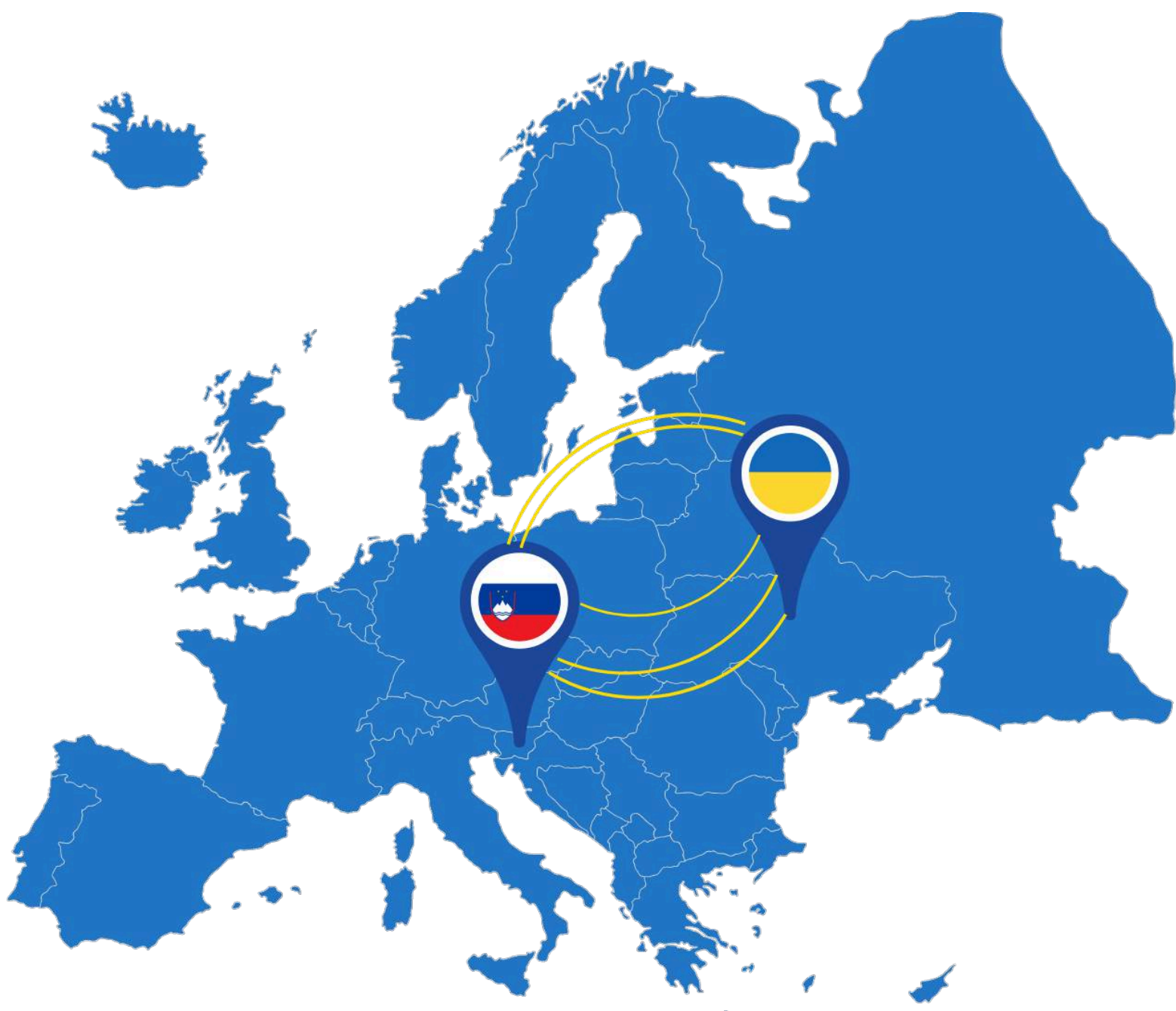


# **SLOVENIA SUPPORTING UKRAINIAN COMMUNITIES: INTEGRATING RECONSTRUCTION WITH LOCAL DEVELOPMENT**



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# Slovenia supporting Ukrainian communities

