

FOR THE ATTENTION OF:

Marta Kos  
European Commissioner for Enlargement

Gert Jan Koopman  
Director-General for Enlargement and the Eastern Neighbourhood

Katarína Mathernová  
EU Ambassador and Head of the EU Delegation to Ukraine

Brussels, 28 February 2025

Re: One year of the Ukraine Facility Regulation: Civil society recommendations for improvement

Dear Commissioner Kos, Director-General Koopman, and Ambassador Mathernová,

We, the undersigned Ukrainian and European civil society organisations, appeal to you concerning the implementation of the Ukraine Facility Regulation as it reaches its one-year mark.

In light of recent geopolitical developments, the Ukraine Facility now more than ever constitutes a vital support mechanism for Ukraine, providing EUR 50 billion over the 2024-2027 period. This funding is helping Ukraine in its efforts to maintain macro-financial stability, promote recovery, and strengthen governance on its path to EU accession.

However, we believe the Ukraine Facility could have a far greater impact. To this end, we urge the European Commission to consider the following recommendations:

- **Increase** the quality of documents produced within the Ukraine Plan to be conducive to effective implementation and sustainable reforms.
- **Improve** the visibility and transparency of the Ukraine Investment Framework for the public and civil society organisations.
- **Streamline** climate and environmental objectives, including biodiversity conservation and the principle of 'do no significant harm', ensuring they apply to 20 per cent of total financing under the Ukraine Investment Framework and investments within the Ukraine Plan.
- **Establish** a platform for civil society organisations to submit their opinions along with a procedure for transparently tracking and incorporating their opinions into official documents.
- **Ensure** Ukrainian municipalities receive access to 20 per cent direct financial support from the Ukraine Plan through newly developed methodologies for submitting project concepts for public investment funding.
- **Prioritise** grant support for Ukrainian civil society organisations.

We hope these recommendations will also contribute to the Commission's annual report to the European Parliament and Council on progress towards achieving the objectives of the Ukraine Facility Regulation.

More detailed recommendations are provided in the Annex to this letter.

Thank you in advance for your consideration and support.

Kind regards,

Mark Martin

Executive Director  
CEE Bankwatch Network



**This letter is also supported by:**



Agency for Sustainable Development of the Carpathian  
Region "FORZA"  
Uzhhorod, Ukraine



Association for International Affairs (AMO)  
Prague, Czechia



NGO CELA  
Toronto, Canada



Centre for Environmental Initiatives 'Ecoaction'  
Kyiv, Ukraine



Clean Air Action Group  
Budapest, Hungary



Eastern Partnership Civil Society Forum  
Brussels, Belgium



Ecoclub, Rivne  
Rivne, Ukraine



Eurogroup for Animals  
Brussels, Belgium



ForestCom  
Lviv, Ukraine



Fund RcErBs  
Lubny, Ukraine



Greenpeace Ukraine  
Kyiv, Ukraine



Institute for Development of National Economy  
Kyiv, Ukraine



International Charitable Organization "Environment -  
People - Law" (EPL)  
Kyiv, Ukraine



IVIC Union – “Innovation Aarhus Network of Ukraine  
Territorial Communities and the City Kiev”  
Kyiv, Ukraine



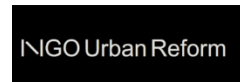
National Ecological Centre of Ukraine  
Kyiv, Ukraine



NGO Ekoltava  
Poltava, Ukraine



NGO Plato  
Lviv, Ukraine



NGO Urban Reform  
Kharkiv, Ukraine



RePower Ukraine Foundation  
Kyiv, Ukraine



SaveDnipro NGO  
Slobozhanske, Ukraine



Transport & Environment (T&E)  
Brussels, Belgium



Volonteuropa  
Brussels, Belgium



WWF European Policy Office  
Brussels, Belgium



Young European Federalists - JEF Europe  
Brussels, Belgium



Zero Waste Alliance Ukraine  
Lviv, Ukraine



Zero Waste ZP NGO,  
Zaporizhzhya, Ukraine

## ANNEX

### 1. Timely and quality reforms

The Ukraine Plan adopted by the Ukrainian government includes reforms, plans for reconstruction, indicators scheduled for implementation, and commitment to the EU's accession requirements.

