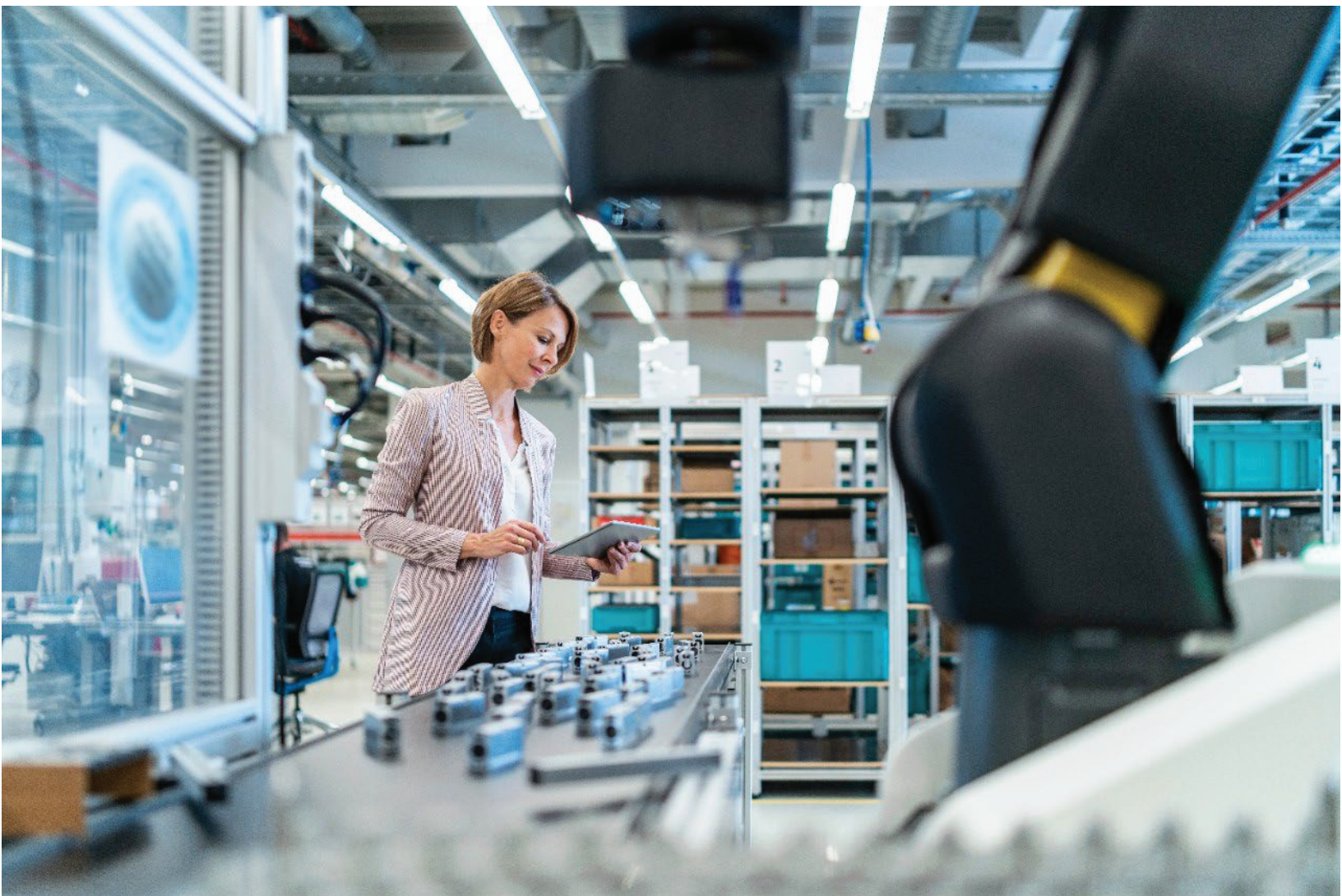


Study of the state and needs of manufacturing enterprises in the city of Kharkiv

April 2024



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This research was produced by the PricewaterhouseCoopers Advisory LLC (PwC) in cooperation with Helvetas Swiss Intercooperation with the support of Switzerland through the Swiss Agency for Development and Cooperation (SDC) as part of the Economic Resilience Program (ERP). The programme is implemented by the ERP consortium consisting of Mercy Corps, Right to Protection, Helvetas Swiss Intercooperation, and JERU (Joint Emergency Response in Ukraine of Welthungerhilfe and Concern Worldwide).

The ERP aims to support internally displaced persons and other war-affected populations to maintain stable livelihoods with reduced reliance on cash and in-kind support. The programme supports small and medium-sized enterprises, subsistence farmers, small and medium farming enterprises, and vocational education training institutions, as well as Diia.Business.

The contents of the research are the sole responsibility of the authors and does not necessarily reflect the views of the donor and organizations initiating the research.

This research summarizes the results of a survey of micro, small and medium-sized manufacturing enterprises registered in the city of Kharkiv, conducted from February to March 2024, regarding the state of their functioning and needs that were caused by the full-scale war of the Russian Federation against Ukraine. The quantitative component of the survey is delivered by structured interviews of manufacturing enterprises based on the questionnaire developed by PwC, the qualitative component – by focus group discussions based on scripts developed by PwC. Quantitative data collection and focus group discussions were carried out by the Public Organization “City Development Platform”. The analysis of the collected primary data, as well as the preparation of this report, were carried out by PwC.

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Abbreviations and contractions

Abbreviation/ contraction	Full form
Helvetas	Helvetas Swiss Intercooperation
PwC	LLC “PricewaterhouseCoopers Advisory”
EDRPOU	Unified State Register of Enterprises and Organisations of Ukraine
MSME	Micro, small and medium enterprises
CDP	City Development Platform
FGD	Focus group discussions

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Introduction



This report is the result of a study of the current state and needs of manufacturing enterprises in the city of Kharkiv, which was commissioned by Helvetas Swiss Intercooperation.

The purpose of the study was to collect information about the state of manufacturing enterprises in Kharkiv under conditions of a full-scale war, which will become the basis for the development of support programs for manufacturing enterprises to provide financial, advisory and other types of support in order to solve the problems of manufacturing enterprises and create inclusive employment and income generation opportunities in the city of Kharkiv, including the equipment upgrade, the introduction of energy efficiency technologies, export of goods and other initiatives that will contribute to the recovery and development of private business in the city of Kharkiv. The data collected in the framework of the study can also enable relevant stakeholders, in particular the local authorities of the city of Kharkiv, to develop and implement targeted measures to support Kharkiv's manufacturing enterprises.

The study methodology involved the primary data collection, which consisted of quantitative and qualitative elements. The main tool of the quantitative study was a structured questionnaire, the qualitative component was conducted using focus group discussions (FGD).

Executive summary



The full-scale war brought the destruction of cities and infrastructure to Ukraine, the mass displacement of the population both within Ukraine and abroad, and also led to the disruption of business activity and caused a negative impact on the economy of Ukraine, especially in the regions that are close to the border with the Russian Federation.

75%
of enterprises
experience income
decrease compared
to 2021

As of March 2024, three fourths of surveyed enterprises reported a decrease in their income in 2023 compared to the pre-war period, while just each tenth enterprise reported an income increase. Two thirds of respondents informed about the reduction in the number of personnel due to the population displacement, the mobilization of men and the reduction of production volumes. Moreover, half of the respondents reported an increase in the salary budget, in particular due to an increase in wages to retain staff.

70%
of enterprises lack
clients and/ or
customers

Two-thirds of enterprises do not need sectoral transformation (reorientation of production to other industries) due to the need for significant capital expenditures for new equipment and the need to retrain personnel for its implementation. Almost the same number of respondents also do not consider relocation of their production facilities because of high costs of dismantling and moving equipment, long time to install equipment, which can lead to breaches of contracts and loss of market share.

49%
of businesses don't
know about any
support from the
local authorities

More than a third of respondents carry out export activities, of which only almost one third reported an increase in the volume of exports compared to 2021, another one forth plan to start exporting.

The most significant barriers to business recovery and/or development for more than two thirds of respondents are the lack of clients and/or customers, as well as the lack of qualified personnel. Almost a third of respondents experience a lack of equipment, as well as its wear along with outdated technologies.

84%
of enterprises
would like to be
provided with
support programs
to businesses that
have remained
operating in
Kharkiv

Only one third of respondents are members of any business association. Among the main reasons of non-participation in business association are no need in the membership and lack of information about the benefits of cooperation.

Businesses hardly interact with the local authorities of Kharkiv, and almost half of the respondents do not know about any support for business provided by the local authorities.

62%
of businesses
forecast active or
moderate
development

Businesses would like to receive grant assistance, benefits for paying local taxes and fees, informational support and assistance with searching highly qualified employees from the city. In addition, the majority of enterprises defines the implementation of programs to support businesses that have remained operating in Kharkiv as the measure with the highest priority on the part of local authorities.

Most of respondents have not received any kind of assistance from international organizations because they are unaware which international organizations provide business support and what kind of support this is. Among the types of support that Kharkiv's manufacturing enterprises would like to receive from international organizations, the most prioritized are financial (grant) support, provision of equipment, support in entering international markets and finding new partners.

Despite the full-scale war, the business of Kharkiv is positive and plans its development: almost two thirds of respondents reported forecasts of active or moderate development of their business, and none of the respondents plans to suspend or terminate their business.

Study methodology



The study involved the collection and analysis of quantitative and qualitative data:

- **The collection and analysis of quantitative data** were conducted in the form of a survey based on a structured questionnaire to understand the state of functioning of manufacturing enterprises in Kharkiv, the challenges they faced since the beginning of the full-scale invasion, needs, the satisfaction of which can contribute to the recovery and development of their activities, as well as the interaction of enterprises with local authorities and international organizations.
- **The collection and analysis of qualitative data** were carried out by conducting focus group discussions (hereinafter referred to as FGDs) between representatives of enterprises of the target sectors in order to validate the results of the quantitative survey and to identify additional problems and needs of manufacturing enterprises to supplement the results of the quantitative study.

The focus of the study were micro, small and medium enterprises (hereinafter referred to as MSMEs), which represent the following sectors (hereinafter referred to as target sectors) chosen in cooperation with the City Development Platform (hereinafter referred to as CDP) based on the current concentration of MSMEs in Kharkiv:

1. Chemical industry
2. Metal-fabricating industries
3. Forestry, woodworking and paper and paperboard industry
4. Construction materials industry
5. Consumer goods industry
6. Food industry
7. Grain mill products and compound feed industry
8. Health industry
9. Printing industry

The criteria for selecting enterprises for the study were as follows:

- Only MSMEs, which were conducting operational activities at the time of the study
- Not registered as individual entrepreneurs
- Enterprises registered in the city of Kharkiv
- Enterprises working in target sectors.

Among respondents to the survey and the FGD participants were owners/co-owners, directors/deputy directors of enterprises who had a clear idea of the state and problems of the enterprise and the available information to provide answers to the questionnaire and participation in the FGD.

Quantitative study (collection and analysis of quantitative data)

The main quantitative study tool constitutes a structured questionnaire (see Annex 1) for conducting a telephone survey.

The questionnaire was written in Ukrainian. It contained 28 questions and included the following question pools:

- **Introductory part:** the part included a brief introduction to the respondent about the study and its objectives, as well as an action plan in case of an unplanned suspension of the survey (for example, due to an air alarm)
- **Screening:** questions that determined to what extent the enterprise represented by the respondent falls under the study criteria
- **Business condition and needs:** questions to find out the current state of enterprises in the target sectors, changes that have occurred in the operations of these enterprises since the beginning of the full-scale invasion, issues that prevent the business from recovering and developing, as well as business needs
- **Interaction between businesses and local authorities:** the questions involved finding out about the state of interaction of enterprises of the target sectors with local authorities, the help that local authorities offer to enterprises, as well as the types of support that businesses would like to receive from local authorities

- Interaction between businesses and international organizations: the purpose of the questions was to find out what types of support the enterprises of the target sectors received from international organizations, as well as what types of support the businesses would like to receive from them.

Questions were formed on the basis of close-end questions and were formulated neutrally to prevent possible influence on the opinion of the respondents. The questions did not contain complex terminology to prevent contradictory interpretations of the terms by the respondents.

A telephone survey conducted by CDP was used to collect quantitative data.¹

The sources for the sample of enterprises for the study included:

- Enterprise databases available in CDP
- Invitation of enterprises to participate in the study through the website of the Kharkiv Municipal Council, Kharkiv Business Hub, Telegram channels and social networks
- Information from Open Data bot.

The sampling was divided by the size of the enterprise (micro, small and medium). In order to determine the weighing coefficients, the data of the Statistics Office of Kharkiv region for 2021 were used.² Given the protection of information on operating enterprises due to the martial law, the formed sampling did not cover all operating enterprises of the target sectors. The advantage of the formed sampling is that the study was conducted on actual data of enterprises operating at the time of the study.