*This document was prepared by the Centre for European Perspective (the CEP), a Slovenian governmental organisation operating since 2006 at the initiative of the Ministry of Foreign and European Affairs. Its purpose is to support the discussion on ways and means by which Slovenia and other potential donors can continue supporting cooperation between Slovenian and Ukrainian municipalities for successful reconstruction, recovery and modernization of Ukraine.*

*The document first presents the rationale for extending support directly to Ukrainian municipalities and explains their role and needs in the reconstruction and recovery process. It then presents the current experience with municipal partnerships and cooperation supported by the CEP, and, on the basis of lessons learned, offers proposals for stepping up such support in the future.*

## Why is it important to support Ukrainian communities?



Local communities proved their resilience during the war. They acted quickly by organizing civil security activities, providing humanitarian support, hosting internally displaced persons and relocated enterprises, and supporting the war economy. In the de-occupied territories, often very close to the frontline, locally driven repair and reconstruction is already initiated by residents themselves, helped by volunteers from all over Ukraine and even abroad, and supported by whatever financial and material contributions they are able to obtain from donors, humanitarian organizations, government ministries and regional administrations.

Over the last decade, Ukraine implemented a thorough reform of local governance. Previously small local communities (hromadas) were voluntary amalgamated into larger ones receiving more responsibilities, powers and financial resources.

This process of territorial reorganisation reached an important milestone through nationwide local elections in October 2020. The reform has been strongly supported by the EU and several member states, including Slovenia<sup>1</sup>. Looking forward, local communities are best placed to drive the process of post-war reconstruction and recovery in their respective territories. Successful reconstruction will need to combine big projects of national and regional importance with small local projects. The local population and stakeholders, together with their self-governing bodies, have the best knowledge of the damages and of what they need most urgently to return to some kind of a normal life.

The importance of local communities has been recognized by the recent decision of the European Parliament, requiring that 15% of the grants provided from the proposed EU's Ukraine Facility be dedicated to the recovery, reconstruction and modernisation of sub-national authorities such as regions, cities and local communities<sup>2</sup>. However, for the weakest communities – in terms of their economies, human and financial resources, administrative capacities and the level of the war-inflicted destruction and depopulation – it may be very difficult to prepare and manage well-designed local development projects.

## What is the role of communities in the reconstruction and recovery process?

Ukraine is setting a strategic framework for planning reconstruction and recovery projects at the national and local level. Recent legislation has obliged local communities affected by the impact of Russian aggression to prepare their own recovery and development plans, which will inform common plans at the regional level. Communities are also encouraged to prepare comprehensive recovery programmes focusing on spatial planning. At the same time, the government initiated the process of updating the state regional development strategy, which will be further worked-down into regional strategies and local development plans of all communities. In December 2023, the government completed the first draft of the Ukraine Plan which will serve as the basis for receiving support from the proposed Ukraine Facility.

While the planning framework is being set up, the Ukrainian authorities have already started the reconstruction process. It is led by the Ministry of Communities, Territories and Infrastructure Development and implemented by the State Agency for Restoration and Infrastructure Development. The ministry established the online portal **DREAM**<sup>3</sup> for submitting and monitoring development projects. So far, local communities have submitted more than 1,000 projects of which almost 300 are already active.



This setup presents the local communities with the challenge of identifying and developing priority projects that are most urgent, will help most, can be implemented in reasonable time and, taken together, will provide solid grounds for future development. The reconstruction is not about building back all you had in the past and was damaged or destroyed. It is about building and providing what you most urgently need for the future. This includes not only construction and infrastructure projects, but also those that will help recover the local economies and the community's social fabric.

