

UKRAINE

PROGRAM-FOR-RESULTS

Transforming Healthcare through Reform and Investments in Efficiency (THRIVE) Project (P506083)

Environmental and Social Systems Assessment (ESSA)

DRAFT FOR CONSULTATIONS

World Bank

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The Environmental and Social Systems Assessment (ESSA) of the Program-for-Results (PforR) Transforming Healthcare through Reform and Investments in Efficiency (THRIVE) Project (P506083) was prepared by a World Bank team composed of Oksana Rakovych (Senior Environmental Specialist), Mariia Nikitova (Social Development Specialist), Anastasiia Zakharova (Social Development Consultant) and Nataliia Khilobochenko (Environmental Consultant).

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Abbreviations

TERM	EXPANDED TERM/ DEFINITION
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CSO	Civil Society Organization
DLI	Disbursement-Linked Indicator
DLR	Disbursement-Linked Result
E&S	Environmental & Social
EC	European Commission
ECA	Europe and Central Asia
EIB	European Investment Bank
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management Systems
ESSA	Environmental and Social Systems Assessment
EU	European Union
EUR	Euro
GHG	Greenhouse Gas
GoU	Government of Ukraine
GRM	Grievance Redress Mechanism
IBRD	International Bank for Reconstruction and Development
IFI	International Financial Institution
IPF	Investment Project Financing
IVA	Independent Verification Agent
IMF	International Monetary Fund
M&E	Monitoring & Evaluation
MoE	Ministry of Health
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organization
NHSU	National Health Service of Ukraine
OHS	Occupational Health and Safety
PDO	Program Development Objective
PforR	Program-for-Results
PHC	Primary Health Care
PMG	Program of Medical Guarantees
SOE	State-Owned Enterprise
USD	United States Dollar
WB	World Bank

EXECUTIVE SUMMARY

Program Description

The PforR aims at helping the GoU to address the four systemic bottlenecks that limit the efficiency of the Program of Medical Guarantees (PMG): (i) ineffective prioritization of services financed by the PMG; (ii) outdated and fragmented provider network; (iii) incomplete rollout of active payment methods that incentivize output; and (iv) constrained capacity of the National Health Service of Ukraine NHSU, **through four Results Areas (RAs).**

- **Results Area 1: Prioritization within the Program of Medical Guarantees.** The Program will provide incentives for standardizing the process of revisions of the PMG benefit package to make it more cost-effective over time and for shifting PMG expenditures towards the Primary Health Care (PHC) level.
- **Results Area 2: Network Optimization.** The Program will provide incentives to use PMG financing to accelerate the concentration of services in larger, more capable hospitals, with better economies of scale and scope while using efficient, alternative energy sources.
- **Results Area 3: Strategic Purchasing.** The Program will provide incentives to roll out better-tuned, active, and strategic provider payment methods. For PHC, it will incentivize the introduction of bundled payments based on the achievement of key performance indicators (KPI); for hospitals, it will support disaggregation of the DRG system and increasing the percentage of hospital reimbursements that are based on outputs.
- **Results Area 4: Management Capacity.** The Program will increase the autonomy of the NHSU and strengthen oversight mechanisms, including through citizen engagement. It will also incentivize strengthening NHSU capacity, especially at the decentralized level, to allow it to better execute its monitoring and control functions and better detect and recover PMG funds lost due to billing errors and fraud.

In the long term, actions undertaken by the GoU and incentives provided by the World Bank will result in improved effectiveness of the PMG, increase the efficiency of public financing for health, and, ultimately, result in better health outcomes for the Ukrainian population.

The PforR uses two general types of DLIs. The first type incentivizes specific regulatory and institutional changes. The second focuses on providing incentives for changes in service provision to improve the efficiency of the PMG. The DLIs in the latter category will be scalable to encourage fast pace of change but, at the same time, allow flexibility to accommodate the rapidly changing conflict-affected setting of Ukraine. **Under RA1**, the DLIs will focus on incentives to rationalize and systematize the process of the PMG entitlement revisions (DLI 1) and improving allocative efficiency within the PMG through more effective tariff setting for PHC (DLI 2, DLI 3) and creating incentives for providing more NCD care at the PHC level (DLI 4). By shifting services from hospital to primary care, the DLIs under this RA will support climate change mitigation by lowering energy consumption per patient. It will also enhance adaptation through improving prevention and management of cardiovascular risks that are exacerbated by climate change. **Under RA2**, the DLIs will incentivize the use of selective contracting (DLI 5); the use of financing mechanisms to concentrate and optimize the provision of services at the hospital level (DLI 6); and the use of solar energy to improve energy efficiency and energy security of the health system (DLI 7). The DLIs under this RA will mitigate climate change by increasing the use of solar energy in the health sector. The DLIs will also enhance adaptation by improving care for strokes, myocardial infarction inpatient surgery, and

deliveries--conditions for which global evidence shows substantial increases in mortality and morbidity risks resulting from climate change. **Under RA3**, the DLIs will incentivize improvements in reimbursements to hospitals, including more accurate coding for climate change related conditions (DLI 8), and introduction of a more strategic way to purchase primary care services (DLI 9). **Under RA 4**, the DLIs will provide incentives for greater managerial autonomy and more transparent citizen oversight of the NHSU, and strengthening NHSU monitoring and control capacity (DLI 10). The allocations of PforR proceeds by DLI is presented in Table 6. The DLIs and disbursement linked results (DLRs) are summarized in Table 7 and presented in detail in the Technical Assessment.

Two Bank operations have financing linked to PMG expenditures. The HEAL Project (P180245), through performance-based conditions (PBCs), is reimbursing the expenditures incurred by the GoU for the delivery of priority services disrupted by Russia’s invasion or new services needed as a result of the invasion—mental health, rehabilitation, subsidized medicines, childhood vaccinations, and expanded primary health care services. The total amount allocated to the PBCs under HEAL is US\$ 160 million, out of which US\$ 120 million of which has already been disbursed. The PEACE Project (P178946) is providing budget support to Ukraine. Part of this support is disbursed based on an amount equivalent to a portion of expenditures on salaries reported by the health care providers contracted by the NHSU under the PMG. Since 2022, PEACE has disbursed US\$ 2.4 billion linked to the expenditure on salaries reported by health care providers contracted by the NHSU. The most recent disbursement was made in September 2023 for the amount of US\$ 243 million.

Including the proposed PforR, the estimated financing by the World Bank linked to PMG between February 2022 and December 2026 is US\$ 3.8 billion (Table 3).¹ This amount to about 19.5 percent of the GoU’s expenditures on PMG for that period.²

Table 3: World Bank-financed Operations with Financing Linked to PMG

Source of Financing and Areas of Support	Actual and Estimated Financing 2022-2026 (US\$ million)
<i>World Bank</i>	
HEAL: Reimbursement of expenditure on priority packages (mental health, rehabilitation, expanded examinations, Affordable Medicines Program)	160
PEACE: PMG expenditure equivalent to the expenditure on salaries reported by health care facilities that hold contracts with the NHSU	2,400
THRIVE: Supports PMG efficiency enhancing reforms within the PMG program and fiscal boundary	1,200
<i>Government of Ukraine</i>	
Total Government Expenditure on PMG	19,500

¹ This figure does not include possible future financing through PEACE additional financing.

² The total actual and planned PMG expenditure between 2022 and 2026 is US\$ 19.5 billion. The includes US\$ 7.5 billion in actual expenditures in 2022 and 2023 and US\$ 12.0 billion in planned expenditures for 2024–2026.

No existing Bank operation is supporting the implementation of the PMG reforms prospectively. Similarly, no other development partner in Ukraine is providing financing linked directly to the PMG or PMG expenditures. WHO and USAID are providing technical assistance aimed at strengthening and accelerating health financing reforms. A number of other partners are supporting the health sector more broadly through financing and TA. The ESSA has reviewed the proposed Program activities and has determined that the potential E&S effects do not include unacceptable adverse risks. Following the requirements of PforR Policy, activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people will not be eligible for the PforR Financing – this will be specified in Program Action Plan.

Hybrid approach to WB financing instruments

The proposed Program takes a hybrid approach to in order to support GoU in achieving its objective: (i) a Program-for- Results (PforR) component; and (ii) an IPF component focused on Technical Assistance (TA) and capacity strengthening for the implementing entities, which will be implemented as an IPF to address critical institutional development and capacity gaps within implementing institutions. This Environmental and Social Systems Assessment (ESSA) focuses on environmental and social (E&S) concerns associated with the PforR component and will be supporting the management, mitigation and monitoring efforts of the implementing entities to be supported under the Program. The IPF component will be managed by the WB ESF.

ESSA Methodology

The ESSA was prepared by the World Bank’s assessment team through a combination of reviews of existing program materials and available technical literature as well as interviews with government staff, non-governmental organizations, community members and development partners. The ESSA: (a) examines the scope, context, and potential impacts of the Program from an E&S perspective; (b) assesses in detail the different E&S effects under the Program activities, including indirect and cumulative effects, contextual and political risks related to the E&S issues; (c) assesses the capacity of national bodies in addressing related E&S risks and identifying any complex risks in implementing E&S measures; (d) compares the borrower’s systems (laws, regulations, standards, procedures, and implementation performance) against the PforR’s **six core principles** (see below); and (e) formulates recommended measures to address capacity for and performance on policy issues and specific operational aspects relevant to managing program risks. As part of the PforR appraisal process, further consultations will be conducted with key stakeholders. The findings, conclusions and opinions expressed in the ESSA document are those of the World Bank.

The six core E&S principles for the ESSA are to:

- 1) **promote environmental and social sustainability** in the PforR Program design; avoid, minimize or mitigate adverse impacts, and promote informed decision-making relating to the PforR Program’s environmental and social impacts;
- 2) **avoid, minimize or mitigate adverse impacts on natural habitats and physical cultural resources** resulting from the PforR Program;
- 3) **protect public and worker safety** against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the PforR Program; (ii) exposure to toxic chemicals, hazardous waste, and other dangerous materials under the PforR Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards;

- 4) **manage land acquisition and loss of access to natural resources** in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards;
- 5) give due consideration to the cultural appropriateness of, and equitable access to, PforR Program benefits, **giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups**;
- 6) **avoid exacerbating social conflict**, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

Anticipated ES Benefits

The Program will have a number of positive **environmental** effects resulting from increasing operational efficiency and implementing climate mitigation measures. The environmental impacts are primarily indirect and stem from improvements in healthcare administration and policy, leading to more efficient use of resources and energy savings, as described below:

1. Operational Efficiency and Resource Use:
 - Rationalization and systematization of the PMG revision process could lead to reduced resource use, such as paper and energy, as administrative processes become more streamlined and potentially digitized.
 - The shift towards preventive care and efficient management of chronic diseases aligns with climate change mitigation efforts by potentially reducing the environmental footprint of healthcare delivery, especially if it reduces the need for hospital-based care, which is typically more resource-intensive.
2. Climate Change Mitigation:
 - The promotion of solar power use in health facilities will contribute to a reduction in greenhouse gas emissions by decreasing reliance on fossil fuels, as well as enhance energy security for health facilities, ensuring they have a consistent power supply, which is particularly important in areas with unreliable electricity grids or for situation of power outages.
 - Encouraging the use of renewable energy sources aligns with global sustainability goals and can set a precedent for other sectors to follow.

The Program will also have positive **social** effects, in particular improving healthcare quality, governance, public engagement, accountability, and overall health system performance, outlined in more details below:

1. Improved quality and access to healthcare: incentives for high quality and broader activity can lead to better healthcare services; providers may offer more services, improving access to care; focusing on high-importance services can improve overall health outcomes.
2. Improved governance and accountability, compliance and quality: new direct oversight mechanisms can enhance transparency and accountability among healthcare providers; in-person monitoring can lead to higher quality of care and the presence of monitoring personnel can build trust among patients and the public.
3. Enhanced organizational capacity and autonomy of NHSU: a larger administrative budget can improve the NHSU's ability to fulfill its functions; changing the legal status of the NHSU may lead to more strategic health service purchasing – overall, a stronger NHSU can lead to better health outcomes.

4. Increased public engagement: the Public Consultation Council allows for greater public involvement in decision-making; more effective local oversight of health service contracts can improve healthcare quality.

Contextual risk factors

The ES risks of the Program are well understood and can be mitigated by enhancing the existing ES management system practices. However, these risks (mostly, the OHS risks during in-person monitoring and capacity building activities) may be exacerbated by potential aerial bombardments (including targeted strike on critical healthcare infrastructure) and other military actions which add an element of extreme uncertainty and risk of fatality or serious injury that cannot be entirely mitigated by environmental and social management measures. These risks will be addressed through preparation of War Hazard Emergency Preparedness and Response Plan under IPF component.

Political and reputational risks

Healthcare services provided under the THRIVE program could be perceived as being distributed unfairly, especially if certain regions appear to receive more resources than others. Such perceptions could exacerbate existing tensions and lead to social conflict, resistance to healthcare initiatives, and a breakdown in cooperation between communities and healthcare providers. This risk is assessed as social risk in the ESSA, respective measures (inclusive community engagement campaign) are proposed to be included in the Program design.

Potential E&S Risks and Impacts

The potential **direct negative environmental** impacts are associated with the need for proper medical and pharmaceutical waste management:

1. Community health and safety: an expansion of healthcare services (especially, in-person treatment) may cause an increase in infections risk in separate locations (in big hospitals that will take on more patients as compared to small hospitals that will provide fewer services and will have fewer patients) which should be accompanied with proportionate increase in infection control preparedness and management capacity of each affected healthcare institution (including necessary infrastructure, equipment and staff).
2. Medical waste: an expansion of healthcare services (especially, in regard to deliveries and surgeries) may cause an increase in generation of medical wastes (including biological medical waste) in separate locations which should be accompanied with proportionate increase in waste management capacity of each affected healthcare institution (including necessary infrastructure, equipment and staff).
3. Pharmaceutical waste: an increase in the use of prescribed medications for hypertension management should be managed with proper disposal mechanisms to prevent environmental contamination.

The Program also has a number of **indirect negative environmental** impacts which are downstream impacts of activities that are likely to be influenced by the Program but are not directly connected to any of Program activities:

1. Resource use for solar infrastructure: the production and installation of solar panels involve the use of resources and may generate waste. However, the long-term benefits of renewable energy usually outweigh these initial environmental costs.
2. Increased transportation: patients and their families may need to travel longer distances to access delivery services, potentially increasing transportation-related emissions.
3. Construction and renovation: if hospitals need to expand or renovate to meet the increased demand for delivery services, this could lead to temporary increases in resource use and waste, as well as other typical construction-related impacts (noise, dust, traffic, OHS and community health and safety risks etc.).

The main potential **direct negative social** impacts associated with Program activities will include:

1. Resource allocation: an increase in the administrative budget could be viewed as diverting funds from direct medical services or other areas of the health system, which might be controversial among stakeholders and lead to public and professional dissatisfaction – especially, if the increased budget does not lead to visible improvements in the NHSU’s performance.
2. Resource intensiveness: in-person monitoring requires significant human resources and can be time-consuming, potentially diverting attention from other critical tasks, disrupting the daily operations of healthcare facilities, possibly affecting service delivery.
3. Public safety: required increase in prescription of medication for hypertension, as well as surgeries may potentially lead to unsubstantiated diagnosis and incorrect treatment.
4. Worker safety and wellbeing: healthcare workers face risks of physical harm, psychological stress (for example, the knowledge of being monitored might place additional stress on staff), and burnout, especially in wartime, with inadequate safety measures and lack of mental health support, which can affect the quality of care provided.
5. Change Management and potential for inequality in healthcare service distribution: the expansion of decentralized multi-regional departments (MRDs) may require significant changes in how the NHSU operates at the local level, which could lead to temporary disruptions or resistance among existing staff. If the expansion of MRDs is not evenly distributed, some regions may benefit more than others, potentially exacerbating regional disparities in healthcare quality and access, lead to social conflict, and undermine the effectiveness of the THRIVE program.
6. Access to healthcare for Vulnerable and Disadvantaged Populations: vulnerable groups may face barriers to accessing healthcare services, including physical distance, destruction of infrastructure, limited information, and affordability issues, particularly in conflict-affected areas.
7. Ineffective Grievance Redress Mechanisms (GRMs): the GRMs under the THRIVE program may be inaccessible and lack transparency, especially for remote or vulnerable populations, leading to unresolved grievances and diminished trust in the healthcare system.
8. Sexual Exploitation and Abuse (SEA): There is an increased risk of SEA among vulnerable populations and healthcare workers, particularly in isolated or conflict zones, due to the absence of comprehensive measures for prevention, reporting, and addressing SEA within the THRIVE program.

The Program also has an **indirect negative social** impact related to forced labor which is found in the global supply chain for solar panels and solar components. To support forced labor risk mitigation, the ESSA will propose to strengthen solar related procurement processes by including forced labor bidder declarations, qualification

requirements and strengthened contractual provision in procurements involving financing of solar panels/solar components.

These negative social impacts highlight potential challenges and areas of concern that may arise from the implementation of the activities described in the DLIs, such as resource allocation debates, operational disruptions, stress on healthcare staff, and broader social risks associated with the THRIVE program.

Legal and Regulatory Framework

On the side of infectious control and waste management (including medical and pharmaceutical waste), the GoU and responsible ministries (Ministry of Health, Ministry of Environmental Protection) have developed national environmental legislation and adopted laws and regulations together with a number of programs and action plans to address environmental issues and promoted sustainable approach to waste management. This legislative base has been tested during COVID-19 pandemic and revised to better fit the requirements of the WHO and ILO. On the social side, the country has developed relevant legal and regulatory frameworks which cover key social issues, including labor and working conditions and social inclusion and sustainability. The ESSA provides a concise assessment of the country's E&S legal and regulatory framework on the six core principles under WB's PforR Policy, which are deemed applicable to the proposed Program, including its strengths and challenges.

Institutional Capacity Assessment

The MoH will manage project, fiduciary, environmental and social aspects of the government expenditure program. The salient characteristics of Program activities (such as nature, type and scale of activities) and relevant E&S capacity of the managing units (including NHSU) have been assessed.

While MoH has one well established PIUs managing three WB financed projects with E&S staff in place, NHSU currently has no E&S staff in place and has limited experience applying Bank's Environmental and Social Standards (ESSs). NHSU has prior experience jointly implementing citizen engagement activities currently carried out by the PIU team in MoH in collaboration with a third-party independent non-government organization for the ongoing Bank financed projects. Given the project aims to strengthen the capacity of the NHSU to implement the reforms, the Project will be supporting its E&S capacity through separate IPF operations by hiring of one environmental specialist and one social specialist to the MoH PIU who will assist MoH and NHSU with E&S risk management.

Comparative Analysis of Borrower E&S System and World Bank Core Principles

Key findings from the E&S systems assessment are summarized below, including on the strengths and weaknesses/areas for improvement of the current system which will inform the proposed gap-filling/mitigation measures to ensure that the Program is managed in a manner consistent with the Core Principles of the Bank's PforR Policy.

1. Core Principle 1 (Environmental and Social Sustainability and Risk Management) and 2 (Natural Habitats and Physical Cultural Resources)

Strengths

- Ukraine has formally **aligned its legislation with the EU’s** Environmental Impact Assessment (EIA) Directive and the Directive on Strategic Environmental Assessment. Also, after signing the Association Agreement with the EU, Ukraine became a signatory to environmental and sustainable development international conventions and adopted a wide range of legal acts and programs.
- **The scope of Ukrainian environmental legislation (including legislation on hazardous waste) is comprehensive** (more than 300 legal acts) and covers most areas of environmental protection and natural resources management.

