

Rapid Economic Assessment in Vinnytsia Oblast

June 2023 | Ukraine

KEY FINDINGS



The **relocation of manufacturing, trade, agricultural and transport & storage businesses to Vinnytsia** from other parts of the country, as well as newly opened retail and wholesale trade businesses, since February 2022 has supported the **recovery of demand in the labour market**, with there being approximately as many jobs per jobseeker on work.ua, Ukraine's largest job search engine, as there was on average during 2021.



IDPs were the group most commonly reported to be affected by loss of income since February 2022. Employment rates among working age IDPs were estimated to be quite low—only 0–10% in Vinnytskyi raion, which hosts the largest number of IDPs—and **access to employment was reported to be the top need among IDPs** in the area. Reasons for low levels of employment include a **mismatch between educations/qualifications and available jobs** and, relatedly, the need to retrain; lack of interest among IDPs to find a job, due to low salaries and psychosocial challenges; and a lack of social capital, such as contacts in the region and information regarding employment assistance.



Provision of small grants and equipment for non-agricultural livelihoods was reported as the livelihoods activity in highest demand in the area, suggesting local authorities, employment centers and business management organisations see this as priority in terms of supporting access to livelihoods.



Increasing running costs and costs of key inputs, reduced value of finished products due to limited demand/excess supply, and **difficult access to/unaffordability of credit** represent serious threats especially for SMEs with limited capital. **Disrupted access to external markets** has particularly impacted businesses that relied on selling products/purchasing inputs abroad prior to the war. While these factors have had widespread impacts across the economy, it appears as though **agriculture, Vinnytsia's most important sector by employment, has been acutely impacted**—small scale farmers in particular—due to constrained exports of agricultural products and inflated prices of fuel, fertiliser, and equipment. Against this backdrop, it's unsurprising that local authorities are prioritising agriculture for investment, followed by manufacturing and retail trade.



Women, and especially those whose partner have been mobilised by the military, are likewise reported to have been impacted by loss of income since February 2022. Family constraints/responsibilities constitute the main obstacle women are reported to face in finding work. It was also reported that a lack of appropriate experience/qualifications could be limiting female employment. This latter factor may be coming to the fore now that more **vacancies in traditionally male-dominated professions are opening up**, professions for which relatively few women may be qualified.

