

**ANNEX 1: PROJECT DOCUMENT****Ukraine**

**Project Title:** Supporting Entrepreneurship and Business Restoration and Development Among the Conflict-affected Population in Ukraine, Phase IV

**Project Number:**

**Implementing Partner:** Direct Implementation

**Start Date:** 26 September 2022

**End Date:** 31 December 2023

**PAC Meeting date:**

**Brief Description**

*The Project aims to foster economic revitalization of the war-affected and liberated areas of Ukraine and, specifically, stimulate employment and economic stabilization by providing assistance to MSME development through demand-driven business development services and professional skills training, access to finance and strengthening institutional and educational infrastructure needed for effective functioning of agricultural and non-agricultural sectors in the oblasts significantly affected by active fighting (Luhansk, Donetsk, Kharkiv, Sumy, Zaporizhzhia, Kherson, Mykolaiv, Chernihiv) and major transit hubs for internally displaced businesses and IDPs such as Dnipropetrovsk Oblast.*

*This Project is a logical continuation of the previous phases of the Action and will contribute to sustainable recovery of living conditions of the population affected by the war as a part of the broader economic recovery effort. The Project will be implemented under the Component 1 "Economic Recovery and Restoration of Critical Infrastructure" of the UN Recovery and Peacebuilding Programme (UN RPP).*

Contributing CPD Outcome 21 (UNDAF Outcome 1.1)

Indicative Output(s) with gender marker: **GEN2**

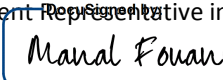
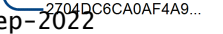
**Output 1:** Small-scale business startup and expansion is ensured through the provision of seed grants to war-affected women and men

**Output 2:** Improved access to digital information and business skills learning resources for women and men

**Output 3:** Support to reskilling of IDPs through State Employment Service and educational facilities in western and central Ukraine

<b>Total resources required:</b>	1,000,000 USD	
<b>Total resources allocated:</b>	<b>UNDP TRAC:</b>	
	<b>Donor:</b>	500,000 USD
	<b>Government:</b>	
	<b>In-Kind:</b>	
<b>Unfunded:</b>	500,000.00 USD	

Agreed by:

UNDP	Implementing Partner
Ms. Manal Fouani, UNDP Resident Representative in Ukraine a.i.  Date: 22-Sep-2022 	



## I. DEVELOPMENT CHALLENGE

The war in Ukraine has already resulted in significant loss of life, unprecedented displacement, internally and towards neighbouring countries, and devastating destruction of infrastructure. The security situation and the overall operational environment have deteriorated rapidly since the outbreak of war on 24 February 2022. The UN Ukraine Flash Appeal shows that at least 15.7 million people are in immediate need of emergency assistance and protection<sup>1</sup>.

According to the latest estimates, over 9.1 million people have already left Ukraine as refugees, and over 6.3 million moved within the country, mostly to the central and western oblasts<sup>2</sup>. Many of those displaced are women and children. They leave behind shattered landscapes: as of June 13, over 380 enterprises, 779 medical institutions, 1,371 educational institutions, 690 kindergartens, 2,962 commercial buildings, 36 religious and 527 cultural facilities have been damaged, destroyed or seized. The total amount of direct documented infrastructure damages is \$95.5 billion, while the overall economic losses from the war range from \$564 billion to \$600 billion<sup>3</sup>.

The war has also had a devastated impact on Ukraine's economy and people's livelihoods. Early UNDP projections suggest that if the war deepens and expands, up to 90 per cent of the population of Ukraine could be facing poverty and vulnerability to poverty by the end of 2022, and 30 per cent of the people are likely to require life-saving assistance<sup>4</sup>. The World Bank forecasts that Ukraine's economy is expected to shrink by 45.1 per cent in 2022. The exact magnitude of the contraction will depend on the duration and intensity of the war, and the levels of destruction of productive capacity, damage to arable lands, and labour supply<sup>5</sup>.

According to the ILO, over 4.8 million jobs have been lost since the start of the war, equal to 30 per cent of pre-conflict employment in Ukraine. This number might further increase to 7 million jobs as a result of the escalation of hostilities<sup>6</sup>. In addition, the FAO estimates that at least 20 per cent of Ukraine's winter crops – wheat, most notably – may not be harvested or planted this year, increasing the levels of food insecurity, especially among the most vulnerable<sup>7</sup>. Furthermore, the crisis has had a significant impact on the Ukrainian social protection system both in terms of increased expenditure and decreased revenue<sup>8</sup>. With the closure of social services, schools and kindergartens, women's share of care – for children, the elderly, relatives with disabilities, sick, or injured family members – has sharply risen, often combined with the necessity to earn their own income.

The UNDP analysis also suggests that development setbacks for Ukraine will be significant, including increased inequalities and poverty rates; the country's economy, its social fabric, and the environment will also suffer. 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<sup>9</sup>.

## EXPERIENCE OF POLISH-UKRAINIAN DEVELOPMENT COOPERATION

There is a wealth of development assistance experience within UNDP-led programmes and projects alone, including the UNDP Ukraine projects of economic and social rehabilitation of the Chernobyl-affected territories, financed by the Government of Poland. Thus, the "Mainstreaming environment in the local strategies in Chernobyl affected areas" (2012-2013), funded by the Government of the Republic of Poland, successfully supported the sustainable development of Chernobyl-affected territories through improved awareness, effective planning and managing of the

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<sup>1</sup> Ukraine Flash Appeal (March - August 2022), OCHA, <https://bit.ly/3xQj8YL>

<sup>2</sup> Ukraine Data Explorer, OCHA, <https://data.humdata.org/visualization/ukraine-humanitarian-operations/>

<sup>3</sup> Damages to Ukraine's Infrastructure, Kyiv School of Economics (13 June 2022), <https://kse.ua/russia-will-pay/>

<sup>4</sup> The Development Impact of the War in Ukraine: Initial projections, UNDP, <https://bit.ly/3xNBekW>

<sup>5</sup> Europe and Central Asia Economic Update, World Bank, <https://bit.ly/38hGkoO>

