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Opinion of the European Committee of the Regions — The Ukraine Facility

(C/2023/1332)

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General:**

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Proposal for a Regulation of the European Parliament and of the Council on
establishing the Ukraine Facility

COM(2023) 338 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital 11

Text proposed by the European Commission	CoR amendment
Given the damage from Russia's war of aggression to the Ukrainian economy, society and infrastructure, the support to the country to maintain its functions, as well as short relief, fast recovery, reconstruction and modernisation of Ukraine will require comprehensive support to rebuild the economy , to create the foundations of a free and prosperous country, anchored in European values, well integrated into the European and global economy, and progressing well on its path of accession to the European Union.	Given the damage caused by Russia's war of aggression to the Ukrainian economy, society, infrastructure, educational system and culture , Ukraine needs strong support to maintain its functions. In view of enabling the short term relief and preparing the fast recovery, the reconstruction and the modernisation, Ukraine will have to rely on a strategy to 'build back better' through a people-centred recovery and transformation that focuses on sustainable development, improves inclusiveness and cohesion and reduces inequality , to create the foundations of a free, prosperous and democratic country, anchored in European values, well integrated into the European and global economy, and progressing fast towards accession to the European Union.

Reason

Reference to the OECD concept of 'building back better'.

Amendment 2

Recital 13

Text proposed by the European Commission	CoR amendment
<p>The Ukraine Facility should be underpinned by a coherent and prioritised plan for reconstruction (the ‘Ukraine Plan’), prepared by the Government of Ukraine, providing a structured and predictable framework for the recovery, reconstruction and modernisation of Ukraine, clearly articulated with Union accession requirements.</p>	<p>The Ukraine Facility should be underpinned by a coherent and prioritised plan for reconstruction (the ‘Ukraine Plan’), prepared by the Government of Ukraine, building on the involvement of local and regional authorities and the consultation of civil society organisations, providing a structured and predictable framework for the recovery, reconstruction and modernisation of Ukraine, clearly articulated with Union accession requirements.</p>

Amendment 3

Recital 22

Text proposed by the European Commission	CoR amendment
<p>The Union should also foster close consultation and association of local authorities, which embrace a large variety of sub-national levels and branches of government, including regions, municipalities, rayons and hromadas and their associations, as well as their participation in the recovery, reconstruction and modernisation of Ukraine, based on sustainable development and through the implementation of the Sustainable Development Goals at local level. The Union should recognise the multiple roles played by the local authorities as promoters of a territorial approach to local development, including decentralisation processes, participation and accountability, and further enhance its support for local authorities’ capacity building.</p>	<p>The Union should also ensure the involvement in policy shaping of local and regional authorities, which embrace a large variety of sub-national levels and branches of government, including regions, municipalities, rayons and hromadas and their associations, as well as their participation in the recovery, reconstruction and modernisation of Ukraine, based on sustainable development, the implementation of the Sustainable Development Goals at local and regional level and the principles of the Lugano Declaration (July 2022). The Union should recognise and support the multiple roles played by the local and regional authorities as promoters of a territorial approach to local and regional development, including decentralisation processes, participation and accountability, which should be further developed with the introduction of a public legal personality for municipalities, and further enhance its support for local and regional authorities’ capacity building.</p>

Amendment 4

Recital 31

Text proposed by the European Commission	CoR amendment
Reconstruction from the damage caused by the war of Russian aggression cannot be limited to rebuilding what was destroyed as it was before the war. The reconstruction offers an opportunity to support Ukraine in its process of integration into the Single Market and in accelerating its sustainable green and digital transitions, in line with Union policies. The Facility should promote reconstruction in a way that modernises and improves Ukraine's economy and society, building on Union rules and standards, by investing in the transition of Ukraine towards a green, digital and inclusive economy and in the recovery, reconstruction and modernisation of its critical infrastructure, productive capacity and human capital in a resilient way.	Reconstruction from the damage caused by the war of Russian aggression cannot be limited to rebuilding what was destroyed as it was before the war. The reconstruction offers an opportunity to support Ukraine in its process of integration into the Single Market and in accelerating its sustainable green and digital transitions, in line with Union policies. The Facility should promote reconstruction in a way that modernises and improves Ukraine's economy and society, building on Union rules and standards, by investing in the transition of Ukraine towards a green, digital and inclusive economy and in the recovery, reconstruction and modernisation of its critical infrastructure, productive capacity, human capital and cross-border connections with the Union in a resilient way.

Amendment 5

Recital 36

Text proposed by the European Commission	CoR amendment
In accordance with the principle of participatory democracy, the Union should encourage the strengthening of parliamentary capacities, parliamentary oversight, democratic procedures and fair representation in Ukraine.	In accordance with the principles of representative and participatory democracy, the Union should encourage the strengthening of parliamentary capacities, parliamentary oversight, democratic procedures and fair representation in Ukraine, as well as meaningful participation of regions and municipalities, as well as of civil society at all stages of the democratic process allowing for enhanced democratic scrutiny.

