

## **GRANTS AND CREDIT HOLIDAYS: HOW UKRAINE AND OTHER COUNTRIES SUPPORT SMALL AND MEDIUM BUSINESSES**

Since the Russian incursion, Ukraine has introduced specific economic measures to assist small and medium enterprises (SMEs) that have sustained losses and damages. Such measures comprise financial assistance and tax relief. The Government has allocated UAH 100 billion in subsidies to partially reimburse the losses of small businesses hit by the conflict. [1] The compensation levels depend on the magnitude of the documented losses and the location of the businesses. Firms in cities close to the frontlines and occupied territories receive the most substantial grant rates per reported damages. The grant programme has already provided benefits to over 530,000 business owners, with more than UAH 55 billion payouts.

Several measures have been taken to mitigate the financial impact of the crisis in Ukraine:

- **Business Support:** The Ukrainian Government has implemented various measures to support businesses during the crisis.
- **Monetary Regulations:** Monetary regulations have been implemented to maintain economic stability.
- **Labor Support:** Measures have been taken to support the labor market and protect jobs.
- **Banking and Financial Stability:** The National Bank of Ukraine has taken several anti-crisis measures to maintain banking and financial stability.
- **Foreign Financial Assistance:** Ukraine has secured substantial foreign financial assistance, including emergency financing of \$1.4 billion under the IMF's Rapid Financing Instrument.[2,3,7]

These measures, along with the credit holiday, are part of a broader strategy to manage the economic impact of the crisis and ensure financial stability. The scope and budget allocation of these small business assistance programmes indicates the Government's pledge to support this pivotal sector of the economy, notwithstanding wartime adversity. According to experts, the grants and credit holidays have significantly aided in stabilizing market activity and averting large-scale bankruptcies up to the present. [3,5]

Necessary to add that the Ukrainian Government started a program called "Є-Робота". The Government launched the "Є-Робота" project in July 2022 to support businesses and stimulate job creation. It includes several grant programmes. These include microgrants for starting or developing a business, grants for creating and developing processing enterprises, and grants for planting a garden, viticulture, and greenhouse. Both existing entrepreneurs and people without business experience can apply for a grant. Applications are submitted through the Diia portal along with a business plan. A prerequisite for receiving a grant is the creation of new jobs - from 1-2 in the case of a microgrant to several dozen in the case of grants under other

programmes. The grant funds are returned to the state through taxes and fees paid over three years during the company's operations. [8] Also, national banks such as PrivatBank and Oschadbank have introduced credit holidays to ease the financial burden on their customers during difficult times. [9] PrivatBank has extended credit holidays on all its credit cards until 1 June 2022. [10] This means that the bank will not penalize customers for late payments. Oschadbank, on the other hand, introduced credit holidays for small and medium-sized enterprises (SMEs) to ease their financial burden. This involves deferring the payment of the loan capital for up to three months.

The Ministry of Foreign Affairs has also contributed to supporting Ukraine. Multiple countries have provided aid to Ukraine, with the designated funds intended to assist in relief efforts, including targeted business grants. For instance, Japan granted aid through "the Programme for Emergency Recovery Phase 2".[3,4] The National Bank of Ukraine (NBU) has played a vital role in maintaining financial stability in Kyiv by investing £373 million (¥53.072 billion). [6] It generates and shares crucial economic and financial information for monetary policy decision-making and compliance monitoring.

These measures, alongside various other initiatives like business support, monetary regulations, and foreign financial assistance, form part of a broader strategy to manage the economic impact of the crisis and guarantee financial stability. Moreover, efforts to provide labor support have also contributed to this progress. The effectiveness of these initiatives can be observed in the stabilization of market activity and the prevention of significant bankruptcies. The resilience and adaptability displayed by the Ukrainian economy during times of adversity is a testimony to the effectiveness of these measures. Nevertheless, the journey towards recovery is long, and consistent support for SMEs is imperative to guarantee the Ukrainian economy's long-term stability and growth.

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