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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 18-Jul-2023 | Report No: PIDA0060

**BASIC INFORMATION****A. Basic Project Data**

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Ukraine	EUROPE AND CENTRAL ASIA	P181200	Ukraine Housing Repair for People's Empowerment Project (HOPE)
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	31-May-2023	30-Aug-2023	Urban, Resilience and Land
Borrower(s)	Implementing Agency		
Ministry of Finance of Ukraine	Ministry of Communities Territories and Infrastructure Development		

Proposed Development Objective(s)

The Project development objective is to increase households' access to repaired housing units damaged by Russia's invasion.

Components

Repair of residential units with partial damage
Design and routine/capital repair of multi-family apartment buildings
Project management and capacity building

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Operation Cost	800.40
Total Financing	222.50
of which IBRD/IDA	70.00
Financing Gap	577.90

DETAILS



World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	70.00
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Non-World Bank Group Financing

Trust Funds	152.50
Ukraine Multi-Partner Trust Fund for Peacebuilding	152.50

Environmental And Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

1. **Russia's invasion of Ukraine has resulted in substantial civilian casualties, displacement of millions of people, widespread destruction of infrastructure and disruption of service delivery, and derailed Ukraine's economic trajectory with significant impacts on poverty.** Between February 24, 2022 and April 9, 2023, 22,734 civilians were killed and injured in the invasion.¹ The invasion also triggered one of the largest human displacement crisis in the world where approximately 5.4 million people were displaced within Ukraine, and over 8.1 million people fled to neighboring countries.² Of those that were internally displaced, 60 percent were women and nearly half of the internally displaced people between 18 and 64 years old reported no income.³ Ukraine's gross domestic product (GDP) declined by 29.1 percent in 2022, with economic activity impacted by the destruction of productive capacity, damage to arable land, and reduced labor supply.⁴ Moreover, poverty increased from 5.5 percent in 2021 to 24.1 percent in 2022, pushing an additional 7.1 million people into poverty and setting back 15 years of progress.⁵ War-affected regions are expected to experience even higher poverty rates.⁶

2. **Recovery and reconstruction investments need to lay the groundwork for Ukraine to consolidate its development path towards a European Union (EU) aligned, low-carbon and climate resilient country.** After being granted candidate status in June 2022, Ukraine's future is expected to include eventual EU membership. As such, the process of recovery and reconstruction will need to be closely aligned with the EU accession process requirements. Ukraine also ratified the

¹ <https://www.ohchr.org/en/taxonomy/term/1136> and <https://www.ohchr.org/en/news/2023/04/ukraine-civilian-casualty-update-10-april-2023>

² <https://dtm.iom.int/reports/ukraine-internal-displacement-report-general-population-survey-round-12-16-23-january-2023>

³ International Organization for Migration (IOM). 2022. Ukraine Internal Displacement Report, Round 8. August 23, 2022. It should be noted that Ukraine has seen an increasing number of returnees (as defined by the IOM) in recent months along with a decline in internally displaced people (IDPs).

⁴ Still, the contraction was less than initially expected, on the back of the return of nearly 4 million refugees and the resurgence of agricultural exports.

⁵ According to the World Bank's (WB) preliminary estimate and based on the global poverty line of US\$6.85 per person per day

⁶ The United Nations Development Programme (UNDP) estimates the highest monetary poverty rates in Odeska, Luhanska, Khersonska, Kharkivska, and Rivnenska, which were among the poorest oblasts before the invasion



Paris Agreement in 2016 and submitted an ambitious updated National Determined Contribution (NDC2) in July 2021.⁷ The country had committed to reaching carbon neutrality by 2060 and recently reiterated these commitments despite the invasion. Recovery investments will also need to consider Ukraine's vulnerability to the impact of climate change.⁸ Ukraine is expected to have higher temperatures and prolonged heat waves during summer.⁹ The country's high number and vast networks of rivers, catchments, and aquifers together with changes in precipitation can result in high-risk flooding scenarios. Droughts may become more frequent in north and west areas.¹⁰ The ongoing invasion exacerbates the climate risks further and weakens the country's capacity to manage climate-related vulnerabilities. The climate risks can be mitigated, specifically in the urban housing areas, by introducing both mitigation and adaptation measures including energy efficient (EE) standards and building codes, nature-based solutions as well as disaster risk management practices.