<sup>1</sup> Slovenia is a partner in the multi-donor programme "U-LEAD with Europe" (Ukraine – Local Empowerment, Accountability and Development), supported by the EU and member states Germany, Poland, Denmark, Sweden, Slovenia and Estonia, focusing on the ongoing decentralization reform in Ukraine, strengthening the system of multi-level governance nation-wide, as well as ensuring a strong role of local self-government in the current context of war and reconstruction.

<sup>2</sup> Ukraine Facility is a financial instrument, proposed by the European Commission, providing 50 bn EUR in loans and grants during 2024-2027 to support Ukraine's recovery, investments and reforms towards EU membership. The EU Council approved the facility on February 1, 2024, while pending adoption by the European Parliament ([https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2023/0200\(COD\)](https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2023/0200(COD))).

<sup>3</sup> Digital Restoration EcoSystem for Accountable Management, <https://dream.gov.ua/en>. Through the portal, local communities, regions and government ministries may submit project proposals for financing from the state budget and donor contributions. For projects selected for financing, the portal provides information on their value and implementation.



## What do Ukrainian communities need for a successful recovery?

Ukraine faces complex challenges intertwining war activities, recovery, and reconstruction efforts with its EU accession process, which could complicate the journey.

Effective coordination at national, regional (oblast), and local levels is crucial as it must generate tangible impact on targeted areas and groups, moving beyond isolated sectoral approaches.

Establishing robust institutions with the capability for strategic planning and policy implementation, utilizing both internal and external resources and legal mandates, is essential to ensure that planned policies achieve their intended outcomes. This complex system depends on actors' capacity for strategic planning, effective implementation, and the ability to measure outcomes and learn from them.

Enhancing strategic decision-making and preparing planning documents is crucial. These should align national, regional, and local priorities, and EU and national regulations. Ukrainian municipalities currently face challenges in effectively assessing needs and opportunities and preparing projects. To address this, extensive training of officials and community representatives is necessary, fostering their ability to make informed decisions for their communities. Current practices in project preparation reveal a knowledge and skill gap at the local level in assessing, designing, and implementing policy decisions. Moreover, there is a noticeable lack of local involvement in project preparation, which hampers the optimal fitting of services and their operation.

One of the first project preparation facilities (PPF) for municipal projects for reconstruction and modernization in Ukraine managed by "U-LEAD with Europe"<sup>4</sup> has proved many gaps in the system. Targeting small municipalities, it received over 110 project ideas in key areas such as education, water, sanitation, waste management, local transport, and health. While these projects underscored the urgent need for municipal service restoration, substantial support and preparatory work to bring those ideas to an acceptable level were needed. Only 25 projects advanced to the design and engineering phase, largely due to issues like unclear land ownership, inadequate spatial documentation, undefined needs, and utility shortcomings. Furthermore, these progressing projects often struggle with securing their own financing or external funding, weak management capabilities, and the challenge of fostering vital inter-municipal cooperation for services like waste and water management.

To enhance the effectiveness of project implementation, Ukrainian municipalities must establish robust tools, processes, and a regulatory framework. This is crucial for accelerating the implementation of projects derived from proven concepts, thereby increasing investment readiness and the capacity to utilize both tangible and intangible investments effectively. Investment absorption should not only focus on the complete utilization of funds, avoiding under-expenditure but also prioritize the impact of the expended resources. In this context, Slovenia's experience offers valuable insights.

Monitoring, evaluation, and reporting are crucial for adapting to evolving challenges. Ukraine's policy and project actors must develop rapid learning and agile coordination systems to keep pace with dynamic situations. Decision-makers and stakeholders confront intricate issues like climate change, globalization, and emergencies. Timely responses require a deep understanding of policy impact and proposed solutions. As a war-affected economy, Ukraine demonstrates resilience in various government sectors. However, the implementation of dynamic management practices is imperative across all societal facets to ensure comprehensive and effective adaptation.