Weaknesses/Areas for improvement

- **The legislation is largely declarative in nature and does not have all the essential enforcement mechanisms** for implementing legal acts and international agreements, especially due to limited capacity of responsible authorities due to ongoing war. Many of the acts are not consistent, for example, the enforcement for sanitary rules for infection control in healthcare facilities is assigned to sanitary inspection that has since been abolished and this responsibility has not been clearly reassigned.
- **The E&S capacity of MoH and NHSU**, the lead implementing agencies, would benefit from extensive support (for implementation of ESHS good practice) and additional staffing to cover the PforR.

2. Core Principle 2 (Natural Habitats and Physical Cultural Resources)

- The Program does not involve this core principle. The proposed Program does not foresee any works or activities in or near natural habitats or archaeological/cultural monuments.

3. Core Principle 3 (Public and Worker Safety)

Strengths:

- Ukrainian legislation on labour protection consists of the Law of Ukraine “On Labour Protection” and many bylaws. Efforts are underway to **improve the compliance of Ukraine’s OHS legal framework with key international and European standards on OHS and labor relations.**
- National healthcare system has established **protocols to automatically check for any inconsistencies** in diagnosis/prescription trends.

Weaknesses/Areas for improvement:

- **The high incidence rates of work-related accidents and occupational diseases** indicate that a lot remains to be done when it comes to the prevention of occupational risks and the promotion of the safety, health and well-being of workers.
- **These gaps and shortcomings are further exacerbated by the ongoing conflict situation.** Accidents with fatal consequences caused by hostilities constitute almost half of the total fatal injuries at work in the conditions of conflict.
- Number of **organizational and infrastructural shortcomings on infection control and medical waste management** increase risk of exposure and environmental pollution.
- **Irregularity of OHS checks** in healthcare institutions. Routine OHS inspections (normally done by State Labor Service of Ukraine) have been suspended for the martial law period and healthcare institutions rarely have necessary resources (and staff) to supervise OHS compliance of their operations.

- The system would benefit from update of **in-person monitoring protocols** paired with capacity building to ensure implementation of gap filling measures.

4. Core Principle 4 (Management of Land Acquisition and Involuntary Resettlement)

- The Program does not involve this core principle. The healthcare institutions will not directly involve economic or physical displacement of project-affected people, as the proposed Program does not support any land acquisition and does not envisage involuntary physical and economic displacement caused by the Program’s financing of client government institutions.

5. Core Principle 5 (Inclusion of Vulnerable Groups)

Strengths

- The Ukrainian regulatory framework contains a wide range of policies and legislation at various administrative levels pertaining to gender and social inclusion, and relevant to inclusive access of program benefits for vulnerable groups.

Weaknesses/Areas for improvement:

- There is potential that **vulnerable groups and minorities might be excluded from Program benefits** due to a variety of reasons (such as IDPs status, remoteness, disabilities, digital literacy).

6. Core Principle 6 (Avoidance of Social Conflict)

Strengths

- **There are a number of national policies and regulations with cross cutting systems for stakeholder engagement and information disclosure across all the program activities.**
- The Law of Ukraine "On Citizen Appeals" provides the right to file observations, complaints and proposals with the government authorities, local governments, citizens associations, enterprises, institutions, organizations.

Weaknesses/Areas for improvement:

- Ukrainian legislation, relative to international good practice, does not allow for **anonymous grievances**.
- While MoH and NHSU have their own grievance system, **their functionality could be reviewed and strengthened** (e.g. existing hotline for PMG related appeals).

Risk Classification

Activities supported by the Program will have potential E&S risks and impacts related to provision/expansion of healthcare services and improving accountability of the PMG system, these risks and impacts would not to be in environmentally or socially sensitive areas, are well understood and are expected to be limited in impact. Program activities are not likely to require significant changes to the borrower’s overall management approaches, and it is also highly likely that the Program achieves its operational objectives and sustain the desired ES outcomes. The

borrower’s implementing agency has a proven track record in managing identified risks while being supported by TA and capacity building effort of IPF component.

At the time of ESSA drafting, the overall ES risks are considered “**Moderate**” as per the WB ESSA Guidance (with appropriate exclusions and mitigations presented in the ESSA).

Client Engagement (August – September 2024): For the preparation of this ESSA, the Bank task team undertook a series of meetings with the Client based on the preliminary ESSA questionnaire. No site visits were conducted due to the security issues in the country. The Client continues to provide required information and the Bank E&S Team is incorporating new findings into the ESSA Report.

Conclusion and Recommendations

Based on the above assessment, a series of measures and actions are recommended for the proposed Program to address the identified gaps between the government E&S management system and the core principles of the Bank’s PforR Policy. These would ensure that the proposed program be managed in a manner consistent with the Core Principles. They will be also embedded in the POM, with detailed operational guidance, as appropriate. Their effectiveness will continue to be monitored and adjusted throughout the program life:

- (i) **Appropriate E&S staffing arrangement and institutional capacity development** of MoH and NHSU institutions;
- (ii) Issue a ministerial **recommendation on proper ES risk management practices** for future reconstruction/construction projects;
- (iii) **Implementation of ES compliance criteria (including OHS, infection control and waste management)** into requirements for healthcare institutions who seek governmental contracts for healthcare services packages;
- (iv) **Update of in-person monitoring protocols** to also cover issues of EHS (**including OHS, infection control and waste management**), GRM, inclusiveness and transparency;
- (v) Conduct **needs assessment** regarding healthcare availability among vulnerable groups,
- (vi) Establishment of functional grievance mechanism (GM) (or improvement of existing grievance mechanism) and
- (vii) **Regular and incident program reporting.**

1 INTRODUCTION

Program Description

1. **The proposed Program (“P”) is a subset of Ukraine’s National Health Strategy (NHS) (2024-2030) (“p”).** The overall program of the NHS (“p”) defines health sector priorities for the next seven years. It consists of three strategic goals divided into 16 operational objectives. The first strategic goal focuses on improving service delivery; the second, on strengthening institutions and financing; and the third, on human and technological resources within the health sector. **The Program (“P”), supported by the PforR is defined as the PMG, including the reforms being rolled out under the NHS Strategic Goal 2: “Strengthening and Improving the Capacity of National Health System Institutions” and its Operational Objective 1, “Ensuring appropriate financing of the health care system and efficiency of financial resource use.”** Within the Program, PforR activities to support the achievement of Operational Objective 2 under Strategic Goal 2 are divided into four results areas (RAs) corresponding to the four key bottlenecks impeding the rollout and effectiveness of the PMG. The Program expenditure boundary includes the PMG expenditure for the years covered by the PforR for the four PMG service packages most directly related to efficiency-enhancing reforms: (i) PHC, (ii) inpatient surgery in hospitals, (iii) stroke care in hospitals; and (iv) deliveries. The PMG is defined in Ukraine’s finance law as a discrete budget program with an estimated budget for 2024–2026 of about US\$11.9 billion, and an estimated budget of US\$ 4.9 billion for the four service packages (see Expenditure Framework). Table 2 presents the areas that the PforR will support under the NHS program.
2. **Two Bank operations have financing linked to PMG expenditures.** The HEAL Project (P180245), through performance-based conditions (PBCs), is reimbursing the expenditures incurred by the GoU for the delivery of priority services disrupted by Russia’s invasion or new services needed as a result of the invasion—mental health, rehabilitation, subsidized medicines, childhood vaccinations, and expanded primary health care services. The total amount allocated to the PBCs under HEAL is US\$ 160 million, out of which US\$ 120 million of which has already been disbursed. The PEACE Project (P178946) is providing budget support to Ukraine. Part of this support is disbursed based on an amount equivalent to a portion of expenditures on salaries reported by the health care providers contracted by the NHSU under the PMG. Since 2022, PEACE has disbursed US\$ 2.4 billion linked to the expenditure on salaries reported by health care providers contracted by the NHSU. The most recent disbursement was made in September 2023 for the amount of US\$ 243 million.
3. Including the proposed PforR, the estimated financing by the World Bank linked to PMG between February 2022 and December 2026 is US\$ 3.8 billion (Table 3).³ This amount to about 19.5 percent of the GoU’s expenditures on PMG for that period.⁴

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Source of Financing and Areas of Support	Actual and Estimated Financing
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Total Government Expenditure on PMG	19,500

4. **Except for US Government funding channeled through PEACE, no other development partner in Ukraine is providing financing linked directly to the PMG or PMG expenditures.** The SDC, United States Agency for International Development (USAID), and WHO are providing technical assistance aimed at strengthening and accelerating health financing reforms. Several other partners are supporting the health sector more broadly through financing and TA. For example, USAID is supporting public procurement of pharmaceuticals; SDC is providing support for a number of initiatives related to mental health, rehabilitation, and human resources for health (HRH); and a number of other partners (UNDP, UNICEF, UNOPS) are supporting emergency and humanitarian responses related to the impact of the invasion.

5. **The PforR aims at helping the GoU to address the four systemic bottlenecks that limit the efficiency of the PMG:** (i) ineffective prioritization of services financed by the PMG; (ii) outdated and fragmented provider network; (iii) incomplete rollout of active payment methods that incentivize output; and (iv) constrained capacity of the NHSU, **through four Results Areas (RAs).**

- **Results Area 1: Prioritization within the Program of Medical Guarantees.** The Program will provide incentives for standardizing the process of revisions of the PMG benefit package to make it more cost-effective over time and for shifting PMG expenditures towards the PHC level.
- **Results Area 2: Network Optimization.** The Program will provide incentives to use PMG financing to accelerate the concentration of services in larger, more capable hospitals, with better economies of scale and scope while using efficient, alternative energy sources.
- **Results Area 3: Strategic Purchasing.** The Program will provide incentives to roll out better-tuned, active, and strategic provider payment methods. For PHC, it will incentivize the introduction of bundled payments based on the achievement of key performance indicators (KPI); for hospitals, it will support disaggregation of the DRG system and increasing the percentage of hospital reimbursements that are based on outputs.
- **Results Area 4: Management Capacity.** The Program will increase the autonomy of the NHSU and strengthen oversight mechanisms, including through citizen engagement. It will also incentivize strengthening NHSU capacity, especially at the decentralized level, to allow it to better execute its monitoring and control functions and better detect and recover PMG funds lost due to billing errors and fraud.

6. In the long term, actions undertaken by the GoU and incentives provided by the World Bank will result in improved effectiveness of the PMG, increase the efficiency of public financing for health, and, ultimately, result in better health outcomes for the Ukrainian population.

7. **The PforR will be implemented over three years at an estimated total cost of US\$ 6.1 billion, with US\$1.2 billion funded by IBRD loans and grants.** Due to resource constraints, the current IBRD financing of US\$300 million will need to be disbursed during the 2024 calendar year. Withdrawals not exceeding 25 percent of the financing amount will be made against prior results achieved between the date of the Program concept review and the signature date of the Legal Agreement. Further withdrawals will be made against DLIs achieved and verified after the date of the Legal Agreement. In addition, there will be a need to provide an advance towards expenditures related to DLIs that will be achieved after October 31, 2024. The combined amount of the advance and withdrawals against prior results will not exceed the 30 percent ceiling allowed under the PforR Directive.

ESSA Methodology

8. The ESSA was prepared by the World Bank’s assessment team through a combination of reviews of existing program materials and available technical literature as well as interviews with government staff, non-governmental organizations, community members and development partners. As part of the PforR appraisal process, further consultations will be conducted with key stakeholders. The findings, conclusions and opinions expressed in the ESSA document are those of the World Bank.

9. The scope of the ESSA covers the activities and systems necessary to achieve the Program Development Objectives (PDO), the expenditure program and the defined Results Areas and the DLIs. The ESSA assess the potential E&S effects of the Program and examines the client’s E&S system to determine the consistency with the following six (6) E&S Core Principles as described in the WB PforR Policy:

- 1) **promote environmental and social sustainability** in the PforR Program design; **avoid, minimize or mitigate adverse impacts**, and promote informed decision-making relating to the PforR Program’s environmental and social impacts;
- 2) **avoid, minimize or mitigate adverse impacts on natural habitats and physical cultural resources** resulting from the PforR Program;
- 3) **protect public and worker safety** against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the PforR Program; (ii) exposure to toxic chemicals, hazardous waste, and other dangerous materials under the PforR Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards;
- 4) **manage land acquisition and loss of access to natural resources** in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their **livelihoods** and living standards;
- 5) give due consideration to the cultural appropriateness of, and equitable access to, PforR Program benefits, **giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups**;
- 6) **avoid exacerbating social conflict**, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

10. The key steps of the ESSA are the following:

- **Review of the baseline** environmental and social information to understand the context under which the Program activities are undertaken.
- **Analysis of environmental and social benefits and risks** of the Program activities.
- **Assessment of the borrower’s systems** for environmental and social management for planning and implementing the Program activities for consistency with the applicable Core Principles.

- **Identification of procedural and policy gaps** with Bank Policy and Directive for Program-for-Results Financing (notably the six Core Principles) as well as performance constraints in carrying out environmental and social management processes.
- **Development of a set of actions to strengthen the systems** and improve environmental and social performance outcomes of the Program.

11. The methodology included three distinct elements: (i) the first consisted of interview with concerned agencies (NHSU and MoH) and other key stakeholders, which was undertaken by the Bank task team in August 2024; (ii) the second consisted of a review of documents, literature and data available at key agencies on the legal and regulatory frameworks related to environment and social risk management including grievance management systems; and (iii) the third consisted of a national level stakeholder consultation workshop to assess possible E&S impacts on different categories of stakeholders. The national level stakeholder consultations have been organized in September 2024, and the outcomes of the consultations will be incorporated in the analysis – the discussions are detailed below in Chapter 6 – Stakeholder Consultation. A list of participants is attached as Annex 1. The draft ESSA is disclosed publicly and shared with the stakeholders before the consultations and prior to appraisal. The final ESSA will be disclosed before the approval of the Program.

2 EXPECTED ENVIRONMENTAL AND SOCIAL EFFECTS

12. Salient E&S characteristics of the proposed Program: while the proposed Program will not directly support physical infrastructure interventions, the Program will support the “upstream” healthcare governance system for (i) healthcare services contracting and monitoring, (ii) improvement of Affordable Medicine program utilization, (iii) incentivizing reliance on solar energy sources and (iv) NHSU strengthening and capacity building.

13. **Overall E&S benefit:** The Program will have a number of positive environmental effects resulting from increasing operational efficiency and implementing climate mitigation measures. The **environmental impacts** are primarily **indirect** and stem from improvements in healthcare administration and policy, leading to more efficient use of resources and energy savings, as described below:

1) Operational Efficiency and Resource Use:

- Rationalization and systematization of the PMG revision process could lead to reduced resource use, such as paper and energy, as administrative processes become more streamlined and potentially digitized.
- The shift towards preventive care and efficient management of chronic diseases aligns with climate change mitigation efforts by potentially reducing the environmental footprint of healthcare delivery, especially if it reduces the need for hospital-based care, which is typically more resource-intensive.

2) Climate Change Mitigation:

- The promotion of solar power use in health facilities will contribute to a reduction in greenhouse gas emissions by decreasing reliance on fossil fuels, as well as enhance energy security for health facilities, ensuring they have a consistent power supply, which is particularly important in areas with unreliable electricity grids or for situation of power outages.
- Encouraging the use of renewable energy sources aligns with global sustainability goals and can set a precedent for other sectors to follow.

The Program will also have **positive social effects**, in particular improving healthcare quality, governance, public engagement, accountability, and overall health system performance, outlined in more details below:

- 1) Improved quality and access to healthcare: incentives for high quality and broader activity can lead to better healthcare services; providers may offer more services, improving access to care; focusing on high-importance services can improve overall health outcomes.
- 2) Improved governance and accountability, compliance and quality: new direct oversight mechanisms can enhance transparency and accountability among healthcare providers; in-person monitoring can lead to higher quality of care and the presence of monitoring personnel can build trust among patients and the public.
- 3) Enhanced organizational capacity and autonomy of NHSU: a larger administrative budget can improve the NHSU's ability to fulfill its functions; changing the legal status of the NHSU may lead to more strategic health service purchasing – overall, a stronger NHSU can lead to better health outcomes.
- 4) Job creation and professional development: the expansion of MRDs will create new jobs, with positive economic effects locally – more staff at the decentralized level can lead to better health outcomes for the local population; additional funds may allow for better staff training, improving service quality.
- 5) Increased public engagement: the Public Consultation Council allows for greater public involvement in decision-making; more effective local oversight of health service contracts can improve healthcare quality.

14. **Screening and classification of key E&S risks and impacts:** This section provides the summary of potential key E&S risks and impacts associated with (A) each DLI/DLR and (B) the expenditure program, which

the Bank team has identified through discussions with key stakeholders and analysis of available information (No site visits were conducted due to the security situations in the country). Based on the assessment of (i) likely E&S effects, (ii) contextual risk factors, (iii) institutional capacity and complexity risks and (iv) political and reputational risks undertaken by the Bank team (which are presented in this ESSA and the PAD), the overall E&S risks are considered “**Moderate**” as per the WB ESSA Guidance⁵ with appropriate exclusions and mitigations presented in the ESSA. It should be also noted that the ESSA cannot fully account for contextual risks that may go beyond the boundary of the proposed Program (such as risks associated with mining of territories, historical/war-related pollution, aerial attacks, and other war hazards). The Bank team will continue to monitor and revisit this classification throughout the Program implementation.

A. Potential E&S risks and impacts under DLIs/DLRs

15. The potential **direct negative environmental impacts** are associated with the need for proper medical and pharmaceutical waste management (**Core Principle 3**):

- a. Community health and safety: an expansion of healthcare services (especially, in-person treatment) may cause an increase in infections risk in separate locations (in big hospitals that will take on more patients as compared to small hospitals that will provide fewer services and will have fewer patients) which should be accompanied with proportionate increase in infection control preparedness and management capacity of each affected healthcare institution (including necessary infrastructure, equipment and staff).
- b. Medical waste: an expansion of healthcare services (especially, in regard to deliveries and surgeries) may cause an increase in generation of medical waste (including biological medical waste) in separate locations which should be accompanied with proportionate increase in waste management capacity of each affected healthcare institution (including necessary infrastructure, equipment and staff).
- c. Pharmaceutical waste: an increase in the use of prescribed medications for hypertension management should be managed with proper disposal mechanisms to prevent environmental contamination.

16. The Program also has a number of **indirect negative environmental impacts** which are downstream impacts of activities that are likely to be influenced by the Program but are not directly connected to any of Program activities:

- 1) Resource use for solar infrastructure: the production and installation of solar panels involve the use of resources and may generate waste. However, the long-term benefits of renewable energy usually outweigh these initial environmental costs. (**Core Principle 1**)
- 2) Increased transportation: patients and their families may need to travel longer distances to access delivery services, potentially increasing transportation-related emissions. (**Core Principle 1**)

⁵ As per the E&S risk rating guide in the WB ESSA Guidance, the definition of “**Moderate**” E&S risk is as follows: “There is a moderate likelihood that Program activities would lead to some E&S consequences. Program activities are not likely to require significant changes to the borrower’s overall management approaches, and it is also highly likely that the Program achieves its operational objectives and sustain the desired E&S outcomes because of lower context, institutional complexity/capacity, or political and reputational risks. These risks are well understood and are expected to be limited in impact. The borrower’s implementing agencies usually have a proven track record in managing identified risks and, while not perfect, they have more limited needs for capacity-building measures. The operation may have some adverse E&S impacts, but they would tend not to be in environmentally or socially sensitive areas. Program activities are small in scale and their impacts are well known and manageable with standard procedures; they do not require unproven mitigation or management measures. The operation is unlikely to have significant adverse impacts on GHG and would not be at risk of natural disasters such as flooding, earthquake, or severe weather events. The operation may also have limited likelihood for adverse effects on gender, vulnerable groups, poverty, and equity.”