Before the start of the study deployment, eight test calls were made to find out how clear the questions and answer options were to the respondent(s) in terms of wording and terminology. After conducting test calls, the questionnaire was modified accordingly.

The telephone survey lasted from February 5 to March 20, 2024, inclusive. The duration of each call was 20-25 minutes on average. In total, 101 manufacturing enterprises of Kharkiv were interviewed, as indicated below.

Number of enterprises by size



Number of enterprises by time of creation



Position of respondents at enterprises, %



¹ Note: PwC is not responsible for the quality of the telephone survey conducted by the City Development Platform and for the results of the survey provided by it.

² Note: The website of the Statistics Office of Kharkiv region contains a breakdown of enterprises by their size for 2021. The CDP made an official request to provide updated statistics, but due to martial law, the Statistics Office of Kharkiv region did not provide it.

Qualitative study (collection and analysis of qualitative data)

Qualitative study was carried out by conducting FGD, the purpose of which was to verify the hypotheses developed based on the results of quantitative study, to collect more detailed information about the problems and needs of manufacturing enterprises of the target sectors, to identify their additional problems and needs and what assistance they receive from local authorities and international organizations.

The CDP organized the FGD, which also ensured the presence of a moderator. PwC representatives participated in the FGD as observers in order to monitor and coordinate the FGD, possibly correct the actions of the moderator and provide additional/clarifying questions for discussion.

In total, 3 (three) FGDs were held in an offline format with an average duration of about two hours each. The composition of each FGD was as follows:

FGD No.	Type of enterprises	Number of participants
1	Micro and small enterprises	7
2	Small enterprises	4
3	Small and medium	6

Key limitations

The study has a number of limitations, which are listed below:

- **Official statistics:** due to the martial law, the Statistics Office of Kharkiv region does not publish data for 2022 and 2023, and the EDRPOU database is still closed. Therefore, data for 2021 were used to stratify the sampling by size of enterprises.
- **Sampling:** due to the martial law in Ukraine, the Kharkiv State Taxation Inspection of the Main Directorate of the SFS in Kharkiv region refused to provide up-to-date information on the manufacturing enterprises operating in Kharkiv. For sampling purposes, data were used as specified in the methodology.
- **Time limitations:** This study was conducted over a short period of time (February-March 2024), which did not allow for a larger number of effective surveys.
- **Full-scale war in Ukraine and Kharkiv's proximity to the border with the Russian Federation:** the results of the study may not reflect changes that occurred between the time the study was completed and the time this report was prepared and/or published.

Study results



State of business and business needs

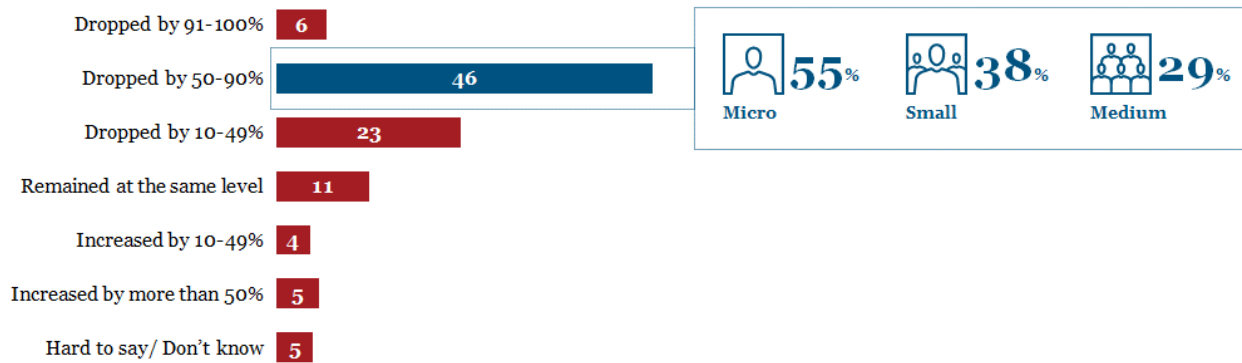
The majority of respondents (75%) reported a decline in business revenue in 2023 compared to the revenue they received before the full-scale invasion. In particular, 46% of respondents reported the drop from 50 to 90%, among them: 55% of microenterprises, slightly more than a third of small enterprises (38%) and less than a third of medium enterprises (29%). With a drop in income of almost 100% from the pre-war period, small businesses were hit the hardest, with almost 10% of them witnessing such a drop. It is worth noting that 43% of medium enterprises in 2023 received a level of income similar to the pre-war period. Some businesses adapted to full-scale war and increased their revenue: 11% of medium businesses increased their revenue by more than 50%, while only 5% and 2% of micro and small businesses reported such level of an increase, respectively.

The given results indicate a smaller impact of the war on medium enterprises, and accordingly, their faster adaptation to the conditions of conducting business during the war.

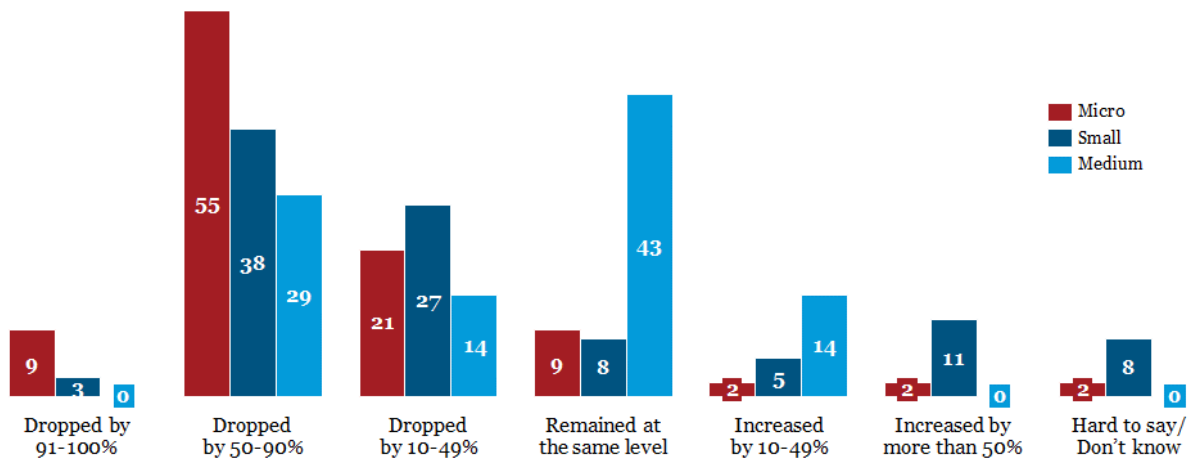
Chart 1. Changes in the income of enterprises

How did the annual income of the enterprise in 2023 change compared to the annual income in 2021, % of respondents?

All respondents



By size of enterprises



The decrease in income was also confirmed by FGD participants. However, most of them mentioned that the main problems were in 2022. In 2023, the businesses began to adapt and gradually return to the pre-war level of income. Most of the FGD participants report positive changes in income and expectations for

2024. Among the main reasons for the decrease in income in 2023, the participants noted a significant decrease in number of orders, destroyed production facilities, production facilities that ended up in the occupied territories, as well as the lack of qualified personnel, part of which was mobilized, and part left Ukraine.

[Income decreased] by 50 percent. However, in recent months there is a revival associated with increased business activity in Kharkiv.

The owner of a small printing company

In the autumn of 2023, we were fully loaded at pre-war levels... Post-war income dropped by half. Now we are in the process of recovery by +15-20 percent.

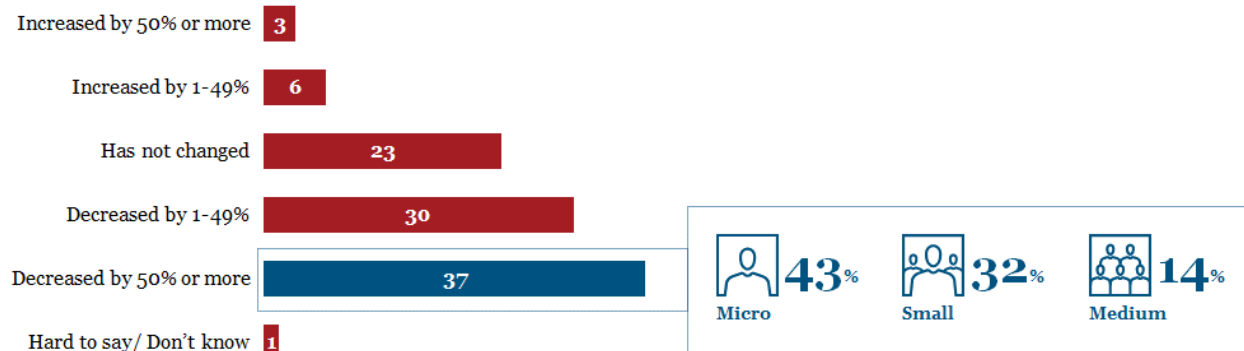
The owner of a small enterprise for the production of wooden insulated glass units

Regarding the number of personnel, a quarter of the respondents reported that their number remained unchanged. Nevertheless, more than a third (37%) announced a significant reduction in the number of personnel (more than 50% compared to the pre-war period). The greatest impact on the number of personnel was felt by microenterprises (in almost half of them the number of personnel decreased by half or more). Almost a third of small enterprises have seen a reduction in staff by more than half. The only segment of enterprises where an increase in the number of personnel is observed is medium enterprises: a third of medium enterprises reported an increase in the number of employees.

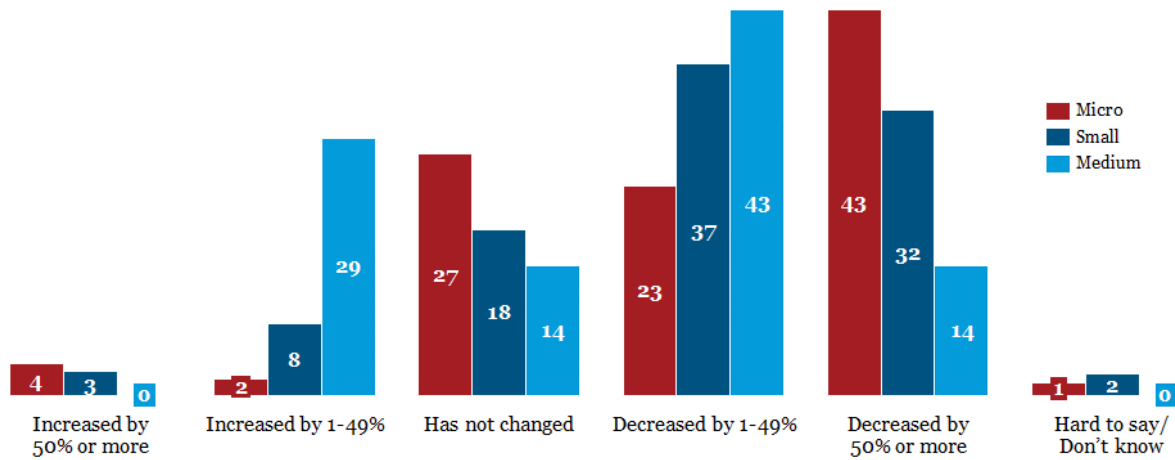
Chart 2. Change in the number of personnel

How the average number of employees of the enterprise has changed since the beginning of the full-scale invasion, % of respondents

All respondents



By size of enterprises



FGD participants also spoke about the decrease in numbers. Among the main reasons for this decrease is the mobilization of men and the movement of people to other regions of Ukraine or abroad. Enterprises are trying to retain staff, especially highly qualified ones, by raising wages and transferring administrative staff who moved from Kharkiv to remote work mode.

Before the war, there were 45-47 people, now there are 30... The biggest problem is draft notices. It is not clear how to reserve [employees] and how to prove that everything depends on this person. There is one technologist. If he is not there, you could just terminate your operation... There is a machine that costs 450 thousand euros, but I cannot allow students to use it. What if he/she presses the wrong buttons?

The owner of a small enterprise for the production of wooden insulated glass units

There is also the issue of draft notices. It is unclear what to do with key employees. Should we file a claim against them that they robbed the company, so that a criminal case could be opened against them, or "put them in the hospital"?

The owner of a medium printing company

An interesting fact is the active employment of persons relocated to Kharkiv, who, according to FGD participants, are less demanding in terms of wages and working conditions, but are ready to work in order to be able to provide for themselves and their families.

... what attracts in Kharkiv is labour potential. The number of people in Kharkiv has decreased, but a large number of people have arrived from other regions, who are not pampered at all. If before the war you had to try to find someone for a salary of 15-20 thousand [hryvnias], now I have people from Donetsk region working for me, they're just like robots. At six in the morning they are already at work.

The owner of a small company for the production of tableware

Despite the decrease in the number of employees of enterprises, the respondents indicate an increase in the size of the salary budget from among half of all enterprises: among 71% of medium enterprises, 58% of small and 41% of microenterprises. At the same time, a decrease in the salary budget, including due to a decrease in the number of personnel, occurred among 28% of enterprises, and microenterprises (30% of respondents among microenterprises) and small enterprises (26% of respondents) experienced it the most.

