



Warsaw, 8 July 2016

Ministry
of Foreign Affairs

Undersecretary of State

Joanna Wronecka

DWR.4420.6.2016/2/MK

Mr. Janthomas Hiemstra
Country Director
UNDP Ukraine

Dear Country Director,

In response to your letter of 7 June 2016 regarding the amendment to the Third-Party Cost-Sharing Agreement between the Ministry of Foreign Affairs of the Republic of Poland (the Donor) and the United Nations Development Programme (UNDP) signed on 30 October 2015, I would like to inform you that the Ministry of Foreign Affairs of the Republic of Poland agrees to the amendments proposed by you to the Article I.1.a of the agreement as per the updated project document annexed to this letter. In view of this and in accordance with the Article XI of the Agreement, the relevant Agreement provision will read as follows:

Article I. The Contribution

1. (a) The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of 730 000 USD (seven hundred thirty thousand US Dollars). The contribution shall be deposited to:

Bank	Bank of America
Address	730 15th Street, N.W. 7th Floor Washington, DC 10005 United States of America
Account	UNDP Representative in Ukraine (USD) Account
Account Number	3752174579
SWIFT Code	BOFAUS3N
ABA Number	111000012
Fed Wire	026009593

Schedule of payments

	<u>Amount</u>
Before 31.12.2015	[230,000.00 USD]
Before 15.07.2016	[500,000.00 USD]

Sincerely yours,

Joanna Wronecka
Undersecretary of State

Al. J. Ch. Szucha 23
00-580 Warsaw

Phone: +48 22 523 9610
Fax: +48 22 523 9181
jwronecka.sekretariat@msz.gov.pl

Annex 1. Results and Resources Framework

<p>UNDAF Outcome(s):</p> <p>Partnership Framework Thematic Area 1 “Sustainable Economic growth and poverty reduction” – Outcome 1: New economic opportunities created particularly in the small and medium business sector as a result of enabling improvements in the business and investment environment, improved skills and better utilization of Ukraine’s scientific and innovation potential</p> <p><i>Outcome indicators: Share of small and medium enterprise in GDP; Number of businesses winding down within the first year of operation and number of years required; Share of women entrepreneurs, percentage</i></p>	<p>Expected CP Outcome(s) <i>(Those linked to the project and extracted from the CP)</i></p> <p>Outcome 2: Reduction of poverty in rural areas through socio-economic development activities</p> <p><i>Outcome indicator: Number of jobs created in rural areas including in the agricultural sector per year.</i></p>			
<p>Expected Output(s): <i>(Those that will result from the project)</i></p>	<p>Durable solutions of economic issues of IDPs implemented</p>			
INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Output 1: Durable solutions of economic issues of IDPs implemented</p> <p>Indicator 1.1: Number of IDPs provided with new professions/skills through training programmes Baseline: 0</p> <p>Indicator 1.2: Number of IDPs provided with business consulting services Baseline: 0</p>	<p>Year 2015-2016</p> <p>Target 1.1: At least 200 IDPs provided with new professions/skills through training programmes</p> <p>Target 1.2: At least 100 IDPs provided with business consulting services</p>	<p>Activity 1. Supporting microenterprise business skills development in conflict-affected population</p> <p>1.1. Preparation of business development training packages based on business opportunities identified in the feasibility studies.</p> <p>1.2. Organizing a series of enterprise development trainings for those who are running or willing to run businesses. These trainings will be managed in cooperation with Public Employment Service and business associations. The trainings will be targeted to provide participants with the skills that would subsequently enable them to develop new businesses and pursue their future financial independence.</p> <p>1.3. Provide legal services to facilitate business/enterprise registration and running.</p>	<p>UNDP</p>	<p>TOTAL UNDP-led BUDGET: \$730,000</p> <p>Activity 1 – sub-total \$ 120,000</p> <p>71400-Contractual Service-Individuals: 40,000</p> <p>72100-Contractual Services-Companies: \$ 23,000</p> <p>71600- Travel: \$ 8,111</p> <p>75100-Facilities & Administration: \$ 8,889</p> <p>75700-Training, Workshop &Conference: \$ 40,000</p>

