

How to Promote Engagement by European and Ukrainian Local and Regional Authorities in Ukraine's Post-war Reconstruction

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The ongoing war makes an accurate assessment of Ukraine's post-war reconstruction needs severely challenging. Nonetheless, it is clear that recovery will require a massive long-term effort by stakeholders at the international, national and sub-state levels. Ukraine's pre-war decentralization reforms mean that its sub-state authorities are capable of establishing productive partnerships with foreign counterparts for the sake of survival and for contributing to the post-war revival of the country. The European Union, which is becoming a core lead actor that is ready and eager to coordinate multifaced recovery efforts, should make territorial cooperation between Ukrainian and European cities and regions a distinct priority in the EU-led Ukraine Recovery Platform, in order to sustain and accelerate their input into Ukraine's long-term reconstruction.

Amid the ongoing Russian invasion, the Ukrainian Government is already planning Ukraine's post-war recovery and engaging with foreign partners at the international, national and sub-state levels in a joint reconstruction effort. Kyiv is seeking to kickstart Ukraine's post-war recovery while protecting the country from Russia's military assault. As early as April 2022, Ukraine's leadership tasked a National Council for Recovery with drafting a plan for the country's post-war reconstruction. In July 2022, the Government of Ukraine presented an early version of this National Recovery Plan, drafted in close cooperation with domestic and international experts, at the International Ukraine Recovery Conference in Lugano, Switzerland. While Ukraine's leadership firmly linked its ambitious 10-year reconstruction plan to a comprehensive reform agenda, the international accountability component requires careful revision.

A pertinent solution was suggested at the International Expert Conference on the Recovery, Reconstruction and Modernization of Ukraine, held in Berlin in October 2022, where the President of the European Commission, Ursula von der Leyen, and the Federal Chancellor of Germany, Olaf Scholz, committed to Ukraine's long-term reconstruction and proposed establishing an inclusive and transparent European Union (EU)-led platform to accumulate resources and coordinate efforts aimed at the country's joint long-term reconstruction. Kyiv's priority objective is to finalize a reconstruction plan that is aligned with the domestic reform agenda but also in line with the detailed feedback obtained at both international conferences. The EU-led platform would provide for the international accountability component and endorse Kyiv's reconstruction plan (the high-level strategic 'Rebuild Ukraine' reconstruction plan) by supporting and monitoring its implementation.

Along with international and national stakeholders, cities and regions are seeking to contribute to Ukraine's reconstruction. Since Russia's full-scale invasion, numerous municipalities and regions around the globe have been implementing response measures to help their Ukrainian counterparts in need. European territorial units have been exceptionally proactive, as regional and local authorities in EU member states are strong enough to initiate cooperation. In addition to undertaking emergency measures, regional and local authorities in the EU and Ukraine have been establishing partnerships and gradually switching from supporting Ukraine's survival to preparing the grounds for its post-war recovery. Their contribution has been noticed not only in Ukraine, but also in the EU. In its Communication on relief and reconstruction for Ukraine in May 2022, the European Commission emphasized that long-term reconstruction efforts would require the mobilization of resources at the regional and local levels, including peer-to-peer support. In June 2022, the President of the European Council, Charles Michel, asked the European Committee of the Regions (CoR) to coordinate EU-Ukraine municipal and regional partnerships on the EU side. In turn, the CoR launched the European Alliance of Cities and Regions for the Reconstruction of Ukraine, which united European and Ukrainian networks of local and regional authorities eager to support Ukraine's reconstruction from the bottom up.

Ukraine's local and regional authorities possess the capacity to engage in productive partnerships with their foreign counterparts due to the post-Euromaidan decentralization policy. In advance of Russia's invasion, the decentralization reform consolidated and empowered local governance through local amalgamations and fiscal decentralization. All the amalgamated territorial communities were given independent budgets and direct inter-budgetary relations with the central budget. Martial law, which was introduced on 24 February 2022, has not undermined local authorities much, and local governments have been strengthening Ukraine's state capacity at the sub-state scale, often through cooperation with their foreign counterparts.

