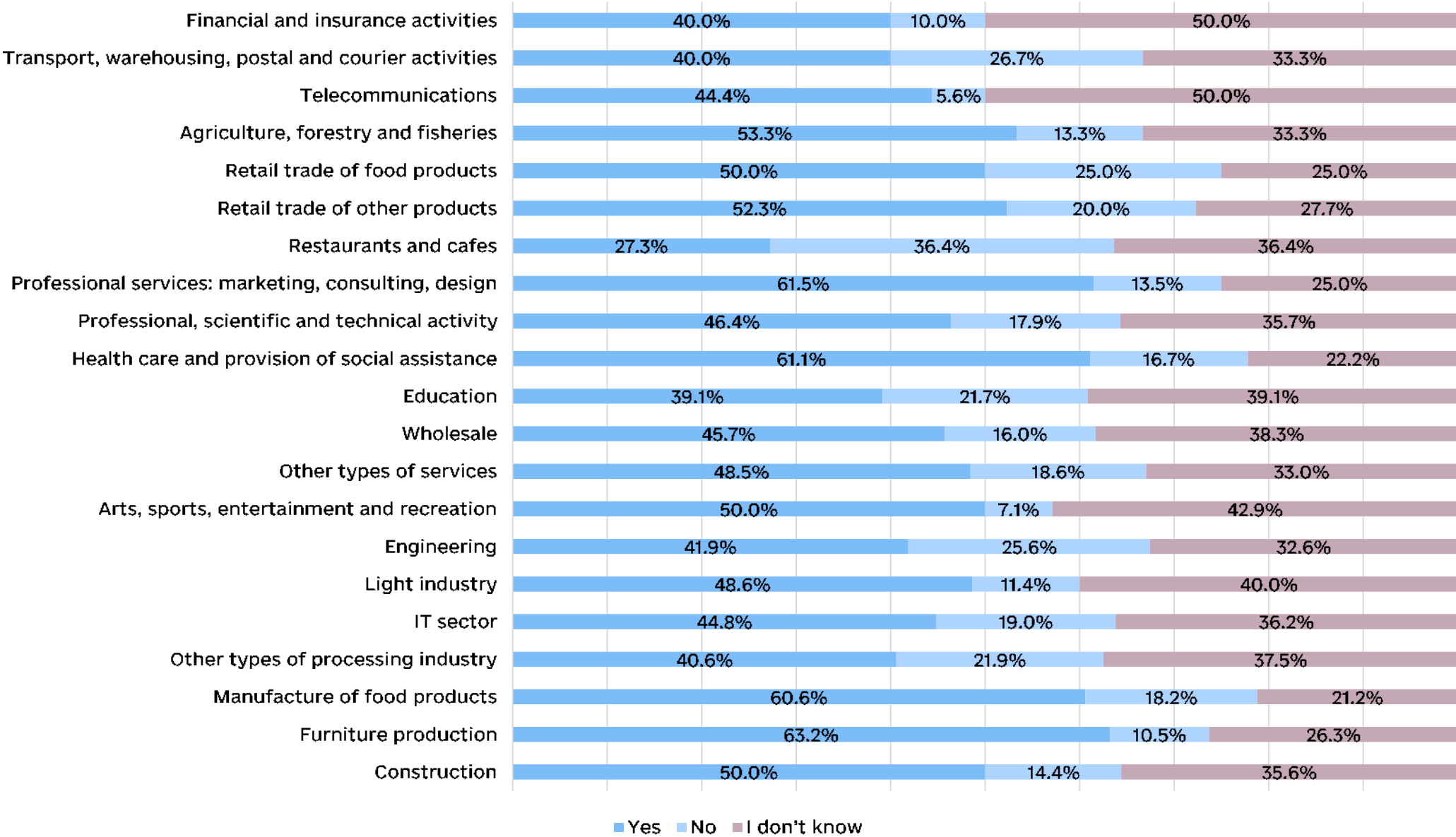


Do you consider IDPs to be promising in terms of long-term employment and reintegration in the local community?

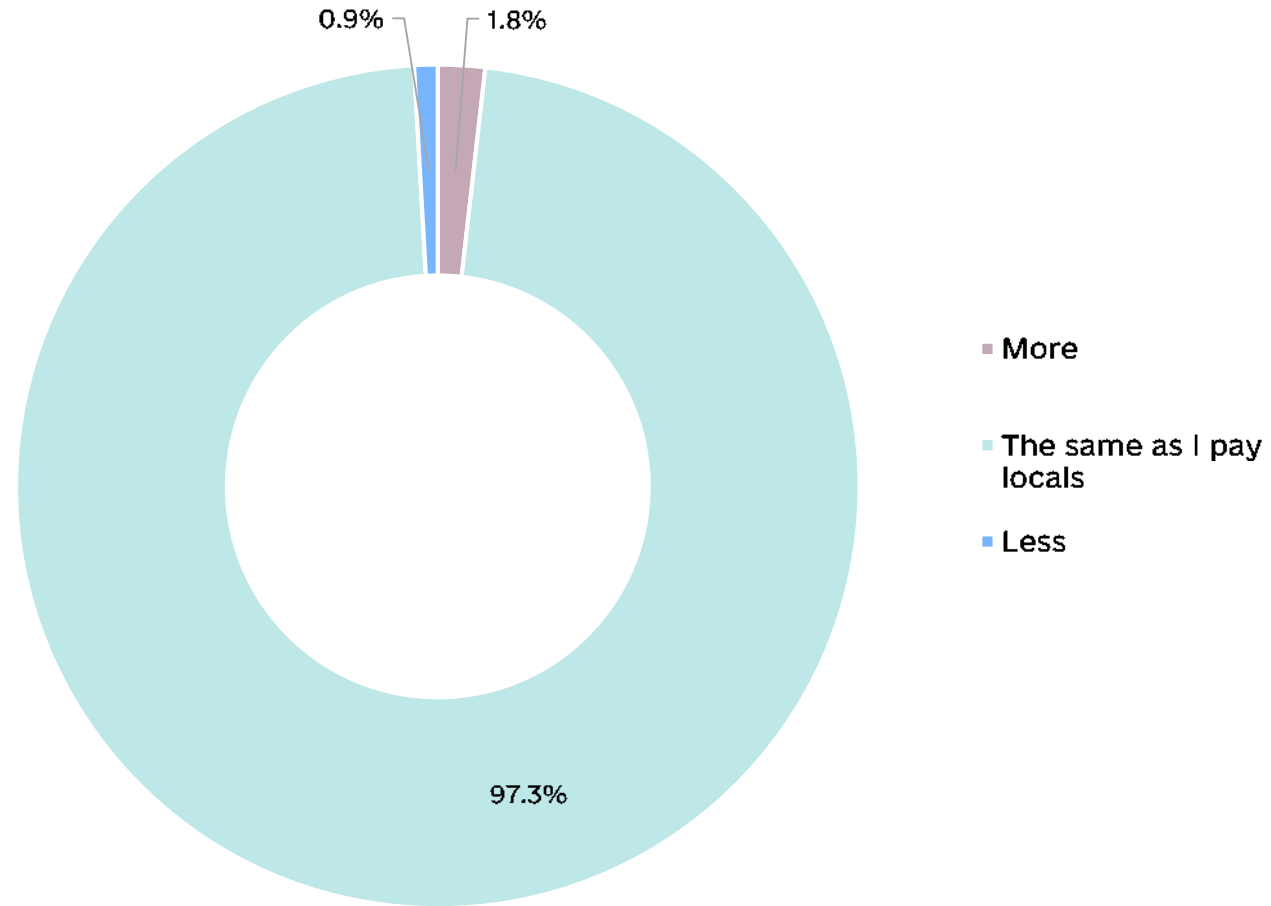
West
Volyn region
Zakarpattia region
Ivano-Frankivsk region
Lviv region
Rivne region
Ternopil region
Khmelnyskyi region
Chernivtsi region
South
Crimea
Dnipropetrovsk region
Zaporizhzhia region
Mykolaiv region
Odesa region
Kherson region
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Chernihiv region
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Donetsk region
Luhansk region
Kharkiv region
Center
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Kirovohrad region
Poltava region
Cherkasy region



Do you consider IDPs to be promising in terms of long-term employment and reintegration in the local community?

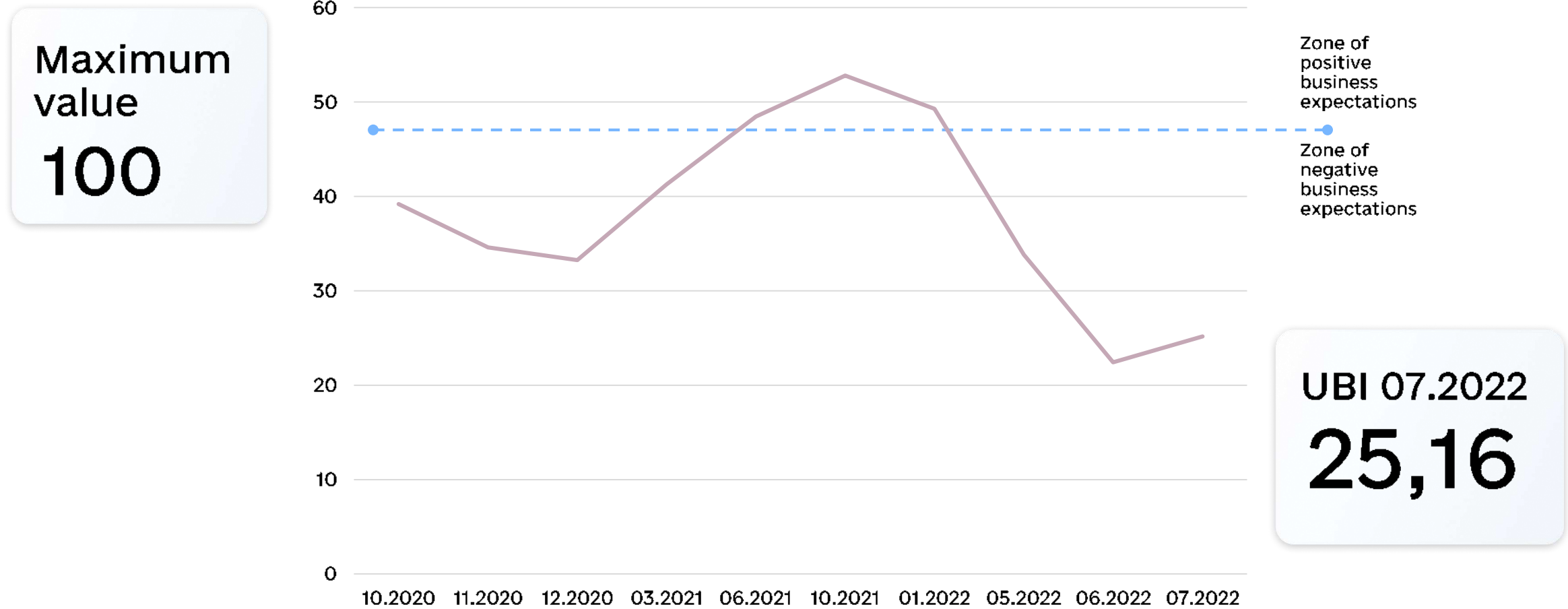


If you hire an IDP, how much are you ready to pay them provided that they have the same qualifications as local employees?