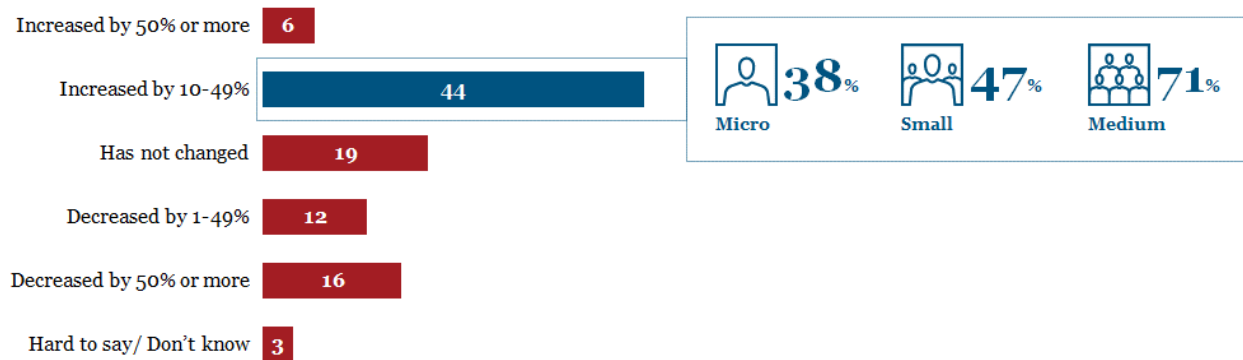
Only a quarter of microenterprises, 17% of medium and 11% of small enterprises reported on the pre-war level of the salary budget.

The growth trend of the salary budget can be explained by the higher adaptation of certain categories of enterprises, in particular medium enterprises, which demonstrate faster adaptation rates and require more personnel.

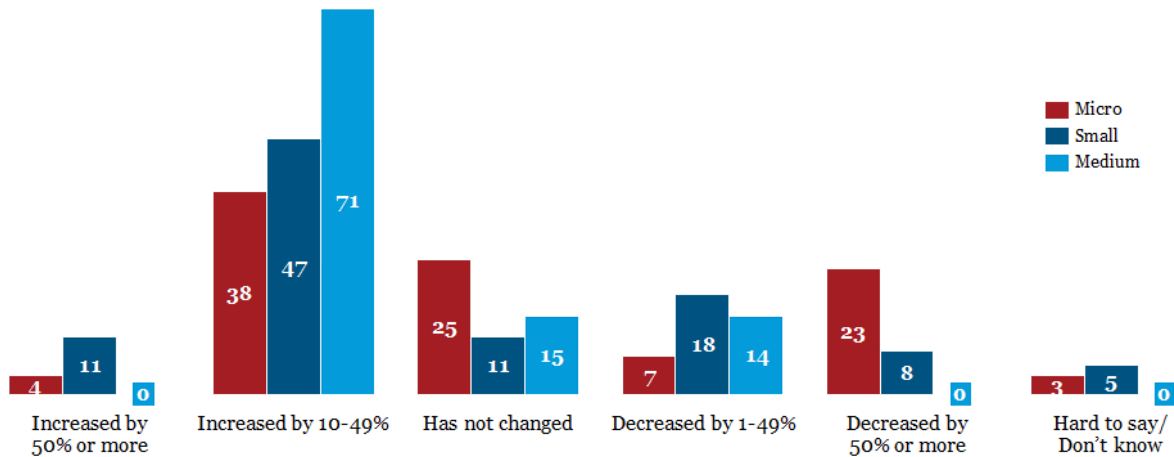
Chart 3. Change of the salary budget

The way the salary budget at the enterprise has changed since the beginning of the full-scale invasion, % of respondents

All respondents



By size of enterprises



According to the participants of the FGD, the salary budget also increased at their enterprises. The main factors of such growth are efforts to retain staff, increase in production volumes, as well as increase in the cost of production (in particular, due to rising prices for raw materials and increased logistics costs).

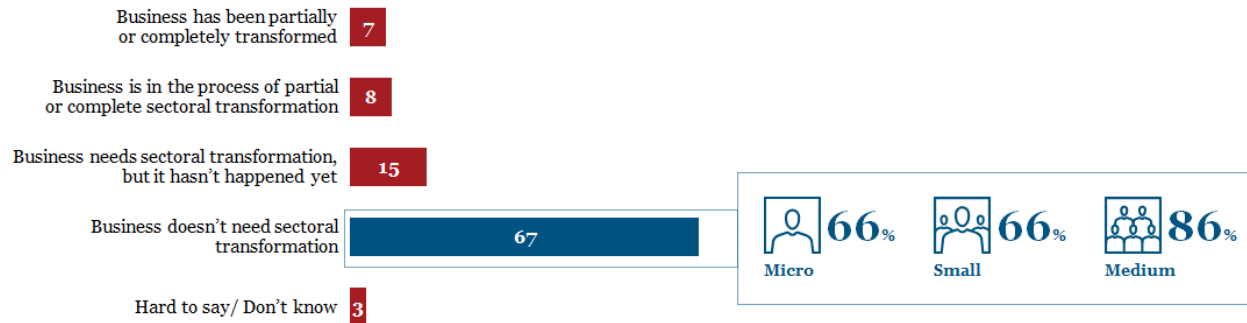
[The salary budget] increased by 30 percent. But this is due to the increase in scale. We began to produce 30% more products and, therefore, receive 30% more.

The owner of a small enterprise for the production of metal products

In terms of sectoral transformation, two-thirds of respondents said that their enterprises do not need it (66% of micro and small enterprises and 86% of medium enterprises). Only 7% of enterprises carried out a partial or full sectoral transformation, among which the largest share is occupied by small enterprises (15% of all respondents from small enterprises). It should be noted that 15% of enterprises that have not yet implemented sectoral transformation plan to do so (an average of 15% of micro and small enterprises), while medium enterprises do not plan to do so.

Chart 4. Implementation of sectoral transformation

Has your enterprise implemented or is planning to implement a sectoral transformation, % of respondents



The absence of need or impossibility of sectoral transformation was also confirmed by FGD participants. The main reasons why companies do not carry out sectoral transformation are significant capital costs for new equipment and the need to retrain staff or find new ones. However, a significant number of FGD participants noted the extension of their product range in order to increase production volumes and enter new markets, especially against the background of a decrease in the purchasing power of buyers in local and regional markets.

[Since the beginning of the full-scale war] we have been engaged in extending the assortment. We expanded a new direction. Previously, we produced a ton a month, now - up to 20 tons.

The owner of a small enterprise for the production of paints and varnishes

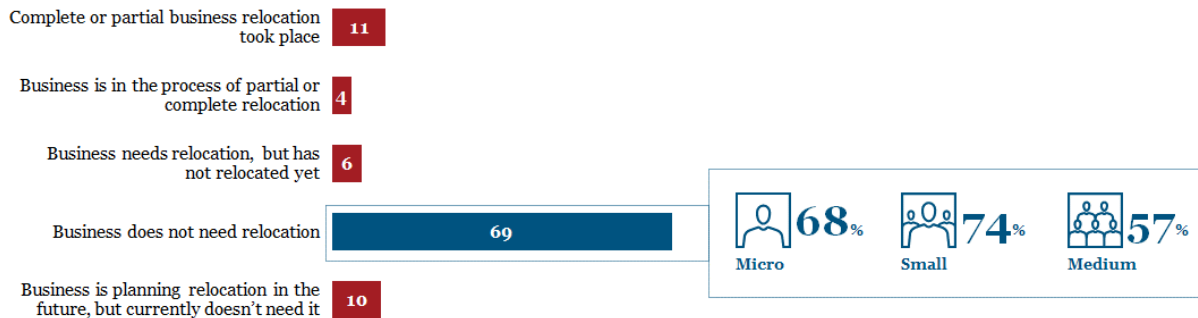
4 new products were released in two years.

The owner of a medium enterprise for the production of cable and personal safety equipment

A significant majority of enterprises (69%) do not need to relocate production facilities (68% of micro, 74% of small and 57% of medium enterprises). Only 11% of enterprises have completed partial or full relocation (on average, the same share for each size of enterprise), another 4% are in the process of partial or full relocation (most are medium enterprises).

Chart 5. Relocation

Has your enterprise carried out or is planning to carry out relocation, % of respondents



Most of the FGD participants reported that at the beginning of the full-scale war they thought about relocating production facilities, but did not do it. The main reason why enterprises did not relocate is heavy and complex production equipment, and the relocation itself requires large costs for moving the equipment and setting it up at the relocation site. In addition, large premises with appropriate technical characteristics will be required, as well as highly qualified workers to work on such equipment, which must be sought or trained. Some participants emphasized that installing equipment in a new location does not guarantee its uninterrupted operation, while installation may take a long time, which may affect the performance of existing contracts, including their termination.

We also thought about it but did not move. There is no guarantee that [*the equipment*] will then work [*at the new location*]. You move to earn there, not to stand still and fix everything for a year, hoping that you will not be eaten up by competitors. The relocation should be done so that customers do not feel it. If there are failures in deliveries, the client terminates the contract.

The owner of a medium machine-building enterprise for agriculture

We have specific equipment; it is concreted in a given plane. It is impossible to dismantle it in order to transport it. We are considering installing additional lines. We are not considering moving, we are considering building something new in western or central Ukraine to minimize logistics costs, because it is very expensive.

The owner of a small enterprise for the production of paints and varnishes

Some of the FGD participants reported that due to the distance of Kharkiv from the border with European countries and the above-mentioned difficulties with relocation, they are thinking about building a new facility in the western regions of Ukraine, which will allow to increase production volumes and reduce logistics costs, which have increased significantly since the beginning of a full-scale war, increasing the cost of production and, accordingly, reducing price competitiveness.

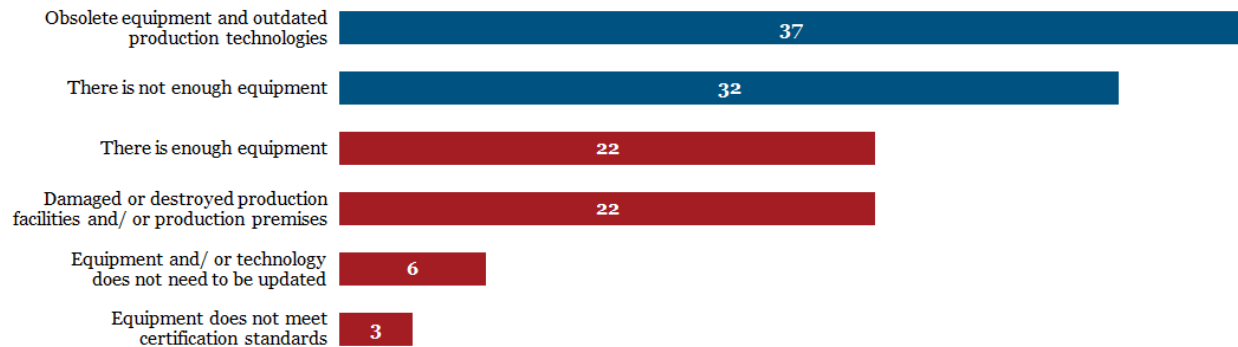
Yes, we considered [*relocation*]. We are increasing exports. We understand that the money we will spend on transport and logistics is better spent on building a new factory closer to the border. It is completely unprofitable to be in Kharkiv in terms of transport. Metal is cheaper in Europe. It is cheaper to bring it from Slovakia than to buy in Nikopol.

The owner of a small enterprise for the production of metal products

Regarding the state of the material and technical base, more than a third of respondents (37%) reported that their equipment and production technologies are outdated, almost a third (32%) mentioned that they do not have enough equipment, and 22% of enterprises reported damaged or destroyed production facilities and/or production premises. At the same time, 22% of respondents indicated that they have enough equipment, and 6% that their equipment and/or technologies do not need to be updated.

Chart 6. State of the material and technical base

What is the state of the material and technical base of the enterprise, % of respondents



Note: respondents could choose several answer options

The results of the survey were also confirmed during the conducted FGDs. Most enterprises do not have enough equipment to scale up production volumes and there is a need to replace and/or modernize equipment due to its obsolescence.

Equipment is always needed. I would replace 50 percent of it. It is already obsolete, under 20 years old. We started with a used one.

The owner of a medium machine-building enterprise for agriculture

It should also be noted about other needs voiced by FGD participants. Some of the participants talked about the need to use alternative sources of electricity, in particular, the installation of solar panels, and they expect such support from international organizations. Another need constitutes the replacement of Russian software for production equipment, which is costly for enterprises in terms of both price and time.

All equipment is new. Additional capacities are needed to increase production volumes. [...] It would be good to modernize electricity consumption, install solar panels. But I do not plan to do it at my own expense, as it is expensive and unprofitable. However, if cooperating with international organizations, I would consider it.

