

PROJECT DOCUMENT
UKRAINE



Empowered lives.
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Project Title: Support to Social and Economic Recovery of Eastern Ukraine

Project Number:

Implementing Partner: UNDP

Start Date: March 2019

End Date: March 2020

PAC Meeting date: 08.02.2019

Brief Description

The conflict in eastern Ukraine, which erupted in 2014 and continues to this day, has had significant negative impacts on all of Ukraine, particularly on regions in the East. Since the beginning of the conflict, over 10,000 people were killed, roughly 24,000 wounded, and over 1.7 million people were displaced. In total, about two thirds (4.4 million) of the estimated 6.6 million people residing in Donetsk and Luhansk oblasts have been directly affected by the conflict, including 3.4 million still requiring humanitarian assistance and protection.¹ The situation in Luhansk and Donetsk oblasts remains complex and unpredictable, with regular and often deadly violence along the “contact line”, thereby increasing the impact of the conflict on human welfare and social and economic conditions.

Due to the long-running crisis, the economy of the conflict-affected areas has been more vulnerable than ever before, resulting in local women and men being unable to adapt to the unpredictable situation. Although the decentralization process, undertaken by the Government of Ukraine as a result of the revolution of 2014, has given some economic autonomy to amalgamated communities in the East, there are still many economic challenges that eastern Ukraine faces. Primary amongst these are: business leaving the region, trade being put on pause, unemployment, lack of human capital with advanced skills due to an increase in migration, etc. As such, the labour market structure, employer demand and relevant legislation are volatile, making the local population vulnerable in terms of their employability.

This project is aimed at providing social stabilization support to eastern Ukraine by addressing urgent social and economic needs of internally displaced persons (IDPs) and the local population, both women and men, affected by the armed conflict by creating job opportunities and improving support to MSMEs. The project will be implemented in the Government Controlled Areas (GCAs) of Donetsk and Luhansk oblasts.

Contributing Outcome (UNDAF): <i>Outcome 4. By 2022, communities, including vulnerable people and IDPs, are more resilient and equitably benefit from greater social cohesion, quality services and recovery support</i> Indicative Output(s) with gender marker ¹ : GEN2	Total resources required:	USD 535,714	
	Total resources allocated:	UNDP TRAC:	
		Donor:	USD 535,714
		Government:	
		In-Kind:	
Unfunded:			

Agreed by UNDP:

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¹ UN OCHA: Ukraine: 2018 Humanitarian Response Plan (January-December 2018)

I. PROGRAMME SUMMARY

The UNDP has been active and present in eastern Ukraine for the past decade, prior to the conflict, with a focus on community development, civil society development, and environmental protection. Work on addressing the specific conflict-related development challenges started in 2015 through the **Recovery and Peacebuilding Programme (RPP)**, the programme formulated and led by the United Nations Development Programme (UNDP) in collaboration with the Government of Ukraine and in cooperation with a number of partnering UN agencies (UN Women, the FAO, the UNFPA). The UNDP established a Project Office in eastern Ukraine with the objective of consolidating and delivering various recovery and governance projects through a comprehensive, area-based Recovery and Peacebuilding Programme (RPP) in five conflict-affected oblasts: Donetsk and Luhansk (Government Controlled Areas), as well as Zaporizhzhya, Dnipro, and Kharkiv oblasts. The Programme frames the UNDP's interventions in eastern Ukraine to address the recovery needs of the conflict affected population, women and men and communities, and respond to and mitigate the causes and effects of the conflict. The RPP, while implemented by the UNDP, follows a joint programme approach; the RPP's work cuts through all portfolios not only of the UNDP, but also those of other UN agencies as well, thereby bringing together the different arms of the organization, reflecting the UN's goal and vision of a One UN.

The RPP is based on findings of the Recovery and Peacebuilding Assessment (RPA), conducted jointly by the UN, the European Union (EU) and the World Bank Group, was endorsed by Resolution of Ukraine's Cabinet of Ministers on 5 August 2015. It is an integral component of the UNDP Country Programme for Ukraine (2018-2022) and is therefore fully aligned with the United Nations Partnership Framework 2018-2022 (UNPF). It is closely interlinked with the Democratic Governance and Reform Programme, operating nationally and in all of Ukraine's regions and is consistent with the Sustainable Development Goals (SDGs), in particular SDG 16 (Peace, Justice and Strong institutions). In its new programming period, the RPP continues to address the key stabilization, peacebuilding, economic and governance priority needs in eastern Ukraine. The Programme's interventions are grouped under the following key Programme components, which reflect the region's priority needs: 1) Economic Recovery and Restoration of Critical Infrastructure; 2) Local Governance and Decentralization Reform; and 3) Community Security and Social Cohesion. Work under each of the components is achieved through the joint efforts of several UN agencies and their projects.

