

PROJECT DOCUMENT



Empowered lives.
Resilient nations.

Project Title: Empowered Partnership for Sustainable Recovery (EPSR)
Project Number:
Implementing Partner: United Nations Development Programme (UNDP)
Start Date: **End Date:** **PAC Meeting date:**

Brief Description

The proposed project responds to Ukraine’s current war-impacted context and aspires to strengthen local capabilities to effectively integrate sustainable development solutions in crisis response and further recovery planning, implementation of local initiatives for improving economic opportunities for war-affected populations, and public service provisioning, as well as employ the challenge-driven partnership approach that was successfully implemented to address social and economic development issues faced by local communities across Ukraine in the previous years. It builds upon the experience gained within the “Empowered Partnership for Sustainable Development” project (2018-2022), financed by SIDA and implemented by UNDP. One of key challenges currently faced by the war-affected country relate, principally, to the social and economic consequences of a massive exodus of the population towards the western regions of Ukraine, as well as shut-down or significant slow-down of enterprises’ operations and, hence, a large number of jobless women and men. Important challenges are also faced by local authorities (LAs) having to cope with the hosting of large numbers of people of diverse groups, to meet their housing needs, and ensure their access to public services.

Drawing from previous experience, the intervention envisaged to be specifically aimed at the sustainable recovery and development in five regions in the western part of Ukraine, namely: Chernivetska, Khmelnytska, Ternopilska, Vinnytska, and Volynska oblasts. Local authorities and their capacities to implement inclusive, gender-responsive and SDGs-aligned development plans and initiatives, will be strengthened, rendering them more enabling towards community-driven development and inclusive economic growth. Additional activities include financial support to local partnership-based initiatives aimed at improving housing and communal services and addressing other most pressing issues, supporting relocated MSMEs and promoting enabling conditions to reconnect their disrupted value chains as well as to promote their ability to provide sustainable income opportunities in the targeted regions.

The Project will fulfil tangible development results in line with the following SDGs: 1, 2, 3, 5, 6, 8 and 17. Its design is aligned with the outcomes and outputs of UNDP’s **Resilience Building and Recovery Programme for Ukraine**¹. It is also aligned with the Strategy for Sweden's reform cooperation with Eastern Europe 2021-2027, particularly with the following objectives: (a) Inclusive economic development, (b) Peaceful and inclusive societies, and (c) Environmentally and climate-sustainable development and sustainable use of natural resources.


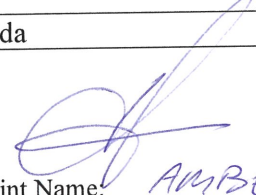
Contributing Outcome (UNDAF/CPD): UNDAF Thematic Pillar 1: Sustainable economic growth, environment and employment <i>Outcome 1.1.</i> By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labour market, access to decent jobs and economic opportunities	Total resources required:	USD 4,000,000	
	Total resources allocated:	UNDP TRAC:	
		Donor: Government of Sweden	USD 4,000,000

¹ <https://bit.ly/3NPQc85>



<p>Thematic Pillar 2: Equitable access to quality and inclusive services and social protection <i>Outcome 2.1.</i> By 2022, women and men, girls and boys, equitably benefit from integrated social protection, universal health services and quality education</p> <p>Indicative Output(s) with gender marker: GEN2 CPD <i>Output 1.1.</i> Regional and local authorities have scaled-up knowledge and skills to engage communities in planning, coordination, delivery and monitoring of public services provision <i>Output 2.1.</i> National and subnational institutions are better able to develop and implement policies and measures that generate sustainable jobs and livelihoods <i>Output 2.2.</i> Public institutions and private entities effectively cooperate to improve the business environment</p>		Government:	
		In-Kind:	
	Unfunded:		

Agreed by (signatures):

UNDP	Sida
 Print Name:	 Print Name: AMBERG
Date: 28/10/2022	Date: 2022-10-28

I. SITUATION ANALYSIS

I.1. Pre-full scale invasion situation

SDGs and decentralisation

Following the adoption, in 2015, of the UN resolution on the 2030 Agenda for Sustainable Development, the Ukrainian Government has taken laudable steps to implement the 17 Sustainable Development Goals. An inclusive process aimed to adapt the SDGs to the Ukrainian context was launched, which led to the establishment of a national strategic framework for Ukraine and a national baseline published in 2017, including intermediate and national targets for implementing the 2030 Agenda. Supported by encouraging shifts in the political and parliamentary landscape, a series of subsequent decrees and legislative measures articulates determination to accelerate socio-economic transformation and inclusive growth, guided by the 2030 Agenda as well as by provisions enshrined in the EU-Ukraine Association Agreement.

Notably, on 30 September 2019, the President of Ukraine issued Decree #722/2019, setting the SDGs as a benchmark for the government's policy, programming and forecasting documents. Ukraine's presentation of the country's first Voluntary National Review (VNR) of the SDGs achievement at the UN HLPF in 2020 – highlighting progress on 15 of 17 SDGs in 2019 – provided a symbolic occasion for the national government to reaffirm its commitment to sustainable development. This advancement reflects national ownership and institutional aspirations to foster SDGs progress. Parallel to this ambition, reforms are underway in several policy areas aiming at stabilizing the national economy and improving the population's living conditions, including a comprehensive decentralization process that serves to bring increased fiscal and executive mandates to regional and local administrations.

The decentralization reform that was passed in 2014 has set the country in a new path towards boosting local development and enjoying a healthier democracy. It has also turned into one of the most popular reforms in Ukraine today and portrays one of the few success stories praised by international partners. Under this reform, new territorial communities (TCs) were established and sub-regional units (Rayons) re-designed. The reform process was completed in January 2021 with the following key immediate implications: the transfer of functions relating to the provision of essential services to the level of rayons' State Administrations and TCs.

The progress achieved in governance, public administration and on key development indicators is yet contrasting deep-rooted impediments that undermine the path to inclusive and sustainable development. While increased decentralized responsibilities and mandates are transferred to sub-national levels, deficient or insufficient capacity of local authorities and municipalities, heightened by prevailing corruption and lack of accountability (at all levels), remain cross-cutting barriers which dilute results and sustained delivery towards overarching development plans. Importantly, Ukraine's Voluntary National Reviews (VNR) preparation process has brought these challenges into a new light. Among asserted pre-requisites for SDGs achievement, the government recognizes in the 2020 VNR report that “matters of proper management, fair and transparent authorities, and public participation in decision-making and accountability mechanisms should be taken into consideration when planning and implementing tasks and achieving goals” (p. 112). This statement is likewise echoing the vested opportunities of the private and public sectors to work together in leveraging new partnerships and financing solutions towards realization of the SDGs.

Eight-year military conflict in the Donbass and the COVID-19 pandemic

Nevertheless, the recent years' development achievements have been drastically challenged by the following events:

- Since 2014, an on-going military conflict in eastern Ukraine between Russian-backed separatists and the Ukrainian armed forces, which has had significant human, social, economic and environmental impacts in Donetsk and Luhansk oblasts, causing over 14,000 civilian casualties and 1.5 million internally displaced persons.
- Since early 2020, the spread of the COVID-19 pandemic which has hit the country and significantly aggravated the social and economic situation of the country, impacting on population livelihoods, equitable access to critical services, as well as the protection of human rights and gender equality. In mid-January 2022, Ukraine was facing its fifth COVID-19 wave.

The COVID-19 crisis has affected people in all regions of Ukraine, straining local budgets and revealing the effects of long-term underinvestment in social sectors and public infrastructure. The impact at household level

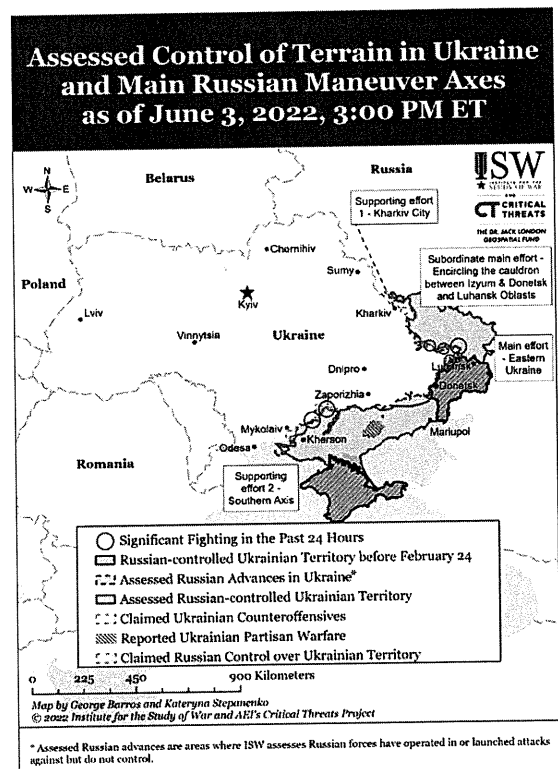
reveals the dire human dimension of the pandemic, and how it has disproportionately reduced income and livelihood opportunities of vulnerable populations and those of women in particular. According to a joint study by UNDP, FAO, and UN Women on the impact of COVID-19 conducted in 2020, respondents in older age groups reported concerns about possible food shortages, with a tangible gender gap regarding women reporting higher money concerns than men. Findings also indicated that rural households are more vulnerable than urban, having a higher share of unofficially employed members, more chronically ill members, etc. These patterns were recorded during times when administrative services had been suspended or were only partially provided due to the lack of local (institutional and human) resources to operate under the critical circumstances that were rapidly unfolding. By consequence, the most vulnerable categories of the population, especially women (elderly, single mothers, women with disabilities, unemployed, etc.), received elusive protection from the state through its local authorities.

Despite the pandemic and mounting geopolitical tensions with Russia, Ukraine's GDP increased by 3.2 percent in 2021. The rebound followed a 4 percent drop in 2020 and was weaker than expected due to the fourth COVID-19 wave in October-November, as well as soaring gas prices. A rise in unemployment levels in Ukraine was initially not as sharp as in many OECD countries (most likely due to informal employment). As suggested above, however, the effects of the pandemic on employment have affected women more acutely than men, a phenomenon observed in other countries. The employment drop related to social distancing measures had a large impact on sectors with higher women's employment shares, and the statistics show that employment rates decrease was sharper for women than for men. In addition, closures of schools and day-care centres significantly increased childcare needs, which had a particularly large impact on working mothers. Large gender differences in unpaid care work also stemmed from the fact that most single parents were women, reaching up to 90 percent in Ukraine. The increase in the pay gap between women and men during the period of quarantine restrictions was observed both by types of economic activity and by regions. According to UN Women and other expert sources, with the COVID-19 crisis women were likely to experience long-term setbacks in workforce participation and income, with consequences on their economic security in the long run. Yet, the COVID-19 crisis gave an additional impetus to the digitalization of public services in Ukraine.

I.2. February 2022 Russian invasion, challenges and needs

As the country entered its fifth wave of COVID-19, the Russian armed forces invaded the country on 24 February 2022 after tensions between the Russian Federation and the West over Ukraine had reached new heights from late 2021. So far:

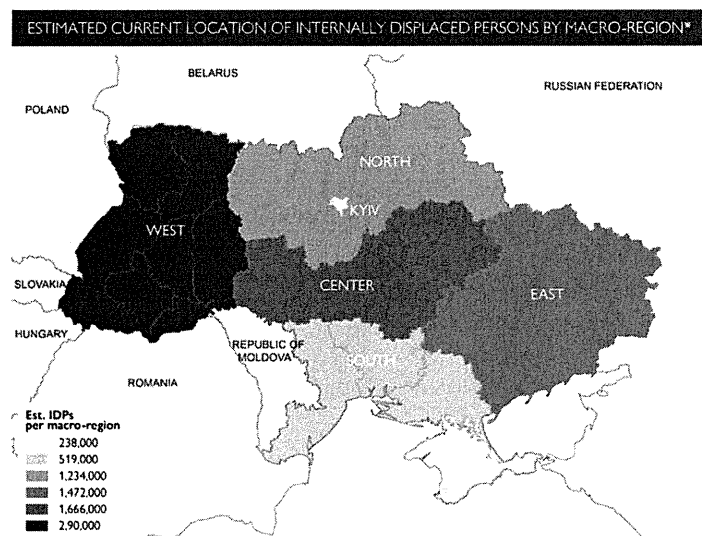
- ²As shown in the map below, there have been advances of Russian forces into north-eastern, eastern and south-eastern regions of the country, with several territorial gains. Nearly the whole of the far eastern Luhanska oblast is under Russian forces' control, as well as the north-eastern towns of Izyum, Kupiansk, and Balakliia (in Kharkivska oblast), the city and port of Mariupol and the town of Volnovakha in Donetsk oblast. The port of Berdyansk in Zaporizhzhska oblast, the city of Melitopol as well as the Zaporozhzhia nuclear and thermal power plants were seized by Russian forces in February-March 2022. The whole of the Khersonska oblast is controlled by Russian forces.
- There has been massive destruction of public infrastructure and housing mainly (but not exclusively) in the cities of Irpin', Bucha, Gostomel in Kievska oblast, Kharkiv, second largest city in the north-east of the country, Mariupol, Volnovakha and Kramatorsk in the Donetsk oblast and Severodonetsk and Lysychansk in Luhanska oblast.