During the Swedish presidency of the Council of the European Union, Ukraine's postwar recovery should remain an EU priority area. The composition of the EU-led Ukraine Recovery Platform should be finalized in close cooperation with the Government of Ukraine. We propose that the EU-led Ukraine Recovery Platform should make territorial cooperation between cities and regions in Ukraine and those in the EU (and also in third countries should they wish to participate) a priority area.

Making territorial cooperation within the EU-led Ukraine Recovery Platform a distinct priority area would represent an easy mechanism for engagement for local and regional authorities

to jointly address Ukraine's recovery needs. An accurate needs assessment of Ukraine's territories is beyond the capacities of individual municipalities and regions in the EU and beyond. However, the EU-led Ukraine Recovery Platform should help develop and share the territorial dimension of Ukraine's needs assessment. In addition, a distinct priority area for territorial cooperation in the EU-led platform would align the efforts of municipal networks, peer-to-peer activities, bilateral and multilateral partnerships, and joint investment projects at the local and regional levels with the high-level strategic 'Rebuild Ukraine' reconstruction plan. Horizontal, vertical and cross-sectoral coordination and synergies with other priority areas within the EU-led platform should ensure the correct sequencing and prioritization of reconstruction-related efforts in as many of Ukraine's municipalities and regions in need as possible. In addition to showcasing deliverables, local and regional authorities in the EU, Ukraine and third countries should share detailed feedback on institutional and other obstacles they might face in order to encourage the Government of Ukraine to examine areas for improvement and implement the necessary policy solutions in a timely manner.

Any priority area for territorial cooperation should be aligned with sufficient funding for executive actors in territorial units in the EU and Ukraine to sustain and accelerate inputs to their partnerships on the long-term reconstruction of the country. The top-down funding that the EU-led Ukraine Recovery Platform is expected to attract should be supplemented by financial and other resources mobilized at the regional and local levels. Grants would be the most appropriate financial tools for territorial cooperation. Relevant EU programmes, such as the programmes on cross-border cooperation between the EU and Ukraine, should reflect Ukraine's post-war recovery priorities. Complementing international, national and sub-state funding within the EU-led platform would help to optimize use of the available finance, ensure more effective resource coordination and minimize the duplication of effort by the various stakeholders expected to be engaged in Ukraine's long-term recovery.

Two spillover effects are likely as a result of providing for a priority area of territorial cooperation within the EU-led Ukraine Recovery Platform. The first is a stimulus for domestic inter-municipal and inter-regional cooperation in Ukraine. The war has caused many municipalities and regions unprecedented economic hardship. By tackling common problems together, they would benefit from economies of scale. Not all executive actors in territorial units currently possess the skills required for effective inter-municipal and inter-regional cooperation. The experience of productive partnerships with foreign counterparts will advance the capacity of Ukrainian local and regional authorities to jointly respond to local demands and foster local and regional development despite limited human and material resources.

The second spillover effect will be to sustain Ukraine's decentralization framework. A distinct priority area of territorial cooperation within the EU-led platform would accustom Ukraine's local and regional authorities to operate according to the principles of subsidiarity and accountability. The EU and its member states, notably Sweden, had been supporting Ukraine's decentralization before the outbreak of Russia's war and will continue to provide policy advice and funding to sustain the reform. Long-term partnerships between cities and regions in the EU, where regional and local authorities are strong, and in Ukraine, would help to sustain Ukraine's decentralization policy for the benefit of effective implementation of Ukraine's recovery plan.

Policy Recommendations

- Ukraine's postwar reconstruction should remain among the EU's priority areas during the Swedish Presidency of the Council of the European Union.
- The composition of the EU-led Ukraine Recovery Platform – the inclusive and transparent tool for coordinating international efforts and funding – should provide for a priority area of territorial cooperation between cities and regions in Ukraine and those in the EU, as well as in third countries should they wish to participate.
- During the Swedish presidency of the Council of the European Union, the EU should continue to support Ukraine's decentralization efforts and its focus on promoting inter-regional and inter-municipal cooperation.



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