

# Supplement to the Grant Agreement



giz Postfach 5180 • 65726 Eschborn

**United Nations Development  
Programme (UNDP)  
One United Nations Plaza  
New York, NY 10017  
USA**

Your reference		Telephone	+49 6196 79-2629
Our reference	E2B0- NAV	Fax	+49 6196 7980-2629
Email	Naomi-Anna.Vilenskaya@giz.de	Date	29.09.2020

## 1. Supplement to the Grant Agreement

**Agreement number: 81251352**  
**Project processing number: 17.4056.2-002.00**  
**Project Title: Enhancing employability and skills for Internally  
Displaced and Conflict Affected People in Luhansk  
region**  
**Country: Ukraine**

Dear Sir/Madam,

The following provisions of the Grant Agreement (hereinafter referred to as the 'Agreement') dated 18.12.2019 are to be amended and shall be worded as follows:

### Article I. The Contribution

7. The grant is made available for the period of 20<sup>th</sup> December 2019 to 31<sup>st</sup> January 2021. Only expenditures effected during this period and relating to activities carried out during this period may be financed from this grant. Otherwise written approval of the GIZ is required.

### Article II. Utilization of the Contribution

2. In reference to the Project document, the GIZ contribution shall exclusively be used for the achievement of the following output and activities:

Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices  
Bonn and Eschborn, Germany

Friedrich-Ebert-Allee 32+36  
53113 Bonn, Germany  
T +49 228 44 60-0  
F +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn, Germany  
T +49 61 96 79-0  
F +49 61 96 79-11 15

E info@giz.de  
I www.giz.de

Registered at  
Local court (Amtsgericht)  
Bonn, Germany  
Registration no. HRB 18384  
Local court (Amtsgericht)  
Frankfurt am Main, Germany  
Registration no. HRB 12394  
VAT no. DE 113891176  
Tax no. 040 250 56973

Chairman of the Supervisory Board  
Martin Jäger, State Secretary

Management Board  
Tanja Gönner (Chair)  
Thorsten Schäfer-Gümbel

Commerzbank AG Frankfurt am Main  
BIC (SWIFT): COBADEFFXXX  
IBAN: DE45 5004 0000 0588 9555 00

## Supplement to the Grant Agreement

- elaboration of three new vocational education programmes for IDPs in automotive service and technology;
- provision of modern and comprehensive automotive service equipment to Luhansk CVET will allow the institution to continue the training of clients in compliance with the market needs and Ukrainian automotive and learning standards;
- capacity building of Luhansk CVET teaching staff will contribute to better knowledge and skills of future trainees;
- follow-up monitoring and mentorship of new businesses created by the participants of the capacity building programmes;
- provision of access to wider professional networks and new partnerships;
- organization of a comprehensive information and awareness raising campaign to promote entrepreneurship among the conflict-affected population;
- provision of subsequent financial support through grants to the most promising business ideas;
- collection of lessons learned and further recommendations for follow-up activities.

### **Article III. Administration and reporting**

#### 3.2. For Agreements of more than one year:

- (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) an annual status report of project/ programme progress for the duration of the Agreement, as well as the latest available approved budget.
- (b) From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.
- (c) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of the Agreement, a final report summarizing project/ programme activities and impact of activities as well as provisional financial data.
- (d) From UNDP Bureau of Management/Office of Finance and Administration, on completion of the project/ programme, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.

## Supplement to the Grant Agreement



Page 3/3

The "Project Document including Budget" (Annex 1) substitutes the "Project Document including Budget" of the above mentioned contract.

We wish you every success for the implementation of your Project.

We would be grateful if you would confirm that you agree to the proposed Supplement to the Agreement by signing the attached duplicate of this letter in a legally binding form and returning the duplicate to the GIZ.

We wish you every success for the implementation of your Project.

