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Report No: PAD00051

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$1.2 BILLION

TO

UKRAINE

FOR A

INVESTING IN SOCIAL PROTECTION FOR INCLUSION, RESILIENCE, AND EFFICIENCY (INSPIRE) PROJECT
(P181081)

NOVEMBER 15, 2023

Social Protection & Jobs Global Practice
Europe and Central Asia Region

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CURRENCY EQUIVALENTS

(Exchange rate effective October 30, 2023)

Currency Unit = Ukraine Hryvnia (UAH)

US\$1 = UAH 36.42

UAH1= US\$ 0.027

FISCAL YEAR

January 1 – December 31

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ABBREVIATIONS AND ACRONYMS

AM	accountability mechanism
CARE	Cooperative for Assistance and Relief Everywhere
CE	Citizen Engagement
CPF	Country Partnership Framework
CRPD	Convention on the Rights of Persons with Disabilities
DPO	Development Policy Operation
EEP	Eligible Expenditure Program
E&S	Environmental and Social
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESRS	Environmental and Social Review Summary
ESSs	Environmental and Social Standards
FM	Financial Management
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GMI	Guaranteed Minimum Income
GoU	Government of Ukraine
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HEAL	Health Enhancement and Lifesaving Project
HOPE	Housing Repair for People’s Empowerment Project
HUS	Housing and Utilities Subsidy
IBRD	International Bank for Reconstruction and Development
ICF	WHO’s International Classification of Functioning
IDA	International Development Association
IDP	Internally Displaced Person
INSPIRE	Investing in Social Protection for Inclusion, Resilience, and Efficiency Project
IMF	International Monetary Fund
IOM	International Organization for Migration
IPF	Investment Project Financing
IRI	Intermediate Results Indicator
MIS	Management Information System
MoF	Ministry of Finance
MoSP	Ministry of Social Policy
NBU	National Bank of Ukraine
NC	national classification
OCHA	Office for the Coordination of Humanitarian Affairs
PBC	Performance-Based Condition
PDI	Project Development Indicator
PDO	Project Development Objective
PEACE	Public Expenditures for Administrative Capacity Enhancements
POM	Project Operational Manual
PFU	Pension Fund of Ukraine
RELINC	Repairing Essential Logistics Infrastructure and Network Connectivity Project
Re-PoWER	Restoration Project of Winterization and Energy Resources Project

SEA	Sexual Exploitation and Abuse
SH	Sexual Harassment
SM	subsistence minimum
SSN	Social Safety Net
SSNMP	Social Safety Nets Modernization Project
UN	United Nations
WB	World Bank
WHO	World Health Organization



TABLE OF CONTENTS

DATASHEET	1
I. STRATEGIC CONTEXT	7
A. Country Context	8
B. Sectoral and Institutional Context	9
C. Relevance to Higher-Level Objectives.....	14
II. PROJECT DESCRIPTION	14
A. Project Development Objective.....	14
B. Project Components	15
C. Project Beneficiaries	19
D. Results Chain.....	19
E. Rationale for Bank Involvement and the Role of Partners	20
F. Lessons Learned and Reflected in the Project Design.....	21
III. IMPLEMENTATION ARRANGEMENTS	21
A. Institutional and Implementation Arrangements.....	22
B. Results Monitoring and Evaluation Arrangements.....	22
C. Sustainability.....	22
IV. PROJECT APPRAISAL SUMMARY	23
A. Technical, Economic, and Financial Analysis	23
B. Fiduciary.....	24
C. Legal Operational Policies	26
D. Environmental and Social	26
E. Gender.....	26
F. Citizen Engagement.....	27
G. Climate Change.....	28
H. Disability and Inclusion	28
V. GRIEVANCE REDRESS SERVICES	28
VI. KEY RISKS	29
VII. RESULTS FRAMEWORK AND MONITORING	31
ANNEX 1: Implementation Arrangements and Support Plan	39
ANNEX 2: Eligible Expenditures (29 Social Assistance Benefits Covered by INSPIRE)	42



ANNEX 3: Reforming Social Assistance for Internally Displaced Persons	46
ANNEX 4: Gender Analysis	48
ANNEX 5: Grievance Redress Mechanism of the Ministry of Social Policy	49
ANNEX 6: Climate and Disaster Risk Screening	50
ANNEX 7: Disability Analysis	50



DATASHEET

BASIC INFORMATION

Project Beneficiary(ies) Ukraine	Operation Name Investing in Social Protection for Inclusion, Resilience, and Efficiency (INSPIRE) Project		
Operation ID P181081	Financing Instrument Investment Project Financing (IPF)	Environmental and Social Risk Classification Moderate	Process

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternative Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)

Expected Approval Date 30-Nov-2023	Expected Closing Date 30-Dec-2024
Bank/IFC Collaboration No	

Proposed Development Objective(s)

The development objective is to (i) contribute to the sustainable provision of social assistance to vulnerable groups, and (ii) improve the coverage and efficiency of selected social safety net programs.

Components



Component Name	Cost (US\$)
Provision of social assistance to vulnerable groups	1,197,000,000.00

Organizations

Borrower: Ukraine
 Implementing Agency: Ministry of Social Policy of Ukraine

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? No
 Is this project Private Capital Enabling (PCE)? No

SUMMARY

Total Operation Cost	1,200.00
Total Financing	1,200.00
of which IBRD/IDA	1,200.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	1,200.00
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Expected Disbursements (US\$, Millions)

WB Fiscal Year	2024
Annual	1,200.00
Cumulative	1,200.00



PRACTICE AREA(S)

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

CLIMATE

Climate Change and Disaster Screening

Yes, it has been screened and the results are discussed in the Operation Document

SYSTEMATIC OPERATIONS RISK- RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● High
7. Environment and Social	● Moderate
8. Stakeholders	● Substantial
9. Other	
10. Overall	● High

POLICY COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No



ENVIRONMENTAL AND SOCIAL

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant
ESS 2: Labor and Working Conditions	Relevant
ESS 3: Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
ESS 4: Community Health and Safety	Relevant
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8: Cultural Heritage	Not Currently Relevant
ESS 9: Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

LEGAL

Legal Covenants

Sections and Description

Conditions

Type	Citation	Description	Financing Source
Effectiveness	Section 5.01 of the Legal Agreement	The Additional Condition of Effectiveness consists of the following, namely that the Borrower, through the Ministry of Social Policy (MoSP), has adopted the	IBRD/IDA



		Operational Manual in a manner satisfactory to the Bank	
Disbursement	Section III.B 1 of Schedule 2 to the Legal Agreement	No withdrawal shall be made: (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$900,000,000 may be made for payments made prior to this date but on or after January 1, 2023 for Eligible Expenditures under Category (1), subject to the condition set forth in paragraph 1(b) of this Section; and (b) for payments under Category (1) for which a withdrawal request has been submitted, unless the Borrower, through MoSP, has submitted evidence satisfactory to the Bank that: (i) Payments under the EEP have been made to eligible beneficiaries by the Borrower in accordance and in compliance with the procedures set forth in the Borrower’s applicable laws and regulations; and (ii) the Borrower, through MoSP, has furnished to the Bank evidence acceptable to the Bank in its form and content, and following the requirements set forth in the Verification Protocols, confirming the achievement of the respective Performance Based Condition (PBC) set	IBRD/IDA



		forth in Schedule 4 of this Agreement.	
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I. STRATEGIC CONTEXT

1. **Ukraine is grappling with three major challenges related to adequacy, sustainability, and adaptiveness of social wartime assistance, which the proposed Investing in Social Protection for Inclusion, Resilience, and Efficiency (INSPIRE) project aims to address**, namely: (i) the adequacy of support or share of targeted financial support for the most vulnerable groups is relatively small and needs coverage and adequacy improvements; (ii) current benefits for internally displaced persons (IDPs) are not fiscally sustainable, as they are provided without regard to income, other benefits, or property status, and absorb over 1 percent of gross domestic product (GDP); and (iii) there is a need for the social safety net to be more adaptable so it can quickly expand during economic shocks such as higher energy prices. The institutional foundation, as well as management information systems (MISs), must be strengthened to facilitate the exchange of information between registries and databases during times of increased energy tariffs. Furthermore, there is a need to develop integrated social services to help beneficiaries graduate from poverty and support the integration of war-affected groups in the communities.

2. **The INSPIRE project is a stand-alone Investment Project Financing (IPF) operation for US\$1.2 billion of IBRD resources through credit enhancement from the Advancing Needed Credit Enhancement for Ukraine (ADVANCE Ukraine) Trust Fund supported by the Government of Japan.** The operation forms an integral part of the international support package for Ukraine to meet its financing needs during 2023–24. The loan funds will be disbursed to finance 29 types of social assistance benefits against the achievement of 6 Performance-Based Conditions (PBCs) that secure the implementation of important reform actions. These PBCs are aligned with structural reform measures focused on enhancing targeting, efficiency, and sustainability of the most important social safety net programs, including the Guaranteed Minimum Income (GMI), Housing and Utilities Subsidy (HUS), and IDP assistance programs, which mitigate the impacts of Russia’s invasion of Ukraine on 7.2 million individuals from low-income, energy vulnerable, or internally displaced households.

3. **The project will support the government’s provision of social protection and ensure long-term sustainability, and adequacy of social safety nets (SSNs) in Ukraine.** The policy measures supported by PBCs will enable the system to be rebalanced from categorical payments toward more efficient (targeted) support, and create fiscal space to secure the provision of 29 types of benefits to vulnerable groups that include persons with disabilities and their caregivers, orphans and children under guardianship, foster families and families with many children, social pensioners, victims of the Chernobyl nuclear disaster and human trafficking, and socially vulnerable students, and cover around 2.4 million of the most vulnerable adults and children exposed to the devastating impacts of Russia’s invasion of Ukraine and resulting humanitarian and economic crises. The project is necessary to address the need for fiscal capacity to provide social relief through financing of 29 benefits in 2023 but also in 2024. The fiscal capacity in 2024 will be supported by PBCs that affect the accrual of savings from means testing the IDP program. Furthermore, there is a need to strengthen social protection delivery systems to improve SSN adaptiveness to future shocks such as rising energy costs, and specifically to enable rapid scalability of the HUS. In sum, the reforms supported by selected PBCs will contribute to the long-term resilience and sustainability of social assistance expenditure programs to protect families from falling into poverty traps, by making IDP and GMI programs more targeted to low-income households and sustaining social assistance expenditure programs during wartime to protect human capital by financing 29 social benefits in 2023.

4. **The project also aims to streamline the safety net system for the long term by supporting the initial steps for integrating benefits and delivery systems, thus preparing a foundation for further structural reforms.** Along with providing emergency support to the people of Ukraine and strengthening the capacity of safety nets to target vulnerable groups, the project lays the groundwork for future World Bank financing of the next generation of welfare reforms related to the need to consolidate various welfare systems and benefits. The government is considering consolidating multiple



targeted benefits and improving means tested criteria; this vision is outlined in the Ministry of Social Policy's (MoSP) Concept Note on Social Safety Nets, prepared as a structural benchmark under the IMF's four-month Program Monitoring with Board Involvement in 2023. The overarching goal of this strategy is to tailor benefit amounts to each family's specific needs through an ambitious reform that requires national debate and political consensus. The current project supports the first steps toward this goal, while further progress could be addressed through a potential additional financing loan.

5. The INSPIRE project complements the World Bank's operational portfolio in Ukraine. The proposed project aligns with the Public Expenditures for Administrative Capacity Enhancements (PEACE, P178946) IPF, the Relief and Recovery Development Policy Operation (DPO, P181023), and the Social Safety Nets Modernization Project (SSNMP, P128344). The PEACE project finances social and administrative expenditures, including pensions, HUS, GMI, and IDP benefits, and part of the family benefits, while the DPO supports the government's efforts to provide social relief and prepare the country for recovery. The ongoing SSNMP supports the administrative modernization of the SSNs and finances the activities to strengthen the capacities of the MoSP and local social welfare units to provide benefits and equipment for the SSN MIS. Other projects in human development and analytical work in the portfolio help Ukraine protect its human capital and mitigate the impact of Russia's invasion of Ukraine, while setting the basis for future structural reforms and economic recovery. Implementation of the proposed project will also benefit from upstream World Bank advisory engagement. Other projects in the Ukraine portfolio include the Health Enhancement and Lifesaving Project (HEAL, P180245), Repairing Essential Logistics Infrastructure and Network Connectivity (RELINC, P180318), Restoration Project of Winterization and Energy Resources (Re-PoWER, P180332), and the recently approved Housing Repair for People's Empowerment Project (HOPE, P181200).

A. Country Context

6. Russia's invasion of Ukraine continues to impose a severe humanitarian and economic toll. Nineteen months of war have resulted in significant civilian casualties, the largest migration crisis in Europe since World War II, the internal displacement of millions of people, a global energy and food crisis, as well as large-scale destruction of Ukraine's infrastructure and disruptions in the provision of essential services critically needed to build and protect human capital. Between February 24, 2022, and September 24, 2023, the Office of the United Nations High Commissioner for Human Rights (OHCHR) recorded 27,449 civilian casualties in the country, including 9,701 deaths and 17,748 injuries. The invasion also triggered one of the world's most significant forced displacement crises, with approximately 5.09 million people (or 12 percent of the pre-war population) displaced within Ukraine and over 6.2 million Ukrainian refugees (around 15 percent of the population) recorded globally.¹ Of those internally displaced, 58 percent are women and girls, and around 66 percent of IDP families have at least one child.

7. Ukraine's GDP, which declined by 29.1 percent in 2022 due to the destruction of productive capacity, damage to arable land, and reduced labor supply, is projected to grow by 0.5 percent in 2023.³ According to International Labor Organization estimates, 15 percent of employment (equivalent to 2.4 million jobs) has been lost compared to 2021. The share of those people who were employed before the invasion reporting that they are now out of work decreased from 53 percent in March 2022 to 34 percent in June 2023; but due to the continuation of the invasion, more Ukrainians could lose their jobs and millions could be pushed into poverty, offsetting years of development efforts.

8. Russia's invasion of Ukraine and its resulting shocks have the hardest effects on the poorest and most

¹ According to the data of UNHCR and IOM, 2023, <https://www.ohchr.org/en/news/2023/09/ukraine-civilian-casualty-update-24-september-2023>.

² National Bank of Ukraine, *Inflation Report, July 2023* (Kyiv: National Bank of Ukraine, 2023), <https://bank.gov.ua/ua/news/all/inflyatsiyniy-zvit-lipen-2023-roku>.

³ "World Bank Group Support to Ukraine," World Bank Group, 2023, <https://thedocs.worldbank.org/en/doc/1cbfe97313f071d12a1a073cf94992d8-0080012023/original/World-Bank-Group-Support-to-Ukraine.pdf>



vulnerable, and further exacerbate preexisting inequalities, including gender-related. Poverty is estimated to have 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 in poverty reduction.⁴ Regions most affected by the invasion are expected to experience even higher poverty rates. Over 40 percent of households across Ukraine have “severe” or “extreme” levels of livelihood needs; around 10 percent of those report that social benefits provided by the government are their primary source of income.⁵ Russia’s invasion of Ukraine has exacerbated vulnerabilities and heightened economic, social, and health risks for women and girls, who are disproportionately affected. Women are facing immense hardships related to the loss of crucial livelihoods, rising poverty, and increased violence and abuse (details in section E). The second round of the Rapid Damage and Needs Assessment (RDNA2), conducted jointly by the World Bank, the Government of Ukraine (GoU), the European Commission, and the United Nations, showed that damage (direct costs of destroyed or damaged physical assets and infrastructure) to the social protection sector is estimated at US\$240 million. Disruptions to essential services, as well as additional expenses associated with the war, collectively measured as losses, are estimated at as much as US\$65.7 billion, stemming from the loss of jobs and household wage income, higher poverty, and increased expenditures on social assistance programs. The estimated reconstruction and recovery needs amount to US\$42.4 billion over ten years.