Situation of Urgent Need

3. Damage to infrastructure, housing, and public services continues to grow, with funding needs for recovery and reconstruction estimated at US\$411 billion as of February 24, 2023¹¹, with US\$135 billion sustained in direct damage to buildings and infrastructure. According to estimates in the Rapid Damage and Needs Assessment (RDNA) update¹² for the period February 24, 2022, to February 24, 2023, the most affected sectors were housing (38 percent), transport (26 percent), energy (8 percent), commerce and industry (8 percent), and agriculture (6 percent). The energy, housing, and transport sectors have also had the greatest increase in direct damage since estimates of the first RDNA,¹³ commensurate with the trajectory of invasion since June 1, 2022.¹⁴ For 2023 alone, it is estimated that the Government of Ukraine (GoU) would need upwards of US\$14 billion to support fast and emergency recovery of its critical sectors. Out of this amount US\$1.9 billion is needed for housing alone. There will be a tremendous social and economic cost, borne especially by the poorest and most vulnerable, if these most urgent needs are not met in the short term.

4. To meet some of the urgent housing repair needs, the GoU has requested the World Bank (WB) support. The proposed Project forms part of the WB's package of emergency financing that has been mobilized to help the GoU sustain essential and much-needed services delivery to the Ukrainian people and to mitigate macroeconomic risks. The proposed Housing repair for People's Empowerment (HOPE) Project will help affected households to urgently regain adequate housing through emergency repair of damaged housing stock. It will also support the GoU in priority policy reform areas to build the foundations for resilient and inclusive reconstruction, a colossal task that will take time and require significant international support.

5. Given the current country context, the level of damaged housing sector and the urgent repair needs in anticipation of the next winter season, the Project is being processed under Condensed Procedures as per the WB Procedure on Preparation of Investment Project Financing (IPF) for Projects in Situations of Urgent Need of Assistance or Capacity Constraints. The Project is being prepared and implemented according to Paragraph 12, IPF Policy, which allows for certain exceptions to the IPF policy requirements if the Bank deems the Borrower to be in urgent need of assistance because of a disaster or experiences capacity constraints because of fragility or specific vulnerabilities as is the case in Ukraine.

⁷ With the target of an economy wide net greenhouse gas (GHG) emission reduction of 65 percent by 2030 compared to the 1990 level

⁸ This includes vulnerability to wildfire, droughts, extreme temperatures (both high and low), heatwaves, heavy precipitation, mudslides, and floods.

⁹ Cities are projected to experience intense temperature increases through the end of the century (over +5.0°C in summer in Luhansk and in winter in Kyiv), aggravated by the urban heat island effect. World Bank (2021) Ukraine. Building Climate Resilience in Agriculture and Forestry.

¹⁰ <https://climateknowledgeportal.worldbank.org/country/ukraine/vulnerability>

¹¹ The needs – estimated for the next decade – consider inflation, market conditions, surge pricing in areas of mass construction, higher insurance premiums, and a shift in the future towards lower energy intensity and more resilient, inclusive, and modern design.

¹² The first Ukraine Rapid damage and needs assessment (RDNA1) was published in September 2022 and covered the period of invasion between February 24, 2022, to June 1, 2022. RDNA1 was led by the GoU, the World Bank Group (WBG), and the European Commission (EC). Subsequent RDNA update (henceforth referred to as RDNA2) was commissioned and published in March 2023, covering the period between February 24, 2022, to February 24, 2023, or one year of the invasion. RDNA2 was led by the joint effort of the GoU, the WBG, the EC and the UN, in cooperation with other partners. Unless otherwise mentioned, all statistics in this strategic context section and subsequent sections are estimates by World Bank Staff based on official statistics of Ukraine's public authorities that are highlighted in RDNA1 and RDNA2.

¹³ World Bank. Ukraine Rapid Damage and Needs Assessment (English). Washington, D.C.: World Bank Group.

¹⁴ Between RDNA1 and RDNA2, there was a 25 percent decrease in the exchange rate, so that Ukrainian hryvnias translate to fewer US dollar equivalents; this means that the changes between RDNA1 and RDNA2 are more significant than the absolute numbers show.



