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**ADDENDUM NO 1 TO DELEGATION AGREEMENT NO  
ENI/2018/398-605**

The European Union, represented by the European Commission, ('the Contracting Authority'),  
of the one part,  
and

United Nations Development Programme (UNDP)  
International Organisation  
One UN Plaza  
New York  
NY 10017, USA  
hereinafter the 'Organisation'

of the other part,

have agreed as follows:

The following provisions of the agreement "EU Support to the East of Ukraine: Recovery, Peacebuilding and Governance" concluded between the Contracting Authority and the Organisation on 26 October 2018 (the 'Agreement') are hereby replaced/supplemented as follows:

Special conditions

**Article 3 - Financing the Action**

3.1 The total cost of the Action is estimated at USD ("Currency of the Agreement") 45 998 500, as set out in Annex III. The Contracting Authority undertakes to provide an EU contribution up to a maximum of EUR 40 000 000 which is estimated at USD 45 998 500. The final amount will be established in accordance with Articles 18 to 20 of Annex II.

**Article 4 - Narrative and Financial Reporting and Payment Arrangement**

4.2 Payments shall be made in accordance with Article 19 of Annex II. The following amounts are applicable, all subject to the provisions of Annex II:

First pre-financing instalment:	USD 9 161 235
Further pre-financing instalment(s): following the end of the 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> reporting periods, subject to the provisions of Annex II.	USD 36 837 265
Forecast balance of the final amount of the contribution, if any (subject to the provisions of Annex II):	USD 0

The sum of the payments in the accounting currency of the Organisation shall not exceed the total EU Contribution in EUR.

Annex I: Description of the Action (including the Logical Framework of the Action)

The new version of Annex I: Description of the Action is attached to this addendum.

Annex III: Budget for the Action

The new version of Annex III: Budget for the Action is attached to this addendum.

All other terms and conditions of the agreement remain unchanged. This addendum shall enter into force on the later date of signature by the Parties.

Done in Kyiv in two originals in the English language, one for the Contracting Authority and one for the Organisation.

**For the Organisation**

Name **Dafina Gercheva**

Title **Resident Representative**

Signature

Date

*Dafina Gercheva*  
23/8/2019

**For the Contracting Authority**

Name **Hugues Mingarelli**

Title **Head of Delegation**

Signature

Date

*Hugues Mingarelli*  
22.08.2019

## Annex I - Description of the Action

**EU Support to the East of Ukraine – Recovery, Peacebuilding and Governance**  
€40 Million of Action ENI/2017/040-554 implemented through indirect management by  
UNDP in partnership with UNFPA, FAO and UN Women

ARD	Agricultural and Rural Development
ATCs	Amalgamated Territorial Communities (“hromadas”)
CoE	Council of Europe
CBO	Community-Based Organisation
CSO	Civil Society Organisation
CRSV	Conflict Related Sexual Violence
DANIDA	Danish International Development Agency
ECHO	European Commission Humanitarian Office
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ENI	European Neighbourhood Instrument
EU	European Union
FAO	Food and Agriculture Organisation
GBV	Gender Based Violence
GCA	Government Controlled Areas
GDP	Gross Domestic Product
GIZ	The German Society for International Cooperation
GoU	Government of Ukraine
CPR	Council for Peacebuilding and Recovery
HCT	Humanitarian Country Team
IDPs	Internally Displaced Persons
IRF	International Renaissance Foundation
KfW	German Development Bank
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
MRD	Ministry of Regional Development and Communal Services
MinSoc	Ministry of Social Policy
MoAPF	Ministry of Agrarian Policy and Food
MinTOT	Ministry of Temporarily Occupied Territories and IDPs
MSMEs	Micro, Small and Medium Enterprises
NAP	National Action Plan
NGCA	Non-Government Controlled Areas
NHSU	National Healthcare Services of Ukraine
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OHCHR	United Nations Office of the High Commissioner for Human Rights
OSCE	Organisation for Security and Co-operation in Europe
PMSU	Programme Management and Support Unit
PWDs	People with Disabilities
RC	Resident Coordinator (of the United Nations)
RPP	Recovery and Peacebuilding Programme
SDGs	Sustainable Development Goals
SIDA	Swedish International Development Cooperation Agency
STP	State Target Programme for Recovery and Peacebuilding in Eastern Regions of Ukraine
TA	Technical Assistance
U-LEAD	Ukraine Local Empowerment, Accountability and Development (GIZ/SIDA)
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children’s Fund
UNSCR	United Nations Security Council Resolution
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
USAID	United States Agency for International Development
VET	Vocational Education and Training

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## 1. Description

**Title of the Action: EU Support to the East of Ukraine – Recovery, Peacebuilding and Governance (Decentralization and Governance; Economic Recovery and MSME Development; Community Security and Social Cohesion; Public Health; Capacity Building and Coordination of Recovery Actions)**

(€40 million of €60 million allocation for Action ENI/2017/040-554 implemented through indirect management by UNDP in partnership with UNFPA, FAO and UN Women)

**Budget: €40 million**  
**Implementation Period: August 2018-July 2022**

### **Sustainable Development Goals:**

- 1) End poverty in all its forms everywhere
- 2) End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
- 3) Ensure healthy lives and promote wellbeing for all at all ages
- 5) Achieve gender equality and empower all women and girls
- 8) Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
- 9) Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation
- 10) Reduce inequality within and among countries
- 11) Make cities and human settlements inclusive, safe, resilient and sustainable
- 16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

**Partner Government:** Government of Ukraine, Oblasts of Donetsk (Government Controlled Area - GCA), Luhansk (GCA), and Zaporizhzhia (districts along the Azov sea coastline: Berdiansk, Prymorsk, Pryazovia, Orikhiv, Guliaipole, Yakymivka, Bilmak, Melitopol and Tokmak). In addition to the above oblasts, the oblasts of Kharkiv, Dnipropetrovsk, Poltava, Kherson, Odesa and Kyiv will also be covered by Component 5 of the Action

### **Government of Ukraine Priorities:**

- Responsive, efficient and accountable governance institutions are able to respond to citizens' needs and provide high-quality public services;
- Creating a favourable business environment, support development of small and medium enterprises, attract investments, facilitate international trade and enhance labour market efficiency;
- Recovery and peacebuilding in eastern Ukraine, which involves facilitation of socio-economic development of local communities to improve quality of life by strengthening their capacities and stability.

### **UN-Ukraine Partnership Framework 2018–2022 Outcomes:**

- By 2022, women and men, girls and boys participate in decision-making and enjoy human rights, gender equality, effective, transparent and non-discriminatory public services;
- By 2022, women and men, girls and boys, equitably benefit from integrated social protection, universal health services and quality education;

- By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labour market, access to decent jobs and economic opportunities;
- By 2022, communities, including vulnerable people and IDPs, are more resilient and equitably benefit from greater social cohesion, quality services and recovery support.

### **European Union Strategic Documents (reference)**

- **EU Global Strategy, Council Conclusions, October 2016**
- **New European Consensus on Development - 'Our world, our dignity, our future', June, 2017**
- **EU Action Plan on Human Rights and Democracy (2015-2019)**

## **2. Context**

Four years after the beginning of armed conflict in eastern Ukraine, Donetsk and Luhansk oblasts (with an estimated combined population of around 6.6 million in 2013 and an area of about 43.000 km<sup>2</sup>) remain effectively divided between areas controlled by the Ukrainian government and non-government controlled areas, with an almost 500 km long “contact line” separating the local population.<sup>1</sup> While most of Donetsk and Luhansk oblasts was at some point affected by military conflict, and anti-government elements had taken control of many cities and towns, the Government of Ukraine regained much of the territory by August 2014. Roughly a third of the region, mostly urban and industrial areas, remains controlled by non-state actors. The remaining two-thirds, mostly rural hinterland and smaller industrial towns, remains under the control of the Government of Ukraine.

Although a ceasefire and an outline for a political settlement were agreed in the Minsk Memorandum in September 2014 and a Package of Measures for its implementation was agreed in February 2015 (later endorsed by United Nations Security Council Resolution 2202 of 17 February 2015), no effective ceasefire has taken hold for any significant period. The parameters for a political settlement include the creation of a special status for certain areas of Donetsk and Luhansk oblasts, anchored in constitutional law, and the return of the entire area to Ukraine’s sovereign control and legislative supremacy. While the original target date of the end of 2015 for the required legislation and special local elections was not met; the parties agree that the Minsk process remains the only available option for finding a lasting settlement to the conflict.

In November 2018, the regional security landscape has been further affected with the capture by Russian forces of three Ukrainian navy vessels in the Kerch Strait (Azov sea). This incident has resulted in increased tensions between Ukraine and Russian Federation and in the invocation of the Martial law in several regions of Ukraine, including Donetsk and Zaporizhzhia oblasts for a 30-day period, which came to an end in December 2018.

The persistent ceasefire violations and related trade boycotts in eastern Ukraine have exacerbated the pressure on the productive and public sectors in Donetsk and Luhansk oblasts, which were hit disproportionately hard by the recent years of economic crisis. A large part of heavy industry and the mining sector are not operating, wiping out much of the economic activities in the oblasts. The continuous limitations of freedom of passage

<sup>1</sup> See UNSCR 2202 (2015) and UN General Assembly Resolutions for official UN positions.

across the Kerch strait has also accelerated the economic downturn in urban centers along the Azov coastline, limiting freight traffic through Azov Sea ports (Mariupol and Berdyansk), as well as limiting employment opportunities for those engaged in the fishing industry. These conflict-related issues have significantly contributed to the overall decline of the country's socio-economic situation. While real GDP fell by 6.8 per cent in 2014 and by 10 per cent in 2015, a recovery started when GDP grew by 2.3 and 2.5 percent in 2016 and 2017 respectively and 3.3 percent in 2018. The pick-up in growth was driven by a good agricultural harvest and the sectors dependent on domestic demand – domestic trade and construction – which both grew by over 5 percent.

The reorientation to a competitive market economy has put significant pressure on Ukraine's social fabric: protection mechanisms have failed to keep up with structural changes, while external and rural-urban migration have only exacerbated the challenges faced by state institutions. Accordingly, there is growing public scepticism that state institutions are able to protect the vulnerable or to provide compelling vision of how Ukraine's largely poor population will be able to generate incomes and sustain families in the new economic order. These problems have been exacerbated by slow progress in the reform of public sector institutions, many of which have failed to modernize and often do not enjoy high levels of trust from citizens and are seen as being corrupt or mismanaged.

Two thirds (3.9 million) of the estimated 6.6 million residents of the two oblasts have been affected directly by the conflict, with most now in need of humanitarian and emergency assistance. Since the start of the conflict, more than 3,320 civilian men, women and children have been killed and another 9,000 injured. About 1.3 million conflict-induced internally displaced persons (IDPs) were registered across the country by the Ministry of Social Policy (MoSP) in March 2019<sup>2</sup>. Most of those displaced are elderly and women with children (78 per cent and 63 per cent respectively). Significant numbers of displaced and often vulnerable populations, such as pensioners, have returned to their homes in non-government-controlled area (NGCA). However, to keep receiving their pensions and other social benefits many continue to be registered in the government controlled area (GCA).<sup>3</sup> The Government's protection services do not extend to the NGCA, and in the GCA capacity and resourcing remain a challenge. Women's traditional gender role as carers is increasing the burden on women because of the growing challenges of caring for the elderly and disabled, the most vulnerable groups affected by the conflict who are largely unable to relocate. Social support services have collapsed or significantly eroded, thus limiting women's employment opportunities. The inability of men to meet their societal obligations as 'providers' and 'protectors' is associated with harmful behaviours (e.g. alcohol consumption, drug addiction and high-risk sexual activities) and an escalation in incidence of domestic violence. Other challenges in the militarized areas include sexual violence, transactional sex and unsafe sexual practices. A UNFPA survey (2015) confirmed the increased vulnerability in the conflict setting to various forms of violence – the proportion of internally displaced women reporting at least one instance of violence outside the family before their displacement was three times higher than that of local women during the entire conflict (15.2 per cent against 5.3 per cent of respondents). The situation is only aggravated by the shock rendered to the private sector, with many being more preoccupied with survival than with creating much-needed jobs and new economic opportunities.

<sup>2</sup> OCHA Ukrainian Situation Report May 2019

<sup>3</sup> Reference UN OCHA Humanitarian Needs Overview, ECHO reports and reports of the OHCHR Human Rights Monitoring Mission.

While social fragmentation, prejudices, regional divides, and low levels of trust in local authorities and institutions existed prior to the crisis, these have been significantly aggravated as a result, particularly in Donetsk and Luhansk oblasts, and this has magnified Ukraine's pre-conflict fragility. Under conflict conditions, law enforcement agencies, security services, and justice institutions are ill-equipped to ensure the respect of human rights and the rule of law, mitigate disputes and tensions, and address crime and violence. Exposure to conflict-related violence has also caused widespread trauma that existing medical and mental health services are unable to address.

Recognizing the need to urgently address reconstruction, economic recovery and peacebuilding needs in areas affected both directly and indirectly by the conflict, in late 2014 the Government of Ukraine requested technical assistance and financial support from the international community to assess priority recovery needs. In late 2014, the United Nations, the World Bank and the European Union (EU) conducted a Recovery and Peacebuilding Assessment (RPA). The RPA looked beyond the immediate humanitarian needs to identify key priorities for recovery and building peace, and provided an initial framework for initiatives that focus on short to medium-term results. The EU, the World Bank and the United Nations thus agreed that programming priorities for the East of Ukraine should be: 1. Restoration of infrastructure and critical services; 2. Promotion of economic recovery; and 3. Social cohesion and peacebuilding. The RPA was endorsed by the Cabinet of Ministers in mid-2015, and formed the basis for the development of a State Targeted Programme for Recovery. The RPA's analysis and framework remain valid and have been used as the foundation for UNDP's *Recovery and Peacebuilding Programme*, including for the implementation of the 'Restoration of Governance and Reconciliation in Crisis-Affected Communities of Ukraine' Action (2016-18) programme, funded by the EU's Instrument contributing to Stability and Peace (IcSP), upon which this proposal builds.

In April 2016, the Government established the Ministry of Temporarily Occupied Territories and IDPs of Ukraine (MinTOT) which serves as the main central authority responsible for shaping and implementation of public policy on recovery and peacebuilding in areas affected by the conflict and on the reintegration of temporarily occupied territories of Ukraine, including:

- coordinating the implementation of peacebuilding measures including development, resilience of host communities' stability, reintegration of combatants and internally displaced persons;
- monitoring progress on recovery and peacebuilding efforts on the territories affected by the conflict or temporary occupation;
- fundraising by attracting investments, loans and grants including international technical assistance for recovery efforts;
- coordinating the activities of central and local executive authorities on the implementation of recovery and peacebuilding projects and programmes;
- advancing media and public awareness of recovery and peacebuilding efforts;
- analytical work on the recovery needs to restore the industrial, social and transport infrastructure, housing and livelihoods of settlements in the eastern region;
- coordinating the government's response to the internal displacement; etc.



The MinTOT is based in Kyiv and has three regional 'sector' offices in Donetsk, Luhansk and Kherson oblasts. The total number of MinTOT staff counts 114 people including 9 civil servants in regional 'sector' offices (3 persons per oblast to support coordination of recovery efforts).

Along with MinTOT the other governmental agencies being involved in recovery response efforts as well as IDP assistance are: the Ministry of Social Policy, Ministry of Regional Development, Construction, and Communal Services; the Ministry of Economic Development and Trade; the Ministry of Agrarian Policy and Food; the Ministry of Health; the Ministry of Education and Science; the Ministry of Internal Affairs; Ministry of Information Policy along with the Parliamentary Commissioner for Human Rights (Ombudsperson Office) and the Office of the Commissioner on Gender Equality Policy.

### **Reforming local government**

On the government-controlled sides of both Donetsk and Luhansk oblasts, there has been a consolidation of governance structures since 2015, which has provided the basis for socio-economic recovery, and allowed the areas to participate in national administrative reforms, and in particular the decentralization process, one of the Government's main reform priorities. While the strains on local governance institutions in Donetsk and Luhansk oblasts are already enormous because of the conflict, they are not exempt from following the demanding schedule of the national reform process, including the territorial-administrative reform to consolidate units of local governance into Amalgamated Territorial Communities (ATCs or *hromadas*). To date, 9 ATCs have been established in Donetsk oblast, and 8 in Luhansk, with 30 and 17 respectively still to be created. No inter-municipal co-operation agreements have been put in place so far.

With continuing access to government resources and international assistance, the situation in eastern Ukraine (in particular the GCAs of Donetsk and Luhansk oblasts) has been showing signs of stabilization. This allows governance structures to consolidate, and provide a basis for socio-economic recovery, including for the population displaced from the NGCA. However, the implications of national reforms on sectoral policies and administrations, such as the social, health and education sectors, have yet to be fully understood or appreciated by the wider population. After initial delays, the reform of local government through amalgamation and decentralization is slowly picking up momentum. Its success is expected to have major effects on the financial and administrative aspects of local governance, as well as service delivery and representation, and should boost the overall recovery effort.

The Ukraine Local Empowerment, Accountability and Development (U-LEAD) programme, supported by the EU and several of its member states, and implemented by GIZ and SIDA, is designed to support Ukraine's decentralization reforms and to emphasize "local empowerment, accountability and development." The EU-funded UNDP Community-Based Approach to Local Development (CBA) programme and the Restoration of Governance and Reconciliation Action funded by EU-IcSP have already made substantial and tangible contributions in this direction. The decentralization and local development activities included in this project, including gender-responsive budgeting, will be linked up more closely with U-LEAD, in particular its components focusing on policy development, capacity building and administrative services.

While implementation of these far-reaching governance reforms has begun, to date the results have fallen short of expectations. Strengthening the capacity of local governments by improving evidence-based planning, transparency, accountability and responsiveness to community needs, as well as gender equality and non-discrimination, are fundamental if decentralization and other reforms are to have a meaningful impact, especially in these two conflict-affected regions. This entails improving service delivery, community security and social cohesion for the local population, particularly women affected by conflict and other groups at risk of exclusion and discrimination.

### **Promoting inclusive economic growth**

Failure to address the socio-economic development concerns related to the conflict will have serious implications in terms of increasing vulnerability and lost confidence in the state, and risk a renewed humanitarian crisis. The need to provide new employment opportunities for people formerly employed in heavy industry, mining, ports in the conflict-affected region, including in agriculture, fishing and related businesses, is urgent. At the same time, the conflict has meant that bank lending, leasing, and other credits (including trade credit), has completely stopped in the region, and businesses are struggling to get access to finance and connect to markets in the rest of Ukraine and beyond. Inclusive economic growth needs to be advanced through support for micro, small and medium enterprises (MSMEs) and trade development.

### **Improving social cohesion**

The conflict has also significantly deteriorated social cohesion, which was already weak following years of divergent and politically charged narratives, and widened pre-existing divides between both elites and the population, and between some population groups. Accordingly, advocacy and investment in a narrative that gives the local population hopes of a brighter future are essential for mobilizing the public and ensuring support for the reforms from affected communities.

The conflict and profound security, social, economic and political crises have also deepened gender inequalities, created new protection challenges and undermined women's rights. Gender-specific aspects of particular concern include, but are not limited to: entrenched gender stereotypes and discrimination, which have deepened as a result of the armed conflict; and obstacles to fuller participation of women in decision-making with regard to community security, recovery, local development, service delivery, reconciliation and peacebuilding.

### **Supporting the localization of healthcare reform**

On 19 October 2017, Ukraine's Parliament approved Law 6327 "On state financial guarantees for the provision of medical services and medicines", which signalled the start of rigorous reform of the health care system in Ukraine. However, the success of healthcare reform depends on the regions that are responsible for the implementation of the new policies, regulations and by-laws, as well as implementation of the e-Health system strategy (still under development and being piloted). It is planned that Ukraine's National Health Service (NHS), established in December 2017 and registered as a central executive agency by the Ministry of Justice in March 2018, will have representatives in all oblasts that request additional support and promotion at the local levels.

The abovementioned healthcare reform brings new challenges to Donetsk and Lugansk oblasts, in addition to already existing issues, such as low quality of access to healthcare services, limited access to specialized treatment and care, damaged medical infrastructure,

an outdated governance system, lack of human resources, and high levels of corruption. Large inflows of internally displaced persons are stretching the already scarce resources in the healthcare sector. The forced relocation of hospitals has rendered significant medical equipment and facilities inaccessible, as they are now located in the NGCA. In addition, medical facilities are severely under-funded and the available resources are often deployed sub-optimally and inefficiently. Anecdotal evidence suggests that even financially secure patients are forced to seek health care outside the region. This situation is further aggravated by the fact that most facilities also report a very significant shortage of staff. On the other hand, reforms in the health care sector are not effectively communicated to physicians and health officials in the eastern part of Ukraine, and some resistance will persist from the side of the healthcare professional community.

A significant part of the healthcare reform refers to a complete restructuring of emergency medical services (EMSs). EMSs in eastern Ukraine face significant problems with outdated equipment and lack of personnel, especially in the regions where the consequences of the armed conflict are visible on a daily basis and have negative effects on ambulance staff in terms of stress and emotional harm, often resulting in burnout. At the same time, both oblasts have existing educational institutions for nurses (including three medical colleges from which more than 200 students graduate annually in each region) and medical universities to prepare physicians (two universities have been displaced from the cities of Luhansk and Donetsk), which could address some of the shortages of staff in EMSs.

#### **Strengthening national coordination of actions to cope with emergencies arising from the conflict zone**

At the national level, the Ministry of Temporarily Occupied Territories and IDPs is responsible for the overall coordination of the State Programme for Recovery and Peacebuilding in Eastern Regions of Ukraine . The progress of implementation has been slow, largely due to lack of national and local resources and insufficient technical capacity of the governmental stakeholders to manage and coordinate recovery efforts. MinToT and its field offices appear to operate in isolation from the other line ministries, regional and local authorities, thus having difficulties to coordinate with and inform the key stakeholders and decision makers on recovery needs.

There is therefore an acute need to significantly strengthen the capacities of MinToT so as to effectively and efficiently coordinate and monitor recovery efforts across central and local executive bodies, local authorities and civil society institutions and implement approved government strategies, programmes and action plans.

#### **Supporting the EIB ERP multi-sector framework loan**

The European Investment Bank (EIB) is providing financing for an Early Recovery Programme (ERP) multi-sector framework loan (EUR 200 million) targeting early recovery investments in critical infrastructure in areas affected by IDP inflows (Donetsk, Luhansk, Kharkiv, Dnipropetrovsk, Zaporizhzhia, Poltava, Kherson, Odesa and Kyiv oblasts) and basic needs, to ensure decent living conditions for displaced people and host communities. Due to the complexity of planning and implementation, EIB is working with UNDP to serve as a competence resource for successful management of the ERP at regional level and to support the preparation, implementation and monitoring of reconstruction projects ('sub-projects') at local government levels.

### **3. Lessons Learned**

The EU's *Action Document for EU Support to the East of Ukraine* (from which this component is financed) cites important lessons learned. These lessons are incorporated into the proposed approach and intervention logic below. The lessons learned also inform the specific activities supported and are the primary motivations to programme these resources through the *Recovery and Peacebuilding Programme (RPP)* in a four-way partnership between UNDP, UN Women, FAO and UNFPA, as well as an increasing number of international partners financially supporting different components.

**A coordinated and integrated approach** is essential to avoid overlap between different interventions and to ensure consistency with national policies. Effective coordination, division of labour and information sharing is vital to avoid duplication and improve complementarity. The RPP is funded by eight donors and coordinated with the entire United Nations family through the Resident Coordinator's office and the Humanitarian Country Team (HCT), and has built a very close working partnership with regional and local authorities operating under the current legislation for a military-civil administration. It is therefore used as a coordination and single delivery mechanism that reduces the risk of duplication at regional and local levels. Coordination through the United Nations mechanisms also ensures that the effectiveness of interventions will be maximized in view of the humanitarian-development nexus.