9. Rising fiscal expenditure for defense and social protection increased the deficit, but higher tax collection, assistance from international partners, domestic borrowing, and monetization of the residual needs partially relieved the stress on public revenues. Ukraine’s public finances remain under severe pressure, with the disbursement of external donor financing only partially covering the financing needs. Due to high spending on wages, goods, and services to meet security needs, and on social benefits to provide relief, general government expenditure in 2022 stood at 70 percent of GDP—30 percentage points more than in 2021. Having lost access to commercial external financing, Ukraine relied on official bilateral and multilateral assistance, which provided a total of 21.1 percent of GDP of the total financing needs, while the rest has been met by financing from domestic banks and monetization of the National Bank of Ukraine (NBU). Thus, Ukraine will continue to require budgetary financing from donors to ensure the provision of essential public services and rely on internal sources to cover military expenditures.

B. Sectoral and Institutional Context

10. Ukraine operates a large social protection system that redistributes around 3 percent of its GDP through social assistance. When social security is included, in 2022, the total spending on social protection amounted to around UAH 780 billion, or around 15 percent of the GDP. During 2014–21, while still large, the total expenditures on social protection—including expenditures of the Pension Fund of Ukraine (PFU) and Social Insurance Fund of Ukraine—decreased from 16.8 percent to 12.5 percent of GDP. However, the significant drop in GDP in 2022 caused by Russia’s invasion of Ukraine increased the share of social protection expenditures to around 15 percent and to an estimated 13.3 percent of GDP in 2023.

11. While Ukraine’s SSN system comprises over 40 cash transfer programs, three programs stand out. Out of around 3 percent of GDP, the social assistance to persons suffering from a loss of income shock—IDPs, low-income families (GMI) or energy-poor households (HUS)—absorbs the largest share of the total SSN budget allocated for 2023 (1.7 percent of GDP). Figure 1 presents the changes in spending on selected social assistance programs during 2014–22, clearly showing the soaring cost of IDP assistance. During 2014–17, overall spending on social assistance rose from 3.4 percent of GDP in

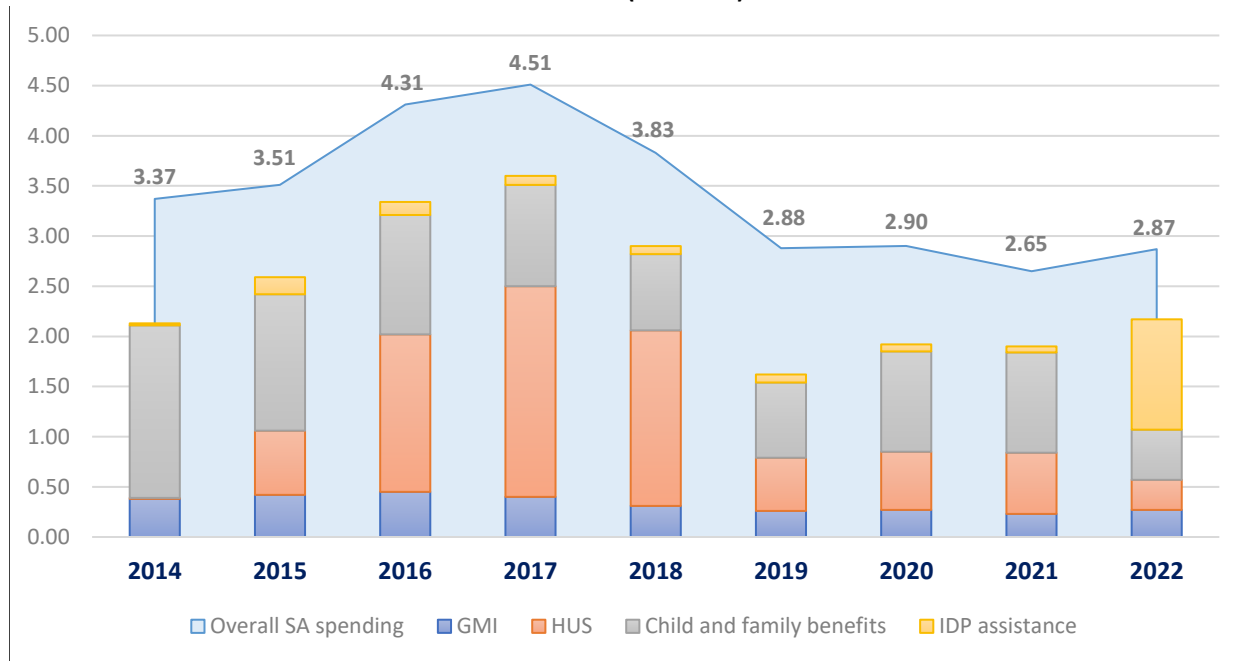
⁴ Simulations by the World Bank that reflect the impacts of economic contraction, differentiated impacts on public and private sector income, and inflation impacts on poverty. Poverty is measured as consumption below the global US\$6.85 per person per day line in 2017 PPP. “World Bank Group Support to Ukraine,” World Bank Group, 2023, <https://thedocs.worldbank.org/en/doc/1cbfe97313f071d12a1a073cf94992d8-0080012023/original/World-Bank-Group-Support-to-Ukraine.pdf>.

⁵ REACH, *Multisectoral Needs Assessment (MSNA) 2022—Livelihoods Findings, March 2023* (Geneva: REACH, 2023), <https://reliefweb.int/report/ukraine/multisectoral-needs-assessment-msna-2022-livelihoods-findings-march-2023>.



2014 to 4.5 percent of GDP in 2017 due to the significant expansion of the HUS program—from 0.01 percent of GDP in 2014 to 2.1 percent in 2017. This increase in the HUS expenditures during 2015–17 was essential for supporting a major reform to eliminate universal energy subsidies and buffer the impact of unprecedented utility tariff increases. However, as a result, the system became lopsided, as the HUS program became the country’s largest program, reaching close to half of all households in 2017 (6.5 million). The government implemented several reforms to reduce HUS expenditures, and by 2019 social assistance was back on a sustainable path.

Figure 1: Overall Spending on Social Assistance, GMI, HUS, and IDP Programs and Child and Family Benefits, 2014–22 (% of GDP)



Source: Administrative data of the MoSP, reports on execution of the state budget programs, passports of the budget programs for 2023.

12. In 2022 the GoU expanded social assistance for IDPs in response to an unprecedented internal displacement crisis. A new social assistance to IDPs to cover living expenses was introduced on March 20, 2022⁶ (four weeks into the invasion). This came on top of 1.4 million Ukrainians who were already internally displaced due to eight years of active fighting in eastern Ukraine and were receiving the monthly assistance introduced in 2014,⁷ to help cover their living expenses. The increased number of IDPs after February 2022 led to a significant increase in spending on IDP support—from UAH 3 billion in 2021 to UAH 53.3 billion, or 1 percent of GDP, in 2022. The average monthly number of recipients increased from around 171,000 families (approx. 0.4 million individuals) in 2021 to above 2.5 million individuals in 2023. Between March 2022 and July 2023, the IDP benefit was provided regardless of income, other benefits, or property status and did not consider the employment status of work-able recipients. Furthermore, the monthly payment was significantly increased—from UAH 1,480 per family (on average) in 2021 to UAH 2,000–3,000 per month per person in 2022–23. In addition, the amount of IDP assistance received was not considered when calculating the total family income when applying for all other types of social assistance.

13. Between May and December 2022, the GoU amended the rules of the IDP program to channel assistance to

⁶ Resolution of the Cabinet of Ministers No. 332 dated March 20, 2022.

⁷ Resolution of the Cabinet of Ministers No. 505 dated October 1, 2023.



those significantly affected by Russia’s invasion of Ukraine and strengthened control over compliance with the program requirements. Starting from May 1, the program narrowed its focus to people displaced from those communities who were not under government control or were affected by the ongoing hostilities. The GoU agencies regularly update the list of such communities. In addition, the program continued to cover those IDPs whose houses were destroyed or damaged due to the war—regardless of pre-war residence. Starting from December 2022, the GoU enhanced control over compliance with the program requirements and eligibility criteria. Given that returnees to places of permanent residence lose both IDP status and eligibility for assistance, the National Social Service of Ukraine, which performs social inspection functions, started to conduct random checks of program beneficiaries’ actual place of residence. This largest SSN program, which was categorical and absorbed over 40 percent of the social assistance spending, needed further improvement to redirect resources to those who need assistance most.

14. The large amount of money spent on supporting IDPs is jeopardizing the ability to provide aid to other vulnerable groups. During 2022–23, the composition of Ukraine’s safety net changed radically due to the ongoing war, and the IDP assistance program now dominates it. This program, significantly expanded in 2022 to respond to the displacement crisis, absorbs around 40 percent of the social assistance budget, while the better-targeted GMI program accounts for only 9 percent of overall spending. Going forward, it will displace other social programs even more as the SSN expenditures in 2023 are projected to amount to around 2.5 percent of GDP,⁸ down from 2.87 percent in 2022. In view of the reduced ability to sustain the social assistance expenditures, there is a critical need to rationalize IDP support, since it challenges the sustainability of the overall social protection system.

15. Enhancing targeting of the IDP program could improve system efficiency, reduce poverty and inequality, and ensure the fiscal sustainability of the other 29 INSPIRE-financed benefits. Considering the size of IDP assistance in overall SSN spending, gradual phasing out of the untargeted IDP program by introducing a 6-month limit on benefit duration for current recipients of IDP assistance and replacing it with a new means- and assets-tested program with a 12-month limit on benefit duration, would improve the overall targeting accuracy of SSN transfers while improving the access of low-income IDP families and IDP women with limited financial resources, among others.

16. The project aims to enhance the adequacy and coverage of the GMI program. The GMI program is a last-resort means-tested program introduced in 2000,⁹ and provides income support to low-income families. The GMI benefit size is calculated as the difference between the subsistence minimum (SM)¹⁰ for a family and the family’s average monthly income. To calculate the SM for a family, the program uses the guaranteed subsistence minimum (GSM) eligibility threshold established by law for different beneficiary groups as a percentage of SM (see table 1). Family income is calculated as an average of the total family income for six months received prior to GMI enrollment, including pensions other benefits—except for social assistance for IDPs—subsidies, privileges, scholarships, unemployment benefits, insurance payments, money transfers from abroad, etc. The GMI is not provided to families that own more than one vehicle or house/apartment, or those that made purchases worth UAH 50,000 or more during the 12-month period prior to enrollment.

Table 1: Subsistence Minimum and Guaranteed Subsistence Minimum, 2023

	Subsistence minimum		Guaranteed subsistence minimum	
	UAH	% of SM	UAH	
Work-able	2,684	45	1207,80	

⁸ GDP for 2023; macroeconomic projections of NBU, July 2023.

⁹ The GMI program is regulated by the Law of Ukraine, “On state social assistance to low-income families,” No. 1768-III adopted on June 1, 2020.

¹⁰ Subsistence minimum means the cost of food, goods, and services sufficient to ensure the normal functioning of a human body and cover basic social and cultural needs. The SM is established by the Law of Ukraine, “On subsistence minimum,” No. 966-XIV.



Children under 6 y. o.	2,272	130	2953,60
Children 6–18 y. o.	2,833	130	3682,90
Non-work-able*	2,093	100	2093,00

*People of retirement age, persons with disabilities, and persons eligible for a survivor’s pension

17. The GMI program has the highest targeting accuracy among all SSN programs. At the same time, the GMI is a relatively small program that falls short of providing appropriate coverage even for the groups identified as poor by the official poverty definition. Spending on the program varied from 0.42 percent of GDP in 2015 to 0.27 percent of GDP in 2022; the share of the program in the SSN spending decreased from 12 to 9 percent over this period. The average monthly number of GMI beneficiary families, which increased from 248,000 in 2015 to 342,000 in 2020, declined to 216,500 in 2022 and even further to 155,000 in August 2023 due to the freeze of the SM, the outflow of Ukrainian population to Europe, and around 20 percent of the Ukrainian territory not under government control, where the application for benefits is not possible.¹¹ The average size of monthly benefit per beneficiary family for 2022 was UAH 5,340.4 (US\$146). The program is accurate in channeling benefits to the poor; however, given that the GMI coverage is modest (only 3.5 percent of the population in the poorest quintile in 2020), its poverty impact appears limited.

18. From 2020 to 2022, the eligibility criteria for GMI were revised to slightly broaden the program and impose stricter graduation requirements. The GoU gradually increased the eligibility income threshold for able-to-work family members—from 24 percent of the SM in 2019 to 35 percent of SM in 2021, and to 45 percent of SM in 2022.¹² In addition, in 2020, the GoU introduced activation conditions to promote moving to self-sufficiency. These measures included the introduction of income disregard and restricted the duration of benefits to lower work disincentives; unification of the program rules; and strengthening conditionality related to job search. In 2022, the GoU introduced a program to provide start-up grants to unemployed, able-to-work GMI beneficiaries to promote small business development and job creation. The key parameters of the program are based on the approaches of the “Hand of Help” pilot successfully implemented under the SSNMP between 2017 and 2019. Due to Russia’s invasion of Ukraine, the program’s launch was postponed.

19. Despite the ongoing evolution of the GMI program, its adequacy and coverage need to be further improved to support an increasing number of impoverished individuals, particularly amidst the loss of livelihood during times of war among the families with children. The INSPIRE project will support an increase of the GMI eligibility threshold (income) for children by at least 10 percent in 2024. An increase in the income threshold for children would lead to an increased coverage of poor families with children, especially with many children, and an increase in the level of benefits for these families that have become much more vulnerable during the war. The poverty level among families with two or more children is higher than the level among families without children and among the elderly. The proposed project will support an increase of the income threshold for children from 130 percent of SM to at least 140 percent of SM in 2024.

20. The HUS is a large program in terms of expenditure and the primary social support tool for households vulnerable to energy costs. The energy assistance provided in Ukraine, including subsidies and benefits, partially compensating for the utility and fuel costs,¹³ accounted for 0.65 percent of Ukraine’s GDP in 2022 and reached around 3.5 million households (around 9 million people). The HUS is the largest means-tested program, which provides financial support for the payment of utility bills by capping how much households spend to cover a normative amount of consumption. Since 2018, the design of the HUS has been continuously improved through enhanced targeting, greater

¹¹ When the war started, the GoU extended the duration of GMI benefits without re-enrollment by the end of 2022. Thus, reduction of the country’s overall population caused by Russia’s invasion of Ukraine showed up in GMI data for 2023 only. The percentage of decrease in the number of beneficiaries fully corresponds to the percentage of the overall population outflow.

¹² These changes to the GMI eligibility income threshold were supported by the 2nd Additional Financing to SSNMP through three PBCs.

¹³ The energy assistance provided in Ukraine includes (i) the HUS; (ii) subsidy to purchase solid and liquid fuel and liquefied gas, and benefits, partially compensating for the (iii) utility costs; and (iv) cost of solid and liquid fuel and liquefied gas.



accountability, and transparency, and introduced monetization of the HUS. During 2019–21, the GoU gradually introduced consumer-level monetization that envisaged paying the subsidies and benefits, partially compensating for the utility and fuel costs, in cash directly to beneficiaries while previously it was paid to utility companies. With monetization reform, these benefits are provided as cash equivalent through authorized banks or the national postal operator Ukrposhta. During this period, the program demonstrated improved targeting accuracy, which increased from 29.5 percent of funds channeled to the poorest quintile in 2018 to 42.1 percent in 2020.

21. The next phase of HUS reform started in September 2022, when the GoU introduced changes to the administration of energy assistance to further reduce fragmentation. The payment model was improved to allow enrollment flexibility and enhance IDPs' access to energy subsidies and benefits, partially compensating for the utilities and fuel costs. The new model envisaged the centralization of functions related to client intake, benefits provision, and payments—to be performed by the PFU. This measure ensures access to benefits regardless of the beneficiary's place of residence/registration and strengthens beneficiaries' data protection using the PFU capacities.

22. With the support of the INSPIRE project, the government will work towards further improving the administration model of the HUS program. The aim is to reduce the risk of exclusion by strengthening the institutional and information management systems. Adopting these improvements will aid the government in expanding assistance when energy tariffs increase quickly. Starting from June 15, 2023, the GoU launched the piloting of a new mechanism to provide HUS and a subsidy on liquefied gas and solid and liquid fuel, which envisages: (i) proactive identification of potential beneficiaries and notification of their eligibility for the HUS and simplified enrollment—either in person (through the local offices of the PFU, local executive authorities, or Centers for Administrative Service Delivery) or online (through the Diia);¹⁴ and (ii) automation (digitalization) of beneficiary households' data verification through cross-registry data exchange (including on income, expenses, assets, employment status, living area of house or apartment, etc.) These changes will significantly strengthen the scalability of the HUS, enhance the ability of the SSN system to respond to utility tariff increases, and build the resilience of poor and vulnerable households to the impacts of crises and shocks.