The owner of a micro-enterprise for the production of tableware

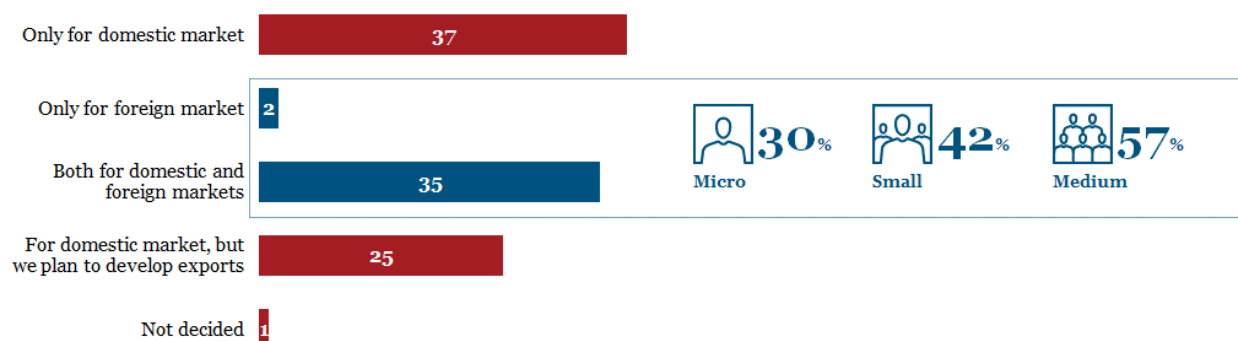
Before the war, many tenders were won, in particular in Slovakia, Kharkiv, Odesa. We bought a couple of machines from the company that closed down. We took them and installed them. Now the main problem is the software. Previously, most of the software was Russian, now we are switching to German software. It takes a lot of time, money, and effort.

The owner of a small enterprise for the production of wooden insulated glass units

More than a third of respondents (37%) carry out export activities (30% of respondents among microenterprises, 42% among small and 57% among medium enterprises). Another 25% plan to start exporting, despite the fact that they are currently focused only on the domestic market (every third small enterprise, every fifth micro and every seventh medium). At the same time, 38% of respondents do not carry out and do not plan to carry out export activities: almost half of microenterprises (48%), almost a quarter of small ones (24%) and almost a third of medium ones (29%).

Chart 7. Export activities

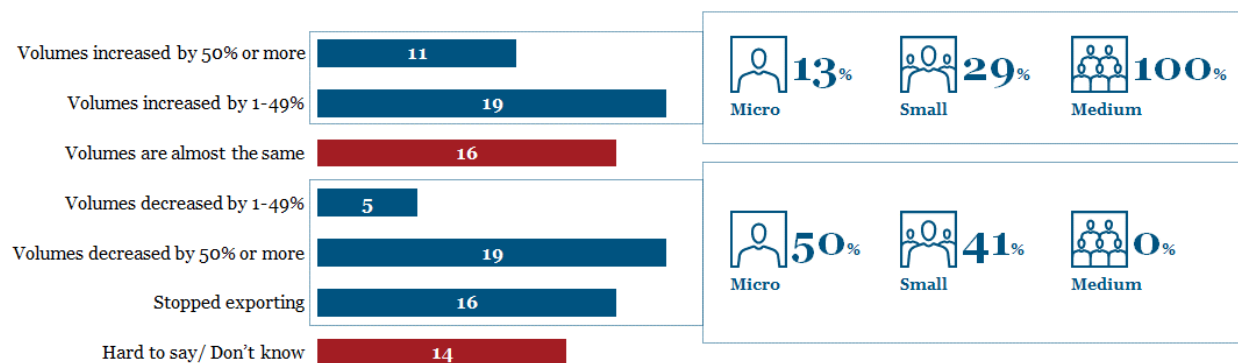
Is your business export-oriented, % of respondents



Among enterprises that carry out export activities, almost a third of enterprises have increased export volumes (29% of respondents). However, this growth occurred mostly among medium enterprises (100% of respondents) and small enterprises (29%), only 13% of microenterprises reported an increase. At the same time, every fourth enterprise noted a decrease in export volumes (31% of microenterprises and 24% of small enterprises). 16% of respondents generally reported the suspension of export activities (almost every fifth micro (19%) and small enterprise (18%).

Chart 8. Change in export volume

How have the current export indicators of your company changed compared to 2021, % of respondents



Note: only respondents engaged in export activities

Among the main challenges faced by enterprises during export activities are problems with logistics: this was reported by 54% of enterprises engaged in export activities. Almost half of the respondents (49%) noted that restrictions on men's travel abroad (for example, to participate in exhibitions or establish contacts and cooperation with foreign companies) constitute a problem. 27% and 24% of respondents reported such barriers to exporting products as the refusal of foreign partners to continue cooperation with Ukrainian manufacturers and delays at customs.

Chart 9. Challenges during export activity

Indicate the biggest challenges you've faced in your export business since the start of the full-scale invasion, % of respondents



Notes:

- only respondents who carry out export activities
- respondents could choose several answer options.

As for export activities, some of the FGD participants reported a decrease in export volumes, in particular due to the loss of the Russian market. However, companies continue to export and look for new sales markets and require assistance in finding new customers. Among the main problems in exporting, FGD participants mentioned problems with logistics and significant delays at customs. It should be noted that some enterprises want to start exporting, but they lack information and advisory support on product certification and taxation.

We did not export ourselves but through intermediaries. There is a lack of knowledge in this area of entering international markets: aspects of certification, taxation.

The owner of a small enterprise for the distribution of petrochemical products

Problems at customs: it takes a long time to export and import goods. Compared to the pre-war level, exports doubled. Before the war, 30% of exports went to Russia.

The owner of a small enterprise for the production of wooden insulated glass units

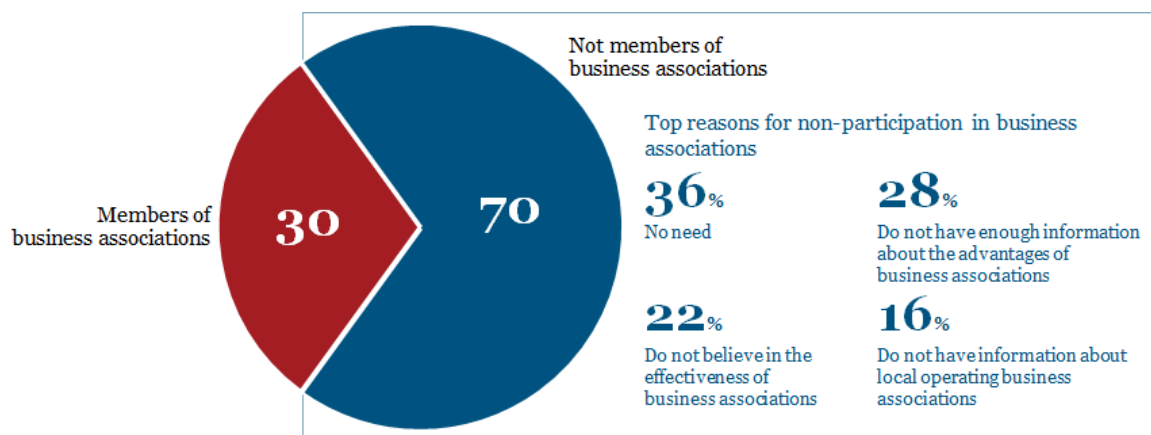
Despite the obstacles businesses face from full-scale war, most of them do not believe in cooperation. Thus, only 30% of respondents are members of any business association (8% are members of the Chamber of Commerce and Industry, 8% involved in business clubs, and only 6% engaged in business associations).

The main reasons why Kharkiv enterprises do not become members of business associations are the lack of need for membership (36% of respondents who are not members of business associations), lack of information about the advantages of cooperation (28%), absence of expectations regarding effectiveness of the association (22%), as well as insufficient information about which business associations are operating in the city (16%). At the same time, it should be noted that funds for membership fees are not a significant reason for refusing to participate in business associations: only 5% of all respondents reported the lack of free funds for paying membership fees.

Chart 10. Membership in business associations and reasons for non-participation in business associations

Which business association is your company a member of, % of respondents

Indicate the reasons why your company is not a member of business associations, % of respondents



Note:

- reasons for non-participation in business associations were indicated only by respondents who are not members of business associations
- respondents could choose several answer options.

The above results were confirmed by FGD participants, most of whom have never been members of business associations or are no longer members of business associations. Those participants who had experience of membership in business associations spoke quite negatively about such experience. The main reason for such an experience was that business associations did not solve the problems of their members, so now companies rely solely on themselves. It should be said that those FGD participants who have never been members of business associations demonstrated a low understanding of business associations, their activities and possible benefits for business.

I was a member of the Slovenian-Ukrainian Financial and Economic Council. I joined in and withdrew. Apart from meetings and chats, in 5 years, all the problems I voiced were not taken into account.

The owner of a micro-enterprise for the production and distribution of abrasive products

I was a member once. Now I do not initiate a return. Mainly there were participants-manufacturers of plastic windows, whose activities were focused on lowering the price of products. We are not interested in that. Now I don't see the point in participating, discussing unnecessary things.

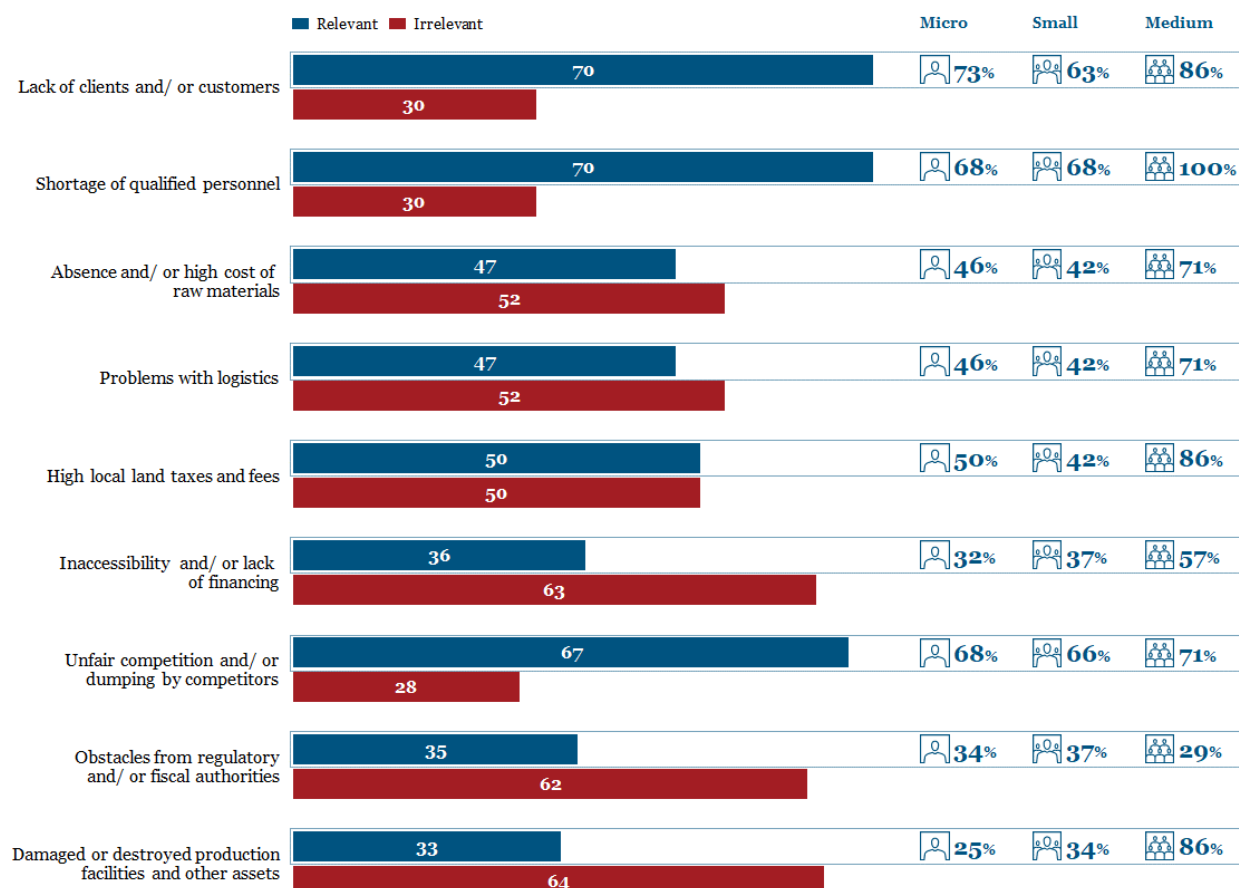
The owner of a small enterprise for the production of wooden insulated glass units

The most significant barriers for the recovery and/or development of business for the respondents are the lack of clients and/or customers and the shortage of qualified personnel. This was reported by 70% of all respondents. The lack of orders is more important for medium (86% of respondents among all medium enterprises) and for microenterprises (73%). The shortage of qualified personnel is most felt by medium enterprises, as noted by all medium enterprises. Two-thirds of micro and small enterprises also mentioned about the relevance of this problem. Respondents see unfair competition and dumping by competitors as another negative factor for business development: on average, two-thirds of enterprises informed about it, regardless of their size. As for problems with logistics, high local land taxes and fees, as well as the absence and/or high cost of raw materials, the opinions of the respondents were divided here: half of the respondents see this as a problem, the rest do not.

