

THE RECOVERY SPENDING WATCHDOG

#6, February 2024



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- Case monitoring: waterworks, demining



Legal regulation



Legal regulation

Work is underway on the draft law on reconstruction, which has been elaborated by a working group set up by the Ministry for Recovery.

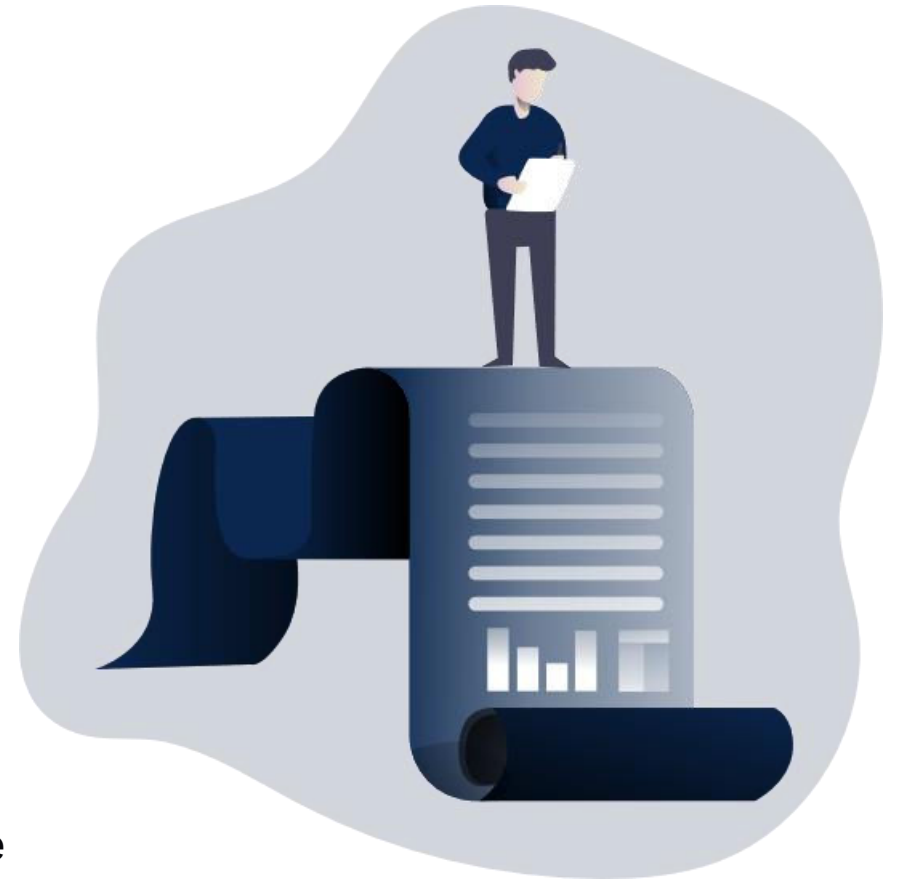
In particular, pursuant to this draft law, it is proposed to make DREAM compulsory for recovery and reconstruction projects.

Amendments were made to Resolution No. 118¹ on the Procedure for Using Money of the Fund for Elimination of Consequences of Armed Aggression.

Projects, the implementation of which started in 2023, shall be financed on a priority basis (no new prioritisation is carried out).

Seven decisions of the CMU² concerning allocation of funds from the Reserve Fund

The largest amounts were allocated for defence capability (over UAH 20.5 billion). Generally, the planned funding of the Reserve Fund for 2024 makes UAH 42 billion.



¹CMU Resolution No. 118 on the Procedure for Using Money of the Fund for Elimination of Consequences of Armed Aggression.

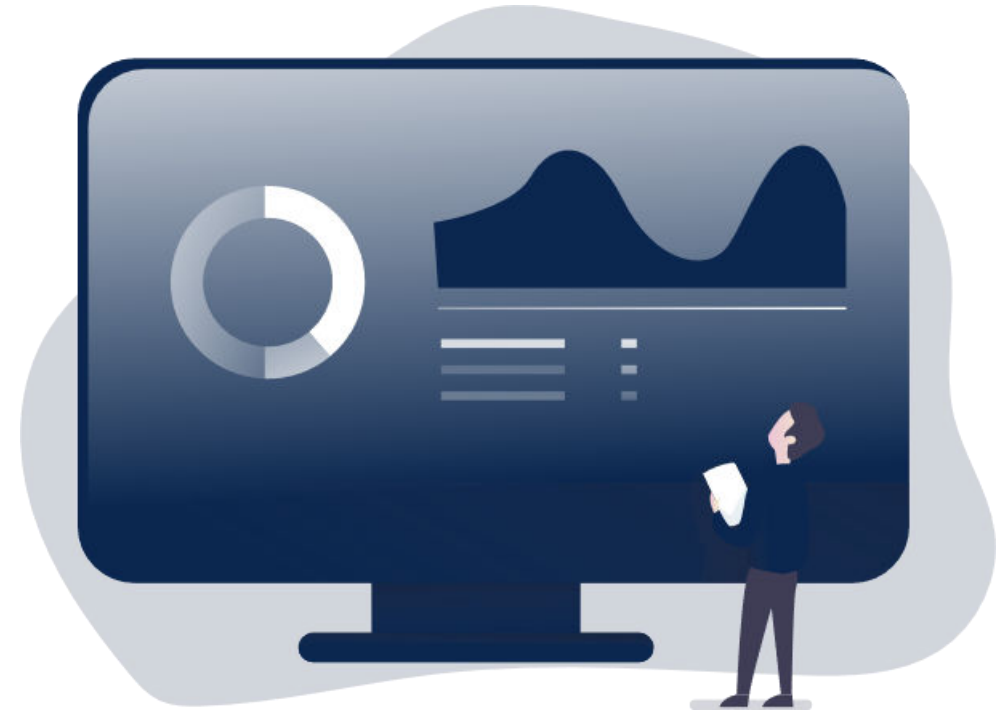
²Seven Decisions of the CMU concerning the Allocation of Funds from the Reserve Fund

RDNA 3



Ukraine: Rapid Damage and Needs Assessment (RDNA 3)

- On 15 February, the third edition of the report on Ukraine's recovery needs – Ukraine: Rapid Damage and Needs Assessment Due to Russian Aggression (RDNA-3) was released.
- The document reflects the agreed estimates of the World Bank, the European Union and the United Nations for the period from 24 February 2022 to 31 December 2023.
- The total amount of direct losses increased by 13% to **USD 152.5 billion**, and the estimate of recovery needs increased by 18% to **USD 486 billion**.
- The estimation of recovery needs for 2024 makes USD 15 billion, or 2% of total needs.