23. Strengthening the GMI, HUS, and IDP programs frees up resources while improving the adequacy and flexibility of the overall system to respond to shocks and affecting the viability of the other 29 programs through fiscal space and improved capacity of the SSN system. While the INSPIRE project will finance the government's non-military expenditures on 29 types of social benefits not covered by the PEACE project, the PBCs help improve the overall system by strengthening IDP, GMI, and HUS programs, which will have positive functional effects for the other 29 programs financed by the project. The reforms selected to be incentivized by INSPIRE project PBCs contribute to the long-term agenda of building resilience and sustainability by: (i) making SSN programs more targeted and efficient to create fiscal space for long-term financial sustainability of social assistance expenditure programs beyond this project; and (ii) sustaining social assistance expenditure programs during the war to protect human capital for long-term resilience.

24. 29 type of benefits that will be financed by the project account for around 25 percent of the total social assistance spending, or 0.6 percent of the projected GDP, and provide support to around 2.4 million beneficiaries. The estimated 2023 budget allocated for 29 types of selected benefits is US\$1 billion equivalent, around US\$82.5 million per month. The project will reimburse up to US\$1.2 billion to the GoU for self-financed expenditures on these social benefits incurred during the 2023 calendar year and January–June 2024. The estimates of the MoSP show that the total expenditures during this period will amount to at least US\$1.6 billion. More details on the selected benefits are provided in Annex 1.

¹⁴ Diia is a platform launched by the Ministry of Digital Transformation in 2020 to provide digital services. It includes a website and mobile application. The Diia mobile app allows citizens to have digital national IDs, taxpayer identification documents, driving licenses, vaccination certificates, etc. As of August 2023, there were 18 million Diia users in Ukraine.



C. Relevance to Higher-Level Objectives

25. **By focusing on the poorest and most vulnerable in society, the operation supports the World Bank's twin goals of eradicating poverty and boosting shared prosperity in a livable planet.** Some common lessons from the Bank's engagement in the countries have shown that the provision of cash transfers to poor and vulnerable families can effectively reduce inequality, buffer individuals from shocks, and improve livelihoods. The project-financed activities will contribute to building resilience in the long term and help protect the vulnerable from falling into or becoming trapped in a cycle of poverty.

26. **The INSPIRE project is aligned with the World Bank's approach paper, "Relief, Recovery, and Resilient Reconstruction: Supporting Ukraine's Immediate and Medium-Term Economic Needs."**¹⁵ Specifically, the project will strengthen the GoU's capacity to provide social support to the poor and vulnerable during the war (relief phase) to cover their basic needs and preserve human capital while helping to improve the targeting efficiency of the social assistance system by increasing coverage and adequacy of support for the GMI and IDP programs, enhancing scalability and targeting of the HUS program, and introducing approaches to ensure efficient delivery of social services to war-affected and vulnerable groups to pave the way to sustainable recovery and resilient reconstruction.

27. **The project is strongly aligned with the World Bank Strategy for Fragility, Conflict, and Violence (2020–25),**¹⁶ particularly Pillar II, which emphasizes "remaining engaged during conflicts and crisis situations" to build resilience, support the delivery of essential services, promote livelihoods creation, and strengthen national and local institutions to preserve development gains and build capacity for future recovery." The project will focus on well-targeted development interventions to convey important support to the most vulnerable groups.

28. **Ukraine has made impressive commitments to addressing climate change and reiterated these despite the ongoing war.** Ukraine ratified the Paris Agreement in 2016 and submitted an updated Nationally Determined Contribution in July 2021 with the target of an economy-wide net greenhouse gas emission reduction of 65 percent by 2030 compared to the 1990 level.¹⁷ Ukraine recently reiterated its commitment to reaching carbon neutrality by 2060. This operation is consistent with Ukraine's climate strategies and the Paris Agreement. The INSPIRE project supports reform measures to mitigate the adverse impact of energy poverty on vulnerable populations. Specifically, the project will finance benefits partially compensating utility costs and support policy measures to introduce proactive enrollment in the HUS program. The project-financed activities do not hinder the achievement of Ukraine's Long-term Strategy (Ukraine 2050 Low Emissions Development Strategy).¹⁸

II. PROJECT DESCRIPTION

A. Project Development Objective

¹⁵ World Bank Group. 2022. [Relief, Recovery and Resilient Reconstruction - Supporting Ukraine's Immediate and Medium-Term Economic Needs](#). In: Informal approach paper by World Bank Group staff presented to the Ministerial Roundtable for Support to Ukraine at IMF-World Bank Spring Meetings. The World Bank Group, Washington DC, 2022 (April).

¹⁶ World Bank Strategy for Fragility, Conflict, and Violence 2020–25.

¹⁷ Updated Nationally Determined Contribution of Ukraine to the Paris Agreement, July 2021.

¹⁸ Ukraine's Long-term Strategy, 2018.



PDO Statement

29. Project Development Objective (PDO). The Project Development Objective is to (i) contribute to the sustainable provision of social assistance to vulnerable groups, and (ii) improve the coverage and efficiency of selected social safety net programs.

30. The objectives of the INSPIRE project focus on sustaining provision of social assistance to the most vulnerable groups and enhancing resilience by providing more flexible programs, such as GMI and HUS, that could be more inclusive and responsive to income decreases. Furthermore, the project aims to strengthen social services and cash transfers to better respond to challenging life circumstances. Additionally, by preparing the MISs for future adverse shocks such as energy tariff increases, this project strives to promote resilience, improve accessibility to benefits, and ensure the long-term stability of the population's welfare.

PDO Level Indicators

31. The three key project development indicators (PDIs) for tracking progress toward the PDO are grouped around two results areas:

Results area 1. Sustained provision of social assistance to vulnerable groups.

- o PDI 1: Number of the individuals benefiting from 29 types of benefits reaches at least 2.4 million in 2023 (see Annex 2 for the list of benefits).

Results area 2. Increased access to the GMI and IDP programs for the poor.

- o PDI 2: Number of families benefiting from the GMI program with increased eligibility income thresholds reaches at least 200,000 in 2024, of which at least 80 percent are able-to-work women.
- o PDI 3: Number of the IDP program beneficiaries who are identified based on the improved eligibility criteria reaches at least 1 million in 2024, of which at least 60 percent are women and at least 6 percent are persons with disabilities.

B. Project Components

32. The INSPIRE project will deploy funds in the amount of US\$1.2 billion under one component that supports the financing of 29 social assistance benefits to with additional conditions in the form of PBCs on Bank financing to incentivize additional outcomes beyond what can be achieved by financing the selected expenditures alone.

33. Component 1. Provision of social assistance to vulnerable groups (US\$1.2 billion). This component will finance the selected 29 types of social benefits envisaged by five state budget programs (see table 2) from January 2023 to June 2024. These benefits provide support to around 2.4 million beneficiaries (individuals), including vulnerable families and children, adults and children with disabilities and caregivers, social pensioners, socially vulnerable students, and victims of human trafficking and the Chernobyl nuclear disaster. Before Russia's invasion of Ukraine, the GoU made notable progress in strengthening the targeting of these programs and introduced means testing as an eligibility rule for several of them. The ongoing war in Ukraine exacerbates vulnerabilities and heightened economic, social, and health risks for the beneficiaries of these programs, and the majority of them rely on monthly social payments as their only income source to cover basic needs. Hence, sustaining the GoU's capacity to provide social assistance under selected programs during the



war is critical, particularly given these groups' growing vulnerability to ensure their food security and safety. The estimated budget allocated by the GoU for these types of benefits for 2023 is US\$1 billion equivalent (see table 3 for more details). The project will finance expenditures on 29 selected social benefits paid through the MoSP and PFU to eligible beneficiaries (households or individuals) in compliance with the program rules and procedures outlined in the applicable laws and regulations during the 2023 calendar year and in January to June 2024. The GoU undertakes that no project proceeds or resources may be used for defense, security, or military purposes.

Table 2: Project Costs

Category	Amount of loan allocated (US\$)
(1) Payments under the EEP under Component 1	1,197,000,000
(2) Front-end fee	3,000,000
(3) Interest rate cap or interest rate collar premium	0
TOTAL AMOUNT	1,200,000,000

Table 3: Selected Benefits: Spending for 2022, Budget Allocations for 2023, and Projected Number of Beneficiaries for 2023

Budget program	Spending 2022, UAH, millions	Spending 2022, US\$, millions	Allocations for 2023, UAH, millions	Allocations for 2023, US\$, millions	Projected number of beneficiaries 2023, persons
2501400 Social protection for children and families	10,876	297	12,702	347	248,740
2501540 Social Support to low-income families	10,815	296	12,020	329	1,714,700
2501530 Social protection for people in difficult life circumstances	10,447	286	11,360	311	972,976
2501160 Lifetime scholarships	5	0.1	6	0.17	191
2507110 Social protection for persons with disabilities	1,592	43.6	42	1	3,100
TOTAL	33,735	922.7	36,130	988.17	2,939,707

Source: Estimates of the World Bank team and MoSP

34. Disbursements of funds will be triggered by the achievement of PBCs that were selected to leverage the important SSN reforms. The selected six PBCs (see table 4) should be considered as additional conditions the Bank is introducing on project financing to incentivize additional outcomes beyond what can be achieved by financing expenditures alone. These outcomes include long-term sustainability of the SSN, its increased targeting and efficiency, and demonstrated capacity to protect the vulnerable from falling into or becoming trapped in a cycle of poverty.

35. To achieve these additional outcomes the project will support actions aimed at improving targeting of the IDP assistance program and strengthening its fiscal sustainability. This project will support the introduction and implementation of the new IDP assistance that is based on means and asset testing. More specifically, the GoU is planning



to introduce the following changes: (i) a shift from individual recipients to families—to introduce means testing considering the family’s average per capita monthly income; (ii) cross-registry beneficiary verification at the enrollment stage using the public registries’ data; and (iii) maximum benefit duration of 12 months to discourage welfare dependency and facilitate self-sufficiency. The IDP assistance reform will be introduced in stages to ensure a smooth transition to means testing and mitigate the risk of social tensions. See Annex 3 for more details on IDP assistance reform and its stages. PBC 1 and 2 are securing implementation of these reform actions.

36. The project will also support the increase of the GMI program eligibility income threshold for children used to define family eligibility for benefits. The increase in the eligibility threshold will relax the limits on the participation of families with children and increase the benefit amount. PBC 5 and 6 support these activities. PBC 6 will be scalable and prorated to the number of GMI beneficiaries reached by July 2024. The target of 160,000 beneficiaries covered by the GMI programs is scalable, allowing disbursement of US\$190 million in proportion to the fraction of beneficiaries reached by the GMI. The dollar value for reduction of disbursement is US\$1,188 per family that is not covered by the GMI.

37. This project will secure implementation of the measures enhancing the GoU’s capacity to better respond to rising energy costs and strengthen its institutional and information management systems to ensure the scalability of the HUS program. In 2022, the responsibility for enrollment in and payments of the HUS was transferred to the PFU, and the transfer has yet to be fully implemented by the PFU to enable flexible program expansion when needed. These changes will improve the program’s ability to process claims quickly and proactively for a larger portion of the population. INSPIRE will help strengthen the PFU’s capacity to conduct cross-registry verification and data exchange with the service providers through the PFU MIS through PBC 3.

38. The project will support the pilot to finance social services for vulnerable groups from the state budget. This pilot is the first step in establishing the system of integrated social services to help beneficiaries graduate from poverty and support the integration of war-affected groups into communities. According to Ukrainian law, local authorities are responsible for financing and providing such services; however, they rarely consider the provision of social services as a priority and have limited financial resources to deliver such services at scale. To develop a market for social services, the MoSP is planning to support local communities in improving access to and quality of social services. Under the pilot, the GoU has assigned the functions related to making the contracts and payments to the Fund for Social Protection of Persons with Disabilities subordinated to the MoSP.

39. As the first step, the MoSP plans to launch a pilot on the centralized financing of the “social services for resilience” in 2023. The GoU will allocate UAH 18.6 million for 2023 and UAH 61.9 million for 2024 to pilot financing of the social services focused on community-based psychosocial support, including mental health services, preventing psychological trauma and secondary trauma mitigation, social adaptation, and integrated services for war-affected groups and families in challenging life circumstances. Developing “resilient” psychosocial social services is critically important, given that around 10 million people in Ukraine are estimated by the World Health Organization to be at risk of mental disorders such as acute stress, anxiety, depression, substance use, and post-traumatic stress disorder. The GoU is considering including social services related to the prevention of GBV and services for the survivors in the pilot. Based on the results of the pilot, financing social services for vulnerable groups from the state budget will be scaled up to include other types of services. PBC 4 will support setting up the integrated system of social services in Ukraine.

40. The achievement of each PBC will be monitored, measured, and verified according to specific protocols to be elaborated in the Project Operations Manual (POM). Verification entity for the PBCs is the MoSP that will follow the verification protocols and report to the Bank that targets are met.



Table 4: Performance-Based Conditions

Performance-based conditions	Indicative PBC achievement date, 2023	Indicative PBC achievement date, 2024	Total PBC allocation (US\$, millions)
PBC 1: The Borrower has enacted modifications to the legislation to introduce means and assets testing to define eligibility for social assistance for internally displaced persons (IDPs) to cover living expenses.	December 2023		600,000,000
PBC 2: The Borrower has completed verification of IDP assistance beneficiaries' data using the Unified Information System of Social Sphere to verify their compliance with the improved eligibility criteria for this type of social assistance.	December 2023		100,000,000
PBC 3: To reduce the negative impact of higher energy costs on socially vulnerable groups, the Borrower has adopted a Cabinet of Ministers Resolution that allows the Pension Fund of Ukraine (PFU) to: (i) automatically receive information on housing and utility costs from the service providers through mandating them to register in the PFU Management Information System and submit information on their housing and utility tariffs; and (ii) receive data from all applicable public registries to verify HUS eligibility of all households in Ukraine.	December 2023		100,000,000
PBC 4: The Borrower has enacted legislation to pilot payments for social services provided to selected socially vulnerable groups from the state budget.	December 2023		7,000,000
PBC 5: The Borrower has increased the GMI Program eligibility income threshold for children of applying households by at least 10 percent of the Subsistence Minimum in calendar year 2024.	December 2023		200,000,000
PBC 6 (scalable): The number of GMI program beneficiaries reaches at least 160,000 beneficiary families by June 30, 2024.		March 2024	190,000,000 Scale up Formula for Scalable PBC: Upon reaching 150,000 GMI program beneficiaries, an amount of USD 178,125,000 shall be available for disbursement From the baseline of 150,000 GMI



Performance-based conditions	Indicative PBC achievement date, 2023	Indicative PBC achievement date, 2024	Total PBC allocation (US\$, millions)
			program beneficiaries, an amount of USD 1,187,500 shall be available for each additional 1,000 GMI program beneficiaries, up to the allocated amount of USD 190,000,000.
Total			1,197

C. Project Beneficiaries

41. INSPIRE is expected to reach around 9.6 million primary beneficiaries (individuals) that include recipients of 29 social benefits, GMI, HUS and IDP assistance. Due to the nature of the proposed operation, most of them are poor and vulnerable, and include war-affected people. INSPIRE, which the MoSP will implement in all government-controlled areas of Ukraine, provides support to all eligible beneficiaries of 29 social benefit programs amounting to 2.4 million recipients (see Annex 2 for more details). In addition, the project activities include improvements of GMI, HUS, and IDP assistance programs that together cover around 7.2 million individuals.

