

A Platform for Action on the Green Recovery of Ukraine

Concept

Introduction

Ukraine has been facing multifaceted challenges in the last decade. Since the Russian Federation invaded Ukraine on 24 February 2022, the country has experienced considerable environmental destruction and inflicted both immediate and longer-term consequences on human health, ecosystems, the Ukrainian economy and beyond.

International support has been mobilised to help to meet Ukraine's immediate needs. It also included ongoing support to assessing the environmental damage inflicted by the Russian invasion. At the same time, efforts are underway to support the post-war economic and social recovery and reconstruction. Now is the time to ensure that the recovery and development of Ukraine follows green economy and low-emission development principles, and that these are not seen as only desirable or optional, but as an economic necessity for a fundamental transformation of Ukraine's economy and society.

The Platform for Action on the Green Recovery of Ukraine will provide a forum for Ukrainian and international partners to:

- I. Define the meaning of green recovery for Ukraine also considering the status of Ukraine as candidate for EU accession;
- II. Support actions to prioritise and accelerate reform of policies and legislation, practices and institutions and to mobilise whole-of-government commitment and engagement for greening the post-war recovery and reconstruction of Ukraine;
- III. Support the development of amendments to the financial constitution and financial instruments which can facilitate the implementation of the Green Recovery Strategy;
- IV. Support co-ordination and mobilisation of additional expertise and funding to promote a science-based, systemic and coordinated green recovery and set Ukraine on a net-zero and climate-resilient development trajectory;
- V. Identify challenges and opportunities for strengthening the efficiency and effectiveness of international support in close co-operation with the already existing support formats (see Annex).

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Developed by OECD, UNECE and UNEP in cooperation with Ukraine.

This paper has been drafted by UNEP, OECD and UNECE, responding to a proposal by the German Minister for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection to set up such a platform together with Ukraine. The proposal was made at the occasion of the “United for Justice. United for Nature” conference in Kyiv on 20 October 2023, and was supported by the representatives of the Ukrainian Government. This document was discussed and agreed with the Ukrainian authorities. The note was also discussed with the European Commission.

This activity also responds to the invitation made by Ministers to the three organizations at the 9th Environment for Europe Ministerial Conference held in October 2022 “...to prioritize assessing the most urgent environmental needs in Ukraine based upon the methodology of the ECE Environmental Performance Review Programme¹ and on the results of ongoing and planned impacts assessments, and **to make recommendations to advance a sustainable recovery of the country**, in line with the Lugano Declaration and its seven principles adopted at the Ukraine Recovery Conference of 4–5 July 2022” (ECE/NICOSIA.CONF/2022/2.Add.1, para. 4,² with emphasis added).

The Platform will be launched at the 2024 Ukraine Recovery Conference in Berlin. The Platform will contribute to and not duplicate the existing international efforts and mechanisms that support Ukraine during the war and for its post-war recovery (see Annex). It will also build on but not duplicate the work on assessing the environmental damage in Ukraine resulting from the Russian Federation’s full-scale invasion of Ukraine.

Background

Ukraine has been facing multifaceted challenges in the last decade. Since the Russian Federation invaded Ukraine on 24 February 2022, the country has experienced considerable environmental destruction. Attacks on infrastructure and industry have resulted in pollution to air, water and land; waste infrastructure has been overwhelmed; debris and hazardous waste created; agricultural lands and forests burned, damaged and nature degraded.

While the war continues, the efforts of the Ukrainian government are focused on restoring vital environment-related infrastructure, containing and limiting the environmental impacts of war as well as the collection of data about, and assessing, the environmental impacts. However, there is still room to emphasize further a green and sustainable path for the post-war recovery and to develop mechanisms to discuss current efforts that can mobilise the necessary support for greening the policy and institutional reform in Ukraine.