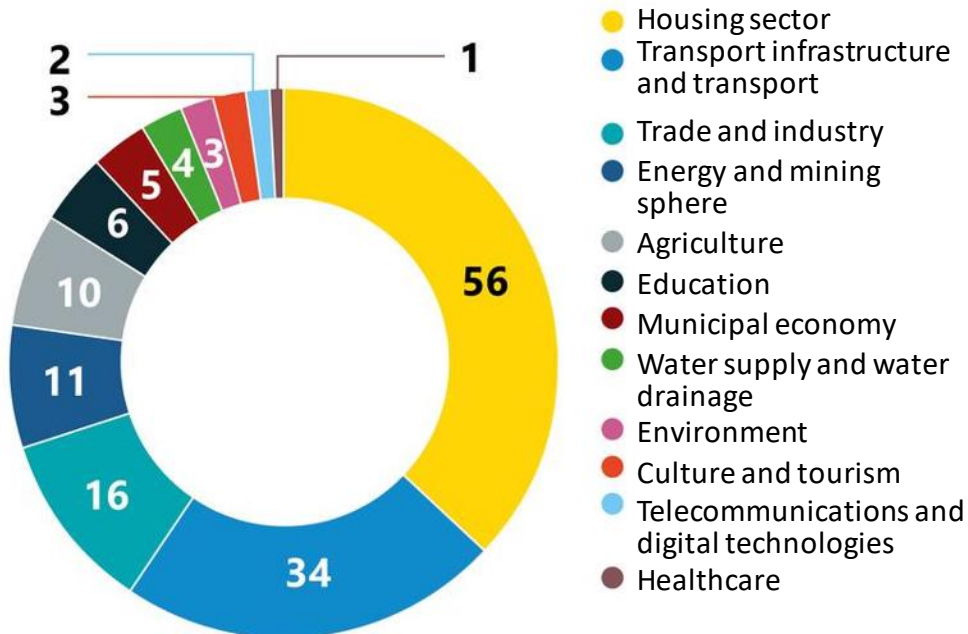


RDNA 3: general overview

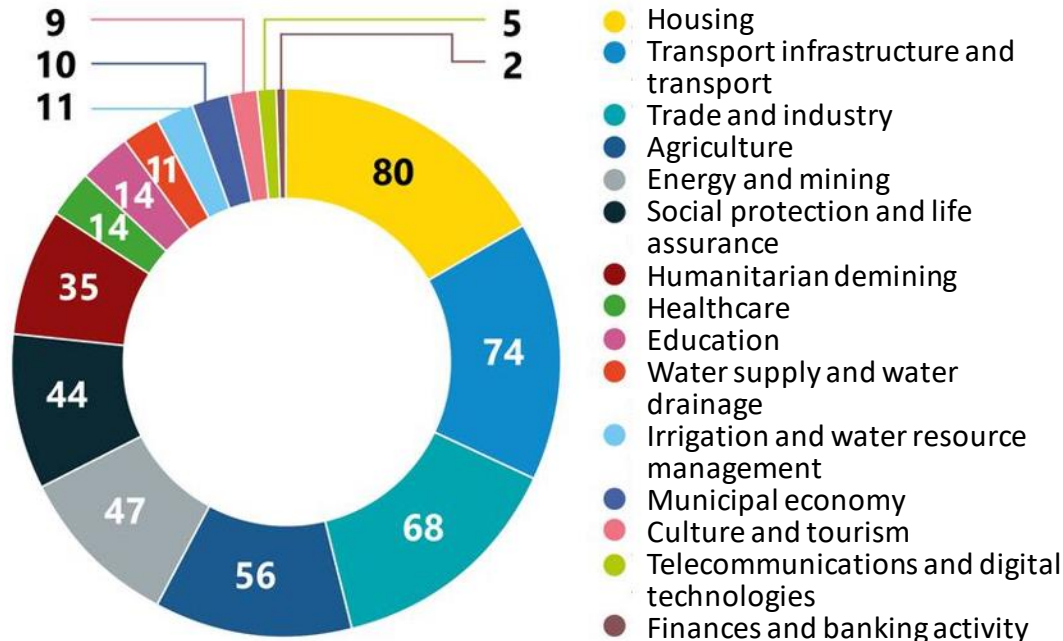
THE WORLD BANK PRESENTED RDNA 3 – REPORT ON THE NEEDS FOR UKRAINE'S RECOVERY



USD 152 billion direct damage from the aggression of RF

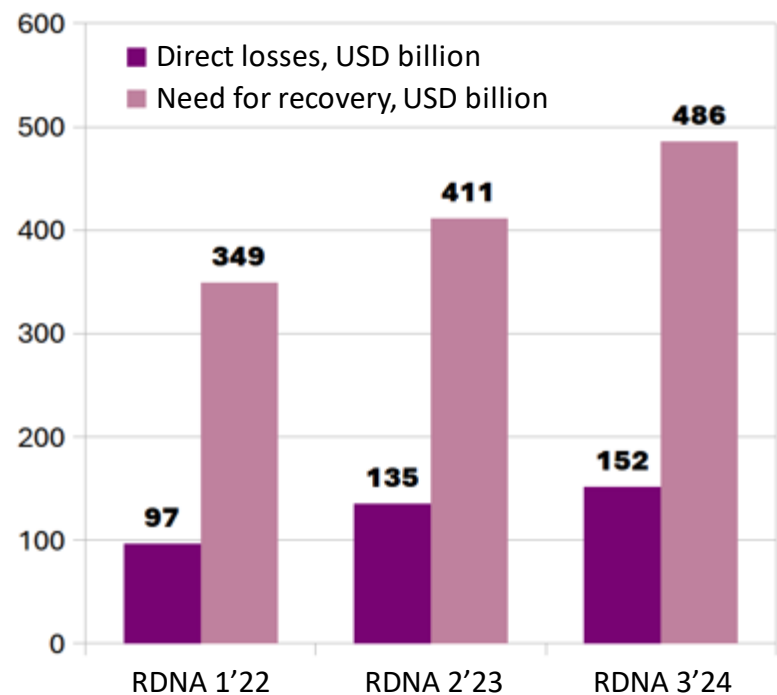


USD 486 billion general needs for recovery



RDNA 3: Changing key indicators

- In 2023, direct losses increased by USD 17.8 billion and recovery needs increased by USD 75.6 billion.
- The estimation of damages in transport has been reduced despite the shelling of the port infrastructure. The reason is reduction in the assessment of damages to local

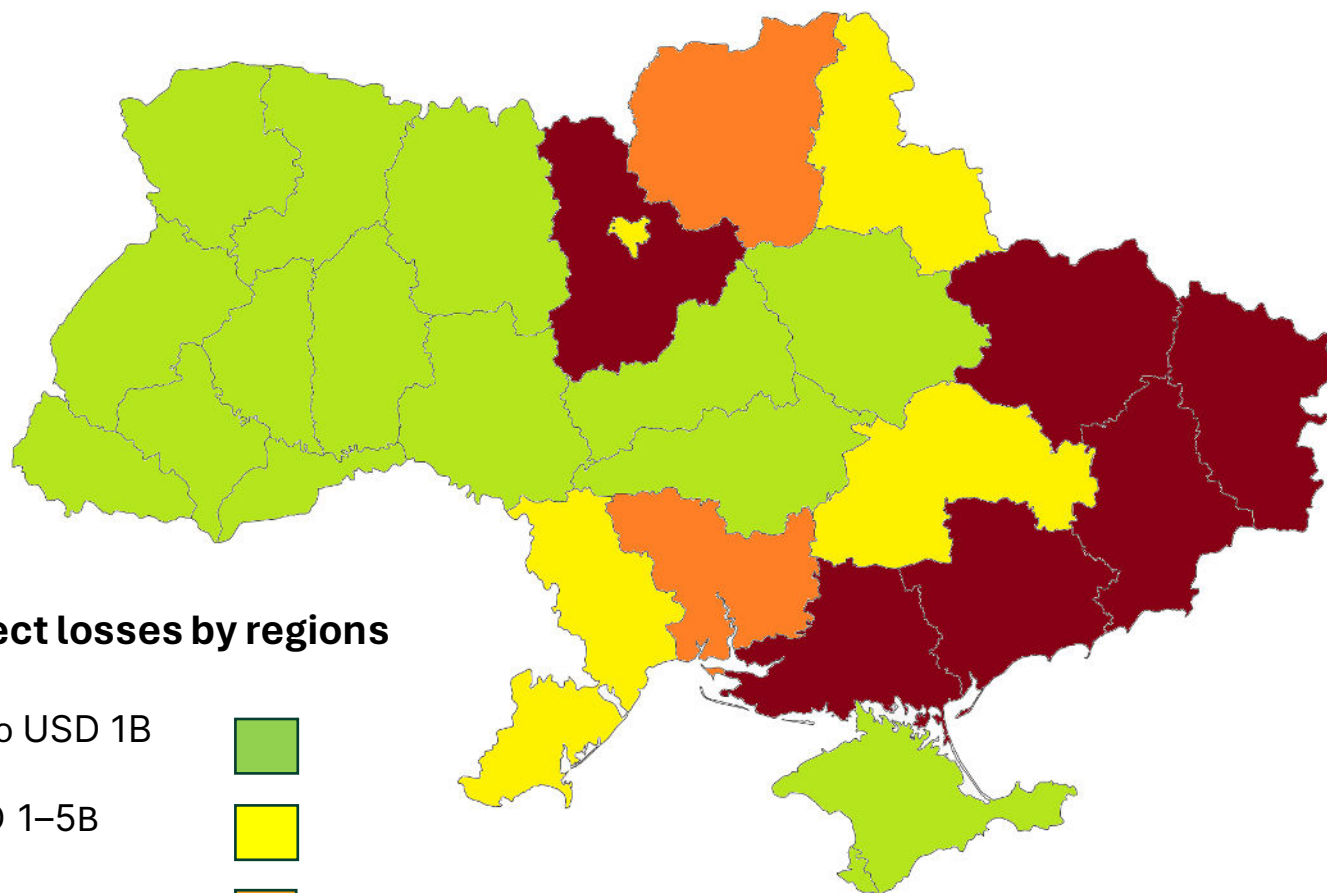
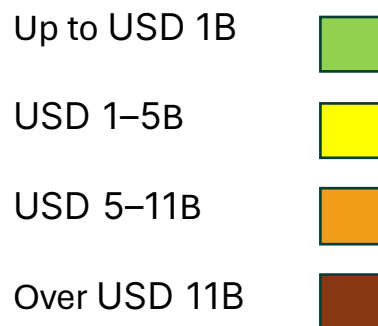