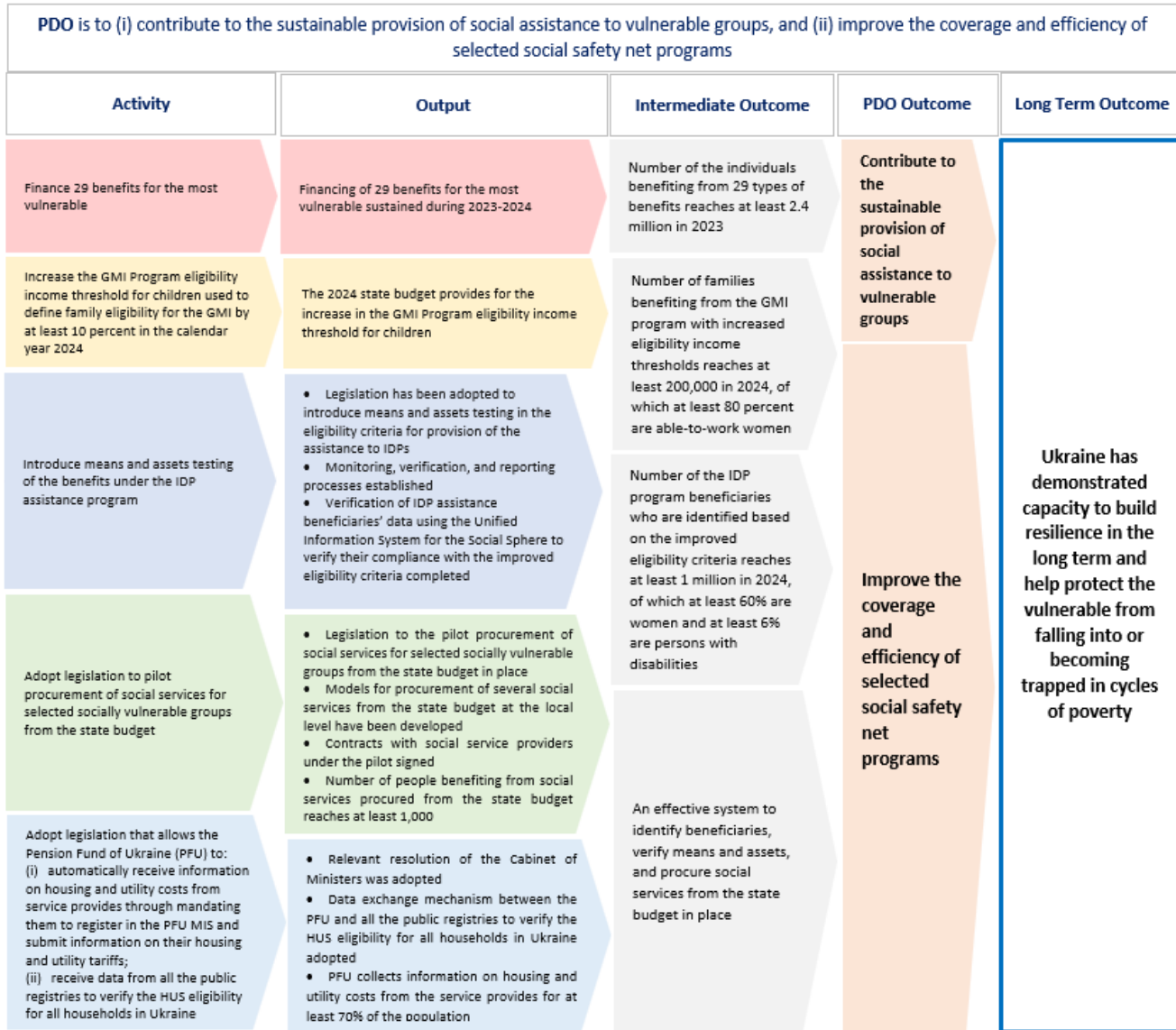
42. Other beneficiaries will include management and staff of the MoSP and other central government agencies, the PFU, and local welfare offices. In addition, there is an indirect benefit to the country’s total population from the increased capacity of the government and its entities to provide benefits. Support provided to the GoU to fund its social assistance will help ensure that the country continues to deliver essential services to citizens during the war, preserve core government functions, and prevent the deterioration of human capital that will be critical for sustainable recovery when peace is restored. The GoU will disclose project information to allow potential project beneficiaries and other stakeholders to understand the risks and impacts of the project, as well as potential opportunities.

D. Results Chain

43. The INSPIRE project will support the GoU’s reform agenda within two specific results areas, namely by (i) sustaining the provision of social assistance to vulnerable groups; and (ii) increasing access of the poor to the GMI and IDP programs (see figure 2).



Figure 2: Results Chain of INSPIRE



E. Rationale for Bank Involvement and the Role of Partners

44. The rationale for World Bank involvement relates to the GoU’s need for financing, the public good nature of SSN investments, and the World Bank’s unique ability to bring its prior experience in the sector and long-term engagement with Ukraine’s MoSP and Ministry of Finance (MoF) to the interventions of the Project. The WB has a comparative advantage in long-term support of the SSN reforms and extensive institutional strengthening experience in Ukraine through the IPFs with PBCs. The INSPIRE project will provide an important support to the GoU, which would: (i) allow the continued provision of benefits to the poor and vulnerable during the war; and (ii) support important reform agenda.



45. The GoU has shown remarkable resilience in continued provision of essential benefits and services and adapting SSN policy to the emergency context. This has been supported by financing and technical assistance from the World Bank, which has mobilized more than US\$37.5 billion in emergency financing to support Ukraine. As of June 29, 2023, more than US\$23 billion has been disbursed through World Bank projects and trust funds. This support has is helping to provide wages in public sector, pensions, social assistance, health sector service- provision, and support infrastructure in emergency context.

46. The role of partners also includes provision of humanitarian cash benefits and technical assistance. Partners and donors supporting the social protection sector in Ukraine coordinate their activities through the Perekhid Technical Assistance Facility. Under this facility ongoing technical assistance relevant to the PDO includes support to social services and developing software for the Social Protection MIS. For example, the World Food Programme contributes to the development of the Unified Information System of the Social Sphere, while the ongoing World Bank SSNM project finances the server, network equipment, and cloud storage for this system to improve information processing and data management.

F. Lessons Learned and Reflected in the Project Design

47. To address challenges faced by the country, the project will build on ongoing World Bank engagement in Ukraine. INSPIRE incorporates lessons learned from previous engagement in war and conflict-affected situations, as well as experience with emergency recovery and reconstruction. The project: (i) uses lessons and findings of the ongoing PEACE Project and SSNMP; (ii) relies on the solid implementation capacity developed under the SSNMP; and (iii) draws upon outputs from the Bank’s analytical activities, Ukraine RDNA, and ongoing TA. The other lessons can be highlighted as follows:

- (a) **Emergency response operations require flexibility in the design and consistency of its elements.** Well-structured INSPIRE uses a design that is simple, fast disbursing, guided by a reform agenda, has clear eligible expenditure selection criteria, and provides room for additional financing to support the next round of SSN reform (when and if additional resources become available). Simplicity in the design can help mitigate delays in implementing INSPIRE-financed activities.
- (b) **Using a financing instrument—IPF with PBCs works in the Ukraine context.** In Ukraine, PBCs have been successfully used in the ongoing SSNMP, as well as other human development projects in health and education sectors. These projects have demonstrated the feasibility of using PBC to support the institutional changes and in focusing attention on advancing the reforms.
- (c) **Proven capacity for implementation of SSN projects.** Using existing agencies and mechanisms with a proven track record is an effective approach for implementing relief and recovery operations. Given the urgency for expedient and effective implementation, to the extent possible, INSPIRE will capitalize on existing institutions, platforms, and mechanisms (such as GRM, citizen engagement channels, etc.) that are trusted, acceptable to the Bank, and have the capacity to facilitate implementation of project-finance activities. As the implementing agency for INSPIRE, the MoSP is highly experienced with solid institutional capacity in place, developed during the preparation and implementation of five Bank-financed projects in Ukraine.

III. IMPLEMENTATION ARRANGEMENTS



A. Institutional and Implementation Arrangements

48. As the central government body responsible for social assistance policy development, the MoSP will be the implementing agency for the project. This is the fifth social protection project financed by the World Bank and executed by the MoSP. The project will use similar implementation arrangements as under SSNMP: the MoSP Deputy Minister will be responsible for overall project implementation and will lead a Project Management Group to guide implementation and make timely decisions. This arrangement will be reflected in the POM. External consultants currently hired by the MoSP will provide additional technical assistance and expertise required to implement project activities. Building on the effective implementation arrangements in place for the SSNMP, the MoSP will also engage the heads of two directorates, on targeted social support of the population, and on strategic planning and coordinating the social policies. Building on the existing project management capacity to ensure timely implementation of project activities and problem solving is critical for rapid implementation of project activities.

B. Results Monitoring and Evaluation Arrangements

49. With a results-based approach, monitoring and evaluation (M&E) is built into the project's core design. Since disbursement will rely on verified evidence of achieving the PBCs and incurring reimbursable eligible expenditures, the MoSP will be required to monitor and report the results as is currently done under the ongoing SSNMP. The project's results framework relies on unified Social Protection MIS data that was built under the SSNMP to provide more comprehensive data on all social assistance programs and services.

50. Project monitoring will rely on the MoSP MIS, including the FM system of SSN, that was assessed by the World Bank as robust and reliable. Within the ongoing SSNMP and PEACE projects, the World Bank assessed the architecture of the majority of the SSN programs, including several performance audits that focused on assessing the verification mechanisms for the social assistance programs related to the application of eligibility criteria, as well as the programs' administration, oversight, and control aspects, and found the programs to perform with adequate levels of transparency, and produce reliable financial and budget execution reports. Annex 1 provides more details on the payment modalities and verification of 29 benefits that comprise eligible expenditure programs (EEPs) under the INSPIRE project. In addition to verifying EEPs by official means, the results of the "Listening to Ukraine" survey that includes beneficiaries of social assistance will be also utilized.

C. Sustainability

51. Continuing core government support to the poor and vulnerable during Russia's invasion of Ukraine is fundamental to the state's sustainability. As experience has shown in many conflict-affected countries, on the preventative side, it is more cost-effective to sustain government spending on SSNs than to restore discontinued or failed government functions due to loss of human capital. Through the proposed operation, the GoU will receive the support necessary to provide social relief during the war and strengthen social protection delivery systems and institutions to improve response to future shocks.

52. The project's sustainability also relies on the GoU's commitment to reforms. As previously stated, the project design builds on the goals and commitments set out in several GoU strategies, including the commitment that was developed with World Bank team assistance and became the structural benchmark under the IMF's new program.



IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic, and Financial Analysis

Technical Analysis

53. Ukraine has well-functioning safety net channels to assist the poor and vulnerable, including the GMI and the HUS programs. If expanded and improved, the GMI could be used to respond to the war's social impact on people with low incomes. Furthermore, during the war and in a constrained fiscal situation, it is crucial to strengthen the sustainability and targeting of the IDP support program. The project will help the GoU sustain its efforts to expand the GMI and ensure that the IDP program is improved and adequately funded. Furthermore, the project aims to lift families out of poverty by integrating cash transfers with social services. This can be achieved by helping them find employment or overcoming social exclusion.

54. The value-addition of the project design comes from the following sources: (i) supporting emergency support to IDPs, which is a large vulnerable group; (ii) implementation support for SSN reforms, particularly on scaling up the GMI; and (iii) supporting measures to build resilience in the form of rapid large scaling capacity for social assistance through institutional, administrative, and MIS improvements.

Financial and Economic Analysis

55. The project will bring poverty relief and make SSN benefits fiscally sustainable. Given the nature of the project as a response to urgent needs caused by Russia's invasion of Ukraine and the uncertainty over costs and benefits, a qualitative economic analysis of the proposed project has been conducted to identify the main development benefits and confirm that the expected associated costs are appropriate, based on existing evidence and estimates. It is also important to note that the analysis was prepared based on data collected before the invasion, since all survey work by the National Statistics Office was suspended in 2022. Sustaining financing for the selected 29 benefits, together with expanding targeted programs and containing the costs of a categorical program (IDP benefit), will bring a net positive impact on poverty. It will achieve this by increasing support to low-income households, resulting in a reduced poverty gap, and by means-testing IDP support to improve fiscal sustainability of the overall safety net system. The increased adequacy of the GMI program impacts GMI beneficiary households in terms of increased incomes from transfers and increases coverage. The reduction in costs is achieved by providing IDP aid only to households with lower income as opposed to universally. Furthermore, the improvement of information systems in the HUS program will increase adaptiveness of the system to prepare for rising energy prices.

Impact on Poverty

56. It is estimated that replacing universal assistance for IDPs with targeted support is not expected to significantly increase poverty levels. The project will support gradually discontinuing the current untargeted program and introduce a revised program that caps the support using a means and assets test and a 12-month limit on benefit duration. The revised IDP support program is designed to assist low-income IDPs and replace the current IDP program with its universal coverage and no duration limit. Ensuring better targeting is crucial for sustainable IDP support, especially with scarce government resources during wartime. The poverty line for 2023 is projected to be UAH 6,986 per person per month, while the income threshold for the revised IDP program is UAH 8,372 per person per month. Approximately 25 percent of IDPs will no longer be eligible for the program, as their estimated income exceeds the threshold. However, around 10 percent of IDPs will



continue to receive payments despite having incomes above the poverty line. The six-month limit on the duration of the benefit for those IDPs who are long-term recipients of this type of support, together with income and assets test, will gradually reduce number of beneficiaries by around 50 percent.

57. **PBC 5 aims to improve the adequacy of the GMI project and is expected to reduce the poverty gap by 27 percent for the poor and 3 percent for the national population.** The improvement in adequacy would be achieved by increasing the income-test threshold so more low-income families have access to the program. While this measure may not significantly reduce the poverty rate, it narrows the poverty gap. This is because despite the increase in the GMI threshold, it remains below the poverty threshold; as a result, all the positive welfare changes happen for those below the poverty line. This suggests that the government should further raise the GMI threshold in future.

Fiscal Impact

58. **It is anticipated that shifting from the universal IDP benefit program to means-testing one with a 12-month time limit on the duration of the benefit will reduce total program costs by approximately UAH 17 billion in 2024.** About UAH 17 billion will come from means testing, while the remaining portion will result from the established time limit on receiving the benefit. The impact on the fiscal situation from the two measures mentioned above is demonstrated in table 5. According to the 2023 state budget, UAH 74.2 billion was allocated for IDPs’ allowances in 2023. The analysis assumed that IDPs are distributed equally across all income groups to estimate the fiscal impact. The new means-testing eligibility rules for IDPs should result in approximately one-third of recipients becoming ineligible.

59. **Increasing the income threshold for the GMI program by 10 percentage points for children of the applying family would result in the cost of the GMI program increasing around 28 percent in 2024.** As per the budget, almost UAH 16 billion has been allocated in 2023 to assist low-income families. After the increase in the thresholds, the program cost would increase to UAH 20 billion per year. However, this increase could be offset by reducing IDP assistance per the revised program rules.

Table 5: Details of Fiscal Changes Resulting from the Proposed Measures

Program	Program expenditures UAH, billions, 2023	Projected program expenditures UAH, billions, 2024
GMI program		
Overall family income threshold used to define family eligibility for the GMI program increased by 20% in 2024	15.6	20
IDP program		
Means testing introduced	74.2	57.6
Total	89.8	77.6

Source: Estimates of the World Bank team.

B. Fiduciary

(i) Financial Management

60. **The project’s financial management (FM) arrangements were assessed in September 2023 and based on the analysis of performance of the ongoing SSNMP, including implementation of PBCs.** The FM assessment confirmed that



the FM arrangements are satisfactory and will be further strengthened by adopting a project-specific POM. The project will use FM and disbursement arrangements that are identical to those in place for implementing the SSNMP, including the same internal controls.

61. The existing finance staff of the MoSP's Project Management Group have built capacity during the recent years, and it is expected that such staffing arrangements should be sufficient for this project. The MoSP's accounting system was modified to fully meet the World Bank project needs, and it will be used for INSPIRE. All accounting records for the project will be kept separate from all other records maintained by the MoSP.

62. The project will support retroactive financing as follows: (i) the total amount of retroactive financing is envisaged for up to 80 percent of the loan amount in accordance with provisions for Projects in Situations of Urgent Need of Assistance or Capacity Constraints; and (ii) funding will be made available for eligible payments made by the borrower on or after January 1, 2023, up till the date of signing of the Loan Agreement, given that the MoSP has already started making payments to beneficiaries, which are estimated to reach approximately US\$800 million by the signing date. The eligible expenditures have been finalized along with clear instructions for the MoSP to document the eligible expenditures for retroactive financing. Project disbursements will be based on withdrawal applications which would be submitted by the MoSP. Based on the reports generated by the MoSP on execution of 29 programs, the World Bank will reimburse the GoU for expenditures on these programs when certain results (PBCs) have been achieved and verified.