² <https://www.understandingwar.org/background/russian-offensive-campaign-assessment-june-3>

These war related destructions have led to a massive exodus of the population living in these cities towards western regions or abroad.

- Regions/municipalities in western and north-western Ukraine have also been hit on an ad hoc basis by Russian missiles, such as Zhytomyr, Ivano-Frankivsk (airports), Dnipro (residential areas), Lutsk (airfield), Lviv and more recently Kyiv (railway infrastructure).



IOM - General population survey, round 4, 3 May 2022

OHCHR is reporting that between 24 February and 1 May, there have been 6,469 civilian casualties, including 3,153 people killed, though these figures are likely to be considerably higher (source: OCHA). As of 3 May (IOM data), 6.9 million refugees have fled Ukraine, making this the fastest growing refugee crisis since World War II, and a further 8 million have been displaced within Ukraine. Some 13 million people are estimated to be stranded in affected areas or unable to leave due to heightened security risks, destruction of bridges and roads, as well as lack of resources or information on where to find safety and accommodation.

The reconstruction of infrastructures in war-torn localities and ensuring that the latter are safe (de-mined) for internally displaced

persons (IDPs) returning home will take time. This suggests that about 35 percent of IDPs will likely stay in the hosting communities even after the war is over, so that hosting communities will need to cope with their **longer-term accommodation** and further **social integration**. In their new localities, IDPs need to have uninterrupted access to public (housing, social, health and education, as well as security) and administrative services to cope with the impacts of the war on their lives. Local authorities and local service providers of hosting communities have difficulties in handling additional support requests emerging from the large number of incoming IDPs on their territories. They need support in **adapting the planning and delivery of their public services provision** to the sharply increasing demand.

The **economic impact of the war is dire**. Some 30 percent of jobs in Ukraine - or 4.8 million - have been lost since the beginning of the war³. According to a survey⁴ conducted between 11 and 14 of March, among Small and Medium Enterprises (SMEs) representatives in Ukraine, 42 percent of all small businesses had stopped operating and 31 percent had suspended their operations with plans for resumption in the future. Yet, according to Unlimited Ukraine⁵, more than two months after the start of the war, Ukrainian micro and medium-sized businesses, as well as the business sector as a whole, demonstrate an unprecedented example of sustainability. In April, the number of non-operating enterprises decreased significantly to 26 percent. More people appear to be working full-time again (one in five in April compared to one in eight in March). In general, there is a tendency among small entrepreneurs to take actions to revive activities. In April 2022, 17 percent had resumed work after a temporary suspension and another 23 percent were preparing for recovery.

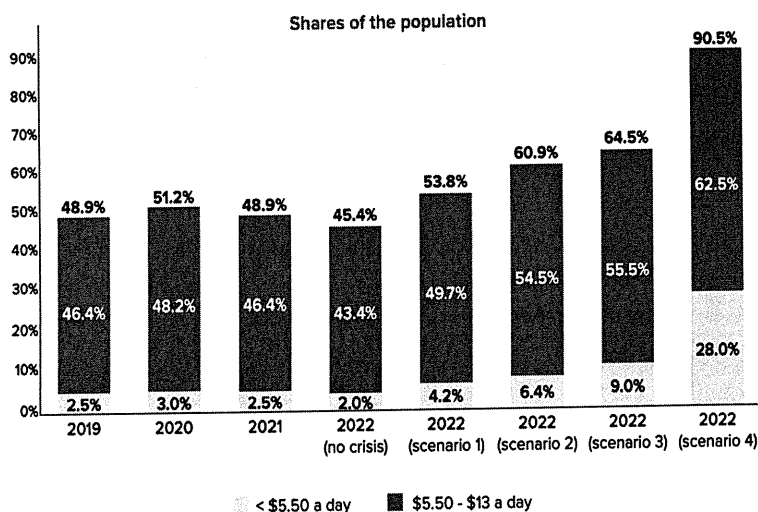
³ International Labour Organization (ILO), May 2022

⁴ Survey by Unlimited Ukraine, supported by European Business Association - <https://eba.com.ua/en/finansovi-rezervy-chverti-predstavnykiv-malogo-biznesu-vzhe-vycherpani/> - 14/03/2022

⁵ <https://eba.com.ua/en/yak-sebe-pochuvaye-malyj-biznes-krayiny/> - 12/05/2022

According to estimations, over 24 million people – more than half of Ukraine’s population – will need humanitarian assistance in the months ahead, about 8 million more than what was estimated less than two months ago. It includes 15.7 million inside Ukraine, whose access to vital necessities has been curtailed due to massive destruction of civilian infrastructure, the consequent displacement, and dramatic loss of jobs and livelihoods.

Considering the uncertainties and complexities surrounding the military invasion of Ukraine and constantly changing data sets, UNDP carried out forward projections of the 2019 distribution of per capita household consumption to 2022⁶, to formulate four crisis scenarios for poverty and vulnerability going forward. At this stage and given the prevailing fluidity, these projections focus solely on *income shocks*. For these projections, the scenarios assume different levels of GDP contraction depending on the severity of income shocks: 7 percent in scenario 1; 15 percent in scenario 2; 20 percent in scenario 3 and 60 percent in scenario 4, the latter is in line with a severe and protracted crisis scenario.



Shares of the Ukrainian population living in (or vulnerable to) income poverty

Eighteen years of socio-economic achievements in Ukraine are thus at risk, and to mitigate such dramatic development setbacks, an effective humanitarian-development-peace nexus approach will be critical.

I.3. Government support in time of war and programme for recovery

Since the start of the war, the President of Ukraine and the government have taken several measures to address the impact of the war on citizens’ life and plan early recovery and post-war restoration.

In order to *alleviate the immediate impacts of the war* and in particular issues of displacement, re-housing and integration in new territories, as well as access to food and services, the government is providing housing assistance to internally displaced persons (for persons with disabilities and children - UAH 3,000; for other persons - 2,000 hryvnias). The Cabinet of Ministers has also endorsed a decision to expand the measures of the State Program for Youth Housing, adding the possibility to build and purchase housing for temporary residence of internally displaced persons. A detailed registry of damaged and destroyed property is being compiled by the Government on the basis of citizens’ applications submitted through the Diia application. A nation-wide campaign is carried out by the Ministry of Reintegration of the Temporarily Occupied Territories of Ukraine together with mobile operators to inform the population about the danger of mines. The information campaign is aimed at expanding the audience and acquainting the majority of the population of Ukraine with basic rules of handling explosive devices and preventing injuries to civilians. It has also launched information campaign on mine safety in the metropolitan subway and on city lights of Kyiv.

In order to *ensure food security under martial law*, the Government has provided support to agricultural producers to ensure the spring sowing campaign, as well as to support and intensify entrepreneurial activity during martial law. It has made several changes to the State Program Affordable Loans at 5-7-9 percent. These changes provide for significant simplifications for lending, in particular the possibility to obtain soft loans at 0 percent per annum with a guarantee from the Government of Ukraine at the level of 80 percent. Other measures include direct help to the most socially vulnerable population to receive targeted food aid.

War impacts on businesses are significant. The Business Relocation program, under the responsibility of the Ministry of Economy has so far enabled more than 400 companies to relocate to safer areas, and 500 more enterprises in the process of relocating. The Government has also allocated the first funding of UAH 200 million to businesses employing internally displaced persons. In order to ease up doing business conditions

⁶ Ukraine Development Impact of the War in Ukraine – UNDP 22 March 2022

throughout the country, a draft law proposes to enshrine the right to conduct economic activity during martial law (state of emergency) without a permit, by submitting a simple declaration to the relevant authorities. According to this law, it will be possible to do so regardless of the location and place of business of the entity. In this case, the declarations will have equal legal status with that of licenses and permits obtained under the usual procedure in peacetime. Permits or licenses that expire will be automatically renewed for the duration of the martial law and for another 3 months after its end. The Cabinet of Ministers of Ukraine has also approved several changes to the procedures for state registration and re-registration of medicines as well as their circulation for the period of martial law. The approved changes are aimed at alleviating the regulatory burden on the pharmaceutical market and providing the necessary medicines to the entire population of Ukraine.

Anticipating the need for early and post recovery actions and their funding, the government is developing a *Recovery and Development Plan (RDP)* which is to be coordinated by a National Recovery Council (NRC) consisting of the Prime Minister (chair), Head of the Office of the President of Ukraine (Co-chair), deputy heads of the Office of the President of Ukraine, VPMs, Ministers and Heads of VRU Committees. Organizational and technical support of the Council's activities will be provided by the Secretariat of the Cabinet of Ministers of Ukraine and the Office of the President of Ukraine. UNDP is supporting the Government on the development of this RDP. In addition to medium term planning, four recovery and reconstruction funds have been set up by the government to channel budget and international funding to recovery actions. These include the Destroyed Property and Infrastructure Restoration Fund, the Economic Recovery and Transformation Fund, the Debt Management and Redemption Fund, and a Support Fund for Impacted Business. The draft Recovery and Development Plan, pegged currently at an estimated EUR 750 billion, was presented on July 5th at the International Ukraine Recovery Conference in Lugano, Switzerland.

II. STRATEGY

The key recovery and development challenges that need to be rapidly and effectively addressed in a war context relate to:

- an unprecedented mass exodus of the Ukrainian population from areas heavily hit by the Russian armed forces towards safer zones within Ukraine or towards other countries,
- severe socio-economic problems emerging among the displaced population as well as among people unable to escape from war hit areas,
- severe operational disruptions for enterprises, in particular small and medium size businesses, leading them to relocate to safer areas.

This war context triggers unequal access to housing, quality public services and economic opportunities and severely constrains the necessary conditions for human development, risking leaving behind a large part of the population, and thereby undermine the Ukraine's progress achieved so far in aiming at inclusive growth and SDGs achievement for the country at large.

II.1 Scope and strategic principles of the Project

In the context described above, the scope of the Project is defined by the need to ensure that local authorities have the resources and capacities required to effectively manage complex war related crisis situations (IDPs hosting and their integration, uninterrupted access to public services, and sustainable income opportunities for local population and hosted IDPs), while fully assuming their responsibility for driving sustainable area-based development interventions, SDGs integration, and engagement of citizens in decision-making processes.

Under this project, contextually adapted and needs-based capacity development will accordingly enable local authorities to strengthen sustainable development approaches and practices with integrated crisis response and recovery measures. Interventions that will address such priorities resonate strongly with the imperative of preserving the country's development gains recorded over the past decade(s), facilitating a swift return to development pathways. There is therefore a need to provide technical assistance and support geared to key governance domains. Importantly, UNDP considers the establishment of a (localized) "narrative" that builds on strategic adoption of the SDG-agenda as a guiding framework for crisis and recovery planning as an enabler of this aspiration. Looking forward, the formulation and promotion of such a narrative will constitute an integral facet of the project, guiding the orientation of capacity development and serving as a prominent selling point to local governments and their partners for the task of chartering integrated directions towards sustainable recovery and development.