Amendment 6

Recital 39

Text proposed by the European Commission	CoR amendment
The support under the Facility should be made available under the precondition that Ukraine continues to respect effective democratic mechanisms and institutions, including a multi-party parliamentary system, and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities.	The support under the Facility should be made available under the precondition that Ukraine continues to respect effective democratic mechanisms and institutions, including a multi-party parliamentary system, good governance at all levels and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities.

Amendment 7

Recital 59

Text proposed by the European Commission	CoR amendment
<p>The Commission and the Member States should ensure the compliance, coherence, consistency and complementarity of their assistance, in particular through regular consultations and frequent exchanges of information during the different phases of the assistance cycle, including at local level. In light of the presence of various international donors, the necessary steps should also be taken to ensure better coordination and complementarity with other donors, including through regular consultations. In this regard, the Multi-Agency Donor Coordination Platform should be used as an already established forum for such exchange.</p>	<p>The Commission and the Member States should ensure the compliance, coherence, consistency and complementarity of their assistance, in particular through regular consultations and frequent exchanges of information during the different phases of the assistance cycle, including at local and regional level. In light of the presence of various international donors, the necessary steps should also be taken to ensure better coordination and complementarity with other donors, including through regular consultations. In this regard, the Multi-Agency Donor Coordination Platform should be used as an already established forum for such exchange and make provision for a territorial component, in which the European Alliance of Cities and Regions for the Reconstruction of Ukraine ⁽¹⁾ would play a coordinating role.</p> <p>⁽¹⁾ https://cor.europa.eu/en/engage/Pages/European-Alliance-of-Cities-and-Regions-for-the-reconstruction-of-Ukraine.aspx</p>

Amendment 8

Recital 66

Text proposed by the European Commission	CoR amendment
<p>Ukraine should prepare the Plan as a coherent, comprehensive and adequately balanced response to rebuilding and modernising Ukraine, supporting its economic, social and environmental recovery and its progress towards accession to the Union. As such, the Ukraine Plan would also provide a basis for other donors to identify the priority funding areas for the reconstruction of Ukraine and foster ownership, coherence and additional contributions to that end. For that purpose, Ukraine should ensure that the Plan as prepared covers its recovery, reconstruction and modernisation needs in an integrated manner, identifying to what extent the measures of the Plan are expected to be financed by the Union through the Facility. In preparing the Plan, Ukraine should take into account support provided under other Union programmes. Ukraine should develop its Plan ensuring that other donors are able to contribute to supporting the measures of the Plan, including by increasing the funding available under the Facility.</p>	<p>Ukraine should prepare the Plan as a coherent, comprehensive and adequately balanced response to rebuilding and modernising Ukraine, supporting sustainable development, economic, social and territorial cohesion and ensuring its progress towards accession to the Union. As such, the Ukraine Plan would also provide a basis for other donors to identify the priority funding areas for the reconstruction of Ukraine and foster ownership, coherence and additional contributions to that end. For that purpose, Ukraine should ensure that the Plan as prepared covers its recovery, reconstruction and modernisation needs in an integrated manner, identifying to what extent the measures of the Plan are expected to be financed by the Union through the Facility. This means that the Plan would need to build on regional strategies at NUTS 2 level (oblasts). In preparing the Plan, Ukraine should take into account support provided under other Union programmes. Ukraine should develop its Plan ensuring that other donors are able to contribute to supporting the measures of the Plan, including by increasing the funding available under the Facility.</p>

Amendment 9

Recital 70

Text proposed by the European Commission	CoR amendment
<p>The preparation and implementation by Ukraine of the Plan should take particular account of the situation in Ukraine's regions and municipalities, having regard to their specific needs for recovery and reconstruction, reform, modernisation and decentralisation, and should be done in consultation with regional, local, urban and other public authorities, in accordance with the multi-level governance principle and taking into account a bottom-up approach. In this context, the Plan should in particular enhance the economic, social, environmental and territorial development of Ukraine's regions and municipalities, support the decentralisation reform across Ukraine and convergence towards the Union's standards; it should also ensure the involvement of sub-national authorities, in particular municipalities, in decision-making on the use of support in the reconstruction process at local level, and that the reconstruction projects selected and implemented by such sub-national authorities constitute an adequately substantial share of the support.</p>	<p>The preparation and implementation by Ukraine of the Plan should take particular account of the situation in Ukraine's regions and municipalities, having regard to their specific needs for recovery and reconstruction, reform, modernisation and decentralisation, and should be done in consultation with regional, local and other public authorities, in accordance with the multi-level governance and partnership principles and taking into account a bottom-up approach. In this context, the Plan should in particular enhance the economic, social, environmental and territorial development of Ukraine's regions and municipalities, which should be complemented by explicit recognition of a public legal personality for territorial entities. The Plan should support the decentralisation reform across Ukraine and convergence towards the Union's standards; it should also ensure the involvement of sub-national authorities, in particular municipalities, in decision-making on the use of support in the reconstruction process at local level, and that the reconstruction projects selected and implemented by such sub-national authorities constitute an adequately substantial share of the support.</p>

