



**United Nations Development Programme
Country: Ukraine
Project Document**

Project Title	Support to the Social Sector Reform in Ukraine
UNDAF Outcome(s):	Improved access to and utilization of quality health, education and social services
Expected CP Outcome(s):	Improved access to and utilization of quality health, education and social services
Expected Output(s):	National authorities at all levels supported in developing and implementing evidence-based policies for the social inclusion of vulnerable groups
Implementing Partner:	Ministry of Social Policy of Ukraine
Responsible Parties:	Ministry of Social Policy of Ukraine

Brief Description

The overall objective of the project is to support the Government of Ukraine and the Ministry of Social Policy of Ukraine in accelerating the implementation of the reforms in social policy and achieving Ukraine's short- and mid-term social and economic development goals. The project is expected to be implemented in two phases:

- The first phase will provide high-level advisory support to the Ministry of Social Policy for the revision and/or elaboration of the necessary legislative documents and strategies in key areas of the social sector reform, namely pension reform, social security, social assistance and social services, and will enhance the capacity of the Ministry of Social Policy for the successful implementation of the social sector reforms. This phase will be implemented during the period of second half of 2011 till early 2012.
- The second phase will include implementation of a demonstration project in selected regions of Ukraine. The demonstration project will include diversification and expansion of the menu of social services with focus on introduction of social patronage and social assistants which are at huge demand on community level, elaboration of standards for social services, introduction of quality assurance system for social services delivery and developing the market of social service delivery at the community level. This phase will be implemented during the period of 2012-2013.

Programme Period:	2011 - 2015	2011 AWP budget:	USD 160,000
Key Result Area (Strategic Plan):	Reducing Poverty and MDGs	Total resources required:	USD 4,560,000
Atlas Award ID:	_____	Total allocated resources:	_____
Start date:	15 August 2011	Regular UNDP:	USD 160,000
End Date:	31 December 2013	Other:	_____
PAC Meeting Date:	5 August 2011	Government:	USD 4,400,000
Management Arrangements:	NIM	(Ministry of Social Policy of Ukraine)	



Agreed by Ministry of Social Policy of Ukraine: _____

Agreed by UNDP: _____

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11 AUGUST 2011

I. SITUATION ANALYSIS

During Ukraine's nearly two decades of market economic transformation, the social sector has been only partially reformed. To a considerable extent, it still preserves Soviet characteristics, such as maximum social assistance coverage of the population, many but very small payments, little correlation between payments and needs, public funding unrelated to delivered services, and many unjustified expenditures.

As a consequence, three shortcomings plague the Ukrainian social sector. First, social expenditures as a whole are far too large for a country at Ukraine's level of economic development. In particular, it has the highest public pension expenditures in the world as a share of GDP, around 18 percent, a share almost twice as high as in the European Union. Second, the social services are not very efficient, and the population is greatly dissatisfied with the scope and quality of the services delivered. Third, much of the social assistance is being given to people who are not in great need, while those really suffering are not receiving adequate social support.

For many reasons Ukraine has undertaken only minimum social reforms. Social reforms are always large and complex, involving large bureaucracies and many employees. Frequent elections have prevented the government from taking and implementing necessary but unpopular decisions. However, Ukraine cannot afford neglecting social reforms any longer. Both demographic and economic forecasts show that further delays will inevitably aggravate current problems. In addition, social reforms, as a rule, bring visible positive results relatively soon, such as greater social justice, better living standards, easier access to and better quality of social services, which increase the population's trust in the authorities.

In June 2010, the Committee for Economic Reforms, formed by the President of Ukraine, formulated an Economic Reform Programme for Ukraine for 2010–2014 called 'Prosperous Society, Competitive Economy and Efficient Government' covering 18 strategic areas in five sectors: (i) creating preconditions for economic growth; (ii) formation of the most favourable business environment; (iii) modernization of infrastructure and key sectors; (iv) development of human and social capital; and (v) improvement of efficiency of public administration.

