

RRR4U

Resilience,
Reconstruction &
Relief for **Ukraine**

top level expertise & focus on
a specific results

Project and Consortium

About us


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Resilience,
Reconstruction &
Relief for Ukraine



Project and Consortium

MEMBERS:  Institute for Economic Research
& Policy Consulting, Kyiv, Ukraine

 Center for Economic
Strategy, Kyiv, Ukraine

 DiXi Group, Kyiv, Ukraine

 Institute of Analysis and
Advocacy, Poltava, Ukraine

WHAT WE DO: promoting just, green and people-
centered economic recovery

HOW WE WORK: policy analysis, advocacy, dialogue
with the academic, private,
non-governmental and public
sector representatives etc.



Our tasks

- ◆ **Provide expert advice and analysis** to the Ukraine government, private sector, international community (IFIs, multilaterals, EU etc.) and civil society on the economic needs, opportunities and preferred options to ensure Ukraine's economic resilience and recovery
- ◆ **Promote** the development, implementation and evaluation of financial policies aimed at Ukraine's economic reconstruction and resilience
- ◆ **Promote** active participation Ukraine's civil society in the process of development and implementation of recovery policy
- ◆ **Increase** public awareness on the Ukraine's economic performance and cooperation with international partners in the field of ensuring national economic resiliency and reconstruction
- ◆ **Identify** opportunities for the private sector to play a pivotal partnership role in Ukraine's resilience and recovery
- ◆ **Promote** national legal and policy reforms necessary for social and economic development

Principles for reconstruction and recovery

1. **Urgency:** economic reconstruction and resilience efforts should begin immediately
2. **Transparency and accountability:** clear public disclosure, monitoring and accessible grievance mechanisms
3. **People-oriented approach:** inclusive, participatory, human rights-based and bringing the decision-making as close to affected population as possible
4. **Prioritizing fulfilment of SDGs:** achieving “build back better” goals
5. **Perpetrator should pay:** the priority should be reconstruction financed through the assets of the Russian State and the oligarchs
6. **Consistency with international law** and compatibility with desire to be a member of the EU
7. **Ensuring long-term economic sustainability:** consistent with a national strategy for sustainable debt, preferencing grants over loans, and striving to protect access to markets and invite foreign direct investment

Principles explained



What stands behind Ukraine's ownership?

- The Cabinet of Ministers is responsible for the implementation of recovery plans: political will + capacity = critical requirement for success
- Ownership requires capable teams in ministries and in regions: fast capacity building as recovery needs are urgent
- Ukraine defines priorities: a technocratic team of professional people selected on a competitive basis according to the clearly specified criteria
- National priorities: the balance of interests and inclusivity
- Multi-stakeholder approach: government, local authorities, international donors, Ukrainian and foreign business, civil society
- Faster and less bureaucratic procedures for the approval of policies and decisions without the risk to be prosecuted without any grounds
- Co-financing by the Ukrainian side (either on central or local levels) is required
- Learning by doing approach: need for a network platform



Ownership comes together with accountability

Accountability:

1. financial aid is not stolen

2. financial aid is effectively and efficiently used

- Political accountability: no accusation of international donors in own problems, open and honest communication with society, mobilization of society (population and business) to properly address challenges of recovery
- Transparency creates trust and, thus, results in higher financial aid
- The use of existing transparency instruments: ProZorro, E-data, open data, ProzorroSales
- Management of outcomes not outputs: medium-term budget planning, regular reports for the execution of budget programs and result achieved at the highest political level with the report on achieved results
- Effective system of state aid oversight and accountability of aid recipients for its efficient use
- Effective work of control and auditing entities: Accounting Chamber of Ukraine, Bureau of Economic Security, Financial Monitoring, State Auditing Service
- Effective work of anti-corruption entities
- Public Administration Reform: effective and accountable public service

It's all
about people
& for people

- ◆ Involvement of hromadas and local civil society organizations into economic recovery process
- ◆ Use of existing policy instruments: such as plans for the strategic development of hromadas and plans of cities/villages, public hearings as a transparency component, etc.
- ◆ Strengthened capacity of hromadas to plan and implement recovery projects at the local level, attract financing from international donors, and attract private business
- ◆ Objective financial mechanisms for recovery at the local level: no impact of political parties
- ◆ Participatory budget: involvement of citizens for the development and implementation of recovery and modernization projects in hromadas
- ◆ State support for the defining of number of population in hromada, its composition, and needs



