

Ministry of Education and Science of Ukraine

Ukraine Improving Higher Education for Results Project

UIHERP

OPERATIONAL MANUAL

November 24, 2024

The operational manual is the guiding implementation document for the UIHERP, and an important reference guide for all parties involved. The activities within the framework of UIHERP will be carried out in accordance with the requirements of the Loan agreements concluded between the World Bank and Ukraine, in conjunction with the procedures laid out in this manual. This manual will undergo periodic reviews and updates as necessary during project implementation, with any changes subject to the no objection of the World Bank. All actors and participants of UIHERP are obligated to adhere to the provisions of the manual. For detailed information on the Project operational manual, its use in UIHERP, please see Section 2.1.1

Definitions

#	Abbreviations and Terms	Description
1.	ACG	Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and EDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016
2.	ACU	Accounting Chamber of Ukraine
3.	CERC	Contingent Emergency Response Component
4.	DA	Designated Account
5.	DFIL	Disbursement and Financial Information Letter
6.	E&S	Environmental and social
7.	ESF	Environmental and Social Framework
8.	ESMF	Environmental and Social Management Framework
9.	ESMP	Environmental and Social Management Plan
10.	ESS	Environmental and social standards
11.	EU	European Union
12.	HEI	Higher education institution operating in the Ukrainian territory, including but not limited to universities, academies and institutes, as defined in Law on Higher Education;
13.	LA	Loan Account
14.	GBV	Gender-based violence
15.	General Conditions	“International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, and on December 21, 2020).
16.	GM/GRM	Grievance mechanism/Grievance redress mechanism
17.	GPN	General Procurement Notice
18.	Implementing Directorates	MoES directorates responsible for the Operation implementation
19.	IBRD	International Bank of Reconstruction and Development
20.	IFR	Interim Financial Report
21.	IPF	Investment Project Financing
22.	KPI	Key Performance Indicator
23.	JSC	Joint Stock Company
24.	LEARN	Lifting education and access and resilience in times of Need in Ukraine Operation
25.	LMP	Labour management procedures
26.	Loan Agreement	Agreement between the Ukraine and the International Bank for Reconstruction and Development for the Program
27.	M&E	Monitoring and Evaluation
28.	MoES	Ministry of Education and Science of Ukraine

#	Abbreviations and Terms	Description
29.	MoF	Ministry of Finance of Ukraine
30.	MTR	Mid-term review
31.	NBU	National Bank of Ukraine
32.	NCS	Non – consulting services
33.	OHS	Occupational Health Service
34.	PBC	Performance Based Conditions, as referred to in Schedule 4 to this Loan Agreement.
35.	PDO	Program development objectives
36.	PIU	Project/Program Implementing unit
37.	POM or Manual	Operational Manual
38.	PIP	Project Implementation Plan
39.	PPSD	Project Procurement Strategy for Development
40.	PIP70	Project Implementation Plan according the resolution of the cabinet of ministers No.70
41.	Project	The activities described in Schedule 1 to the Loan Agreements
42.	Procurement regulations	World Bank’s New Procurement Framework, specifically the World Bank Procurement Regulations for Investment Project Financing– Procurement in Investment Project Financing of Goods, Works, Non-Consulting and Consulting Services, dated September 2023
43.	Public HEI Agreement	The agreement referred to in Section I.A.4 of Schedule 2 to Loan Agreement and this Manual
44.	Selected Public HEI	Public HEI which has been selected in accordance to the procedures and the eligibility criteria set forth in Operational Manual, to benefit from Parts 2 and/or 3 of the Project
45.	Merger	(i) the merger or consolidation of several HEIs; or (ii) takeover or incorporation of one HEI to another HEI, as provided in the Law on Higher Education, and further defined in the Operational Manual
46.	RFB	Request for Bids
47.	RFQ	Request for Quotations
48.	SA	Special Account
49.	SEA/SH	Sexual exploitation and abuse/sexual harassment
50.	SEI EA	The System of Electronic Interaction of Executive Authorities
51.	SOE	Statement of expenditures
52.	STEM	Science, technology, engineering, and mathematics
53.	TC	Tender committee
54.	The Bank	World Bank
55.	TMA	Tangible Material Assets
56.	ToR	Terms of Reference
57.	Treasury	State treasury service of Ukraine
58.	UAH	Ukrainian Hryvnia
59.	UIHERP	Ukraine Improving the Higher Education for Results Project
60.	WBOMU	Joint World Bank Operations Management Unit in MoES
61.	WBOPSC	Joint World Bank Operations Portfolio Steering Committee in MoES

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1 Description of the Project

The original design of the project has been adjusted due to COVID-19 and war, impacting tasks and leading to restructuring. This chapter provides an overview of the contexts and the resulting changes.

1.1 Context

The primary issue in the higher education sector is the mismatch between the quality of education and societal and labor market expectations. In 2019 this problem affects 1.32 million students directly and the entire society indirectly. Many graduates lack the skills needed by employers, leading to significant gaps hindering business goals. In September 2019, nearly 50% of the unemployed had higher education.

Key issues also include an extensive network of inefficient HEIs, poor management processes, insufficient data for policy formation, inadequate funding, lack of private investment, and low public trust in the education system. The COVID-19 pandemic has exacerbated these challenges, highlighting the need for digitization and distance learning.

Higher education coverage has increased significantly since independence, but the pandemic has impacted teaching and research. As of 2019, Ukraine had 327 HEIs, with a mix of public and private institutions. The increase in HEIs has not matched the labor market needs, resulting in high unemployment among graduates.

The legal framework has evolved with Ukraine's accession to the Bologna Process and the 2014 Law on Higher Education, promoting university autonomy and quality assurance. However, many HEIs lack the resources to operate autonomously, and the governance mechanisms to ensure competitiveness and efficiency are insufficient. Student enrolment has declined due to demographic changes and more students seeking education abroad.

The management and regulation of higher education in Ukraine involve multiple institutions. The Parliament enacts legislation, the Cabinet of Ministers develops policies, and various ministries oversee subordinate HEIs. Despite reforms, many HEIs struggled with material and technical deficiencies, impacting their ability to function effectively.

Under these circumstances, the main challenges facing the higher education sector in Ukraine include improving quality and relevance to meet the needs of the labor market, while supporting the sector in order to maintain continuity of learning in COVID-19 and war, strengthen financial stability and efficiency throughout the sector, as well as restoring public confidence in educational qualifications by increasing transparency and improving governance.

These issues are outlined in the Bank's study in the education sector in 2019 "Review of the education sector in Ukraine: towards efficiency, equality and effectiveness", namely:

1. Low relevance and quality of teaching, learning, and research:

- Despite a higher average education level than most OECD countries, Ukraine's higher education qualifications lag behind many high-income nations. The reading skills among educated adults are lower compared to other regions. University teaching focuses on outdated knowledge and methods, requiring modernization to meet societal and

economic needs. COVID-19 highlighted deficiencies in digital readiness and exacerbated inequalities among students.

2. Insufficient network optimization incentives:

- With high public expenditures and debt, financial feasibility of education reform is crucial.

3. Inefficiency due to non-strategic policy use and insufficient financial incentives:

- Ukraine's large network is inefficient given the declining population. Resource-based funding models have encouraged lower admission standards and quality. Performance-based funding and greater financial autonomy are key reforms under discussion.

4. Lack of financial autonomy, transparency, and public trust:

- Universities lack the financial autonomy to drive improvements in content, teaching, and research. System transparency and information exchange need enhancement to support informed decision-making by students and families. High demand for higher education is not well-supported by relevant information on program quality and employment outcomes.

The full-scale invasion of Russia in Ukraine in February 2022 created severe disruptions for the Ukrainian education community exacerbating the barriers towards targets of the higher education reform. These include ensuring the necessary resources for the displaced universities to continue their educational and scientific activities, creating safe conditions for offline learning - i.e., building bomb shelters, enhancing the quality of teaching disciplines in English, and strengthening the innovative capabilities of Ukrainian higher education institutions. This also streamlines Ukraine government's need to respond to a number of additional challenges, including:

- Substantial civilian casualties, increased poverty, and displacement of millions of people due to Russia's full-scale invasion of Ukraine
- Deterioration of the economic situation in Ukraine
- Growing damage to country infrastructure, with funding needs for recovery and reconstruction estimated at US\$486 billion as of December 31, 2023
- Need in groundwork for Ukraine to consolidate its path toward accession to the European Union (EU) through implementing the reforms and investments for recovery and reconstruction
- Critical disruption of education in Ukraine due to damage to educational institutions, population displacement, and trauma
- Compromised student safety by insufficient shelters in universities
- Implementation of the Higher education reform being negatively impacted by the loss of human resources, technical capacities, and reduced funding
- Urgent needs and displacement negatively affecting the Universities, which needs additional qualified human resources to plan, implement, and monitor key reforms non-compliance between HEIs network and modern society development requirements,
- Lack of legal framework and economic incentives for university-business collaboration,
- Lack of agency in students' choice of educational trajectory and participation in the higher education community,
- Insufficient integration of higher education institutions into the international academic community, and

- Ineffective management and utilization of resources in the higher education system, insufficient demonstration of social responsibility, and limited autonomy of higher education institutions.

Despite these disruptions, the higher education aims to continue the higher education reform envisioned in the Strategy for Development of Higher Education in Ukraine 2022-2032¹ and to address the present challenges of the higher education system. As a response to the current context, the MoES' Strategic Action Plan for 2024-27 these specific challenges are expected to be tackled via a set of strategic objectives, namely:

- Strategic Objective 1. Higher education institutions provide good opportunities for learning and academic careers.
- Strategic Objective 2. Teaching and research allow for self-realization of all members of the academic community.
- Strategic Objective 3. Citizens, states and industries trust the teaching, research and innovation activities of higher education institutions.
- Strategic Objective 4. High societal prestige and career development opportunities attract teaching and research staff to academic careers.
- Strategic Objective 5. Governance in higher education is based on the principles of autonomy and responsibility¹.

To achieve this vision and the stipulated strategic objectives, the Government of Ukraine has undertaken to substantively revise the legal-normative base of higher education reform. As per the Strategic Plan activities till 2027², key initiatives in higher education include:

- Initiative 1. Modernizing the HEIs' network and investing in the merged institutions.
- Initiative 2. Revising the public funding arrangements of the higher education system.
- Initiative 3. Introducing individual learning trajectories for developing students' agency.
- Initiative 4. Supporting academic career development at HEIs.

1.2 Overview

Ukraine Improving Higher Education for Results Project (UIHERP or the Project) was designed to harmonize and implement the provisions of the reform in the field of higher education and restructured to meet the current needs.

The Project is financed by an IBRD loan of US\$ 200 million under the Loan Agreement № 9238-UA between Ukraine and the Bank dated September 13, 2021, and the amendments letters dated March 10, 2022, and July 16, 2024 (the Loan Agreement).

The Project will be implemented over the course of 5 years from 2021 to 2026.

Considering that the **Loan Agreement** provides transfers to General budget fund and allocation of Loan funds to the MoES to support Project activities **the MoF and MoES** concluded the **Agreement on Non-Refundable Funds Transfer**.

¹ <https://zakon.rada.gov.ua/laws/show/286-2022-%D1%80#Text>

² <https://mon.gov.ua/ua/strategichnij-plan-diyalnosti-mon-do-2027-roku>

The Project finances strategic investments, as well as concrete results in the chain of results using a results-oriented approach, involving performance-based conditions (PBC), under which payments are made against the achievement of results and demonstrate compliance.

1.3 Program Development Objectives (PDOs)

The Project Development Objective (PDO) is to improve the efficiency, conditions for quality, and transparency in Ukraine's higher education system.

The following PDO-level indicators will be used to measure the outcomes specified in the PDO statement above:

- Performance-based funding formula is used to allocate public funding to HEIs during at least two consecutive fiscal years (yes/no) (efficiency and financial transparency);
- Percent of institutions that have developed change management plans for improving university governance and teaching and learning (conditions for quality);
- Number of institutions with active performance-based contracts in place (transparency);
- Share of students enrolled in full-time academic programs receiving academic scholarships during the 2021-2022 academic year, relative to the prior year.

Progress towards achieving PDOs also includes the achievements of the PBCs, as they also contribute to the achievement of the PDOs.

The PDO indicators and intermediate results indicators will be measured according to the Results Framework presented in the **Annex I.A**.

1.4 Project activities

The Project consist of six Parts as summarized in table below and described in details in this chapter.

Parts and Sub-Parts Titles	Allocated Tentative Amount and Financing Category
Part 1 – Sector-Wide Improvements to Governance, Financing, Quality and Transparency	US\$53,8 million
<i>Sub-part 1.1 – Strategic sector-wide investments to support autonomy, transparency and monitoring</i>	<i>US\$9 million (IPF)</i>
<i>Sub-part 1.2 – Strategic results to strengthen performance-based incentives in higher education</i>	<i>US\$44,8 million (PBCs)</i>
Part 2 – Alliances and Partnerships for Improved Efficiency and Quality	US\$ 15,7 million
Part 3 – Capacity Building and Education Environment Enhancement	US\$26,5 million (IPF)
Part 4 – Project Management, Monitoring & Evaluation	US\$4 million (IPF)
Part 5 – Support to Academic and Social Scholarships for Higher Education Students	US\$100 million

1.4.1 Part 1. Sector-Wide Improvements to Governance, Financing, Quality and Transparency

Tentative budget (US\$ 53,8 million)

The objective of this component is to support the Government of Ukraine with implementation and monitoring of sector-wide reforms affecting higher education governance and financing, quality, and transparency. This component contains two mutually reinforcing sub-components:

Sub-part 1.1: Strengthening autonomy, transparency, and monitoring of higher education through strategic sector-wide investments, including, inter alia: (a) the development of information systems to ensure stakeholder engagement, increase transparency, and provide evidence-based policy for the Borrower's higher education system; (b) the development of standardized digital tools for higher education learning assessments; and (c) the carrying out of communication campaigns and national student survey.

Sub-part 1.2: Supporting the introduction and implementation of performance-based incentives in the Borrower's higher education system.

1.4.1.1 SUB-PART 1.1. STRATEGIC SECTOR-WIDE INVESTMENTS TO SUPPORT AUTONOMY, TRANSPARENCY, AND MONITORING (US\$ 9 MILLION)

This sub-part would support strategic investments in information systems, standardized tools and support for digital transformation of learning assessments, surveys, evaluations, and strategic communications and outreach activities. Specific strategic investments are described in more detail below:

- A. HIGHER EDUCATION MANAGEMENT INFORMATION SYSTEM (HEMIS) AND SURVEYS/STUDIES TO PROMOTE TRANSPARENCY.** This sub-part supports necessary investments to modernize software and hardware for the Higher Education Management Information System (HEMIS) necessary for evidence-based policymaking on formation, implementation, and monitoring of higher education policies. HEMIS would be connected with the existing systems or integrated with them, while taking into account compatibility with international databases and integration with external information systems. The system will allow for calculation of standard higher education indicators such as participation and enrollment, repetition, completion, graduation, and transition, graduates' employment etc. It is foreseen that this system will rely on the *Unified State Electronic Database on Education (EDEBO)* as a set of national registers to maintain stable and consistent functioning of the Ukrainian education system, including in times of education in emergencies.

EDEBO serves as a vital system that effectively manages a wide array of critical processes within the educational landscape, encompassing inter alia admission campaigns, education documents, educational registers, and personal data processing across vocational (vocational-technical), professional pre-higher and higher education sectors. To bolster its impact and ensure holistic support for the entire education ecosystem, it is imperative to initiate a

comprehensive modernization effort for EDEBO required to support improvements, ongoing legislative changes and reforms. By expanding its scope of modernization to include not only higher education but also vocational (vocational-technical) and professional pre-higher education, maintenance of educational institutions at these levels of education etc., this intervention can foster significant advancements in the overall educational experience. The modernization of the EDEBO will be a transition process to full scale HEMIS.

- B. DIGITALLY ENHANCED STANDARDIZED LEARNING ASSESSMENTS FOR HIGHER EDUCATION**, including in a distance format. This would be focused among other things on the development of the national multi-subject test (NMT), the unified professional entrance test (UPET), the unified entrance examination (UEE) and Unified State Qualification Examination (USQE). The support would involve *inter alia* development of the necessary software, procurement of hardware and other IT equipment, development of relevant banks of test questions, computer classes at designated testing facilities. It would also involve strong methodological and operational support for maintaining academic integrity. These activities would support MOES to expand capacity for transparent learning assessments while adapting to the needs for greater digitalization in the sector.
- C. DEVELOPMENT OF SCIENTIFIC AND INFORMATION SYSTEM INCL. UNIFIED ELECTRONIC SYSTEM FOR COMPETITIVE FINANCING OF THE SCIENTIFIC RESEARCH AND DEVELOPMENTS** of HEIs that shall ensure transparent and effective distribution and efficiency monitoring of public funding for research and development of HEIs. The system aims to ensure clarity on issuing the respective funds and their supervision, thus limiting corruption risks, and to allow for practical audit of finances etc. It is expected to create and support digital services for research needs of HEIs that provide for interoperability and act as a single-entry point for existing research digital services.
- D. STRATEGIC COMMUNICATIONS RELATED TO BOTH THE PROJECT AND THE LARGER HIGHER EDUCATION REFORM.** The part would finance a surveys, development of communications strategy, implementation of the communication campaign and outreach effort for the ongoing higher education reform as a critical element both for transparency and building engagement and consensus amongst the higher education community in Ukraine. Also, this sub-part finances communication experts supporting the MoES communication activities.

As a part of communication campaign, the project will support the design and implementation of a National Student Survey (NSS) to be launched as a central beneficiary feedback loop for the perceptions of students on learning environments, teaching quality, academic integrity, and diversity and inclusion at their respective institutions. During the project duration, the NSS would be used to track and publicly report on student beneficiary feedback and satisfaction with the higher education system. Results of the NSS would be publicly disseminated and used to help inform policymaking and further outreach and communication efforts with HEIs.

Ultimately (though outside the project implementation period), student feedback will contribute to improvements in teaching practices and learning environments at HEIs. Additionally, the NSS will be designed to collect and report data disaggregated by gender to allow for analysis of gender disparities between HEIs and study fields. It would include a module on gender awareness and inclusion in higher education, which will help to close information and awareness gaps within and between HEIs regarding e.g. gender disparities in STEM enrolment, faculty interactions, living in dormitories, campus environment, and so on. This may be contained within a larger module on diversity and inclusion on campus.

1.4.1.2 SUB-PART 1.2. STRATEGIC RESULTS TO STRENGTHEN PERFORMANCE-BASED INCENTIVES IN HIGHER EDUCATION (US\$44.8 MILLION)

To incentivize policy changes and implementation of key activities, this sub-part will finance eligible expenditures incurred for the purposes of preparation of specialists at public HEIs, including remuneration expenditures and incremental operating costs, to support the achievement of critical PBCs related to introduction and implementation of performance-based incentives at the system-level and at institutional levels in the higher education sub-sector. Under the PBCs mentioned below, the project will support results that will lay the foundations for performance-based incentives to improve efficiency, conditions for quality, and transparency in higher education while building on the strategic activities financed under sub-part 1.1. This sub-part will reimburse the Government for results achieved, financing eligible expenditures for remuneration and incremental operating costs in support of the following specified performance-based conditions (PBCs), as shown in Table 1 and described in more detail below. Verification procedures for each PBC are described in the Results Framework.

PBC 1: Performance-based funding formula for HEIs (US\$10 million allocated). The proposed Project will support the implementation of the Government's financing and governance reforms in the higher education sector, specifically the legal and regulatory changes associated with continued development and utilization of a performance-based funding formula for public HEIs that incorporates a stability funding component and a performance-based part. The implementation of this reform over the project period will lay the foundation for efficiency gains in the sector and eventual fiscal savings, along with greater transparency of funding allocation. This PBC is achieved.

