

PROJECT DOCUMENT

Ukraine

Project Title: Procurement Support Services to the Ministry of Health of Ukraine, Phase II**Project Number:****Implementing Partner:** UNDP, Ministry of Health of Ukraine**Start Date:** November 2020**End Date:** March 2022**PAC Meeting date:****Management arrangements:** DIM**Brief Description**

The overall goal of the Project 'Procurement Support Services to the Ministry of Health of Ukraine', Phase II (the Project) is to support the implementation of the health reform in Ukraine through strengthening the medicine procurement capacity and enhancing the efficiency, effectiveness, transparency and accountability of the national healthcare procurement system, which ultimately will improve the quality, accessibility and affordability of health services. The specific objectives of the Project are:

- I. To strengthen the capacity of the Ministry of Health of Ukraine to ensure transparency, accountability and effectiveness of the public procurement of medicines and other medical products.
- II. To procure medicines and medical products for the national public health programme
- III. To support the capacity building of the Ministry of Health in implementation the health procurement reform.

The Project is linked to the provisions of the new version of the Law on Public Procurement, extending the legal framework allowing international organisations to perform procurement of health products on behalf of MoH. The new law had entered into force on 19 April 2020 setting a validity period for this instrument until 31 March 2022.

Year	Number of programmes (disease areas)	Amount (USD)
2020	11	68,482,686 ¹
2021	TBC ²	TBC ²
2022	TBC ²	TBC ²

Up till now numerous impactful results have been produced and the groundwork for a smooth and gradual transition of the medicine procurement function from UNDP to the relevant state enter-

¹ The estimated amount in accordance with the Agreement #80 between the Ministry of Health and the UNDP dated November 5, 2020 and additional agreements to it, considering the exchange rate of 1 USD = 28.19 UAH. The final amount will be formed in accordance with the schedule of payments that MOH transfer to UNDP in USD, purchased at the interbank foreign exchange market of Ukraine at the rate prevailing on the day of currency purchase.

² According to the results of the selection by the Ministry of Health of Ukraine of specialized organizations in the relevant budget year in accordance with the resolution of the Cabinet of Ministers of Ukraine dated July 22, 2015 № 622 (as amended by the resolution of the Cabinet of Ministers of Ukraine dated April 27, 2020 № 538) «Some issues of public procurement of medicines and medical devices with the involvement of specialized organizations that carry out procurement»

prise that is managed by the Ministry of Health of Ukraine has been laid down. UNDP is firmly committed to facilitate the augmentation of the internal expertise of the Ministry of Health of Ukraine (MoH) and other healthcare establishments.



Contributing Outcome:

UNDAF Outcome(s): 3. By 2022, women and men, girls and boys participate in decision-making and enjoy human rights, gender equality, effective, transparent and non-discriminatory public services.

CPD Output: 1.1. Regional and local authorities have scaled up knowledge and skills to engage communities in planning, coordination, delivery and monitoring of public services provision.

Indicative Output(s) with gender marker:

Total re-sources re-quired:	2020: 68,482,686 ³ 2021: TBC 2022: TBC	
Total re-sources allo-cated:	UNDP TRAC:	TBD
	MoH	68,482,686 ³
	In-Kind:	
Unfunded:	0.00	

Ministry of Health of Ukraine	UNDP
 <p>Svitlana Shatalova, Deputy Minister of Health of Ukraine</p>	 <p>Dafina Gercheva Resident Representative to Ukraine</p>

³ Amount to be reviewed upon transferring funds from MoH to UNDP.

DEVELOPMENT CHALLENGE

After the collapse of the Soviet Union and Ukraine gaining its independence in 1991, successive governments have sought to overcome funding shortfalls and modernize the healthcare system to meet public health needs. In 2014 Ukraine's new government faced a public procurement of medicines and medical devices process that was riddled with corruption. According to estimates by the Security Service of Ukraine, up to 40% of public funds were ineffectively managed or simply stolen.⁴

At the same time, civil organizations in Ukraine, particularly those organized by patients (often parents of the affected children) were dissatisfied with the availability and quality of services that their beneficiaries were receiving. This was triggered by permanent stock-outs and regular misappropriations of life-saving medicines, especially for patients with chronic conditions, the clinical management of which required uninterrupted treatment (e.g. HIV, TB, HBV, etc). The solution that Ukraine put forward was to transfer all medical procurement to experienced and trusted international organisations, thus tapping into global markets and broader expertise and avoiding corruption.

In March 2015, the Ukrainian parliament adopted a law which introduced public procurement of medicines and medical devices through specialised organisations. The decrees that followed set a framework that included fast-track registration of medical products, eased importation rules and VAT exemption, lowered language requirements for the package inserts, gave an exemption from reference pricing, and from currency control by the National Bank of Ukraine, inclusion of civil society representatives in the decision-making and prepayment procedures to ease the negotiation process.

Based on the legislation, the Ministry of Health (MoH) contracted three international organisations, UNDP, UNICEF, and Crown Agents, as service-providers to implement the medical procurement for the period of 2015-2018. On September 19, 2019, the Verkhovna Rada of Ukraine adopted the law #114 "On Amending the Law of Ukraine on Public Procurement and Some Other Legislative Acts of Ukraine Regarding the Improvement of Public Procurement" that allows the MoH to out-source the medical procurement to international organisations until the end of March 2022.

Currently, a fundamental health reform is ongoing in Ukraine. The main goal of it is to move from centralised financing of healthcare institutions to reimbursement of medical services provided to patients. The healthcare infrastructure in place is yet to reflect the healthcare needs of the population and to consider the regional characteristics of health service provision required for ensuring the principles of universal health coverage. Thus, the existing procedure for defining centralized procurement organizations is in line with the trend of decentralization, given the optional nature of procurement through such an organization for local governments and medical customers.

The efficient and transparent medicines procurement is a key development factor for the health reform undergoing in the country. In order to enhance the implementation of the health procurement reform, a supply of medicines and medical devices through international organisations systemic digitalization initiatives should be combined with the capacity strengthening actions for Ministry of Health and other relevant stakeholders involved into national health procurement processes.

In parallel to the ongoing health reform, the creation of a modern and efficient procurement organization aimed to ensure the supply of medicines and medical products to the Ukrainian patients was initiated. As consequence the State-owned Enterprise was established and will gradually provide centralized procurement of medicines and medical devices from state budget funds ensuring transparency and effectiveness of the process to implement the UN principle of "leaving no one behind", then transparent, cost-efficient, cost-effective and timely medical procurement is mandatory. Extension of UNDP services at least until 2022 inclusive will provide a methodological "missing middle" to serve as a safety net in the process.

⁴ <https://www.kmu.gov.ua/ua/news/vidpovidi-na-poshireni-pitannya-pro-mizhnarodni-zakupivli>

The government and local authorities should ensure that women and men, especially the most vulnerable, including the elderly, children, people with disabilities, pregnant women, GBV survivors, people living with HIV, victims of mines/explosive remnants of war (ERW), have equal access to medicine and health care services, leaving no one behind.

The global COVID-19 pandemic, which is more than a health crisis, has a deep impact on the lives of women, men, girls and boys, especially the most vulnerable, putting at stake any advances towards the SDGs, and risks intensifying socio-economic inequalities and vulnerabilities.

The first COVID-19 case in Ukraine was detected on 3 March 2020 in the western oblast of Chernivtsi. As of 19 November 2020, the number of confirmed cases has reached almost 584,000, including 10,369 deaths. It is important to note that the case identification is only a reflection of what has been laboratory tested, hence the actual number of cases is feared to be much higher. According to the World Health Organisation, Ukraine is among the most vulnerable countries affected by the COVID-19, where the situation is deteriorating rapidly, and the risk of a massive outbreak is very high.

This crisis is global and deadly, it is affecting everyone and everywhere. The high risk groups of women and men include IDPs, especially women who are at greater risk of violence, the elderly, people who are immunocompromised (with HIV, TB) or have chronic diseases (diabetes, respiratory diseases, cardiovascular problems), people with disabilities, homeless people, people deprived of liberty, single-parent and women-headed households, LGBTIQ+, people living in poverty or other vulnerable situations. Important to adopt measures to guarantee the right to access treatment for the most affected groups, e.g. to ensure that people living with HIV have at least 4 months of antiretroviral treatments, preferably delivered to their homes in order to reduce the level of exposure.

The pandemic has a clear gender dimension. Women account for 82% of the total health and social workers (compared to 70% average worldwide). Many of these women also suffer from distress and anxiety, which can negatively impact their professional motivation while further debilitating their personal health. Only 14% of the women who work in healthcare system said that they were fully provided with personal protective equipment.

Also, there is a growing concern that standard PPE, which often has a unisex design, doesn't always fit women properly. Even the smallest sizes can be too big for some women. If it is too big it can be less effective in providing a complete barrier to the virus.

COVID-19 had a tremendous impact both on the health procurement and health reform in the country. Specifically, the pandemic delayed significantly the process of preparation and award for the national public health programme 2021, brought additional delays and hurdles in project procurement and development activities, exuberated risks to health and well-being of the project staff. UNDP will work closely with MoH and other stakeholders on overcoming the challenges and ensuring uninterrupted and quality medicines supply chain process.

II. STRATEGY

The Health and Transparency Programme (the project is a key part of it) implemented by UNDP in close association with the Government of Ukraine, NGOs and other international and national partners is grounded in the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). The UNDP work is led by the principles that health is both a driver and result of development and that actions across a wide range of sectors have a significant impact on health outcomes. To promote sustainable human development efforts, UNDP focuses on addressing the social, economic and environmental determinants of health, which are primarily responsible

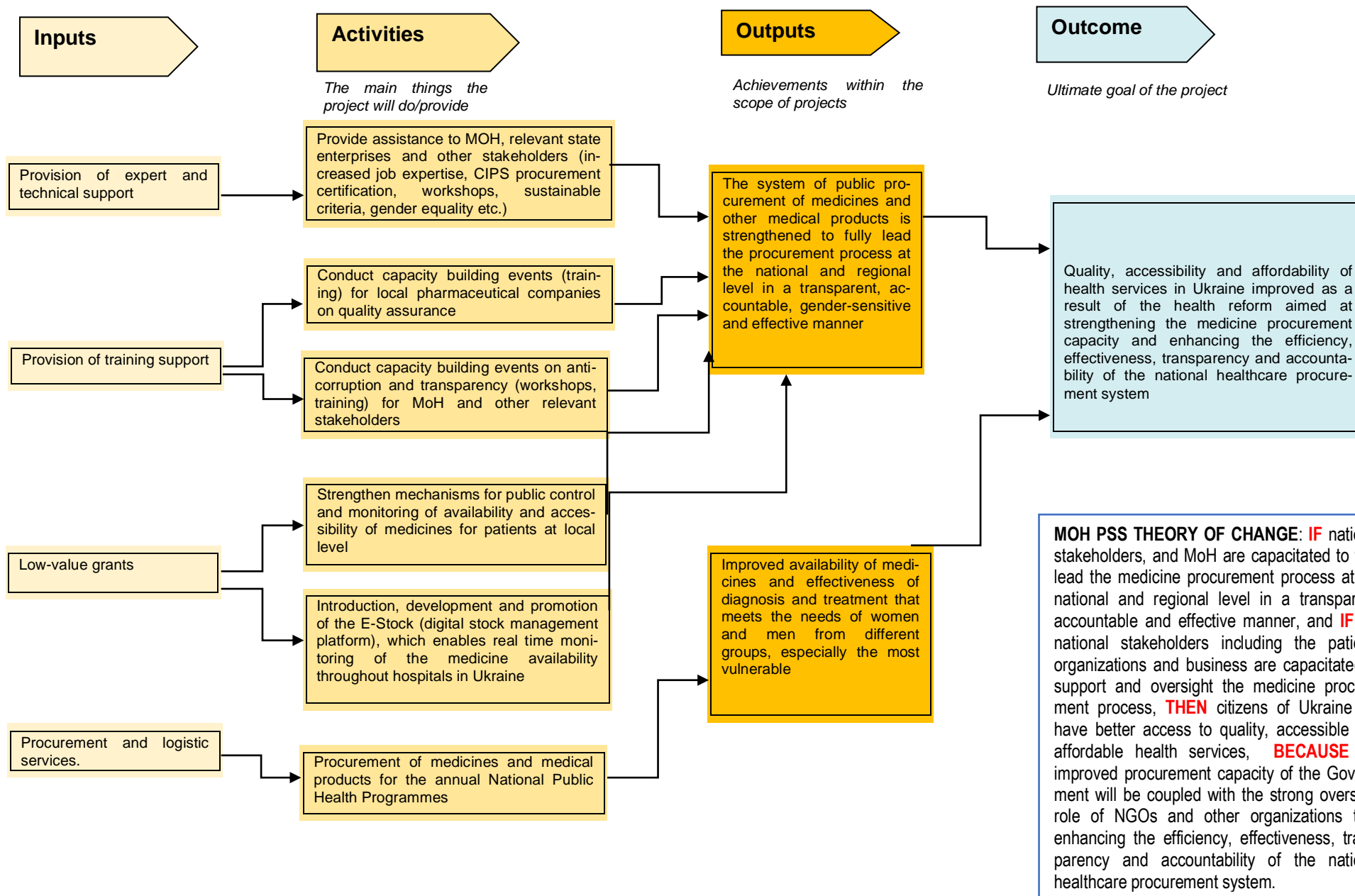
for health inequalities. It is UNDP's belief that health-related work requires holistic and integrated approach and strong intersectoral coordinated action, specifically in the area of good health and wellbeing (SDG3). UNDP is a partner of choice to the Government of Ukraine, the EU institutions and other development actors. UNDP will continue its concerted efforts to accelerate the achievement of the SDGs in Ukraine, including the health-related ones, because we know that the resources that all stakeholders allocate to the health of this nation now are an investment in its socio-economic growth and future.