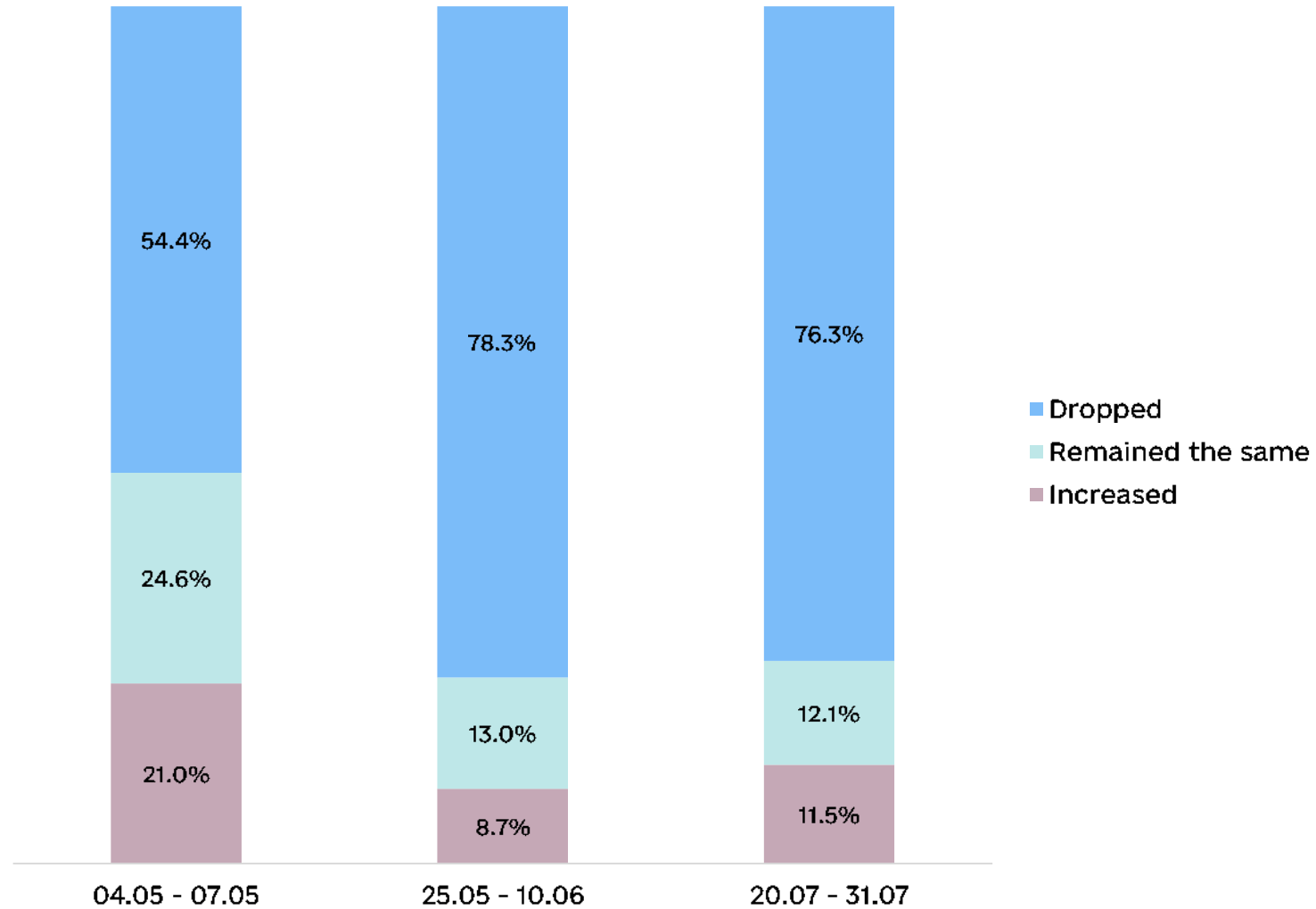


UBI – Ukrainian Business Index

UBI – Ukrainian Business Index

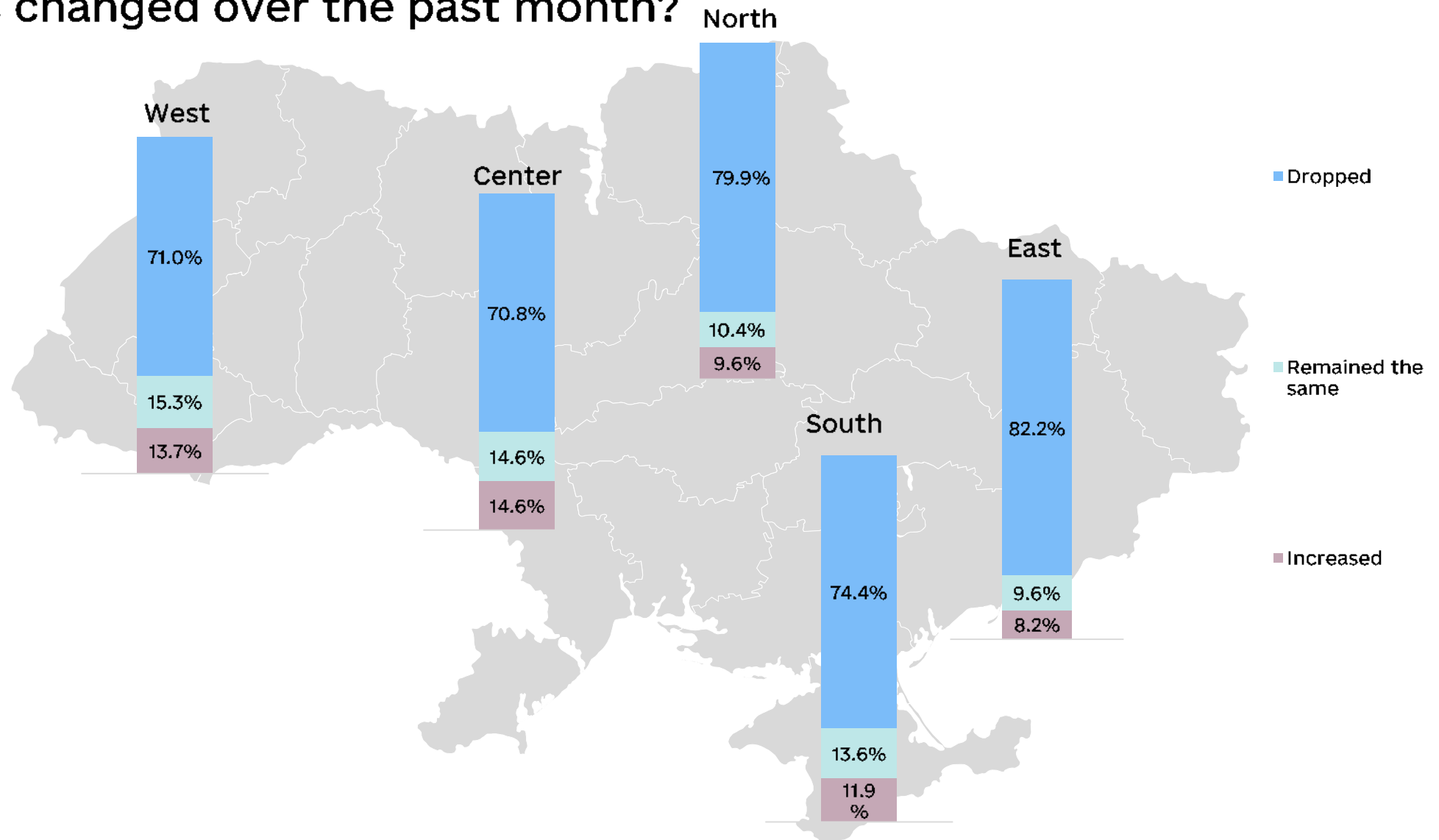


How has the number of customer orders received by the business changed over the past month?