63. Upon confirmed achievement of the specific PBC and submission of evidence of reimbursable eligible expenditures, the USD amount linked with completed PBC will be credited to the currency account of the State Treasury Service of Ukraine, opened in the National Bank of Ukraine. The transfer of funds will be done directly from the loan account to the State Treasury currency account. To initiate such transfer, MoSP will prepare an Application 2380 for Withdrawal, which is then authorized by the MoF and submitted to the World Bank, together with the evidence specified in the Loan Agreement and Disbursement Letter. Project funds are considered to have been provided by the IBRD to Ukraine on the day they are debited from the Project Account in accordance with Application 2380 on reimbursement of expenses.

64. The Bank will advance funds to a designated account of the Borrower to finance eligible expenditures on 29 benefits in 2024. Under the advance payment the legal agreement will note that the funds are provided on a provisional basis subject to the PBC being met and that the funds are subject to a refund to the Bank if the PBC is not met by the project closing date. The Disbursement and Financial Information Letter (DFIL) will provide further clarification on the modalities of the use of advances under this project.

65. The project's financial statements will be audited by the Accounting Chamber of Ukraine in accordance with the provisions of Section 5.09(b) of the General Conditions. The audit will cover the 2023 calendar year and January to July 2024. For each such period, the audited financial statements shall be furnished to the Bank not later than six months after the end of such period. Two selected benefits among 29 will be subject to an inspection/performance review by the National Social Service of Ukraine to confirm that the payments have been made to eligible beneficiaries and will also include the submission of the inspection report to the World Bank. The terms of reference for inspection will be developed by the MoSP and agreed by the World Bank.

(ii) Procurement

66. The project will only cover the cost of recurrent expenditures of the GoU, with no procurement envisaged.



C. Legal Operational Policies

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

D. Environmental and Social

67. The project is focused on delivering strong social outcomes. The INSPIRE project will have overall positive social impacts. It will help mitigate the impacts of Russia’s invasion of Ukraine on the poor and vulnerable populations in Ukraine and build resilience of SSNs against future shocks. Long-term impacts are positive and contribute to better performance of the SSN. The INSPIRE will support policy measures that are expected to reduce inclusion and exclusion gaps in social assistance programs and strengthen targeting to channel resources to those who need assistance most. No potential indirect, large-scale, significant, and/or irreversible adverse environmental or social impacts are expected due to INSPIRE activities. The preliminary assessment shows that the environmental risks resulting from the project-financed activities are low and social risks are moderate.

E. Gender

68. The gender analysis shows that Russia’s invasion of Ukraine is further exacerbating preexisting gender gaps related to income, employment opportunities, and unpaid work between work-able women and men (see Annex 4 for a detailed Gender Analysis). Before the war, there were already gender inequalities in women’s economic participation in Ukraine—51 percent of women in the labor force compared to 62 percent of men;¹⁹ men earning 18 percent higher average monthly wage than women; and work-able women accounting for 72 percent of the unemployed, according to the Public Employment Service. In addition, the findings of the Rapid Gender Analysis conducted by UN Women and CARE suggest that women typically spent disproportionately more time on unpaid household work and care for children, older persons, and persons with disabilities, with women spending 24.6 hours per week compared to men spending 14.5 hours, depriving them of the ability to participate in the labor market on the same terms and conditions as men. According to national surveys, the burden of unpaid domestic and care work among women have significantly increased during the war (by 36 and 27 percent, respectively, compared to pre-war times). The combination of limited financial resources and added unpaid care burden has pushed women further into poverty and dependency on social assistance. To strengthen the social protection of low-income families with children, the GoU will expand the GMI program by increasing income threshold for children, which is used to define family eligibility for benefits. This measure supported by INSPIRE through one of the PBCs is expected to relax the limits on the participation of work-able women with children and increase the benefit amount to provide them with income support throughout and after the war. The Results Framework will measure the “percentage of women among able to work beneficiaries of the GMI program with increased eligibility income thresholds” to monitor the effect of the introduced changes on this group of women. The baseline for this indicator will be established in January 2024, when the beneficiary data of the expanded program is available; the proposed target value is 80 percent.

¹⁹ State Statistics Service of Ukraine.



69. Women are disproportionately affected by the ongoing displacement crisis caused by Russia’s invasion of Ukraine. Since the onset of the invasion in February 2022, nearly one-third of Ukraine’s population has been forced to flee their homes. Around 58 percent of the 5.09 million internally displaced are women and girls and 90 percent of 6.2 million refugees are women and children,²⁰ making it one of the most gendered displacement crises of our times. Among those who have returned (over 353,000 people), 92 percent are women and remain displaced and in need of social support. Women IDPs are most likely of all population groups to report the need for financial assistance (80 percent compared to 68 percent among men IDPs),²¹ as only 34 percent of women IDPs (compared to 45 percent of men IDPs) indicate regular wages as the primary source of household income.²² Thus, displaced women are more commonly dependent on monthly IDP assistance provided by the GoU; e.g., among IDPs living in households entirely composed of women, almost one-third (28 percent) report relying on IDP benefits as the primary source of income. The IDP assistance program, which currently absorbs over 40 percent of social assistance spending (around 1 percent of GDP), needs improvement to ensure fiscal sustainability and channel resources to those most in need of assistance. Thus, INSPIRE project will support the introduction of asset- and means-testing mechanisms in the IDP assistance program to direct its funds to those IDPs who need income support such as poor women IDPs. As the first step, the IDP assistance beneficiaries’ data will be verified using public registries to validate their eligibility for assistance. One of the Results Framework indicators of the project will measure the “percentage of women among IDP assistance beneficiaries who were identified based on the improved eligibility criteria.” The baseline for this indicator will be established in November 2023, when the verification results are available; the proposed target value is 60 percent.

F. Citizen Engagement

70. The INSPIRE project will rely on the citizen engagement mechanisms developed and utilized by the ongoing SSNMP. Over the past nine years, the assessment of existing citizen engagement (CE) channels of the MoSP, including the ones launched since the onset of the invasion, and the national legal and regulatory framework, revealed that the project implementing agency has well-developed mechanisms for communicating with citizens, receiving their feedback, and engaging them in policy dialogue through dedicated websites, social media, nongovernmental organizations’ committees, client satisfaction surveys, and complaint handling systems to address grievances (see Annex 5 for more details on the grievance redress mechanism of the MoSP). The project will include the beneficiary feedback indicator to monitor the “percentage of grievances addressed by the project grievance redress mechanism.”

71. The Ukraine SSNMP provided technical assistance or directly financed the following activities aimed to better engage the citizens and make their voices heard: (i) beneficiary feedback mechanisms, including establishment of four hotlines for persons with disabilities and to report errors and fraud in social protection, and GBV and violence against children; (ii) institutionalization of the grievance redress mechanism, which allows submission of complaints and information requests from all social protection programs’ beneficiaries; (iii) intensive community mobilization activities, including consultations, training, and provision of computer equipment for amalgamated communities to support implementation of the new model for client intake and ensure that the project interventions meet local needs and improve accountability in service delivery; and (iv) activities aimed at linking GMI beneficiaries to a wide range of services in addition to the distribution of benefits, developed and agreed through participatory dialogue with vulnerable groups. The Results Framework of the SSNMP project captures the following indicators to measure the outcomes related to the citizen engagement activities: (i) “share of the clients satisfied with complaint handling mechanism of the MoSP increases;” and (ii) “number of amalgamated communities that have implemented participatory budgeting increases.” The INSPIRE POM will include the detailed description of how the project will utilize the CE instruments developed and utilized by the

²⁰ According to the reports of the International Organization for Migration and the UN Refugee Agency, 2023.

²¹ Ibid.

²² Ibid.



SSNMP.

G. Climate Change

72. This operation is aligned with the goals of the Paris Agreement on both mitigation and adaptation. The proposed project is focused on financing a large share of the GoU's cash transfer programs and supports social assistance reform measures, including policy measures that enhance the adaptive capacity and scalability of the social assistance system and programs. These measures strengthen the ability of individuals and households to withstand shocks and crises, including those related to the climate change.

- (a) **Assessment and reduction of mitigation risks:** While the project supports benefits, partially compensating for the utilities and fuel costs, these activities will not encourage the use of more energy or the development of nonrenewable energy sources. All other activities are universally aligned.
- (b) **Assessment and reduction of adaptation risks:** The project will not involve any physical activities or civil works, and given the location and scope of INSPIRE, risks from climate hazards are not likely to hinder the achievement of PDO or have any adverse effect on the project-financed activities or social protection systems and beneficiaries. For Climate and Disaster Risk Screening see Annex 6.

H. Disability and Inclusion

73. Russia's invasion of Ukraine is taking a disproportionate devastating toll on persons with disabilities and their families. During the first 10 months of the war (between February and November 2022), the number of persons with certified disability increased by 132,000 persons and accounted for 7 percent of the pre-war population of Ukraine (or 860,000 persons, including 167,680 children). Actual numbers are likely to be close to the international disability prevalence rate of 15 percent and are estimated to include more than 1 million women of working age and 20 percent of the 11 million Ukrainian pensioners.²³ This number will continue to increase due to ongoing invasion of Ukraine, as the injuries sustained by the military and civilians²⁴ can lead to devastating and long-lasting physical and psychological complications and disability. According to OCHA, at least 17.6 million people in Ukraine need humanitarian assistance, including an estimated 2.6 million persons with disabilities. The estimates of the International Organization for Migration (IOM) show that 5.09 million people remain displaced within Ukraine, and around 30 percent of IDP families have at least one member with disabilities. Due to continuing attacks on civilian infrastructure, causing destruction, displacement, and soaring humanitarian needs, people with disabilities face a disproportionate risk of violence or death and lack access to safety, relief, and recovery support, including medical support and social care. To address the unprecedented financing pressures driven by the ongoing invasion, INSPIRE will sustain the GoU's capacity to provide social support to the poor and vulnerable during the war, including disability-targeted benefits. See Annex 7 for a detailed Disability Sensitive Analysis.

V. GRIEVANCE REDRESS SERVICES

74. Grievance Redress. Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address project-

²³ UN Policy Paper on Disability," United Nations, December 13, 2021, <https://ukraine.un.org/en/165090-un-policy-paper-disability#:~:text=The%20Convention%20on%20the%20Rights,disability%2Dspecific%20policies%20and%20programmes>.

²⁴ From February 24, 2022, to August 27, 2023, OHCHR recorded 26,717 civilian casualties in the country: 9,511 deaths and 17,206 injuries. The injured persons include 3,508 women and 371 girls, as well as 7,443 adults and 286 children whose sex is not yet known. OHCHR, Ukraine: Civilian Casualty Update, August 28, 2023.



related concerns. Project-affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, because of Bank noncompliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank management and after management has been given an opportunity to respond.

VI. KEY RISKS

75. The overall risk to achieving the PDO is rated High due to the ongoing Russia's invasion of Ukraine, with widespread and unpredictable security, political, social, and macroeconomic instability, based on the assessments of residual risks after considering mitigation measures. The project design has been kept lean and simple which would help mitigate some of the risks. However, the main risk remains related to the duration and severity of the invasion and its human, economic, and macro impact as discussed below.

76. Political and Governance risk is High. The ongoing war and the declaration of state of emergency on February 24, 2022, poses a huge risk to the political and governance landscape. At the time of preparing this operation, the evolution of the situation and the potential impact of the invasion on the ability of the GoU to perform core functions remains highly uncertain as the war continues. To the extent possible, these risks are being mitigated by (i) aligning the project objectives with the SSN reforms outlined by the GoU; and (ii) ensuring effective coordination and engagement with various stakeholders. Nevertheless, residual political and governance risks remains high.

77. Macroeconomic risk is High. Rising geopolitical tensions and the ongoing invasion of Ukraine have led to a severe deterioration of the macroeconomic situation in the country. Macroeconomic and financing pressures have intensified, and conditions continue to worsen. Disruptions to economic activity and the resulting decline in tax revenue are constraining fiscal space at a time when the spending pressure on the government to provide essential services and repair damaged infrastructure is increasing. Even with significant Bank financing and development partners' pledge to continue supporting Ukraine, the country's financial needs are enormous, and will indeed remain so in the foreseeable future.

78. Sector Strategies and Policies risk are Substantial. Russia's invasion of Ukraine has posed unprecedented challenges for the future of Ukraine's SSN development, but even during the ongoing war, Ukraine has continued to implement social protection and service delivery reforms. With World Bank support through the ongoing SSNMP, recent investments in strengthening targeting and modernizing delivery systems contributed to the ability of the SSN system to continue provision of essential benefits and services despite the ongoing war. While the GoU remains committed to the reform agenda and the project aims to both maintain provision of benefits and incentivize continued progress on SSN reforms to ensure efficiency of spending, risks remain due to the uncertain nature and unpredictability of the war. To mitigate this risk, the interventions proposed by the project are closely aligned with the MoSP's goals and the Action Program of the Cabinet of Ministers.

79. Technical design risk is Moderate given that the design is based largely on an existing government program for reform and on recent in-depth analytical work in the sector. The project relies on such important assets as the well-developed institutional, fiduciary, and technical environments, as well as the long-standing engagement with the line ministry. There is strong backing and support at the central government level for the SSN reforms to be supported by the project. The moderate risk also stems from the experience that the MoSP has with the World Bank operational procedures in the ongoing SSNMP and the proven ability of the MoSP to amend procedures to facilitate client intake and payment of



benefits in emergency circumstances.

80. Institutional Capacity for Implementation and Sustainability risks are Moderate due to the commitment of the MoSP to undertake the proposed reforms and the notable progress it has made in strengthening its implementation capacity under the ongoing SSNMP project. Technical assistance provided by the SSNMP, and separately by donors/partners will continue to help mitigate institutional capacity risks. Another risk relates to leadership change which, in Ukraine, is a persistent threat at all levels. This risk will be mitigated by efforts to achieve broad ownership of the project design within the MoSP and other institutions so that the project implementation capacity and sustainability endures leadership changes.

81. Fiduciary risk is rated High due to financial management risks. There is no procurement in the project and Public Financial Management (PFM) systems are still operating effectively in Ukraine. The project contemplates disbursements that will only flow from the World Bank through central government PFM systems. However, the war could affect PFM systems, including those in the SSN sector, and the frequency of benefits reconciliation could be reduced. Disbursements under the INSPIRE project may be delayed if the achievement of the PBCs is delayed. To address this risk, the MoSP, jointly with the World Bank team, developed the implementation schedule for activities required to implement each PBC. The MoSP confirmed four out of six PBCs have been already achieved. It is also expected that the National Social Service of Ukraine that has been established under the SSNMP to inspect benefits for errors and fraud, will carry out inspection of two selected benefits among 29 in line with the Terms of Reference agreed with the World Bank. In addition to verifying EEPs by official means, the results of the “Listening to Ukraine” survey that include beneficiaries of social assistance will be also considered.

82. Environment and social risk is rated Moderate. The activities supported by the project are not expected to have any direct adverse environment and social impacts but take place within a highly volatile context beyond the immediate control of the implementing agency. The project is expected to bring social benefits directly to the poor and vulnerable families and ensure continuity of vital government benefits and services. However, social workers and beneficiaries may be living in areas where occupational health, safety, and security risks are high due to war. These are highly contextual and beyond the immediate control of the project and not caused by activities supported by World Bank financing. The risk associated with Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) is serious in any active war context but not assessed as high in relation to the project activity. Preventive measures for SEA/SH have been included in the project grievance mechanism which describes procedures for handling SEA/SH complaints. The Environmental and Social Commitment Plan (ESCP) also contains requirement for immediate reporting of SEA/SH incidents and identification of measures to address and prevent reoccurrence.