Amendment 10

Recital 86

Text proposed by the European Commission	CoR amendment
<p>Under pillar III of the Facility, support should mainly aim at progressively aligning to Union rules, standards, policies and practices ('acquis') with a view to future Union membership, thereby contributing to the implementation of the Ukraine Plan. Relevant recommendations of international bodies, such as the Council of Europe and the Venice Commission should also be taken into account in this process. Support should also aim at strengthening stakeholders, including social partners, civil society organisations and local authorities' capacities.</p>	<p>Under pillar III of the Facility, support should mainly aim at progressively aligning to Union rules, standards, policies and practices ('acquis') with a view to future Union membership, thereby contributing to the implementation of the Ukraine Plan. Relevant recommendations of international bodies and regional alliances, such as the Council of Europe, the Venice Commission and the European Alliance of Cities and Regions for the Reconstruction of Ukraine should also be taken into account in this process. Support should also aim at strengthening stakeholders, including social partners, civil society organisations and local and regional authorities' capacities. Support should also enhance twinning and partnership development initiatives with European peers aiming at enhancing the expertise and capacity of sub-national entities in Ukraine.</p>

Amendment 11

Article 3(1)(b)

Text proposed by the European Commission	CoR amendment
foster social, economic and environmental resilience and progressive integration into the Union and global economy and markets;	foster sustainable development , environmental resilience, the green transition, economic, social and territorial cohesion , progressive integration into the Union and global economy and markets and upward economic and social convergence with the Union, as also outlined in the principles of the Lugano Declaration (July 2022) ;

Amendment 12

Article 3(2)(b)

Text proposed by the European Commission	CoR amendment
rebuild and modernise infrastructure damaged by the war , such as energy infrastructure, water systems, internal and cross-border transport networks including rail, roads and bridges and border crossing points, and foster modern, improved and resilient infrastructures; restore food production capacities; help address social challenges stemming from the war, including for specific groups such as war veterans, Internally Displaced Persons, single parents, disabled people, minorities and other vulnerable persons; contribute to the demining effort;	<ul style="list-style-type: none"> i) rebuild and modernise infrastructure, such as energy infrastructure, water systems, internal and cross-border transport networks including rail, roads, bridges, port infrastructures and border crossing points, and foster modern, improved and resilient infrastructures, which support Ukraine's green transition and the decarbonisation process; ii) restore food production capacities, including through the rehabilitation of agricultural land; iii) help address social and health challenges, in particular those stemming from the war for specific groups such as war veterans, Internally Displaced Persons, women, children without parental care, single parents, disabled people, minorities and other vulnerable persons; iv) contribute to the demining and decontamination effort; v) invest in educational infrastructure and youth empowerment; vi) preserve and restore cultural heritage;

Amendment 13

Article 3(2)(e)

Text proposed by the European Commission	CoR amendment
develop and strengthen a sustainable green transition in all economic sectors, including the transition towards the decarbonisation of its economy; promote the digital transformation as an enabler for sustainable development and inclusive growth;	<i>contribute to the efforts to redress the environmental impact of the war, including in terms of documenting, mapping and measuring the damage and related consequences;</i> develop and strengthen a sustainable green transition in all economic sectors, including the transition towards the decarbonisation of its economy; promote the digital transformation as an enabler for sustainable development and inclusive growth;

Amendment 14

Article 3(2)(f)

Text proposed by the European Commission	CoR amendment
support decentralisation and local development.	support decentralisation and local development <i>as well as territorial cooperation with regions in EU Member States in areas such as transport, health care, environment protection or research and innovation.</i>

Amendment 15

Article 4(6)

Text proposed by the European Commission	CoR amendment
In line with the principle of inclusive partnership, where appropriate , the Commission shall strive to ensure that relevant stakeholders, including local and regional authorities, social partners and civil society organisations, are duly consulted and have timely access to relevant information to allow them to play a meaningful role during the design and implementation of activities eligible for funding under this Facility, and in the related monitoring processes. The Commission shall in particular promote the involvement of regional, local, urban and other public authorities, in accordance with the multi-level governance principle and taking into account a bottom-up approach. The Commission shall encourage coordination among the relevant stakeholders.	In line with the principles of multi-level governance and partnership, as defined in the European code of conduct on partnership in the framework of the European Structural and Investment Funds ⁽¹⁾, and taking into account a bottom-up approach , the Commission shall guarantee that relevant stakeholders, including local and regional authorities, their associations , social partners and civil society organisations, are duly consulted and have timely access to relevant information to allow them to participate in shaping the design and implementation of activities eligible for funding under this Facility, and in the related monitoring processes. The Commission shall encourage coordination among the relevant stakeholders.
	⁽¹⁾ Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds (OJ L 74, 14.3.2014, p. 1)

Reason

The Ukraine Facility should be consistent with the European code of conduct on partnership and programmes in the framework of the European Structural and Investment Funds; thereby, facilitating EU integration.