A green recovery is essential for Ukraine following the war for several key reasons. Firstly, it offers an opportunity for economic diversification by shifting towards sustainable, modern and innovative industries and agriculture, low-emission transport, renewable energy and clean, energy-efficient technologies and buildings. This diversification can reduce reliance on

¹ <https://unece.org/environment-policy/environmental-performance-reviews>

² https://unece.org/sites/default/files/2023-10/ECE.NICOSIA-CONF.2022.2.Add_.1_aec.pdf

traditional, more polluting and carbon-intensive sectors, and open access to international markets.

Secondly, a green recovery can enhance energy independence and security. Ukraine has historically relied on energy imports, particularly natural gas from the Russian Federation. By prioritizing renewable energy sources and energy efficiency, Ukraine can decrease its dependence on external energy sources, bolster energy security and resilience of energy systems, provide potential for green energy exports and reduce vulnerability to geopolitical pressures. This will also support Ukraine's alignment with the EU Green Deal, a key pillar of Ukraine's EU future membership.

Thirdly, a green recovery is crucial for addressing environmental challenges such as air and water pollution and the destruction of ecosystems and the associated impact on biodiversity, all of which have been aggravated by the conflict in Ukraine. By promoting low-carbon energy, clean technologies, control of industrial emissions and sustainable practices in general, Ukraine can mitigate the environmental consequences of both the war and heavy industry that is a legacy of the Soviet period, regenerate and protect ecosystems, and ensure healthier and more resilient ecosystems and population.

Furthermore, a green recovery will align Ukraine with global efforts to combat climate change, as well as fulfilling the country's commitments under other global environmental agreements. It can enhance its own resilience to climate-related risks through climate-adaptive infrastructure, including nature-based solutions, and other developments. Importantly, this would mean that Ukraine can "leapfrog" development, combining its recovery with the necessary transition to a net-zero future, which would otherwise be a costly future step. In other words, Ukraine can avoid a rapid "brown" recovery only to be followed by a green transition which would be vastly more expensive.

Additionally, a green recovery can improve the well-being of the population and people's resilience to future socioeconomic and environmental challenges. It can create new job opportunities, as well as expanding the service sector, thereby enhancing the overall prosperity of society. Transitioning to cleaner and more sustainable practices can improve public health by reducing air, water and land pollution, provide households and communities with access to cleaner and more affordable energy, water and sanitation and green spaces.

And lastly, pursuing a green recovery can attract additional international support, investments and partnerships. Further efforts on sustainable development can help Ukraine align its practices to global policy objectives and strengthen alignment with development cooperation partners' approaches, opening avenues for financial assistance, technical expertise, knowledge sharing and investment from the international public and private sectors.

Challenges of green recovery in Ukraine

A green recovery is by itself a complex process and will, in the context of Ukraine, require an even bigger effort given the scale of the interventions needed, the number of actors involved and the various standards to be applied. It will build upon the successful experiences and progress on green transition achieved by the country prior to the invasion.

The following challenges are foreseen:

- **Regulatory framework and policy implementation:** A robust regulatory framework, effective policies as well as policy instruments, including economic ones, are essential to support a green recovery. Ukraine needs to establish clear, transparent, predictable and consistent policies that incentivise sustainable practices and allow for investments. It also requires streamlining administrative procedures and ensuring effective, agile and fair enforcement of regulations to reduce unnecessary regulatory burdens, establish a level playing field and facilitate investment. These are requirements also for any recovery, whether “green” or not, and are also required by the country’s process of accession to the EU.
- **Financial constitution and investments in infrastructure:** Implementing green recovery at scale requires substantial financial resources. Upgrading infrastructure to support renewable energy generation and transmission, electric mobility and sustainable transport systems, as well as water and wastewater infrastructure, (re)building waste management and setting up a circular economy is a significant challenge. It requires investments in retrofitting existing facilities and building new infrastructure, especially that damaged by the war. It will be key to improve the framework conditions for investments in both public and private sectors. Amendments in the financial constitution as well as in the budgetary policy will be necessary to allow for full cost recovery of investments in the energy and environment related infrastructure. The decentralisation-process should support municipalities to make investments and renew the capital stock. Public-private partnerships might help to allocate the necessary capital, including funds from abroad.
- **Governance and institutional capacity:** Environmental governance and institutional oversight is negatively impacted by war, where fewer people are available to address an increasing number of environmental challenges. The institutional capacity of Ukraine to manage regulatory reforms, policy implementation and the absorption of international assistance will be critical. Ukraine may be successful in attracting international financial support but may face challenges in absorbing and managing it for investments in the energy system, energy efficiency measures and sustainable infrastructure development.
- **Technological capacity and innovation:** Advancing green technologies and innovation are crucial for a sustainable recovery and Ukraine may face challenges in developing its domestic technological capacity, research and development, and innovation ecosystems. Encouraging collaboration between academia, industry and Government,