- 3) Construction and renovation: if hospitals need to expand or renovate to meet the increased demand for delivery services, this could lead to temporary increases in resource use and waste, as well as other typical construction-related impacts (noise, dust, traffic, OHS and community health and safety risks etc.). **(Core Principles 1 and 3)**

17. The main potential **direct negative social impacts** associated with Program activities will include:

- 1) Resource allocation: an increase in the administrative budget could be viewed as diverting funds from direct medical services or other areas of the health system, which might be controversial among stakeholders and lead to public and professional dissatisfaction – especially, if the increased budget does not lead to visible improvements in the NHSU’s performance. **(Core Principle 6)**
- 2) Resource intensiveness: in-person monitoring requires significant human resources and can be time-consuming, potentially diverting attention from other critical tasks, disrupting the daily operations of healthcare facilities, possibly affecting service delivery. **(Core Principle 3)**
- 3) Public safety: required increase in prescription of medication for hypertension and diabetes, as well as surgeries may potentially lead to unsubstantiated diagnosis and incorrect treatment. **(Core Principle 3)**
- 4) Worker safety and wellbeing: healthcare workers face risks of physical harm, psychological stress (for example, the knowledge of being monitored might place additional stress on staff), and burnout, especially in wartime, with inadequate safety measures and lack of mental health support, which can affect the quality of care provided. **(Core Principle 3)**
- 5) Change Management and potential for inequality in healthcare service distribution: the expansion of decentralized multi-regional departments (MRDs) may require significant changes in how the NHSU operates at the local level, which could lead to temporary disruptions or resistance among existing staff. If the expansion of MRDs is not evenly distributed, some regions may benefit more than others, potentially exacerbating regional disparities in healthcare quality and access, lead to social conflict, and undermine the effectiveness of the THRIVE program. **(Core Principle 5)**
- 6) Access to healthcare for Vulnerable and Disadvantaged Populations: vulnerable groups may face barriers to accessing healthcare services, including physical distance, destruction of infrastructure, limited information, and affordability issues, particularly in conflict-affected areas. **(Core Principle 5)**
- 7) Ineffective Grievance Redress Mechanisms (GRMs): the GRMs under the THRIVE program may be inaccessible and lack transparency, especially for remote or vulnerable populations, leading to unresolved grievances and diminished trust in the healthcare system. **(Core Principle 6)**
- 8) Sexual Exploitation and Abuse (SEA): There is an increased risk of SEA among vulnerable populations and healthcare workers, particularly in isolated or conflict zones, due to the absence of comprehensive measures for prevention, reporting, and addressing SEA within the program. **(Core Principle 5)**

18. The Program also has an **indirect negative social impact** related to forced labor **(Core Principle 3)** which is found in the global supply chain for solar panels and solar components. To support forced labor risk mitigation, the ESSA will propose to strengthen solar related procurement processes by including forced labor bidder declarations, qualification requirements and strengthened contractual provision in procurements involving financing of solar panels/solar components.

These negative social impacts highlight potential challenges and areas of concern that may arise from the implementation of the activities described in the DLIs, such as resource allocation debates, operational disruptions, stress on healthcare staff, and broader social risks associated with the THRIVE program.

The direct and indirect environmental and social impacts are detailed in the table below.

Table 1. THRIVE Program’s direct and indirect environmental and social impacts

Disbursement-linked Indicators (DLIs) and Disbursement-Linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts
DLI 1: Standardize annual process of the revisions in the PMG benefit package.		
DLR1.1: Process for defining entitlements under the PMG is revised through the adoption of a Cabinet of Minister resolution in a way that, at minimum, defines the roles of the parties and criteria for adding new services into the benefit package.	<ul style="list-style-type: none"> + Reduced Resource Use: Streamlining the revision process could lead to reduced use of physical resources, such as paper, due to a more efficient administrative process. + Indirect Energy Savings: Improved operational efficiency within the Ministry of Health could indirectly lead to energy savings, as less time and fewer resources are spent on administrative tasks. 	<p>Positive Social Impacts:</p> <ul style="list-style-type: none"> + Improved Healthcare Management: Standardizing the PMG revision process can lead to better healthcare management, as it allows for a more predictable and transparent system for both providers and beneficiaries. + Increased Transparency: By making the criteria for service inclusion explicit and the process well-defined, stakeholders can have a clearer understanding of the PMG, which may improve trust and cooperation. <p>Negative Social Impacts:</p> <ul style="list-style-type: none"> - Adjustment Period: There may be a temporary period of adjustment as providers and other stakeholders adapt to the new standardized process, which could initially cause confusion or delays.
DLI 2: Improve accuracy of information entered into the electronic healthcare system.		
DLR 2.1: The procedure for systematic calculation of PHC capitation rate has been adopted through a decree of the Minister of Health.	<ul style="list-style-type: none"> + Resource Efficiency: Potential environmental benefits include the reduction of administrative overhead and the use of paper as processes become more digital and streamlined, contributing to resource conservation. + Energy Savings: Indirect energy savings may occur as a result of increased operational efficiency within healthcare administration. 	<p>Positive Social Impacts:</p> <ul style="list-style-type: none"> + Improved Healthcare Access and Quality: More accurate and efficient healthcare payments can lead to better access to healthcare services for the population, potentially improving overall health outcomes. + Administrative Efficiency: Enhanced efficiency and accuracy in patient empanelment can reduce administrative waste and improve the allocation of healthcare resources. + Increased Trust: The implementation of automated processes for verifying personal data can increase trust in the healthcare system, leading to higher patient satisfaction and engagement. + Better Data Management: Improved data management and integration with European health systems can facilitate better care for Ukrainian citizens abroad, which is particularly important in the context of the ongoing conflict and displacement. <p>Negative Social Impacts:</p> <ul style="list-style-type: none"> - Potential Disruption: The introduction of new systems and methodologies may temporarily disrupt existing processes, potentially leading to short-term inefficiencies or confusion among healthcare providers and patients.
DLR 2.2: PHC declarations have been verified against the Ministry of Finance Information Platform for Electronic Verification.		
DLR 2.3: PHC declarations have been verified against the data from State Register of Individuals		
DLR 2.4: PHC declarations have been verified against ARCAN (the Register of the State Border Agency).		
DLI 3: Prioritize PHC expenditure within the PMG through regular increases in the PHC capitation tariff within the PMG budget		
PHC capitation rate is increased.	<ul style="list-style-type: none"> + Reduced Environmental Footprint: An increase in the efficiency of PHC services 	<p>Positive Social Impacts:</p>

Disbursement-linked Indicators (DLIs) and Disbursement-Linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts
	<p>could lead to a reduced environmental footprint if it decreases the reliance on more resource-intensive hospital-based care.</p> <ul style="list-style-type: none"> + Digitalization: If the capitation rate increase leads to more digital reporting and data management, this could result in environmental benefits such as reduced paper use. 	<ul style="list-style-type: none"> + Improved Access to Healthcare: Increasing the capitation rate could make PHC services more accessible by providing adequate funding to cover the costs of service provision, potentially leading to better health outcomes. + Quality of Care: With better funding, healthcare providers may be incentivized to improve the quality of care to attract and retain patients. + Financial Sustainability: Aligning the capitation rate with the actual costs of providing PHC services can help ensure the financial sustainability of healthcare providers. <p>Negative Social Impacts:</p> <ul style="list-style-type: none"> - Potential for Service Disruption: If the PMG budget envelope is not increased to accommodate the higher capitation rate, other services may suffer due to the redistribution of resources, potentially leading to a decrease in the availability or quality of other healthcare services.
<p>DLI4: Increase the provision of cost-effective hypertension management services at the PHC level</p>		
<p>Number of people diagnosed with hypertension who received prescriptions from their family doctor for Eligible Medications under the Affordable Medicines program is increased.</p>	<p>Positive Environmental Impacts:</p> <ul style="list-style-type: none"> + Reduced Energy Consumption: By preventing hospitalizations, which typically have high energy requirements, managing patients at the PHC level can contribute to lower energy use and a reduced carbon footprint per patient. + Climate Change Mitigation: The shift towards more energy-efficient healthcare delivery aligns with climate change mitigation efforts, as it promotes a reduction in the overall environmental impact of healthcare services. <p>Negative Environmental Impacts:</p> <ul style="list-style-type: none"> - Pharmaceutical waste: an increase in the use of prescribed medications for hypertension management should be managed with proper disposal mechanisms to prevent environmental contamination. 	<p>Positive Social Impacts:</p> <ul style="list-style-type: none"> + Improved Health Outcomes: By focusing on the management of hypertension, cardiovascular diseases at the PHC level, this initiative can lead to better health outcomes due to early intervention and consistent management of these conditions. + Cost-Effectiveness: Shifting towards preventive services and managing non-communicable diseases (NCDs) like hypertension at the PHC level can reduce the need for more expensive hospital-based treatments. + Accessibility: Increasing the availability of affordable medicines through the 'Affordable Medicines' program can improve access to essential medications for patients with hypertension and diabetes, leading to better disease management. + Healthcare Efficiency: By preventing the progression of diseases to more advanced stages that require hospitalization, the healthcare system can operate more efficiently, with resources being allocated to preventive care rather than costly emergency interventions. <p>Negative Social Impacts:</p> <ul style="list-style-type: none"> - Resource Reallocation: There may be challenges in reallocating resources towards PHC and preventive services, which could impact other areas of healthcare if not managed properly. - Adherence to Treatment: Ensuring that patients adhere to their medication regimens can be challenging, and failure to do so could undermine the effectiveness of the initiative.

Disbursement-linked Indicators (DLIs) and Disbursement-Linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts
DLI 5: Scale up selective contracting for hospitals.		
<p>The NHSU has published annually selective contracting thresholds for (i) deliveries; (ii) inpatient surgery; and (iii) stroke treatment.</p> <p>DLI 6: Improve concentration of hospital services.</p> <p>DLR 6.1: Number of deliveries provided in high-volume hospitals.</p> <p>DLR 6.2: Number of outpatient surgeries provided in high-volume hospitals</p> <p>DLR 6.3: Number of cases of stroke cases treated in hospitals with high level of thrombolysis</p>	<p>Positive Environmental Impacts:</p> <ul style="list-style-type: none"> + Reduced Environmental Footprint: Centralizing deliveries in fewer hospitals could lead to a reduction in the overall environmental footprint of healthcare delivery if these hospitals are more energy-efficient and have better waste management systems. + Energy Efficiency: Hospitals with economies of scale may be more likely to invest in energy-efficient technologies, which could reduce energy consumption and greenhouse gas emissions. <p>Negative Environmental Impacts:</p> <ul style="list-style-type: none"> - Community health and safety: an expansion of healthcare services may cause an increase in infections risk in separate locations. - Increased Transportation: Patients and their families may need to travel longer distances to access delivery services, potentially increasing transportation-related emissions. - Construction and Renovation: If hospitals need to expand or renovate to meet the increased demand for delivery services, this could lead to temporary increases in resource use and waste. - Increased Medical Waste: Centralizing services could lead to an increase in medical waste from a higher concentration of patients, which would require upgrade of existing waste management practices. 	<p>Positive Social Impacts:</p> <ul style="list-style-type: none"> + Enhanced Quality of Care: Concentrating in-person services in capable hospitals may lead to higher quality care due to better resources and more experienced staff. + Improved Outcomes: Hospitals that meet higher thresholds for in-person services are likely to have better facilities and protocols in place, potentially leading to better outcomes for patients. + Efficient Resource Use: Focusing on hospitals that can handle a larger volume of in-patient services may lead to more efficient use of medical supplies and personnel. <p>Negative Social Impacts:</p> <ul style="list-style-type: none"> - Risk of Over-servicing: There is a potential risk that providers may over-service patients to increase activity-based payments, which could lead to unnecessary treatments or prescriptions - Service Disruption: The transition to a new contracting system may temporarily disrupt healthcare services. - Access to Care: A reduction in the number of hospitals providing in-person services could affect access to care for patients, especially in rural or underserved areas. - Transportation Barriers: Patients might have to travel further for in-person services, which could create barriers to timely and adequate care. - Potential Overcrowding: Concentrating in-person services in fewer hospitals could lead to overcrowding and strain on those facilities if the increase in volume is not managed properly. - Displacement of Healthcare Workers: There may be job displacements as smaller hospitals lose service contracts, which could affect the livelihoods of healthcare workers in those facilities.

Disbursement-linked Indicators (DLIs) and Disbursement-Linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts
DLI 7: Scale up the use of solar power in the health sector		
<p>DLR 7.1: NHSU incorporates information about the availability of solar energy into data that is routinely collected from health facilities contracted under the PMG.</p> <p>DLR 7.2: Number of facilities using solar power as energy source contracted under PMG is increased.</p>	<p>Positive Environmental Impacts:</p> <ul style="list-style-type: none"> + Reduction in Carbon Footprint: The use of solar power in health facilities will contribute to a reduction in greenhouse gas emissions by decreasing reliance on fossil fuels. + Energy Security: Solar energy provides a renewable source that can enhance energy security for health facilities, ensuring they have a consistent power supply, which is particularly important in areas with unreliable electricity grids. + Sustainable Energy: Encouraging the use of renewable energy sources aligns with global sustainability goals and can set a precedent for other sectors to follow. <p>Negative Environmental Impacts:</p> <ul style="list-style-type: none"> - Resource Use for Solar Infrastructure: The production and installation of solar panels involve the use of resources and may generate waste. However, the long-term benefits of renewable energy typically outweigh these initial environmental costs. 	<p>Positive Social Impacts:</p> <ul style="list-style-type: none"> + Reliable Healthcare Services: Improved energy security means that healthcare services can be more reliable, which is crucial for emergency services and for the storage of medicines and vaccines. + Economic Benefits: Investment in solar infrastructure can create jobs and stimulate local economies. + Health Benefits: Reduced air pollution from burning fossil fuels can lead to better overall public health outcomes. <p>Negative Social Impacts:</p> <ul style="list-style-type: none"> - Initial Costs: The initial investment for solar infrastructure can be significant, which might divert funds from other healthcare services or require additional financing. - Maintenance Requirements: There may be a need for training and hiring of personnel to maintain and operate solar power systems, which could be a challenge in resource-limited settings. - Forced Labor which is found in the global supply chain for solar panels and solar components
DLI 8: Improve the case-based tariff setting and payment mechanisms		
<p>DLR 8.1: Systematic collection of cost data from hospitals is adopted through an order of the Head of the NHSU.</p> <p>DLR 8.2: Ukraine Adjacent DRG system is revised through a resolution of the Cabinet of Ministers.</p> <p>DLR 8.3: NHSU analyses and publishes data on cost of services</p>	<p>Positive Environmental Impacts:</p> <ul style="list-style-type: none"> + Digital Infrastructure: The implementation of a new DRG system will likely require increased use of digital infrastructure, which has its own environmental footprint in terms of energy consumption and electronic waste. + Reduced Paper Use: Moving to a more digital system could reduce the need for 	<p>Positive Social Impacts:</p> <ul style="list-style-type: none"> + Enhanced Healthcare Efficiency: A more accurate DRG system can lead to better resource allocation, ensuring that funds are used where they are most needed and can have the greatest impact. + Improved Hospital Management: Systematic cost data collection can provide hospital administrators with the information they need to make more informed decisions about service provision and resource use. + Fairer Reimbursement: By reflecting the actual cost of services, the DRG system can ensure that hospitals are fairly compensated, which may reduce the need for patients to cover shortfalls.

Disbursement-linked Indicators (DLIs) and Disbursement-Linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts	
provided by hospitals using the methodology as part of DLR 8.1	<p>paper, which would have a positive environmental impact.</p> <p>Negative Environmental Impacts:</p> <ul style="list-style-type: none"> - Energy Consumption: Increased use of digital systems may lead to higher energy consumption, although this may be offset by energy-saving technologies and practices. 	<p>Negative Social Impacts:</p> <ul style="list-style-type: none"> - Administrative Burden: Implementing a new system for cost data collection and DRG management may initially place a significant administrative burden on hospital staff. - Training and Transition: There may be a need for extensive training for hospital staff to adapt to the new system, which could temporarily disrupt hospital operations. - Potential for Inequity: If not carefully managed, the new DRG system could lead to inequities in service provision, with some hospitals potentially underfunded if their costs are higher than the average. 	
DLI 9: Improve the use of strategic purchasing through expansion of the proportion of hospital reimbursement based on case-based payments at the PHC level			
DLR 9.1: Percentage of payments to hospitals based on DRG for supercluster hospitals and institutions of the National Academy of Medical Sciences and the MoH that have joined the PMG is increased.	<p>Positive Environmental Impacts:</p> <ul style="list-style-type: none"> + Reduced Environmental Footprint: More efficient hospital operations, driven by the need to optimize within the DRG payment structure, could lead to a reduced environmental footprint due to less waste and more sustainable use of resources. + Digitalization: The increased use of digital systems for tracking and reporting DRG payments may lead to a decrease in paper use and associated environmental benefits. <p>Negative Environmental Impacts:</p> <ul style="list-style-type: none"> - Energy Consumption: The increased use of digital systems and data processing could lead to higher energy consumption, although this may be offset by energy-saving technologies and practices. 	<p>Positive Social Impacts:</p> <ul style="list-style-type: none"> + Incentivizing Efficiency: By increasing the proportion of DRG-based payments, hospitals may be incentivized to improve efficiency and reduce unnecessary services, as they will be reimbursed based on the case type rather than a global budget. + Quality of Care: A focus on case-based payments can potentially improve the quality of care, as hospitals strive to optimize outcomes within the DRG payment structure. + Transparency and Accountability: The DRG system can increase transparency in hospital payments and hold providers accountable for the services they deliver, potentially leading to better health outcomes. <p>Negative Social Impacts:</p> <ul style="list-style-type: none"> - Potential for Service Reduction: Hospitals might reduce services that are not well reimbursed under the DRG system, which could negatively impact patient care. - Financial Pressure: Hospitals that are unable to operate efficiently within the DRG payment structure may face financial pressures, potentially impacting service provision and staff employment. - Equity Concerns: There may be a risk of creating disparities in care if some hospitals are better able to adapt to the DRG system than others, potentially leading to inequitable access to services. 	
DLR 9.2: Number of national institutions currently funded directly by the MOH and the National Academy of Medical Sciences that have signed contracts with the NHSU is increased.			
DLR 9.3: Percentage of PHC facilities receiving blended payments for the achievement of key performance indicators (KPIs, as defined in the POM) is increased.			
DLI 10: Strengthen NHSU autonomy and governance by changing the legal status of the NHSU and introducing new oversight mechanisms			
DLR 10.1: NHSU is denoted as the Central Executive Agency with Special Status by a resolution of the Cabinet of Ministers.	<p>Positive Environmental Impacts:</p> <ul style="list-style-type: none"> + Reduced Environmental Footprint: Improved governance and oversight 	<p>Positive Social Impacts:</p> <ul style="list-style-type: none"> + Improved Governance: The introduction of new oversight mechanisms can lead to better governance of the NHSU, enhancing transparency and accountability. 	