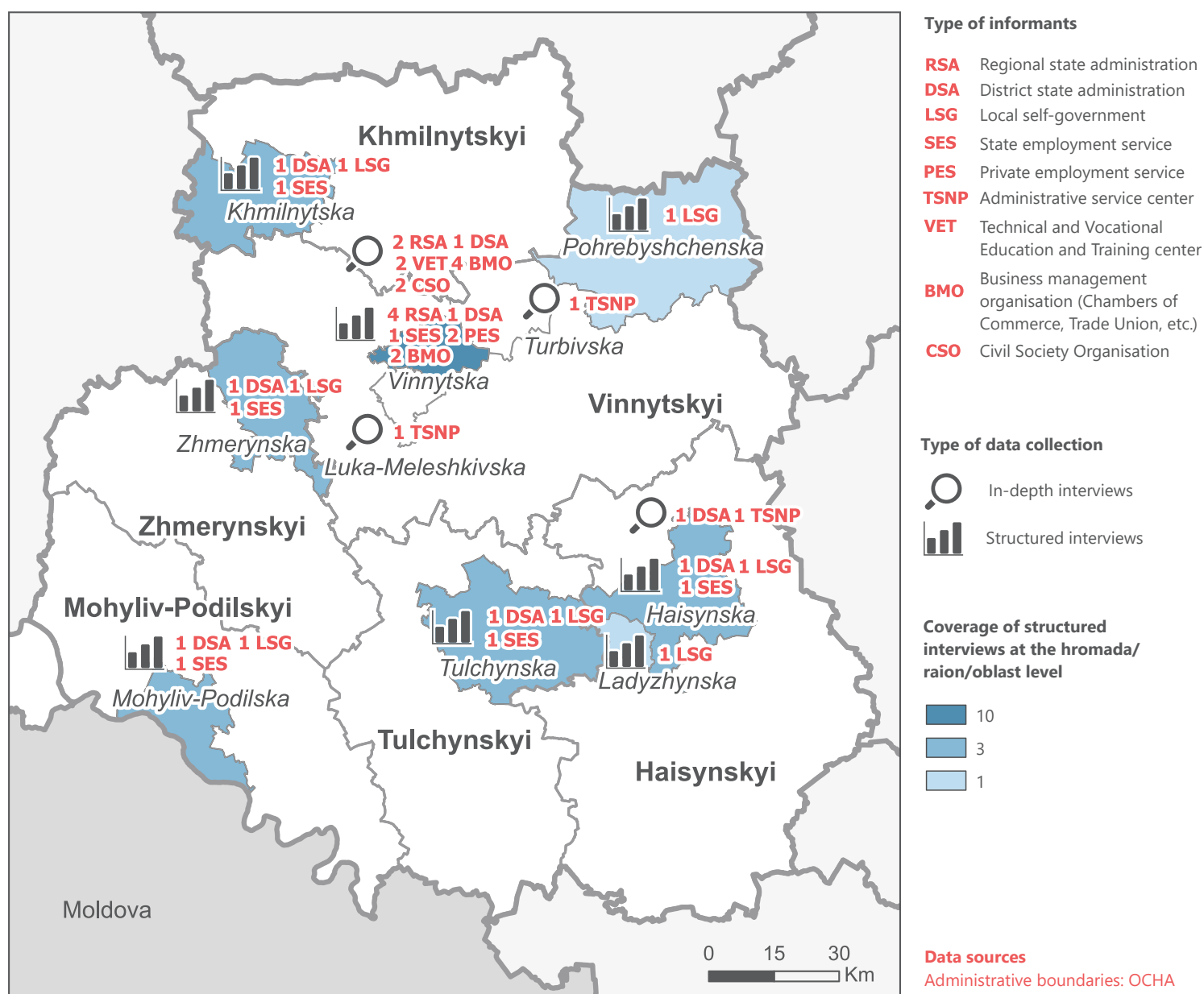
PROGRAMME DEVELOPMENT RECOMMENDATIONS

Linking dual vocational education and training with development projects. There are several large-scale development projects coming up in Vinnytsia region, including the construction of a sports accessory factory by HEAD Group, which will involve local contractors. The Regional State Administration also mentioned the reconstruction of Ladyzhyn Power Plant, the construction of a bridge connecting Ukraine and Moldova, improving power supply facilities, upgrading water facilities in IDP settlements, road repairs, etc. These projects will require substantial labour and a range of specialists, representing potential work opportunities for economically vulnerable/marginalised groups, such as women and IDPs. NGOs and others could support by creating internship programs linking employment centers, TVETs, and local businesses.

Indirect livelihoods support. Stakeholders might also consider facilitating access of women and IDPs to these dual vocational education and training programs—and employment opportunities more broadly—by providing the additional support needed to overcome the specific barriers they face in accessing employment, such as childcare, gender sensitisation, and psychosocial support.

Non-agricultural livelihoods. While agriculture is reportedly being prioritised for investment by the local authority and supported by international organisations, there appears to be less of a focus on non-agricultural livelihoods such as manufacturing, retail trade, and construction. In addition to the provision of small grants and equipment, there is reportedly a need for **rapid reskilling** (this could be combined with the internships described above), and **business creation/development services**.

DATA COLLECTION SAMPLE



METHODOLOGY

Most of the results of this assessment are derived from primary qualitative and quantitative data collected through 20 in-depth interviews and 30 structured interviews of key informants (KIs) present in the assessment areas. Seven unique interview guides were developed for in-depth interviews with local authority representatives, business management organisations, civil society organisations, international organisations, vocational training providers, administrative service centres, and banks. Results of these interviews contributed to a nuanced qualitative picture of the socioeconomic impacts of the full-scale war in each of the assessment areas. One structured KoBo tool was built using a variety of constraints to enable data to be collected

from representatives of local authorities, employment centres, and business management organisations. Results of the survey allowed for an indicative quantitative analysis of the socioeconomic impacts of the full-scale war in different localities. In parallel, two scripts were developed in RStudio to scrape job vacancy and resume data from Ukraine's most popular job search engine, work.ua. Results of the web scraping provided a more comprehensive quantitative picture of labour market dynamics, including demographics of jobseekers as well as sectoral and geographic trends. This was supplemented by an analysis of secondary data collected on the labour market by the State Employment Service of Ukraine.