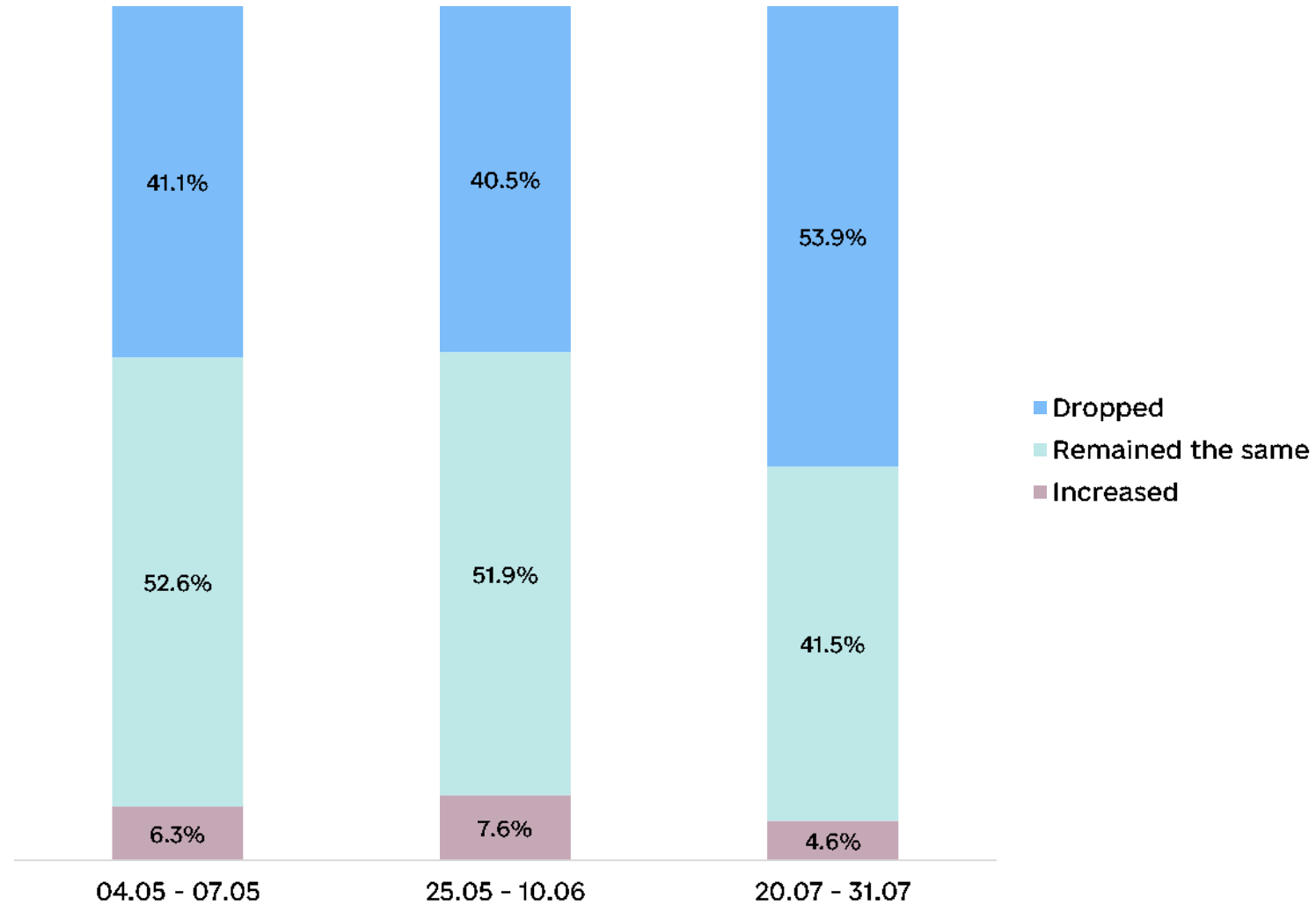


How has the number of customer orders received by the business changed over the past month?

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Volyn region
Zakarpattia region
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Lviv region
Rivne region
Ternopil region
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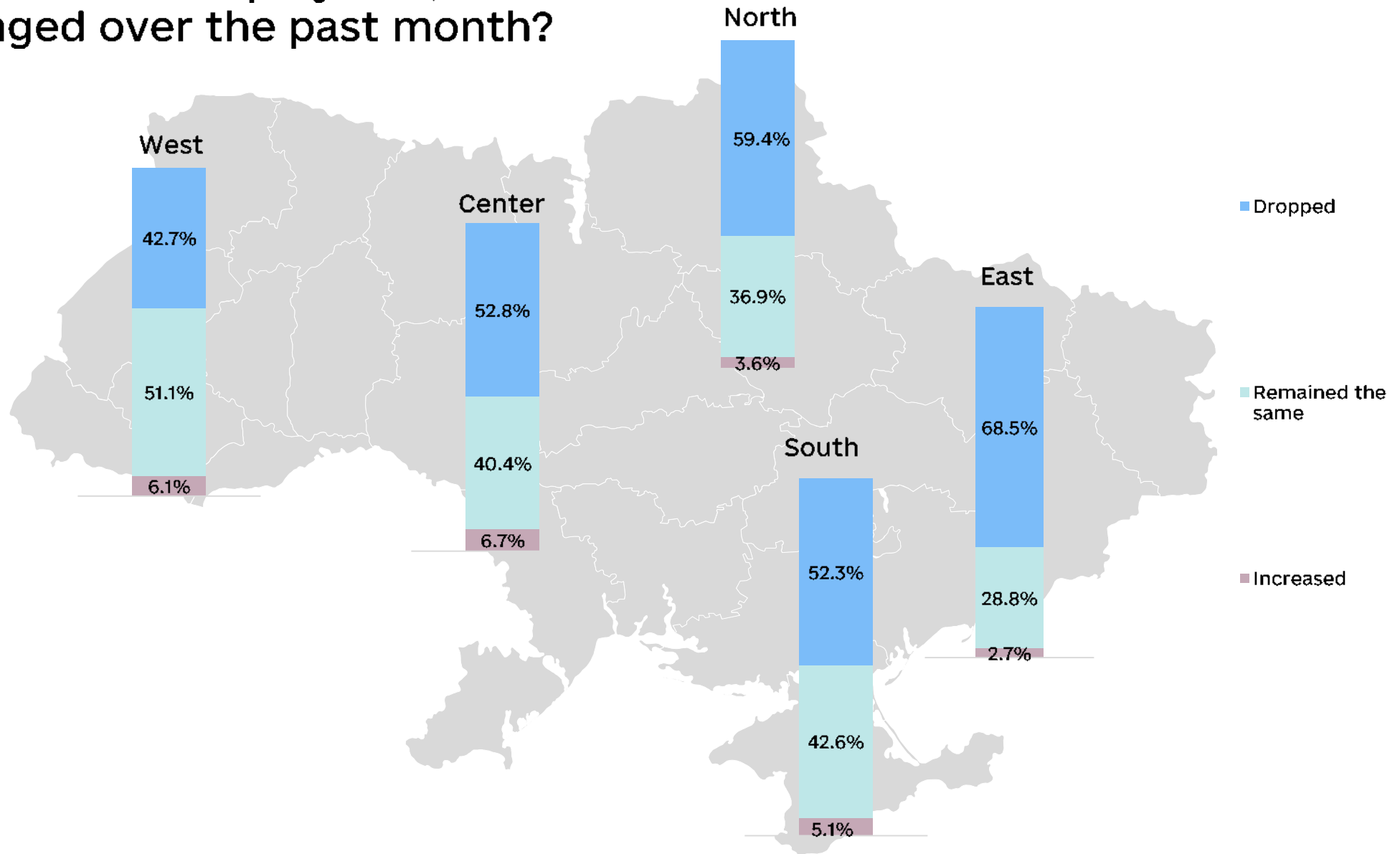


How has the number of employees (full-time and part-time) changed over the past month?

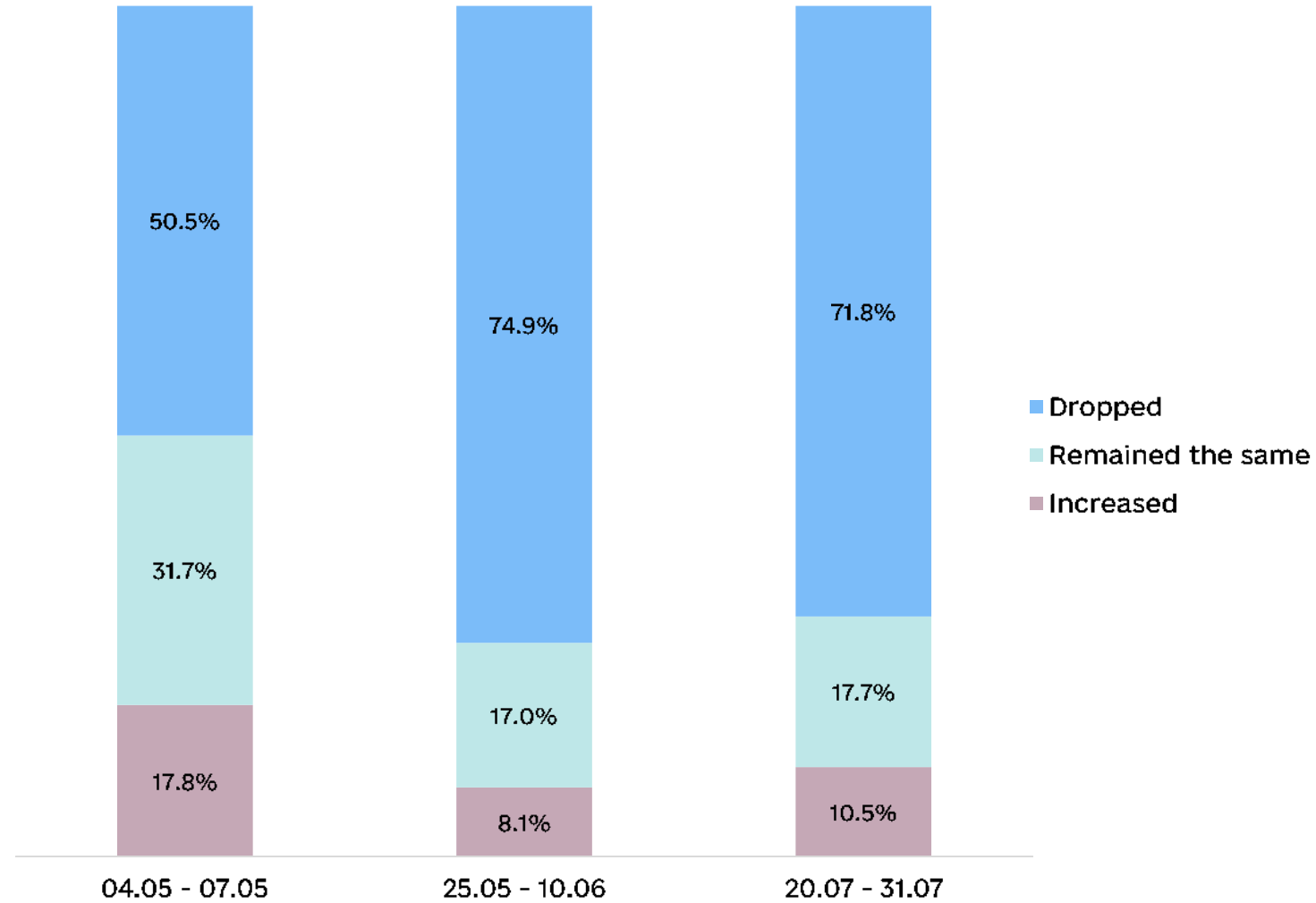


How has the number of employees (full-time and part-time) changed over the past month?

