

## **Report on third Coordination Meeting between international donors and representatives of projects related to climate topics**

Meeting date:	05.12.2024 15:00-17:00 (Kyiv)
Topic:	Third Coordination Meeting between international donors and representatives of projects related to climate topics
Language:	English-Ukrainian
Interpretation:	Viktoriiia Marinesco and Tetyana Dytyna
Location	Virtual meeting

### ***Introduction***

Recognizing Ukraine's substantial efforts in countering Russian full-scale war and advancing its EU integration, the government is prioritizing the alignment of legislation with EU Green Deal principles and its implementation, especially on the regional and local level. The international community is supporting Ukraine by enhancing ongoing climate projects and launching new technical assistance and donor-funded initiatives. In addition, this support focuses on Ukraine's alignment with EU standards and regulations, covering various sectors such as governance, economy, judiciary, regional and human rights.

The meeting aimed to bring together international donors and finance organizations, technical assistance projects, businesses, municipalities and initiatives with the goal of efficiently coordinating their efforts, sharing valuable knowledge and generating synergies within green recovery process.

The main topic of the third session of the Coordination Meeting between mentioned above target audiences related to the discussion of climate finance opportunities and post war green recovery process on regional and local level topics. Climate goals should be as a part of the regional and local policy and this meeting demonstrated the unwavering support of donors and IFIs for the regional and local authorities within their immediate and long-term needs in the field of climate policy planning and implementation. This meeting covered not only activities relevant to climate change mitigation (sectoral climate actions, support towards development and implementation of regional and municipal plans for climate and energy, green recovery, just transition etc.), but also focused on climate change adaptation efforts (such as climate change resilience). Total amount of event participants is over 56 representatives from the different levels of stakeholders.

The event started with welcoming speeches of Julia Jesson, Component Leader of Capacities for Climate Action project (C4CA - Ukrainian Climate Office) who focused her key messages on the importance of the synergy efforts of the international donor and finance organizations, technical assistance projects, businesses, municipalities within climate policy implementation on regional and local level. The improvement of internal municipalities capacities for climate change mitigation and adaptation could be a major part of actions on the regional level. The event was continued with the summary presentation of donor funded projects and their activities by Maksym Vereshchak, Local

Sustainable Development Coordinator, Covenant of Mayors – East. This presentation covered the following issues:

- Access to finance remains the biggest challenge for the municipalities due to the lack of grant and loan programmes with reasonable and economically feasible interest rates and/or innovative financial instruments (bonds, sectoral target financial programmes, PPP, bundling financing, etc.).
- Since 24 February 2022, the situation with investing in Ukraine has changed negatively due to new war-related risks caused by Russia's military aggression.
- The foreign investors face the risks of losing their assets when compensation mechanisms or insurance are not in place.
- The war has increased disproportion in the financial capacities of communities, lack of funding is relevant especially for frontline, occupied, and de-occupied regions having largely destroyed infrastructure and buildings as well as facing economic losses due to relocated of businesses and citizens.

### **Key messages:**

- Ukraine's decentralisation reforms have empowered regions to develop and implement climate strategies tailored to local needs and vulnerabilities. However, there is a tendency to roll back the process.
- The reconstruction of war-affected areas provides a unique opportunity to rebuild Ukraine with a focus on sustainability. Obviously, projects will be implemented at local/regional levels.
- As Ukraine advances its EU integration process, aligning the regional and local policies with the European Green Deal has become a priority. This includes adopting sustainable energy practices, reducing emissions, and enhancing resilience to climate change impacts at all governance levels.
- Local authorities (many with support of donor projects) are implementing hundreds of green recovery and climate projects to reduce carbon emissions and create resilient communities. There are many good examples for knowledge sharing.
- With numerous international initiatives underway, effective coordination among donors and local stakeholders is vital. This ensures resources are efficiently allocated, initiatives are complementary, and climate goals at the regional level are achieved collaboratively.

The government of Ukraine prioritised sectors for green recovery, mobilises finances, and engages with international partners. Two state bodies oversee the recovery process:

- The Ministry of Communities, Territories, and Infrastructure Development (Ministry for Restoration) develops and implements regional recovery policies and coordinates recovery tasks with line ministers.
- The State Agency for Reconstruction and Infrastructure Development (State Recovery Agency) manages national reconstruction projects and assists local governments unable to

fully implement projects. The Digital Restoration Ecosystem for Accountable Management (DREAM) serves as a unified project platform for communities to submit projects and allows donors and the public to track progress and implementation.