MAIN IMPACTS ON BUSINESS AND SECTORS WORST AFFECTED

Vinnytsia has one of the most powerful agro-industrial complexes in the country, contributing 8.5% to national agricultural production in 2021 and specialising in grain crops, sugar beets as well as fruit and berry products.¹

In terms of industrial production, the food industry and the supply of electricity, gas, steam and air conditioning are the dominant sectors.² While the region has been relatively unaffected by direct exposure to hostilities, KIs reported that business activity has been negatively impacted by the outflow

of workers due to the departure of a section of the population and the mobilisation of men. Other reported challenges faced by businesses include an increase in the price of key agricultural inputs (e.g. fertiliser, seeds, equipment/machinery, and fuel), the undervaluing of agricultural products, and supply chain disruptions. The structure of sown areas in 2023 underwent a transformation as a result of market reorientation and limited export potential: the area under cultivation for grain crops decreased while the area under cultivation for technical crops (vegetables, potatoes and fodder crops) increased.³ Despite these challenges, Vinnytsia region has seen positive job growth in recent months due to the relocation of enterprises from conflict-affected parts of the country; in total, around 360 economic entities since February 2022.⁴

UNEMPLOYMENT DEMOGRAPHICS OVER TIME, VINNYTSIA OBLAST

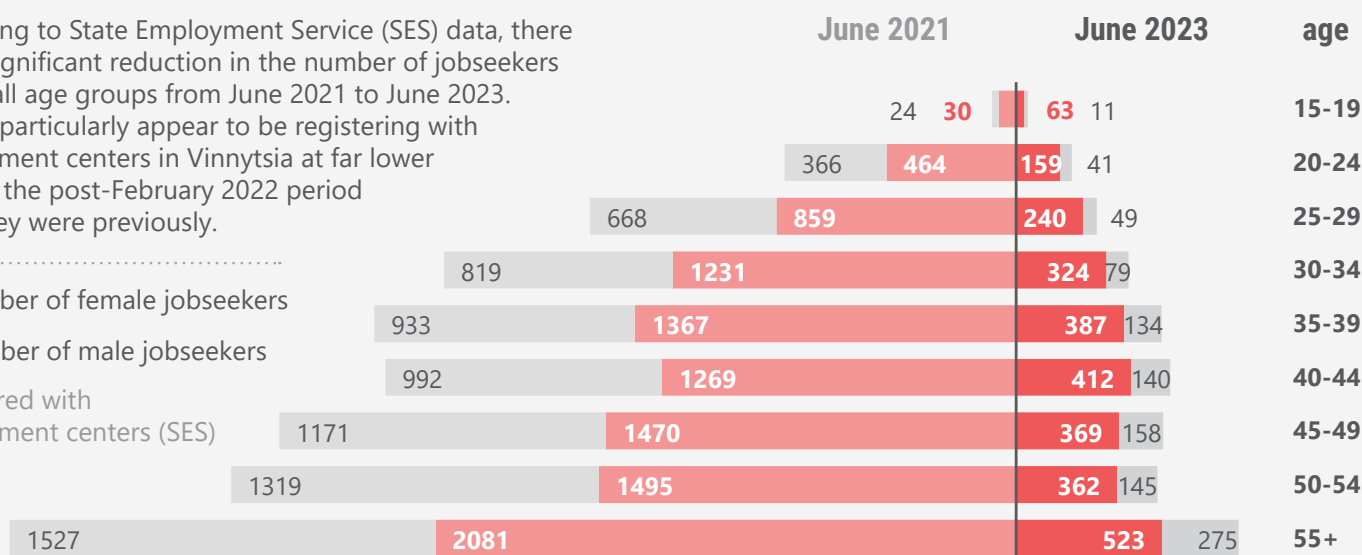
Figure 1

According to State Employment Service (SES) data, there was a significant reduction in the number of jobseekers across all age groups from June 2021 to June 2023. Men in particular appear to be registering with employment centers in Vinnytsia at far lower rates in the post-February 2022 period than they were previously.