The European Commission's assessments, subsequently confirmed by the EU Council, found that Ukraine continues to meet both the pre-conditions for EU support and the conditions required for quarterly payments under the Ukraine Facility Plan. While there is a justification for the fulfilment of all necessary steps and reforms, we wish to underscore the rather low quality of the documents produced sometimes, as well as deficiencies in the effective implementation and sustainability of reforms.

Regrettably, Ukraine's national energy and climate plan until 2030, one of the Facility benchmarks, [lacks](#) important provisions that could bring the plan into closer alignment with EU requirements and norms. For example, there is room for a more ambitious rollout of decentralised renewable energy generation, particularly through energy communities, as outlined in the Clean Energy for All Europeans package. Moreover, as a member of the Energy Community, Ukraine is obliged to implement these measures. Additionally, just transition principles should be fully integrated throughout the text rather than limited to a single policy measure or activity within a given region.

Similarly, Ukraine's national transport strategy until 2030, according to the criteria set out in the Annex to the proposal for a Council Implementing Decision on the approval of the assessment of the Ukraine Plan, lacks the overarching focus and concrete policy steps required to achieve European and international decarbonisation targets for the transport sector, despite the strategy explicitly referring to decarbonisation as a necessary implementation step.

Another example is the development of a concept note defining the scope of deviations from the Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) Directives. The Ministry of Environmental Protection and Natural Resources must publish a concept note, based on public consultations, to define derogations from EIA and SEA rules. The note was expected to specify the projects and justifications for derogations, outline the scope and rationale for exemptions, and set time limits. However, the concept note [fails to provide evidence](#) of its compliance with the principles of the Aarhus and Espoo Conventions and the EIA Directive and contains several inconsistencies that limit its impact.

Therefore, reform assessments should not only assess formal implementation but also alignment with EU standards, effectiveness and long-term sustainability. To facilitate this process, the Commission should immediately establish a scoreboard showing progress on the implementation of the Ukraine Plan.

Lastly, the Ukrainian authorities responsible should proactively and meaningfully hold regular consultations with interested stakeholders, including the Verkhovna Rada, regional, local, urban, and other public authorities, social partners, and civil society organisations in relation to all activities under the Ukraine Plan.

### 2. A transparent Ukraine Investment Framework

The Ukraine Investment Framework aims to support recovery and reconstruction investments undertaken by Ukrainian authorities, private sector companies, municipalities, state-owned enterprises, and other entities. While the Framework should address priorities identified in the Ukraine Plan and support its objectives and implementation, the current project selection process lacks transparency. Civil society, along with other social and economic partners, still do not have access to project proposals, while members of the European Parliament and Verkhovna Rada are restricted to observer status within the Steering Committee, which limits their influence on decisions made by elected officials.

To address these shortcomings, we strongly urge the European Commission to publish the lists of all approved programmes and projects, as well as the responsible pillar-approved financial institutions involved in the Ukraine Investment Framework.

We also recommend that the EU improve the visibility and transparency of the support it provides Ukraine through financial institutions like the European Investment Bank Group, the European Bank for Reconstruction and Development, the International Finance Corporation, bilateral European financial institutions, national development banks, and export credit agencies. This includes ensuring clearer attribution of funding sources.

### **3. Environmental and sustainability criteria within reconstruction**

Since the launch of the Facility, the European Commission has constantly emphasised that the implementation of the EUR 50 billion fund should go hand in hand with EU accession negotiations, Ukraine's nationally determined contribution to the Paris Agreement, its national energy and climate plan, and the cross-cutting principle of 'build back better'.

The Regulation explicitly stipulates that at least 20 per cent of the overall amount of support under the Ukraine Investment Framework and Ukraine Plan must be allocated to climate change mitigation and adaptation, environmental protection (including biodiversity conservation) and the green transition. However, measures for implementing these investments have yet to be developed.