In addition, and under the aegis of this SDG-aligned narrative, a whole of society approach is imperative for a transformation of directly or indirectly war impacted regional economies with a specific focus on MSMEs and improving equal access to economic opportunities for women and men from diverse groups. Businesses, civic, and public stakeholders need to play increasingly vital roles in framing common innovative solutions to the war related development challenges and mobilizing resources. The private sector's role is critical for achieving the sustainable development goals by eradicating poverty in all its forms and dimensions, accelerating structural transformations for sustainable development and building resilience to crises and shocks. In the current war context, it is important that private enterprises, large and small, quickly benefits from enabling measures that truly triggers recovery (which is green, just, and inclusive) and resilience.

Set against this backdrop, the overarching scope of this Project second phase is principally framed by the Government actions and measures mentioned in I.3. as well as the following strategic documents:

1. The *State Strategy for Regional Development 2021-2027*⁷ outlines the sectoral and territorial priorities for the development of Ukraine's regions. Competitive market and investment potentials are, as asserted in the strategy, overshadowed by insufficient capacity of local (and central) executive bodies, local self-government bodies (LSGBs) and regional development institutions to effectively implement reforms, provide high-quality services to the population leaving no one behind and solve problems related to the socio-economic development of territories and communities. The key root factors defining the current status-quo are analysed and outlined in the State Strategy, as follows:

- Climate change, worsening of the environmental situation

⁷ <https://zakon.rada.gov.ua/laws/show/695-2020-n#Text>

- Decline in human capital (including the population outflow, increasing inequalities, including gender inequalities, and impact on health, particularly, imposed by the COVID-19 pandemic)
- Non-productive economy (including obsolete structure, uneven distribution, and existing pay gaps)
- Outdated infrastructure, which does not meet the needs of the population and the economy
- Weakness of public institutions (especially at the local level, where new decentralised governance structures need capacity development and support).

2. The *Strategy for Sweden's reform cooperation with Eastern Europe 2021-2027* defines the following objectives, which are directly and indirectly addressed within this action: (a) “Inclusive economic development” by supporting local authorities in planning and implementation local economic development initiatives, as well as supporting development of MSMEs and engaging them into sustainable development initiatives, (b) “Peaceful and inclusive societies” by initiating and supporting local cross-sectoral partnership and building the trust among national, subnational and local development actors through their joint actions and united efforts for a common goal, (c) “Environmentally and climate-sustainable development and sustainable use of natural resources” by developing capacities of sub-national and local authorities for sustainable management and sustainable use of natural resources, as well as protection, conservation and restoration of biodiversity and its ecosystems, and finally (d) “Human rights, democracy, the rule of law and gender equality” by mainstreaming gender equality and employing Human-rights based approach to development as cross-cutting themes.

3. With its *Resilience Building and Recovery Programme for Ukraine* and its three key directions/outcomes, UNDP is pivoting its programming in support of maintaining and building the resilience of Ukrainian society:

- *Outcome 1* - Government at all levels continues to function effectively, with reinforced capacities to lead crisis response, sustain public service provision, and coordinate the delivery of assistance and recovery efforts that leave no one behind.
- *Outcome 2* - Ukraine’s high human capital, productive capacities and natural resources are leveraged to meet immediate humanitarian needs of diverse groups and strengthen social and economic recovery
- *Outcome 3* - Ukrainian institutions and civil society have the capacity and resources to maintain and strengthen the social fabric, uphold human rights for all people, and ensure the inclusion, protection and empowerment of all, including population groups with intersecting and multiple vulnerabilities..

4. The project will contribute to the implementation of the *National Recovery Plan (NRP)*⁸. In accordance with the Presidential Decree No. 266/2022 dated April 21, 2022, the National Council for the Recovery of Ukraine from the War⁹, within the framework of 24 working groups, developed a plan of measures for the post-war recovery and development of Ukraine, a list of proposals for priority reforms and strategic initiatives, drafts of legal acts, the adoption and implementation of which are necessary for the effective work and recovery of Ukraine during war and post-war periods¹⁰. Specifically, this project will contribute to the following thematic areas covered under the NRP: economic recovery and development, public administration (in particular addressing the capacity gaps at sub-national and local levels), digitalization, education and science, healthcare (by improving the access to public services, including implementation of digital solutions), as well as environmental safety and human rights (by promoting green recovery and development, as well as applying the Human-Rights Based Approach).

The project is also directly aligned with key priorities enshrined in the *Government of Ukraine – United Nations Partnership Framework 2018-2022* (UNPF) as well as the *UNDP Ukraine Country Programme Document 2018-2022* (CPD). More precisely, the project falls under two thematic pillars:

1. Sustainable economic growth, environment and employment and
2. Equitable access to quality and inclusive services and social protection

The project directly responds UNDP CPD Output 1.1. Regional and local authorities have scaled-up knowledge and skills to engage communities in planning, coordination, delivery and monitoring of public services provision, Output 2.1 National and subnational institutions are better able to develop and implement policies and measures that generate sustainable jobs and livelihoods, and Output 2.2. Public institutions and private entities effectively cooperate to improve the business environment.

⁸ <https://recovery.gov.ua/en>

⁹ <https://www.kmu.gov.ua/en/national-council-recovery-ukraine-war>

¹⁰ <https://www.kmu.gov.ua/en/national-council-recovery-ukraine-war/working-groups>

Guided by these overarching aspirations and strategic frameworks, the Project outlines a comprehensive response to the multi-dimensional challenges faced by the Ukrainian government, through its decentralized authorities, to manage effectively and efficiently early and post recovery planning and implementation, while fostering sustained momentum around SDGs implementation and ensuring that the needs and experiences of women and men from all groups of society, especially the most vulnerable, are accounted for in this process.

The Project will identify and support several local authorities to develop viable early recovery portfolios and implement them, and increasingly adopt sustainable (inclusive, gender-responsive, and green) governance practices that link SDGs implementation to crisis management and recovery. In parallel, it will employ an array of approaches that have proven relevance for empowering individuals, communities, and enterprises as development change agents and drivers of economic growth.

From a **geographical coverage point of view**, the project's principal target regions will be the five *Western regions* which are considered as mainly safe, namely: Chernivetska, Khmelnytska, Ternopilska, Vinnytska, and Volynska oblasts. These are regions with a high concentration of IDPs and at the same time not sufficiently covered by other technical assistance programmes and projects, including those currently implemented or scheduled for implementation by UNDP¹¹ and other international organizations. Many businesses have also relocated to these regions, including IT businesses, small production and service provision enterprises. Local authorities may be interested that these small and medium size businesses remain in their regions after the end of the war as it would provide them with a non-negligible economic diversification and local development impetus; the economic activities of these oblasts have, so far, been mainly focused on agriculture, tourism, engineering, construction, metal processing, chemical products, woodwork, trade and services.

Principles that will guide programmatic engagement include war impacts, political commitment and buy-in from local authorities, level(s) of development, among other parameters that are relevant in identifying vulnerabilities and needs faced by populations, communities and their governing bodies.

II.2. Project theory of change

The Project's **theory of change** is based on a combination of steps to deliver on the expected results, and can be summarized as follows:

If local public and private actors in Ukraine are empowered to promote inclusive, gender-responsive, and sustainable recovery and development of territorial communities, guided by the SDGs and through evidence-based crises response and recovery measures,

and **if** cross-sectoral and challenge-driven partnerships are facilitated for piloting innovative solutions to important recovery and development challenges faced by local communities across the country,

and **if** an enabling environment for accelerated sustainable recovery and development of local micro, small and medium size businesses is ascertained,

and finally, if there is a dynamic interlinkage of the national SDGs policy dialogue and the localization process, with due consideration of war impacts and government priorities,

then women, men and children (including IDPs) in local communities of Ukraine will enjoy a gradual recovery and improvement of their standards of living as defined by the 17 SDGs,

because the enhanced capacities of local government entities and their partners, which will operate within a more coherent and SDGs-oriented framework, will be conducive for realization of needs-based and gender-responsive crisis response and development interventions.

Drivers of change that inform this intervention logic revolve around mobilization of gender responsive needs-based solutions, inclusive economic opportunities, and enabling institutional environments that favor sustainable recovery and development of communities and regions, as well as equally important around sustained political commitment, cost-sharing, digitalization, and ability to apply frameworks and evidence-based policies that may bridge inefficiencies and systemic shortcomings in planning and strategic implementation processes.

The success of the intervention will depend on the following **assumptions**:

¹¹ In particular, the "Strengthening Community Resilience in the regions of Ukraine" (SCRU) project funded by UK Government and implemented by UNDP covers Ivano-Frankivska, Lvivska, Rivnenska and Zakarpatska oblasts. A number of other international technical assistance projects funded by EU, US Government and other international donors are also targeting these regions according to the GOU <https://www.kmu.gov.ua/diyalnist/mizhnarodna-dopomoga/pereliki-zareyestrovanih-proektiv-z-planami-zakupivel>.

- There is no further escalation and widening of the conflict in the whole territory.
- The number of destructive ad hoc missile attacks does not increase in other regions and municipalities considered as “safe”
- Local, regional and national institutions (Ministries, LAs, LSGBs, service providers) are able to function effectively
- Local authorities and their partners are able to secure resources for their development initiatives
- The country is not subject to additional critical macroeconomic turbulence
- Ukraine remains true to its commitments made under the 2030 Agenda and retains regulatory norms' relative stability
- The level of commitment to promote the inclusive and sustainable development of communities, as envisaged by the project design and throughout its implementation, is sustained among targeted local authorities as well as other local key stakeholders and partners.

II.3. Project implementation approach

Based on the above theory of change, obstacles to inclusive and sustainable recovery and local development in Ukraine will be addressed by applying an **integrated Project implementation approach**, combining the following elements:

1. Strengthening local governments to effectively handle war-related crisis (IDPs hosting and their integration, uninterrupted access to public services)
2. Identifying and piloting innovative local initiatives aimed to address the war-impacted development challenges commonly faced by women and men from diverse groups in the territorial communities
3. Supporting the creation of enabling conditions and new economic (income generating) opportunities in targeted communities through support to sustainable recovery of MSMEs
4. Engaging non-governmental actors (CSOs, BMOs), including women’s groups, in the sustainable local war-impacted development processes and establishing cross-sectoral partnerships
5. Linking results achieved to the policy dialogue concerning recovery and the achievement of SDGs at the national level and development practices and SDGs localization at the sub-national level within the decentralized local governance framework.

At the sub-national level, and as asserted above, the territorial communities (TCs) established under the decentralization reform commonly operate with constraints and lag behind in forming and sustaining their governance structures, albeit some require more support compared to others. The heterogeneity that defines these entities, in terms of capacity and resources, will therefore serve as a lead principal of the project in orienting its focus, i.e. towards authorities and territories that in one form or the other are particularly disadvantaged or constrained. Practically, human and institutional resources will be enhanced through support tailored to specific territorial and institutional contexts as well as by nationwide promotion of best-practice trainings (esp. for civil servants). The development and institutionalization of effective multi-stakeholders’ partnerships will be supported. Replicable solutions will be identified for territories, prioritized for recovery support in the National Recovery Plan.

Throughout this project, UNDP will tap on its **nation-wide experience in the areas of good governance and area-based development**. Capacity development targeting local authorities and staff in key functions will be inclusive, gender-responsive and seek a wide territorial coverage, building in substantive aspects on best-practices, modules, and digital training formats that have been successfully tested in the eastern regions of Ukraine within the United Nations Recovery and Peacebuilding Programme (UN RPP).

The project will leverage its catalytic aspirations on the basis of **innovation and needs-based solutions**, more specifically by employing the successful conceptual model developed within the Empowered Partnerships for Sustainable Development (EPSD) project (i.e. featuring an open call and awarding of grant-support to successful applicants). *Challenge-driven* partnerships (see further in section II.4) will receive guidance and means to implement result-oriented responses to challenges (in a war affected social, economic, and environmental context) that are encountered by women and men from diverse groups in communities across Ukraine. Notably, all seven initiatives piloted within the project’s first call, assessed at the end of the implementation period, conclusively demonstrated high potential for scaling and replication. By capitalizing on the rationale behind this success in the present context of war, it is expected that the project will render both vital and sustainable flows of benefits for women and men from diverse groups in the targeted local communities through an increased number of challenge-driven partnerships. Thematic challenges addressed

by partnerships will include, but will not be limited to, systems of information to IDPs and relocated businesses, social and administrative services, relocated MSMEs demand and supply chains, private sector development including local horticulture, farming, tourism, among others.