II. DEVELOPMENT CHALLENGE

2.1. Situation analysis

The aftermath of the conflict in eastern Ukraine: regional dimensions

The on-going armed conflict in eastern Ukraine has caused tremendous local economic collapse, along with significant national economic damage, affecting millions living in or close to the conflict area. Since late summer 2014, Luhansk and Donetsk oblasts have remained divided by the so-called "contact line" into two areas – Government Controlled Areas (GCA) and Non-Government Controlled Areas (NGCA), with now roughly one-third of the regions, mostly urban and industrial areas, outside of government control. As a result, economic activity in government-controlled areas has been severely affected.

Donetsk and Luhansk oblasts have been the most affected due to the direct impacts related to the loss of territorial control, infrastructure, markets and resources; and the indirect effects from negative structural changes and significant reductions in household welfare. In fact, starting from 2014, the region has experienced a continuous deterioration in the overall socio-economic situation as the conflict has caused serious economic decline due to enterprise closures, the breakdown of economic ties, high inflation, and physical destruction of critical infrastructure, economic blockades, and a dramatic increase in unemployment. Women are underrepresented in decision-making, have limited access to economic resources, face discrimination, and are subject to widely-spread gender-based violence.²

²<http://www2.unwomen.org/-/media/field%20office%20eca/attachments/publications/country/ukraine/analysis%20of%20vulnerabilities%20of%20women%20and%20men%20in%20the%20context%20of%20decentralization.pdf?la=en&vs=3013>

Additionally, persistent ceasefire violations and trade-related boycotts have exacerbated pressure on the productive and public sectors in Donetsk and Luhansk regions, which were hit disproportionately hard by the recent four years of economic crisis. Prior to the conflict, Donetsk oblast was above the national average in terms of the major economic indicators but by 2015, Donetsk oblast (GCA) fell below the respective national average, while Luhansk oblast (GCA) has fallen even further and is now among Ukraine's most vulnerable regions. Part of the economic decline can be attributed to the shattering of heavy industry and mines, thereby wiping out much of the economic activities in Donetsk and Luhansk oblasts. The need to provide new employment opportunities for people formerly employed in heavy industry and mining in the region, including in agriculture and related businesses, continues to be urgent.

The aftermath of the conflict in eastern Ukraine: human dimensions

The economic situation in Donetsk and Luhansk oblasts reveals that in 2017, the unemployment rate amounted to 15.1% in Donetsk oblast and 17.6% in Luhansk oblast, the highest level since 2008, compared to the national rate of 10.1%, and pre-conflict rates of 8.2% and 6.7% respectively. To date, the situation has not significantly improved; according to the UN Humanitarian response plan for 2018 there are over 360,000 unemployed people in the region that are unable to cover essential basic needs.³ Based on the State Statistics Service of Ukraine data, young people aged under 24 constitute 19.7% of those who require jobs, which is the highest unemployment rate among all age groups of the economically active population in Ukraine and it is even worse in Luhansk and Donetsk oblasts with regard to the overall slowdown of economic activity. Further, the National Monitoring System Report on the situation of internally displaced persons published in June 2018, the share of employed IDPs in April-May 2018 stood at 42%, compared to 62% before displacement and to 48% in March 2018. Therefore, improved access to income generating opportunities is a major priority for IDPs and conflict-affected women and men in general.

Among IDPs, unemployment is generally considered the second most important problem (reported by 22% of IDPs) after living condition issues. Women constitute the majority of unemployed IDPs (women and children who comprise the majority of IDPs, 58% and 8% respectively)⁴ and the incidence of long-term unemployment is higher among IDP women than men. Challenges facing women IDPs to access employment include: (1) stereotypes in the labor market regarding women, older people and IDPs; (2) unwillingness by employers to hire persons from the territories not controlled by the Government; (3) need for training or a profile that does not match the necessary skill set; (4) lack of documentation required for hiring (work records from previous employers)⁵

The aftermath of the conflict in eastern Ukraine: the UNDP's involvement

Over the last three years, the RPP, through its interventions, has directly contributed to the creation of 3,360 jobs in eastern Ukraine and has supported the set-up and/or development of 650 micro, small and medium size enterprises in the region. As most of the MSMEs in Donetsk and Luhansk oblasts were engaged in downstream or upstream linkages with the major industrial enterprises, they have also experienced a serious decline in their activity in the conflict-affected areas. Many MSMEs shut down or relocated to other parts of Ukraine. Still, over 60,000 private entrepreneurs, including so-called self-employed individuals or individual entrepreneurs, and corporate MSMEs (including 10,450 MSMEs in Donetsk oblast and 3,408 MSMEs in Luhansk oblast⁶) continue to operate in the region. However, existing businesses may close after a short period of operation, due to a lack of support in maintaining the business, signifying that additional trainings and resources are necessary for the healthy upkeep of MSMEs.

