**DEVELOPMENT COOPERATION PROJECT DOCUMENT**

ILO Support to Ukraine – prevention of labour exploitation and human trafficking, support to entrepreneurship development and social partners

DWT/CO Budapest, November 2023



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|  | **Project details**  |
| **Country:** | Ukraine |
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| **Time frame:** | January 2024 – December 2025 (24 months) |
| **Budget requested:** | 1,500,000.00 EUR  |
| **Funding partner:** | The Government of Belgium  |

# Executive summary

# Background and justification

* 1. **Problem Analysis**

This project addresses three critical issues in Ukraine: the prevalence of human trafficking and labour exploitation, the limited capabilities for entrepreneurship development, and the inadequate capacity of social partners to assist their members effectively. The background and justification for each identified problem will be presented individually.

**The prevalence of human trafficking and labour exploitation:** There is a significant data gap regarding the prevalence of labour exploitation and human trafficking among Ukraine's internally displaced people (IDPs)—amounting to over 5 million—and the over 8 million war refugees who have fled Ukraine for other parts of Europe. Surveys suggest that many Ukrainians escaping the conflict are unaware of or underestimate the potential risks of exploitation and trafficking. However, anecdotal evidence hints at the vulnerability of these IDPs and refugees to such threats. To formulate effective preventive policies, it's imperative to comprehend the magnitude of this challenge, but comprehensive data remains elusive.

The Ukrainian government faces challenges in raising awareness among its citizens about the potential risks of labour exploitation when displaced due to conflict. In collaboration with the International Labour Organization (ILO), the State Labour Inspectorate of Ukraine (SLI) initiated the "Ukraine Works" campaign in April 2022. This campaign reached an estimated 4 million individuals and is anchored by its web portal, [www.pratsia.in.ua](http://www.pratsia.in.ua/). While the portal provides valuable information, it needs frequent updates with pertinent and accurate information concerning labour exploitation and human trafficking risks—a task the SLI struggles with without external assistance.

There's a notable absence of regulatory measures and voluntary industry standards to oversee and steer the operations of private employment agencies (PrEAs). As crucial links between job seekers and employers, PrEAs can potentially mitigate risks of labour exploitation and human trafficking. These agencies must refrain from charging job seekers during recruitment nor leaving them uninformed about their rights and responsibilities. While there exists secondary legislation related to PrEAs—which is currently under revision—it offers an opportunity to harmonize with the ILO Private Employment Agencies Convention, 1997 (No. 181). Furthermore, although an industry Code of Conduct focusing on fair recruitment has been established, it hasn't been extensively shared or championed within the sector.

**The limited capabilities for entrepreneurship development** – The problem presents itself in three distinct facets: Firstly, the war in Ukraine has disrupted the labour market and business activities. Secondly, there is a lack of local capacity to support entrepreneurship development. Lastly, there's a notable absence of funds dedicated to supporting startups. We will analyse each facet separately.

1. Labour market and business activity disruptions

In the regions of Ukraine most affected by the war, enterprises of all sizes ceased operations or had to relocate to safer areas of the country (it is estimated that enterprises lost physical assets amounting to 10 billion USD, and the agricultural sector lost another 4 billion USD). This led to massive job losses. The Ukrainian Ministry for Economic Development estimates that the number of unemployed has increased by 2.3 million since the start of the war.

1. Lack of local entrepreneurship training

The Ukrainian Government sees entrepreneurship development as one of several active labour market policies to create additional jobs. The Government has adopted the ILO’s entrepreneurship training program Start and Improve Your Business, one of the largest training programs around the globe[[1]](#footnote-1), as the official training programme for the public loan program for small and medium enterprises[[2]](#footnote-2). Participating in SIYB is a pre-condition to receive a loan. Before the war, the ILO trained 72 local SIYB trainers with the support of the Danish Government. Many trainers left the country due to the war and can no longer provide the much-demanded training. The pool of certified local trainers needs to increase urgently.

1. Lack of complementary grant support for restarting a business in Ukraine.

Programs like SIYB are often delivered as stand-alone interventions. Broad empirical evidence shows that combining training with access to finance (grants or loans) produces better results than stand-alone interventions[[3]](#footnote-3). The provision of small-scale grants to new and existing entrepreneurs who had to cease operations and resume business will further increase the impact of SIYB on income and employment generation.

**Inadequate capacity of social partners to assist their members effectively.** Both social partners face the problem of financial solvency. In addition, Employers and Business Membership Organizations (EMBOs) have limited capacities to respond to the needs of their members for new services. Workers’ Organizations (WOs) also have limited capacity to address the urgent needs of the most vulnerable workers.

1. Precarious financial situation of employers’ and workers’ organizations; Due to the war, most organisations have experienced a loss of income from membership fees of up to 80 to 90 percent. This limits their capacity to maintain existing services for members and develop new services.
2. Limited capacity of the Employer and Business Membership Organizations (EBMOs) to respond to membership demands for new services; The EBMOs have to address increasingly complex requests from companies that need approaches tailored to the current circumstances. These challenges are compounded by the EU accession commitments, which add new topics to the EBMOs’ agenda for which they lack adequate expertise.
3. Insufficient capacity of WOs to address urgent needs of the most vulnerable categories of workers While social dialogue on the national level remains stagnant given the enactment of martial law and subsequent amendments to labour legislation, social dialogue is highly demanded at sector and municipal levels as frontline workers delivering vital services during the war (energy, critical transport, and utility infrastructure, emergency services, etc.) become increasingly vulnerable to frequent military attacks by Russian forces. Meanwhile, the capacity of trade unions is insufficient to effectively engage in social dialogue on sectorial and local levels and provide necessary services to their members, resulting in a lack of policy decisions that could ensure a safer, healthier, and overall, more decent working environment for the frontline workers and first respondents to emergencies.