83. Stakeholders’ risk is rated as Substantial. Project implementation success depends on commercial banks remaining in operation for the duration of the war. The electronic payment system remains functional in Ukraine, and the National Bank of Ukraine has provided refinancing support since the start of the war. The deposit outflows have reversed due to wage/social transfer inflows and deposit withdrawal limits. Asset quality and liquidity risks of the banking system are not imminent but may materialize over the medium term. To avoid disputes on payments of benefits, existing grievance redress mechanisms and the information disclosure policy of the GoU, strengthened through the ESCP as needed, will be used. In addition, the MoSP and the Bank will closely monitor any disruption caused to commercial banks and/or related payment systems.



VII. RESULTS FRAMEWORK AND MONITORING

PDO Indicators by PDO Outcomes

Baseline	Closing Period
Sustained provision of social assistance to vulnerable groups	
1. Number of the individuals benefiting from 29 types of benefits reaches at least 2.4 million in 2023 (Number)	
Jan/2023	Dec/2024
0	2400000
Increased access to the GMI and IDP programs for the poor	
2. Number of families benefiting from the GMI program with increased eligibility income thresholds reaches at least 200,000 in 2024, of which at least 80% are able to work women (Number)	
Aug/2023	Dec/2024
155000	200000
➤ Percentage of women among able to work beneficiaries of the GMI program with increased eligibility income thresholds (Text)	
The baseline will be established in January 2024	80 percent
The Borrower has increased the GMI eligibility income threshold for children of applying households by at least 10 percent of the subsistence minimum in calendar year 2024 (Yes/No) ^{PBC}	
Sep/2023	Dec/2023
No	Yes
Number of GMI program beneficiaries reaches at least 160,000 beneficiary families by June 30, 2024 (Yes/No) ^{PBC}	
Aug/2023	Jun/2024
No	Yes
3. Number of the IDP program beneficiaries who are identified based on the improved eligibility criteria reaches at least 1 million in 2024 (Number)	
Aug/2023	Dec/2024
0	1000000
➤ Percentage of women among IDP assistance beneficiaries who were identified based on the improved eligibility criteria (Percentage)	
0	60
➤ Percentage of IDP assistance beneficiaries with disabilities who were identified based on the improved eligibility criteria (Percentage)	
0	6
The Borrower has enacted modifications to legislation to introduce means and assets testing to define eligibility for social assistance for IDPs to cover living expenses (Yes/No) ^{PBC}	



Jul/2023	Dec/2023
No	Yes
The Borrower has completed verification of IDP assistance beneficiaries' data using the UISSS to verify their compliance with the improved eligibility criteria for this type of social assistance (Yes/No) ^{PBC}	
Jul/2023	Dec/2023
No	Yes
The Borrower has adopted the Cabinet of Ministers Resolution that allows the PFU to automatically receive the information from service providers and verify eligibility for the HUS (Yes/No) ^{PBC}	
Jun/2023	Dec/2024
No	Yes
➤ PFU automatically receives information on housing and utility costs from the service providers registered in its MIS (Yes/No) ^{PBC}	
Jun/2023	Dec/2023
No	Yes
➤ PFU receives data from all applicable public registries to verify the HUS eligibility of all households in Ukraine (Yes/No) ^{PBC}	
Jun/2023	Dec/2023
No	Yes
The Borrower has enacted legislation to pilot payments from the state budget for social services provided to selected socially vulnerable groups (Yes/No) ^{PBC}	
Sep/2023	Mar/2024
No	Yes

Intermediate Indicators by Components

Baseline	Closing Period
Provision of social assistance to vulnerable groups	
PFU collects information on housing and utility costs from the service providers that constitute 70% of the overall housing and utilities costs paid by households (Percentage)	
Jun/2023	Dec/2024
30	70
Number of people benefiting from social services financed from the state budget (Number)	
Sep/2023	Dec/2024
0	1000
Percentage of grievances addressed by the project Grievance Redress Mechanism (Percentage)	
Oct/2023	Dec/2024
0	100



Performance-based Conditions (PBC)

Period	Period Definition		Timeline
Period 1	CY2023		2023
Period 2	CY2024		2024

Baseline	Period 1	Period 2
1 : The Borrower has enacted modifications to legislation to introduce means and assets testing to define eligibility for social assistance for IDPs to cover living expenses (Yes/No)		
No	Yes	-
0.00	400,000,000.00	0.00
PBC allocation	600,000,000.00	As a % of Total Financing Amount
		50.0%
2 : The Borrower has completed verification of IDP assistance beneficiaries' data using the UISSS to verify their compliance with the improved eligibility criteria for this type of social assistance (Yes/No)		
No	Yes	-
0.00	100,000,000.00	0.00
PBC allocation	100,000,000.00	As a % of Total Financing Amount
		8.33%
3 : The Borrower has adopted the Cabinet of Ministers Resolution that allows the PFU to automatically receive the information from service providers and verify eligibility for the HUS (Yes/No)		
No	Yes	-
0.00	100,000,000.00	0.00
PBC allocation	100,000,000.00	As a % of Total Financing Amount
		8.33%
➤ 3.1 : PFU automatically receives information on housing and utility costs from the service providers registered in its MIS (Yes/No)		
No	Yes	-
0.00	50,000,000.00	0.00
PBC allocation	50,000,000.00	As a % of Total Financing Amount
		0.0%
➤ 3.2 : PFU receives data from all applicable public registries to verify the HUS eligibility of all households in Ukraine (Yes/No)		
No	Yes	-
0.00	50,000,000.00	0.00
PBC allocation	50,000,000.00	As a % of Total Financing Amount
		0.0%
4 : The Borrower has enacted legislation to pilot payments from the state budget for social services provided to selected socially vulnerable groups (Yes/No)		
No	Yes	-
0.00	7,000,000.00	0.00
PBC allocation	7,000,000.00	As a % of Total Financing Amount
		0.58%



5 : The Borrower has increased the GMI eligibility income threshold for children of applying households by at least 10 percent of the subsistence minimum in calendar year 2024 (Yes/No)			
No		Yes	-
0.00		200,000,000.00	0.00
PBC allocation	200,000,000.00	As a % of Total Financing Amount	16.67%
6 : Number of GMI program beneficiaries reaches at least 160,000 beneficiary families by June 30, 2024 (Yes/No)			
No		0	Yes
0.00		0.00	190,000,000.00
PBC allocation	190,000,000.00	As a % of Total Financing Amount	15.83%



Monitoring & Evaluation Plan: PDO Indicators (PDIs) by PDO Outcome

PDI 1	Number of the individuals benefiting from 29 types of benefits reaches at least 2.4 million in 2023
Definition/description	The indicator measures the total number of beneficiaries (individuals) reached in 2023 by 29 benefit programs financed by INSPIRE
Frequency	Quarterly
Data source	Administrative data of the MoSP and PFU
Methodology for data collection	MoSP and PFU collect data from the registries on the number of eligible beneficiaries who received benefits in 2023
Responsibility for data collection	MoSP and PFU
PDI 2	Number of families benefiting from the GMI program with increased eligibility income thresholds reaches at least 200,000 in 2024, of which at least 80% are able-to-work women
Definition/description	The indicator measures the total number of families receiving GMI with increased eligibility income thresholds in 2024
Frequency	Quarterly
Data source	Administrative data of the MoSP
Methodology for data collection	MoSP collects data from its registries on the number of eligible GMI beneficiaries who received benefits in 2024
Responsibility for data collection	MoSP
<ul style="list-style-type: none"> Percentage of women among able-to-work beneficiaries of the GMI program with increased eligibility income thresholds (Text) 	
Definition/description	The indicator measures the percentage of able-to-work women in GMI beneficiary families
Frequency	Quarterly
Data source	Administrative data of the MoSP
Methodology for data collection	MoSP collects data from its registries on the number of eligible able-to-work women who received GMI benefits in 2024
Responsibility for data collection	MoSP
PDI 3	Number of the IDP program beneficiaries who are identified based on the improved eligibility criteria reaches at least 1 million in 2024, of which at least 60% are women and at least 6% are persons with disabilities
Definition/description	The indicator measures the total number of IDP program beneficiaries who are identified based on the improved eligibility criteria (who passed the income and asset test to enroll/re-enroll in the improved IDP assistance program)
Frequency	Quarterly
Data source	Administrative data of the MoSP
Methodology for data collection	MoSP collects data from its registries on the number of eligible IDP beneficiaries who received benefits in 2023–24
Responsibility for data collection	MoSP
<ul style="list-style-type: none"> Percentage of women among IDP assistance beneficiaries who were identified based on the improved eligibility criteria (Text) 	
Definition/description	The indicator measures the percentage of female IDP program beneficiaries who were identified based on the improved eligibility criteria (passed the income and asset test)
Frequency	Quarterly
Data source	Administrative data of the MoSP
Methodology for data collection	MoSP collects data from its registries on the number of eligible IDP beneficiaries who received benefits in 2023–24



Responsibility for data collection	MoSP
<ul style="list-style-type: none"> Percentage of IDP assistance beneficiaries with disabilities who were identified based on the improved eligibility criteria 	
Definition/description	The indicator measures the percentage of persons with disabilities among IDP program beneficiaries that were identified based on the improved eligibility criteria
Frequency	Quarterly
Data source	Administrative data of the MoSP
Methodology for data collection	MoSP collects data from its registries on the number of eligible IDP beneficiaries who received benefits in 2023–24
Responsibility for data collection	MoSP

Monitoring & Evaluation Plan: Intermediate Results Indicators (IRIs) by Component

Component 1. Provision of social assistance to vulnerable groups	
IRI 1. PFU collects information on housing and utility costs from the service providers that constitute 70% of the overall housing and utilities costs paid by households	
Description	The data on housing and utility costs that constitute 70% of the overall costs paid by households in Ukraine on housing and utilities is updated by the housing and utilities service providers using the PFU of Ukraine’s MIS
Frequency	Quarterly
Data source	Administrative data of the PFU
Methodology for data collection	PFU collects data on housing and utility costs from service providers through PFU MIS (web portal of electronic services)
Responsibility for data collection	MoSP and PFU
IRI 2. Number of people benefiting from social services financed from the state budget	
Description	MoSP will launch a pilot on the centralized financing of the “social services for resilience” focused on community-based psychosocial support IRI 2 measures the number of beneficiaries covered by the pilot
Frequency	Quarterly
Data source	Data from social service providers collected and verified by the MoSP
Methodology for data collection	MoSP collects data on the beneficiaries of social services financed from the state budget
Responsibility for data collection	MoSP
IRI 3. Percentage of grievances addressed by the project grievance redress mechanism	
Description	The responsive and effective GRM will be established at the project level. The complaints received through various channels will be promptly reviewed to address project-related concerns. The MoSP will be responsible for monitoring and evaluating the GRM’s performance, including analyzing, summarizing findings, and reporting to the World Bank using the registry data.
Frequency	Quarterly
Data source	MoSP and PIU
Methodology for data collection	Data from the project-level GRM registry of the MoSP
Responsibility for data collection	MoSP



Verification Protocol: Performance-Based Conditions

PBC 1: The Borrower has enacted modifications to legislation to introduce means and assets testing to define eligibility for social assistance for IDPs to cover living expenses.	
Formula	The PBC is achieved when (i) the GoU adopts the Cabinet of Ministers Resolution which introduces the changes to the IDP assistance program; (ii) the verification process of beneficiaries of IDP assistance is launched.
Description	The PBC supports the introduction of means and asset testing for IDP assistance to enroll/re-enroll in this type of assistance.
Data source/agency	MoSP
Verification entity	MoSP, that will follow the verification protocols and report to the World Bank on the targets met.
Procedure	MoSP submits the following evidence of the PBC achievement to the Bank: the Cabinet of Ministers Resolution which enacted the changes to the IDP assistance program.
PBC 2: The Borrower has completed verification of IDP assistance beneficiaries’ data using the Unified Information System of Social Sphere to verify their compliance with the improved eligibility criteria for this type of social assistance.	
Formula	The PBC is achieved when the Ministry of Finance completes the cross-registry verification of the actual whereabouts of IDP assistance beneficiaries from July 15 to August 1, 2023, and verifies in August their asset status for the period from July 15 to August 1, 2023, and submits recommendations to the MoSP on the enrollment of verified IDPs or suspension of benefit.
Description	The PBC supports the introduction of cross-registry beneficiary verification at the enrollment/re-enrollment using the public registries’ data.
Data source/agency	MoSP and MoF
Verification entity	MoSP, that will follow the verification protocols and report to the World Bank on the targets met.
Procedure	MoSP summarises and submits to the Bank the results of the verification conducted by the MoF, as well as the MoF’s recommendations on eliminating benefits for those beneficiaries who did not pass the verification.
PBC 3: To reduce the negative impact of higher energy costs on socially vulnerable groups, the Borrower has adopted the Cabinet of Ministers Resolution that allows the PFU to: (i) automatically receive information on housing and utility costs from the service providers through mandating them to register in the PFU MIS and submit information on their housing and utility tariffs; and (ii) receive data from all applicable public registries to verify the HUS eligibility of all households in Ukraine.	
Formula	The PBC is achieved when the Cabinet of Ministers Resolution allowing the PFU to receive information from the housing and utility service providers and verify beneficiary households’ eligibility for assistance using cross-registry data exchange is adopted.
Description	The PFU will receive information from the housing and utility service providers and verify beneficiary households’ eligibility for assistance using cross-registry data exchange. These changes will help reduce the risk of excluding eligible households by strengthening the institutional and information management systems used by the HUS program.
Data source/agency	MoSP
Verification entity	MoSP, that will follow the verification protocols and report to the World Bank on the targets met.
Procedure	MoSP submits the following evidence of the PBC achievement to the Bank: Cabinet of Ministers Resolution, which envisages launching the pilot on the data exchange with service providers and proactively identifying potential HUS program beneficiaries.
PBC 4: The Borrower has enacted legislation to pilot payments for social services provided to selected socially vulnerable groups from the state budget.	
Formula	The PBC is achieved when the Cabinet of Ministers Resolution, which envisages launching the pilot to finance social services from the state budget to be delivered in communities, is adopted.



Description	This PBC will support piloting the financing of social services for vulnerable groups from the state budget to strengthen the administration of services and enhance communities’ capacity to deliver services to vulnerable groups.
Data source/agency	MoSP
Verification entity	MoSP, that will follow the verification protocols and report to the World Bank on the targets met.
Procedure	MoSP submits to the World Bank evidence of adopting legislation regulating the launch and implementation of the pilot.
PBC 5: The Borrower has increased the GMI eligibility income threshold for children of applying households by at least 10 percent of the subsistence minimum in calendar year 2024.	
Formula	The PBC is achieved when the Law on the State Budget for 2024, which envisages the increase of the GMI program eligibility income threshold for children at risk, is adopted.
Description	The PBC supports the increase of the GMI program eligibility income threshold for children used to define family eligibility for benefits by at least 10 percent in 2024. This measure will relax the limits on the participation of families with children in the GMI and increase the size of the benefit amount to support poor households.
Data source/agency	MoSP
Verification entity	MoSP, that will follow the verification protocols and report to the World Bank on the targets met.
Procedure	MoSP submits the following evidence of PBC achievement to the Bank: state budget law for 2024 with the increased GMI program eligibility income threshold for children by at least 10%.
PBC 6 (scalable): Number of GMI program beneficiaries reaches at least 160,000 beneficiary families by June 30, 2024.	
Formula	The indicator will be achieved when the expanded program covers at least 160,000 families.
Description	The PBC supports implementation of the improved GMI program.
Data source/agency	MoSP
Verification entity	MoSP, that will follow the verification protocols and report to the World Bank on the targets met.
Procedure	MoSP collects data from its registries on the number of eligible GMI beneficiaries who received benefits in 2024 and submits the report acceptable to the Bank.



ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Ukraine

Investing in Social Protection for Inclusion, Resilience, and Efficiency (INSPIRE) Project

84. As the central government body responsible for social assistance policy development, the MoSP would be the implementing agency for the project. The project will use similar implementation arrangements as under the SSNMP that proved to be effective: the Deputy Minister of the MoSP will be made responsible for overall project implementation and will lead the Project Management Group (PMG) established in the MoSP to guide implementation and make decisions. This level of leadership of the PMG will be reflected in the POM. Additional technical assistance and expertise required to implement project activities will come from the external consultants that are hired by the MoSP under the SSNMP. The current core team of consultants comprises a Procurement Specialist, an FM Specialist, and a Project Adviser responsible for the preparation of a POM. The existing arrangements for financial management under the ongoing SSNMP will also be applied for the INSPIRE, given the satisfactory level of performance of the current staff, which is well-trained and experienced.