2.2. Key Challenges to be addressed by the Project

Among the top priorities of the project is the need to support recovery of livelihoods and income generation among IDPs and the local population, especially young people which is the aim of this project. Youth is one of the groups that are least welcomed by employers due to lack of practical

³ UN OCHA: Ukraine: 2018 Humanitarian Response Plan (January-December 2018) https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/ukraine_humanitarian_response_plan_2018.pdf

⁴ Humanitarian Needs Overview, Ukraine Humanitarian Country Team, 2016 www.un.org.ua/en/publicationsand-reports/un-in-ukraine-publications/3700-humanitarian-needs-overview-in-ukraine-2016

⁵ According to the focus group discussions conducted by UNHCR, 2016.

⁶ Data for 2017, State Statistics Service of Ukraine. <https://ukrstat.org>

experience and professional knowledge. Young graduates in Luhansk and Donetsk oblasts are especially vulnerable when they are looking for employment opportunities on local job markets. At times, employers even believe that IDPs and youth in the region are not interested in long-term employment. This bias adds to the challenges that young people and IDPs face when trying to find a job and when a job is found, it is often accompanied by lower wages or informal work at below-market rates.

Moreover, it is at times found that when displaced persons and host communities can no longer rely on known ways of generating income, they have difficulty adjusting to new markets, learning new skills and fully integrating into a new environment. Luhansk and Donetsk oblasts were former industrial regions, where large plants and enterprises offered sustainable employment opportunities, and now, the majority of industrial facilities remain located outside government-controlled territories, and there is no return to business-as-usual and few jobs exist. Similarly, MSMEs, particularly in conflict-affected areas, struggle to stay afloat, or expanding one's business.

Additionally, gender gaps and inequality in economic opportunities and discrimination in recruitment and at work have limited women's access to employment, income and career promotion, thus the rate of female participation and employment in the labour market is lower than the rates for men in Donetsk and Luhansk oblasts. The gender wage gap was 25% in 2015 in Ukraine and reached 41% in Donetsk Oblast and 22% in Luhansk Oblast.⁷ The activities outlined further in the document testify to the project's contribution towards promoting economic stability among IDPs and the local population. In addressing all of the above-mentioned conflict-related issues, and the serious implications that consequently arise, the region's medium and long term sustainable development is positively moving forward.

III. STRATEGY

3.1. Theory of change

The project's *Theory of Change* is firmly focused on the economic needs of IDPs and the local conflict-affected population, including women and men, and adheres to the principle of universal inclusivity of the 2030 Agenda for Sustainable Development by which no one is left behind.

The theory of change argues that:

If access to information and business skills development is supported, and training sessions on entrepreneurship conducted for women and men running or willing to run a business, **then** entrepreneurs, both women and men, from IDPs and the local conflict-affected population will be enabled to develop new businesses, expand existing ones, pursue their future financial independence, and

If seed grants are provided for small-scale business start-up and expansion, **then** MSMEs can expand their business and benefit from partnership with financial institutions for further financial support and development, and

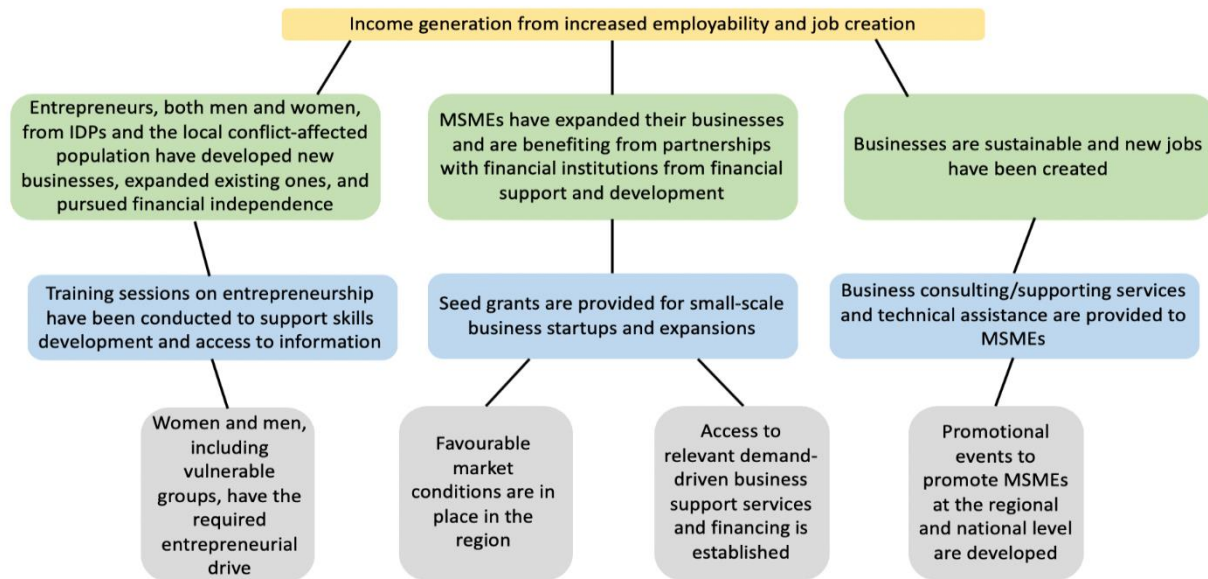
If MSMEs are provided with business consulting/supporting services and technical assistance, **then** their sustainability can be ensured and new jobs will be created.

