

**REQUEST & JUSTIFICATION for NO-COST EXTENSION of
RAPID RESPONSE to SOCIAL and ECONOMIC ISSUES of IDPs in UKRAINE PROJECT**

1. Rapid Response to Social and Economic Issues of Internally Displaced People in Ukraine		
Achievements	Uncontrollable Issues	Request & Justification
<p>Under the Employment Support component the Project has signed 41 contracts for co-financing creation of new jobs for IDPs with a total amount of USD 1,170,747.67, including:</p> <ul style="list-style-type: none"> • 17 contracts with Civil Society Organizations with a total amount of USD 317,212.76; <ul style="list-style-type: none"> ○ 210 new jobs to be created according to the Contracts and 210 of IDPs are already employed since August. • 6 contracts with Public/Communal Organizations with a total amount of USD 22,392.51; <ul style="list-style-type: none"> ○ 40 new jobs to be created according to the Contracts and 40 of IDPs are already employed since August. • 18 contracts with Private Organizations with a total amount of USD 831,142.40; <ul style="list-style-type: none"> ○ 419 new jobs to be created according to the Contracts; 370 of IDPs are already employed 	<ul style="list-style-type: none"> • Delays in implementing Employment Support component through co-financing creation of new jobs for IDPs were due to the following uncontrollable issues: <ol style="list-style-type: none"> 1. Before launching Employment Support component in February 2015, UNDP initiated consultations with Public Employment Service of Ukraine (PES) and Association of Employers of Ukraine. There were two modalities identified to create new jobs for IDPs: temporary jobs (2 to 6 months according to the Labour Law) and permanent jobs (at least 12 months). Based on the experience of governmental employment programmes, PES strongly recommended to include in the Call for Proposals possibility to support permanent jobs for a period of at least 12 months, as this would draw more qualified beneficiaries and make new jobs created sustainable. This assumption has been fully confirmed by the type of beneficiaries supported by the Project: 37 companies are creating permanent jobs (USD 1,229,136.49) and only 10 companies creating temporary jobs (USD 30,945.80). 2. Upon drafting and signing contracts with beneficiaries most of them failed to quickly provide critical financial and statutory documents required by UNDP procurement standards. This caused delays in finalizing contracts and the first agreements were signed only in August, 2015, that were beyond UNDP's control. 	<p style="background-color: yellow;">Request no-cost extension until <u>31 October 2016</u>.</p> <p><u>Justification</u></p> <p>The date of the last signed 12-month contract with the beneficiaries under the Employment Support component is 22 October 2015. In order to ensure that funds disbursed to beneficiaries are used for the intended purpose of job creation, it is important to monitor their activities during the whole time of contract duration, i.e. through October 2016. Also, to mitigate the potential risk of misappropriation of funds, it is critical to disburse funds in 5 installments to the beneficiaries - i.e. every 2 months - during the contract duration. That will allow mitigating financial risks for UNDP and discipline beneficiaries to implement employment schemes in full scope.</p> <p><u>Value-for-money through synergy with Economic and Social Recovery of Donbas Region Project.</u> The same challenge with implementation of Employment Support component through co-financing creation of new jobs for local population of Donetsk and Luhansk regions is faced by 'Economic and Social Recovery of Donbas Region' Project. However, this will be covered using the available resources of the 'Rapid Response to Social and Economic Issues of IDPs in Ukraine' Project to demonstrate value for money in completing both projects within their respective extension period as requested.</p>

	<p><u>Challenges/risks:</u> Most of the beneficiaries experience difficulties with hiring IDPs, which are caused by: 1) mismatch of IDPs qualification with open vacancies; 2) men do not apply for official status of an IDP to avoid conscription. This challenge possesses risk in delaying the actual start of implementation of employment schemes by beneficiaries and breach of the contractual obligations, in particular, implementation deadlines.</p>	
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