United Nations Development Programme
Country: Ukraine

Project Document

Project Title:	Strengthening Ukraine's emerging modernization and innovation results
UNDAF Outcome(s):	PF Area 1 – Outcome 1 : New economic opportunities created particularly in the small and medium business sector as a result of enabling improvements in the business and investment environment, improved skills and better utilization of Ukraine's scientific and innovation potential PF Area 2 –Outcome 4: Social development policy making at national and sub-national level is evidence based PF Area 3 - Outcome 2: More effective and accountable public institutions respond to the needs of all persons within the jurisdiction of Ukraine, especially the most vulnerable PF Area 4 - Outcome 2: Reduced energy, resource and carbon intensity of economy through the application of energy efficient technologies, renewable and alternative sources of energy
Expected CP Outcome(s): *(Those linked to the project and extracted from the CP)*	Outcome 2: Reduction of poverty in rural areas through socio-economic development activities Outcome 3: Improved access to and utilization of quality health, education and social services Outcome 7: More effective and accountable public institutions respond to the needs of all persons within the jurisdiction of Ukraine, especially the most vulnerable Outcome 10 : Government adopts policy frameworks and mechanisms to ensure reversal of environmental degradation, climate change mitigation and adaptation, and prevention and response to natural and man-made disasters
Expected Output(s): *(Those that will result from the project)*	Ukraine's modernization and innovation results strengthened through agile and rapid expert response
Executing Entity:	UNDP
Implementing Agency:	UNDP

Brief Description

The Programme aims at equipping UNDP to meet the Ukrainian Government and civil society's demand, at both national and sub-national levels, for **rapid, quality and relevant expertise to strengthen the country's emerging modernization and innovation results.** Specifically, during its 3 years' implementation period, the programme will work towards sustaining **key results** contributing to the modernization process of the country, including the emergence of:

- A modern and performing economy applying principles of sustainability
- Innovative partnerships and funding mechanisms for development
- Modern social services delivery mechanisms and systems
- Public consultation mechanism for effective and equitable development decisions , and
- Environmental innovations.

Programme Period:	2014 - 2016
Key Result Area (Strategic Plan)	_____
Atlas Award ID:	_____
Start date: End Date	1 Jan 2014 31 Dec 2016
PAC Meeting Date	_____
Management Arrangements	DIM

Total resources required	$ 400,000
Total allocated resources:	_____
• Regular	$ 150,00
• Other:	
o Donor	_____
o Donor	_____
o Donor	_____
o Government	_____
Unfunded budget:	$250,000
In-kind Contributions	_____

Agreed by (Executing Entity): 14/1/2014

Agreed by (UNDP): 14/1/2014

I. SITUATION ANALYSIS

Since its independence in 1991, Ukraine has slowly evolved from a command to a market economy. Despite periods of growth, Ukraine is, in 2013, still attempting to build a strong and sustainable economic system able to significantly impact on the living standards and sustain economic shocks in the future.

Although Ukraine's pursuit of regional integration both within the Commonwealth of Independent States (CIS) and with the European Union is likely to increase its resilience to political and economic threats in the longer term, its 'balancing' between various free trade zones is likely to expose it to a wider array of externalities, which, in the shorter term, may threaten its macroeconomic stability. The transposition of CIS and EU norms and standards, conditioned by the Government of Ukraine's stated interest in deepening relations with both entities, as well as its non-aligned and multi-vectored foreign policy, is an opportunity for it to enhance its competitiveness, through the modernization of its economy and search for innovative technological and productive solutions.

The country's overall modernization need is largely referred to in the Post 2015 Agenda consultations with the Ukrainian society ("The Future We Want"), which took place in early 2013. In particular, Ukrainians highlighted the need for:

- A modern and "green" economy functioning on the basis of a clear understanding of market forces and competitiveness, and applying the key principles of sustainability;
- A simplified and enabling business environment;
- New systems promoting equality of opportunity and social justice;
- Open and modernized administrations serving the public effectively;
- A revamped, efficient health care system;
- An education system promoting Ukrainians' competitiveness on the Ukrainian and international labour markets;
- A modernized infrastructure throughout the country which would minimize territorial inequalities.