Disbursement-linked Indicators (DLIs) and Disbursement-Linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts
<p>DLR 10.2: Public Control Council (PCC) that provides citizen oversight of the NHSU is created by a decree issued by the Cabinet of Ministers.</p> <p>DLR 10.3: State Enterprise Medical Guarantees (SEMG) is created by a Cabinet of Ministers decree to improve data-based decision-making capacity of the NHSU.</p> <p>DLR 10.4: NHSU’s overall capacity is strengthened through increases in administrative budget as a proportion of the overall PMG budget.</p>	<p>might lead to more efficient operations within the NHSU, potentially reducing its environmental footprint through better resource management.</p> <p>+ Digital Infrastructure: The establishment of new oversight mechanisms may require the development of new digital platforms for communication and reporting, which could have a positive impact by reducing paper use.</p> <p>Negative Environmental Impacts:</p> <ul style="list-style-type: none"> - Energy Consumption: The increased use of digital systems and infrastructure could lead to higher energy consumption, although this may be offset by energy-saving technologies and practices. 	<p>+ Increased Public Engagement: The creation of the PCC allows for greater public consultation and involvement in decision-making processes, potentially leading to health policies that better reflect the needs and preferences of the population.</p> <p>+ Strengthened Autonomy: By changing the legal status of the NHSU, it may gain more independence, which can facilitate more strategic and effective health service purchasing.</p> <p>Negative Social Impacts:</p> <ul style="list-style-type: none"> - Resistance to Change: Changes in governance structures and legal status may face resistance from stakeholders who are accustomed to the existing system, potentially leading to conflicts or delays in implementation. - Risk of Inefficiency: If not well-managed, the introduction of new bodies like the PCC and Executive Board could lead to bureaucratic inefficiencies or duplication of efforts

B. Potential E&S risks and impacts under the Expenditure Program

19. The Program will focus on budgeted expenditures and provide financing for PMG and supporting NHSU capacity building. The Table below presents the 2024-2026 government expenditure program and incremental expenditures. **No additional E&S risks and impacts have been anticipated under the Expenditure Program beyond what has been assessed for DLIs/DLRs above.**

Table 2. THRIVE Expenditure Program

Government expenditure program	2024-2026 PMG budget (UAH 1,000s)	2024-2026 PMG budget (USD)	PforR (USD)
Leadership and management in the field of state financial guarantees of medical care for the population (NHSU's administrative budget) (line item 2308010)	539,326	13,483,150	
Implementation of the program of state guarantees of medical care for the population (line item 2308060)	478,946,371	11,973,659,000	
Total	479,485,697	11,987,142,150	1,200,000,000

* The average hryvnia exchange rate for 2024– UAH 40.7 per US dollar, in accordance with FY2024 State Budget calculations.

3 LEGAL AND REGULATORY FRAMEWORK FOR MANAGING THE PROGRAM'S ENVIRONMENT AND SOCIAL IMPACTS

20. **Overview:** The GoU has developed national environmental legislation and adopted new laws and regulations together with a number of programs and action plans to address environmental issues and promoted sustainable use of natural resources. The country has adopted several subsidiary laws and legislation on environmental management and is a party to a series of international and regional environmental agreements and conventions. The country also has the nature protection policy and the implementation of measures in the field of rational use of natural resources and environmental protection is ongoing. On the social side, the country has developed relevant legal and regulatory frameworks which cover key social issues, including land acquisition and resettlement, labor and working conditions and social inclusion and sustainability. Below is the concise assessment of the country's E&S legal and regulatory framework on the six core principles under WB's PforR Policy, which are deemed applicable to the proposed Program in public investment management (such as preparation, appraisal and implementation of individual recovery/reconstruction projects). (Annex 2 provides the detailed analysis of these E&S frameworks, which was prepared in the context of WB IPF and PforR operations in the country).

Management of E&S Sustainability, Risk and Impacts (relevant to Core Principle 1)

21. Ukraine has formally aligned its legislation with the EU's Environmental Impact Assessment (EIA) Directive and the Directive on Strategic Environmental Assessment. Also, after signing the Association Agreement with the EU, Ukraine became a signatory to environmental and sustainable development international conventions and adopted a wide range of legal acts and programs. The scope of Ukrainian environmental legislation is comprehensive (more than 300 legal acts) and covers most areas of environmental protection and natural resources management. However, the country's environmental legislation faces several weaknesses:

- The legislation is largely declarative in nature and does not have all the essential enforcement mechanisms for implementing legal acts and international agreements, especially due to limited capacity of responsible authorities due to ongoing war; and
- Many of the acts are not consistent with each other.

22. Environmental matters that should be considered during the construction and operation of civil infrastructure are generally governed by the Law of Ukraine On Environmental Protection, On the Protection of Atmospheric Air, On the Protection of Land, and On the Environmental Impact Assessment. State Construction Norms and State Sanitary Norms set specific standards for the construction of buildings and, depending on the construction class and its complexity, the construction may require a notification on commencement of the construction work or a building permit. All the potential risks of such activity (including OHS, community health and safety, biodiversity impacts, waste management, etc.) should be mitigated by the existing construction practices mandated by the vast collection of construction standards and norms, sanitary norms and rules, Labor Code of Ukraine, legislative and normative base of protection of natural resources etc.

23. However, past experience and practical information from similar construction sites show that some of the national legislation on OHS, community health and safety, waste management and resource efficiency are sometimes overlooked and/or neglected – partially, due to the lack of knowledge of the workforce, due to the lack of supervision and guidance, but also to speed up the process and save the budget (for mitigation measures).

Natural Habitats and Physical Cultural Resources (relevant to Core Principle 2)

24. Most of natural habitats in Ukraine either designated as Nature Protection Fund lands and are protected under relevant legislation, or (rarely) as forest lands with special use status. Ukraine's cultural heritage sites are protected by regulations under the Law of Ukraine "On Protection of Cultural Heritage." The

Law of Ukraine "On Protection of Cultural Heritage" provides the foundation for protecting cultural heritage objects, requiring developers to obtain necessary approvals and permits before commencing work that could affect these sites. National regulations mandate that developers take into account restrictions on economic activities in areas with cultural heritage objects. A Chance Find Procedure ensures that any unexpected discoveries of cultural artifacts during construction are handled appropriately, preserving the nation's cultural heritage while allowing for necessary development.

Public and Worker Safety (Relevant to Core Principle 3)

25. Ukrainian legislation on labor protection consists of the Law of Ukraine "On Labour Protection" and many bylaws (labor protection regulations, resolutions of the Ukrainian Government, sanitary standards, orders of ministries that clarify the provisions of this law). Recent EU-ILO Project 'Towards safe, healthy and declared work in Ukraine' was aimed to improve the compliance of Ukraine's occupational health and safety (OHS) legal framework with key international and European standards on OHS and labor relations, and, inter alia, to adequately and sustainably transpose into the national legal framework a set of EU Directives on OHS (such as Directive 89/391/EEC - OHS "Framework Directive" etc.). In addition, EU OHS Directives 2009/104/EC, concerning the minimum safety and health requirements for the use of work equipment by workers at work and 89/656/EEC, on the minimum health and safety requirements for the use by workers of personal protective equipment at the workplace, have been transposed to national legislation, through orders of the Ministry of Social Policy of Ukraine (MSP).

26. However, the high incidence rates of work-related accidents and occupational diseases indicate that a lot still remains to be done in Ukraine, when it comes to the prevention of occupational risks and the promotion of the safety, health and well-being of workers. These gaps and shortcomings are further exacerbated by the ongoing situation and related military hazards. For the OHS management system, hostilities become real external threats factors that significantly change the external and internal context of the enterprise and increase the risks of additional accidents at work, which are uncharacteristic for peacetime and have consequences of varying severity. In Ukraine as of April 2024, accidents with fatal consequences caused by hostilities constitute almost half of the total fatal injuries at work in the conditions of conflict.

27. Infection control is one of the main components of work safety and community safety in healthcare facilities. The main regulatory documents regulating infection control at healthcare institutions include the Law of Ukraine "On Ensuring the Sanitary and Epidemiological Welfare of the Population" and the Order of the Ministry of Health No. 325 on sanitary and anti-epidemic rules for handling medical waste.

28. Despite the existence of a regulatory framework, the following problems and risks are encountered in practice:

- Non-compliance with infection control protocols: In many HCFs non-compliance with infection control standards is observed, especially when handling hazardous waste of category B, which increases the risk of spreading nosocomial infections.
- Improper sorting of waste: Requirements for correct sorting of medical waste of various categories are often violated. For example, mixing infectious and non-infectious waste.
- Collecting and storage shortcomings: Many hospitals face problems with the lack of a sufficient number of specialized containers for storing infectious waste. Also, it is frequently observed the absence of adequate facilities to store infectious or hazardous medical waste before disposal. This leads to the temporary storage of waste in unsuitable conditions, which increases the risk of leaks, contamination or the spread of infections.
- Lack of staff training: Although projects such as the Emergency Response to COVID-19 have provided training for medical staff, training remains irregular and incomplete in many facilities, negatively impacting knowledge of safe waste management and compliance with infection control.

29. Proper medical and pharmaceutical waste management is considered to be a major contributing factor to preventing environmental pollution and occupational/community health and safety risks.

In Ukraine, the practice of handling waste is regulated by a number of normative legal acts, the main one of which is the Law of Ukraine "On Waste Management", which regulates the general principles of waste management, including hazardous waste, which includes medical and pharmaceutical waste. The medical waste management is regulated by the State sanitary and anti-epidemic rules and regulations, approved by the order of the Ministry of Health of Ukraine dated 09/06/2022 No. 1602.

In addition, an important role is played by the State sanitary and anti-epidemic rules and norms, approved by the order of the Ministry of Health of Ukraine dated 06.08.2015 No. 325, which determine the procedure for handling medical waste in HCF, and Order of the Ministry of Health of Ukraine No. 242 dated 24.04.2015 "On Approval of the Rules for Utilization and Destruction of Medicinal Products".

The rules determine the general requirements for the handling of medicinal products that are not subject to further use, with the aim of preventing their further circulation and preventing a negative impact on human health and the surrounding natural environment and are mandatory for all economic entities that carry out activities, related to the circulation of medicinal products, disposal and disposal of waste.

30. However, considering practical experience from previous projects, despite the presence of a legislative framework, there are a number of gaps and shortcomings in the practice of handling medical waste:

- Low level of compliance with waste sorting rules: In many health care facilities, mixing of medical waste of different categories is observed, which is a violation of established norms.
- Insufficient number of waste treatment facilities: On the territory of Ukraine, there is a significant disproportion in the distribution of licensed facilities capable of safely treating medical waste. This makes it difficult to ensure the proper level of waste management.
- Legislative gaps: The legislation does not clearly define the ownership rights of hazardous waste after its generation, which creates legal uncertainties when transferring waste for disposal.
- Uncertainty in control: In Ukraine, there is no clear control over the observance of sanitary standards in the handling of medical waste, since the State Environmental Inspection does not supervise this aspect of the activity of health care institutions.
- Imperfect system of collection and disposal from the population: The lack of a system for receiving pharmaceutical or medical waste from the population is one of the key gaps. Pharmacies or HCFs are not obliged to accept expired medicines from citizens, and this is not stipulated in the current laws.

31. Healthcare facilities monitoring. At the end of 2023, the Government granted the NHSU broader powers to monitor healthcare facilities for compliance with contractual terms. Previously, there was no clear mechanism for such monitoring, making it difficult to fully enforce the law's provisions. Now, the NHSU can conduct two types of monitoring: automatic and in-person (documentary combined with monitoring visits). As of today, both monitoring procedures are included in the standard healthcare service contract form⁶.

The requirements in the contracts that can be monitored by the NHSU include:

- 1) mandatory compliance with industry standards in the field of health care and in places where medical services are provided;
- 2) compliance with state sanitary norms and rules, licensing conditions for medical practice, industry standards in the field of health care, other conditions stipulated by law, standard requirements for material infrastructure and equipment;
- 3) infection control measures including PPE, staffing (1 dedicated specialist per 250 beds), planning, capacity building and monitoring of mitigation measures implementation;
- 4) labour conditions: fair salaries, right to collective agreements;

⁶ Source: <https://zakon.rada.gov.ua/laws/show/410-2018-%D0%BF#n46>

5) reporting on fatalities amongst patients.

Additionally, if, during the monitoring, facts are revealed that may indicate the commission of a criminal offense or violations of the conditions for the provision of medical services, the consideration of which is outside the contractual relationship between the provider and the NHSU, the NHSU has a right to relay information about such facts to the relevant state and law enforcement authorities.

32. Automatic monitoring procedure (AMP) is a set of permanent automated measures based on a risk-oriented approach, which are carried out using information and communication systems, in particular the information system of the customer, to obtain information necessary for solving the issue of actual monitoring, planning of actual monitoring, verification of data contained in the electronic the health care system (hereinafter - the system), and the application of measures provided for in healthcare service contract. Automatic monitoring at the NHSU is implemented in accordance with an algorithm approved by the MoH Order and involves a sophisticated blend of metrics and anomaly detection methods designed to identify fraudulent activities and ensure the integrity of healthcare services. The system employs various metrics, for example such as the volume of payments per provider, the number of paid claims over time, excessive number of services, including prescriptions. These metrics are analyzed using linear diagrams, univariate analysis, cluster analysis, and scatter diagrams to detect deviations from expected trends and identify abnormal behaviors.

Integration with other data sources enhances the monitoring capabilities of NHSU. By combining data from the Unified State Register of Legal Entities, the Tax Register, and the analytical module Prozorro, NHSU can perform network analysis. This approach is particularly effective when information from the institution itself is insufficient, allowing for a more comprehensive evaluation based on interactions with other entities.

These measures collectively enhance NHSU's ability to monitor and detect fraudulent activities effectively, ensuring the integrity and efficiency of healthcare services.

For the Affordable Medicine program, all prescriptions are stored in the eHealth system forever. They can be tied to patient diagnoses, interactions, and pharmacy details. This allows for automated and selective analysis by the NHSU. The system enforces prescription rules, such as dosage limits, preventing repeated daily prescriptions. The typical form of the service contract between NHSU and healthcare service provider (clause 43-57) now includes penalties for unlawful prescriptions, and if monitoring reveals a violation, providers must reimburse the NHSU for any improperly reimbursed costs. The NHSU regularly verifies data (215 violations and 98 were identified in 2023 and 2024 accordingly), including prescriptions for deceased patients.

Additionally, to automated monitoring system, NHSU can identify spikes in diagnosis themselves, it is also possible to track this data via publicly opened dashboards⁷. For example, for AMP there are several dashboards that help to track dispensing of medicines by e-prescriptions in various pharmacies and territories, the number of issued and redeemed e-prescriptions by pharmacies, territories, dispensed drugs (both in daily doses and in packages), analysis of issued prescriptions by diagnosis and health facilities, etc. If there are any discrepancies between patient's diagnosis and prescriptions, NHSU is able to detect it and take actions.

33. The automatic monitoring procedure (algorithms to detect anomalies) was developed as part of the SPIH Project (P144893, completed), under DLI3. Related DLRs have been fully achieved, and the procedures were acceptable for the Bank. The procedure is regularly updated to include additional checks — in 2024 alone, it was updated twice, with a third revision underway. Each update incorporates new checks based on system data and monitoring results.

34. In-person monitoring: documentary monitoring is a type of monitoring that is carried out by sending requests in electronic or paper form to the provider, containing a list of documents and/or information that must be submitted to the customer, and analysing relevant documents and/or information received from the provider and from other sources. Monitoring visit - a type of monitoring that is carried out with a direct visit

⁷ Source: <https://edata.e-health.gov.ua/e-data/dashboard>

to the places of provision of medical services. The basis for in-person monitoring is the availability of information based on the results of automatic monitoring, which indicates the presence of a moderate or high risk of possible violations of the terms of the contract by the healthcare services provider.

35. Based on the NHSU self-assessment, they do not have the necessary knowledge and specialized staff to provide oversight on non-medical components of healthcare services (such as OHS, medical waste management, emergency protocols etc.).

36. War Hazard Safety Protocols. According to the Law of Ukraine 8‘On Critical Infrastructure’, healthcare facilities are considered critical infrastructure objects (CIO) because they ensure vital functions and/or services, the disruption of which leads to negative consequences for the national security of Ukraine. As such, every healthcare facility should prepare a number of Prevention, Response and Rehabilitation plans for different types of emergency situation (fire, air strike, epidemics), these plans are referred to in site-specific CIO Passport. These plans cover institutional responsibilities, required resources, infrastructure, trainings and warning system.

37. Implementation of emergency preparedness and response plans in their fullness, however, is often left unchecked as the agency tasked with these specific checks (State Emergency Service of Ukraine) is stretched thin during emergency state in Ukraine.

Management of Land Acquisition and Involuntary Resettlement (relevant to Core Principle 4)

38. The Constitution of Ukraine (Articles 13, 14, 41) stipulates that "no one shall be unlawfully deprived of the right for property. The right for private property shall be inviolable." and "The expropriation of private property objects may be applied only as an exception for the reasons of social necessity, on the grounds of, and in the order established by law, and on terms of advance and complete compensation of the value of such objects. The expropriation of such objects with subsequent complete compensation of their value shall be permitted only under conditions of martial law or a state of emergency." (Article 41). Law of Ukraine “On Alienation of Land Plots and Other Objects of Immovable Property Located Thereon in Private Ownership for the Social Needs and on the Grounds of Social Necessity” of 17.11.2009 No. 1559-VI stipulates legal, organizational, and financial principles of regulation of public relations arising in the course of acquisition of land plots, other property objects placed on them, owned by natural or legal persons, for public needs or for reasons of public necessity. Land Code of Ukraine (in particular, Articles 143, 146, 147, 149-151) which provides the grounds for the involuntary termination of land rights, acquisition of land for public needs and the procedure for conciliation of issues related to the land acquisition for public needs or for reasons of public necessity. Civil Code of Ukraine (of 16.01.2003, No. 435-IV), which establishes the procedure for termination of title to immovable property due to the acquisition or alienation of the land on which the property is located, for national needs, and regulates issues related to the protection of property rights (Articles 3.50-351);

39. In Ukraine, the right to dispose of land and other property are based on registration of ownership. However, under the WB involuntary resettlement standard, affected persons are entitled to compensation whether or not they own registered land or property title, if they occupy or use the land prior to the cut-off date. The focus of the WB standards is to mitigate the adverse impacts of poverty, where any adverse impacts occurring are directly or indirectly attributable to activities funded by the project. In cases where PAP have no ownership or tenure rights according to Ukrainian law due to lack of registration, the provisions of the Lender requirements will be applied in terms of their rights for compensation, consultation, and grievance mechanisms (More detailed gap analysis is provided in Annex 2).

Inclusion of Indigenous Peoples and Vulnerable Groups (relevant to Core Principle 5)

40. The borrower’s environmental and social (E&S) systems as outlined in the project documentation focus on addressing the needs of vulnerable groups, including those displaced due to the ongoing conflict and other vulnerable populations. The systems are aligned with Ukraine’s national policies and strategies, particularly under the National Health Strategy (NHS) 2024-2030, which aims to improve access to healthcare for all

⁸ Source: <https://zakon.rada.gov.ua/laws/show/1882-20#Text>

segments of society, especially vulnerable populations affected by the Russian invasion, such as internally displaced persons (IDPs), conflict-affected populations and the rural population living in remote areas.

41. Ukrainian regulatory framework contains a wide range of policies and legislation at various administrative levels pertaining to gender and social inclusion, and relevant to inclusive access of program benefits for vulnerable groups. The 2013 Law on Principles of Prevention and Combating Discrimination in Ukraine endorses a general definition of discrimination, promoting the rights and freedoms of individuals discriminated against on the basis of sex, among other characteristics. Along these lines, the 2018–21 State Social Programme on Equal Rights and Opportunities of Women and Men intends to eliminate institutional and legal barriers to gender equality. The Law of Ukraine “On ensuring the rights and freedoms of internally displaced persons” was adopted in 2015. This Law, in accordance with the Constitution and laws of Ukraine, as well as international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine, establishes guarantees for the protection of the rights, freedoms, and legitimate interests of internally displaced persons. In July 2021, the Ukrainian Parliament adopted a Law on “Indigenous Peoples”. While no Indigenous People are present in Ukraine who meet the criteria of the World Bank Policy, the Law provides a framework for the protection of the rights of certain vulnerable minorities in the Crimean Peninsula, namely Crimean Tatars, Karaites and Krymchaks. This Law protects the cultural, educational, linguistic and informational rights of such people. However, the full enforcement of rights and the implementation of the Law are hindered by the current occupation of Crimea (which is outside the scope of the Program).