Moreover, obstacles such as the unavailability and/or lack of financing, obstacles from regulatory and/or fiscal authorities, and damage or destruction of production facilities are not decisive for the respondents development of their business: almost two-thirds of enterprises reported that these obstacles are not relevant for their business.

Chart 11. Barriers to business recovery and/or development

Estimate how relevant each of the barriers is for the enterprise, % of respondents



Notes:

- the rest of the respondents answered "Hard to say/ Don't know"
- the answer options "Very relevant" and "Rather relevant" are combined into "Relevant", the answer options "Not relevant at all" and "Rather not relevant" are combined into "Irrelevant".

Among the main problems that businesses see for their recovery and development, FGD participants voiced expensive logistics and shortage of personnel, including highly qualified ones.

Regarding the shortage of personnel, as mentioned earlier, the main factors are the departure of people from the city and the mobilization of men.

Our sales manager was mobilized. It is problematic to find a replacement. The quality of personnel has worsened. When the staff began to be recruited back, it was difficult to find people with experience among the labour supply. Many of them left. Welders come who decide to become sales managers.

The owner of a small printing company

The FGD participants noted its high cost and delays at customs as the main problems of logistics. Enterprises either unite to reduce the cost of logistics, or deliver raw materials and products independently.

Costly. Because of what was happening at the border, we had delays in the supply of raw materials. Everything stops with us and we fulfil orders in an untimely manner. As a result, problems with partners arise.

We cooperate to reduce logistics costs, if possible, because logistics can eat up all profits. Those who want to work in our region place orders with us to reduce logistics costs.

The owner of a small enterprise for the production of paints and varnishes

As per the results of the survey, FGD participants did not note any problems with access to crediting, but the reason is that enterprises do not want to take out loans during the war due to the uncertainty whether they will be able to return them. Some participants noted the lack of export credit programs.

The main loans are secured. We cannot take working capital because there are very small amounts. We finance the export ourselves. Unfortunately, there are no export support programs.

The owner of a medium paint production enterprise

In terms of financing needed for business recovery and/or development in the short term (up to 1 year), the majority of respondents (59% of all respondents) require financing in the amount of USD 50-100 thousand and more than USD 100 thousand. This is especially true for medium businesses, for which funding up to \$50,000 will not be critical. Only 11% of micro and 3% of small enterprises reported the need for financing in small amounts (up to USD 10,000). A quarter of respondents need financing up to USD 50,000 for recovery and development (34% of respondents among microenterprises and 16% among small ones). It should be noted that 7% of enterprises do not need financing.

Chart 12. Required amount of financing in the short term

What amount of financing do you need to restore and/or develop your business in the short term (up to 1 year), % of respondents



Some FGD participants noted that micro-grants (up to USD 5,000) for manufacturing enterprises are impractical, because taking into account the cost of equipment and the payback period, such amounts are

too small. These amounts are not enough to purchase valuable equipment and compete with companies in the relevant sector.

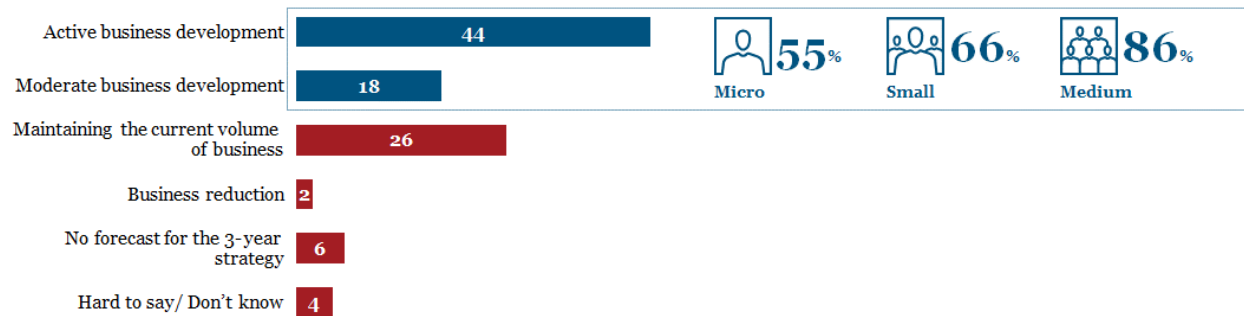
Technically, one-year loans are not suitable for production companies. What to do with it during the purchase of equipment? I don't have such machines that would be paid for in a year. We need long-term programs. Leasing does not work for us now. It kind of exists, but it costs so much money so let them use the leasing themselves. Europeans lease equipment mainly for 5-10 years and work with peace of mind. But if we do not participate in this technology race, then we will not be able to produce anything. My competitors are in Italy, Spain, Germany. I can only dream about the lines that they have. They have \$10 million lines there, which are basically impossible to compete with. There, in one line, productivity is higher than in my entire company.

The owner of a small enterprise for the production of metal products

Despite the difficult times for business due to the full-scale war, enterprises are positive and plan the development of their activities for the future 3 years. 18% of enterprises mentioned their plan of moderate business development, and almost half (44%) - about their plan of active development. 55% of micro, 66% of small and 86% of medium enterprises reported moderate and active development of their activities. No respondent plans to suspend or terminate the business. However, it should be noted that 11% of respondents do not have any plan at all (6% of respondents) or find it difficult to answer (5%).

Chart 13. Enterprise development plan

What is your business development plan for the future 3 years, % of respondents



These results were confirmed by FGD participants: the business predicts an active or moderate increase in income. Even more optimistic forecasts are made by some participants given the sufficient financing.

We plan to scale up by at least 30% both in production and in the amount of goods in stock. We have everything for this. In income also by 30%.

The owner of a micro-enterprise for the production of cardboard and corrugated cardboard products

Almost all of the priorities proposed as answer options are relevant for the majority of enterprises in Kharkiv, regardless of size:

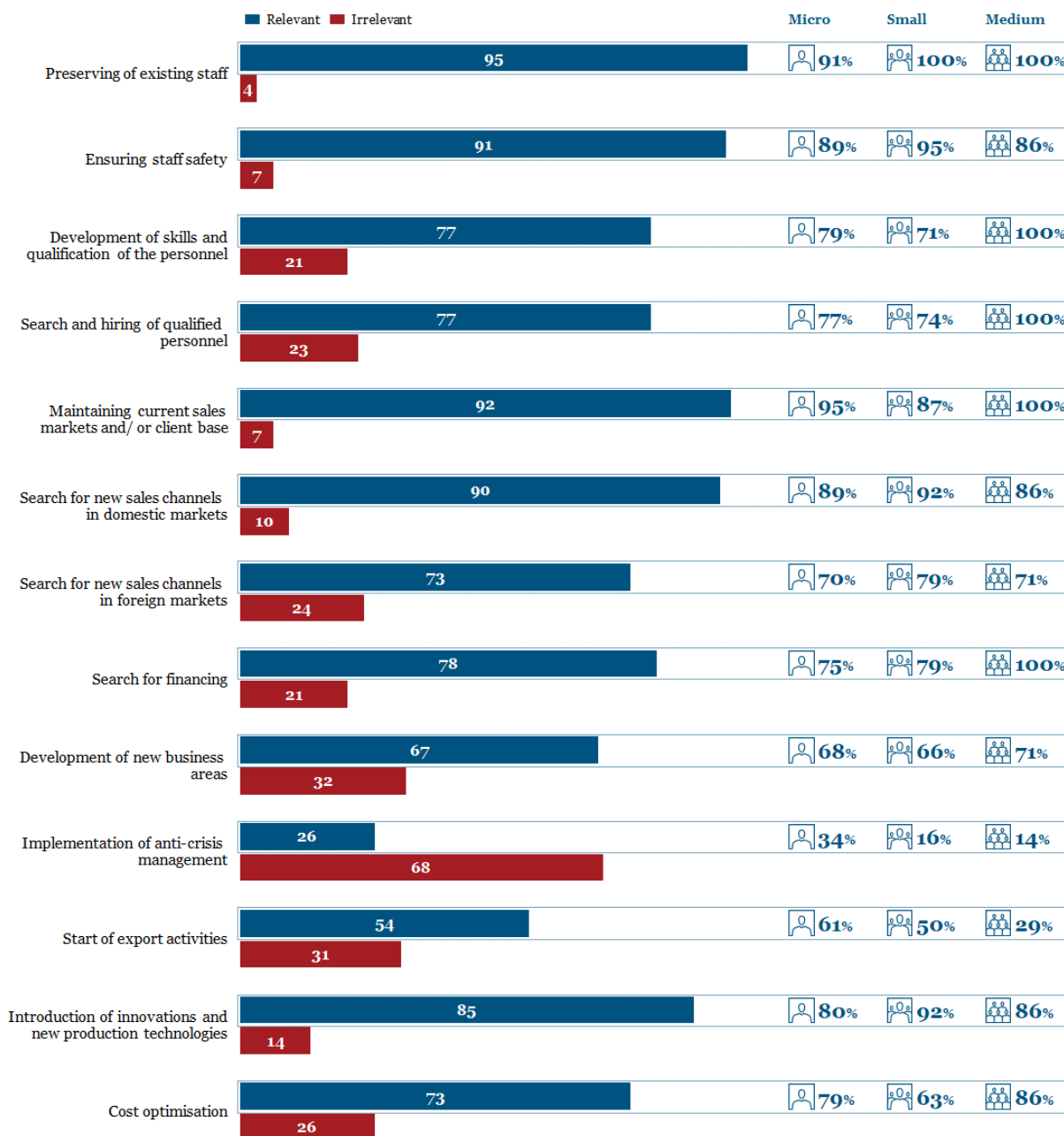
- Preserving existing staff, ensuring staff safety, maintaining current sales markets and/or client base and finding new sales channels in the domestic market is a priority for almost 100% of all enterprises;
- The introduction of innovations and new technologies in production for the purpose of its development is relevant for most enterprises (85% of respondents): for 80% of all microenterprises, for 86% of medium and 92% of small enterprises;

- On average, for 75% of enterprises of any size, the development of skills and qualifications of personnel, the search and hiring of qualified personnel, the search for new sales channels in foreign markets, the search for financing and cost optimization are also priorities;
- Development of new business areas is important for two thirds of enterprises;
- More than half of the enterprises are determined to start export activities.

Despite the obstacles caused by the full-scale war, including in operational activities, the implementation of anti-crisis management is not a priority for two-thirds of enterprises (68% of respondents): this was noted by 64% of micro, 76% of small and 57% of medium enterprises.

Chart 14. Business activity priorities

Estimate how relevant each of the priorities is for the enterprise, % of respondents



Notes:

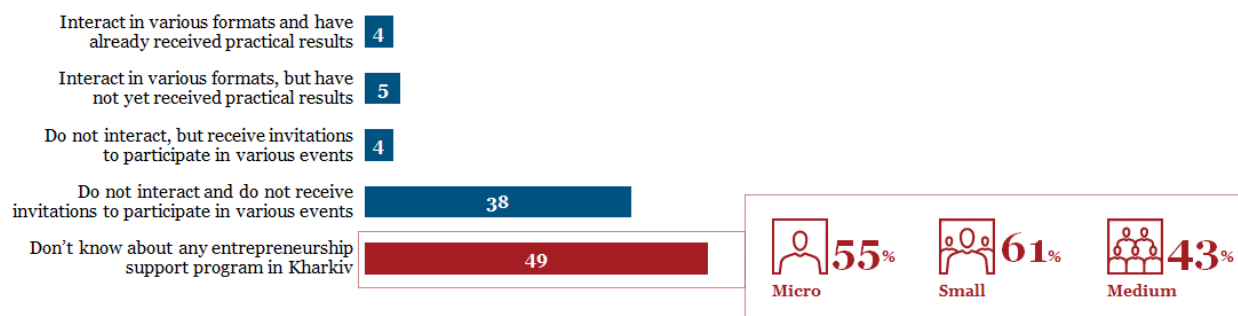
- the rest of the respondents answered "Hard to say/ Don't know"
- the answer options "Very relevant" and "Rather relevant" are combined into "Relevant", the answer options "Not relevant at all" and "Rather not relevant" are combined into "Irrelevant".

