

STAR: (RE)SKILLING TOWARDS RESILIENCE: A NEXUS APPROACH TO EARLY RECOVERY AND (RE)STARTUP EMPOWERMENT IN UKRAINE

Helvetas Ukraine – World Vision Ukraine Crisis Response – Vision Fund Ukraine

Concept Note

Background: The war in Ukraine, now in its third year is marked by shelling and infrastructure attacks, causing displacement, livelihood disruption, and exacerbating socio-economic vulnerabilities.

Micro, Small and Medium Enterprises (MSMEs), once constituting 99% of all businesses, employing 82% of the workforce (~7.4 million people), and generating 65% of total sales (CSIS, August 2023), have been severely impacted. The war has resulted in significant livelihood and business losses, with half of Ukrainian businesses now shut down, and the rest operating below capacity (UN 2022, and UN 2024).

Despite these challenges, MSMEs remain central to the economy and its reconstruction. The importance of (re)skilling and fostering innovative business startups cannot be overstated. The initiatives serve as a beacon of hope and resilience, enabling life and livelihoods to persist amidst the harsh and volatile landscape.

Problem Statement: The war induced destruction of production assets and supply chains. One in two Ukrainian businesses have shut down completely, while the other half has been forced to operate well below capacity (UN 2022), with a slightly marginal improvement (UN 2024). These breakdowns have increased the demand for (re)skilling and access to working capital and project financing, a need not fully met by regular banks. On one hand, up- and re-skilling become increasingly important in finding employment and preparing the Ukrainian workforce for the reconstruction of the country. On another hand, access to finance for businesses that is currently limited and therefore hinders growth and reconstruction of the MSMEs needs significant push-up. Even before the conflict, MSMEs were largely financially excluded and struggled to access liquidity for business growth. However, not only economic aspects deserve attention, but also social components such as the tangible need for gender inclusion especially in the light of the consequences of the war where women are forced to take the full care of their households, children, and elderly. People with disabilities are another special group that is specifically vulnerable to the current circumstances and requires intentional inclusion in various aspects of social life, such as education, but also in economic activity.

Proposed Action: Helvetas Swiss Intercooperation (HSI), World Vision Ukraine Crisis Response (WV UCR), and Vision Fund Ukraine (VFU) have therefore established this partnership to spearhead a nexus programming for early recovery and (re)startup empowerment through sustainable and innovative solutions. The partnership is based on the commonality of vision in search of possible solutions to the existing issues as described in the above section, as well as the principles of complementarity of areas of expertise. Specifically:

HSI is an independent Swiss development organization that is building capacity through applying a systemic market-based approach in 34 countries across the globe. HSI is already present in Ukraine with an office in Kiyv and another in Kharkiv and implements emergency projects in shelter and WASH as well as recovery projects in livelihoods, economic and agriculture development programs. In the scope of the latter, HSI conducted a national level market system analysis targeting various sectors among which agriculture and digitalization, circular economy in

textile and industry, inclusive jobs in ICT and energy efficient construction and renovation. Also, recently HSI conducted a mapping of supply and demand for VET at national level allowing targeted evidence based and tailored strategies to foster inclusive employment package. HIS is already collaborating with a network of partners to implement direct grant and skills training activities for vulnerable groups.

World Vision is a child-focused organization working in more than 100 countries. In Ukraine WV implements programming in livelihoods and early recovery, protection and child protection including MHPSS, inclusive education and education in emergencies, cash, food and NFI programming addressing the basic needs of the most vulnerable. Gender and disability inclusion (GESI), as well as environmental stewardship (ESCA), Do No Harm, and child safeguarding are mainstreamed across the entire portfolio that allows quality outreach to those in need. WV in Ukraine operates through its 6 offices covering the whole country. While in Ukraine, WV rolls out livelihood and early recovery programming starting 2nd half of 2024, at the global level, the organization has several evidence-based project models that prove highly successful in outcomes in employability through vocational education, and entrepreneurship.

VisionFund focuses on empowering families to create income and jobs through micro credit, particularly focusing on those who have no access to formal financial services. Globally VisionFund has a portfolio of over \$500m, lending to around 1m clients. In Ukraine, VisionFund is a registered non-banking institution, currently in the final stages of applying for the license with the Central Bank to disburse loans in the country.

The proposed initiative aims at providing targeted technical trainings aligned to market demands, thereby enhancing employability and income generation opportunities and bolstering the revival of MSMEs.

The initiative further incorporates elements of promotion of inclusive education, MHPSS, acknowledging the importance of gender inclusion and protection in the skilling process. In the past couple of years, both HSI and WV UCR have implemented projects funded by BHA, SDC and BMZ - supporting IDPs, returnees, and the conflict-affected population with grants, re-qualification through Vocational Education and Training (VET), improved access to jobs and funding opportunities and extensive research.

The proposed initiative may include:

- Assisting vulnerable individuals to access the labor market by providing market-driven, green and digital technical skills training, complemented by soft skills training and the necessary support to ensure inclusivity and accessibility (e.g. child care, PSS, online trainings etc.)
- In kind support to TVET institutions for replacing damaged or outdated technical equipment
- Provision of technical support and capacity building to set-up dual VET systems, including on inclusive education by facilitating collaborations with experts from Swiss Academia
- Providing protection and MHPSS services, including the creation of 'safe spaces' and childcare during VET sessions where caregivers participate to promote gender-sensitive inclusion
- Promoting employment and self-employment through business grants and access to services in coordination with local public service providers and existing employment centers
- Organizing business events for direct engagement between businesses, job seekers, and professional training services

- Supporting Diia.Business, an online portal and network of in-person support centers established by the Ministry of Digital Transformation of Ukraine
- Providing tailored support to State Employment Centers and the National Qualification Agency, including on gender and disability inclusion
- Matchmaking of MSMEs in VET-prioritized sectors with VET graduates via apprenticeships or internships and the access to microloans
- Providing access to financial services to start-ups and SMEs, including provision of working capital loans and grants to small and medium businesses of up to \$30,000 with suitable interest rates – ensuring risk guarantees
- Providing financial literacy sessions, along with guidance on improving credit scores and understanding financing products.

STAR: (re)Skilling Towards Resilience – a Pathway to Enhanced Employability



The program will focus on the frontline oblasts - Kharkiv, Dnipro, Zaporizhzhia, Poltava, hosting the largest number of IDPs and returnees and the first phase of the program implementation is proposed to run for 24 months.

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