B. Sectoral and Institutional Context

Housing sector damage and needs

6. **According to RDNA2 estimates, the housing sector was the most affected in terms of cost of damage**, with two-thirds of residential buildings impacted by the invasion considered partially damaged and repairable. As of February 2023, the total damage cost to the housing sector is estimated to be over US\$50 billion, increasing by around 70 percent from June 2022. The invasion is estimated to have impacted about 1.4 million residential units (7 percent of total residential unit's stock), directly affecting approximately 3.5 million residents of the country. Nearly 87 percent of housing units damaged were in multi-family buildings (MFB) and four out of five damaged units were in urban areas.¹⁵ Two-thirds of the total damaged residential stock consisted of partially damaged units¹⁶ with an estimated cost of damage of US\$13 billion. Among them, almost 290,000 units sustained minor damage amounting US\$1.4 billion, and around 620,000 units moderately damaged with an estimated cost of US\$11.7 billion.

7. **A systematic program focused on the rapid repairs of partially damaged housing units can provide safe and sustainable housing solutions for residents as winter approaches.** According to the International Organization for Migration (IOM) report published in February 2023, 45 percent of IDPs, 18 percent of returnees, and 16 percent of non-IDPs reported the need for emergency repairs of their housing units to allow safe return to their areas of origin.¹⁷ According to the same report, the most pressing challenge among both IDPs and returnees was the shortage of cash with a third of returnee households reported to not have sufficient rent to cover the winter months.

Key characteristics of the housing sector in Ukraine

8. **Private ownership is the dominant tenure form in Ukraine.** Ukraine had a total of around 18 million housing units prior to the invasion. MFBs are predominant in urban areas and cater to almost 67 percent of the urban population. In larger cities, this share increases to 79 percent. MFBs, primarily built during the Soviet period, have often exceeded their design lifespan, are energy inefficient and suffer from deferred maintenance and repairs. Almost 94 percent of the housing is privately owned, although ownership rights are not systematically included in the State Registry of Rights for Real Estate (eRegistry), which was established in 2015 and only after privatization had been largely completed. As of 2013, only 3.4 percent of households were officially considered renters, although an additional 10-15 percent likely rent informally. Since the invasion, rental rates reportedly have increased, particularly in the western parts of the country.

9. **The majority of MFBs are managed and maintained by the local self-governments (LSGs).** While MFBs may be managed by homeowner associations (HOAs) or in other ways such as by private agencies chosen by co-owners, and though apartment owners were encouraged to form HOAs to manage the building common spaces (roofs, elevators, stairs, internal heating, water networks, etc.), only about one in five MFBs has established a HOA. Consequently, most MFBs do not have a well-defined management structure, and, by default, the building and apartment block management responsibility is shouldered by local entities of the LSGs.¹⁸ Decades of insufficient revenues for maintenance and repairs have left the ageing stock in a deteriorated condition with limited finance for capital repairs and investments, including in EE measures that would reduce MFB energy consumption and, thus, decrease energy-related costs for residents.

GoU support for housing recovery

¹⁵ An estimated 135,000 single-family houses (SFH) have been damaged as well and account for around 9 percent of the total affected housing sector assets. Over 64 percent of housing damage is concentrated in one of three oblasts (Kharkivska, Donetsk and Luhanska) with an additional 28 percent in Kyivska, Mykolaivska, Chernihivska, Dnipropetrovska and Kyiv city

¹⁶ The housing stock damage estimates in the RDNA were categorized into three damage levels in agreement with the Ministry for Communities and Territories Development (MCTD): damage below 10 percent (considered as "minor damage"), damage between 10 and 40 percent (considered as "medium damage") and damage above 40 percent (considered as "destroyed"). All units that were damaged below 40 percent are considered partially damaged and repairable in the short to medium term

¹⁷ IOM, February 16, 2023. DTM Ukraine Returns Report - (16 - 23 January 2023). IOM, Ukraine.

¹⁸ Only one in four apartment buildings are managed by HOAs. Anisimov, O. Fedoriv, P. and Tkachenko, O., Lawson, J. and Buitelaar, E. (2023), *Rebuilding a place to call home. Sharing knowledge for the recovery of Ukraine*, The Hague: PBL Netherlands Environmental Assessment Agency.