Ultimately, income generation through increased employability and creation of jobs for IDPs and the local conflict-affected population, women and men will be achieved, and eastern Ukraine will be one step closer to sustainable economic growth.

The Theory of Change is based on the following external *pre-conditions*:

- The Government of Ukraine remains committed to the undertaken obligations under international law, including treaties and conventions as well as political commitments;
- The decentralization of functions to regional and local governance authorities continues and democratic structures and institutions continue to positively develop;
- There is a strong political commitment at the highest levels in government for recovery efforts in eastern Ukraine and the protection of human rights, particularly of those affected by the conflict, both women and men, is a key priority;
- There are no changes in the Ukrainian legislation pertaining to economic matters;
- Citizens' engagement takes place and is sustained throughout time.

⁷ World Bank Country Gender Assessment for Ukraine 2016, p. 65.



3.2. Rationale

Economic development is an important component of recovery and peacebuilding in conflict-affected areas and strengthening local business capacity, including those led by women, and supporting entrepreneur women and men are among the most powerful instruments for laying down the foundations for a more sustainable future in the conflict-affected areas of Ukraine. As such, MSMEs are at the forefront of livelihood recovery in the conflict-affected areas, as they often propel local growth and underpin effective recovery efforts by providing income-generating opportunities. Opportunities arise both directly via employment and indirectly via demand for goods and services, and are sources of income not only for the entrepreneurs themselves, but for the additional personnel they hire, thus accelerating economic growth.

Further, by empowering individuals to take some of their region's economic recovery into their own hands, restoration is rendered more sustainable, particularly as locals become involved. As it is being increasingly recognized that previous methods of income generation are no longer viable due to the conflict, new methods, particularly those proven effective, such as MSMEs, are promoted and encouraged. MSMEs not only stand as one of the best ways for ensuring personal financial security and pushing forward economic recovery at a larger scale in eastern Ukraine, but also as ideal venues for innovative solutions to arise. Full recognition of MSMEs by all – locals, the private sector, governments - as economic agents of community recovery enables quicker achievement of sustainable post-conflict recovery, with well-rounded solutions created by those most affected by, and most aware of, the conflict. Consequently, this also quickens the fulfilment of the SDGs.

3.3. Insights and Lessons Learned to date

There are several challenges existing in the conflict-affected areas to develop business. For example, difficulty to obtain a bank loan due to the unstable security situation and isolation from the national business networks. All those elements are obstacles to start-up or develop business in the areas. In addition, many skilled IDPs have already left the areas and since a majority of local women and men were used to depending on the major industrial enterprises, they do not have enough knowledge of business development. There is high demand among the conflict-affected population to participate in business development training sessions, reflected in the high attendance rate. The number of people trained under UNDP support projects is some 6 600 people (3710 women, 2890 men), while the total number of applications received is 3 times greater.

Furthermore, creating a shift in the mind-set of entrepreneurs is critical, as most view business only as a means of survival, not also as an opportunity for growth. They concentrate on simple, entry-threshold activities, which hinders long-term operational income, as sustainable livelihoods are built on forward looking business plans. Similarly, as individuals start businesses purely for day-to-day earnings, there is a lack of the so-called entrepreneurial energy that is necessary for persistence, competition and growth.

As such, based on the insights, the following lessons learned are used in guiding the project's implementation:

- Beginner entrepreneurs, women and men, including those who have already received funding from the UNDP, need additional support and coaching for turning their business into a sustainable source of income, as they may have i) weak entrepreneurial competences and skills, ii) lack of financial resources, iii) weak contacts between entrepreneurs, and iv) face a narrow local market.
- Business skills should not be assumed among people willing to set up a small business. The specific case of "survival" entrepreneurs, observed among IDPs, needs special attention. Support through start-up grants, tailored training and advisory support is essential for this target group. Exchange visits arranged for business owners to share skills, experiences and to learn from each other as well as the planning of their participation in national or regional business fairs are also important for their development and should be further facilitated by the Programme.
- Involving MSMEs as catalysts of local socio-economic recovery requires focusing on the right mix of support measures which provide MSMEs with the necessary knowledge-, social- and finance capital for business start-up or continuity.

3.4. Project Objective

Taking into account the success of the previous actions, the project aims to boost the current support to entrepreneurship development, jobs creation, business skills advancement and accessing markets in the challenging conflict-affected environment, thus helping to improve the resilience of IDPs and local population women and men and prevent further deterioration of the economic situation in Donetsk and Luhansk oblasts of Ukraine (GCA).

3.5. Approaches

In order for the fragile conflict-affected areas to further recover and potentially achieve sustainable and scalable economic growth, the project will not only follow the general approaches supported under the RPP but will also address major obstacles to business start-up and scale-up holistically.