42. The NHSU aims to ensure that all citizens, regardless of their vulnerability status, have access to healthcare services under the PMG. This is critical in light of the ongoing conflict, which disproportionately affects women, children, the elderly, and people with disabilities. Measures to ensure equity in healthcare access include prioritization of services for these vulnerable groups including mental health services, rehabilitation for war victims and returning combatants, and maternal care.

43. An overall increase in PMG funding, in particular funding for the administrative functions of the NHSU, will allow the introduction of new electronic tools that will improve access and quality of services. Increased funding for PMG packages will reduce the financial burden on patients, especially from vulnerable groups.

44. The E-health system provides real-time data on healthcare service provision, which is essential for monitoring whether vulnerable groups are receiving adequate care. Additionally, the NHSU has mechanisms in place to identify gaps in service provision and address any issues that arise, particularly in regions affected by the conflict.

45. Efforts to strengthen the health care infrastructure and expand the reach of primary health care (PHC) services are also crucial in ensuring that vulnerable groups are not excluded from receiving critical healthcare services.

Avoidance of exacerbating social conflict (relevant to Core Principle 6)

46. There are no potential social conflicts or disputes to arise due to the program implementation. However, the certain areas of Eastern and South Ukraine affected by the conflict where some localities may not be able to reach out the program as other national development programs. This program also covers only the areas under the Government control. However, there is potential tension among project beneficiaries due to the lack of awareness about services included in the PMG they are eligible for free of charge. Secondary check ups referred by the primary healthcare providers may not be accessible immediately under budget funded packages and require referral to the private clinics or incur additional cost for the private window service delivery.

47. The borrower’s system identifies the potential risks to the people including vulnerable groups posed by disruptions in healthcare services due to the conflict and associated aerial bombardment causing disruption to the healthcare facilities operation and potential destruction of the healthcare facility. These risks are addressed through the establishment of emergency health services and specialized programs targeting IDPs and vulnerable populations in conflict zones. These groups include IDPs, women who are disproportionately

affected by the collapse of healthcare systems, vulnerable children (with chronic diseases) and people with disabilities.

48. The Law of Ukraine On Citizens' Appeal regulates the issue of the practical implementation by citizens of Ukraine of the right granted to them by the Constitution of Ukraine to submit to state authorities, associations of citizens, in accordance with their charter, proposals to improve their activities, to expose shortcomings in work, to challenge the actions of officials, state and public bodies.

49. There are a number of national policies and regulations that cross cutting systems for stakeholder engagement and information disclosure across all the program activities. The right to information is fundamental and protected by law. In accordance with the Law of Ukraine "On Information" guarantees equal rights and opportunities for access to information to all subjects of information relations. At the national level, information dissemination and communication channels include official websites of government bodies such as the Verkhovna Rada of Ukraine, the President, and the Cabinet of Ministers, where all official information is posted. All government websites allow for electronic submission of inquiries directly through the site. Accessibility modes for citizens with visual and hearing impairments are available on all sites. The issue of digital accessibility of web resources is regulated by DSTU EN 301 549:2022. At the regional level, where active engagement of program beneficiaries should take place, several entities are responsible for organizing dialogue with the public.

50. The Law of Ukraine "On Information" declares that the main areas of the state information policy shall include ensuring that every person has access to the information. The Law of Ukraine "On Citizen Appeals" provides the right to file observations, complaints and proposals with the government authorities, local governments, citizens associations, enterprises, institutions, organizations. The Law on Citizens Appeals and the Law "On Access to Public Information," guarantees the citizens' right to address government bodies and define the duties and timelines for handling such appeals by government bodies. The Resolution of The Cabinet of Ministers approved the "Classifier of Citizen Appeals," which establishes a typology for categorizing appeals according to the following criteria: by form of submission (via mail, in person, through government authorities, through the media, etc.); by submission characteristic (initial, repeated, multiple, mass); by type (suggestion, application, complaint); by gender (male, female); by subject (individual, collective, anonymous), and others. The practical realization of citizens' rights to access on public information and submission of appeals and complaints, ensured through a 24/7 Government contact Centre "National hotline 1554", which provides various options for submitting inquiries, including options for people with disabilities (hearing and visual impairments). All inquiries received by local executive authorities or state institutions of other levels will be registered and classified according to the established state standards and internal document circulation procedures. All inquiries and responses will be stored in the authority to which they were addressed, and which provided the response. Ukrainian legislation, relative to international good practice, is absent the possibility of anonymous grievances. Section 8 of the Law "On Citizens' Appeals" directly specifies that anonymous appeals are not considered.

4 INSTITUTIONAL CAPACITY ASSESSMENT FOR MANAGING THE PROGRAM'S ENVIRONMENT AND SOCIAL EFFECTS

51. **Overview:** The MoH, the NHSU, and health facilities each have distinct responsibilities within the PMG. The MoH oversees the overall management and execution of the PMG. It ensures the program's fiduciary, environmental, and social aspects are managed effectively. Their institutional capacity for managing the program's E&S effects is summarized as follows:

52. The Ministry of Health (MoH) will manage project, fiduciary, environmental and social aspects of the government expenditure program. The IPF component will use the implementation arrangements currently in place for the implementation of World Bank-financed IPF operations including HEAL Ukraine project (P180245) and the Emergency COVID-19 Response and Vaccination project (P175895). The PIU will be strengthened to include an additional coordinator, who will manage the scope of the Project, as well as specialists in procurement, financial management (FM), monitoring and evaluation (M&E), environmental and social issues.

MoH plays a crucial role in the feedback collection and grievance redressal mechanism (GRM) within the healthcare system. The MoH is responsible for defining the entity accountable for handling feedback and grievances, which could be a specific department within the MoH or a regional health department. Once feedback is collected, the MoH ensures that this data is transmitted to the appropriate entity for review and action. Additionally, the MoH monitors the quality of responses provided to the feedback and grievances, ensuring that there are mechanisms in place for re-submission in cases where the responses are deemed to be of low quality. The MoH also analyzes the collected data to prepare comprehensive reports for senior management. To facilitate these processes, the MoH implements IT systems that utilize a unified integrated database for feedback at all levels, ensuring real-time access to information from both top-down and bottom-up channels.

53. The National Health Service of Ukraine (NHSU) will be responsible for making health needs assessment, giving proposals to the development of PMG, strategic purchasing of health services, contracting health providers, monitoring the compliance of contract requirements and reporting results. The NHSU has prior experience jointly implementing citizen engagement activities currently carried out by the Project Implementation Unit (PIU) team in the Ministry of Health (MoH) in collaboration with the third-party independent non-government organization for the ongoing Bank financed projects that will continue to be applied for the new project. This helps to involve civil society and patients' organizations in disseminating information about project financed activities and in counselling populations with limited access to information and/or vulnerable groups. Along with that, the NHSU is the owner of eHealth sectoral database and is responsible for its development.

Similarly to MoH, the NHSU is involved in the registration and management of feedback and grievances. The NHSU registers feedback in their document management system, ensuring synchronization with internal IT systems for seamless data handling. Like the MoH, the NHSU analyzes feedback data and prepares reports. They also monitor the quality of responses and ensure that there are mechanisms for re-submission if the responses are of low quality.

The NHSU's capacity is bolstered by increasing its administrative budget and conducting more in-person monitoring visits to contracted facilities. Since the project aims to strengthen the capacity of the NHSU to implement the reforms, the project will require the hiring of one environmental specialist and one social specialist to MoH PIU that will assist NHSU with ES risk management. This commitment will be reflected in the ESCP.

54. Healthcare facilities contracted under the PMG are responsible for following their contractual obligations and provide health services to population based on requirements and specification of health

benefit packages, to provide all electronic health data to the eHealth system, which is among other purposes used for monitoring and payments.

Health facilities also have significant responsibilities in the feedback collection and GRM process. There is also available dashboard⁹ that informs publicly about number of complaints and their processing the with

55. Overall, the responsibilities of the MoH, NHSU, and health facilities in feedback collection and GRM are designed to ensure a structured and efficient process, promoting transparency and accountability within the healthcare system.

⁹ Source: <https://edata.e-health.gov.ua/e-data/dashboard/complaints>

5 COMPARATIVE ANALYSIS OF BORROWER E&S SYSTEM AND WORLD BANK CORE PRINCIPLES

56. Based on the key findings of the borrower’s E&S systems assessment in the previous sections, this section presents the comparative analysis organized by each of the six Core Principles outlined in Bank Policy and Directive for Program-for-Results Financing. More specifically, this section: (i) examines the relevance of each Core Principle to the proposed Program; (ii) highlights key findings from the E&S systems assessment (including legal/regulatory framework and institutional capacity) presented in the previous sections, including on the strengths and weaknesses/areas for improvement of the current system; and (iii) proposes gap-filling/mitigation measures to ensure that the Program is managed in a manner consistent with the Core Principles of the Bank’s PforR Policy. The proposed gap-filing/mitigation measures in the following table have informed the final conclusion and recommendations of the ESSA, as presented in Section 7.

Core Principle 1: General Principle of Environmental and Social Management

Bank Policy for Program-for-Results Financing: *Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in Program design; (b) avoid, minimize or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program’s environmental and social effects.*

Relevance to the proposed Program: Relevant

While the proposed Program will not directly support physical infrastructure interventions, the Program will incentivize use of solar panels and scaling up on healthcare facilities which can lead to rehabilitation/construction works in these facilities. As such, the key potential E&S issues of the proposed Program are the “downstream” (or future) effects of projects to be prepared (such as electricity, transportation, logistics, housing, heating/water/sewerage systems), while the proposed Program will put in place the institutional framework.

Bank Policy for Program-for-Results Financing: *Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in Program design; (b) avoid, minimize or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program’s environmental and social effects.*

Findings from E&S Systems Assessment

Strengths:

- Ukraine has formally **aligned its legislation with the EU’s** Environmental Impact Assessment (EIA) Directive and the Directive on Strategic Environmental Assessment. Also, after signing the Association Agreement with the EU, Ukraine became a signatory to environmental and sustainable development international conventions and adopted a wide range of legal acts and programs.
- **The scope of Ukrainian environmental legislation is comprehensive** (more than 300 legal acts) and covers most areas of environmental protection and natural resources management.

Weaknesses/Areas for improvement:

- **The legislation is largely declarative in nature and does not have all the essential enforcement mechanisms** for implementing legal acts and international agreements, especially due to limited capacity of responsible authorities due to ongoing war. Many of the acts are not coherent with each other.
- Past operational experience and practical information from similar construction sites show that some of **the national legislation on OHS, community health and safety, waste management and resource efficiency are sometimes overlooked and/or neglected** – partially, due to the lack of knowledge of the workforce, due to the lack of supervision and guidance, but also to speed up the process and save the budget (for mitigation measures).
- **The E&S capacity of the implementing partners/institutions (MoH/NHSU/Healthcare facilities) would benefit from extensive support in managing future reconstruction/construction projects.**

Proposed Measures

- **Establish a Program Implementation Unit (PIU) in MoH and NHSU with appropriate E&S expertise.**
- **Implement capacity building program** for above E&S staffing. WB will consider facilitating some of the capacity building (including through other Bank-funded operations, such as “Center for Advancement in Restoration and Modernization Capacity” Project (P181604) with programming and training materials).
- At ministerial level, **provide guidance of proper ES risk management practices** for future reconstruction/construction projects to be later included in the civil works contracts.
- **Apply exclusion criteria** to exclude projects with possible significant E&S risks and impact.

Core Principle 2: Natural Habitats and Physical Cultural Resources

Bank Policy for Program-for-Results Financing: *Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.*

Relevance to the proposed Program: Not relevant

The proposed Program does not foresee any works or activities in or near natural habitats or archaeological/cultural monuments.

Core Principle 3: Public and Worker Safety

Bank Policy for Program-for-Results Financing: *Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.*

Relevance to the proposed Program: Relevant

The healthcare workers engaged in providing healthcare services and community members may be exposed to occupational and community hazards.

Bank Policy for Program-for-Results Financing: *Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.*

Findings from E&S Systems Assessment

Strengths:

- **Ukrainian legislation on labor protection consists of the Law of Ukraine “On Labour Protection” and many bylaws.**
- **Efforts are underway to improve the compliance of Ukraine’s OHS legal framework with key international and European standards on OHS and labor relations.** Recent EU-ILO Project was aimed to improve the compliance of Ukraine’s OHS legal framework with key international and European standards to adequately and sustainably transpose into the national legal framework a set of EU Directives on OHS. In addition, EU OHS Directives (including the use of PPE) have been adopted to national legislation, through orders of the Ministry of Social Policy of Ukraine.

Weaknesses/Areas for improvement:

- **The high incidents rates of work-related accidents and occupational diseases** indicate that a lot still remains to be done, when it comes to the prevention of occupational risks and the promotion of the safety, health and well-being of workers.
- **These gaps and shortcomings are further exacerbated by the ongoing conflict situation.** Accidents with fatal consequences caused by hostilities constitute almost half of the total fatal injuries at work in the conditions of conflict.
- **Number of organizational and infrastructural shortcomings on infection control and medical waste management** increase risk of exposure and environmental pollution.
- **Irregularity of OHS checks** in healthcare institutions. Routine OHS inspections (normally done by State Labor Service of Ukraine) have been suspended for the martial law period and healthcare institutions rarely have necessary resources (and staff) to supervise OHS compliance of their operations.
- **While NHSU have a mandate to oversee a number of ES issues (and opportunity to provide relevant ES guidance), they lack formal training and necessary knowledge to do so effectively** and mostly rely on other authorized bodies for supervision and enforcement of ES standards (such as OHS, medical waste management, emergency preparedness and response).
- **E&S capacity of healthcare facilities will vary significantly** at regional, district and municipal levels. While the E&S risks and impacts of local projects are likely to be limited (in scale as well as magnitude), it will require significant support for capacity enhancement.
- Inadequate attention to **GBV and SEA/SH** risks.

Proposed Gap-filing/Mitigation Measures

- **Ensure compliance** with national ES legislation (including infection control and medical waste management, OHS, emergency preparedness and response) at the healthcare facilities level and **develop procedure for MoH (NHSU) to ensure it.**
- **Embed WB PforR E&S Core Principles and relevant EU standards in the in-person monitoring protocols with appropriate training programs for MoH (NHSU)** (to be also supported by the TA under the THRIVE IPF) to cover issues of infection control and medical waste management, OHS, emergency preparedness and response etc.
- **Conduct monitoring of project implementation and regular and incident reporting on EHS.**
- **Apply/Promote GBV and SEA/SH risk mitigations.**

Core Principle 4: Land Acquisition

<p>Bank Policy for Program-for-Results Financing: <i>Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.</i></p>
<p>Bank Directive for Program-for-Results Financing: <i>As relevant, the program to be supported:</i></p> <ul style="list-style-type: none"> ▪ <i>Avoids or minimizes land acquisition and related adverse impacts;</i> ▪ <i>Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy;</i> ▪ <i>Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access;</i> ▪ <i>Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment); and</i> ▪ <i>Restores or replaces public infrastructure and community services that may be adversely affected.</i>
<p>Relevance to the proposed Program: Not relevant The healthcare institutions will not directly involve economic or physical displacement of project-affected people, as the proposed Program does not support any land acquisition and does not envisage involuntary physical and economic displacement caused by the Program’s financing of client government institutions.</p>

Core Principle 5: Indigenous Peoples and Vulnerable Groups

<p>Bank Policy for Program-for-Results Financing: <i>Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.</i></p>
<p>Bank Directive for Program-for-Results Financing:</p> <ul style="list-style-type: none"> • <i>Undertakes free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program.</i> • <i>Ensures that Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the Indigenous Peoples.</i> • <i>Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.</i>
<p>Relevance to the proposed Program: Relevant Inclusion of vulnerable groups (persons with disabilities, persons in remote areas, internally displaced persons) in program benefit and stakeholder engagement processes is relevant for the proposed Program. No Indigenous Peoples are present in Ukraine who meet the criteria of the World Bank Policy.</p>

Bank Policy for Program-for-Results Financing: <i>Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.</i>	
<p>Findings from E&S Systems Assessment</p> <p>Strengths</p> <ul style="list-style-type: none"> • Ukrainian regulatory framework contains a wide range of policies and legislation at various administrative levels pertaining to gender and social inclusion, and relevant to inclusive access of program benefits for vulnerable groups. The 2013 Law on Principles of Prevention and Combating Discrimination in Ukraine endorses a general definition of discrimination, promoting the rights and freedoms of individuals discriminated against on the basis of sex, among other characteristics. • The Law of Ukraine ““On ensuring the rights and freedoms of internally displaced persons” was adopted in 2015. This Law, in accordance with the Constitution and laws of Ukraine, as well as international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine, establishes guarantees for the protection of the rights, freedoms, and legitimate interests of internally displaced persons. • In July 2021, the Ukrainian Parliament adopted a Law on “Indigenous Peoples”. While no Indigenous People are present in Ukraine who meet the criteria of the World Bank Policy, the Law provides a framework for the protection of the rights of certain vulnerable minorities in the Crimean Peninsula (outside the scope of the Program), namely Crimean Tatars, Karaites and Krymchaks. This Law protects the cultural, educational, linguistic and informational rights of such people. <p>Weaknesses/Areas for improvement:</p> <ul style="list-style-type: none"> • While no particular risk of exclusion has been identified through consultations with key stakeholders, there is potential that vulnerable groups might be excluded from Program benefits due to a variety of reasons (IDPs status, remoteness, disabilities, digital literacy). 	<p>Proposed Gap-filing/Mitigation Measures</p> <ul style="list-style-type: none"> • Conduct the stakeholder engagement program in an inclusive manner through involvement of representatives of vulnerable groups such as IDPs NGO at regional level, people with disabilities, elderly, etc. • Conduct additional needs assessment regarding healthcare availability among vulnerable groups given there is low awareness among those (including IDPs, rural population, ethnic minorities and elderly) of the available channels to receive the information on the services available to them as part of the PMG package. • The Program Action Plan (PAP) includes capacity-building initiatives aimed at enhancing the ability of healthcare providers and administrators to engage with vulnerable populations and ensure that their needs are met effectively.

Core Principle 6: Social Conflict

Bank Policy for Program-for-Results Financing: <i>Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.</i>	
Bank Directive for Program-for-Results Financing: <i>Considers conflict risks, including distributional equity and cultural sensitivities.</i>	
<p>Relevance to the proposed Program: Relevant</p> <p>The Programme considers conflict risks, including distributional equity, therefore timely and satisfactory management of grievances and social conflicts/tensions is key for the success of the proposed Program.</p>	

Bank Policy for Program-for-Results Financing: *Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.*

Findings from E&S Systems Assessment

Strengths

- **There are a number of national policies and regulations that cross cutting systems for stakeholder engagement and information disclosure across all the program activities.**
- **The Law of Ukraine "On Citizen Appeals" provides the right to file observations, complaints and proposals with the government authorities, local governments, citizens associations, enterprises, institutions, organizations.** The Law on Citizens Appeals and the Law "On Access to Public Information," guarantees the citizens' right to address government bodies and define the duties and timelines for handling such appeals by government bodies.