Yours sincerely,

Eschborn, Date: 30.09.2020

**Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH**  
E2B0 – Contract Management / Financing

i. V. M. Furst  
Contract Management

i. A. N. Vilenskaya  
Contract Management

Agreed:

New York, Date: 29.10.2020

**United Nations Development  
Programme (UNDP)**

Dafina Gercheva  
Resident Representative  
UNDP Ukraine

Annexes: Project Document including Budget

VM VZ



## Project Proposal

### Enhancing employability and skills for Internally Displaced and Conflict Affected People in Luhansk region

#### 1. Rationale

The on-going armed conflict in eastern Ukraine has caused tremendous local economic collapse in Donetsk and Luhansk oblasts. Since 2014, there have been more than 30,000 conflict-related casualties among which 3,300 killed and 9,000 injured civilians. In total, about two thirds of the estimated 6.6 million people residing in the two oblasts have been directly affected by the conflict, including 3.4 million still in need of humanitarian assistance and protection.

As of November 2019, the Ministry of Social Policy of Ukraine registered over 1.4 million IDPs nationwide, women and children representing 63% of them.<sup>1</sup> Most conflict-affected people, particularly the elderly and vulnerable households, rely heavily on the government's social protection scheme as their main source of income.

Five years after the beginning of armed conflict in eastern Ukraine in 2014, Donetsk and Luhansk oblasts remain divided between government-controlled and non-government-controlled areas (GCA and NGA respectively), with an almost 500 km long "contact line" separating the local population. Roughly one-third of the oblasts, mostly urban and industrial areas, are outside governmental control. This had a negative impact on the overall socio-economic situation and has affected the functionality of the regions' complex infrastructures, including communication, transportation, electricity, heating and water supply systems, healthcare, education and public facilities.

Persistent ceasefire violations and related trade boycotts have exacerbated pressure on the productive and public sectors in Donetsk and Luhansk oblasts, which were hit disproportionately hard by the recent years of economic crisis. A large part of the heavy industry and extractive infrastructure has been significantly affected, wiping out much of the economic activities in the region. Moreover, continuous limitations of freedom of passage across the Kerch strait have also accelerated the economic downturn in urban centers along the Azov coastline, constraining freight traffic through the Sea of Azov ports (Mariupol and Berdyansk), as well as limiting employment opportunities for those engaged in the fishing industry.

An estimated, 78% of the industrial capacity and 66% of all jobs in Donetsk Oblast, and even more in Luhansk Oblast (about 84% and 81% respectively), have been left outside of the GCAs. As most of the Micro, Small and Medium Enterprises (MSMEs) in both oblasts were engaged in downstream or upstream linkages with the major industrial enterprises, they have also experienced a significant decline in economic activity<sup>2</sup>.

---

<sup>1</sup> As of November 2019, the Ministry of Social Policy of Ukraine registered over 1.4 million IDPs nationwide.

<sup>2</sup> Ukraine Recovery and Peacebuilding Assessment: Analysis of crisis impacts and needs in eastern Ukraine, Volume II (March 2015) [http://www.un.org.ua/images/documents/3738/UkraineRecoveryPeace\\_A4\\_Vol2\\_Eng\\_rev4.pdf](http://www.un.org.ua/images/documents/3738/UkraineRecoveryPeace_A4_Vol2_Eng_rev4.pdf)

In the conflict-affected oblasts, the unemployment rate increased from 8.2% in 2013 to 14.4% in 2018 in Donetsk Oblast and from 6.7% to 16% in Lugansk Oblast. It is estimated that up to two million jobs were lost since the start of the crisis. According to the UN Humanitarian response plan for 2018 there are over 360,000 unemployed in the region that are unable to cover their essential basic needs.

The problem of unemployment is even more severe among the IDPs. According to the National Monitoring System Report, the vast majority (90%) of them noted that they had faced difficulties when looking for a job. The most frequently mentioned difficulties were lack of vacancies in general (58%) and low pay for proposed vacancies (52%).<sup>3</sup>

The conflict has also negatively affected traditional banking services such as lending, leasing, and the provision of credits (including trade credit). Businesses continue to struggle to get access to finance and connect to markets in the rest of Ukraine and beyond.

