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local
promise.

Pact is the promise of a better tomorrow for communities challenged by poverty and marginalization. We serve these communities because we envision a world where everyone owns their future. To do this, we build systemic solutions in partnership with local organizations, businesses, and governments that create sustainable and resilient communities where those we serve are heard, capable, and vibrant. On the ground in nearly 40 countries, Pact's integrated adaptive approach is shaping the future of international development. Visit us at www.pactworld.org to learn more.



WE SERVE

communities challenged by poverty and marginalization.



WE ENVISION

a world where everyone owns their future.



WE BUILD

systemic solutions in partnership with local organizations, businesses and government.

SNAPSHOT OF SOCIAL ENTREPRENEURSHIP ECOSYSTEM IN UKRAINE

In Ukraine, Pact has been present since 2008 implementing USAID programs aimed at developing democracy and strengthening capacity of the civil society.

Together with national and local partners, Pact has supported reform implementation, enhancing civic engagement, improving sectoral and cross sectoral collaboration and dialogue.

From 2012 – 2017 Pact implemented USAID/Ukraine's HIV flagship project aimed at reducing HIV transmission among key populations through sustainable country-led programs by strengthening the capacity of the government and civil society organizations to deliver quality services. In 2015, using the framework of this project, Pact launched a pilot initiative to support the development of social enterprises by HIV services organizations, in order to diversify funding sources and increase sustainability of services.

For two years Pact provided technical assistance, mentorship support and networking opportunities in the format of community of practice meetings to six participating organizations. The effort resulted in the launch of six social enterprises, increasing funding channels, and boosting impact.

Building upon this initiative and to explore the social entrepreneurship ecosystem in Ukraine, in March 2018 Pact conducted an Applied Political Economy Analysis (APEA), that included desk research, interviews and focus groups with representatives of three key ecosystem actor segments: social entrepreneurs, funders, incubators/accelerators.

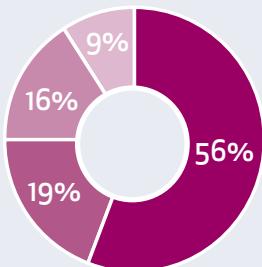
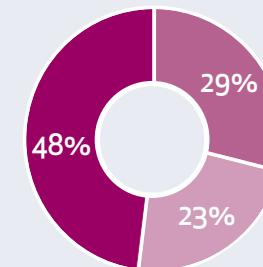
SOCIAL ENTERPRISES

Social entrepreneurship in Ukraine started attracting attention and support from the international community at the beginning of 2000. Since 2015, Ukraine has seen an increase in social entrepreneurship in response to new emerging challenges caused by the armed conflict in the Eastern Ukraine and the decline of social and economic situation in the country. Social entrepreneurs have targeted their efforts at closing the gaps by supporting services and job creation for vulnerable populations, in particular those affected by the conflict, anti-terroristic operation (ATO), veterans and internally displaced persons (IDPs). Today, social entrepreneurs form a new class of business, and social entrepreneurship is a way to improve lives while creating business outcomes. According to the Catalogue of Social Enterprises, as of 2017, there were 150 social enterprises in Ukraine, half of which were established in the last 3 years *.

The largest number of social enterprises are located in the North (43%), in particular the city of Kyiv (20%), and Western parts of the country (27%). According to the recent Catalogue of social enterprises, just one region, Rivnenska oblast, does not have social enterprise.

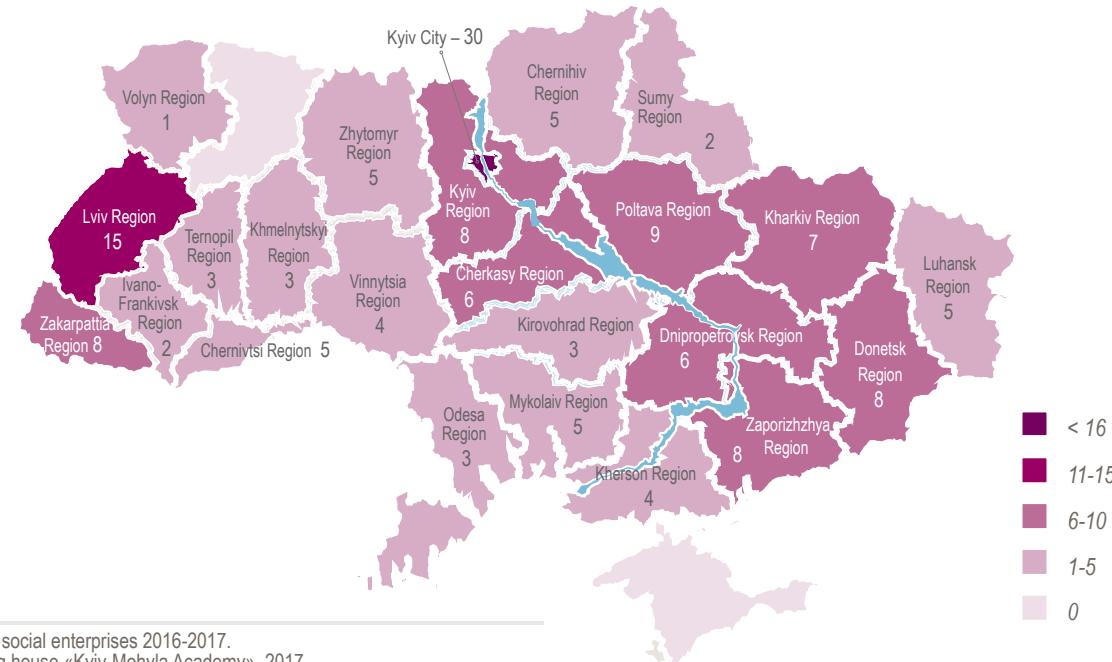
The most popular sectors for social enterprises in Ukraine are rehabilitation services for vulnerable populations (PWD, IDPs, ATO veterans, etc.), agricultural production and sales, hand-made products manufacturing, retail charity stores or through on-line platforms, etc. Quite often, enterprises do not limit themselves to one sector, and instead work across several sectors. For example, apprenticeship programs of challenged populations and product manufacturing.