In support to its reform process, Ukraine has received, over the years, a significant amount of technical assistance, which has helped it achieve general progress. Ukraine's attitude towards international technical assistance has evolved from being mainly supply led (in the years 1991 to 2008) to, in recent years, being more demand led. The nature and type of technical assistance is also changing: swiftness, quality and relevance of focused advice/expertise, that could even be delivered on a one to one basis at senior level, is in demand at present, along with exposure to innovative practices tested and adopted in other countries.

The type of expertise that is particularly in demand at both national and sub-national levels, and is of topical interest at present, relates to:

- The improvement of the country's investment climate (a priority)
- Economic innovations (creative and green economy)
- Trade and export
- Sectoral modernization, in particular agriculture
- Adaption of education to labor market requirements
- Modernization of administrative structures (e-government) and social services

- Partnership building, including public private partnerships
- SMEs development (in particular the modernization/strengthening of business support structures)
- New technologies for disposing/recycling natural and domestic waste.

II. STRATEGY

The overall aim of the Programme to strengthen Ukraine's emerging modernization results (hereafter, the Programme), planned for the period 2014 to 2016, is to equip UNDP with a flexible and agile instrument to meet Government and civil society's demand, at both national and sub-national levels, for **rapid, quality and relevant expertise in the key development areas mentioned above.** In a highly competitive environment, agility and rapidity of response promote trust, partnership building and allow for UNDP's positioning as a substantive, neutral and responsive partner. Given its nature, i.e. having multiple national and sub-national partners, the programme will be implemented under a direct execution modality.

During its 3 years' implementation period, the Programme, by responding to proactive Government's and civil society's advisory and expertise requests, will work towards achieving at least (but will not limited to) the **following key results** which will contribute to the modernization process of the country:

Innovative economy. Interventions to contribute to this result will include (but will not be limited to):

- a concept for the development of green and creative economy (and mechanisms designed for its further implementation)
- investment attraction innovations at sub-national level
- a concept of optimal export model for small farmers

Innovative partnerships and funding mechanisms for development. Interventions to contribute to this result will include (but will not be limited to):

- a national or regional funding facility, to which government, donors and private sector contribute, with strong replication potential throughout the country
- partnership models with development banks (EBRD, EIB, etc.)

Modernized social services delivery mechanisms and systems. Interventions to contribute to this result will include (but will not be limited to):

- a rapid assessment of the capacities and services provided by the State Employment Agency (including their Education vouchers system), leading to
- a programme of capacity strengthening for the modernization of employment services and their relevance for vulnerable target groups such as women, people in pre-retirement, youth, disabled
- a concept of youth mobilization and improved labor opportunities and its programme of capacity development, as UNDP's contribution to UN Secretary General's System-wide Action Plan on Youth

Genuine democratic processes for a modern society. Interventions to contribute to this result will include (but will not be limited to):

- a National Human Development Report focused on people's participation in decision-making, emphasizing coherence with the Post 2015 Agenda's key priorities
- prototyping for scale-up of effective e-governance mechanisms applying innovative technological tools

Environmental innovations. Interventions to contribute to this result will include (but will not be limited to):

- a concept or programme of urban landfills recovery and landfill methane utilisation
- compilation and dissemination of local evidenced-based best practices in energy efficiency.

Expertise provided by the Programme will generate **rapid and quality evidence-based analytical and advisory services** to national and sub-national government and state bodies in response to specific government requests in reform areas. Expertise will be provided in the form of high level "one to one" consultations, policy, position and issues papers, exposure conferences, national platforms, communication, partnerships opportunities, dissemination and knowledge management products as well as practical hands-on technical assistance.

Those substantive areas already supported by UNDP through on-going initiatives will not be part of this Programme.