Amendment 16

Article 4(a), new

Text proposed by the European Commission	CoR amendment
	<i>Considering that the Facility will progressively replace the bilateral allocation provided to Ukraine under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe) and support provided in the form of macro-financial assistance, Ukraine shall remain eligible for support under NDICI regional, cross-border, thematic and crisis response programmes as well as other Union instruments. The Commission shall ensure coherence between the assistance provided under the Facility and the enlargement policy framework.</i>

Amendment 17

Article 5(1)

Text proposed by the European Commission	CoR amendment
A precondition for the support to Ukraine under the Facility shall be that Ukraine continues to uphold and respect effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities.	A precondition for the support to Ukraine under the Facility shall be that Ukraine continues to uphold and respect effective democratic mechanisms, including a multi-party parliamentary system, good governance at all levels and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities.

Amendment 18

Article 6(1)(a)

Text proposed by the European Commission	CoR amendment
78 % in the form of non-repayable financial support pursuant to Chapter III of this Regulation;	73 % in the form of non-repayable financial support pursuant to Chapter III of this Regulation;

Reason

Transferring funds from Chapter III to Chapter V will reinforce the support that could be provided under Pillar III of the Facility for the implementation of EU accession-related reforms, as well as the necessary capacity building of local and regional authorities and dedicated cooperation programmes.

Amendment 19

Article 6(1)(c)

Text proposed by the European Commission	CoR amendment
5 % for expenditure pursuant to Chapter V;	10 % for expenditure pursuant to Chapter V;

Reason

The proposed increase of Chapter V expenditure aims to reinforce the support under Pillar III of the Facility, allowing funding for capacity building of local and regional authorities and for dedicated cooperation programmes.

Amendment 20

Article 6(2)

Text proposed by the European Commission	CoR amendment
The financial support pursuant to Chapter III in the form of a loan, shall be available for an amount of up to EUR 50 000 000 000 for the period from 1 January 2024 to 31 December 2027.	The financial support pursuant to Chapter III in the form of a loan, shall be available for an amount of up to EUR 60 000 000 000 for the period from 1 January 2024 to 31 December 2027.
The overall amount of disbursements of the loans shall take into account the amounts made available pursuant to paragraph 1 and the amount referred to in paragraph 3.	The overall amount of disbursements of the loans shall take into account the amounts made available pursuant to paragraph 1 and the amount referred to in paragraph 3.

Reason

Although the proposal presents significant support for Ukraine, the level of financing for the period 2024-2027 would, on an annual basis, be lower than the amount currently provided for 2023 under MFA+. Moreover, the Facility will replace other existing bilateral support provided to Ukraine (NDICI bilateral allocations), but it will not cover humanitarian aid, defence or support for refugees. Therefore, it is requested that the overall budget of the Ukraine Facility be increased by EUR 10 bn.

Amendment 21

Article 6(3)

Text proposed by the European Commission	CoR amendment
The sum of the resources made available pursuant to paragraphs 1 and 2 shall not exceed EUR 50 000 000 000 for the period 2024 to 2027.	The sum of the resources made available pursuant to paragraphs 1 and 2 shall not exceed EUR 60 000 000 000 for the period 2024 to 2027.

Reason

See amendment to previous paragraph

Amendment 22

Article 6(5)

Text proposed by the European Commission	CoR amendment
<p>The resources referred to in point paragraphs 1(d) and 4 may be used for technical and administrative assistance for the implementation of the Facility, such as preparatory actions, monitoring, control, audit and evaluation activities, which are required for the management of the Facility and the achievement of its objectives, in particular studies, meetings of experts, consultations with the Ukrainian authorities, conferences, consultation of stakeholders, information and communication actions, including inclusive outreach actions, and corporate communication of the political priorities of the Union, insofar as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management and costs of the Facility at headquarters and in Union delegations. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling and experts for the assessment and implementation of reforms and investments.</p>	<p>The resources referred to in point paragraphs 1(d) and 4 may be used for technical and administrative assistance for the implementation of the Facility, such as preparatory actions, monitoring, control, audit and evaluation activities, which are required for the management of the Facility and the achievement of its objectives, in particular studies, meetings of experts, consultations with the Ukrainian authorities, conferences, consultation of stakeholders, including local and regional authorities and civil society organisations, information and communication actions, including inclusive outreach actions, and corporate communication of the political priorities of the Union, insofar as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management and costs of the Facility at headquarters and in Union delegations. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling and experts for the assessment and implementation of reforms and investments.</p>

Amendment 23

Article 11(new 9)

Text proposed by the European Commission	CoR amendment
	<p>9. Participation in procurement, grant and prize award procedures for activities financed under the Facility shall not be open to operators that conduct activities and pay tax in the Russian Federation.</p>

Reason

Sanctions against Russia have proved to have a clear impact on the country's ability to strengthen its armed forces and thus its ability to continue its aggression against Ukraine. Increasing the pressure on companies not to contribute to the Russian treasury, as proposed in the amendment, increases the impact of the sanctions.