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Principles for financing are essential

Transparency + speed + accountability = trust

- 1. trust of donors to Ukraine**
- 2. trust of business to Ukrainian authorities**
- 3. trust of population to Ukrainian state**

- The prior use of available mechanisms: loans and grants by donors, already existing Funds in Ukraine (e.g. Energy Efficiency Fund, Entrepreneurship Development Fund, etc).
- Minimization of intermediaries: the financial aid supply chain as short as possible
- Limited state role in this chain: as low as possible
- Involvement of Ukrainian stakeholders at each stage: hromadas, civil society, business
- Patronage system in the regions: to increase capacities and help to go through the path to ensure learning by doing approach
- Coordination of donors: smaller number of different initiatives for creation of funds and accounts

Case studies



The way of reconstruction: energy sector



TRANSPARENCY & ACCOUNTABILITY

- **Procurement** – performed via portal with free access to tenders, bids, contracts; KPIs included to enable monitoring
- **Open data** – return to pre-war disclosure and standardization, new info published under EU acquis (e.g. REMIT); informing consumers (e.g. price comparison tools)
- **Reporting** – available financial and non-financial reports of companies, annual reports of MinEnergy and NEURC (using best practices); wider coverage of mandatory annual audits (incl. independent external ones)



EFFICIENCY

- **Priority projects** – UA government announces list of projects along with selection criteria*; 2 streams (critical infrastructure recovery, energy efficiency and switching to RES)
- **Markets liquidity** – programs, support schemes for investors (with intl partners) along with deregulation
- **Consumers** – programs of direct support for vulnerable; tools to support competition for others

The way of reconstruction: energy sector



RECIPIENTS

- **Government / Municipalities** – clear division of support, with KPIs
- **State owned enterprises (SOEs)** – special programs, conditional (e.g. corporate governance reform)



DONORS SUPPORT

- **State budget** – for social protection (vulnerable consumers)
- **Special funds** (in Ukraine or abroad) – for infrastructure recovery, PPPs; direct funding of large projects
- **Grants, preferential loans** (IFIs, banks) – for state and local budget, companies



MECHANISMS

- Ukraine Energy Support Fund (EnCS), with participation of UA producers
- Targeted subsidies for households (payments or discounts)
- Energy Efficiency Fund (even more easier and faster)
- Banks/agencies programs for local recovery (directly for communities, municipalities)
- PPPs for privately-owned infrastructure facilities

The way of reconstruction: new technologies



TRANSPARENCY & ACCOUNTABILITY

- **State aid transparency** – database for the state aid created including taxation, preferential terms on loans and direct budget support (if any), detailed public reports of Ukrainian development funds
- **Clear rules and procedures** – the clear public disclosure of the rules on access to preferential insurance, loans, PPP and concessions, public procurements, and use of funds, accessible grievance mechanisms and multistakeholder monitoring mechanisms
- **Digitalization** – minimization of human factor, which will allow to reduce the corruption risks and simplify the access to the support mechanisms



EFFICIENCY

- **Priority areas and industries** – UA govt to announce, along with selection criteria*
- **Spillover and synergy effects exploitation** – supported projects in new technologies could envisage local R&D support and/or cooperation with local universities and research institutions.
- **Measurable KPIs** – the projects should have measurable KPI and results, even if it is negative (e.g. new drugs development)

The way of reconstruction: new technologies



RECIPIENTS

- **Private corporations** – clear division of support, with KPIs, clear criteria-based programs
- **SOEs** – programs conditional which include corporate governance reform and transparency mechanisms
- **Ukrainian banks and dedicated funds** (Fund of Startups, Fund of Entrepreneurship Development) – for further disbursement under different support programs
- **International organizations** for war risk insurance mechanism



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- **State budget**
- **Special funds** (in Ukraine or abroad) – for infrastructure recovery, PPPs; direct funding of large projects
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MECHANISMS

- War risk insurance of new investments in Ukraine (might be implemented by stages)
- Locally-run support programs for business (bank loans, support agencies funding) funded by donors
- New-technologies oriented PPPs for government-owned infrastructure

Contact the Consortium



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