To this effect UNDP is developing and retaining national capacity for transforming Ukraine into a modern and prosperous state and advancing 2030 Agenda for Sustainable Development. Against this background, UNDP is firmly committed to continue facilitating the augmentation of the expertise and capabilities of country's health institutions and further support the implementation of health reform through enhancing the efficiency, effectiveness, transparency and accountability of national healthcare system, and enabling it to reach a gold standard of governance. This ultimately will ensure that no-one is left behind and will improve the quality, accessibility and affordability of health services.

A crucial part in the health reform is the coherent supply of medicines and medical products in the country that respond to the needs of women, men, girls and boys from diverse groups, especially the most vulnerable. To ensure practically a smooth transition of international PSM processes and avoid delivery failure, UNDP intends in the period of 2020-2022 to:

1. Provide medical procurement and complete supply chain management following all regulatory requirements in Ukraine, rigid quality control and quality assurance, enhance the treatment coverage by using efficiently the available financial resources, timely deliveries, transparency and accountability, leaving no one behind.
2. Advance the development of relevant national stakeholders and support the implementation of transparent, efficient, gender responsive and corruption-free health procurement practices.
3. Develop further the digitalisation of the medical supply-chain management.
4. Provide training courses on medical procurement and supply chain management, including gender responsive procurement, with tutored hands-on experience and web-based elements and certification of participants aimed at future national-based procurers.

MOH PSS, Phase II: Theory of Change



Human Rights Aspects

The Project will support the citizens of Ukraine to participate in decision-making and enjoy human rights, gender equality, effective, transparent and non-discriminatory public services. The Project implementation will be guided by Article 21 of the Universal Declaration of Human Rights (and other relevant international human rights law standards), which details the following:

- I. Everyone has the right to take part in the government of his country, directly or through freely chosen representatives.
- II. Everyone has the right of equal access to public service in his country.
- III. The will of the people shall be the basis of the authority of government.

The collection of data disaggregated on the number of grounds (e.g., age, sex, etc.) will be an integral part of the Project implementation. The data will provide quantitative information for the analysis and taking evidence-informed decisions for further reform of the health sector and promotion of rights of citizens for affordable and quality health services.

Gender Aspects

Efficient procurement of medicine related to women's and children's health significantly contributes to promoting gender equality and women's empowerment as women in Ukraine are primary caregivers for children and especially mothers of children with certain conditions, diseases or disabilities. Having a child in poor health imposes additional time and financial constraints for parents that can impact their labour supply. Children's health problems also may increase the cost of childcare, and reduce its availability, which would likely reduce parents' labour force participation. Improving child healthcare is vital for increasing women's labour participation in Ukraine, which makes a significant contribution to gender equality and empowerment of women in Ukraine.

The project will ensure gender mainstreaming by working with women's and patients' organizations, preparing gender-related analytical products, ensuring equal involvement of men and women both in expert and training work, promoting gender activities as part of the communication work and other actions.

Environmental Screening

No adverse impact on the environment is foreseen, while the Project will contribute to a gradual reduction of use of paper by the beneficiary institutions by supporting the digitalization of health services.

III. RESULTS AND PARTNERSHIPS

Expected Results

UNDP's global result is a healthcare system in Ukraine that is fully aligned with the best international standards for:

1. Access: universal coverage with no-one left behind, minimal waiting times and lists, and no cost-related access;
2. Quality: mortality rates that are only a result of natural death, eradication of preventable hospitalisations, safety, advanced care and supply chain coordination, preventive healthcare;
3. Innovation: availability of all state-of-the-art pharmaceutical and other treatments and diagnostic medicinal technologies, Ukraine based R&D; eHealth, in close collaboration with the UNDP Accelerator Labs;

4. Cost: non-compromising value-for-money services and adequate overall healthcare spending;

In short, a healthcare system in Ukraine that increases life expectancy by providing capability, comfort and calm to the patient.

Within the timeframe of the project the following key results are expected to be achieved:

1. The capacity of national stakeholders involved in the health procurement and supply chain process is developed to fully lead the medicine procurement process at the national and regional level in a transparent, accountable, gender responsive and effective manner;
2. The system of public procurement is strengthened through providing technical assistance and capacity development services to the Ministry of Health of Ukraine and national stakeholders;
3. Improved availability of medicines and effectiveness of diagnosis and treatment through a stronger national health care procurement system that respond to the needs of women and men from diverse groups, especially the most vulnerable;

Resources Required to Achieve the Expected Results

This is a unique project combining procurement services with development activities which requires a special composition of the implementation team. The project team consists of the health procurement and logistics units as well as the programmatic unit supported by the M&E and Communications teams. The project is led by the *Project Team Leader who is responsible for day-to-day management of the project. Please see the project organigram in section VIII.*

The project implementation is supported by UNDP Country Office HR, Finance, and Procurement personnel, as well as of a Democratic Governance Portfolio Team lead and Programme Analyst (to ensure Project's outputs quality control and oversight). Additionally, the project benefits from expert and operational support of the UNDP Istanbul Regional Hub as well as UNDP Global Fund/Health Implementation Support Team. To ensure timely and transparent distribution of procured medicine in Ukraine, the project may conduct regular public monitoring exercises by providing low-value grants to civil society organizations or through other modalities.

Partnerships

UNDP Health and Transparency Programme in Ukraine works in a close partnership with WHO at country and regional level. UNICEF is a strategic partner for UNDP in health procurement and other health components. UNDP globally holds the Secretariat for the UN Informal Interagency Task Team on Sustainable Procurement in the Health Sector (SPHS).

Furthermore, UNDP's partnerships regarding this Project extend to:

1. The MoH of Ukraine as a main partner in the medical procurement processes.
2. Ukrainian and international pharmaceutical manufacturers: both as goods providers, but also a subject of training on pharmacovigilance, quality assurance and raising the standards of production of local producers to meet the requirements of international markets.
3. The State Expert Centre: in their role of a regulator that provides marketing approval for medicines that UNDP procures and that have not been registered in Ukraine previously.
4. Ukrainian Public Health Centre: as the institution that provides methodological support for disease prevalence and incidence calculation and quantification of medicines and medical products to be procured for the according diseases and conditions.
5. Patients and civil society organisations (including business associations and women's organizations) working in healthcare, anticorruption and transparency with their remit to independently monitor the availability of medicines and their appropriate distribution and use.

Risks and Assumptions

Based on the analysis of the contemporary development context and political discourse, three possible development scenarios regarding the medical procurement in Ukraine could be envisaged:

1. The law #114 "On Amending the Law of Ukraine On Public Procurement and Some Other Legislative Acts of Ukraine Regarding the Improvement of Public Procurement" is already prolonged and the specialised organisations will carry on purchases for the MoH, whereas relevant state enterprise that is managed by the MoH will focus on further organisational development getting itself prepared for overtaking the procurement in 2022 or 2023.
2. The law #114 "On Amending the Law of Ukraine On Public Procurement and Some Other Legislative Acts of Ukraine Regarding the Improvement of Public Procurement" is already prolonged but certain programmes will be run by the relevant state enterprise that is managed by the MoH, thus enabling smooth transfer of programmes from the international organisations to the relevant state enterprise that is managed by the MoH and full transfer within 3 years' period (2020-2022).
3. The law #114 "On Amending the Law of Ukraine On Public Procurement and Some Other Legislative Acts of Ukraine Regarding the Improvement of Public Procurement" is amended and starting 2020 the relevant state enterprise that is managed by the Ministry of Health of Ukraine became a principal budget holder for centralized health procurement activities, sustaining the option of contracting specialised organisation to support the transition processes till 2022.

The analysis of the situation and the feedback shared by key stakeholders show that at this point it can be assumed that:

1. UNDP will be involved in the medical procurement in Ukraine until 2022.
2. The number of programmes that UNDP will be procuring will be decreased gradually.

A detailed analysis of the possible risks for the medical procurement performed by UNDP is provided as Annex I.

While it is assessed that UNDP has both technical and human resource capacity at the moment to conduct a support strategy, UNDP will keep a risk analysis and resolution log frame to address any potential deviations from the planning and organisation. The risk analysis and resolution log frame will comprise of two types of risks that may occur: internal risks and external risks, each being on low-medium-high-scale range. The preliminary identified risks are:

Internal risks:

- 1) Financial (deviations from the budget). This is low level risk; it should be mitigated by a total financial control on the side of the UNDP project finance associate and the procurement department.
- 2) Organisational (divergence in priorities and collaboration between SOE MPU and UNDP). This is medium level risk that will be addressed by formally conducting regular meetings and as soon as an arising situation is noticed;
- 3) Content (content and preparatory activities of the strategy implementation do not achieve the planned outcome). This is medium level risk that will be addressed by holding regular meetings and weekly checks of the monitoring indicators by the Health Programme specialist;
- 4) Management (key decisions are not taken within deadlines). This is low level risk that will be mitigated by incorporating set deadlines for all deliverables in the action plan, decisions and overall control by the Health Programme specialist
- 5) Human resource (insufficient capacity and skills for implementation of the activities). This is low level risk that will be addressed by the ToR of duties and responsibilities of everybody participating in the process.

External risks:

- 1) Content (activities do not take place as they meet opposition or because of duplication of efforts by other organisations). This is medium level risk that may be linked to force

majeure, legislation changes. The risk will be addressed by having clear contractual understanding since the very inception of the interventions.

2) Organisation (low response rate or sudden political changes)

This is low level risk that will be mitigated by keeping the UNDP support strategy slightly less rigid, so that some necessary alterations can be made should a need arises.

The Project results depend on the assumptions that:

- 1) There is a strong political will to further reform the health sector in Ukraine including by adopting the necessary primary and secondary legislation;
- 2) MoH has strong commitment to lead on the further improvement of medicines procurement capacity;
- 3) The relevant state enterprise that is managed by the MoH demonstrated strong commitment to participate in the capacity-building events;
- 4) Beneficiary institutions effectively engage in the implementation of the Project and offer their time staff and potentially financial resources;

Stakeholder Engagement

The main target group of the Project are patients in Ukraine who receive free medicines through the national healthcare system. Free medicinal provision covers only certain disease areas, the treatment of which is considered either beyond the financial reach of the citizens or illnesses that have a social impact (“socially dangerous”). The project collaborates with patients’ NGOs, public authorities and business organizations as stated in the table below.

Project objective 1	To strengthen the capacity of the Ministry of Health of Ukraine to ensure transparency, accountability and effectiveness of the public procurement of medicines and other medical products.
Target groups	Ministry of Health, Public Health Centre, patient organizations
Project objective 2	To develop the capacity of the national stakeholders in performing health procurement activities.
Target groups	Ministry of Health, Public Health Centre, patient organizations
Project objective 3	To procure medicines and medical products for the national public health programme.
Target groups	Ministry of Health, Public Health Centre, patient organizations

UNDP involves the target groups (including patients’ NGOs) on a yearly basis to obtain data regarding the delivery of medicines procured by UNDP to warehouses and healthcare facilities in the regions: timeliness of delivery and availability of medicines for patients. UNDP studies other issues relevant to the delivery and distribution of medicines (level of transparency, doctors’ and patients’ awareness of availability of free medicines and usage of eliky.in.ua platform, best practices, etc.), and also develops recommendations for national stakeholders, and possible follow-up steps based on the results of the monitoring of the delivery of medicines procured by UNDP.

South-South and Triangular Cooperation (SSC/TrC)

Procurement of medicines through UNDP in Ukraine became an example of the successful approach nationally and internationally. Following the launch of procurement in Ukraine five countries in RBEC region started to implement such temporary measure, including Moldova, Turkmenistan, Uzbekistan, Kazakhstan, Bosnia and Herzegovina. Among these countries, Ukraine has also implemented a collaborative procurement with Kazakhstan as well as provided capacity building support to Kazakhstan and Moldova. UNDP will continue to share its experience and lessons learned globally and regionally.

Knowledge

Several different scientifically validated models for organisational development have been considered in order to develop the strategic interventions that UNDP shall implement to enhance the capacity of national stakeholders (Ministry of Health, Public Health Center). These are: the three-step, action research, appreciative inquiry, and the general planned change model (Maxwell A et al., 2015). It is recognized that they all have helpful characteristics for the task. Conceptually, organisational change approaches are based on two main theories: change process theory and implementation theory. The former concerns the dynamics of the change process (how and why change occurs), whereas the latter addresses how actions generate change and what actions can be taken to initiate and guide change (Austin & Bartunek, 2003).

Considering the traits that the different models exhibit and the task at hand, the action research model has been selected to be used for the UNDP strategy. The action plan foresees UNDP involvement only in certain areas and not in the complete developmental process. Hence, even though the general model of planned change is more comprehensive, dynamic and modern approach, the nature and requirements of the UNDP assignment will be better met through the action research model.

Action research is a spiral of steps, each of which is composed of a circle of planning, action, and fact-finding about the result of the action (Coghlan & Brannick, 2014; Burnes, 2004). The exact steps that are performed are described here (as per: <https://strengthscape.com/seven7-steps-in-organizational-development-process/>):

Because UNDP has accumulated an immense knowledge, experience and lessons learnt during the years of implementation of the Project, it should be used to foster the institutional strengthening of the relevant stakeholders (MoH, Ukrainian and international pharmaceutical companies with presence in Ukraine, the State Expert Centre, Ukrainian Public Health Centre, patients and civil society organisations, local municipalities, hospital district management, hospital managers, professional societies of pharmaceutical and medical experts, R&D businesses, academic institutions, etc.) and healthcare system. It may take the form of:

1. Provision of medical procurement, contract management and complete supply chain management following all regulatory requirements in Ukraine, rigid quality control, efficient use of financial resources for enhancing the treatment coverage, timely deliveries, transparency and accountability;
2. Development and provision of courses on medical procurement and supply chain management with tutored hands-on experience and web-based elements and certification of participants by endorsing academic institutions or MoH. The course may be rolled-out to other countries from Eastern Europe and Central Asia region;
3. Development and/or further digitalisation of the medical supply-chain management.