PBCs 2 and 3 are removed by the 2nd restructuring

PBC 4: HEI performance-based contracts with key performance indicators (KPIs) (scalable) (US\$34,800,000). Within the frame of financial autonomy of higher education, the system of performance-based relationships between the MOES and HEIs shall be introduced. These are to be established in the form of performance agreements (contracts), whose KPIs are negotiated jointly between the MOES and the rector of the HEI. Rectors' performance contracts consist of general provisions for the HEI and rector, KPIs of the HEI that the rector is obliged to achieve (including deadlines for their achievement, verification mechanisms and evaluation criteria), rights and liabilities of the MoES and the rector, work arrangements, and duration of the performance contract. Progress on this PBC is expected to balance the expanded financial autonomy of HEIs with reasonable expectations for accountability and transparency in HEIs. The PBC target will be achieved on a scalable basis.

PBCs to Strengthen Incentives and Sector Alignment in Higher Education			
	Indicative Timeline		
	Year 1	Year 2	Year 3
PBC 1: Performance-based funding formula for HEIs (Completed and disbursed) US\$10 million	PBC 1: The Borrower has issued a Resolution of the Cabinet of Ministers of Ukraine setting forth a performance-based funding formula for HEIs. US\$10 million		
PBCs 2 and 3: Financial autonomy for HEIs US\$15 million (Reallocated by restructuring)		PBC 2: The Borrower has enacted amendments to: (i) the Budget Code; (ii) the Tax Code; and (iii) Law on Higher Education, to provide for HEIs' financial autonomy, as further detailed in the POM. US\$10 million (Reallocated by restructuring)	PBC 3: The Borrower has amended or repealed: (i) the Resolution of the Cabinet of Ministers of Ukraine No. 1134, dated August 17, 2002; and (ii) MOES Order No. 450, dated August 7, 2002, to provide for HEI's financial autonomy, as further detailed in the POM. US\$5 million (Reallocated by restructuring)
PBC 4: HEI performance-based contracts with KPIs (scalable) (Revised by restructuring)		PBC 4: The Borrower, through MOES, has entered into at least 50 performance-based contracts (including key performance indicators) with HEIs, from a baseline of 0. US\$20 million	PBC 4: The Borrower, through MOES, has entered into at least 87 performance-based contracts (including key performance indicators) with HEIs, from a baseline of 0. US\$ 34,8 million

1.4.2 Part 2: Alliances and Partnerships for Improved Efficiency and Quality

Tentative budget US\$ 53,8 million

The objective of this part is to support GoU in improving efficiency in the higher education institution network by support of the HEIs which have entered into mergers, i.e. reorganization by means of merger or acquisition processes, or which are currently in this process (hereinafter referred to as mergers or merger process).

This includes improving conditions for quality teaching and learning of the selected public HEIs which have started a merger process, including inter alia: (a) the provision of equipment for modern basic teaching and advanced scientific research laboratories; (b) the provision of information technology equipment and software; (c) the carrying out of refurbishment, rehabilitation, and reconstruction works, and pre-feasibility studies; and (d) carrying out of feasibility studies and necessary technical assistance for planning of merger processes.

A key aspect of this part is that this investment package should facilitate the integration process and support quality improvement measures that would otherwise be unlikely or that institutions would not be able to implement on their own without additional initial funding provided under the Project. In this respect, the Project aims to support the needs of the respective HEIs as part of their institutional strategy for improvement.

Eligible HEIs will receive instructions from the MoES detailing investment options, eligibility criteria, and budget allocations. The project supports the MoES in developing these guidelines and selection criteria.

Proposals from eligible HEIs will be reviewed and approved by the MoES's Technical Selection Committee (TSC). Once approved, the MoES will centrally procure investments based on the HEIs' technical specifications and market analysis.

A description of the Criteria and Selection Procedure for HEIs for the Implementation, including the tentative budgets, is included in **Annex III. A** to this Manual.

1.4.3 Part 3: Capacity Building and Education Environment Enhancement

Tentative budget US\$26,5 million

The objective of this part is to build the capacity of HEIs and MoES and improve their educational environments and research capacity with a focus on supporting higher education after the COVID-19 crisis and full-scale invasion to maintain learning continuity and operational resilience while building the points of academic excellence.

This part includes strengthening the capacity of and improving educational environments and research capacity of Selected Public HEIs, including, inter alia: (a) the development of change management plans; (b) the provision of digital teaching and learning resources, digital devices, multimedia equipment and software, and modern digital infrastructure to ensure continuity of learning via remote and distance learning modalities; (c) the provision of modern basic teaching laboratories and advanced scientific research laboratories; (d) the carrying out of training for managerial staff in support of higher education reforms; (e) the carrying out of refurbishment, rehabilitation, and reconstruction works, and pre-feasibility studies; and (f) the provision of support to MoES and Selected Public HEIs to strengthen academic innovation, labor market linkages, strategic planning and change management, entrepreneurship and business

engagement, human resource management, and financial management and taxation. The main components of this part is summarized below.

Eligible HEIs will receive instructions from the MoES detailing investment options, eligibility criteria, and budget allocations. The project supports the MoES in developing these guidelines and selection criteria.

Proposals from eligible HEIs will be reviewed and approved by the MoES's Technical Selection Committee (TSC). Once approved, the MoES will centrally procure investments based on the HEIs' technical specifications and market analysis.

Description of Criteria and Selection Procedure for HEIs for the Implementation including the tentative budgets is included in an **Annex III.A** to this Manual. The Ministry of Education reserves the right to adjust budget allocations for each of components.

- A. CREATING SAFE CONDITIONS FOR THE EDUCATIONAL AND RESEARCH PROCESS AND ITS CONTINUITY IN HEIS AFFECTED BY THE WAR, INCLUDING DISTANCE LEARNING AND THE SUPPLY OF EQUIPMENT TO ENSURE RESILIENCE (RESILIENT HEIS).** This component supports among others hybrid learning and HEI administration, aiming to improve education quality and enhance safety and resilience for conducting educational, research, and administrative activities offline, particularly for the most war-affected HEIs. The eligible war-affected HEIs are located at the territories defined by the respective act of the Ministry of Reintegration.
- B. SUPPORT OF THE ACADEMIC AND RESEARCH EXCELLENCE.** The implementation of higher education reform will be carried out through the development of the educational and research environment for Centers of Excellence, as the best examples of successful higher education institutions in the country applying best practices for governance and advances in infrastructure. The introduction of the concept of Centers of Excellence will contribute to the improvement of the infrastructure development of the higher education network and serve as an example of a modern educational space, encouraging the return of students to Ukraine.
- C. TRAINING OF THE ACADEMIC MANAGERS.** Creation and implementation of a training program for academic managers, which will train at least 1,000 professionals at the mid level, as a result of which they will gain the ability to implement effective institutional management in the HEIs.
- D. SUPPORT TEAMS** at the MoES, will include several specialized consultants, in order to facilitate the effective management of the higher education and research system as well as the management of higher education institutions (HEIs), support implementation of digital, financial, personnel and other types the higher education reform at the institutional level. This component also may include engagement of the consulting companies for provision inter alia of the assessments, audits or legal support, if such actions are required.

The preliminary needs in the IT equipment could be of the HEIs digital infrastructure includes a analysis of the current state of digitalization of higher education institutions in Ukraine and identify priority measures necessary for further intensive development of the use of digital technologies in higher education institutions.

The level of implementation of digital solutions and their application in the teaching and learning process, including during restrictive measures related to quarantine measures to prevent the spread of COVID19, is expected to be assessed using an adapted methodology developed jointly

by the World Bank, UNESCO, UNICEF and the World Health Organization on the opening of educational institutions.

The audit will provide an analysis of higher education institutions on key indicators of achievement and potential implementation of digital solutions.

1.4.4 Part 4: Project Management, Monitoring & Evaluation

Tentative budget US\$4 million

The purpose of this part is to support the effective management and implementation of the proposed project. As this is a complex and long-term Development Project, the Project requires the support of a special group of individual consultants forming the Project Implementing Unit (PIU). These consultants will help increase the MoES's capacity to implement the Project by providing experience in project management, procurement, financial, legal management / control, monitoring and evaluation, and environmental and social management, etc. PIU will be involved to support the implementation of the project on a regular basis throughout the project period under the supervision of Coordinator/Co-coordinator(s).

The component will finance:

- Payment of services provided by CPIU, project managers, other consultants and the functioning of the PIU along with Operating costs.
- Conducting training events and providing targeted technical assistance.
- Data collection, monitoring, and reporting for project monitoring and evaluation purposes.
- Maintaining the mechanism for reviewing and resolving complaints (grievance redress mechanism) at the project level.
- Operating and other expenses, including audits, for the effective management of the project.

Operating costs means reasonable incremental costs incurred by the MoES in connection with the implementation, management, and monitoring of the Project. These expenses cover various items such as office supplies, office rental, utilities, publication of procurement notices, office and equipment maintenance and repairs, communication, translation and interpretation, travel expenses (including transportation, accommodation, and per diem), subscriptions to software, publications and databases, printing and publications, banking fees, courier services, and other miscellaneous expenses directly associated with the Project and approved by the Bank.

1.4.5 Part 5: Support to Academic and Social Scholarships for Higher Education Students

Budget: US\$ 100 million

This part will support merit-based academic scholarship provided by MoES and needs-based social scholarship provided by the Ministry of Social Policy of Ukraine.

The MoES administers merit-based academic scholarships according to a well-established legal and regulatory framework, reflected in Annex V to this POM. The base amount of academic scholarships for students in HEIs are UAH 2000 on average per month (US\$67) as of 2022. The base amount of the academic scholarship assigned by the GoU is the same across regions and HEIs, though institutions can assign additional awards to students on top of the base. The number

of scholarship recipients is determined based on academic performance by semester, monitored by the Academic Council of the HEI. In 2022, annual average beneficiaries are approximately 172,000 students enrolled in full-time academic programs. Under Component 5, the Project will reimburse the MoES for academic scholarships paid during the 2021-2022 academic year, starting from the signature date of the legal agreement through at least end of April 2022, for students of professional pre-higher and higher education institutions.

The Ministry of Social Policy of Ukraine administers needs-based social scholarships to higher education students from vulnerable backgrounds, reflected in Annex V.B to this POM. The law specifies the categories of students that are eligible for social scholarships, such as students that are orphans or internally displaced, with special learning needs or from lower-income family for instance. These scholarships vary from UAH 1180 to UAH 3720 depending on category. The annual number of students on social scholarships is approx. 50,000. Under Part 5, the Project will reimburse the MoSP for social scholarships paid during the 2021-2022 academic year, starting from the signature date of the legal agreement through at least end of April 2022, for students of professional pre-higher and higher education institutions.

1.4.6 Part 6: Contingent Emergency Response Component

The Contingent Emergency Response Component (CERC), reflected in Annex VI.A to this POM, aims to support the country's future response in the event that the current emergency situation persists, or that a new unexpected emergency arises, following the procedures governed by paragraph 12, Section III of the Bank Policy, Investment Project Financing (IPF) on Projects in Situations of Urgent Need of Assistance or Capacity Constraints. There is a possibility that the current emergency in Ukraine will continue for some time, requiring further changes to the project design to accommodate urgent interventions. There is also a possibility that, during implementation, a natural disaster, epidemic, or other emergency may occur, which would cause a major adverse economic and/or social impact. In anticipation of such an event, this zero allocation CERC enables the GoU to reallocate project funds to response efforts in response to an eligible crisis or emergency. To trigger this component, the GoU would need to declare an emergency or provide a statement of facts justifying the request for activation of the use of the emergency funding. If the Bank agrees with the determination of an eligible emergency and associated response needs, uncommitted project funds from other project components could be reallocated to cover eligible expenditures for emergency response.

2 Institutional and implementation arrangements

2.1 Overview of Arrangements

2.1.1 Operational manual

The present Operational manual (hereinafter referred as POM or Manual) is the guiding implementation document for the UIHERP Operation, and an important reference point for all parties involved.

#	Requirement	Reference
1	the indicators to be used in the monitoring and evaluation of the Project	Annex I.A Annex I.B
2	the procedures for Project monitoring, supervision and evaluation, including the format and content of the Project Reports;	Annex I.E Chapter 3.2
3	the selection criteria and procedures, and roles and responsibilities of Selected Public HEI under the Project;	Annex III.A
4	the procurement and financial management procedures;	Chapter 3.3 Chapter 3.4
5	terms of reference and functions of PIU staff and the Technical Selection Committee;	Chapter 2.2.2
6	verification protocols and verification arrangements for PBCs;	Annex I.D
7	a model form for the Public HEI Agreement	Annex III.A

The POM is, therefore, the framework within which activities will be designed and executed to deliver results against the DLIs and DLRs and implementation of the activities supported under the IPF.

The activities within the framework of the Operation will be carried out in accordance with the requirements of the Agreements, in conjunction with the procedures laid out in this POM.

This Manual will undergo periodic reviews and updates as necessary during the Operation's implementation, subject to approval by the Bank.

If any provisions of the Manual require clarification or urgent amending of the provision during the implementation of the Project, the MoES and/or the Project Implementation Unit (PIU) will take measures to define and coordinate it with the Bank through separate correspondence, which shall be considered an official document on par with the Manual without the mandatory

need for the Manual procedural approval by MoES order. However, such amendments should be incorporated into the POM during the next revision.

In case of any discrepancies between the Ukrainian and English versions, the latter takes priority.

In case of discrepancies between the Manual and the Loan Agreement, the provisions of the above agreement, including the amendments, and the Bank's guidelines, including Procurement regulations, will prevail.

All participants of the Project are obligated to adhere to the provisions of the Manual.

MoES shall refrain from materially and/or substantially amending, revising, waiving, voiding, abrogating, or suspending any provision of the Operational Manual, whether in whole or in part, without the prior written concurrence of the Bank.

2.1.2 Participation of the HEIs

For purposes of facilitating the carrying out of the Project, MoES, shall enter into an agreement with each Selected HEI (HEI selected according to the criteria set forth in Annex III.A), under terms and conditions acceptable to the Bank, including, inter alia, the Selected HEI's obligations as beneficiaries from Parts 2 and 3 of the Project, including the Selected HEI's obligation to comply with the applicable provisions of this Agreement, the ESCP and the Operational Manual.

MoES, shall exercise its rights under each Public HEI Agreement in such manner as to protect the interests of the MoES and the Bank and to accomplish the purposes of the Loan.

Except as the Bank shall otherwise agree, the MoES shall not assign, amend, abrogate or waive each Public HEI Agreement or any of its provisions.

2.1.3 Administration and communication

Document management and correspondence with stakeholders shall be carried out in accordance with the current national legislation, internal procedural rules, and compliance with the Manual's requirements.

The official language of communication and information exchange within the framework of Project implementation shall be as follows:

- Ukrainian language at the national level;
- English language as the official language of communication with the World Bank.

All official correspondence should be sent by the Project Coordinator or the Head of the World bank operations management unit (Head of PIU) or on their behalf.

For the purposes of the Operation implementation, an electronic message transmitting the World Bank's consent (no objections) is considered as an official document. The official correspondence with the MoF including provision of the notices of the result achievement should be provided by the official letters.

The procedure for storing and archiving communications is as follows:

- Copies of all documents must be stored on paper and filed in folders/files. Before filing the documents, they must be stapled together to avoid losing individual sheets.

- The Program/Project number must be indicated in the title of the respective file.
- Documents must be stored by categories/activities/operations they relate to. Documents related to the same activity should be filed in one folder.
- If documents stored in one folder pertain to different operations, they must be separated. This ensures the timely verification of all documents related to one operation and allows for adding new documents if necessary.
- If one document relates to different operations, copies of the document should be made and filed in the appropriate folders alongside other documents associated with the respective operation.
- If it is impossible to file a document in the appropriate folder due to its size, a notice with references to the storage location of the original document should be stapled in the proper place in the folder.
- The retention period for each document is determined by the current legislation and internal procedures of MoES, but it should not be less than the duration of the Operation implementation period.
- Working documents cannot be taken out of their storage place without the permission of the Project Coordinator or Head of PIU.
- It is prohibited to provide any Operation documents to individuals who are not related to the Operation except as provided by law.
- If MoES departments need these documents, they will be provided with the permission of the Coordinator or the Head of PIU. Individuals Loaned access to the documents are fully responsible for the improper dissemination of information and document preservation.
- All draft copies or damaged documents must be destroyed using a paper shredder.
- The personnel associated with the Operation is responsible for preserving documents and electronic files related to their activities for at least six months after the Operation completion.

Electronic communication:

- If official correspondence is sent from an email address other than the Coordinator or the Head of PIU, the emails should be copied (CC) to the email address of the Coordinator or/and Head of PIU.
- Responses to incoming messages should be sent to the original sender with a copy to all persons who were included in the copy of the original outgoing email.
- Each email message must have a subject line in the following format extending such approach to all communication:

Case 1. General message

UIHERP: [Part No.] : [Issue]

Case 2. Operational Manual

UIHERP : [Issue] : Operational Manual

All references shall be taken from Project Implementation Plan (PIP), Procurement Plan and/or Agreements.

Interaction with the electronic document management system of the MoES:

According to the requirements of the Cabinet of Ministers of Ukraine Resolution dated January 17, 2018, No. 55 "Certain issues of documenting management activities" and Section 3 "Decisions on specific matters" point 1 of the protocol No. 2 of the meeting of the Cabinet of Ministers dated September 4, 2019, MoES conducts document exchange exclusively in electronic form through the system of electronic interaction of executive authorities (SEI EA). Simultaneously, MoES has implemented an electronic document management system based on the software product (computer program) "PAC SED MON" (SED), which is integrated with SEI EA.

Access to SED is Loaned to MoES employees and, if necessary, in exceptional cases, to employees of the support/consulting teams of MoES. For the Operation's purposes only, MoES may Loan the selected members of PIU access to the processing of the Operation-related documents in SED.

2.2 Institutional arrangements

The main institutions involved in the Project:

As described in the sections below, following the roles

Entity	Description
Ministry of Finance (MoF)	Overall supervision and coordination
Ministry of Education and Science (MoES)	Project implementation and coordination
The Coordinator	Deputy Minister responsible for management and implementation of the Operation
MoEs World Bank Operations Portfolio Steering Committee (WBOPSC)	Oversight of World Bank operations in MoES, coordinated by MoES senior management
Implementing Directorates	MoES Directorate(s) responsible for the Project implementation
World Bank Operations Management Unit / Program / Project Implementation Unit (WBOPSC/PIU)	Coordinates and supervises the Operation implementation with special attention to compliance with World Bank policies and guidelines. The unit consists of the Fiduciary, Technical advisory, Administration and Environmental and Social, Monitoring and Evaluation teams managed by head of the unit.
Tender committee (TC)	Organize and conduct procurement of goods, services and works for the Project.

Entity	Description
Local authorities and communities	Final beneficiaries of the subventions and the suppliers of the Program results
World Bank	The financing institution acting in accordance with the Agreements, overseeing and supporting the Operation implementation.

These roles of the institutions and entities are described below in details.

2.2.1 Ministry of Finance of Ukraine

MoF provides the allocation of the funds provided for the Project in the state budget for the year and oversees the effective use of Project funds, as well as processing requests for the allocation of funds and payments related to the Project.

2.2.2 Ministry of Education and Science of Ukraine

The Ministry of Education and Science is responsible for the implementation of the Project, coordination of activities within the Project.

In particular, the MoES is responsible for:

- use of the project funds;
- liaising with the IBRD and the institutions involved in the Project;
- performing management, monitoring and reporting functions within the Project
- updating the Project Operational Manual as needed;
- monitoring the costs and expenses of the Project, preparation of applications for withdrawal of funds from the Loan Account, maintenance of documents and accounts within the Project, implementation of internal control over the use of Project funds;
- management of the procurement process, including preparation and update of the procurement plan, bidding, conclusion of contracts and control over their implementation;
- preparation and submission of consolidated progress and completion reports specified in the Loan Agreement to the Bank and other relevant institutions;
- ensuring the timely preparation and submission to the Bank and relevant institutions results of the Project financial audit;
- maintaining the GRM.

Main Project entites are described below

2.2.2.1 COORDINATOR

Coordinator - an official of the MoES at the level not lower than the Deputy Minister, representing the MoES in the Project, ensuring the organization, supervision, and control over the implementation of the Project, signs documents related to the implementation of the Project, bears personal responsibility for its implementation, and ensures compliance with the terms of the Project documents. The Coordinator is supported by the Project Implementation Unit (PIU), which operates directly under his supervision.