<sup>6</sup> The impact of the Ukraine crisis on the world of work: Initial assessments, ILO (11 May 2022), <https://bit.ly/3y9yGan>

<sup>7</sup> Closing the Gap on Agricultural Funding for Global Food Security, FAO, <https://bit.ly/3QAjkCp>

<sup>8</sup> The impact of the Ukraine crisis on the world of work: Initial assessments, ILO, <https://bit.ly/3c2IsIA>

<sup>9</sup> The Development Impact of the War in Ukraine: Initial projections, UNDP, <https://bit.ly/3xNBekW>

social and economic recovery of the area. Within another initiative on “Improving local capacity to promote and sustain entrepreneurship and SMEs development in Chernobyl-affected territories by transferring best practices and experience of using smart instruments for boosting business”, capacity-building of SMEs and micro-business development was implemented by UNDP in Ukraine in collaboration with the Polish Agency for Enterprise Development in 2014-2015. Overcoming stigma in Chernobyl-affected communities has been addressed and could be replicated to help IDPs start to take control of their lives and play an active role in finding durable solutions, as the displacement is likely to become long-term.

Using that experience, with development assistance from the Government of Poland, in 2015-2020, UNDP has implemented three Phases of a Project “Promoting Entrepreneurship Among the Conflict-Affected Population in Ukraine” aimed at sustainable recovery of living standards among the conflict-affected population by promoting entrepreneurship, supporting business skills development and providing grants for starting micro-enterprises and expanding business support services.

## PROMOTING ENTREPRENEURSHIP AMONG THE CONFLICT-AFFECTED POPULATION IN UKRAINE 2015-2020



Overall, the entrepreneurship support and self-employment promotion activities carried out in 2015-2020 have had a strong positive effect on the conflict-affected populations willing to start up, renew or expand their businesses. Given the benefits of the sustained partnership allowing for continuous support and development among the conflict-affected population, the Ministry of Foreign Affairs of the Republic of Poland and the UNDP in Ukraine have planned for Project Phase IV further described in this Project Document.

## II. STRATEGY

The Project is to contribute to CPD Outcome 21: By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labor market, access to decent jobs and economic opportunities

Economic revitalization is a critical component of stabilization and recovery in the war-affected areas. Along with strengthening local business capacity, enhancing demand-driven business development services and professional skills training, facilitating access to finance and strengthening institutional and educational infrastructure are among the main priorities to foster economic revitalization of the war-torn areas of Ukraine.

MSMEs are at the forefront of livelihood recovery in the war-affected areas; whether firms or individual entrepreneurs, local MSMEs are the engine of local growth and underpin effective recovery efforts by providing income-generating opportunities directly via employment and indirectly via demand for goods and services. Therefore, empowering entrepreneurs and creating jobs and other livelihood opportunities for the war-affected women and men – even while the war is still on-going – will support the recovery of living standards, contributing to economic rehabilitation of the war-torn areas and helping to improve the levels of economic security. The sooner local MSMEs step in as economic agents of community recovery the better are the prospects of achieving sustainable stabilization and recovery at the local level.

The experience gained during the previous phases of the Project, as well as the results of external evaluations, clearly show that the approach of addressing the needs of IDPs and other war-affected populations by giving them opportunities to recover and sustain their own businesses works well.

In order for fragile war-affected regions to recover and potentially achieve sustainable and scalable economic growth, similar, however modified based on the lessons learned, approach will be applied during the Project Phase IV to tackle major obstacles faced by MSMEs in Ukraine, including with regard to the access to finance, knowledge, education and training.

The Project will address critical employment and income-generation barriers identified among the population in the two main territorial areas:

- Areas directly affected by active fighting with limited logistical access, including for delivery of humanitarian aid (Area 1)
- Transit regions close to the frontline areas (Area 2)

### THEORY OF CHANGE

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

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

More jobs and economic opportunities for war-affected population require more favorable market conditions for micro, small and medium enterprise development. In addition, labor skills of women and men (including vulnerable groups) need to be better aligned with market needs.

A precondition for improved access to livelihoods and income generation opportunities for the war-affected population is the restoration quality educational and job search services. Further, it requires improved access to demand-driven business support services and financing.

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## III. RESULTS AND PARTNERSHIPS

### EXPECTED RESULTS

The expected results of the Project Phase IV are:

- At least 5 tailored online courses for entrepreneurs are developed and available on the online training platform;
- At least 43 relocated and local MSMEs launched or re-started their operations in the target areas;
- At least 90 new jobs will be created for IDPs and local war-affected populations;
- The capacity of at least 17 women-led MSMEs to produce and export goods and services is increased;
- At least 160 entrepreneurs will receive training and consulting services to support their business operations in the target areas under the war conditions;
- At least 100 people are reskilled through the VET training system to meet the demands of the local labour market.

## PROJECT ACTIVITIES

The Project has three inter-related activities:

- 1) Small-scale business startup and expansion is ensured through the provision of seed grants to war-affected women and men
- 2) Supporting access to information and business skills development
- 3) Support to reskilling of IDPs through State Employment Service and educational facilities in western and central Ukraine

### **Output 1: Small-scale business startup and expansion is ensured through the provision of seed grants to war-affected women and men**

One of the main reasons for people leaving the country apart from direct threat to their lives, is economic insecurity, i.e., a lack of employment opportunities and the overall economic stagnation. By restarting and revitalizing the economy in safer areas, the activity would contribute to slowing down the outflow of war-affected women and men from Ukraine to the neighbouring EU countries, and in particular to Poland.

Low-value business initiatives that can generate immediate or fast income for the war-affected population are planned to be supported. Given the restrictions for male Ukrainians to leave the country under the martial law, it is expected that women entrepreneurs will be playing a critical role in those undertakings which involve cross-border commercial activity. The grants programme will be complemented by remote advisory support on the legal, accounting and other operational issues relevant for supported MSMEs during the grant lifecycle.