10. To address the ongoing invasion damages and to support affected populations, the GoU has made significant efforts to identify, monitor, and prioritize the most urgent infrastructure repairs. For housing, the GoU requires that all damaged assets be verified and registered by LSGs¹⁹ in the damage inventory, which is managed by the Ministry for Communities, Territories, and Infrastructure Development (MCTID) and is currently being linked with the eRegistry managed by the Ministry of Justice (MoJ). The damage inventory system aims to mitigate the risk that support will be provided to repair the same asset more than once, and to monitor the extent, nature, and location of damaged assets and progress on their repair and reconstruction. The damage inventory was established shortly after the invasion and is estimated to have 40 percent of damaged assets registered as of April 2023. In terms of addressing housing damages, MCTID is developing different compensation procedures and repair programs for residential property owners with damaged or destroyed units. The immediate priority group targets owners who applied for support to fix urgent non-structural light repairs (such as broken windows or a damaged roof).²⁰ A second priority group is moderately damaged MFBs, while a third priority group (not included in this Project) will receive housing vouchers for their destroyed homes.

C. Project Description

12. The proposed US\$800 million HOPE Project is designed using a “framework” approach. The project design will support activities that Ukraine will need to partially address the ongoing emergency caused by the damages inflicted on housing stock, with a scope of support that is informed by both available and future financing over the immediate-and short-term. The project has been designed and appraised for the full US\$800 million, including envisaged results indicator targets that match this envelope. The design outlines Project activities that will be implemented with an initial funding of US\$152.5 million grant from the URTF and US\$70 million IBRD loan (backed by a Guarantee from the Government of Japan) with the expectation of additional contributions from other donors,²¹ as well as additional activities to be financed by an additional resource mobilization of US\$577.5 million, which is expected to be filled as subsequent Bank and donor funding (through trust funds, or co-financing) materializes.²²

PDO Statement

11. The Project development objective is to increase households’ access to repaired housing units damaged by Russia’s invasion.

PDO Level Indicator

Number of people benefitting from repaired residential units (Number, gender disaggregated)

Short Component Description	Funding available (US\$ - Millions)	Total Funding Needed (US\$ - Millions)
Component 1: Repair of residential units with partial damage	210.0	590.0
Subcomponent 1.1: Repair of residential units with minor damage	150.0	
Subcomponent 1.2: Repair of residential units with medium damage	60.0	
Component 2. Design and routine/capital repair of MFBs with up to moderate damage	10.0	200.0
Subcomponent 2.1: Preparation of design and project documentation for up to moderately damaged residential units and MFBs	10.0	12.0
Subcomponent 2.2: Routine/capital repair of up to moderately damaged MFBs	0.0	185.0
Sub-component 2.3. Support integrated housing and urban recovery in selected LSGs	0.0	3.0
Component 3. Project management and capacity strengthening	2.5	10.0

¹⁹ Ukraine has three levels of constitutionally guaranteed subnational government (i) *oblast* (regions) (ii) *rayon* (districts) and (iii) *LSG* (local self-government units that range from cities to villages and rural hamlets). LSG can be cities, towns, villages and settlements with local councils and were formed as a result of a series of municipal amalgamations.

²⁰ Although this is not the predominant type of damage, there are many possible scenarios, where individual units in MFBs may sustain damages without common areas being damaged. One of the more common forms of this maybe broken windows due to shocks caused by explosions or artillery firing (that affected only some units in the apartment

²¹ Additional financing of up to US\$380 million may be made available immediately after the disbursement of the initial financing by the end of December 2023.

²² Should the full \$800 million in Project financing not become available, the Project will be restructured to scale-back total financing, the scope of activities, and the results framework, among other things and as needed.