■ number of female jobseekers

■ number of male jobseekers

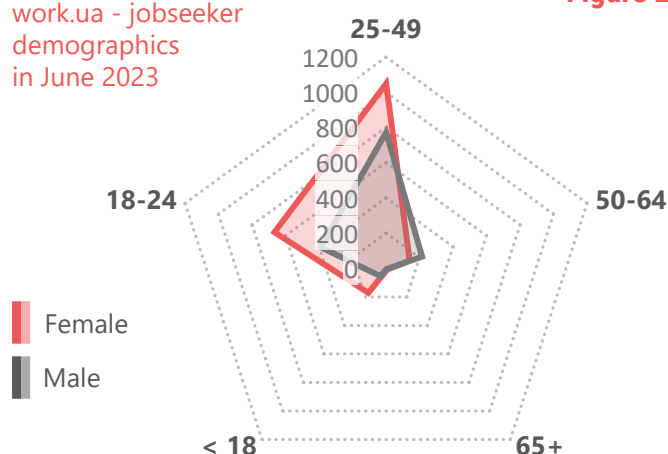
Registered with employment centers (SES)



Data source: State Employment Service of Ukraine

Data source:
work.ua - jobseeker
demographics
in June 2023

Figure 2



SUBPOPULATIONS WORST AFFECTED BY LOSS OF INCOME

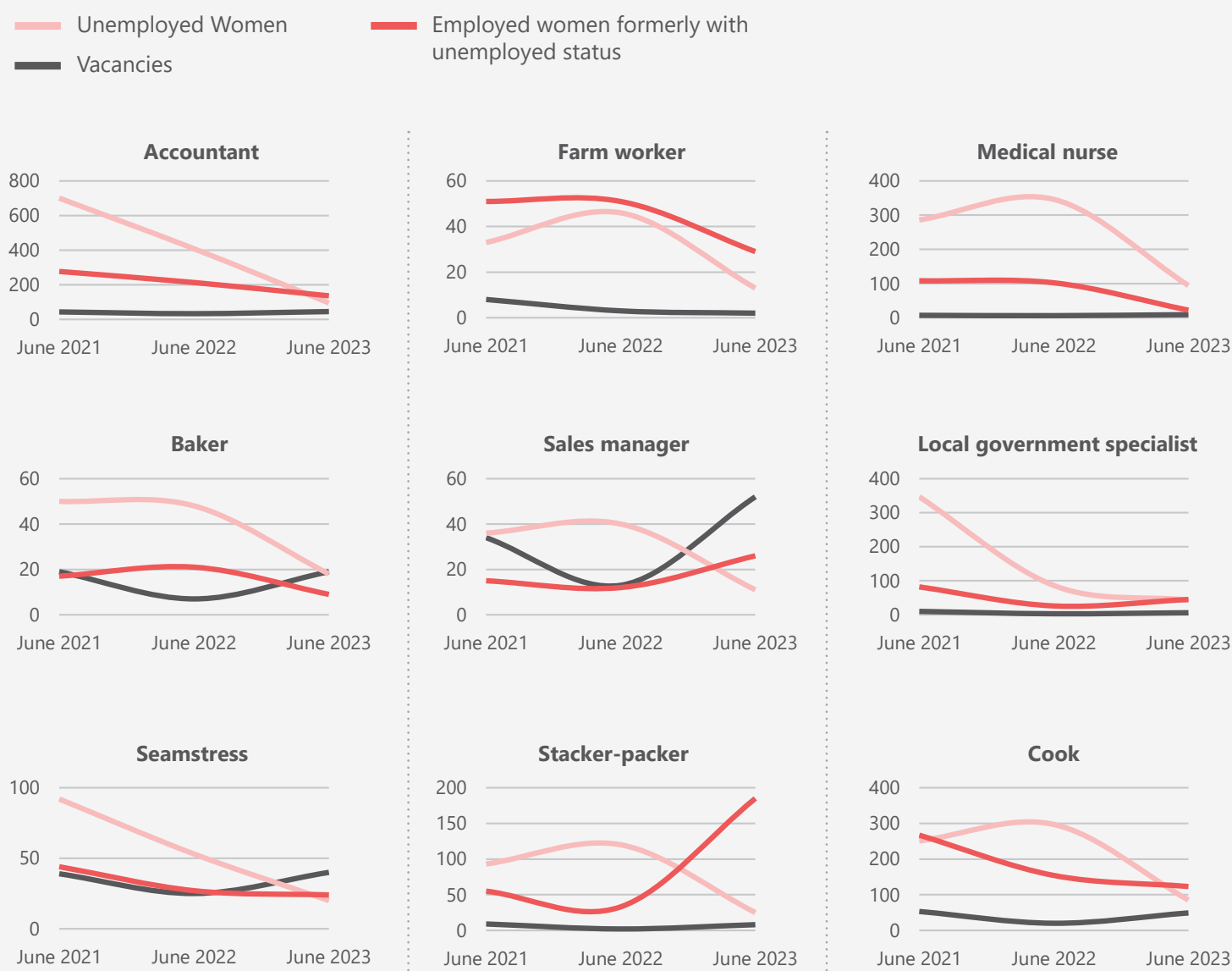
Vinnitsa region hosts a large IDP population: according to IOM, there were 162,156 people as of 31 August 2023⁵ and an estimated returnee population of 96,000 as of June 2023.⁶