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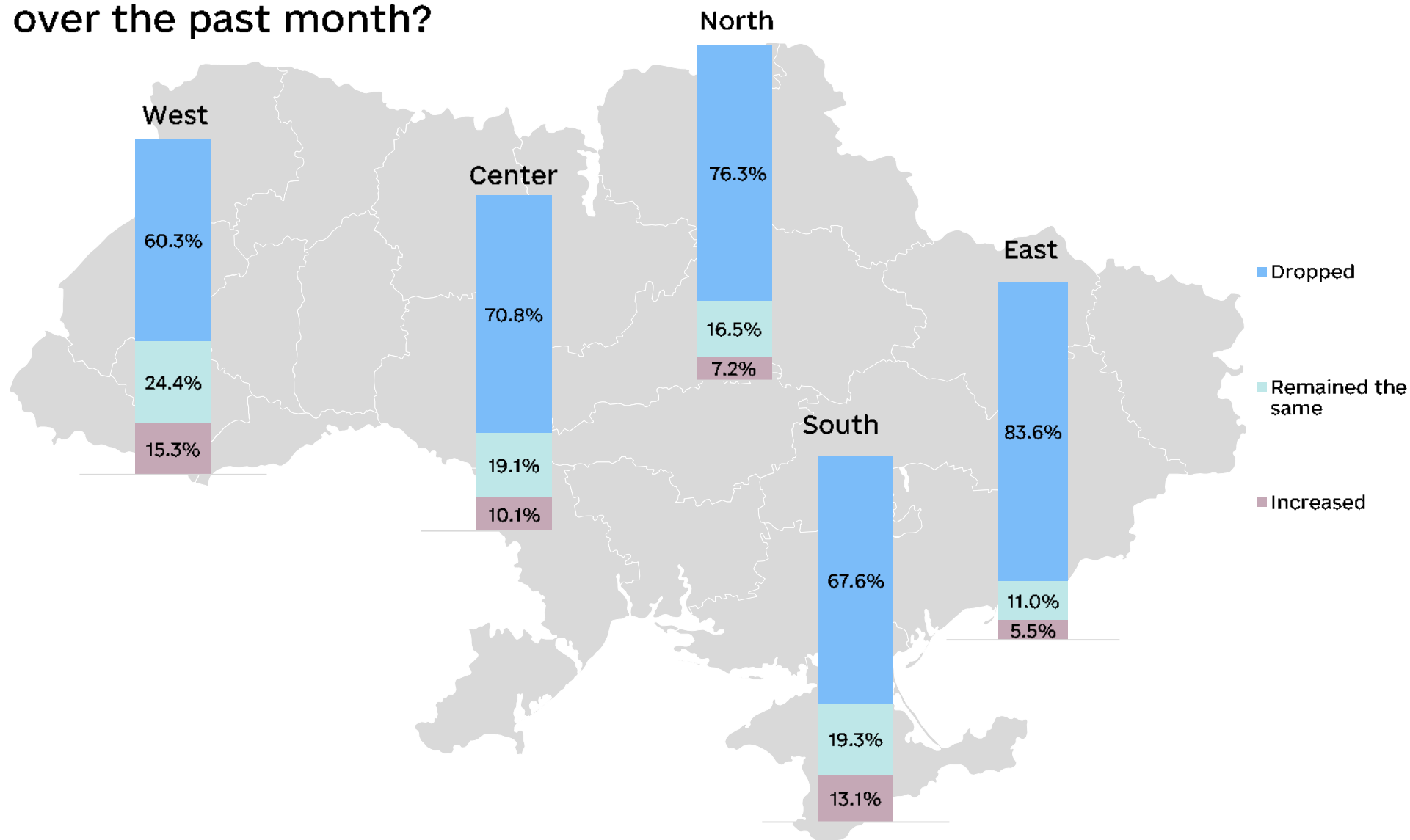


How has the volume of output of products/provided services changed over the past month?

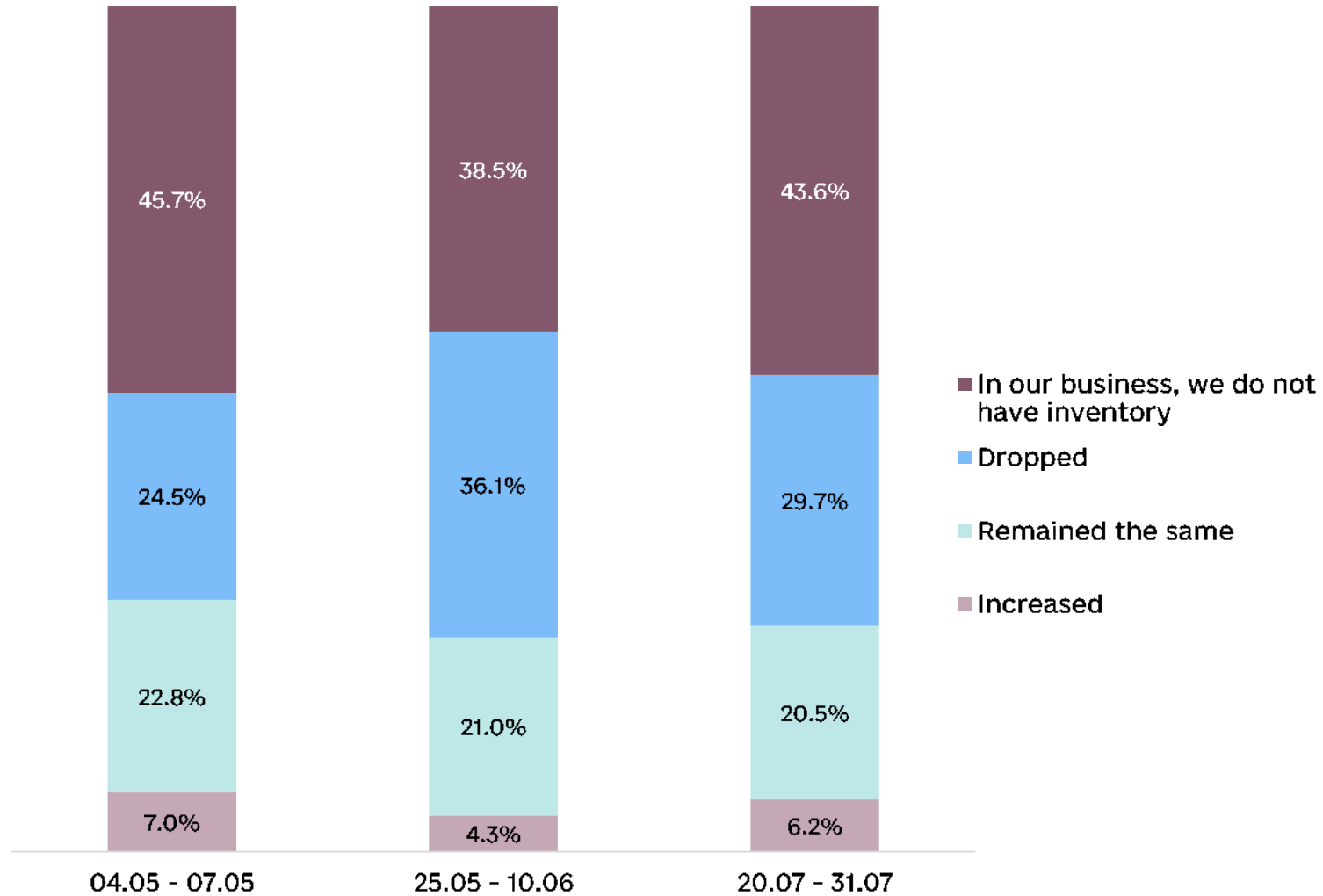


How has the volume of output of products/provided services changed over the past month?

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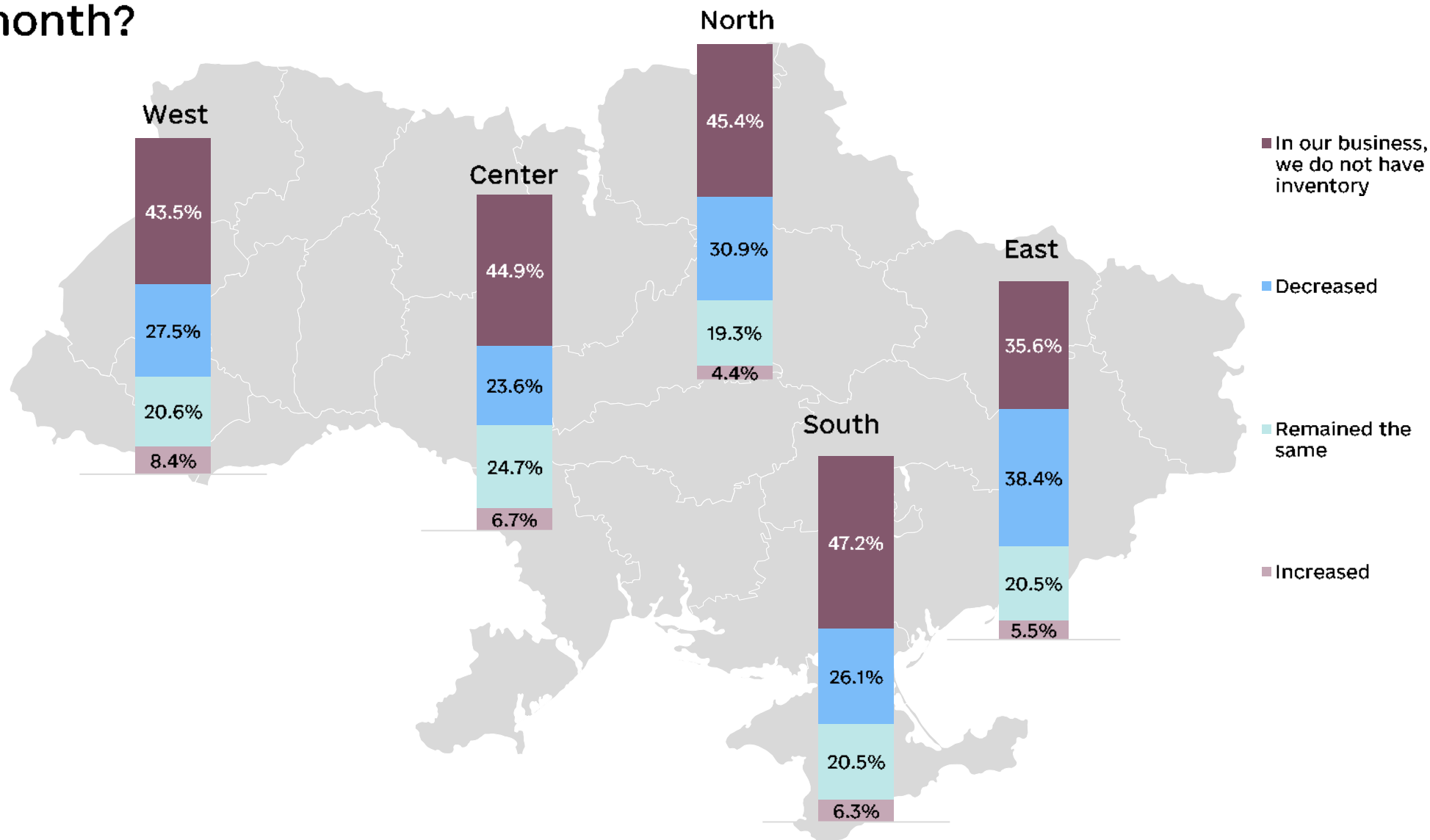


How has the overall level of inventory changed over the past month?