Business-Based Approach: entrepreneurship requires informational resources both to start business activities and to grow, particularly through contemporary platforms, such as the Internet and exchange visits. Second, given the already identified needs of MSMEs in Donetsk and Luhansk oblasts, business-skills trainings will be tailored to the varied skill levels and needs of entrepreneurs, also based on sex. Third, access to finance is generally among the greatest challenges for MSMEs' development and growth, confirming the need for attracting additional resources for business launching and expansion, particularly through microfinance. Fourth, the project will support both formal and informal local entrepreneurial networks so that entrepreneurs can support each other and maintain an entrepreneurial spirit. Finally, access to markets, not only local but domestic and foreign ones as well, keeps MSMEs competitive and contributes towards their further development. As such, the project will help organize national and international promotional activities, interactive meetings and support the enhancement of knowledge among MSMEs in the target region.

Area-Based Approach: the Project uses an area-based methodology to carry out its interventions. This methodology targets a specific territory in Ukraine (eastern Ukraine, and in particular, the GCAs of Donetsk and Luhansk oblasts sharing a contact line with the NGCAs of these regions), characterised by a particularly complex conflict-related development problem, to be tackled through a comprehensive and complementary set of interventions based on an integrated, inclusive and participatory approach. The Project contributes towards the RPP's intervention in a number of territorial communities, (cities, towns and villages), amalgamated (ATC) or not yet amalgamated, across the two oblasts. The location for each key area of support under the Project is identified during the projects' initiation phases and agreed upon with the donor.

Human Rights-Based Approach: in the alignment of the RPP at large, the project applies a human rights-based approach to the implementation of all activities. In particular, the Project ensures that (I) key stakeholders are adequately trained on the importance of knowing and understanding human rights (including those of women, youth and vulnerable groups) when planning services to address issues of relevance and equal access to services, (II) stakeholders are supported in developing their human rights-based and gender-sensitive strategies, plans and budgets, and (III) focus groups and

public consultations systematically take place on the protection of human rights (including those of women and vulnerable groups) in the target regions so as to provide a sound analytical basis for all planning and development efforts.

Gender Mainstreaming: gender analyses are ensured in the design and implementation phases of the Project, with gender equality concerns fully and consistently reflected in project rationale and implementation. Gender mainstreaming is not only reflected in the design of projects' activities but also in ensuring disaggregated reporting, monitoring and evaluation of impacts and results. Similarly, activities are geared towards women's inclusion and participation at all stages of the project.

IV. RESULTS AND PARTNERSHIPS

Expected Results

The project objective is to support IDPs and host community members women and men proportionally by improving their access to income generating opportunities, including increasing employability and the creation of jobs.

The expected results of the project are the following:

- At least 300 IDPs and local conflict-affected population, with at least 150 women, with increased knowledge on starting and improving businesses and occupational skills;
- At least 40 new jobs created for IDPs and local conflict-affected population, with at least 20 jobs for women;
- At least 50 micro and small businesses provided with business consulting services and technical assistance;
- At least 15 local MSMEs newly created or expanded;
- At least 15,000 people reached through information campaigns to target and engage women and men and MSMEs promotion events.

The proposed objective will be achieved through the three inter-related activities and actions below:

Activity 1: Supporting access to information, occupational training and business skills development for women and men.

This activity envisages the provision of relevant information and organization of training sessions on entrepreneurship for the conflict-affected population who are running or willing to run a business. This capacity building support will be targeted to provide participants with the skills that would subsequently enable them to develop new businesses or expand existing ones and pursue their future financial independence, taking into account different experiences of women and men.

The provided trainings and services will:

- Enable IDPs and conflict-affected women and men to start, renew or expand their businesses;
- Provide information on starting a business (registration, accounting, legal procedures, etc.) to both women and men;
- Strengthen business organizational, management and marketing skills;
- Help IDPs and the local population acquire advanced business skills;
- Help acquire formal skills needed to access grants and loans;
- Provide information and support in the development of business start-up proposals (business plans) to apply for small grants support that will be made available under the Project Activity 2.

Activity 2: Provision of seed grants for small-scale business start-up and expansion.

Provide financial grant support to selected (through a competitive process, based on gender-sensitive criteria) MSMEs for launching/expanding businesses and facilitate their linking to financial institutions for further financial support and development.

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

- Procurement of equipment 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 franchise under commercial concession agreement with respective equipment;
- Training, etc.

Activity 3. Provide MSMEs with business consulting/supporting services and technical assistance.

Provide MSMEs with targeted gender sensitive business consulting and supporting services, including:

- Tailored expert and technical assistance, including expertise on women's economic empowerment;
- Legal and finance consulting;
- Marketing and trade facilitation, including fostering value chain;
- Business promotional, marketing materials to ensure their sustainability and capacity to create jobs.