as well as facilitating knowledge transfer and technology adoption, will be important. Science-based and well thought through decision-making will be necessary, and not uninformed, unplanned or rapid initiatives and demands that result in inefficient, uneconomical and uncoordinated utilization of recovery funds and resources.

- **Social acceptance and stakeholder engagement:** Transitioning to a green recovery may encounter social resistance due to lack of understanding or awareness among the population. The population may also be preoccupied by immediate needs, such as repairing windows to stay warm in winter. Ensuring public acceptance and engaging stakeholders, including local communities, businesses and civil society, is essential. Building awareness, providing education and involving stakeholders in decision-making processes can help overcome these challenges and speed up the green recovery. The link to economic instruments, such as taxes, charges and tariff frameworks also needs to be well communicated and managed. However, legitimate short-term concerns of the population must also be recognized and addressed, in a manner that aligns with a longer-term green recovery.
- **Financial support:** The availability of low-cost financing options (grants and loans with favourable conditions) from domestic or international public sources, as well as risk-mitigation instruments (guarantees or insurances) to attract private sector investment, will be crucial. Instruments such as twinning should be applied to accelerate the closing of the gap in the institutional capacity.

Addressing these challenges will require the creation of the enabling policy and regulatory framework as well as coordinated efforts and prioritisation by all government agencies, the private sector, civil society, academia and international partners. By investing in renewable energy, energy efficiency, modern water supply and sanitation, waste management, circular economy, transport and other sustainable infrastructure, while factoring in broader issues such as biodiversity and climate change challenges, Ukraine can pave the way for a greener and more resilient economy. At the same time, competition for resources (material and labour) because of large-scale construction efforts should be carefully managed.

Creation of a Platform for Action on the Green Recovery of Ukraine

The aim of this initiative is to establish a platform for the Government of Ukraine and international partners to promote a systemic and coordinated green recovery in Ukraine. This will require mobilising the country-led, whole-of-government approach to reform policies and institutions and strengthening the effectiveness and efficiency of international support to the development of scientifically-sound, participatory, economically feasible, effective, systemic and coordinated green recovery of Ukraine. The Platform would also aim to maximize the positive impacts of international support, mobilize additional support and boost coordination while contributing to progress towards international commitments including EU accession and UN instruments. By establishing a forum for discussion, agreement and action, Ukraine can lay the foundations for a green recovery that not only addresses the environmental damage caused by the war but also ensures a sustainable and resilient future for its people.

The proposed **platform functions** could include:

- I. Forum for convening relevant stakeholders to:
 - a. Identify the economic context and strategies which will be the basis for a green recovery, and the options where the green recovery can support the long-term economic recovery and contribute to the improvement of the competitiveness of the country;
 - b. Identify framework conditions to support a sustainable recovery;
 - c. Identify the priority areas for activities (strategies, plans, capacity development, investments) regarding the environment and the related infrastructure, and agree on a strategic and concrete vision leading to coordinated and holistic planning and implementation on the ground;
 - d. Identify priority areas and ways of support for the "Green Recovery" road map.
- II. Support of coordination and preparation of technical assistance projects: map existing and planned support activities, identify and, where feasible, commission technical assistance projects for implementation that are practical, address specific needs and demonstrate replication potential.
- III. Policy advice: Foster collaboration and coordination among stakeholders, elaborate recommendations and support a science-based approach in prioritising, developing and aligning policies, policy instruments, regulations, standards and compliance and enforcement systems with international environmental agreements and norms, including Ukraine's obligations as part of its EU accession ambitions and its participation in the UN system, and to ensure compliance by development partners.
- IV. Provide expertise and technical support: Facilitate the sharing of knowledge, good practices and lessons learned from successful green recovery initiatives within the country and around the world.
- V. Support alignment with other international support formats: Liaise closely and regularly with other initiatives, and support coordination of relevant activities.
- VI. Financial resource mobilization: Identify existing and potential domestic and international funding mechanisms and instruments and assist in mobilising funds for investment as part of green recovery programmes and projects, including those provided by the private sector.
- VII. Monitoring and reporting: Establish and implement a framework for monitoring the progress of green recovery initiatives, as well as for the evaluation and reporting on their environmental and socio-economic impacts.