Key indicators	RDNA-2 (2023)	RDNA-3 (2024)	Change
Direct losses	USD 134.7B	USD 152.5B	+13%
Needs for reconstruction and recovery	USD 410.6B	USD 486.2B	+18%
- including housing fund	USD 68.6B	USD 80.3B	+17%
- including transport	USD 92.1B	USD 73.7B	-20%
- including industry	USD 23.2B	USD 67.5B	+191%
- including agriculture	USD 29.7B	USD 56.1B	+89%
- including energy	USD 47.0B	USD 47.1B	+0%
- including social infrastructure	USD 41.8B	USD 44.5B	+6%
- including other needs	USD 108.2B	USD 117.0B	+8%
Needs in reconstruction and recovery for the nearest year	USD 14B	USD 15B	+9%
- the same in % of total needs in reconstruction and recovery	3.4%	3.1%	-10%

RDNA 3: regional allocation

- The largest direct losses were recorded in the frontline regions – Donetsk (USD 38.7 billion), Kharkiv (USD 27.8 billion) and Luhansk (USD 17.8 billion) Oblasts
- 5 frontline regions account for 72% of direct losses, de-occupied Kyiv and Mykolaiv Oblasts account for another 11%.
- Nine western regions suffered the least – they accounted for only 0.8% of direct losses.
- Over USD 7 billion in direct losses were not allocated to specific regions
- The research did not assess direct losses in the Autonomous Republic of Crimea and the city of Sevastopol

Direct losses by regions



RDNA 3: needs for 2024

Recovery and Reconstruction Priorities for 2024

A total
of **USD 15.3 billion**

** USD million*

HOUSING AND MUNICIPAL ECONOMY

- 2,116* ➤ Housing
- 156 ➤ District heating
- 247 ➤ Municipal economy
- 258 ➤ Energy efficiency
- 56 ➤ Waste management
- 242 ➤ Water supply and water drainage

USD 3.1 billion

TRANSPORT AND LOGISTICS

- 1,240* ➤ Road infrastructure
- 420 ➤ Railway infrastructure
- 270 ➤ City transport
- 255 ➤ Checkpoints
- 53 ➤ Internal waterways
- 2 ➤ Aviation
- 94 ➤ Postal service

ENERGY

- 1,240* ➤ Energy sector
- 241 ➤ Gas sector
- 435 ➤ Oil sector
- 540 ➤ Gas procurement
- 200 ➤ Electricity import

USD 2.7 billion

SOCIAL INFRASTRUCTURE

- 1,193* ➤ Education
- 873 ➤ Healthcare
- 6 ➤ Culture
- 369 ➤ Social protection

USD 2.4 billion

INDUSTRY

- 3,114* ➤ Industry and trade
- 435 ➤ Agricultural business
- 44 ➤ Watering

USD 3.6 billion

CROSS-INDUSTRY PRIORITIES

- 492* ➤ Humanitarian demining
- 272 ➤ Emergency response and civil defence
- 22 ➤ Human rights
- 400 ➤ Telecommunications and cyber defence

USD 1.2 billion

RDNA 3: Plan for 2024

- Among the total needs for reconstruction, the needs for 2024 make up only 3% – USD 15.3 billion.
- In 2024, the shortfall in the funding of the most urgent priorities makes up USD 9.5 billion, which accounts for 62% of the required amount.
- In addition to RDNA 3 recovery and reconstruction projects, the government allocated about **USD 3 billion** for additional strategic priorities for 2024 in the framework of multi-year projects: USD 2 billion for nuclear power plants, USD 700 million for additional protection of substations, and about USD 280 million for the reconstruction of oil refineries.

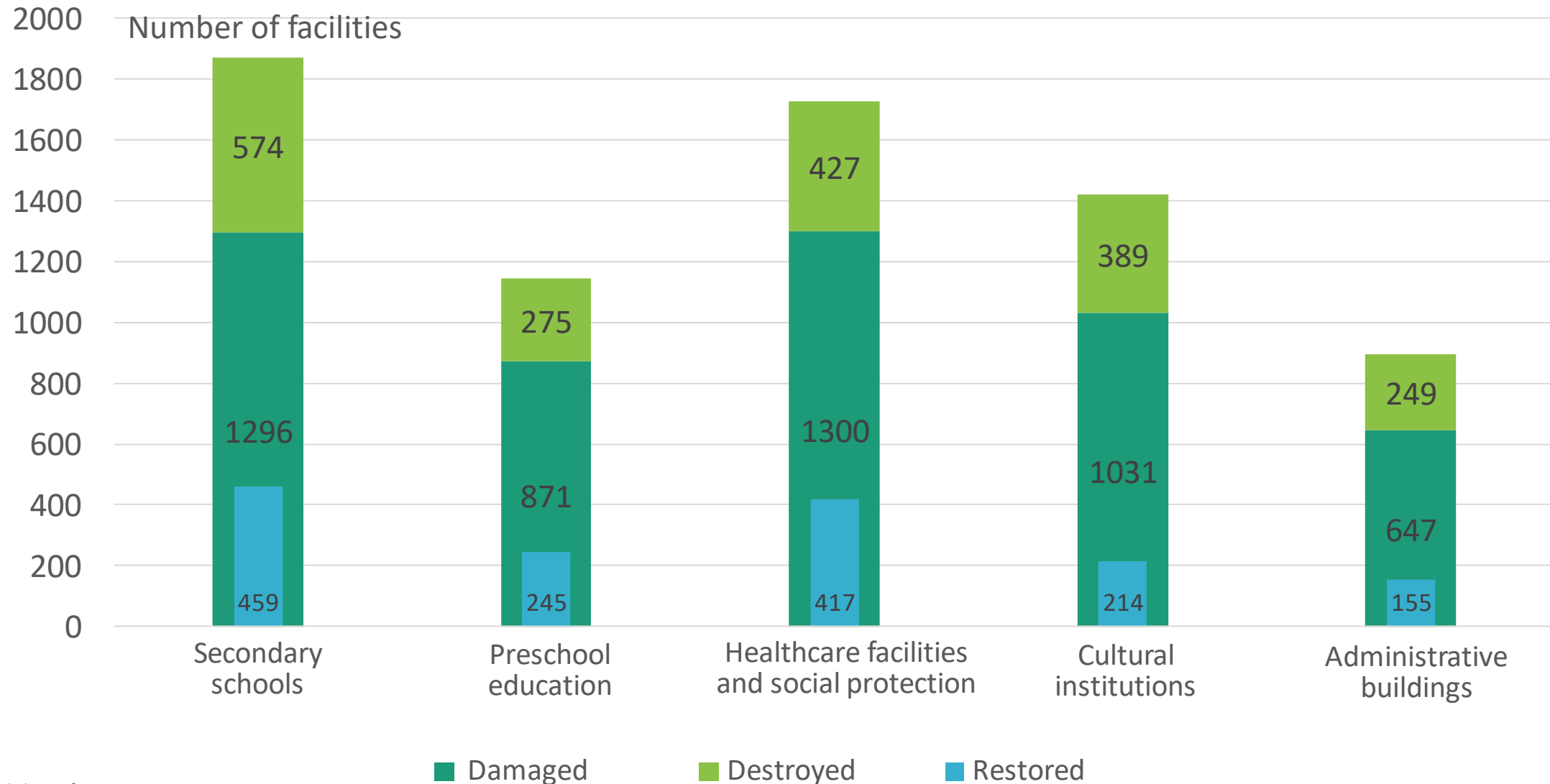
Key indicators	Total	Including in 2024*	2024 share
Needs for reconstruction and recovery	USD 486.2B	USD 15.3B	3.1%
- including housing fund	USD 80.3B	USD 3.1B	3.9%
- including transport	USD 73.7B	USD 2.3B	3.1%
- including industry	USD 67.5B	USD 3.6B	5.3%
- including agriculture	USD 56.1B	USD 0.4B	0.7%
- including energy	USD 47.1B	USD 2.7B	5.7%
- including social infrastructure	USD 44.5B	USD 2.4B	5.4%
- including other needs	USD 117.0B	USD 0.8B	0.7%