Amendment 24

Article 16(2)(a)

Text proposed by the European Commission	CoR amendment
measures constituting a coherent, comprehensive and adequately balanced response to the objectives set out in Article 3, including structural reforms and measures to promote the convergence with the Union as well as measures referred to in article 15(2), so that the Plan as a whole raises the growth rate of the Ukrainian economy;	measures constituting a coherent, comprehensive and adequately balanced response to the objectives set out in Article 3, including reforms and measures to promote the convergence with the Union's social, economic, and environmental standards as well as measures referred to in article 15(2), so that the Plan as a whole supports the recovery of the Ukrainian economy and reduces economic, social and territorial inequalities ;

Amendment 25

Article 16(2)(e)

Text proposed by the European Commission	CoR amendment
an explanation of how the Plan corresponds to the recovery, reconstruction and modernisation needs stemming from the war in Ukraine's regions and municipalities , and thereby enhances their economic, social, environmental and territorial development , supports the decentralisation reform across Ukraine and convergence towards the Union's standards; an explanation of the methodology and processes used for the selection and implementation of projects, and the mechanisms to involve sub-national authorities, in particular municipalities, in decision-making on the use of support in the reconstruction process at local level; the methodology used to track related expenditure; and an explanation of how the Plan ensures that the reconstruction projects selected and implemented by such sub-national authorities constitute an adequately substantial share of the support;	an explanation of how the Plan corresponds to the recovery, reconstruction and modernisation needs of Ukraine's sub-national authorities , and thereby enhances its sustainable development and economic, social and territorial cohesion , supports the decentralisation reform across Ukraine and convergence towards the Union's standards; this explanation shall take into account the powers, tasks and responsibilities assigned to different levels of government ; an explanation of the methodology and processes used for the selection and implementation of projects, and the mechanisms to involve sub-national authorities, in particular municipalities, in decision-making on the use of support in the reconstruction process at local level; the methodology used to track related expenditure; and an explanation of how the Plan ensures that the reconstruction projects selected and implemented by such sub-national authorities constitute an adequately substantial share of the support; this explanation includes twinning and partnerships between cities, as well as peer-to-peer cooperation and programmes embedded in partnerships between cities and regions in the Union and Ukraine.

Amendment 26

Article 17(2)

Text proposed by the European Commission	CoR amendment
When preparing the Plan in accordance with Article 16, Ukraine shall take particular account of the situation in Ukraine's regional, local and urban areas, having regard to their specific needs for recovery and reconstruction, reform, modernisation and decentralisation.	When preparing the Plan in accordance with Article 16, Ukraine shall build on regional strategies at NUTS 2 level in order to take particular account of the situation in terms of regional exposure to the war and specific cohesion challenges and needs for recovery and reconstruction, reform, modernisation and decentralisation.

Reason

The process of rebuilding Ukraine should be differentiated, according to whether a region is a combat zone or predominantly a 'rear' area ⁽¹⁾.

Amendment 27

Article 17(3)

Text proposed by the European Commission	CoR amendment
<p>The preparation and implementation of the Ukraine Plan shall <i>be done in consultation with</i> regional, local, <i>urban</i> and other public authorities, in accordance with the multi-level governance <i>principle</i> and taking into account a bottom-up approach.</p>	<p>The preparation, design and implementation of the Ukraine Plan shall <i>fully involve</i> regional, local and other public authorities, in accordance with the multi-level governance <i>and partnership principles, as defined in the European code of conduct on partnership in the framework of the European Structural and Investment Funds ⁽¹⁾ , building on regional strategies at NUTS 2 level (oblasts)</i> and taking into account a bottom-up approach. <i>Civil society organisations, including the Ukrainian civil society platform ⁽²⁾, shall be duly consulted and involved in the process and have timely access to relevant information in order to monitor the transparency and effectiveness of the use of funds.</i></p> <p>⁽¹⁾ <i>Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds (OJ L 74, 14.3.2014, p. 1)</i></p> <p>⁽²⁾ <i>https://www.rise.org.ua/</i></p>

Amendment 28

Article 18(3)(a)

