

»» Project Information

Social Infrastructure – Ukraine

Strengthening municipalities, promoting public accessibility

A third of Ukrainians live in rural areas. This often means a life in poverty as municipalities often do not have sufficient funds for social services or investments in infrastructure. In cooperation with the Ukrainian municipalities, KfW Development Bank is supporting projects to improve the quality of life in regional areas. To this end, the participation of citizens is an important prerequisite.

Context

Ukraine is a country with significant variations in living standards. While cities almost reach the lowest income level of EU member states, people residing in smaller urban or rural areas often live in poverty. For this reason, people tend to leave rural areas, and especially the young and capable ones move to cities hoping for better opportunities and a higher standard of living. Those who are left behind are pensioners, single parents or people in need of care. This becomes the cause of demographic and social problems.

Investments in social and economic infrastructure can help to prevent this phenomenon. However, for Ukrainian municipalities, the task is often enormous: the infrastructure has been neglected for years and investments are needed everywhere – in water supply, health system, schools and kindergartens. There is a lack of funds but also of experience. In the past, the country was organised centrally and the state was responsible for infrastructure.

It is primarily in the area of energy efficiency that municipalities must act fast to put a stop to the waste of energy and to environmental pollution, reducing costs at the same time. The supply systems for heat, power and hot water are outdated and inefficient, buildings are inade-

quately insulated. In many towns and villages, even public institutions are often heated by means of wood or coal. In winter there is simply not enough heat and at school, classes are often cancelled.

Project approach

The Ukrainian Social Investment Fund (USIF) was established in 2000 to modernise Ukraine's social infrastructure. Apart from KfW, various Ukrainian ministries are represented in its Supervisory Board. The World Bank cooperates with USIF in two projects. The Fund finances infrastructure projects in villages and small towns. The proposals are made by the municipalities which, together with citizens and regional administrations, bear up to a fifth of the costs. USIF employees in the capital of Kiev and in the regional offices review the

Project name	Promotion of the Social Infrastructure in Ukraine
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ)
Country/Region	Ukraine
Lead executing agency	Ukrainian Social Investment Fund USIF





Children at the inauguration of the gymnasium at Grammar School №59, Kiev. Source: USIF

proposals and manage the construction and renovation works until their completion.

Citizen participation is a key factor. The USIF only finances projects which are planned and implemented directly by the citizens of the respective municipality. The citizens establish an implementation agency that issues the tenders for the works, places orders and undertakes construction supervision with the support of USIF advisers. Citizens and municipalities are also responsible for the operation and maintenance of the renovated properties. For this, they have to submit a plan in which additional sources of financing are also listed. More than 380 small projects have already been completed successfully in this way, such as:

- Energy-efficient renovation of shelters for internally displaced people, schools, and kindergartens,
- Rehabilitation and modernisation of public buildings,
- Accompanying trainings for the population on e.g. energy efficiency.

One focus is on energy efficiency: to minimise energy costs in the longer term, roofs and windows are replaced, heating systems modernised and insulation installed. In addition, community members and USIF employees are taught about energy efficiency issues so as to share their expertise within the municipalities. The German government has so far provided a total of 46 million EUR to the USIF. In addition to the rehabilitation of social infrastructure (mainly kindergartens and schools) in various parts of the country, which is already being pursued in several project phases, USIF supports internally displaced persons (IDPs) who have fled the military conflicts

between the Ukrainian government and armed separatists with two direct and indirect phases. To this effect, a combined approach is applied including the provision of shelter for IDPs and the rehabilitation of social infrastructure in the eastern oblasts of Ukraine. The chosen regions are the areas bordering the conflict areas of Kharkiv, Dnipropetrovsk, and Zaporizhzhya, as well as the Government-controlled areas in Donetsk and Lugansk.

In the most recent phase USIF supports the strengthening of primary health centres at selected project sites in eastern Ukraine through patient-friendly and energy-efficient refurbishment of premises and the provision of medical equipment. The target group includes the residents in the catchment area of the selected project locations as well as doctors and medical staff in selected health centres that are being refurbished as part of the project. For these activities with the USIF the German federal Ministry for Economic Cooperation and Development (BMZ) has provided new funds amounting to EUR 14.45 million.

Impact

In light of the conflict, the main impact of the programmes implemented via the USIF for improving the living conditions of people in the chosen areas, strengthening local civil society and boosting awareness of energy efficiency in the municipalities is supplemented by aid measures for the affected citizens and the reduction of shortages in social infrastructure such as kindergarten places. These have been exacerbated by the influx of refugees, which is a source of tensions with the local population.



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