Implementation strategy³

To fulfil its functions, it is proposed that the Platform could hold periodic plenary meetings with the key stakeholders to review progress, address challenges, and update strategies based on evolving needs and priorities. The Platform could also provide space for collation and presentation of the many initiatives and studies ongoing by the international community. It would be closely connected with the recovery plan and donor coordination mechanisms.

The **concrete actions** that can be taken as results of the Platform's discussions could include:

- Analysis of and support to the design of the necessary strategic and policy reforms needed to create the enabling environment for green recovery.
- Support to the reform of specific economic, regulatory or informational instruments that can accelerate green transition.
- Support to the institutional reform in the field of financial constitution and environmental management.
- Cross-sectoral capacity development activities, such as workshops, training programmes and knowledge-sharing sessions to enhance the capacity of public administration at the national, regional and local levels in implementing sustainable practices.

Specialized working groups could be established under the Platform, where needed, that would focus on selected priority areas, such as infrastructure restoration, water management, industrial, chemical and other hazards, biodiversity conservation, renewable energy or sustainable agriculture, or cross-cutting topics such as the financial constitution and financing instruments (e.g., taxes, fees and green finance), the enabling environment for a green recovery, environmental compliance promotion, environmental governance or environmental impact assessment.

The Platform would additionally be expected to support advocacy and communication to raise awareness about the importance of green recovery and engage the sectoral ministries and other relevant authorities of Ukraine, as well as the public and the private sector.

³ The exact governance and implementation arrangements of the Platform are being discussed separately. In the interim phase; a contact group composed of the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), UNEP, UNECE and OECD has been established with the aim to facilitate consultations on the concept and future governance structure.

Annex

The Platform operations will ensure that efforts contribute, where needed, and not duplicate, the existing international efforts and mechanisms that support Ukraine during the war and for its post-war recovery. Initiatives and mechanisms of co-ordination of international support to Ukraine include:

- Multi-Agency Donor Coordination Platform for Ukraine: Established in December 2022 to coordinate immediate and mid-term support to Ukraine. The United States of America, EU and Ukraine are the co-chairs. G7 countries have nominated high-level representatives. This Platform focuses on the urgent needs and filling the funding gap for energy, demining, housing, critical infrastructure, reviving the economy.
- IFI Coordination Group (part of the above): This platform includes working groups, including on the environment to coordinate the investment project pipelines. The working groups deal with overarching issues of the reconstruction.
- Ukraine War Environmental Consequences Work Group: A high level working group chaired by the head of the Ukraine President's office and involving prominent personalities such as Margot Wallström, Virginijus Sinkevičius, Laurence Tubiana and Greta Thunberg.
- Working Group 8 on "Environmental security of Russia's war of aggression against Ukraine": A working group to discuss Point 8 of the Ukrainian Peace Formula, with a focus on environmental damages. It is chaired by Germany, Bulgaria and Finland.
- Informal Inter-agency Coordination Group on Environmental Assessments for Ukraine led by UNECE, UNEP and OECD.
- Planned EU-Facility of EUR 50 billion: Funding instrument to support Ukraine for the period 2024–2027 by addressing Ukraine's financing gap and recovery, reconstruction and modernisation needs, while at the same time supporting Ukraine's reforms effort as part its accession path to the EU.