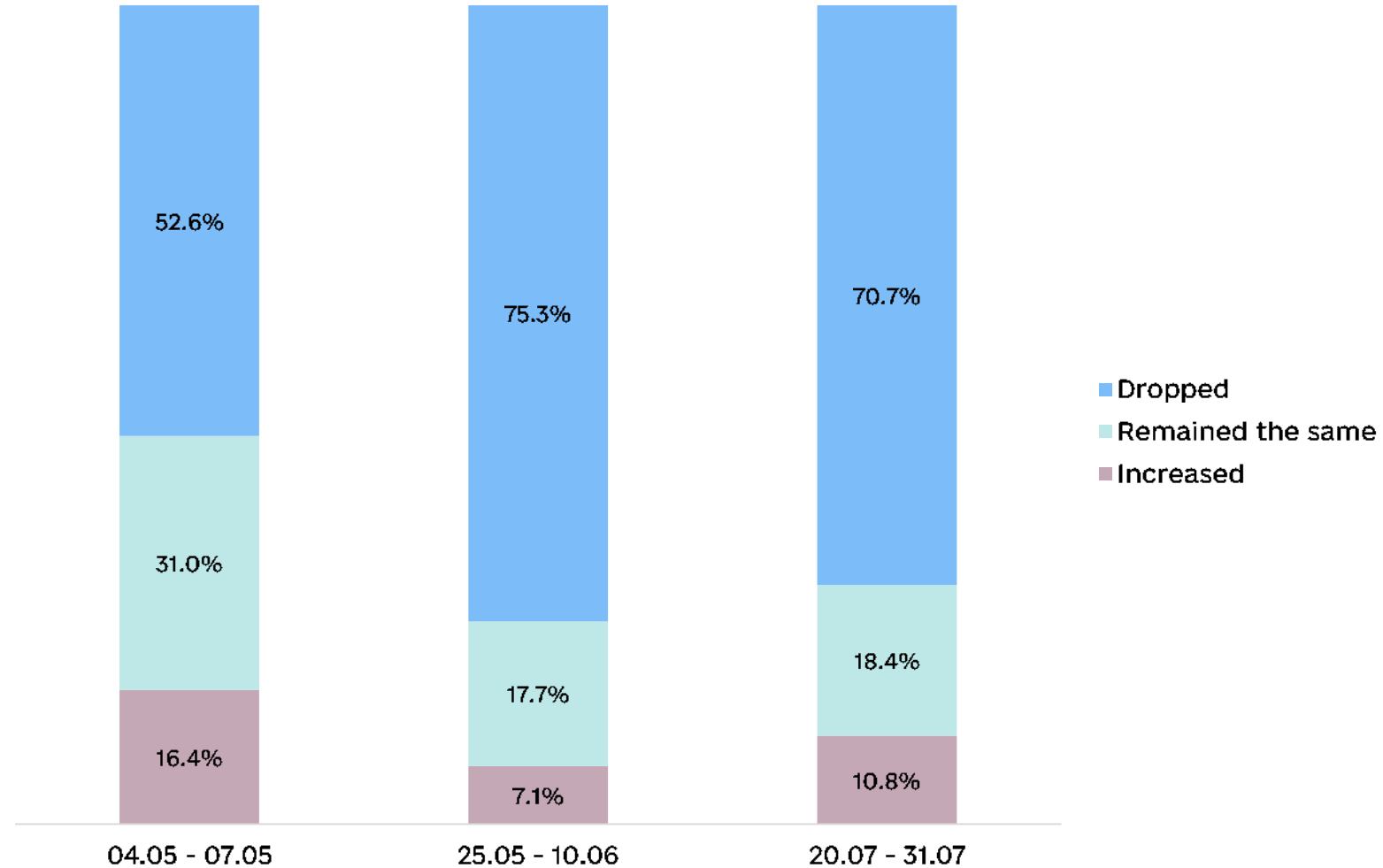


How has the overall level of inventory changed over the past month?

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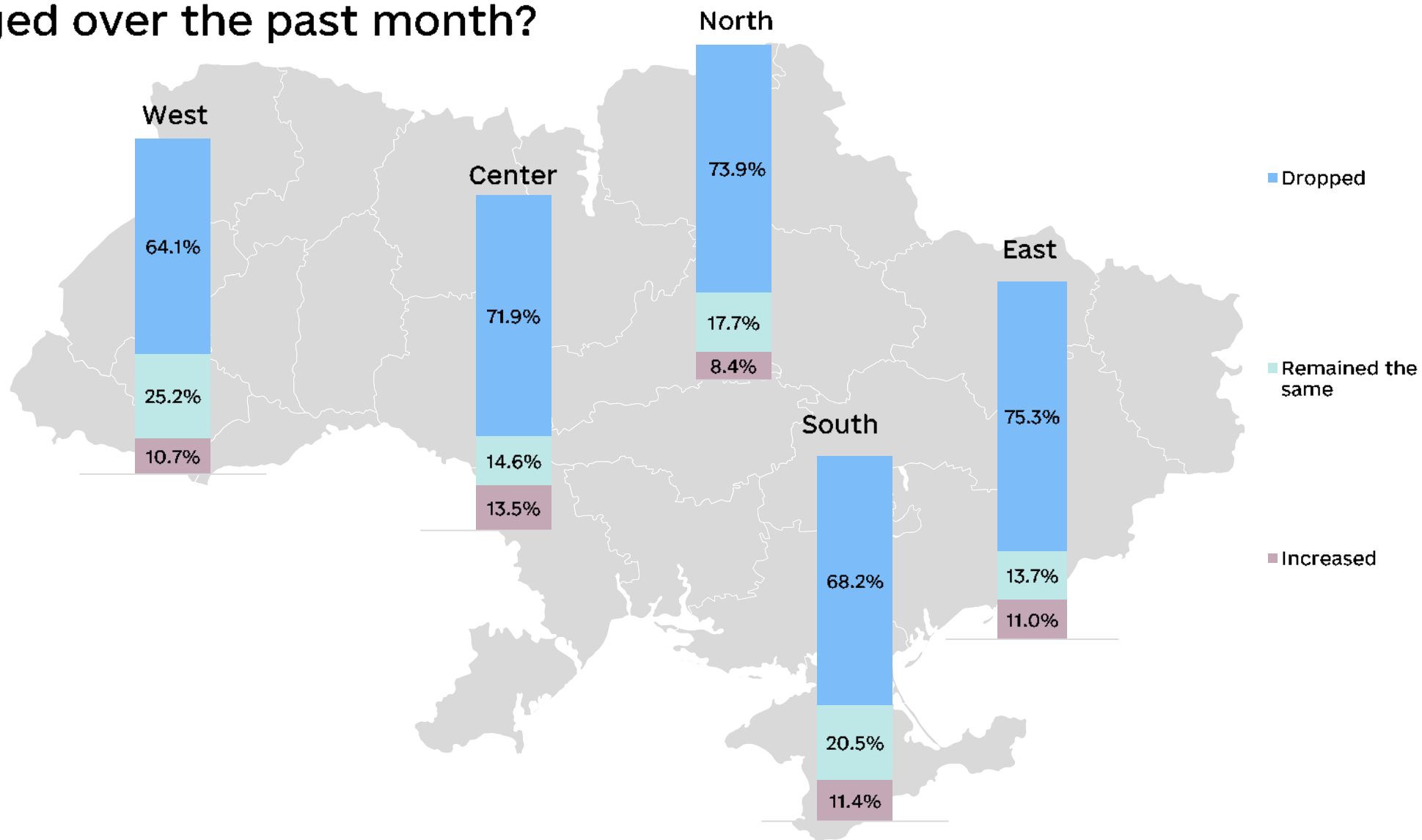


How has the number of your orders to your suppliers changed over the past month?