85. The FM system of SSN in the MoSP is robust and reliable, and the MoSP had strengthened it in the years preceding the war. Within the ongoing SSNMP and PEACE projects the World Bank assessed the architecture of the majority of the SSN programs, including several performance audits of GMI and HUS programs that focused on assessing the verification mechanisms for the social assistance programs related to the application of eligibility criteria, as well as the programs' administration, oversight, and control aspects, and found the programs to perform with adequate levels of transparency, function under an adequate system of checks and controls, and produce reliable financial and budget execution reports. The Accounting Chamber of Ukraine (Supreme Audit Institution) has undertaken and completed several operational and financial audits of the GMI program and the SSNMP. Based on these assessments and audits the World Bank team concluded that the processes and procedures of managing expenditures on social assistance connected to the achievement of PBC targets are reliable.

86. The MoSP provides 29 types of benefits to be financed by INSPIRE through the regional social welfare bodies and the subordinated structural welfare units. Every month, regional social welfare bodies prepare applications based on the need for the budget funds required to pay benefits to the eligible beneficiaries and submit these applications to the MoSP, which transfers the overall sum of benefits to the regional social welfare bodies. These bodies transfer amounts to be paid to beneficiaries to the accounts of the structural social welfare units, which then transfer payments to the individual accounts of the beneficiaries in the authorized banks.

87. For benefits, partially compensating for the utility and fuel costs, the following payment procedure is used starting from January 2023:²⁵ (i) the MoSP is the main administrator of budgetary funds allocated for the respective programs; (ii) by the 22nd day of each month, the bodies of the Pension Fund of Ukraine calculate the total amount of benefits to be paid; (iii) based on the needs for funds to finance benefits and pay for services related to cash payments and home delivery of payments by the Ukrposhta, the PFU forms applications and submits them to the MoSP; (iv) based on these applications, the overall sum of benefits is transferred by the MoSP to the separate account of the PFU in the State Savings Bank of Ukraine (Oshchadbank) no later than on the 2nd day of the month, following the month when the benefits were provided; (v) The Oshchadbank transfers payments to the beneficiaries, who receive payments either on individual accounts in the authorized banks or through the Ukrposhta units. Starting January 2023, the Data Processing Center of the MoSP ensured migration of beneficiaries' data sets to the PFU. The GoU's decision to shift responsibilities

²⁵ Cabinet of Ministers Resolution No 1041 of September 16, 2022.



from local social welfare to the PFU and consolidate all functions related to client intake, benefit provision, and payments under the PFU was a step toward creating a single social protection administration in Ukraine. During the war, this policy measure became even more critical, considering the number of IDPs requiring access to benefits regardless of the beneficiary's place of residence/registration and the need to strengthen beneficiaries' data protection using the PFU's capacities.

88. During Russia's invasion of Ukraine, the GoU introduced a mechanism to provide benefits in war-affected areas.

Based on the GoU's Resolution No. 215 of March 7, 2022,²⁶ in the war-affected areas of Ukraine, where the social welfare bodies and units have no capacity to ensure the preparation of payment statements or make transfers, the following procedure, which is satisfactory to the Bank, is used: (i) the MoSP finances benefits based on the data from the Data Processing Center of the MoSP; (ii) the MoSP transfers the overall sum of benefits to the Oshchadbank, which transfers payments to the individual accounts of the beneficiaries or makes transfers through the My Transfer international payment system; (iii) on the first day of every month, the Oshchadbank reports to the MoSP on the amounts of transfers made; (iv) if beneficiaries do not claim the benefits for more than 30 calendar days, the funds are returned to the MoSP by Oshchadbank. The MoSP then transfers funds to PrivatBank, which operates Ukraine's largest network of branches and ATMs; if beneficiaries do not claim benefits from PrivatBank within 30 calendar days, the funds are then returned to the MoSP, and beneficiaries need to reach out to MoSP through different available means to receive the benefits; and (v) within two months after the lifting of martial law, the social welfare units will reconcile the amounts paid to beneficiaries.

89. To enable the World Bank team to monitor progress in releasing resources for 29 social assistance programs that comprise EEP, the MoSP would submit quarterly reports for 2023 and monthly reports for 2024 on the execution of these programs as following:

reports on spending on 29 types of benefits listed in Annex 2 prepared by the MoSP based on internal MoSP monitoring system. The reports will include initial balances, amounts calculated and transferred, and closing balances. The MoSP reports submitted for reimbursement under the project will be verified by the World Bank task team prior to processing respective disbursements.

90. The MoSP will implement the INSPIRE project so that it meets the requirements of the Environmental and Social Standards (ESSs) of the Environmental and Social Framework (ESF) in a manner and a timeframe acceptable to the Bank.

The overall responsibility for project implementation, including the ESF-related aspects, lies with the MoSP. The Bank will assess the nature and significance of the potential social and environmental risks and impacts, the project's implementation timing, and the capacity of the MoSP to introduce specific measures and actions to address such risks and impacts. With regards to the ESF, INSPIRE will follow the process similar to other emergency projects prepared under the condensed procedures. Consequently, the Environmental and Social Review Summary (ESRS) and Stakeholder Engagement Plan (SEP) will be prepared and disclosed prior to appraisal. The Bank will negotiate and agree on an Environmental and Social Commitment Plan with the GoU. The ESCP will set out the material measures and actions required for the project to meet the ESSs over a specified timeframe. The Bank will provide implementation support to the MoSP regarding the environmental and social (E&S) performance in accordance with the requirements of the legal agreement, including the ESCP. The project will develop a full set of other E&S instruments acceptable to the Bank to meet the ESF requirements and ensure that the potential social and environmental risks and impacts are duly mitigated or addressed.

91. The World Bank's implementation support will focus on (i) helping the MoSP achieve policy reforms that are supported by the PBCs through policy dialogue and technical assistance, including providing advice and undertaking analytics to strengthen the policy measures; and (ii) ensuring compliance across fiduciary, social, and environmental

²⁶ Cabinet of Ministers Resolution No. 215 of March 7, 2022.



domains. Implementation support will be provided throughout project supervision with more intense support after project approval. The core World Bank team, including Task Team Leader, is in Ukraine and will be able to provide support in person.

**ANNEX 2: Eligible Expenditures (29 Social Assistance Benefits Covered by INSPIRE)**

Budget program classification code (2023)	Social assistance programs (benefits)	Projected spending 2023 (State Budget), US\$	Projected spending Jan 2023 – Feb 2024, US\$	Projected spending Jan 2023 - March 2024, US\$
2501400	Social protection of families and children			
1	Social assistance to children under guardianship or trusteeship	99,999,412	116,413,456	124,663,077
2	Social assistance to sick children	3,147,802	3,635,652	3,902,679
3	Temporary assistance to children whose parents do not pay alimony, are unable to maintain their children, or whose whereabouts are unknown	6,591,270	8,248,375	9,186,770
4	Social assistance to children brought up in large families	168,977,754	197,954,512	212,263,433
5	Reimbursement for the care services provided to a child under 3 years old, the "Municipal Babysitter" program	7,705,097	8,385,703	8,621,375
6	Social assistance to orphans and children deprived of parental care and other persons belonging to this group, including with disabilities, living in family-type orphanages	59,337,727	67,812,303	72,007,506
7	Social assistance to orphans and children deprived of parental care and other persons belonging to this group, including with disabilities, who are raised in adoptive families			
8	Social assistance to cover living expenses of a child raised in foster families			
9	Payments for social services provided by parents in family-type homes			
10	Payments for social services provided by parents in adaptive families			
11	Payments for foster care for a child, including payments to foster caregiver			
12	One-time payments to women awarded the "Hero Mother" honorary title	1,600,039	1,600,039	1,600,039
2501540	Social support to low-income families			
13	Benefits, partially compensating for the cost of utilities, solid and liquid stove fuel, and liquefied gas	328,716,817	468,611,480	538,558,811
2501530	Social protection of people in difficult life circumstances			



Budget program classification code (2023)	Social assistance programs (benefits)	Projected spending 2023 (State Budget), US\$	Projected spending Jan 2023 – Feb 2024, US\$	Projected spending Jan 2023 - March 2024, US\$
14	Social assistance to persons who are not eligible for an old age pension and persons with disabilities	138,148,395	161,807,029	173,732,560
15	Temporary social assistance to an unemployed person who reached pension age but is not eligible for an old age pension	18,861,906	20,437,027	21,227,323
16	Care benefits	17,023,627	19,382,249	20,509,478
17	Monthly care benefits to a person residing with a person with group I-II disability due to a mental disorder	55,279,633	67,641,036	72,138,214
18	Monthly compensation to an unemployed work-able person who provides care to a person with disability or an elderly person over 80 years old	762,034	888,762	952,245
19	Social scholarships	21,875,995	26,907,475	29,366,024
20	Payments to persons affected by the Chernobyl disaster, including top-ups for work in the exclusion zone, annual and additional leave, and compensations provided due to transfer to a low-paid job or resettlement	58,665,825	74,354,437	80,046,479
21	Compensations and other types of assistance provided for by law to persons affected by the Chernobyl disaster			
22	Compensation for free meals for children affected by the Chernobyl disaster			
23	Temporary disability assistance to persons affected by the Chernobyl disaster			
24	One-time payments to victims of human trafficking	32,254	43,236	48,728
2501160	Lifetime scholarships			
25	Lifetime scholarships	164,149	184,189	194,209
2507110	Social protection of persons with disabilities			
26	Health resort treatment packages for persons with disabilities and packages without treatment for those accompanying persons with group I disability, specifically - monetized compensations for health resort treatment packages or reimbursement for self-funded health resort packages and treatment for certain groups of persons and persons with disabilities	1,157,170	1,238,565	1,296,615
27	Provision of assistive rehabilitation products and devices to adults and children with disabilities, specifically – reimbursement for self-purchased assistive rehabilitation products and devices			



Budget program classification code (2023)	Social assistance programs (benefits)	Projected spending 2023 (State Budget), US\$	Projected spending Jan 2023 – Feb 2024, US\$	Projected spending Jan 2023 - March 2024, US\$
28	One-time compensation and annual recreation assistance for adults and children with disabilities due to injuries caused by explosive devices			
29	Health resort treatment, specifically – reimbursement for the self-funded health resort treatment for persons released from detention that occurred due to the armed conflict against Ukraine			
	TOTAL	988,046,906	1,245,545,525	1,370,315,565

Source: Estimates of the MoSP.

(a) Social protection for children and families (budget program 2501400)

92. The project will fund a means-tested child benefit and 11 categorical benefits to support approximately 280,000 beneficiaries and their families. These benefits include: means-tested temporary assistance to children whose parents do not pay alimony, are unable to maintain their children, or whose whereabouts are unknown; social assistance to children under guardianship or trusteeship; social assistance to children with long-term adverse health conditions;²⁷ social assistance to large families (with three or more children); the “Municipal Babysitter” program, providing compensation to parents with Group I–II disability or parents of children under three years old with disabilities or long-term adverse health conditions for the paid services of nannies/caregivers; social assistance to orphans and children deprived of parental care; social assistance to children raised in foster families; payments for services provided by the caregivers in family-type homes, adoptive families, and foster families; and one-time payments to mothers of five or more children awarded the title of “Hero Mother.” The planned budget for the child and family benefits to be covered by the proposed project is US\$405 million equivalent.

(b) Support to low-income families (budget program 2501400)

93. The project will finance the benefits, partially compensating for the utility costs and costs of solid and liquid fuel and liquefied gas. These need-based and merit-based benefits cover around 50 beneficiary groups, including energy-vulnerable beneficiaries and those who rendered exceptional service to Ukraine. The social assistance for 22 beneficiary groups is means-tested, including for large families, first responders and their families, adults and children affected by the Chernobyl disaster, etc. The benefit size for each beneficiary group, which is between 25 and 100 percent of utilities or fuel costs, is established by law. The expenditures on these benefits accounted for 7.3 percent of the total social assistance budget in 2022. The budget allocated to finance these benefits in 2023 is equivalent to US\$330 million to cover 1.7 million beneficiaries. Between 2019 and January 2023, the GoU gradually introduced consumer-level monetization that envisaged paying the HUS-related discounts directly to beneficiaries without the intermediation of utility companies. With this monetization reform, the benefits—administered by the PFU—are provided as cash equivalent through authorized banks or the national postal operator Ukrposhta. This reform enabled stronger accountability and transparent financing.

²⁷ According to the national legislation, “long-term adverse health conditions” are severe lesions of the nervous system, congenital developmental defects, rare orphan diseases, oncological and onco-hematological diseases, cerebral palsy, severe mental disorders, insulin-dependent diabetes of Type I, acute or chronic kidney disease of IV degree, severe injury, need of organ transplantation or palliative care.



(c) Social protection for persons in difficult life circumstances, rehabilitation benefits, and lifetime scholarships (budget programs 2501530, 2507110, and 2501160)

94. The project will finance 11 types of benefits to persons in difficult life circumstances, including four means-tested benefits, as well as rehabilitation benefits and lifetime scholarships. The benefits to persons in difficult life circumstances include: social assistance to persons not eligible for pensions as well as persons with disabilities—paid to survivors, low-income persons, and persons with work-related disabilities and Group I disability (will cover around 214,111 beneficiaries in 2023); temporary social assistance to the unemployed who reached pension age but are not eligible for an old age pension (32,820 beneficiaries); care benefits (67,168 persons); social assistance to persons providing care to disabled persons with Group I–II disability due to mental disorders (72,033 persons); monthly compensation to an unemployed work-able person who provides care to a person with disability or an elderly person over 80 years old (53,647 persons); benefits to persons affected by the Chernobyl disaster (around 1 million persons); and a one-time payment to victims of human trafficking—adults and children (150 persons). INSPIRE will finance rehabilitation benefits for children and adults with disabilities to reimburse for out-of-pocket expenses for rehabilitation/recreation and prosthetics (3,100 beneficiaries). The project will also cover social scholarships provided to students of professional pre-higher and higher education institutions,²⁸ and lifetime scholarships. Social scholarships are provided to socially vulnerable students, including IDPs, GMI beneficiaries, orphans and youth deprived of parental care, coal miners and their children, first responders affected by the Chernobyl disaster and their children, adults, and youth with disabilities, and other groups. Lifetime (merit-based) scholarships are provided for distinguished services rendered to the country. These two scholarship programs will cover around 56,000 people.

²⁸ Social scholarships for the students of military institutions, institutions with specific study conditions and military institutes and faculties of higher education institutions (as they are defined in the Law on Higher Education No. 1556-VII dated July 1, 2014), will be excluded from financing by the INSPIRE Project. Based on the historical data on budget financing of this benefit for first two quarters of 2023, spending on scholarships for all above-mentioned institutions represents 0.1% of the overall spending. The exclusion of scholarships for the students of said institutions from Project's financing will be done through reimbursement of social scholarship expenditures only up to 99.9% of overall spending for this benefit. The detailed procedure will be reflected in the POM.



ANNEX 3: Reforming Social Assistance for Internally Displaced Persons

95. To enhance targeted support provided to IDPs and improve sustainability of the IDP assistance program, the GoU is planning to introduce the following changes: (i) shift from individual recipients to beneficiary families to introduce means testing that considers the family’s average per capita monthly income; (ii) income and assets testing, including savings and property, to define eligibility for assistance or benefit extension; (iii) cross-registry beneficiary verification at the enrollment/re-enrollment using data from public registries; and (iv) maximum benefit duration (up to 12 months) to discourage welfare dependency and facilitate self-sufficiency. The IDP assistance reform will be introduced in stages to ensure a smooth transition to means testing and mitigate the risk of social tensions.

96. Table 6 shows the introduction stages and eligibility criteria for program beneficiaries, who enrolled in the program between March 2022 and July 2023, and those who enrolled starting from August 1, 2023.