Following on the adoption of the Economic Reform Programme, the Cabinet of Ministers of Ukraine and the Ministry of Social Policy of Ukraine formulated the priorities in reforming the social sector, namely: (i) pension system; (ii) legalization of employment and wages; (iii) employment and unemployment issues; (iv) social security system; (v) social assistance and social services system; (vi) migration issues; and (vii) gender policy issues.

Upon request of the Government, in May 2011, UNDP supported the organization of a study tour to Bulgaria for representatives of the Ministry of Social Policy of Ukraine and Committee for Economic Reforms under the leadership of the Vice Prime Minister and Minister of Social Policy of Ukraine to study the Bulgarian experience in reforming the pension system, legalization of employment and wages, as well as in introducing decentralized delivery of social services. As a follow up to the study tour, UNDP supported a visit of the former Vice Prime Minister of Bulgaria and Minister for Labour and Social Policy of Bulgaria, to Ukraine to provide face-to-face advisory services to the Vice Prime Minister, the staff of the Ministry of Social Policy of Ukraine and the Committee for Economic Reforms on a number of issues related to the on-going administrative reforms in social sector. The visit resulted in the elaboration of a strategic paper with specific recommendations on the process of reforming the social sector. This paper and the follow-up consultations with the Ministry of Social Policy have become the background for the proposed project strategy.

II. STRATEGY

The overall objective of the project is to support the Government of Ukraine and the Ministry of Social Policy of Ukraine in accelerating the implementation of the reforms in the social sector and achieving Ukraine's short- and mid-term social and economic development goals. The project is expected to be implemented in two phases:

- The first phase includes review of the draft legislation, functional analysis and support to the introduction of the necessary changes in the legislative and administrative framework. More

specifically, the first phase will include support to drafting new legislation or amendment of the existing in order to enable the administrative changes in the social sector. Advisory support will be provided in regard to the introduction of the Second pillar of the pension system and proposals for further reforming of the pension system will be elaborated. Support to reforming the social security and assistance systems including elaboration of new administrative structures to reflect the new functions will be provided. The project will pay a special attention to gender inequalities and ensure the formulation of gender-sensitive public policies in the area of social security, pension reform and social services. This phase will be implemented during the period of second half of 2011 till early 2012.

- The second phase includes support to the implementation of the reforms in the area of social services delivery, including introduction of decentralised social service delivery system, elaboration of quality standards for social services, diversification and expansion of the menu of social services with focus on social patronage and social assistants, introduction of quality assurance system for social services delivery and developing the market of social service delivery at community level. The second phase will also include demonstration of various modalities of social service delivery in selected regions in Ukraine. This phase will be implemented during the period of 2012-2013.

The first phase of the project will provide high-level advisory support to the Ministry of Social Policy of Ukraine for the revision and/or elaboration of the necessary legislative documents and strategies in key areas of the social sector reform, and to enhance the capacity of the Ministry of Social Policy to proceed with the successful implementation of the social sector reforms. Teams of highly-qualified international and national experts will be created to work closely with the respective staff of the Ministry of Social Policy to review and prepare draft legislation and elaborate strategic or tactical solutions to implement the administrative reforms in social sector.

– **Lead Social Policy Advisor** will be contracted to enhance the overall capacity of the Ministry of Social Policy to successfully proceed with the reforms in social sector through provision of high-level advisory services. The advisor will support the revision and/or elaboration of the necessary legislative documents and strategies in key strategic areas of the social sector reform. The Advisor will also support the work of international and national experts.

– **Team of Experts on Social Security System** will be responsible for supporting the process of reforming the of social security system, namely consolidation of the four social security funds and elaboration of a new model of social security system in Ukraine. This will include review of the draft legislative documents, functional analysis, defining new functions and respective administrative structure. The experts will also support the elaboration of internal organizational regulations, drafting job descriptions to reflect the new scope of work and responsibilities of the staff, modernization and optimization of social security service provision, as well as increasing the efficiency of the state social security system. Furthermore, the experts will provide strategic advice and develop recommendations regarding establishment of a register of the socially insured persons as an informational and analytical base of social security system. The experts will also provide advice for the design and establishment of informational management system, incl. finance and human resource management modules.