#### Stakeholders and target groups

The main stakeholders for this project are the State Labour Inspectorate of Ukraine (SLI), the Ministry of Economy of Ukraine, employers’ organizations such as the Federation and Confederation of Employers, OORU (United Organizations of Employers of Ukraine), and workers’ organizations such as Federation (FPU) and Confederation (KVPU) of trade unions of Ukraine.

**The State Labour Inspectorate of Ukraine** plays a crucial role in upholding labour laws within the country. This institution conducts thorough inspections to enforce labour standards, ensure workplace safety, and protect employee rights. However, it faces significant challenges that hinder its effectiveness. One of the primary issues is the limited human resources available to the Inspectorate, which restricts its capacity to prevent and resolve instances of labour exploitation proactively. Additionally, the organization grapples with inadequate data collection capabilities, a critical shortcoming that impedes its ability to tackle labour exploitation comprehensively.

Another area of concern is the deficit in information dissemination. The Inspectorate currently lacks the means to effectively inform a broader population about labour exploitation, including how to identify and report such cases. This lack of awareness among the general populace is a significant barrier to combating labour exploitation.

Furthermore, the situation is exacerbated by outdated and insufficient secondary legislation that governs the operation of Private Employment Agencies (PrEAs). This legislative gap hampers the Inspectorate's ability to address and mitigate labour exploitation cases effectively. The outdated regulations surrounding PrEAs present a loophole that can be exploited, leading to increased risks for workers and challenges for the Inspectorate in enforcing labour laws effectively. These limitations underscore the need for enhanced resources, improved data capabilities, better public awareness strategies, and updated legislative frameworks to strengthen the State Labour Inspectorate of Ukraine's ability to combat labour exploitation effectively.

**The Ministry of Economy of Ukraine** holds a pivotal position in formulating the nation's economic policies, with a particular focus on labour market regulations. A significant challenge for the Ministry arises from various international organizations' divergent perspectives and recommendations regarding regulating Private Employment Agencies (PrEAs). These differing viewpoints often stem from a lack of familiarity with the International Labour Organization (ILO) Convention 181, which sets global standards for PrEAs. This lack of awareness among some international entities can lead to conflicting advice, complicating the Ministry's development and implementation of coherent and effective regulatory frameworks. To address this challenge, the Ministry must promote a deeper understanding of ILO Convention 181 among these organizations, aligning international guidance with established international standards. This alignment is essential for the Ministry to effectively regulate PrEAs in a way that balances the needs of the Ukrainian labour market with international best practices. In addition, the Ministry also plays a critical role in promoting and supporting entrepreneurship development in Ukraine. The ILO’s SIYB training programme has been adopted as an official state entrepreneurship training programme, and completion is mandatory for all start-ups willing to apply for the state entrepreneurship loan programme 5-7-9.

**Employers' organizations in Ukraine**, such as the Federation and Confederation of Employers and United Organizations of Employers of Ukraine (OORU), play key roles in the labour market. Their functions include advocating for employer-friendly policies and regulations, engaging in policy discussions with government bodies, and negotiating labour issues with unions. Additionally, they provide members with support services like legal advice and regulatory updates, represent Ukrainian employers in international forums, and promote best practices in corporate governance and social responsibility. These organizations are instrumental in shaping a business-friendly environment and contributing to economic and labour policy development.

These organizations often encounter difficulties fulfilling their roles due to unstable financial conditions, leading to increased service demands from their members. This project aims to enhance their capabilities, bolstering sustainability. By providing training and encouragement, they will be empowered to offer vital services to their members, focusing on areas essential for recovery. These include facilitating the adoption of innovative technologies, promoting environmentally friendly business practices, and assisting in hiring people with disabilities.

**Ukrainian Workers' Organizations (WOs)**, including the Federation (FPU) and Confederation (KVPU) of trade unions, face declining membership, financial struggles, and challenges in effective participation in sectoral and local social dialogues. Their limited capacity hinders support in essential services like energy and emergency response, impacting policy decisions for safer working conditions. Efforts will focus on enhancing their capacity to ensure worker safety and health in critical service sectors.

Additionally, WOs will play a key role in monitoring labour rights violations, with plans to establish a reporting centre and support units. These units will assist war veterans and injured workers, improving access to social protection and job opportunities. Furthermore, WOs will be empowered to create policy papers for social dialogue institutions to develop efficient grievance and labour dispute resolution mechanisms, especially under martial law constraints. This will enable more effective and relevant solutions to workplace challenges.

In addition to our current efforts, we plan to collaborate closely with **the non-governmental organization (NGO) GURT**. This partnership is particularly strategic, as GURT received training in the "Start and Improve Your Business" (SIYB) program in 2010. GURT's role is further emphasized by its status as a strategic partner to the International Labour Organization (ILO) in delivering the SIYB program, particularly under the project funded by Denmark (“Inclusive Labour Markets for Job Creation in Ukraine). This collaboration with GURT is expected to enhance the effectiveness and reach of the SIYB initiative, leveraging their insights and networks to achieve a greater impact in fostering entrepreneurial skills and business development.

#### ILO Comparative advantage

The ILO has been working in Central and Eastern Europe for 30 years through a technical hub in Budapest. This hub provides advisory services to 19 countries in the region, focusing particularly on the Western Balkans, Georgia, Moldova, and Ukraine. The ILO team for the region currently has 75 staff members and administers a budget of USD 40 million.