Reconstruction progress



Destruction and restoration of social infrastructure are happening almost simultaneously

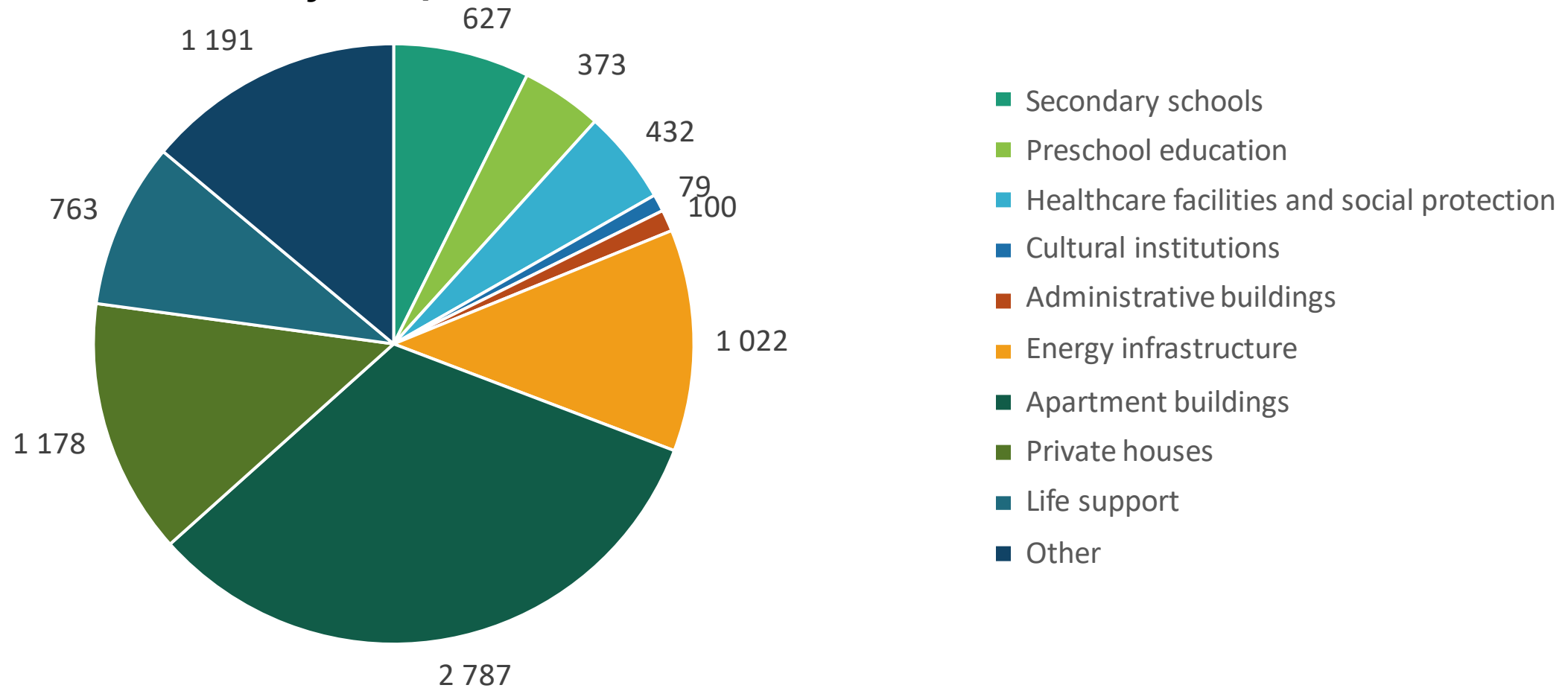
(24 February 2022 – 15 February 2024)



A total of UAH 8.5 billion was allocated to the restoration of 38 thousand facilities

Significantly less than the need for 2024 according to RDNA

(24 February 2022 – 15 February 2024)



DREAM¹ – still an experiment

The number of projects is growing, as is the need for funding:

2028 (+427 of the previous monitoring) projects

53.3% of projects are at the stage of fulfilment

1606

reconstruction/modernisation/repair projects

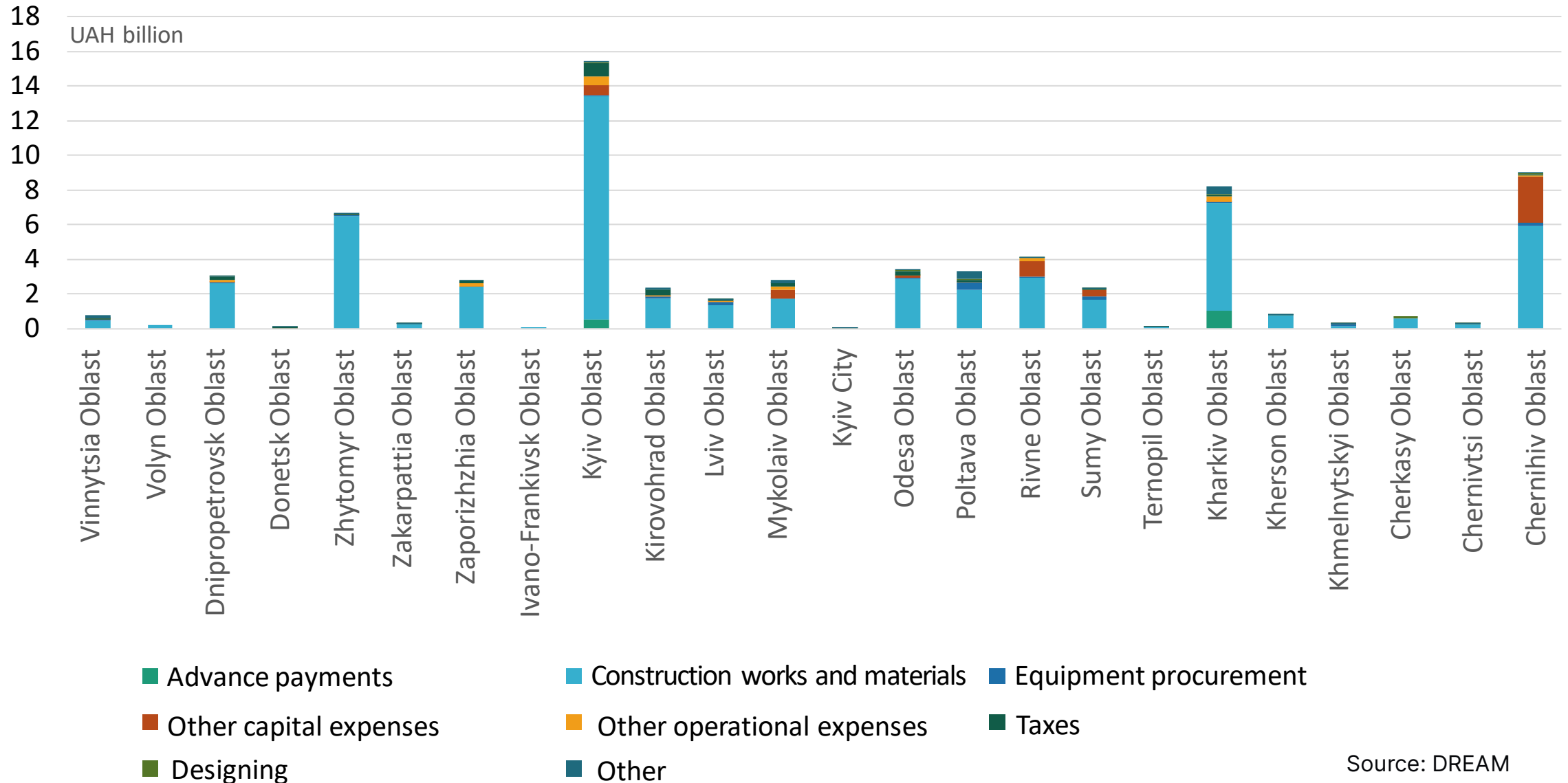
UAH130 (+50) billion is the need for funding