#### **Activity 1.1**

The call for applications will be announced using the previously developed grant mechanism criteria, followed by the assessment of business plans developed and submitted by the potential entrepreneurs. Irrevocable small-scale financing (grants up to 10,000 USD targeted for specific purposes awarded to business plans selected on a competitive basis) will be provided to:

- MSMEs in Area 1 to restore assets and restart business operations related to producing essential goods and services or for the relocation of their businesses to Area 2
- startups and existing entrepreneurs in Area 2 to launch business initiatives related to addressing the immediate and time-critical needs of IDPs in their regions

It is envisaged that the business projects within this small grants programme will accommodate the following business activities:

- procurement of equipment, which is necessary to start production activities;
- procurement of tools to start providing services;
- hiring additional staff and expanding business;
- renting office or site for production/service provision;
- purchasing of inputs for production/services provision;
- purchasing of a franchise under a commercial concession (franchising) agreement with respective equipment;
- industry-specific training, etc.

The Mechanism of Grants for micro, small and medium-sized businesses/enterprises to start-up, re-start, or extend business activities is described in the Annex below.

### **Activity 1.2**

To contribute to the achievement of the endorsed UNDP's Gender Equality Strategy 2022-2025 goals, and to ensure women's equal participation in the economic recovery of war-affected regions, broadening female entrepreneurs' access to financial and non-financial business development resources should be enhanced. With the introduction of martial law, women entrepreneurs found themselves in more favourable conditions regarding export opportunities and economic cooperation, compared to men. They can cross the border, participate in the industry-specific meetings, fairs and events aimed at the search of new partners and customers and establishment of new business links. At the same time, the level of knowledge on exports has been and still remains quite low among the owners and managers of Ukrainian MSMEs. An export promotion consultancy and networking platform will be established for women to learn, share expertise and promote their businesses. The tool will be based on the [e-learning platform](#), which will then be used to distribute on a competitive basis small-scale financial support of up to \$6,000 to restore, relocate or expand export-oriented women-led business initiatives.

### **Activity 1.3**

Provision of remote and face-to-face training sessions and consultations to eligible beneficiaries during the grant lifecycle and MSME gestation period.

Consulting services will cover the following areas:

- Anti-crisis measures to sustain a business in Ukraine during the war
- MSME-specific legal issues (including registration, re-registration, obtaining permits, certificates, etc.)
- Accounting and taxation (including auditing, reporting, etc.)
- Marketing (including business and product promotion among customers, using social media, cooperation with media, entering new markets, etc.)

### **Output 2: Improved access to digital information and business skills learning resources for women and men**

Development and launch of online courses for active and potential entrepreneurs based on a dedicated [e-learning platform](#) developed and launched during the previous Phase of the Project supported by the government of Poland, is planned. At least one online course will be dedicated to specific issues and opportunities for female entrepreneurship in Ukraine since the beginning of the Russian invasion on 24 February 2022.

### **Activity 2.1**

This activity envisages provision of relevant information and delivery of online training on entrepreneurship for those who are running or willing to run a business. This capacity building support will be targeted to provide participants with knowledge and skills in crisis management, running a business in a war time, limitations and opportunities of the martial law, international fundraising, and other important topics to help get businesses through these challenging times and acute crisis while contributing to addressing the needs of the war-affected women and men.

### **Output 3: Support to reskilling of IDPs through State Employment Service and educational facilities in western and central Ukraine**

The identified skills mismatch exacerbated after the start of Russian invasion increases unemployment and affects competitiveness and attractiveness to employers among the vulnerable groups, meaning lost income generation opportunities and the pathway to further poverty growth. Resources should be invested in re-training with the assumption that achieved qualifications will yield positive results in terms of employment insertion or wages.

### **Activity 3.1**

The Project will provide support to the National State Employment Service (SES) and its branches in major transit hubs for internally displaced businesses and IDPs such as Dnipropetrovsk Oblast to enhance their ability to cope with the influx of unemployed IDPs and growing demand for temporary and permanent jobs. This activity will also cover the support to SES in Chernihiv, Sumy, and Kharkiv oblasts as well as the branches of SES relocated from Donetsk and Luhansk oblasts in their efforts to recruit workers for understaffed businesses that are struggling to resume their operations after the tremendous outflow of employees to other parts of the country and abroad.

### **Activity 3.2**

Addressing the urgent training needs of people who lost their jobs due to enterprise shutdown and to increase their attractiveness for other employers, reskilling programmes based on the capacities of vocational education training (VET) system and other training facilities will be delivered, which will help IDPs, returnees and members of host communities, especially women, to learn new skills appropriate to meet local labour market needs and to respond to the new employment challenges created by the war. These activities will focus on short-term training and will be coordinated with the key labour market actors, including employers.

#### **RESOURCES REQUIRED TO ACHIEVE THE 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 dedicated team of specialists from the supported local counterparts and project partners who will contribute to the project implementation process.

The project budget is estimated at USD 1,000,000, to be received in 2 tranches within 16 months of the project implementation period: the first tranche of funding (USD 500,000) within 1 month from the project start date and the second tranche (USD 500,000) no later than 6 months prior to the project end.

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.

#### ***Partnerships***

Based on its longstanding presence in the country, UNDP benefits from on-going cooperation with the Government of Ukraine at all levels, as well as a long-standing partnership with numerous networks of civil society organizations that can provide UNDP and development partners with well-established entry points and platforms to channel and scale up service provision on behalf of the Government and people of Ukraine.

The Project builds on solid foundations laid by the previous and current projects, including strong partnerships created by the Implementing Partner(s) at the national level with key line Ministries, and at the subnational level with Oblast authorities, territorial communities, civil society partners, private sector and other key stakeholders in the southern and eastern oblasts of Ukraine.

At the national level, the Project will maintain partnerships with and provide information on key results and achievements to the relevant representatives of:

- Ministry of Digital Transformation
- Ministry for Reintegration of the Temporarily Occupied Territories
- Ministry for Communities and Territories Development
- State Employment Service

These actors have already been engaged by UNDP over the course of the implementation of the joint Recovery and Peacebuilding Programme; as well as for the activities implemented under the previous projects starting from 2015. Capacity development and technical assistance to these institutional counterparts will be based on mutually agreed priorities for action and needs assessments that will provide the basis for the fine-tuning of activities included under the present Action. The counterparts will be represented at the Action's Steering Committee to ensure their continued strategic engagement and guidance to the Action's strategy especially considering the fluid operational context, uncertainties linked to the evolution of the military operations, and likelihood of new emerging needs being identified during the course of the implementation.