The ILO is a member of the United Nations Country Team in Ukraine. Its work is aligned with the United Nations Partnership Framework (UNPF) for Ukraine 2018–2022, which prioritizes economic growth, productive employment, governance, and universal social protection, all areas of strong ILO expertise. The UNCT assigned a lead role to the ILO in coordinating the UN’s work on employment creation. The ILO is opening a country office in Kyiv in 2024, significantly increasing its capacity to respond to a clear need and demand for an expanded ILO presence in Ukraine.

Since Ukraine's independence, the ILO has established trustful relationships with the Ukrainian government, labour market institutions, and social partners.

The ILO is the custodian of international conventions addressing full and productive employment, universal social protection, effective social dialogue, and fundamental rights at work. Besides the ILO’s normative role, it has a long experience providing policy advice to governments and social partners. In addition, the ILO is implementing over 750 technical assistance projects worth USD 563 million worldwide. This experience also includes assisting countries affected by wars and conflicts, ensuring that all initiatives are conflict-sensitive and contribute to peace.

#### Project contribution to national developments plans, UNSDCF, P&B, DWCP and CPO

The project contributes to the National Recovery Plan, to the National Strategy to close the gender pay gap, to the PDNA (Post-Disaster Needs Assessment) and to the Nova Kahovka RDNA 2 (Rapid Development Needs Assessment).

The project contributes to the achievement of SDG 8 (Decent work and economic growth), focusing on targets 8.3 (Promote policies to support job creation and growing enterprises), 8.7 (End modern slavery, trafficking, and child labour), and 8.8 (protect labour rights and promote a safe working environment).

This project will address the following outcomes from the ILO Programme and Budget for 2024/2025:

* Outcome 2: Strong, representative, and influential tripartite constituents and effective social dialogue.
* Outcome 4: Sustainable enterprises for inclusive growth and decent work
* Outcome 6: Protection at work for all

The project will contribute to the Decent Work Country Programme (DWCP) Priorities[[4]](#footnote-4) through CPO102 (entrepreneurship development) and CPO155 (The effectiveness of the labour inspection system and social dialogue mechanisms is strengthened).

# 2. Project Strategy

* 1. **Introduction**

Russia's military invasion of Ukraine, starting February 24, 2022, has led to extensive loss of life, infrastructure damage, and economic disruption. The war has forced many Ukrainians to relocate within the country or abroad. The ILO reports a 35% drop in Ukraine's GDP by the end of 2022 and a 15.5% decrease in employment, totalling around 2.5 million job losses. With the ongoing conflict, the labour market will remain stagnant in 2024. The ILO's response initially included humanitarian aid, focusing on refugee shelter and labour exploitation prevention. Comprehensive support encompassing humanitarian, budgetary, and development assistance, including economic stabilization and job preservation/creation interventions, is crucial. Despite war challenges, the Ukrainian government continues functioning and pursues labour, employment, and social protection reforms. However, without international budgetary support, trade unions and employers face financial strains and need additional resources to maintain operations and adapt services.

**The project is structured around three outcomes:**

* **Prevention of labour exploitation/human trafficking**
* **Enterprise development**
* **Support to social partners.**

The Belgium-supported project can also benefit from two other ILO projects in Ukraine. Firstly, a 6-year Danish-funded initiative (2018-24) that trained 72 trainers who trained over 4,000 entrepreneurs, including more than 850 during the 2022 war. Secondly, a 3-year EU-funded project (Jan 2020-Apr 2023) reformed the Ukrainian Labour Inspectorate, aligning Occupational Safety and Health (OSH) and Undeclared Work (UDW) with International Labour Standards and modernizing labour inspection services. These foundations enable the immediate start of the proposed work against labour exploitation, leveraging the established relationship with the State Labour Inspectorate (SLI).

**Outcome 1: Prevention of labour exploitation/human trafficking**

**Problem analysis**

Data on labour exploitation and human trafficking among over 5 million internally displaced people and over 8 million Ukrainian refugees in Europe is lacking. Many are unaware of or underestimate these risks although it is clear from media reports that Ukrainian refugees and IDPs are victims of trafficking and labour exploitation. There is, however, no reliable data to fully understand the issue to enable informed and sound policy development.

The Ukrainian government struggles to inform citizens about labour exploitation risks due to war displacement. The ILO's "Ukraine Works" campaign, launched in April 2022, reached about 4 million people and has an active website, but it needs regular updates and support.

There is also a deficiency in the regulatory framework for private employment agencies (PrEAs) in Ukraine, which is crucial for mitigating labour exploitation and human trafficking. PrEAs should not charge job seekers fees and must inform them of their rights. While existing laws are being revised to align with ILO standards, a Code of Conduct for fair recruitment needs more promotion and implementation.

**Proposed intervention:**

Data Enhancement: The ILO will help Ukrainian authorities survey the prevalence of labour exploitation and human trafficking among displaced Ukrainians, using a combination of data sources and interview methods to generate more reliable data to inform better prevention and response strategies.

Information Accessibility: Survey findings will aid the State Labour Inspectorate of Ukraine (SLI) in updating its website and initiating new campaigns targeting high-risk areas and countries for Ukrainian labour exploitation and trafficking. The ILO will facilitate SLI's collaboration with the European Labour Authority and labour inspectorates in key host countries.

Regulatory Framework Improvement: The ILO will support the Ukrainian government and labour organizations in revising laws governing private employment agencies (PrEAs) to align with ILO standards and promote a fair recruitment code of conduct in the industry.

**Outcome 2: Enterprise development**

**Problem analysis**

Labour Market Disruptions: The war severely impacted Ukrainian businesses, with many shutting down or relocating, resulting in the loss of physical assets worth $14 billion and massive job losses. Unemployment has increased by 2.3 million since the war's start.