Text proposed by the European Commission	CoR amendment
<p>whether the Plan represents a coherent, comprehensive and adequately balanced response to the objectives set out in Article 3, including <i>structural</i> reforms and measures to promote the convergence with the Union, so that the Plan as a whole raises the growth rate of the Ukrainian economy;</p>	<p>whether the Plan represents a coherent, comprehensive and adequately balanced response to the objectives set out in Article 3, including reforms and measures to promote the convergence with the Union, so that the Plan as a whole raises the growth rate of the Ukrainian economy, <i>reduces economic and social inequalities and ensures tangible progress of Ukraine towards EU social, economic, and environmental standards;</i></p>

⁽¹⁾ See Blueprint for the Reconstruction of Ukraine: <https://cepr.org/publications/books-and-reports/blueprint-reconstruction-ukraine>

Amendment 29

Article 18(3)(b)

Text proposed by the European Commission	CoR amendment
whether the Plan corresponds to the recovery, reconstruction and modernisation needs stemming from the war in Ukraine's regions and municipalities, and thereby enhances their economic, social, environmental and territorial development , supports the decentralisation reform across Ukraine and convergence towards the Union's standards; whether the methodology and processes used for the selection and implementation of projects, and the mechanisms to involve sub-national authorities, in particular municipalities, in decision-making on the use of support in the reconstruction process at local level are appropriate; whether the methodology used to track related expenditure for the reconstruction projects selected and implemented by such sub-national authorities is appropriate and whether such projects constitute an adequately substantial share of the support;	whether the Plan has fully involved local and regional authorities and corresponds to the recovery, reconstruction and modernisation needs in Ukraine's regions and municipalities, and thereby enhances sustainable development and economic, social and territorial cohesion , supports the decentralisation reform across Ukraine and convergence towards the Union's standards; whether the methodology and processes used for the selection and implementation of projects, and the mechanisms to involve sub-national authorities, in particular municipalities, in decision-making on the use of support in the reconstruction process at local level are appropriate; whether the methodology used to track related expenditure for the reconstruction projects selected and implemented by such sub-national authorities is appropriate and whether such projects constitute an adequately substantial share of the support;

Amendment 30

Article 22(1)

Text proposed by the European Commission	CoR amendment
By way of derogation from Article 220(5) of Regulation (EU, Euratom) 2018/1046, the Union may bear the cost of funding, cost of liquidity management, and cost of service for administrative overheads related to the borrowing and lending ('borrowing costs subsidy'), except for costs related to early repayment of the loan. For the period from 1 January 2024 to 31 December 2027, the borrowing costs subsidy shall be covered under Chapter V.	By way of derogation from Article 220(5) of Regulation (EU, Euratom) 2018/1046 and subject to available resources , the Facility may bear the cost of funding, cost of liquidity management, and cost of service for administrative overheads related to the borrowing and lending ('borrowing costs subsidy'), except for costs related to early repayment of the loan. For the period from 1 January 2024 to 31 December 2027, the borrowing costs subsidy shall be covered under Chapter V.

Amendment 31

Article 26(1)

Text proposed by the European Commission	CoR amendment
Ukraine shall publish data on persons and entities receiving amounts of funding exceeding the equivalent of EUR 500 000 for the implementation of reforms and investments specified in the Ukraine Plan referred to in this Chapter. Ukraine shall update those data twice a year, in June and December.	Ukraine shall publish data on persons, entities and final beneficiaries receiving amounts of funding exceeding the equivalent of EUR 200 000 for the implementation of reforms and investments specified in the Ukraine Plan referred to in this Chapter. Ukraine shall update those data twice a year, in June and December.

Reason

The obligation of transparency is very welcome but in the Ukrainian context the threshold of EUR 500 000 seems too high.

Amendment 32

Article 32(1)

Text proposed by the European Commission	CoR amendment
Assistance under this Chapter shall support Ukraine in attaining the objectives set out in Article 3. In particular, assistance provided under this Chapter shall aim to support Ukraine's progressive alignment to Union 'acquis' with a view to future Union membership, thereby contributing to mutual stability, security, peace and prosperity. Such support shall include strengthening of the rule of law, democracy, respect of human rights and fundamental freedoms, reinforcing of the effectiveness of public administration and supporting transparency, structural reforms, sectoral policies and good governance at all levels . Such support should also contribute to the implementation of the Plan.	Assistance under this Chapter shall support Ukraine in attaining the objectives set out in Article 3. In particular, assistance provided under this Chapter shall aim to support Ukraine's progressive alignment to Union 'acquis' with a view to future Union membership, thereby contributing to mutual stability, security, peace and prosperity. Such support shall include strengthening of the rule of law, democracy, respect of human rights and fundamental freedoms, reinforcing of the effectiveness of public administration and good governance at all levels , and supporting transparency and sustainable, growth-enhancing reforms, including in the field of social policy and integrated health and mental health services . Such support should also contribute to the implementation of the Plan.