Sustainability and Scaling Up

To smoothen the transition period until the state institutions reach a full ownership of the medical procurement process, close the Project in a timely manner, manage fiduciary risk, meet the expectations of the MoH, avoid costly extensions and enable timely transfer of assets for the sustainability of results, a three-phase practical action plan has been developed; please refer to Annex II.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The project aims to deliver maximum results with available resources and top-notch expertise by engaging several innovative approaches to ensure top-level cost efficiency and effectiveness. By engaging UNDP's expertise, the project was able to reach significant savings overall achieving 40 percent of economy, thus doubling the number of medicines and medical products procured as a

result of the savings. Starting from 2017, UNDP has announced signing of the long-term agreements (LTAs) with medicine producers and 81 LTAs have been signed as of now. This is a world-wide practice that allows to drop medicine prices and to ensure reliable deliveries. The engagement of LTA allows achieving better prices, eliminated risks of prices increase due to price-fixed contract system, allowing shorten delivery and implementation timeframes and similar. Collaborative procurement, where several UNDP country offices work together to procure medicines and medical product more efficiency is also seen a key step for ensuring cost efficiency and effectiveness. As of now, five countries in RBEC region started to implement such temporary measure, including Moldova, Turkmenistan, Uzbekistan, Kazakhstan, Bosnia and Herzegovina. Among these countries, Ukraine has also implemented a collaborative procurement with Kazakhstan which will allow Ukraine to reach the 100 percent quantity of needed treatment for Hepatitis C response, for the first time.

The Project operations are based on the UNDP Ukraine Standard Operating Procedures.

A four-year analysis of the medical procurement in Ukraine shows the cost efficiency of the Project and the possibility of its serving as a best practice, especially now that the Ukrainian procurement model has been replicated in countries like Bosnia and Herzegovina, Moldova, Kazakhstan, Uzbekistan and Turkmenistan. For an illustration of the Project's success can serve the following table.

PRICE COMPARISONS BETWEEN THE 2014 MINISTRY OF HEALTHCARE, 2017 UNDP AND REGIONAL CUSTOMERS

* Percentage difference is calculated by the formula " $a > b = ((a-b) / a) * 100$ " where a is the price of the Ministry of Health in 2014, b is the price of UNDP in 2017 and 2018

INN	form	dosage	TM 2014 - country of production	TM 2017 - country of production	Ministry of Healthcare (MOH) price 2014	UNDP price 2017-2018	difference % MOH/ UNDP	Regional customer	TM of regional customer	Price of regional customer 2018	Difference % MOH/ Regional customer
Filgrastim	ampoules, vials, syringes	48 mln. IU	ZARZIO® / Austria, Germany Filstim® - Ukraine	ZARZIO® / Austria, Germany	52,17	9,79	81,24	MUNICIPAL ENTERPRISE "KIROVOHRAD REGIONAL ONCOLOGY CENTER"	Filstim / Ukraine	20,08	61,51
Cisplatin	ampoules, vials, syringes	50 mg	CISPLATIN "EBEWE" / Austria, Germany	CISPLATIN "EBEWE" / Austria, Germany	20,87	5,16	75,27	National Military Medical Clinical Center "Main Military Clinical Hospital"	CISPLATIN "EBEWE" / Austria	16,16	22,57
Cisplatin	ampoules, vials, syringes	100 mg	CISPLATIN "EBEWE" / Austria, Germany	CISPLATIN "EBEWE" / Austria, Germany	39,33	9,00	77,12	SE "Institute of Medical Radiology named after S.P.Grygoriev NAMS of Ukraine"	Cisplatin Accord / India, UK	28,5	27,54
Methotrexate	ampoules, vials, syringes	50 mg	METHOTREXATE "EBEWE" / Austria, Germany	METHOTREXATE - TEVA / Netherlands, Israel	8,32	1,74	79,08	Municipal Healthcare Enterprise "Kharkiv City Children's Clinical Hospital №24"	METHOTREXATE - TEVA / Netherlands, Israel	4,00	51,90

A complete analysis is presented in the detailed analysis "Four years of healthy procurement of medicines"⁵.

Project Management

The project will be delivered by UNDP Ukraine, which has extensive experience in medical procurements, and delivering projects through collaboration with the Ministry of Health.

The project will benefit from the institutional structure of the UNDP office as well as UNDP financial, operations, and procurement systems. The project shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of UNDP

The project will work as a part of the Health&Transparency Programme under Democratic Governance Portfolio of UNDP and collaborates closely with Inclusive Development, Recovery and Peacebuilding Portfolio on health activities in order to realise synergies, for example through collaboration with existing civil society regional hubs and community-based centres that have been institutionalised across Ukraine. The Project closely coordinates its activities, as appropriate, with the sister-projects Strengthening the National Council on TB and HIV/AIDS in Ukraine funded by the Global Fund as well as the EU-funded Support to the East of Ukraine - Recovery, Peacebuilding and Governance project (2018-2022) implemented by UNDP with support of EU and in partnership with UNFPA, FAO and UN Women as well as other health related initiatives funded from UNDP internal sources or by other donors. This enables the project team to capitalize on synergies and enable coherence between various health development activities implemented by UNDP.

The project will work closely with the UNDP Health Implementation Support Unit in Copenhagen and Istanbul Regional Hub, which are able to mobilise expert support in health sector.

Project staff will be based in Kyiv., 28 Instytutaska street.

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⁵ ["Four years of healthy procurement of medicines"](#)

V. RESULTS FRAMEWORK

Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework: By 2022, women and men, girls and boys participate in decision-making and enjoy human rights, gender equality, effective, transparent and non-discriminatory public services								
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: 1.1. Share of population satisfied with recent use of public services, by sex and age [Baseline (2017)-N/A; Target (2022)-TBD];								
Outcome: Quality, accessibility and affordability of health services in Ukraine improved								
Outcome Indicators: The extent to which public procurement legislation enables efficient health goods procurement (scale of 1 to 4) [Baseline (2019)-3; Target (2022)-4] The extent to which the procurement and supply chain are digitalized (scale of 1 to 4) [Baseline (2019)-3; Target (2022)-4]								
Applicable Output(s) from the UNDP Strategic Plan: 1.2.1 Capacities at national and sub-national levels strengthen to promote inclusive local economic development and deliver basic services including HIV and related services.								
Project title and Atlas Project Number: Procurement support services to the Ministry of Health of Ukraine, Phase II(0TBD)								
EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)			DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2020	Year 2021	Year 2022 (March)	

Output 1 The system of public procurement of medicines and other medical products is strengthened to fully lead the procurement process at the national and regional level in a transparent, accountable, gender-sensitive and effective manner	1.1 Number of MoH employees, relevant state enterprises and health facilities managers who strengthened skills and capacities to implement public procurement in an effective manner (m/w). (Not cumulative)	Pre-post training survey results/ Training database analytics	450(w-320; m-130)	2019	100 (w-50; m-50)	100 (w-50; m-50)	100 (w-50; m-50)	Pre-post training surveys Desk review Follow-up survey on the relevance and applicability of the training
	1.2 Number of MoH employees, relevant state enterprises and national stakeholders who strengthened knowledge in anti-corruption, transparency and gender equality (m/w). (Not cumulative)	Pre-post training survey results/ Training database analytics	0	2019	TBD	TBD	TBD	Pre-post training surveys Desk review Follow-up survey on the relevance and applicability of the training
	1.3 The extent to which relevant state enterprise has capacities to procure medicines and medical products in a transparent, accountable, gender responsive and effective manner (scale from 0 to 4) ⁶	Annual review of evidence with regard to institutional capacities; reports and administrative data	2	2019	3	3	4	Field visits, desk reviews Refer to Risk Analysis (Annex 1)

⁶ Extent to which relevant state enterprise has capacity to procure medicines and medical products in a transparent, accountable and effective manner: (1 – Low - Respective legislation available; 2 – Very Partially – Staff trained, a few programs piloted; 3 – Partially – Central Procurement Agency procure up to 50% of State Budget Programmes; 4 – Fully – Central Procurement Agency procure up to 100% of State Budget Programmes.)

	1.4 The extent to which the digital stock management platform is developed (E-stock) (scale from 0 to 4) ⁷	Development report	1	2019	2	3	4	
	1.5 Number of CSO that receive low-value grants to strengthen mechanisms for civic oversight and monitoring of availability and accessibility of medicines at local level;	Results report	6	2019	TBD	TBD	TBD	Field visits, desk reviews
Output 2 Improved availability of medicines and effectiveness of diagnosis and treatment that meets the needs of women and men from different groups, especially the most vulnerable	2.1 Share of agreed health products pro-cured and delivered (Monetary value):	Project Smart-Sheet	20%	2019	TBD	TBD	TBD	Database analysis, Refer to Risk Analysis (Annex 1)
	2.1.1 2020		20%	2019	TBD	TBD	TBD	
	2.1.1 2021		20%	2019	TBD	TBD	TBD	
	2.2 Share of agreed total number of health products delivered..	Project Smart-Sheet	20%	2019	TBD	TBD	TBD	
	2.2.1 2020		20%	2019	TBD	TBD	TBD	
	2.2.2 2021		20%	2019	TBD	TBD	TBD	
	2.3 Share of contracted health products (Monetary value):	Project Smart-Sheet	40%	2019	TBD	TBD	TBD	
	2.3.1 2020		40%	2019	TBD	TBD	TBD	
	2.3.1 2021		40%	2019	TBD	TBD	TBD	

⁷ The extend to which the digital stock management platform is fully functioning: (1 – Low – Terms of reference developed; 2 – Very Partially – Software developed; 3 – Partially – Software piloted, and relevant stuff trained;4 – Fully – Software is fully developed).

	2.4 Share of health products delivered within standard time guidelines ⁸	Project Smart-Sheet	95%	2019	TBD	TBD	TBD	
	2.5 Number of delivered health products, that are not complied with the UNDP Quality Assurance Policy	Project Smart-Sheet	0	2019	0	TBD	TBD	
	2.6 Share of health products delivered under long term agreements (Monetary value)	Project Smart-Sheet	44%	2019	TBD	TBD	TBD	
	2.7 Share of health products procured from manufacturers (Monetary value)	Project Smart-Sheet	84%	2019	TBD	TBD	TBD	

⁸ Standard time - 12 months

VI. MONITORING AND EVALUATION

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

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.
Track progress of health products procurement and delivery	Data on expected and actual dates of delivery of medicines and medical products that respond to the needs of women, men, girls and boys from diverse groups, especially the most vulnerable is collected, analysed and presented in Delivery Schedule Report for each State Budget year procurement cycle.	Monthly	Publication of Delivery Schedule Report on UNDP Ukraine webpage
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk analysis. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Annually	Relevant lessons are captured by the project team and used to inform management decisions.
Bi-annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Bi -Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	Annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results	Annually, and at the end of the	

	achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk analysis with mitigation measures, and any evaluation or review reports prepared over the period.	project (final report)	
Project Review (Project Board)	The Project's governance mechanism (The Project Board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.

Evaluation Plan

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Project Forward looking evaluation	n/a	1.2.1	1.1	January 2022	MOH, SOE MPU, UNICEF, WHO, patients organisations	TBD

VII. MULTI-YEAR WORK PLAN

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year			PLANNED BUDGET		
		2020	2021	2022	Funding Source	Budget Description	Amount

Output 1 The system of public procurement of medicines and other medical products is strengthened to fully lead the procurement process at the national and regional level in a transparent, ac-countable, gender-sensitive and effective manner <i>Gender marker: (GEN2)</i>	Provide assistance to MOH, relevant state enterprises and other stakeholders (in-creased job expertise, CIPS procurement certification, workshops, sustainable criteria, gender equality etc.)						
	1.2. Conduct capacity building events (training) for local pharmaceutical companies on quality assurance						
	1.3. Conduct capacity building events on anti-corruption, transparency and gender equality (workshops, training) for MoH and other relevant stakeholders	TBD	TBD	TBD	UNDP	TBD	TBD
	1.4. Strengthen mechanisms for public con-trol and monitoring of availability and accessibility of medicines for patients at local level						
	1.5. Implementation, development and promotion of the E-Stock (digital stock management platform), which enables real time monitoring of the medicine availability throughout hospitals in Ukraine						
	Project management costs						TBD
	Sub-Total for Output 1						TBD
Output 2 Improved availability of medicines and effectiveness of diagnosis and treatment that meets the needs of women and men from different	2.1 Procurement of medicines and medical products that respond to the needs of women and men from diverse groups, especially the most vulnerable, for the 2020 National Public Health Programs	TBD	TBD	TBD	MOH	72300 (Materials & Goods) 74700	TBD

groups, especially the most vulnerable <i>Gender marker:: (GEN2)</i>	2.2 Procurement of medicines and medical products that respond to the needs of women and men from diverse groups, especially the most vulnerable, for the 2021 National Public Health Programs					(Transport , Shipping and handle)	
	Project management costs						TBD
	Sub-Total for Output 2						TBD
Evaluation <i>(as relevant)</i>	Project Forward looking evaluation	TBD					TBD
General Management Support		TBD	TBD	TBD			TBD
TOTAL							TBD

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

UNDP shall be responsible for the overall management of the project, primarily with regard to the responsibility for the achievement of the outputs (results), impact and objectives. Similarly, UNDP will be accountable to the Project Board (PB) for the use of resources.