Total Funding for Project	222.5	800.0
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D. Project Components

Component 1. Repair of residential units with partial damage (US\$210 million available; total estimated funding required US\$590 million)

13. Component 1 will provide funding to affected households for the emergency repair of their partially damaged residential units.²³ Eligible households are owners or co-owners of SFHs and apartment units in MFBs with partial damage. Buildings with damage in common areas and/or with structural damage are excluded. Following the prioritization outlined by the GoU's Law on Compensation, applications will be processed in the order received. Eligible affected households can make the request for the compensation for repair of their partially damaged residential units or SFH by applying through the Unified State Web Portal of Electronic Services (Portal DIIA)²⁴ or in-person at the local administrative centers in their respective LSGs. Compensation is commensurate with the level of damage which is confirmed by local commissions which have been established to review applications and verify the levels of damage.²⁵ Once approved, compensation is then automatically deposited in the applicant's bank account for use for goods and services related to minor repairs.²⁶

Subcomponent 1.1: Repair of residential units with minor damage

14. This subcomponent will finance repairs for residential units with minor damages in the amount of up to UAH 200,000 (US\$5,400 equivalent). Funds will be disbursed against reports of incurred expenditures in the form of one-time retroactive financing, and through reimbursement of compensations made to applicants. Funds will be made available to provide compensations up to UAH 200,00 (equivalent to US\$5,400) per application to eligible and prioritized households, as determined by the Compensation Law and the compensation procedure outlined in the GoU's Resolution 381 (see Annex 3 for detailed description of Resolution 381 procedures). The procedure also requires that 5 percent of the households reporting completion of repairs are verified for the use of funds. In addition to the GoU's verification of the use of funds, the TPMA hired by PMT at MCTID will conduct sample verifications, as determined in the POM.

Subcomponent 1.2: Repair of residential units with medium damage

15. This subcomponent will finance medium repairs exceeding UAH 200,000 (US\$5,400 equivalent). A key disbursement condition will be that the compensation resolution for this category, currently under drafting by MCTID, is found to be satisfactory to the WB from a technical, environment and social, integrity, and procurement and financial management (FM) perspective. Funds will be disbursed against reports of incurred expenditures in the form of retroactive financing, and through reimbursement of compensations made to applicants. The draft Resolution is similar to Resolution 381, with key differences as follows: i) maximum compensation for apartment units at MFBs and for SFHs approved by the WB; ii) requirement for engineering and building safety assessment (in addition to the commission's damage verification) to ensure no structural damage to the residential building; iii) compensation to be provided through two tranche disbursements, with the second tranche contingent on uploading of evidence of progress of works, and; iv) sample of units and houses subject to commissions' monitoring and verification at the end of the process of repair, larger than or equal to

²³ Partial damage in this project refers to damage up to 40% of the total asset, per RDNA guidance. This is nonstructural damage, which may require minor repairs (such as window/door replacements, minor bullet holes repairs, etc.) not exceeding US\$5,400, or medium repairs (roof repair, windows/doors replacement, wall repairs, etc.) not exceeding US\$9500. (See Annex 4 – Technical Analysis for the compensation scenarios)

²⁴ DIIA is a mobile application and online portal that opened up digital access to 120 government services and enables Ukrainians to engage with their government online in a one-stop-shop – from applying for benefits and government programs to paying taxes, accessing important documents, registering and running businesses, and providing identification and digital signatures. Following Russia's full-scale invasion of Ukraine in February 2022, Diia has also allowed Ukrainians to receive social support with government services closed in areas impacted by invasion and has been used by displaced Ukrainians to access aid and other critical services. The app is the gold standard in e-government, and Ukraine is now sharing this technology with other countries.

²⁵ The local commission is a consultative and advisory body, accountable and under control of the executive committee of the local council (or the "authorized body"). The commission includes representatives from the authorized body and representatives from the public. The number of representatives from the public cannot be less than one third of the total composition of the commission. Each commission, as per the resolution, should include a specialist who has obtained a higher education in the field of knowledge "Construction and architecture", in addition a member specialized in land management and construction. Additionally, persons with experience in anti-corruption, internal audit or procurement monitoring have preferential right to be included in the composition of the commission.

²⁶ The resolution 381 checklist of the types of repairs covered by this component can be found in the Annex 4



10 percent. In addition to the GoU's verification of use of funds, the TPMA hired by PMT will conduct a sample verification as determined in the POM.