Amendment 33

Article 32(1)(a), new

Text proposed by the European Commission	CoR amendment
	<i>Assistance under this Chapter shall support strengthening institutional capacity at all levels of government, in order to implement the Facility and prepare for reconstruction, including twinning and partnership development initiatives with European peers to enhance the expertise and capacity of sub-national entities in Ukraine and mechanisms for disseminating experience gained in these partnerships.</i>

Reason

Capacity-building partnerships between municipalities produce results that are also valuable to other municipalities. Mechanisms for disseminating good practices can therefore multiply the value of these actions.

Amendment 34

Article 32(2)

Text proposed by the European Commission	CoR amendment
Assistance under this Chapter shall also be provided to ensure that capacities of stakeholders, including social partners, civil society organisations and local authorities are strengthened.	Assistance under this Chapter shall also be provided to ensure that capacities of stakeholders, including social partners, civil society organisations and local and regional authorities are strengthened. <i>In particular, twinning and urban partnerships as well as peer-to-peer cooperation and programmes embedded in partnerships between local and regional authorities in the EU and Ukraine shall be promoted.</i>

Amendment 35

Article 34(2)

Text proposed by the European Commission	CoR amendment
The Audit Board shall be composed of independent members appointed by the Commission. Representatives of Member States and other donors may be invited by the Commission to participate in the activities of the Audit Board.	The Audit Board shall be composed of independent members appointed by the Commission. Representatives of Member States, the European Parliament, the European Committee of the Regions and other donors may be invited by the Commission to participate in the activities of the Audit Board.

Amendment 36

Article 35(a), new

Text proposed by the European Commission	CoR amendment
	<p><i>Development of guidelines for effective consultation with stakeholders</i></p> <p><i>Within one month of the entry into force of the present Regulation, the Commission shall present guidelines for effective consultation with stakeholders on the implementation of the Facility, in particular Pillars I and III thereof, insofar as consultation with local and regional authorities, their associations and civil society organisations is required by the provisions of this Regulation. Such guidelines shall be in line with the European Code of Conduct on the Partnership Principle.</i></p>

Amendment 37

Article 36(4)

Text proposed by the European Commission	CoR amendment
The Commission shall provide an annual report to the European Parliament and the Council on progress towards the achievement of the objectives of this Regulation.	The Commission shall provide an annual report to the European Parliament and the Council on progress towards the achievement of the objectives of this Regulation. <i>The report shall detail the reforms adopted for the modernisation of state structures, decentralisation and regional development.</i>

Amendment 38

Article 37(2)

Text proposed by the European Commission	CoR amendment
This ex-post evaluation shall make use of the good practice principles of the OECD Development Assistance Committee, seeking to ascertain whether the objectives have been met and to formulate recommendations with a view to improving future actions.	The Commission shall communicate the findings and conclusions of this ex-post evaluation accompanied by its observations and follow-up, to the European Parliament, the Council and the Member States. <i>This ex-post evaluation may be discussed at the request of Member States.</i> The results shall feed into the preparation of programmes and actions and resource allocation. These evaluations and follow-up shall be made publicly available.

Text proposed by the European Commission	CoR amendment
<p>The Commission shall, to an appropriate extent, associate all relevant stakeholders, including beneficiaries, social partners, civil society organisations and local authorities in the evaluation process of the Union's funding provided under this Regulation, and may, where appropriate, seek to undertake joint evaluations with the Member States and other partners with close involvement of Ukraine.</p> <p>The Commission shall communicate the findings and conclusions of this ex-post evaluation accompanied by its observations and follow-up, to the European Parliament, the Council and the Member States and to the European Committee of the Regions. The results shall feed into the preparation of programmes and actions and resource allocation. These evaluations and follow-up shall be made publicly available.</p>	<p>This ex-post evaluation shall make use of the good practice principles of the OECD Development Assistance Committee as well as the OECD Recommendations on Effective Public Investment Across Levels of Government, seeking to ascertain whether the objectives have been met and to formulate recommendations with a view to improving future actions.</p> <p>The Commission shall associate all relevant stakeholders, including beneficiaries, social partners, civil society organisations and local and regional authorities in the evaluation process of the Union's funding provided under this Regulation, and may, where appropriate, seek to undertake joint evaluations with the Member States and other partners with close involvement of Ukraine.</p>