Weaknesses/Areas for improvement:

- The borrower's system identifies the potential risks to the people including vulnerable groups posed by disruptions in healthcare services due to the conflict and associated aerial bombardment causing disruption to the healthcare facilities operation and potential destruction of the healthcare facility.
- Ukrainian legislation, relative to international good practice, is **absent the possibility of anonymous grievances**. Section 8 of the Law "On Citizens' Appeals" directly specifies that anonymous appeals are not considered.
- **While the ministries have their own grievance system, their functionality could be reviewed and strengthened (including on management of anonymous grievances and appeal process for unresolved cases).**

Proposed Gap-filing/Mitigation Measures

- The program to establish a GRM and detail procedures in the Operations Manual. The Program's Social Specialist will coordinate resolution of any grievances related to the program working with the designated Departments of MoH and NHSU. The Program will establish an additional uptake channel for anonymous grievances. The Program will establish a mechanism for regular reporting on grievance receipt and resolution covering the activities under the Program.
- The Program will expand the coverage of the online course offered to the healthcare practitioners. In addition, MoH will prepare GBV complaint handling and referral protocol including guidance to the healthcare facilities.
- Disruption risks are addressed through the establishment of emergency health services and specialized programs targeting IDPs and vulnerable populations in conflict zones. These groups include women who are disproportionately affected by the collapse of healthcare systems, vulnerable children with chronic diseases and people with disabilities.

6 STAKEHOLDER ENGAGEMENT

A. ESSA Stakeholder Engagement

57. Regardless of the state of war or peace, one of the important components of state governance is communication and interaction with citizens. Openness, complete and timely information, involvement in discussions are important components of the successful implementation of state initiatives.

58. There are a number of national policies and regulations that comprise MoH cross cutting systems for stakeholder engagement and information disclosure across all the program activities. The right to information is fundamental and protected by law. In accordance with the Law of Ukraine "On Information,"¹⁰ guarantees equal rights and opportunities for access to information to all subjects of information relations.

59. The borrower's system includes well-established mechanisms for stakeholder engagement, which are designed to ensure that vulnerable populations, including IDPs and conflict-affected individuals, have access to information and opportunities to participate in decision-making processes. These mechanisms are supported by the National Health Service of Ukraine (NHSU), which oversees the Program of Medical Guarantees (PMG). The E-health system also serves as a tool for promoting transparency and ensuring that populations across the country, including those in remote areas, have access to healthcare services.

60. Given the current conflict, special attention is placed on ensuring that vulnerable populations are consulted in ways that are culturally appropriate and accessible, considering the displacement and trauma they have experienced. The borrower's system incorporates feedback from these groups through civil society organizations (CSOs) and health care providers who have been trained to engage with vulnerable populations.

61. Document Dissemination and Public Disclosure: The draft ESSA was translated into local language and shared with the stakeholders and publicly disclosed before the public consultation. The final report will be disclosed publicly in-country and at the World Bank's website before the board approval.

62. Consultation Event for Preparing ESSA (August-September, 2024): For the preparation of this ESSA, the Bank task team undertook a series of meetings with different stakeholders, including the following. The consultation meetings were organized online in August-September, 2024, with relevant government institutions and with subnational government representatives. The outcomes of the consultations have informed the ESSA, including the assessment of the regulatory and framework, the institutional capacity and community engagement program (the list of persons met is provided in Annex 1).

63. Consultation Event for Finalizing ESSA (October 2024): Further consultations will be undertaken in an inclusive manner before the completion of appraisal, which will consist of formal public consultations with key stakeholders including those in selected regions. The inputs will be considered and incorporated into the final ESSA.

B. Grievance Redress Mechanisms

64. A grievance redress mechanism (GRM) has been established within the borrower's systems to allow vulnerable populations to raise concerns regarding their access to healthcare or the quality of services they receive. The GRM is designed to be accessible to all, including marginalized populations, and it operates within the framework of the E-health system to ensure transparency. Vulnerable populations, particularly those displaced by the conflict, can submit grievances through various channels, including local health offices, hotlines, civil society representatives, and digital platforms.

65. While the Ministry of Health and NHSU have their own grievance system, their functionality could be reviewed and strengthened (including on management of anonymous grievances and appeal process for unresolved cases). Ukrainian legislation, relative to international good practice, is absent the possibility of

¹⁰ Source: <https://zakon.rada.gov.ua/laws/show/2657-12#Text>

anonymous grievances. Section 8 of the Law "On Citizens' Appeals" directly specifies that anonymous appeals are not considered.

66. The Law of Ukraine "On Information" (footnote) declares that the main areas of the state information policy shall include ensuring that every person has access to the information. The Law of Ukraine "On Citizen Appeals" provides the right to file observations, complaints and proposals with the government authorities, local governments, citizens associations, enterprises, institutions, and organizations. The Law on Citizens Appeals and the Law "On Access to Public Information," guarantees the citizens' right to address government bodies and define the duties and timelines for handling such appeals by government bodies.

67. The issues of record management and citizen appeals are also regulated by The Resolution of The Cabinet of Ministers. This document approves "Standard Instruction for Documentation of Management Information in Electronic Form and organization of work with electronic documents in record-keeping" and "Standard Instruction for Record-Keeping in Ministries, Other Central and Local Executive Bodies". Standard Instruction for Record-Keeping establishes requirements for documenting management information and organizing document work. The Resolution of The Cabinet of Ministers approves the "Classifier of Citizen Appeals", This document establishes a typology for categorizing appeals according to the following criteria: by form of submission (via mail, in person, through government authorities, through the media, etc.); by submission characteristic (initial, repeated, multiple, mass); by type (suggestion, application, complaint); by gender (male, female); by subject (individual, collective, anonymous), and others.

68. The practical realization of citizens' rights to access on public information and submission of appeals and complaints, ensured through a 24/7 Government contact Centre "National hotline 1554", which provides various options for submitting inquiries, including options for people with disabilities (hearing and visual impairments). The hotline website is also used for conducting national surveys on matters of general importance. Citizens can submit complaints separately to a specific health care institution where they received services. Then recording and responding to the complaint takes place in accordance with the norms defined by the law and taking into account internal procedures.

69. Program beneficiaries and stakeholders will be able to submit enquiries and grievances to multiple uptake channels:

Ministry of Health

- a) By the MOH hotline number: 0-800-60-2019
By E-mail: moz@moz.gov.ua;
- b) Through the web page: wb.moz.gov.ua
- c) In writing to MoH Mykhaila Hrushevskoho St, 7, Kyiv, Ukraine, 01601
- d) In person: at the above addresses or at the addresses of delegated authority by the latter
- e) Complaint box at health care facilities with indication of the contact information for feedback (full name, contact telephone number, e-mail address)

National Health Service of Ukraine

- a) Written application on paper to the postal address: Kyiv, S. Bandery Ave., 19;
- b) Written application by e-mail info@nszu.gov.ua;
- c) Oral appeal during a personal reception by an official at the address: Kyiv, S. Bandery Ave., 19;
- d) Verbal appeal to the Hotline at tel. 16-77.

7 CONCLUSION AND RECOMMENDATIONS

70. Based on the above assessment, a series of measures and actions are recommended for the proposed Program to address the identified gaps between the government E&S management system and the core principles of the Bank’s PforR Policy. These would ensure that the proposed program be managed in a manner consistent with the Core Principles. Subject to adjustment through negotiations with the client, these recommendations shall be integrated in (i) excluded activities; (ii) relevant DLIs/verification protocol or (iii) the Program Action Plans (PAPs), as specified below (some key actions are intentionally overlapping for better follow-through). They will be also embedded in the POM for operationalization, as appropriate. Their effectiveness will continue to be monitored and adjusted throughout the program's life.

(i) Excluded Activities:

71. The Program will exclude activities that do not meet the World Bank’s Policy and the ESSA Guidance (September 2020) on eligibility for PforR financing. The borrower shall ensure that the Program excludes any activities which, in the opinion of the World Bank, are likely to have significant adverse impacts that are sensitive, diverse or unprecedented on the environment and/or affected people. More specifically, the THRIVE PforR will not support investments with potentially significant environmental and social risks and impacts, which will be excluded from financing under the Program. The program will exclude large-scale construction and rehabilitation work. This Program will not support large-scale land acquisition and involuntary economic and physical resettlements. The Program will not accommodate activities that involve the significant conversion or degradation of critical natural habitats or critical physical cultural heritage. The program will exclude support to activities for military purposes. An exclusion list will be included in the legal agreements as well as the POM. The general list of excluded activities with sectoral examples are depicted in Table below.

The proposed PforR financing should not be used to support programs, or activities within the proposed Programs, that in the Bank’s opinion involve the following:

- *Any support for military purposes*
- *Significant conversion or degradation of critical natural habitats or critical cultural heritage sites;*
- *Air, water, or soil contamination leading to significant adverse impacts on the health or safety of individuals, communities, or ecosystems;*
- *Workplace conditions that expose workers to significant risks to health and personal safety;*
- *Land acquisition and/or resettlement of a scale or nature that will have significant adverse impacts on affected people, or the use of forced evictions;*
- *Large-scale changes in land use or access to land and/or natural resources;*
- *Adverse E&S impacts covering large geographical areas, including transboundary impacts, or global impacts such as greenhouse gas (GHG) emissions;*
- *Significant cumulative, induced, or indirect impacts;*
- *Activities that involve the use of forced or child labor;*
- *Marginalization of, discrimination against, or conflict within or among, social (including ethnic and racial) groups; or*
- *Activities that would (a) have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation; (b) cause relocation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities from land and natural resources that are subject to traditional ownership or under customary use or occupation; or (c) have significant impacts on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities’ cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected communities.*

The list below provides examples of activities that are excluded from the proposed PforR financing: new or significant expansion of the following:

- *Power plants;*
- *Major transport infrastructure—for example, new highways, expressways, urban metro systems, railways, and ports;*
- *Operations in mining and extractive industries;*
- *Commercial logging or large-scale forest-products-processing operations;*
- *Large-scale water (surface and groundwater) resource infrastructure, including large dams, or activities involving the allocation or conveyance of water, including inter-basin water transfers or activities resulting in significant changes to water quality or availability; or*
- *Manufacturing or industrial processing facilities.*

(ii) Program Action Plan (PAP):

72. Based on the assessment and to strengthen the existing system and processes, the following actions will be included as part of Program Action Plans along with key due dates, responsibilities and indicators for its completion measurement.

Action Description	Due Date	Responsible Party	Completion Measurement
<p>1. E&S Staffing arrangement for the Program:</p> <p>(i) Engagement of qualified Environmental and Social Specialist(s) in the PIU in MoH and in the NHSU (at minimum two E&S Specialists, one environmental specialist and one social specialist);</p> <p>(ii) Setting up effective communication and coordination mechanism among them; and</p> <p>(iii) Implementation of capacity building program for the central E&S staff and healthcare facilities staff.</p> <p>(iv) Hiring of additional E&S staff, as needed</p>	<p>Before the start of relevant program activities with E&S risks and impacts identified in the ESSA for (i) and (ii)</p> <p>Throughout the life of the Program for (iii)</p> <p>Hiring of additional E&S staff under (iv) dependent on the Program E&S performance, as agreed with WB</p>	MoH NHSU	<ul style="list-style-type: none"> • Inclusion of the listed specialists in the team(WB clears ToRs). • ES training module and implementation reported to the Bank
<p>2. Preparation and implementation of Program Operational Manual (POM) with comprehensive E&S Exclusion List (which will be also included in the legal agreements, as presented in the table above) and E&S PAP actions (as presented in this table).</p>	<p>POM completion one month after Effective Date (as defined in financing agreement)</p> <p>Implementation throughout the life of the Program</p>	MoH	<ul style="list-style-type: none"> • POM completed and disseminated to stakeholders. • Associated training provided.
<p>3. Issue a ministerial recommendation on proper ES risk management practices for future healthcare facilities reconstruction/construction projects to be later included in the civil works contracts.</p>	<p>3 months after the Program effectiveness date</p>	MoH	<p>ES recommendation dissemination evidence</p>

Action Description	Due Date	Responsible Party	Completion Measurement
<p>4. Conduct a comprehensive gap analysis of national legislation in terms of infection control, medical waste management. OHS, emergency preparedness and response, and prepare a set of recommendations identifying changes to the regulatory acts governing the activities health care facilities to the relevant national governmental bodies</p>	By December 2025	MoH, NHSU	Report (including) recommendations identifying changes to the regulatory acts governing the activities health care facilities to the relevant national governmental bodies
<p>5. Gap analysis recommendations implemented within the MoH filed of responsibility. Disseminate gap analysis recommendations outside MoH field of responsibilities among other relevant governmental bodies that are in control of infection control, medical waste management. OHS, emergency preparedness and response and health facilities overall.</p>	By December 2025	MoH, NHSU	Evidence of recommendation implemented by MoH and evidence of recommendation dissemination among other responsible government bodies
<p>6. Review of ES risk management aspects of monitoring protocols and provide recommendations</p>	By December 2025	MoH, NHSU	Recommendations prepared and incorporated into monitoring protocols
<p>7. Conduct needs assessment regarding healthcare availability among vulnerable groups (including rural population, ethnic minorities and elderly) of the available channels to receive the information on the services available to them as part of the PMG package. Incorporate findings and recommendations into PMG development plan.</p>	<p>12 months after the Program effectiveness date</p> <p>Implementation throughout the life of the Program</p>	MoH	Vulnerable groups' needs assessment report delivered, recommendations incorporated in the PMG planning
<p>8. Semi-annual regular reporting on E&S aspects and incident reporting</p> <ul style="list-style-type: none"> (i) PIU E&S specialist and focal points in other institutions conduct regular check of stakeholder feedback (ii) Semi-annual for regular reporting; (iii) Within 48 hours for incident reporting in serious incidents occurred under the program 	Implementation throughout the life of the Program	MoH	Completed report with recommendations on key EHS issues and functionality of GM
<p>9. Establishment of functional grievance mechanism (GM) (or improvement of existing grievance mechanism) including establishing an additional uptake channel for anonymous grievances and GBV complaints</p>	<p>Adoption as part of POM</p> <p>GM operational throughout the life of the Program</p>	MoH NHSU	Grievance cases that occurred under the program reported in the semi-annual meeting

Annex 1. List of stakeholders met to prepare and finalize the ESSA

Under preparation

Name	Title and Organization
Ministry of Health on XXX	
NHSU on XXX	
Healthcare facilities on XXX	
Stakeholder Meeting on September XXX	

Annex 2: Relevant E&S legal and regulatory framework in Ukraine

Management of E&S risks and Impacts (Core Principle 1)

Ukrainian legislative and regulatory framework environmental, social, labor, occupational health and safety (OHS) issues is quite broad and complex and includes international conventions, protocols and agreements ratified by the Verkhovna Rada of Ukraine, laws, decrees and orders of the Cabinet of Ministers of Ukraine (CMU), orders of ministries, various norms, procedures, standards and guidelines.

Environmental aspects are also regulated by relevant legal provisions contained in other parts of the country's legislation (civil law, water code, land code, administrative law, criminal law, etc.). These provisions define the nature and limits of penalties and disciplinary rules, administrative, material and criminal liability applicable to the offender of environmental legislation and standards depending on the damage caused by the environmental risk and the scale of the negative impact.

Below is a list of key laws regulating environmental and social aspects of the Project for consideration:

- The Law of Ukraine on “Environmental Protection” (1991 and periodically updated; last update 2019). The purpose of environmental legislation is to regulate relations in the sphere of protection, use and creation on natural resources, ensuring ecological safety, prevention of the negative environmental impact of economic and other activities and liquidation of its consequences, conservation of natural resources, genetic stock of animate nature, landscape and other ecosystems, unique areas and natural objects related to cultural heritage.
- Law of Ukraine No. 2320-IX on “Waste Management” (2022/entered into force on July 9, 2023). This Law defines the legal, organizational, and economic principles of activities related to the prevention of formation, reduction of the volume of waste generation, reduction of negative consequences from waste management activities, promotion of preparation of waste for reuse, recycling and recovery in order to prevent negative impact thereof on human health and surrounding natural environment. This Law regulates relations regarding prevention of generation and management of waste generated in Ukraine, as well as management of waste transported through the territory of Ukraine, exported outside its border and imported into Ukraine for the purpose of recovery, including recycling.
- On November 8, 2017, the Cabinet of Ministers of Ukraine approved the Ukrainian “National Waste Management Strategy until 2030”. The strategy identifies the main directions of state regulation in the field of waste management for the coming decades, taking into account the European approaches to waste management set out in the EU Directives. The main objectives of state policy in the field of waste prevention and management are: (a) protection of human health and the natural environment from the negative impact of waste; (b) implementing measures in the field of waste management without endangering people's health and causing damage to the surrounding natural environment within the limits of the established standards of harmful effects of physical factors; (c) compliance with the hierarchy of waste management; and (d) introduction of extended producer responsibility.
- Law of Ukraine on “Environmental Impact Assessment” (2017). The Law establishes general provisions on environmental impact assessment. It should be noted that this law applies only to those activities that require an environmental impact assessment (EIA) in accordance with parts two and three of Article 3 of the said law.
- The Law of Ukraine on Protection of the population and territories from emergencies of man-caused and natural character" (2000) defines organizational and legal bases of protection of citizens of Ukraine, foreigners and stateless persons staying on the territory of Ukraine, protection of industrial, social facilities and environment from man-made and natural character emergencies.
- The Law of Ukraine on “Atmospheric Air Protection" (1992). This Law is aimed at preserving and restoring the natural state of the atmosphere, creating favourable conditions for life, ensuring

environmental safety and preventing the harmful effects of the atmosphere on human health and the environment.

- “Water Code” of Ukraine (1995). The Water Code, in combination with measures of organizational, legal, economic and educational impact, contributes to the formation of water and environmental law and environmental safety of the population of Ukraine, as well as more efficient, scientifically sound use of water and its protection from pollution, clogging and depletion.
- Law of Ukraine on “The Basics of Urban Development” (1992). The Law defines various legal, economic, social and organizational provisions for urban development activities aimed at forming a full-fledged living environment while ensuring the protection of the natural environment, rational use of nature and preservation of cultural heritage.
- Law of Ukraine on “Regulation of Urban Development Activities” (2011). Since the adoption of this Law, numerous regulatory acts defining the requirements for the construction industry have been amended. This Law establishes the legal and organizational framework for urban development and aims at ensuring the sustainable development of territories, taking into account state, public and private interests.
- Law of Ukraine on “Protection of Cultural Heritage” (2000). This Law regulates legal, organizational, social and economic relations in the field of protection of cultural heritage for the purpose of preservation, use of cultural heritage objects in public life, protection of the traditional nature of the environment for present and future generations.
- The list of current regulatory legal acts on environmental protection was updated by the adoption on December 30, 2021, of the new DBN A.2.2-1:2021: Composition and content of environmental impact assessment materials, which entered into force on September 1, 2022. These standards set the requirements for the composition and content of the environmental impact assessment section of the design documentation for new construction, reconstruction and major repairs of buildings and structures of any purpose and their complexes. Also, these standards are applied to the design decisions taken, taking into account the justification of economic, technical, organizational, sanitary and other measures, aimed at ensuring environmental safety during the construction and operation of buildings and structures of any purpose and their complexes.

Institutional Framework for Environmental Management

Environmental issues at the political level are dealt with by the Ministry of Environmental Protection and Natural Resources of Ukraine, which, inter alia, formulates and implements State policy in the areas of environmental protection as well as ecological environment and within the limits of the powers provided by law, radiation, biological and genetic safety. At the same time, the Ministry of Environmental Protection and Natural Resources of Ukraine, inter alia, ensures formulation and implementation of State policy in the areas, as follows: geological study and rational use of subsoil; implementation of state supervision (control) in environmental protection, rational use, reproduction and protection of natural resources; implementation of state geological control, as well as the preservation of the ozone layer, management of adverse anthropogenic impact on adaptation to climate change, and meeting the requirements of the UN Framework Convention on Climate Change and its Kyoto Protocol, the Paris Agreement.