In addition, as part of the project, RPP will further support the coordination capacity of Luhansk and Donetsk oblast administrations, establishing an effective donor coordination platform in each region to ensure complementarity and strategic oversight of all interventions, supported by the international development partners. The platforms will provide an avenue to link up individual interventions by donors towards comprehensive implementation of the Donetsk, Luhansk and Zaporizhzhia oblasts regional development strategies, supporting an integrated and consistent approach aimed at restoring the social and economic pillars of further sustainable development in the region.

The RPP is an effective tool for responding to the lessons learned regarding the role of **local governance and its relationship to the decentralization process**. One of the key strengths of the RPP, and the former EU-funded Community-based Approach to Local Development Programme (CBA) in the two oblasts, is the strong relationship built over the past few years with local government authorities and local communities in using **bottom-up approaches**. This has been identified by the EU as a lesson learned and a contributor to effective implementation, and one that has gone a long way towards nurturing the emergence of a multitude of civil society groups in Ukraine.

**Access to finance** is an almost universal challenge for MSMEs. This is made significantly more difficult in a high-risk environment such as that in which businesses operate in eastern Ukraine. A technical assistance and grant scheme therefore will aim to reduce the risk and improve access to lending and investment by entrepreneurs. This is complemented by a close working relationship with KfW which will manage a technical assistance and loan guarantee scheme.

## **Policy Context, Stakeholders, Decision Makers and Beneficiaries**

### **4. Policy**

The proposal enjoys high-level support, as it is a direct response to the call by EU Foreign Ministers (Council Meetings of September 2016 and February 2019) to increase EU support for the recovery, both immediately where possible and at a larger scale once the Minsk Agreement is implemented. The broad range of activities included in the proposed Action also responds to the multifaceted policies that converge in eastern Ukraine (in particular Donetsk and Luhansk oblasts, directly affected by the conflict, but also Zaporizhzhia oblast, along the Azov coastline), from responding to immediate post-humanitarian recovery needs to rolling out the complex reforms of governance and institutions, as part of Ukraine's overall reform process and the implementation of the EU-Ukraine Association Agreement. The proposed Action is ultimately intended to rebuild social cohesion and a higher degree of trust between state and society, which in itself is a prerequisite for lasting peace and long-term sustainable development in eastern Ukraine.

High-level policy support is vital for programme effectiveness and the sustainability of the programme interventions because the economic development components require conducive national policy and services. While the protection components require sustained support from governmental authorities.

The Action will **support and reinforce regional-national linkages in rolling out reforms and supporting recovery efforts**. Activities need to consider regional specificities but also to inform a comprehensive national approach that strengthens the capacity and authority of both regional and national authorities. Accordingly, programming focuses on activities at regional level that improve the capacity of regional and local authorities to participate in and benefit from national reform processes.

Activities respond to and support the following government sector policies:

- The State Targeted Programme for Recovery and Peacebuilding in Eastern Regions of Ukraine (STP);
- The Strategy of Integration of Internally Displaced Persons (IDPs) and Implementation of Long-Term Solutions to Internal Displacement until 2020 and Action Plan;
- The Law #1680-VII "On Special Procedure of Local Self-Government in Some Districts of Donetsk and Luhansk Oblasts", valid until Dec 31, 2019.
- The Strategy for Donbas Informational Reintegration until 2020;
- The National Regional Development Strategy of Ukraine and the Regional Development Strategies of Donetsk, Luhansk and Zaporizhzhia Oblasts;
- The Sustainable Development Strategy and Agenda 2030;
- The Human Rights Strategy and Action Plan;
- State Social Programme to Ensure Equal Rights of and Opportunities for Women and Men;
- National Action Plan for Implementation of UN Security Council Resolution 1325 on Women, Peace and Security.

The project stems from a nexus of national and regional level strategic outcomes and objectives and is fully consistent with the targets included in the National Regional Development Strategy, the State Targeted Programme for Recovery and the regional development strategies until 2020 for Donetsk and Luhansk oblasts, among other strategic documents.

The Action directly corresponds to the main strategic elements of the *State Targeted Programme for Recovery*:

- 1 *Rehabilitation of critical infrastructure and social services*: the Action's various components and interventions are intended to contribute to recovery in the areas of education, healthcare, social protection, and social infrastructure.
- 2 *Economic recovery*: the Action will directly contribute to a) capacity-building in local economic planning, improving incomes and ensuring expanded reproduction of human potential; b) structural changes and support for micro, small and medium-sized businesses; c) increased access to financial services, in particular in the area of loans and micro-loans; d) promoting innovation and modern technological platforms; and e) creation of new high-tech jobs and raising the level of employment.
- 3 *Social resilience, peacebuilding and public security*: the Action will directly contribute to a) enhancing social cohesion and peacebuilding; b) promotion of civil society development; c) promotion of local self-governance in the context of decentralization; and d) protection of vulnerable groups, public security and access to justice.

With regard to the regional strategies for development, the Action, through its interlinked components on decentralization, economic recovery, community security, healthcare reform, government's capacity building including support to EIB loan implementation, is directly promoting attainment of an end-state strategic vision foreseen in three regional development strategies: the Luhansk, Donetsk and Zaporizhzhia oblast strategies until 2020.

**For the Luhansk Oblast Development Strategy, the Action will contribute to achieving each of the four strategic goals as follows:**

1. *Resumption of access to critical infrastructure and services*: activities foreseen under Components 1, 3 and 4 will develop social services and healthcare infrastructure, and improve access to quality healthcare, education and social services.
2. *Strengthening local authorities' capacity in the context of decentralization*: activities foreseen under Components 1, 2 and 3 will support the establishment of amalgamated communities and promote their further development, reinforce the capacity of communities to provide quality social and education services, and strengthen their capacity to ensure public safety.
3. *Economic recovery and transition to sustainable development*: activities under Component 2 will support the development of local SMEs and improve their competitiveness, facilitate an increase in the productivity and efficiency of agriculture, and contribute to expanding its sales markets.
4. *Creation of favourable conditions for living and peacebuilding*: activities under Component 3 will create conditions for safer living, improve social cohesion in local communities and support open social dialogue at regional and local levels, strengthen the capacity of local communities for integration and ensuring equal opportunities for internally displaced persons and other vulnerable groups, including women and youth, and implement effective mechanisms to protect human rights, taking into account the consequences of the armed conflict and their impact on the local population.

## **Donetsk Oblast Development Strategy**

1. *Economic development and boosting employment*: activities envisaged under Component 2 of the Action will promote a favourable business environment, and promote structural changes in the region's economy.
2. *Building the capacity of local municipalities*: activities foreseen under Component 1 of the Action will support the implementation of efficient management systems at local level, promote and support the decentralization process, and enhance capability through the provision of quality public services.
3. *Human development, provision of quality social service and addressing IDP issues*: activities envisaged under Components 1, 3 and 4 will support local authorities to provide quality social services, support the development of a competitive market for social service providers, enhance measures of social support for internally displaced persons and the population affected by the conflict, develop healthcare infrastructure and relevant skills among service providers, empower youth, and promote sports and cultural programmes, among other interventions.
4. *Building a safer society*: activities foreseen under Component 3 of the Action will support the rule of law, access to justice and better protection of human rights; strengthen regional and local media institutions; and support the creation of modern systems for emergency warning, monitoring and response.

#### **Zaporizhzhia oblast strategy**

1. *Improving quality of life of the population* (through increase in population adaptability to labour market needs, improvement of young people preparation to labor market entry, leadership and entrepreneurship development and quality life long education).
2. *Promoting rural development* (in particular through support to rural employment in agrarian and non-agrarian sectors).

Activities foreseen under Component 2 will contribute to achieving these oblast's strategic goals, particularly through providing support in sustainable value chain development for job creation and income diversification of the target beneficiaries, such as farmers, MSMEs, and other forms of associations.

The Action's component supporting **decentralisation and local governance** (Component 1) stems from the successful completion of the first phase of EU-funded programming (2016-2018), which concentrated its support on 20 hromadas in both Luhansk and Donetsk oblast.

While maintaining its work with the previous pool of hromadas, to ensure sustainability of prior results, the current EU's contribution is intended to contribute to the amalgamation process in the remaining hromadas of Donetsk and Luhansk oblast that are part of the respective prospective plan. The project will thus directly contribute to the completion of the amalgamation process in eastern Ukraine, also covering areas in the north of Luhansk oblast, which were not previously covered by any international assistance. This process will be finalised provided that operational and security limitations in the area of military conflict do not prevent the holding of elections for the potential ATCs, and do not become a chronic hindrance to operational access for programmatic interventions. The new phase of EU-funded programming will focus on supporting gender-responsive local development with an active participation of women and men from vulnerable groups, creating sustainable local governments through amalgamation, developing the capacity of local authorities in the areas of strategic planning, local finances, gender-responsive

evidence-based planning and budgeting, community mobilization for empowerment initiatives and provision of services to the population. It will also strengthen, under Component 5, the capabilities of local self-governments and civil society to manage and monitor the use of funds provided by the EIB under its ERP.

In addition, as part of Component 4 of the project, special attention will be paid to the **quality of healthcare services in the context of the healthcare system reform and decentralization process**. This component will directly contribute to strategic outcomes related to the reconstruction of critical infrastructure and social service provision. The project will thus support the capacity development of medical professionals, and pilot a new approach to health service delivery in at least three hospital districts in Donetsk and Luhansk oblasts..

As part of the same Component, the Action will strengthen the capacities of MinToT to coordinate and monitor, at national and local levels, recovery actions in the conflict-affected areas.

Issues related to **economic development and employment in both, agricultural and non-agricultural sectors**, will be addressed under Component 2 of the Action. Building on the current baseline of 649 start-ups supported by the RPP, this programme component will create a network of service providers, improve market access for MSMEs (including those along the Azov coast line), provide support to MSME investments and increase the quality of technical and vocational training in the region. It will also promote the employability of youth and women.

As a contribution to the above-mentioned national and regional strategic outcomes, it is expected that the Action will create an effective and widely accessible network of advisory, machinery and other business service providers in both eastern oblasts, while access to markets for MSMEs in agriculture, fishing and manufacturing will be significantly improved. The network of supported institutions will be able to provide consulting support to MSMEs on business development, which is a driver of recovery and economic growth of the region. In addition, the project will ensure that access to credit and financing for self-employment and MSME development in the region is improved and became more flexible, in full coordination with other stakeholders supporting economic recovery in eastern Ukraine (including USAID and KfW).

Relevant strategic targets aimed at **enhancing social resilience, local initiative, peacebuilding and public security**, will be covered by Component 3 of the project. The new phase of the EU-funded programmatic interventions in this thematic field will focus on active members of community groups and civil society with an interest in promoting social cohesion, tolerance and inclusion. The new phase will build on a previous wave of community mobilization which resulted in community driven projects (smart security cameras, street lights installation and refurbishment of water pipes after shelling) in three locations in Donetsk oblast (Novhorodske, Sartaana and Pavlopil), covering over 24,000 beneficiaries, as well as three locations in Luhansk oblast (Stanitsa Luhanska, Schastye and Popasna), covering approximately 48,000 beneficiaries. The capacities of the State Emergency Services, the Centers for Safety and Security and of local police will also be strengthened in the three oblasts of Donetsk (GCA), Luhansk (GCA) and Zaporizhzhia.



While the project will remain open for supporting a wide array of community-driven initiatives, it will focus on Luhansk (GCA), Donetsk (GCA) and Zaporizhzhia oblasts (Sea of Azov region), where assessments show strong signs of social disconnect and lack of propensity for reconciliation. The project will continue working in the locations close to the 'contact line', building on the networks and partnerships supported through the creation and support of Community Security Working Groups (CSWGs) in twenty communities in Donetsk and Luhansk oblasts, created during the first phase. It is planned that at least five new locations in Luhansk oblast close to the 'contact line' will also be covered.

The project and its thematic components will preserve a flexible approach to contributing to national and regional strategic goals, stemming from potential future adjustments and the results of a mid-term review of the regional strategies until 2020, as well as the process of creating new 2021-2027 development strategies for Luhansk, Donetsk and Zaporizhzhia oblasts. Successful implementation of the regional strategies will also largely depend on political and security developments in the area of conflict, which will inter alia determine the EU-funded project's access and overall ability to support reform and attainment of the abovementioned targets.

Several other strategic policy documents are relevant for the context of project implementation:

- On **MSME development**, the Ukraine-EU Association Agreement emphasizes strategies to support SME development. The Government has developed a 'National Programme for Small and Medium Entrepreneurship 2015-2020'. Donetsk and Luhansk oblasts have developed SME Development Strategies and have allocated funding to support MSMEs. The development of MSMEs in Zaporizhzhia oblast is envisaged in the Oblast Development Strategy.
- The **Agricultural and Rural Development Strategy 2020** includes specific references to the development of value chains, particularly in the dairy, fruit and vegetable sectors, and confirms that SME agro-enterprises are the foundation of agricultural development. The Ministry of Agrarian Policy and Food (MoAPF) has also adopted agricultural development as a priority as have Regional Development Strategies in Luhansk, Donetsk and Zaporizhzhia oblasts, which were elaborated with EU and UNDP support in an earlier phase of the RPP. The future Agriculture and Rural Development Strategy to 2025, currently under formulation, will have similar line priorities as the ongoing one, putting more emphasis on the need to support smallholder farmers across the country.
- Two new laws "On **education**" and "On **vocational education**" focus on pivoting education policy more towards vocational skills and delivering the skills required on the labor market.
- The Law of Ukraine "On State Financial Guarantees of Public Health Care" of October 19, 2017 No. 2168-VIII, adopted in January, 2018.
- Laws of Ukraine on **gender equality and women's empowerment**: The Law on Equal Opportunities for Women and Men (2005); The recent Laws on Amending the Criminal Code of Ukraine and Criminal Procedure Code of Ukraine and the Law on Preventing and Combating Domestic Violence (2017).

## 5. Stakeholders

The following stakeholders have been identified as being important for successful implementation and for enabling national ownership of the project deliverables.

### Stakeholders that Contribute to Implementation at Institutional Level and Ensure the Relevance of Programming:

- Regional administrations of Donetsk, Luhansk, Zaporizhzhia, Kharkiv and Dnipropetrovsk oblasts, as well other oblasts hosting a large influx of IDPs.
- Local governments at municipal and hromada levels.
- Central government ministries (together with their branches at the oblast level) such as the Ministry of Temporarily Occupied Territories and Internally Displaced Persons; the Ministry of Regional Development, Construction, and Communal Services; the Ministry of Economic Development and Trade; the Ministry of Agrarian Policy and Food; the Ministry of Health; the Ministry of Social Policy; the Ministry of Education and Science; the Ministry of Internal Affairs; Ministry of Information Policy along with the Parliamentary Commissioner for Human Rights (Ombudsperson Office) and the Office of the Commissioner on Gender Equality Policy.
- MSMEs and business membership organizations, such as Chambers of Commerce, at national and regional levels.
- Farmers', farmers cooperatives and other forms of farmers associations, business organizations, input suppliers, service providers (machinery, extension, business development, laboratories, etc.) and other relevant actors of the targeted value chains..
- Banks (together with their branches at regional and local levels), leasing and possibly insurance companies.
- Institutions involved in the provision of professional education (vocational education and training (VET) institutions, Offices of the State Employment Services, Regional Councils on VET).
- Local communities and their community organizations, citizens' groups, women's organizations and women's self-help groups, and youth groups and organizations.
- Civil society organizations and NGOs
- Regional and local media
- Displaced universities from the non-government controlled area, their administrations, teaching staff and students, as well as affected tertiary institutions in the government controlled area.

### Institutional Beneficiaries:

- National, regional and local administrations, including Regional Development Agencies;
- Amalgamated Territorial Communities (ATCs) including their Administrative Service Centres (newly established and to-be-formed);
- Private sector institutions, such as partner banks and businesses;
- Institutions engaged in providing professional education.
- Community organizations, citizen interest groups, youth and women's self-help groups.
- Primary healthcare facilities, hospitals and clinics.
- Displaced universities.
- Local (radio or television) broadcasters.

**The final beneficiaries** are the whole population of the eastern oblasts, including internally displaced persons, women and youth, representatives of vulnerable groups (including people with disabilities) and residents at large of the areas closest to the 'contact line'.

## **6. Intervention Logic**

The general lack of belief in the capacity of public institutions to deliver a better future for citizens of the region is a sustained risk to stability in eastern Ukraine. If this risk is to be mitigated, decision-making in Donetsk, Luhansk and Zaporizhzhia oblasts, needs to become more responsive to diverse citizens' groups and private sector needs, and contribute to a public-private partnership that brings jobs and wealth creation to residents of the region and to those displaced. This inevitably means that urgent attention is required to modernize and reform public organizations to make them citizen-centred and responsive to the differentiated needs of women, men, girls and boys.

After four years of conflict, citizens in eastern Ukraine are eager to look beyond humanitarian and emergency responses that, while essential, do not by their very nature invest in institutions that build confidence in the likelihood of a better future. Accordingly, transition to a recovery phase will require greater focus on the factors that drive ongoing instability in the region – even as violent conflict continues along the 'contact line' and the prospects for full reintegration and restoration of territorial integrity remain uncertain.

The Action therefore focuses on stimulating economic growth whilst improving protection of vulnerable populations, and particularly of women facing multiple forms of discrimination, whilst also investing in reform and institution building. The logic is that economic growth and job creation will create public support for programming and the Government in the region. However, such support will not be enjoyed unless there are visible signs that the Government and its donor partners are doing more to protect vulnerable populations. To deliver economic growth and protection, the cornerstone is reforming local public institutions so that they are responsive to both the needs of citizens and those of the private sector.

The Action consists of a comprehensive package of measures aimed at social and economic recovery of the targeted oblasts in eastern Ukraine. This will be addressed through the provision of financial resources and technical assistance to both the public and private sector at national, regional and community levels. Recovery and development needs identified in this region are prioritized in the following sectors: decentralization and governance; economic recovery; social cohesion; structural adjustments; and information flows.

## **7. Implementation Arrangement**

The "Action" as described henceforth will be implemented by UNDP. The EU contribution will be entrusted to UNDP through a Delegation Agreement based on an indirect management modality, attributed in accordance with Article 58(1)c of Regulation (EU, Euratom) No 966/2012.<sup>4</sup> UNDP may work in partnership with other UN agencies, international or local NGOs and civil society on the following components:

- Support for decentralization and local governance reforms in both GCAs of Donetsk and Luhansk oblasts under **Component 1**. This support includes the development of capacities of local authorities to carry out gender-responsive evidence-based strategic planning and budgeting, to manage local finances effectively and transparently, to

<sup>4</sup> REGULATION (EU, EURATOM) No 966/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002

promote community mobilization and ensuring the provision of quality public services to the population

- Under **Component 2**, support for the establishment of a functioning network of service providers and the improvement of market access for MSMEs and other relevant actors of the selected value-chains, as well as increased quality of provision of technical and vocational training in the region (Results 2.1 and 2.3); support to MSME investments through a grant scheme (Result 2.2) and support to internally displaced persons, with emphasis on youth and women to acquire equal chances to achieve economic independence/employability (Result 2.3). Activities under this Component will take place mainly in GCAs of Donetsk and Luhansk oblasts, as well as in Zaporizhzhia oblast (Sea of Azov coast line)
- Under **Component 3**, further support to local communities and citizen interest groups through a community mobilization approach emphasizing the empowerment of the most vulnerable women and men, engaging youth, allocating grants, community security and social cohesion interventions. Under this Component, the capacities of the State Emergency Services (SES), local Centers for Safety and Security (CSS) and of local police will also be strengthened (Result 3.1.). Activities will take place in Donetsk (GCA), Luhansk (GCA) and Zaporizhzhia oblasts
- Under **Component 4**, support to improve the quality of healthcare services in the context of the health care system reform and addressing the specific needs of the local population (Result 4.1); support to education establishments displaced from NGCAs (Result 4.2.) and capacity building of governmental authorities for national coordination of actions to cope with emergencies arising from the conflict zone (Result 4.3.). At regional level, support will be provided in the GCAs of Donetsk and Luhansk oblasts; at national level, it will be specifically provided to the Ministry of Temporarily Occupied Territories and IDPs in Kyiv
- Under **Component 5**, support to the implementation of the EIB's Early Recovery Programme (Result 4.3).

The "Action" is built upon UNDP's Recovery and Peacebuilding Programme (RPP), which is a jointly implemented project that has been supported (so far) by eleven donors and the United Nations system. Successful implementation of the project vitally requires the trust of local and regional authorities as well as specialized skills to be in place at the local and regional levels, built by UNDP during implementation of ongoing development projects in eastern Ukraine. Implementing the project under the umbrella of the RPP means that the project benefits from established and well-respected relationships and capacities.

Additionally, it is also recognized that UN Women and UNFPA have developed significant comparative advantages in Ukraine in recent years, most notably in relation to advancement of gender equality and women's empowerment, combatting and preventing gender-based violence and strengthening certain aspects of public health systems. Accordingly, UN Women will play a prominent role in implementing Component 1 with its in-depth expertise and experience of gender-responsive planning and budgeting and networks of women's and gender equality groups and organizations. Together with UNFPA, UN Women will implement parts of Component 3 focusing on preventing and responding to gender-based violence, as well as supporting and ensuring quality control of activities under the other components. The FAO and UNFPA will play a prominent role in implementing Component 2, given their respective knowledge, networks and effective partnerships for promoting and strengthening related agricultural value chains, as well employment opportunities for youth and women, including in eastern Ukraine.

The RPP also benefits from high-level links to United Nations humanitarian actors, making use of the United Nations Country Team and humanitarian coordination systems, and ensuring that programming is relevant to the humanitarian-development nexus. This is equally of benefit for building a bridge between activities on the ground and national-level responses. Finally, using the RPP for implementation will allow a smooth continuation of existing programme components and a rapid start-up of new elements, both because the technical resources are already in place and because the RPP has well-functioning and compliant procurement capacities, which are vital for implementation.