KIs reported that IDPs, women, and persons of pre-retirement age and over were the individuals worst affected by loss of income since February 2022. Households in which a partner/caregiver has been mobilised by the military and households containing persons with disabilities were also commonly reported to have been affected by loss of income since February 2022.

- <https://www.vin.gov.ua/invest/analitika/43323-analitichna-dovidka-pro-sotsialno-ekonomichnyy-rozvytok-vinnytskoyi-oblasti-za-sichen-traven-2021-roku-5>
- <https://www.vin.gov.ua/images/doc/vin/ODA/strategy/strategy2027.pdf>
- <https://suspilne.media/384929-plosu-pid-zernovi-zmensat-a-pid-tehnicni-kulturi-zbilsat-ak-trivae-pidgotovka-posivnoi-kampanii-na-vinnicini/>
- <https://i-vin.info/news/vinnicya-bude-v-avangardi-vidnovlennya-ukrayini--predstavnik-nimechchini-pro-noviy-proyekt--6595.html>
- Ukraine — Area Baseline Report (Raion level) — Round 27 (August 2023) | Displacement Tracking Matrix (iom.int)
- Ukraine — Returns Report — General Population Survey Round 13 (June 2023) | Displacement Tracking Matrix (iom.int)

VACANCIES/JOBSEEKERS FOR SELECTED POSITIONS

Figure 3



Data source: State Employment Service of Ukraine

BARRIERS FACED BY VULNERABLE GROUPS ACCESSING EMPLOYMENT

In terms of the main barriers to employment experienced by IDPs, CSO KIs reported a lack of recommendations and connections with the host community; a lack of appropriate qualifications or experience for professions that are in demand; and a lack of funds to access vocational training opportunities.