UAH 75 (+25.5) billion – confirmed funding



¹DREAM

DREAM: most of the planned costs are intended for construction and materials, but there are taxes, too



Reconstruction funding



The Elimination Fund – all money has already been allocated

2023

Plan – UAH 61.8 billion

UAH 56.6 billion was allocated (but not all was spent, and therefore, pursuant to the Budget Code, it was returned to the budget)

Balance at the end of 2023 is UAH 23.7 billion = funding for 2024 (+ potential confiscation of Russian assets)

2023

- Three meetings of the interagency working group – actually **the competition for projects** submitted by communities and OMA/OSA;
- **Government decisions on allocation of funds** for urgent reconstruction and recovery projects implemented by the Agency for Recovery:
 - UAH 8.5 billion for the construction of the main waterworks that will provide water to more than a million residents in communities affected by the explosion of Kakhovka HPP;
 - UAH 3.3 billion to restore 5 settlements that were destroyed by Russian troops – Borodianka, Trostianets, Tsyркuny, Posad-Pokrovske, and Yahidne;
 - UAH 3.5 billion for the restoration of 46 facilities in 9 Oblasts.
- **eVidnovlennia programme.**

2024

- Meeting of IWG – priority consideration of projects for which funds were allocated in 2023, but which were not implemented:
 - OMA of different Oblasts: 261 projects for UAH 11.9 billion;
 - Agency for Recovery: 27 projects for UAH 1.6 billion;
 - Ministry of Education and Science, Ministry of Veterans Affairs, Ministry of Defence and Ministry of Internal Affairs (for the State Emergency Service): 9 projects for UAH 353 million.
- **Government decisions on the allocation of funds** to continue urgent projects implemented by the Agency for Recovery:
 - UAH 5.1 billion for waterworks;
 - UAH 5.6 billion for the protection of critical infrastructure facilities;
 - UAH 2.8 billion for the comprehensive reconstruction of settlements;
- **eVidnovlennia programme (in particular, through the HOPE programme).**

The Fund has no money left.

Funding from the MFO is an important source for financing reconstruction and recovery

- The World Bank HOPE programme – eVidnovlennia funding
- Rapid Recovery Programme
- The European Investment Bank loans to finance recovery

In the State Budget, planned indicators for relevant programmes account for almost **UAH 11 billion** from the special fund of the budget

- In fact, all agreements on the relevant funding stipulate substantially larger funding than is already stipulated in the budget, but a lot will depend on the absorption capacity of state and local authorities
- In particular, **UAH 49.4 million** has already arrived from Japan for “Repairing housing to restore rights and opportunities of people” (HOPE)
- Japan provided Ukraine with a **USD 100 million** grant for Stage 3 of the “Emergency Recovery Programme”

(This is funding for the reconstruction and recovery programmes without taking into account funds for business support, which is included in RDNA3 estimates)

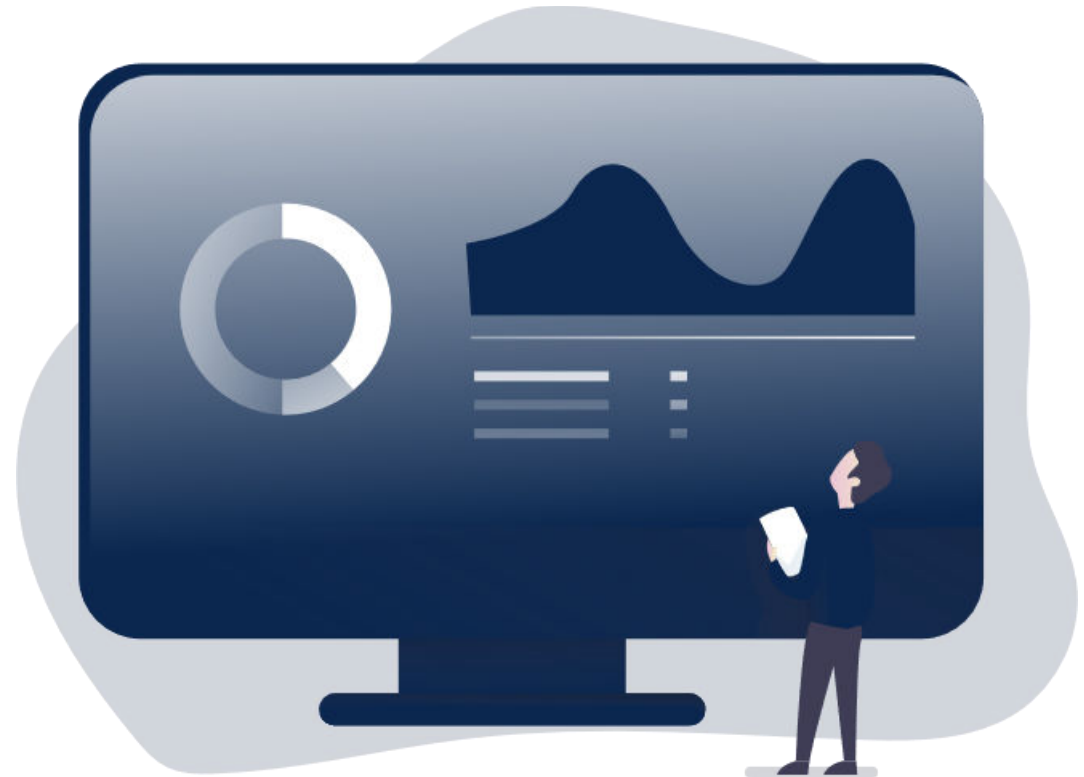


Restoration Procurement Analysis



Key procurement figures in January 2024

- January traditionally remains the least active month for public procurement. 3.4 thousand construction procurements with an expected amount of UAH 10.3 billion were announced over the month. Of them, 2.9 thousand are already completed for the amount of UAH 3.5 billion.
- The number of procurements in January decreased by 11% compared to the same month in 2023 and by 5.4 times compared to December 2023.
- 86% of procurements took place without using the electronic system, 12% – in the form of open tenders with specific features, and the remaining 2% – using other procedures.
- The largest procurements of the month are no longer bridges and roads but work at the critical energy infrastructure facilities.
- Among completed procurements using the electronic system, 89% took place with 1 participant, 6% - with 2 participants, and 5% with 3 or more participants.