– **Team of Experts on Pension System** will be responsible for provision of advisory support in the area of mandatory pension security. The experts will support the elaboration of new legislation concerning introduction of the second pillar of the pension system. Recommendations will be provided in regard to: a) administering the funds of the second pillar, incl. description of the main technical and financial components; b) determining approximately the date of introduction of the second pillar; c) introduction of mechanisms of state guarantees for the payers' money deposited in the second pillar, incl. protection from inflation and possible economic crises in the future; d) basic requirements for investments approaches that will lead to mitigation of the possible risks when making investments. The experts will also provide strategic advice and develop recommendations regarding the further reform of the pension system, in particular unification of the pension schemes for all employees; reduction of benefits for early retirement and the respective pension security; improvement of the appointment and pensions indexation methodology and procedures; redistribution of the flat rate mandatory state social security contribution from employer to employee; implementation mechanism for introduction of mandatory pension security i. e. second pillar of the pension system.

– **Team of Experts on Social Assistance and Social Services System** will be responsible for provision of strategic advice and development of a concept on the reform of social assistance and services system including identification of strategic objectives and mandatory functions; conduction of functional analysis and proposal of options for organizational restructuring operational plan. Support to drafting of a Law on Social Assistance will be provided. The legislative framework of the social assistance system will include a) administrative structures at the national, regional and local levels and their respective functions; b) types of social assistance benefits; c) menu of social services; d) defining the eligible social service providers (state, private and non-governmental) and possible contract modalities.

The experts will support the Ministry with identification of staff requirements, related competences, and job descriptions at all organizational levels. The financial mechanism of social services delivery will be closely reviewed and the respective changes to meet the new demands of the reformed system will be suggested. The expert support will also include recommendations for the establishment of a national information system with database of available social assistance and social services for the population. The suggested reforms should be guided by the Ministry's vision that the social services should become one of the pillars of the social protection system and their delivery should reach the European standards and norms.

Finally, the experts will be responsible for the development of a demonstration project which will introduce the decentralised social services delivery system in selected regions in Ukraine with the aim to provide better quality care and services.

– **A National Advisor** will be hired to support the work of the Lead Social Policy Advisor and the teams including preparation of information materials, provision of consultations on the legislation of Ukraine, coordination of interactions with the staff of the Ministry of Social Policy of Ukraine.

The teams of experts will be supported by **short-term international consultants** that will be recruited to perform ad-hoc and/or very specific tasks identified during the project implementation.

The second phase will include implementation of a demonstration project in selected regions of Ukraine. The demonstration project will include modernization of the system of social services, its administration and financing, diversification and expansion of the menu of social services with focus on improvement of social patronage and social assistants which are at high demand at community level. The project will also develop and test a system for assessment of individual needs at local level and planning of social services. The main target beneficiaries will include single elderly people living in remote areas, people with disabilities and socially vulnerable people.

The project will explore the possibility of integration of services provided by oblast and rayon social protection authorities that are responsible for social assistance and services and employment centres through applying an innovative approach for sustainable job generation for unemployed at pre-retirement age through the provision of services to single elderly, people with disabilities and socially vulnerable people. The unemployed people will be trained to work as social assistants and social workers at the social patronage. This approach is justified by the fact that there is a need for services provision while the supply is limited. The unemployed at pre-retirement age could easily be trained to deliver such services in exchange of new employment opportunities. Among them there are also people whose educational and professional background is adequate to the provision of educational and health services to vulnerable groups.

The project will develop national standards for the provision of community-based social patronage and social assistant services. The respective quality assurance system for the provision of social services, incl. monitoring and control over the quality of social services, will be developed and introduced.

The project will increase the capacities of the state, oblast and rayon social assistance services to finance and manage social services delivery in close cooperation and coordination with NGOs and other independent service providers.

III. RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country Programme Results and Resource Framework: <u>Improved access to and utilization of quality health, education and social services</u></p> <p>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: # of communities with improved access to health and social services. 750 communities. Add 600 communities</p> <p>Applicable Key Result Area (from 2008-13 Strategic Plan): Poverty eradication and achievement of internationally agreed development goals, including the MDGs Partnership Strategy</p> <p>Project title and ID (ATLAS Award ID):</p>				
INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Output 1: High-level advisory support for the social sector reform provided and capacity of the Ministry of Social Policy strengthened. Baseline: The reforms of the social sector although announced and declared have not been launched due to lack of capacity within the MSP to elaborate and implement them. Indicator 1: Number of legislative documents developed or amended Indicator 2: Number of strategic papers with recommendations prepared</p>	<p>Target 1: 5 legislative documents developed or revised Target 2: 2 strategic papers with recommendations prepared</p>	<p>Activity 1. Provision of Lead Social Policy Advisory Services - Consultancy fee (45 working days) - Travel (3 trips to Ukraine) Activity 2. Provision of Advisory Services on Social Security System - Consultancy fee (35 working days) - Travel (4 trips to Ukraine) Activity 3. Provision of Advisory Services on Pension System - Consultancy fee (35 working days) - Travel (4 trips to Ukraine) Activity 4. Provision of Advisory Services on Social Assistance and Social Services System - Consultancy fee (25 working days) - Travel (3 trips to Ukraine) Activity 5. Provision of Advisory Services on National Legislation (30 working days) Activity 6. Provision of Short-term International Consultancy Services Activity 7. Translation / Interpretation Services Activity 8. Project Management</p>	<p>Ministry of Social Policy</p>	<p>International consultants, national consultant, translation/interpretation, project staff USD 160,000.00</p>
<p>Output 2: The reform of the social services in Ukraine is supported. Baseline: The provision of social services is not very efficient, and the population is greatly dissatisfied with the scope and quality of the services delivered. Indicators: to be identified during the first</p>	<p>Targets: to be identified during the first phase</p>	<p>(<i>Indicative, to be elaborated during the first phase</i>) Activity 1. Development and demonstration of innovative models of community-based services in three selected regions. Activity 2. Revision and development of standards of social patronage and social assistant of social services</p>	<p>Ministry of Social Policy</p>	<p>USD 4,400,000.00 - project management - \$250,000 - public awareness - \$200,000 - needs assessment and baseline survey - \$150,000 - development of national standards -</p>