The project will be implemented under the UNDP Democratic Governance Portfolio as part of the Health& Transparency Programme with overall supervision of DG Portfolio Team Leader (Programme Specialist). Quality assurance of the project will be provided by DG Programme Analyst. Project monitoring and evaluation as well as communications will be provided within DG Programme implementation.

The project will receive overall guidance and strategic direction from the Project Board. The Project Board is the group responsible for making on a consensus basis management decision for a project when guidance is required by the Project Coordinator/ Team Lead. Project reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the Project Coordinator.

This group consists of three institutional members:

Executive, represented by UNDP Ukraine, signs all legally binding documents and communication with the MoH. In addition, the Executive provides clearance to the Senior Supplier regarding the decision-making process and following the internal UNDP procedures

Senior Supplier (Health and Transparency Programme of the UNDP in Ukraine under the Democratic Governance Portfolio of UNDP Ukraine):

- Procures and supplies quality items according to the list of medicines and medical products, quantities and budget agreed with MoH in line with international regulations and to the entry point in the country or the designated delivery place for procurement done in Ukraine;
- Conducts procurement procedures and inform MoH on the prices and quantities of medicines and medical products to seek no-objection MoH to proceed with purchasing;
- Provides regular updates and financial reports to MoH on progress of procurement, inform on eventual queries and/or action required by MoH in relation to the procurement of specific products or product categories;
- Provides information on any expected savings as soon as available and assist MoH with the reprogramming of such balance made during the procurement;
- Reimburses MoH for the balance accrued during the procurement process and/or proceed with additional quantities as per amended agreement with MoH;
- Provides support and cover the costs from the project budget, if needed, to service providers for customs clearing, in-country storage and distribution as agreed on with MoH, while MoH is a consignee and owner of the products. Distribution is arranged through suppliers selected from those designated by MoH - SOE Ukrvaccina, SOE Ukrmedpostch, in accordance with the Resolution of the Cabinet of Ministers of Ukraine # 622 dated 22 July 2015 at the initial stage of the project implementation; with a future potential switch to another qualified entity(ies) as agreed with MoH;
- Jointly with MOH implements communication strategy to report on procurement issues

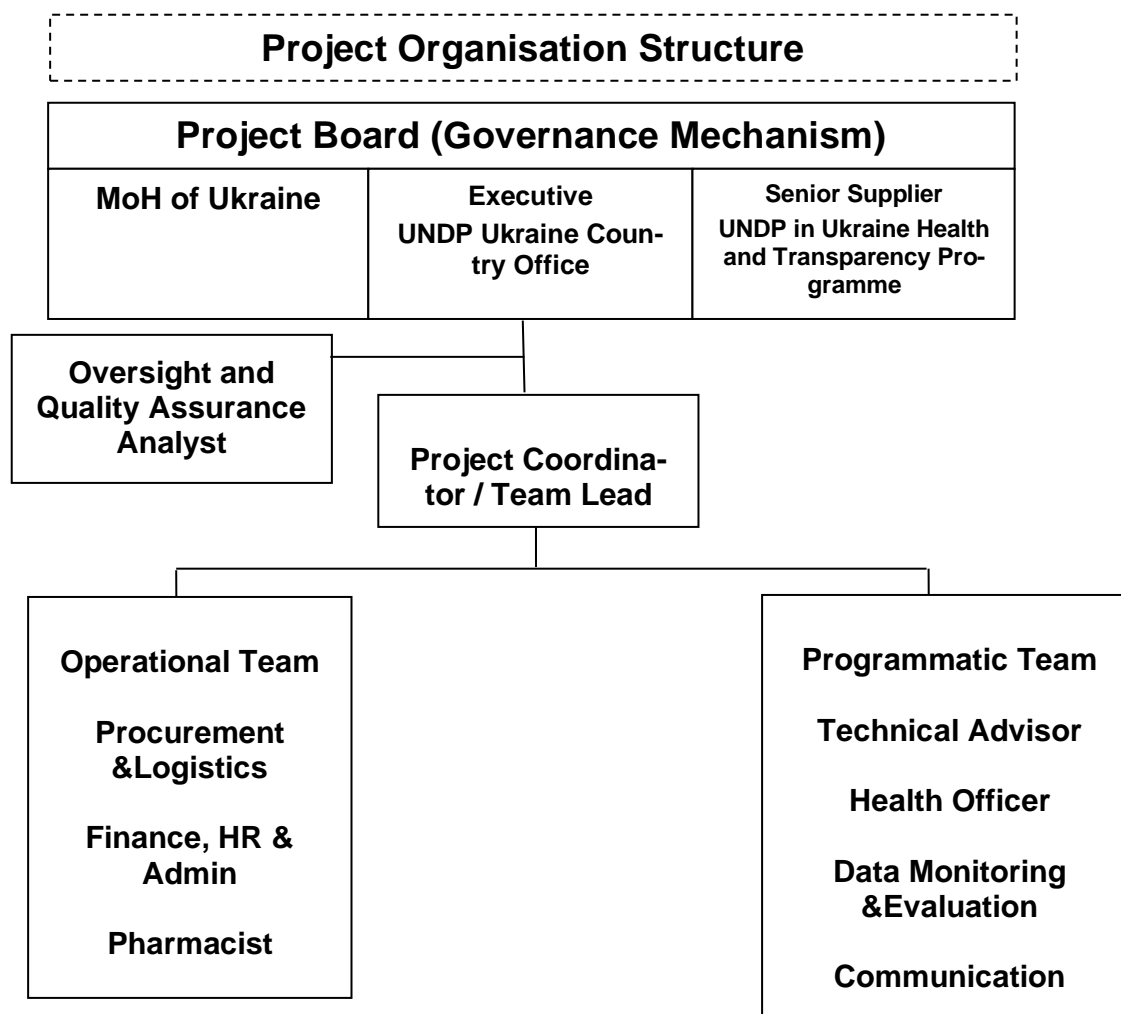
- Ensures capacity development of the MoH's procurement-related staff, Public Health Center and other related parties
- Introduce and promote the digital stock management platform and its roll-out nationwide
- In partnership with MoH develop and implement components of the action plan on transparency in the healthcare sector

MOH of Ukraine (senior management of the MOH or other representatives designated by the Minister):

- Provides a list of products with specification and needs per year, in line with nomenclature and quality standards, quantities, budgets per programme, distribution details based on standard request for procurement of each agency;
- Facilitates the registration of medicines and medical products that are not registered in Ukraine or permit import of non-registered in Ukraine medicines subject to available grounds and in line with the legislation and facilitates simplification of the procedure of assessment of compliance of medical devices;
- Acts or designate a recipient of medicines and other medical products and carry the overall responsibility for stock management and distribution. In this regard, conclude contracts with respective service providers for distribution;
- Ensures facilitation, in line with its mandate, customs clearance, tax and toll duties;
- Carries the overall responsibility for quality and quantity of medicines and other medical products from the moment of transfer of propriety right to MoH;
- Provides overall support for capacity building and reform joint efforts;

The Project Board adopts Project annual work plans and amends them when necessary.

On regular basis the Project Board will meet annually to assess the progress and grant its approval to the project's progress reports. Strategic communication issues related to project implementation should be an integral part of the Project Board meetings agenda.



The **Project Implementation Team** is responsible for:

- Overall management of Project implementation;
- Coordination with stakeholders and project partners;
- Strategic, technical and methodological backstopping to Regional Implementation Teams;
- Monitoring of project implementation and quality assurance; and
- Knowledge management, reporting and visibility.

The core **Project Implementation Team** consists of the experienced Procurement, logistics, M&E, communications and managerial staff and group of the national and international experts.

UNDP will delegate managerial duties for the day-to-day running of the project to the selected by UNDP through a competitive and transparent selection process. His/her prime responsibility is to ensure that the Project produces the results specified in the Project document, to the required standard of quality and within the specified constraints of time and cost. He/she will be eventually responsible for monitoring of activities and results to be delivered by project implementing partners.

Audit arrangements

The Project is subject to standard UNDP audit arrangements. Being a subsidiary organ of the UN General Assembly and fully a part of the United Nations, UNDP enjoys a special status deriving from the UN Charter, the general legal framework of UN, including the privileges and immunities enjoyed by the organization pursuant to the Convention on the Privileges and Immunities of the UN adopted by the General Assembly in 1946. In accordance with this status, audits of UNDP are guided by the 'single audit' principle. Under that principle, any review by any external authority,

including any governmental authority, is precluded under regulation 7.6 of the Financial Regulations and Rules of the United Nations, which provides that “the Board of Auditors shall be completely independent and solely responsible for the conduct of audit.” This principle was reaffirmed by the General Assembly in its resolution 59/272: “The General Assembly [...] 11. Reaffirms the role of the Board of Auditors and the Joint Inspection Unit as external oversight bodies, and, in this regard, affirms that any external review, audit, inspection, monitoring, evaluation or investigation of the Office can be undertaken only by such bodies or those mandated to do so by the General Assembly”.

Financial management

Financial management of the project is conducted under UNDP Financial Regulation and Rules (FRR). FRR are regulations that govern the financial management of the United Nations Development Programme and shall apply to all resources administered by UNDP and to all the Funds and Programmes administered by the Administrator. They ensure acceptable levels of controls, as well as separation of duties. The new FRR are issued effective 1 January 2012, and govern the broad financial management of UNDP and the funds administered by UNDP, including the budgeting and accounting of resources. They have been updated to reflect the adoption of IPSAS and its terminology; and the revised harmonized cost classifications of the Joint report of UNDP, UNFPA and UNICEF on the road map to an integrated budget.

Intellectual property rights and use of logo

Project materials, publications, print or digital deliverables are branded by the relevant UNDP logo and typography (subject to corporate brand-book). All intellectual products produced under the Project are equipped with a standard UNDP intellectual property right disclaimer and may be placed into creative commons.

Amendments to the Project documentation

The Project documentation may be amended through an exchange of official letters between Ministry of Health of Ukraine and UNDP and Project Board approval. The letters exchanged to this effect shall become an integral part of the project documentation.

IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on (date). All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by UNDP Ukraine (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
 - a. Consistent with the Article III of the SBAA, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
 - b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
 - c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.
 - d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

- e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
- f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

h. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that MoH whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- h. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- i. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will

ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

- j. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled “Risk Management Standard Clauses” are adequately reflected, mutatis mutandis, in all its sub-contracts or sub-agreements entered into further to this Project Document.
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List of Annexes:

I. Project Risk Log

II. UNDP Medical Procurement Exit Strategy

III. SESP Analysis

IV. Low-value grants procedures

Annex I: Project Risk Log

Project Title: Procurement Support Services to the Ministry of Health of Ukraine, Phase II

Award ID:

Date: 19 Nov 2020

#	Primary & Secondary Category	Event (Description of the risk)	Causes	Impacts	Risk valid from Risk valid to	Risk Owner	Activities for treatment (countermeasures) and time plan	Expected effect from treatment	Status and Comments
1	Primary: Political Secondary: Change / turnover in Government	UNDP medical procurement project is closed prematurely	Polarization; lack of national dialogue; ongoing corruption and stagnation of public trust; lack of strategic vision for the direction of health reform; ambiguity about the medical procurement modus; political instability, changes in government	Senior government/MoH officials potentially dismissed, entire project affected or even closed which will leave government / relevant state enterprise that is managed by the MoH underdeveloped to sustain medical procurement I = 5 L = 3	Continuous, until the end of the project	Health Programme Specialist, DRR	<ul style="list-style-type: none"> • Maintain constant contact with MoH focal points • Establish regular communication platform under RR/RC leadership, to meet with MoH, identify solutions for strategic partnership issues • Consult with Vice-premier Minister for social sphere and Parliamentary Health Committee, if need be 	<ul style="list-style-type: none"> • Up-to-date information on political situation, able to better predict/prepare for changes, • Maintain relationship with MoH • More unified UN response and more resilience to political changes 	
2	Primary: Political Secondary: Political will	UNDP is unable to procure medicines timely	Political incentives to delay or deny tender's results	MoH might delay or refuse to acknowledge the tender's results I = 2 L = 2	When tender results are published	Health Programme Specialist, Procurement specialists	<ul style="list-style-type: none"> • New CSA specifies max timeline for acknowledgement of the tender results (5 days), further silent agreement will be in power • Request solid justification for silence/delay, in consideration that the tender results reporting template does not contain sensitive information allowing for 	<ul style="list-style-type: none"> • Prevent any delays/silence from MoH from inhibiting timely implementation 	

							MoH to reject the tender results		
3	Primary: Strategic Secondary: Other	UNDP is unable to transfer medical procurement to relevant state enterprise that is managed by the MoH	Relevant state enterprise that is managed by the MoH has weak capacities to take over the national medical procurement in Ukraine	Ukraine has no capacities to nationally procure medicines and continue to rely on international organizations Or MoH revives old practices vulnerable to corruption and money laundering I = 5 L = 3	Continuous, until the end of the project	Health Programme Specialist, CTA	<ul style="list-style-type: none"> Regular update of the project exit strategy to take into account this risk Engage and coordinate with other development partners to effectively build institutional capacities of relevant state enterprise that is managed by the MoH, following the results and recommendations of the institutional assessment Regularly revise and communicate sustainability and exit strategy 	<ul style="list-style-type: none"> Relevant state enterprise's that is managed by the MoH institutional development rolls-out in line with the plan UNDP is able to implement its exit strategy within planned timeline 	
4	Primary: Strategic Secondary: Public opinion and media	UNDP procures substandard and counterfeit medical products	Medical products pass through procurement supply chain without being assessed to meet quality guidelines	Both legal and reputational damage Poor quality products can seriously harm patients. Negative media coverage, criticism from the patient CSOs leading to reputational damages of UNDP globally I = 4 L = 1	Full year, particularly after contractual deadlines with suppliers	Health Programme Specialist, Procurement specialists	<ul style="list-style-type: none"> Proactively encourage manufacturers to directly participate in UNDP tenders. Request distributors that apply to the tender announcements as suppliers, to have a GDP certification valid until end of the supply period of the respective products to UNDP Ensure adequate bidder evaluation process Manufacturer and Product documents (including COA/COO) are requested in the tender announcement and 	<ul style="list-style-type: none"> Prevention and detection of counterfeit and substandard medical products at numerous stages of procurement before reaching end-user, and before providing payment Prevention and detection of counterfeit and substandard medical products at numerous stages of procurement 	