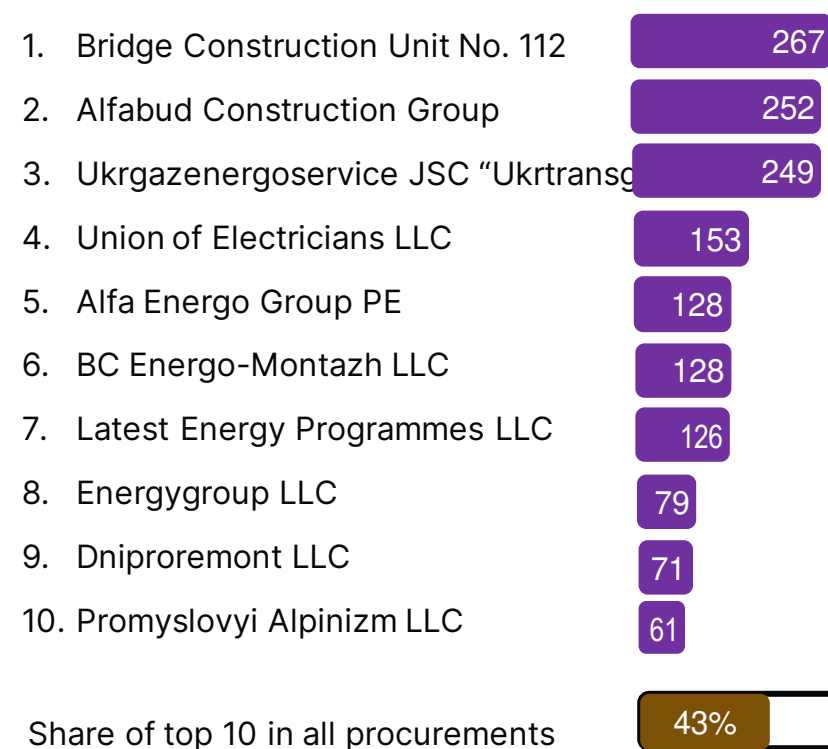


Procurement leaders – January 2024

Top 10 organisers (UAH million)



Top 10 winners (UAH million)



Largest Construction Tenders of January 2024

No.	Procurement content	Organiser	Winner	Procurement value, UAH million
1.	Construction of the bridge over Bystrytsia Solotvynska River and traffic interchange	Department of capital construction of Ivano-Frankivsk City Council	Bridge Construction Unit No. 112	267
2.	Overhaul of Kryvyi Rih Secondary School No. 89 of I-III levels	Department of capital construction of Dnipropetrovsk OSA	Alfabud Construction Group LLC	160
3.	Not specified	Gas TSO of Ukraine LLC	Ukrgazenergoservice	131
4.	Overhaul of the municipal preschool educational institution (nursery-kindergarten) No. 295	Department of capital construction of Dnipropetrovsk OSA	Alfabud Construction Group LLC	89
5.	Not specified	Vinnytsiaoblenergo JSC	Union of Electricians LLC	87

Journalistic investigations

Disclaimer. Please keep in mind that journalistic investigations may not consider all possible details and may be biased in certain cases. It is recommended that you treat the information received with caution and not use it for findings without additional research and fact-checking.

Journalistic investigations for the past month*

Top 5 media in terms of investigations about restoration



НАШІ ГРОШІ



General specific features of journalistic investigations of procurements

- In January, media with a dubious reputation published materials aimed at compromising one of the most famous journalistic investigative teams, Bihus.info. Reporters conducted their own investigation and found out that employees of the SSU unit had been involved in illegal surveillance.
- Fewer high-profile cases related to procurement abuses were recorded in January as compared to the previous periods. This is partly connected with the seasonal decrease in purchasing activity.
- In early 2024, journalistic attention was focused on housing construction and repair.
- Besides investigations of individual procurements, the media also published the summary for 2023.
- A share of defence procurements is fully or partially classified, which makes their analysis impossible.

Top 5 news on the topic

10 January СУСПІЛЬНЕ

The Economic Security Bureau of Ukraine revealed violations in the course of tender procurements, which are related to the restoration of housing in Kyiv Oblast, among other things. The total number of risky procurements in the region makes up **more than UAH 105 million**.

2 February СІ СЛІДСТВО ІНФО

For January 2024. The Department of Population Self-Organisation of Dnipro City Council entered into 18 agreements with a new company for the repair of buildings in the city. The expected value of contracts makes **UAH 16.4 million**.

10 February ПОГЛЯД

The Lithuanian company Nullus withdraws from the construction of a school in Bucha because of the corruption scandal.

18 January ЗМІСТ

Three officials in Poltava Oblast were informed about suspicion of corruption during tenders. Funds were allocated for the city hospital. The losses make up **UAH 5.9 million**.

14 February СУСПІЛЬНЕ

The director of one of the institutes of the National Academy of Educational Sciences of Ukraine and the head of the construction company are suspected of embezzlement of **UAH 2.4 million**. These funds were supposed to be used for the repair of the building, but the works have been completed only in part.

* – for the period from 4 January to 20 February 2024.

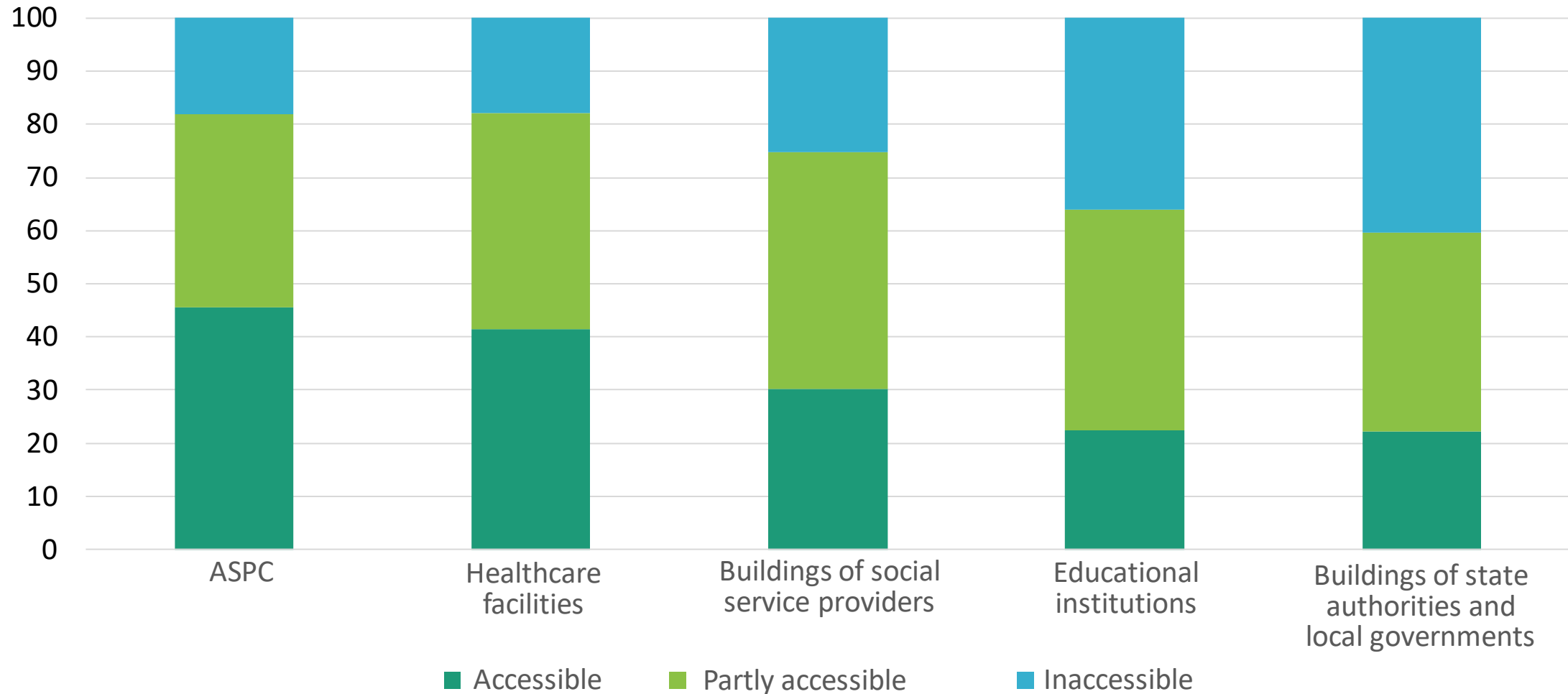
Barrier-free environment in reconstruction