The creation of new employment opportunities for conflict-affected population continues to be an urgent priority in the Luhansk oblast. Furthermore, these opportunities must be backed up by relevant vocational education curricula for youth and re-skilling training programmes for people formerly employed in heavy industry and mining in the oblasts, as well as in agriculture, fishing and related businesses.

## **2. Objective**

The project aims to improve employment and livelihood opportunities for IDPs and host community members in Luhansk region through provision of quality vocational training and retraining programmes and entrepreneurship development. As an outcome, labor skills of conflict-affected women and men (including vulnerable groups) will be better aligned with labor market needs that will allow to improve resilience of local populations and prevent further deterioration of the economic situation in Luhansk oblasts. With this project, it is expected that:

- at least 100 IDPs and other conflict-affected women and men will improve their business skills by participating in training sessions on business ideas origination, startups and business plans development;
- at least 100 IDPs and other conflict-affected women and men will receive targeted trainings, related to automotive service and technology at Luhansk Center for Vocational Education of the State Employment Service along with employment services.

## **3. Background information**

UNDP has been active and present in eastern Ukraine for the past decade, prior to the conflict, with a focus on community development, civil society development, and environmental protection. Work on addressing the specific conflict-related development challenges builds on this earlier engagement and established partnerships and started in 2015 through the Recovery and Peacebuilding Programme (RPP), a multi-donor funded framework programme formulated and led by the United Nations Development Programme (UNDP) in collaboration with the Government of Ukraine and in cooperation with a number of partnering UN agencies (UN Women, FAO, UNFPA).

The RPP was designed to respond to and mitigate the causes and effects of the conflict. It is based on findings of the Recovery and Peacebuilding Assessment (RPA) and is aligned to the State Target Programme for Recovery as well as to the two oblast development strategies up to 2020. The RPP involves three pillars for action: 1) restoration of infrastructure and economic recovery; 2) support to local governance and related capacity building; and 3) social resilience and peacebuilding. It is an integral component of the UNDP Country Programme and is therefore fully aligned with the United Nations Partnership Framework (UNPF).

---

<sup>3</sup> National Monitoring System Report on the Situation of IDPs (March, 2019)  
[http://ukraine.iom.int/sites/default/files/nms\\_round\\_13\\_eng.pdf](http://ukraine.iom.int/sites/default/files/nms_round_13_eng.pdf)

The Programme's interventions are grouped under the following key Programme components, which reflect the region's priority needs:

Component 1: Economic Recovery and Restoration of Critical Infrastructure

Component 2: Local Governance and Decentralization Reform

Component 3: Community Security and Social Cohesion

The Programme, which operates on the basis of a pooled funding arrangement, follows a multi-sectoral programme-based approach and is implemented using an area-based methodology. With the current project, it is a unifying interventions framework for 10 projects funded by 11 international partners and is worth more than USD 80 million.

#### **4. Key project goals**

Five years into the conflict in eastern Ukraine, the need to support recovery of livelihoods and income generation among IDPs and the local population remains imperative. Promoting job creation is a challenge even in an otherwise favourable environment, and far more so in the post-conflict one characterized by the burden of uncertainty and insecurity. The "conflict economy" deviates public and private assets from their legitimate social and economic use, giving rise to illegal trade and contracts. It is extremely difficult for IDPs to find jobs, as many employers believe that they are not interested in long-term employment. IDPs are usually offered jobs with low wages or informal work at below-market rates.

The current situation, wherein a majority of local industrial enterprises remain located outside of government-controlled areas, there is no way to return to the business-as-usual mode and job opportunities are limited. Similarly, entrepreneurship in the region has become a necessity for survival, rather than a pathway to prosperity. While the economic recovery response which is implemented in eastern Ukraine aims at increasing the income earning opportunities through public and temporary works, the main challenge for the post-conflict employment policy is to effect the transition from aid-supported employment generation to sustainable, unsubsidized private (and public) sector job growth.