Resources Required to Achieve the Expected Results

The UNDP will be responsible for the overall management of the project, primarily with regard to the responsibility for the achievement of the outputs (results). The project will work in close partnership with other projects within the Recovery and Peacebuilding Programme, reflecting the joint programme approach of the RPP and supporting the One UN vision of the organization.

The project implementation will require the following types of resources: (a) human resources, including a highly professional core team and support staff, short-term local experts, and short-term international consultants; (b) financial resources as indicated in the work plan.

Procurement of any goods and services, needs of which will be identified during the project, will be done in accordance with the UNDP's Rules and Regulations (POPP).

Partnerships

The current project has been developed in close consultation with various partners, including the Government of Ukraine, regional authorities, the State Employment Service, local communities, civil society organizations and final beneficiaries. It was designed to be complementary to previously implemented and currently implementing UNDP activities supported by the Government of Japan and other donors, such as the Government of Poland, European Union and others. The project will be implemented in partnership with local business support organizations, including women's entrepreneur networks and regional and local authorities in Donetsk and Luhansk oblasts. During the entire period of implementation, UNDP will take all appropriate measures to publicize the information that the Project has received funding from the Government of Japan. The main objective of visibility activities is the communication of positive results of the partnership between the Government of Japan, UNDP and the Government of Ukraine.

Risks and Assumptions

Assumptions

To work towards the establishment of subsistence-level incomes and the region's entrepreneurial resilience, the theory of change is based on a number of external assumptions:

- There is sustained political willingness to seek solutions in the conflict-affected area.
- Ukraine's political leadership is committed to national reforms, conducive for economic recovery and regional development.
- Including the private sector as one of the key actors in the recovery and consolidation of peace is one of the most successful models for recovery and peacebuilding, though no standard model exist.
- Private business is a strong recovery force as it is vitally interested in stability, free movement, uninhibited access to technology, financing, know-how and new markets, thus increasing its need for prioritization in any economic recovery approach.
- Sustained financial resources and endorsement by the international community and government are available in a timely and consistent manner.

Risks

There are a number of risks that may delay or prevent the achievement of the planned results:

- A significant escalation of the conflict, which could undermine the willingness and opportunities to do business in the region and may require shifting focus to emergency aid.
- Worsening of the macroeconomic situation in Ukraine (high rates of inflation, volatile currency, limited access to credit resources, etc.), thereby generating uncertainty within the business

environment, especially within a conflict context, and provoking fear in starting/expanding businesses or investments.

- Political instability and politicization of the reform process at the national level can potentially affect the development priorities of Donetsk and Luhansk oblasts and modalities of their cooperation with the UNDP.

- Gender related issues, such as gender-based violence, stigma and discrimination, stereotypes; unequal opportunities for participation and decision-making for women might become barrier from benefiting the project interventions.

Stakeholder Engagement

The following stakeholders have been identified as being important for the successful implementation, and for enabling national ownership, of the project deliverables:

- The Ministry of Temporarily Occupied Territories and Internally Displaced Persons;
- The Ministry of Regional Development, Construction, Housing and Communal Services;
- Regional administrations of Donetsk and Luhansk oblasts;
- Local governments at municipal and community (hromada) levels;
- MSMEs, Business Membership Organizations (BMOs), Women's led BMOs, including chambers of commerce, associations of business owners, rotary clubs, community-based business clubs, industry associations, investment clubs, at national and regional levels;
- Institutions/individuals involved in the provision of business trainings;
- Regional and local media.

Knowledge

The project will generate different types of gender-sensitive and gender-oriented knowledge of products to support the private sector capacity building interventions implemented within the project framework. Most of the knowledge products will focus on private sector engagement in skills development and/or include the element of success stories/best practices/case studies to support entrepreneurship advocacy, where no less than 30% of the case-studies will be based on women's experiences. The knowledge products will mainly target IDPs and host communities in the conflict-affected areas of Ukraine, with some exceptions (analytical papers) targeting governmental and development practitioners and the donor community.

Sustainability and Scaling Up

Project sustainability and scaling up depend on a combined offer of training and advice, as well as facilitated access to business funding, and is based on a principle "leaving no one behind". The project will strive to ensure that the gains are continuing to be made, even after the closure of the project. This will be achieved through:

- Development of strong ownership at different levels (individual, local and regional) combined with intensified gender-sensitive capacity building (competences and skills development);
- Provision of social capital through access to networks and women's networks;
- Comprehensive gender-sensitive information and awareness raising campaign to promote entrepreneurship among the conflict-affected population;
- Stimulation of the development of viable/feasible/bankable business concepts and plans and careful selection of businesses to be supported via grants;
- Periodic monitoring (within 6-9 months from the date of the grant reception) to identify additional training and consulting needs, and coaching;
- Creating visibility and awareness of the existing support programmes;
- Compiling lessons learned and recommendations for follow-up activities.