Entrepreneurship Training Shortage: The Ukrainian Government prioritizes entrepreneurship for job creation, adopting the ILO's "Start and Improve Your Business" (SIYB) program. Participation in SIYB is mandatory for receiving government loans. However, the war has led to a shortage of local SIYB trainers, necessitating an urgent increase in certified trainers.

Need for Grant Support: Combining the SIYB program with financial support (grants or loans) is more effective than training alone. Providing grants to new or restarting entrepreneurs will enhance SIYB's impact on income and job generation.

**Proposed intervention:**

This Outcome focuses on establishing new start-ups and resuming existing business operations, targeting the unemployed, internally displaced persons, and entrepreneurs who lost their businesses during the war. This will be achieved through:

Entrepreneurship Development Support: At least 100 entrepreneurs will receive training and start-up grants. Additionally, 25 grant recipients will receive mentorship. The ILO's "Start and Improve Your Business" (SIYB) program, supported by the Danish-funded project (2018-24), will train 700 beneficiaries until mid-2024. The Belgian-funded intervention will complement this with grants and mentorship, targeting at least 100 new entrepreneurs through a competitive process.

Training of SIYB Trainers: The ILO aims to train and certify 15 new local SIYB trainers. These trainers will be selected through open calls and embedded in local structures such as labour offices, business associations, NGOs, financial intermediaries, or training centres to ensure widespread impact.

**Outcome 3: Support to the social partners**

**Problem analysis**

Financial Strain on Employers' and Workers' Organizations: Due to the war, these organizations have seen up to 80-90% loss in income from membership fees, significantly reducing their ability to maintain and develop new services for members.

EBMOs' Limited Capacity: Employer and Business Membership Organizations (EBMOs) are struggling to meet complex, new service demands from companies, particularly considering additional requirements from EU accession commitments, for which they lack expertise.

Workers' Organizations' Insufficient Capacity: National-level social dialogue is stagnant due to martial law and changes in labour laws. There's a high demand for social dialogue at the sector and municipal levels, especially as frontline workers in vital services (like energy, transport, and emergency services) face increased vulnerability from military attacks. Trade unions cannot effectively engage in sectorial and local level dialogues or provide necessary services. This leads to inadequate policy decisions for a safer and healthier work environment for frontline and emergency response workers.

**Proposed intervention.**

EBMO Support: Assistance will be given to Employer and Business Membership Organizations (EBMOs) to develop two new services and scale up two high-demand existing ones. Additionally, help will be provided in creating a sustainability strategy focusing on diversifying income sources. The EBMOs' services will include business resilience, EU-Ukraine trade agreement consultancy, renewable energy technology training for SMEs, and responsible business conduct guidance.

WO Support: Workers' Organizations (WOs) will be supported at sector and local levels to a) Develop strategies and action plans for worker safety in frontline regions, focusing on two sectors in two regions. b) Establish labour rights violation report centres and referral services for social protection and job vacancies for war veterans and injured workers (including a legal advisory and a referral service for pilot projects). c) Enhance trade unions' capacity to propose policies for social dialogue institutions, aiming for effective grievance and labour dispute resolution mechanisms, considering martial law restrictions.

* 1. **Narrative Theory of Change from intervention to results**

The ILO has been implementing a multi-year and multi-component project funded by the Government of Denmark, focusing on three major outcomes:

1. Labour market governance is improved by strengthening employment services and other labour market institutions.
2. Skills development is better aligned with the demand for skills with particular emphasis on the private sector.
3. Tripartite social dialogue and collective bargaining to create more and better jobs are enhanced.

The project funded by Belgium aligns seamlessly with the Danish project's second (Entrepreneurship Development) and third (Social Dialogue) components. The ILO has already formed a robust network of stakeholders actively involved in the project's execution. These stakeholders include the Ministry of Economy, the Ministry of Education, social partners (comprising three employers' organizations and two workers' organizations), numerous non-governmental organizations spread across different regions of Ukraine, and regional administrations. Moreover, the ILO has forged a collaborative relationship with the Ministry of Economy and the State Labour Inspectorate, building on their previous cooperation within an EU-funded project tackling labour exploitation and trafficking issues.

The successful implementation of this project will leverage the established networks and the ILO's technical expertise.

Considering the context, challenges, and priorities that necessitate the Project's intervention, the following theory of change outlines the proposed intervention's strategy:

**Should** the International Labour Organization (ILO) assist the Ukrainian Government, including specific ministries and the State Labour Inspectorate, as well as social partners, in overcoming capacity deficits and fostering entrepreneurship development, and should the ILO persist in bolstering social dialogue mechanisms at various levels to address key labour market issues, while also enhancing the capabilities of social partners systematically and strategically…

**…then**, the Ukrainian Government and its social partners will be empowered to devise and execute more effective, inclusive policies. This will facilitate outreach to institutions and social partners, aiding those vulnerable to exploitation and social exclusion. Furthermore, the government and social partners will be better equipped to resolve complex issues such as labour exploitation and trafficking, infringement of labour rights, employment of individuals with disabilities and war veterans, and the dearth of entrepreneurship and enterprise development and...

**…this will result** in a cohesive, mutually reinforcing suite of policies and programs that underpin economic and social reform, encourage job-rich growth, and ensure decent work for everyone.