Component 2. Design and routine/capital repair of up to moderately damaged²⁷ MFBs (US\$10 million available; total estimated funding required US\$200 million)

16. This component is designed to initiate the green and resilient routine/capital repairs of MFBs and intends, when financing becomes available, to: (a) prepare design and project documentation for the repair works of MBFs with up to moderate damage, including in the common areas in selected LSGs, (b) perform routine/capital repair of these MFBs, and (c) develop/update necessary recovery and reconstruction planning documents in the selected LSGs. This component will follow a phased approach where the repair of MFBs is contingent on the completion of the engineering assessments and the project design documentation.

Subcomponent 2.1: Preparation of design and project documentation for up to moderately damaged residential units and MFBs

17. This subcomponent will fund the technical preparation of the repair works for residential buildings in up to five municipalities, including Design and Project Documentation (DPD) of up to moderately damaged multi-apartment residential buildings. Consequently, it will finance consulting services for: (i) detailed structural engineering assessments, (ii) technical studies to define structural and non-structural performance standard²⁸ to be followed in design, (iii) feasibility studies to determine design options; and (iv) design documentation with costs estimates, Bill of Quantities (BoQ) and tender documents for rehabilitation of each selected MFB. These assessments are a prerequisite to ensure that all repair works are appropriately designed and delivered, aligned with EE standards, incorporate climate and disaster risks, and follow anticipated updates to the building codes.²⁹ The selected LSGs will contract and supervise design firms in delivering these studies.

18. The prioritization framework will use a spatial cluster approach that is recognized to maximize the impact for recovery in crisis-affected populations.³⁰ LSGs selection will be carried out in consideration of several factors including procurement and implementation capacity as acknowledged by the WB, level of damage, access to service delivery networks, capacity for continued service delivery, completion of non-technical and technical surveys for explosive hazard management (and demining if needed), etc. Second, within the selected municipalities, priority would be given to buildings clusters, to ensure economies of scale. Based on global best practices, the following variables would be considered during the development of the prioritization framework: availability and functionality of service delivery infrastructure, present occupancy rates, average cost of repair per unit in the building (to prioritize MFBs with more beneficiary households at a lower cost), completion of non-technical and technical surveys for explosive hazard management in the area etc. Additional selection criteria could include clusters exposed to climate risks, such as those in flood prone areas, to advance the GoUs goals of resilient recovery.³¹ The selection of MFBs would also be subject to necessary environmental and social safeguards as well as a legal review that establishes property ownership for all units in the selected MFBs along with all required documents and information paired with a "no-objection" document certifying permission to carry out the works in the MFBs as defined in the DPDs. The selection approach and criteria will be detailed in the POM.

Subcomponent 2.2: Routine/capital repair of up to moderately damaged MFBs

²⁷ Partially damaged includes both minor and medium damaged assets. See Annex 2 and table A.2.1 for further details.

²⁸ Per EU buildings and Energy Efficiency standards - Housing repair and reconstruction activities should integrate a climate change mitigation approach, to the extent possible, to include improvements in energy efficiency, including reduced energy demand (e.g. insulation, windows, heating/cooling systems, lighting), renewable energy (e.g. rooftop solar photovoltaic) and water efficiency (e.g. low flush toilets, low water shower heads, rainwater capture and reuse), and minimization of embodied carbon in construction materials.

²⁹ Given the uncertainties that may arise at the building level, these studies are critical to ascertain the final BoQs needed, and funding for the contracting.

³⁰ <https://reliefweb.int/report/world/area-based-approaches-urban-settings-compedium-case-studies-may-2019-edition>

³¹ Enhanced low-carbon, energy efficient building standards and codes will be applied based on the interim guidance prepared through component 3.2 of this project



19. **This subcomponent will finance the routine/capital repair of the identified MFBs for which the DPDs have been completed as part of the subcomponent 2.1 support.** Based on the engineering assessments and design documentation developed under subcomponent 2.1, this subcomponent will finance contracts (goods and labor) for the repair works of a subset of damaged MFBs using a place-based approach and as per financing available under the Project. The selected LSGs will receive funds through fiscal transfers from MCTID and will contract and supervise contractor firms in delivering the civil works, through the local Project Implementation Units (LPIUs). The PMT at MCTID will oversee the overall project implementation, supervise LPIUs and play a quality assurance role (see Implementation arrangements for details).