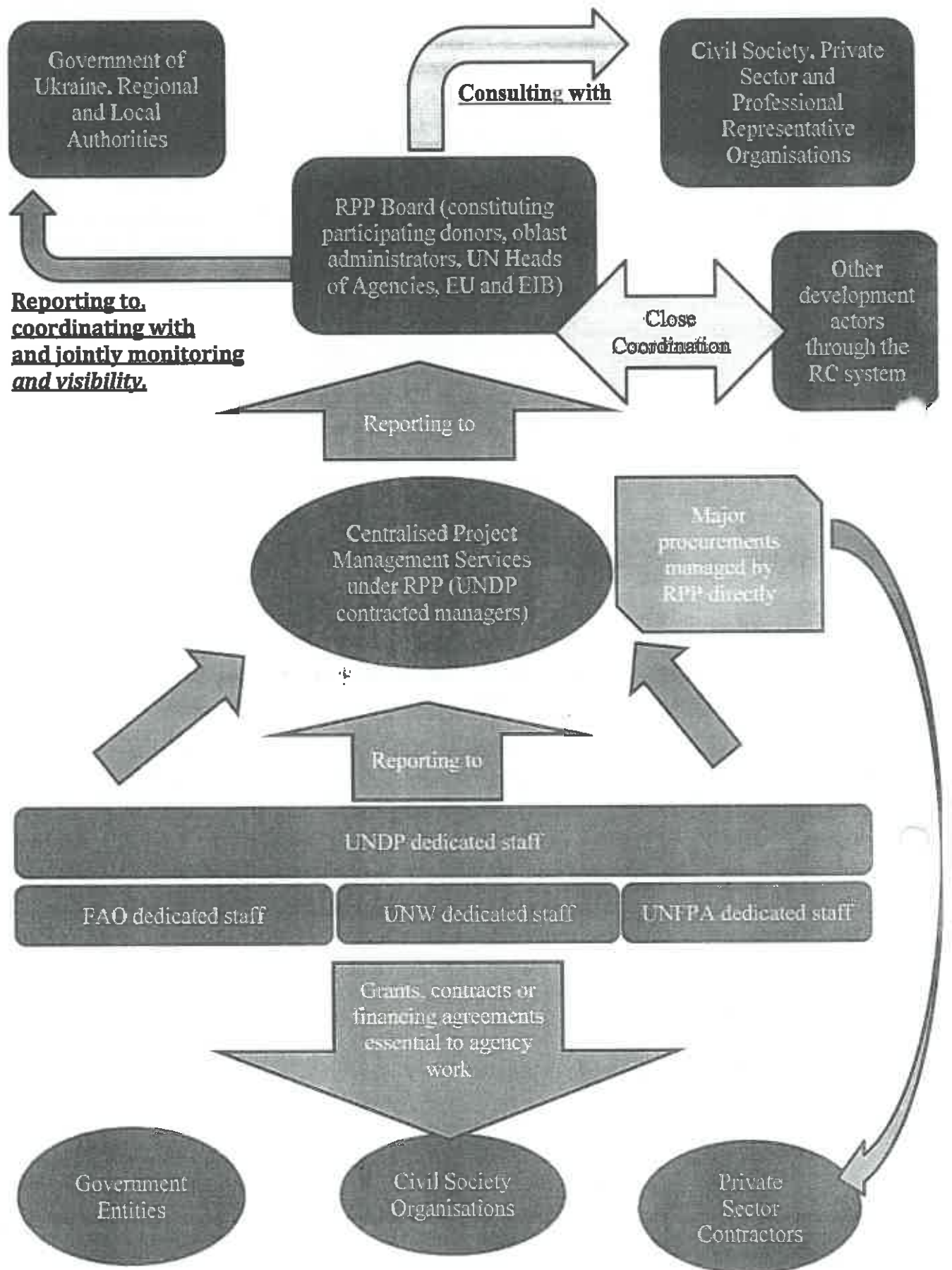
The diagram below shows how the different actors work in partnership to ensure effective implementation. Project management is performed by UNDP through the RPP structure. The RPP Programme Manager reports to the RPP board comprising the EU, other participating donors and United Nations agencies and oblast administrations. Central government representatives will participate as required. Implementation is integrated with each of the other three United Nations agencies through direct implementation, contracting, grant agreements or agreements with governmental authorities and CSOs. Other donors contribute to the RPP through direct contributions to the participating agencies and participate in the RPP Programme Board.

The RPP will lead efforts aimed at supporting the decentralization reform and the process of amalgamation of communities in Donetsk and Luhansk oblasts, complementing and reinforcing national-level efforts by the U-LEAD programme, funded by the EU and EU Member States, and implemented by GIZ and SIDA.

For almost a decade, the EU-funded, UNDP-implemented CBA Programme has acted as a 'pioneering' mechanism in both rural and semi-urban disenfranchised areas of Ukraine to engage citizens in participatory governance, improving the social and technical infrastructure of their communities.

Integrating these capacities into the broader framework is a logical continuation of what the EU and UNDP have managed to build up over the past decade across Ukraine, and in Donetsk and Luhansk oblasts in particular, and can add an essential component to developing a new system for delivering regional and local development. It is expected that the ATCs will generate new local government revenues and provide funding mechanisms for local infrastructure and social projects. Through RPP, UNDP has core competencies to contribute to efforts to provide ATCs with technical capacity for resource mobilization, and it can assist non-amalgamated communities on best practices at their current level.

Figure 1 Management and Implementation structure.



In order to achieve full integration of local governance reform and local development efforts in Donetsk and Luhansk, and to maximize potential for exchange of good practice with other U-LEAD departments and regions, a full alignment between the expanded RPP with U-LEAD will provide closer linkages to SIDA and GIZ through the Central Reforms Office (CRO)/House of Decentralization in Kyiv, and much closer collaboration with U-LEAD at the field level, in particular with the U-LEAD-supported Local Governance Development Centres (LGDCs) in Kramatorsk and Severodonetsk. UN Women will contribute to strengthening synergies with U-LEAD, through its on-going tri-lateral partnership on gender-responsive budgeting (GRB) at the national, oblast and hromadas level with the SIDA-funded GRB project and the National Democratic Institute.

## **8. Management Arrangements**

The above diagram shows the lines of reporting and accountability for delivery. The RPP board is the governing body of the project and RPP's management team reports directly to the board on delivery. A designated RPP Programme Manager, supervising dedicated programme component leads, will be responsible for the components financed under this agreement. Major procurements, grants and financing arrangements are launched and implemented by the RPP management team directly. However, UNDP, UN Women, FAO and UNFPA also provide specialized technical resources that are contracted directly to the responsible agency. To ensure a single line of reporting and management, project staff and technical assistants financed under this component will have their Terms of Reference adjusted such that they report directly to the Head of Agency and the RPP Programme Manager. Accordingly, performance will be jointly measured by the RPP Programme Manager and the respective Head of Agency. Where possible the staff from the respective agencies will be housed in the same office as the RPP management team.

The standard approach is for all grants, procurements and financing agreements to be launched, managed and monitored by the RPP procurement unit directly.

Monitoring will be facilitated by the RPP management services. Monitoring terms of reference will also be required to consider inputs from the Government of Ukraine. A Monitoring and Evaluation Officer is placed in in the RPP management unit and will develop a detailed monitoring and evaluation plan, including elaboration of more detailed results, a baseline and means of verification based on the logical framework (in the annex) in the first quarter of implementation.

The RPP Board will approve the visibility, advocacy and communication plans with the intention that these activities are coordinated with the senior management of participating donors and implementing partners.

The RPP Board consists of participating donors, representatives of participating United Nations agencies and 2. oblast administrations (Luhansk and Donetsk). The board is responsible for governing the RPP, including approval of integrated work plans, monitoring, financial and performance reports. The board may include donors that finance recovery activities in eastern Ukraine as observers. This is considered to be an important step towards strengthening coordination and complementarity especially with other large donors not yet participating in the RPP. In addition, central government representatives will participate as required.

## 9. Cross-cutting Issues and Quality Control

Cross-cutting issues will be mainstreamed at the management level so that they can be addressed and incorporated throughout implementation. The high-level priority of ensuring that activities enjoy **national ownership and contribute to capacity development** will be implemented through a dedicated focal point, the RPP Programme Manager, reporting directly to the RPP Board and coordinating with the service provider contracted by the EU under Component 4 of the Action.

The RPP Programme Manager will also ensure that programming challenges are raised with the UNDP Resident Representative, Heads of UN Agencies and EU. RPP Programme Manager will play a vital quality assurance role to ensure that activities at the local and regional levels are coherent with national policy and strategy, and in service to the overarching reform agenda.

The RPP is aligned with the United Nations Partnership Framework and forms an integral part of UNDP's Country Programme for Ukraine. It therefore closely interrelates with the Democratic Governance and Sustainable Development (Energy and Environment) programme components. The RPP will cooperate with the Democratic Governance portfolio on issues related to decentralization, public administration reform, access to justice, human rights, civic engagement etc. Health reform-related interventions will be closely linked to the overall support for national policy reform in this area and will be coordinated with the Ministry of Health.

A focal point from UN Women will be identified to ensure **gender mainstreaming** in all activities. The UN Women focal point will report directly to the RPP management on coherence, risks and challenges, particularly in the post-conflict environment.

A focal point from UNFPA will be identified to ensure **youth engagement as well as the needs of GBV survivors for protection and access to specialized services** feature in all relevant activities. The focal point will also ensure close coordination with other EU-funded youth-related activities implemented by other United Nations agencies (in particular UNICEF through an IcSP-funded Action). The UNFPA focal point will report directly to the RPP management on coherence, risks and challenges, particularly in the post-conflict environment.

A focal point from UNDP will be identified to ensure **community engagement and social cohesion** features in all relevant activities. This will also include a focus on maintaining a human rights based approach, promoting conflict-sensitive programming and compliance with the do-no-harm principles. The UNDP focal point will report directly to the RPP management on coherence, risks and challenges, particularly in the post-conflict environment. Focal points will participate in and provide brief status reports on their respective priorities at monthly RPP management meetings. The focal point on national ownership will participate in all RPP governance meetings. The other focal points will report on progress and risks to the RPP governing board at least twice a year.

Representatives of the **private sector and civil society** will both be invited to participate in programming monitoring and feature in a dedicated section of all monitoring reports. The effectiveness of activities will thus be enhanced by civil society and private sector perspectives on the effectiveness of programming. Representatives from these non-state



actors will also be progressively included in measuring success to improve dialogue and to engender a shared understanding of the challenges at hand and how best to address them. Raising the profile and strengthening the voices of these actors is essential for demonstrating national ownership of development outcomes and processes.

The **UN SCORE for Eastern Ukraine (USE)**, based on the Social Cohesion and Reconciliation Index (SCORE) methodology, will be utilized to enhance and complement monitoring and evaluation (M&E) tools by providing annual data and measuring impact at both the outcome and output level, primarily for Component 3 (Community Security and Social Cohesion) of the Action but also to inform programme design and M&E for the other components. USE provides both descriptive and predictive analysis by using statistical modelling techniques and a robust participatory methodology to: a) measure levels both of social cohesion (the extent to which co-existence between individuals in a society and the institutions that surround them is harmonious) and of reconciliation (the propensity for groups in conflict to come closer); b) explore long-term macro-level trends in local development and social cohesion ; and c) on the basis of the data generated, formulate evidenced-based policy and targeted programmes that respond more precisely to strengthen levels of social cohesion by addressing the root causes of conflict and preventing emergence and/or relapse of conflict in affected communities. The key indicators of social cohesion used to formulate the USE conceptual model are trust in institutions, their representativeness, economic security, political security, freedom from corruption, satisfaction with civic life, and human security. These factors will be measured annually through data collected through face-to-face surveys and validated in a series of stakeholder consultations.

The results of **area-based assessments**, to be conducted by ACTED/IMPACT over a period of three years (2019 to 2022) in the GCAs of Donetsk and Luhansk oblasts, will also contribute to RPP monitoring and evaluation and to its future programming activities. The assessments will be adjusted to fit UNRPP priorities, strengthening sectoral analyses of markets, administrative, justice, security, social, education, health, and communal services. Attention will notably be paid to a) services of particular relevance for SGBV survivors and b) access to infrastructure/information for women and men with disabilities, especially in rural areas. Methodology and tools will be adapted based on priorities defined with and by LAs, civil society (incl. representatives of most excluded and/or vulnerable groups), UNRPP partners, and the EU. ACTED/IMPACT will support LAs in i) using gender and age disaggregated data and managing information for evidence-based local level planning based on participatory, inclusive and transparent processes; and ii) generating data for coordination purposes.

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be **monitored** on a quarterly basis, and a quality assessment shall record progress towards completion of the key results, based on quality criteria and cross-cutting issues detailed above. An Annual Review Report shall be prepared by the RPP Programme Manager and presented to the RPP Board.

A mid-term project review and final evaluation will be conducted during the fourth quarter of the second year and fourth quarter of the final year to assess the performance of the project, propose any necessary changes during implementation and contribute evidence to policy making. The cost of the review and evaluation will be financed directly by the EU through direct procurement.

## **10. Scope of the Action**

### **Strategic Approach**

The “Action” will be implemented as part of the the Recovery and Peacebuilding Programme (RPP). RPP is the unifying implementation framework, funded by eleven international partners and implemented in eastern Ukraine as a partnership among several United Nations agencies. The Programme addresses priority needs in eastern Ukraine since armed conflict erupted in spring 2014, the opportunities derived from the Minsk Protocol of September 2014 and the renewal of its cease-fire provisions in February 2015. The RPP’s outputs are aligned with the United Nations Partnership Framework (UNPF) 2018-2022, which in turn is aligned with national priorities and the 2030 Sustainable Development Agenda.

The RPP’s three thematic components (1. Economic Recovery and Restoration of Critical Infrastructure; 2. Local Governance and Decentralization Reform; and 3. Community Security and Social Cohesion) have been designed to be complementary and strategically aligned. The Programme includes a series of interventions to meet short- and medium-term recovery objectives while addressing the constraints and challenges that existed prior to the conflict. The continual volatility and fluidity of the conflict precludes a comprehensive recovery plan in the traditional sense. Programme implementation thus remains flexible, requiring a review of the scale and scope of recovery interventions to take into consideration the changing humanitarian, political, and security efforts. The programme team is taking these challenges into consideration and has integrated the following approaches into project design, implementation, monitoring and evaluation:

### **Programme-Based approach**

Interventions are devised that are consistent with the methodologies and guidelines identified within the programme-based approach and are multi-sectoral in nature, with a number of funding partners. National ownership must be ensured at all levels of the programme, from outcomes and outputs to activities and sub-activities. To this end, RPP has supported strategic planning exercises led by local, regional, and national government.

Analysis has also been conducted of the role of other international partners, geographically as well as thematically, with particular attention being paid to how the decentralization process is unfolding across the country. To avoid potential overlap and/or duplication, the RPP team coordinates its activities with the United Nations and bilateral development agencies through the United Nations Eastern Country Team (UNET), as well as with other development actors, including USAID and other EU-funded programmes and projects, such as U-LEAD and EUACI.

### **Area-Based approach**

The RPP is being implemented through an area-based development approach, according to the following principles: (1) the areas affected most by the ongoing crisis are prioritized; and (2) recovery activities are tailored to meet the specific needs of target populations, with respect to the unique recovery and development challenges they face.

An area-based approach lends itself to the challenges of recovery. Context-specific practices are developed to aid recovery of conflict-affected communities, addressing their

multi-dimensional needs and rights in terms of local governance, service delivery, livelihoods, civic engagement, infrastructure, energy, legal, justice, security, transitional justice and reconciliation.

### **Gender Manstreaming**

A gender analysis is being conducted for each project within the RPP, with gender equality concerns fully and consistently reflected in project rationale and implementation. Gender mainstreaming is reflected in the design of activities and disaggregated reporting, monitoring and evaluation of impact and results is ensured.

In addition, the joint programming with UN Women, brings an even greater depth of expertise and targeted activities for gender-responsive budgeting and planning, advancing human rights and gender equality through community mobilization for empowerment and women's leadership and participation in local government; and significant synergies with UNDP activities on community security and social cohesion.

### **Key challenges**

The Action will contribute to addressing the following key challenges facing Donetsk and Luhans oblasts in eastern Ukraine and Zaporizhzhia oblast along the Sea of Azov coastline:

- Development of accountable and participatory local governance with fiscal and territorial decentralization is important, but communities are sceptical about the benefits of amalgamation, and are not well informed about how to access and develop local governance.
- Local development planning is insufficiently based on evidence.
- Local governments and civil society's capacities to plan, implement and monitor reconstruction projects funded by EIB are still insufficiently developed.
- Public services (health, education/VET) are not adapted to the needs of the conflict-affected population and local markets.
- MSMEs suffer from insufficient advisory support and quality of vocational education training, as well as a lack of financing.
- Young people, internally displaced persons and women do not have equal access to employment opportunities.
- The continuous limitations of freedom of passage across the Kerch strait has exacerbated the economic downturn in urban centers along the Azov coastline, as well as limited employment opportunities for those engaged in traditional industries of the region (maritime ports, fishing etc.).
- Providing new employment opportunities for people formerly employed in heavy industry, mining, ports and fisheries in the region is urgent.
- People, especially women, do not feel safe and are not confident that peace can be achieved and sustained.
- Internally displaced persons, conflict-affected host communities, combatants and victims have suffered social and personal stress, and reconciliation will require effort and time.
- National level institution set up to coordinate and monitor recovery efforts in the region has insufficient capacities to do so.

### **Assumptions**

To work towards more resilient communities (including internally displaced persons), the theory of change is based on a number of external assumptions:

- There is sustained political willingness to seek solutions in the conflict-affected area;
- Ukraine's political leadership is committed to national reforms, conducive for economic recovery and regional development;
- Inclusive local governance under government decentralization policies is developed and seen as legitimate by communities;
- Sustained financial resources and endorsement by international community and government are available in a timely and consistent manner.

### **Risks**

In addition, there are a number of risks that may delay or prevent achievement of planned results:

- Significant escalation of conflict, which could undermine the willingness to move towards democratic governance;
- Amalgamation of communities under decentralization process is further slowed;
- Persisting corruption undermines trust in public institutions and leads to fiduciary risks;
- Lack of interest in reconciliation and recovery on the part of key players;
- Inefficient coordination with new donors, development actors and other UN agencies;
- Politicization by the Government and other actors of activities in the conflict-affected areas.

### **Theory of Change**

If conflict-affected women and men, especially from rural areas, **have access to decent employment and economic opportunities**, with favourable conditions for micro, small and medium enterprise development and public infrastructure in place, and

If regional and local government and service providers implement participatory gender-responsive decentralization and administrative reforms, and **provide quality non-discriminatory services**, including healthcare, environmental and social protection in a transparent and accountable way, and

If women and men, including vulnerable people, benefit from improved trust within communities and are empowered to implement **gender-responsive community security, social cohesion and peacebuilding initiatives**,

**Then** conflict-affected women and men are more resilient and benefit from social cohesion, quality services and recovery support, which enables communities in eastern Ukraine to recover from conflict and build a foundation for a sustained peace and economic prosperity.

### **Jobs and economic opportunities**

More jobs and economic opportunities for conflict-affected population require more favorable market and regulatory conditions for micro, small and medium enterprise

development. In addition, labor skills of women and men (including vulnerable groups) need to be better aligned with market needs.

A precondition for improved market and regulatory conditions is the rehabilitation of basic social, economic and educational infrastructure. Further, it requires improved access to demand-driven business support services and financing.

### **Good governance and quality public services**

Accountable regional and local institutions that provide gender-responsive and non-discriminatory public services and protect the environment require three changes: a) a decentralization reform that is implemented with adherence to principles of participation, accountability and non-discrimination, b) social and administrative services that are transparent, inclusive and gender-responsive, and c) the sustainable management of natural resources, preservation of ecosystems and mitigation of environmental risks.

Transparent, inclusive and gender-responsive decentralization reform and service delivery require regional and local governments with capacities for participatory, gender-responsive strategic planning. It also entails an effectively functioning health care system at regional and local levels.

To allow for participatory, gender-responsive strategic planning, youth need to be consistently involved in local decision-making. Local CSOs need to contribute to the implementation of gender-responsive local programmes, plans and budgets.

### **Community security, social cohesion and peacebuilding**

Greater social cohesion and gender-responsive community security require that: a) local law enforcement and justice institutions provide inclusive and quality security and justice services, and b) communities identify and mitigate security and safety risks. It also requires giving women capacities for advocacy and participation in decision making and having public spaces that are safe and free from sexual harassment and gender-based violence.

For communities to better mitigate security and safety risks, they require capacities for a dialogue for sustained peace as well as early-warning and confidence-building mechanisms.

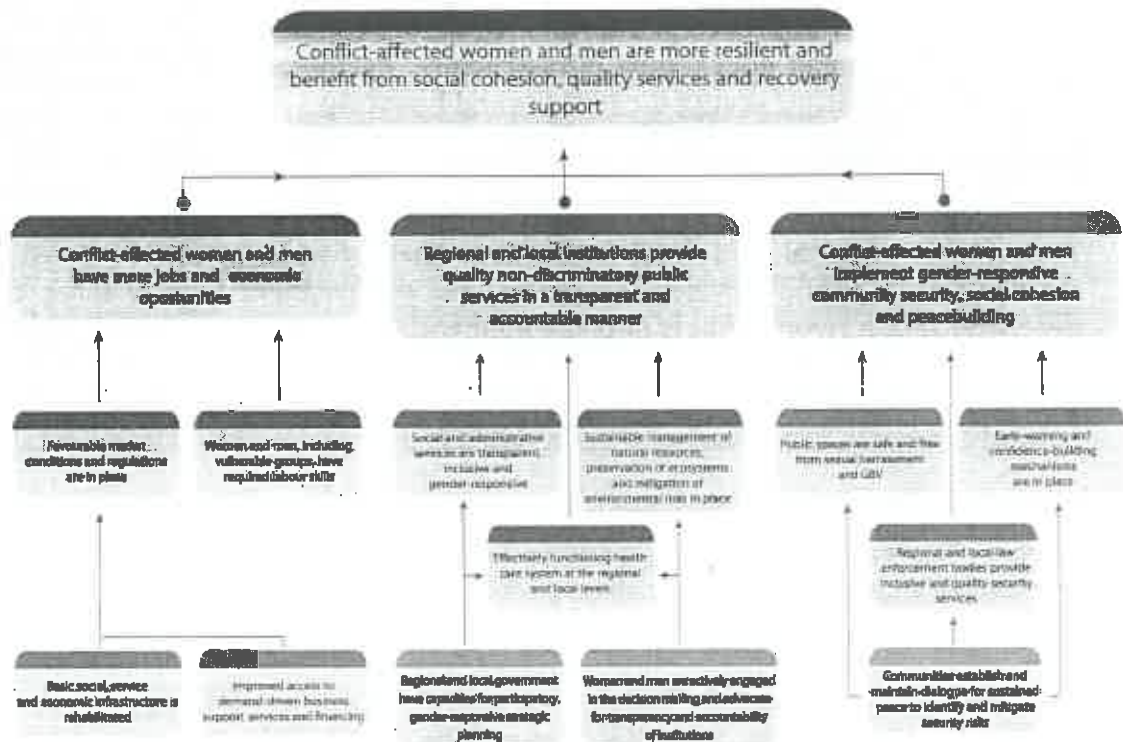


Fig.2 Theory of Change Framework

### Overall Objective of the Action

To contribute to peace, economic revitalization and reconciliation in Eastern Ukraine through social and economic recovery, with a special focus on the Government Controlled Areas (GCAs) of Donetsk and Luhansk oblasts, as well as the Sea of Azov coastline areas in Zaporizhzhia oblast.

### Specific objectives

- 1) To enhance local capacity for gender-responsive decentralization and administrative reforms in GCAs of Donetsk and Luhansk oblasts to improve governance, local development and the delivery of services (Component 1).
- 2) To stimulate employment and economic growth by providing assistance to micro, small and medium enterprise (MSME) development in Donetsk (GCA), Lugansk (GCA) and Zaporizhzhia oblasts through demand-driven business development services and professional skills training (Component 2).
- 3) To enhance community security, social cohesion and reconciliation through promotion of civic initiatives and partnerships between communities and security and justice service providers in Donetsk (GCA), Luhansk (GCA) and Zaporizhzhia oblasts (Component 3)

- 4) To support education and health reforms in the GCAs of Donetsk and Luhansk oblasts as well as to strengthen the capacities of national, regional and local authorities in coordination, monitoring and expertise building (Component 4) and in rehabilitation and improvement of critical public infrastructure (Component 5) to mitigate the direct impacts of the conflict.

## **11. Expected results**

### **COMPONENT 1 – DECENTRALIZATION AND GOVERNANCE**

The successful completion of the first phase of EU-funded programming, the “Restoration of Governance and Reconciliation in Crisis-affected Communities of Ukraine” project, jointly implemented by UNDP and UN Women, will directly contribute to the good implementation of the upcoming next phase. The EU’s contribution focuses on fledgling local government reforms in Donetsk and Luhansk oblasts. The programme aims at creating sustainable local governments through amalgamation, developing the capacity of local authorities in the areas of local finances, gender-responsive evidence-based strategic planning and budgeting, community mobilization for empowerment initiatives and provision of services to the population. This positive momentum needs to be complemented and supported under the second phase of the programme through activities included under Component 1 “Local governance and decentralization”.