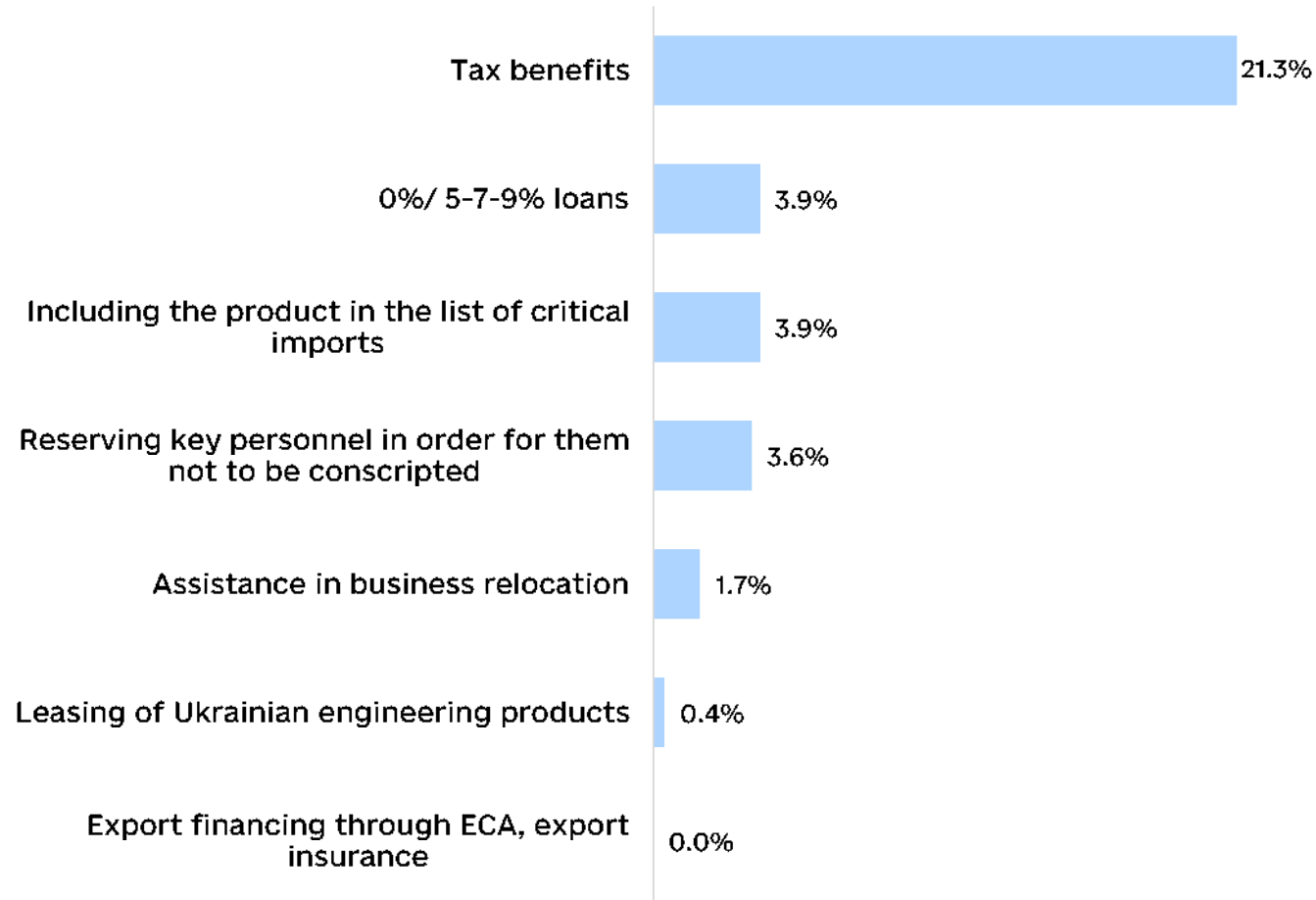
How has the number of your orders to your suppliers changed over the past month?

- West
- Volyn region
- Zakarpattia region
- Ivano-Frankivsk region
- Lviv region
- Rivne region
- Ternopil region
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- Chernivtsi region
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- Poltava region
- Cherkasy region



Problems and solutions

What types of government assistance have you used since 24.02?

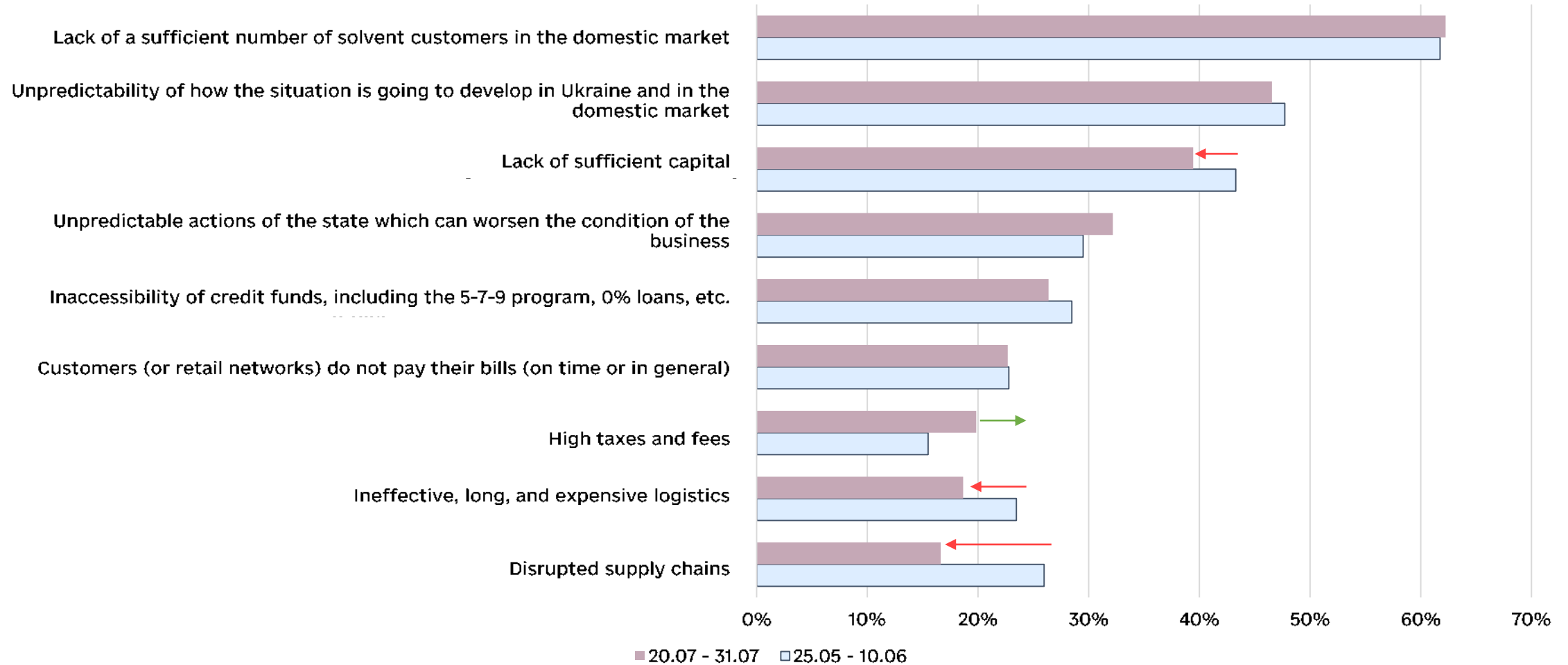


Tax
benefits
21,3%

What prevents you from restoring and developing your business now?



What prevents you from restoring and developing your business now? (The dynamics of TOP-9 responses)

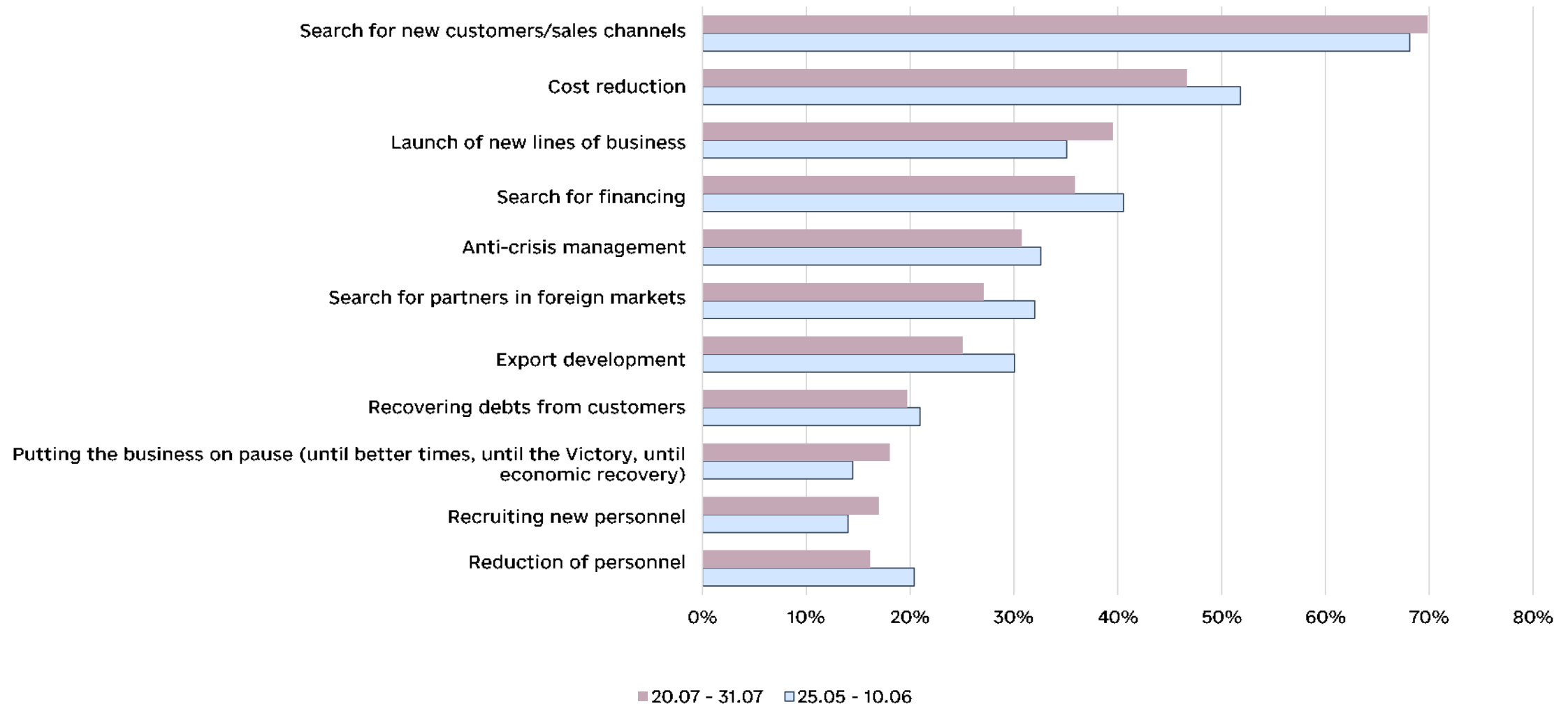


What key decisions are you making regarding your business for 2022-2023?