Interaction between businesses and local authorities

According to the results of the survey, businesses almost do not interact with the local authorities of Kharkiv. Almost half of respondents (49%) do not know about any support for entrepreneurship provided by local authorities (55% micro, 61% small and 43% medium enterprises). 42% of respondents reported that they do not interact with Kharkiv authorities in any way, but 4% still receive invitations to participate in business events. Only every tenth respondent reported interaction in various formats (9% of all respondents).

Chart 15. Interaction between local authorities and businesses

Rate your company's interaction with local authorities regarding the recovery and development of business activities in Kharkiv, % of respondents



The results of the survey were also confirmed by FGD participants, who reported that local authorities are not interested in business problems, and in some cases create additional obstacles (for example, increasing the rent for land). Therefore, in the conditions of a full-scale war, business relies on its own forces rather than on local authorities.

I once invited mayors of territorial communities to the factory. The next day, draft notices came because someone thought that we had too many men working. This is how we interact with the authorities today. During the two years of the war, there was not a single reaction from the authorities with the question "How can I help you?".

The owner of a medium paint production enterprise

The lack of interaction between the local government and the businesses affected the assistance that the business received from the city. Three-quarters of enterprises (73% of all respondents) did not receive any kind of support: 71% of micro, 76% of small and 71% of medium enterprises reported this. However, 13% of respondents reported receiving benefits for paying local taxes and fees, and another 6% of respondents received informational or advisory support from local authorities.

Chart 16. Support received by the businesses from local authorities

What kind of support have you received from local authorities since the start of the full-scale invasion, % of respondents



Note: respondents could choose several answer options

FGD participants did not report any significant assistance from the local authorities. However, they noted that they would be interested in having a common business platform that would help businesses exchange information, news and experience.

There is no information from the authorities. Only production is located in our city. We no longer participate in the life of the city.

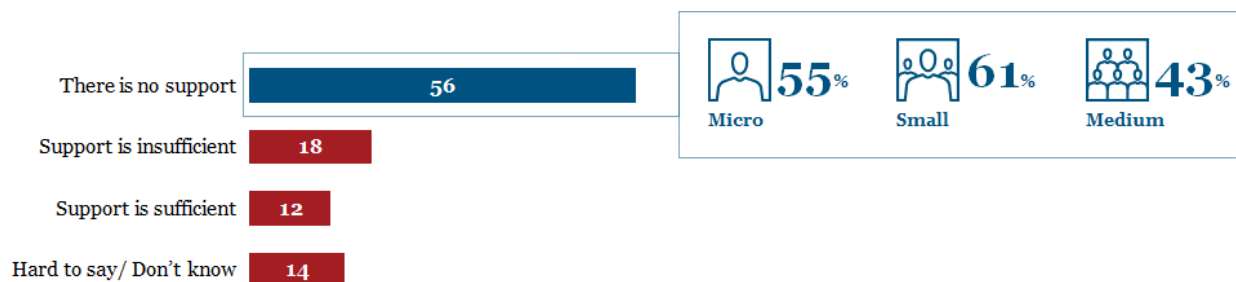
Now the local authorities are not giving anything, but on the contrary, they are trying to take away: they are increasing the rent on the land.

The owner of a medium machine-building enterprise for agriculture

It is precisely because of the lack of interaction between local authorities and businesses and the fact that most enterprises do not receive any support that more than half of enterprises, regardless of size (56% of all respondents), reported a complete absence of business support from the authorities. Another 18% of respondents consider business support by local authorities to be insufficient, and only 12% rated the assistance as sufficient.

Chart 17. Status of business support by local authorities

Is the support of entrepreneurship from the local authorities of Kharkiv sufficient under conditions of a full-scale war, % of respondents



FGD participants also noted the lack of business support from local authorities. Some of them gave examples of how local authorities in the western regions assist businesses, in particular by creating incentives for relocated enterprises.

In western Ukraine, local authorities help attract businesses to the region. On the contrary, we (in Kharkiv) get the impression that they are trying to destroy us.

The owner of a small enterprise for the production of paints and varnishes

We left in 2022, then returned. Transportation back and forth cost a million dollars. There was support from the EBRD, which returned 30,000 for our patriotism. But this is at least something, at least a fact of attention. Because the local authorities only ask the question "why are there so few taxes?". If the local authorities do not start doing something real, some things... we will relocate. I am a person who pays millions in taxes, has a lot of employees, and in order to go to study in Sweden, I have to negotiate privately with some people to be allowed to leave.

No one has ever approached and asked: "You pay 10-20-30 million in taxes. How can I help you to earn more?" I repeat, the narrative of thinking is the ultimate: "why not 40-50?", not "how to help you?".

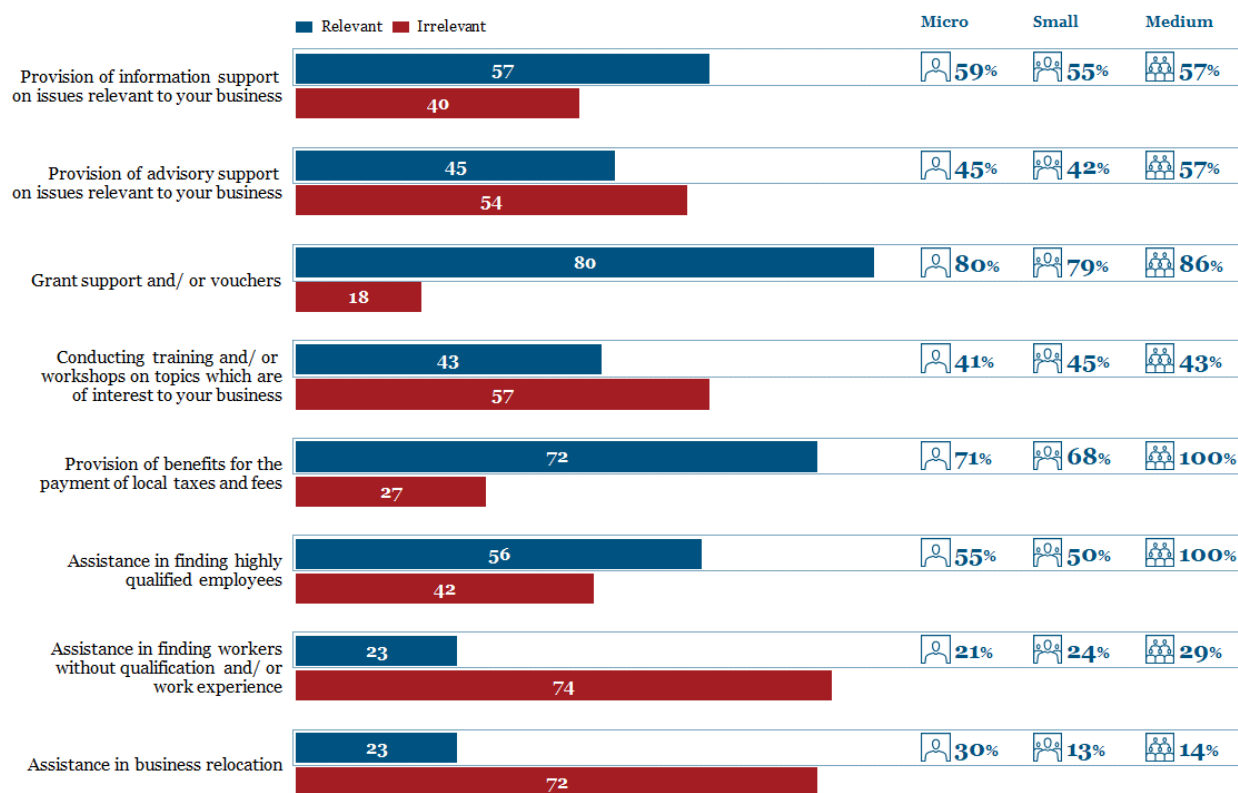
The owner of a medium paint production enterprise

Despite the lack of business support from the local authorities, the businesses still wanted to receive various types of assistance from the city. The most relevant type of support is grant assistance, as stated by 80% of enterprises, regardless of size. Almost three-quarters of enterprises (72%) count on the provision of benefits for the payment of local taxes and fees, among which all medium enterprises among respondents expect such support. More than half of respondents (57%) would like to receive informational support on issues relevant to business. 56% of respondents also voiced that support from local authorities in finding highly qualified workers is relevant for them. 56% of respondents also voiced that support from local authorities in finding highly qualified workers is relevant for them.

As mentioned above, 70% of manufacturing enterprises do not need the relocation of their production facilities, respectively, 72% do not expect this type of support from the local authorities. It should also be noted that for two-thirds of enterprises, the support of the local authorities in finding workers without work experience or qualifications is not relevant.

Chart 18. Current types of business support provided by local authorities

Indicate the relevance of each possible type of support for your business from the local authorities, % of respondents



Notes:

- the rest of the respondents answered "Hard to say/ Don't know"
- the answer options "Very relevant" and "Rather relevant" are combined into "Relevant", the answer options "Not relevant at all" and "Rather not relevant" are combined into "Irrelevant".

In general, FGD participants do not expect any support from the local authorities, as mentioned earlier. However, some types of support were voiced by the participants. Among the proposals, in particular, showing loyalty to employees during the curfew and creating a certain structure that would coordinate the needs of the businesses and provide them with information services. As for other types of support, Kharkiv's manufacturing enterprises were quite restrained in their responses, stressing that the local authorities being unaware of the needs of businesses, will not be able to offer anything.

The moment with the curfew: it would be good if employees had the opportunity to come in earlier or leave later. There are restrictions due to the curfew. I would like the city, when purchasing something for its needs, to turn first to its own manufacturers, and not to other regions or foreign ones.

The owner of a small enterprise for the production of plastic products

Some benefits should be introduced. All our operating costs have increased: utility costs have increased, wages have to be constantly increased to retain people, labour taxes are also constantly increasing. We are in a very stressful situation and nobody cares.

The owner of a small enterprise for the production of paints and varnishes

It would be convenient if there was a structure or an organization that would act as an intermediary [between the government and business]. For example, each of us has a personal manager or banker in the bank. Select key enterprises for the city, segment them, choose people who will be attached to these enterprises as managers in order to coordinate the enterprise and the government on a permanent basis. So that the entrepreneur does not look for some acquaintances and does not puzzle over how to solve this or that issue with the authorities, who to call, whom to go to. [...] It would be a huge competitive advantage compared to other regions, if I could call such a centre and maybe if my question was not solved, at least they would coordinate and help me. [...] This will already be some help. This will create feedback and some kind of communication.

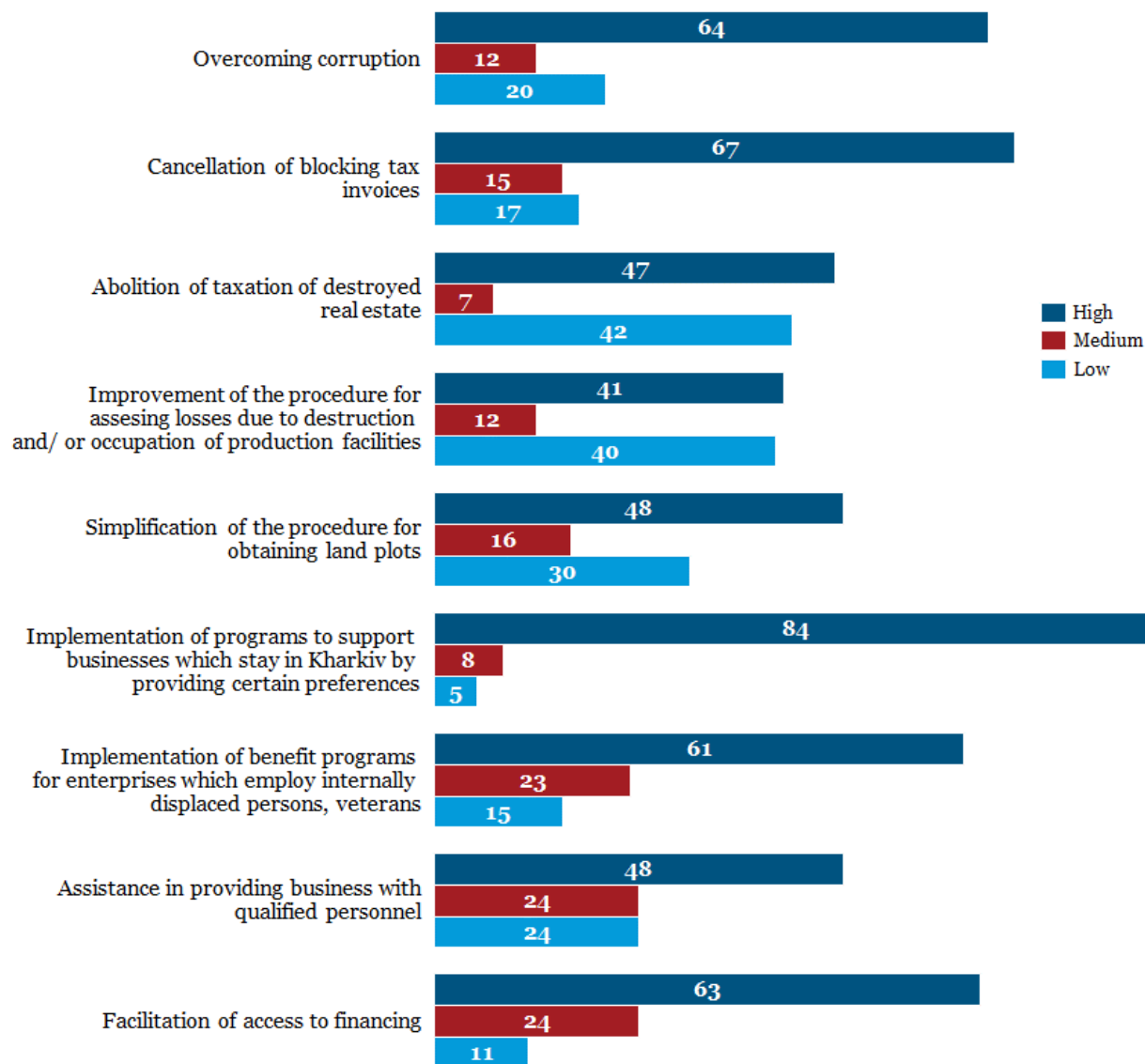
The owner of a small company for the production of tableware