All activities under Component 1 will be implemented in co-ordination with the two Local Governance Development Centres (LGDCs) opened under the U-LEAD programme, funded by the EU. RPP has established a framework to align work-plans and activities with LGDCs and the U-LEAD head office in Kyiv, to avoid duplication or fragmentation of efforts. An MoU has been signed between UNDP Ukraine and U-LEAD (GIZ) to ensure co-ordination and sharing of best practices in developing local governance capacity and implementing decentralization reform. The stated purpose of the MoU “is to facilitate and strengthen collaboration between the Parties, on a non-exclusive basis, in areas of common interest, providing comprehensive and unbiased information on the decentralization reform agenda, increasing the awareness and the understanding of the objectives of the decentralization reform and thus promoting ownership and responsibility for the reform among the Ukrainian public.” Activities under this Component aimed at strengthening evidence-based planning at regional and local level will be implemented by ACTED/IMPACT<sup>5</sup> through a responsible party agreement, in close coordination with the RPP.

In addition, the participating United Nations agencies, following on from the experience of the RPP donor board as a coordination mechanism, will support, as part of the project and Component 1, the coordination capacity of Luhansk and Donetsk oblast administrations, establishing a donor coordination platform in each oblast, to ensure complementarity and strategic oversight of all interventions, supported by the international development

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<sup>5</sup> ACTED and IMPACT first deployed in response to the conflict in eastern Ukraine through the REACH Initiative. Since 2015, ACTED and IMPACT have been conducting assessments of humanitarian needs, and providing information management and coordination support to local authorities and the humanitarian community. IMPACT, through the REACH Initiative, facilitates annual multi-sectoral and thematic vulnerability and needs assessments to inform more effective humanitarian response in Ukraine (key resource cited in OCHA’s annual Humanitarian Needs Overviews).

partners. The platforms will provide an avenue for linking up individual interventions by donors towards comprehensive implementation of the Donetsk and Luhansk regional development strategies, supporting an integrated and consistent approach aimed at restoring the social and economic pillars of further sustainable development in the region.

The main **goal** of Component 1 is support the recovery and stabilization of conflict-affected communities in Donetsk and Luhansk regions, contributing to meet their needs, promoting the re-establishment of local services and supporting local governance actors. This will be achieved by enhancing local capacity for gender-responsive decentralization and administrative reforms to improve governance, local development planning and implementation, and the delivery of services. Activities are aimed at achieving: nationwide decentralization reform processes; improved access to quality administrative and social services; and enhanced government capacity for participatory strategic planning and transparent implementation.

### **Result 1.1**

The nationwide **decentralization reform process** is fully implemented in newly established Amalgamated Territorial Communities (ATCs) in areas of Donetsk and Luhansk oblasts under the control of the Government.

The expected result is that hromadas' elected and appointed officials will have knowledge about human-rights-based and gender-responsive decentralization; hromada administrations will be well structured and functioning; and hromada administrations will have sufficient numbers of qualified staff. The local authorities targeted are communities in which hromadas are advancing and/or going through the amalgamation process.

This module is related to the creation of initial capacity for the newly created hromadas. Therefore, the measures are directed towards the orientation of newly elected leaders and increasing their knowledge of decentralization and the legal and institutional framework of local self-government, national policy and legal frameworks on gender equality and women's empowerment. Expert assistance will be provided to create an effective gender-sensitive administrative structure and optimal allocation of functions within local administrations. Training on organizational skills for administration employees is also planned. A methodology to be used in Donetsk and Luhansk oblasts will be developed to determine the number and functions of staff needed. A training event on gender equality in local government will provide opportunities to involve more women in government.

### **Result 1.2**

Better access to quality **administrative and social services** for all resident and displaced populations, including in the zone adjacent to the 'contact line', and for marginalized groups.

The expected result is that amalgamated hromadas will pilot models of Social Public Service Centres and models for mobile administrative service provision for small and remote settlements; Civil servants at local level will be acquainted with the knowledge and skills needed for effective service provision.

The sub-component envisages measures to solve the problems and difficulties in structuring the social services system at local level. The aim is to increase the number and diversity of social services, to find new models of service provision, to increase the number



and capacity of institutions providing services at local level, and to actively involve consumers in planning, delivery and evaluation of services. Models will be piloted to create social service centres, service standards, the implementation of mobile administrative offices for small settlements, and to examine opportunities for provision of services by local NGOs. The training of employees of TsNAPs (Administrative Service Centres) will continue. Special focus will be placed on development and further implementation of e-Governance tools.

### **Result 1.3**

**Government authorities' capacity for participatory strategic planning, gender-responsive budgeting and policy making, transparent project implementation and policy making aimed at social cohesion at regional and local levels is enhanced to increase public and private investments and promote inclusive economic growth.**

The expected result is that in amalgamated hromadas, local authorities from Donetsk and Luhansk oblasts possess all the disaggregated data, analysis and tools needed to design development strategies, based on evidence collected (including area-based assessments conducted by REACH) and to attract investors for local economic development.

This sub-component of the programme is related to strategic planning of hromadas' future, stemming from available local resources. It involves identifying available resources and determining complementary development factors. Measures are envisaged to increase the availability of quality information on local development factors and trends, to provide technical support to local authorities (LAs) on using evidence for planning and to help them elaborate their strategic planning documents. These measures will play an important role in the development of the hromadas: not only when seeking to attract new investments, but also to develop the necessary infrastructure, to create conditions for efficient land use and to help resolve environmental problems.

### **Improved access to quality information for local level planning**

Area-based assessments will be implemented through a direct contract with ACTED/IMPACT NGO, using a responsible party agreement modality, in 19 territorial units in several stages:

- 1) Stakeholder mobilization and assessment design
- 2) Data collection, to ensure that information is available for the implementation of UNRPP and LA planning/decision-making. In consultation with stakeholders, data collection will be sequenced according to a) geographical area, b) method, c) UNRPP thematic component, or d) a mix of these criteria.
- 3) Data analysis and dissemination, to identify the most important findings for each targeted community and the most appropriate and intuitive visualization methods. This will inform the design and content of the online dashboard, where all data from the 20 assessments will be uploaded. Using this dashboard, and leveraging the CVA toolbox, each LA will develop a local language analytical product.

### **Enhanced government capacities to generate and use evidence for planning and coordination**

As per experience and evidence gathered through previous work, information flows already exist at local level. Capitalizing on this work, under which 'information

management champions' have also been identified in strategic departments at oblast level, the Action will, jointly with oblast authorities, identify key data relevant to local administration performance in the targeted communities and corresponding indicators. Support will then be provided for the automatization and visualization of relevant, existing data flows to improve evidence-based planning and the effective communication of data.

## **COMPONENT 2 – ECONOMIC RECOVERY AND MSME DEVELOPMENT**

The main objective under Component 2 of the action is to foster economic revitalization in eastern Ukraine and, specifically, to stimulate employment and economic growth. The activities will include assistance to develop Micro, Small and Medium Enterprise (MSME) through demand-driven business development services and professional skills training, as well as restoration and strengthening of the institutional and educational infrastructure needed for effective functioning of agriculture and non-agricultural sectors of the regional economy. MSMEs in Donetsk (GCA), Luhansk (GCA) and Zaporizhzhia (Sea of Azov region) oblasts are at risk of losing market share because of attrition of market competitiveness due to the lack of active networks and associations to conduct advocacy, lobby business interests and facilitate joint procurement practices and product shipment, all available to competitors in other regions of Ukraine and to competitors in external markets. Historically, this region has been dominated by heavy industry and large enterprises which had been independently lobbying their interests at the national and international levels. Therefore, the MSME sector does not have experience of coordinating joint efforts or implementing common projects. The conflict in eastern Ukraine has further weakened links between MSMEs due to the loss of the consumer market in the Russian Federation and the decreased economic and operational capabilities of the companies relocated from the non-government-controlled areas. To maintain the sustainability of the process, it is needed to ensure effective coordination of association creation, to strengthen their role in the region's business community and to facilitate their development of work plans and implementation of pilot initiatives.

Prior to the implementation of the component activities, the Project will identify and prioritize the relevant sub-sectors/value chains to be developed in the target rayons. The appraisals/analyses of the selected sub-sectors/value chains will then be conducted in order to identify the root causes of value-chain underperformance (in terms of economic, social and environmental sustainability), binding constraints, leverage points along the value chains as well as the environment within which these value chains operate. Support programs tailored to the need of the target population will be designed under result 2.2. on a basis of the value chain appraisal, selection and analysis. In Zaporizhzhia Obast, in addition, further assessments may be carried out in order to identify other potential value chains to support under the project.

### **Result 2.1**

**Effective and widely accessible network of advisory, machinery and other service providers established and access to markets for agricultural and non-agricultural MSMEs improved**

The expected result is that an effective and widely accessible network of advisory, machinery and other service providers will be established, and access to markets for

MSMEs in agriculture, business and manufacturing will be improved. The network of supported institutions will be able to provide consulting support to MSMEs on business development, which is a driver of recovery and economic growth of the region.

The lack of market of appropriate business services and training has been a sustained challenge in eastern Ukraine. This problem has only exacerbated by the seismic shock to the local economy wrought on it by the (conflict-related) disruption of value chains, and outward migration of skilled labour and knowhow. In the past few years, private sector organizations have engaged in sustained consultation with entrepreneurs, local and international development partners and a consensus has emerged on the need to urgently improve the access of agricultural and non-agricultural MSMEs to training and business services needed to promote the recovery of damaged value chains. The Project will strengthen the capacity of local public and private sector organizations to assist MSMEs to identify new markets and expertise, and develop and refine their products and services so that they can access new revenue streams

The Action will also raise awareness of the target beneficiaries on the requirements related to the legal registration of agricultural and non-agricultural businesses and contract-based farming and entrepreneurial activity. These activities will be implemented in close coordination with local authorities and the ongoing EU initiative at national level for promoting farm registry. The establishment of effective mechanisms of cooperation between small producers, farmers and business associations (especially along the Sea of Azov coast line) will be a priority in a number of identified value chains. The project will organise an increased number of trainings for promotion of cooperation among the relevant actors of the selected value chains and support newly established agricultural and non-agricultural cooperatives, clusters, associations with access to machinery and financial resources.

Under this Component, the Action will also support small-scale businesses in improving food quality and safety standards, hygiene, good agricultural practices and safety of their production technologies in selected value chains. MSMEs and other relevant actors will be trained on the techniques and methodologies of increasing safety standards for their products. Activities will include information campaigns on educating rural owners of animals on increasing quality of milk and related sanitary requirements. The project will expand its support on food safety and quality standards in line with EU requirements through capacity building and awareness raising activities.

Specific activities will also concentrate on addressing the poor situation of oblast laboratory services in the selected oblast through provision of minimum necessary equipment and training, so that laboratories are able to comply with the activities of their competence according to the national legislation (e.g. inspection of agricultural inputs such as chemicals, veterinary tests, soil quality and food safety control, etc.

## **Result 2.2**

**Access to credit and financing** for self-employment and MSME development in the region is improved and more flexible to complement a loan guarantee scheme implemented by KfW.

The expected result is that access to credit and financing for self-employment and MSME development in the region is improved and becomes more flexible.

The MSMEs in eastern Ukraine are severely affected by a lack of financial resources for business development. The main cause of this is the status of conflict-affected territory and limited number of loan tools which could be used by MSMEs to fund development activities.

The small grants programme implemented by UNDP in the region revealed the existence of successful business ideas for MSMEs which cannot be implemented because of the lack of loans for the purchasing of equipment and materials. An assessment of barriers to MSME development conducted by UNDP in 2016 highlighted the problem of access to financial resources: more than 50 per cent of respondents prioritized it. Generally, limited access to financial resources and credit are typical for the region's economic sectors throughout the whole value-added chain. The practice of supporting MSMEs through a small grant programme will be continued within the current programme and will be expanded to the Zaporizhzhia oblast to provide an opportunity to launch new or expand existing businesses.

Awareness raising and outreach on the availability of the investment support grants will be provided to the targeted population so that all possible beneficiaries of the grants have the opportunity to apply.

The grant funds for businesses will be provided by KfW in partnership with Ukrainian banks active in the target regions. SMEs' access to finance in Donetsk and Luhansk oblasts could be significantly improved by encouraging banks to extend loans in these regions and by increasing the capacity and financial literacy of SMEs. Technical assistance from UNDP and FAO will enable the KfW component to deliver more effectively: participating banks will be supported by the technical assistance mostly in form of training of loan officers working in Donetsk (GCA), Luhansk (GCA) and Zaporizhzhia oblasts, which will be elaborated in close cooperation with UNDP and FAO.

### **Result 2.3**

**Provision of technical and vocational training, including skill development for adults' re-deployment, is of increasing quality and adjusted to local labour market demands.**

Since 2011 the Ministry of Education and Science of Ukraine has transferred powers and funds for initial vocational training of workers to the regional level. However, a mechanism to monitor the needs of the regional labour market has not been created in any oblast of Ukraine. Thus, vocational schools now provide training without any information about the estimated number of workers in different professions required by regional employers. Research on employers' needs (the regional labour market) is widely used in developed economies. Such studies can provide a validation base for the allocation of funds for training from the state (regional) budget.

In Donetsk, Luhansk and Zaporizhzhia oblasts this problem has become even more critical due to the conflict in eastern Ukraine and instability along the Azov coast line and the related severance of links between educational institutions and employers who are currently in the NGCAs. In addition, a significant number of educational institutions are

also now “displaced” and are not equipped properly. Given the change in the structure of industry in Donetsk (GCA), Luhansk (GCA) and Zaporizhzhia oblasts, regional employers face a lack of qualified personnel. In turn, regional VET institutions cannot meet this need because of the shortage in foreseen demand on the labour market and capacity for its fulfilment.

Under this activity methodological support will be provided to vocational education institutions to ensure that they are able to deliver revised education standards and corresponding courses in skills and competencies responding to local labour demands; and to increase the quality of services provided by the state employment service at national and local level to jobseekers.

At the same time, to put the VET development and investment plans in place, there is a need to build an efficient network of regional enterprises and MSMEs which will further provide employment opportunities for VET graduates. Such networks will enable a rapid exchange of information on new technologies and modern equipment that should be included on training programmes to make VET graduates competitive and wanted by employers. It is important to ensure on-the-job training under the VET programmes, using the facilities of the regional enterprises and MSMEs. The selection of types and brands of equipment used during the training process should be discussed with the potential employers. Advanced training and development of Master of Vocational Training is also critical.

The Action will also support and cooperate with regional Offices of State Employment Services (OSES), providing capacity development to local career counsellors for the vulnerable groups, revamping the registration and referral procedures at the OSES. The Action will promote peer-learning programmes for the OSES offices in the East, for them to learn best practices from the OSES offices in other parts of Ukraine and the CEE sub-region, including close coordination with employers on skills demand. The project will also aim at establishing local employment partnerships (LEPs) bringing together local authorities, OSES, enterprises and technical VET institutions.

The Action will also contribute to enhancing economic resilience through investments in the employability and economic independence of young people, women and representatives of vulnerable groups, including removing gender stereotypes in educational and employment/income generation choices.

The Action will create opportunities for young people in the targeted regions to be better equipped with practical soft skills, competencies and experience to increase their employability and boost their career development.

The Action will address underrepresentation of women in STEM fields—science, technology, engineering, and mathematics and overcome deeply rooted gender stereotypes which are limiting career and education choices of women.

Finally, the Action will introduce a model of Life Long Learning programme for women at risk of multiple forms of discrimination and violence to support their rehabilitation and social adaptation, reduce vulnerability and boost ability to enrol in professional re-training and/or self/employment business development programmes.

### COMPONENT 3 – COMMUNITY SECURITY & SOCIAL COHESION

The third component of the Action will concentrate on the following key transformations:

- Enhancing community and civil society contribution to local development with focus on security and justice service provision, making sure that people in the conflict-affected areas (including IDPs) have capacities for and access to participatory decision-making and budgeting mechanisms for community security, social cohesion and access to justice at the local and oblast levels; and
- Improved access to security and justice providers, resulting in effective and streamlined services provided by capable institutions at the local, oblast and national levels.

UNDP and UN Women have been investing for some time in social cohesion, community security, and community mobilization in partnership with the EU and other donors by implementing the Recovery and Peacebuilding Programme in eastern Ukraine. Experience and feedback received during implementation that has been validated in various studies (e.g. the USE and Security and Justice surveys) have revealed the following factors that now largely define the approaches towards promoting social cohesion and community building programming in the region: a) poor incentives and a paucity of good practices to replicate, b) lack of availability and accessibility of information, c) need for streamlining and improving of effectiveness of mechanisms for citizen engagement, and d) lack of 'safe' space for dialogue.

Analysis and other empirical studies have shown that trust in local and social institutions is significantly higher than trust in central institutions. It also shows that improving service delivery requires a local approach, as the types of services that are in most need of improvement differ considerably from one territorial cluster to another.

Women and men in communities in the conflict affected areas still do not have full confidence in fair treatment and effective service by the police. Local authorities, police and service providers lack effective coordination and interaction and do not consistently engage and consult with women and men from the communities. The local authorities and law enforcement bodies do not apply human rights and gender analysis in assessing community security concerns, and the local concerns of women and girls remain unaddressed.

The advancement of gender equality and women's empowerment is impeded by the patriarchal culture, discriminatory attitudes and gender norms, which impede the acceptance of women as legitimate and effective leaders. The needs and priorities of women and men, especially from vulnerable groups, are perceived as being neglected in decision-making processes related to community security and social cohesion. Regional and local decision makers lack skills and knowledge for participatory design, implementation, monitoring and evaluation of the recovery, peace, and community security measures.

The women, peace and security agenda has not been localized in the conflict-affected regions, and women's gender-specific and conflict-related needs are not effectively addressed through regional and local planning and budgeting. GBV (including sexual harassment and violence in public spaces) and conflict-related sexual violence (CRSV) are

serious security concerns that have been on the rise since the onset of the crisis. Awareness, skills and knowledge of the law enforcement and local authorities to respond to GBV and CRSV are particularly low in the eastern regions.

On the youth side, very low involvement of younger generations in political and social life was noted. There are 14 million youth in Ukraine (aged 14-35 years) making up 30 per cent of the population, yet their participation in politics at local, regional and national levels is lower than in other European countries. Young people are key drivers of social change. To ensure their participation in the future of their country, they must be empowered and given the ability to actively engage in governance processes at various levels, be politically literate, able to make sound judgement and understand global issues. It is hard to underestimate the long-term effects of their political engagement, particularly given the large differences between the younger and older generations in terms of their views on democracy, human rights, and peaceful co-existence.

Ukraine, with its protracted armed conflict, is in great need of peacebuilding and reconciliation. According to United Nations Security Council Resolution 2250 on Youth, Peace, and Security, it is not possible to build long-lasting security and stability without protecting the lives and dignity of young people, and meaningfully engaging them in issues of peace and security. To translate this approach into practice this global policy framework provides a set of guidelines to create policies for youth that would positively contribute to peacebuilding efforts, including for their social and economic development. It also calls on all relevant actors to establish mechanisms to promote a culture of peace and discourage youth from all acts of violence.

Programming under this component addresses the issues of scarcity of universally available and widely accessible security and justice services that reflect people's actual needs, and especially those of vulnerable groups of women and men (hampered by limited democratic space to enable voices to be heard and to ensure the accountability of decision makers).

### **Result 3.1**

**A network of citizen groups is established and supported to promote social cohesion, community security and sustainable socio-economic development**, with a special focus on poor people, women, youth, elderly, marginalized ethnic and societal groups, and persons affected by violence and deprivations related to the conflict.

This activity will effectively identify target voluntary communities (with emphasis placed on communities in the 'grey zone' closest to the 'conflict line' or most directly affected by the conflict) so that these communities can be comprehensively engaged by the implementers (especially UNDP, UN Women and UNFPA for this component). The project will analyse data collected from community security networks of citizens in areas close to the 'contact line' in Donetsk Oblast that were supported during the first phase. A roll-out plan (based on initial collection of data) for newly identified locations in Luhansk Oblast will be prepared as part of this activity. This plan may include, inter alia, the following actions: 1) full-fledged work on community security and social cohesion with local stakeholders, 2) long term support to specific stakeholders to accomplish specific tasks, and 3) short-term support to specific stakeholders to address specific urgent needs.

As part of the decentralization process, Centers for Safety and Security (CSS), a joint initiative by the police, emergency and firefighting services, are to be created across the whole of Ukraine. The main objective of the CSS is to protect the population and territories from multiple hazards, emergencies and ensure public safety.

As of 2019, SES will need a wide range of support to enable the functioning of CSS, maritime safety and security and warning system for population leaving along the coastal line. This support is vital, given the recent security challenges along the Azov coast.

The Action will specifically support the existing and to-be-created CSS in locations along the Azov coast line, including trainings, capacity building and limited provision of sea rescue equipment, as well as piloting a coastline emergency warning system, including environmental emergency aspects.

In line with the law on the National Police, the new structure, placed under the Minister of Internal Affairs, is composed of Criminal Police, Patrol Police present in 33 cities, Police Security, Special Police Units. With this new law, the government intends to tackle corruption within the police force, incorporate principles of community policing, employ a greater number of women into the police force and improve public perceptions.

Accessible and flexible police services for the population (including vulnerable groups such as PWDs) remains a national priority. An improved infrastructure of police stations and community policing projects will have a quick positive impact on safety and security of citizens residing in locations along the Azov coastline, allowing the police to react more efficiently and be able to provide better services to the population.

The Action will support a limited rehabilitation of the front offices of police stations in at least 10 locations along the Azov sea coastline as well as build capacity for community policing, communication and evidence-based planning in at least 10 locations in the target area, providing training for police staff and community members and support for related new initiatives by the community police.

### **Result 3.2 Citizen groups' initiatives are financially supported.**

Activities will seek to operationalize a small grants fund (for community development and security initiatives, social cohesion, social integration, conflict prevention and peacebuilding, gender equality and GBV) with a particular focus on joint initiatives by local authorities and vulnerable groups such as: persons with disabilities (PWDs); women and girls facing multiple forms of discrimination, such as displaced women and women with disabilities; youth; older persons; internally displaced persons; and ex-combatants. The group will be guided by local working groups at hromada level and advisory councils at oblast level.

Work to achieve this result will also concentrate on boosting the sustainability of community-based and civil society organizations at local level, as those are still heavily dependent on continuous external financial support. At the same time, financial sustainability does not only depend on the diversification of funding sources, but also on the quality of work provided by CBOs). CBOs and CSOs (Civil Society Organisations) are required to use reliable M&E and management frameworks for quality assurance, which in its turn will ensure that their services remain in demand.



Selected CBOs will be supported to prioritize and develop their own strategies based on strengths, weaknesses and opportunities, availability of resources and so on. By improving the quality of proposals, through better advocacy strategies and increased outreach, CBOs will be supported to gain resources from local budgets, national foundations and local businesses, but also to generate income (eco-tourism, micro-businesses, fundraising events and so on), mobilize volunteers and build partnership and networks with other similar organizations.

#### **COMPONENT 4 – SECTORAL REFORMS, CAPACITY BUILDING AND COORDINATION OF RECOVERY**

##### **A. Sector: Healthcare**

###### *The Public Healthcare Reform*

On 19 October 2017, Ukraine's Parliament approved Law 6327 "On state financial guarantees for the provision of medical services and medicines," which initiated the important and long-awaited process of health reform in Ukraine. The law introduces changes to the entire financing model of the healthcare system, switching to payments for services provided by individual doctors or medical facilities and replacing the old, input-based financing system (for infrastructure, number of beds and so on). It also aims at provision of higher quality care for patients, stronger emphasis on prevention and primary care rather than specialized treatment, and adequate salaries for doctors and nurses.

The first task of Ukraine's NHS under the health financing reform is to sign contracts with primary healthcare facilities or individual doctors (registered as private entrepreneurs) to purchase services at a fixed rate per patient. As a result, the annual payment from NHS for services provided will depend on the number of patients that have signed declarations with individual doctors (with minimum and maximum number of patients per doctor being fixed through secondary legislation). This financing model will provide opportunities for those who work more, provide quality service and manage well their own or their institutions' activities, to earn more. In addition, Ukrainians will have the opportunity to choose their family doctor irrespective of their official place of residence.