The duties of the Coordinator or part of them related to the management of the Project and signing documents concerning the Operation may be delegated to an official of the MoES at the level not lower than the Deputy Minister, according to the MoES order (hereinafter such person referred as Co-coordinator)³

In the absence of the Coordinator, the execution of their duties may be carried out by the person, to whom the respective MoES order assigns the distribution of the MoES management duties.

Functions and responsibilities of the Coordinator include:

- Supervising the Project implementation, including monitoring the progress of the annual Project Implementation Plan (PIP), Procurement Plan, and Project budget, preparing and submitting the reports, and evaluating performance indicators.
- Coordinating the Project's activities to ensure their alignment with the Project's implementation objectives.
- Signing documents related to the Project's implementation.
- Coordinating and overseeing the activities of the PIU.
- Maintaining strategic communication with the World Bank and Ministry of Finance, and other stakeholders, including government bodies, regional state administrations, local government bodies, enterprises, institutions, and organizations of all ownership forms to ensure the Project's execution.
- Ensuring the implementation of activities and managing funds within the Project.
- Organizing the preparation of withdrawal requests from the Loan Account, maintaining documents and accounts within the Project, and conducting internal control of the Project's fund usage.
- Organizing the procurement management process within the Project, including approving the Procurement Plan and its modifications.
- Organizing the processing of procurement packages, coordinating the evaluation of tender proposals within the Project.
- Signing contracts and monitoring their implementation within the Project.
- Coordinating and ensuring timely preparation and submission of annual audit-related expenditure reports to the World Bank and relevant government bodies.
- Coordinating and overseeing the provision, and if necessary, updating of the Manual.
- Preparing and submitting to the World Bank and relevant government bodies reports on the progress of the Project, the Completion Report, and other related reports.
- Approving PIU consultants' reports and certificates, accepting completed/delivered goods, works, and services, and signing requests for replenishment of the Loan account.
- Signing banking, payment, and other financial documents related to the Project implementation.
- Presenting the Project to external interested organizations.

During the execution of their duties, the Coordinator has the right to involve employees from all departments of the MoES or external institutions in the implementation of the Operation.

³ Further, the term Coordinator encompass the Terms Coordinator and Co-Coordinator

2.2.2.2 IMPLEMENTING DIRECTORATES

There are **Directorate(s)**⁴ within the MoES which are responsible for the Operation implementation (*hereinafter – Implementing Directorates*):

- **Directorate of Digital Transformation** responsible for overall management, and implementation of all IT related activities within the Project.
- **Directorate of Vocational Pre-Higher, Higher Education** responsible for implementation of all Part 2 and Part 3 activities .
- **International Cooperation Directorate** supports coordination with other donors *inter alia* in order not to duplicate the financing of the activities.

The implementation of the Operation is also supported by other MoES structural and/or subordinated entities (*hereinafter – Supporting Directorates*) including but not limited to:

- **Legal Support Department** supports providing legal support and ensuring compliance with relevant laws and regulations within an organization.
- **Department of Accounting and Reporting Management** supports the Operation for handling accounting and financial reporting tasks.
- State enterprises and entities
- Other departments

The heads of the **Implementing directorates** and with the consultative support of the PIU and technical support entities ensure:

- Day-to-day implementation of the Project;
- Monitoring and reporting on project implementation progress as per results framework;
- Planning and reporting activities;
- Overseeing the compliance with ESF;
- Preparation of technical specifications and terms of reference for the procurement of goods, works, and services;
- Organisation of the procurement process;
- Preparation of the procurement plans and their updates;
- Participation in negotiations regarding draft contracts;
- Acceptance of services provided, works performed, and goods delivered under the Project and approval of the corresponding acts of acceptance of goods, works, and services;
- Selection of schools in the Project, the development and adoption of the selection criteria and/or any other requirements required;
- Storage and archiving of Project documentation in accordance with the legislation;
- Execution of other relative tasks.

2.2.2.3 WORLD BANK OPERATIONS PORTFOLIO STEERING COMMITTEE

INTRODUCTION

⁴ Any and every structural unit and/or entities incl. directorate, departments, state enterprises and entities specified in the POM means the structural unit and/or entities and its successors.

The World Bank Operations Portfolio Steering Committee (WBOPSC) is a strategic management decision-making and coordination entity established by the MoES to ensure the strategic management of preparation and implementation of all joint Projects and Programs with the World Bank Group at the level of MoES.

The WBOPSC is responsible for the coordinated strategic decision, preparation and overseeing the execution of the Projects and Programs.

COMPOSITION

WBOPSC includes Deputy ministers and Heads of the MoES Structural Units responsible for the operations implementation and their support. The WBOPSC will be chaired by the Coordinator.

Each member of the WBOPSC will be responsible for the specific World Bank operation assigned to them by MoES order.

ROLES AND RESPONSIBILITIES FOR UIHERP

Strategic Guidance: WBOPSC will define the overall strategic direction necessary for the successful implementation of the Program and Project in MoES.

Oversight: The committee will regularly review the progress of the Program and Project against its objectives, approve plans, and ensure that the implementation is aligned with the agreed strategic direction.

Risk Management: WBOPSC will identify potential risks to the Program's success and work to mitigate these risks through appropriate measures.

Amendments and Changes: WBOPSC will evaluate the need for any changes or amendments to the Programs and Projects and propose necessary adjustments to ensure the Programs and Project remain on track and aligned with its goals.

OPERATIONAL PROCEDURES

Establishment: WBOSPC establishment and its composition of LEARN Operation will be regulated by the MoES order.

Quorum: A quorum of two-thirds (2/3) of WBOPSC members assigned to LEARN operation is required for decisions to be valid.

Decision-Making: Decisions will be made by a simple majority vote of the meeting's attendees. In cases where the votes are equal, the Chair's vote will prevail (in case of their absence – Deputy Chair's vote if assigned).

Meeting Frequency: The WPOPSC will meet as required, but not less than once per year.

Meeting Format: Meetings can be conducted either online or offline, depending on the needs and availability of the WPOPSC members.

Administration: PIU will act as a secretariat for the WPOPSC preparing the agenda and submitting the necessary documents before 3 working days of the planned meeting. However, additional issues can be raised during the meeting.

Record keeping: Decisions made based on the results of the meeting are documented in a minutes, indicating the date of the decision, reflecting the results of the roll-call voting of the

PSC members (“for” or “against”), present at the WBOPSC meeting, on each item of the meeting agenda. The minutes are signed by the head of the WBOPSC.

Documentation: Minutes of each meeting will be recorded and circulated among members upon their request. Decisions made during the meetings will be documented and followed up on as necessary.

DISSOLUTION

The WBOPSC may be dissolved upon the completion of the Program or by a formal decision of the MoES, if it is determined that the WBOPSC has fulfilled its mandate.

2.2.2.4 WORLD BANK OPERATIONS MANAGEMENT UNIT (PROGRAM / PROJECT IMPLEMENTATION UNIT)

INTRODUCTION

World Bank operations management unit (WBOMU) also referred as the **Project Implementation Unit (PIU)** is the core unit providing support to the MoES in preparation and managing of all joint operations of the MoES and World Bank Group.

The UIHERP PIU is based on resources of the **WBOMU/PIU**, which also acts as Project Implementation Unit of other operations and will be expanded to cover the needed scope and tasks.

Scope of the PIU operation includes but is not limited to

- contribute to the management and implementation of the Project by provision of technical support, advisory and guidance to the WBOPSC, Tender committee, Implementing and support directorates;
- ensure compliance with the Bank’s policies and guidelines, including ESF, GBV and Climate change;
- monitor and evaluate the results framework indicators;
- prepare plans, reports and draft of other documents, as required;
- drafting the Terms of References (ToRs) and Specifications for services, goods and works;
- support procurement and financial management.

COMPOSITION

MoES is responsible for the functioning of the WBOMU / PIU by engaging a sufficient number of qualified consultants in the unit to ensure effective Programs and Projects management.

WBOMU / PIU consultants have the advisory roles and provide technical support to the MoES regarding the implementation of the Operation, including services to support the coordination, administration and project management, procurement, financial and legal management, communication, monitoring and evaluation, technical management, environmental and social compliance as well as preparation of new operations with the Bank.

PIU contributes to the preparation of the draft documents and has a right to communicate on the Operation matters within the assigned power with the stakeholders.

PIU will be engaged on day-to-day basis to support the Operation implementation throughout the entire implementation period under the guidance and supervision of the Coordinator.

The WBOMU / PIU operations includes the following groups of the operations support:

- **Administration team** provides support on legal matters of implementation, talent management in the technical support groups, coordination and administrative support, including support of the WBOPSC and PSC.
- **Fiduciary team** covers procurement and financial management topics.
- **Analytics, Monitoring and Evaluation team** covers the contextual aspects of the operations as well as monitoring and evaluation tasks.
- **ESF team** ensure compliance of actions with environment and social safeguards principles of the Bank including GBV and Climate change aspects and PAP implementation
- **Implementation technical advisers team** includes consultants supporting MoES Implementing directorates in managing the Projects processes, which include *inter alia*
 - Improving learning environment
 - Trainings
 - Teacher and Learning materials
 - Development of the IT systems
 - Communication and outreach
 - Other roles

WBOMU / PIU teams are led by the **Head of WBOMU / PIU**.

ROLES

The basic description of the consultants' roles for the Operation are provided below.

HEAD OF PIU

WBOMU: Head of World Bank Operation Management Unit

*UIHERP: Project Manager – Lead of the Group of Consultants*⁵

The Head of PIU, as the lead of the group of consultants, provides overall leadership to the WBOMU/PIU under the strategic guidance of the Coordinator. The consultant supports coordination, management and supervision of the Operation implementation with the focus on applicable Bank's policies and rules. The head of PIU contributes to the planning, reporting, monitoring and communication *inter alia* leading the technical communication with the Bank.

FIDUCIARY TEAM

Financial Management Specialists

The Financial Management Specialists assist and advise MoES on financial management matters within the scope of the Project, in accordance with the requirements of the World Bank and national legislation. They are support preparing financial reports and organise the audits. Financial managers support the accounting of the project as well as preparation and processing of the payments, if required.

⁵ The WBOMU/PIU structure is derived from the existing UIHERP PIU framework. While the titles for consultant roles may differ across various projects and programs, each role is consistently assigned to specific individuals as per STEP prior to the commencement of this operation. This chapter of the POM outlines a mapping of roles between the WBOMU, Operation PIU, and UIHERP PIU, highlighting any discrepancies, if any, in titles without accounting for additional personnel assigned to these roles.

Procurement Specialists

The Procurement Specialists provide assistance and consultancy to the MoES regarding the procurement of goods, works, and services within the scope of the Project, in accordance with the requirements of the World Bank. They also conduct monitoring of contract implementation, coordinate procurement activities, prepare procurement plans and documentation, and analyze all Project-related activities to ensure compliance with the World Bank's procurement requirements. The Procurement Specialist is responsible for planning, controlling, and reporting on procurement activities within the Project, maintaining databases, and archiving all procurement documentation related to the Project.

ADMINISTRATION TEAM

Legal Specialists

The Legal Specialist ensures the compliance of Project activities with national legislation and provides legal consultancy services to MoES and PIU consultants regarding legal matters related to Project implementation, aiming to protect and resolve any potential claims that may arise during the operation implementation. The consultant support MoES in preparation of the draft normative acts, oversee the quality and content of the documents incl. minutes of meetings, draft orders, contracts, acceptance certificates generated by PIU.

COORDINATION AND ADMINISTRATION SUPPORT SPECIALISTS

WBOMU: Coordination and administrative support consultant

UIHERP : Project assistant

The Consultant is responsible for providing day-to-day support to PIU, including document translation and analytical work to achieve the operation objectives. The consultant also provides administrative support and assist in preparation of the WBOPSC and other meetings.

ADMINISTRATION SPECIALIST

WBOMU: Administration specialist

UIHERP : -

Administration specialist is a role focused on managing and developing the workforce within the technical support teams created within the World Bank operations. This individual is responsible for recruiting, onboarding, and training employees, ensuring they have the necessary skills and resources to perform their roles effectively. They oversee employee performance and career development of all groups of the consultants created in the Project, while also fostering a positive and productive work environment. Additionally, the Administration specialist collaborates with leadership to align human resources strategies with the organization's operational goals, ensuring that the technical support teams operate efficiently and effectively.

ENVIRONMENTAL AND SOCIAL SAFEGUARD TEAM

SOCIAL AND STAKEHOLDER ENGAGEMENT SPECIALISTS

This specialist is responsible for compliance with the World Bank's Environmental and Social Standards (ESS). This includes providing ongoing support to the MoES, particularly in monitoring and reporting on the effectiveness of mitigation measures for social risks and impacts. The role requires developing or assisting in the development of Environmental and Social Management

Plans (ESMPs) and other documents to ensure alignment with ESS and the operations' objectives. A significant aspect of the work is fostering stakeholder engagement by organizing public consultations and ensuring effective communication between the team, local communities, and other stakeholders. The consultant will also be responsible for establishing and managing a grievance redress mechanism at the Project level, facilitating training for contractors on ESS standards, and overseeing compliance with safety and ethical standards, including the prevention of sexual abuse, exploitation and harassment. Regular reporting on social aspects, compliance, and grievance handling will be necessary.

ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY SPECIALISTS

WBOMU: Environmental and Occupational Health and Safety Specialist

UIHERP : -

The Consultant will play a role in ensuring the successful implementation of the Project's Environmental and Social Management Framework (ESMF) and Occupational Health and Safety (OHS) guidelines. Key responsibilities include coordinating with the MoES to prepare, disclose, and implement site-specific environmental and social instruments in line with World Bank standards. The Consultant will also be responsible for monitoring and reporting on environmental impacts, managing OHS systems, and developing mitigation measures for identified risks. Additionally, the role involves facilitating stakeholder consultations, ensuring effective communication with all relevant parties, and developing training plans for the operation staff, contractors, and stakeholders on OHS protocols. They will also be responsible for promptly notifying the World Bank of any significant incidents or accidents related to the operations and providing detailed reports.

ANALYTICS, MONITORING AND EVALUATION TEAM

EDUCATION SPECIALISTS

The Education Specialists provide support and consultation to MoES regarding the conceptualization and implementation of education policies for the purposes of the Operation development and education reform. They contribute to all areas of the operation by contextual advises and analytical reviews. Specialist coordinates with subvention teams for aligning the operation objectives with actions of MoES.

MONITORING AND EVALUATION SPECIALISTS

The Consultant's scope of services includes collecting, structuring, consolidating, and reviewing data from responsible entities and specialists, while maintaining proactive communication with them. The Consultant will monitor and evaluate the progress of the Program results framework and plans endorsed by the Bank or agency, contributing to planning exercises and analyzing data to provide recommendations for improvement. Responsibilities also include preparing verification packages for PBC/DLI/DLRs, coordinating with the Independent Verification Agent, drafting reports, following up on recommendations from the Bank or project entities, and establishing a monitoring and evaluation system.

IMPLEMENTATION TECHNICAL ADVISORS TEAM

IMPLEMENTATION TECHNICAL ADVISORS

WBOMU: Implementation technical advisors

UIHERP : Project managers / coordinators

The specialists support the implementation of the specific directions envisaged by the Project. They support MoES in administration, planning, reporting and monitoring of the specific categories of the contract subject matters of the Projects parts or Sub-parts. It includes IT, Training direction, Educational environment, Teaching and learning materials, Communications and others. These specialists may complement the functions of the procurement specialist in the procurement process, especially in market engagement, contract monitoring and assessment of the quality based on the contracts conditions. They also contribute to the development of the selection criteria of HEIs.

The staff in the teams may be categorised as a Senior and Standard staff.

A Senior staff would likely oversee more complex tasks, mentor standard staff, and have a greater role in decision-making and autonomous work. Specialists or consultants represent the standard position, where the individual would focus on supporting specific tasks and responsibilities as outlined, with less emphasis on leadership or higher level oversight compared to the senior role. The Senior signals a more advanced role with broader responsibilities, while the standard title remains focused on day-to-day technical support and implementation tasks.

If necessary, short-term consultants and other experts will be engaged.

ARRANGEMENTS

The composition of the PIU can be altered according to the Project needs subject to the approval of the Bank without a need to change the Manual.

The WBOMU / PIU will be composed by the consultants hired according to the World bank procurement rules. MoES is responsible for the selection and hiring of PIU consultants in accordance with the Bank's rules and procedures. Each PIU consultant will be engaged through a separate contract between MoES and the individual entrepreneur authorized by MoES to carry out specific activities for the Operation implementation in accordance with the Manual and their contracts.

The financing of the PIU is carried out at the expense of the Project, as well as, if necessary, can be shared with other joint projects with the World Bank.

The PIU consultants will report directly to the Coordinator and cannot be a part of the decision making entities of the Operation, such as Steering committees and Tender committee.

PIU consultant provides services according to the Terms of references, which are integral part of their contracts. All Terms of References are subject to the Bank's technical review.

The MoES provides consultants with a workplace, including the necessary equipment for task performance (telephone, PC, printer, copier, internet access, etc.), free of charge, if stipulated in their consulting service contracts.

The organization of working communication among individual consultants and with the representatives of the authorities and other stakeholders may be carried out in any way not prohibited by the current legislation of Ukraine.

2.2.3 Tender committee

A committee to be established in the MoES to organize and conduct procurement of goods, works and services in accordance with Article 6 of the Law of Ukraine "On Public Procurement" according to the Procurement regulations.

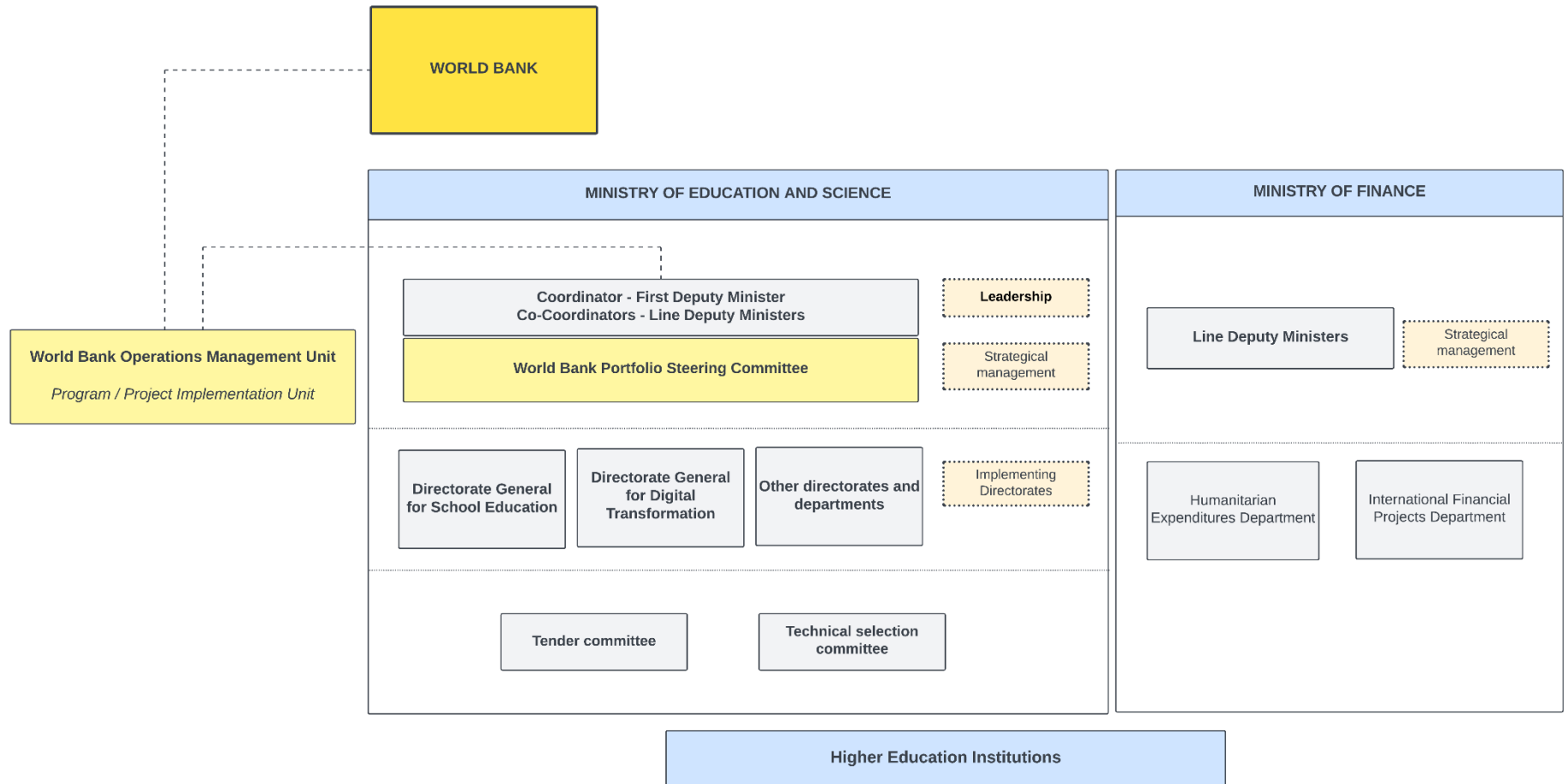
The Tender committee acts as a single joint committee for all Bank operations in MoES.