Breakdown of social enterprises by age and size *



Legend:

- 1-3 years
- 4-9 years
- 10 years and more
- More than 50 employees



* Catalogue of social enterprises 2016-2017.

Kyiv, publishing house «Kyiv-Mohyla Academy», 2017.

URL: <http://www.socialbusiness.in.ua/index.php/sotsialni-pidpriemstva/katalog>.

FUNDERS

In Ukraine social entrepreneurs are eligible to receive financial support in the form of grants, investments and loans. Each of these forms of finance has its advantages and disadvantages. Donor funding plays an essential role in promoting the development of social entrepreneurship, supporting early-stage start-ups, responding to emerging social challenges. Donors and philanthropists most support social enterprises in the following sectors: education, healthcare, job creation, social assistance and integration of vulnerable and challenged populations.

Despite of availability and diversity of grant funding, its efficacy in Ukraine remains insufficient, as funded social enterprises do not break even and fail to sustain operations beyond the end of grant funding. Another risk to the sustainability of social enterprises in Ukraine is the underdeveloped infrastructure of impact investment and loan services. A few impact investors who are currently present in Ukraine are primed to support mature sustainable enterprises and start-ups mainly rely on donor assistance. In fact, in Ukraine there is no well-established collaboration or intentional coordination among donors and investors which results in lack of systemic support to the currently nascent social entrepreneurship ecosystem.

INCUBATORS / ACCELERATORS

Incubators and accelerators support the creation of small and medium size innovative enterprises. They serve as a critical foundation for long-term support for enterprise development. In fact, one of their roles is to link different actors in the ecosystem. Incubators and accelerators in Ukraine are mainly donor-funded.

Though global models for incubation and acceleration programs differ, in Ukraine they offer similar services: training and mentorship programs aimed at rapid growth of start-ups. The number of such programs, their duration and content is insufficient to address the issues of sustainability for social enterprises. While globally, academic institutions serve as effective origination platforms for social entrepreneurs, in Ukraine universities are underutilized. Students are opportunity wells of developing promising innovative solutions; however, the universities largely lack capacities to provide tools to launch start-ups and do not offer acceleration programs.

ECOSYSTEM ACTORS & COLLABORATION BETWEEN THEM

Generally, social entrepreneurship ecosystem includes entrepreneurs, various business communities, corporations, donors, foundations, impact investors, incubators, accelerators, universities, intermediary organizations, research institutions, government, mass media and community at general. In Ukraine today the ecosystem is not that diverse and collaboration among the actors is limited and insufficient.

To ensure effective systemic approach and ongoing collaboration and communication, the ecosystem needs platforms for regular meetings to exchange experiences, share successes, discuss failures and develop new partnerships. According to the ecosystem actors, there is a demand for higher trust and better networking. These are the two factors that, if available, will promote further development of the ecosystem. Networking efforts should be intentional, not intuitive, meaningful and regular. Another important gap for social enterprises is impact metrics tracking and regular measurement. Social enterprises need to be assessed not only through the business model lenses, but also include the social impact they achieve. One of the methodologies to be considered is social return on investment (SROI) assessment. Pact has experience applying this methodology to assess social impact of social projects and enterprises in Ukraine, as well as across Pact's global portfolio.

The social entrepreneurship ecosystem in Ukraine is still nascent but continues to grow and develop. A wealth of opportunities exists for new actors to engage and improve collaboration among them.

Pact continues to focus its efforts to support the development of social entrepreneurship in Ukraine based on our past & current experience in the country. Following our scan of the social enterprise space, we are looking for systemic, platform-based solutions which will incorporate learnings from the assessments and data analysis, and will build upon the team's in-house expertise, and understanding of the ecosystem dynamics. Pact is open to new partnerships to support the development of sustainable and powerful social entrepreneurship ecosystem in Ukraine.

The full version of the Social Enterprise Ecosystem APEA report is available at our website at www.pactukraine.org.ua