The success of healthcare reform depends largely on the preparation and initiative of oblast and medical facilities' administrations, which are directly responsible for implementation of new national policies, regulations and by-laws at regional level. Implementation of a number of important elements of the new financing model will require new knowledge and capacity to ensure proper healthcare system functioning and service delivery. One of those elements, important already for the first stage of reform, will be implementation of the e-Health system strategy, which is a completely new way of collecting and handling medical information.

A transparent and clear communication campaign to explain the meaning and advantages of the reform will be crucial to overcome resistance and distrust from both medical professionals and patients who are used to the old routine. Improved quality and accessibility of services, especially in rural and disadvantaged areas, will require diligent planning, preparation and practical support to ensure successful roll out of this reform.

###### *Implementing health system reform in Donetsk and Lugansk oblasts*

The healthcare financing reform adopted in 2017 brings new challenges and opportunities to Donetsk and Luhansk oblasts.

This region not only suffers from generally low access to all types of public healthcare services, an outdated governance system and high levels of corruption, but also from very limited access to specialized treatment and care (tertiary healthcare), damaged medical infrastructure and shortages of medical personnel caused by the on-going conflict. The forced relocation of hospitals rendered significant volumes of medical equipment and specialists inaccessible, as the vast majority of highly specialized healthcare facilities remained in the NGCAs. As a result, often patients have to seek certain healthcare services outside the region. In addition, a large inflow of internally displaced persons, whose public expenses for healthcare are not properly accounted for in the regional budgets, is stretching the already very scarce resources available through the old financing system.

A significant shortage of medical staff is being reported not only among specialists, but also at primary care level. For example, there are only 523 family doctors in Donetsk Oblast (65 per cent of the number of doctors reportedly needed) and 160 family doctors in Luhansk Oblast (33 per cent of those reportedly needed). This suggests a need for specific measures to motivate other physicians (paediatric doctors or internal medicine doctors) to fill the current gap. In fact, there are 243 internal medicine doctors and 72 paediatricians in Luhansk Oblast and 243 internal medicine doctors and 190 paediatricians in Donetsk Oblast who potentially could be (re)trained as family doctors.

*Detailed implementation steps of healthcare sector reform lack an effective communication strategy* for reaching out to physicians, health officials and civil society in the regions, especially in eastern Ukraine, where resistance to proposed changes is noted among the local administrators and medical community. A 2016 Public Expenditure Tracking Survey revealed that 64 per cent of rayon/city officials and over a third (38 per cent) of physician-managers could not answer questions about the planned reforms in the health care sector. However, with more information and official notes on reform coming out of the Ministry of Health, the situation is improving.

The healthcare financing reform is a very important sectoral reform also in the context of the successfully progressing decentralization process. Newly created and empowered local communities are expected to decide on certain aspects of healthcare service provision and accessibility at community level, so their active engagement in better understanding and supporting the roll-out of the secondary care reform is desirable.

Reform of public procurement of medicines and healthcare products, including establishment of a new Central Procurement Agency (CPA) for medicines, is another important and urgent task for the Government of Ukraine to address. An earlier Public Expenditure Tracking Survey in Donetsk and Luhansk oblasts noted that **currently local hospitals are directly responsible for most medical procurement**, but the scarce resources available are used ineffectively and the procedures applied are too rigid.

#### *Emergency Medical Service (EMS) Reform*

An additional element of healthcare reform is the reform of emergency medical services (EMS). Free provision of EMS is included in the guaranteed benefit package<sup>6</sup> of medical services, introduced by the abovementioned Law in October 2017. The Law guarantees state financial coverage of EMS costs for all Ukrainian citizens, permanent residents and refugees. Currently, EMS are funded through two sources: pre-hospital services (dispatch centres and ambulances) are funded from oblast budgets; and in-hospital emergency care is funded from local budgets (depending on the type of hospital). According to the newly adopted Law, from 2020 all EMS services will be purchased centrally by the NHS. In February 2018, the MoH proposed a draft EMS Reform Concept, outlining how provision of EMS could be fundamentally restructured in the context of the introduced healthcare reform. The reform aims to improve cost-effectiveness and quality of EMS via better organization, smarter financial incentives and stronger links with primary and secondary healthcare.

### *EMS in Donetsk and Luhansk oblasts*

The emergency medicine in eastern Ukraine faces significant problems due to limited and outdated equipment and the lack of personnel, especially in the areas where the consequences of the armed conflict are visible every day. Ambulance personnel are negatively affected by the high level of stress and emotional load, often resulting in burn out. Capacity building and qualification improvement for healthcare professionals working in ambulances provided by international community in Donetsk and Luhansk oblasts could improve the quality of services delivered. At the same time, both oblasts have existing undergraduate and postgraduate educational systems for nurses and medical universities to train physicians (two universities have been displaced from the cities of Luhansk and Donetsk), which should be able to address some of the shortages of EMS staff (as well as family doctors).

### *UNDP expertise in health governance and reform promotion*

Capacity building activities are planned to support regional and local authorities in strategic planning and resource mobilization, as well as on transparency, integrity, anticorruption and best procurement practices. In addition, a health promotion campaign will be carried out to tackle post-traumatic disorders and reduce risk factors of non-communicable diseases that influence life expectancy, especially of the most vulnerable.

Based on its experience and capacities, and at the request of the Ministry of Health of Ukraine, UNDP has been mandated to conduct public procurement of medicines and medical products since 2015, applying the best practices in transparency, efficiency and accountability. Continuous support will be provided by UNDP to the Ministry of Health until 2019, when UNDP will progressively hand over the procurement of medicines to the Ministry of Health or the assigned state entity. The programme builds the capacity of government officials to support a transparent and cost-effective procurement system, which should also be rolled out to the local level. The lessons learned, and best international and national UNDP expertise and models of work will be introduced at the local level. Workshops and webinars on transparency in public procurement, sustainable procurement, supply chain management and public procurement legislation will be provided within the project.

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<sup>6</sup> Emergency services, primary health care services (including essential medicines), child delivery services

Building on its ongoing work in the region, UNDP will deploy and adapt best international experience and practices to enhance the capacity of government officials. As a result, all the activities are directly targeted at improving quality of life and reducing mortality rates in eastern Ukraine. The project will have a bottom-up approach to developing and piloting the new models of work, referral system and good governance in healthcare at local level, and will be a pilot site for the ongoing transitions and newly developed policies and procedures of work with healthcare service decentralization. Close cooperation will be ensured with the Ministry of Health and oblast health authorities on healthcare reform promotion and roll out, as well as other relevant international projects, medical and patients communities and local counterparts.

The key results that the Action will aim at achieving are:

**Result 4.1 The regional health care system** in both oblasts is effectively functioning in line with national reforms and addresses the specific needs of persons directly affected by the conflict, persons with disabilities and survivors of sexual and gender-based violence (SGBV). The health referral system/emergency medicine/ambulance services have been reinforced, including those for other marginalized groups.

The expected result of this activity is to roll out, promote and scale up the use of recently introduced financial mechanisms and good governance in implementation of healthcare system reform. The project will ensure that the methodologies and tools developed and approved by the MoH will be fully utilized during roll out of healthcare reform in Donetsk and Luhansk oblasts, while avoiding duplication and strengthening collaboration with the ongoing projects of USAID, the EU, the World Bank and other organizations working in the two oblasts.

The project will also strengthen the capacity of local authorities for strategic planning and effective use of available resources; promote transparency, integrity and anticorruption practices; and introduce the best international practice in public procurement.

Patients' NGOs will play an important role in oversight and monitoring of the quality and accessibility of health services after the reform starts officially in July 2018. Public monitoring of the availability and accessibility of the essential medicines and primary health services will play a significant role in good governance, support rational use of medicines and improve access to treatment. The project will develop a tool kit on public monitoring from the beginning of the second year, which will be rolled out nationwide.

Activities will also concentrate on strengthening the capacity of health care providers to improve health services at all levels (medical doctors, para-medics, nurses) through training to update their professional knowledge, improve and develop new skills that are required to implement the health care reforms. The focus is on strengthening capacity to deliver better pre-hospital and emergency health care services; establish an effective (modernized) patient referral system; and improve capacity to address mental health and psychosocial factors to improve the health system's response to special needs, particularly of patients affected by the conflict. In addition, the project will seek to promote healthy life styles by raising awareness and introducing behavioural change communication among the most affected and vulnerable population, addressing prevention or early diagnosis of non-communicable diseases (cancer or diabetes).

**Complementary Result 4.2** Re-enforcement of the quality of the education system in particular in the **universities and colleges displaced** from NGCAs. This will be achieved through supporting the implementation of a competitive fund managed directly by the EU. UNDP will aim at helping displaced universities, which have already been awarded grants<sup>7</sup>, to implement their projects effectively, through the provision of advisory and monitoring services, information, as well as capacity building. Support will also be provided to future applicant universities.

## **B. Coordination of recovery efforts in eastern Ukraine**

Despite a number of political, humanitarian, socio-economic measures made by the Government to solve problems related to the situation in the east there is still a significant need to establish efficient means for monitoring and coordinating recovery efforts across central and local executive bodies, local authorities, civil society institutions.

The Action will aim at building the capacity of the Ministry of Temporarily Occupied Territories and IDPs (MinTOT) and regional and local authorities in monitoring and coordinating relevant government programmes, action plans and studies to improve infrastructure and service delivery in Eastern Ukraine. It will also contribute to building national expertise on conflict management, peacebuilding, mediation, IDP integration and social protection. It will improve stakeholders' ability to respond quickly to acute crisis situations, identify needs and priorities to carry out specific interventions, implement projects and minimize potential risks.

The key results that the Action will aim at achieving are:

**Result 4.3** Improved capacity of national, regional and local authorities in monitoring, coordination and building expertise on conflict-related issues in eastern Ukraine.

The capacities of the Ministry of Temporarily Occupied Territories and IDPs (MinToT) will be strengthened as well as those of regional and local authorities in monitoring and coordinating relevant government programmes, action plans and studies for improvement of infrastructure and service delivery in Eastern Ukraine and in building national expertise on conflict management, peacebuilding, mediation, IDP integration and social protection

Activities will include:

- Conduct a capacity gap assessment of the MinTOT and its regional offices to design and carry out an action plan on capacity building curriculum and technical assistance. Activities will include capacity building of MinTOT offices in Kyiv and in the regions through needs-based training, mentoring and provision of ICT innovative solutions;
- Support the MinTOT and respective State regional administrations and local authorities in coordinating the implementation of studies for the rehabilitation and improvement of public infrastructure and service delivery in eastern Ukraine;
- Strengthening a humanitarian-development nexus (HDN) through supporting thematic and regional working groups in the framework of the Coordination Platform on Peacebuilding and Recovery under MinTOT leadership. Activities will

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<sup>7</sup> Call for proposals from EU Support to Displaced Higher Education Institutions in the East of Ukraine (ref. EuropeAid/161559/DD/ACT/UA)

also aim at providing support to the development of a common information products registry across humanitarian and development actors;

- Providing support to the implementation of specific projects to alleviate the negative socio-economic impact caused by the conflict; improving conflict management, peacebuilding and mediation.

A number of activities under Result 4.3 will potentially be implemented through a Responsible Party Agreement with a number of stakeholders, including the Danish Refugee Council.

#### **COMPONENT 5 - SUPPORT TO EIB LOAN IMPLEMENTATION**

The purpose of this Component is to strengthen the EIB's Early Recovery Programme (ERP) implementation through capacity development of final beneficiaries, support for all phases of the construction/restoration project cycle (including but not limited to planning, pre-design and design engineering, procurement, implementation and monitoring).

It is expected that the technical assistance support will ensure effective management of the construction/restoration projects ("sub-projects") in relation to project design, procurement and construction works. The activities in this component will include a cross-cutting focus on improved governance, particularly aiming at preventing fraud and corruption.

Component 5 will be structured around the following main results:

1. Strengthened local governance capacity for project preparation and implementation
2. Improved project compliance, progress evaluation and monitoring for effectiveness and efficiency.
3. Improved financial management in project implementation.
4. Initial identification of investment needs in relation to a follow up phase of ERP.
5. Project ownership at the local level and facilitation of stakeholder engagement

#### **Visibility and Communication:**

UNDP recognizes the need and commits to take all appropriate measures to publicize the fact that the Action has received funding from the European Union (and from other sources as may be the case). The Action's appropriate communication and visibility strategy is laid down in the "Communication and Visibility Plan" constituting Annex VI of the Agreement. UNDP will report on implementation of the Plan in its annual and final reports submitted to the Contracting Authority.

## 12. Multi-Annual Indicative Work Plan of Activities by Quarter

Activity	2018		2019				2020				2021				2022		Indicative Allocation of Activities' Budgets by Agency UNDP € 6,849,168 UN Women € 930,772
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>COMPONENT 1 – DECENTRALIZATION AND GOVERNANCE</b>																	<b>Government-controlled areas of Donetsk and Luhansk oblasts</b>
<b>1.1. Nationwide decentralization reform</b>																	
1.1.1. Capacity development and technical assistance for local authorities in administrative and fiscal decentralization.																	
1.1.2. Capacity development support and technical assistance to manage territorial amalgamation and support the establishment of new Amalgamated Territorial Communities (ATCs) in government-controlled areas of Donetsk and Luhansk oblasts																	
1.1.3. Assistance to local authorities and communities in cities and towns as well as to the administrative centres of the newly amalgamated <i>hromades</i> in various fields including: financial management and transparent budgeting and procurement, gender-responsive budgeting, key general administration functions and so on.																	
1.1.4. Identify opportunities for interaction with other oblasts which have already registered some successes and support the provision of policy-relevant feedback, methodologies and good practices which can be used nationally.																	
<b>1.2. Access to quality administrative and social services is improved</b>																	
1.2.1. Capacity assessment, capacity building and technical assistance for improvement of local public services																	

<p>provision (administrative, social, education, health, and communal services) and support to IDPs by local authorities and communities from cities and towns as well as the administrative centres of the (newly) amalgamated <i>hromadas</i>.</p>								
<p>1.2.2. Design of organizational development plans, provision of small grants for local service delivery improvement and exchange programmes for strengthening the institutional capacities of the city/town/hromada local authorities.</p>								
<p>1.2.3. Pioneering innovative approaches and technologies through an assessment of applicability and identification and development of e-tools for improving local services and increasing transparency.</p>								
<p>1.3. Government capacity for participatory strategic planning and transparent project implementation is enhanced.</p>								
<p>1.3.1. Undertake data analysis for Luhansk and Donetsk oblasts to serve as a baseline, disaggregating data by gender wherever relevant; identify potential business development opportunities and value chains to be supported</p>								
<p>1.3.2. Build local government capacity to plan local economic development and investment based on participatory, inclusive and transparent processes.</p>								
<p>1.3.3. Ease legal, regulatory and tax framework to encourage business start-ups, employment and ease bankruptcy proceedings.</p>								
<p>1.3.4. Technical support to the Regional Development Agencies of Donetsk and Luhansk for capacity development and implementation of procurement of public infrastructure projects using the ProZorro e-procurement system.</p>								
<p>1.3.5. Support to the development of strengthened anti-corruption measures by local government in relation to public procurement at regional level, promote government transparency, and support civil society monitoring of government decision and implementation of public policies.</p>								



1.3.6. Capacity building for local government authorities to coordinate and support different institutional and non-governmental actors involved in recovery interventions; support to local NGOs and civil society.																									
1.3.7. Mobilize stakeholders and design assessment (ACTED / IMPACT)																									
1.3.8. Carry out data collection (ACTED / IMPACT)																									
1.3.9. Carry out data analysis and dissemination (ACTED / IMPACT)																									
1.3.10. Design tools for interactive data access (ACTED / IMPACT)																									
1.3.11. Support evidence based planning (ACTED / IMPACT)																									
1.3.12. Provide support for information management and GIS (ACTED / IMPACT)																									

COMPONENT 2 – ECONOMIC RECOVERY AND MSME DEVELOPMENT													Donetsk (GCA), Luhansk (GCA) and Zaporizhzhia oblasts		
Activity	2018			2019			2020			2021			2022		Indicative Allocation of Activities' Budgets by Agency UNDP € 10,329,058 FAO € 3,066,853 UNFPA € 373,832
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>2.1. Network of service providers is established and market access improved</b>															
2.1.1. Train local service providers from various organizations (Chamber of Commerce, NGOs, State and private extension service, machinery service providers, business and social service providers) and provide practical advice and tailored training to MSMEs, including farms, fisheries, agro-businesses and self-employed internally displaced persons. Emphasis could be on legal and tax requirements, preparation of business plans, energy efficiency, innovation and women in business. Skills assessment would be undertaken, including for the target value chains, to ensure that training needs requirements.															
2.1.2. In target value chains, co-operation between MSMEs, farmers and other stakeholders is improved through the establishment of cooperation/service contracting schemes (including for machinery services) and, when feasible, assist the establishment and strengthening of producers' associations / groups / cooperatives to ensure their empowerment and participation in rural clusters. Focus would also be on women's groups and women-owned business.															
2.1.3. Ensure quality of locally produced products through investment (storage and packing), technical assistance and innovation. Support the marketing and promotion of local products through branding and potentially geographical indicator registration (if appropriate).															
2.1.4. Investigate need for laboratory support, including the															

relationship between public and private actors, make recommendations for re-establishment of functioning food laboratory services (shared between the two oblasts), and strengthen local capacity through extensive training and provision of equipment.			
2.1.5. Support the development of trade links between Donetsk- and Luhansk-based businesses and businesses in other regions of Ukraine by organizing and participating in business and investment fairs in eastern Ukraine and other regions of the country.			
<b>2.2. Access to credit and financing is improved and more flexible as complement to KfW</b>			
2.2.1. Identify and assess opportunities and needs for further investment among MSMEs, including in target value chains, and establish eligibility criteria for various investment projects and beneficiaries.			
2.2.2. Set up a grant fund for businesses to facilitate their access to financial institutions' loan products to enable: machinery leasing; equipment purchase; on-farm activities; business and logistics' investments, seasonal trade credit, and so on.			KfW Component
2.2.3. Provide technical assistance to elaborate credit appraisal process in partner banks, further build local capacities and ensure tailored training for MSMEs on financial literacy.			KfW Component
2.2.4. Establish a grant scheme for seasonal trade finance (inputs), small investments in machinery, equipment and infrastructure through potential investment channels (grants, project co-financing and so on), based on pre-defined criteria.			
<b>2.3. The technical and vocational training provided is of increasing quality</b>			
2.3.1. Analyse the vocational education and training (VET) system, state employment service and local business stakeholders in terms of enhancing employability, disaggregating data by gender where relevant.			
2.3.2. Based on the outcome of activities 2.3.1, design curricula and develop capacity of staff to deliver revised education standards and corresponding VET courses in skills and competences responding to local labour demands.			

2.3.3. Capacity building for state employment service at national and local level to increase the quality of service provision to jobseekers.																										
2.3.4. Conduct a survey of existing VET institutions in the region and propose development and investment plan aligned to the recommendations from activity 2.3.1.																										
2.3.5. Develop links between public institutions and the private sector to enhance employability.																										
2.3.6. Support targeted rehabilitation, including provision of necessary equipment, for a limited number of VET institutions and their accommodation facilities.																										
2.3.7. Organisation and support of Youth Skills Labs Self Employment																										
2.3.8. Organisation of Skills Labs: Career Success. Employment and WOW forums with local business companies, young people and interns																										
2.3.9. Promote and support stereotype-free education and employment choices for young women																										
2.3.10. Promote and support the design and implementation of Life Long Learning programme for at risk of multiple forms of discrimination and violence																										

COMPONENT 3 – COMMUNITY SECURITY AND SOCIAL COHESION															
Activity	2018		2019				2020				2021		2022		Donetsk (GCA), Luhansk (GCA) and Zaporizhzhia oblasts
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<p><b>3.1. A network of citizen groups is established to promote social cohesion and sustainable socio-economic development</b></p>															
<p><b>3.1.1. Identify target voluntary communities, with an emphasis placed on those communities in the 'grey zone' closest to the 'contact line' or most directly affected by the conflict.</b></p>															
<p><b>3.1.2. Support target (amalgamated or non-amalgamated) communities to establish community organizations, which will be legally registered, organized in networks, and trained and mentored in determining and prioritizing local needs to be addressed by local budgets, including the regional development budget.</b></p>															
<p><b>3.1.3. Provide technical support for effective coordination and dialogue between law enforcement bodies and local authorities and communities and support and build capacities and practices of local justice institutions to be more accessible and adaptable to the needs of the different groups, including the most vulnerable (biminally displaced persons; women; survivors of SGBV; lesbian, gay, bisexual, transgender and intersex persons (LGBTI), Roma, persons with disabilities, and elderly persons).</b></p>															
<p><b>3.1.4. Advocate for and promote civic voice and accountability initiatives, focusing on needs and rights of at-risk, vulnerable groups, including internally displaced persons, especially women, youth and elderly; LGBTI persons; including through a community mobilization for empowerment approach.</b></p>															
<p><b>3.1.5. Support initiatives for intra- and inter-communal dialogue on peacebuilding and reconciliation, reintegration of</b></p>															
<p>Indicative Allocation of Activities' Budgets by Agency            UNDP € 6,907,663            UNFPA € 473,037            UN Women € 1,087,984</p>															

<p><b>Internally displaced persons, local governance and development of local media through a conflict-sensitive approach.</b></p>	<p><b>3.1.6. Increase awareness of gender equality and women's rights and build capacity for gender-responsive planning, budgeting and community security. Strengthen the capacity of women's groups to meaningfully participate in local recovery planning, development and community security decision-making/coordination, including in line with UNSCR 1325 on Women, Peace, and Security</b></p>	<p><b>3.1.7. Promote an inclusive approach to minorities and marginalized groups. Strengthen the capacities of civil society organizations advocating for these groups to meaningfully participate in local recovery planning, development and community security decision-making/coordination.</b></p>	<p><b>3.1.8. Support the development and broadcasting of quality television and radio programmes through local stations in order to relay reliable information in the region, and in particular along the 'contact line' (and preferably across it).</b></p>	<p><b>3.1.9. Support existing and new CSS along the Azov coast line through training, capacity building and provision of sea rescue equipment</b></p>	<p><b>3.1.10. Plotting a coast line emergency warning system, including environmental emergency aspects</b></p>	<p><b>3.1.11. Boost the capacities of the Mainupol Sea Rescue Operations Centre (including its sea environmental protection component), through training/study visits, equipment supply</b></p>	<p><b>3.1.12. Support to the rehabilitation of the front offices of police stations in at least 10 locations along the Azov sea coast line</b></p>	<p><b>3.1.13. Build community policing capacity in at least 10 new locations in the target area, through training for police staff and granting support to new initiatives by the community police</b></p>	<p><b>3.2. Citizens' group initiatives receive financial support</b></p>	<p><b>3.2.1. Establishment of a small grant fund aimed at providing financial support for citizens' groups and their initiatives, including for integration of internally displaced persons.</b></p>
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<p><b>3.2.2. Support the development of micro-project proposals and resource mobilization in the community, sources of public funding and the private sector.</b></p>										
<p><b>3.2.3. Mentor micro-project implementation and monitor use of small grants by beneficiary citizen groups.</b></p>										

COMPONENT 4 – SECTORAL REFORMS, CAPACITY BUILDING AND COORDINATION OF RECOVERY ACTIONS												Donetsk (GCA) and Luhansk (GCA) oblasts				
Activity	2018		2019			2020			2021			2022				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
<b>4.1 The regional health care system is functioning effectively at the regional and local levels and the specific needs of the local population are being addressed</b>																
4.1.1 Provide support to local authorities and communities to implement healthcare system reform through informational, educational and capacity development activities for regional and local authorities, hospital staff and population (i.e. patients).																
4.1.2 Build the capacity of regional and local authorities for strategic planning, effective use of available resources and resource mobilization for health care.																
4.1.3 Build the capacity of regional and local authorities and healthcare providers for transparency, integrity, anticorruption and best procurement practices.																
4.1.4 Ensure patient oversight and monitoring of transparency utilizing the public resources in the health sector, support their "watch dog" actions to defend health rights.																
4.1.5 Train health care providers at all levels (doctors, paramedics and nurses) to ensure they have up-to-date professional knowledge and improved skills, and develop the new skills required to implement on-going medical and public health care reforms, in particular at the level of the pre-hospital and emergency health care, so a well-functioning modern patient referral system is created, training on mental health and psychosocial factors for responding to the special needs of people that took part in the armed conflict, and so on.																
4.1.6 Health promotion, awareness raising, and behavioural change stimulation (especially among the youth), addressing the specific needs of the local population including: personal and close environment stress, psychosocial support to overcome the consequences of post-traumatic stress disorder, healthy lifestyle promotion and reduction of risk factors of non-communicable diseases, fight against negative coping																
															Activities: € 2,998,213 Implemented by UNDP	