Sub-component 2.3. Integrated housing and urban recovery support in selected LSGs

20. **This subcomponent will provide financial assistance to the selected LSGs for the formulation and updates of underlying planning documents and data.** The subcomponent will finance consulting services and capacity building to the LSGs selected for subcomponent 2.1 and 2.2, to prepare, among others, necessary plans to kickstart their recovery programming. These include Comprehensive Recovery Programs (CRP) and associated Comprehensive Plans of Spatial Development (CPSD)³² or General Plan of the Settlement (GPS),³³ as applicable and needed. These plans are fundamental for undertaking phased, spatially coordinated repair works necessary to address the multi-sectoral needs for housing recovery through a place-based approach.

Component 3. Project management and capacity strengthening (US\$2.5 million available; total estimated funding required US\$10 million)

21. **This component will finance project management and building project implementation capacity,** including (i) all consultancy and non-consultancy services, including the TPMA procured by PMT; (ii) operating costs of PMT; (iii) goods and equipment required to implement the Project activities; (iv) training costs including necessary training to strengthen the capacity of the PMT staff to mainstream climate mitigation and adaptation as part of the Project implementation; and (v) expenditures linked to the project audit.

D. Implementation

22. **The Project will be implemented by MCTID, through a PMT, at the central level to oversee execution of all Project activities.** The PMT will be primarily staffed with MCTID existing civil servants, with MCTID appointing a Project Coordinator and a team with the WB projects implementation experience. The composition of the PMT shall be acceptable to the WB. The Project Coordinator will act as a focal point for communication with the WB team on the Project-related issues. The PMT will be strengthened with consultants and technical experts/specialists in procurement, FM, monitoring and evaluation (M&E), environmental and social specialists, housing and urban development, capacity-building, and architecture and engineering, hired as deemed needed and in consultation with the WB. MCTID will form the PMT before the Project effectiveness and engage any additional staff/consultants to the PMT no later than one month after the Project effectiveness. Civil servants' salaries are not eligible expenditures for financing under this Project.

23. **The PMT will be responsible for the overall project coordination and reporting, including monitoring compliance with ES standards, fiduciary, legal and other covenant, as well as for hiring and managing the TPMA.** Responsibilities of PMT would include (i) undertaking procurement for activities intended at the national level; (ii) establishing coordination mechanisms and regularly coordinating with national level Ministries including Ministry of Finance (MoF), MoJ, and state entities such as OschadBank; (iii) ensuring the establishment of environment and social risk management, FM systems and policies to ensure safety of investments; (iv) setting up processes to incorporate flexibilities in ESF and Project FM procedures during emergency situations; (v) ensuring timely flow of funds to the beneficiaries through projection of

³² These spatial and development plans are an important basis for responding to the crisis conditions of territorial communities affected by the invasion, and for the prioritization and sequencing of recovery works and need to consider both short term and long-term perspective and for example, long term demographic changes, needs for demining etc.