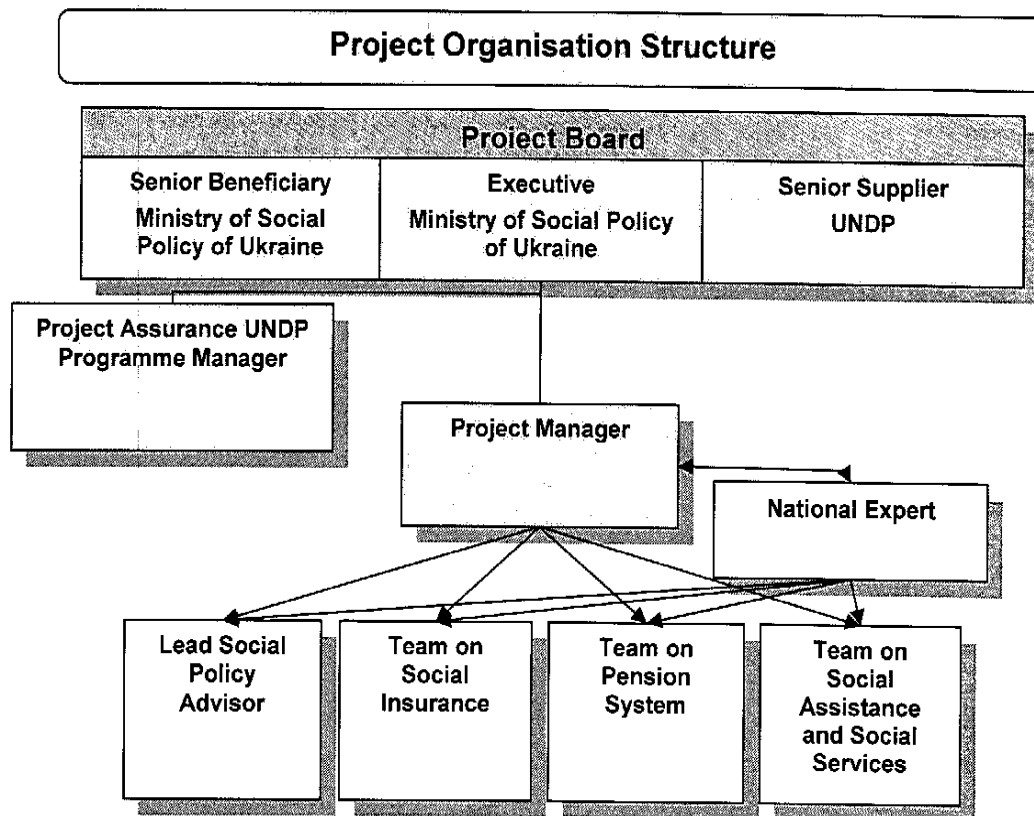
<p>Phase</p>		<p>Activity 3. Revision of the financing mechanism for service delivery; Activity 4. Development of a market for community-based social services delivery; Activity 5. Development and introduction of the quality assurance system of social services delivery; Activity 6. Development of capacities of state, oblast, rayon social services, NGOs and social workers to provide better quality services based on the needs.</p>		<p>\$200,000 - development of monitoring system - \$100,000 - development of financial mechanism - \$150,000 - trainings for territorial social centres - \$100,000 - trainings for service providers - \$150,000 - social service delivery - \$3,000,000 ▪ 3 oblasts, app. 20 rayons per oblast, app. 10 service providers per rayon, 12 months, 2 years, minimum wage per social provider.</p>
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IV. ANNUAL WORK PLAN

Year: 2011

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 1: High-level advisory support for the social sector reform provided and capacity of the Ministry of Social Policy strengthened.	Activity 1. Provision of Lead Social Policy Advisory Services - Consultancy fee (45 working days) - Travel (3 trips to Ukraine)			X	X	Ministry of Social Policy	04000	71 200	39,500.00
Baseline: The reforms of the social sector although announced and declared have not been launched due to lack of capacity within the MSP to elaborate and implement them.	Activity 2. Provision of Advisory Services on Social Security System - Consultancy fee (35 working days) - Travel (4 trips to Ukraine)			X	X	Ministry of Social Policy	04000	71 200	30,000.00
Indicator 1: Number of legislative documents developed or amended	Activity 3. Provision of Advisory Services on Pension System - Consultancy fee (35 working days) - Travel (4 trips to Ukraine)			X	X	Ministry of Social Policy	04000	71 200	30,000.00
Indicator 2: Number of strategic papers with recommendations prepared	Activity 4. Provision of Advisory Services on Social Assistance and Social Services System - Consultancy fee (25 working days) - Travel (3 trips to Ukraine)			X	X	Ministry of Social Policy	04000	71 200	23,500.00
Target 1: 5 legislative documents developed or revised	Activity 5. Provision of Advisory Services on National Legislation - Travel (3 trips to Ukraine)			X	X	Ministry of Social Policy	04000	71 300	6,000.00
Target 2: 2 strategic papers with recommendations prepared	Activity 6. Provision of Short-term International Consultancy Services Activity 7. Translation / Interpretation Services			X	X	Ministry of Social Policy	04000	71 200	11,000.00
	Activity 8. Project Management			X	X	Ministry of Social Policy	04000	74 200	12,000.00
TOTAL								71 400	8,000.00
									160,000.00

V. MANAGEMENT ARRANGEMENTS



Note: Project Organisation Structure for First Phase

Implementing Partner. The Ministry of Social Policy of Ukraine will be an Implementing Partner. The Ministry of Social Policy of Ukraine makes an ideal partner as it is the leading institution within the Government of Ukraine which is responsible for formulation and implementation of social policies and reforms.