UNDP will contribute to the overall objective of **preserving development gains in Ukraine** as fully as possible. Besides extending support as technical assistance/trainings, efforts will be made to establish mechanisms and platforms that support local government stakeholders to ensure their ownership over ongoing processes of consolidation. Such ambitions will be realized through formalized experience exchange – enabled by inter-municipal partnership framework(s) and/or twinning modalities – between, for example, a group of territorial communities that have been pioneers or successful in principal regard(s) of sustainable development, and TCs with more pronounced capacity development needs. International (including Swedish) partners as well as cross-national exchanges, through online and offline conferences/forums, experience sharing Community of Practice platforms, may be considered in this context.

The project will address the **gendered impacts of the war** and its aftermath throughout and ensure substantive results in gender equality and women’s economic empowerment. While addressing the increased vulnerability of women, the project will work to reinforce women’s participation in economic activities on an equal footing with men and ensure women and girls’ equitable access to livelihood support.

Through this project, UNDP will continue implementing the **UN Human Rights Due Diligence Policy (HRDDP)** to manage and address human rights risks when working with the non-UN security sector in the context of armed violence. A human rights-based approach will be taken, promoting conflict-sensitive programming and compliance with do no harm principles. Adopting a conflict-sensitive approach to programming minimizes the risk that an intervention will exacerbate tensions and will inform all three pillars of humanitarian-development-peace nexus working.

Finally, **transparency and integrity** are cross-cutting themes for UNDP Ukraine. The project will follow UNDP-wide principles for ethical, corruption-free operations and include corporate safeguards against internal misuse of funds or unethical behaviour. General principles of accountable, transparent and corruption-free governance will be advanced within all project activities.

II.4. Lessons learnt

Novel and integrated approaches to local governance, socio-economic recovery and development merit consideration and application across Ukraine, turning the backlash caused by the war (and the still remnant impact of the COVID-19 pandemic) into an agile leap forward, leaving no one behind. To address the needs of the local and vulnerable segments of the society, vital traction can be attained through innovative solutions, partnerships and financing modalities. Within the first phase of the EPSD project implemented over the period 2018-2021, UNDP developed and piloted a programmatic concept that has proven highly relevant to trigger collaborations that spearhead such principles. Among key lessons learned is that *challenge-driven partnership*, as a results-based modality, comprises an effective approach to nurture sustainable local development, conducive to localized delivery towards the SDGs. More specifically, the *Final Evaluation of the EPSD-I* conducted over October 2021-January 2022 concluded that a) there is a need to continue fostering inclusion of vulnerable groups in project activities as well as that of the private sector companies in order to develop adapted and sustainable solutions for local challenges; b) it is key to develop the capacity of local authorities in applying a holistic, comprehensive and systemic approach to local development (e.g. SymbioCity Approach) and c) it will be important to create a Community of Practice among the challenge-driven partnership stakeholders to foster knowledge and experience sharing inter and intra sectors. The Evaluation also stressed the importance to differentiate the level of financing based on the financial affordability of TCs. Setting a threshold of co-financing, which is accessible for smaller size TCs, will enable the project team to ensure that “no one is left behind”.

The SDG Accelerator aiming to streamline business solutions with the SDGs is a global UNDP programme pre-tested in Ukraine within the “Private Sector Engagement for SDGs” and “Building Forward Better: Post-COVID Recovery of Ukraine’s MSMEs towards Resilience and Sustainability” projects. Proposed project activities to engage and empower MSMEs for contributing to achieving SDGs at local level will catalyze social financing and create an enabling environment for SDG entrepreneurship.

The project will likewise strengthen local authorities’ capacity for crisis response and recovery, SDGs integration, and inclusive area-based development by employing and adapting approaches and best practices that have been refined through several successful UNDP initiatives at (national) and sub-national level, including:

- “Good Governance and Citizens Engagement in eastern Ukraine” (2018-2021)
- “Local Socio-Economic Recovery” LSER (2020-2021)
- “Strengthening Community Resilience in Kherson region” Phase I and II (2021-2022)

Within ongoing private sector development projects, UNDP has piloted solutions as well as established comprehensive networks and partnerships that are conducive towards the ambition of scaling-up support the private sector, particularly focusing on MSMEs for value creation that aligns with the SDGs:

- “Strengthening MSME Business Membership Organizations” (2015-2018):
- “Strengthening MSME Business Membership Organizations in Ukraine (Phase 2)” (2019-2023)
- “Private Sector Engagement for SDGs” (2020-2021)
- “Building Forward Better: Post-COVID Recovery of Ukraine’s MSMEs towards Resilience and Sustainability” (2021)

Within this successive phase, that experience will be scaled up and serve as a vehicle to mobilize communities and local stakeholders around inclusive crisis recovery and sustainable development processes.

II.5 Coordination with other projects and programmes

Fundamentally, the Project will complement UNDP’s ongoing actions supported by the **Swedish Government**, including:

- the “Digital, Inclusive, Accessible: Support to Digitalisation of Public Services in Ukraine” (DIA Support) project
- and the recently initiated “Building Resilience for Implementing Development Goals Effectively” (BRIDGE) project, ensuring the synergy of activities at national and sub-national levels, and contributions to each other’s results sustainability.

The project will coordinate and build on the innovative solutions and proofs of concepts obtained from the pilots within the ongoing development projects and initiatives, in particular:

- “Strengthening Community Resilience in the Regions of Ukraine” (funded by UK Government through FCDO);
- “Mayors for Economic Growth Facility” (M4EG) funded by EU;
- “Strengthening MSME Business Membership Organizations in Ukraine” (funded by the Government of Switzerland through SECO) and other private sector development projects implemented by UNDP in Ukraine;
- “Promoting Entrepreneurship among the conflict-affected population in Ukraine (phase 2)” project, which aims to contribute to the sustainable recovery of living standards among the conflict-affected population by promoting entrepreneurship, supporting business skills development, providing grants for starting micro-enterprise and expanding business support services.

The Project will also seek cooperation and coordinate its activities with other SIDA-funded projects in Ukraine, as well as other international TA programmes and projects to ensure that its various elements and interventions not are duplicating the efforts of other donors.

The Project will also coordinate its activities with the GIZ-implemented, EU-funded U-LEAD initiative and others (ACTED, HOVERLA, etc.) depending on the specific regional and local context. Specifically, UNDP will complement GIZ’s efforts in regard to building capacities for crisis response, specifically as necessary for the implementation of the key pillars of UNDP area-based intervention: i) planning and restoration/extension of the provision of key government services; ii) planning and oversight of shelter and social infrastructure rehabilitation and equipment to support the IDP/refugee return process; iii) support to employment generation, incomes, and private sector resilience, particularly as they relate to continued food security.

The dialogue with other development partners such as UK-funded programmes, as well as EU, USAID and its funded initiatives will be continued and strengthened to avoid duplication of activities and rather identify areas for synergy in line with each partner’s comparative advantage. Additional donor initiatives and programmes active in the same target areas will also be engaged bilaterally or through the work of thematic working groups, to achieve the same objectives.

III. RESULTS AND PARTNERSHIPS

III.1. Expected Results

While the Project's **overall goal** is to support the crisis response and sustainable recovery of Ukraine from the consequences of the war, bringing it to the path of sustainable development, it has the following specific objectives: (a) enable inclusive and gender-responsive transitioning from effective crisis and emergency response towards socio-economic recovery in line with good governance principles at sub-national and local levels, and (b) build resilience within war-affected communities by promoting a challenge-driven partnership approach to recovery and development. Through this Project implementation, UNDP will seek to deliver the following **Outcome**:

Women, men, boys, and girls (hosted IDPs and local populations) in local communities in target oblasts benefit from equal access to improved public services and sustainable livelihood opportunities as a result of effective crisis response and recovery measures implemented in line with good governance principles.

The Project will have **four interlinked Outputs**:

Output 1: The capacities of local authorities to plan, implement and monitor crisis response and recovery actions are improved through the adoption of inclusive, gender-responsive, and green development practices, including in project cycle management and building multi-sectoral challenge-driven partnerships

Output 2: Local recovery initiatives, designed and implemented by supported challenge-driven partnerships, are effectively addressing the multi-dimensional challenges faced by territorial communities

Output 3: New livelihoods generating opportunities are created for women and men in the targeted regions through support to a sustainable recovery of MSMEs along the critical value chains

Output 4: Improved inclusive experience exchange and policy dialogue that links early and post-war sustainable recovery practices to the national policy and consolidate Ukraine's SDGs localization process

Each of these outputs will be achieved through the implementation of the following **Activities**:

Output 1 - The capacities of local authorities to plan, implement and monitor crisis response and recovery actions are improved through the adoption of inclusive, gender-responsive, and green development practices, including in project cycle management and building multi-sectoral challenge-driven partnerships

Activity 1.1. Strengthening institutional capacities of local authorities for crisis response and recovery.

Public administration management capacity in structures and methods *to deliver on a shared objectives* is critical to upholding for coordinated crisis and recovery response across the tiers of regional and local governance systems. The challenges brought on by the ongoing war accentuates the importance of institutional ownership and sectoral/regional WGs with dedicated mandates for strategic planning and oversight. Effective and sustained operations of such entities are, at the same time, contingent on targeted investments that address capacity constraints among civil servants in key functions (and shortcomings within the institutions they represent) to devise plans, implement and monitor crisis response and recovery interventions. This activity builds directly on a catalytic intervention logic and inherent approaches that previously – in context of the COVID-19 crisis – have proven most effective to i) reinforce public administration crisis management functions and ii) deliver demand- and needs-based trainings on aspects linked to inclusive planning and implementation of socio-economic response and recovery measures.

Within this activity a tailored **Capacity Development Programme** for regional and local authorities on crisis response and recovery will be implemented. In particular, the Programme will cover the following thematic areas: (a) the theory and practice of crisis response management at sub-national and local levels, including normative aspects and latest changes in the national legislation; (b) inclusive and socially just (gender-equal, empowering, environmentally sound) governance practices applied, in particular, for sustainable (i.e. SDG-aligned) recovery measures planning and implementation; (c) support to IDPs integration in the hosting communities, and (d) building and maintaining challenge-driven cross-sectoral partnerships, mobilizing the resources and co-implementing various crisis response and recovery actions.

The Programme will encompass various online and offline training modules (seminars, workshops, etc.) for local community leaders, including the heads of territorial communities, deputies of local councils, representatives of relevant departments of regional administrations, and staff responsible for strategic planning, project implementation, and public services provision. The Programme participants from the target regions will be selected based on transparent eligibility criteria ensuring gender parity and diverse representation. They will access training and benefit from relevant mentoring following completion of the training.

Activity 1.2. Support to development of local initiatives and portfolios for crisis response and sustainable recovery

The capacity building activities will be supplemented by targeted consultancy and expert support focusing on the development of investment-ready crisis response and recovery initiatives and portfolios. **Online and in-person consultations** will be provided to the local working groups to ensure that their project proposals are prepared in line with high international standards and meet the requirement of potential donors and investors. Sustainability and gender-responsiveness considerations will be paid a special attention and targeted expert support will be provided if needed. This is an approach that previously have been well received among representatives, as it focuses on vital aspects of integrated planning (elements of feasibility study, preparation of documentation packages, procurement, etc.) and strengthen participants to devise comprehensive projects in strategic dialogue with a broad base of public institutions/departments.

The project will support the regional and local authorities in their efforts aimed at mobilising additional resources for the implementation of response and recovery measures from alternative sources (including the various State Funds established at national level, donor funding, etc.), as well as in increasing the transparency of spending of the public funds allocated for such measures.

Output 2: Local recovery initiatives, designed and implemented by supported challenge-driven partnerships, are effectively addressing the multi-dimensional challenges faced by territorial communities

Activity 2.1. Building challenge-driven partnerships, competitive selection of local initiatives

Work to promote and support challenge-driven partnerships among TCs in targeted oblasts of Ukraine will significantly benefit from the results of the successful approach followed within the Empowered Partnerships project, and specifically its combined focus on tailored outreach, communications, and expert-facilitated problem and solutions formulation.

