

## REQUEST & JUSTIFICATION for NO-COST EXTENSION on RECOVERY PROJECT

“Economic and Social Recovery of Donbas Region” Project		
Achievements	Uncontrollable Issues	Request & Justification
<p>Under <b>Component 1</b> (infrastructure rehabilitation) of the project:</p> <ul style="list-style-type: none"> <li>• information about more than 1,000 infrastructure sites in target regions, which need rehabilitation, collected and analyzed;</li> <li>• one database of needs in rehabilitation of critical economic infrastructure of Donbas region created;</li> <li>• 12 economic infrastructure facilities selected for rehabilitation, approved by Project Board and are under rehabilitation.</li> </ul> <p>Under <b>Component 2</b> (enhancing opportunities for employment and entrepreneurship):</p> <ul style="list-style-type: none"> <li>• 19 organizations and companies were financed to create jobs for IDPs and member of local communities of Donbas (262 jobs created since August 2015);</li> <li>• Rapid assessment on the professions that are the most demanded at the labor market conducted;</li> <li>• 2 training centers of the Public Employment Service are equipped to provide quality vocational training;</li> <li>• More than 130 people are provided with trainings on business skills, and more than 480 people provided with new professional skills through special re-training programme;</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lack of qualified applicants for project staff positions:</b> Recruitment of project staff positions was delayed due to the poor quality of applications received or poor performance of candidates during the interview and screening process. This caused a 3 month delay until the core project team was established and fully operational in June 2015, since the project started in March 2015.</li> <li>• <b>Delays in selection of construction companies due to:</b> <ol style="list-style-type: none"> <li>(a) <u>Poor quality of proposals received.</u> Local companies have often provided tender proposals that did not pass UNDP procurement standards and administrative checks. Several bidders did not provide critical financial and statutory documents, including reference checks and/or compliance with the requirements of preparing bidding documents.</li> <li>(b) <u>Limited interest of construction companies to work in conflict-affected target areas.</u> Majority of procurement cases had to be re-tendered due to (1) receiving fewer proposals than the minimum requirement of at least three bids as per UNDP procurement rules and regulations, (2) poor quality of bids received, and (3) financial bids of proposals that significantly exceeded the planned budget and market price.</li> </ol> </li> </ul>	<p style="background-color: yellow;"><b>Request for no-cost extension until 31 August 2016.</b></p> <p><u>Justification:</u> To complete capital repairs and reconstruction of 12 economic infrastructure facilities approved by the Project Board by the end of August 2016. The extension is also required to conduct technical supervision and monitor performance of construction works at the selected infrastructure facilities. It is also required to ensure sustainability of results: to provide technical assistance for the business-support infrastructure supported within the project till August 2016.</p>

<ul style="list-style-type: none"> <li>• USD 820,000 invested in small grants for self-employed IDPs and local population of Donbas region; more than 130 new businesses started up and/or extended, and about 350 additional jobs created.</li> </ul> <p>Under <b>Component 3</b> of the project:</p> <ul style="list-style-type: none"> <li>• 19 institutions providing support to business and local economic development were financially supported (provision of services for business restored; 53 additional jobs created);</li> <li>• 600 entrepreneurs will receive access to office space and services, including financial and legal consulting services;</li> <li>• Supported Development of Strategy Implementation Plans in Donetsk and Luhansk oblasts;</li> <li>• Conducted research on barriers for development of entrepreneurship and jobs creation in Donbas region;</li> <li>• Economic development departments of Donetsk and Luhansk State Oblast Administrations are equipped and trained to support private sector development.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Seasonal factors:</b> The retendering of several restoration works led to implementation delays, whereby some sites cannot be rehabilitated by the end of February 2016, due to the approaching winter season. According to Ukrainian technical regulations, some types of construction works on the exterior of the infrastructure facilities are not allowed if the temperature is under +5°C.</li> </ul>	
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