More on Tender committee operation in the Project is provided in the chapter dedicated to the procurement procedures.

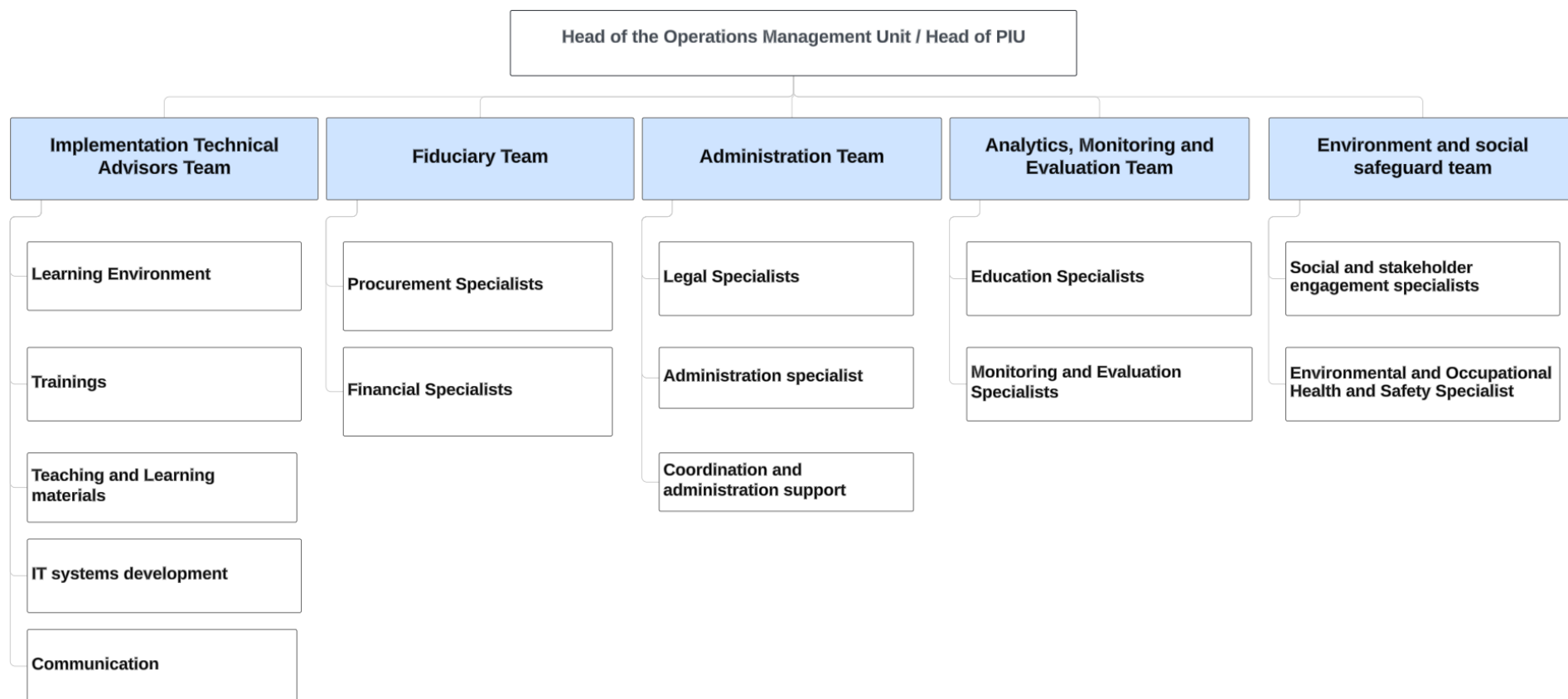
2.2.4 Technical Selection Committee

A committee to be established within the MoES to establish the HEIs eligibility and selection criteria, select HEIs, review, evaluate and accept the proposals of HEIs that may benefit from the conditions under Part 2 and 3 of the Project, with functions and responsibilities as agreed with the Bank and further defined in the Manual.

UIHERP STRUCTURE



WORLD BANK OPERATIONS MANAGEMENT UNIT / PIU COMPOSITION



2.2.5 Higher Education Institutions

Selected Public HEI are the public HEI which has been selected in accordance to the procedures and the eligibility criteria set forth in Operational Manual, to benefit from Parts 2 and/or 3 of the Project.

2.2.6 World Bank

The Bank will provide a systematic and continuous support through constant communication and weekly virtual meeting with government during the implementation of Bank-financed operations. The Bank, to ensure that financing is used to achieve intended purposes and results with due regard to efficiency and economy, has a fundamental interest in seeing that the projects it supports achieve their development objectives.

The Bank periodically will have a mission staffed with a task team composed of relevant technical specialists who monitor the implementation of activities. Missions can happen in person or virtually, to monitor in person or to conduct specific tasks, as events field visits, mid-term reviews, etc.

The task team reports the findings of each mission in a concise aide-mémoires that reflect the review of documents, discussions and decisions with the government and relevant partners, and recommendations. The MoES and MOF should respond to the aide-memoire and outline its strategy for addressing the issues raised in the Bank's report. During the missions the Bank team may review the quality of PIU work.

The World Bank through an extended mission will conduct a Mid-Term Review (MTR) of the Operation. During the MTR, the Bank will assess the status and progress of the Program, and decide whether the Program objective and indicators/targets are still relevant. During the MTR, or if necessary at any point during implementation, the Program may, with the agreement of the Bank and government, be restructured to strengthen its development impact, modify its development objectives or DLIs, improve Program performance, address risks and problems that have arisen during implementation, make appropriate use of undisbursed financing, cancel unwithdrawn amounts prior to the Closing Date, extend the Closing Date, or otherwise respond to changed circumstances.

3 Project Procedures

3.1 Implementation plans

3.1.1 Project Implementation Plan

The Project implementation will follow Project Implementation Plan (hereinafter - PIP), which objective is to describe how the component/subcomponents/activities are organized, presenting the expected outputs, timelines, amounts (budgets) and responsibilities assigned to each activity for the whole project duration.

The PIP will guide the decisions of the MoES/PIU, including the activities and amounts that can be financed by the operation. The PIP will organize the other related instruments, such as the procurement plan and any plan of the implementing units.

The PIP includes an explanatory note that provides a description of the components and actions and is an integral part of this plan. Estimations for the budget allocation are indicative and not binding.

The PIP will be prepared in agreement between the Implementing Directorates, the MoES/PIU and the Bank team and adopted by a No-Objection process. The Bank's written approval (by e-mail) is required to i) add, modify, cancel or replace an activity or any other part of PIP, and ii) reallocate funds for amounts. All non-objection requests, ToRs, and project documents will refer to the activities according to the nomenclature established in the PIP.

The PIP will be updated by the MoES/PIU, including planned, executed, and committed resources, and shared with the Bank for no objection approximately every 6 months or when deemed necessary due to major changes in its contents as agreed with the Bank.

The form of the plan will be agreed between Bank and MoES. The PIP will be approved by the Coordinator.

3.1.2 Project Implementation Plan (Resolution 70)

Action plan will be prepared **annually** and submitted to the MoF before **January 30** in accordance with the Resolution of the Cabinet of Ministers of Ukraine of January 27, 2016 № 70 "On the preparation, implementation, monitoring and completion of economic and social development projects of Ukraine supported by international financial organizations". (hereinafter – PIP70)

In case of changes in Action Plan, the MoES should update the PIP70 and submit it to the Ministry of Finance.

The plan will be prepared and reviewed by the PIU and approved by the Coordinator.

In accordance with the Resolution of the Cabinet of Ministers of Ukraine of January 27, 2016 № 70 "On the preparation, implementation, monitoring and completion of economic and social development projects of Ukraine supported by international financial organizations" MoES also provides constant supervision over project preparation and implementation through the Project Coordinator and the work of the PIU, in particular by monitoring the implementation of action plans for project preparation and implementation, procurement plan (works, services) and project

budget, preparation of financial statements and evaluation of performance indicators, and in case of deviations from planned activities - ensures compliance with the terms of the Loan agreement.

3.1.3 Operational Plans

For the purpose of operational monitoring and control of activities, the Head of PIU may develop plans and monitor the processes necessary to complete an activity and provide this information to the Coordinator and/or the Bank.

3.2 Program monitoring and evaluation (M&E)

3.2.1 Overview

Monitoring and evaluation (M&E) will be undertaken as an integral element of the Operation management system for the implementation by the respective MoES **Implementing directorates** and **PIU**.

There will be several forms for M&E:

- **Progress monitoring.** Monitoring the implementation of the Project against **PIP**; and
- **Monitoring on the indicators** of the results framework and the drafting program progress reports as required by the Agreements and the Manual
- **Policy specific monitoring** on the compliance with procurement, environmental and social, and financial requirements.

Monitoring will be carried out using the following data sources and methodologies: (i) regular surveys and data collection processes; (ii) administrative data, including data from EDEBO; and (iii) monitoring information provided by relevant MoES directorates and/or consultants according to their area of expertise.

The responsibility for data accuracy rests with the information sources. Day-to-day monitoring and evaluation remain the responsibility of the implementing directorate responsible with the PIU facilitating, where necessary, meetings or coordination arrangements with other implementing partners and other support. Review of the report and submission to the Steering Committee and/or Bank will be part of the responsibility of PIU. The Coordinator is responsible for coordinating activities between the various structures responsible for Program implementation and for timely reporting/submission of information to the Bank, and other entities as required.

Progress monitoring will be done on the basis of the PIP and Operational plans on the periodic basis by the Head of PIU, Coordinator, WBOSC and the Bank.

Monitoring on the PDO and intermediate results indicators will use the Result Framework as a single basis for indicators of the Project as provided in **Annex I.A**. To ensure consistency and accuracy in the calculations and measurements of Project results, a description of each indicator is provided in **Annex I.B**.

If clarifications or details of the indicators are required to be clarified, the PIU will consult with the Bank. The confirmed communication will constitute the basis for monitoring.

Policy specific reporting on the compliance with procurement, environmental and social, and financial requirements corresponding to the requirements of the POM.

3.2.2 M&E support

PIU will support Implementing directorates in establishing and operating the Monitoring and evaluation system.

The PIU Monitoring and Evaluation Consultant (hereinafter - M&E Consultant) will coordinate the M&E, namely: collection, verification, consolidation, and analysis of the obtained data; preparation of reports on the Project activities; organization of planned surveys (if necessary) to monitor achievement of the indicators of the Results Framework; prepare and submit reports as required by the Agreements and national legislation, instructions of the Coordinator, and the Head of PIU.

Other consultants will also be involved in carrying out M&E activities dependent on their functional areas and provide to M&E specialist their sector – specific contributions and specific reports.

3.2.3 Project progress reporting

Systematic reporting is carried out according to the provisions of:

- The Loan Agreement.
- The Resolution of the Cabinet of Ministers of Ukraine dated January 27, 2016, No. 70 "On the procedure for preparing, implementing, monitoring, and completing the implementation of economic and social development projects of Ukraine supported by international financial organizations".
- Implementation results and frameworks.

MoES provides semi-annual reports - by August 15 of the current year and by February 15 of the year following the reporting year.

In accordance with paragraph 42 of the Procedure for the preparation, implementation, monitoring, and completion of the implementation of economic and social development projects of Ukraine supported by international financial organizations, approved by the Resolution of the Cabinet of Ministers of Ukraine dated January 27, 2016, No. 70 (hereinafter - the Procedure), the MoES submits to the Ministry of Finance:

- Quarterly, by the 15th of the month following the reporting quarter, a Report on the implementation of the Project Implementation Plan and a summary of analytical information on the main results achieved in the reporting period, on issues that arose during the Project implementation, and proposals for their resolution;

In accordance with paragraph 46 of the Procedure, the MoES submits semi-annually, by the 30th of the following month, information to the Ministry of Foreign Affairs of Ukraine on the status of implementation of the Loan Agreement between Ukraine and the Bank.

The list of reports in the table form is provided in the **Annex I.E.**

3.2.4 Monitoring of the achievement of Performance based conditions (PBC)

To verify the achievement of Project development objectives and Performance-Based Conditions (PBC) indicators, the criteria for compliance, data sources, responsible structures and/or units for monitoring, a list of relevant procedures, and the periodicity and frequency for reporting have been defined.

The MoES summarizes the information and by the 15th January of annually provides the Bank with operational reports on the achievement of the relevant PBCs.

In case of achieving the specified PBC indicator, the MoES submits information to the Bank at any time. In turn, the Bank reviews and provides confirmation of the approval of the PBC achievement within two weeks.

The planned timelines and corresponding payment forecasts under Parts 1.2 and 2.2 of the Project are tentative, and payments will be made upon confirmed achievement of the relevant PBC at any time during the Project implementation period.

Upon achieving a PBC, the MoES will **not** continue to report on the progress of this indicator within the semi-annual reports to the Bank.

To monitor the status of PBC achievement, statistical reports, departmental and operational data, and the results of surveys and research conducted as part of the Project implementation will be used.

The validation of PBCs will be carried out directly by the MoES, while the Bank is responsible for verifying the results presented by the MoES within the Bank's oversight and implementation support function. Verification protocols and agreed documentation are included in **Annex I.D**.

3.3 Financial management

3.3.1 Project Financial Management System

3.3.1.1 GENERAL STATEMENTS

The financial management system of the Project consists of:

- Responsible staff from the Ministry of Education and Science and consultants;
- Planning and budgeting;
- Ensuring the funds flow and use of funds;
- Accounting and reporting;
- Internal control;
- External control.
- The financial management system of the Project is created to:
- Ensure proper accounting of all transactions, operations, and balances;
- Ensure effective financial flow planning;
- Carry out timely transactions within the Project;
- Ensure timely, proper, and efficient preparation of reports required by the Bank and authorized state institutions of Ukraine;
- Ensure internal control for the preservation of all assets;

- Prepare for the audit of the Project's financial reports.

The primary objective of this system is to ensure the monitoring of the Project funds, control over their receipt by sources and directions of expenditure in terms of Categories of expenses, Parts and sub-parts of the Project, as well as in terms of contracts and codes of economic classification of expenditures. The main goals of financial management procedures are as follows:

- To comply with the requirements of the World Bank;
- To adhere to the Loan Agreement;
- To meet the requirements of National accounting standards.

Using the Project funds, the MoES shall establish a pre-developed module on the existing automated accounting and reporting system to enable the functionality for generating Expense Reports (SOE) and Interim Unaudited Financial Reports (IFR). This module shall feature capabilities for accounting in transaction currency with simultaneous conversion into Loan currency at the current exchange rate, as well as built-in controls for security, integrity, and reliability, including creating database backups. The Terms of Reference (ToR) must be coordinated with the World Bank, and the system shall require review and approval by the World Bank.

The head of the Ministry's accounting department shall manage the selected software for automated accounting, and the Project's accounting shall be fully supported in this system. Financial management consultants shall have automated workstations to perform their duties under the Project. The software shall create interim unaudited financial reports (IFR) and expense reports (SOE) according to formats agreed with the World Bank.

The accounting policy adopted by the Ministry shall set the main principles to ensure complete, current, and reliable accounting documentation, consistency and continuity of accounting from one period to another, making the financial statements comparable.

3.3.1.2 CHART OF ACCOUNTS

The accounting service of the Ministry of Education and Science conducts accounting in accordance with the Budget Code of Ukraine, the Law on Accounting and Financial Reporting in Ukraine, and other legal acts related to accounting in the public sector, including the utilize of a unified automated accounting and reporting system.

The typical correspondence of sub-accounts, including for the gratuitous transfer of material values, is outlined in the Ministry of Finance Order No. 1219 dated 29.12.2015 (or its substitute), which allows for the utilize of other sub-account correspondences to reflect transactions with assets, capital, and liabilities while preserving the uniform methodological principles defined by legal acts on accounting, as noted in the institutional document on accounting policy. Accounting for the Project activities is carried out by the Ministry's accounting service with the support of financial management consultants according to standard procedures established by Ukrainian legislation for Budgetary institutions.

3.3.2 Functional Support

The Financial Management Consultants of PIU (Consultants) are responsible for the overall management of the Project's funds.

Their primary functions include:

- Ensuring the Project's financial management complies with World Bank's rules and procedures.
- Collecting, systematizing, and analyzing current information on the Project funding.
- Forming, processing, and monitoring of the withdrawal applications according to the expense categories defined in the Loan Agreement.
- Reconciling the Project accounts opened in the name of the State Treasury of Ukraine in JSC "State Export-Import Bank of Ukraine" and transit accounts in the State Treasury.
- Providing consultation to the Ministry of Education and Science (MoES) on financial reporting as per the Loan Agreement and Ukrainian law.
- Assisting the MoES in planning the Project funds in the State Budget and amendments to it.
- Preparing the Budget request, drafting the Budget program passport and its execution report, and evaluating the program's effectiveness.
- Monitoring contract execution, accompanying the implementation of supply contracts, coordinating documents related to the transfer of goods or services purchased under the Project, and conducting relevant communications.
- Interacting with MoES's relevant executors for managing accounts and payment documents in accordance with the World Bank's Guidelines and national legislation.
- Supporting MoES in the preliminary control of primary documents for provided services, performed works, and delivered goods under the Projects.
- Assisting MoES in preparing payment and other primary financial documents related to the utilize of the Project funds as per the treasury service procedure.

Financial Management Consultants are also responsible for preparing the Project documents related to financial management, information, and requests from the Government Ministries, the World Bank, the Project Coordinator, control bodies, auditors, and other interested parties. The detailed scope of tasks is defined in the Terms of Reference of the contracts with consultants.

3.3.3 Budgeting and Planning

3.3.3.1 BUDGETING AND PLANNING FOR CATEGORY 1

The Project budget includes all expenses necessary for its implementation. The MoES prepares (reviews) the complete and annual Budgets based on the Project Procurement Plan and its revisions composed on the basis of the Project Implementation plan and considering the expected Loan funds utilization for current and planned contracts.

The budgeting process involves:

- Preparation and review of the Budget Declaration;
- Formulation of the Budget Request for the next fiscal period as per Ukrainian law, indicating the necessary Budget funds for financing parts of the Project;
- Preparation of monthly Budget allocations, Budget estimates, calculations for the Budget, plans for the special fund required from Budget institutions during Budget execution;
- Preparation and review of the Budget Program Implementation Report;
- Preparation and review of the Budget Program Passport for the respective fiscal year.

Financial Management Consultants prepare draft documents for points for review and approval by MoES's specialists handling financial-economic and accounting matters.

In process of preparing the Project's Budget estimate for the next fiscal year, Financial Management Consultants, in collaboration with MoES specialists responsible for financial-economic and accounting matters, must identify and consider all expected expenditures according to the relevant codes of the economic classification of expenditures (ECE) based on categories of expenditures and the Project components.

Financial Management Consultants of PIU, along with MoES specialists (together with specialists of MoES departments, whose functions include consideration of financial and economic issues and accounting issues), continuously monitor the Budgetary process to ensure its complete and timely consideration and execution in the state Budget for the respective year.