The impact dimension will also be a part of the projects sustainability and monitoring plan as a cross-sectional element to assess the results and sustainability of project interventions. By gathering extensive information about its impact, the project will ensure the dissemination of good practice and showcase the results to an audience of donors and various support service providers. The minimum indicators will include:

- The number of businesses created, led by women and men (including as a proportion of participants, disaggregated by sex);

- The number of employees (disaggregated by sex, age, disability etc) and the existence of a growth strategy, employment of other IDPs (disaggregated by sex, age, disability etc.);
- The extent to which these businesses have grown (i.e. by hiring new staff or increasing profit);
- Whether and how business creation facilitated the integration of IDPs, particularly women.

V. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

Advantages of the UNDP coordinated system for recovery and peacebuilding

The project will be integrated with and operate within the existing Recovery and Peacebuilding Programme (RPP) structure set out by the UNDP in response to the consequences of the conflict in eastern Ukraine, and thus will be a part of the broader recovery support package. As such, where relevant, cost efficiency and effectiveness of the project interventions will be ensured through 'joint operations' with other recovery support projects implemented by the UNDP's Recovery and Peacebuilding Programme. Implementation under the umbrella of the RPP also means that the project benefits from established and well-respected relationships and capacities.

Specifically, the following will contribute to the efficient cost management and effective project interventions:

- Physical presence of the RPP in the conflict-affected areas where IDPs reside, which makes it easier to reach out to them.
- Resource pooling under the RPP comes with the key asset of generating economies of scale.
- The Project will share office cars (including armoured vehicles) and premises in two field offices established by the UNDP in Kramatorsk and Severodonetsk – temporary administrative centers of Donetsk and Luhansk oblasts since the start of the conflict. Through office sharing, it will be easy to regularly cooperate and coordinate activities with other projects integrated into the RPP portfolio.
- Major procurements, grants and financing arrangements will be launched and implemented by the RPP management team directly in accordance with financial regulations, rules, practices and procedures of the UNDP to ensure best value for money, fairness, integrity, transparency, and effective competition.
- Under the project's Activity 2, an experienced gender competent Small Grants Programme Administrator will be involved in facilitating the efficient, transparent and equal gender-sensitive selection process and ensuring a unified approach and cumulative effect from current and previous rounds of the Small Grants Programme.

Project Management

The Project will be implemented and managed by the UNDP through the Recovery and Peacebuilding Programme structure using Direct Implementation Modality (DIM). The UNDP will leverage and consolidate an optimal configuration of its current field-based project teams to expedite programming, management, coordination and joint monitoring of the project results and activities, as well as ensure value-for-money and economy of scale for maximizing efficiency and complementarity with other programmatic components and projects that are currently being planned or implemented through its Field Offices in Donetsk and Luhansk oblasts.

The overall supervision over the project implementation will be performed by the RPP Programme Manager – Head of the project office based in Kramatorsk. A National Programme Coordinator on Economic Recovery and Restoration of Critical Infrastructure will be assigned to perform a Project Manager role and lead a dedicated project team comprised of a Business Development Specialist, an Entrepreneurship Promotion Specialist, three Local Coordinators (in Kramatorsk, Mariupol and Severodonetsk) and other specialists as may be needed. In addition, Programme Analyst will ensure Project's outputs quality control and oversight.

VI. RESULTS FRAMEWORK

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:						
Outcome 4. By 2022, communities, including vulnerable people and IDPs, are more resilient and equitably benefit from greater social cohesion, quality services and recovery support						
Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:						
Indicator 4.2. Unemployment rate of population aged 15-70 in Eastern Ukraine, disaggregated by sex Baseline (2016): 9.9% (women), 11.4% (men) Target (2022): 7.9% (women), 9.4% (men)						
Indicator 4.3. Percentage of people who are satisfied provision of social and infrastructure services in Eastern Ukraine Baseline (2016): pending SCORE baseline survey in September 2017 Target (2022): pending baseline survey						
Applicable Output(s) from the UNDP Strategic Plan: 1.1.2. Marginalized groups, particularly the poor, women, and people with disabilities and displaced are empowered to gain universal access to basic services financial and non-financial assets to build productive capacities and benefit from sustainable livelihoods and jobs						
Project title and Atlas Project Number: Support to Social and Economic Recovery of Eastern Ukraine						
EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)	DATA COLLECTION METHODS & RISKS
			Value	Year	2019	
Output 1 <i>Improved economic opportunities for IDPs and local population affected by the conflict.</i>	1.1 <i>Number of men and women with increased knowledge on starting and improving businesses and occupational skills.</i>	<i>Project reports, data of local business organisations</i>	0	2019	300 <i>(150 women, 150 men)</i>	<i>Training feedback forms. Information from the project implementing partner</i>
	1.2 <i>Number of new jobs created for IDPs and local conflict-affected population (disaggregated by sex)</i>	<i>Project report</i>	0	2019	40 <i>(20 women, 20 men)</i>	<i>Project records. Monitoring visits. Reports from the grantees and the Grants Administrator. No risks.</i>
	1.3 <i>Number of micro and small businesses provided with business consulting services and technical assistance</i>	<i>Project reports</i>	0	2019	50	<i>Collection of financial and physical reports from the grantees. Spot-checks and visits to the business sites</i>
	1.2 <i>Number of micro, small and medium-sized businesses which started or expanded their operations (disaggregated by sex of business owner/manager)</i>	<i>Project reports</i>	0	2019	15	<i>Project records. Monitoring visits. Reports from the grantees and the Grants Administrator. No risks.</i>
	1.4 <i>Number of people reached by information campaigns and MSMEs promotion events</i>	<i>Campaign report</i>	0	2019	15,000	<i>Number and reach of promotional materials distributed</i>

