



LIVELIHOODS BASELINE EVALUATION

Dnipropetrovsk and Zaporizhzhia Oblasts

! Please review the BHA Baseline for insight into the sampling methodology for these key findings.



KEY FINDINGS

Improving Agricultural Production

RELIANCE ON AGRICULTURE AS A PRIMARY SOURCE OF INCOME

1 In Dnipropetrovsk and Zaporizhzhia Oblasts agriculture was reported as the primary source of income, particularly in rural areas.

2 Individuals commonly own personal plots close to their homes, with an average size specified in the table on the right. On these plots people grow vegetables. Individuals typically sell up to 50% of the excess harvest from these plots.

3 Individuals also raise poultry and cattle near their homes, selling the meat and dairy products for additional income.

4 Many individuals in rural areas have additional plots with average size from 2 to 5 hectares (in some cases it could be up to 8 hectares).

For such types of plots, there is a prevalent practice of renting this land to large-scale farmers, a trend unaffected in areas without direct hostilities.

5 KI reports from Zaporizhzhia Oblast reported that the extensive flooding in Kherson has resulted in a surge in demand for agricultural products from Zaporizhzhia.

This demand, which would have originally been met by Kherson farms, has prompted some households in Zaporizhzhia to expand both the variety and quantity of vegetables produced.

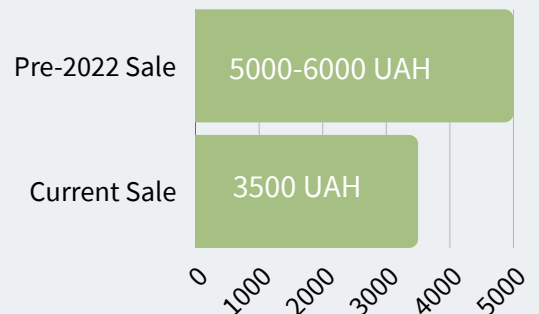
Average Hectares per Small Farmer Plot

0.2-1 Average Hectares per Plot

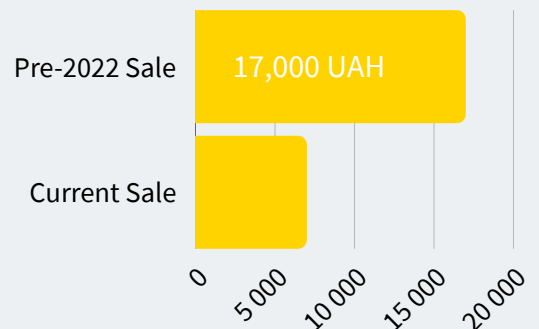
Up to 50% Proportion Able to Sell Excess

Agricultural Item Sale Price Comparison

Wheat Production (per tonne)



Sunflower (per tonne)



CHALLENGES TO SUSTAIN AGRICULTURAL PRACTICES

KIs and FGD participants across the region reported that the ongoing conflict has directly impacted and exacerbated barriers to making an income aligned with pre-war standards of living. Challenges highlighted were:

- 1 Difficult access to finance due to banks' lack of willingness to provide loans or loans at acceptable interest rates.
- 2 Difficulty in finding and purchasing spare parts for machinery as they were produced by companies close to the front lines. Now they have to find other sellers, often at prices above market rate, as these were typically imported from China.

Subsistence farmers in particular face specific challenges:

- 1 Unable to access loans as interest rates are at times between 30% and 40%. Access to bank loans is predominantly limited to consumer loans, characterized by high interest rates. Alternatively, some resort to microloans, which, despite serving as a financial resource, often come with even higher interest rates.
- 2 Farmers growing vegetables and seeds reportedly struggle with a substantial increase in input costs (such as fuel, fertilizers, seeds, tools, and machinery) while receiving decreased prices for their finished agricultural products.
- 3 Farmers also grapple with logistical challenges as a result of searching for new markets to sell their products due to the displacement of many consumers from their homes.

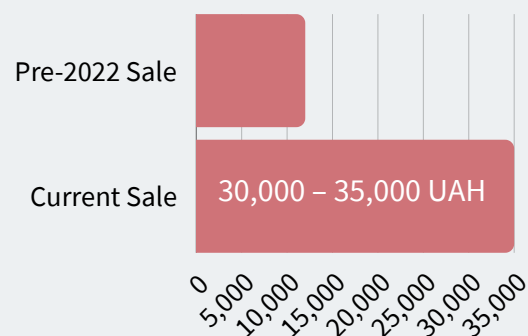
KIs in Zaporizhzhia Oblast prominently reported damage to shelter and animal feed storage, as well as limited government and humanitarian support creating a significant gap in the recovery and support mechanisms for the agricultural sector as challenges due to the proximity to the front line.