<p>mechanisms (alcoholism, transactional sex, ...), and so on.</p>						
<p>4.1.7. Continuation of support to primary health care: reinforcement of the health referral system through mobile clinics, supplying medical equipment and capacity building of medical staff and reinforcing the patient referral system. Further support for epidemiological surveillance, early warning system, and psychosocial care.</p>						
<p><b>4.2 (Complementary result) - Quality of the education system in particular in the universities and colleges displaced from NGCAs is re-inforced</b></p>						
<p>4.2.1. Provide support to the implementation of a competitive fund managed directly by the EU: help displaced universities, which have been awarded grants to implement their projects effectively. Support will also be provided to future applicant universities.</p>						
<p><b>4.3. Improved capacity of MinTOT for national coordination to cope with emergencies and conflict-related issues</b></p>						
<p>4.3.1. Carry out a capacity gap assessment of the MinTOT and its regional 'sector' offices and design and implement an action plan on capacity building curriculum and technical assistance.</p>						
<p>4.3.2. Support the MinTOT and respective State regional administrations and local authorities in coordinating the implementation of studies for rehabilitation of public infrastructure and service delivery.</p>						
<p>4.3.3. Strengthen a humanitarian-development nexus (HDN) through supporting thematic and regional working groups in the framework of the Coordination Platform on Peacebuilding and Recovery under MinTOT leadership. Provide support to the development of a common information products registry across humanitarian and development actors.</p>						
<p>4.3.4. Provide support to the implementation of specific projects to alleviate negative impacts caused by the conflict and improve conflict management, peacebuilding and mediation through training.</p>						

COMPONENT 5 – SUPPORT TO EIB LOAN IMPLEMENTATION		Donetsk, Luhansk, Kharkiv, Dnipropetrovsk, Zaporizhzhia, Poltava, Kirovson, Odessa and Kyiv oblasts															
		2018			2019			2020			2021			2022			
		Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Activity																	Activities: € 1,401,869 Implemented by UNDP
<b>5.1 Strengthened local governance capacity for project preparation and implementation</b>																	
5.1.1 Provide capacity development to the relevant units and departments of oblast-, city- and rayon-level administrations in the sub-project cycle management: identification, preparation, implementation (integrated project preparation and implementation cycle), monitoring and impact analysis																	
5.1.2 Identify and screen the community-based sub-projects, provide support to the local communities in the sub-project preparation, collaborate with MRD and PMSU for eligibility for financing in view of priorities and funding availability																	
5.1.3 Support regions and final beneficiaries (municipalities, rayon-level administrations, other stakeholders) to identify, prioritize and fine-tune needs, establish social network rehabilitation priorities, recovery options (overhaul, repair, rehabilitation, reconstruction, upgrade, other), in order of magnitude and social-economic significance																	
5.1.4 Establish a sub-project cycle profile with simple milestones for each phase of a sub-project, collaborate with local and regional authorities, PMSU and MRD teams																	
5.1.5 Prepare reports, manuals and/or instructions/procedures documents for rayon-, city- and/or oblast authorities to follow, in support for implementation of the Early Recovery Project																	
<b>5.2 Improved project compliance, progress evaluation and monitoring for effectiveness and efficiency</b>																	
5.2.2 Review norms and normative, certification and other requirements (esp. environmental, energy efficiency) in case																	

<p>selected sub-projects require special permits and construction certificates, other permitting documentation, as required; advise the stakeholders and inform PMSU, MRD and the Bank in case there is a risk of operational sub-project delay due to the absence of permits or certificates</p>						
<p>5.2.2 Identify and screen the community-based sub-projects, provide support to the local communities in the sub-project preparation, collaborate with MRD and PMSU for eligibility for financing in view of priorities and funding availability</p>						
<p>5.2.3 Provide sub-project monitoring through the regular visits the sub-project sites, as prior discussed with PMSU, MRD and the Bank; review and document the implementation progress against the agreed plans and milestones</p>						
<p>5.2.4 Establish a comprehensive and user-friendly Evaluation and Monitoring Framework for each sub-project (or a group of homogeneous projects in one geographical territory), set baseline data, qualitative and quantitative indicators, significant milestones and impact values</p>						
<p>5.2.5 Conduct anticorruption and fraud awareness seminars, orientations and public awareness activities aimed at information transparency and awareness of the sub-project social importance and implementation progress</p>						
<p>5.2.6 Following the TA provision, make a profound assessment of the impact from the development intervention on the stakeholders, clearly summarizing the end-results and benefits from the overall project implementation, with indication of success stories</p>						

<p><b>5.3 Improved financial management in project implementation</b></p>								
<p>5.3.1 Follow-up the selected direct administrative procedures and verify compliance with the standard costs; verify compliance with the established EIB rules and guidelines</p>								
<p>5.3.2 Closely cooperate with the PMSU experts and MRD in following the established Programme Operations Manual Procurement and quality of information submitted by the sub-project final beneficiaries</p>								

						<p>5.3.3 Help prepare the financial, tendering, reporting and other data information for submission to PMSU, MRD or other stakeholder authorities</p>
						<p>5.3.4 Promote anti-corruption activities through advocacy and strictly following the established procurement regulations and procedures; immediately inform MRD, PMSU and EIB of any suspicion of corruption or ineffective use of project resources – follow up and implement the agreed Corruption Risk Mitigation Approaches and Action Plan which has been endorsed by EIB, the contents as follows</p>

						<p><b>5.4 Initial identification of investment needs in relation to a follow up phase of ERP.</b></p>
						<p>5.4.2 Collaborate with the PMSU experts and MRD, and EIB technical supervisory teams (responsible for certification and final acceptance of works) in the control/inefficiency prevention matters</p>
						<p>5.4.2 Identification of unit costs and standard costs for typical and approved sub-projects, and assess any cost deviations that could indicate of mal-practices, promptly informing the promoter and EIB</p>
						<p>5.4.3 Assessing for each sub-project any indications of acquisition of sub-standard services and/or sub-standard equipment that could indicate of mal-practices, promptly informing the promoter and EIB</p>
						<p>5.4.4 Participate in local inspection visits (together with PMSU experts, MRD and the EIB supervisory technical teams)</p>

						<p><b>5.5 Increased project ownership and facilitation of stakeholder engagement</b></p>
						<p>5.5.1 Help establish an effective system and tools for communication with public, national and international stakeholders</p>
						<p>5.5.2 Facilitate public engagement and awareness over the sub-project justification and selection for financing, based on the clear selection procedure and parameters of importance</p>

<p>5.5.3 Prepare sub-project information materials, organize and conduct public information-sharing events, involving mass media, community stakeholders, to inform of the ERP and receive feedback</p>		
<p>5.5.4 Emphasize on the logic for the specific sub-project selection, considering the social and economic impact, environment positive returns; gender balances consideration</p>		
<p>5.5.5 Sensitize and develop capacity of local government officials in mainstreaming conflict-sensitive, human rights based and gender sensitive approaches in recovery planning, promoting participatory, transparent, and indicative local dialogue and inclusion of community and civil society perspectives in decision making</p>		

### 13. Budget

#### Indicative Budget Breakdown by Component and by Agency Split: Activity Costs, Management and Indirect Costs EUR

	Component 1	Component 2	Component 3	Component 4	Component 5	Management Staff	Indirect 7%	TOTAL
FAO	0	3 066,853	0	0	0	178,045	227,143	3,472,040
UNDP	6 848,168	10 329,058	6 907,663	2 998,213	1,401,869	2 382,011	2,160,760	33,028,742
UNFPA	0	373,832	473,037	0	0	109,697	68,960	1,023,526
UN Women	930,772	0	1 087,984	0	0	294,975	161,961	2,475,692
	7,779,940	13 769,743	8,468,684	2,998,213	1,401,869	2,964,728	2,616,823	40,000,000

#### Indicative Budget Breakdown by Component and by Agency Split: Activity Costs, Management and Indirect Costs USD

	Component 1	Component 2	Component 3	Component 4	Component 5	Management Staff	Indirect 7%	TOTAL
FAO	0	3,523,178	0	0	0	208,437	261,213	3,992,828
UNDP	7,909,788	11,874,791	7,880,072	3,437,652	1,563,645	2,783,825	2,481,485	37,931,258
UNFPA	0	416,972	553,784	0	0	128,422	76,943	1,176,121
UN Women	1,089,655	0	1,273,703	0	0	345,327	189,808	2,898,293
	8,999,443	15,814,941	8,788,307	3,437,652	1,563,645	3,466,011	3,009,249	45,998,500

## APPENDIX 1 - Indicative Log frame matrix (from the EU's Action Document)

The activities, the expected outputs and all the indicators, targets and baselines included in the log frame matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative log frame matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
<p><b>Overall objective: Impact</b></p> <p>To contribute to peace and reconciliation in Eastern Ukraine through social and economic recovery, with special focus on Government Controlled Areas (GCA) of Donetsk, Luhansk and Zaporizhzhia oblasts</p>	<ul style="list-style-type: none"> <li>Real growth of Gross Regional Product (GRP) regional economies</li> <li>Unemployment rates</li> <li>Proportion of population below national poverty line (by sex / age / disability / population group including vulnerable groups such as internally displaced persons, LGBT individuals and minorities)</li> </ul>	<ul style="list-style-type: none"> <li>2.3% in 2016, estimated 2.0% in 2017</li> <li>National and regional statistics</li> <li>Employment statistics</li> </ul>	<ul style="list-style-type: none"> <li>real growth year-to-year until 2025</li> <li>decrease in unemployment rates year-to-year</li> <li>vulnerable population reduced by 20 percentage points between 2017 and 2025</li> </ul>	<p>National statistics disaggregated for the region / three oblasts</p> <p>IMF/World Bank reports</p>	

Specific objective(s)	1. Enhanced local capacity for gender-responsive decentralization and administrative reforms to improve governance, local development and the delivery of services	2. Stimulation of employment and economic growth by providing assistance for Micro, Small and Medium Enterprises (MSME) development through demand-driven business development services and professional skills training	1.1. Proportion of population that expresses satisfaction with the quality and results of decentralisation reform (by sex / age / disability / population group)	1.2. Proportion of population who believe decision making is inclusive and responsive (by sex / age / disability and population group)	2.1. Proportion of population employed by MSME (by sex / age / disability / population group)	2.2. MSME contribution to local economy (value added)	2.3. Proportion of agriculture in the GRT	1.1. TBD [2018]	1.2. TBD [2018]	1.1. At least 50% of people (at least 50% women) [2022]	1.2. TBD [2022]	2.1.	2.2. TBD [2022]	2.3. TBD [2022]	National and regional authorities' reports, plans and programmes	Statistical data	Sociological surveys	Project reports	Media report	Perception surveys	Region remains politically stable, current (May 2017), 'contact line' remains unchanged, and ceasefire agreement broadly respected	Government of Ukraine continues reforms to improve governance and the business enabling environment	Macroeconomic stability	Prices, including agriculture output prices, adjusted for unusual seasonal price fluctuations	The institutional and legal framework for agricultural products requirements is operational by 2019
			<p>1.1.1. Proportion of population that expresses satisfaction with the quality and results of decentralisation reform (by sex / age / disability / population group)</p> <p>1.1.2. Proportion of population who believe decision making is inclusive and responsive (by sex / age / disability and population group)</p> <p>2.1. Proportion of population employed by MSME (by sex / age / disability / population group)</p> <ul style="list-style-type: none"> <li>• in Donetsk oblast</li> <li>• in Luhansk oblast</li> <li>• Zaporizhzhia oblast</li> </ul> <p>2.2. MSME contribution to local economy (value added)</p> <p>2.3. Proportion of agriculture in the GRT</p>	<p>1.1. TBD [2018]</p> <p>1.2. TBD [2018]</p> <p>2.1.</p> <ul style="list-style-type: none"> <li>• 7.2% people in Donetsk [2017]</li> <li>• 7.3% people in Luhansk [2017]</li> <li>• 11.9% people in Zaporizhzhia [2017]</li> </ul> <p>2.2. TBD [2018]</p> <p>2.3. TBD [2018]</p>	<p>1.1. At least 50% of people (at least 50% women) [2022]</p> <p>1.2. TBD [2022]</p> <p>2.1.</p> <ul style="list-style-type: none"> <li>• 13% people in Donetsk (by sex and age) [2022]</li> <li>• 13% people in Luhansk (by sex and age) [2022]</li> <li>• 17% people in Zaporizhzhia (by sex and age) [2022]</li> </ul> <p>2.2. TBD [2022]</p> <p>2.3. TBD [2022]</p>			<p>National and regional authorities' reports, plans and programmes</p> <p>Statistical data</p> <p>Sociological surveys</p> <p>Project reports</p> <p>Media report</p> <p>Perception surveys</p>	<p>Region remains politically stable, current (May 2017), 'contact line' remains unchanged, and ceasefire agreement broadly respected</p> <p>Government of Ukraine continues reforms to improve governance and the business enabling environment</p> <p>Macroeconomic stability</p> <p>Prices, including agriculture output prices, adjusted for unusual seasonal price fluctuations</p> <p>The institutional and legal framework for agricultural products requirements is operational by 2019</p>																



<p>3. To enhance social cohesion and reconciliation through promotion of civic initiatives</p>	<p>3.1. Number of community organizations (COs), united into a network of citizens groups that demonstrates satisfactory social cohesion and sustainable socio-economic development</p>	<p>3.1. 0 COs [2017]</p>	<p>3.1. 100 COs [2022]</p>	<p>• Gender equality national / regional / local priorities within reform implementation</p>
<p>4. To support sector reforms and structural adjustments in health, education and critical public infrastructure to mitigate direct impacts of the conflict</p>	<p>3.2. Proportion of population (by sex/age/disability/population group) that feel safe walking alone around the area they live in</p>	<p>3.2. TBD [2018]</p>	<p>3.2. TBD [2022]</p>	
	<p>4.1. Level of implementation of the healthcare reforms resulting in provision of better healthcare services for conflict-affected population (Scale 0-4): 1-Low, 2-Very Partially, 3-Partially, 4-Fully</p> <ul style="list-style-type: none"> <li>• in Donetsk oblast</li> <li>• in Luhansk oblast</li> </ul>	<p>4.1.</p> <ul style="list-style-type: none"> <li>• 0 in Donetsk [2017]</li> <li>• 0 in Luhansk [2017]</li> </ul>	<p>4.1.</p> <ul style="list-style-type: none"> <li>• 4 in Donetsk [2022]</li> <li>• 4 in Luhansk [2022]</li> </ul>	
	<p>4.2. Level of STP implementation by MinTOT in cooperation with other line ministers and oblast administrations (Scale 0-4): 1-Low, 2-Very Partially, 3-Partially, 4-Fully</p>	<p>4.2. TBD [2019]</p>	<p>4.2. 4 [2022]</p>	

COMPONENT 1 – DECENTRALIZATION AND GOVERNANCE

<p>Output 1.1</p> <p>The nationwide decentralization reform process is fully implemented in the newly established Amalgamated Territorial Communities (ATCs) in areas of Donetsk and Luhansk oblasts under government control</p>	<p>1.1.1. Number of ATCs that have completed amalgamation process:</p> <ul style="list-style-type: none"> <li>in Donetsk Oblast</li> <li>in Luhansk Oblast</li> </ul> <p>1.1.2. Percentage coverage of the territory with capable ATCs with full volume of “new” competencies showing completion of formation of the basic LSG level</p>	<p>1.1.1.</p> <ul style="list-style-type: none"> <li>7 ATCs in Donetsk [2017]</li> <li>4 ATCs in Luhansk [2017]</li> </ul> <p>1.1.2. 0% [2017]</p>	<p>1.1.1.</p> <ul style="list-style-type: none"> <li>39 ATCs in Donetsk [2022]</li> <li>24 ATCs in Luhansk [2022]</li> </ul> <p>1.1.2. 100% [2022]</p>	<ul style="list-style-type: none"> <li>Coordinated monitoring of decentralization reforms through Common Results Framework under Donor Board (MRD)</li> <li>Project monitoring and activity reports</li> <li>Local authorities and communities reports</li> <li>Media reports</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration of central, regional and local authorities to support the voluntary amalgamation process outlined in Prospective Plan and relevant MRD policies and guidance</li> </ul>
<p>Output 1.2</p> <p>Access to quality administrative and social services for all residential and displaced population including in the zone adjacent to the ‘contact line’ is improved</p>	<p>1.2.1. Proportion of ATCs that have Administrative Service Centres established and fully functioning</p> <p>1.2.2. Proportion of citizens (by age/sex/disability/population group) satisfied with the quality of public services</p> <p>1.2.3. Proportion of population (by age/sex) in conflict-affected areas close to the ‘contact line’ with improved access to public services</p>	<p>1.2.1. 0% [2017]</p> <p>1.2.2. 0% [2017]</p> <p>1.2.3. 0% [2017]</p>	<p>1.2.1. 100% [2022]</p> <p>1.2.2. 80% (by age/sex) [2022]</p> <p>1.2.3. 50% (by age/sex) [2022]</p>	<ul style="list-style-type: none"> <li>Project Monitoring reports</li> <li>Annual activity reports</li> <li>Local authority and community reports, including statistical and budgetary data</li> <li>SCORE</li> <li>Media reports</li> </ul>	<p>The decentralization of functions to regional and local governance authorities continues and democratic structures and institutions continue to develop positively</p>
<p>Output 1.3</p> <p>Government authorities’ capacity for participatory strategic planning and transparent project implementation at regional and local levels is enhanced to increase public and private investments and promote inclusive economic growth</p>	<p>1.3.1. Proportion of local development strategies/plans (in localities covered by the Project) which have been designed based on evidence</p> <p>1.3.2. Proportion of targets of Action Plan that Regional Development Agencies (RDAs)</p>	<p>1.3.1. No evidence-based assessment is currently conducted in the GCAs of Donetsk and Luhansk oblasts</p> <p>1.3.2. Both RDAs established but not fully operational</p>	<p>1.3.1. No less than 70% [2022]</p> <p>1.3.2. 80% of targets in Donetsk [2022]</p>	<ul style="list-style-type: none"> <li>Project Monitoring reports</li> <li>Local development strategies/plans</li> <li>Annual activity reports</li> </ul>	<ul style="list-style-type: none"> <li>RDA-related legislation is adopted and RDAs are fully staffed</li> <li>Anti-corruption measures are rigorously applied</li> <li>Staffing of local authorities remains</li> </ul>

	<p>meet on annual basis</p> <ul style="list-style-type: none"> <li>in Donetsk Oblast</li> <li>in Luhansk Pblast</li> </ul>	<ul style="list-style-type: none"> <li>80% of targets in Donetsk [2021]</li> <li>80% of targets in Luhansk [2021]</li> </ul>	<ul style="list-style-type: none"> <li>80% of targets in Luhansk [2022]</li> </ul>	<ul style="list-style-type: none"> <li>Local authorities and communities reports, including statistical and budgetary data</li> </ul> <p>Media reports.RDA reports.</p>	<p>stable</p>
<p>1.3.3. Proportion of members of working groups that are representatives of local population, including members of vulnerable groups (by sex/age)</p>	<p>1.3.3. 0% [2017]</p>	<p>1.3.3. 50% [2022]</p>			
<p>1.3.4. Proportion of funding allocated by the state to implement the adopted strategies and action plans</p>	<p>1.3.4. 0% [2017]</p> <p>1.3.4. 0% [2017]</p>	<p>1.3.4. 80% [2022]</p>			
<p>1.3.5. Number of ATCs that adopt gender-responsive strategies/practices</p>	<p>1.3.5. 1: Lyman ATC Statute and programme on social-economic development [2017]</p>	<p>1.3.5. TBD [2022]</p>			
<p>1.3.6. Number of Situation Overview Reports conducted and disseminated</p>	<p>1.3.6. 0 [2018]</p>	<p>1.3.6. 19 [2022]</p>			
<p>1.3.7. Proportion of trained ATCs confirming their ability to design evidence-based plans</p>	<p>1.3.7. 0 [2019]</p>	<p>1.3.7. TBD [2022]</p>			
<b>COMPONENT 2 – ECONOMIC RECOVERY &amp; MSMEs DEVELOPMENT</b>					
<p>Establishment of an effective and widely accessible network of advisory, machinery and other service providers and improved market access for MSMEs in agriculture, business and manufacturing</p>	<p>2.1.1. Number of business development and extension service providers that strengthened their capacities and provide services to MSMEs (incl. % of women-owned MSMEs and such owned by particularly vulnerable groups)</p> <p>2.1.2. Number of MSME which scaled-up their businesses</p> <p>2.1.3. Number of new</p>	<p>2.1.1. 0 business development services [2017]</p> <p>2.1.2. 0 [2017]</p>	<p>2.1.1. 25 [2022]</p> <p>2.1.2. 600 [2022]</p>	<p>Monitoring and activity reports</p> <ul style="list-style-type: none"> <li>BDS market assessment and surveys</li> <li>MSME surveys</li> <li>Investment fairs and commercial contracts</li> </ul>	<ul style="list-style-type: none"> <li>BDS and machinery providers are interested in operating in the region</li> <li>A few existing SME and farms ready to provide machinery services to other farmers</li> <li>Number of machinery contract service providers from other oblasts ready to provide machinery services in the</li> </ul>

<p>partnerships between businesses from Donetsk, Luhansk and Zaporizhzhia oblasts with other Ukrainian and international businesses (by oblast, specialization)</p>	<p>2.1.3. 0 [2017]</p>	<p>2.1.3. TBD [2022]TBD [2022]</p>	<p>Agricultural statistics</p> <ul style="list-style-type: none"> <li>Media reports</li> </ul>	<p>Luhansk and Donetsk oblasts</p> <ul style="list-style-type: none"> <li>Safe (unmined) areas accurately mapped</li> </ul>
<p>2.1.4. Number of agricultural cooperatives created</p>	<p>2.1.4. 20 [2017]</p>	<p>2.1.4. At least 50 cooperatives [2022]</p>	<p>Project monitoring and activity reports</p>	<p>Region remains stable from political and security perspective</p>
<p>2.2.1. Amount of new investments to MSMEs, including in agriculture, through a business grants programme</p>	<p>2.2.1. EUR 0 [2017]</p>	<p>2.2.1. At least EUR 2.8 million, including EUR 1.4 million for agri-businesses as direct business grants [2022]</p>	<p>Report on disbursement of grants and loans</p>	<p>The economy of Ukraine continues to grow</p>
<p>2.2.2. Volume of commercial loans and credit provided to MSMEs (including women-owned businesses, businesses owned by persons from vulnerable population groups) through a combination of loans (including leasing) and grants</p>	<p>2.2.2. EUR 0 [2017] 2.2.2. EUR 0 [2017]2.2.2. EUR 0 [2017]</p>	<p>2.2.2. At least EUR 10 million, incl. EUR 6 million in agriculture and agri-businesses [2022]</p>	<p>Banking sector reports</p> <p>MSME Surveys</p>	<p>Banks will accept immovable assets and future crops as collateral in Luhansk and Donetsk oblasts</p>
<p>2.2.3. Volume of trade credit for input supplies provided by distributors</p>	<p>2.2.3. EUR 0 [2017]</p>	<p>2.2.3. TBD [2022]</p>	<p>Media reports</p>	