**Visualization of the Theory of Change**

**Sphere of Influence**

Results we will help to achieve / outcomes

* Improved prevention of labour exploitation and human trafficking of IDPs and refugees.
* New start-ups established and existing enterprises resume operations.
* Introduction of new services for social partners.
* Improved availability of data
* Improved access to information
* Improved regulatory framework.
* Entrepreneurship development support
* Training of SIYB trainers
* Population is at lower risks of labour exploitation and human trafficking.
* Improved entrepreneurship support infrastructure
*

**Sphere of Action**

What we would do / outputs

**Sphere of Impact**

Changes to which we will contribute / impact

Top of Form

Bottom of Form

* 1. **Expected results**

For a summary of the log frame, see Annex B.

* + 1. **Impact**

The initiative aims to enhance the State Labour Inspectorate's and workers' organizations' capabilities in gathering data on human trafficking and labour rights infringements while bolstering Ukrainian citizens' access to relevant information, especially those most vulnerable. This enhancement is anticipated to lead to a reduction in incidents of human trafficking and labour rights violations. It will empower citizens with the knowledge and tools needed to identify and effectively report any instances of such violations. This will be achieved through a series of interventions, such as technical assistance in improving data collection methodologies, improving the existing and introducing new information dissemination tools (potentially but not exclusively, mobile phone applications development, social media, websites, etc). In addition, technical support will be provided in improving the secondary legislation on the work of private employment agencies (PrEAs). The focus of this assistance will be on bringing the PrEAs’ operations more in conformity with the International Labour Standards (ILS) and EU Acquis.

Furthermore, the newly developed services for employers' organizations will empower businesses to contribute significantly to the country's recovery and reconstruction efforts. These services will facilitate the transition towards a greener economy and enhance the employment opportunities for people with disabilities.

Regarding the enhancement of entrepreneurship development opportunities, an increased number of trainers will receive training in the "Start and Improve Your Business" (SIYB) methodology, a program developed by the International Labour Organization (ILO). This expansion will enable a broader range of citizens to access SIYB training, a prerequisite not only for obtaining government entrepreneurship funds but also increasingly required by international donors like GIZ.

The number of ultimate beneficiaries expected to be affected by the Intervention will be established at the end of the implementation.

* + 1. **End of project outcomes**

#### Per outcome area:

**Outcome 1: Improved prevention of labour exploitation and human trafficking of IDPs and refugees.**

The main actors involved in this outcome are the State Labour Inspectorate (SLI) and civil society organizations dealing with antitrafficking issues. The expected behavioural change is that the SLI improves the data collection methodology by developing new data collection tools. This includes better cooperation and coordination with social partners and civil society organizations dealing with anti-trafficking issues. In addition, the PrEAs’ operations are expected to be brought closer to conformity with the ILS and EU Acquis. Indicators for progress monitoring: At least one data collection methodology either improved or introduced, at least one information dissemination tool either improved or introduced and at least one technical support package delivered to improve the PrEAs secondary legislation.

**Outcome 2: New start-ups are established, and existing enterprises resume operations.**

The primary actor in this outcome is the Ministry of Economy of Ukraine. While the International Labour Organization's (ILO) "Start and Improve Your Business" (SIYB) training methodology has been officially adopted by the Ukrainian government as the standard for accessing public entrepreneurship development funds, there is a crucial need to broaden the cadre of trained and certified SIYB trainers to disseminate this training effectively. Indicators for progress monitoring: At least 15 new SIYB trainers were trained, 100 new potential entrepreneurs were trained, and 25 start-up grants were disseminated.

**Outcome 3: Introduction of new services by social partners.**

The main actors involved in achieving this outcome are two workers' organizations, KVPU and FPU, alongside three employers' organizations: FEU, CEU, and OORU. The anticipated behavioural shift includes these social partners effectively addressing labour rights violations and enhancing services for their members. This includes improved collaboration with international businesses in eco-friendly practices and upgrading safety and health standards for frontline workers in critical services. Key indicators for monitoring progress will include the establishment of an Industry/Rebuild/Hub, training at least 200 companies in green business practices, training a minimum of 100 companies in employing people with disabilities (focusing on workplace adaptations), the creation of a centre for reporting labour rights violations and developing a strategy to improve safety and health conditions for frontline workers in essential services.

The assumption is that all the stakeholders involved are committed to reducing the incidents of human trafficking, labour rights violations and improving entrepreneurship development opportunities.

* + 1. **Outputs**

**Outcome 1/Outputs**

* **Support to the Ukrainian authorities to improve the data availability.**

This output will be realized through a sequence of coordinated activities. Collaborative working sessions with the State Labour Inspectorate (SLI) will be conducted to evaluate the efficacy of existing data systems. Following identifying any shortcomings in the current system, a detailed workplan will be formulated to address the necessary modifications for enhancing the data collection process. The finalized and endorsed plan will then be executed through established partnerships, predominantly with NGOs focused on anti-trafficking initiatives.

Support to the State Labour Inspection Service to improve access to information for the citizens of Ukraine.

This output will be achieved through a series of well-orchestrated activities. Key steps include identifying and formalizing partnerships for outreach efforts, creating and distributing informational materials, such as videos, leaflets, posters, and e-leaflets, for labour inspectors, Workers' Organizations (WOs), Employers' and Business Member Organizations (EMBOs), and other Ukrainian partners. Additionally, informational sessions will be conducted for the State Labour Inspectorate (SLI), the social partners, and other stakeholders to develop a strategic roadmap for initiating outreach activities. Following this, the launch and subsequent monitoring of these outreach initiatives' effectiveness and reach will occur.

Support to the Government of Ukraine and social partners in improving the regulatory framework (governing the work of private employment agencies).

This output will be achieved through a series of integrated activities. These activities include reviewing the regulatory framework governing PrEAs and organizing a tripartite workshop to validate the findings of the regulatory review, assisting the government in undertaking any required legislative reforms, and working sessions with PrEAs to assess the impact of the Code of Conduct, and developing and implementing the workplan to improve awareness and use of the Code of Conduct.