The key goals of the project are the following:

- to ensure post-conflict employment policy transition from aid-supported employment creation to sustainable, unsubsidized private (and public) sector job growth with a particular focus on automotive service and technology;
- to increase the levels of economic security and wellbeing among the conflict-affected persons, thus contributing to the overall economic recovery of the region;
- to improve the employability of IDPs and conflict-affected persons in eastern Ukraine;
- to provide quality retraining and professional development services to IDPs and conflict-affected persons based on the needs and trends emerging on the labor market.

#### **5. Expected outcomes and indicators**

The project will contribute but not limited to the following performance indicators:

- The number of IDPs and conflict-affected persons with increased knowledge and skills on starting and improving businesses;
- The number of IDPs and conflict-affected persons with improved capacity in the sphere of automotive service and technology;
- The number of new vocational education programmes in automotive service and technology, developed by the project;
- The number of new businesses created by the participants of the capacity building programmes;

- The number of IDPs and conflict-affected persons trained by the projects who are employed in formal jobs;
- Other related metrics.

The achievement of the abovementioned indicators will contribute to the following outcomes:

- **Development of quality education programmes and standards** to increase the professional knowledge and skills of IDPs and conflict-affected persons;
- **Enhancement of professional skills and knowledge** of the unemployed IDPs and representatives of other conflict-affected groups of local population through targeted capacity building sessions.
- **Access to information.** The project will collect and share all the available information on business development, entrepreneurship promotion, vocational training and retraining programmes among the representatives of key target groups.
- **Access to networks and learning opportunities.** The project will promote cooperation and interaction among different professional and entrepreneurial groups with regards to information sharing, learning and creation of partnerships.

## 6. Indicators

Indicator	Baseline (2019)	Target (2020)	Source
1. The number of IDPs and conflict-affected persons with increased knowledge and skills on starting and improving businesses	0	100	project records, training feedback forms
2. The number of IDPs and conflict-affected persons with improved capacity in the sphere of automotive service and technology	0	100	project records, training feedback forms
3. The number of new vocational education programmes in automotive service and technology, developed by the project	0	3	project records, copies of developed vocational education programmes
4. The number of new businesses created by the participants of the capacity building programmes	0	10	project records, post-training assessments of the participants
5. The number of IDPs and conflict-affected persons trained by the projects who are employed in formal jobs	0	100	project records, post-training assessments of the participants

## 7. Project approach and methodology

The following two-stage methodology is planned to be implemented to achieve the project outcomes:

### ***Step 1. Develop and output 5-day training courses for at least 100 IDPs and conflict-affected persons on starting up and expanding private enterprises:***

- Develop an outline, curriculum and communication materials for the training courses;
- Develop agenda in line with goals of the training courses. Set the start and end dates for each event;
- Develop a pre-training baseline survey and follow-up monitoring tools to assess the achievement of the learning objectives and participants' satisfaction;
- Conduct a pre-training baseline survey and follow-up assessment of 100% of project's beneficiaries;
- Support the elaboration and selection of potential business ideas from the participants of the training courses (at least one per each participant);

- Support the development and detailed review of business plans from the participants of the training courses (at least one per each participant);
- Promote business projects led by women and disseminate success stories of businesses led by women during the training courses;
- Support training participants in gender analysis and integration of gender issues into their business plans.

***The five-day training courses should cover but not be limited to the following topics:***

- ***Where to Start?*** Including leadership, personal development, success, qualities of a successful business owner, benefits of entrepreneurship, risk management, review of available business support schemes, practical tips on how to create a successful application.
- ***How to Pick the Right Idea?*** Overview of key value chains presented in this Oblast, business ideas and opportunities (niches).
- ***How to Start Your Own Business?*** Including topics related to business planning, business models, selection of inputs, technologies and resources, how to build partnerships, basics of contract theory, etc.
- ***How to Sell Your Products?*** Marketing tools for promotion and sales, channels of information dissemination, branding, negotiations, development of communication skills, overview of online advertising tools;
- ***How to Do Business Properly?*** Legal aspects of entrepreneurship, basics of taxation and accounting, HR and management, professional development and educational programs, financial literacy and budgeting; how to choose an office space, etc.

