

2021 SME COUNTRY FACT SHEET

UKRAINE

Brief introduction

- The Ukrainian economy has been significantly affected by the COVID-19 pandemic and by the policy measures taken in response. In 2020, the number of employees who were forced to work part-time or to take unpaid leave increased sharply compared to 2019, rising by 28.3 % and 233.7 %, respectively.
- Small and medium-sized enterprises (SMEs) in Ukraine have been hit particularly hard by the pandemic – 84% have experienced a decline in turnover and 25% have had to reduce their staff numbers.
- SME productivity, measured as value added per person employed, was EUR 10 100 in 2019, roughly one quarter of the EU average of EUR 42 600. SMEs in Ukraine employ an average of 2.8 people, compared to the higher EU average of 3.7

SME DEVELOPMENTS 2018-2019



These data are based on data provided by the State Statistics Service of Ukraine. No estimation available due to data constraints.

	ENTERPRISES		PERSONS EMPLOYED		VALUE ADDED	
	NUMBER	SHARE	NUMBER	SHARE	€ BILLION	SHARE
SMEs (0 -249 persons employed)	1 677 913	99.9%	4 743 155	63.8%	47.730	52.9%
LARGE ENTERPRISES (250+ persons employed)	2 444	0.1%	2 696 654	36.2%	42.550	47.1%

D Data for 2019. The data are based on data provided by the State Statistics Service of Ukraine.

SME-RELATED STRENGTHS AND CHALLENGES

KEY STRENGTHS

- According to the Eurostat and Ukrstat data, the share of SMEs exporting goods in 2019 was slightly higher than the EU average. A number of public support measures have been adopted in recent years to support the internationalisation of SMEs, such as the creation of an Export Promotion Office.
- According to Ukrstat data, Ukrainian SMEs play an important role in job creation. Policy measures to create jobs in SMEs have included micro-credits to businesses that hire members of low-income families.
- It only takes 6.5 days to start a business in Ukraine – approximately half the EU average – as reported by the World Bank's Doing Business report.

KEY CHALLENGES

- The level of private equity investments in SMEs in Ukraine is low, amounting to 0.025% of GDP in 2019 – as reported by Invest Europe.
- Despite progress, the burden of government regulations remains above the EU average – according to the World Bank's Doing Business ranking. Moreover, Ukrainian businesses spend 328 hours a year paying taxes – 91% more time than the EU average.
- According to the World Bank's Doing Business report, insolvency procedures are a major weakness for Ukraine, as it costs 40.5% of the debtor's estate, four times the EU average.
- The productivity of Ukrainian SMEs is relatively low. The average value added generated by an SME employee was 58% of that of a large company, while the EU average was 64% - according to the OECD.

OTHER KEY SME-RELATED BRIEF INSIGHTS

 <p>IMPACT OF COVID-19 CRISIS ON SMES</p>	<p>According to the Ukrainian Chamber of Commerce and Industry, approximately 700 000 small businesses in the service sector closed and between 3.5-4 million jobs were lost. Several financial support programmes and other measures to support SMEs and entrepreneurs were launched, such as social security exemptions or a reduction in taxes.</p>	 <p>DIGITALISATION OF SMES</p>	<p>According to Ukrstat, there has only been moderate adoption of digital technologies and business models by SMEs, despite a relatively high share of businesses employing ICT specialists in Ukraine. The creation of the Ministry of Digital Transformation in 2019 and the online public services platform 'Diia' in 2020 has accelerated SME digitalisation.</p>
 <p>SCALE-UP ENVIRONMENT</p>	<p>The scale-up environment is still developing in Ukraine. There are equity funds as well as several incubators offering scale-up programmes. The Business Development Fund offers a number of credits and loan programmes to finance SME growth.</p>	 <p>ACCESS TO FINANCE</p>	<p>According to an OECD report, access to finance is the area where Ukraine has made the most significant progress in recent years. The launch of the State Programme 'Affordable Loans 5-7-9' which granted EUR 517 billion in credit and loans in 2020 to over 5 300 SMEs has played a major role.</p>
 <p>GREEN TRANSITION OF SMES</p>	<p>According to the 2020 OECD SME Policy Index, Ukraine has improved as regards the green transition of SMEs. However, it is still below the Eastern Partnership countries' average.</p>		