**Outcome 2/Outputs**

* **Entrepreneurship development support – Training and Start-up grant support.**

This objective will be accomplished by utilizing certified "Start and Improve Your Business" (SIYB) trainers to conduct the training sessions. These trainers will be carefully chosen by the ILO and its strategic partner responsible for implementing SIYB training in Ukraine. A public call for application participation in the training will be published country-wide.

Once the most suitable applicants are selected, they will be organized into groups based on their geographical regions. Subsequently, trainers located in proximity to these groups will be identified and engaged. The delivery method of the training will be a hybrid model, combining both offline and online approaches, tailored to the prevailing security situation and the feasibility of participants attending in-person sessions.

Upon successfully finishing the "Start and Improve Your Business" (SIYB) training, participants will have the opportunity to apply for start-up grants. To be considered, applicants are required to submit and present their business ideas to an evaluation committee. The 25 most promising business plans will be selected to receive a start-up grant, each valued at up to 3,000 USD. Additionally, at least 10 mentors will be chosen to offer ongoing mentorship and support to the grant recipients.

* **Training of SIYB trainers**

This output will be realized through a carefully planned sequence of activities. These will include organizing the "Start and Improve Your Business" (SIYB) training for trainers, including identifying and contracting an SIYB master trainer. The process will proceed with developing and publishing a call for applicants, conducting interviews with pre-selected candidates, and finalizing the participant list. After the SIYB training, the newly trained trainers will conduct their sessions, which will be monitored to assess their performance for certification purposes.

**Outcome 3/Outputs**

* **IndustryRebuildHub established by the Federation of Employers of Ukraine (FEU).**

The Hub's primary objective is to assist Ukrainian businesses in forging connections with international counterparts, thereby enhancing access to novel technologies and facilitating the acquisition of knowledge about these technologies. The core activities will involve establishing the Hub, designing its service offerings, presenting them, and subsequently launching the Hub. It will also organize at least five face-to-face business-to-business (B2B) events involving Ukrainian industrial companies, foreign business partners, and donors, both in Ukraine and internationally. Additionally, the Hub will develop a comprehensive marketing and visibility campaign, along with a strategy to ensure its long-term sustainability.

Training service on the transition of SMEs to a green economy set up by the Association of Employers ’Organisations of Ukraine (AEOU).

Greening the economy is one of the main objectives of the Ukrainian Government for the reconstruction and recovery process. This initiative will support one of the business associations in Ukraine to develop a service for companies to green their business operations. This will include developing a training toolkit for the SMEs' green transition and designing a training offer. There will be at least ten training sessions organized. The Association will also develop a marketing and visibility campaign and a service sustainability strategy.

Training and consultancy service on employment of people with disabilities scaled up by the Confederation of Employers of Ukraine (CEU).

The Confederation of Employers of Ukraine (CEU) is set to create a comprehensive training toolkit focused on employing people with disabilities (PwD). This toolkit will detail various activities that companies can undertake to facilitate the integration of PwD into the workforce. It will also provide insights into how businesses can collaborate with public institutions, like the Public Employment Service of Ukraine, to enhance support for employing PwD. The primary tasks to accomplish this include the design of a training program, conducting at least ten training sessions, and creating guidance for companies on the support available for employing PwD. In addition, the CEU will develop and execute a marketing and visibility campaign, as well as a strategy to ensure the sustainability of this service.

* **New services provided by WOs to their members.**

The Project intervention will support two major workers’ organizations in Ukraine in developing and delivering two new services to their members. The focus will be on developing a strategy and action plan to improve safety and health for workers in at least two sectors delivering critical services in at least two regions of Ukraine. In addition, a centre for reporting the violation of labour rights will be established. The latter should be interpreted in conjunction with Outcome 1, supporting the State Labour Inspectorate. The ILO will also build the capacities of the two mentioned workers’ organizations to produce meaningful policy proposals for the social dialogue institutions.

All the above will be achieved through a series of activities, such as delivering a workshop on strategy development and implementing the strategy once developed and adopted. A separate training will be organized and delivered on recording, reporting, and addressing the cases of labour rights violations.

The project will assist two prominent workers' organizations in Ukraine to develop and implement two new services for their members. The emphasis will be on formulating a strategy and action plan to enhance workers’ safety and health in at least two critical service sectors across a minimum of two Ukrainian regions. Additionally, a centre for reporting labour rights violations will be established, complementing Outcome 1's support for the State Labour Inspectorate. The International Labour Organization (ILO) will further strengthen the capacities of these workers' organizations to generate impactful policy proposals for social dialogue institutions.

To achieve these objectives, a range of activities will be conducted. This includes hosting a workshop on strategy development, followed by the implementation of the strategy once it is developed and approved. Furthermore, a specialized training session will focus on recording, reporting, and addressing labour rights violations. Following the completion of the training the centre will be established.

* + 1. **Stakeholders’ ownership and sustainability of results**

To guarantee that stakeholders have ownership of the project's outcomes, they have been actively engaged from the design phase, all endorsing the proposal. The ILO’s technical assistance includes the direct participation of stakeholders throughout the implementation phase, which promotes sustainable results beyond the project's completion. This initiative is key to the ILO’s extensive support for Ukraine and its stakeholders. Each of the three interventions will adopt a "training of trainers" method, further enhancing the sustainability of the project's impacts.