Consultants of PIU are engaged in ongoing planning of expenses for signed contracts, forecasting monthly, quarterly, and annual expected payment volumes for the Project. This expense planning is necessary to comply with the monthly Loan fund usage schedule and, if needed, to advance funds from the Loan Account to the foreign currency account at JSC "Ukreximbank", including for payments to non-residents. To cover eligible expenses in the national currency, foreign currency shall be converted into hryvnia as needed to a transit account in local currency for further expenditures (payments to residents) for the Project.

3.3.3.2 BUDGETING AND PLANNING FOR CATEGORY 2 (PBC)

The MoES bases its planning and expenditure process on the existing system for Budget program 2201160 "Training of personnel by higher education institutions and support of their practice bases" (or its successor), which includes:

- Preparation and review of the Budget Declaration for program 2201160, considering the analysis of its execution in previous periods, results achieved, and funding needs for new directions;
- Compilation of Budget requests for program 2201160;
- Incorporation of program 2201160 indicators into the draft state Budget law;
- Consideration and adoption of the Law of Ukraine "On the State Budget of Ukraine" for the respective year, including program 2201160;
- Execution of the Budget for program 2201160, including amendments to the law;
- Preparation and review of the Budget program execution report and decision-making regarding it.

MoES prepares plans for the general and special funds of the Budget (excluding own revenues of Budget institutions and corresponding expenditures), estimates, Budget program passports, and, if necessary, other planning and financial documentation for Budget program 2201160, as per forms and procedures established by Ukrainian legislation.

Redistribution of funds among expenditure codes follows procedures set by current Ukrainian legislation.

3.3.4 Project Fund Flow Management

3.3.4.1 GENERAL TERMS

Loan funds shall be utilized from the following accounts:

- The Loan Account;
- The Project's Designated Account, a foreign currency account opened in the name of the State Treasury of Ukraine at JSC "State Export-Import Bank of Ukraine" for financing the Project expenditures;
- MoES's registration account for special fund resources at the State Treasury in the national currency.

3.3.4.2 LOAN ACCOUNT

The Loan Account (LA) is opened in US dollars and utilized for withdrawing Loan funds on behalf of Ukraine (the Borrower) based on corresponding Withdrawal Applications.

The MoES exclusively executes withdrawals from the LA for authorized expenditures, as per the Loan Agreement and DFIL requirements, and for replenishing or increasing the balance on the Project's Designated Account within the allocation sanctioned by the Bank.

The minimum amount for direct payments from the LA or issuing special commitments is defined in DFIL and may be altered subject to the World Bank's no objection.

Withdrawals from the LA are executed by the Bank, only based on MoES Withdrawal Applications, which, if necessary, should be accompanied by properly prepared and justified appendices and explanations regarding the purpose of these funds, including documents stipulated in relevant contracts (agreements), expenditure statements (SOE), account balance statements, etc., depending on the nature of the payment.

All Withdrawal Applications from the LA and their appendices are prepared by the MoES in accordance with World Bank Loan fund use procedures.

3.3.4.3 DESIGNATED ACCOUNT

Designated Account (DA) is a foreign currency account opened in an authorized bank in the name of the State Treasury Service of Ukraine for the duration of the Loan Agreement and managed by MoES. The World Bank advances Loan funds to the DA for payment of expenses in line with the Project's purpose and conditions.

Additionally, interests accrued by the bank on account balances may be credited to the DA as per the servicing agreement. Such interests belong to the Government of Ukraine, and are utilized according to Ukrainian law.

As per the Cabinet of Ministers of Ukraine resolution from September 5, 2007, No. 1090, the State Treasury opens and manages this foreign currency account at an authorized bank within twenty days after the Loan Agreement becomes effective, based on notification from the Ministry of Finance.

When using Loan funds:

- In national currency: The State Treasury credits the hryvnia equivalent of the Loan funds specified in MoES's written request (at the official exchange rate of the National Bank of Ukraine on the transaction date) to the relevant special fund account in the State Budget at the State Treasury, while simultaneously transferring the specified foreign currency funds from the Designated Account to the current foreign currency account of the State Treasury at JSC "Ukreximbank" or another bank designated by the State Treasury.
- In foreign currency: Based on MoES's application-order and payment instruction for transferring the hryvnia equivalent of the foreign currency sum (at the National Bank's exchange rate), the State Treasury transfers funds from the Designated Account to MoES's foreign currency account at JSC "Ukreximbank" for subsequent transfer under the respective contract.

The World Bank determines the authorized allocation amount for the DA, from which the Project activities shall be funded. MoES exclusively conducts account deposits and payments using the DA for eligible expenses as per the Loan Agreement provisions and World Bank's rules on Loan fund utilization.

"Eligible expenses" refer to reasonably priced goods and services necessary for the Project execution, financed by periodic Loan disbursements to approved categories.

"Eligible categories" are the expense categories listed in the Loan Agreement.

3.3.4.4 ACCOUNTS IN AUTHORIZED UKRAINIAN BANK AND STATE TREASURY SERVICE OF UKRAINE

For all the Project payments, the State Treasury and MoES must comply with Ukrainian currency regulation laws and Budget legislation. To facilitate the Project expenditures funded by the World Bank Loan, specifically for payments in foreign currency and national currency (Ukrainian hryvnia, UAH), MoES shall utilize separate respective accounts opened in its name: a foreign currency account (Designated Account DA) at JSC "Ukreximbank," and a national currency registration account at the State Treasury.

3.3.4.5 FOREIGN CURRENCY ACCOUNT

The MoES's foreign currency account (CA) shall be replenished with funds transferred from the Designated Account (DA). This account is used for:

- Crediting currency receipts within expenditure scope for paying non-resident contracts in foreign currency;
- Corresponding foreign currency payments for contracts with non-residents (entities or individuals) financed by World Bank Loan funds, as stipulated in the Loan Agreement.

For settlements with non-residents, if foreign currency funds in the Special Account (SA) are insufficient, the Treasury, based on the application-order and payment order of the MoES for the transfer of the hryvnia equivalent of the foreign currency amount (at the exchange rate of the hryvnia to foreign currencies set by the NBU), transfers funds from the CA to the foreign currency SA at JSC "Ukreximbank" for further transfer of funds under the relevant agreement.

The State Treasury, following MoES's application-order and payment instructions, transfers the hryvnia equivalent of the foreign currency amount from the DA to MoES's foreign currency account at JSC "Ukreximbank" for subsequent transfers under related contracts.

MoES provides JSC "Ukreximbank" with a card of the signature and the MoES seal imprint for account operations.

Interest accrued by the bank on the account balances, in accordance with the terms of the settlement and cash service agreement, may be credited to these accounts. Interest accrued by a Ukrainian commercial bank on the account balance belongs to the Government of Ukraine, and is used in accordance with current Ukrainian legislation.

3.3.4.6 ACCOUNT IN NATIONAL CURRENCY

The national currency registration account that MoES shall open with the State Treasury shall be exclusively utilized for:

- Crediting the hryvnia equivalent of inflows (opening appropriations) from USD to UAH conversion transactions (at the exchange rate of the National Bank of Ukraine on the transaction day);
- Conducting transactions in Ukrainian hryvnia within the expenditure scope that, according to the Loan Agreement, should be wholly or partially financed by World Bank Loan funds.

MoES provides the State Treasury with a species of the signatures of authorized signatories for account transactions and the MoES seal imprint.

3.3.5 Use of Loan Funds

3.3.5.1 GENERAL RESTRICTIONS ON LOAN FUNDS

MoES may not conduct any transactions with the funds in the Loan Account until the Bank declares the respective Loan Agreement effective.

MoES is also prohibited from transacting with these funds until the Bank receives confirmation of the authorities of individuals signing the Loan Disbursement Applications.

The use of any Loan funds or resources for defence, security, or military purposes is prohibited, and no payments shall be made to any defence, security, or armed forces.

Prior to submitting the first withdrawal application from the LA, MoES prepares a letter listing authorized individuals to sign payment documents for withdrawing funds and their signature specimens. These signature specimens are sent to the World Bank in a letter from the Ministry of Finance, following the format specified in DFIL / Client Connection (Authorization of the Signatures Letter).

Loan fund withdrawals are forbidden for expenses incurred before the Loan Agreement date, except as allowed by the Agreement and under its terms.

3.3.5.2 PREPARATION OF WITHDRAWAL APPLICATIONS FROM THE LOAN ACCOUNT

Financial Management Consultants, together with MoES accounting specialists, prepare withdrawal applications from the Loan Account and accompanying documents.

The original application and/or the application in the World Bank's "Client Connection" system are signed by authorized persons from the the Ministry of Finance and MoES, as specified in the

aforementioned letter to the World Bank. Applications are submitted to the the Ministry of Finance and the World Bank electronically, with the need for paper copies determined by them.

The Consultants prepare all necessary application appendices, with copies of the application and its appendices distributed accordingly:

Bank	Electronic copy
MinFin	Electronic copy
MoES	Paper copy/Electronic copy

3.3.6 Payments from the Loan Account

3.3.6.1 DIRECT PAYMENTS TO SUPPLIERS

The minimum amount for a direct payment request is defined in the DFIL. Throughout the implementation of each project, this amount may change based on project needs and agreement with the World Bank.

When making direct payments to suppliers from the Loan Account, in addition to a copy of the contract, the following documents should be attached:

1. Acceptance certificate for services, works,
2. Invoice from the supplier or consultant.
3. Bank guarantee for advance payment or contract performance.
4. Interim or final work report signed by an authorized person.
5. Proof of delivery (for equipment and materials purchase) which may include:
 - Copy of the transport bill of lading (consignment note).
 - Cargo customs declaration.
 - Other documents specified in the contract.
6. Any other documentation stipulated in the contract as a condition for payment.

Payments from the Loan Account may be made for all categories of the Project.

3.3.6.2 TRANSFERRING FUNDS FROM THE LOAN ACCOUNT TO DESIGNATED ACCOUNTS (DA)

The initial advance transfer request from the Loan Account to the Designated Account by MoES does not require accompanying documentation. The World Bank sets the maximum allowable amount for such requests in DFIL.

Requests for replenishment or expense reporting from the Designated Account should be submitted within the timeframe specified in DFIL. Minimum direct payment amount restrictions from the Loan Account do not apply to these requests. Withdrawal requests for expense reporting from the Designated Account should be accompanied by Expenditure Statements (detailing payments made from the Designated Account) and additional appendices:

- Statement from the Special and other Project accounts.
- Reconciliation report of the Designated Account.

All restrictions on the utilize of Expenditure Statements for Loan fund expenditures from the Designated Account are defined by the World Bank in the Loan Agreement and DFIL.

3.3.6.3 WITHDRAWAL OF FUNDS FROM THE DESIGNATED ACCOUNT

Since the Designated Account (DA) is opened in the name of the State Treasury, transfers from the DA are made based on transfer applications prepared by the Treasury, following MoES's written requests.

MoES's requests for fund transfers from the DA specify the Budget program.

Funds from the Project's DA are transferred to the State Treasury's foreign currency account, with the hryvnia equivalent credited at the official NBU rate at the date of the operation to the respective appropriation account under the special fund's consolidated indicators of the State Budget of MoES at the State Treasury.

Post-transaction, the bank holding the DA provides an account statement to the State Treasury.

Following the Cabinet of Ministers of Ukraine's resolution No. 1090 dated 05.09.2007, the State Treasury provides the Ministry of Finance with copies of the DA transaction statements by the 15th of the following month.

3.3.6.4 MAKING EXPENDITURES FROM THE FOREIGN CURRENCY ACCOUNT AT JSC UKREXIMBANK AND THE NATIONAL CURRENCY ACCOUNT AT THE STATE TREASURY SERVICE OF UKRAINE.

EXPENDITURES IN FOREIGN CURRENCY

Financial Management Consultants of PIU, with MoES accounting specialists, prepare payment instructions (in the form provided by the authorized bank) for transferring funds from MoES's foreign currency account and present them for signature to the MoES-authorized person for signing project-related payment documents.

As per the Cabinet of Ministers of Ukraine's resolution No. 1090 dated 05.09.2007, payment documents for managing funds in project-related accounts must include the Loan Agreement details in the "Payment Details" field.

After signing by the authorized MoES person, the payment order is submitted to the bank for fund transfer.

The bank then provides an account statement post-transaction.

EXPENDITURES IN NATIONAL CURRENCY

According to Ukrainian law, settlements with suppliers or consultants who are Ukrainian residents must be made exclusively in the national currency, the hryvnia. Payments in hryvnia (funded by the Loan) may be made via direct payment from the Loan Account. Additionally, hryvnia payments (funded by the Loan) may be processed through the Project's Designated Account using MoES's registration account.

For transactions in national currency through MoES's hryvnia account at the State Treasury, the established treasury service procedures for Budget institutions, as per Ukrainian Budget legislation, are applied.

MoES's accounting department prepares the payment order for fund transfer and submits it for signature to the authorized signatory.

After signing by the authorized MoES representative, payment documents are submitted to the State Treasury for fund transfer.

Following payment, the State Treasury provides an account statement detailing the transactions.

EXPENSES FOR PIU CONSULTANT SERVICES

Payment for the Project's consulting services is made in accordance with the terms of the consultancy service contracts, using the national currency of Ukraine, the hryvnia.

REIMBURSABLE EXPENSES OF PIU CONSULTANTS

Individual consultants' reports for the Project should be submitted according to clearly defined calendar periods (monthly).

Contracts with individual consultants may include reimbursable expenses, in which case the contract terms shall list these expenses and their maximum amounts.

For reimbursement, the consultant must attach to the monthly report the original documents verifying these expenses and include them in the invoice for the reporting period.

All consultant expense reimbursements are made in accordance with the maximum limits prescribed by Ukrainian law.

TAXES

Use of Loan Funds for Payment of Taxes Levied in Ukraine on Goods or Services Financed under the Loan, or Their Importation, Procurement, Supply is Carried Out in Accordance with the Bank's Policy, Which Requires Economical and Efficient Use of Loan Funds.

3.3.7 Payment Procedures

3.3.7.1 METHODS OF PROVIDING FUNDS

According to the World Bank's Guidelines for the disbursement of funds for investment projects from February 2017 and the Loan Agreements No. 9238-UA, as well as the relevant Disbursement and Financing Instruction Letters (DFIL), the following methods of Loan fund disbursement are provided:

- Reimbursement of expenses;
- Advances (transfer of funds to the Designated Account);
- Direct payment

3.3.8 Loan Account Limitations, Sampling

3.3.8.1 RESTRICTIONS FOR THE LOAN ACCOUNT, SELECTION FOR CATEGORY 1

The Designated Account (DA) at JSC "Ukreximbank" shall be replenished based on MoES submissions confirming acceptable expenditures for Category 1, made from the provided advance. The DA ceiling of 15 million USD is provided in DFIL.

In addition to DA, the Project funds shall come from the World Bank through direct payment, the reimbursement method, and/or special commitments. Information on the Project fund withdrawals for the purpose of reimbursing scholarships under Component 5 is included in the respective appendices of this Manual. Detailed instructions for withdrawing financial proceeds

through these methods are provided in DFIL and in the Disbursement Guidelines for Borrowers from May 2017.

Withdrawal applications are submitted to the World Bank in the required format for accessing funds from the financial account and include information the World Bank may require. Applications and necessary supporting documents are sent to the World Bank electronically as defined by the Bank through the Client Connection website. The World Bank sets the minimum size for reimbursement applications, direct payments, and special commitments in DFIL.

3.3.8.2 RESTRICTIONS FOR THE LOAN ACCOUNT, SAMPLE FOR CATEGORY 2 (PBC)

Payments for Category 2 (Performance-Based Contracts, PBC) of the Financial Agreement shall be made in accordance with the Disbursement and Financing Instruction Letter (DFIL) and the World Bank's Guidelines for financing investment projects (from May 2017).

Reimbursement is the only allowed method of payment for Category 2. It covers acceptable expenses identified in the Financial Agreement as "Education Expenses under part 1.2 and the the Project," which include the Borrower's expenses through MoES for training specialists at state higher education institutions, as specified in Budget program 2201160 or its successor, acceptable to the Bank, including labor costs and additional operational expenses.

Funding of eligible expenses under Category 2 depends on the achievement of results measured within the PBC framework, as defined in Annex 4 of the Loan Agreement. The World Bank shall certify the level of achievement of one or more PBCs and the corresponding amounts for expense reimbursement. Interim Financial Reports (IFRs) that verify acceptable expenses associated with PBCs for reimbursement purposes shall be submitted to the Bank in USD.

If the sum of eligible expenses through IFRs is less than the monetary value corresponding to the PBC achievement level as certified by the World Bank, then payments shall be limited to the sum of acceptable expenses reported through IFRs.

3.3.8.3 MAIN TRANSACTIONS WITH THE PROJECT FUNDS

Operation	Supporting documents
Advance payment on the Project DA or replenishment of the balance on the DA	Application for transfer of funds (World Bank form)
Reporting on expenses from MoEs UAH account in Treasury	Statement of Expenditures (SOE), Bank Statement on the Special Account's Fund Balance, Statement Confirming the Proper Management of the Special Account, and Other Documents as Required by the World Bank.

Direct payment from the Loan Account	Request for Funds Transfer (World Bank Form), Invoice, Certificate of Completed Works/Goods Receipt Confirmation, and Other Documents Specified in the Relevant Contract or as Required by the World Bank.
Payment from the DA Project for financing costs originating outside Ukraine	Written Request from the Ministry of Education and Science, Application-Order, Payment Instruction, and Other Documents Specified in the Contract and Current Legislation
Transfer from the DA Project to the Ministry of Education and Science of Ukraine's registration account at the State Treasury Service of Ukraine for financing expenses originating from Ukraine	Written Request from the Ministry of Education and Science for Fund Transfer, Allocation of Open Assignments
Payment from the Ministry of Education and Science of Ukraine's foreign currency account for the Project at an authorized Ukrainian bank	Payment Instruction, Invoice, Act of Completed Works/Services Confirmation of Goods Receipt, and other documents as required by legislation and contract
Payment from the Ministry of Education and Science of Ukraine's hryvnia account at the State Treasury Service of Ukraine (UAH)	Payment instruction, invoice (if specified in the contract), act of completed works/services, confirmation of goods received, and other documents as stipulated by current legislation and the contract

3.3.9 Project reporting

MoES is responsible for the timely preparation and submission of financial reports to the World Bank, the State Treasury, the Ministry of Finance, and other central executive authorities as stipulated by the World Bank and Ukrainian legislation.

MoES's accounting departments independently compile and submit financial Budget reports to the State Treasury in accordance with the requirements of the Ministry of Finance Order No. 44 dated January 24, 2012, or its subsequent replacement.

The Project funds movement in financial reporting, prepared according to the forms agreed with the World Bank, must be reflected according to the cash accounting method.

3.3.9.1 SUBMISSION OF REPORTS FOR THE CATEGORY 1 THE PROJECT

MoES submits quarterly to the World Bank (IFRs):

- Expense Report (SOE), using the forms agreed with the World Bank, as presented in **Annex II.A** to this Manual;

- Bank format reporting, interim unaudited financial reports within 45 days after the end of each reporting quarter. The first interim report is submitted after the first quarter in which funds were utilized;
- Budget program execution report – within the deadlines set by the State Treasury for the submission of annual financial reporting.

MoES submits to the the Ministry of Finance:

- Reporting in accordance with the requirements of the Cabinet of Ministers of Ukraine Resolution No. 70 of January 27, 2016, or as shall be established by other normative documents, if adopted.
- Reporting in accordance with the requirements of the Cabinet of Ministers of Ukraine Resolution No. 1090 of September 5, 2007, or as shall be established by other normative documents, if adopted.

3.3.9.2 PROJECT REPORTING FOR CATEGORY 2 (PBCs)

IFRs are essential documentation for reimbursing Category 2 (PBC) expenses. IFRs verifying acceptable PBC-related expenses for reimbursement shall be presented to the Bank in USD. Additional supporting documentation for Category 2 reimbursement includes a confirmation letter of PBC achievement and any additional documentation outlined in PBC audit protocols.

For Category 2, MoES utilizes the existing Budget program 2201160 system for planning and expenses, preparing and submitting biannual execution reports post-PBC completion. MoES's records should align with the State Treasury's data, including a comparison of Budget estimates and actual expenses. Reporting for Budget program 2201160 follows MoES's established rules and procedures, with annual execution reports prepared by MoES.