**The minimum learning outcomes will include:**

- Increased percentage of training participants have the required information and confidence on how to start a business;
- Strengthened business organizational, management and marketing skills;
- Increased number of IDPs and conflict-affected persons who have necessary knowledge and skills on business development;
- Dissemination of information about available funding opportunities, including those provided by the UN RPP, among the participants of the training courses;
- Training participants have developed their own business plans and received practical feedback from the trainers.

***Step 2. Develop and output short-term training courses for unemployed IDPs and other conflict-affected persons from the target communities (in partnership with Luhansk Oblast Centre for Vocational Education).***

The following thematic area was identified as having significant potential for self-employment of conflict-affected persons:

*1) Automotive service and technology (five-day training courses, 8 hours per day).*

In Lugansk Oblast there is a strong demand for qualified car mechanics at the existing automobile service stations, including: car diagnostics, tire mounting and balancing, and nozzle cleaning. The training courses will be open for IDPs from all communities of Luhansk Oblast and will be organized at the offices of the State Employment Service. In addition, it is planned to provide opportunities for practical sessions and on-the-job training at the local automobile service stations.

***Step 3. To evaluate the efficiency of training courses (by target group) and achievement of project outcomes.***



## 8. Cooperation with other partners

In order to achieve its expected outcomes and outputs, the project will utilize the existing long-term partnerships and networks, established by the UN RPP through its previous projects in Donetsk and Luhansk oblasts, with regional and local authorities, State Employment Service, business membership and business support organizations, different experts and trainers.

At both regional and local levels, the project will maintain partnerships with Oblast administrations, local self-government bodies, business membership organizations (including chambers of commerce, associations of business owners, community-based business clubs, industry associations, investment clubs), business support organizations, CSOs, vocational schools and universities, and community resource centers.

## 9. Sustainability

The project is based on the key principle of sustainability, through building capacities of IDPs and other conflict-affected persons so that they can not only acquire new professional knowledge and skills, but also benefit from the existing learning and partnership networks, increased confidence and ability to create successful business ideas. This multidimensional approach combining elements of training, mentorship and practice is best suited to improve the employability of conflict-affected women and men in eastern Ukraine and ensure their subsequent transition to unsubsidized jobs in the private sector.

The project will ensure that its achievements will continue after the end of the implementation period. This will be done through:

- elaboration of three new vocational education programmes for IDPs in automotive service and technology;
- provision of modern and comprehensive automotive service equipment to Luhansk CVET will allow the institution to continue the training of clients in compliance with the market needs and Ukrainian automotive and learning standards;
- capacity building of Luhansk CVET teaching staff will contribute to better knowledge and skills of future trainees;
- follow-up monitoring and mentorship of new businesses created by the participants of the capacity building programmes;
- provision of access to wider professional networks and new partnerships;
- organization of a comprehensive information and awareness raising campaign to promote entrepreneurship among the conflict-affected population;
- provision of subsequent financial support through grants to the most promising business ideas;
- collection of lessons learned and further recommendations for follow-up activities.

The impact assessment will also be a part of the project sustainability plan as a cross-sectional element to evaluate the outcomes and sustainability of its interventions. By gathering extensive information about its impact, the project will ensure the dissemination and promotion of the outcomes and best practices to a larger audience of donors and other stakeholders.