BARRIER – FREE ENVIRONMENT IS



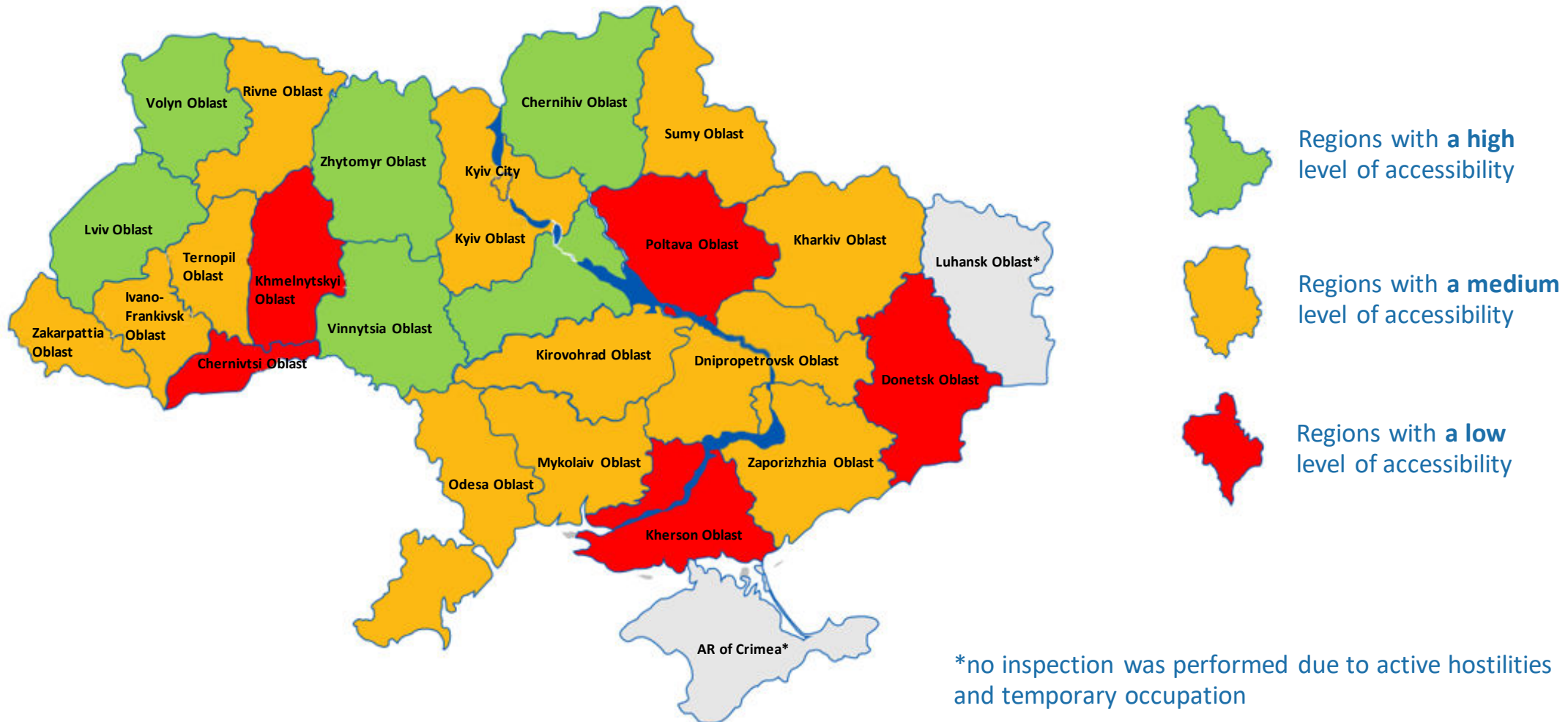
Accessibility monitoring: just 22% of examined buildings are accessible, and another 32% are partly accessible.

Monitoring results by specified institution types, 2023 (%)



Regional differences are significant: but even in the highest-rated oblasts, there is a large share of inaccessible institutions

Rating based on the level of accessibility of the physical environment and service facilities



The main issues of accessibility are already defined in the legislation

The Law of Ukraine “On the Fundamentals of Social Protection of Persons with Disabilities in Ukraine”

Article 26. Enterprises, institutions and organisations shall create conditions for barrier-free access of persons with disabilities (including persons with disabilities using means of transportation and guide dogs) to physical environment facilities. Owners and manufacturers of vehicles, manufacturers and customers of information (printed mass media, television and radio organisations, etc.), suppliers of electronic communication services, manufacturers of radio equipment and terminal (end) equipment shall ensure the delivery of services and manufacturing of products taking into account the needs of persons with disabilities.

**Build Back Better –
is also about accessibility**

Article 27. Planning and development of settlements, forming neighbourhoods, design, construction and reconstruction of physical environment facilities without adapting them for usage by persons with disabilities shall not be permitted. The specified activity shall be carried out taking into account the views of public associations of persons with disabilities.

If the existing facilities may not be fully adapted to the needs of persons with disabilities, their reasonable accommodation shall be carried out in agreement with public associations of persons with disabilities, taking into account universal design.

Accessibility regulation: there are a lot of changes to plans

National strategy on the creation of accessible spaces in Ukraine for the period until 2030¹

- The purpose of the Strategy is to create an accessible environment for all population groups, to ensure equal opportunities for everybody to exercise their rights and receive services on an equal basis with others by integrating physical, informational, digital, social and civil, economic and educational accessibility into all spheres of the state policy.
- One of the expected results is to get unimpeded access to physical environment facilities.
- **Accessibility** is the general approach to developing and implementing the state policy to ensure unimpeded access of all population groups to various spheres of life.



¹<https://zakon.rada.gov.ua/laws/show/366-2021-%D1%80#Text>

Accessibility regulation: there are a lot of changes to plans

CMU Resolution on the Plan for Strategy Implementation Events for 2023–2024¹:

- covers six areas, including physical, informational, digital, social, educational and economic accessibility and 130 objectives within these areas aimed at setting up an accessible space in Ukraine.
- in the case of developing local plans for the restoration and development of regions, a separate section on creating accessible space shall be included.