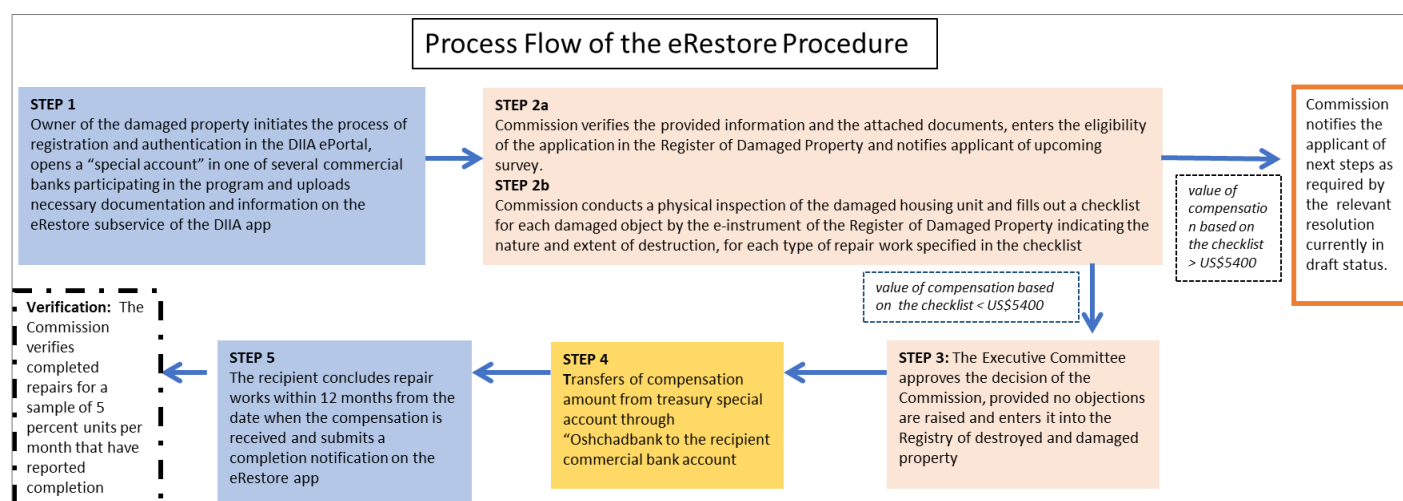
³³ For LSGs comprised of a single city, GPS is to be created (that is equivalent of CPSDs).



disbursements and preparation of financial reporting; (vi) coordinating closely with local entities and LSGs participating in the Project; (vii) supervision, quality control, monitoring, reporting and verification at the national and local levels; (viii) mitigating risks; (ix) formulating and updating the POM, as well as other standard operating procedures across Project components; and (x) managing the TPMA contract and aligning and adjusting aforementioned responsibilities and tasks based on the TPMA findings and results. The structure and processes of monitoring, verification and reporting under the Project would be further elaborated in the POM.

24. For Component 1: Expenditures, i.e., compensations, will be to beneficiaries' bank accounts through the DIIA platform will be verified by MCTID. MCTID (through PMT) will collect and analyze monthly reports from Oschadbank on the number of payments made through eRestore DIA Platform (see chart 1 below). The reports of verifications will be sent to the WB and will be the basis for the Bank disbursements. The TPMA verification will be conducted at the end of the repairs and be the basis for ensuring appropriate use of funds by the end beneficiaries, with process details provided in the POM. Given that the procedure for implementation of Component 1 was recently designed and adopted, the WB would also monitor the effectiveness and functioning of established implementation mechanisms, including based on results of future TPMA reports, and update them in future iterations to take into account targeting, efficiency of systems, and the evolving circumstances of the invasion.

Chart 1. Process Flow of the eRestore Procedure



25. For Component 2: Existing LPIUs, previously established under WB financed Projects, will, under supervision from PMT, be responsible for procurement, contract management, FM, disbursement, ES risk management, and monitoring and evaluation. Consultants may be engaged to provide technical support as needed to LPIUs.

26. The Project will be implemented based on the POM which will describe all processes related to procurement, FM, disbursement, monitoring and implementation arrangements, and will be finalized and adopted no later than 30 days after the Project effectiveness.

27. Project's M&E will be carried out by MCTID PMT. The PMT will be responsible for preparing and submitting all monitoring and evaluation reports to the Bank related to the all the subcomponents. The PMT will include dedicated M&E officers who will be responsible for preparing monthly implementation progress reports on all ongoing project-funded activities (monthly reporting is envisaged, given the short timeline of the Project implementation to ensure the close follow up to achieve PDO). The implementation progress reports will provide progress updates on ongoing procurement, activities under implementation, anticipated timelines, disbursement projections for the following month, and any challenges affecting implementation progress. Progress reports will also provide updates on progress towards the achievement of



targeted outcomes on a quarterly basis, as captured under the Results Framework of the Project. Further details on M&E arrangements that will be detailed in the POM.

28. **A TPMA will independently monitor, verify, and report on the Project's activities.** The TPMA will, as necessary, conduct site visits and sample surveys to gauge the progress and efficacy on ongoing activities as well as verify results on completion. ToRs and details of the TPMA mission will be provided in the POM.

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50

No

Projects in Disputed Area OP 7.60

No

Summary of Screening of Environmental and Social Risks and Impacts

CONTACT POINT

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APPROVAL

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