<p>Indicator 2.1: Number of small and medium-sized businesses/enterprises started-up, re-started, or extended their business activities Baseline: 0</p> <p>Indicator 2.2: Number of jobs created within new businesses (incl. self-employed, micro, small and medium-sized enterprises) / within existing businesses that expanded operations Baseline: 0</p> <p>Indicator 3: Enhanced capacity of the local government to promote SMEs development (number and nature of advocacy events/activities) Baseline: 0</p>	<p>Target 2.1: At least 100 small and medium-sized businesses/enterprises started-up, re-started, or extended their business activities</p> <p>Target 2.2: At least 250 jobs created within new businesses (incl. self-employed, micro, small and medium-sized enterprises) / within existing businesses that expanded operations</p> <p>Target 3: Established pro-active business-oriented advocacy, communication and social mobilization (ACSM) mechanism at the local level.</p>	<p>Activity 2. Provision of seed grants for small-scale, start-up businesses</p> <p>2.1. Engage the grant mechanism administrating entity (NGO) to assist in managing the seed grants mechanism.</p> <p>2.2. Develop the grant mechanism criteria and made a call for applications.</p> <p>2.3. Assess the business plans developed and submitted by the potential entrepreneurs and make recommendations for financial support, legal support or specific training needs, etc.</p> <p>2.4. Provide small grants (averaging 5,000 USD) to start and/or expand micro or small businesses/enterprises and also facilitate their linking to financial institutions for further financial support.</p> <p>Activity 3. Promoting entrepreneurship through targeted advocacy and social mobilization</p> <p>3.1. Conduct research and communication needs analysis.</p> <p>3.2. Partnership building/campaign strategy design and implementation.</p> <p>3.3. Polish experience sharing and production of motivating materials and public service announcements related to business setup.</p>	<p>Activity 2 – sub-total \$ 600,000</p> <p>72100-Contractual Services-Companies: \$ 550,000</p> <p>71600- Travel: \$ 5,556</p> <p>75100-Facilities & Administration: \$ 44,444</p> <p>Activity 3 – sub-total \$ 10,000</p> <p>71300–Local Consultants: \$ 5,000</p> <p>74200-Audio Visual & Print Prod Costs: \$4,260</p> <p>75100-Facilities & Administration: \$ 740</p>
---	---	--	---

Explanatory Note

The current explanatory note provides brief insight to the amendments introduced to the Annex 1. Results and Resource Framework of the Project Document 'Promoting Entrepreneurship among Conflict-affected population in Ukraine'.

Activity	Atlas Budgetary Account Code	ATLAS Budget Description	Initial Budget (USD)	Updated Budget (USD)
<i>Activity 1 Supporting microenterprise business skills development in conflict-affected population</i>	72100	Contractual Service-Companies	20 000,00	23 000,00
	71400	Contractual Service-Individuals	20 000,00	40 000,00
	75700	Training, Workshops and Confer	17 000,00	40 000,00
	71600	Travel	7 815,00	8 111,00
	75100	F&A (GMS)	5 185,00	8 889,00
		TOTAL ACTIVITY 1	70 000,00	120 000,00
<i>Activity 2. Provision of seed grants for small-scale, start-up businesses</i>	72100	Contractual Service-Companies	135 000,00	550 000,00
	71600	Travel	3 890,00	5 556,00
	75100	F&A (GMS)	11 110,00	44 444,00
		TOTAL ACTIVITY 2	150 000,00	600 000,00
<i>Activity 3. Promoting entrepreneurship through targeted advocacy and social mobilization</i>	71300	Local Consultant	5 000,00	5 000,00
	74200	Audio Visual&Print Prod Costs	4 260,00	4 260,00
	75100	F&A (GMS)	740,00	740,00
		TOTAL ACTIVITY 3	10 000,00	10 000,00
		TOTAL	230 000,00	730 000,00

The total budget of the amended Results and Resources Framework constitutes USD 730,000.00, which includes already allocated USD 230,000.00 under the initial Cost-sharing Agreement and USD 500,000.00 for the proposed extension.

Under Activity 1 the costs were increased for '75700 - Training, Workshop and Conferences' to reflect actual expenses occurred while delivering training on business skills improvement for 200 IDPs by USD 23,000.00 as well as by USD 20,000.00 '71400 Contractual Services Individuals' to cover expenditures for staff salaries in the second half of 2016.

The major increase in funding is suggested under Activity 2 in order to extend the pool for start-up grants '72100 – Contractual Service-Companies' from 135,000.00 to 550,000.00. These costs also include service fee for the grant administrator (tentatively around 10%).

Under Activity 3 no changes are introduced.