							<p>verified during bids evaluation</p> <ul style="list-style-type: none"> • Activate Quality Control sampling and testing system in case of suspected containers/products • Request warehouses to have processes in place to identify counterfeit products as part of the QA provisions in the agreements with logistics providers • Payment only after signing handover act to MoH • Pre-shipment inspection may be carried out by UNDP or its representative for verification of quality, quantity, packing, labelling, marking and sampling. Agreement warrants random testing using independent labs and reject products if found not in compliance • UNDP reserves the right to make claims under the above warranty for three months after the goods have been delivered to the final destination indicated in the Purchase Order, rectified by supplier at their cost 	<p>before reaching end-user, and before providing payment</p> <ul style="list-style-type: none"> • Prevention of misconceptions by the public • Mitigation of financial loss and inadequate supply through three-month warranty guarantee 	
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							<ul style="list-style-type: none"> • Experts have provided a series of quality assurance trainings to the team • Conduct awareness raising campaigns and media trainings on generic products and the related quality standards, to avoid inaccurate perceptions • Quality Assurance system for health products in place, SOPs and guidelines for all stages of procurement • History of product and supplier used when product is only registered with Ukraine Authorities • Thorough background checks of companies completed (e.g. D&B control and similar verifications), full compliance needed to move forward in bidding process <p><i>Logistics Process:</i></p> <ul style="list-style-type: none"> • Each batch undergoes quality control procedure, includes review of Certificates of Analysis (CoA), Registration Certificate issued by MoH, inspection against UNDP specifications, labelling and packaging 		
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							<ul style="list-style-type: none"> • Ensure the recommended temperature regimes for products, and quality and integrity of the products across the supply chain at all levels of procurement and supply processes until the products are delivered to the MoH • Appropriate storage and distribution ensured via data loggers mandatory on all shipments 		
5	Primary: Strategic Secondary: Synergy with UN / Delivery as One	UN communication efforts around medical procurement and support to MoH are inefficient and inconsistent	Working in silos, minimal communication, using different language. Lack of coordination and information sharing between UNDP units and other UN agencies	Due to vacuum of information, incorrect interpretation of facts possible within UNDP and among other UN agencies. Inefficient use of resources on repetitive activities and communication campaigns I = 2 L = 4	Full year	Health Programme Specialist, CTA	Institutionalise regular information sharing platform with bi-monthly meetings of all UNDP units involved with implementation of health reform related activities, share information at UNCT meetings	<ul style="list-style-type: none"> • All relevant UNDP units' access to the same information, prevent miscommunication, increase coordination of response • Improve internal communication and division of labour 	
6	Primary: Strategic Secondary: Public opinion and media	UNDP receives complaints from CSOs or others on contracting local distributors or "wrong" suppliers and	Lack of information about UNDP procurement process communicated to CSOs and others, or their misunderstanding	Criticism for contracting local distributors considered to be corrupt or suppliers/ manufacturers perceived to be "wrong"	After announcement of tender results	Health Programme Specialist, Procurement specialists, Communications specialist	<ul style="list-style-type: none"> • Establish regular bi-monthly meetings with project partners and CSOs. Regular monthly progress reports to be submitted to MoH, and the copy should be directly emailed to key 	<ul style="list-style-type: none"> • Consistent positive media presence, regular communication maintained with CSOs and other stakeholders to clarify any 	

		dissatisfaction with the outcomes of the procurement	of the process which lead media, patient organisations, MPs, etc. criticise the tenders' results (price and supply conditions) and inaccurate perception of non-transparency.	I = 2 L = 2			<p>partners. Regular progress tweeted and disseminated via social networks.</p> <ul style="list-style-type: none"> • Develop targeted communications list • Clearly communicate UNDP procurement procedures, reiterate respect for open, transparent and fair competition results • Highlight local economy and global pricing trends • Communicate that open, transparent and fair competition might result in contracting local distributors or any qualified manufacturer • Prepare answers on a case by case basis, not every comment requires a direct reaction • In case of thorough statements, publish immediate response on UNDP and MoH website, and disseminate press-release through trusted media (biggest newsrooms and news agencies). Arrange joint interviews with MoH officials including Minister, Deputy Minister. 	<p>misconceptions internally</p> <ul style="list-style-type: none"> • Prevent as much as possible, any mis-understanding about the procurement process • Mitigate reputational damage using official and far-reaching channels 	
7	Primary: Strategic	Fraud in distribution of	Lack of control from MoH and regional hospitals	Appearance of medications on the	Full year (or whatever intervals of time	Health Programme Specialist,	<ul style="list-style-type: none"> • Monitor using third party CSOs 	<ul style="list-style-type: none"> • Identify if fraud is occurring at the local level, 	

	Secondary: Roles and responsibilities among partners	delivered medicines	on distribution of delivered medicines	black market, reputational damage I = 2 L = 2	medication is delivered)	Procurement specialists, Logistic Specialists, CTA, M&E specialist	<ul style="list-style-type: none"> Introduce digital stock management software 	where/how/by whom <ul style="list-style-type: none"> Prevent the possibility of fraud using technology to track medical stocks 	
8	Primary: Regulatory Political Secondary: Changes in the regulatory framework within the country of operations	Legislative initiatives which can impede the smooth implementation of planned activities	New legislation made without considering or prioritising smooth implementation of health reform activities	New procedures for custom clearance, obtaining license currency control or other can limit implementation I = 3 L = 2	Continuous, until the end of the project	Health Programme Specialist, CTA	<ul style="list-style-type: none"> Influence formulations of new legislation to prevent negative effects on implementation MoH communicates any potential changes with UNDP 	<ul style="list-style-type: none"> UNDP is able to quickly respond to any political or legislative changes minimizing the risks 	
9	Primary: Regulatory Secondary: Changes in the regulatory framework within the country of operations	Sabotage of UNDP's operations	Corruption, disincentives to establishing a transparent procurement process	MoH or government institutions can block or delay adoption of legislation and/or normative acts I = 3 L = 4	Full year	Health Programme Specialist, CTA	<ul style="list-style-type: none"> Prove and promote need for this project to stakeholders & other UN Agencies Inform Health and Anti-Corruption Committees of Verkhovna Rada about UNDP's progress/challenges 	<ul style="list-style-type: none"> Prevent the possibility of delay or blocking through involvement with MoH WG Be in a better position to foresee the possibility of any regulatory delay/block Ensure the Health and Anti-Corruption Committees are on board with UNDP's role 	
10	Primary: Regulatory	Local distributors are	Legislation outlines that the VAT exemption is	Local distributors do not have access to	Full year	Health Programme Specialist,	Proactively work with MoH, MFO, MoE propose legal support to	<ul style="list-style-type: none"> Elimination of unfair tax-exemptions 	

	Secondary: Changes in the regulatory framework within the country of operation	underrepresented in tenders	currently not applicable for local distributors	VAT exemption and are at a disadvantage I = 2 L = 4		Procurement specialists, Finance Specialist	amend the existing local legislation for harmonisation, and a non-discriminatory environment. If issue remains unsolved, clearly mention this condition (VAT in the price) in future tenders	• If not, ensure VAT amount is added so that UNDP can assess tenders accurately	
11	Primary: Financial Secondary: Fluctuation in market, currency	Currency Devaluation	Challenging relations with the IMF, investor/public panic.	Project's cost impacted by foreign exchange rate fluctuation and devaluation I = 3 L = 3	Greater currency volatility	Health Programme Specialist, Finance Specialist	<ul style="list-style-type: none"> Collaborate closely with OFRM Treasury Department, Cabinet of Ministers 	<ul style="list-style-type: none"> Elimination of risk with UAH devaluation 	
12	Primary: Operational Secondary: Flexibility and opportunity management	Supply delay / failure to supply	Suppliers intentionally or unintentionally delay or fail to supply drugs	Treatment interruptions and complaints from patients organisations and wider community. I = 4 L = 2	Full year, particularly after contractual deadlines with suppliers	Health Programme Specialist, Procurement specialists, Logistic Specialists	<ul style="list-style-type: none"> Ensure timely monitoring of all contractual deadlines Leverage liquidated damage/performance security tools Contract alternative suppliers in case of failure Issue press release with clear explanation if such delay is criticised by media; regularly publish infographics with progress on delivery on UNDP and MoH communication channels 	<ul style="list-style-type: none"> Mitigate interruptions to treatment with alternative suppliers and monitoring of deadlines Mitigate reputational harm through proactive infographics and press release if criticised by media 	
13	Primary: Operational Secondary:	Lack of government support for capacity building and	Minimal political incentive to support project activities, or focus on other priorities	Slow or no implementation of planned project activities	Full year	Health Programme Specialist, CTA	<ul style="list-style-type: none"> Provide evidence of international and national best practices to attract wider support by MoH and other 	<ul style="list-style-type: none"> Establish the importance of the project's activities in alignment with 	

	Capacity development of national partners	procurement reform	(elections, conflict, etc..)	I = 3 L = 1			government officials, civil servants • Promote and present transparency efforts and best UNDP PSM lessons learned • Constantly collaborate with government and civil society representatives, advocate for capacity building effectiveness at all levels	broader political goals • Prevent disinterest or shifting priority away from implementing planned activities	
14	Primary: Operational Secondary: Reporting and communication	Severe medical adverse reactions	Procurement of low-quality drugs or improper storage/delivery practices	Possibility of severe/fatal adverse reactions to medicines or components; wide media attention from the start I = 3 L = 1	Full year	Health Programme Specialist, Procurement specialists, Logistic Specialists	<ul style="list-style-type: none"> • Ensure full compliance with the UNDP POPP • Ensure procurement of medicines from manufacturers with a state-of-the-art pharmacovigilance system • Encourage and stimulate a continuous improvement of the national pharmacovigilance system of Ukraine • Highlight to the MOH the importance of GDP and GSP certifications of both SOEs “Ukrmedpostach” and “Ukrvaksyna” 	<ul style="list-style-type: none"> • All prevention measures taken to prevent severe adverse reactions • Mitigate any further harm with immediate crisis response plan and media briefings 	
15	Primary: Operational Secondary: Capacity development of national partners	Local manufacturers and dealers complain	Specifications and quality criteria prohibit local manufacturers from participating in the bidding process	Local manufacturers and dealers complain that UNDP tenders exclude them from participation in the bidding processes (e.g. because of the new QA policy).	Once tender specifications and quality criteria are announced and after results are published	Health Programme Specialist, Procurement specialists, CTA	<ul style="list-style-type: none"> • Review technical specifications and quality criteria of the goods to be procured and suggest amendments to MoH, ensuring that local manufacturers/suppliers 	<ul style="list-style-type: none"> • Due diligence is consistently performed to prevent exclusion of local manufacturers • Increased capacity of local 	

				I = 2 L = 4			<p>can participate in the bidding processes</p> <ul style="list-style-type: none"> • Proactively communicate the procurement procedures of UNDP to local companies • Reach out to the pharma industry through Suppliers' workshops and training activities, build their capacity to compete in international tenders (outside Ukraine) 	<p>manufacturers to compete in international bids</p>	
16	<p>Primary: Operational</p> <p>Secondary: Flexibility and opportunity management</p>	Nomenclature related risks	<p>Incorrect, outdated, cost-inefficient products, branded single source items included into nomenclature</p>	<p>Low participation in announced tenders and high value bids, limitation of competition</p> <p>I = 2 L = 3</p>	<p>During formulation of tender, before tenders are announced</p>	<p>Health Programme Specialist, Procurement specialists</p>	<ul style="list-style-type: none"> • Analyse nomenclature in advance, communicate and correct product specifications with the MoH • Conduct thorough market research to check the dynamics of the market • Communicate and obtain consent of MoH to exclude item(s) from procurement if the product cannot be sourced due to discontinuation by the manufacturer • Involve subject experts from MoH and/or WHO/UNDP experts for support in finalising the specifications, and technical evaluations. 	<ul style="list-style-type: none"> • Prevention of nomenclature-related risks • Only include items that can realistically be sourced and that meet international standards 	