#### ***Risks and Assumptions***

##### **Assumptions**

The success of the Project will depend on the following assumptions:

- There is no further escalation and widening of the military hostilities across the country
- The number of destructive ad hoc missile attacks does not increase in other regions and municipalities considered as 'safe' now
- Local, regional and national public institutions are able to function effectively

- Local authorities and their partners are able to secure resources for their development initiatives
- There are no severe disruptions in power and internet supplies at local, regional or national levels
- 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

### **Risks**

The main risks to effective Project implementation are primarily related to the ongoing war in Ukraine and include:

- A capture by the Russian army of other territories of Ukraine
- An increased number of ad hoc missile attacks in other regions and municipalities considered as 'safe' now
- Increased population flows outside Ukraine and within the country leading to workforce shortages and loss of jobs
- Inability of national and local institutions to function effectively due to volatility in state financing and local budgets cuts, leaving no resources for development.
- Severe disruptions in power and internet supplies
  - Critical macroeconomic turbulence

### **Stakeholder Engagement**

At the subnational level, the Project will maintain partnerships with oblast authorities in the targeted regions. It will regularly inform them of the Project's achievements and will invite them to relevant Project events. At the local level, UNDP will work in partnership with:

- Local authorities
- CSOs, CBOs, NGOs, Citizens' (including women's and youth groups) groups including those representing women, youth, PWDs including ex-combatants and those injured as a result of the war, and vulnerable groups;
- Public councils;
- Local training centres;
- MSMEs;
- Business Membership Organizations, including Chambers of Commerce, associations of business owners, rotary clubs, community-based business clubs, industry associations, and investment clubs, at national and regional levels;
- Institutions/individuals involved in providing business training and business skills development.

These actors will be involved in Project activities taking a whole-of-community/whole-of-society approach whose cornerstone is the UNDP-tested model for community mobilization and engagement and aims at creating the precondition for inclusive and participatory recovery and development, including through Project implementation.

### **Target Groups**

The intended beneficiaries of the project are IDPs and members of hosting communities from Luhansk, Donetsk, Zaporizhzhia, Kherson, Kharkiv, Suomy, Chernihiv and Mykolaiv oblasts (GCA).

### **Digital Solutions**

The educational online platform "[Start a business](#)" created and developed under the Project supports entry-level businessmen and businesswomen who have only started exploring the basics of entrepreneurship, and helps those who already have businesses and are looking for useful advice for their expansion.

In informative videos up to one-and-a-half hours in length, successful entrepreneurs share their experiences of how to start a business, where to look for funding, how to attract investment, how a creative approach can multiply earnings, and how to safeguard business against crises.

The platform currently offers 23 interactive courses dedicated to different business areas such as the [creative industry](#), [hotel management](#), technology, [fabric](#), [ceramics](#), [food production](#), architecture, a separate course on how to launch a business and many others. Each course is split into short videos and populated with useful links to



government portals, laws, regulations, business incubators and other information and resources relevant to entrepreneurs.

Apart from educational videos, the platform hosts short motivational videos about entrepreneurs from eastern Ukraine supported by UNDP since 2015. These motivational videos were filmed as part of “Big stories of small businesses” entrepreneurship promotion campaign run by UNDP since 2016.

Experts of the SME Development Office, Ukraine Chamber of Commerce and Industry, the founder of the Petcube startup, the owner of the Smereka hotel complex in Donetsk Oblast, the brand creator of DevoHome hemp fabric, the co-owner of Donbascermics, the founders of the eco-snacks brand Fewchips, the co-founder of the advertising agency CF.Digital and their colleagues are [lecturers](#) for the platform.

The platform has a series of articles on fundraising, credit, crowdfunding, investment and grants mechanisms. It also has a database of existing educational platforms for entrepreneurs, business associations and the calendar of business events.

### ***Knowledge***

The Project will have a strong commitment to the generation and dissemination of knowledge in multiple dimensions.

The Project will generate different types of knowledge products to support the private sector capacity development interventions implemented within the Project framework. Most of the knowledge products will focus on the private sector engagement in skills development and/or include the element of success stories/best practices/case studies to support entrepreneurship advocacy. The knowledge products will mainly target IDPs and host communities in the conflict-affected regions of Ukraine, with some exceptions (analytical papers) targeting governmental institutions and development actors as their main audience.

The Project will develop the following knowledge products:

- Not less than 5 online video-courses for existing and/or potential entrepreneurs based on the developed training programmes.
- No less than 5 short videos featuring the real-life stories of people who had won the UNDP Business Grants Contest and became successful entrepreneurs.
- Briefing paper on the needs, challenges, and opportunities of doing (micro) business in the conflict-affected regions of Ukraine.
- Thematic leaflets and case studies/best practices to help maximize information outreach to the final beneficiaries.

The following tools will be used to create visibility for knowledge and lessons learned generated by the Project:

- Media advisories, press releases, interviews and media opportunities – to provide media coverage of key events, milestones and success stories;
- Public information materials, such as factsheets, posters and infographics;
- Press conferences and press statements by key stakeholders and institutional partners;
- UNDP Facebook and Twitter accounts;
- Banners and display boards;
- Photo brochures and video stories, and possibly Public Service Announcement when communicating key messages related to entrepreneurship advocacy.

### ***Sustainability and Scaling Up***

In a press briefing to mark 100 days from the outbreak of the war, the United Nations Crisis Coordinator for Ukraine underscored that this is not a typical humanitarian operation: Ukraine is a country with a functional government and systems. The role of the UN is not to replace this system, but to support the Government in assisting its people. A founding principle of the UNDP Resilience Building and Recovery Programme, and the accompanying area-based approach to its implementation, is the need to work with and through relevant authorities to respect national ownership, ensure sustainability, and establish a replicable model for target area working that will allow results to be scaled-up to other areas over the medium-term.

#### IV. PROJECT MANAGEMENT

A designated RPP Programme Manager, supervising dedicated programme component leads, will be responsible for the overall implementation of this Project.