To be able to utilize the Ukraine Facility's contribution and its impact on economic gaps, the country will need to develop an evidence-based plan to manage and coordinate various national and EU instruments for resource absorption and analyse how to enhance this capacity.<sup>5</sup>

<sup>4</sup> U-LEAD with Europe (14.8.2023) <https://u-lead.org.ua/en/news/268>

<sup>5</sup> European Court of Auditors (20. 6. 2023). [https://www.eca.europa.eu/ECAPublications/OP-2023-03/OP-2023-03\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/OP-2023-03/OP-2023-03_EN.pdf)

## How is Slovenia currently supporting Ukrainian communities?

Since 2018, individual Slovenian municipalities have entered into partnerships with selected Ukrainian municipalities under the umbrella of the U-LEAD with Europe program's 'Bridges of Trust' initiative. In the initial phase, the partnerships were intended to promote experience sharing and lay the grounds for project-based economic and development cooperation. With the breakout of the Russian full-scale invasion, existing partnerships were immediately activated to provide humanitarian support and relief. During the first few months after the invasion, Slovenian municipalities provided more than 77 pallets of food, equipment, and devices as first aid to the attacked municipalities. Aid traveled by trucks, the costs of which were covered by individuals and entrepreneurs.

Based on such good experience, the Slovenian Ministry of Foreign Affairs provided support to the project "Post-Conflict Reconstruction in Ukraine"<sup>6</sup> which is being implemented by CEP. The project aims to empower Ukrainian municipalities and enable them to play a key role in the 'bottom-up' approach to post-conflict reconstruction and sustainable regional development in the upcoming years. During wartime, local authorities have seen large drops in local budget revenues and a lack of human and other types of resources. Yet they need to provide basic services and support to their inhabitants, which poses a grave challenge, especially considering the scope of the infrastructure damage, deteriorated economic situation, and loss of life, and at the same time they need to invest in socio-economic development to create more favorable conditions for the life and work of their inhabitants, including those who have until recently been internally displaced or residing abroad. While the aggression is still ongoing, Slovenia wants to contribute to sustainable results – in areas where its own experience with modernization and the EU accession process could bring the most significant and tangible added value to municipal authorities.

The project currently supports seven inter-municipal partnerships by executing seven respective tailor-made mentorship programs, which reflect the priority needs of the Ukrainian side, aiming to strengthen the institutional capacities of Ukrainian target municipalities that will enable faster recovery and accelerate development. In October 2023, a Memorandum of Cooperation, signed between the MFEA and the German Agency for International Cooperation (GIZ), successfully embedded this two-year effort within the initiative 'Bridges of Trust' where more than 150 municipalities from 17 EU Member States and Ukraine participate, and which is supported by the EU program "U-LEAD with Europe". In this setting, CEP has also set up a collaboration with organizations such as the Network of Associations of Local Authorities of South-East Europe (NALAS) and the Polish Solidarity Fund intending to improve the coordination of efforts in relevant fields.

<sup>6</sup> The Centre for European Perspective (CEP) is implementing the project "Post-Conflict Reconstruction in Ukraine", supported by the Ministry of Foreign and European Affairs of the Republic of Slovenia through Slovenian Aid & Partnerships.



## What have we learned from partnerships with Ukrainian communities?

The mentorship programs have so far demonstrated a high commitment of Ukrainian municipalities to their partnership with Slovenian municipalities, an openness to address their weak points as well as a strong awareness of their roles in the reconstruction and development efforts in Ukraine, where they, despite the current daily challenges of war, focus on building a better future with great determination. Their cooperation with Slovenian partners is based, first of all, on solidarity, friendship and trust, which was already demonstrated within those partnerships that had already been established before the war, when at the onset of the aggression Slovenian mayors were among the first to respond to their partners' humanitarian needs. Mentorships are then defined based on mutual interests and compatibilities, where the main topics are then tailored to the specific needs of the target communities. They are relationships that provide opportunities for mutual benefit and results beyond those that a single municipality could achieve alone.