Open calls for local initiatives, based on transparent eligibility criteria and funding conditions, will be launched at an early stage to incentivize stakeholder engagement. Stakeholders may include but not be limited to: elected persons, representatives of local authorities, regional/local development agencies, service providers, CSO, citizens' groups (including IDPs' groups), business entity, BMO, educational establishment. **To facilitate new partnerships**, the opening of the call will be followed by a series of outreach events targeting stakeholders (at sub-national and local levels) with tailored information on best practices and innovative approaches to sustainable local development. Representatives of local authorities and ongoing projects will also be invited to share their experiences and recommendations. Practical support to partnership formation and institutional set-up (consultations, mobilization workshops, dialogues with stakeholder, design of partnerships statutes/ToRs, etc.) will be extended through the project.

Technical assistance will also be provided to the partnerships for **the core task of designing comprehensive (investment-ready) projects that address community needs and contribute towards achieving the SDGs**, which will be encouraged to build on co-financing and preferably also government-cost sharing. Support at this stage will include facilitation of exercises to identify challenges, risks, and solutions, as well as on operational matters related to resource mobilization and identification/selection of technical partners.

Priority focus areas for the partnership project are, but will not be exclusively limited to, the following:

- Inclusive local economic development, including but not limited to the promotion of sustainable horticulture, farming, tourism, among others
- Innovations in MSMEs' hosting and access to local market
- Gender equality promotion and women economic empowerment (including IDPs)
- Environmentally and climate-sustainable development, including waste management, biodiversity, and sustainable use of natural resources

- Inclusive local communities, with a focus on improved and equitable access to public services and gender-responsive urban design

A **Selection Committee** will be formed to assess the project proposals developed and submitted by the newly established partnerships, and will also provide specific recommendations for financial support, legal support or specific training needs, etc. The **selection criteria** will include: i) relevance to the priority areas (see the list above); ii) feasibility of the proposed action; iii) cost-effectiveness; iv) sustainability of results; v) inclusivity and diversity of target audience. The grant selection criteria will be further detailed by elaborating sub-set of questions with respective scoring to streamline the initiatives selection process within the Selection Committee members. A final shortlist will be prepared, and a low-value grant contribution will be offered to the projects that are recommended for funding. The guiding principles for the implementation of the selected initiatives are **inclusion, gender-responsiveness and “do-no-harm”**, along with due social and environmental risk assessment. It is envisaged that the supported projects will be community-based and enhance economic opportunities for women, youth and vulnerable groups.

A special attention will be paid to the projects aimed at accelerating the economic growth of the regions and territorial communities, increasing their competitiveness based on the effective use of their internal potential, creating new jobs and increasing employment. The ability of applicants to ensure the sustainability of the achieved results, will be one of key criteria for selection.

Activity 2.2. Awarding of grants and support to implementation of local recovery and development initiatives

The selected applications will be awarded grants for the implementation of the local initiatives. Co-financing by the partners themselves will be made more flexible than during the previous phase of the EPSD project to reflect current realities on the ground.¹² It is envisaged that the grant funding will be used for business activities that include start-up costs such as: procurement of equipment necessary to start production activities, procurement of tools to start providing services, purchasing of inputs for production/services provision, trainings, etc.

To enhance the implementation capacity of the supported partnerships, the projects will benefit from needs-based capacity development and technical assistance. The experience from the previous phase is that this such support played an appreciated role in enabling progress and will hence be extended throughout the project cycle. Trainings and individual guidance will cover practical aspects of project management, procurement processes, grant reporting, monitoring, as well as communications strategy, gender mainstreaming, transparency and accountability.

The supported partnerships will be expected share progress and experiences with external stakeholders, local authorities, among other actors, throughout the implementation period.

Activity 2.3. Evaluation and replication of implemented initiatives

A key element of the intervention logic of the challenge-driven partnership approach is to demonstrate tangible results achieved due to the deployment of innovative solutions and new stakeholder coalitions, ensuring that contribution to gender equality is considered. To facilitate sharing of experiences and lessons learned, as well as to promote the results and solutions that have been piloted, strong efforts will be made to develop capacity and facilitate activities related to evaluation and communications. The trainings and technical assistance approach employed for these purposes in the previous phases has proven crucial and conducive, serving to ensure that the projects have necessary capacity and take necessary action to:

- develop a methodology for the evaluation;
- carry out the evaluation;
- design, for the oblast context, an action plan for experience-sharing and replication;
- identify new partnerships and funding opportunities to implement the action plan.

Action in these domains goes hand in hand with facilitated stakeholder dialogues and interactive events, serving to forge networks among Ukrainian partners as well as promote key results and lessons learnt at the national level (which especially will be facilitated under Activity 4.2).

¹² Within EPSD I, the average grant amount awarded to the seven initiatives supported in the initial call amounted to about US 37,000. Co-financing varied between 37,7 percent and 83,2 percent of the grant amount.

Output 3: New livelihoods generating opportunities are created for women and men in the targeted regions through support to sustainable recovery of MSMEs along the critical value chains.

Activity 3.1. Reconnect disrupted value chains and enhance resilience of war affected MSMEs by building their capacity to adjust business models to the crisis/post-crisis settings and integrate sustainable solutions

Under this activity, the following tasks will be carried out:

- Conduct a value chains mapping to identify at least three target value chains for further support meeting the requirements of criticality for the post-crisis recovery, impact of war, sufficiency of MSME representation and high growth potential in the target regions of the project.
- Develop and pilot a distance learning programme for MSMEs involved in the target value chains and facilitate its pilot delivery to the entrepreneurs from the targeted regions. This programme will build on the earlier efforts of UNDP Ukraine to support anti-crisis transformation of MSMEs. During project implementation, up to 100 MSMEs in each of the targeted regions are expected to graduate from the training programme.
- Launch the anti-crisis transformation programme for the war-affected MSMEs based on the successful experience of UNDP global private sector transformation solutions including the SDG Accelerator (UNDP signature programme aiming to accelerate business solutions with the SDGs) and SDG Value Chains (a set of methodologies helping to increase efficiency and livelihoods through improved synergies in different stages and sections of value and production chains) adjusted to the settings and Ukrainian context. Up to 20 graduates of the distance learning programme from each of the target regions of the project are expected to transform their businesses towards resilient and sustainable business models.

Activity 3.2. Facilitate reintegration of the war affected MSMEs, both local and relocated, to the entrepreneurial ecosystem of the targeted regions

Under this activity, the following tasks will be carried out:

- Strengthen the business support centres and support local authorities of the targeted regions with resetting of the institutional infrastructure for business support. Such support will build on the existing business support infrastructure mapping undertaken by UNDP in five oblasts of Western Ukraine and the experience of launching business support centres in Lviv and Ivano-Frankivsk oblasts. Such centres operate as a one-stop-shops for local and relocated MSMEs in their interactions with the regional and municipal authorities.
- Roll out a selection of modular solutions aiming at boosting local capacities to support business continuity and integration to the entrepreneurial ecosystem of the targeted regions. These solutions will be informed by the results of the war impact assessment on MSMEs in Ukraine conducted by UNDP and availed in cooperation with local BMOs with particular focus on women-led companies as more vulnerable.

Output 4. Improved inclusive experience exchange and policy dialogue that links early and post-war sustainable recovery practices to the national policy and consolidate Ukraine's SDGs localization process

Activity 4.1. Contribute to national policy dialogue for linking SDGs policy and implementation frameworks with early and post recovery development practices at sub-national level

The policy dialogue will consist of a series of **workshops** and **round tables** on specific issues related to sustainable local recovery and development (such as economic empowerment of women, green economic growth, inclusive urban development, etc.). The logic is to showcase tangible results and solutions to local challenges that carry sizable potential for replication. In support of this process, UNDP will facilitate development of policy recommendations directed to key recipients within the government hierarchy.

The policy-oriented activities will also, through a local gaze, align closely with key actions of the BRIDGE project and those of the National Recovery Council, serving to demonstrate practical examples of planning, funding, implementing and measuring SDG target-related interventions at the **national and sub-national level**. Solutions and results that are generated through new (and existing) challenge-driven partnerships will, through this project, offer supplementary views on **local** SDG-interventions. In this sense, the engagement

under this sub-activity will feed directly into UNDP's technical assistance to the SDG-office on processes that revolve around aligning high-level strategic policy documents with the SDG framework and the 2030 Agenda.

Activity 4.2. Support experience exchange on early and post recovery sustainable development solutions and practices

The main tasks under this activity will include:

- In order to disseminate best practices and increase public awareness about localized action towards recovery solutions and sustainable development, an experience exchange programme will be developed, taking into account mobility realities on the ground. The logic of such a programme is to stimulate experience exchange beyond events that are organized on an ad-hoc basis.
- The experience exchange programme will include the promotion of successfully piloted solutions through media outreach campaigns, study/exchange visits for cross-sectoral partnerships that are at an early stage of consolidation, as well as developing recommendations for their replication in territorial communities across Ukraine. A series of promotional videos (at least one per each successfully piloted solution) will be produced and widely disseminated through digital media channels.
- A series of articles and blog posts will be prepared with support of the project and widely disseminated among the target audience. Depending on the mobility opportunities in the war context and how it evolves.
- Experience exchange visits and learning events related to successfully implemented local initiatives will be organized targeting local authorities, their partners and other relevant stakeholders, enabling knowledge transfer and sharing of experience.

III.2. Resources required to achieve expected results

The project will rely on several types of resources required to achieve its intended results. **Human resources** will be mobilized by UNDP in the form of a project implementation team and external consultants, as well as through a dedicated team of specialists from the supported local counterparts and project partners who will contribute to the project implementation process. The project will rely on the resources embodied by cooperation and information exchange between development partners working on regional/local recovery measures and development, as well as priorities embodied in Agenda 2030 and the SDGs.

The project will also operate based on an extensive use of **knowledge resources**, and good practices/lessons learned will be adapted to the Ukrainian context. **Financial resources** required for successful project implementation will primarily come from the project budget (and include low-value grants) but will also rely on co-financing to the supported local initiatives provided from local budgets and other sources. In-kind contributions from the project's counterparts and stakeholders will also be an important resource

III.3 Partnerships

The Project will benefit from the existing and long-term partnerships established by UNDP Ukraine throughout the country with regional and local authorities, civil society actors, academic institutions, business membership and business support organizations, and community resource centres, among others.

At the national level, the Project will maintain partnerships with and provide information on key results and achievements to relevant representatives of the Ministry for Communities and Territories Development. Additionally, the through the UNDP BRIDGE project will be an important stakeholder to establishing strategic linkages localization and nurture effective communication flows between local development stakeholders (and their solutions) and national SDG policy- and decision-making processes.

Thus the Project will also be implemented in close dialogue with:

- The Ministry for Development of Communities and Territories
- The Ministry of Economic Development, Trade and Agriculture of Ukraine and State Regulatory Service of Ukraine
- Associations of Ukrainian local authorities (e.g. Association of Ukrainian Cities, Association of Amalgamated Communities, etc.)
- The Swedish Association of Local Authorities and Regions (SKR)
- SDG Office at the Secretariat of the Cabinet of Ministers of Ukraine (SCMU)

- The Entrepreneurship and Export Promotion Office
- The Chamber of Commerce and Industry of Ukraine
- Regional development agencies
- Business associations
- Academia
- Local civil society organisations

Thematic (expert) partnerships may also be formed as required by the selected local initiatives. The Project will ensure close coordination and cooperation with representatives of the Embassy of Sweden to Ukraine and will invite them to take part in the selection of the territorial units where the partnerships will be formed.

III.4. South-South and Triangular Cooperation (SSC/TrC)

Strategic partnerships with local authorities and/or relevant think tanks in Sweden may be established for the purpose of enabling international knowledge-transfer and value-added experience exchange on SDG localization. In wider sense, the project will draw on lessons learned from other UNDP country offices in the ECIS region, where connections can be effectively made through the UNDP Istanbul Regional Hub.

III.5. Digital solutions

The project will use digital technologies and solutions to improve the target beneficiaries and partners' experiences and solve the development challenge(s) identified. In particular, it will draw upon and integrate UNDP's and the Government of Sweden's experience in helping the Ministry of Digital Transformations of Ukraine in developing new public digital online services such as the Diia mobile application.