**Project team leader** role will be performed by the RPP Senior Business Development Specialist, Economic Recovery and Restoration of Critical Infrastructure Component, who is responsible for day-to-day management of the Project including timely and efficient delivery of the Project technical, operational, financial and administrative outputs and substantive Project inputs specifically linked with the economic recovery and MSME development; regular outreach and coordination with the Project beneficiaries, coordination and quality assurance of expert inputs and products; regular coordination among Project partners to ensure coherence and complementarity.

**Project support** role will be performed by the RPP Programme Associate on Economic Recovery and Restoration of Critical Infrastructure who is responsible for performing administrative duties related to the implementation of the Project activities, assisting with organizing administrative processes for project needs and providing support to office maintenance, including administering the Project documentation and performing other finance related and administrative tasks.

##### **Dedicated Project Team**

National Business Development Specialist is responsible for implementation of activities aimed at fostering economic revitalization in south-eastern Ukraine and, specifically, stimulating employment and economic recovery by providing support and assistance to Micro, Small and Medium Enterprises.

National Entrepreneurship Promotion Specialist is responsible for the coordination, planning and management of the targeted motivation campaign for the promotion of entrepreneurship, training activities and digital solutions for MSMEs in target regions.

National Vocational Education Development Specialist is responsible for implementation of activities aimed at enhancing employability, development of links between labour market actors, and increase of skills training relevancy in the target regions.

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

Local Coordinator is responsible for day-to-day facilitation and support of activities linked to enhancing employment and income generating opportunities, creation enterprise and entrepreneurship development opportunities and strengthening of capacity of local authorities for creating employment and business opportunities.

The standard approach for all grants, procurements and financing agreements will be launched, managed and monitored by the RPP procurement unit directly with the support from the Country Office procurement unit. Monitoring will be facilitated by the RPP management services and UNDP Country Office. The Project deliverables will be monitored on an on-going basis and will be reported on a semi-annual and annual basis. Based on regular tracking of the Project's indicators included in the Results Framework, semi-annual and annual reporting will review the achievement of Project's outputs and will provide an analysis of the extent to which Project targets are being achieved, as well as summarize key lessons learnt and describe risks and constraints management. The Project Team Leader will be responsible for the reports preparation, and the RPP Programme Manager will bear responsibility for the timely submission and quality of the reporting.

## V. RESULTS FRAMEWORK

<b>Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:</b> CPD Outcome 21 (UNDAF Outcome 1.1) - By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labor market, access to decent jobs and economic opportunities							
<b>Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:</b> 8.6.1. Number of persons employed by SMEs, millions of persons Baseline (2016): 6.5; Target (2030): 10.5							
<b>Applicable Output(s) from the UNDP Strategic Plan:</b> 3.3 Risk informed and gender-responsive recovery solutions, including stabilization efforts and mine action, implemented at regional, national and sub-national levels. Signature Solution – Resilience: Supporting countries and communities in building resilience to diverse shocks and crises, including conflict, climate change, disasters and epidemics							
<b>Project title:</b> Supporting Entrepreneurship and Business Restoration and Development Among the Conflict-affected Population in Ukraine, Phase IV							
EXPECTED OUTPUTS	OUTPUT INDICATORS	BASELINE		TARGETS			DATA COLLECTION METHODS & RISKS
		Value	Year	2022	2023	TOTAL	
<b>Output 1: Small-scale business startup and expansion is ensured through the provision of seed grants to war-affected women and men</b>	<i>1.1. Number of new jobs and improved livelihood opportunities created for IDPs and members of host communities (disaggregated by sex and Oblast)</i>	725 (395 women )	2020	725 (395 women)	855 (455 women)	855 (455 women)	Project records. Monitoring visits. Grantees' and Grant Administrator's reports. No risks.
	<i>1.2. Number of women-led MSMEs with improved capacity to produce and export goods and services</i>	0	2021	5	12	17	Project records. Grantees' and Grant Administrator's reports. No risks.
	<i>1.3. Number of war-affected entrepreneurs with improved knowledge and skills on business development, marketing and taxation issues (disaggregated by sex and Oblast)</i>	1263 (728 women )	2020	1363 (778 women)	1423 (808 women)	1423 (808 women)	Projects records. Training and consultancy feedback forms and post-training survey and monitoring. No risks.
<b>Output 2: Improved access to digital information and business skills learning resources for war-affected women and men</b>	<i>2.1. Number of users, who received new entrepreneurial knowledge and skills through the online training platform</i>	1350 (540 women )	2021	1350 (540 women)	1850 (790 women)	1850 (790 women)	Automatically generated reports from the online training platform. No risks.
<b>Output 3: Support to reskilling of IDPs through State Employment Service and educational facilities in western and central Ukraine</b>	<i>2.2. Number of new training courses developed and available on the online training platform</i>	23	2022	23	28	28	Automatically generated reports from the online training platform. No risks.
	<i>3.1 Proportion of State Employment Service clients from the target oblasts, who are satisfied with the improved quality of services provided (disaggregated by sex and Oblast)</i>	0	2021	50%	70%	70%	Partners' records. Clients' feedback forms. No risks

## VI. MONITORING AND EVALUATION

The Project will be subject to UNDP's standard monitoring and evaluation procedures. Project monitoring will be based on a periodic assessment of the Project's progress, on the delivery of specified Project results and achievement of Project objectives. UNDP will rely on the established internal technical and financial monitoring systems to track progress towards expected results leveraging innovative tools and methodologies such as online beneficiary feedback where relevant and where capacity allows. Monitoring visits to the Project sites will be arranged should security situation allow to ensure verification of the progress achieved.

### Method and frequency

Annual monitoring and reporting will review the degree of achievement of Project's outputs and will provide an analysis of the extent to which outcomes are being achieved based on the indicators included in its Logical Framework, as well as key lessons learnt and risks and constraints management.

In accordance with UNDP's programming policies and procedures, the Project will be monitored through the following monitoring and evaluation plans and will be included in the scope of evaluation of the Recovery and Peacebuilding Programme.