Table 6: Changes to the IDP Assistance Program

Starting from August 1, 2023	Starting from September 1, 2023	Six months after re-enrollment/enrollment
“Old” IDP assistance beneficiaries— those who received assistance between March 2022 and July 2023		
<p>First stage of verification</p> <p>The benefit is extended for 6 months without re-enrollment except for those who:</p> <ul style="list-style-type: none"> ▪ stayed outside Ukraine over 30 calendar days consecutively or 60 days within 6 months. ▪ returned to the place of permanent residence. ▪ serve a sentence in prison or other places of detention or have criminal records (for high treason, collaborationism, etc.) 	<p>Second stage of verification</p> <p>The following savings or property/assets identified by verification (if purchased/acquired after July 15, 2023) will lead to cancellation of benefit on September 1, 2023:</p> <ul style="list-style-type: none"> ▪ a new vehicle (less than 5 years old); ▪ a plot of land, house, or apartment worth over UAH 100,000. ▪ house or apartment of more than 13.65 sq. m per person located in the government-controlled area not affected by conflict. ▪ cash deposit of more than UAH 100,000. ▪ purchase of foreign currency or precious metals worth over UAH 100,000. <p>The benefits are stopped for IDPs in state care in residential social care institutions.</p>	<p>The maximum benefit duration is 6 months. To mitigate or address difficult life circumstances, the IDPs should be linked to social services by the local executive authorities or social service providers.</p> <p>The IDPs will continue to receive (or can enroll in) all other social assistance benefits for which they are eligible.</p>
“New” beneficiaries to be enrolled starting from August 1, 2023		
<p>First and second stages of verification (see above) covering the period of 3 months prior to application.</p>		<p>The benefit can be extended for 6 months without re-enrollment for:</p> <ul style="list-style-type: none"> ▪ low-income families (see next paragraph for more details); ▪ large families with 3 or more children.



		<ul style="list-style-type: none"> ▪ IDP children not accompanied by parents or other legal representatives. ▪ families in which at least one member is a person with disability, caregiver, student, or the elderly.
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97. The key parameters of the modified IDP assistance program are as follows:

- (i) *Means testing* is envisaged for the “new” beneficiaries at the extension of benefit for the second six-month period. It uses the same income calculation mechanism as for all other types of social assistance and considers the total family income received three months prior to enrollment. The following “new” beneficiaries are eligible for an extension of benefit: (i) families whose total per capita monthly income does not exceed four times the subsistence minimum level established for the non-work-able²⁹ (or UAH 8,372 per person); and (ii) families with non-work-able members, whose pension does not exceed three times the SM level established for this group (or UAH 6,279).
- (ii) *Benefit duration and extension.* The benefit is provided for six months and can be extended for the second six-month period for low-income or vulnerable beneficiary families who enrolled starting from August 1, 2023 (“new” beneficiaries). Thus, the maximum benefit duration for “old” program beneficiaries is 6 months (August 1, 2023, to January 31, 2024) and up to 12 months for certain groups of “new” beneficiary families.
- (iii) *Benefit size.* The benefit size remains unchanged—UAH 2,000 per adult without disability and UAH 3,000 per child or adult with disability. The amount of assistance received is not considered when calculating the total family income for all other types of social assistance.
- (iv) *Program administration.* The program is administered by the Ministry of Social Policy. The benefit is provided to “new” beneficiaries by the local social welfare bodies within 15 working days after filing an in-person application or an online application through the Diia platform. The benefit is extended automatically without re-enrollment for eligible “old” and “new” beneficiaries.
- (v) *Activation incentives.* The “new” beneficiaries (unemployed work-able beneficiary family members) who during the first six-month benefit period actively participated in activation to achieve self-sufficiency (found a job, registered with the Public Employment Service as unemployed/jobseeker, established a small business as an individual entrepreneur, or received training voucher or financial assistance/start-up microgrant for small business development) and whose average monthly income does not exceed three times the SM level established for the non-work-able (or UAH 6,279) is eligible for the benefit extension for the second six-month period.

²⁹ According to the legislation, the “non-work-able” are people with disability, persons of pension age, and those who receive survivors’ pension. Law of Ukraine, “On mandatory state pension insurance,” No. 1058-IV, revised September 7, 2023.



ANNEX 4: Gender Analysis

98. Russia's invasion of Ukraine exacerbated vulnerabilities and heightened economic, social, and health risks for women and girls. The invasion has caused civilian casualties and destruction of civilian infrastructure, forcing people to flee their homes seeking safety, protection, and assistance. Women are disproportionately affected by the ongoing crisis. The gender impact of invasion is influenced by the country's demographic profile, which includes large numbers of older women, women and girls with disabilities, and internally displaced and refugee women and girls. Due to Russia's invasion of Ukraine, women are facing immense hardships related to the loss of crucial livelihoods, rising poverty, and increased violence and abuse. Women and girls are at increased risk of life-threatening GBV, including sexual and physical violence, trafficking, exploitation and abuse, intimate partner violence, and are denied access to essential services, resources, and goods. According to the United Nations Population Fund, an estimated 3.6 million people in Ukraine need GBV prevention and response services.

99. Access to social protection is critical to mitigating the vulnerabilities of women and their families. Women experience heightened economic stress paired with the double burden of house and care work and limited financial resources. Many women were left to care for their families on their own, including by being responsible for earning an income for their households. This can be due to other family members being unemployed, conscripted, or deceased, or because of family separation. Around 53 percent of female-headed households are single, divorced, or widowed, compared to 26 percent of male-headed households.³⁰ For many women, social assistance or pension is the only source or the largest share of their income. Thus, improving the efficiency of the existing social safety net programs and sustaining the GoU's capacity to provide social assistance during the war are critical, particularly given the growing number of poor and vulnerable women and girls, to ensure their food security, safety, and continuity of health care and social services.

100. INSPIRE will contribute to expanding coverage and strengthening the efficiency of safety net transfers to reduce uncertainty around income level and ensure adequate consumption of essential goods and services. A growing evidence base demonstrates that cash transfers have potential to reduce GBV. A review of 22 studies on cash transfers in low- and middle-income countries shows that 70 percent of these studies note that cash transfers to poor households reduce intimate partner violence, primarily physical and sexual violence.³¹ Eleven out of 14 impact assessments found decreases in intimate partner violence from cash transfer programs.³² The reduction in violence can be explained by a decrease in poverty-related stress and reduced intra-household conflicts. The proposed operation will build on the ongoing World Bank engagement in Ukraine, including the SSNMP, which supports, inter alia, digitalizing enrollment in social assistance programs and social payments. Thus, women can opt for no in-person interaction between an applicant and decision-maker, who could potentially use their power over the distribution of benefits to extract gain or favor from those seeking them, including sexual gain. Paying cash transfers digitally directly into women's accounts allow them to retain greater control over the funds and conceal them from violent partners if necessary. The INSPIRE project-level GRM to be built on the existing SSNMP GRM, which will be strengthened to address grievances related to sexual exploitation and abuse/sexual harassment. The MoSP, the implementing agency for both projects, coordinates the national hotline and referral service to prevent domestic violence and provide assistance and psychological support to victims of human trafficking and gender-based discrimination (telephone line and texting messengers). During the first year of the war, the hotline received calls and messages from 38,472 people, 77 percent of whom were women. Information on survivor-centric GBV services available in the country will be included in the INSPIRE project's operational manual.

³⁰ REACH, Multi-Sectoral Needs Assessment (MSNA): Gender Focus Brief, March 2023.

³¹ Cash Transfers and Intimate Partner Violence, Evidence Brief.

³² Buller et al. 2018.



ANNEX 5: Grievance Redress Mechanism of the Ministry of Social Policy

101. Beneficiaries of all social safety net programs can use the multi-channel GRM operated by the Ministry of Social Policy. The MoSP maintains an easily accessible GRM with functions, staffing, and resources, enabling stakeholders to submit complaints, information requests, suggestions, and feedback through various channels (phone, email, physical mail, online, and during visits). Grievances can be submitted in person in the public reception office of the MoSP.

102. The “15-45” government hotline can be used to submit complaints and other types of appeals related to social assistance and pensions. In addition, the GoU operates a hotline for persons with disabilities (15–39), a hotline for the victims of human trafficking and domestic violence (15–47), a national hotline to prevent domestic violence and gender discrimination (0 800 500 335) with a separate line for children and youth (0 800 500 225), 24/7 hotline for Ukrainians who currently live abroad (+38044 2841915), and hotline of the PFU (0 800 503 753). The Ministry of Digital Transformation and MoSP operate the *eDopomoga* online platform to inform war-affected groups about available social assistance and digital services. The MoSP has a website (<https://www.msp.gov.ua>) and channels on social media such as Facebook and Telegram.

103. The MoSP discloses semi-annual GRM performance reports on its website. In 2022, the MoSP received 22,961 grievances, including 10,846 (47 percent) by email, 3,183 (14 percent) by mail, and 4,098 (18 percent) through other government agencies and the 15–45 government hotline. As of January 2023, 11,054 (48 percent) grievances/appeals were resolved, 9,418 (41 percent) grievances were forwarded to other government agencies for further action, 2,066 (9 percent) were under consideration, and 416 (1.8 percent) were rejected.

104. The grievance management procedures used by the MoSP are regulated by national legislation and related orders:

- (a) The Law of Ukraine, “On public appeals,” No. 393/96-BP dated October 2, 1996, with amendments;³³
- (b) The Resolution of the Cabinet of Ministers, “On approval of the instruction for public authorities, local governments, enterprises, of any type of ownership, organizations, and mass media on records management related to public appeals,” No. 348 dated April 14, 1997, with amendments;
- (c) The Decree of the President of Ukraine, “On priority measures to ensure the implementation and guarantee of the constitutional right to appeal to public authorities and local self-government bodies,” No. 109 dated February 7, 2008;
- (d) The Order of the MoSP, “On approval of the procedure for the reception of citizens by the Ministry of Social Policy of Ukraine,” No. 426 dated November 07, 2011; and
- (e) The Order of the Cabinet of Ministers, “On reports of central and local executive authorities on addressing public appeals,” No. 8815/1/1-18 dated March 5, 2018.

105. The established procedure for the grievance/appeal processing can be summarized as follows: once the MoSP GRM service receives the complaint, it is recorded and classified based on the typology of complaints to ensure the most efficient response; grievances/information requests which can be easily addressed are resolved within 15–30 days; the grievances which require investigation are to be resolved within 45 days; the proposed measures are communicated to the applicant; grievance is closed or further steps are taken if the grievance remains open; applicants can provide feedback

³³ Law of Ukraine, “On citizens’ appeal,” No. 393/96-BP, revised September 7, 2023.



on their satisfaction with taken decisions/measures and overall GRM performance.

106. The channels for grievance submission are publicly available at all local social welfare units and service centers of the PFU, which can receive grievances/appeals from social assistance beneficiaries. Welfare units and service centers operate multi-channel GRMs allowing the submission of grievances through various channels (phone, email, physical mail, visits, or suggestion/complaint boxes). Since the beginning of Russia’s invasion of Ukraine, the administrations of oblasts that host IDPs opened regional toll-free helplines.

ANNEX 6: Climate and Disaster Risk Screening

107. Ukraine’s population and economy are exposed to the risks of earthquakes, wildfires, droughts, extreme heat and cold events, and riverine and urban floods. The most common natural disasters are associated with heavy rainstorms that may cause mudslides and flooding of large areas of houses and industrial buildings. Climate change can potentially increase the risks and severity of natural disasters in Ukraine through more intense temperatures, as well as rainfall patterns, prolonged heat waves, and water scarcity.³⁴ The annual average population affected by flooding in Ukraine is about 600,000. The most devastating flood in Ukraine since 1991 occurred in 2008, causing nearly 40 fatalities and about US\$1 billion in damage.³⁵ 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.

ANNEX 7: Disability Analysis

108. Ukraine was one of the first post-Soviet countries that signed and ratified the Convention on the Rights of Persons with Disabilities (CRPD).³⁶ Despite the ongoing invasion of Ukraine, inclusion and accessibility are high on the policy agenda—to remove and mitigate political, cultural, administrative, physical, communication, policy, and attitudinal barriers faced by persons with disabilities. In April 2021, the GoU approved the amended National Action Plan to implement the CRPD-related measures by 2025³⁷ and continues taking steps to ensure and promote the full realization of human rights and fundamental freedoms provided by the CRPD. For example, the GoU expedited the process of full adoption of the WHO’s International Classification of Functioning (ICF). In April 2022, the Ministry of Economy approved the ICF as a national classification (NC 030:2022) for cross-sectoral use in disability-related programming, policymaking, and MISs. This step has laid the basis for adopting and promoting the unified human-rights-based model of disability to be used in social protection and jobs, health care, education, and other sectors.

109. Russia’s invasion of Ukraine is taking a disproportionate toll on persons with disabilities and their families. Between 2015 and 2021, the number of persons with certified disability in Ukraine increased by 6 percent, from 2.57 to 2.73 million. During the first 10 months of the war (between February and November 2022), this number increased by 132,000 persons and accounted for 7 percent of the pre-war population of Ukraine (or 2.86 million persons, including 167,680 children). Actual numbers of those who have long-term physical, mental, intellectual, or sensory impairments, which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with

³⁴ World Bank, Climate Change Knowledge Portal for Development Practitioners and Policy Makers.

³⁵ Global Facility for Disaster Reduction and Recovery. Disaster Risk Profile: Ukraine, 2017.

³⁶ CRPD was ratified in 2009.

³⁷ Order of the Cabinet of Ministries, No. 285-p dated April 7, 2021.



others are likely to be close to the international disability prevalence rate of 15 percent and are estimated to include more than 1 million women of working age and 20 percent of the 11 million Ukrainian pensioners.³⁸ This number will continue to increase due to the ongoing war, as the injuries sustained by the military and civilians can lead to devastating and long-lasting physical and psychological complications and disability.

110. Due to continuing attacks on civilian infrastructure, causing destruction, displacement, and soaring humanitarian needs, people with disabilities face a disproportionate risk of violence or death and their requirements for medical support and social care are high. The forced displacement and damage to health care and social care infrastructure result in essential service disruptions. The invasion of Ukraine triggered an unprecedented humanitarian crisis across the country. According to OCHA, at least 17.6 million people are currently in need of humanitarian assistance, including an estimated 2.6 million persons with disabilities.³⁹ The estimates of IOM based on the results of the General Population Survey show that, as of June 2023, 5.09 million people remain displaced within Ukraine, while 4.76 million people returned to the places of their pre-war residence. Around 30 percent of IDP respondents of the survey indicate that at least one of their family members is a person with disabilities.

111. The GoU prioritizes the continued payment of pensions and benefits and introduces additional measures⁴⁰ to ensure social protection of persons with disabilities during Russia's invasion of Ukraine. The Law of Ukraine, "On social protection of persons with disabilities" envisages disability-targeted social protection, including the provision of disability pensions, benefits partially compensating for the utility and fuel costs, social services, and rehabilitation. As of January 1, 2023, disability pensioners accounted for 14 percent of 10.7 million pensioners in Ukraine. Out of around 40 social safety nets programs, four types of benefits and six types of rehabilitation benefits and compensations directly target persons with disabilities and/or their caregivers. In addition, the design of 14 assistance programs includes eligibility criteria prioritizing persons with disabilities and improving the effectiveness of social assistance provided to them (e.g., through extended benefit duration, increased benefit size, etc.).

112. Ukraine faces an unanticipated financing gap driven by the ongoing war. The available fiscal resources are insufficient to cover current social protection expenditures, and Ukraine will require support over a sustained period. As a response to the continued emergency and deteriorating fiscal situation, the proposed INSPIRE project will sustain the capacity of the GoU to provide social support to the poor and vulnerable during and after the war. Specifically, the project will reimburse the GoU's verified expenditures on 29 types of cash benefits incurred between January 2023 and June 2024. Three benefits to be financed by INSPIRE are targeted to persons with disabilities, four programs provide rehabilitation benefits, and 14 programs include eligibility criteria prioritizing persons with disabilities. INSPIRE, which supports sustaining disability-targeted social protection during the war, adapting delivery mechanisms, and improving access to benefits and social services, includes indicator measuring the number of persons with disabilities reached by the improved IDP assistance program.

³⁸ UN Policy Paper on Disability, United Nations.

³⁹ OCHA, Ukraine: Humanitarian Response Plan, February 2023.

⁴⁰ One of these measures envisaged the extension of the disability and care benefits for the duration of the period of martial law plus one month without the requirement to re-enroll. Resolution of the Cabinet of Ministers No. 214 dated March 7, 2022.