<p>Provision of technical and vocational training including skill development for adults' re-deployment is of increasing quality and adjusted to local labour market demands</p>	<p>2.3.1. Proportionate change of VET graduates (by sex and population group) finding employment matching qualifications, including self-employment</p> <p>2.3.2. Number of VET centres launched based on market demand through public-private partnerships (PPPs) between VET schools and private sector and fully functioning</p> <p>2.3.3. Number of VET institutions rehabilitated and equipped</p> <p>2.3.4. Number of small business models introduced to the curriculum of the VET centres</p> <p>2.3.5. Percentage of young people and women, trained by the Project, who enter the labour market (through internships, employment or entrepreneurial activities)</p>	<p>2.3.1. TBD [2017]</p> <p>2.3.2. 0 PPP training centres [2017]</p> <p>2.3.3. 0 VET institutions [2017]</p> <p>2.3.4. 0 business models [2017]</p> <p>2.3.5. 0 [2018]</p>	<p>2.3.1. TBD [2022]</p> <p>2.3.2. 3 PPP training centres [2022]</p> <p>2.3.3. 13 VET institutions [2022]</p> <p>2.3.4. 25+ standard business models [2022]</p> <p>2.3.5. No less than 70% (at least 50% of those – women) [2022]</p>	<p>Monitoring and Activity Reports</p> <ul style="list-style-type: none"> <li>• SES statistics</li> <li>• Local authority reports</li> <li>• MoUs between VET institutions and businesses</li> <li>• Independent external evaluations</li> <li>• Torino Reports</li> <li>• Media reports</li> <li>• Curriculum and training programme of the VET centres</li> <li>• Employment statistics</li> </ul>	<ul style="list-style-type: none"> <li>• Fiscal decentralization continues</li> <li>• Local pilot reforms are possible within broader VET reform process</li> <li>• Suitable sites are identified for rehabilitation</li> <li>• Revenues in local budgets sufficient to sustain operations of VET centres</li> </ul>
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<p>COMPONENT 3 – COMMUNITY SECURITY &amp; SOCIAL COHESION</p>					
<p>Output 3.1</p> <p>A network of citizen groups is established to promote social cohesion and sustainable socio-economic development, with special focus on poor people, women, youth and persons affected by violence and deprivations related to the conflict</p>	<p>3.1.1. Number of CO officials, officials of local/regional authorities and community members who built and strengthened their skills in social cohesion and community development</p> <p>3.1.2. Proportion of representatives of citizen groups participating in community security planning who believe their voices are included</p>	<p>3.1.1. 0 CO officials, local/regional officials or community members [2017]</p> <p>3.1.2. 0% [2017]</p>	<p>3.1.1. 400 officials of COs, 60 officials of local/regional authorities and 4,000 community-members [2022]</p> <p>3.1.2. 80% representatives of citizen groups [2022]</p>	<p>Monitoring reports</p> <ul style="list-style-type: none"> <li>• Annual activity reports</li> <li>• Local authorities and communities reports, including statistical and budgetary data</li> <li>• SCORE</li> </ul>	<ul style="list-style-type: none"> <li>• Local authorities remain supportive of the reform process, and current pace of decentralization reform continues</li> <li>• Local/regional officials and community members are committed to acquiring new knowledge and skills</li> <li>• Local community security working groups receive adequate funding to implement</li> </ul>

	<p>3.1.3. Proportion of population (by age/sex/disability/population group) who trust local authorities, including police and courts</p> <p>3.1.3. In Donetsk: 31% local authorities, 37% police and 17% courts [2017]</p> <p>In Luhansk: 23% local authorities, 40% police and 21% courts [2017]</p> <p>In Zaporizhzhia: 33% local authorities, 32% police and 19% courts [2018]</p> <p>3.1.4. TBD [2018]</p> <p>3.1.5. TBD [2019]</p> <p>3.1.6. TBD [2019]</p> <p>3.1.7. TBD [2019]</p>	<p>3.1.3. more than 20% points increase in three oblasts [2022]</p> <p>3.1.4. 80 [2022]</p> <p>3.1.5. 15% points increase [2022]</p> <p>3.1.6. 15% points increase [2022]</p> <p>3.1.7. 15% points increase [2022]</p>	<p>Media reports</p> <ul style="list-style-type: none"> <li>Public opinion surveys</li> </ul>	<p>initiatives</p> <ul style="list-style-type: none"> <li>Law enforcement bodies, local authorities and community groups are open to joint GBV prevention and response action</li> <li>SES and CSS make their staff available for capacity building interventions</li> <li>Local police and communities work together to improve local police infrastructures and community policing</li> </ul>
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<p>Initiatives of citizens' groups are financially supported through a competitive fund</p>	<p>3.2.1. Number of successful initiatives by citizens' groups, including women's self-help groups, implemented with small grant support</p> <p>3.2.2. Total and average size of small grants disbursed to support initiatives by citizens' groups, including women's self-help groups</p> <p>3.2.3. Proportion of costs of initiatives covered by local authorities and communities</p>	<p>3.2.1.0 small grants [2017]</p> <p>3.2.2. EUR 0 in small grants [2017]</p> <p>3.2.3 0 co-funding [2017]</p>	<p>3.2.1. 350 small grants [2022]</p> <p>3.2.2. EUR 1.8 million and average EUR 7,000 per small grant [2022]</p> <p>3.2.3. 30% co-funding [2022]</p>	<ul style="list-style-type: none"> <li>Monitoring reports</li> <li>Annual activity reports</li> <li>Local authorities and communities reports, including statistical and budgetary data</li> <li>Media reports</li> </ul>	<ul style="list-style-type: none"> <li>Public and community funding is provided as agreed</li> </ul>
<p>COMPONENT 4 – SECTORAL REFORMS &amp; STRUCTURAL ADJUSTMENTS</p>					
<p>The regional health care system in both oblasts is functioning effectively in line with national reforms and addresses the specific needs of persons directly affected by the conflict, including persons living with HIV, people with disabilities and survivors of sexual and gender-based violence</p>	<p>4.1.1. Number of professionals (both local authorities and hospitals) with strengthened capacity for strategic planning, resource mobilization, organizational management, transparency, gender mainstreaming, accountability and efficient use of public funds</p> <p>4.1.2. Number of persons receiving quality services to overcome consequences of post-traumatic disorders and gender-based violence (by sex / age / disability / population group)</p> <p>4.1.3. Number of medical professionals (doctors, paramedics, nurses) that received specialized training to update their professional knowledge and skills</p> <p>4.1.3.1.3. Number of medical professionals (doctors, paramedics, nurses) that received specialized training to update their</p>	<p>4.1.1.0 professionals [2017]</p> <p>4.1.2. 0 people [2017]</p> <p>4.1.3.0 [2017]4.1.3.0 professionals [2017]4.1.3.0 professionals [2017]</p>	<p>4.1.1. 1,000 professionals [2022]</p> <p>4.1.2. 20,000 people [2022]</p> <p>4.1.3. 1,000 [2022]</p>	<ul style="list-style-type: none"> <li>Monitoring reports</li> <li>Annual activity reports</li> <li>Local authorities and communities reports, including statistical and budgetary data</li> <li>Patients organizations report</li> <li>Media reports</li> </ul>	<ul style="list-style-type: none"> <li>Health reform is adopted by the Parliament and Government proceeds with implementation</li> <li>Oblast and local authorities, healthcare professionals and patients' organizations are positive about the reforms and adhere to its implementation</li> <li>Oblast and local authorities and communities and healthcare professionals are motivated to advance in strategic planning, effective use of resources and promotion of anti-corruption and integrity</li> <li>People with disabilities are engaged in decision making over health care reform and are able to access health services</li> </ul>

	<p>professional knowledge and skills</p> <p>4.1.3. Number of medical professionals (doctors, paramedics; nurses) that received specialized training to update their professional knowledge and skills and to develop new skill</p>				
<p>Re-enforcement of universities and colleges displaced from NGCAs</p>	<p>4.2.1. Number of educational institutions benefiting from a grant to strengthen their relocation</p> <p>4.2.2. Number of students and teaching staff (including proportion of females) benefiting from improved infrastructure and working conditions</p>	<p>4.2.1. 0 universities [2017]</p> <p>4.2.2. 0 students and teaching staff [2017]</p>	<p>4.2.2. 10 universities benefiting from a grant [2022]</p> <p>4.2.2. 5,000 students and teaching staff (by sex) [2022]</p>	<ul style="list-style-type: none"> <li>• Monitoring reports</li> <li>• Annual activity reports</li> <li>• Local authorities and universities reports, including statistical and budgetary data</li> <li>• Media report</li> </ul>	<ul style="list-style-type: none"> <li>• Public funding is provided as agreed</li> </ul>

Output 4.2.



<p>Improved institutional capacity for national coordination to cope with emergencies and conflict related issues</p>	<p>4.3.1. Percentage of capacity building action plan for MinTOT fulfilled at Project's end 4.3.1. Percentage of capacity building action plan for MinTOT fulfilled at Project's end 4.3.1. Percentage of capacity building action plan for MinTOT fulfilled at Project's end</p>	<p>4.3.1. 0% [2019] 4 4.3.2. TBD [2019] 4.3.3. TBD [2019]</p>	<p>4.3.1. No less than 60% [2022] 4.3.2. TBD [2022] 4.3.3. TBD [2022]</p>	<ul style="list-style-type: none"> <li>Monitoring reports</li> <li>6-monthly activity reports and pre-feasibility reports</li> <li>MinTOT records</li> <li>Media and media coverage reports</li> </ul>	<p>MinTOT is open to and participate actively in interventions to strengthen its capacities</p> <p>Line ministries and state oblast administrations cooperate effectively between themselves and with MinTOT to coordinate recovery efforts in the targeted regions</p>
<p>Output 4.3</p> <p>COMPONENT 5 – SUPPORT TO EIB LOAN IMPLEMENTATION</p>					

<p>Strengthened local governance capacity for project preparation and implementation</p>	<p>5.1.1. Percentage of interviewed final beneficiaries claiming their ability to design and implement new projects without further assistance in the future</p> <p>5.1.2. Cumulative number of trained FBs representatives with improved knowledge and skills on project design and implementation, including technical design, procurement and anti-corruption procedures</p>	<p>5.1.1. 0% [2019]</p> <p>5.1.2. 0 [2019]</p>	<p>5.1.1. No less than 70% [2022]</p> <p>5.1.2. No less than 500 [2022]</p>	<ul style="list-style-type: none"> <li>Monitoring reports</li> <li>Annual activity reports</li> <li>Local authorities and communities reports, including statistical and budgetary data</li> <li>EIB's UERP Social-Economic Impact Survey</li> </ul>	<ul style="list-style-type: none"> <li>Final Beneficiaries are committed to share information with TA Project</li> <li>Final Beneficiaries are committed to be proactive in the identification of irregularities and frauds and in their resolution</li> <li>FBs are committed to using monitoring tools designed for the purpose of the Programme implementation</li> <li>Technical advisers (project sites) are committed to share information with TA Project</li> <li>The key stakeholders are committed to rapid response time in their interactions with TA Project</li> </ul>
<p>Improved project compliance, progress evaluation and monitoring for effectiveness and efficiency</p>	<p>5.2.1. Cumulative number of FBs representatives for which advisory visits (on concrete sub-projects' design questions) were carried out by TA Project</p> <p>5.2.2. Percentage of interviewed stakeholders satisfied with the quality of the monitoring and reporting system put in place to track sub-projects' progress and results</p>	<p>5.2.1. 0 [2019]</p> <p>5.2.2. TBD [2019]</p>	<p>5.2.1. No less than 200 [2022]</p> <p>5.2.2. No less than 75% [2022]</p>	<ul style="list-style-type: none"> <li>Monitoring reports</li> <li>Annual activity reports</li> <li>Local authorities and communities reports, including statistical and budgetary data</li> <li>EIB's UERP Social-Economic Impact Survey</li> </ul>	<ul style="list-style-type: none"> <li>Final Beneficiaries are committed to share information with TA Project</li> <li>Final Beneficiaries are committed to be proactive in the identification of irregularities and frauds and in their resolution</li> <li>FBs are committed to using monitoring tools designed for the purpose of the Programme implementation</li> <li>Technical advisers (project sites) are committed to share information with TA Project</li> <li>The key stakeholders are committed to rapid response time in their interactions with TA Project</li> </ul>

Output 5.1

Output 5.2

<p>Improved financial management in project implementation</p>	<p>5.3.1. Cumulative number of FBs who received targeted assistance in preparing the financial, tendering, reporting and other information for submission to the key stakeholders</p> <p>5.3.2. Percentage of local population who are familiarized with the EIB ERP activities on anti-corruption</p>	<p>5.3.1. TBD [2019]</p> <p>5.3.2. TBD [2019]</p>	<p>5.3.1. No less than 200 [2022]</p> <p>5.3.2. At least 20% [2022]</p>	<ul style="list-style-type: none"> <li>Monitoring reports</li> <li>Annual activity reports</li> <li>Local authorities and communities reports, including statistical and budgetary data</li> <li>EIB's UERP Social-Economic Impact Survey</li> </ul>	<ul style="list-style-type: none"> <li>Final Beneficiaries are committed to share information with TA Project</li> <li>Final Beneficiaries are committed to be proactive in the identification of irregularities and frauds and in their resolution</li> <li>FBs are committed to using monitoring tools designed for the purpose of the Programme implementation</li> <li>Technical advisers (project sites) are committed to share information with TA Project</li> <li>The key stakeholders are committed to rapid response time in their interactions with TA Project</li> </ul>
<p>Initial identification of investment needs in relation to a follow up phase of ERP</p>	<p>5.4.1. Percentage of site visits reports highlighting corrupt practices and frauds</p> <p>5.4.2. Percentage of FBs claiming their commitment to the EIB financed sub-projects successful implementation</p>	<p>5.4.1. TBD [2019]</p> <p>5.4.2. TBD [2019]</p>	<p>5.4.1. No more than 10% at project's end [2022]</p> <p>5.4.2. No less than 70% [2022]</p>	<ul style="list-style-type: none"> <li>Monitoring reports</li> <li>Annual activity reports</li> <li>Local authorities and communities reports, including statistical and budgetary data</li> <li>EIB's UERP Social-Economic Impact Survey</li> </ul>	<ul style="list-style-type: none"> <li>Final Beneficiaries are committed to share information with TA Project</li> <li>Final Beneficiaries are committed to be proactive in the identification of irregularities and frauds and in their resolution</li> <li>FBs are committed to using monitoring tools designed for the purpose of the Programme implementation</li> <li>Technical advisers (project sites) are committed to share information with TA Project</li> <li>The key stakeholders are committed to rapid response time in their interactions with TA Project</li> </ul>

Output 5.1	Increased project ownership and facilitation of stakeholder engagement	5.5.1. Cumulative number of media events organised to inform the public on the Programme and its results	5.5.1. 0 [2019]	5.5.1. No less than 20 [2022]	Moving forward together campaign records	Final Beneficiaries at national, regional and local levels are available to take part in communication and information activities on the Programme and to further disseminate information
	5.5.2. Cumulative number of positive on-line or printed media coverage on the EIB/MRD Early Recovery Programme Framework Loan implementation	5.5.2. 0 [2019]	5.5.2. No less than 50 [2022]	<ul style="list-style-type: none"> <li>TA Project's social media and web platforms monitoring records</li> <li>Media coverage analysis by the TA Project</li> </ul>	<ul style="list-style-type: none"> <li>In communication and information activities on the Programme and to further disseminate information</li> <li>FBs at regional and local levels are available and willing to take part in training/awareness raising events</li> </ul>	

## **APPENDIX 2 – Project Management**

The Project Office will include staff carrying out various forms of tasks including technical assistance, administration and management. The tasks listed in the Description of the Action, undertaken by staff assigned to the project office are directly attributable to the implementation of the Action. The Project Office will comprise of full time dedicated project staff to technically contribute to various project components and activities.

The proposed team structure is carefully selected to cover the needed management, coordination and policy guidance, the required technical knowledge, monitoring and communication assets by the dedicated project staff of UNDP, UN Women, UNFPA and FAO.

### **Admin and Financial Management Staff:**

UNDP International Programme Manager is responsible for strategic guidance, quality assurance strategic and technical inputs and direction to the project team in coordination with UN Agencies and national project counterparts and ensuring effective linkages with other similar initiatives and projects.

UN Women International Programme Specialist/Portfolio Manager Gender/CME<sup>8</sup> (in Kiev) (Community Mobilization for Empowerment)

The International Programme Specialist/Portfolio Manager Gender/CME is responsible for providing technical, strategic advisory, guidance and programme development and implementation services and substantial input to the implementation of the gender mainstreaming and women's empowerment outputs and activities of the joint programme. International Programme Specialist is responsible for day-to-day management of the project including timely and efficient delivery of the gender mainstreaming and women's empowerment outputs of the joint programme; and provide overall strategic oversight of planning, budgeting, implementing and monitoring of the programme, tracking use of financial resources in accordance with UN Women rules, regulations and policies.

International Programme Specialist/Portfolio Manager on CME (in Kyiv) will also be responsible, under Component 3, to provide substantive advice and guidance for application of community mobilization for empowerment (CME) methodology throughout the joint programme's Components 1 and 3, which integrates human rights-based and gender-responsive interventions and contributes to the effective engagement of women and men, from vulnerable groups, in making decisions on local development, services, recovery, and community security. International Programme Specialist will ensure piloting the UN Women's Global Flagship Initiative "Safe Cities and Safe Public Spaces" in one of the

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<sup>8</sup> The position is budgeted for 100% and divided between admin and management budget section (40% of staff time) and Component 3 (60% of staff time).

pilot hromadas of the joint programme to prevent and respond to Sexual Violence Against Women and Girls in public spaces. The Programme Specialist will ensure quality control, will create and coordinate partnership with UN agencies, developmental partners, government institutions, private sector, civil society, and women's groups to ensure coherence and complementarity. Estimated at around 60% of staff time.

UNDP National Operations Manager is responsible for the quality assurance, management and verifying financial, procurement, human resources and administrative processes for the needs of the project. Responsible for monitoring of effective delivery of programme activity and funds in full compliance with UNDP rules, regulations and policies.

UNFPA National Senior Project Coordinator (based in Kramatorsk) provides programmatic and technical guidance and ensures implementation of the project activities related to youth engagement, enhancement of youth employability and SGBV prevention and response; ensure smooth integration of youth engagement and GBV prevention and response in all relevant project activities. The Coordinator also ensures close coordination with other EU-funded youth-related activities implemented by other United Nations agencies, coordinates the programme delivery with the activities of other stakeholders working in the same area in order to build synergies and avoid activity duplication, including the development of inter-agency linkages and partnerships with other relevant UN programmes and projects.

FAO International Agricultural and Economic Development Manager (Programme Coordinator) will provide overall guidance, managerial and technical support to the implementation of Project activities, ensuring a programmatic approach for the implementation of the project, and effective linkages with the rest of Action project activities as well as other related projects and activities implemented by FAO and other partners in the country (USAID, Canada, etc.), as well as ensure close communication with the donor, UNDP and other UN agencies involved, relevant stakeholders and national and local authorities. The FAO International Agricultural and Economic Development Management will provide technical guidance to the preparation of the value chain assessments and analysis and to the identification and implementation of all support activities under the Project.

UNDP National Monitoring and Evaluation Officer is responsible for regular monitoring and reporting on the progress of the implementation of the Action and supporting the implementation of the Action's activities by undertaking research and analysis of relevant data and information.

UNDP National PMU Driver (5 persons) will be deployed to ensure effective transportation services at national and regional levels.

Funds administration staff includes management and administrative staff of UNDP HQ and UNDP CO, directly assigned to coordination of the Joint Action, administration of received funds in accordance with PAGODA and UN Agencies policies and procedures, disbursement

of funds to each UN Agencies in accordance with EU Delegation Agreement, consolidation and provision of interim narrative and financial reports to the Donor, incl. certified reports, provision of final report, ensuring proper closure of the Project, incl. assets transfer.

## **UNDP Project staff**

### **Component 1. Decentralization and Governance**

National Programme Coordinator of Component 1 is responsible for day-to-day management of the project including timely and efficient delivery of the project technical, operational, financial and administrative outputs and substantive project inputs specifically linked with the decentralization and local development agenda; regular outreach and coordination with the project beneficiaries, coordination and quality assurance of expert inputs and products; regular coordination among project partners to ensure coherence and complementarity.

National Programme Associate of Component 1 is responsible for performing administrative duties related to implementation of the project activities, assisting with organizing administrative processes for project needs and providing support to office maintenance including administering the project documentation and performing other finance related and administrative tasks.

National Territorial Amalgamation Specialist (2 persons) will provide support to the territorial administrative amalgamation process in the government controlled areas of Donetsk and Luhansk Regions, by coordinating the adaptation/development, and subsequently the implementation of a methodology for territorial administrative reform in the groups of communities aiming to become hromadas (amalgamated local communities).

National Fiscal Decentralization Specialist will provide capacity development support and technical assistance on fiscal decentralization to newly amalgamated communities, rayons and the regional civil-military administrations of Donetsk and Luhansk Oblasts.

National Administrative Decentralization Specialist will provide capacity development support and technical assistance on administrative decentralization to newly amalgamated communities, rayons and the regional civil-military administrations of Donetsk and Luhansk Oblasts.

National Social-Economic Development Specialist will provide capacity development support and technical assistance on social-economic development to newly amalgamated communities, rayons and the regional civil-military administrations of Donetsk and Luhansk Oblasts.

National Strategic Planning Specialist will provide capacity development support and technical assistance on strategic planning to newly amalgamated communities, rayons and the regional civil-military administrations of Donetsk and Luhansk Oblasts.

National Anti-Corruption Specialist will support the programme in implementing the anti-corruption component of its recovery and reconstruction efforts in Donetsk and Luhansk Oblasts. The effort will be focused on identification and mitigation of corruption vulnerabilities in the reconstruction efforts and establishing integrity as a key pillar in the restoration of governance in both Donetsk and Luhansk Oblasts.

## **Component 2. Economic Recovery and MSME Development**

International Economic Development Technical Specialist, responsible for providing strategic technical guidance and support to programme components aimed at economic revitalization and development, support to MSMEs and business community, enhancing entrepreneurship and creation of employment opportunities for the conflict-affected population in the target regions.

National Programme Coordinator of Component 2 is responsible for day-to-day management of the project including timely and efficient delivery of the project technical, operational, financial and administrative outputs and substantive project inputs specifically linked with the economic recovery and MSME development; regular outreach and coordination with the project beneficiaries, coordination and quality assurance of expert inputs and products; regular coordination among project partners to ensure coherence and complementarity.

National Programme Associate of Component 2 is responsible for performing administrative duties related to implementation of the project activities, assisting with organizing administrative processes for project needs and providing support to office maintenance including administering the project documentation and performing other finance related and administrative tasks.

National Local Coordinator (3 persons based in Sievierodonetsk, Kramatorsk, Mariupol) is responsible for day-to-day facilitation and support of activities linked to enhancing employment and income generating opportunities, creation enterprise and entrepreneurship development opportunities and strengthening of capacity of local authorities for creating employment and business opportunities.

National Business Development Specialist (2 persons, 1 based in Sievierodonetsk and 1 in Mariupol or Berdyansk) is responsible for implementation of activities aimed at fostering economic revitalisation in Eastern Ukraine and, specifically, stimulate employment and economic growth by providing support and assistance to Micro, Small and Medium Enterprises.

National Specialist on Entrepreneurship Promotion (based in Sievierodonetsk) is responsible for coordination, planning and management of targeted motivation campaign for the promotion of entrepreneurship and training activities in target regions.



National Specialist on Employment and Entrepreneurship (based in Mariupol) is responsible for implementation of the RPP Component activities aimed at enhancing employment and entrepreneurial opportunities for local communities along the coastline of Azov sea.