3.3.10 Internal control

3.3.10.1 GENERAL

The following principles are elements of the overall concept of internal control:

- Gathering, registering, and consolidating in monetary terms the information about the project's assets and liabilities and their movements: document-supported accounting, continuous over time, and comprehensive in coverage, reflecting all changes occurring within the project.
- Asset accounting and financial reports: all operations must be registered in journals.
- Distribution of duties: functional responsibilities must be clearly divided among PIU consultants.
- Individuals responsible for receiving goods, materials, and equipment must be MoES employees who shall record the received items and possess the necessary knowledge and skills to assess the quality and completeness of the goods.
- Access restrictions: access to accounting and financial documents by unauthorized personnel is only possible with written permission from the Project Coordinator; all accounting programs and files are password-protected for full access, with passwords for viewing without the right to make changes.

- Independent verifiers: accounting documents must be reconciled with the assets by a person not responsible for preparing such documents and managing assets.
- Specific procedures should include periodic verifications of assets and financial documents of the Project by MoES's financial-economic departments or other authorized personnel, as well as annual verified by an independent auditing firm, in accordance with the World Bank's requirements.
- Special procedures should include periodic reconciliations of the utilize of Loan funds with the World Bank's WEB Client Connection System. Reconciliation with the system shall be conducted during:
 - Preparation of applications for reporting on funds utilized from the Designated Account;
 - Preparation of interim financial reports for the World Bank;
 - Monthly reconciliation of the Project accounts by PIU financial management consultants (cross-verifying with the WB Client Connection System, statements from the Designated Account at JSC "Ukreximbank," and the account at the State Treasury).

All payment documents related to the utilize of World Bank Loan funds, including:

- Withdrawal applications from the Loan Account (LA),
- Letters of Application for fund transfers from the Designated Account (DA),
- Payment documents for using Loan funds from MoES's foreign and hryvnia accounts, must be submitted to the World Bank, the State Treasury, or JSC "Ukreximbank" with the signature of the authorized person(s) from MoES. The signature sample(s) of the authorized person(s) must be available at the respective bank.

MoES provides banks with signature cards containing the signatures of individuals authorized to sign documents related to specific accounts, along with the imprint of MoES's seal. The absence of the authorized person's signature(s) on payment documents related to the utilize of World Bank Loan funds renders such documents invalid.

3.3.10.2 PAYMENT PREPARATION

Before processing a payment, PIU Consultants must ensure that:

- The payment complies with World Bank requirements for eligible expenses as outlined in the World Bank's guidelines for funding investment projects from February 2017;
- Payment documents are prepared according to established procedures, contract terms, and relevant legislation;
- The invoice amount matches the amount specified in the contract's payment terms;
- The invoice includes contract details, reference to the completed work stage, number of hours worked (for hourly rate contracts), reimbursable expenses (e.g., travel, transportation, translation costs), invoice date, and the exchange rate for calculating the payment amount in hryvnia (if necessary);
- Contracts requiring World Bank's prior approval have received it;
- The invoice is accompanied by documentation specified in the contract and contains all necessary details.

If errors are found in an invoice or accompanying documents, such an invoice and its accompanying documents are to be returned to the supplier / contractor within 5 working days of receipt for correction.

Payment for contracts is processed as follows:

- Suppliers (excluding PIU consultants) submit an invoice to MoES as per contract terms, with supporting documents (acceptance certificates, cargo customs declarations, orders, waybills, receipts, etc.) specified in the contract.
- PIU financial management consultants verify the invoice and documents for compliance with payment and contract terms.
- If documents meet requirements, they are forwarded to the Project Coordinator and, after signing/approval, to MoES's accounting department; copies are retained by PIU financial management in finance management.
- PIU financial management consultants oversee the submission of payment documents to the World Bank and the servicing bank, ensuring timely payment.

To prevent the imposition of penalty charges due to unjustified payment delays in contracts, MoES must ensure timely review and prompt approval of payment documents for signed contracts.

The processing and approval of documents verifying contract fulfilment (service or goods acceptance certificates; supplier or consultant invoices; contract reports) by MoES specialists (the Project Coordinator, financial-economic units, etc.) should not exceed three working days.

3.3.10.3 INTERNAL CONTROL DURING REPORTING

When preparing reports, special attention must be given to the report's verification block, reconciling the calculated ending balances with bank statements for the respective accounts, and reconciling the balances of funds converted into the Loan currency at the rate of accrual.

3.3.10.4 FINANCIAL MANAGEMENT DOCUMENTS

The original financial documents are stored by the accounting and financial-economic departments of MoES.

The main files should be organized by PIU in the following manner:

File Name	Scan Description	Notes	Responsibilities
World Bank Loan account, requests (reporting, replenishment, direct payments), accompanying documents Statements from the Loan Account	Submitted applications with accompanying documents SOEs invoices acceptance acts etc Extracts from the account from the Bank Client	In chronological order	Financial management consultants of the PIU

	Connection database,		
World Bank (Bank), Interim Financial Reports (IFR)	Quarterly report forms	In chronological order	Financial management consultants of the PIU
State Treasury Service of Ukraine, Designated Account (DA), account opening, transactions, account statements	Openings, letters, accompanying documents, statements	In chronological order	Financial management consultants of the PIU
State Treasury Service of Ukraine, UAH account, account opening, transactions, account statements	Openings, payment orders, accompanying documents, statements	In chronological order	Financial management consultants of the PIU, accounting departments of the MoES
Reporting by the Ministry of Education and Science of Ukraine (MoES) to the Ministry of Finance, State Treasury Service of Ukraine, and state authorities	Reports, according to legislation	In chronological order	Financial management consultants of the PIU, accounting departments of the MoES

Banking, payment, and other financial documents related to the implementation of the Project are retained by MoES for a period of 5 years following the closure of the Project.

3.3.11 Inventory

Inventory is conducted annually in accordance with national legislation. Goods purchased as part of the the Project shall be inventoried and included in MoES's overall list of material assets.

Each higher education institution beneficiary of the the Project that receives assets funded by the the Project shall include these assets in their annual inventory, following the signed Agreement. Beneficiary institutions are required to submit inventory records to PIU/Ministry.

3.3.12 Fixed assets

3.3.12.1 INTRODUCTION

The receipt of goods purchased with the Project funds is conducted by a material-responsible person, authorized as per the established legal procedures. This authorized individual verifies the

details of the goods with those listed in the invoice, waybill, and supply contract. Any discrepancies found are recorded in a corresponding protocol. Upon acceptance of the goods, a document specified in the contract between the beneficiary and supplier (such as an acceptance certificate or waybill) is signed by authorized representatives of both parties.

In the case of transactions with foreign suppliers through direct payments from the Loan account, the initial cost of assets may be determined in two stages due to the must adjust the cost of each equipment unit, considering the currency exchange rate differences between the asset receipt (accreditation) date and the direct payment date.

In the first stage, the receipt of assets is recorded at the institution in the hryvnia equivalent using the National Bank of Ukraine's (NBU) exchange rate on the date of the transaction.

In the second stage, the value of the accredited assets is adjusted based on the NBU rate on the payment date, using the direct payment document's hryvnia equivalent amount calculated at the NBU rate on the transfer day. For material assets paid through direct payment, no exchange rate difference arises. However, there's a positive or negative difference between the asset value on the receipt and accreditation date and the direct payment date. This difference, a result of exchange rate fluctuations, should be recorded as an adjustment (increase or decrease) in the payment amount and corresponding adjustment in the value of each asset unit, as per the exchange rate in the received information.

The revaluation of capitalized equipment and other assets due to changes in exchange rates during direct payments from the World Bank Loan account may be conducted based on the MoES order, if such a provision is included in the MoES order regarding the transfer of project-funded assets. The transfer of fixed assets or inventory (Tangible Material Assets - TMA), purchased by MoES for the project, to Higher Education Institutions (HEIs), is executed and recorded in accounting and reporting as a non-monetary transfer of assets.

In executing such transactions, MoES adheres to legislative requirements and internal rules regarding the recording of non-monetary asset transfer operations in the accounts. When HEIs receive fixed assets and other TMA purchased centrally by MoES under the project, they account for them in accordance with legal requirements. For received software, its accounting depends on the terms of the transfer of ownership rights of such software.

3.3.12.2 PRESERVATION OF MATERIAL VALUES

Fixed assets, software, and other tangible material assets (TMA) received under the Project are recorded and stored until their transfer or utilization in locations accessible only to authorized MoES personnel. The Project assets (equipment, computers, furniture etc) must be protected and comply with storage requirements.

Asset transfer and accounting comply with the Ministry of Finance of Ukraine's order dated January 23, 2015, No. 11 or other relevant regulations, reflecting in accounting and reporting.

HEIs ensure the preservation and appropriate utilize of received assets. In The inventory summary reports conducted by MoES, HEIs (recipients of TMA from MoES) should provide information about the presence and location of software, fixed assets, and other TMA acquired with the Project funds as per general rules.

3.3.13 Audit

Project audits are conducted once per financial year set in Ukraine, which corresponds to the calendar year, by the Accounting Chamber as the National Supreme Audit Institution, established under the Law of Ukraine of July 2, 2015, No. 576-VIII "On the Accounting Chamber".

Subject to unavailability of the ACU to perform the financial audit, MoES will select the private audit company, acceptable for the World Bank. The external audits of financial statements should be conducted annually and completed with the issuance of the auditor's opinion normally by June 30, but no later than within 9 months following the audited period.

The ToR for the Project audit will be prepared by the Ministry of Education and Science (with the help of the Project Implementation Unit) and sent for approval to the World Bank.

The scope of the audit for the Project will focus, in particular, on verifying the Project's compliance with the requirements set out in the Manual and the Loan Agreement. The Project's financial reporting includes interim unaudited financial statements; consolidated expenditure statements (SOE), which are used as the basis for withdrawal application requests.

3.4 Procurement and Contract Management

3.4.1 General Provisions

In accordance with the Article 6 of Law of Ukraine on Public Procurement dated 25.12.2015 with changes and amendments (hereinafter – the Procurement Law), procurement in the Project shall be implemented following the rules and procedures established by the Bank.

So, the procurement of goods, works, consulting and non-consulting services for the Project will be carried out in accordance with:

- the provisions stipulated in the Loan Agreement;
- The World Bank's New Procurement Framework, specifically the World Bank Procurement Regulations for IPF Borrowers – Procurement in Investment Project Financing of Goods, Works, Non-Consulting and Consulting Services, dated September 2023 (hereinafter referred to as "Procurement Regulations");
- the latest Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Loans (revised as of July 1, 2016).

This chapter outlines specific methodologies that may detail the processes as required in the Procurement Regulations.

The procurement will be implemented by MoES with support of PIU.

3.4.2 Project Procurement Strategy for Development

MoES has developed an initial **Project Procurement Strategy for Development (PPSD)** for the Project and included it in the package at stage of negotiations. The PPCS addresses how procurement activities will support the development objectives of the project and deliver the best Value for Money (VfM) under a risk-based approach. It provides adequate justification for the selection methods in

the procurement plan. The initial PPSD and procurement plan are based on the information, what was available at that stage of negotiations.

The **PPSD** follows the basic procurement regulations, guides, policies and market research in the extent possible. The basic guides beyond **Procurement regulations** including **Bank Guidance. Thresholds for procurement approaches and methods by country** and **Specific Procurement Flexibilities for Ukraine** need to be considered while preparing the PPSD. The level of detail and analysis in the PPSD is proportional to the risk, value and complexity of the Project procurement and to the acceptability to the Bank.

In the course of the Project implementation subject to substantial change of the circumstances which impact the procurement environment and/or market MoES needs to update the PPSD and submit it to the Bank for review and approval.

Please refer to the PPSD for details.

3.4.3 Procurement Plan

BASIC PROVISIONS

The provisions of the PPSD results in the **procurement plan of the Project**, which contains a brief description of the activities/contracts; the selection methods to be applied; cost estimates; time schedules; the anticipated Bank's review requirements; the applicable Procurement Documents; and any other relevant procurement information.

For Emergency Situations, the simplified Procurement Plan may be completed during the implementation stage.

Update or change of the Procurement plan does not necessary require update of the PPSD, in no substantial changes in the procurement environment has taken place.

The terms specified in the Procurement Plan are indicative, given the certain unpredictability of the procurement process.

The cost of each procurement package is also indicative and cannot be considered as the maximum amount of the contract. Accordingly, the actual amount of the contract, which may be higher or lower than the estimated cost of the procurement package specified in the procurement plan, is determined based on the results of the bids and/or negotiations only. If the cost of the received proposals significantly exceeds the updated expected cost or the available budget, this may lead to their rejection, subject to the approval of the Bank. A slight excess of the actual contract price (about 10 percent) from the estimated cost does not require prior approval of the Bank for taking a decision of approving or rejecting the proposal. In addition, the amount of the contract may increase or decrease during its implementation.

WORKFLOW

PIU is responsible for introduction of the new project activities in the procurement plan, preparation of the draft procurement plan and its changes/updates.

Deputy Ministers, MoES departments and other project-related entities subordinated to Minister and/or MoES may request inclusion of the new procurement packages into the procurement plan.

Such requests need to be provided to Coordinators / PIU for presentation to the Tender committee in written providing sufficient details required by the procurement plan.

PIU addresses the required plan and presents packages and updates/changes to the draft procurement plan to the Tender committee.

The procurement plan and its updates/changes to be reviewed and approved by the Tender Committee and approved (signed) by the Project Coordinator.

Some Project activities are subject to further determination and may have not all details to proceed with procurement. The procurement plan approved by the Tender Committee has a consolidated form of all Project activities and introducing all changes/updates therein. This procurement plan is being used for the Project-related operational purposes, as it may be required.

The procurement plan or its parts must be uploaded to the Bank's Procurement System (STEP) subject to Tender committee decision for the Bank review and approval.

Once it has provided its no-objection via STEP , the Bank arranges for the publication of the Procurement Plan and all its updates on its external website.

Published procurement plan and/or its parts constitute (the "Procurement Plan" or "PP") the basis for start of the procurement procedure.

3.4.4 Systematic Tracking of Exchanges in Procurement (STEP)

The project will use the STEP system to plan, register and track procurement operations, including preparation, updating and approval of the Procurement Plan, as well as sending a request for consideration and receiving letters of no objection from the Bank on procurement actions, if necessary. Using the STEP system will facilitate effective communication and storage of procurement-related information.

STEP system will be used to prepare, detail and update procurement plans for World Bank review and approval and track with all procurement operations for the Project. Accordingly, all procurement activities under the Project will be entered, approved by the Bank and tracked online through STEP.

The Procurement Plan is used to monitor procurement procedures under the Project. It is necessary to indicate the data of the signed contracts in the Procurement Plan (the name of the contractor/supplier/consultant, the actual cost in the Loan currency at the rate of the National Bank of Ukraine on the date of signing the contract or the actual amount spent on the completed contracts, as well as the revised and actual dates of procurement).

The procurement packages will be submitted for the Bank's prior review as per applicable ECA Regional Procurement Maximum Thresholds and additional Bank's guidance. However, all Terms of Reference and Technical Specifications / Requirements as well as changes to these documents, regardless of the expected cost estimate of these procurement packages, will require Bank's review and approval.

In case of post - review packages, if the Terms of Reference and/or Technical Specifications / Requirements have been submitted for Bank's review together with Procurement Plan, the No

objection to the Procurement plan with activities marked CLEARED is treated as a Bank's approval of the Terms of Reference and Technical Specifications / Requirements.

In case of prior review packages and selection of the consultants the ToR should be cleared separately as per STEP functional.

PIU / Ministry shall prepare and submit to the Bank the list of the STEP users. At least Head of PIU (Contact point) and Procurement Specialist(s) should be included in the list of STEP users by default and may submit information related to STEP to Bank.

Both have a right to submit request to add/change/modify the users in STEP.

3.4.5 Flexibilities

The procurement flexibility due to the emergency situation in Ukraine can be applied for certain procurement packages subject to the Bank's no-objection. The following flexible approaches to procurement can be applied for the period determined by the Bank under the Project and communicated by the corresponding email.

- The use of e-catalogue system
- Increased procurement thresholds for market approaches for non-emergency projects: Open International Approach required only from USD 5 mln for G, IT and NCS; from USD 10 mln for W; and from USD 0.5mln for CS. RFQ permitted for packages below USD 2mln for G, IT and NCS and below USD 5 mln for Works
- Contracts included in CERC components of ongoing projects (not originally classified as 'Emergency') are subject to Bank's post-review irrelevant of the value
- Preparation of simplified PPSD and initial Procurement Plan for emergency operations (detailed PPSD deferred to implementation)
- Bidding/proposal preparation periods during the immediate response and recovery phases of an emergency may be reduced to 15 business days for international competition and 7 business days for national competition
- Electronic Bid Submission through:
 - encrypted email;
 - Ukrainian Embassy, which conducts bid opening and records the minutes.
- Standstill Period does not apply
- Use of bid-securing declarations instead of regular bid securities in the form of Bank Guarantees
- Slicing large packages into small lots with the provision of cross discounts where appropriate during the award
- Lowering the qualification requirements relating to turnover and similar experiences
- Incentives for sustainable procurement: providing incentives in international bidding procedures for those bidders who subcontract local Ukrainian firms, include MSMEs in their bids, create jobs and use green products or approaches
- Advance Payment: waiving the advance payment guarantee for advance payments up to 10% for emergency projects or contracts; increasing the amount of advance payments up to 40% of the contract price or more (against the Bank guarantee or insurance guarantee)
- Performance security (PS): waiving PS for contracts for the supply of goods within a period of 90 days (3 months) and for works contracts under an open National threshold. For contracts beyond 90 days and for international threshold level, procuring entities may request for

Performance Securing Declaration (similar to Bid securing declaration) and insurance guarantees as appropriate. Performance bonds or Bank performance security when feasible and necessary may be used depending on risk as assessed by the procuring entity and agreed with the Bank. Retention money will be relied on a form of security for works contracts.

- Use of Force Accounts when works involve (a) repairs to services infrastructure that is also under use (b) works are scattered (c) scope of work would be difficult to define for construction (d) works are in areas which are under hostilities and it is not feasible for the private sector to participate and provide a reasonable price (provided that the implementing agency has the sufficient managerial capacity and possesses the required technical and financial controls to report to the Bank on expenditures)

Any waivers or deviations from the procurement rules applied and/or referred to above are subject to the prior Bank's no-objection.

3.4.6 Procurement related staffing

The PIU is responsible for overseeing all procurement activities related to the Project.

Procurement under Project will be managed by the PIU's Procurement Specialist(s), and Implementation Manager for the Education Environment and Infrastructure Enhancement, under coordination by the Head of PIU and the Coordinator.

The Procurement Specialist(s) and implementation managers are responsible for coordination, implementation and monitoring of the procurement of all works, goods, consulting and non-consulting services required by the Project. The professional(s) ensure(s) that all procurement activities for the Project are carried out in accordance with the World Bank's Procurement Regulations mentioned above, the provisions stipulated in the Loan Agreement, in PPSD and in this POM. They work in close cooperation with the Project Coordinator, the Head of PIU, and representatives of implementing units, and supervise the entire cycle of procurement processes conducted within the Project, directing and managing inter alia the processes of:

- preparation and updating of Project Procurement Plan and PPSD for TC and MoES consideration and approval and further no objection by the Bank;
- preparation of bidding documents;
- timely publication of General Procurement Notice, Specific Procurement Notice and Request for Expression of Interest and their updates as the case may require;
- managing the STEP;
- Managing procurement activities in Prozorro e-procurement system;
- bid/proposal opening and evaluation;
- procurement reviews by the government agencies and the World Bank;
- selection and contracting of consultants;
- contract award;
- monitoring contract implementation and completion.

Subject to the project's plans and workload the additional procurement specialists and managers with procurement components can be hired subject to Bank's no-objection to the changes into procurement plan.

3.4.7 Confidentiality

Following the paras. 5.19 and 5.20 of the Procurement regulations

Confidential Information Without prejudice to the principle of transparency and other obligations pursuant to these Procurement Regulations, in particular those relating to the publication of the Contract Award Notice and debriefing of unsuccessful Bidders/Proposers/Consultants, the MoES shall not disclose information provided by Applicants/Bidders/Proposers/ Consultants in their Applications/Bids/Proposals, which they have marked as confidential. This may include proprietary information, trade secrets and commercial or financially sensitive information.