Accordingly, the Ukraine Investment Framework and Ukraine Plan must clearly streamline climate and environmental objectives, including biodiversity conservation and the 'do no significant harm' principle. Importantly, this process must apply to 20 per cent of the overall financing under both frameworks.

Additionally, the new methodology for preparing, selecting and approving public sector projects in line with the 'do no significant harm' principle and the EU taxonomy for sustainable activities should be developed and streamlined within Pillars I and II of the Facility.

### **4. Civil society participation**

According to the Regulation, 'the Commission shall ensure that civil society in Ukraine, including non-governmental organisations, is able to directly report any irregularities it may detect to the Commission via appropriate standing channels, as well as to send to the Commission opinions on the implementation of the Ukraine Plan and the evaluation of its measures by the Ukrainian government'. However, a robust participatory mechanism for civil society organisations remains notably absent from the Ukraine Facility.

Specifically, a platform enabling civil society organisations to submit their opinions and a procedure for meaningfully responding to and incorporating these opinions into official documents have yet to be developed.

Additionally, the formal involvement of civil society organisations in monitoring the implementation of the Ukraine Facility should be mandated under Pillar III of the Regulation.

## **5. Empowering subregional and civil society engagement in Ukraine**

Ukraine has begun planning public investments through its reformed Public Investment Management System. Effective public financial management is one of the key principles outlined in the Ukraine Facility Regulation. It is also particularly relevant given that 20 per cent of the non-repayable financial support referred to within the Ukraine Plan for the recovery, reconstruction, and modernisation needs of Ukraine's subnational authorities is allocated to local self-government.

Ukraine can also improve the planning, selecting, and monitoring of public investment projects by adopting the practice of monitoring committees within EU funds. EU Member States and the European Commission use public participation in accordance with the [European Code of Conduct on Partnership](#). Engaging public authorities, economic and social partners, and civil society organisations at national, regional, and local levels throughout the entire programme cycle, which consists of preparation, implementation, monitoring, and evaluation, would foster closer cooperation and empower all parties.

Municipal recovery initiatives already underway play a key role in contributing to the continuation of decentralisation reforms. In accordance with the principle of subsidiarity, local communities are best placed to make decisions on project implementation and financing, as they have the clearest understanding of their own development needs.

In practice, this means providing municipalities with direct access to support mechanisms and minimising top-down interference. When government agencies or regional administrations unilaterally decide which municipal projects receive funding, it dilutes the purpose of decentralisation and increases the risk of corruption.

Instead of centralising the decision-making process, the state can best support local initiatives by introducing a transparent regulatory framework and providing strong institutional oversight. In many EU countries, central governments play a 'policing' role, ensuring that local projects meet clear sustainability criteria, adhere to transparent procurement rules and follow best environmental practices. Ukraine's Public Investment Management System could also benefit from strong but not overbearing central institutions that focus on setting these standards and conducting impartial project evaluations.

Solar power plants are a prime example of missed opportunities due to over-centralisation. Projects implemented by civil society organisations in cooperation with water utilities and hospitals demonstrate that communities can build and commission a solar power plant at a water utility in about six months, provided they are not burdened by bureaucratic obstacles.

In wartime conditions, these plants increase energy resilience by ensuring uninterrupted operation and reducing electricity costs for vital infrastructure. Empirical evidence from municipalities already using solar systems shows tangible improvements in cost savings and service reliability. However, the solar panels

donated several years ago by the European Commission remain uninstalled, illustrating how bottlenecks in central government can slow or halt beneficial projects.

Municipalities often lack vital institutional capacities, such as experience in large-scale procurement and long-term project management. However, eliminating or bypassing local governments from making crucial decisions fails to bridge these gaps.

Municipal authorities should be informed about the nuances of the Public Investment Management System and given greater access to additional direct funding.

The Commission should accelerate and enhance its outreach to Ukrainian municipalities, ensuring they have access to direct funding from the Facility and understand the new methodologies for submitting project concepts for public investment funding. In parallel, it should encourage Ukrainian authorities to apply the partnership principle when utilising Ukraine Facility funding.

Finally, well-structured capacity-building support, combined with tailored technical assistance and financing instruments, can strengthen and develop the capabilities of municipal authorities.