National Vocational Education and Business Development Associate (2 persons, 1 based in Sievierodonetsk and 1 based in Mariupol or Berdyansk) is responsible for day-to-day support of implementation of activities aimed at development of links between public institutions, Vocational Education and Training system and private sector to enhance employability and increase relevancy of the VET programmes in the target regions.

National Vocational Education Development Specialist (1 person based in Sievierodonetsk) is responsible for implementation of activities aimed at conducting an assessment and providing ongoing support for the Vocational Education and Training system (VET system), state employment service (SES) and local business stakeholders in terms of enhancing employability, development of links between public institutions, VET system and private sector to enhance employability and increase relevancy of the VET programmes in the target regions on the East of Ukraine.

### **Component 3. Community Security and Social Cohesion**

International Programme Coordinator of Component 3 is responsible for day-to-day management of the project including timely and efficient delivery of the project technical, operational, financial and administrative outputs and substantive project inputs specifically linked with the community security and social cohesion agenda; regular outreach and coordination with the project beneficiaries, coordination and quality assurance of expert inputs and products; regular coordination among project partners to ensure coherence and complementarity.

National Programme Associate of Component 3 is responsible for performing administrative duties related to implementation of the project activities, assisting with organizing administrative processes for project needs and providing support to office maintenance including administering the project documentation and performing other finance related and administrative tasks.

National Community Mobilization Coordinator is responsible for coordination and supervision of the work of community mobilization team, experts and consultants, including the preparation of the terms of reference, facilitation of recruitment and monitoring of work/results, providing analysis of collected information from the target location and preparing summaries, briefing notes, implementation plans and roadmaps, preparing and implementing a coordinated response to the needs of the communities.

National Community Mobilization Officers (2 persons) is responsible for mobilization of local communities, police, public prosecutors' offices, and local government to implement community security coordination mechanisms, identifying communities with particular needs and vulnerabilities, providing technical advice to them in assessment and prioritization of key threats to community security and support in development plans to respond at local level for enhancing security and access to justice.

National Security and Rule of Law Specialist (2 persons, 1 based in Kramatorsk and 1 based in Mariupol or Berdyansk) responsible for coordination of capacity development support and provision of technical advice on rule of law and access to justice, local policing, security to local administrations, legal aid providers, courts and other local and regional authorities to develop and implement plans which strengthen rule of law and security.

National Grants Officer is responsible for strategic and operational support in the conceptualization, development and implementation of the overall grant-making process, provision of guidance related to grants-management, including monitoring the implementation of grantee projects, ensuring close and effective cooperation with community mobilization team, rule of law, social cohesion and community security team.

National Grants Associate is supporting National Grants Coordinator during grant-making process, monitoring and evaluations of the small grants projects, field and spot-check visits.

#### **Component 4. Public Health Reform and National Coordination of Recovery Efforts**

National Health Specialist (2 persons) will provide capacity development support and technical assistance in healthcare reform and health governance in Donetsk and Luhansk oblast.

National Project Coordinator (1 person) will be responsible for the oversight and implementation of the capacity building action plan for MinToT and fostering effective cooperation between MinToT and other stakeholders both nationally and in the target regions.

#### **Component 5 . Support to EIB loan implementation**

##### **Key experts**

National Project Manager/Team Leader is responsible for leading the teams in the five target regions; carries out overall management of Project implementation; coordination with local stakeholders, the Action's partners, and other development partners; prepares the various project's deliverables and reports; and is responsible for ensure effective communications, knowledge/information management and visibility of the Project

The Project Manager/Team Leader is supported by three national specialists : procurement & finance, engineering and anti-corruption.

**National non-key experts include:** 4 finance & procurement specialists, 4 engineering specialists, and short-term expertise including legal experts, engineering experts, procurement experts.

Drivers (5 persons) will be deployed to ensure effective transportation services at national and regional levels.

Component Associate is responsible for providing support in preparation of the budget, budget revisions, and supporting the overall financial monitoring and reporting for the overall action; assisting the project team in preparation of financial transactions and appropriate project reports. He/she will ensure transparent and efficient administration services and systems throughout the whole project implementation period.

### **Project Operational Support Team**

National Finance Associate (2 persons) is responsible for providing support in preparation of the budget, budget revisions, and supporting the overall financial monitoring and reporting for the overall action; assisting the project team in preparation of financial transactions and appropriate project reports.

National Procurement Associates (2 persons) are responsible for providing support in identification of procurement modalities, facilitating quality, transparent, effective and fast procurement processes; supporting the project in the launch and publicity of procurement processes; advising in project procurement/tender evaluation processes; supporting in negotiations with potential contractors (as needed); assisting in the process of contracting, monitoring of contracts.

Administrative Associates (2 persons) will ensure transparent and efficient administration services and systems throughout the whole project implementation period. The Administrative Associates will work in close collaboration with other project staff to resolve administration-related issues and ensures full compliance of the Project's administration with UNDP rules and regulations.

Communications Specialist is responsible for preparation, implementation and oversight of the Communication and Visibility plan of the project and assuring that all activities including the outreach and awareness-raising activities adhere to and are fully aligned with the visibility needs and interests of the EU.

National Communications Associate provides support in preparation, implementation and oversight of the Communication and Visibility plan of the project and assuring that all activities including the outreach and awareness-raising activities adhere to and are fully aligned with the visibility needs and interests of the EU.

## **UN Women Project Staff**

### **Component 1. Decentralization and Governance**

UN Women Gender Mainstreaming Specialist/Analyst (100%) (in Kramatorsk) of Component 1 is responsible for providing technical and capacity building support to the programme staff in mainstreaming gender in all four components and related activities of the joint EU-funded programme. The Gender Mainstreaming Specialist will identify opportunities for capacity building of programme personnel and partners and coordinate and facilitate technical/ programming support and trainings to partners in gender equality and women's rights, gender mainstreaming and women's empowerment. The GM Specialist will ensure building strategic partnership and provide substantive inputs in engagement with relevant local authorities to support the gender mainstreaming throughout the programme implementation; and provide substantial contribution to mainstreaming gender into the joint programme's communications and visibility plan and its implementation phase.

UN Women National Driver (100%) of Component 1 will provide driving services as well as a basic logistical support to the offices in Severodonetsk and Kramatorsk.

UN Women Project Specialist (100%) (in Severodonetsk) of Component 1 is responsible to ensure timely and effective implementation of the programme's Component 1 and Component 3 activities linked with gender equality and women's empowerment outputs. The Project Specialist will contribute to project implementation, monitoring, evaluation and reporting, Inter-Agency coordination and partnerships building to support the gender mainstreaming and women's empowerment throughout the programme implementation. The Project Specialist will provide inputs to the development of knowledge management products on thematic areas related to gender-responsive decentralization reform and gender-responsive community security.

### **Component 3. Community Security and Social Cohesion**

UN Women National Project Assistant (in Kiev) (100%), estimated at around 50% for Component 1 and 50% for Component 3. The Project Assistant will provide day-to-day administrative and financial support, and facilitate the knowledge building and knowledge sharing in implementation of the gender equality and women's empowerment outputs and activities of the joint programme.

## **UNFPA Project Staff**

National project specialist (SB4 based in Mariupol) will be responsible for day-to-day management of the project activities including timely and efficient delivery of the project technical, operational, financial and administrative outputs and substantive project inputs specifically linked with the provision of equal opportunities to achieve economic

independence/employability of women and youth; regular outreach and coordination with the project beneficiaries, coordination and quality assurance of Implementation partners and expert inputs and products; regular coordination among project partners to ensure coherence and complementarity. He/She will contribute to project monitoring, evaluation, reporting and knowledge management as well as to ensuring project visibility; analyses the project implementation and provide regular updates to the project management and UNFPA office on project implementation highlighting progress, bottle necks and possible solution.

National Project Associate (SB 3 Based in Kyiv) provides overall support in project activities' coordination, monitoring and reporting, implements daily activities and tasks related to the overall administrative support services of the project, including drafting annual work plans with implementing partners, assuring quality of their and monitoring of project activities delivery, reporting, knowledge building and sharing.

The project will recruit national consultants on a short term basis to support the implementation of specific activities related to the project (e.g. SGBV, Youth empowerment and employment).

Technical expertise and advisory support to the project implementation will be provided by UNFPA Programme Analysts on Youth and HIV, Gender, GBV, Communications, Resource Mobilisation and Partnership as well as UNFPA finance and administrative support staff.

## **FAO Project Staff**

### **Component 2. Economic Recovery and MSME Development**

Field Office Coordinator (based in Kramatorsk) will be responsible for leading the implementation and development of FAO programme/projects activities in the Eastern region of Ukraine, coordination of the field office in Kramatorsk and in Mariupol (or Berdyansk), in liaison with the FAO International Agricultural and Economic Development Manager. He/she will be responsible for the day to day management and supervision of the technical and administrative colleagues recruited for the action and will liaise with FAO Office in Kyiv and in the Regional Office in Budapest for administrative and operational matters in order to ensure smooth operation of the action.

Administrator will provide day-to-day administrative and financial support in implementation of the FAO outputs and activities of the projects.

Project Assistant (2 persons, 1 based in Kramatorsk and 1 based in Mariupol or Berdyansk) will provide day-to-day administrative and financial support in implementation of the FAO outputs and activities of the projects.

Outreach Specialist will provide day-to-day support to outreach activities with project beneficiaries, institutions and national authorities.

A Project Associate (in Kyiv), partially covered by the Action, will be responsible for providing support in preparation of the budget, budget revisions, and supporting the overall financial monitoring and reporting for the FAO part of the Action; assisting the project team in preparation of financial transactions and appropriate project reports.

Driver (2 persons, 1 based in Kramatorsk and 1 based in Mariupol or Berdyansk) will facilitate transportation of project personnel and day to day logistics of project office.

Agricultural international and national experts on various fields related to the target agricultural value chain will be recruited under the Project on a short term basis to support the implementation of specific technical activities related to the supported technical areas under each of the target value chains (e.g. agricultural policy, legal, livestock, food safety, veterinary, fisheries, etc.).

### **Project Management Operations Costs**

In implementing this project, there are several categories of costs that are envisaged for the functioning of the Project Office, including:

- **General Expenses:** to support all project activities, this proposed action includes expenses related to office rent and maintenance in Kramatorsk, Sieverodonetsk, Mariupol, Berdyansk and Kyiv as well as electricity, water, heating and other utilities, office security, communication, phone and internet, office equipment maintenance, travels and subsistence costs for project staff and other costs linked with the project management.
- **Materials Expenses:** to cover the needs of the project office and the activities related to trainings and community mobilization, public awareness and outreach, technical advisory, and capacity building activities, stationery and other office furniture and supplies, IT equipment and IT supplies, communication and audio-visual equipment. This would include printings, training program and outreach materials, visibility materials, training and conference services, translations, communication campaigns, inter-agency coordination and planning workshops and events.
- **Transportation and Vehicle-Related Expenses:** to cover vehicle maintenance and fuel costs to ensure safe, reliable transportation for the Project Staff.

Annex III – Budget of the Action

Costs	Budget set per Delegation Agreement				Additional 15 mil. EUR				Total revised budget as per Agreement 1			
	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)	Total Cost (in EUR)	Unit value (in EUR)	# of units	Total Cost (in EUR)	Unit value (in EUR)	# of units	Total Cost (in EUR)	Total Cost (in EUR)
<b>Section 1 - Human Resources - Admin and Financial Management</b>												
1.1 Technical Staff												
1.1.1 Programme Manager (85%)	Per month	48	14 852	712 833								634 572
1.1.2 International Programme Specialist/Officer (Gender/GME 40%)	Per month	48	5 478	262 871								307 860
1.1.3 Operations Manager (85%)	Per month	48	4 108	197 200								230 852
1.1.4 UNFPA Senior Project Coordinator (47%)	Per month	48	2 875	109 897								120 022
1.1.5 Agricultural and Economic Development Manager (30%)	Per month	48	3 708	178 048								206 437
1.1.6 Monitoring and Evaluation Officer (65%)	Per month	48	4 108	197 200								230 862
1.2 Support Staff												
1.2.1 PMU Drivers 4 + 1 for Azov	Per month	192	1 250	240 000	58 327			298 327	1 493	297 327	345 449	
1.3 Funds Administration	Per month	48	5 087	260 000				260 000	5 208	250 000	297 676	
<b>Sub-total 1 - Human Resources</b>				2 317 956	61 327			2 379 283	6 007	2 301 323	2 874 139	
<b>Section 2 - Equipment</b>												
2.1 Vehicles												
2.1.1 Refurbished Hard Skin Vehicles	Per vehicle	2	90 000	180 000								187 312
2.1.2 Soft Skin Vehicles + 1 for Azov	Per vehicle	3	33 333	100 000	33 402			133 402	30 582	133 402	184 326	
2.2 Furniture	Set	7	925	6 474					1 093	6 474	7 678	
<b>Sub-total 2 - Equipment and supplies</b>				266 474	33 402			300 876	1 093	299 811	349 217	
<b>Section 3 - Field office</b>												
3.1 Office rent (inc. electricity and heat, etc)	Per month	48	4 316	207 151					5 052	207 151	242 612	
3.2 Office supplies, IT equipment, etc. (2 PMU Staff)	Per month	336	306	102 809					358	102 809	120 368	
3.3 Communication Costs (11 PMU Staff Inc. Drivers)	Per Month	628	25	15 700					28	15 700	16 463	
<b>Sub-total 3 - Field office</b>				325 660				325 660		325 660	378 244	
<b>Section 4 - Other costs</b>												
4.1 Vehicle Maintenance	Per month	240	585	140 370					595	140 370	164 331	
<b>Sub-total 4 - Other costs, repairs, Financial and Administrative (Contract Management)</b>				140 370				140 370		140 370	164 331	
<b>Section 5 - Component 1 Decentralisation and Governance</b>												
5.1.1 Nationwide Decentralisation												
5.1.1.1 Capacity Dev / TA for Local Gov				281 644								333 233
5.1.1.2 Capacity Dev / Amel. Amated T. Territorial Communities				633 678								674 777
5.1.1.3 Assistance to Local Authorities				325 683								381 289
5.1.1.4 Interaction with other Oblasts				221 161								268 913
5.1.2 Access to -utility administered and social services is improved				1 149 119								1 345 274
5.1.2.1 Improving Local Public Service				446 134								522 623
5.1.2.2 E-tools for Services and Transparency				450 997								627 982
5.1.3 Government capacity for participation/transparent implementation				748 177								870 242
5.1.3.1 Data Analysis and Baseline				810 847								997 897
5.1.3.2 Plan LED in P. and Policy and T. Assessment Processes				110 247								120 067
5.1.3.3 Case Study, Regulatory and Tax Framework				215 949								252 811
5.1.3.4 Procurement Support to Regional Dev. Agencies				455 238								509 633
5.1.3.5 Anti-corruption Measures				386 242								461 003
5.1.3.6 Capacity for Local Government Coordination				216 857								278 633
5.1.3.7 To mobilize stakeholders and through assessment				318 663								353 185
5.1.3.8 To start out data collection				250 822								287 124
5.1.3.9 To start out data collection				153 821								196 110
5.1.3.10 To design tools for future data access				294 856								341 882
5.1.3.11 To support evidence based planning				220 181								245 567 56
5.1.3.12 To provide support for information management and GIS				1 963 634								2 181 900
<b>Sub-total 5 - Component 1</b>				5 017 236				5 017 236		5 017 236	6 010 343	
<b>Section 6 - Component 2 Economic Recovery and MSMEs Development</b>												
6.2.1 Network of service providers established/market access improved				417 114								488 666
6.2.1.1 Local Service Providers Established for MSME Advice				509 143								657 130
6.2.1.2 Service Contractors Schemes for MSMEs and Farmers				333 831								390 833
6.2.1.3 Utility of Products - Market Access				159 738								197 642
6.2.1.4 Labour Market Support												

	4-5 years				6-7 years				
	Unit	# of units (in EUR)	Unit value (in USD*)	Total Cost (in EUR)	Total Cost (in USD*)	# of units (in EUR)	Unit value (in USD*)	Total Cost (in EUR)	Total Cost (in USD*)
6.2.1.5 Trade Link - Market and Investment Fairs			388,868	316,617	393,159			448,776	742,912
6.2.2 Access to credit and financing			19,647	613,760	684,410			439,476	704,167
6.2.2.1 Financing opportunities									
6.2.2.2 Access to finance Institutions' loan products for businesses									
6.2.2.3 TA for Credit Analysis / MSME financial literacy			1,379,925	1,237,167	79,758			6,166,797	6,195,764
6.2.2.4 Grant Scheme for Seasonal Financing and Small Entrepreneur									
6.2.3 Provision of technical and vocational training									
6.2.3.1 Training of the VET System			133,391	71,404	79,984			238,397	271,036
6.2.3.2 Design Curricula and Design Skills Capacity			583,961	385,645	430,039			889,724	981,968
6.2.3.3 Capacity Building for State Employment Service			439,130	203,928	227,015			675,312	662,145
6.2.3.4 Development / Investment Plan for VET Institutions			188,193	186,193	67,846			229,341	261,038
6.2.3.5 Links between Public Institutions and Private Sector			400,478	106,323	140,900			339,306	624,379
6.2.3.6 Tertiary Rehabilitation of VET Institutions			564,839	630,021	630,021			1,637,727	1,838,611
6.2.3.7 Organization and support of "Youth Skills Labs Self-Employment"			115,481	104,430	115,481			1,648,430	116,611
6.2.3.8 Organization of Skills Labs; Career Success and WOW Youth-Business Forums with local business communities			105,468	94,568	105,468			94,568	105,468
6.2.3.10. Promote and support the design and implementation of Life Long Learning programmes for women at risk of multiple forms of discrimination and violence			164,911	138,894	164,911			138,894	164,911
6.3 - Total 6 - Component 2			4,637,095	6,429,748	5,197,043			13,799,743	15,614,941
Section 7 - Component 3 Community, Security and Social Cohesion									
7.3.1 Citizen groups established for cohesion and socio-economic development									
7.3.1.1 ID Type Vulnerable Communities			46,726	39,912	46,726			39,912	46,726
7.3.1.2 Communities in Established Community Organization			854,026	726,600	726,600			1,129,073	1,298,534
7.3.1.3 Resilience of local justice institutions to be more accessible			1,441,640	1,234,851	1,234,851			1,234,851	1,441,640
7.3.1.4 Promotion of civic voice and accountability initiatives			713,904	102,198	113,992			713,066	827,094
7.3.1.5 Communal dialogue, peace reconciliation, integration			690,269	591,070	690,269			734,327	851,247
7.3.1.6 Gender Responsive Planning and Budgeting			549,797	477,319	549,797			477,319	549,797
7.3.1.7 Promote inclusive approaches / capacity of CSOs			211,629	102,198	113,992			292,816	325,821
7.3.1.8 Public information - TV and Radio			270,676	231,208	231,208			287,397	327,671
7.3.1.9 Training, capacity building and sea rescue equipment for CSS along the Azov coast line			284,980	265,468	284,980			265,468	284,980
7.3.1.10 Coast life emergency warning system			56,996	51,099	56,996			51,099	56,996
7.3.1.11 Boost the capacities of the Maritime Sea Rescue Operations Centre			433,170	310,354	433,170			310,354	433,170
7.3.1.12 Rehabilitation of the front offices of police stations along the Azov sea coast line			797,945	715,389	797,945			715,389	797,945
7.3.1.13 Build community policing capacity in the target area			469,278	411,761	469,278			411,761	469,278
7.3.2 Citizen groups initiatives are financed									
7.3.2.1 Establish Small Grant Fund			637,223	640,892	637,223			1,649,745	1,870,037
7.3.2.2 Develop Micro-Project Proposals / Mobilise Community Resources			58,234	49,743	49,743			49,743	58,234
7.3.2.3 Mentoring Micro-Projects			64,827	65,376	64,827			65,376	64,827
Sub-total 7 - Component 3			6,537,810	4,739,196	6,149,711			14,611,841	16,707,469
Section 8 - Component 4 Sectoral Reforms, Capacity Building National									
Coordination of Initiatives									
8.4.1 The national health care system is functional			362,682	308,799	308,799			308,799	362,682
8.4.1.1 Local authorities implement health system reform			292,676	309,000	292,676			250,000	292,676
8.4.1.2 Capacity of regional and local authorities to plan resources			339,593	240,000	240,000			290,000	339,593
8.4.1.3 Capacity of local authorities for transparency anti-corruption			248,847	210,000	210,000			249,000	248,847
8.4.1.4 Patient Oversight and Monitoring			260,966	240,000	240,000			249,000	260,966
8.4.1.5 Training of health care professionals (updating skills)			151,898	140,000	140,000			140,000	151,898
8.4.1.6 Health Behaviour Change									
8.4.1.7 Primary Health Care Referral System Strengthening									
8.4.2 Quality of the education system in universities displaced from NOCAs is re-enforced			209,488	118,918	118,918			118,918	209,488
8.4.2.1 Effective implementation of grants received by universities									
8.4.3 Improved capacity of national, regional and local authorities in monitoring, coordination and building universities			446,632	402,127	446,632			402,127	446,632
8.4.3.1 Capacity gap assessment of the MinToT, action plan on capacity building curriculum and technical assistance									



Costs**	Unit	4 Years				Total Cost (in EUR)	Total Cost (in USD*)	Total Cost (in EUR)	Total Cost (in USD*)	Unit value (in EUR)	Unit value (in USD)	Total Cost (in EUR)	Total Cost (in USD)
		# of units	Unit value (in EUR)	Unit value (in USD*)	Total Cost (in EUR)								
8.4.3.2. Studies for the rehabilitation and improvement of key infrastructure and services delivery in Eastern Ukraine.					143,186	159,720					143,186	159,720	
8.4.3.3. Strengthen a humanitarian-development nexus (HDN) in the framework of the Coordination Platform on Peacebuilding and Recovery under MinToT leadership					135,000	150,579					135,000	150,579	
8.4.3.4. Specific projects to alleviate insalubrious conditions caused by the conflict					441,173	482,094					441,173	482,094	
Sub-Total 3 - Component 4					1,200,414	1,453,404					1,200,414	1,453,404	
Section 9 - Component 5 Support to EIB Loan Implementation					345,840	385,760					345,840	385,760	
9.5.1. Strengthened local governance capacity for project preparation and implementation					322,182	359,382					322,182	359,382	
9.5.2 Improved project compliance, progress evaluation and monitoring for effectiveness and efficiency					372,418	415,382					372,418	415,382	
9.5.3 Improve financial management in project implementation					287,654	320,738					287,654	320,738	
9.5.4 Initial identification of investment needs in relation to a follow up phase of ERP					73,877	80,403					73,877	80,403	
9.5.5 Increased crowd ownership and facilitation of stakeholder engagement					1,401,803	1,553,848					1,401,803	1,553,848	
Sub-Total 5 - Component 5					14,011,801	15,836,440					14,011,801	15,836,440	
Subtotal direct eligible costs of the Action (11.9)					981,308	1,094,561					981,308	1,094,561	
Indirect costs					46,000,000	16,731,000					46,000,000	16,731,000	
Total eligible costs of the Action													

\*\* For the Initial Delegation Agreement

\* Exchange rate used EUR/USD, October 2018:

1.1707

[https://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infocontract/index\\_en.cfm](https://ec.europa.eu/budget/contracts_grants/info_contracts/infocontract/index_en.cfm)

TOTAL EU contribution estimated in USD

28,287,500

TOTAL EU contribution (maximum), EUR

28,000,000

\*\* For the purpose of interpreting article 11.3 of the General Conditions, the budget heading is understood as Section 1, 2, 3, 4, 5, 6, 7, 8, 9.

For Addendum 1

1.1154

[https://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infocontract/index\\_en.cfm](https://ec.europa.eu/budget/contracts_grants/info_contracts/infocontract/index_en.cfm)

TOTAL EU contribution estimated in USD

16,731,000

TOTAL EU contribution (maximum), EUR

16,000,000