Release of Evaluation Information MoES shall treat information relating to the examination, clarification, and evaluation of Applications/Bids/Proposals in such a way as to avoid disclosure of their contents to any other Applicant/Bidder/Proposer/Consultant participating in the selection process, or any other party not authorized to have access to this type of information, until the MoES notifies the outcome of evaluation of Applications/Bids/Proposals, in accordance with the procedures in the applicable Procurement Documents.

An access to the selection / evaluation process may have members of Evaluation groups and members of the Tender committee.

All involved in the selection / evaluation shall sign the Declaration of Impartiality before initiation of the procurement and/or selection process.

3.4.8 Procurement Documents

The MoES shall retain all Procurement Documents and records of procurements.

World Bank's Standard Procurement Documents shall be mandatorily used for procurement that would follow the international market approach under the project. For all other approaches the Procurement Documents shall be acceptable to the Bank.

All documents and records with respect to each procurement action will be retained by the MoES. Originals of the procurement plans, evaluation reports, minutes of negotiations and contracts are stored by the MoES in written form. The copies both in scanned and printed form are kept by PIU. Proposals are kept by the PIU.

The PIU consultants will furnish such documentation to the World Bank upon request for post review missions, examination by the World Bank or by the auditors.

3.4.9 Publications

After project effectiveness, General Procurement Notice will be published in United Nations Development Business (UNDB Online) or similar, announcing relevant consulting and non-consulting services to be procured under the project, and inviting interested eligible providers and consultants to express interest and to request any complementary information from the MoES. GPN may be updated from time to time depending on the need.

Specific Procurement Notices (SPNs) for works and goods packages as well as REOs for consultancy services packages will be advertised as per the requirements of the Procurement Regulations.

All competitive procurement announcement shall be published at least on MoES website, on the Bank's external website following the processing in STEP and on Prozorro. Further dissemination can be applied on a case-by-case basis.

MoES uses STEP to create and publish all notices relevant to the project's procurement process, including general and special procurement notices, requests for expression of interest and requests for prequalification, and contract award notices. Notifications created in STEP are automatically published on the external web portal of the World Bank and the United Nations Development Business (UNDB) as required.

3.4.10 Prozorro

Ukraine's e-procurement system called ProZorro following the Procurement regulations will be used for the procurement of Goods, and non-consultant services and Works (if any) using Request for Quotations (RFQ), Request for Bids (RFB) and/or Request for Proposals (RFP) methods for both national and international market approach. ProZorro is not being used for the selection of the consultants except for the announcement of selection process. Specific Procurement Notices (SPNs) with the link to Prozorro System will be published at least on the MoES website, and on the Bank's external website following the processing in STEP.

The MoES will grant the access to the Prozorro system upon decision of the Tender committee to the Procurement specialist(s) and Implementation managers with procurement functionals.

Prozorro Market, as a separate type of procurement, can be used for the procurement of off-the-shelf goods both under operational costs and for the procurement of goods under parts 2 and 3 of the Project. Nevertheless, each Prozorro Market procurement activity must be agreed by the Bank.

3.4.11 Procurement complaints

All complaints received in regards of procurement in the Project by the Ministry and/or through the any other channel should be transmitted to the PIU procurement specialist . The Complaints should be treated in respect of the Procurement guidelines and this Manual.

3.4.12 Operating Costs

Operating Costs means reasonable incremental expenditures incurred by the Recipient on account of Project implementation, management and monitoring, including office supplies, office rental and utilities, publication of procurement notices, office and equipment maintenance and repair, communication, translation and interpretation services, printing and publications, bank charges, courier services, travel costs including travel, accommodation and per diem, subscription to publications and databases, subscription to the software required for the project operation and other miscellaneous costs directly associated with the Project as approved by the Bank.

3.4.13 Tender Committee

The Tender Committee (TC) of the Ministry of Education and Science of Ukraine is established in accordance with paragraph 41 of the Procedure for preparation, implementation, monitoring and completion of economic and social development projects of Ukraine supported by international and financial organizations, approved by the Cabinet of Ministers of Ukraine from 27.01.2016 № 70 (as

amended), for the purpose of organizing and conducting procurement of goods, works and services in accordance with Article 6 of the Law of Ukraine “On Public Procurement” (hereinafter - the Law) according to Bank procedures.

In its activities, the TC is guided by the laws, resolutions of the Cabinet of Ministers of Ukraine, this POM, Bank Procurement Regulations, and Anti-Corruption Guidelines.

3.4.13.1 PRINCIPLES OF TC ACTIVITY

The TC operates on the basis of collegiality and impartiality in decision-making, the absence of conflict of interest of its members. The composition of the TC, as well as changes to it are approved by order of the Ministry of Education and Science. The TC consists of representatives of the Ministry of Education and Science, including staff advisers of the Ministry, in the number of at least seven people.

The TC may not include representatives of participants in the procurement procedure, members of their families, as well as people's deputies of Ukraine, deputies of the Verkhovna Rada of the Autonomous Republic of Crimea and deputies of city, district in the city, district, regional council. Membership in the TC should not create a conflict between the interests of the Client/Employer and the participants in the procurement procedure or between the interests of the participants in the procurement procedure, the existence of which may affect the objectivity and impartiality of decisions on the winner of the procurement procedure.

3.4.13.2 ORGANIZATION OF WORK AND FUNCTIONS OF TC

The TC is managed by the Coordinator.

In the absence of the TC Secretary, his duties are performed by another TC member appointed by its Chairman.

All decisions of TC are recorded in the minutes. The minutes should be signed by the Chairman, the Secretary and the Procurement Specialist.

The TC may initiate non-voting representatives of MoES structural units and / or individual consultants of the Project Implementation Unit when considering issues related to the tasks and functions of the relevant MoES structural units, in order to obtain professional advisory assistance required for procurement procedures.

By decision of the TC, working groups of evaluators (Evaluation groups) may be created to facilitate evaluation of the Bids/Proposals/Quotations/Expressions of Interest received within the Project.

The list of issues to be considered at the TC meeting and the agenda shall be communicated to the TC members no later than on the working day preceding the meeting.

The TC considers issues related to the procurement procedures within the framework of the Project implementation by discussing it by the TC members, provided that at least two thirds of the TC members participate in the meeting.

Decisions will be made by a simple majority vote of the meeting' attendees. In cases where the votes are equal, the Chair's vote will prevail (in case of their absence – Deputy Chair's vote if assigned).

Record keeping: Decisions made based on the results of the meeting are documented in a minutes, indicating the date of the decision, reflecting the results of the roll-call voting of the TC members ("for" or "against"), present at the TC meeting, on each item of the meeting agenda. The minutes is signed by the head of the PSC. Minutes for each meeting will be created and distributed to PSC members upon their request. Decisions made during meetings will be documented, and their implementation will be monitored as necessary.

The TC is responsible for approving procurement procedures within the Project.

In the process of TC makes decisions on:

- drawing up and approving the procurement plan of the Project and making changes to it;
- ensuring equal conditions for all participants, objective and fair selection of the winner;
- approval of documents required for procurement under the Project, in particular:

competitive bidding documentation; requests for proposals; short lists of individual consultants and consulting companies admitted to participate in the procurement; evaluation reports prepared by individual consultants on the procurement of goods, works and services, including the selection of individual consultants and consulting companies, including the determination of the winners of procurement procedures; other documents related to the procurement of goods, works and services, including the selection of consultants;

- organization of acceptance, storage and public disclosure of proposals of participants in procurement procedures;
- implementation of other actions provided by the World Bank Procurement Guidelines and procedures.

The TC members have the right to:

- analyze and / or receive information on the implementation of agreements concluded in accordance with the TC decisions;
- submit issues for consideration by the TC;
- receive from structural subdivisions of the Ministry of Education and Science the information necessary for carrying out procurement procedures;
- make a separate opinion in the minutes;
- receive information and explanations from procurement consultants on compliance with the Procurement Rules;
- initiate the participation without the right to vote of representatives of structural units of the MoES and / or individual consultants in the activities of the TC, when considering issues related to the tasks and functions of the relevant structural units of the MoES, in order to obtain professional advice necessary for procurement procedures.

The TC members are obliged to:

- participate in TC meetings;
- participate in the discussion of issues submitted to the TC;
- participate in procurement procedures;
- ensure equal conditions for all participants, objective and fair selection of the winner in accordance with the Bank Procurement Rules;
- follow the procedures of the Bank Procurement Rules;

- ensure the confidentiality of information related to the activities of the TC and information provided by procurement participants.

The TC Chairman:

- organizes the work of TC;
- determines the list of issues submitted for consideration by the TC;
- determines the date and time of discussion of the TC on the agenda;
- submits to the MoES proposals for changes in the composition of the TC;
- exercises other powers necessary for procurement.

The duties of the Secretary of the TC include:

- registration of TC decisions by drawing up protocols;
- prompt informing of members of TC concerning organizational questions of its activity;
- performance of other organizational work on behalf of the chairman of the TC;
- storage of documents on procurement, in particular ensuring reliable security of unopened tender proposals, including financial proposals;
- compliance with the requirements of the legislation on office work when working with documents;
- placement of information on procurement in accordance with the Bank Procurement Rules;
- fulfilment of other powers in accordance with the Bank Procurement Rules.

The Chairman of the TC is personally responsible for the performance of the functions assigned to the TC.

The Deputy Chairman of the TC performs all the duties of the Chairman of the TC in the absence of the Chairman (vacation, business trip, sick leave, etc.) and certain duties at any time on behalf of the Chairman of the TC.

3.5 Environmental and Social Safeguards

3.5.1 Overview

This chapter details how environmental and social issues are going to be addressed under the Project.

The objective is to identify, minimize, and mitigate adverse impacts on the natural and built environment and communities in order to ensure the project contributes to the development of the education sector in Ukraine while being in compliance with legal provisions and standards for environmental protection, health and safety, and labor protection.

The environmental and social management under the Project is guided by relevant Ukrainian legislation as well as the applicable World Bank Environmental and Social Standards (ESS), which can be accessed at the following URL: <https://projects.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>

As per the outcomes of the environmental and social risk screening conducted at the project design phase jointly with the World Bank's environmental and social experts, the implementation of the

Project has led to the activation of the following Environmental and Social Standards (ESS) of the World Bank:

- ESS 1 – Assessment and Management of Environmental and Social Risks and Impacts
- ESS 2 – Labor and Working Conditions
- ESS 3 – Resource Efficiency and Pollution Prevention and Management
- ESS 4 – Community Health and Safety
- ESS 5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- ESS 8 – Cultural Heritage
- ESS 10 – Stakeholder Engagement and Information Disclosure

In accordance with the specified standards for environmental and social management, the following tools have been developed for the sustainable implementation of the Ministry of Education and Science (MoES) project:

- Environmental and Social Management Framework (ESMF) document, which is included in Annex IV.B of this Operational Manual in accordance with ESS 1 requirements
- A Stakeholder Engagement Plan (SEP) (Annex IV.C) in accordance with ESS 10 requirements
- A Labor Management Procedure (LMP) (Annex III.D) in accordance with ESS 2 requirements
- A Resettlement Policy Framework (RPF) document (Annex III.E) in accordance with ESS 5 requirements
- Emergency Response and Preparedness Framework Requirements (ERPFR) (Annex IV.F) in accordance with ESS 2 and ESS 4 requirements

Within the framework of the Project implementation, the need for the preparation of additional tools such as a Cultural Heritage Protection Plan, a Waste Management Plan, a Livelihood Restoration Plan, a Gender Management Plan, etc. will be assessed. These tools will be developed, approved, and implemented as necessary and as required by the World Bank.

3.5.2 Environmental and Social Standards and instruments

The Project will be implemented in accordance with the Environmental and Social Commitment Plan (ESCP). The ESCP outlines the MoES commitments to prepare and implement the following environmental and social management tools throughout the entire Project cycle. A brief summary of these documents is presented below

Document	Purpose
Environmental and Social Commitment Plan (ESCP)	This document sets out the summary of actions, plans and documentation that guide the implementation of the project. This is the legally binding document that Government has signed with Bank, and all the actions listed under this document will be assessed during World Bank missions. The ESCP requires compliance with all the actions, plans and documentation.
Environmental and Social Management	This document sets out the principles, policies and procedures for environmental and social management. The ESMF outlines the project context, the administrative and regulatory framework for

Framework (ESMF)	environmental and social management, possible environmental and social impacts, and their management, along with capacity building and public consultation. The document meets the requirements of the relevant World Bank Operational Policies and Ukrainian legislation and describes the procedural responses to identifying and managing impacts throughout the project.
Labor Management Procedures (LMP)	The LMP enables identify main labor requirements and risks associated with it under the project and determines the resources necessary to address labor issues under the project.
Resettlement Policy Framework (RPF)	The RPF describes potential social risks related to ESS 5 on land acquisition, restrictions on land use, and/or involuntary resettlement, including mitigation measures to avoid, minimize, and mitigate potential project impacts related to land acquisition, physical and economic displacement, and other adverse social impacts.
Stakeholder Engagement Plan (SEP)	It sets out the stakeholder engagement and documentation disclosure framework in the context of the Ukraine Improving Higher Education for Results Project, including the Grievance Redress Mechanism.
Emergency Response and Preparedness Framework Requirements (ERPFR)	The purpose of this plan is to identify potential security risks associated with the Russian Federation's invasion of Ukraine, which may arise during the implementation of project activities, and to develop mitigating measures

The content of these documents may be modified or supplemented according to emerging needs, requirements of the Government of Ukraine or the World Bank, changes in the Project design, and legal, economic, and security conditions. Any modifications to the documents or the manual will require the approval of the World Bank. In case of discrepancies between the Loan Agreement and this manual, the provisions of the Loan Agreement will prevail.

3.5.2.1 ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

According to the ESS1 the ESCP had been agreed by the MoES with the Bank. The ESCP forms part of the Loan agreement. It is developed to consolidate into one summary of mitigation measures and actions that are required for the Project to achieve compliance with the ESS over a specified timeframe in a manner satisfactory to the Bank. The ESCP was developed by MoES as information regarding the potential risks and impacts of the project becomes known. As part of Loan agreement, ESCP stipulate the obligations of the MoES to establish organizational structure and mobilize resources to implement actions needed for identified risks mitigation. The MoES will

implement diligently the measures and actions identified in accordance with the timeframes specified and will review the status of ESCP implementation as part of monitoring and reporting.

3.5.2.2 SUMMARY OF ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK

Based on initial assessment, potential adverse environmental and social impacts will be derived primarily from the activities which will be undertaken in Parts 2 and 3 of the Project in relation to minor rehabilitation, refurbishment, or renovation of existing facilities such as teaching/instructional laboratories and providing goods and services in terms of improving the resilience of HEIs on emergency situation caused by Russian invasion (Part 3). These activities will not generate significant adverse environmental impacts or substantial risks on human population. The predictable impacts are expected to be temporary, reversible, moderate in magnitude and site-specific.

It is anticipated that these construction works will be confined to existing facilities/premises of Higher Education Institutions (HEIs), and no new construction requiring land acquisition or resettlement is expected. However, potential impacts under ESS 5 are not ruled out, as the exact consequences are not yet known and will only be determined after reviewing the proposals of the HEIs and the final selection of HEIs for project support. Therefore, the Ministry of Education and Science has prepared a Resettlement Policy Framework (RPF) to encourage HEI beneficiaries of the project to prepare necessary mitigation measures, such as Resettlement Action Plans (RAPs), in case such impacts/issues are identified.

ESMF Process Flow at Sub-Project Level

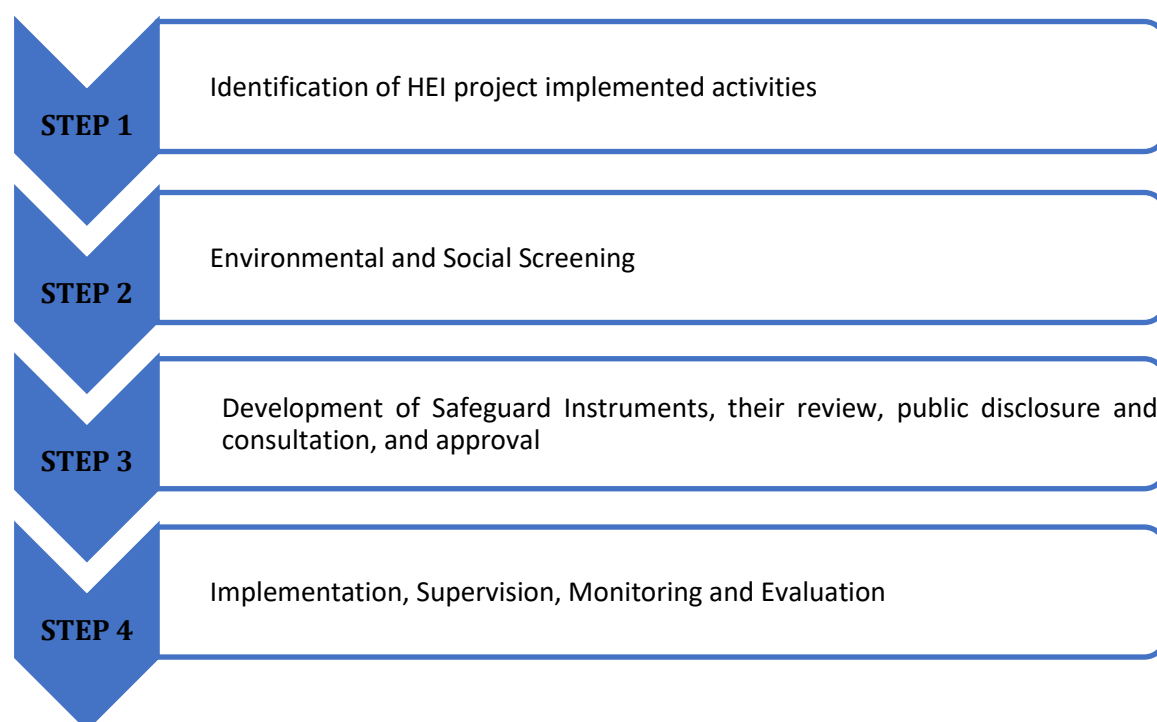
With the purpose of compliance with ESS1 and addressing and minimization of potential social and environmental impacts the ESMF was prepared by MoES and approved by the Bank. The ESMF provides the assessment environmental and social baseline conditions and potential impacts, covers standard mitigation measures in relation to identified impacts, provides guidance of monitoring and reporting activities. Also ESMF includes a template ESMP, ES checklist template for identification of potential environmental and social impacts from implementation of activities proposed by HEIs with general mitigation measures for implementation and operational phases, roles and responsibilities, time plans, costs and implementation agencies for each mitigation measures recommended

In terms of ESMF implementation, the MoES/PIU will:

- i. support the HEIs with information and capacity building (including ESSs requirements and other environmental criteria);
- ii. guide environmental and social screening and evaluation of HEI eligibility from the ESF point of view;
- iii. ensure development and proper implementation of ESMPs or ESMP checklists and ESS requirements for each eligible HEI renovation activity;
- iv. address complaints and feedback from project stakeholders and public, including GRM, regarding environmental/social impacts of HEI project activities;
- v. supervise environmental and social protection and mitigation measures stipulated in ESMPs for HEI project activities;

- vi. provide monitoring of environmental and social impacts as part of overall monitoring of the HEI project activities; and
- vii. report on environmental and social impacts and accidents originating during implementation of HEI project activities.

To implement the ESMF requirements the project team will follow the below steps:



The MoES/PIU via criteria established in the course of the Project implementation will provide overall strategic guidance for the Project on selection criteria for HEI project activities. The physical condition of HEIs buildings will be important for being selected to participate in the Project for full or partial renovation/rehabilitation. The selected HEIs will go through environmental and social screening process using the requirements of the national legislation and WB ESF (ESSs) in accordance with the ESMF. The determination of the environmental and social risks of the HEI project activities will be determined by the results of the environmental and social screening.