Across both oblasts, farmers have either decreased or no access to water for irrigation, or the quality of available water is poor:

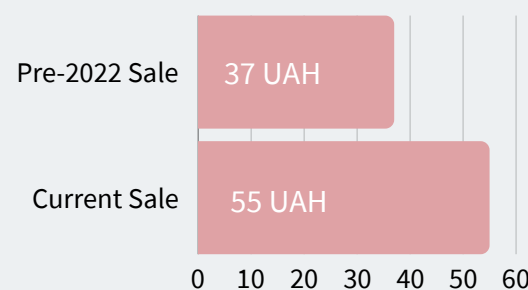
- 1 In Apostolivska hromada (Dnipropetrovsk Oblast) respondents reported challenges with irregular water availability due to the destruction of the Kakhovka hydroelectric power station. This has reportedly also led to a significant increase in prices for water in Zaporizhzhia Oblast.
- 2 The significance of water availability for a successful harvest was underscored, particularly given prevailing weather conditions, which frequently include periods of drought. In response to this, farmers need to adapt their cultivation techniques which may involve altering planting schedules or increasing the use of plant protection products, invariably leading to elevated production costs.

Agricultural Item Sale Price Comparison

Fertilizer (per tonne)



Fuel (per litre)



As a result of the most common challenges, farmers reported that the following trainings would be beneficial: agronomy, what crops to grow, how to grow crops in changing weather conditions, finances in farming, effective livestock keeping, and veterinarian practices.

SUMMARY OF KEY NEEDS FOR AGRICULTURAL INPUTS



Farmers are grappling with challenges in securing commercial loans and financial resources, hindering their ability to obtain necessary agricultural inputs.



The rise in production costs, coupled with shifts in consumer patterns, has significantly reduced farmers' income, making selling produce less lucrative.



Access to markets and essential agricultural inputs, including machinery, has emerged as a major obstacle.



Price hikes in crucial inputs like fertilizers and fuel are notable, driven by factors such as mass migration, reduced demand, and disruptions in export channels.



The shortage of skilled labour and the demand for training in diverse agricultural aspects, such as livestock management and cooperative creation, pose additional hurdles.



The lack of access to irrigation water has adversely affected harvest quality constraints.

NEW LIVELIHOOD DEVELOPMENT AND LIVELIHOOD RESTORATION

The onset of the Russian Federation military offensive launched on 24 February 2022 impacted small and medium scale enterprises (SMEs), as well as the viability of livelihood opportunities. The conflict has impacted existing businesses, and stunted the creation of new businesses, both due to the large-scale migration of business owners and employees alike, as well as the absence of skilled workers.

CHALLENGES IN BUSINESS TRAJECTORY SINCE THE BEGINNING OF THE ESCALATION IN CONFLICT

In rural areas, the primary business ventures revolve around agriculture. This also includes retail, such as small shops and stores for food and clothing. In most urban areas, industrial production (e.g., processing industry for oil, cereal, and berries) was the main reported services.

THE FOLLOWING CHALLENGES WERE REPORTED:

- Significantly decreased number of businesses, emphasising areas close to the front line whilst most production companies continue to function with decreased capacity.
- Largest proportion of business closures were observed in retail trade, as residents left the region. 2200 companies, including 300 companies relocating from Donetsk Oblast, were reportedly relocated to Zaporizhzhia Oblast.
- Local governments face limitations in financing business development and restoration, particularly in hromadas where active hostilities were ongoing. In Nikopol, Dnipropetrovsk Oblast, 453 business premises were damaged;

- Businesses in Zaporizhzhia Oblast and some parts of Dnipropetrovsk Oblast have encountered challenges in securing loans, primarily because of the proximity to the front line. This has impacted their ability to obtain necessary inputs and has had a notable effect on their operational activities.
- Although some regions have seen a reopening of financing opportunities under the government's 5-7-9 programme, there remains a substantial demand for additional financial resources.
- Businesses grapple with persistent employment challenges, with notable scarcity of skilled labour. The extensive displacement of residents and lingering security concerns contribute to this prevailing shortage.

SUMMARY OF KEY NEEDS FOR LIVELIHOOD RESTORATION AND NEW LIVELIHOOD DEVELOPMENT

The conflict has resulted in substantial impacts on existing businesses and impeded the establishment of new ones due to mass migration and a lack of skilled workers.

Local governments face challenges in financing business development and restoration, especially in conflict affected hromadas as the majority of the financing budget is allocated for infrastructure and housing restoration.

Significant shifts in business trajectories have been observed, particularly in rural areas where agriculture and retail were predominant. Urban areas have also seen changes, especially in industrial production.

There is a widespread deficit of labour across all areas, especially of qualified employees. The lack of qualified workers was unanimously reported as a main challenge for development of their companies as it is too resource intense regarding time and costs.

The conflict led to a marked decrease in operational businesses, especially in areas close to the front line.

There are significant barriers for IDPs in accessing jobs. Despite the availability of employment centres and training programmes, barriers exist in utilizing these services, such as time constraints, location preferences, and financial limitations.

Gender-specific challenges include limitations faced by women due to entrenched gender roles and responsibilities at home.