At the strategic level, environmental policy priorities are defined in the Basic Principles (Strategy) of the State Environmental Policy of Ukraine for the period until 2030, approved by the Law of Ukraine dated February 28, 2019 No. 2697-VIII.

The Ministry of Health of Ukraine (the Deputy Minister - Chief State Sanitary Doctor of Ukraine), the State Service of Ukraine for Labor Affairs, the State Service of Ukraine for Food Safety and Consumer Protection are also central executive authorities responsible for formulating State policy on the health and epidemiological well-being of the population and implementing State policy in this area.

Instead, the main authority in the system of central executive authorities providing formulation and implementation of state regional policy, state policy in the sphere of improvement of settlements,

construction, urban development, spatial planning of territories and architecture; state policy in the sphere of technical regulation in construction, as well as providing the formulation of state policy in the sphere of architectural and construction control and supervision; policy in the sphere of control of housing and utility services and policy in sphere of energy efficiency of buildings is the Ministry of Communities, Territories and Infrastructure Development of Ukraine.

Environmental policy is directly implemented by various State agencies, services and administrations (such as the State Environmental Inspectorate of Ukraine, the State Service of Geology and Subsoil of Ukraine, the State Water Resources Agency of Ukraine, oblast state administrations/oblast military administrations, etc.) or local authorities.

The State Environmental Inspectorate of Ukraine (SEI) is the central executive authority, whose activities are directed and coordinated by CMU through the Ministry of Environmental Protection and Natural Resources of Ukraine, and which implements State policy of State supervision (control) in the sphere of environmental protection, rational use, reproduction and protection of natural resources. Among the main tasks of the State Environmental Inspectorate are to exercise, within the powers provided by law, State supervision (control) of compliance with the requirements of the legislation, in particular, on waste management, hazardous chemicals, pesticides and agrochemicals.

Within large cities, local authorities monitor the state of the natural environment (garbage collection, street cleaning, green areas, etc.) through their Departments for Urban Improvement and Preservation of the Natural Environment (the names of these departments may vary from city to city, but their functions are very similar).

The Prosecutor's Office of Ukraine, in particular, the Prosecutor General's Office of Ukraine and the regional prosecutors' offices has in its structure a specialized environmental prosecutor's office (as a structural subdivision). It carries out pre-trial investigation and public accusations in criminal proceedings concerning criminal offenses in the field of environmental protection.

International conventions ratified by Ukraine

The Vienna Convention for protection of ozone layer and the Montreal Protocol on ozone-depleting substances are an international treaty aimed at ending the use of ozone-depleting substances (ozone-depleting substances - ODS). This is the first international convention of any type that has reached universal ratification. Therefore, it is important to first make sure that there are alternatives that do not contain ODS, available for purchase, or that waste containing these substances is properly treated and disposed of. The Vienna Convention was ratified by Ukraine on June 18, 1986.

The Basel Convention related to the control of transboundary movements of hazardous wastes and their disposal aims to protect human health and environment from the negative effects of hazardous wastes. This Convention aims to reduce waste generation, promote environmentally sound waste management practices, and restrict the transboundary movement of hazardous wastes. The Convention defines four streams of hazardous waste and determines how they should be treated and disposed of. The Basel Convention was ratified by Ukraine on October 8, 1999; and entered into force on January 6, 2000.

The Stockholm Convention on persistent organic pollutants (POPs) aims to protect human health and environment from the harmful effects of POPs by eliminating and/or controlling the production, trade, use and release of POPs. To avoid generation of POPs, the Convention recommends using non-incineration technologies or having incinerators of appropriate quality, meeting national and international standards for uPOPs emissions. The Stockholm Convention was ratified by Ukraine on September 25, 2007; and entered into force on December 24, 2007.

The Rotterdam Convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade, promotes the joint responsibility of exporting and importing countries for the protection of human health and the environment from the harmful effects of certain hazardous chemicals and pesticides and provides for the exchange of information on such chemical substances. The Convention was ratified by Ukraine on December 6, 2002.

The Minamata Mercury Convention is the latest international treaty aimed to protect human health and environment from anthropogenic and mercury emissions. The convention calls for the purchase of mercury-free alternatives in health care and for the implementation of appropriate solutions in the field of waste management. MEPNR has prepared the draft Law of Ukraine 'On Ukraine's accession to the Minamata Convention on Mercury', which was sent for approval to the relevant central executive authorities. The Convention was ratified by Ukraine on May 29, 2023.

In addition to the above-mentioned five international environmental conventions, within the framework of the Project, it is possible to repeatedly refer to the following:

The Aarhus Convention on access to information, public participation in the decision-making and access to justice in environmental matters. The purpose of the convention is to assist member countries in establishing rights of citizens (individuals and their associations) to environmental information ('access to environmental information'). This may include information on the state of the environment, policies or measures taken, as well as on human health and safety where this can be affected by the state of the environment. In addition, the Convention requires public authorities to actively disseminate the environmental information they possess. After ratifying the Convention, the county committed itself to ensuring citizens' access to environmental justice. The obligation is to provide a package of guarantees allowing citizens to apply to a national court to verify whether the public authority has complied with the law and the relevant legislative requirements. Ratified by Ukraine on July 6, 1999.

International Labor Organization Conventions: Ukraine has ratified and has in force 9 out of 10 fundamental conventions (i.e. Forced Labor Convention, Occupational Safety and Health Convention, Minimum Age Convention, Worst Forms of Child Labor Convention, etc.), and several other 52 priority/governance and technical conventions.

Natural Habitats and Physical Cultural Resources (Core Principle 2)

Most of natural habitats in Ukraine either designated as Nature Protection Fund lands and are protected under relevant legislation, or (rarely) as forest lands with special use status.

Ukraine's cultural heritage sites are protected by regulations under the Law of Ukraine "On Protection of Cultural Heritage." The Law of Ukraine "On Protection of Cultural Heritage" provides the foundation for protecting cultural heritage objects, requiring developers to obtain necessary approvals and permits before commencing work that could affect these sites. National regulations mandate that developers take into account restrictions on economic activities in areas with cultural heritage objects. A Chance Find Procedure ensures that any unexpected discoveries of cultural artifacts during construction are handled appropriately, preserving the nation's cultural heritage while allowing for necessary development.

Steps for Obtaining Permission and Handling Chance Finds

Historical and Urban Planning Justification: before starting any project, developers must obtain a historical and urban planning justification, which includes a thorough investigation of the site for cultural heritage objects.

Project Documentation Approval: developers need to get their scientific and project documentation approved and obtain permits for construction works from cultural heritage protection authorities is carried out exclusively through the electronic office of the Unified State Electronic System in the field of construction.

Chance Find Procedure – actions upon discovering cultural heritage objects:

- **Stop Work Immediately:** cease all construction activities in the vicinity of the discovery to prevent any damage.
- **Secure the Site:** protect the area to ensure the find remains undisturbed. This might involve fencing off the site and monitoring it to prevent unauthorized access.

- **Notify Authorities:** immediately inform the relevant cultural heritage protection authority about the find. Provide detailed information, including:
- **Location of the discovery:** provide description and, if possible, photographs of the find.
- **Preliminary Report:** document the discovery, including the date, time, and circumstances of the find, along with contact details of on-site personnel.
- **Assessment by Experts:** Wait for the cultural heritage protection authority to send experts to the site. Their assessment will determine the significance of the finding and recommend further actions.
- **Implementing Protective Measures.** Based on expert recommendations, developers must implement measures to protect the discovered objects. This may include:
 - Provision of physical fence /barriers
 - Covering the objects to shield them from environmental factors.
 - Other site-specific measures as advised by the experts.
- **Detailed Reporting:** submit detailed reports to the cultural heritage protection authority, documenting the find, protective measures taken, and any further risks identified.
- **Electronic Submission:** use the Unified State Electronic System in the field of construction (Єдина державна електронна система в сфері будівництва - EDESSB) to submit all documentation and reports, ensuring compliance with legal requirements.
- **Resumption of Work:** obtain written approval from the cultural heritage protection authority to resume construction activities. Ensure all protective measures are in place and that the work will not endanger the cultural heritage objects.
- **Ongoing Monitoring:** monitor the site continuously during further construction to ensure no additional cultural heritage objects are discovered or disturbed.

Adhering to the Chance Find Procedure is crucial for preserving Ukraine's cultural heritage while facilitating development projects. Immediate action upon discovering cultural artifacts, proper notification and documentation, and compliance with the Law of Ukraine "On Protection of Cultural Heritage" ensure that cultural heritage objects are safeguarded. The use of the EDESSB system streamlines the approval process, making it more efficient and transparent.

Protection of public and worker safety (Core Principle 3)

Social Protection, Labor Standards, Occupational Health and Safety

Ukraine is a member state of the ILO since 1954 (as part of the former USSR) and since 1991 as an independent state. Ukraine has ratified 71 ILO International Labor Standards (Conventions), including the eight fundamental and four priority Conventions.

Social protection, safety and labor standards are governed by the following sets of laws:

- Law on "Labor Protection" (1992) defines the basic provisions for the implementation of the constitutional right of employees to protect their life and health at work and safe and healthy working conditions.
- Law of Ukraine "On Labor Safety" defines the basic provisions for the implementation of the constitutional right of employed citizens to ensure occupational health in the course of their employment, as well as to proper, safe and healthy working conditions. In addition to many other provisions of the law, employees must receive training in occupational health and safety, as well as personal protective equipment. In the case of industrial accidents, the law provides that the employer is obliged to organize investigations and keep records in accordance with the procedure established by the CMU Resolution (No. 1232 of 30.11.2011).
- Law on "Mandatory state social unemployment insurance" (2000);
- Law on "State social aid to indigent families" (2000);
- Law on "State aid to families with children" (1992);

- Law on “Mandatory state social insurance against industrial accident and occupational disease that caused disability” (1999);
- Law on “Vocational education” (1998);
- Law on “Mandatory State Pension Insurance”, No. 1058-IV (2003), amended in 2004 -2012.
- Labor Code of Ukraine (1972);
- Law of Ukraine on Organization of Labor Relations under Martial Law (2022) determines the features of civil service, service in local self-governments, labor relations of employees of all enterprises, institutions, and organizations in Ukraine regardless of the form of ownership, type of activity, and industry affiliation, representative offices of foreign economic entities in Ukraine, as well as persons working under an employment contract concluded with natural persons (hereinafter - employees) during the period of martial law introduced in accordance with the Law of Ukraine on the Legal Regime of Martial Law.
- Resolution of the Cabinet of Ministers of Ukraine ‘On Remuneration of Employees Based on the Unified Salary Scale of Grades and Coefficients for Remuneration of Employees of Institutions, Establishments and Organizations of Certain Branches of the Budget Sphere’ No. 1298 dated August 30, 2002.

Some relevant of the state building codes of Ukraine, sanitary rules and industry regulations are listed below:

- DBN A.3.2-2-2009 OSBP “Occupational Safety and Industrial Safety in Construction. Substantive provisions”;
- DBN V.1.2-7-2008 “Basic requirements for buildings and structures. Fire Security”;
- DBN B.1.2-9-2008 “Basic requirements for buildings and structures. Safety of operation”;
- DBN B.1.2-10-2008 “Basic requirements for buildings and structures. Noise protection”;
- DBN V.1.1-31: 2013 "Protection of territories, buildings and structures from noise";
- DSN 3.3.6.039-99 "State sanitary standards of industrial general and local vibration";
- DSTU EN 13034:2017 Protective clothing. Protection against liquid chemicals. Performance requirements for chemical protective clothing offering limited protective performance against liquid chemicals (Type 6 and Type PB [6]) (EN 13034:2005 + A1:2009, IDT).
- DSTU EN 166:2017 Personal eye protection equipment. Technical Specifications (EN 166:2001, IDT).

Promotion of gender equality and protection of non-discriminatory measures with respect to gender are embedded in the following legislation:

- Law “On principles of prevention and combating discrimination in Ukraine” (2012)
- Law “On amendments to certain legislative acts of Ukraine regarding prevention and combating discrimination” (2014).

Occupational Health and Safety

The Law of Ukraine “On Labor Safety” defines the basic provisions for the implementation of the constitutional right of employed citizens to ensure occupational health in the course of their employment, as well as to proper, safe and healthy working conditions. In addition to many other provisions of the law, employees must receive training in occupational health and safety, as well as personal protective equipment. In the case of industrial accidents, the law provides that the employer is obliged to organize investigations and keep records in accordance with the procedure established by the CMU Resolution (No. 1232 of 30.11.2011).

Ukraine has a progressive legislative framework on labor protection and safety. The Constitution of Ukraine provides for the right to work and the opportunity to earn a living by performing work that was chosen at will (Article 43). Article 43 of the Constitution of Ukraine guarantees a safe and healthy professional environment, as well as a salary not lower than that determined by the Law; it prohibits the employment of women and minors in jobs that are dangerous to health. Article 43 also provides for the protection of citizens against unlawful dismissal from work and provides for timely remuneration for work performed. The right of workers to strike is also guaranteed by the Constitution of Ukraine (Article 44). Article 45 of the Constitution

guarantees the right to breaks, holidays and rest. Social protection of employees is also guaranteed by Article 46 of the Constitution of Ukraine.

All constitutional provisions are supported by such laws of Ukraine with appropriate amendments:

- The Labor Code of Ukraine (initial Law No. 322-VIII, adopted on December 10, 1971); this is the principal legislative act governing employment relations in Ukraine;
- Law of Ukraine ‘On Holidays’ (Law No. 504/96-VR, adopted on November 15, 1996);
- Law of Ukraine ‘On wages’ (Law No. 108/95-VR, adopted on March 24, 1995);
- Law of Ukraine ‘On trade unions, their rights and guarantees of activity’ (Law No. 1045-XIV, adopted on September 15, 1999);
- Law of Ukraine ‘On Labor Protection’ (Law No. 2694-XII, adopted on October 14, 1992).

The requirements for health and safety at work in Ukraine are stipulated by the Law of Ukraine ‘On Labor Protection’, which specifies in detail the basic constitutional provisions on the rights of workers to protect their lives, health at the work, proper, safe and healthy working conditions and the regulation of the relationship between employer and employee on safety, occupational hygiene and working conditions. In addition, the Law establishes a uniform labor protection procedure in Ukraine.

Every legal and natural person shall comply with the provisions of this Law when hiring employees or part-time/assignment-based employees. This Law establishes the employer's responsibility for the creation of safe working conditions, the state of collective and individual protective means against harmful effects of production processes, as well as equipment.

The law gives workers the right to refuse work if the working conditions are hazardous to their life and health (Article 6). Workers have the right to benefits and compensation for harsh and dangerous working conditions and for damage caused by violations of labor protection rules (Article 7). It has been established that the Social Insurance Fund for Occupational Accidents and Diseases of Ukraine shall compensate for damage to the health of an employee or in the event of his death. In addition, according to the Collective Labor Agreement, the employer may pay additional compensation to the injured persons or their family members from their own funds (Article 9).

This Law also regulates the protection of certain categories of workers: women, minors and persons with disabilities (Articles 10-12). In particular, the Law prohibits the employment of women in hazardous and dangerous working conditions, underground works, except for non-physical work and work related to the provision of sanitary and amenity services. It is also prohibited to hire women to lift and transport things with a weight exceeding the established limits.

A separate section of the Law is devoted to the regulation of relationship in labor protection and management (Chapter 3). This chapter defines the system of state authorities and institutions responsible for ensuring compliance with labor legislation and legal protection of labor safety.

The Law provides for penalties for non-compliance and violation of the provisions of the Law.

Types of employment contracts. According to the Constitution of Ukraine (article 43) everyone has the right for labor and for opportunity to earn for living by job that were chosen freely by person.

Employment contracts are defined by the Labor Code (for example, Article 21). An employment contract is a contract that enters into force between the employee and the owner of the enterprise/institution, according to which the employee performs the tasks/works defined by the agreement.

Non-residents have the same rights to work in Ukraine as any Ukrainian. However, non-residents need to provide certain documentation before starting work in Ukraine (work permit). Article 23 of the Labor Code of Ukraine defines the following types of employment contracts based on the contract length:

- Open-ended employment contract. This type of contract is most common in Ukraine. In addition, this type of contract is governed by the Labor Code and the above-mentioned labor legislation of Ukraine, the internal rules of the Company and the collective agreement.
- Term contract. The only difference between this type of contract and the former is that the Parties limit their cooperation to a certain period of time, based on the type of activity performed.
- Assignment-based contract. A special type of contract may be entered into to provide an assignment-based service where special skills or short-term support are required. This special form of contract is actually a service contract. Using this type of agreement, the parties agree and acknowledge that all terms of their cooperation are contained in the contract (agreement).

Probation. According to Article 27 of the Labor Code of Ukraine, the probationary period for permanent employees may not exceed three consecutive months. In some cases, it may last up to six consecutive months, but this must be agreed with the Primary Trade Union Organization.

Wages and deductions. The Law of Ukraine ‘On Wages’ (Article 1) defines wages as remuneration calculated in monetary terms, which the employer pays to the employee for the work performed by him under the employment contract. Remuneration consists of the basic salary - remuneration for work performed in accordance with the established labor standard (working hours, efficiency of work, etc.) and additional wages - remuneration for excellent performance or efficiency or for harmful working conditions. According to Article 3 of the aforementioned Law, the minimum wage is determined by the monthly or hourly wage rate determined by legislation. If the salary of an employee who performs work for a month is lower than the minimum wage, the employer makes an additional payment up to the minimum wage. Since January 1, 2023 the minimum wage is UAH 6,700 (about USD 185). Usually, employers automatically deduct personal income tax and health and social insurance contributions from wages and transfer them to the relevant fiscal authorities.

Working hours. Labor Code of Ukraine (Article 51) provides a standard 40-hour working week. Reduced working hours are defined as: (a) for employees aged 16 to 18 - 36 hours per week; (b) for persons aged 15 to 16 (students aged 14 to 15 working during the holidays) - 24 hours per week; (c) for workers performing work in hazardous working conditions - no more than 36 hours per week.

The law also provides for the reduction of working hours for certain categories of workers (teachers, doctors, etc.). This reduction can be compensated by enterprises and organizations for women raising children under the age of 14 or children with disabilities.

According to Article 54 of the Labor Code of Ukraine, fixed working hours (shifts) are reduced by one hour when working at night.

Night work shall be equivalent to day work if required by production conditions, in particular continuous production, as well as shift work during a six-day week with one day off. Night working hours are from 22:00 p.m. to 06:00a.m.

Night work by women is not permitted except in those sectors of the national economy where this is particularly necessary and permitted as a temporary measure. Pregnant women and women raising children under three years of age may not be engaged in night work, overtime work, or work on weekends or business trips. Women raising children between the ages of 3 and 14 or children with disabilities may not be employed in overtime work or go on business trips without their consent. (Labor Code of Ukraine, Articles 175-177).

Breaks. Workers must have a break for rest and meals. Breaks should not last more than two hours. Break is not included in the working time. Breaks for rest and meals are usually granted four hours after the start of work. The start and end time of the break is established by internal rules. Employees use break time at their own discretion. During this time, they may be absent from the workplace. (Article 66 of the Labor Code of Ukraine).

Weekends and vacations. For a five-day working week, employees have two days off per week and for a six-day working week one day off. Uninterrupted weekly rest shall be at least forty-two hours.

Work on weekends is prohibited. The employment of certain workers on such days is permitted with the authorization of the elected body of the trade union organization (trade union representative) of the enterprise, institution or organization and only in exceptional cases specified by law.

Engagement of individual employees on weekends is permitted in such exceptional cases: (a) to prevent or deal with the consequences of natural disasters, epidemics, epizootics, industrial accidents and their immediate consequences; (b) to prevent accidents that threaten or may threaten the life or normal life of people, may cause loss or damage to property; (c) to perform unforeseen emergency works, on which further normal operation of the enterprise, institution or organization of both the whole and their individual subdivisions depends; (d) to perform urgent work in order to avoid or prevent the downtime of rental equipment or the accumulation of cargo at points of departure and destination.