III. RESULTS AND RESOURCES FRAMEWORK (all years)

INTENDED OUTPUTS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
Output 1: Innovative policy development initiatives supported and capacities strengthened **Baseline:** tbd **Indicators/targets:** - no less than 5 innovative concepts are integrated into national policies - 1 revised concept of retraining vouchers system approved by Government - by mid 2015, one National Human Development Report disseminated to key stakeholders - by end 2014, 1 concept of regional development fund approved and decision to set up the fund made	**Activity 1. Concepts/strategies/programme prepared on:** - development of green and creative economy - innovative FDI attraction models - a concept of optimal export model for small farmers - partnership models with development banks explored - models of youth mobilization and improved labor opportunities and its programme of capacity development - effective e-governance mechanisms applying innovative technological tools - urban landfills recovery and landfill methane utilization - evidenced-based energy efficiency best practices **Activity 2. Rapid assessment** carried out: - of the capacities and services provided by the State Employment Agency (including vouchers system), **Activity 3. National Human Developed Report** prepared and disseminated, including: - analyses of innovative European experiences - consultations, **Activity 4. Advice for the design and set up of national or regional funding facility provided,** in particular on: - concept of the facility (legal and organisational model) - programme of capacity building - resource mobilisation strategy	UNDP	**Total: $ 400,000** International expertise: $ 120,000 National expertise: $ 80,000 Surveys: $ 80,000 Exposure/knowledge transfer events: $ 120,000

IV. ANNUAL WORK PLAN

Year: 2014

EXPECTED OUTPUTS *And baseline, indicators including annual targets*	PLANNED ACTIVITIES *List activity results and associated actions*	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 1: Innovative policy development initiatives supported and capacities strengthened Baseline: tbd Indicators/targets for 2014 - no less than 2 innovative concepts are integrated into national policies - 1 revised concept of retraining vouchers system and twinning opportunity identified - by mid 2014, detailed concept of NHDR approved and analytical work and consultations launched - by end 2014, regional fund concept approved and decision for its launch taken	**Activity 1. Concepts prepared in 2014 on:** - development of green and creative economy - models of youth mobilization and improved labour opportunities and its programme of capacity development	x	x	x	x	UNDP	UNDP	International expertise National expertise **Activity total**	$ 10,000 $ 10,000 **$ 20,000**
	Activity 2. Rapid assessment carried out: - of the capacities and services provided by the State Employment Agency (including vouchers system)	x	x			UNDP	UNDP	International expertise National Expertise Exposure events **Activity total**	$ 20,000 $ 10,000 $ 20,000 **$ 50,000**
	Activity 3. National Human Developed Report prepared, including: - analyses of innovative European experiences - consultations	x	x	x	x	UNDP	UNDP	International expertise National Expertise Surveys **Activity total**	$ 10,000 $ 15,000 $ 15,000 **$ 40,000**

