

SMART RECOVERY ARCHITECTURE

Significant destruction and economic losses necessitate large-scale reconstruction of Ukraine. At the same time, such a recovery could provide additional impetus for the modernization of the country. To make the most of this opportunity, Ukraine must build an effective architecture for the country's recovery, which will attract the widest possible number of participants and resources for the reconstruction process.

Furthermore, such an architecture should not be temporary, but must become the basis for long-term development of the state. This work is aligned with the following groups of the National Recovery Council: Governance, Justice Sector, Anti Corruption policy, Digitalisation. **The Smart Recovery Architecture** component is focused on the creation of an effective management system for the post-war recovery, and the embodiment of this management system in the public administration architecture to provide sustainable long-term governance solutions.



#1. VISION AND PLAN | The National Recovery Council (NRC) is a collegial body that develops guidelines for Ukraine's recovery. The NRC has developed a general framework for the recovery within its workstreams. While a lot of ideas on post-war recovery and modernization have been proposed, the common vision of a renewed Ukraine is still in process of development. The EU candidate status and further EU integration may serve as a solid basis for the vision of modernized Ukraine.

Aligned with the Ukrainian path to the EU integration, the vision of post-war Ukraine should be the key for the creation of the recovery plan. National Recovery Council and Ukraine's Government have come a long way to create a Recovery Plan, having made a substantial effort to create an actionable framework for the Recovery Process through engaging in multi-stakeholder consultations. Although this process is far from complete, huge work is already done to ensure that the Recovery happens in accordance with international standards and accountability and transparency principles. Concrete initiatives, targets, and projects for building immediate resilience and targeting the long-term perspective are already ready to be discussed and elaborated into more detailed action plans.

- Develop a long-term vision of post-war development of Ukraine; alignment of vision with EU integration process;
- Create a comprehensive Recovery Plan, including recovery, human development and reform packages;
- Utilize international expertise in terms of possible reforms and transformations in different sectors;
- Involve NGOs, business and universities into the Recovery process for comprehensive and inclusive cooperation;
- Provide a clear differentiation of powers on central, regional and local levels to ensure orderly implementation of the recovery;
- Define specific objectives and KPIs for each responsible body within the Recovery process.

Ensuring effective coordination of all stakeholders within the Recovery process will create a basis for the comprehensive, fast and impactful implementation of the recovery plan.

#2. PEOPLE AND INSTITUTIONS | Due to the success of the decentralization programme, public administration reform and digitalisation of public services, the Ukrainian public administration system is more prepared for the nation-scale post-war Recovery. However, there is still a lack of qualified managers within the public administration team, especially in the regions.

The recovery should be coordinated according to an umbrella structure that includes both governmental and non-governmental actors, in order to maximise synergies and efficiency. Ukrainian public administration should be capable of implementing the Recovery plan

effectively and timely, without excessive involvement or external support from international organizations or local NGOs. As such, Ukrainian public administration should become transparent, citizen-centred, inclusive and fully capable of providing effective governance.

Reforms of the anti-corruption system and rule of law will support other Ukrainian reforms, increase public and donor confidence in state institutions and lead to the development of a more just and fair state.

- Define the responsible body for the coordination (not management) of the recovery process and establish unified coordination mechanisms of the recovery process that will prevent inefficiencies of parallel management;
- Develop and adopt amendments to the regulations of the Verkhovna Rada, and develop mechanisms of parliamentary control in the process of monitoring the implementation of the Recovery plan of Ukraine;
- Deepen the public administration and build local governance capacity for effective implementation of the recovery plan;
- Develop and implement a comprehensive public administration reform; align public administration standards to the European Principles for Public Administration (SIGMA Principles);
- Digitalize and automate the process of recovery (including e-contracts, reporting, fundraising, etc), continue digitalization of public services and reduce red tape in public services;
- Introduce principles of the result-based management and evidence based policymaking in the process of public policy development;
- Maintain and deepen the judicial reform, including cleansing of the High Council of Justice and make a transparent selection for the High Qualification Commission of Judges, continuation of legal education reform;
- Provide the anti-corruption system stability, independence and effectiveness.

Provision of effective and capable public administration will maximize the utility of international support and create the long-lasting effect of the effective governance and provision of inclusive public services beyond the recovery process..

#3. FINANCING | For now there is a functioning international platform for attracting donations – United 24, a user-friendly and accessible website for all possible partners (international organizations, states, state agencies, charitable organizations, business and individuals) around the world. There are several external accounts and platforms that have been established to consolidate international assistance for Ukraine, among them the projected Administered Account for Ukraine (IMF) and Ukraine Reconstruction Platform (EU).

For an effective recovery process, Ukraine should develop convenient and flexible financial support instruments for international partners. Additionally, mechanisms for the seizure of Russian assets in favor of Ukraine should be developed in close cooperation with international partners. Moreover, Ukraine should enhance budget planning mechanisms and, in the long-term, increasingly rely upon Ukrainian sources for the modernization of the country. The recovery process should be based on the principles of transparency and accountability to increase its effectiveness and support international confidence in the modernization of Ukraine.

- Develop mechanisms for the seizure of Russian assets to support the Ukrainian post-war recovery;
- Create flexible options for partners, where they may choose the sector or region benefitting from their donations;
- Create a viable rotation mechanism of fund inflow instruments that will provide a gradual transition from international assistance to the use of domestic resources;
- Earn international trade preferences and support in the modernization of education and the economy;
- Insist on grant support as a main instrument in the portfolio of international assistance;
- Create a mechanism (on the competitive basis) for the transfer of funding for the rebuilding of the regions (except the vital infrastructure that should be financed unconditionally);
- Provide an IT tool to monitor public procurement on all stages of recovery, for inclusive, transparent and competitive public procurement procedures;
- Introduce phase-to-phase support mechanisms based on clear KPIs of the reforms that allow donors to link part of assistance with reforms progress;
- Create stimuli for investments to increase private capital supporting the recovery, including possibilities for impact investment from international business partner

Effective and convenient fundraising mechanisms will help Ukraine to overcome a lack of internal resources for the significant capital investments into the recovery process.

POSSIBILITIES TO SUPPORT

- 1. Vision and plan** | Strong sectoral expertise of development partners will be of immense importance in developing and elaborating actionable recovery plans. Another key sphere where support in implementation of the sectoral reforms will be needed is the European integration of Ukraine.
- 2. People and institutions** | Thanks to their institutional expertise, international partners can support public administration reform and capacity building for the state institutions and local self-government. Moreover, international partners may maintain their support of the non-governmental sector to provide effective collaboration between all stakeholders of the recovery process.
- 3. Funding** | Timely and consistent provision of financial or material assistance for the recovery in any appropriate way will prove to be one of the most important ways to support Ukraine in its recovery process. International partners also may provide additional support in the seizure, tracing and recovery of the arrested Russian assets. Best practices of ensuring transparency and accountability over the recovery process will be crucial for effective post-war reconstruction and the international partners' facilitation will be truly helpful.

At the request of the URC2022 Organizational Committee, this brief was prepared by the Centre of Economic Recovery (CER) based on extensive multi-stakeholder consultations, which included representatives of the government, civil society, business, local self-government, and academia. The views expressed are those of the authors and contributors and should not be reported as the position of the Ukrainian or Swiss Governments.