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the Project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by Project management.		
<b>Monitor and Manage Risk</b>	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.		
<b>Learn</b>	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.		
<b>Annual Project Quality Assurance</b>	The quality of the Project will be assessed against UNDP's quality standards to identify Project strengths and weaknesses and to inform	Annually	Areas of strength and weakness will be reviewed by Project management and used to inform		

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	management decision making to improve the Project.		decisions to improve Project performance.		
<b>Review and Make Course Corrections</b>	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 Programme board and used to make course corrections.		
<b>Project Report</b>	A progress report will be presented to the Programme 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)			
<b>Project Review (Programme Board)</b>	The Project's governance mechanism (i.e., Programme 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 Programme 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.	At least annually	Any quality concerns or slower than expected progress should be discussed by the Programme board and management actions agreed to address the issues identified.		

Responsible parties

RPP Programme Manager and the IDRPB Team Lead will bear responsibility for the timely submission and quality of the annual monitoring and reporting

**Evaluation Plan**

<b>Evaluation Title</b>	<b>Partners (if joint)</b>	<b>Related Strategic Plan Output</b>	<b>UNSDCF/CPD Outcome</b>	<b>Planned Completion Date</b>	<b>Key Evaluation Stakeholders</b>	<b>Cost and Source of Funding</b>
Mid-Term Evaluation of Recovery and Peacebuilding Programme	UNWomen, FAO, UNFPA	3.3 Risk informed and gender-responsive recovery solutions, including stabilization efforts and mine action, implemented at regional, national and sub-national levels.	CPD Outcome 21 (UNDAF Outcome 1.1) - By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labor market, access to decent jobs and economic opportunities	TBC (September 2023)		
Final Evaluation of Recovery and Peacebuilding Programme	UNWomen, FAO, UNFPA	3.3 Risk informed and gender-responsive recovery solutions, including stabilization efforts and mine action, implemented at regional, national and sub-national levels.	CPD Outcome 21 (UNDAF Outcome 1.1) - By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labor market, access to decent jobs and economic opportunities	TBC		

**VII. MULTI-YEAR WORK PLAN**

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year, USD		Responsible party	PLANNED BUDGET			
		2022	2023		Budget Description	Amount, USD		
<b>Output 1: Small-scale business startup and expansion is ensured through the provision of seed grants to war-affected women and men</b>	Activity 1.1 Disbursement of seed grants for business startup and expansion	199 000,00	173 000,00	UNDP	72600 - Grants	320 000,00		
					72100 - Contractual Services - Companies	48 000,00		
					74200 - Audio Visual & Print Production Costs, Design, Translations, Promotional Materials	1 000,00		
	Activity 1.2 Broadening female entrepreneurs' access to financial and non-financial business development resources	71 950,00	81 700,00		75700 - Training Workshop & Conference	2 000,00		
					71600 - Travel	1 000,00		
					71300 - Individual Consultants	10 000,00		
	Activity 1.3 Provision of business training and consulting services	40 300,00	44 300,00		71400 - Contractual Services - Individuals	25 200,00		
					72600 - Grants	102 000,00		
					72100 - Contractual Services - Companies	15 300,00		
	<b>Sub-Total for Output 1</b>					<b>610 250,00</b>		
	<b>Output 2: Improved access to digital information and business skills learning resources for war-affected women and men</b>	Activity 2.1 Delivery of online training and information on entrepreneurship, including specific issues and opportunities for female business	19 350,00		46 350,00	UNDP	71400 - Contractual Services - Individuals	25 200,00
							74200 - Audio Visual & Print Production Costs, Design, Translations, Promotional Materials	25 000,00
							75700 - Training Workshop & Conference	15 000,00
71600 - Travel				500,00				
<b>Sub-Total for Output 2</b>					<b>65 700,00</b>			
<b>Output 3: Support to reskilling of IDPs through State Employment Service and educational facilities in western and central Ukraine</b>	Activity 3.1 Capacity building for State Employment Services	27 950,00	27 950,00	UNDP	71400 - Contractual Services - Individuals	25 200,00		
					72200 - Equipment and Furniture	20 000,00		
					75700 - Training Workshop & Conference	10 000,00		
	Activity 3.2 Re-skilling programs for IDPs and war-affected local population	29 900,00	29 900,00		71600 - Travel	700,00		
					71400 - Contractual Services – Individuals	36 000,00		
					75700 - Training Workshop & Conference	23 000,00		
<b>Sub-Total for Output 3</b>					<b>115 700,00</b>			
<b>Output 4: Management and Administration</b>	Project staff	21 300,00	21 300,00	UNDP	71400 - Contractual Services - Individuals	42 600,00		
	Project visibility	973,44	776,56		74200 - Audio Visual & Print Production Costs, Design, Translations, Promotional Materials	1 750,00		
	Office supplies and equipment	3 763,40			72200 - Equipment and Furniture	3 513,40		
	Project premises	5 292,00	12 708,00		72500 - Supplies	250,00		
	Security	18 270,38	64,62		73100 - Rental & Maintenance of premises	18 000,00		
	Travel and Transportation	1 950,00	1 950,00		63500 - Security related costs	18 335,00		
					71600 - Travel	700,00		
					72300 - Materials & Goods	1 700,00		
					73400 - Maintenance of vehicles	1 500,00		

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	Training and Conference Services	750,00	750,00		75700 - Training Workshop & Conference	1 500,00
	Direct Project Cost	17629,96	17629,98		74500 - Miscellaneous Expenses	8 136,91
	<b>Sub-Total for Output 4</b>				64300 - Staff Management Costs	27 123,03
<b>General Management Support 8%</b>		36 670,33	36 670,34	<b>UNDP</b>		
					75100 - Facilities & Administration	73 340,67
<b>Coordination levy 1%</b>		4 950,49	4 950,50			9 900,99
<b>TOTAL</b>		<b>500 000,00</b>	<b>500 000,00</b>			<b>1 000 000,00</b>



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## VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

This Project will be implemented under the Recovery and Peacebuilding Programme (RPP) of UNDP using Direct Implementation Modality (DIM).

Project implementation will be governed by provisions of the present Project Document, its annexes and UNDP Programme & Operations Policy & Procedures (POPP). Governance of the Project will be supported through annual work planning on the basis of the results framework. Annual work plans will be implemented upon their endorsement by the RPP Programme Board.