* + 1. **Risk analysis**

| **Ref** | **Risk** **statement.** The event we do not want to see and its potential impact on objectives | **Comment:** Explain how the risk might arise and the importance of the impact | **Measures currently in place** to address this risk | **Impact** | **Likelihood** | **Total** | **Change[[5]](#footnote-5)** | **Risk Owner[[6]](#footnote-6)** | **Additional risk response** for the attention of the implementation team and the Steering Group. |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. | The Ministry of Economy, State Labour Inspectorate, and social partners lose interest in participating in the project (either due to frequent changes in their leadership or other reasons). | Achieving most of the identified results will be impossible without the stakeholders' involvement.  | * Regular communication with the stakeholders, including biannual project steering committees, will ensure the stakeholders’ interest.
 | Medium | Low | Low | ⬄ |  | ILO's continued support in Ukraine by the Government and social partners makes this risk highly unlikely. The changes in the leadership in the past have not influenced the ILO’s support in the past.  |
| 3. | Face-to-face training is impossible to arrange due to the restrictions caused by the air raids, shelling, etc. | Restrictions to movements limit the identified trainers to attend face-to-face training. | * The Project team is working on putting the training online to eliminate this risk.
 | High | Low | Medium | ⬄ |  | * All the activities within the Project will be adjusted to an online format.
 |
| 3. | The war further escalates. |  | * The Project team is working on putting the training online to eliminate this risk.
 | High | High | **High** | ⇧ |  | * All the activities within the Project will be adjusted to an online format. However, the certification process may be delayed due to regular air raids, shelling, and power cuts.
 |

# 3. Monitoring

The International Labour Organization (ILO) will oversee the execution of activities and the realization of objectives by the designated responsibilities and outlined deliverables. The foundation of this monitoring framework is the Action's logical framework (log frame), which includes specific indicators for each objective and output. This log frame will serve as a crucial management tool, enabling both the ILO and the Donor to make necessary adjustments and revisions at the outputs, activities, and indicators level to fulfil the anticipated specific objectives effectively. A comprehensive implementation plan will be formulated during the Inception Phase. The identified deliverables will act as key milestones, guiding the progress toward achieving the desired outputs and outcomes throughout implementation.

# 4. Institutional framework and implementation arrangements

* 1. **Institutional framework**

This project forms part of a broader technical support initiative by the ILO to assist the Ukrainian government and its social partners. The Project Steering Committee (PSC) initially created under the Danish multi-component project will be the consultative body for the project implementation team. With clearly defined terms of reference, the PSC includes appointed members from the social partners and the Ministry of Economy. To integrate the Belgian project into the PSC framework, the project team will approach the Belgian Government and State Labour Inspectorate to nominate their representatives to the PSC.

* 1. **Implementation arrangements**

The team intends to involve a former project manager who previously oversaw an EU-funded project aiding the State Labour Inspectorate (SLI). This individual will act as an external collaborator, contributing to the first component of the project. For the second component, the ILO plans to subcontract an ILO-certified master trainer in Start and Improve Your Business (SIYB) to conduct SIYB training sessions. Additionally, the non-governmental organization (NGO) GURT will be subcontracted to assist newly trained trainers in delivering their training and to aid in the implementation of start-up grant support.

The third component will receive direct technical support from the ILO. This includes the potential for allocating small-scale implementation agreements to social partners. These agreements aim to facilitate the dissemination of newly acquired knowledge among their members.

* 1. **Inception period**

N/A

# Knowledge and communication

Maintaining high visibility for the project is a pivotal aspect throughout its duration. To ensure this, we will adhere to the visibility guidelines set by the ILO and, if applicable, those of the donor. Quality public relations work is essential, which will be detailed in the “Communication and Visibility Strategy,” a component of the broader strategy under the Danish-funded project.

Our communication and promotion efforts will strictly comply with the ILO’s communication and visibility requirements, ensuring all specified criteria are met. We will evaluate the various target groups within each project component to develop tailored key messages, select suitable communication methods, and determine the most effective channels for engagement. This will encompass event organization, the creation of promotional materials, and information dissemination through various media channels, including social media, where appropriate. The Project’s Kick-off Event and Closing Conference will significantly raise awareness and share project outcomes with diverse stakeholders.

**Key visibility measures will include:**

* Acknowledging Belgian Government funding in all media interactions, printed and multimedia materials, social media engagements, workshops, and training sessions.
* Incorporating the Belgian logo in visual materials and ensuring written materials link to relevant documents and institutions.
* Highlighting the positive impacts of Belgian involvement in Ukraine.

The Communication and Visibility Plan will be structured as follows:

* Identifying target groups, stakeholders, and potential audiences.
* Establishing overarching communication goals, including raising awareness of Belgian support.
* Formulating specific objectives, outreach strategies, and channels for each target group.
* Executing communication activities and campaigns.
* Continuously monitoring and evaluating the effectiveness of these actions.

# Management arrangements

The staff of the ILO Country Office in Ukraine who are already implementing the Danish-funded project under the auspices of the ILO DWT/CO Budapest will manage the project.

The staff costs charged to the project include:

* Chief Technical Adviser (CTA), P5 @10%; Kyiv EUR40,000
* National Project Officer, NOB @100%; Kyiv EUR105,000
* Project Assistant, G5@100%; Kyiv EUR60,000 EUR
* Finance Assistant, G6@50%; Budapest EUR36,000

The CTA will provide overall technical support to the implementation and ensure the project's strategic fit into the overall ILO interventions in Ukraine.

The National Project Officer, who is already implementing the components of the entrepreneurship development and support to social partners within the Danish-funded project, will be directly responsible for implementing the project and managing the project assistant in Kyiv and the financial assistant in Budapest.

The Project Assistant will provide administrative support to the National Project Officer during the implementation, and the Finance Assistant will deal with the Financial System, which is inaccessible from Ukraine.