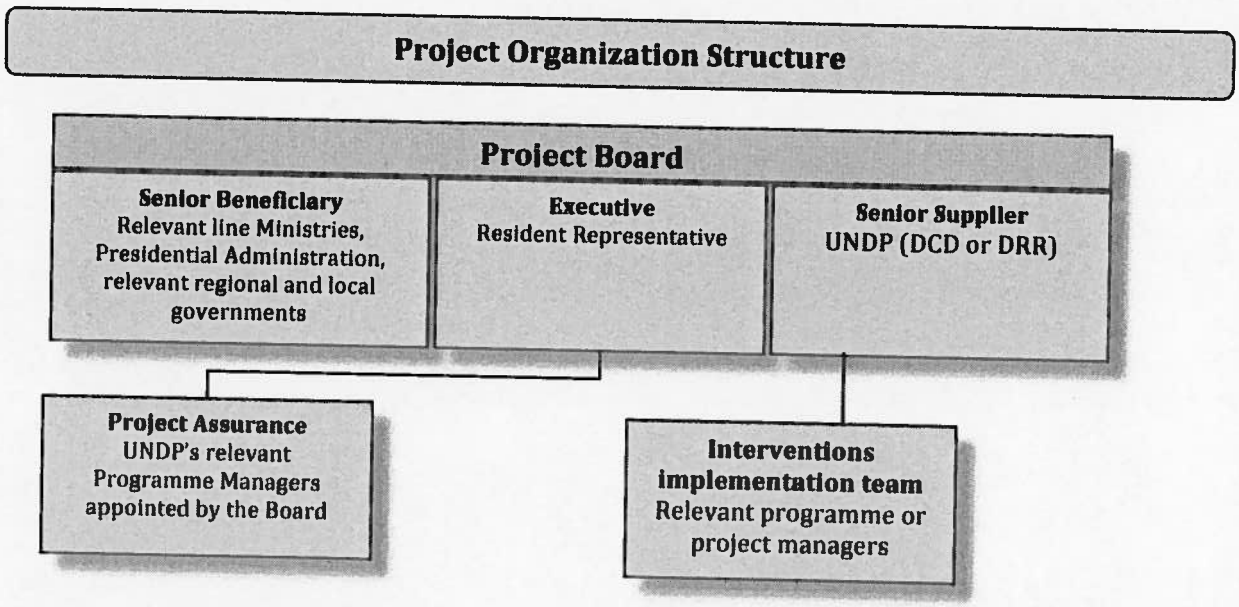
Related CP outcomes: **Outcome 2**: Reduction of poverty in rural areas through socio-economic development activities **Outcome 3**: Improved access to and utilization of quality health, education and social services **Outcome 7**: More effective and accountable public institutions respond to the needs of all persons within the jurisdiction of Ukraine, especially the most vulnerable **Outcome 10**: Government adopts policy frameworks and mechanisms to ensure reversal of environmental degradation, climate change mitigation and adaptation, and prevention and response to natural and man-made disasters	**Activity 4. Advice for the design of national/regional funding facility provided,** in particular on: - concept of the facility (legal and organisational model) - programme of capacity building - resource mobilisation strategy	x	x	x	x	UNDP	UNDP	International expertise National Expertise **Activity total**	$ 20,000 $ 20,000 **$ 40,000**
TOTAL								UNDP	**$ 150,000**

V. MANAGEMENT ARRANGEMENTS

This Programme will be implemented using UNDP Direct Implementation Modality (DIM). Taking into account that the Programme's sole purpose will be to provide, on a demand-led basis, quality technical assistance to Government and non-governmental institutions, there is a strong rationale to implement it under this modality.

Through its global network of highly qualified international experts and knowledge hub, UNDP Ukraine can not only provide exposure to best practices and innovations, tried and tested in other countries of the world, as well as partnerships, it can also bring in practical hands-on experience of concrete development challenges for the benefit of the country.

UNDP Ukraine will be responsible for the overall management of the project, and in particular for achieving the expected outputs. UNDP will also be accountable for the use of project resources. The Project's management arrangements are designed using the PRINCE2 project management methodology. PRINCE2 has been adopted globally by UNDP as the standard methodology to be used in managing all UNDP projects. Below is a diagram of the project management structures:



Implementing Partner: The UNDP will be implementing the project directly, given the multiple governmental parties benefiting from it.

Project Board: The Project Board is responsible for making, on a consensus basis, management recommendations for a project when guidance is required by the Project Manager. Particularly, the Project Board will have the responsibility to review/endorse project documents and revisions thereto, annual work plans, quarterly and annual project reports.

This Board has three roles:

- Executive representing the project ownership to chair the group. For this project, the Resident Representative will assume the role of Project Board Executive.
- Senior Supplier role to provide guidance regarding the technical feasibility of the project. This role will be assumed by UNDP's Deputy Country Director/Deputy Resident Representative

- Senior Beneficiary role to ensure the realization of project benefits from the perspective of project beneficiaries. This role will be fulfilled by relevant line ministries, the Presidential Administration, as well as regional and local government.

To discuss the strategic issues of the project activities and its impact, and to ensure that best available international and national expertise is given due consideration in formulating the project strategy, the Project Board may decide to invite to its meetings other stakeholders.