III.6 Risks

The main risks to effective project implementation, described in more details in Annex 1. They are primarily related to the war in Ukraine and include:

- A capture by the Russian armed forces of territories in eastern and southern regions of Ukraine:
 - o The territories of the two oblasts of Donetsk and Luhansk may entirely fall under the control of the Russian armed forces leading to the non-government controlled areas (NGCAs) to extend their borders to the limit of these oblasts.
 - o Southern Ukraine including Odessa and its region fall under the control of the Russian armed forces, leading to a full control by the Russian Federation of both Azov and Black Seas.
- An increased number of ad hoc missile attacks in other regions and municipalities considered as 'safe' now
- Increased population flows outside Ukraine, leading to depleted work force among state institutions and the private sector
- Inability of national and local institutions (Ministries, LAs, LSGBs, service providers) to function effectively due to volatility in state financing and local budgets cuts, leaving no resources for development.
- Severe disruptions in electricity and internet supplies
- Critical macroeconomic turbulence.

III.7. Stakeholder Engagement

UNDP will pursue two distinct approaches for stakeholder engagement to maintain the relevance of the project and ensure that project results are well communicated to the stakeholders. Since the main target group of the project are local governments directly involved in recovery and development processes (including recovery and development planning, implementation, funding, etc.), UNDP will work through its already well-established communication channels for information-sharing, dialogue and partnership establishment. These channels include, but are not limited, to dedicated meetings and consultation sessions with oblast-level authorities, official or unofficial working groups, official and unofficial correspondence, internal round-table discussions, pitches and presentations. Moreover, UNDP will also use its three thematic portfolios and projects therein to share relevant information, work with the civil society and consult vulnerable groups of women and men, as appropriate.

III.8. Knowledge

Multiple knowledge products will be produced within the project, including reports, training materials, best practices and piloted solutions descriptions for communications campaigns. Reports and communication materials will be shared with partners and key stakeholders within the Government and discussed with partners outside of Government. Dissemination of the training materials and best practice documents will be organised within the capacity-building project activities. New mechanisms for knowledge collection, storage and sharing, as underpinned by the UNDP “Future Forward” Digital Strategy will be deployed to make sure that experiences received in Ukraine on SDG mainstreaming, monitoring and funding, are meaningfully adapted and used worldwide as global knowledge and lessons learned are taken into account in the Ukrainian context.

III.9. Ownership, Sustainability and Scaling Up

With emphasis on achieving sustainable results and impact, UNDP considers the project as a dynamic platform for capacity development and promotion of tools and frameworks (focusing on early and post recovery and SDGs) that stimulate local authorities and key stakeholders to assume a high degree of ownership already at initial stages of implementation. Investment in human *and* institutional resources is considered an enabler towards such delivery and comprise an integral facet of all the outputs and activities. Direct dialogue with local authorities will confirm pronounced stakeholder buy-in, and progressive reform ambitions in wider political spheres assert both commitments to the regional development agenda and ownership of its solutions as well as susceptibility towards external cooperation and support.

The project’s comprehensive focus on challenge-driven partnerships, MSMEs and creation of economic opportunities is likewise offering significant potential for visibility and opportunity to showcase best practices that may inform scaling and replication.

IV. PROJECT MANAGEMENT

IV.1. Cost Efficiency and Effectiveness

The project aims to increase the efficiency of resource mobilisation from both budgetary and non-budgetary sources, including the funds provided by international development partners for advancing the SDGs, by promoting a multi-sectoral partnership approach to local recovery and development and combining resources from multiple sources for the implementation of local recovery solutions and development initiatives. Therefore, the Project will support and stimulate the local authorities and other development actors, for active fundraising and resource-sharing. Thus, the project's implementation will have a multiplier effect on the funds that are channelled to Ukraine by the donor community for SDG-related activities. The project will be based on UNDP's portfolio management approach to improve cost-effectiveness by leveraging activities and partnerships with other initiatives/projects.

IV.2. Project Management

The project will be delivered by UNDP Ukraine, which has extensive experience in providing support to community development, sustainable recovery and peacebuilding and serves as the SDG integrator for the UN family of agencies. The project will benefit from the institutional structure of the UNDP office and UNDP's financial, operations, and procurement systems. The project shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of UNDP.

The project will be implemented as part of the Inclusive Development, Recovery and Peace Building (IDRPB) portfolio, making sure that the project benefits from coordination and experience exchange with other initiatives on regional and local development, promoting SDGs, human rights, civil society and expertise in transparency and integrity.

The Project's staff will be based both in Kyiv and in the western regions of Ukraine (regional coordinators based in UNDP's regional hubs). The project's targeted communities across these regions will be clustered based on optimal logistical considerations and effectively covered from the above-mentioned regional hubs.

V. RESULTS FRAMEWORK¹³

Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework:

UNDAF Thematic Pillar 1: Sustainable economic growth, environment and employment

Outcome 1.1. 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

Thematic Pillar 2: Equitable access to quality and inclusive services and social protection

Outcome 2.1. By 2022, women and men, girls and boys, equitably benefit from integrated social protection, universal health services and quality education

Outcome indicators as stated in the Country Programme Results and Resources Framework (CPD 2018-2022), including baseline and targets:

Outcome indicator 1.1. Share of population satisfied with recent use of public services, by sex and age (SDG). Baseline (2017): N/A Target (2020): 40 percent

Output 1.1. Regional and local authorities have scaled-up knowledge and skills to engage communities in planning, coordination, delivery and monitoring of public services provision

Indicator 1.1.1: Share of people with improved access to health and social services, provided with UNDP support. Baseline (2016): 0 percent Target (2022): 20 percent (women), 20percent (men); 20 percent (vulnerable groups) Source: Annual reports of Ministries of Health and of Social Policy

Indicator 1.1.2: Number of people with scaled-up access to administrative services with UNDP support. Baseline (2016): 13,496 (men), 14,621 (women) Target (2022): 23,500 (men), 26,500 (women)

Outcome indicator 2.1. Employment rate of population aged 15-70, by sex and age (IRRF 1.1). Baseline (2016): 24.4percent (women 15-24), 29.6percent (men 15-24), 51.6percent (women total), 61.6 percent (men total). Target (2020): 27 percent (women 15-24), 31 percent (men 15-24), 54 percent (women total), 63 percent (men total)

Output 2.1. National and subnational institutions are better able to develop and implement policies and measures that generate sustainable jobs and livelihoods

Indicator 2.1.1: Number of new jobs and other livelihoods generated Baseline (2016): 0, Target (2022): 90,000 (men), 130,000 (women), 30,000 (youth)

Output 2.2. Public institutions and private entities effectively cooperate to improve the business environment

Indicator 2.1.2: Extent to which policies, systems and/or institutional measures are in place and scaled up at the national and sub-national levels to generate and strengthen employment and livelihoods Baseline (2016): 1, Target (2022): 3

Applicable Output(s) from the UNDP Strategic Plan:

Output 1.1. The 2030 Agenda, Paris Agreement and other intergovernmentally-agreed frameworks integrated in national and local development plans, measures to accelerate progress put in place, and budgets and progress assessed using data-driven solutions

Indicator 1.1.1.1. Number of countries that have development plans and budgets that integrate intergovernmentally-agreed frameworks across the whole-of-government: 2030 Agenda for Sustainable Development

Output 1.3. Access to basic services and financial and non-financial assets and services improved to support productive capacities for sustainable livelihoods and jobs to achieve prosperity

Indicator 1.3.1. Number of people accessing basic services:

- Female, male
- Persons with disabilities
- Internally displaced persons

¹³ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results.

Project title and Atlas Project Number: Empowered Partnership for Sustainable Recovery (EPSR)									
EXPECTED OUTCOME AND OUTPUTS	OUTCOME AND OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)			DATA COLLECTION METHODS & RISKS	
			Value	Year	Year 1	Year 2	Year 3		FINAL
Outcome War affected women and men (IDPs and host population) in local communities across targeted oblasts benefit from equal access to improved public services and sustainable livelihood opportunities thanks to effective crisis response and recovery measures in line with good governance principles and SDGs' achievement	1. Provision of public services (the degree to which a person is satisfied with the provision of public services, such as education, healthcare and social welfare payments) disaggregated by sex (women, men)	SCORE Index ¹⁴	5.8 (women 5.9, men 5.8)	2021	NA	6.0 (women 6.0, men 6.0)	NA	6.2 (women 6.2, men 6.2)	Data will be collected as part of the Social Cohesion and Reconciliation Index (SCORE) survey.
	2. Employment/income generation opportunities (the degree to which one considers it easy to find a job/income generating activity in their locality if necessary) disaggregated by sex (women, men)	SCORE Index	3.4 (women 3.2, men 3.6)	2021	NA	3.6 (women 3.6, men 3.6)	NA	3.8 (women 3.8, men 3.8)	
Output 1 Capacity of targeted local authorities to plan, implement and monitor war crisis response and recovery measures is improved through the adoption of good governance (inclusive, gender-responsive, and green) governance practices, and sustainable multi-sectoral partnerships	1.1 Cumulative number of people (women, men) who completed the Project's Capacity Development Programme for regional and local authorities	Project records	0	2022	0	100 (50 women; 50 men)	200 (100 women; 100 men)	200 (100 women; 100 men)	Data will be collected on basis of Project's training records.
	1.2. Cumulative number of local initiatives for crisis response and sustainable recovery developed by the regional and local authorities in the target oblasts	Project records	0	2022	25	50	50	50	Data will be collected on basis of Project's records: desk review of administrative data, stakeholders' consultations
Output 2 Recovery initiatives, designed and implemented by challenge-driven partnerships, are effectively	2.1 Cumulative number of challenge-driven partnerships established and committed to design and implement local initiatives for crisis response and/or sustainable recovery	Project records, partnership declarations	0	2022	10	20	20	20	Data will be collected on basis of Project's records, field visits, cross-checked with Partnerships' records

¹⁴ The SCORE is a joint initiative funded by USAID to support the Democratic Governance in the East program, implemented by the Centre for Sustainable Peace and Democratic Development (SeeD), and in partnership with UN RPP. It is an analytical tool implemented on an annual basis and designed to improve the understanding of societal dynamics in Ukraine.

addressing the multi-dimensional challenges faced by war affected territorial communities	2.2 Number of completed regional and local initiatives which have been awarded grants	0	2022	0	10	20	20	Data will be collected on basis of Project's records, cross-checked with Partnerships' records, external assessment of implemented initiatives, field visits
	2.3 Cumulative number of people in targeted local communities (women, men) benefiting from implemented local initiatives	0	2022	0	200,000 (at least 100,000 women and girls)	400,000 (at least 200,000 women and girls)	No less than 400,000 (of which 200,000 women and girls)	Data will be collected on basis of Project's records, cross-checked with Partnerships' records
Output 3 New livelihoods generating opportunities are created for women and men in the targeted regions through support to sustainable recovery of MSMEs along the critical value chains.	3.1 Number of war affected MSMEs graduating from the distance learning programme in the targeted regions of the project	0	2022	100	300	500	At least 500 (at least 100 in each of the targeted regions; at least 50 percent women-led/co-led)	Data will be collected on basis of Project's records, cross-checked with Partnerships' records
	3.2. Number of the distance learning programme graduates benefiting from the anti-crisis transformation programme in the targeted regions of the project	0	2022	20	50	100	At least 100 (at least 20 in each of the targeted regions; at least 50 percent women-led/co-led)	Data will be collected on basis of Project's records, cross-checked with Partnerships' records
Output 4 Inclusive experience exchange and policy dialogue link early and post-war sustainable recovery practices to the national policy and consolidate Ukraine's SDGs localization process.	3.3 Number of business support centres strengthened in the targeted regions of the project.	0	2022	5	5	5	- At least 5 (at least 1 in each of the targeted regions)	Data will be collected on basis of Project's records, cross-checked with Partnerships' records
	4.1 Cumulative number of people, reached by information campaigns within the project targeted TCs (women and men from diverse groups, as relevant) 4.2 Cumulative number of representatives of national and local authorities (women and men) who improve their knowledge due to participation in experience exchange programme	0	2022	100,000 (at least 50,000 women)	500,000 (at least 250,000 women)	750,000 (at least 350,000 women)	750,000 (at least 350,000 women)	Data will be collected on basis of Project's records

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected, entered in UNDP Ukraine internal monitoring platform (IMRP), and analysed to assess the progress of the project in achieving the agreed outputs.	Monthly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management: decision making to improve the project.	Design and Appraisal QA (at the project inception) Implementation QA (annually); Closure QA (at operational closure of the project)	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		

Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)		
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually, and at the end of the project. Additional reviews to be held as needed.	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	

Evaluation Plan

Final Evaluation	A final evaluation will be carried out within 3 months to project's closure to capture performance against the updated OECD-DAC evaluation criteria (Relevance, Coherence, Effectiveness, Efficiency, Impact, Sustainability) in line with UNDP Evaluation Guidelines.			USD 20,000 (see the Multi-year work plan below)
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VII. MULTI-YEAR WORK PLAN ¹⁵

EXPECTED OUTPUTS (RESULTS)	PLANNED ACTIVITIES	Planned Budget by Year			RESPONSIBLE PARTY	Funding Source	Budget Description	Amount USD	
		Y1	Y2	Y3					
<p>Output 1: The capacities of local authorities to formulate, implement and monitor crisis response and recovery actions are improved through the adoption of inclusive, gender-responsive, and green development practices, including in project cycle management and building multi-sectoral challenge-driven partnerships</p> <p><i>Gender marker : GEN2</i></p>	<p>1.1 Strengthening institutional capacities of local authorities for crisis response and recovery</p>	25 000	25 000	12 500	UNDP	Sida	75700 Trainings, Workshop & Conference	62 500	
		10 000	10 000	5 000	UNDP	Sida	71300 Local Consultants	25 000	
		15 790	15 790	7 895	UNDP	Sida	71400 Contractual Services - Individuals	39 475	
		2 500	2 500	1 250	UNDP	Sida	71600 Travel	6 250	
		1 500	1 500	750	UNDP	Sida	74200 Audio Visual & Print Prod Costs	3 750	
		2 740	2 740	1 370	UNDP	Sida	74300 Contributions (security related costs)	6 849	
		1 770	1 770	885	UNDP	Sida	64300 DPC Staff Cost	4 425	
		531	531	266	UNDP	Sida	74500 Miscellaneous	1 328	
		10 000	10 000	5 000	UNDP	Sida	71300 Local Consultants	25 000	
		15 790	15 790	7 895	UNDP	Sida	71400 Contractual Services - Individuals	39 475	
		10 000	0	0	UNDP	Sida	72800 Comp. Equipment/ Software	10 000	
			1.2. Support to development of local initiatives and portfolios for crisis response and sustainable recovery						

¹⁵ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32



	2 500	2 500	2 500	UNDP	Sida	71600 Travel	7 500
	21 704	26 704	6 704	UNDP	Sida	74300 Contributions (security related costs)	55 112
	14 024	17 255	4 332	UNDP	Sida	64300 DPC Staff Cost	35 611
	4 207	5 176	1 300	UNDP	Sida	74500 Miscellaneous	10 683
2.3 Evaluation and replication of implemented initiatives	0	10 000	10 000	UNDP	Sida	71300 Local Consultants	20 000
	31 580	31 580	31 580	UNDP	Sida	71400 Contractual Services - Individuals	94 740
	0	4 500	4 500	UNDP	Sida	75700 Training, Workshop & Conference	9 000
	500	5 000	5 000	UNDP	Sida	71600 Travel	10 500
	1 604	2 554	2 554	UNDP	Sida	74300 Contributions (security related costs)	6 712
	1 036	1 650	1 650	UNDP	Sida	64300 DPC Staff Cost	4 337
	311	495	495	UNDP	Sida	74500 Miscellaneous	1 301
	45 273	55 669	20 725	UNDP	Sida	75100 - Facilities & Administration (8%)	121 668
General Management Support (8%)	611 192	751 535	279 791				1 642 518
Total Output 2							
Output 3: New livelihoods generating opportunities are created for women and men in the targeted regions through support to sustainable recovery of MSMEs along the critical	15 000	15 000	15 000	UNDP	Sida	71300 Local Consultants	45 000
	60 000	60 000	60 000	UNDP	Sida	71400 Contractual Services -Individuals	180 000
	6 000	6 000	6 000	UNDP	Sida	71600 Travel	18 000

value chains <i>Gender marker: GEN2</i>	crisis/post-crisis settings and integrate sustainable solutions	40 000	40 000	40 000	UNDP	Sida	72100 Contractual Service-Companies	120 000		
		5 464	0	0	UNDP	Sida	72800 Comp. Equipment/ Software	5 464		
		15 000	15 000	15 000	UNDP	Sida	75700 Training, Workshop & Conference	45 000		
		7 073	6 800	6 800	UNDP	Sida	74300 Contributions (security related costs)	20 673		
		4 570	4 394	4 394	UNDP	Sida	64300 DPC Staff Cost	13 358		
		1 371	1 318	1 318	UNDP	Sida	74500 Miscellaneous	4 007		
		15 000	15 000	15 000	UNDP	Sida	71300 Local Consultants	45 000		
		60 000	60 000	60 000	UNDP	Sida	71400 Contractual Services -Individuals	180 000		
		6 000	6 000	6 000	UNDP	Sida	71600 Travel	18 000		
		40 000	40 000	40 000	UNDP	Sida	72100 Contractual Service-Companies	120 000		
		5 464	0	0	UNDP	Sida	72800 Comp. Equipment/ Software	5 464		
		15 000	15 000	15 000	UNDP	Sida	75700 Training, Workshop & Conference	45 000		
		7 073	6 800	6 800	UNDP	Sida	74300 Contributions (security related costs)	20 673		
		4 570	4 394	4 394	UNDP	Sida	64300 DPC Staff Cost	13 358		
		1 371	1 318	1 318	UNDP	Sida	74500 Miscellaneous	4 007		
		3.2. Facilitate reintegration of the war affected MSMEs, both local and relocated, to the entrepreneurial ecosystem of the targeted regions								

General Management Support (8%)		24 717	23 762	23 762	23 762	UNDP	Sida	75100 - Facilities & Administration (8%)	72 240
Total Output 3		333 674	320 786	320 786	320 786				975 246
Output 4: Inclusive experience exchange and policy dialogue links early and post-war sustainable recovery practices to the national policy and consolidate SDGs localization process <i>Gender marker: GEN2</i>	4.1. Contribute to national policy dialogue for linking SDGs policy and implementation frameworks with early and post recovery development practices at sub-national level	5 000	5 000	5 000	5 000	UNDP	Sida	75700 Training, Workshop & Conference	15 000
		4 500	4 500	4 500	4 500	UNDP	Sida	71300 Local Consultants	13 500
		15 790	15 790	15 790	15 790	UNDP	Sida	71400 Contractual Services - Individuals	47 370
		10 000	0	0	0	UNDP	Sida	72800 Comp. Equipment/ Software	10 000
		5 000	5 000	5 000	5 000	UNDP	Sida	72100 Contractual Service-Companies	15 000
		2 015	1 515	1 515	1 515	UNDP	Sida	74300 Contributions (security related costs)	5 044
		1 302	979	979	979	UNDP	Sida	64300 DPC Staff Cost	3 259
		391	294	294	294	UNDP	Sida	74500 Miscellaneous	978
		0	20 000	20 000	20 000	UNDP	Sida	75700 Training, Workshop & Conference	40 000
		4 500	9 000	9 000	9 000	UNDP	Sida	71300 Local Consultants	22 500
		15 790	15 790	15 790	15 790	UNDP	Sida	71400 Contractual Services - Individuals	47 370
		0	20 000	20 000	20 000	UNDP	Sida	72100 Contractual Service-Companies	40 000
		0	20 000	20 000	20 000	UNDP	Sida	71600 Travel	40 000
		1 015	4 240	4 240	4 240	UNDP	Sida	74300 Contributions (security related costs)	9 494

		235	221	415	UNDP	Sida	74500 Miscellaneous	871
	General Management Support (8%)	3 782	4 437	6 184	UNDP	Sida	75100 - Facilities & Administration (8%)	14 403
	Sub-total Output 5	51 054	59 900	83 487				194 441
	SUB-TOTAL I	1 180 089	1 368 871	870 250				3 419 210
	Salaries of the project management and admin staff	139 200	139 200	139 200	UNDP	Sida	71400 Contractual Services - Individuals	417 600
	Office equipment and software	10 862	5 000	5 000	UNDP	Sida	72800 Comp. Equipment/ Software	20 862
	Business trips, local transportation	3 000	3 000	3 000	UNDP	Sida	71600 Travel	9 000
	Project offices costs	15 000	15 000	15 000	UNDP	Sida	73100 Rental & Maintenance - Premises	45 000
		8 403	8 110	8 110	UNDP	Sida	74300 Contributions (security related costs)	24 623
		5 430	5 240	5 240	UNDP	Sida	64300 DPC Staff Cost	15 910
		1 629	1 572	1 572	UNDP	Sida	74500 Miscellaneous	4 773
	General Management Support (8%)	14 682	14 170	14 170	UNDP	Sida	75100 - Facilities & Administration (8%)	43 021
	SUB-TOTAL II	198 206	191 292	191 292				580 790
	GRAND TOTAL	1 378 294	1 560 164	1 061 542				4 000 000

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

This project will be implemented by UNDP in Ukraine under the **Direct Implementation Modality (DIM)**. Project implementation will be governed by provisions of the Project Document, its annexes, UNDP Programme & Operations Policy & Procedures (POPP). The Ministry for Communities and Territories Development will be the Project's Implementing Partner. As part of the management arrangement to ensure the implementation of the Project, a Project Board will be established to oversee the project performance (the role and responsibility of the Project Board are standard as per UNDP POPP, whereas composition, the frequency of the board meetings and other relevant aspects are described will be addressed during the project's inception stage). Governance of the Project will be supported through annual work planning based on the results framework. Annual work plans will be implemented upon their endorsement by the Project Board.

IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Ukraine and UNDP, signed on 18 June 1993. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.” This project will be implemented by UNDP (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the necessary guidance to ensure the best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner 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.
3. Social and environmental sustainability will be enhanced through the application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”) allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
 - a. Consistent with the Article III of the SBAA [*for the Supplemental Provisions to the Project Document*], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP’s property in such responsible party’s, subcontractor’s and sub-recipient’s custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party’s, subcontractor’s and sub-recipient’s security and the full implementation of the security plan.
 - b. UNDP reserves the right to verify whether such a plan is in place and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party’s, subcontractor’s and sub-recipient’s obligations under this Project Document.
 - c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.
 - d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
 - e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation

Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

- f. If an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.
Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly notify UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.
- h. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been misused, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.
Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.
- i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the competent national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

ANNEX 1. PROJECT RISK REGISTER

Project Title: Empowered Partnership for Sustainable Recovery— Phase II (EPSR-II)		Date: 21 May 2022							
#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mgmt response	Owner	Submitted, updated by	Last Update	Status
1	An increased number of ad hoc Russian missile attacks in other regions and municipalities considered as 'safe' now	11.09.2022	Safety and Security (8.1. Armed conflict and 8.2. Terrorism)	<p>Effect: Such attacks would lead to additional casualties, further destruction of public infrastructure and private housing (including that of already rehabilitated objects), disruptions in public services and mass exodus from missile hit areas</p> <p>Likelihood: 3 Impact: 5 Risk level: Substantial</p>	There is very limited scope for manoeuvre for the project, should such types of attacks occur. To maximise the practical utility of the project in such events, the project team would offer the Board to further re-orient the EPSR to developing response scenarios that would be pertinent to address immediate recovery needs, as well as to SDGs 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” and 17 “Strengthen the means of implementation and revitalize the global partnership for sustainable development”.	UNDP Regional Development Programme Manager/Project Coordinator			
2	Increased population flows outside Ukraine	11.09.2022	Social and Environmental (1.8. Displacement and resettlement)	As a consequence of the two above mentioned risks, the country could be faced with a significantly depletion of its work force, with impacts on operations of state institutions, service providers and the private sector	To maximise the practical utility of the project in such a situation, the project team would offer the Board to further re-orient the EPSR to developing response scenarios that would be pertinent to address this type of labour issues in the target regions.	UNDP Regional Development Programme Manager/Project Coordinator			