17	Primary: Operational Secondary: Capacity development of national partners	Problems caused by inadequate planning of the processes for and delays in creation and implementation of the new digital stock management software	Minimal skills in digital technology at workplaces, no capacity in understanding how to use the system	Inefficient and corrupt practices in medical distribution continue throughout the country I = 2 L = 2	Date that new digital stock system is released	Health Programme Specialist, Procurement specialists	<ul style="list-style-type: none"> Promote digital stocks platform to MoH employees, professional community and patients Provide trainings and webinars for procurement personnel at all levels Provide additional technical assistance to the MoH and other relevant institutions to roll out established platform and link it with the Patients platform and mobile apps 	<ul style="list-style-type: none"> Increase procurement personnel's capacity in using digital stock software Mitigate the possibility of misusing the system or inefficiently planning and forecasting for future procurement 	
18	Primary: Operational Secondary: Partnership	No qualified bids received	Low interest for small volumes/ complexity or due to unclear technical specifications or requirements	No bids or qualified bids received I = 2 L = 1	After tender specifications and requirements announced, before results are published	Health Programme Specialist, Procurement specialists	<ul style="list-style-type: none"> Pre-analyse nomenclature for the probability of such cases, ensure tender eligibility requirements do not overly restrict participation; contact producers and local distributors proactively in such cases Conduct thorough market research to check the dynamics of the market Utilize direct contracting modality, if no bids are received competitively after due diligence 	<ul style="list-style-type: none"> Proactive search for specific cases, amendment of specifications and requirements to meet supply Mitigate the possibility of not meeting demand by reaching out directly to companies if need be 	
19	Primary: Organisational Secondary: Governance	Ability to ensure medicines' registration	Capacity of MoH and State Expert Center of MoH to ensure timely registration of medicines and	Delays in registering medicines and other medical products I = 4 L = 3	The period when medicine registration occurs	Health Programme Specialist, Procurement specialists	<ul style="list-style-type: none"> Conduct consultations on quarterly basis with MoH and State Expert Centre. 	<ul style="list-style-type: none"> Ongoing monitoring of medicines' registration starting early in the process 	

			other medical products				<ul style="list-style-type: none"> • Monitor registration process from awarding of contract • Use the fast-track procedure if/when possible when the applicant's product meet all necessary legally required conditions • Set deadline to complete registration prior to supply date • If needed, permit import of medicines not registered in Ukraine in line with legislation and facilitate simplification of compliance assessment procedure for medical devices 	<ul style="list-style-type: none"> • Prevent waiting until after supply date to have medicines registered • Contingency plan to minimise further delay if medicines still are not registered 	
20	Primary: Organisational Secondary: Human resources	Increased workload and/or turnover	Rapid increase of PIU's workload	Negative influence on quality and speed of work I = 3 L = 4	Full year	Health Programme Specialist	Recruit new staff members, invite staff members from other companies with proven expertise for detail assignment and look for support from the GF HIST should a need be.	<ul style="list-style-type: none"> • Ensure adequate staffing levels to meet workload quality and speed • New project organigram 	
21	Primary: Organisational Secondary: Knowledge management	Lack of in-house expertise to efficiently implement tenders	Inadequate internal capacity, lack of training	Implementation delays or failure in selection of the right products or suppliers. Noncompliance with internal procedures I = 3 L = 2	Full year	Health Programme Specialist, Procurement specialists	<ul style="list-style-type: none"> • Utilize the expertise available in different UNDP Units (e.g. GF HIST, ACP/RACP, PSU and other relevant) • Invite staff members from other companies with proven expertise for detail assignment and look for support from the GF HIST should a need be 	<ul style="list-style-type: none"> • Mitigate any further implementation delays, ensure project is completed by those with proven expertise 	

							<ul style="list-style-type: none"> Initiate efficiency assessment and facilitate faster DIM audit of the project 		
22	Primary: Other Secondary: Other	Intellectual property rights infringement	Procurement procedure selects highest value for price, may result in partnerships with suppliers that provide patent-infringing generics	Accused of infringing IP rights of the Patent holder. Reputational damage of UNDP with pharma industry at local and corporate levels I = 5 L = 3	Full year	Health Programme Specialist, Procurement specialists	<ul style="list-style-type: none"> Analyse and discuss IP-related issues with HQ (e.g. LSO, ACP, GF HIST, BPPS) and pursue corporate decision. Max 3 days turnaround should be expected. Apply available SOPs and algorithms to handle IP aspects of health products. Professional legal opinion may be sourced from local and international sources (legal companies, patent institutes). Sign LTA with Patent institute under the Academy of sciences if needed 	<ul style="list-style-type: none"> Timely response drawing on professional legal expertise to mitigate reputational damage If LTA signed, prevention of future damages and resolution of legal conflict 	
23	Primary: Other Secondary: Other	Possible collusion of bidders	Collusion of bidders demanding high prices, undermining procurement process	High product prices, lack of competitive process I = 3 L = 2	Prior to tender results being published	Health Programme Specialist, Procurement specialists	<ul style="list-style-type: none"> Conduct thorough background check of the companies (e.g. D&B/you control and similar verifications). Approach HQ colleagues with information on evidence/signs of collusion for further guidance 	<ul style="list-style-type: none"> Knowledge of whether companies bidding have negative reputations Plan from HQ on how to address collusion 	
COVID 19									
24	Primary: Operational Secondary:	Unexpected interruptions/significant delays	Introduction of anti-COVID-19 measures in Ukraine and other	Inability of the Project staff to implement the planned activities,	Continuous, probably until the end of the project	Health Programme Specialist, CTA	<ul style="list-style-type: none"> The Project to look for solutions to reprioritise the activities in 	<ul style="list-style-type: none"> The Project activities re-planned and 	

	Other	in Project activities	countries, e.g. quarantine, closures of medicines producing plants, lock down, etc.	both procurement of medicines and programmatic work. Medicines and medical devices delivered with severe delays or failure to deliver I = 4 L = 4			consultation with the Project stakeholders. <ul style="list-style-type: none"> • Wherever possible the format of the events to be revised. Distant and online events should be preferred. • Continuous communication with the MoH to be sustained, so that any possible treatment interruption for patients can be predicted and if possible, prevented • Ensure timely monitoring of all contractual deadlines • Contract alternative medicinal suppliers in case of failure • Larger amounts of medicines to be ordered if a post-COVID-19 demand increase is expected and constant contact with the producers to be maintained • Issue press release with clear explanation if such delay is criticised by media; regularly publish infographics with progress on delivery on UNDP and MoH communication channels 	undertaken in a new format. <ul style="list-style-type: none"> • Continuous communication with the medicinal manufacturers and the MoH maintained • Avoid interruptions to treatment by using alternative suppliers and monitoring of deadlines • Mitigate reputational harm by producing proactively infographics and press releases if criticised in media 	
25	Primary: Operational	Increase in price of medicinal	Most of API producers located in China and India	The budget of certain programmes reduced as a result of the new	Continuous, probably until the end of the project	Health Programme Specialist,	<ul style="list-style-type: none"> • Contract alternative suppliers in case of price increase 	<ul style="list-style-type: none"> • Avoiding the interruptions in treatment by 	

	Secondary: Other	products and logistical costs	affected by the lockdown and production shutdowns, number of international flights as well as other means of transportation are reduced due to COVID-19	pricing and logistics costs, creating budget deficiency, leading to reduced medicines coverage and treatment interruptions I = 4 L = 3		Procurement specialists, Logistic Specialists	<ul style="list-style-type: none"> Where the price increase is justified, finding an alternative resource to cover it, communicating to MoH regarding price increase and possible impact on the quantities of medicines to be procured for the budget allocated Optimization of the logistical chain in order to avoid any logistical price increase 	using alternative suppliers and monitoring of the price increase <ul style="list-style-type: none"> Reduction of logistic costs increase by optimizing the logistical chain, consolidating the deliveries with partners wherever possible 	
26	Primary: Security Secondary: Other	Risks to health and well-being of the Project staff	Non-compliance by Project staff with prevention measures, as well as lack of PPE for COVID-19 prevention	<p>The project activities are significantly delayed (both procurement and programmatic) due to staff absence as a result of infection with COVID-19. Significant financial and reputation losses to UNDP</p> <p>I = 4 L = 3</p>	Continuous, probably until the end of the project	Health Programme Specialist, CTA	<p>Regularly raise awareness of the Project staff about the need to take strict prevention measures as well as request professional assistance in case of any symptoms of the disease.</p> <p>Provide PPE to staff and their families.</p> <ul style="list-style-type: none"> Ensure necessary conditions for telecommuting. The critical staff to follow the social distancing rules while in the office. 	<p>The project staff is fully aware of the disease and undertake necessary prevention measures.</p> <ul style="list-style-type: none"> The project staff and members of their households maintain good health. 	

Annex II. UNDP MEDICAL PROCUREMENT EXIT STRATEGY

Introduction

The overall objective of the Procurement Support Services to the Ministry of Health of Ukraine, Phase II (the Project) is to support the implementation of health reform through strengthening medicine procurement capacity and enhancing the efficiency, effectiveness, transparency and accountability of national healthcare procurement system, which ultimately will improve the quality, accessibility and affordability of health services. The specific objectives of the Project are:

- I. To strengthen the capacity of the Ministry of Health of Ukraine to ensure transparency, accountability and effectiveness of the public procurement of medicines and other medical products.
- II. To procure medicines and medical products for the national public health programme
- III. To support the capacity building of the Ministry of Health in implementation the health procurement reform.

Since 2015, when the Project started, until now, UNDP has made a significant progress towards achieving these objectives. Numerous impactful results have been produced and the groundwork for a smooth and gradual transition of the medicine procurement function from UNDP to relevant state enterprise that is managed by the MoH that is managed by the Ministry of Health of Ukraine has been laid down. UNDP's value proposition is national capacity development and retention. Also, UNDP is firmly committed to facilitate the augmentation of the internal expertise of the Ministry of Health of Ukraine (MoH) and other healthcare establishments. Therefore, it has been important to develop an Exit Strategy and a Road Map for the implementation of the incremental transfer of the Project to the designated by the MoH institutions.

Scope and objectives of this document

This document is a practical operational Exit Strategy for UNDP in Ukraine that covers ONLY the gradual reorganisation and finalisation of the medical procurement processes within the Project. The final goal is all UNDP medical procurement activities to reach a full state-ownership while the best practices and quality assurance developed by the organisation during the procurement cycles of 2015-2019 are still in place. The strategy, which is presented, is aligned with the expectations and plans of the MoH and relevant state enterprise that is managed by the MoH. The Health and Transparency Portfolio has prepared a separate document that sees to the activities that UNDP should perform towards capacity development of the relevant state institution.

This Exit Strategy offers an action plan that will allow UNDP to be prepared for various potential corollaries and at the same time to accord with the MoH policies thus nurturing further the long-term partnership and finding a smooth implementation transition until the end of the project.

CAVEAT: this document does not extend to the topic of how to rebrand or expand the scope of the UNDP Health and Transparency Portfolio. It is, however, strongly recommended the issue to be explored in partnership with WHO and other UN agencies, to better position the organisation as a developmental technical expertise provider. The suggested methodology for that is a moderated multi-stakeholders meeting with think tank elements during which healthcare drawbacks in the country to be identified. Based on them and considering the remit of UNDP the possible range and directions of the activities that the organisation may take shall be extrapolated. This shall lead to an action plan.

Historical background

In 2014 Ukraine's then new government faced a public procurement of medicines and medical devices process that was riddled with corruption. According to estimates by the Security Service of Ukraine, up to 40% of public funds were ineffectively managed or simply stolen¹. At the same time, the non-governmental organisations in the country enjoyed a long-term support by international

¹ <https://www.kmu.gov.ua/ua/news/vidpovidi-na-poshireni-pitannya-pro-mizhnarodni-zakupivli>

donors and a substantial financial backing predominantly by Soros Foundation (Open Society Institute, Vydrodjennya). This led to a thriving scene of community- and patients-based organisations (CBOs) that had the know-how to influence the national public policy and agenda.

There were many strong groups with a vested interest in the healthcare system in Ukraine. Of them particularly influential ones were the HIV CBOs and the umbrella organisation “Patients of Ukraine”. They had enough of accumulated membership mass, experience and power to start putting substantial pressure on the MoH and the government to change the medical procurement procedures. Their discontent was triggered by permanent stock-outs and regular misappropriations of life-saving medicines, especially for patients with chronic conditions the clinical management of which required uninterrupted treatment (e.g. HIV-infection, HBV, etc). The solution that the CBOs put forward was to transfer all medical procurement to international organisations, thus tapping into global markets and broader expertise and avoiding corruption.

In March 2015 the Ukrainian parliament passed a bill into law which introduced public procurement of medicines and medical devices through specialised organisations. The decrees that followed set a framework that included fast-track registration of medical products, eased importation rules and VAT exemption, lowered language requirements for the package inserts, gave an exemption from reference pricing, and from currency control by the National Bank of Ukraine, inclusion of civil society representatives in the decision-making, prepayment procedures to ease the negotiation process, etc.

