Since 2010 BAS Ukraine has received a total of €1.145 million in donor funding from the European Union, EBRD Shareholder Special Fund and Finland. This has been matched by €0.2 million in enterprise client contributions.

BAS assists its clients to define their business needs and identify services provided by professional consultants that can assist them to improve their performance. By assisting individual enterprises to engage with local consultants and providing project grants, of up to €10,000, demand is stimulated and the understanding of the potential benefits of using external consultants.

As of the end of 2010 BAS Ukraine had undertaken 50 projects engaging 17 consultants. Forty-eight per cent of the enterprises assisted are located in areas outside the capital. The construction/engineering, metals/machinery, electrical and printing/publishing sectors have been the most common.

In addition to supporting projects, BAS also undertakes market development activities (MDAs) geared at developing the local consultancy markets. While working on the demand side of the market, it also directly increases the supply and quality of the local advisory services. BAS Ukraine has undertaken five market development activities (MDAs).

MDAs undertaken in Ukraine include:
- project cycle management training for consultants aimed at broadening the supply of local consultancy services
- core consultancy skills trainings targeted at increasing the quality of advisory services offered
- International Management Consultants Conference organised in cooperation with the Ukrainian Association of Management Consultants aimed at consolidating the consultancy industry
- regular information sessions with representatives of the consulting industry aimed at the consolidation of the industry in Ukraine.

BAS activities in Ukraine address cross-cutting objectives that are pertinent to MSME sector development such as development of rural areas, gender equality and environmental improvements in line with the EBRD’s priorities in the country.

At a glance

- Total donor contribution: €1.145 million
- Number of projects: 50
- Total client contribution to projects: €0.2 million
- Average BAS grant percentage (2010): 56%
- Number of market development activities (MDA): 5
- Total MDA value: €30,000

Cumulative, as at December 2010

Donor contribution

- EU: 58%
- Finland: 40%
- EBRD Shareholder Special Fund (ESSF): 2%

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MSME and consultancy market overview

The share of the MSME sector in Ukraine is rather high totalling more than 90 per cent of enterprises. The majority of MSMEs are concentrated in Kiev and specialise in retail or wholesale trading, followed by real estate, industry and construction. MSMEs continue to operate in a difficult business environment, facing bureaucracy and corruption. The lack of access to finance continues to be a constraint to the development of the MSME sector in Ukraine. The business support infrastructure requires further upgrading in order to help Ukrainian MSMEs to meet new economic challenges. The level of MSME’s awareness regarding business consulting services is rather limited.

The Ukrainian consultancy market is characterised by the presence of a number of big international consulting companies as well as local consulting companies. The local consultancy market in Ukraine was initially funded by international donors, yet consultants have gradually broadened their range of services to focus more on private companies’ demand. The majority of local consulting companies are small, employing fewer than 10 persons. If several years ago mostly big companies were clients of consulting companies the situation is changing and the share of MSMEs in consulting company portfolio increases. The majority of the consultancy market in Ukraine is concentrated in the northern region (which covers Kiev). The last two years were characterised by a decrease in the consultancy services volume in all market segments. The most in-demand services are market analyses followed by human resources management and business planning/development of investment projects. Yet the consultancy market remains highly fragmented and relatively under-developed and requires support for development and consolidation.

BAS strategy

In line with the Bank’s strategy in the country, support provided by BAS will be essential for sustainable growth, both at the enterprise level and the market development level. Key industry sectors to be supported include agribusiness (particularly food processing), manufacturing and services (especially those that target local consumers such as pharmaceuticals, household goods, packaging construction materials and retail), medicine and property and tourism (with priority to regions outside the capital).

Where possible, BAS will seek to supplement the delivery of management and advisory services with increased access to finance through linkages with the EBRD’s banking teams, credit lines and partner financial institutions.

Implementing MIS to support company growth

Background: Toy-Toy Ukraine, a local wholesaler in Kharkiv, has operated in the toy market for over 10 years. Starting with three big brands in its current portfolio, the company has more than 10 exclusive distribution contracts with leading European, Asian and US producers, trading only with ecologically safe toys. Dynamic growth resulted in a number of problems that needed to be addressed: several information systems were used causing occasional data inconsistency; numerous manually executed operations were time consuming; the ineffectiveness of the staff motivation system due to the inability to track and analyse performance results of sales managers.

BAS support: The client required operational optimisation through implementation of a unified management information system. BAS assisted with identifying a suitable consultant and covered 60 per cent of the project costs. During the consulting project the operational and management accounting system of Toy-Toy Ukraine was upgraded and its basic functions were complemented by the following modules: pricing, control of receivables, client relationship management, staff motivation and management reporting.

Outcome: On successful completion of the consulting project, director of Toy-Toy Ukraine, Elena Nechitaylova, said: “If it was not for BAS support, we would not be able to implement this project. With the new management information system, we started a new life, bringing along our 10 years of experience”. The company managed to expand its current brand portfolio to 20 brands without increasing staff. Toy-Toy Ukraine has also launched a new office in Kiev. The owner of the company reflected on the project: “We expected that the system would be a slab of cake for us, but instead we’ve got a big, tasty chocolate cake.”