69,8%
search for new
customers

What key decisions are you making regarding your business for 2022-2023? (the dynamics of TOP-11 responses)



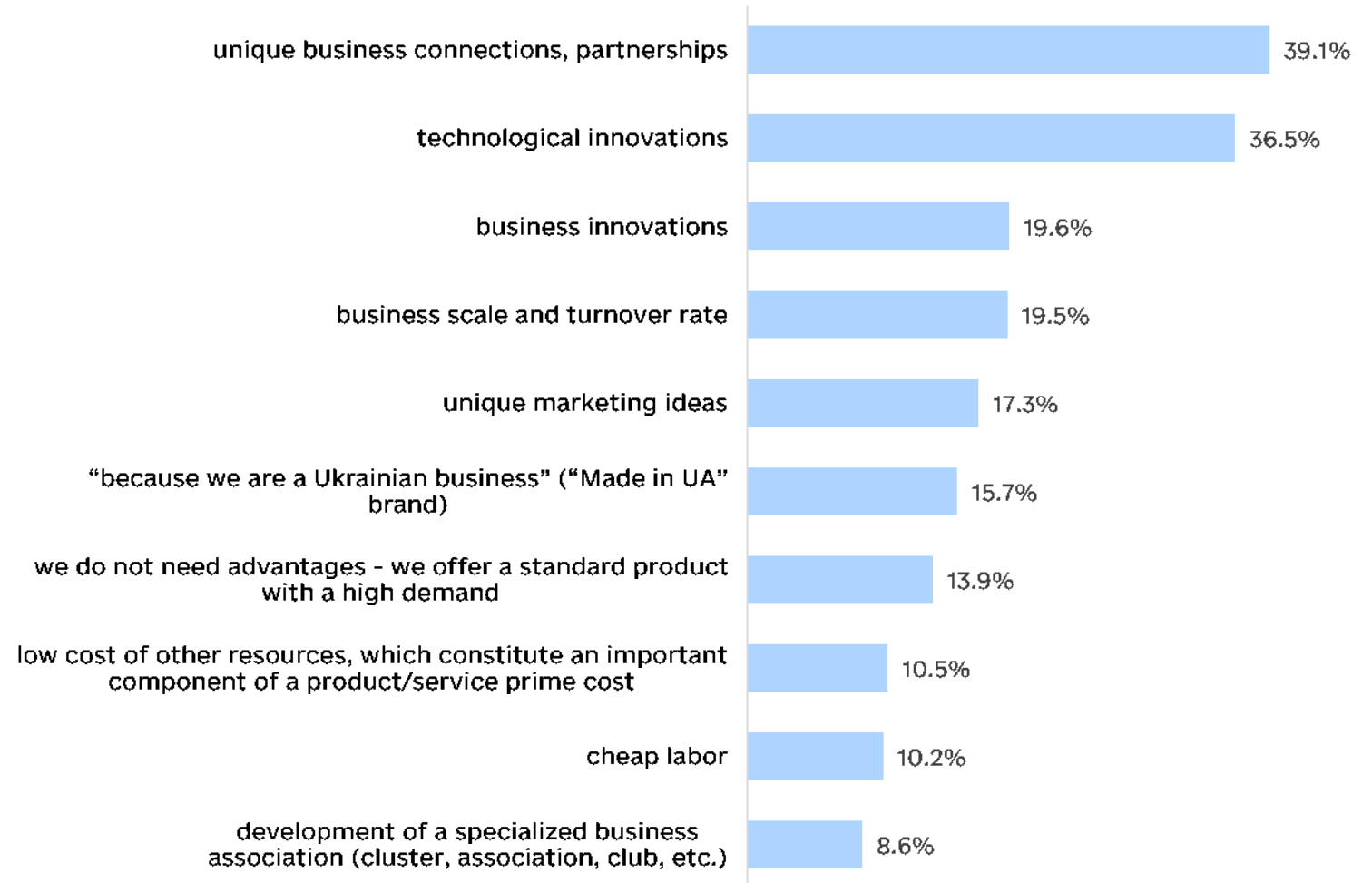
What competitive advantages of your business are you planning to use in order to develop and compete?

39,1%

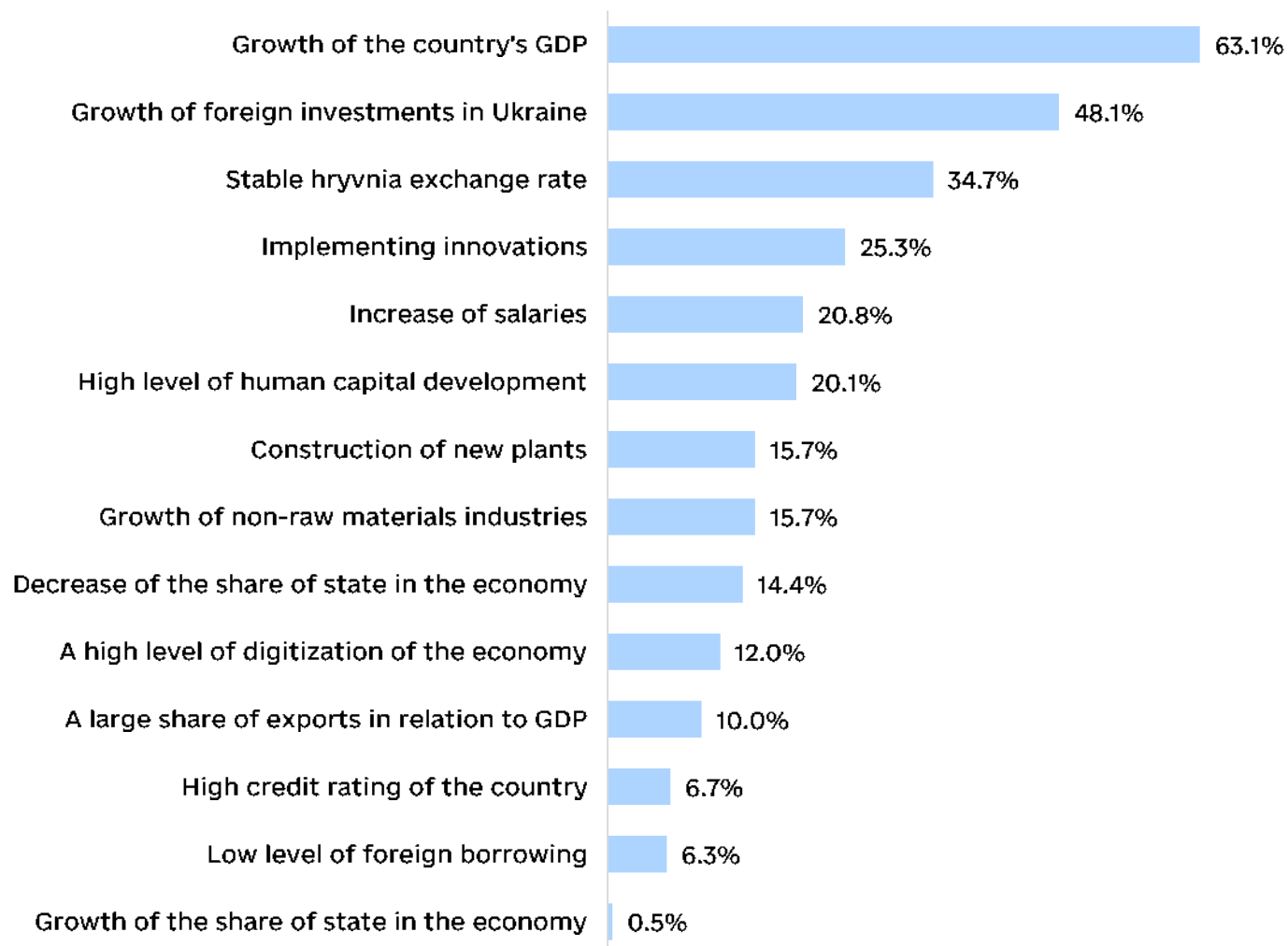
unique business connections, partnerships