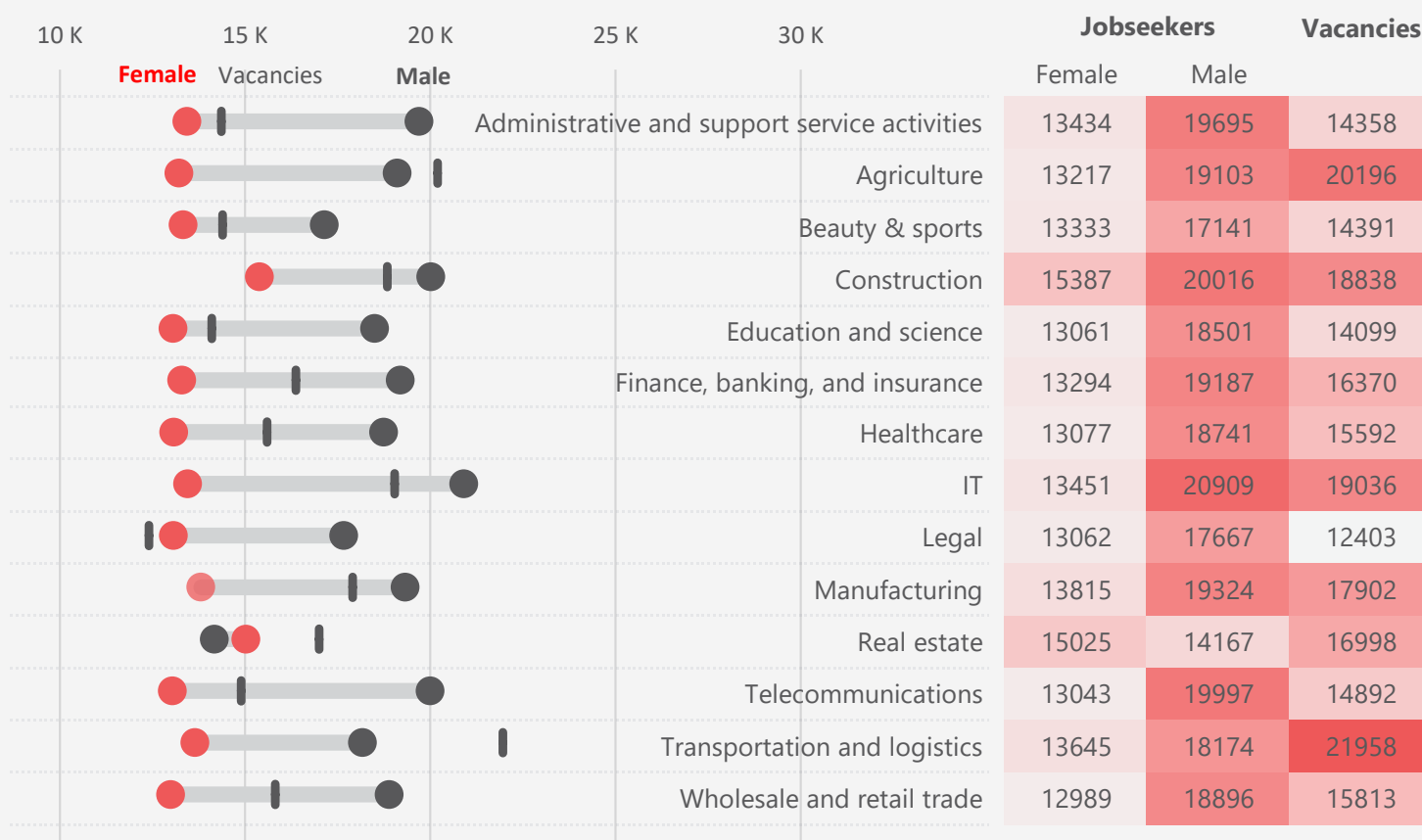
KIs also noted that some employers are concerned that IDPs may return to their place of permanent residence, with the result that local residents are often preferred for long-term employment. Representatives of local authorities also noted that in some cases IDPs may lack motivation to find

work, due to dissatisfaction with the offered salary level or preference for receiving social benefits.

As for women, another subpopulation reportedly affected by reduced income since February 2022, barriers to employment include childcare (CSO KIs reported reluctance among some employers to hire a woman with small children and single mothers) and domestic responsibilities, which have increased since the beginning of the war, especially in households where partners/caregivers have been mobilised by the military. One CSO KI also mentioned the issue of a perceived loss of professional skills counting against women seeking to return to work after maternity leave. In parallel to these challenges, it is interesting to note that KIs reported women moving from traditionally female professions, such as service and beauty fields, to professions typically dominated by men, such as IT, energy and engineering specialties.

SALARIES OFFERED/DEMANDED IN DIFFERENT SECTORS

Figure 4



Data source: work.ua resumes and vacancies, May and June 2023

GAPS IN LIVELIHOODS/BUSINESS SUPPORT

TVET KIs reported that their most popular courses are for medical professions, IT services and various trades, including electrician, plumber, metalworker, hairdresser, mechanic and construction worker.

If additional funding was available, TVETs expressed an interest in adding courses on the basics of entrepreneurship, computer literacy, professional skills, and soft skills. One TVET also reported the need for educational equipment for technical specialities, including computers. The training center that provides educational services for people with disabilities indicated that funding for educational projects is provided only until the end of 2023, and if they do not find financial support for educational

projects, they will be forced to close courses and dismiss teachers.

Businesses can reportedly benefit from both financial and non-financial support (regional SME development program, business consulting services, financial management consultations, etc.) in the Vinnitsia region. *Stina*, *Club You Woman*, and *Business People* were mentioned as organisations that provide consultancy and other types of business support services. In terms of service gaps, a CSO KI reported the need for business scaling assistance, support of women's business associations, and support in accessing available grants.

ABOUT US

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