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. welcomes, including on behalf of the European Alliance of Cities and Regions for the Reconstruction of Ukraine, the Commission proposal for a Ukraine Facility, as necessary to ensure predictable financing for Ukraine until 2027. The Facility also reflects the EU's unwavering support to Ukraine's reconstruction as a European necessity and a moral duty;
2. stresses that Ukraine's reconstruction cannot wait until the end of the war. The Facility is intended to cover critical and priority reconstruction and recovery investments, estimated at EUR 142 billion for the period 2023-2027, while Ukraine's reconstruction needs over the next 10 years are estimated to be EUR 384 billion, i.e. 2,6 times the country's estimated 2022 GDP. This implies that the Facility will have to be extended, with a new budget and new resources from 2028;
3. acknowledges that the Facility clearly mentions a key role for Ukraine's local and regional authorities. However, the CoR proposes that the Facility apply the partnership principle as defined in the European code of conduct on partnership in the framework of the European Structural and Investment Funds in order to prepare the approximation of Ukraine with EU regional policy;
4. proposes that the Ukraine Plan build on regional strategies at NUTS 2 level in order to apply the principles of EU regional policy but also to take particular account of the situation in terms of regional exposure to the war and specific cohesion challenges and regional needs for recovery and reconstruction;
5. recommends adding a territorial component to the Multi-Agency Donor Coordination Platform, with the European Alliance of Cities and Regions for the Reconstruction of Ukraine playing a coordinating role in this component;
6. insists on the need to mainstream the principles of the green transition, with the aim of 'building back better' according to the OECD's guidelines. The recovery should focus on sustainable development and social cohesion and support actions redressing the environmental damage caused by the war;
7. stresses that Ukraine already has strong capacities in the digital transition and e-administration and resourceful, engaged civil society organisations (CSOs). The Facility should build on and enhance these existing resources and fully involve CSOs in its implementation;

8. stresses that although the proposal presents significant support for Ukraine, the level of financing for the period 2024-2027 would, on an annual basis, be lower than the amount currently provided for 2023 under MFA+. Moreover, the Facility will replace other existing bilateral support provided to Ukraine (NDICI bilateral allocations), but it will not cover humanitarian aid, defence or support for refugees. Therefore, the Committee requests that the overall budget of the Ukraine Facility be increased by EUR 10 billion;

9. is pleased that the Ukraine Facility builds on the EU's borrowing capacity, providing loans to Ukraine on very good terms, as well as non-repayable support of up to EUR 17 billion and guarantees, and therefore does not involve cohesion policy-related funding;

10. proposes reinforcing the share of funds made available for capacity building (under Pillar III of the Facility) in order to reinforce the support for the implementation of EU accession-related reforms, the necessary capacity building of local and regional authorities and dedicated cooperation programmes;

11. insists that, while the Facility will gradually replace the bilateral allocation provided to Ukraine under the NDICI-Global Europe instrument, Ukraine must remain eligible for support under NDICI regional, cross-border, thematic and crisis response programmes. The Commission must ensure consistency between the assistance provided under the Facility and the enlargement policy framework;

12. advocates lowering the threshold for compulsory publication of data on persons and entities receiving funding to the equivalent of EUR 200 000 instead of EUR 500 000;

13. supports the work carried out by the EU and its Member States towards establishing a legal basis for the confiscation of Russian public assets with a view to financing reconstruction and deems it appropriate to already provide in this Regulation a legal mechanism for adding amounts as external assigned revenue, which might later be received from any confiscated assets;

14. highlights the importance of increasing Ukraine's absorption capacity and paying due attention to consistency and complementarity between all EU interventions and assistance provided by international financial institutions and donors;

15. is pleased that the Facility emphasises decentralisation reforms as essential to Ukraine's wartime resilience; this will allow local and regional authorities to play a key role in the country's recovery and reconstruction and will be a key element in Ukraine's accession path. The Facility will, therefore, provide the means resources needed to pursue decentralisation reforms and capacity building for local and regional authorities. This will entail introducing the concept of a territorial public entity as a legal person, which is the established practice in the EU and is recognised in the European Charter of Local Self-Government;

16. considers that the Commission proposal provides European added value and complies with the principle of subsidiarity given that the damages caused to Ukraine are such that no single Member State could meet the costs, that the Union is best placed to leverage its borrowing capacity to lend to Ukraine on advantageous terms and that the proposal participates in preparing Ukraine's accession process to the EU;

17. calls for expanding Ukraine's absorption capacity to include technical assistance aimed at strengthening human resources through education, training and upskilling of staff as well as strengthening and improving the functioning of public institutions at all levels of governance and building a stable and transparent institutional system to ensure that tasks are carried out efficiently, taking into account the principles of partnership and multi-level governance. Support should also strengthen initiatives to create partnerships between Ukrainian institutions and relevant partners from the territory of the European Union aimed at raising awareness, transferring experience, building competences and strengthening management capacity. This should apply in particular to the institutions of local and regional authorities;

18. insists that the recovery process of Ukraine requires focused efforts on youth empowerment to ensure that the younger generation can overcome vulnerabilities and precarity while contributing to the progress and development;

19. bearing in mind the need to provide assistance to Ukraine as quickly as possible, while taking into account the need for Ukraine to adapt its institutional system, administrative procedures and laws to the principles and standards of law in force in the European Union, notes that this will be a complex process which will also be determining for the pace of Ukraine's progress towards EU membership. Welcomes in this context the proposals made by the Commission in chapters VI on the protection of the financial interests of the Union and chapter VII on monitoring, reporting and evaluation of the work programmes through which assistance under the Facility will be implemented.

Brussels, 11 October 2023.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO