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

This group contains three roles:

- Executive representing the project ownership to chair the group. For this project, the Ministry of Social Policy of Ukraine will assume the role of Project Board Executive.
- Senior Supplier role to provide guidance regarding the technical feasibility of the project. This role will be assumed by UNDP.
- Senior Beneficiary role to ensure the realization of project benefits from the perspective of project beneficiaries. This role will be assumed by the Ministry of Social Policy of Ukraine.

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

Project Assurance. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures

appropriate project management milestones are managed and completed. This role will be performed by a UNDP Ukraine Programme Officer.

Project Manager. The Project Manager has the authority to run the Project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Project Board. The Project Manager is responsible for day-to-day management and decision-making for the Project. The Project Manager's prime responsibility is to ensure that the Project produces the results specified in the Project document, to the required standard of quality and within the specified constraints of time and cost.

VI. MONITORING FRAMEWORK AND EVALUATION

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

Within the annual cycle

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

Annually

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

Quality Management for Project Activity Results

OUTPUT 1: High-level advisory support for the social sector reform provided and capacity of the Ministry of Social Policy strengthened		
Activity Result 1 (Atlas Activity ID)	<i>Advisory Services</i>	Start Date: 2011 End Date: 2012
Purpose	<i>Provision of high-level advisory support to the Ministry of Social Policy of Ukraine for the revision and/or elaboration of the necessary legislative documents and strategies in key areas of the social sector reform.</i>	
Description	<i>The project includes review of the draft legislation, functional analysis and support to the introduction of the necessary changes in the legislative and administrative framework. More specifically, the project will include support to drafting new legislation or amendment of the existing in order to enable the administrative changes in the social sector. Advisory support will be provided in regard to the introduction of the Second pillar of the pension system and proposals for further reforming of the pension system will be elaborated. Support to reforming the social security and assistance systems including elaboration of new administrative structures to reflect the new functions will be provided.</i>	
Quality Criteria	Quality Method	Date of Assessment
Feedback from the Ministry of Social Policy staff	Interviews with the staff of the Ministry after completion of each advisor assignment	Regularly, after completion of each advisor assignment

OUTPUT 2: The reform of the social services in Ukraine is supported		
Activity Result 1 (Atlas Activity ID)	<i>Social Services Reform</i>	Start Date: 2012 End Date: 2013
Purpose	<i>Implementation of a demonstration project on the social services in Ukraine in selected regions of Ukraine.</i>	
Description	<i>The project covers support to the implementation of the reforms in the area of social services, including introduction of decentralised social service system, elaboration of standards for social services, diversification and expansion of the menu of social services with focus on social patronage and social assistants, introduction of quality assurance system for the social services delivery and developing the market of social service delivery at the community level. The second phase will also include demonstration of various modalities of social service delivery in the selected regions in Ukraine.</i>	
Quality Criteria	Quality Method	Date of Assessment
To be elaborated during the first phase	To be elaborated during the first phase	To be elaborated during the first phase

VII. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) 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;

b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

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 this agreement.

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

Risk Analysis

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Political instability, possible changes in the Government, not finalized administrative reform	August 2011	Political	The incomplete administrative reform, political instability, and possible changes within the executive authorities may lead to low commitment of the Government to proceed with the reforms in the social sector P = 3 I = 4	N/A	Project manager			
2	Receiving government cost-sharing funds for the second phase of the project	August 2011	Financial	Difficulties in resource mobilization for the second phase of the project may lead to interruption in the project implementation P = 3 I = 5	Negotiate with the Ministry support to alternative ways for resource mobilisation	Project manager			

Terms of Reference

Annex 2