Among the most priority measures that, in the opinion of enterprises, the local government should take for the recovery and development of business are:

- Implementation of programs to support businesses that remained in Kharkiv by providing certain preferences: 84% of respondents reported this step as a priority for business, including 70% of micro, 47% of small, and 71% of medium enterprises
- Overcoming corruption, which was reported by almost two-thirds of enterprises (64%), including 63% of micro, 63% of small and 86% of medium enterprises
- Cancellation of the blocking of tax invoices, which is important for 67% of all respondents, in particular for 70% of micro, 61% of small and 85% of medium enterprises
- Implementation of benefit programs for enterprises that employ internally displaced persons, veterans: this step is a priority for 61% of respondents, in particular for 70% of micro, 47% of small and 71% of medium enterprises
- Facilitating access to finances, reported by 63% of all respondents, including 70% of micro, 50% of small and 86% of medium enterprises.

Chart 19. Priority measures taken by local authorities for business recovery and development

Indicate the priority of each possible measure of support from local authorities for your business, % of respondents



Note: the rest of the respondents answered "Hard to say/ Don't know"

Interaction between businesses and international organizations

Regarding the support of manufacturing enterprises of Kharkiv by international organizations, 81% of respondents did not receive any assistance from international organizations: this was reported by 82% of micro, 87% of small and 57% of medium enterprises. Only 7% of respondents received help in the form of grants, another 7% participated in trainings and seminars organized by international organizations. Another 5% of respondents received informational support on issues relevant to business, and 4% received consultations on issues relevant to business.

Chart 20. Support received from international organizations

What types of support did your business receive from international organizations, % of respondents



Note: respondents could choose several answer options

The participants of the FGD noted that among the international organizations with which they cooperated, they know only the EBRD and USAID. At the same time, they gained the experience of their cooperation before the start of a full-scale war. Only one participant took advantage of grant support from USAID already during a full-scale war.

I used the USAID support. Received 30 thousand for certification in Europe.

The owner of a medium enterprise for the production of cable and personal safety equipment

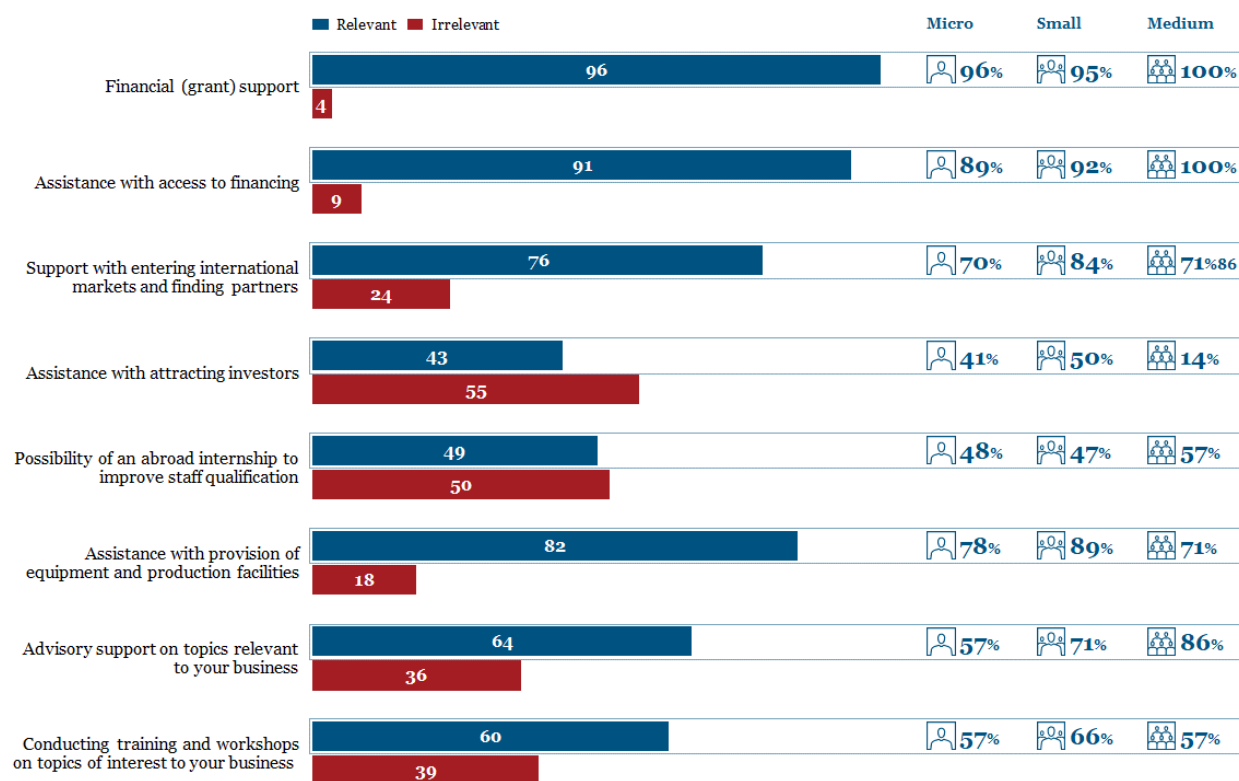
What kind of support from international organizations do Kharkiv enterprises count on? Among the most relevant types of support for manufacturing enterprises are the following:

- Almost all respondents (96%) count on financial (grant) support from international organizations. This was reported by enterprises regardless of their size;
- 91% of respondents expect assistance with access to financing, regardless of the size of the enterprise.
- More than three-quarters of respondents (82%) would like to receive assistance by obtaining equipment and providing enterprises with production facilities. This type of support is relevant for 78% of micro, 89% of small and 71% of medium enterprises.
- Three quarters of enterprises are waiting for support in entering international markets and finding new partners. This is relevant for 70% of micro, 84% of small and 86% of medium enterprises.
- For almost two-thirds of respondents, receiving advisory support (64% of respondents) and participation in seminars and trainings (60% of respondents) are also important. 57% of micro, 71% of small, and 86% of medium enterprises expect to receive advisory support on urgent business issues. However, participation in trainings and seminars on issues relevant to business is less relevant, compared to receiving consultations for medium enterprises (57% of medium enterprises), but for micro and small businesses it remains relevant at approximately the same level (57 % and 66% respectively).

It should also be noted that for almost half of the respondents (49%), the possibility of a foreign internship to improve staff qualifications is also relevant, which is important for almost half of enterprises of various sizes. At the same time, only 43% of respondents count on assistance with attracting investors, however, this type of assistance is not relevant for medium enterprises (only 14% of medium enterprises would like to receive such support) in contrast to micro and small enterprises (41% and 50% enterprises, respectively).

Chart 21. Current types of business support from international organizations

Indicate the relevance of each type of support for your business from international organizations, % of respondents



Note: the rest of the respondents answered "Hard to say/ Don't know"

Micro-grants are not interesting to most of the FGD participants, because the cost of equipment for their business is much more expensive. However, they indicated the types of support they would like to receive from international organizations. Among them are grants for renewable energy sources, marketing, software, training from experts who can provide practical informational support, as well as financing for the purchase of equipment to scale up production and modernize equipment. Another type of support is assistance with the preparation of grant applications.

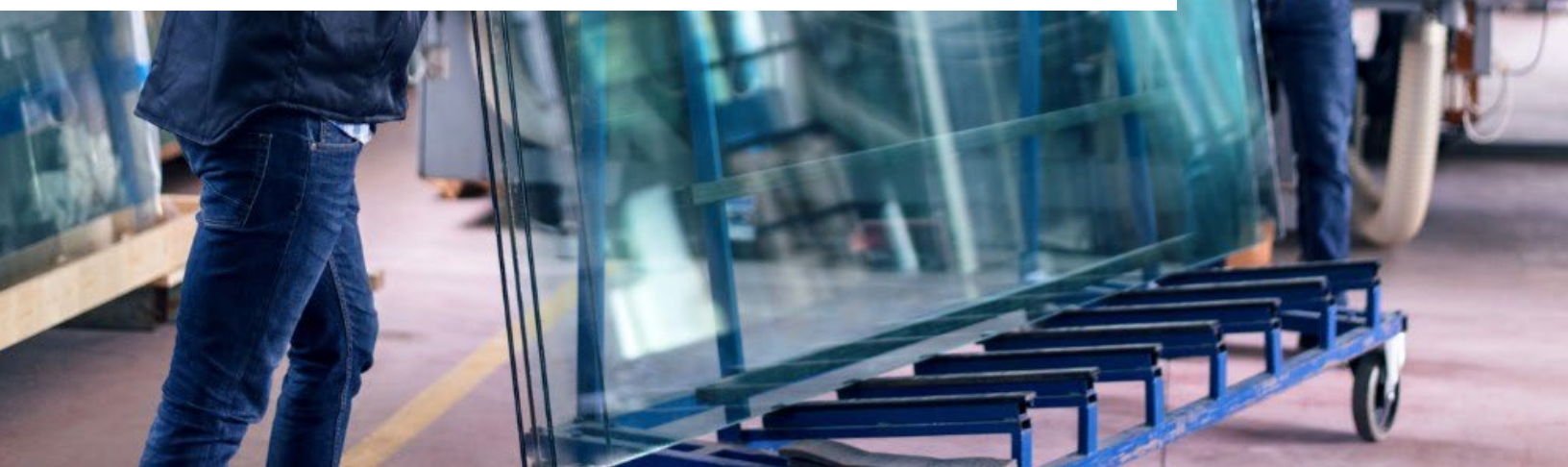
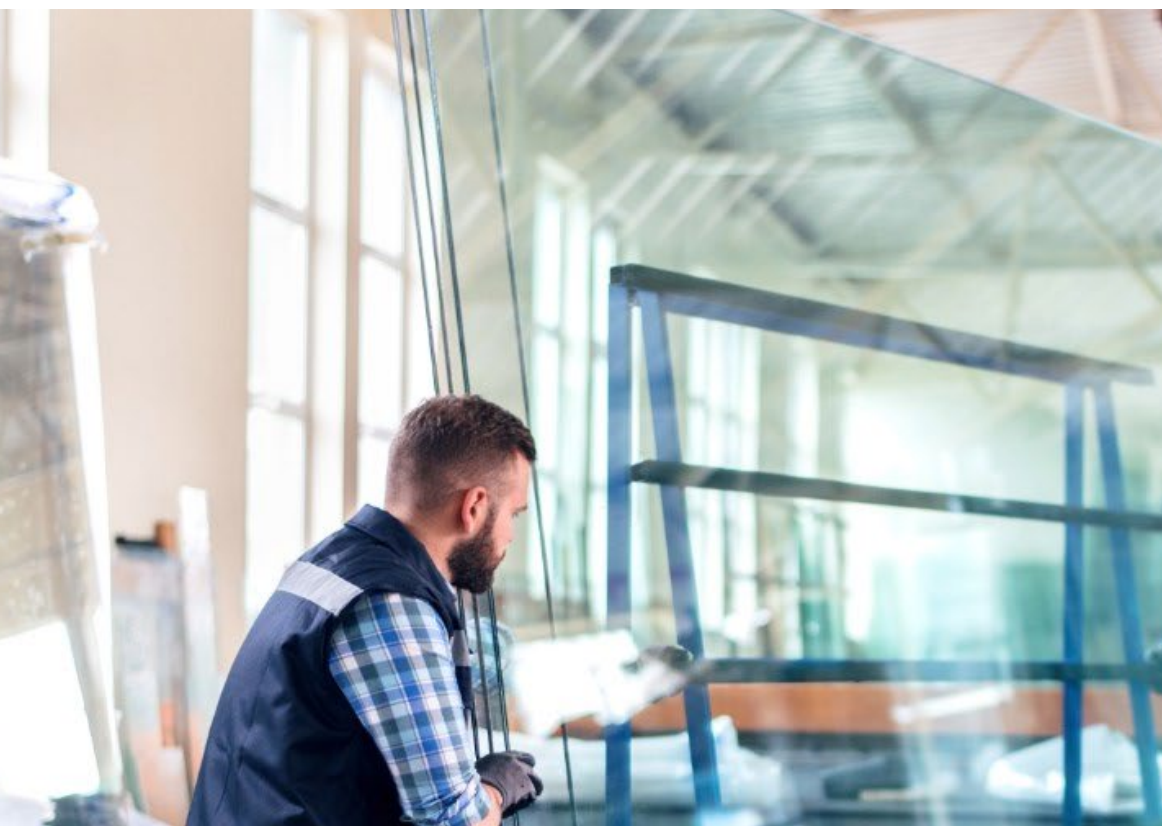
An interesting grant would be for renewable energy and for marketing and advertising: exhibitions and promotion of products in Europe, for the purchase of software that would increase the efficiency of the company's work.