3	Volatility of state financing and local budgets cuts leave no resources for development	11.09.2022	Strategic (7.3. Capacities of the partners)	<p>Likelihood: 3 Impact: 4 Risk level: Substantial</p> <p>Effect: Such a situation will lead to the inability of national and local institutions (Ministries, LAs, LSGBs, service providers) to function effectively and to fully engage in sustainable recovery and development actions</p> <p>Likelihood: 3 Impact: 4 Risk level: Moderate</p>	To maximise the practical utility of the project in such a situation, the project team would offer the Board to further re-orient the EPSR to developing response scenarios that would be pertinent to address this type of labour issues in the target regions	UNDP Regional Development Programme Manager/Project Coordinator		
4	Severe disruptions in electricity and internet supplies due to war impacts	11.09.2022	Infrastructure	<p>Effect: Such occurrences would have a strong impact on population comfort, on institutions and enterprises to be able to function, as well as on communications.</p> <p>Likelihood: 2 Impact: 3 Risk level: Moderate</p> <p>Effect: This will lead to higher prices for commodities such as food and energy and will push up inflation further, in turn eroding the value of incomes and weighing on demand. Trade, supply chains and remittances will be disrupted leading to a possible surge in refugee flows.</p> <p>Likelihood: 3 Impact: 4 Risk level: Substantial</p>	In such a situation, the Project will provide added support to local partnership-based projects aimed at clean energy solutions. (e.g. solar energy and wind energy, biomass) (SDG 7)	UNDP Regional Development Programme Manager/Project Coordinator		
6	Critical macroeconomic turbulence	11.09.2022	Economic	<p>Effect: This will lead to higher prices for commodities such as food and energy and will push up inflation further, in turn eroding the value of incomes and weighing on demand. Trade, supply chains and remittances will be disrupted leading to a possible surge in refugee flows.</p> <p>Likelihood: 3 Impact: 4 Risk level: Substantial</p>	The Project will monitor the situation on an on-going basis at both national and regional levels and will adjust its activities and micro-funding to address livelihoods issues as well as issues related to MSMEs value chains.	UNDP Regional Development Programme Manager/Project Coordinator		

ANNEX 2. PROJECT BOARD TERMS OF REFERENCE

Background

Following the adoption, in 2015, of the UN resolution on the 2030 Agenda for Sustainable Development, the Ukrainian Government has taken laudable steps to implement the 17 Sustainable Development Goals. An inclusive process aimed to adapt the SDGs to the Ukrainian context was launched, which led to the establishment of a national strategic framework for Ukraine and a national baseline published in 2017, including intermediate and national targets for implementing the 2030 Agenda. Supported by encouraging shifts in the political and parliamentary landscape, a series of subsequent decrees and legislative measures articulates determination to accelerate socio-economic transformation and inclusive growth, guided by the 2030 Agenda as well as by provisions enshrined in the EU-Ukraine Association Agreement.

On 30 September 2019, the President of Ukraine issued Decree #722/2019, setting the SDGs as a benchmark for the government's policy, programming and forecasting documents. Ukraine's presentation of the country's first Voluntary National Review (VNR) of the SDGs achievement at the UN HLPF in 2020 – highlighting progress on 15 of 17 SDGs in 2019 – provided a symbolic occasion for the national government to reaffirm its commitment to sustainable development. This advancement reflects national ownership and institutional aspirations to foster SDGs progress. Parallel to this ambition, reforms are underway in several policy areas aiming at stabilizing the national economy and improving the population's living conditions, including a comprehensive decentralization process that serves to bring increased fiscal and executive mandates to regional and local administrations.

Nevertheless, the recent years' development achievements have been drastically challenged by the COVID-19 crisis, which, between 2020 and 2022, has affected people in all the regions of Ukraine, straining local budgets and revealing the effects of long-term underinvestment in social sectors and public infrastructure. The impact at the household level reveals the dire human dimension of the pandemic, and how it disproportionately has reduced income- and livelihood opportunities of vulnerable populations and those of women in particular.

From 24 February 2022, Russian armed forces have invaded Ukraine. OHCHR has been reporting that between 24 February and 1 May, there have been 6,469 civilian casualties, including 3,153 people killed, though these figures are likely to be considerably higher (source: OCHA). As at 3 May (IOM data), 6.9 million refugees have fled Ukraine, making this the fastest growing refugee crisis since World War II, and a further 8 millions have been displaced within Ukraine. Some 13 million people are estimated to be stranded in affected areas or unable to leave due to heightened security risks, destruction of bridges and roads, as well as lack of resources or information on where to find safety and accommodation.

The reconstruction of infrastructures in war-torn localities and ensuring that the latter are safe (de-mined) for internally displaced persons (IDPs) returning home will take time. This suggests that about 35 percent of IDPs will likely stay in the hosting communities even after the war is over, so that hosting communities will need to cope with their longer-term accommodation and further social integration. In their new localities, IDPs need to have uninterrupted access to public (housing, social, health and education, as well as security) and administrative services to cope with the impacts of the war on their lives. Local authorities and local service providers of hosting communities have difficulties in handling additional support requests emerging from the large number of incoming IDPs on their territories. They need support in adapting the planning and delivery of their public services provision to the sharply increasing demand.

The economic impact of the war is dire. Some 30 percent of jobs in Ukraine - or 4.8 million - have been lost since the beginning of the war¹⁶. According to a survey¹⁷ conducted between 11 and 14 of March, among Small

¹⁶ International Labour Organization (ILO), May 2022

¹⁷ Survey by Unlimited Ukraine, supported by European Business Association - <https://eba.com.ua/en/finansovi-rezervy-chverti-predstavnykiv-malogo-biznesu-vzhe-vycherpani/> - 14/03/2022

and Medium Enterprises representatives in Ukraine, 42 percent of all small businesses had stopped operating and 31 percent had suspended their operations with plans for resumption in the future. Yet, according to Unlimited Ukraine¹⁸, more than two months after the start of the war, Ukrainian micro and medium-sized businesses, as well as the business sector as a whole, demonstrate an unprecedented example of sustainability. In April, the number of non-operating enterprises decreased significantly to 26 percent. More people appear to be working full-time again (one in five in April compared to one in eight in March). In general, there is a tendency among small entrepreneurs to take actions to revive activities. In April 2022, 17 percent had resumed work after a temporary suspension and another 23 percent were preparing for recovery.

According to estimations, over 24 million people – more than half of Ukraine’s population – will need humanitarian assistance in the months ahead, about 8 million more than what was estimated less than two months ago. It includes 15.7 million inside Ukraine, whose access to vital necessities has been curtailed due to massive destruction of civilian infrastructure, the consequent displacement, and dramatic loss of jobs and livelihoods. Early UNDP projections suggest that if the war deepens and expands, up to 90 percent of the population of Ukraine could be facing poverty and vulnerability to poverty by the end of 2022, and 30 percent of the population are likely to require life-saving humanitarian assistance. Eighteen years of socio-economic achievements in Ukraine are at risk, and to mitigate such dramatic development setbacks, an effective humanitarian-development-peace nexus approach will be critical.

The proposed project represents the follow-up phase of the “Empowered Partnership for Sustainable Development” project (2018-2022), financed by Sida and implemented by UNDP. Adapted to Ukraine’s current war-impacted context, this new project phase aspires to strengthen local capabilities to effectively integrate early and post recovery solutions in local development strategic planning and public service provision and use the challenge-driven partnership approach successfully implemented in the Project’s first phase to address the specific social and economic development issues faced by local communities across Ukraine.

The key recovery challenges currently faced by the war-affected country relate, principally,

- to the social and economic consequences of a massive exodus of the population towards the western regions of Ukraine,
- to a shut-down or significant slow-down of enterprises’ operations and, hence, a large number of jobless women and men,
- to the obligation for MSMEs, in order to survive, to relocate to new localities and adapt to new demand and supply chains
- and to the massive destructions of public infrastructures and housing stock in heavily war impacted territories.

Important challenges are also faced by local authorities having to cope with the hosting of large numbers of people, to meet their housing needs and ensure their access to public services.

The Project’s interventions will be specifically aimed at sustainable recovery and rehabilitation, i.e. capacity development of local authorities to cope with and integrate, socially and economically, IDPs coming from war hit regions, financial support to local partnership-based initiatives aimed at improving housing and communal services, triggering job creation, and addressing other most pressing issues, supporting relocated MSMEs and promoting enabling conditions for their sustainable recovery and development and their ability to provide income opportunities to women and men of the Project targeted regions, supporting small housing repairs for population whose lodgings have been partially damaged in territories directly impacted by the war.

The Project new phase will fulfil development goals in line with the following SDGs: 1, 2, 3, 6, 8 and 17. Its planning is in line with UNDP’s new outcomes and outputs of its Resilience Building and Recovery Programme for Ukraine. It is also aligned with the Strategy for Sweden’s reform cooperation with Eastern Europe 2021-2027 particularly with the following objectives: (a) Inclusive economic development, (b) Peaceful and inclusive societies, and (c) Environmentally and climate-sustainable development and sustainable use of natural resources.

¹⁸ <https://eba.com.ua/en/yak-sebe-pochuvaye-malyj-biznes-krayiny/> - 12/05/2022

By mainstreaming gender equality and employing Human-rights based approach to development, the project will contribute to the Human rights, democracy, the rule of law and gender equality objective of the Strategy. Local authorities and their capacities to implement inclusive, gender-responsive and SDGs-aligned development plans and policies, will be strengthened, rendering them more enabling towards community-driven development and inclusive economic growth.

Composition

Representatives from the following organisations shall comprise the Project Board:

- One delegated high-level representative of the Ministry for Development of Communities and Territories of Ukraine (voting);
- One representative of the Embassy of Sweden (voting);
- One senior representative of UNDP Ukraine (voting);
- Secretary of the Board – UNDP Regional Development Programme Manager/Project Coordinator (non-voting).

Representatives of other government partners, civil society, academia or business-circles may be invited to Board meetings as non-voting participants, presenters or observers.

Functions of the project board

1. Offer overall policy and technical guidance and direction towards the implementation of the project, ensuring it remains within any specified constraints;
2. Provide input into work plans, budgets and implementation schedules to guide the achievement of project objectives;
3. Approve project implementation schedule, annual work plan (AWP) and indicative project budget at the commencement of each project year within its remit;
4. Provide guidance and agree on possible countermeasures/management actions to address specific project risks;
5. Address project issues as raised by the Regional Development Programme Manager/Project Coordinator;
6. Agree on Regional Development Programme Manager/Project Coordinator tolerances as required, and provide ad-hoc direction and advice for situations when tolerances are exceeded;
7. Review and endorse changes in project work plans, budgets and schedules as necessary;
8. Monitor project implementation and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
9. Arbitrate, where essential, and decide on any alterations to the project;
10. Endorse an overall project evaluation and monitoring function for the duration of the project through a mechanism agreeable to all Project Board parties;
11. Review and approve Project Annual or ad hoc reports;
12. Provide necessary oversight to ensure the sustainability of the Project.
13. Review the themes and amounts of grant funding under the Project.

Meetings

The Project Board will meet at least once a year, at a time and place convenient to all members but, as a rule, after the SAPR and APR become available for consideration and approval. Representatives from all four institutions that have voting right have to be present for the Board Meeting to be considered as having the quorum. The Project Board decisions should be made per standards that shall ensure the best value to money, fairness, integrity, transparency and effective international competition.

Chairperson and Secretary

The Project Board shall have no Chair as the decisions will be adopted by consensus of four voting members. The Secretary to the Board, while not having voting rights, will serve as moderator and timekeeper for the Board Meeting discussions. (S)he will make sure that there is an accurate record of discussions and decisions of each meeting is prepared and forwarded to all members and that there is an adequate follow-up on the

undertakings of the members of the Project Board. The UNDP Regional Development Programme Manager/Project Coordinator shall serve as the Board's Secretary.

Communication

Documentation presented for review at any meeting of the Project Board will, as far as possible, be distributed one week before the meeting. The preparation of the records of all official meetings of the Project Board will be the responsibility of the secretary. These records must be forwarded to Project Board members no later than two weeks after its conclusion.

Duration

The Project Board will exist for the duration of the project.

Funding for the Project Board activities

UNDP Ukraine will provide in-kind resources to support the participation of country representatives and other members as required.

Meeting location

Meetings of the Project Board will be held at locations agreeable to all members or virtually (Zoom, MS Teams), as war related mobility restrictions stipulate.