- Analysis of Donor funded projects working at local level categorization
- Analysis of Donor funded projects on regional and local level (mitigation)
- Analysis of Donor funded projects on regional and local level (adaptation)
- Analysis of Recovery and critical infrastructure projects

These all analyses were done based on the capacity building and technical assistance area and funding and pilot projects experience.

Key existed gaps which were identified:

- **Coordination challenges among donors and stakeholders:** There is a lack of a unified platform or mechanism to align donor-funded initiatives with regional priorities, leading to potential overlaps and inefficient resource allocation.
- **Limited local capacity for project implementation:** Regional and municipal authorities often lack the expertise and institutional capacity to design, implement, and monitor large-scale projects effectively.
- **Funding accessibility and allocation:** many communities (especially small and/or rural) have a very limited local financial capacities and face challenges in accessing donor funds due to complex application processes. Furthermore, there is often a mismatch between local climate priorities and the focus areas of national/international funding mechanisms.
- **Integration of climate mitigation and adaptation:** Many projects focus on either mitigation (e.g., emission reductions) or adaptation (e.g., resilience-building), without adequately integrating these efforts. Cross-sectoral synergies, such as those between waste management and energy goals, are also underutilized.
- **Data and monitoring deficiencies:** Localised climate data for policy/project design and/or decision-making is often unavailable or unreliable. Additionally, there are weak monitoring and evaluation frameworks to measure the effectiveness of implemented projects.
- **Inclusivity in action:** Local population (including vulnerable groups) are often not sufficiently engaged in planning and decision-making for climate projects. Tailored approaches for communities disproportionately affected by climate change and the war are lacking.
- **Green recovery and just transition strategies:** Current efforts do not sufficiently integrate green recovery measures with broader economic and social development goals. Frameworks to ensure a fair transition for workers and communities dependent on high-emission sectors are also inadequate.
- **Scalability and replicability of projects:** Many climate projects are not designed for scalability or replication across regions. Mechanisms to share lessons learned and best practices between municipalities are also absent.

A transparent state-donor mechanism should be developed to play a key role in helping municipalities meet their needs, addressing the climate policy planning and implementation, war's impacts on the energy, and social issues. **It should more effectively monitor international aid** to identify which municipalities have already received technical and financial support from external stakeholders in the past and which still need such kind of assistance.

Discussion panel session on the topic "Climate action efforts on the regional level" was organized after the presentation of donor funded projects and moderated by Oksana Kysil, Country Expert for Ukraine, Covenant of Mayors – East. It was raised the follow topics for common discussion by moderator:

- How can donor organizations **better align their support** to address the most pressing needs of municipalities in Ukraine? What capacity development activities are in priority? Fast track action should not be restricted and not too many capacities to be spent on bureaucratic measures
- What are the best practices for **integrating climate change mitigation and adaptation issues into recovery projects**? What is the best way to scale-up these cases?
- How can we ensure that vulnerable groups are included in climate action efforts? How to make **Ukraine's reconstruction inclusive and participatory in decision-making**?
- What **innovative financing mechanisms** can be explored to accelerate green recovery and just transition in Ukrainian regions?
- How can stakeholders improve communication and coordination to **avoid duplication of efforts** in donor-funded climate initiatives?

**Key comments or proposals:** Improvement of municipal capacity within project planning and implementation will play an important role within the green recovery process. Municipalities need strong support from the donors and technical assistance projects within capacity building programmes. Lack of human resources and finances for supporting municipal staff are the key challenges on municipal and regional level within the donors and IFIs cooperation. The Platform for municipal capacities and needs ranking was proposed to be established on the national level aimed to introduce "readiness" rating of municipalities for the project's implementation by Yevgen Udod, deputy mayor of Kryviy Rig. In addition, the discussion was focused on small and medium municipalities which have a lack of access to the IFIs and donors finance to limited human and finance capacities. One of key challenges related to slowing process of project implementation on municipal level was addressed to lack of project documentation in many municipalities. Funding and support such type of documentations (s.a. feasibility studies, etc.) highly priority for protentional cooperation on donors and IFIs level. Neo-Eco Ukraine suggested that quick and smaller grants in the field of technical assistance for municipalities (s.a. project proposal, concept/pilot projects, feasibility studies, etc.) should influence positively on the green recovery process and more tailored to smaller consulting companies. Lack of access to green finance (for mitigation and adaptation) was identified during the panel discussion and only EIB has the open credit loan for EE in public buildings. The other IFIs cooperate within donors' programmes on municipal level.