Project Assurance: The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. This role will be performed by relevant UNDP Ukraine Programme Managers.

The **implementation of advisory interventions**, requested by stakeholders (Government and non government institutions), will be **managed by** relevant programme or project managers. Should the implementation of an intervention be managed by a Programme Manager, another Programme Manager or the DCD/DRR will perform the Project Assurance function.

VI. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Quality Management for Project Activity Results

OUTPUT 1: Innovative policy development initiatives supported and capacities strengthened		
Activity Result 1 (Atlas Activity ID)	**Concepts/strategies/programme prepared**	Start Date: 1.01.2014 End Date: 31.12.2016
Purpose	The purpose of this activity is, through effective mobilization of quality experts, to provide conceptual/strategic solutions to relevant development issues	
Description	To conduct research, comparative analyses and consultations leading to the formulation of key concepts/strategies for Government actions	
Quality Criteria	**Quality Method**	**Date of Assessment**
# concepts/strategies approved by the Government and institutionalized	Evidence of concepts/strategies Governmental decrees, laws	End of each implementation year
Activity Result 2 (Atlas Activity ID)	**Retraining vouchers rapid assessment**	Start Date: 1.01.2014 End Date: 30.04.2014
Purpose	The purpose of this activity is to carry out a rapid assessment of the effectiveness of the retraining vouchers system introduced by the State Employment Services and identify twinning opportunities for knowledge and experience exchange between Ukraine and a Central European country	
Description	To carry out the rapid assessment, identify innovative models of retraining vouchers systems in EU (including CEE), identify partners, and lay grounds for twinning arrangement through study tour	
Quality Criteria	**Quality Method**	**Date of Assessment**
1 rapid assessment report 1 twinning arrangement agreed by both parties	Evidence of report Study tour records, minutes of meetings MoU or other similar type of agreement signed	End May 2014
Activity Result 3 (Atlas Activity ID)	**National Human Developed Report**	Start Date: 1.01.2014 End Date: 30.06.2015
Purpose	The purpose of this activity is to develop a National Human Development Report to promote a key advancement to Ukraine's development and modernization	
Description	To prepare a detailed annotated concept of the NHDR, to organize consultations (within UNDP and with external partners), to conduct comparative research in relevant countries, to draft the report, organize review committees, finalise and widely publicize	
Quality Criteria	**Quality Method**	**Date of Assessments**
# consultations leading to approval of NHDR concept 1 NHDR approved by review committee and disseminated	Consultations records Evidence of report	End of 2014 July 2015
Activity Result 4 (Atlas Activity ID)	**Advice for regional development fund set up**	Start Date: 1.01.2014 End Date: 31.12.2014
Purpose	The purpose of this activity is to quickly mobilise flexible and high level expertise to advise the Government of Crimea on fund creation and set up	
Description	To mobilise, in a flexible manner, international and national expertise to support the development of the Crimean Development Fund through advice and exposure opportunities	
Quality Criteria	**Quality Method**	**Date of Assessments**
# advisory events and exposure opportunities 1 detailed concept of the Fund and	Meetings and events' records Evidence of concept Approval document (Council of Ministers,	End of 2014

its management mechanism, approved by the Government of Crimea	and/or Parliament)	

VII. LEGAL CONTEXT

UNDP as the Implementing Partner shall comply with the policies, procedures and practices of the United Nations safety and security management system.

UNDP will undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

ANNEXES

I. Risk Analysis

OFFLINE RISK LOG

Project Title: Strengthening Ukraine's emerging modernization and innovation results	Award ID:	Date:

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Quality of advisory services varies and do not have the required impact on mentalities and decisions	November 2013	Strategic	P = 2 I = 4	Clarify expectation of advisory area; carry out thorough identification of high level advisor to ensure that he/she meets the specific needs and expectations	DCD/DRR	DCD/DRR	30.11.2013	
2	Expectations exceeds funding availability	November 2013	Financial	P = 4 I = 4	Share funding constraint openly, review possibility of joint fund raising	DCD/DRR	DCD/DRR	30.11.2013	