**The RPP board** is the governing body of the Project; it consists of participating donors, representatives of participating United Nations agencies and the representatives of the oblast administrations of the target areas. The board is responsible for governing the RPP, including approval of integrated work plans, monitoring, financial and performance reports.

**RPP's management team** reports directly to the board on delivery.

### RPP PROGRAMME BOARD

RPP Programme Board consists of three categories of formal members or voting members: **Programme Executive, Beneficiary Representative and Development Partner**. The role of every formal Programme Board member corresponds to one of these three roles and is identified accordingly in the programme documentation.

- 1) **Programme Director/Executive(s)**: This group represents the ownership and leadership of the RPP and thereby, holds ultimate responsibility for the programme, supported by the Development Partner and Beneficiary Representative. The Programme Executive in RPP Programme Board is UNDP.
- 2) **Beneficiary Representative(s)**: These are individuals representing the interests of those groups of stakeholders who will ultimately benefit from the Project. The Beneficiary Representative's primary function within the Board is to monitor and ensure that programme outputs are delivered satisfactorily from the perspective of programme beneficiaries. Accordingly, the Beneficiary Representative's role comprises representatives from the regional and local governments, relevant community representatives and other civil society institutions.
- 3) **Development Partner(s)**: This group represents the interests of those that provide funding and/or technical expertise to the programme (designing, developing, facilitating, procuring, and/or implementing) . The Development Partner's primary function within the Board is to provide guidance regarding the technical feasibility of the programme. Accordingly, the Development Partner role is represented by the RPP donors. The Development Partner role must have the authority to commit or acquire and/or mobilize additional resources for the programme, as agreed by the RPP.

**Other members of the Programme Board:** The membership of the RPP Board may evolve according to the needs of or changes in the programme. Membership to the Programme Board may be revised following a recommendation from a member of the RPP Board, and subsequent approval by the Chair and Co-Chair through consensus.

The two prominent (mandatory) roles of the RPP Programme Board are as follows:

- 1) **High-level oversight of the programme.** This is the primary function of the Programme Board. The Programme Board reviews evidence of programme performance based on monitoring, evaluation and reporting, including progress reports, monitoring missions' reports, evaluations, risk logs, quality assessments, and the combined delivery report. The Programme Board is the main body responsible for taking corrective actions as needed to ensure the programme achieves the desired results.
- 2) **Approval of key programme/project execution decisions.** The Programme Board has an equally important, secondary role in approving certain adjustments above provided tolerance levels, including substantive project revisions (major/minor amendments), budget revisions, requests for suspension or extension and other major changes (subject to additional funding partner/donor requirements).

*Specific responsibilities of the Programme Board include the following:*

- Provide overall guidance and direction to the programme, ensuring it remains within any specified constraints, and promote gender equality and social inclusion (LNOB) in the project implementation;
- Review programme/projects performance based on monitoring, evaluation and reporting, including standard quality assurance checks, progress reports, risk logs, spot checks/audit reports and the combined delivery report;
- Address any high-level programme issues as raised by the Programme Manager and Programme assurance;

- Provide guidance on emerging and/or pressing programme/project risks and agree on possible mitigation and management actions to address specific risks (including ensuring compliance with UNDP's Social and Environmental Standards, Fraud/corruption, Sexual Exploitation and Abuse and Sexual Harassment);
- Agree or decide on Programme Manager's tolerances as required, within the parameters set by UNDP and the donor, and provide direction and decisions for exceptional situations when the Programme Manager's tolerances are exceeded;
- Advise on major and minor amendments to the projects within the parameters set by UNDP and the donor;
- Agree or decide on a project suspension or cancellation, if required;
- Provide high-level direction and recommendations to the programme management unit to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Receive and address programme/project level grievance, including overseeing whatever specific compliance and stakeholder response (or grievance) mechanisms have been put in place so that individuals and communities potentially affected by the project have access to effective mechanisms and procedures for raising concerns about the social and environmental performance of the project.

The RPP Board meets on an annual basis. Other ad-hoc meetings may be organised at the request of the Chair and/or Co-Chair of the Board. Senior representatives of the Programme Executive, Beneficiary Representative and the Development Partner must attend the meeting. Relevant Programme/Project documents are sent to each Board members at least one week prior to the meeting.

In the crisis circumstances the RPP Board can be called upon on ad hoc basis with 3 days notice and minimum representation of one voting member from each of three formal groups, and can be convened virtually or through exchange of emails.

Unless otherwise specified, Programme Board decisions are made by unanimous consensus. If a consensus cannot be reached within the Board, the final decision shall rest with the UNDP representative on the Programme Board or a UNDP staff member with delegated authority as the programme manager. All decisions in between meetings can be agreed upon through exchange of emails or formal letters.

The output of every Programme Meeting will be a written record (minutes) that captures the agenda and issues discussed and the agreed upon action items and decisions. Each report will clearly document the members attending the meeting (as well as all participants in the meeting) and the modality used to agree on a certain action or decision (no-objection mechanism for meetings in person or virtual meetings and the e-mail approval for the crisis situations). The responsibility for minutes taking is assigned by the RPP Manager/Team Leader to a responsible UNDP Officer. The final draft of the minutes of RPP Board meetings is reviewed, approved and signed by the Chair and Co-Chair of the RPP Board. All records of board meetings will be documented and kept by UNDP in their quality assurance function

#### **PROGRAMME ASSURANCE**

UNDP holds primary responsibility for the programme assurance role, as it supports the Programme Board by carrying out objective and independent programme oversight, monitoring and coordination functions, throughout the duration of the Project. This role ensures that:

- (1) the programme is consistent with the UN policies and procedures,
- (2) appropriate programme components are managed and completed,
- (3) emerging and/or relevant needs are addressed, and
- (4) any changes, challenges and/or risks that affects the validity of the programme are addressed.

Programme assurance is the responsibility of each Programme Board member; however, UNDP has a distinct assurance role for all UNDP projects in carrying out objective and independent project oversight and monitoring functions. UNDP performs quality assurance and supports the Programme Board and Project Management Unit by carrying out objective and independent project oversight and monitoring functions, including applying UNDP's social

and environmental management system to ensure the SES are applied through the project cycle. Programme assurance is totally independent of programme execution.