## Key recommendations:

- **Coordination among donors and stakeholders:** Establishing collaborative frameworks to align donor priorities with regional and municipal climate goals. Sharing resources, tools, and expertise will help avoid duplication of efforts and maximize impact.
- **Combining green recovery with just transition strategies:** Leveraging green recovery projects to support economic revitalization in war-affected regions. Ensuring equitable workforce transitions, particularly for communities reliant on high-carbon industries, is essential.
- **Capacity-building and knowledge sharing:** Pooling resources to train regional and municipal stakeholders on climate action planning, EU Green Deal compliance, and project management. Platforms (e.g. CoM East initiative) for municipalities to exchange best practices and learn from successful climate initiatives will be invaluable.
- **Leveraging cross-sectoral opportunities:** Integrating waste management improvements with energy generation projects like biogas facilities. Encouraging collaboration between the transport and energy sectors for electrification and clean energy adoption will accelerate climate goals.
- **Enhancing data and monitoring systems:** Developing shared tools for collecting, analysing, and disseminating climate data to inform decision-making. Coordinated monitoring frameworks can track the impact of donor-funded projects and adjust strategies effectively. Improving legislation and existing procedures is also essential.
- **Scalability and replicability of projects:** Identifying key projects with potential for scaling across multiple regions. Developing frameworks that municipalities can adapt to their local contexts ensures broader impact.
- **Inclusive climate and reconstruction actions:** Prioritising vulnerable groups and communities to climate impacts in donor efforts. Integrating gender-responsive and socially inclusive approaches into project design and implementation will ensure equity.
- **Financing oriented for small medium size communities:** Creating specific programmes and projects, financial tools and advanced funding mechanisms widely applicable in municipalities with low financial capacity.

## **Annex 1. Agenda of 3<sup>rd</sup> Coordination meeting**

### **Third Coordination Meeting between international donors and representatives of projects related to climate topics**

<b>Meeting date:</b>	<b>05.12.2024 15:00-16:45 (Kyiv)</b>
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<b>Location</b>	Virtual meeting

Recognizing Ukraine's substantial efforts in countering Russian full-scale war and advancing its EU integration, the government is prioritizing the alignment of legislation with EU Green Deal principles and its implementation, especially on the regional level. The international community is supporting Ukraine by enhancing ongoing climate projects and launching new technical assistance and donor-funded initiatives.

The meeting seeks to bring together international organizations, businesses, and initiatives with the goal of efficiently coordinating their efforts, sharing valuable knowledge and generating synergies.

The main topic of the third session of the Coordination Meeting between international donors and representatives of projects related to climate topics will be the climate action efforts on the regional level (including Oblast levels, as well as municipalities and communities).

This will cover not only activities relevant to climate change mitigation (sectoral climate actions, support towards development and implementation of regional and municipal plans for climate and energy, green recovery, just transition etc.), but also will focus on climate change adaptation efforts (such as climate change resilience). Last, but not least, donor funded support towards developing capacities of municipalities (and other stakeholders) for climate change mitigation and adaptation would be a major part of actions on the regional level.

## PROGRAMM

<b>Introduction from the Moderation and instructions</b>	Patrick Boschkov, Moderator, Denkmodell	15:00-15:05 (5 mins)
<b>Welcoming speeches of organizers</b>	Julia Jesson, Component Leader of Capacities for Climate Action project (C4CA - Ukrainian Climate Office)  Representative of municipalities (tbc)	15:05-15:15 (10 mins)
<b>Summary presentation of donor funded projects and their activities</b>	Climate action efforts on the regional level  Maksym Vereshchak, Local Sustainable Development Coordinator, Covenant of Mayors –East	15:15-15:30 (15 mins)
<b>Discussion based on guiding questions</b>  Climate action efforts on the regional level	Discussion  Moderator of discussion: Oksana Kysil, Country Expert for Ukraine, Covenant of Mayors – East  Note taker: Gereon Wintz, UCO/C4CA, GIZ	15:30-16:20 (50 minutes)
<b>Break</b>	5 mins	16:20-16:25
<b>Results of discussion</b>	Reflections from moderator	16:25-16:30 (5 mins)
<b>Reflection from representatives of municipalities, as well as governmental and other stakeholders</b>	Representatives of municipalities, governmental stakeholders and others	16:30-16:40 (10 mins)
<b>Conclusions</b>	Check-out, Patrick Boshkov, Moderator  Next Steps from UCO/C4CA: Shamil Khakimzyanov, GIZ	16:40-16:45 (5 mins)

## Annex 2. Results of the Break-out rooms