Based on the legislation, the Ministry of Health (MoH) contracted three international organisations, UNDP, UNICEF, and Crown Agents, as service-providers to implement the medical procurement for the period of 2015-2018. On September 19, 2019, the Verkhovna Rada of Ukraine adopted the law #114 "On Amending the Law of Ukraine on Public Procurement and Some Other Legislative Acts of Ukraine Regarding the Improvement of Public Procurement" that allows the MoH to outsource the medical procurement to international organisations until the end of March 2022. UNDP has participated in the process since its inception and until to-date has procured medicines and medical products and has managed financial resource as per the table below (source: Atlas and estimation for 2018 and 2019):

Programmes	2015	2016	2017	2018	2019	Total
Number of programmes by year	8	23	26	27	27	
Adult Cancer		15,516,440	33,710,890	58,758,515		107,985,846
Adult Cystic Fibrosis			393,040	673,229	493,262	3,367,008
Adult Hemophilia		5,087,525	18,132,294	15,451,357	19,819,755	58,490,931
Adult Hepatitis B and C	5,475,622		4,867,896	4,898,844	5,648,547 *	20,890,908
Adult Juvenile arthritis (JRA)					2,766,248	3,832,857
Adult PID					1,870,596	1,870,596
Anti-D		76,718	73,918	339,099	318,080	807,814
Arterial Hypertension		2,976,800	2,834,994	2,744,804	3,441,444	16,350,997
Autism		729,476	584,692	405,488	448,025	2,167,681
Bleeding			618,720	589,118	690,103	1,897,940
Cerebral Palsy		273,544	263,564	190,289	308,939	1,036,336
Child Cancer		13,104,110	19,955,548	17,348,407		50,408,064
Child Cystic Fibrosis		1,259,387	2,449,204	2,341,859	3,050,608	12,904,562
Child Hepatitis	360,360	305,694	183,233	184,705	128,295	1,162,287
Children Hemophilia	7,310,451	6,443,435	10,459,509	9,176,125	20,401,244	53,790,764
Dwarfism		1,174,115	1,118,184	518,159	1,321,505	5,167,340
Epidermolysis Bullosa		1,032,978	1,183,550	1,453,931	1,865,885	8,962,737
Gaucher		2,916,600	4,140,683	4,195,967	4,779,692	16,032,942
HIV diagnostics	4,328,446					4,328,446
Infertility		257,913	248,503	221,070	232,897	960,383
Juvenile arthritis (JRA)		1,643,611	4,515,328	4,349,030	5,645,761	19,503,959
Mortality				1,445,389	1,683,337	3,128,726
Mucopolysaccharidosis (MPS)		8,041,043	14,906,326	8,905,917	11,602,785	43,456,071
Multiple Sclerosis		2,776,729	2,675,421	2,976,996	4,770,486	13,199,632
Orphans	900,900	921,028	1,095,806	1,075,754	891,052	33,017,298
PID		625,244	572,144	583,665	698,527	4,289,404
PKU		1,172,333	1,665,435	566,102	466,994	3,870,864
TB diagnostics	537,640	492,652	2,095,065	13,271	2,119,177 *	5,257,805
TB medicines	9,017,694	8,027,128	11,845,618	16,172,082	10,048,364 *	69,961,222
Transplantology		3,310,442	3,152,743	3,184,617	4,478,825	19,164,836
Vaccines	11,311,917					11,311,917
TOTAL BUDGET	39,243,029	78,164,944	143,742,306	158,763,787	109,990,431	598,578,173

Contract amount + Logistics, USD	37,256,011	73,728,758	133,727,098	149,724,967	91,644,498	486,081,331
General management support costs (5%, for programmes marked with * - 4.5%), USD	1,862,801	3,686,438	6,620,117	7,412,159	4,468,594	24,050,108

Analysis of the current situation

On September 19, 2019, the Verkhovna Rada of Ukraine adopted the law #114 "On Amending the Law of Ukraine on Public Procurement and Some Other Legislative Acts of Ukraine Regarding the Improvement of Public Procurement" that allows the MoH to outsource the medical procurement to international organisations until the end of March 2022.

Currently the medicines and medical devices that are procured centrally are grouped into 39 programmes that represent major disease categories. For the State Budget 2020 UNDP is going to procure medicines and medical devices under 11 programmes:

Programmes	2020	2021
Number of programmes by year	11	TBD
Adult Cystic Fibrosis	1,802,451	
Adult Juvenile arthritis (JRA)	1,063,643	
Arterial Hypertension	4,340,849	
Child Cystic Fibrosis	3,792,927	
Dwarfism	1,032,497	
Epidermolysis Bullosa	3,416,864	
Juvenile arthritis (JRA)	3,340,912	
Orphans	28,054,518	
PID	1,804,790	
TB medicines	14,809,036	
Transplantology	5,024,198	
Total budget USD²	68,482,686	TBD

Up till now numerous impactful results have been produced. In parallel to the ongoing health reform, the creation of a modern and efficient procurement organization aimed to ensure the supply of medicines and medical products to the Ukrainian patients was initiated. As consequence the State-owned Enterprise was established and is expected to gradually provide centralized procurement of medicines and medical devices from state budget funds ensuring transparency and effectiveness of the process to implement the UN principle of "leaving no one behind", then transparent, cost-efficient, cost-effective and timely medical procurement is mandatory. In 2020 state enterprise started procuring medicines and medical devices for 14 out of 39 programmes³. Also, in November 2020 the Cabinet of Ministers of Ukraine signed the Resolution No.1405-p from 11.11.2020 "On defining the state-owned enterprise "Medical procurement of Ukraine" as a centralized purchasing organization"⁴.

General action plan and recommendations

The figures above indicate that the Project in Ukraine is still of crucial importance to the whole of UNDP and its abrupt discontinuation can affect the sustainability of the Country Office (CO), therefore UNDP needs to be prepared to proactively approach any fallout that may stem from this situation.

² The estimated amount in accordance with the Agreement #80 between the Ministry of Health and the UNDP dated November 5, 2020 and additional agreements to it, considering the exchange rate of 1 USD = 28.19 UAH. The final amount will be formed in accordance with the schedule of payments that MOH transfer to UNDP in USD, purchased at the interbank foreign exchange market of Ukraine at the rate prevailing on the day of currency purchase.

³ <https://moz.gov.ua/article/ministry-mandates/nakaz-moz-ukraini-vid-28022020--589-pro-upovnovazhennja-derzhavnogo-pidpriemstva-medichni-zakupivli-ukraini-na-vikonannja-program-ta-zdijsnennja-centralizovanih-zahodiv-z-ohoroni-zdorov%e2%80%99ja?preview=1>

⁴ <https://www.kmu.gov.ua/npas/pro-viznachennja-derzhavnogo-pidpriemstva-medichni-zakupivli-ukrayini-centralizovanoyu-zakupivelnuyu-organizacijeyu-1405111120>

To smoothen the transition period, close the project in a timely manner, manage fiduciary risk, meet the expectations of the MOH, avoid costly extensions and enable timely transfer of assets for the sustainability of results, the following three-phase action plan is suggested:

1. Phase I (immediate actions within the period of December 2020-February 2021)

- In order to preserve the UNDP chances to efficiently transfer the necessary expertise to relevant state enterprise that is managed by the MoH and to provide their personnel with “hands on” work experience with the UNDP specialists on exceptionally difficult programmes, increase the medical procurement competitive edge of UNDP, so that these programmes are retained in the UNDP procurement portfolio via:
 - Offering support to the MoH with analysis of nomenclature for every programme entrusted to UNDP (including involvement of WHO) and medicines quantification and projection models,
 - Reanalysing the possible effect of the UNDP QA policy on the ability of the organisation to provide value for money and engage in communication with the MoH regarding the QA criteria that will be used during the 2020 budget bidding process,
 - Making the UNDP procurement team more “fit for purpose” at this transition period through structural and HR changes (e.g. removing positions where duplication of responsibilities is in place and inviting external experts where the team lacks expertise when and should a need be),
 - Further improving the communication with the institutions and being ready to provide detailed explanations about the procurement procedures of UNDP should this be requested,
- Organise a meeting with the Minister of Health and the Head of the Health Committee of the Verkhovna Rada where the UNDP value proposition should be presented and suggestions for future broadening of the cooperation in healthcare should be made,
- Develop further the relationship with CBOs via creation of a platform based on the Community Advisory Board (CAB) concept where CBOs meet regularly with UNDP to pose their questions and issues and a mutual resolution of those is found.

2. Phase II (short- and mid-term by the end of 2021)

- Evaluate regularly the number of UNDP Health and Transparency Portfolio staff and their positions;
- Develop and implement a separate programmatic component with a hands-on module for expertise transfer to the personnel of relevant state enterprise that is managed by the MoH where individuals of their team shadow the procurement specialists and logisticians of UNDP in order to obtain a real-life experience with the procurement process;
- Work with relevant state enterprise that is managed by the MoH to align the database that they use to the data formats that UNDP and/or other international organisations can provide, so that a levelled changeover of the electronic databases can be ensured;
- Explore the idea and if possible, involve with improving the storage capacities of relevant state enterprise that is managed by the MoH in alignment with the GDP standards as part of their capacity development;
- Organise with WHO and UNICEF a training programme for local pharmaceutical and medical device industry on how to participate in the UNDP/UNICEF tenders, possibilities and conditions to compete on the international markets and general capacity development (e.g. regulations for clinical trials, applications for EMA approval, etc.) based on needs assessment;

- Stimulate the improvement of the national pharmacovigilance system in Ukraine providing key specialists with a learning opportunities and experience exchange with EU national regulators and/or inviting international experts to assess, train and provide recommendations;
- In the context of decentralisation of health procurement, assess the capacity of local institutions and develop a model of how to advance their capabilities. To ensure the sustainability of all educational activities performed by UNDP, ensure that e-solutions are in place;
- Finalise the deliverables that UNDP committed to regarding eStocks;
- Remain in constant contact with key people at the MoH and relevant state enterprise that is managed by the MoH and maintain advanced level of communication;
- Inform regularly the Health and Anticorruption committees of the Verkhovna Rada about the progress and challenges UNDP faces;
- Re-evaluate and alter this exit strategy monthly and more often when necessary upon receipt of new information that may affect the UNDP actions.

3. Phase III (finalisation of the project)

The finalisation plan is developed in accordance with the terms of the contract between UNDP and the MoH of Ukraine. It should come into effect as a notice to cease the services is issued by the MoH/Cabinet of Ministers or upon instruction by the senior management of the UNDP CO. Further to the Project Board decisions and the POPP which should always prevail, it is suggested that a small joint finalisation group should be established comprising of members of the staff of both parties (UNDP and MoH/relevant state enterprise that is managed by MoH) to manage the practical steps for the contract coming to an end. The role of the joint finalisation group will be to manage all activities to ensure a smooth culmination of the contract or transition to a new provider, e.g. relevant state enterprise that is managed by the MoH.

The plan is based on the scenario where UNDP will be involved in some form of procurement until 2022. Therefore, it may be of importance to progressively implement the finalisation plan when/if appropriate and possible, to avoid overwhelming the reduced personnel at the end of the process and to avoid unnecessary delays. In case of changes in the timeframe assumption, this finalisation plan must be altered, so that it reflects the up-to-date developments.

Areas for consideration	Details of tasks to be undertaken	Timescales	Responsible lead
1. Workforce	UNDP procurement-linked staff will be reduced gradually to mirror the speed with which relevant state enterprise that is managed by the MoH broadens the scope of their procurement coverage and based on the programmes that relevant state enterprise that is managed by the MoH takes from the UNDP first and what number of personnel their implementation requires. Key positions within the procurement implementation cycle will be retained until the very end of the project, so that all aspects of the UNDP contractual responsibilities are met. Special emphasis will be put on positions with reporting responsibilities as reporting will be of crucial importance upon closing of the project. All efforts will be made to accommodate the will of the current UNDP staff to move to relevant state enterprise that is managed by the MoH or other agencies, should such opportunity arise.	2020-2022	Health programme specialist
2. Financial resources	Any savings or another financial resource that is beyond the agreed fee that UNDP receives for the procurement will be returned to the MoH with financial and explanatory reports attached.	3 months after the project discontinuation	Financial specialist, procurement specialists, and Health programme specialist
3. Procurement contractual agreements with producers of medicines and medical devices	Long-term agreements (LTAs) with pharmaceutical companies and/or other suppliers that go beyond the project termination should be communicated to the UNDP legal office and will need to be resolved according to the advice received.	By the discontinuation of the project	Legal office, procurement specialists, Health programme specialist

4. Documentation and records	As per Cost-Sharing Agreements (CSAs) and Standard Based Agreement (SBA), all UNDP records are confidential, hence only the contractually required reports will be provided to the MoH. Other confidential documentation, in a hard copy or in an electronic form will be transferred to UNDP Ukraine CO and archived following the regulations of the UNDP. The transfer will follow strict security requirements. All other relevant non-confidential documentation and records will be transferred to the institution nominated by the MoH for continuity of the project procedures and retaining of historical data in case retrospective analyses are necessary. Where possible, documents in electronic form only will be provided.	Upon project discontinuation	Administrator and procurement specialists
5. IM&T	Where necessary, licenses (e.g. Smartsheets) will be transferred to relevant state enterprise that is managed by the MoH.	Upon project discontinuation	Administrator, procurement specialists, IT department
6. Premises	<p>The premises currently used for the implementation of the project will gradually be diminished depending on the speed of reduction of UNDP staff.</p> <p>A thorough inspection of the premises must be conducted to ensure that no records or equipment are left behind. Advanced notice will be given to the owners of the premises to inform them about the work discontinuation.</p>	2020-2021	Administrator, Health programme specialist

7. Equipment	<p>Hired equipment that is still fit for use (e.g. printers) will be returned to the owners. Other equipment like computers, working desks, etc. will be provided to other UNDP departments if they are needed. If not, relevant state enterprise that is managed by the MoH will be approached. If neither option is feasible, they will be donated to patient organisations or other civil society organisations.</p> <p>A full stock list should be compiled defining which items will be remaining the property of UNDP.</p> <p>The transfer or disposal of equipment will be conducted in accordance with UNDP security requirements and sustainability considerations.</p>	10 days after project discontinuation	Administrator
8. Facilities	<p>Contracts with Ukrmedpostach and/or Ukrvactsina (individually or with one common entity, should their merging be completed by the discontinuation of the project) will cease. UNDP will not transfer these contractual agreements to relevant state enterprise that is managed by the MoH. Relevant state enterprise that is managed by the MoH will agree their own contractual modality with the aforementioned institutions or with others such.</p>	By the actual discontinuation of the project	Procurement specialists, logisticians, Health programme specialist
9. Patient and public involvement	<p>Patient organisations and other civil society entities with a vested interest in the project or procurement will be informed about the process of project discontinuation. Furthermore, they will be informed about the process electronically via update emails at the actual project finish point and 3 months afterward when all actions pertaining to this exit strategy should be concluded.</p>	Up to 3 months after the project discontinuation	Communications associate and Health programme specialist