The owner of a medium enterprise for the production of cable and personal safety equipment

What is needed now is equipment to scale up production. The marketing strategy is also appealing. We have only been in business for three months. A good marketing strategy costs \$30-50k, which is what I need. I would also like to implement SAP and enter the export market.

The owner of a micro-enterprise for the production of tableware

Annex



Questionnaire

Screening

1. What is the main area of expertise of your business (ONE ANSWER)

1. Chemical industry
2. Metal-fabricating industries
3. Forestry, woodworking and paper and paperboard industry
4. Construction materials industry
5. Consumer goods industry
6. Food industry
7. Grain mill products and compound feed industry
8. Health industry
9. Printing industry
10. Other - END THE INTERVIEW

2. What is the number of employees at your company? (ONE ANSWER)

1. Up to 10 people
2. Up to 50 people
3. Up to 250 people
4. 250 people inclusive and more - END THE INTERVIEW
5. I have no employees - END THE INTERVIEW

3. Is your company registered in the city of Kharkiv? (ONE ANSWER)

1. Yes
2. No - END THE INTERVIEW

4. What is the state of operation of your enterprise? (ONE ANSWER)

1. Continues operational activities
2. Does not conduct operational activities - END THE INTERVIEW

5. What is your position at the enterprise? (ONE ANSWER)

1. Owner/co-owner of the enterprise
2. Employed director of the enterprise
3. Owner of the enterprise, who is also a director
4. Deputy director
5. Other - GET A CONTACT NUMBER OF THE OWNER/ CO-OWNER/ DIRECTOR OR DEPUTY DIRECTOR AND END THE INTERVIEW

6. When was your enterprise established? (ONE ANSWER)

1. Until February 24, 2022
2. After February 24, 2022.
3. Hard to say/Don't know.

Section A. Business Situation and Needs

7. (The question is asked only to those who answered 1. to the question "When was your enterprise established?") **How did the annual income of the enterprise in 2023 change compared to the annual income in 2021?** (ONE ANSWER)

1. Dropped by 91-100%
2. Dropped by 50-90%
3. Dropped by 10-49%
4. Remained at the same level
5. Increased by 10-49%
6. Increased by more than 50%
7. Hard to say/Don't know.

8. **Has your enterprise carried out or plans to carry out sectoral transformation, i.e. reorientation of production to other industries?** (ONE ANSWER)

1. Business has been partially or completely transformed
2. Business is in the process of partial or complete sectoral transformation
3. Business needs sectoral transformation, but it hasn't happened yet
4. Business doesn't need sectoral transformation
5. Hard to say/Don't know

9. **Has your company carried out or plans to carry out relocation, i.e. moving the company to other regions of Ukraine or abroad?** (ONE ANSWER)

1. Complete or partial relocation of the business took place
2. Business is in the process of partial or complete relocation
3. Business needs relocation, but has not relocated yet
4. Business does not need relocation
5. Business is planning relocation in the future, but currently doesn't need it
6. Hard to say/Don't know

10. **How has the average number of employees in the enterprise changed since the beginning of the full-scale invasion?** (ONE ANSWER)

1. Increased by 50% or more
2. Increased by 1-49%
3. Has not changed
4. Decreased by 1-49%
5. Decreased by 50% or more
6. Hard to say/Don't know

11. **How has the salary budget at the enterprise changed since the beginning of the full-scale invasion?** (ONE ANSWER)

1. Increased by 50% or more
2. Increased by 10-49%
3. Has not changed
4. Decreased by 1-49%
5. Decreased by 50% or more
6. Hard to say/Don't know

12. What is the state of the material and technical base of the enterprise? You can choose several answer options. (SEVERAL ANSWER OPTIONS)

1. There is not enough equipment
2. Obsolete equipment and outdated production technologies
3. The equipment does not meet certification standards
4. Damaged or destroyed production facilities and/or production premises
5. There is enough equipment
6. Equipment and/or technology does not need to be updated
7. Other

13. Is your business export-oriented? (ONE ANSWER)

1. Only for domestic market
2. Only for foreign market
3. Both for domestic and foreign markets
4. For domestic market, but we plan to develop exports
5. Not decided
6. Hard to say/Don't know.

14. (The question is asked only to those who answered 2. and 3. to the question "Is your business export-oriented?") How have the current export indicators of your company changed in comparison with 2021? (ONE ANSWER)

1. Volumes increased by 50% or more
2. Volumes increased by 1-49%
3. Volumes have practically not changed
4. Volumes decreased by 1-49%
5. Volumes decreased by 50% or more
6. Stopped exporting
7. Hard to say/Don't know.

15. (The question is only asked to those who answered 2. and 3. to the question "Is your business export-oriented?") Indicate the biggest problems you have faced in your export activities since the beginning of the full-scale invasion. You can choose several answer options. (MULTIPLE CHOICE)

1. Problems with logistics
2. Search for new product consumers and/or customers
3. Delays at customs
4. VAT refund upon export
5. Impossibility of men to travel abroad
6. Refusal of foreign partners to continue cooperation with the Ukrainian company
7. Other
8. Did not encounter any of the problems
9. Hard to say/Don't know.

16. Which business association is your enterprise a member of? You can choose several answer options. (MULTIPLE CHOICE)

1. Chamber of Commerce and Industry
2. Business association
3. Union of entrepreneurs
4. Business club
5. Other

6. Not a member of a business association
7. Hard to say/Don't know

17. (The question is asked only to those who gave answers 1, 2, 3, 4 and 5 to the question "Which business association is your enterprise a member of?") **State the reasons why your enterprise is not a member of business associations? You can choose several answer options.** (MULTIPLE CHOICE)

1. I do not have enough information about the advantages of business associations
2. I do not believe in the effectiveness of business associations
3. Business format does not involve unification
4. I have no information about local operating business associations
5. I do not have free funds for paying membership fees
6. There is no need
7. Other
8. Hard to say/Don't know.

18. I will read a list of the main barriers to recovery and/or development of your business. Estimate how relevant each of them is for your company on the scale "Very relevant", "Rather relevant", "Rather not relevant", "Not relevant at all". (ONE ANSWER FOR EACH BARRIER)

	Very relevant	Rather relevant	Rather not relevant	Not relevant at all	Hard to say/Don't know
Lack of clients and/or customers					
Lack of qualified personnel					
Absence and/or high cost of necessary raw materials					
Problems with logistics					
High local land taxes and fees					
Inaccessibility and/or lack of financing					
Unfair competition and/or dumping by competitors					
Obstacles from regulatory and/or fiscal authorities					
Damaged or destroyed production facilities and other assets					

19. I will read a list of possible business priorities. Estimate how relevant each of them is for your enterprise on the scale "Very relevant", "Rather relevant", "Rather not relevant", "Not relevant at all". (ONE ANSWER FOR EACH PRIORITY)

	Very relevant	Rather relevant	Rather not relevant	Not relevant at all	Hard to say/Don't know
Preserving of existing staff					
Ensuring staff safety					

	Very relevant	Rather relevant	Rather not relevant	Not relevant at all	Hard to say/ Don't know
Development of skills and qualifications of personnel					
Search and hiring of qualified personnel					
Maintaining current sales markets and/or client base					
Search for new sales channels in domestic market					
Search for new sales channels in foreign markets					
Search for financing					
Development of new areas of business					
Implementation of anti-crisis management					
Start of export activities					
Implementation of innovations and new technologies in production					
Cost optimization					

20. What is your business development plan for the future 3 years? (ONE ANSWER)

1. Active business development
2. Moderate business development
3. Maintaining the current volume of business
4. Reduction of business
5. Suspension of business
6. Termination of business
7. No forecasts for the 3-year strategy
8. Hard to say/Don't know

21. What amount of financing do you need to restore and/or develop your business in the short term (up to 1 year)? (ONE ANSWER)

1. Up to USD 10,000
2. Up to USD 50,000
3. Up to USD 100,000
4. More than USD 100,000
5. No financing required
6. Hard to say/Don't know.

Section B. Interaction between businesses and local authorities

22. Is the support of entrepreneurship from the local authorities of Kharkiv sufficient under conditions of a full-scale war? (ONE ANSWER):

1. There is no support
2. Support is insufficient
3. Support is sufficient
4. Hard to say/Don't know

23. Evaluate the interaction of your company with the local authorities regarding the recovery and development of entrepreneurial activity in Kharkiv (ONE ANSWER):

1. We interact in various formats and have already received practical results
2. We interact in various formats, but we have not yet received practical results
3. We do not interact, but we receive invitations to participate in various events
4. We do not interact and do not receive invitations to participate in various events
5. Don't know about any entrepreneurship support programs in Kharkiv
6. Hard to say/Don't know.

24. What kind of support have you received from the local authorities since the start of the full-scale invasion? You can choose several answer options. (MULTIPLE CHOICE)

1. Provision of informational support on issues relevant to your business
2. Provision of advisory assistance on issues relevant to you
3. Grant assistance and/or vouchers
4. Holding trainings and/or seminars on topics of interest to your business
5. Provision of benefits for the payment of local taxes and fees
6. Assistance in finding employees
7. Assistance in accessing graduates of secondary vocational education institutions
8. Assistance in business relocation
9. Other
10. Support was not provided
11. Hard to say/Don't know.

25. I will read to you the possible types of support from local authorities. Indicate the relevance of each possible type of support for your business on the scale "Very relevant", "Rather relevant", "Rather not relevant", "Not relevant at all". (ONE ANSWER FOR EACH MEASURE)

	Very relevant	Rather relevant	Rather not relevant	Not relevant at all	Hard to say/Don't know
Provision of information support on issues relevant to your business					
Provision of advisory assistance on issues relevant to your business					
Grant support and/or vouchers					
Conducting trainings and/or seminars on topics which are of interest to your business					
Provision of benefits for the payment of local taxes and fees					

	Very relevant	Rather relevant	Rather not relevant	Not relevant at all	Hard to say/ Don't know
Assistance in finding highly qualified employees					
Assistance in finding employees without qualification and/or work experience					
Assistance in business relocation					

26. I will read to you the measures that local authorities can take to recover and develop businesses. Indicate the priority of each measure for your business on a scale of "High", "Medium", "Low". (ONE ANSWER FOR EACH MEASURE)

	High	Medium	Low	Hard to say/ Don't know
Overcoming corruption				
Cancellation of blocking tax invoices				
Abolition of taxation of destroyed real estate				
Improvement of the procedure for assessing losses due to destruction and/or occupation of production facilities				
Simplification of the procedure for obtaining land plots				
Implementation of programs to support businesses which stay in Kharkiv by providing certain preferences				
Implementation of benefit programs for enterprises which employ internally displaced persons, veterans				
Assistance in providing business with qualified personnel				
Facilitating access to financing				

Section C. Interaction between businesses and international organizations

27. What types of assistance did your business receive from international organizations? You can choose several answer options. (MULTIPLE CHOICE)

1. Information support on issues relevant to your business
2. Advisory assistance on issues relevant to your business
3. Grant assistance
4. Holding trainings and/or seminars on topics of interest to your business
5. Assistance in finding employees
6. Equipment and/or production facilities
7. Equipment in case of power failure
8. I did not receive any support
9. Hard to say/ Don't know

28. I will read to you the types of support from international organizations. Indicate the relevance of each type of support for your business on the scale "Very relevant", "Rather relevant", "Rather not relevant", "Not relevant at all". (ONE ANSWER FOR EACH MEASURE)

	Very relevant	Rather relevant	Rather not relevant	Not relevant at all	Hard to say/ Don't know
Financial (grant) support					
Assistance with access to financing					
Support with entering international markets and finding partners					
Assistance with attracting investors					
Possibility of an abroad internship to improve staff qualification					
Assistance with the provision of equipment and production facilities					
Advisory support on topics relevant to your business					
Conducting training and workshops on topics of interest to your business					



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