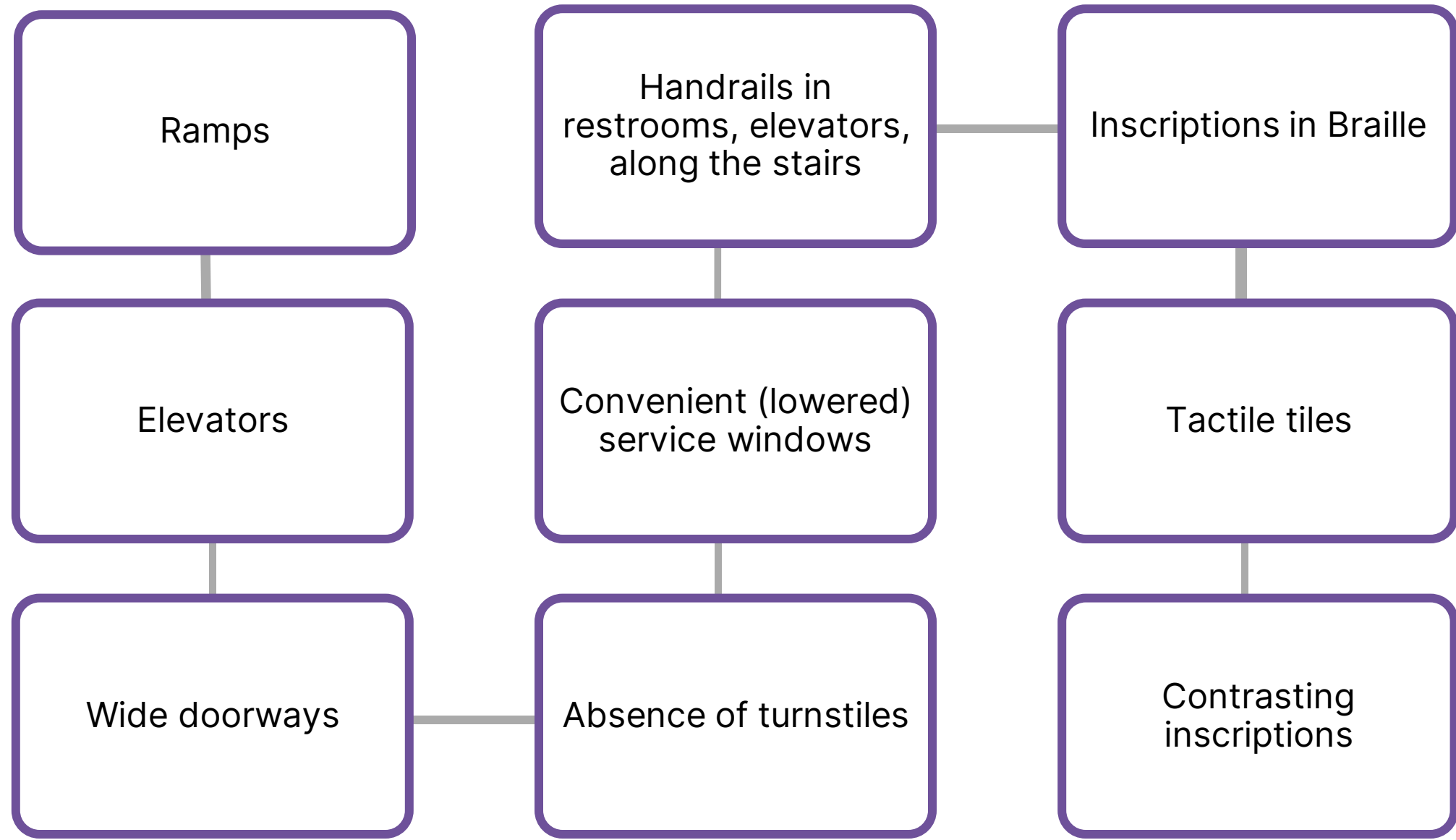
CMU Resolution² “Some Issues of Ensuring Accessibility, Energy Efficiency and Civil Protection Requirements”

- In the course of design, construction and restoration of damaged facilities, urban planning subjects should comply with the requirements of urban planning legislation, construction codes, and regulatory documents, the compulsory application of which is established by the law on **ensuring the accessibility and safety of facilities for population groups with limited mobility, including persons with disabilities**, energy efficiency, sheltering the population in civil protection fund facilities, engineering and technical civil protection measure, fire and anthropogenic safety requirements.

¹Plan For Strategy Implementation Events for 2023–2024

²CMU Resolution “Some Issues of Ensuring Accessibility, Energy Efficiency and Civil Protection Requirements”

Accessibility – comprehensive changes



Ministry for Recovery is responsible for the accessibility policy

One of the activity vectors of the Ministry for Recovery is the introduction of new and improvement of current state construction norms and standards in the field of accessible spaces.

State Construction Norm “Inclusiveness of Buildings and Structures”¹

- **Accessibility** means ensuring equal access for all population groups to the physical environment, transport, information and communication, information and communication technologies and systems, as well as to other facilities and services both in urban and rural areas.

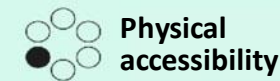
The following **State Construction Norms (DBN)** were introduced in 2023:

- DBN B.2.2-10:2022 “Healthcare Facilities. Substantive Provisions” and DBN B.2.2-5:2023 “Protective Structures for Civil Protection,” new DBN norms were developed and approved: B.2.3-27:2023 “Tunnels. Design Norms” (becoming effective on 1 January 2024)

¹https://e-construction.gov.ua/files/new_doc/2845903765012219876/2022-05-25/8d790555-af74-4dbd-897c-047284339aba.pdf

Accessible Recovery

The project of the Ministry of Communities, Territories and Infrastructure Development of Ukraine



The National Strategy on Creating Barrier-Free Environment up to 2030 was developed within the framework of the Without Barriers Initiative of the First Lady of Ukraine – Olena Zelenska.

Other areas where decisions are needed

Raising local awareness:

- Local authorities shall include accessibility principles in the course of preparing recovery plans and programmes.
- Public initiative proves its ability to drive changes locally.

Subsequent changes in construction standards and their harmonisation with EU regulations.

Funding:

- Accessibility must be funded by the owner – this is often local authorities.
- It is utterly important to fund the reconstruction based on the principle of “Better than before,” which means providing for accessibility.
- Therefore, accessibility in healthcare facilities must be¹ a mandatory condition for entering into a contract with the National Health Service of Ukraine starting in 2019. However, as the monitoring data show, this is not always the case.

Continue accessibility monitoring:

- Note in the monitoring single- and multi-story establishments to understand the difference between oblasts and cities.

¹<https://zakon.rada.gov.ua/laws/show/391-2018-%D0%BF/ed20240120#Text>

Case monitoring

Housing

*Construction of main waterworks
Karachuniv Reservoir – Kryvyi Rih –
Southern Reservoir, Marhanets – Nikopol,
Khortytsia (DWS2) – Tomakivka*

Demining



eVidnovlennia – the stage of monetary compensation for damaged property started (26 January 2024)

Certificates – **500 families** exchanged certificates for housing – UAH 1.1B:

- 383 families** bought apartments using certificates;
- 100 families** bought detached houses;
- 8,674 applications** submitted;
- funds reserved for **629** certificates.



- **UAH 13 billion** is the general current estimate for construction under contracts signed with contractors as the result of tenders.
- **UAH 8.5 billion** is the amount of funds, allocated by the Cabinet of Ministers of Ukraine for laying waterworks in Dnipropetrovsk Oblast in 2023 (no more additional funds were allocated).¹
- **UAH 8.2 billion** (63.4% of the plan) were paid in favour of construction contractors in August, October and December 2023 (in December 2023, transactions for UAH 921.6M).²
- Construction of the main waterworks is one of the most important projects of the Agency for Restoration. Its length is 145 km (more than 300 km of pipeline in one line). 95% has already been installed.³



¹<https://www.kmu.gov.ua/news/uriad-vydilyv-dodatково-7-mlrd-hrn-na-prokladannia-vodohoniv-dlia-naselenykh-punktiv-dnipropetrovshchyny>

² Data for the period until 18 February 2024.

³ Data as of 4 February 2024.

Demining of Ukraine (data as of 18 February 2024)

- The Ministry of Defence approved the project of the **National Mine Action Strategy Until 2033**.¹
- Almost UAH 100 million from United24 will be directed to humanitarian demining – procurement of machinery and equipment for demining. The funds will be allocated to the State Emergency Service of Ukraine and the State Transport Special Service.²
- The Cabinet of Ministers is preparing a draft resolution that will simplify certification of demining operators.³
- Ukraine has created a land demining coalition with 15 countries (7 more countries are to join). Lithuania and Iceland are leading the coalition. The goal is to transfer demining machinery and equipment and train Ukrainian experts.⁴
- The USA transferred equipment for demining worth USD 1 million. ⁵
- Kyivstar and Come Back Alive collected UAH 180 million for demining within the project “We Live Here,” which has lasted since May 2023. ⁶
- The EU transferred to Ukraine the MV-10 demining system, which is well suited for clearing vast territories.⁷

Surveyed: ⁷ 61.3 thousand ha (+8.3 thousand ha)

Cleared ⁷ > 108,6 thousand (+10.0 thousand) of explosive objects

Cleared: ⁷



2.3 thousand
km of railway



833.4 km
of motor
roads

(+33.0
km)



435.9 km of
electric power
lines

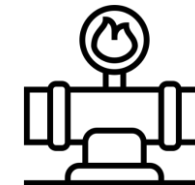


151.1 ha of
forests

(+21.0 ha)



21.7 ha of
water areas



40.5 km of gas
pipelines

(+3.7 km)



THANK YOU FOR YOUR ATTENTION!

