

# »» Project Information

Implemented by:



## Social infrastructure – Ukraine

Strengthening municipalities, promoting public accessibility

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

### Context

Ukraine is a country with varying standards of living. While its cities almost reach the lowest income level of EU member states, people residing in smaller urban areas and rural ones often live in poverty. This leads to people leaving rural areas, with the young and capable moving to the cities in the hope of better opportunities and a higher quality of life. Those who are left behind are pensioners, single parents or people in need of care. This results in demographic and social problems.

Investments in the social and economic infrastructure can prevent this phenomenon. But for Ukrainian municipalities, the task is often gargantuan. For years the infrastructure has been neglected and now investments are needed everywhere – in water supply, health system, schools and kindergartens. There is a shortage 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 the municipalities must act fast to put a stop to the wasting of energy and to environmental pollution and reduce

costs. The supply systems for heat, power and hot water are outdated and inefficient, buildings are inadequately insulated. In many towns and villages, even public institutions are often heated by means of wood or coal. In winter there's simply not enough heat and classes are often cancelled.

### Project approach

The Ukrainian Social Investment Fund (USIF) was established in 2000 to modernise the country's social infrastructure. Alongside KfW, representatives of various Ukrainian ministries and research institutions belong to

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<b>Commissioned by</b>	Federal Ministry for Economic Cooperation and Development
<b>Country/Region</b>	Ukraine
<b>Lead executing agency</b>	Ukrainian Social Investment Fund USIF





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

its administrative board. A number of international donors are involved. The Fund finances infrastructure projects in villages and small towns with up to 50,000 inhabitants. 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, Kiev, and in the regional offices review the proposals and manage the construction and renovation measures until their completion.

The key factor is citizen participation. The USIF only finances projects that are planned and implemented directly by the citizens of the respective municipality. They establish what is termed an implementation agency that – guided by USIF advisers - issues the tenders for the work, places orders and undertakes construction supervision. The citizens and municipalities are also responsible for the operation and maintenance of the renovated properties. This involves them having to submit a plan in which additional sources of financing are also listed. Just under 300 small projects have already been completed successfully in this way. The focus is on energy efficiency: to minimise energy costs in the longer term, roofs and windows are replaced, heating systems modernised and insulation installed. Community members and USIF employees are additionally taught about energy efficiency issues so that they can pass on that expertise within the municipalities.

To date the German Federal Government has made a total of EUR 24 million available to USIF. In addition to several project phases of renovating social infrastructure (mainly kindergartens and schools) in various parts of the country, in response to the armed conflict in parts of eastern Ukraine, USIF is to concentrate on providing

accommodation for internally displaced persons from the affected areas, using supplementary funding of EUR 14 million. Social infrastructure is also to be upgraded in areas where especially high numbers of refugees have fled, for example regions bordering the conflict areas such as Charkiv, Dnipropetrovsk and Zaporyzhzhya as well as areas further west, but answering respective needs, also urban centres such as Kiev or Lviv.

## Impact

In light of the conflict, the main impact of the programmes implemented through the USIF for bettering the lives of people in the chosen intervention 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 and also lead to tensions between them and the local population.

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