Employees are engaged to work on weekends on the basis of a written order (order) of the owner or an authorized body.

Work on a holiday may be compensated by agreement of the parties by providing another day of rest or in cash in double amount. (Labor Code of Ukraine, Articles 66-71).

Employees of enterprises, institutions or organizations, regardless of their ownership and sector, as well as those working under an employment contract with individual entrepreneurs, have the right to annual (basic and additional) leave without loss of employment (position) and salaries for these periods.

The Law of Ukraine 'On Vacations' defines types of leave: 1) annual leave: basic leave; additional annual leave for work in harmful and difficult working conditions; additional annual leave for irregular working hours; etc. (Labor Code of Ukraine, Article 77); 2) leave for education, pregnancy and childbirth; 3) research leave; 4) maternity leave; 2) leave without compensation.

The total duration of annual basic and additional leave may not exceed 59 calendar days, and for workers employed in the mining industry - 69 calendar days (Article 10 of the Law 'On Vacations').

Annual basic leave is granted to employees for a period of not less than 24 calendar days per completed working year calculated from the date of conclusion of the employment contract. Employees with 18 or more years of service are granted annual basic leave within 31 calendar days (Labor Code of Ukraine, Articles 74-75).

In addition to annual leave, employers must provide other paid and unpaid leave or compensatory time off/sick leave during the calendar year.

National festivals, weekends and public holidays coinciding with leave are not included in the leave period when calculating the days of annual paid leave (Labor Code of Ukraine, Articles 77-78).

Overtime. The employer may order overtime work in cases related to national defense or emergency situations. Article 61 of the Labor Code defines in detail the circumstances in which an employer may request overtime work.

According to Article 62 of the Labor Code of Ukraine, the following categories of people should not be involved in overtime work: (1) pregnant women and women with children under the age of three (Labor Code of Ukraine, Article 176); (2) persons under 18 years of age (Labor Code of Ukraine, Article 192); (3) employees who study full-time or undergo in-service training (Labor Code of Ukraine, Article 220); etc.

Women who raise children between three and fourteen years of age or have a child with disability may work overtime only with their consent (Labor Code of Ukraine, Article 177).

Overtime must not exceed four hours for the next two days and 120 hours per year for each employee. The owner or the body authorized by him must keep records of overtime work of each worker (Labor Code, Article 65).

Overtime is paid at twice the normal hourly rate (Labor Code of Ukraine, Article 106).

Labor disputes. The Labor Code of Ukraine contains provisions allowing employees to resolve individual and collective disputes between an employer and employee(s) regarding the terms of an employment agreement or other aspects of work, including safety and health at work (Articles 221 - 241).

Labor disputes may be dealt with by special labor commissions for labor disputes or courts.

The procedure for consideration of labor disputes by the commission is provided for in Articles 223 - 230 of the Labor Code of Ukraine. If the parties disagree with the recommendations of the Commission, the conflict is resolved in the courts. The procedure for consideration of labor disputes by courts is provided for in Articles 231 - 241 of the Labor Code.

Infection control and Waste Management

Medical waste is divided into the following categories: category A — household waste (safe waste); category B — epidemically (infectiously) hazardous waste; category C — toxicologically hazardous waste; category D — radiologically hazardous was. Supervision of waste management activities in Ukraine is carried out by several governmental bodies. The Ministry of Environmental Protection and Natural Resources is responsible for developing and implementing environmental policies, including those related to waste management. The State Environmental Inspectorate conducts inspections and enforces compliance with environmental laws and regulations, ensuring that waste management practices adhere to national standards. Local authorities also play a crucial role, organizing waste collection and disposal services within their jurisdictions and ensuring compliance with national waste management regulations. Health facilities in Ukraine have specific obligations regarding waste management to ensure the safe handling and disposal of medical waste. The medical license for conducting medical practices also impose an obligation on health facilities to properly manage, remove and destroy medical waste. These facilities must segregate medical waste from other types of waste at the point of generation, ensuring that hazardous waste, such as sharps and infectious materials, is separated from non-hazardous waste. Proper storage of medical waste is mandated, requiring the use of designated containers that are clearly labelled and meet safety standards to prevent contamination and exposure. Health facilities are also responsible for ensuring that medical waste is transported and disposed of by licensed waste management companies that comply with national regulations. Additionally, these facilities must maintain records of the types and quantities of waste generated, as well as the methods of disposal used, with these records being subject to inspection by regulatory authorities.

Land Acquisition and Physical and Economic Displacement (Core Principle 4)

National legislation

- The Constitution of Ukraine (Articles 13, 14, 41) stipulates that "no one shall be unlawfully deprived of the right for property. The right for private property shall be inviolable." and "The expropriation of private property objects may be applied only as an exception for the reasons of social necessity, on the grounds of, and in the order established by law, and on terms of advance and complete compensation of the value of such objects. The expropriation of such objects with subsequent complete compensation of their value shall be permitted only under conditions of martial law or a state of emergency." (Article 41)
- Law of Ukraine "On Alienation of Land Plots and Other Objects of Immovable Property Located Thereon in Private Ownership for the Social Needs and on the Grounds of Social Necessity" of 17.11.2009 No. 1559-VI stipulates legal, organizational, and financial principles of regulation of public relations arising in the course of acquisition of land plots, other property objects placed on them, owned by natural or legal persons, for public needs or for reasons of public necessity.
- Land Code of Ukraine (in particular, Articles 143, 146, 147, 149-151) which provides the grounds for the involuntary termination of land rights, acquisition of land for public needs and the procedure for conciliation of issues related to the land acquisition for public needs or for reasons of public necessity.

- Civil Code of Ukraine (of 16.01.2003, No. 435-IV), which establishes the procedure for termination of title to immovable property due to the acquisition or alienation of the land on which the property is located, for national needs, and regulates issues related to the protection of property rights (Articles 3.50-351);
- Code of Administrative Procedure of Ukraine (of 06.07.2005), which establishes the procedure for conducting legal proceedings related to the acquisition of land for national needs.
- Law of Ukraine "On Regulation of Urban Development Activity" of 19.05.2011 No. 3395-VI
- Law of Ukraine "On Land Valuation" of 11.12.2003 No. 1378-IV6
- Law of Ukraine of 21.05.1997 No. 280/97-BP "On Local Self-Government in Ukraine"
- "Procedure for Determination and Compensation of Losses to Land Owners and Land Users" adopted by the Decree of the Cabinet of Ministers of Ukraine of 19.04.1993 No. 284
- Decree of the Cabinet of Ministers of Ukraine of 11.10.2002 No. 1531 "On Expert Valuation of Land Plots"
- Law of Ukraine "On Evaluation of Property, Property Rights and Professional Appraisal Activity in Ukraine" of 12.07.2001 No. 2658-III
- Law of Ukraine "On State Land Cadaster" of 07.07.2011 No. 3613-VI
- "Procedure for Performance of Notarial Acts by Notaries of Ukraine" approved by the Order of the Ministry of Justice of Ukraine of 22.02.2012 No. 296/5.

Compensation for temporary use of land during construction is regulated in the following Decrees of the Cabinet of Ministers:

- Decree of the Cabinet of Ministers of Ukraine of 17.11.1997 No. 1279 "On Amount and Procedure for Determining Agricultural and Forest Production Losses to be Refunded" and Appendix.
- "Procedure for Determination and Compensation of Losses to Land Owners and Land Users" adopted by the Decree of the Cabinet of Ministers of Ukraine of 19.04.1993 No. 284

Gap analysis between national legislation and WB ESSs

In Ukraine, the right to dispose of land and other property are based on registration of ownership.

However, under the WB involuntary resettlement standard, affected persons are entitled to some form of compensation whether or not they own a registered land or property title, if they occupy or use the land prior to the cut-off date. The focus of the WB standards is to mitigate the adverse impacts of poverty, where any adverse impacts occurring are directly or indirectly attributable to activities funded by the project. In cases where PAP have no ownership or tenure rights according to Ukrainian law due to lack of registration, the provisions of the Lender requirements will be applied in terms of their rights for compensation, consultation, and grievance mechanisms. Where there is a difference between the compensation requirements of the laws of Ukraine and WB requirements, the more beneficial to the affected people, will be employed.

Table below provides an analysis of the differences between Ukrainians Laws and WB requirements:

Ukrainian Laws and Regulations	World Bank requirements under ESF
Only officially registered/legal buildings are subject to compensation for damages / destruction caused by the project	All buildings are subject to compensation for damages / destruction caused by the project

Ukrainian Laws and Regulations	World Bank requirements under ESF
Only officially registered landowners will be paid compensation for loss of profit / business caused by the project	Registered and non-registered tenants will be paid compensation for loss of profit / business caused by the project, regardless of registration.
There are no special provisions identifying the process of involuntary resettlement planning, as well as specific tools, including preparation of any plan pertaining to land expropriation and resettlement	Time-limited in terms of application, the resettlement action plan shall be prepared prior to the commencement of compensation
No provisions are available for: - Rehabilitation of income / livelihoods, - Assistance to landowners / tenants who have been severely affected by project activity No compensation or assistance is envisaged with respect to the movable property	Lender’s standards provide for rehabilitation of income / livelihoods, compensation for serious losses, and costs incurred by landowners / tenants during resettlement. Compensation shall include: - Funds for improving living standards of displaced persons; - Costs for displacement; - Compensation for lost property; - Other transportation costs
Land expropriation and resettlement related decisions are exceptionally negotiated between landowners / official tenants and local authorities alienating assets	The information containing an estimate of the assets lost as a result of the project activity, namely, assets value, compensation amount / financial support will be disclosed to landowners and tenants prior to the start of the project. The general provisions of RAP (including the Rights Matrix (eligibility) for compensation) will be disclosed to public, whilst the personal data on losses / compensation will only be available to individuals / homeowners who have been adversely affected by the project. The project affected persons will be consulted on the provisions of the RAP.
The Ukrainian legislation lacks a special plan for public consultations.	Consultations with stakeholders and public involvement are an integral part in RAP preparation and implementation
According to Ukrainian legislation only personalized grievances or appeal should be considered.	The Project implementer should consider all grievances and appeals including grievances from Contractor’s personnel and anonymous
The Ukrainian legislation have not special provisions for vulnerable people support during resettlement	Vulnerable people who warrant specific assistance must be identified and supported throughout the resettlement process. In accordance with the World Bank regulations that’s mandatory to foresee measures to be provided to enable poor and vulnerable people (including women) who are physically displaced or affected by economic displacement to improve their incomes to at least national minimum standards.

Inclusion of Vulnerable Groups (Core Principle 5)

The borrower’s environmental and social (E&S) systems as outlined in the project documentation focus on addressing the needs of vulnerable groups, including those displaced due to the ongoing conflict and other vulnerable populations. The systems are aligned with Ukraine’s national policies and strategies, particularly under the National Health Strategy (NHS) 2024-2030 (footnote), which aims to improve access to healthcare

for all segments of society, especially vulnerable populations affected by the Russian invasion, such as internally displaced persons (IDPs), conflict-affected populations and the rural population living in remote areas.

The Law of Ukraine “On ensuring the rights and freedoms of internally displaced persons” was adopted in 2015. This Law, in accordance with the Constitution and laws of Ukraine, as well as international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine, establishes guarantees for the protection of the rights, freedoms, and legitimate interests of internally displaced persons. Other vulnerable groups are Internally Displaced Persons (IDPs). Though the right of education by IDPs is enshrined in the Law, the real situation with accessing education in a new place of living can differ owing to lack of available space. In general, according to the IOM data for the April 2024, total number of IDPs equals 3,548,000 persons. The highest number of IDPs are registered in Dnipropetrovsk (14%), Kharkiv (12%), Kyiv City (10%) and Kyiv region (8%).

There are no specific references to Indigenous Peoples in Ukraine, as defined by World Bank’s Guidelines (Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities). According to the last recorded census (2001), the main minority groups include Russians, Belarusians, Moldovans, Crimean Tatars, and Bulgarians. Ukraine also has smaller populations of Poles, Jews, Romanians, Armenians, Hungarians, Roma, and other nationalities. An updated census planned for 2020 wasn't carried out because of the COVID-19 pandemic. However, the project’s focus on vulnerable populations ensures that groups marginalized by conflict, gender, ethnic minorities, economic status, and displacement receive adequate attention.

♣ **Inclusion:** Ukrainian regulatory framework contains a wide range of policies and legislation at various administrative levels pertaining to gender and social inclusion, and relevant to inclusive access of program benefits for vulnerable groups. The 2013 Law on Principles of Prevention and Combating Discrimination in Ukraine endorses a general definition of discrimination, promoting the rights and freedoms of individuals discriminated against on the basis of sex, among other characteristics. Along these lines, the 2018–21 State Social Programme on Equal Rights and Opportunities of Women and Men intends to eliminate institutional and legal barriers to gender equality.

♣ **Persons with special needs or disabilities:** Ukraine recognizes the action of Article 24 of Convention on the Rights of Persons with Disabilities, which states the right of persons with disabilities to education without discrimination. The 2030 National Strategy on creating a barrier-free space in Ukraine is focused on creating equal opportunities for each person to exercise their rights, to receive services on an equal basis with others by integrating physical, informational, digital, social and civic, economic and educational accessibility into all spheres of public policy. Special legislative acts (State Building Regulation) are applicable requiring that such structures have access for people with physical disabilities, namely the “Inclusiveness of Building and Constructions” DBN V.2.2-40:2018; and “Protective Buildings of Civil Defence” DBN 2.2-5:2023.

• **Gender:** As explicitly stated in the 1996 Constitution, amended in 2016, gender equality is assured by providing women with the same opportunities in areas including education and vocational training (Art. 24). The 2005 Law on Ensuring Equal Rights and Opportunities for Women and Men is entirely dedicated to the promotion of equal rights and opportunities in the education sphere in terms of access, assessment, grants and loan benefits (Art. 21).

• **Gender Based Violence (GBV):** In 2020, Ukraine became a full member of the Biarritz Partnership aimed at prevention of gender-based violence (GBV), ensuring fair and quality education and health, promoting women’s economic empowerment, ensuring full equality between men and women in public policies. In June 2020, the Ukrainian Parliament approved The Istanbul Convention which is in times of peace and in situations of armed conflict and focus on protect women against all forms of violence, contribute to the elimination of all forms of discrimination against women. Ukraine closely works with international partners on the issues of gender equality, equity and prevention of gender base and domestic violence. Since 2012, in Ukraine acts “Council of Europe Convention on the Protection of Children from Sexual Exploitation and Sexual Violence”.

The government of Ukraine has demonstrated its commitment to advancing gender equality and combating GBV. In 2018 the Law on Prevention and Combating of Domestic Violence was adopted and relevant amendments to the Criminal Code outlawed domestic violence. This put Ukrainian legislation closer to international standards. The law is complemented with 16 normative acts that set the essential framework for developing a multisectoral response mechanism and created a network of specialized services such as shelters, psychosocial mobile teams, police, service-delivery points, hotlines, and daycare centers, to combat GBV. This is the most far-reaching international legal text addressing gender-based violence. Overall Ukraine is committed to decreasing GBV and improving gender equality.

Ukraine is focused on reducing the high prevalence of GBV through a multilateral response, with a focus on primary healthcare. In instances of GBV, doctors are often one of the first people that survivors have contact with. Medical providers need to have a clear understanding of what actions they need to take, and how to respond to patients who may have experienced strong psychological or emotional trauma from GBV. To have a unified approach to dealing with instances of GBV, Ukraine has initiated changes in legislation. On February 2, 2024, the Ministry of Health of Ukraine has introduced new form No. 511/o- “Certificate on recording bodily injuries” which must be completed by a doctor immediately following an examination during which bodily injuries are detected. Additionally, the legislation recommends that, if possible, the examining doctor should be of the same sex as the person being examined, unless requested otherwise by the patient. These are steps taken by the government of Ukraine to ensure that healthcare providers have the unified approach to dealing with and documenting GBV.

Through the World Bank’s partnership with the NSHU and Ukrainian Catholic University’s Child Dignity Center, funded by the Swiss Development Cooperation (SDC), an online course was developed to help healthcare professionals work with survivors of gender-based violence. Although the course was a success, in future implementations of such capacity building activities, it is important for all parties to be on the same page from the start.

The online course “Monitoring and Management of Sexual Violence Cases in Different Age Groups in the Practice of Primary Care Physicians” became one of the most demanded and popular courses on the NHSU Academy platform. The clear algorithm of the course meets the requirements of clinical case management and provides clear mechanisms for engaging and cooperating with the relevant supporting structures. This course was highly promoted and is one of the most popular on the NHSU Academy platform with 8,504 participants, out of 5,877 have received certificates as of July 2024.

The course set the foundations for healthcare professionals to be able to effectively work with survivors and offer support through multiple resources and institutions. The course opened conversation on a topic that is still considered a taboo in Ukraine and is a first step in combating gender-based violence.

When implementing capacity building activities, such as this course, it is important that all parties are on the same page from the start. This ensures that course materials are aligned with best practices. When developing a multilateral approach to combat GBV it is important that there is a unifying standard practice so that each institution understands their role and specific individuals know what is expected of them.

Avoidance of Exacerbating Social Tension (Core Principle 6)

Legal regulation of access to information and public participation

In Ukraine, access to environmental information was ensured after the Parliament ratified the Aarhus Convention on Access to Information, Public Participation in Decision-Making, and Access to Justice in Environmental Matters in 1999. The Ministry of Ecology and Natural Resources of Ukraine (which existed prior to the establishment of the Ministry of Environmental Protection and Natural Resources of Ukraine) has developed several regulatory legal acts specifying the provisions of this Convention.

Detailed requirements for the organization of public hearings on environmental issues can also be found in the Procedure for the development of urban planning documentation, approved by the Order of the Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine No. 290 of November 16, 2011 (on the development of master plans of cities and master schemes of territorial planning). But these requirements do not apply to the Project.

General instructions on how public hearings should be organized in the case of a full-scale environmental impact assessment are described in the Procedure for Public Hearings in the Environmental Impact Assessment, approved by CMU Resolution No. 989 of December 13, 2017. This Procedure was developed within the framework of the Law of Ukraine 'On Environmental Impact Assessment'.

In 2011, the Verkhovna Rada of Ukraine adopted the Law of Ukraine 'On Access to Public Information'. This Law covers a much broader area, but it also defines environmental information issues (art. 13, para 2). According to this article, not only government authorities, but also economic entities must provide information (if they possess it) on the state of the natural environment, the quality of food and consumer goods, disasters, natural disasters and other events that may threaten the health and well-being of citizens.

Local governments are responsible for organizing public consultations, and different procedures have been agreed in different territorial communities (large and small cities, villages). As a rule, public hearings may be convened by the local self-government either on its own initiative or at the request of community representatives. Such hearings can be held at any level: in villages (rural east), small and large cities. Decisions of such hearings are considered recommendations.

The procedure of public consultations on the formation and implementation of state policy was approved by CMU Resolution No. 996 dated November 3, 2010 'On ensuring public participation in the formation and implementation of state policy'. This procedure establishes that all ministries, other central authorities, regional and district administrations must have Public Councils.

This resolution also states that the authority must organize mandatory public hearings on specific topics (proposed legislation; State and regional programs; budget execution reports), as well as other public consultations requested by civil society organizations active in the region. The Public Council can also initiate public hearings and plays an important role in their preparation. Public consultations are organized 'to involve citizens in the activities of the Government in order to provide them with access to information on the activities of the authorities, to ensure publicity, openness and transparency of the above-mentioned authorities.' The decisions of such hearings are considered recommendations.