36,5%

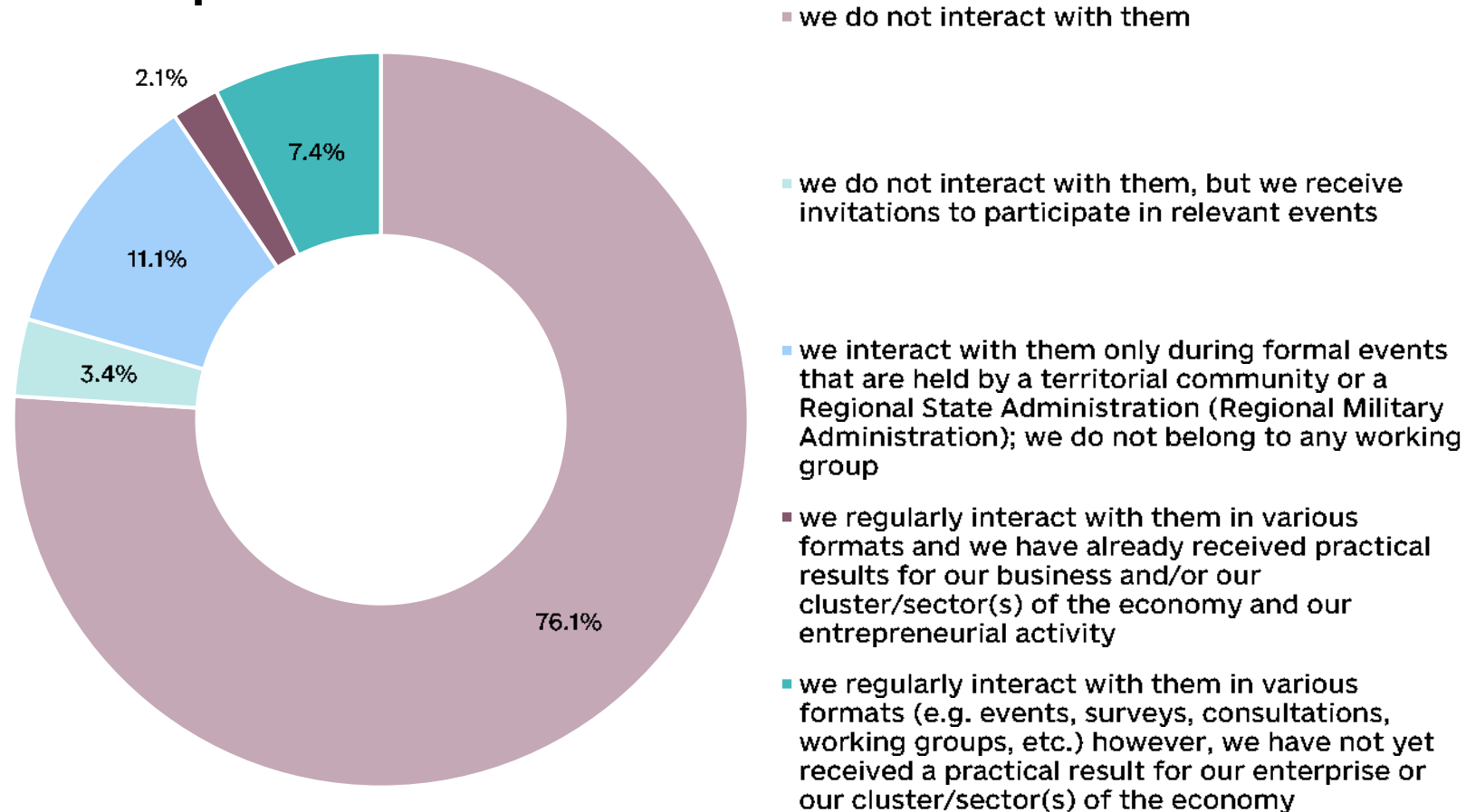
technological innovations



What is a sign of a strong economy



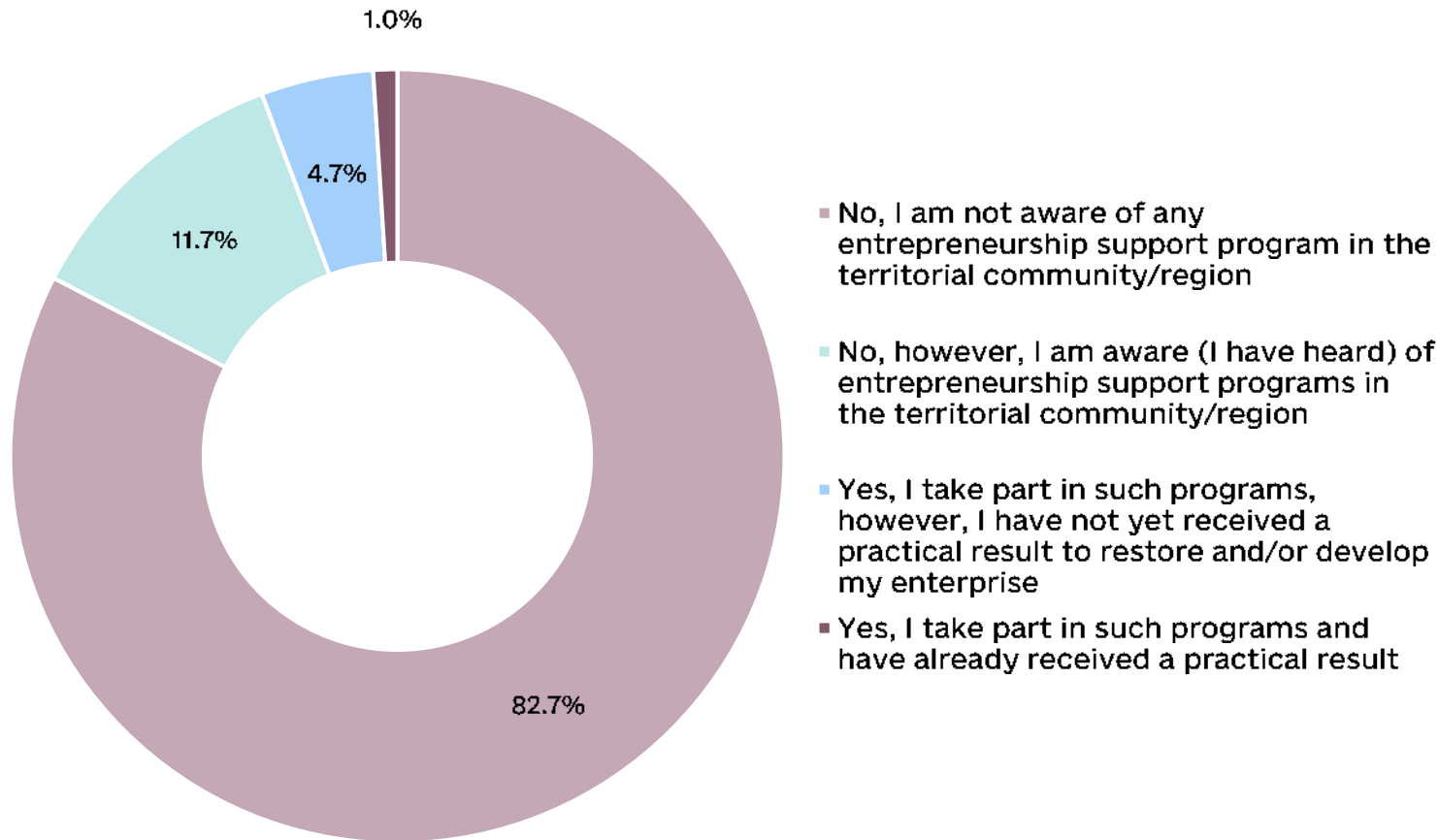
Experience of interaction with the representatives of Regional State Administrations (Regional Military Administrations) and territorial communities on resuming entrepreneurship development



76,1%

of businesses do not interact with communities or Regional State Administrations (Regional Military Administrations)

Participation in entrepreneurship support programs from territorial communities or Regional State Administrations (Regional Military Administrations)



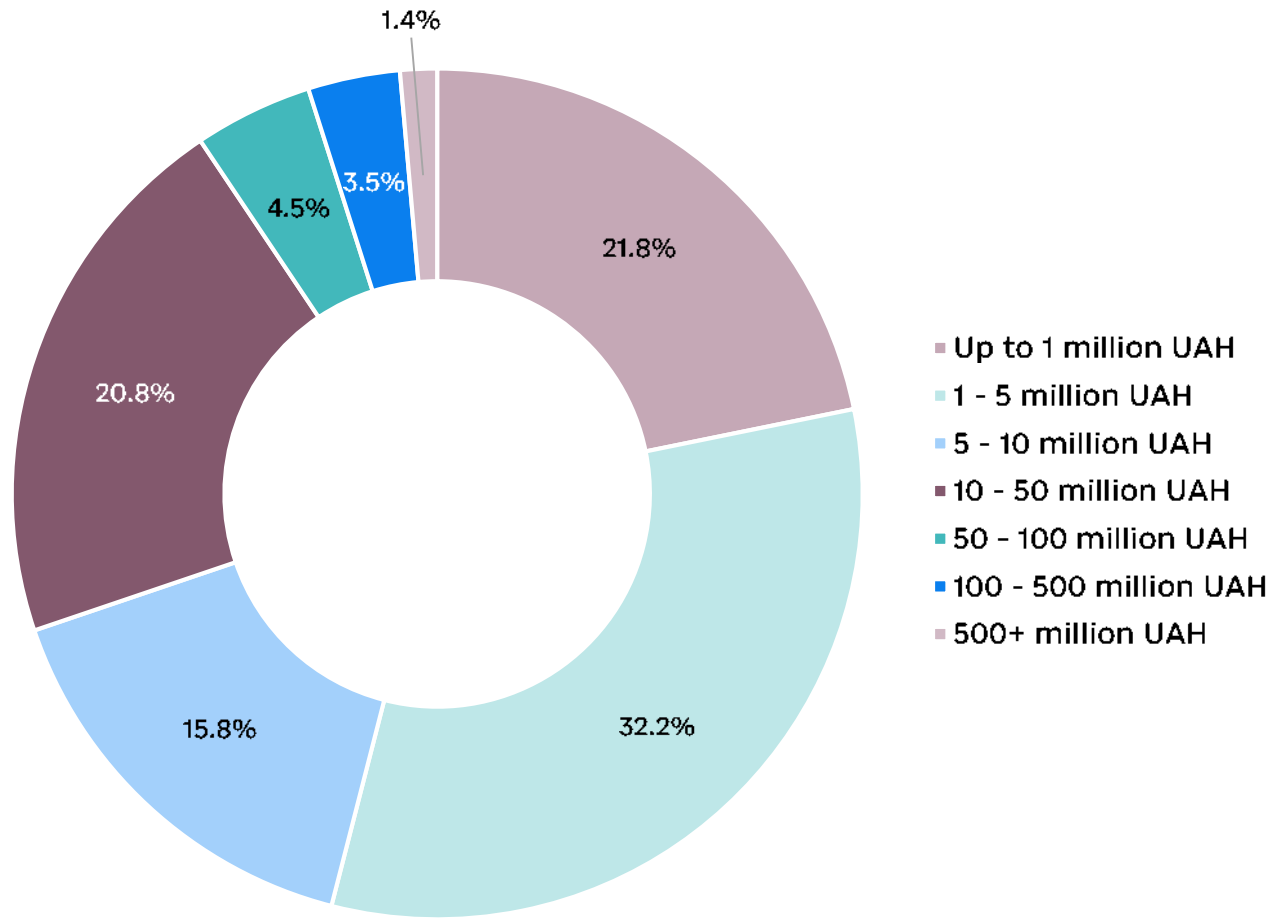
82,7%

of businesses do not know whether they are involved in community or Regional State Administration (Regional Military Administration) support programs

Passport block

7th wave of research

Business turnover in 2021



Survey geography, wave 7. Region of main business activity

All of Ukraine	14,4%
Vinnitsia region	3,8%
Volyn region	1,3%
Dnipropetrovsk region	8,8%
Donetsk region	1,7%
Zhytomyr region	2,3%
Zakarpattia region	1,9%
Zaporizhzhia region	5,2%
Ivano-Frankivsk region	1,4%
Kyiv region	7,2%
Kyiv	16,3%
Kirovohrad region	1,3%
Luhansk region	0,4%
Lviv region	5,0%
Mykolaiv region	1,5%
Odesa region	4,6%
Poltava region	3,8%
Rivne region	2,5%
Sumy region	1,7%
Ternopil region	0,8%
Kharkiv region	6,7%
Kherson region	0,7%
Khmelnitskyi region	1,9%
Cherkasy region	1,7%
Chernivtsi region	0,7%
Chernihiv region	2,3%
Crimea	0,0%

The respondents represent the following industries

Agriculture, forestry and fisheries	1,8%
Mining and quarrying	0,2%
Engineering	5,4%
Manufacture of food products	3,9%
Light industry	4,3%
Furniture production	2,4%
Other types of processing industry	3,8%
Supply of electricity, gas, steam and air conditioning	0,8%
Water supply, sewage and waste management	1,0%
Construction	12,4%
Wholesale	9,6%
Retail trade of food products	1,4%
Retail trade of other products	7,7%
Transport, warehousing, postal and courier activities	1,8%
Restaurants and cafes	1,3%
Hotel business	0,5%
Tourism	0,6%
IT sector	7,1%
Telecommunications	2,1%
Financial and insurance activities	1,2%
Real estate transactions	1,1%
Professional, scientific and technical activity	3,3%
Media	0,5%
Professional services: marketing, consulting, design	6,2%
Activities in the field of administrative and auxiliary services	0,4%
Repair of motor vehicles	1,1%
Education	2,7%
Healthcare and provision of social assistance	2,1%
Arts, sports, entertainment and recreation	1,7%
Other types of services	11,7%