A designated representative of UNDP playing the project assurance role will attend all Programme Board meetings and support board processes as a non-voting representative.

The UNDP representative playing the main project assurance function are: UNDP Team Lead, Programme Analyst. M&E Specialist.

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#### **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 18.06.1993. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by UNDP in Ukraine ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures. The UNDP financial governance provides the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.

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#### **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, that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Project Document are used for money laundering activities. The United Nations Security Council Consolidated Sanctions List can be accessed via <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>. 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 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. 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. Each responsible party, subcontractor and sub-recipient (each a "sub-party" and together "sub-parties") acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the sub-parties, and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
  - (a) In the implementation of the activities under this Project Document, each sub-party shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").
  - (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, each sub-party, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.
- d. In the performance of the activities under this Project Document, each sub-party shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, sub-parties will and will require that their respective sub-parties will take all appropriate measures to:
  - (i) Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
  - (ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where sub-parties have not put in place its own training regarding the prevention of SH and SEA, sub-parties may use the training material available at UNDP;
  - (iii) Report and monitor allegations of SH and SEA of which any of the sub-parties have been informed or have otherwise become aware, and status thereof;
  - (iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
  - (v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. Each sub-party shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the relevant sub-party shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.
- e. Each sub-party shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the relevant sub-party to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.
- f. Each responsible party, subcontractor and sub-recipient will ensure that any project activities undertaken by them will be implemented in a manner consistent with the UNDP Social and Environmental Standards and shall ensure that any incidents or issues of non-compliance shall be reported to UNDP in accordance with UNDP Social and Environmental Standards.
- g. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud, corruption or other financial irregularities, 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, anti-fraud and anti money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.

- h. 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 (b) UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy; and (c) 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](http://www.undp.org).
- i. In the event that 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 the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- j. 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, corruption other financial irregularities 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 inform 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.
- k. *Choose one of the three following options:*  
*Option 1:* UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption, other financial irregularities 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.
- l. 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.
- m. 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 relevant 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.
- n. 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**

### **THE MECHANISM OF GRANTS FOR SMALL AND MEDIUM-SIZED BUSINESSES/ENTERPRISES TO START-UP, RE-START, OR EXTEND BUSINESS ACTIVITIES**

The grant mechanism is a flexible element of the Project. The grants mechanism is designed to complement the entrepreneurship promotion efforts and skills development among IDPs and to support sustainability of the Project interventions beyond the Project scope/timeframe.

**Scope of the grant mechanism:** It is planned to support low cost business initiatives and undertakings that can generate immediate or fast income for the IDPs and local population of the war-affected oblasts. The grants to start-up, relocate, re-start, or extend business activities will be provided for production, service and trading businesses. Grant support to agricultural producers and farms might include funding to procure farming equipment, tools, technical assistance, and food processing unit, etc. Support for service-oriented entrepreneurial initiatives might include such activities as car repair workshops, bakeries, computer repair, Internet services, electric and carpentry workshops, thermal modernization services, etc. Support for manufacturing may include production of household goods, small equipment, textiles, non-carbon fuel, etc. The amount of grant funding available for an individual application will be from \$6,000 to US \$10,000.

**Eligibility / Applications for grants:** *Applications will be invited from the IDPs who reside in the targeted oblasts and local community members from the government-controlled areas of the targeted oblasts.*

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Business initiatives (whether start-up, or business renewal, or expansion) supported through the Grants Mechanism shall match with the following criteria:

- Demonstrate reasonable profit potential and have feasible market indicators;
- Provide a minimum of 25% co-financing of the total expenses on business establishment, including non-cash contribution in the form of equipment, premises or works on premises arrangement;
- Submit Business plan that may be adjusted as a result of trainings and consultations.

Applications from women, people with disabilities, ex-combatants, and people living along the contact line, as well as the applications for the support of social entrepreneurship initiatives will be particularly welcome.

Applications may be made solely or jointly. Grant applications shall have a total budget from \$6,000 to \$10,000 and to be implemented within 4-6 months.

**Administering of the grants:** A reputable NGO will be engaged to administer the grants mechanism. This entity (non-governmental, public, charitable, non-profit, for-profit) will support development, announcement and management of the Call for applications; will arrange review and evaluation of applications (business plans), sign grant agreements with beneficiaries and transfer financing; will monitor implementation of grant projects by beneficiaries, etc.

A call for applications for funding will be widely advertised through the national, regional and local online and offline media channels, as well as via the Project partners (local authorities, NGOs, CSOs and available business support infrastructure).

*Informational events (one-day orientation sessions) will be held for potential applicants organized in the targeted oblasts.*

**Selection process:** *A detailed methodology for receiving, registering, reviewing/evaluating business proposals from IDPs and representatives of local communities established during the previous Phases will be applied.*

*Review and evaluation of the applications (business plans) will be organized, allowing applicants to present and defend their business projects. The Selection Committee will be formed by the representatives of UNDP project, grants mechanism managing entity, independent experts in specific thematic area, specialists of the state employment service, relevant local authorities.*

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**Selection criteria:** Specific selection criteria for the funding will be defined during the project implementation. The selection criteria will be committed to fairness, transparency and effective competition for the utilization of the grant funding available. The applications (business plans) will be evaluated in complex to assess their viability. The following criteria will be used at minimum to select funding applications to be supported: 1) clear approach to generate revenue (described business activity is clearly defined, forecast revenues exceed estimated expenses); 2) marketing

considerations provided (targeted customers and their needs, supply/sales channels, etc., duplication of existing business, etc.); 3) sustainability and value for money (preference for low cost initiatives /solutions that are replicable and scalable); 4) support to accountability and oversight (preference will be given to applications which allow easy monitoring and improving, if need be, of their business performance).

**Reporting and monitoring:** Monitoring and oversight of the grants funding utilization will be executed by the grants administering entity and UNDP Project personnel. The grant receiving individual(s) shall submit financial reports and supporting documents on the fund's utilization.