10. Medicines	UNDP will endeavour to transfer ownership of any last minute procured medicines and medical devices or such that are delayed for different reasons to the MoH by the end of the CSAs but no later than the project discontinuation. Should products/medicines need to be disposed of but are technically still likely to be owned by UNDP, assurances from the MoH should be sought about the safe, effective and sustainable disposal of such products.	Upon project discontinuation	Procurement analyst, procurement specialists, logisticians, Health programme specialist
11. Capacity development of relevant state enterprise that is managed by the MoH upon/after project discontinuation	As required and covered by relevant state enterprise that is managed by the MoH budget. Relevant state enterprise that is managed by the MoH should be encouraged to approach the UNDP procurement and logistics personnel with job offers, thus strengthening their own team with arguably the best specialists in the country	Ad hoc	Health programme specialist
12. Assessing overall performance, quality and lessons learned	As per POPP	Upon project discontinuation	Health programme specialist
13. Official signature for the closure of the project between the MoH and UNDP	A final document to exonerate the UNDP from any further liabilities will be signed by the MoH and the UNDP.	3 months after the project discontinuation	UNDP RR

Discussion and caveats

This Exit Strategy has limitations, because it is based only on the currently existing and proved by official documents information which leaves a lot of uncertainty about what changes may happen by the complete maturation of the project. It is also a subject of caveats that may influence its implementation. The most important of them are:

1. Political instability with senior officials of the government and MoH.
2. The new UNDP QA policy affecting the implementation of medical procurement in Ukraine adversely and reducing the chances of the organisation to finalise the project at the planned time but bringing it to a premature closure.
3. Legislative initiatives that can impede the implementation of the planned activities.
4. Supply delay/failure to supply or supply of poor-quality products

For all these the UNDP Health and Transparency Programme has developed a risk mitigation strategy (please refer to the document entitled 'Project Risk Log')

Conclusion and suggested further steps

UNDP has accumulated an immense know-how during the years of implementation of the Project. This expertise should be used to foster the strengthening of the institutions (MoH, relevant state enterprise that is managed by the MoH, Ukrainian and international pharmaceutical companies with presence in Ukraine, the State Expert Centre, Ukrainian Public Health Centre, patients and civil society organisations, local municipalities, hospital district management, hospital managers, professional societies of pharmaceutical and medical experts, R&D businesses, academic institutions, etc.) and healthcare system. It may take the form of:

1. Provision of medical procurement, contract management and complete supply chain management following all regulatory requirements in Ukraine, rigid quality control, efficient use of financial resources for enhancing the treatment coverage, timely deliveries, transparency and accountability;
2. Development and provision of courses on medical procurement and supply chain management with tutored hands-on experience and web-based elements and certification of participants by endorsing academic institutions or MoH. The course may be rolled-out to other countries from Eastern Europe and Central Asia region;
3. Development and/or further digitalisation of the medical supply-chain management.

Annex III Social and Environmental Screening

Project Information

Project Information	
Project Title	Procurement Support Services to the Ministry of Health of Ukraine, Phase II
Project Number	00132175
Location	Ukraine

Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Overarching Principles to Strengthen Social and Environmental Sustainability?
<i>Briefly describe in the space below how the Project mainstreams the human-rights based approach</i>
The Project will support the citizens of Ukraine to participate in decision-making and enjoy human rights, gender equality, effective, transparent and non-discriminatory public services. The collection of data disaggregated on the number of grounds (e.g., age, sex, etc.) will be an integral part of the Project implementation. The data will provide quantitative information for the analysis and taking evidence-informed decisions for further reform of the health sector and promotion of rights of citizens for affordable and quality health services.
<i>Briefly describe in the space below how the Project is likely to improve gender equality and women's empowerment</i>
While the project is not explicitly designed to target gender equality, the project will ensure gender mainstreaming by working with women's and patients' organizations, preparing gender-related analytical products, ensuring equal involvement of men and women both in expert and training work, promoting gender activities as part of the communication work and other actions. The project will collect sex-dis-aggregated data. The project's output 1 provides for strengthening of the system of public procurement of medicines and other medical products to fully lead the procurement process at the national and regional level in a transparent, accountable, gender-sensitive and effective manner (related activity "Provide assistance to MOH, relevant state enterprises and other stakeholders (increased job expertise, CIPS procurement certification, workshops, sustainable criteria, gender equality etc.)" Gender marker: GEN 2.
<i>Briefly describe in the space below how the Project mainstreams environmental sustainability</i>
Sustainable procurement The Project will contribute to a gradual reduction of use of paper by the beneficiary institutions by supporting the digitalization of health services, including. digitalisation of the medical supply-chain management.

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks?	QUESTION 3: What is the level of significance of the potential social and environmental risks? <i>Note: Respond to Questions 4 and 5 below before proceeding to Question 6</i>		QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?
Risk Description	Impact and Probability (1-5)	Significance (Low, Moderate, High)	Comments
No Risks identified as per SESP Attachment 1			
	QUESTION 4: What is the overall Project risk categorization?		
	Select one (see SESP for guidance)		Comments
	Low Risk	<input checked="" type="checkbox"/>	Low impact and probability
	Moderate Risk	<input type="checkbox"/>	
	High Risk	<input type="checkbox"/>	
	QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?		
	Check all that apply		Comments
	Principle 1: Human Rights	<input type="checkbox"/>	
	Principle 2: Gender Equality and Women's Empowerment	<input type="checkbox"/>	
	1. Biodiversity Conservation and Natural Resource Management	<input type="checkbox"/>	
	2. Climate Change Mitigation and Adaptation	<input type="checkbox"/>	
	3. Community Health, Safety and Working Conditions	<input type="checkbox"/>	
	4. Cultural Heritage	<input type="checkbox"/>	
	5. Displacement and Resettlement	<input type="checkbox"/>	
6. Indigenous Peoples	<input type="checkbox"/>		
7. Pollution Prevention and Resource Efficiency	<input type="checkbox"/>		

Final Sign Off

Signature	Date	Description
QA Assessor _____ Olena Kulikovska, Programme Analyst a.i., Governance		UNDP staff member responsible for the Project, typically a UNDP Programme Officer. The final signature confirms they have "checked" to ensure that the SESP is adequately conducted.
QA Approver _____		UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot

Manal Fouani, Deputy Resident Representative		also be the QA Assessor. The final signature confirms they have "cleared" the SESP before submittal to the PAC.
PAC Chair _____ Manal Fouani, Deputy Resident Representative		UNDP chair of the PAC. In some cases, PAC Chair may also be the QA Approver. The final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental Risks		
Principles 1: Human Rights		Answer (Yes/No)
1.	Could the Project lead to adverse impacts on the enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
2.	Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups?	No
3.	Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4.	Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
5.	Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	No
6.	Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7.	Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8.	Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?	No
Principle 2: Gender Equality and Women's Empowerment		
1.	Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2.	Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3.	Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4.	Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services?	No
Principle 3: Environmental Sustainability: Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
1.1	Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services?	No
1.2	Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No

1.3	Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods?	No
1.4	Would Project activities pose risks to endangered species?	No
1.5	Would the Project pose a risk of introducing invasive alien species?	No
1.6	Does the Project involve harvesting of natural forests, plantation development, or reforestation?	No
1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	No
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water?	No
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	No
1.11	Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area?	No
Standard 2: Climate Change Mitigation and Adaptation		
2.1	Will the proposed Project result in significant greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3	Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)?	No
Standard 3: Community Health, Safety and Working Conditions		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labour standards (i.e. principles and standards of ILO fundamental conventions)?	No

3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
Standard 4: Cultural Heritage		
4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)?	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
5.1	Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2	Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	Is there a risk that the Project would lead to forced evictions?	No
5.4	Would the proposed Project possibly affect land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No
6.3	Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)?	No
6.4	Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8	Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No
6.9	Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
Standard 7: Pollution Prevention and Resource Efficiency		

7.1	Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
7.2	Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No
7.3	Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose the use of chemicals or materials subject to international bans or phase-outs?	No
7.4	Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5	Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	No

Annex IV. Low-Value Grants (LVG) procedures

Provision of grants under the Project follows the UNDP Operational Guide on Low-Value Grants (LVG). This Annex outlines the grant component of the initiative, describes types of activities that will be offered to CSO partners to apply for (general themes for calls for proposals), wider criteria that the grant proposals will be assessed against, arrangements for the Grant Selection Committee, and other relevant considerations.

Purpose of the LVGs that will be awarded through the project

The LGVs to be issued under the Project will be issued for the following purposes:

- Strengthening the institutional capacity of CSOs and CSO coalitions to support and oversight the medicine procurement process;
- Promoting advocacy activities and networking between CSOs and the core Project partners from the Government side.

Total amount of the project budget that will be allocated to LVGs

The overall budget for LVGs under the auspices of the Project shall not exceed an equivalent of USD _____ and will be subdivided between several calls for proposals (CFPs). The CFPs will include the following broad themes and activities (sums indicate proposed ceiling expenses for one CFP which could generate several grantees receiving awards):

1. Strengthen mechanisms for public control and monitoring of availability and accessibility of medicines for patients at local level (up to USD _____);
2. Support development of the E-liky web-platform, which enables real time monitoring of the medicine availability throughout hospitals in Ukraine (up to USD _____);

Funding provided to each grant recipient cannot exceed USD 150,000 per grant. To receive multiple grants, the grant recipient must have produced the results agreed to in the prior grant agreement, and a new grant agreement must be approved by the Grant Selection Committee. The same entity could receive separate grants under different UNDP projects with a cumulative ceiling of \$300,000 in the programme period.

The Project Board may review the themes and amounts of grant funding.

Grant Selection Committee for the Project

The Grant Selection Committee will, thus, be the authorized body in charge of the review, selection and appraisal of submitted grant project proposals. The Grant Selection Committee shall have the following tasks:

- Approve final set of criteria that the grant proposals will be assessed against taking into account Eligibility criteria enlisted in this Annex.;
- Review and appraise grant project proposals;
- Recommend project proposals for funding or rejection of project proposals;

Grant Selection Committee members will be appointed during project LPAC meeting from UNDP staff, UNDP project staff, among leaders of credible CSOs, recognized experts in the subject area, government partners, UN agencies and academia. The Selection Committee may decide to request independent expert opinion during the LVG proposal appraisal process. Meetings of the Selection Committee will be held subject to the submission of the grant project proposals. The Selection Committee meetings will be organized and facilitated by the Project staff.

The Project Board will review the list of Grant Selection Committee members.

LVG eligibility criteria and evaluation matrix (criteria that the LVG proposals will be assessed against)

The LVG proposals coming in for the Project's consideration will be measured, first and foremost, against the admission criteria. To be considered for funding, the proposal must be submitted by an organization that:

- has a status of a non-governmental public or charitable organization or an association of CSOs officially registered in Ukraine;
- has a track record of active operation of at least two years;
- has a proven track record of cooperation with the international donor community, proper project implementation and reporting.

Upon completing the pre-screening process (done by the Project team), the Selection Committee shall convene and assess those applications that meet the minimum criteria against the following evaluation matrix (Grant Selection Criteria):

#	Criterion	Max pts
1	Responsiveness of the LVG project proposal to the core theme of the CFP	5
2	Ability of the proposed LVG project team (staff and proposed consultants) to cope with the scope of works described in the project proposal	20
3	Quality of the proposed networks and instruments for result dissemination	10
4	Demonstrated experience with fostering dialogue between CSOs and state entities	10
5	Demonstrated experience in planning, organizing, and implementing large-scale advocacy and awareness-raising campaigns	10
6	Track record in core theme of the CFP	20
7	Demonstrated sustainability considerations of the project	5
8	Quality and realistic nature of the budget proposal	20
	Total maximum:	100 pts

LVG eligible costs

Eligible costs must:

- be necessary for carrying out the project activities;
- have been incurred by the applicant during the implementation period;
- comply with the principles of sound financial management, in particular, value for money and cost-effectiveness;
- be adequately recorded, identifiable and verifiable, and be backed by original supporting documents.

UNDP LVG costs may *only* be used to cover the following costs:

- staff salaries and expert fees;
- communication and information services;
- purchase of consultative services and contracts provided that these are essential to project goals and objectives;
- renting, catering, and other services envisaged by the project activities;
- printing and copying;
- utility services;
- consumables and supplies;
- travel costs (provided that travel complies with internal UNDP regulations);

Not more than 10% of the grant funds may be spent of equipment, provided a clear justification is offered as to its need to achieve project goals.

The following costs are ineligible:

- costs of project proposal preparation;
- academic research;
- debts;
- currency exchange losses.

Process for soliciting and reviewing LVG proposals

The CFPs will be advertised through the web sites of the following organizations:

- UNDP Ukraine: www.undp.org.ua and its Facebook page
- GURT Resource Center: www.gurt.org.ua
- Civic Space Portal: www.civicua.org
- Prostir: www.prostir.ua
- as well as other relevant social networks and information portals.

Applications (project proposals) must be developed in Ukrainian according to templates that will be part of the CFP.

The application package shall consist of

1. The filled-out Application form (done on a computer as a Microsoft Word file);
2. Copy of Charter of the applicant organization (PDF);
3. Copy of State registration certificate (PDF);
4. Banking details (PDF);
5. Resumes of proposed specialists for project implementation (Microsoft Word or PDF)
6. Other relevant supporting documentation including reference letters, report samples or others (Microsoft Word or PDF).

The document package shall be archived as *.zip or *.rar and not be password-protected; it shall not be larger than 10 Mb total. The package shall be sent to the designated e-mail with the letter title containing the name of the competition as stated in the CFP. Applications sent through means different from the one described above will not be considered.

The further steps in the LVG proposal assessment process will follow this sequence:

- The Project team pre-screens LVG project proposals against the eligibility criteria to be admitted for the Selection Committee review and appraisal;
- The Selection Committee convenes and reviews all eligible LVG project proposals based on evaluation criteria and recommends those that have gained the biggest number of points for concluding the agreements;
- Based on the capacity assessment results of the short-listed CSOs, the Project team submits the Selection Committee minutes (list of SCOs recommended for funding) for final approval by the UNDP Grant Steering Committee;
- UNDP concludes grant agreements with the CSOs.