**CTA**

Other projects

NPO (Belgium)

Other projects

Project assistant

 **The management structure diagram**

Finance assistant

# Evaluation

Evaluation will be guided by the [ILO guidelines for evaluating DC projects](https://www.ilo.org/wcmsp5/groups/public/---ed_mas/---eval/documents/publication/wcms_571339.pdf). The Action applies an adaptive management system, which monitors and evaluates the indicators closely and proposes changes to actions and target values if needed.The Action will work closely with the Regional Monitoring and Evaluation Officer and the Evaluation Department in Geneva to ensure compliance with the ILO Evaluation Policies and Regulations. At the beginning of the project implementation, the project team will develop a monitoring matrix to ensure the timely collection of the most relevant data to assess indicators presented in the Logical framework. The ILO will support one mid-term internal evaluation, to be conducted by an ILO staff with certified competencies in the evaluation domain. No ties or conflicts of interest with the project management/administration shall exist in this case. The mid-term internal evaluation aims to identify the main achievements and obstacles in the implementation. The evaluator will follow ILO recommendations published in the Gender Mainstreaming in Development Cooperation Guide[[7]](#footnote-7) and EVAL Guidance: Integrating gender equality in M&E[[8]](#footnote-8). A final independent evaluation will be conducted, and a respective budget item is integrated into the budget. The external, independent evaluator will be hired to assess the project implementation at the end of the cycle. The evaluation report will be completed in the last month of the project implementation and submitted to the Donor as part of the Final report.

# Funding

* 1. **Budget narrative**

The budget for this project is 1,500,000 EUR over the 24 months of implementation.

The budget comprises three outcomes: project management, program support, and UN Levy costs.

|  |  |
| --- | --- |
| **Outcome** | **EUR** |
| Outcome 1 - prevention of labour exploitation | 300,000 |
| Outcome 2 - enterprise development | 345,000 |
| Outcome 3 - technical assistance to social partners | 300,000 |
| Project management and oversight | 343,804.51 |
| Programme support costs and Provision for cost increase | 196,344 |
| **Total** | **1,485,148.51** |
| 1% UN Levy | 14,851.49 |
| Total with Levy | 1,500,000 |

To foster enhanced collaboration among donors and synergize efforts, the International Labour Organization (ILO) recommends utilizing the management framework of the Danish-supported initiative “Inclusive Labour Markets for Job Creation in Ukraine” (2018-24). This strategy would empower the forthcoming Belgian-funded project to benefit from the specialized skills and experience of the ILO team currently managing the Danish project, thus ensuring rapid project deployment. The team's expertise is crucial for delivering high-calibre activities and achieving the desired outcomes. Therefore, it is advised that the project sponsored by Belgium should proportionally share the costs associated with the existing project personnel and office setup. This approach is significantly more economical and efficient than the alternative of forming and training a new team.

* 1. **Budget**

The project budget is attached as Annex D.

* 1. **UN Levy**

Please adjust and use the below paragraphs in the proposal. For more information, see the [PARDEV Guidelines on implementation of the 1% UN coordination levy](https://intranet.ilo.org/en-us/PARDEV/_layouts/15/WopiFrame.aspx?sourcedoc=/en-us/PARDEV/Documents/Guidelines%20-%201%20percent%20UN%20coordination%20%20levy%20(002).docx&action=default).

The United Nations General Assembly resolution A/RES/72/279 (31 May 2018), paragraph 10 (a), requires resource partners to UN Agencies for a “1% coordination levy on tightly earmarked third-party non-core contributions to United Nations development-related activities to be paid at source.”

The proposal will be/will not be (as applicable) subject to the 1% coordination levy, amounting to (14,851.49 EUR). The coordination levy does not form part of the project’s budget.

1. ILO’s [*Start and Improve Your Business*](https://www.ilo.org/empent/areas/start-and-improve-your-business/lang--en/index.htm) is one of the largest global business management training programmes, implemented in over 100 countries. In the last 15 years, it helped roughly 14.5 Mio small-scale entrepreneurs to start and grow their business worldwide, as a strategy to create more and better employment for women and men. SIYB has four training packages that respond to stages of business development: 1) Generate Your Business Idea 2) Start Your Business 3) Improve Your Business and 4) Expand Your Business. It is accessible in 40 languages and easy to implement large scale. [↑](#footnote-ref-1)
2. See <https://www.ilo.org/empent/areas/start-and-improve-your-business/WCMS_736367/lang--en/index.htm> [↑](#footnote-ref-2)
3. See for example <https://www.ilo.org/empent/units/boosting-employment-through-small-enterprise-development/WCMS_630928/lang--en/index.htm> [↑](#footnote-ref-3)
4. Priority 1 [Improved social dialogue/outcome 1.2 (strong social partners)]; and Priority 2 [Inclusive and productive employment/outcome 2.3 (improved entrepreneurship skills)]; and Priority 3 [Improved working conditions and social protection/outcome 3.2 (improved protection, level and equality of wages)]. [↑](#footnote-ref-4)
5. The Change column is used during implementation and summarizes the change since the last time the risk register was presented. Three symbols are used: ⇧ Increase in the total level of risk; ⬄ No change in the total level of risk; ⇩ Decrease in the total level of risk. [↑](#footnote-ref-5)
6. The Risk Owner column is used during implementation and records the name of the person with day-to-day responsibility for monitoring the risk and coordinating the response. [↑](#footnote-ref-6)
7. https://intranet.ilo.org/en-us/PARDEV/Documents/Gender%20H2G.pdf [↑](#footnote-ref-7)
8. https://www.ilo.org/eval/Evaluationguidance/WCMS\_165986/lang--en/index.htm [↑](#footnote-ref-8)