VII. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	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.		
Monitor and Manage Risk	Identify specific risks that may threaten the 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.		
Learn	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.		
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and Make Course Corrections	An 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 project board and used to make course corrections.		

<p>Project Report</p>	<p>A progress report will be presented to the Project 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 log with mitigation measures, and any evaluation or review reports prepared over the period.</p>	<p>At the end of the project (final report)</p>			
<p>Project Review (Project Board)</p>	<p>The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Annual Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project 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.</p>	<p>At least bi-annually</p>	<p>Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.</p>		

VIII. MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES	RESPONSIBLE PARTY	PLANNED BUDGET			
			Funding Source	Budget Description	Amount, USD	
OUTPUT: Improved economic opportunities for IDPs and local population affected by the conflict <i>Gender marker: GEN2</i>	1.1 Supporting access to information and business skills development	UNDP	Japan	71300 Local Consultants	30,000.00	
		UNDP	Japan	71600 Travel	7,500.00	
		UNDP	Japan	75700 Trainings, workshops and seminars	70,000.00	
	1.2 Provision of seed grants for small-scale business startup and expansion	UNDP	Japan	72100 Contractual Services-Companies	23,000.00	
		UNDP	Japan	72600 Grants (seed grants for MSMEs for launching/expanding businesses)	150,000.00	
		UNDP	Japan	71600 Travel	15,000.00	
	1.3 Provide MSMEs with business consulting/supporting services and technical assistance	UNDP	Japan	71300 Local Consultants	15,000.00	
		UNDP	Japan	71400 Contractual Services - Individuals	18,000.00	
		UNDP	Japan	71600 Travel	12,500.00	
		UNDP	Japan	72100 Contractual Services-Companies	20,000.00	
			UNDP	Japan	75700 Trainings, workshops and seminars	50,000.00
	Sub-Total 1					411,000.00
Direct Project Cost, Project Management	Direct Project Cost (DPC)	UNDP	Japan	71300 Local Consultants	19,078.00	
	Project Staff	UNDP	Japan	71400 Contractual Services - Individuals	47,000.00	
	Project Office	UNDP	Japan	74500 Miscellaneous Operating Expense (administration support, logistics, communication, IT services)	18,953.48	
Sub-Total 2					85,031.48	
General Management Support (8%)					39,682.52	
TOTAL					535,714.00	

IX. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Under the RPP, four UN Agencies namely UNDP, UN Women, FAO and UNFPA, have jointly programmed and are jointly implementing all their recovery activities in the two Eastern oblasts for all their joint as well as individual donors. Yet, the programme has one work plan and implementation budget, is managed by one UNDP Programme Manager and is implemented by one mixed Programme Team, maximizing the programmatic and operational comparative advantages of the different Agencies.

All aspects of the RPP are planned and coordinated under the direction of The Programme Board, established, to oversee and provide strategic guidance to and share information on the implementation of the RPP.

The UNDP shall be responsible for the overall management of the project, primarily with regard to the responsibility for the achievement of the outputs (results), impact and objectives. Similarly, the UNDP will be accountable to the Project Board (PB) / Steering Committee (SC) for the use of resources. The UNDP will delegate managerial duties of the project to the Programme Manager, selected by the UNDP through a competitive and transparent selection process. The project will work in close partnership with the Regional Administrations in Donetsk and Lugansk oblasts within the broader Recovery and Peacebuilding Programme.

The project will receive overall guidance and strategic direction from the PB/SC. The Programme Board is the group responsible for making management decisions for a project on a consensus basis when guidance is required by the Programme Manager. Project reviews by this group are made at designated decision points during the implementation of a project.

The Project Board will meet every six months to assess the progress and grant its approval to the project's interim reports.

The Project activities will be subject to the internal and external audit laid down in UNDP Financial Regulations and Rules, UNDP will make available relevant reports, including accounting report, related to such audit to expeditiously to the Embassy of Japan in Ukraine upon its request.

After the completion of the Project, the unused balance of the funds provided by the Government of Japan will be refunded to the Government of Japan as soon as possible.

Based on regular tracking of the project's indicators included in the Results Framework, interim and final reports 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. Post-project evaluation is planned in the future. The project monitoring, evaluation and reporting are described in detail in the Section VII above.