3.5.2.3 LABOR MANAGEMENT PROCEDURE (LMP)

Project work force will include direct workers (staff and consultants, schools and other entities staff) and contracted workers (employees of contractors and sub-contractors). The project will primarily rely on supply of equipment and materials and use labor force from the local market, hence no risk of child and forced labor is expected (as this risk is not relevant for Ukraine-based enterprises due to requirements of national legislation). The LMP prepared by MoES for the project outlining the expected number and type of workers, key gaps between national legislation and regulations that need to be addressed at the project level, as well as monitoring and supervision arrangements.

3.5.2.4 RESETTLEMENT POLICY FRAMEWORK (RPF)

The purpose of the resettlement framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation. Once the subproject or individual project components are defined and the necessary information becomes available, such a framework will be expanded into a specific plan proportionate to potential risks and impacts. Project activities that will cause physical and/or economic displacement will not commence until such specific plans have been finalized and approved by the Bank.

It is expected that activities which planned to be implemented in term of Project to be confined to existing facilities/premises of HEIs, and no new construction involving land acquisition or resettlement is anticipated. However, potential impacts under ESS 5 are not ruled out, since precise impacts are not yet known and will only be known after screening HEIs proposals and final selection of HEIs for project support. Hence, MOES prepared a Resettlement Policy Framework (RPF) to guide the participating HEIs to prepare required mitigation measures such as Resettlement Action Plans (RAPs) in case such impacts/issues are identified.

3.5.2.5 STAKEHOLDER ENGAGEMENT PLAN (SEP)

Stakeholders of the Project are individuals or groups who experience direct or indirect impact from the Project's implementation. A Stakeholder Engagement Plan (SEP) was prepared by the Ministry of Education and Science at the preliminary assessment stage to identify potential stakeholder groups and ensure the implementation of measures at all stages of the project. The SEP also outlines procedures for conducting consultations with stakeholders (including virtual consultations due to martial law and security considerations). In the early stage of Project preparation, an in-depth analysis was conducted to identify key stakeholders, including vulnerable groups. The outcomes of these consultations are reflected in the Plan.

Procedures for a Grievance Redress Mechanism (GRM) for stakeholders were included as part of the SEP and will be implemented during the project to ensure feedback from stakeholders and the opportunity for stakeholders to participate in the Project's implementation.

During implementation of Project, all provisions provided in SEP will be followed by MoES, PIU, Schools, ISTTI and Contractors. The requirement for proper engagement with the stakeholders will be specified in bidding documentation.

During the Project implementation, representatives of the Ministry of Education and Science/Project Implementation Unit, Schools, ISTTI and Contractors will adhere to all provisions of this Plan.

Preliminary consultations regarding stakeholder engagement and other information related to the Project have been conducted in accordance with the World Bank's standard policies and are included in the SEP (Stakeholder Engagement Plan).

The format of consultations and communications with stakeholders will be determined based on the security and epidemiological situation in the country.

3.5.2.6 EMERGENCY RESPONSE AND PREPAREDNESS FRAMEWORK REQUIREMENTS (ERPFR)

These Framework Requirements have been developed by the Ministry of Education and Science to minimize security risks for the staff of Higher Education Institutions (HEIs), contracting

organizations, and students under the conditions of the Russian Federation's military aggression on the territory of Ukraine.

The primary hazards for HEIs include the shelling of HEI infrastructure with long-range ammunition of various types and methods of application (cruise and ballistic missiles, unmanned aerial vehicles, long-range artillery, etc.), and the presence of unexploded ordnance on their premises following shelling.

According to the plan, all individuals involved in the Project, in any capacity, will be instructed on the necessary measures to be taken in the event of an emergency, the announcement of an air raid alert by air defence services, or the discovery of explosive or similar objects.

3.5.2.7 NON-ELIGIBLE ACTIVITIES

Given that the overall project risk is Moderate, the selection for HEIs project activities should consult the list of non-eligible activities that will be not permitted by the World Bank with a potential Substantial/High risk and the IFC Exclusion List (2007). The Project will not support construction or rehabilitation activities that require land acquisition and/or resettlement; will cause negative impact on income/livelihood resources; involve any kind of forceful evictions of people; negatively impacts assets of individual(s) or household(s); do not meet the required technical and quality specifications; or do not provide equal pay for equal work for women and men.

For every HEI project activity where risks to disadvantaged or vulnerable people have been identified during screening, social assessment will be performed to assure that the design of HEI project activities effectively mitigates potential negative impacts.

The PIU will be responsible for preparing and updating periodically (quarterly and annually) a Project Activity Report. The Project Activity Report should be submitted to the Bank's Environmental and Social specialists for review every quarter (every three months) and supplemented by the Incident Register (see ESMF for example).

3.5.3 Environmental and Social instruments implementation

3.5.3.1 ES INSTRUMENTS DEVELOPMENT AND MoES CAPACITY BUILDING

As it was mentioned above, during appraisal stage the preliminary ES assessment was undertaken by MoES jointly with Bank's environmental and social Team. As result the Environmental and Social instruments were elaborated, publicly disclosed and approved by the MoES and the Bank. The obligation of MoES to Implement the Project in accordance with the Bank's ES requirement was included to the Legal Agreement between Ukraine and the Bank.

As part of Ministry's capacity building, the Project implementation unit (PIU) was established at the Ministry level. The social and environment Consultant was hired as part of PIU team.

3.5.3.2 HEIs SELECTION AND INITIAL ES RISKS ASSESSMENT

The process for selecting applications from Higher Education Institutions (HEIs) that can be financed with Project funds has been organized in accordance with the procedure defined by the Ministry of Education and Science and agreed upon with the World Bank and the Ministry of Finance of Ukraine. The criteria and selection procedure are detailed in Appendix 14 of this operational manual.

THE REQUEST FOR PROPOSALS

The request for proposals for investments will be developed by the ministry PIU and approved by the MoES and the Bank. This Request for proposals will include the information about the Project, eligibility criteria and activities, requirements for participation and evaluation criteria for the selection. The initial environment and social checklist for conducting of preliminary ES assessment of proposed activities will be part of the Request of proposals.

EVALUATION OF HEIs PROPOSALS

The filled ES checklist will be part of application package which HEI should submit to the MoES for evaluation and making decision about financing. This will help to identify the type and scale of potential environmental impacts and the risk category (low, moderate, substantial, high) of HEIs project activities. It is not expected that HEI project activities will take place in the vulnerable/sensitive locations that can result in a rating of “High Risk” or “Substantial Risk” and in any case HEI project activities that are considered as “High Risk” and “Substantial Risk” will not be eligible for financing under this Project.

DEVELOPING SITE SPECIFIC ES DOCUMENTS

After the consideration of application (including ES aspects) the MoES technical selection committee established by MOES will assess the proposal and will make a decision about financing.

Based on data provided by HEI environmental and social management plans (ESMPs) or ESMP checklists will be developed by PIU based on provisions of ESMF. These ESMPs will be included to the public agreement with HEI.

Site-specific ESMPs will be required to identify, evaluate and to prevent potential environmental and social risks and impacts. The mitigation measures for the identified impacts and risks will be incorporated into the project design of the ESMP.

When working on the ESMP for HEI project activities, the MoES and selected beneficiary HEIs will follow the steps outlined below:

- Step 1:** Keeping in mind preparation, construction and operation phases, PIU performs screening of environmental and social risks and impacts. The checklists for environmental and social screening of HEI project activities (provided in ESMF) should be used for initial screening.
- Step 2:** After the selection of applications for funding, the Project Implementation Unit, in collaboration with the HEIs, will develop an Environmental and Social Management Plan or ESMP checklist for each subproject. The Environmental and Social Management Plan or ESMP checklist will be part of the agreement for the implementation of the subproject.

- Step 3:** With the support of the Project Implementation Unit, HEIs must publicly disclose information about the subproject, including its social and environmental aspects, channels for receiving complaints/inquiries/proposals from stakeholders, and establish a mechanism for their consideration at the subproject level through public consultations with stakeholders in accordance with the Stakeholder Engagement Plan.
- Step 4:** The contractor/HEI implement mitigation measures (as per breakdown of responsibilities described in the ESMP). MoES/PIU provides supervision and support.
- Step 5:** MoES/PIU and HEIs monitor HEI project activities' Environmental and Social performance and compliance with ESMP provisions.
- Step 6:** Reporting: MoES/PIU reports on E&S performance quarterly using Project Activity Report template supplemented by the Incident Register.

HEIs CAPACITY BUILDING

The ES specialist from the side of selected HEIs will be trained by MoES regarding the WB ESF requirements, environmental and social management procedures, GRM management, stakeholder engagement requirements and WB best practices.

3.5.3.3 PUBLIC CONSULTATIONS

Consultations on HEI ESMPs will ensure stakeholder involvement in the design of HEI project activities. More specifically, HEIs with support from MoES/PIU will: (i) involve the various stakeholders in highlighting environmental and social issues of the project; (ii) explain the HEI activities to local communities; (iii) encourage the participation of local people (opinions, fears, concerns, suggestions and expectations); (iv) collect socio-economic data and information from local communities related to HEI project activities; (v) lay the foundations for implementation of the actions planned under the HEI project activities.

To ensure above objectives, HEI will publish their respective ESMP on their website, local educational departments and other relevant interested parties (student administration bodies, NGOs etc.). No earlier than 10 business days and not later than 20 business days after disclosure/dissemination of ESMP, HEIs will hold virtual public consultations (announced on the website and through other appropriate channels) to discuss HEI project implemented activities, its impacts and mitigation measures described in the ESMP.

The ESMF provides a template that MoES/HEIs will use during Project implementation for stakeholder consultation and registration of participants, and to capture the issues discussed during virtual meetings/hearings. The revised final version of the ESMP will be made public on MoES and HEIs websites and sent to the World Bank for information.

3.5.3.4 MONITORING

MOES/PIU will provide overall strategic guidance and support to HEIs in the development, implementation and monitoring of their project activities. The PIU will coordinate the environmental and social monitoring of the measures stipulated in the ESMF for HEI project activities' ESMPs. Through environmental and social monitoring, the project team will verify if the recommended actions are effective in mitigating potential negative impacts of Project activities.

The supervision of the execution of environmental and social measures will be ensured by the PIU Environmental and Social Specialist/Consultant and Construction supervision Consultants.

The PIU's monitoring will include:

- Maintenance of an adequate environmental and social management system, ensuring compliance with the national legal framework and WB ESF and ESSs, and worker health and labor safety;
- Consolidation and submission of the Project Activity Report to the Bank every three months or per Bank's request.
- Ensuring that activities under the Project and its components comply with the approved design and applicable laws, environmental and social requirements set out on tender documentation;
- Ensuring that activities and services for Project's employees comply with the requirements of health and safety norms and rules;
- Ensuring the rational use of resources and responsible waste management;
- Engagement with stakeholders, review complaints and grievances and address issues raised in relation to the Project activities;
- Control and supervise activities of contractors, ensuring compliance with Project environmental and social requirements;
- Ensuring that accessible GRM (including SEA/SH GRM) are available for all stakeholders at central and Project levels;
- Report to the Bank (through the PIU's regular reporting) on E&S performance of the Program.

3.5.4 Reporting

3.5.4.1 BASIC REPORTING

To comply with World Bank standards, all measures implemented by the Ministry of Education and Science within the framework of the Project and related activities, including a register of complaints from stakeholders (if received), will be included in regular reporting to the World Bank.

The table in **Annex II.A** provides a brief summary of all reporting requirements on environmental and social safeguards.

3.5.4.2 ESIRT REPORTING

Despite significant efforts to manage environmental and social risks associated with Project activities, incidents may always occur. An incident in this context is an accident or negative event resulting from failure on the part of the implementing party to comply with national legislation and Bank ESF requirements, or because of unexpected or unforeseen events during project implementation. Examples of incidents include: fatalities, serious accidents and injuries; social impacts from labor influx; sexual exploitation and abuse (SEA) or other forms of gender-based violence (GBV); major environmental contamination; loss of biodiversity or critical habitat; loss of physical cultural resources; and loss of access to community resources.

This Environment and Social Incidents Response Toolkit (ESIRT) is intended to assist implementing parties to address incidents that occur during implementation of the Project and to advise implementing parties on their response to such incidents. ESIRT does not replace regular project

supervision and reporting but has been prepared to help implementing parties respond when they learn of incidents during supervision, or at any other time. ESIRT is comprised of the following steps under the incident management and reporting process:

- Step 1: Initial Communication, Step 2: Classification, Step 3: Investigation , Step 4: Response , Step 5: Follow Up

The MoES roles and responsibilities in incident response are outlined in each of the steps. This ESIRT also contains a Section on Responses and Remedial Actions, where examples of possible responses by implementing parties to incidents are provided. ESIRT detailed breakdown of steps is provided in the ESMF.

3.5.5 Stakeholder Engagement

Stakeholder engagement is an inclusive two-way iterative process that should be conducted throughout the project life cycle to ensure that the views, concerns and opinions of the project-affected groups are considered. The detailed table with key stakeholder engagement activities to take place during the project preparation stage through to implementation and closure could be found in the SEP.

Due to martial law regime, for security reasons, meetings with stakeholders for the purpose of presenting and discussing project activities and documents prepared in accordance with World Bank standards may take place in a virtual format, depending on the conditions available. Given the full-scale military aggression of Russia against Ukraine, conducting face-to-face meetings and workshops with stakeholder engagement may not be optimal from a security reasons.

The overall responsibility for implementing the stakeholder engagement process and communication with them lies with the Ministry of Education and Science, the Project Implementation Unit, and the HEIs selected for Project activity implementation, with the support of the World Bank. The Ministry of Education and Science has formed a Central Project Implementation Unit responsible for managing the Project and coordinating all project activities

3.5.6 Grievance Redress Mechanism

3.5.6.1 OVERVIEW

Transparency and accountability are core elements of the project. For this purpose, the project will include a grievance redress mechanism. The GRM will be multi-faceted, to receive inputs from communities, project workers and external stakeholders and respond to issues related to a broad range of project implementation issues. A channel for confidential reporting and redress mechanisms for gender-based violence (GBV) issues will also be laid out. The grievance mechanism shall also receive, register and address concerns and grievances related to the sexual exploitation and abuse, sexual harassment in a safe and confidential manner, including through the referral of survivors to gender-based violence service providers GRM. The goal of the GRM is to strengthen accountability to beneficiaries and to provide channels for project stakeholders to provide feedback and/or express grievances related to project supported activities. The GRM is a mechanism that allows for the identification and resolution of issues affecting the project. By increasing transparency and accountability, the GRM aims to reduce the risk of the project inadvertently affecting citizens/beneficiaries and serves as an important feedback and learning mechanism that can help

improve project impact. The mechanism focuses not only on receiving and recording complaints but also on resolving them. While feedback should be handled at the level closest to the complaint, all complaints should be registered and follow the basic procedures set out in this chapter.

The project will establish a robust feedback and grievance redress mechanism (GRM) to strengthen accountability to beneficiaries and provide a channel for Project stakeholders to provide inputs and feedback. It will allow for the identification and resolution of issues affecting the project, including misconduct of staff and/or sub project implementers, misuse of funds, abuse of power, and other improper behavior. By increasing transparency and accountability, the GRM will help reduce the risk of external interference, corruption, social exclusion or mismanagement. It will also serve as an important feedback and learning mechanism for project management regarding the strengths and weaknesses of project procedures, and implementation processes and mechanisms.

The GRM will focus not only on receiving and recording feedback, questions and complaints but also on how complaints are responded to, and resolved.

The GRM will be accessible to all project stakeholders, including disadvantaged and vulnerable groups. Also GRM will be accessible for Contractor's employees. They have, among others, the following rights under the Project:

- The right to information
- The right to submit complaints anonymously
- The right against inappropriate intervention by an outside party
- The right to a project free of fraud and corruption
- The right to be provided with updates about the status of their report

3.5.6.2 GRIEVANCE INVESTIGATION AND RESOLUTION PROCESS

CHANNEL TO MAKE COMPLAINTS. The Ministry of Education and Science of Ukraine intends to establish the following channels through which citizens/beneficiaries/Project Affected Persons (PAPs) can make complaints/suggestions/compliments regarding project-funded activities:

- a. By Email: mon@mon.gov.ua or uiherp@mon.gov.ua
- b. Internet: Ministry of Education and Science's website
- c. In writing: Beresteysky Ave 10, 01135, Kyiv, Ukraine
- d. Email for anonymous grievances: uiherp@mon.gov.ua

The grievance could be submitted anonymously. The anonymous grievance will be and investigated at the same manner that grievance from identified person or organization. Anonymous grievances will be addressed and included to the grievance log and regular report to the Bank. The Ministry guarantee the confidential of complainant's personal data.

After the selection of subprojects, the mechanism for submitting and reviewing complaints will also be established at the level of Higher Education Institutions (HEIs). HEIs will inform local stakeholders about the available channels for submitting complaints at the subproject level during public consultations and by posting relevant information on the official website of the HEIs

RECEIPT AND REFERRAL. When a Ministry of Education and Science official receives a complaint, it is registered according to the internal rules of the Ministry. Upon receipt of the complaint within the

framework of the Project, the Project Coordinator is immediately informed, who then forwards the complaint to the Project Manager - Head of the Consultant Group for processing.

Within five working days, the Project Manager - Head of the Consultant Group determines the person responsible for addressing the complaint, the need for its review, and, if necessary, the timeline for resolution. The Project Manager - Head of the Consultant Group must ensure there is no conflict of interest during the investigation of the complaint and throughout its resolution process. The duration of the complaint review depends on the issue raised in it. However, all complainants must receive a response regarding the outcome of the complaint review within thirty days of its registration.

A copy of the complaint is forwarded by the Project Manager - Head of the Consultant Group, not only to the person responsible for its review but also to an environmental and social issues specialist who is part of the Central Project Implementation Unit team, for registration of the complaint in the Grievance log.

INVESTIGATION. The individual responsible for addressing the complaint will gather and review all facts related to the content of the complaint. The process may include meetings/virtual consultations with the person who filed the complaint (if they wish to meet), and those who can contribute to the resolution (including structural units of the Ministry of Education and Science).

If it is not possible to resolve the issues raised in the complaint within one month, the review period can be extended, but not by more than 15 days. The complainant must be informed of this extension and the reasons for it no later than the following day, indicating the additional time frame for review.

Upon completion of the review, the proposed response will be presented by the Project Manager - Head of the Consultant Group to the Project Coordinator.

RESPONSE TO THE COMPLAINANT. The applicant will be informed about the results of the complaint review by letter, email, or any other feasible method, similar to how the complaint was received. The response should be based on the review materials and, if necessary, contain references to national legislation or World Bank standards. If needed, the Central Project Implementation Unit specialist for environmental and social issues may additionally contact the complainant to ensure they are satisfied with the response provided.

After sending the response to the complainant, the specialist for environmental and social issues should enter details about the complaint resolution and description of measures taken to address it into the Complaints Register.

Complaints related to sexual exploitation and abuse or sexual harassment. As the Project does not involve major construction works, there is no need to create a separate SEA/SH mechanism for resolving complaints related to sexual exploitation and abuse or sexual harassment. If such complaints are received by the Ministry of Education and Science, they will be addressed within the general SEA/SH mechanism. The personal data of the complainant will be protected by the handler and will not be reflected in reports and the complaints register. A responsible person for handling such complaints will be specifically appointed in the Central Project Implementation Unit. This person will attend SEA/SH complaint handling training organized by the Bank. At the level of HEIs, the complaints will be handled by a designated responsible person in accordance with the established SEA/SH mechanism for the subproject."

3.5.6.3 GRM FOR EMPLOYEES

A locally-based project-specific GRM, proportionate to the potential risks and impacts of the project, will be established, building upon existing labor practices and HR procedures. In addition, a GRM specifically for direct and contracted workers will be provided in accordance with ESS2. The GRM will be designed at an early stage and will be formally established by project effectiveness and before any disbursements and start of the civil works.

RIGHT TO APPEAL. If the complainant is not satisfied with the response, one more attempt will be made to clarify the rationale for the proposed action by the GRM/ESF staff, Project Manager and the investigating person/department and other relevant personnel may be involved in the appeals process. A final decision will be taken following the appeal meeting. If the response remains unsatisfactory to the complainant, he/she/they may resort to raising their grievances outside the project GRM system.