## 10. Risk mitigation measures

I: Low level of motivation of representatives of project's target groups to learn, participate and develop innovative business ideas and solutions.
---

Mitigation measures:
----------------------

- |  |
|--|
| <ul style="list-style-type: none"> <li>• Organization of an entrepreneurship promotion motivation campaign focusing on IDPs and other conflict-affected persons;</li> <li>• Assess the motivation of potential beneficiaries during the baseline survey;</li> <li>• Add a separate session on personal development to the agenda of training courses.</li> </ul> |
|--|

II: Poor involvement of vocational education institutions.
<p>Mitigation measures:</p> <ul style="list-style-type: none"> <li>• Conduct joint online sessions for representatives of project's key target groups, beneficiaries and stakeholders;</li> <li>• Ensure timely and accurate communication and information sharing with vocational education institutions (including information about the goals, plans and progress of the project);</li> </ul>
III: Significant escalation of the armed conflict in eastern Ukraine
<p>Mitigation measures:</p> <ul style="list-style-type: none"> <li>• Monitor security situation with UNDSS;</li> <li>• Discuss security situation with government counterparts and international partners to ensure the safety of project's staff;</li> <li>• Ensure that the project is implemented in areas where necessary security requirements are met.</li> </ul>
IV: Worsening of the economic situation in the region
<p>Mitigation measures:</p> <ul style="list-style-type: none"> <li>• Regular monitoring of the national currency exchange rate fluctuation;</li> <li>• Ensure the implementation of the best value for money principle.</li> </ul>

### 11. Time Plan

Time	Sub-activity 1	Sub-activity 2
January-July, 2020	<p>Develop an outline, curriculum and communication materials for the training courses;</p> <p>Develop agenda in line with goals of the training courses;</p>	Development of the curricula of three five-day training courses;
July-August, 2020	<p>Set the start and end dates for each event;</p> <p>Develop a pre-training baseline survey and follow-up monitoring tools to assess the achievement of the learning objectives and participants' satisfaction;</p>	Purchase of the necessary equipment;
August-December, 2020	<p>Conduct a pre-training baseline survey;</p> <p>Conduct five training courses on business development for IDPs and other conflict-affected persons in Luhansk Oblast;</p> <p>Support the development and detailed review of business plans from the</p>	<p>Conduct five five-day training on car diagnostics;</p> <p>Conduct five five-day training on tire mounting;</p> <p>Conduct five five-day training on nozzle cleaning;</p>

	participants of the training courses; Support training participants in gender analysis and integration of gender issues into their business plans;
December 2020-January, 2021	Conduct a follow-up assessment of 100% of project's beneficiaries;
February 2021	Reporting to the donor.

## 12. Budget

Description	Amounts in EUR (up to)
External experts / Consultant (Job Title)	
Individual Consultants on vocational skills development in the sphere of auto repairing and car servicing (curricula developers and trainers)	12,000
<b>Subtotal</b>	<b>12,000</b>
Transportation / Travel Costs	
Travel/transportation costs related to monitoring and oversight (according to UNDP rules and policies)	1,000
Accommodation (Reimbursement of participants' accommodation expenses)	14,000
<b>Subtotal</b>	<b>15,000</b>
Procurement of Goods	
Procurement of Equipment for Luhansk CVET needed for the trainings in the sphere of auto repair and car servicing	38,000
<b>Subtotal</b>	<b>38,000</b>
Training and conference costs	
Logistic support of trainings in Luhansk region: rent of premises, rent of equipment, supplies, catering and related expenses	112,000
Contractual company to output the trainings on entrepreneurial skills development	37,000
<b>Subtotal</b>	<b>149,000</b>
Visibility	
Training advertisement dissemination	3,190
Photo and video support	5,000
Production of short summarizing video clip about the training Programme	7,000

<b>Subtotal</b>	<b>15,190</b>
<b>Subtotal Implementation</b>	<b>229,190</b>
<b>Supporting cost / Administration costs (GMS (8%))</b>	<b>18,335</b>
<b>TOTAL Implementation</b>	<b>247,525</b>
UN RC Levy (1%)	2,475
<b>Grand Total</b>	<b>250,000</b>