All mentorship programs contain a common area of focus, namely strengthening the ability of civil servants to plan, prepare, and appraise projects, and applying standard and contemporary project methodology. Other areas of focus are devoted to fields of activity compatible with actionable tasks under the strategic framework guiding the reconstruction and development efforts of their municipalities, which correspond to the fields where the mentor municipality can contribute the most in terms of knowledge and experience.

Past three-week mentorship visits executed from November 2023–February 2024, namely that of the Hnivan Urban Hromada to Domžale Municipality, that of Drohobych Urban Hromada to Hrastnik Municipality, and that of Bucha Urban Hromada to Kočevje Municipality, addressed the following fields: strengthening community resilience to man-made and climate-related disasters through empowered civil and fire protection systems, local business development and cooperation between the business and educational sectors, addressing rehabilitation needs, and development of local tourism. Based on a thorough needs assessment, the transfer of Slovenian knowledge and good practice, involving also Slovenian regional and state-level actors and local CSOs, enabled a successful execution of practically oriented workshops, which resulted in concrete project proposals on reconstruction and development. Mentor municipalities also provided constructive feedback in terms of the feasibility of the guest municipalities' relevant municipal strategies and development concepts.

During 2024, the team at CEP will continue to advise and support their finalization and securing (external) funding. They are to be implemented in partnership with Slovenian mentor municipalities, which will lead toward mutually beneficial and sustainable cooperation. Complementary activities, such as webinars and other activities, provide additional knowledge on topics such as the Ukrainian path toward EU membership, EU funding mechanisms, and project management, taking place online due to the current situation limiting travel possibilities. In addition, the good practice of Domžale, a Slovenian municipality that had devoted its efforts to achieving zero tolerance for corruption and raising awareness among its youth, is offered to all Ukrainian municipalities.

A common finding so far is that lacking knowledge and skills in terms of project management has prevented respective municipal departments from efficiently engaging in the design, implementation, and monitoring of reconstruction processes. The municipalities require adapting their internal organization, lack skilled personnel, and face a general lack of English knowledge in relevant departments, which also impedes effective and sustainable knowledge transfer and participation in activities offered by the international donor community. Most decision-makers or other senior staff cannot efficiently participate in training or policy processes, related to the work of external actors and donors, incl. the obtainment of relevant EU funding. This lack of absorption capacity also limits their practical comprehension and ability to address and co-create the increasingly complex policy and strategic reconstruction and development framework in Ukraine. As a practical example, municipalities with weaker absorption capacities are either not well familiar with or unable to systematically approach the use of the state-level platform (DREAM), intended as an aiding tool for the planning and obtaining funding for reconstruction projects. It is here that the Slovenian municipalities will offer additional advice regarding the building of capacities of strategic planning, including concerning the absorption of EU funding.





## Hrastnik–Drohobych: From acts of solidarity to mutual enrichment



**Marko Funkl**

Mayor of Hrastnik Municipality

“The first contact was established in late 2021 under the auspices of the “U-LEAD with Europe” framework, where initial first plans for cooperation were discussed, focusing on youth, culture, and tourism. At the onset of the war, people from Hrastnik demonstrated their solidarity with the Ukrainian people, and sizeable humanitarian aid was sent directly to Drohobych. Shortly after that, I visited Drohobych with my team for the first time, which only added to our motivation to help our partners in need. Mayor Kuchma visited us in June 2023. The ongoing project with CEP has assisted us in deepening our partnership and outlining concrete project plans, where we will be focusing on equipping the rehabilitation center in Drohobych and bringing our ongoing effort of gathering equipment for the local hospital in Drohobych into a well-planned project framework. We aim to work on the development of the local and regional tourist offer in Drohobych together, enriching also our own knowledge and launching new joint ventures in the process.”

We have also undertaken to offer good practice in terms of housing solutions, where our partners are facing great challenges, especially in securing housing solutions to meet the needs of the internally displaced persons in the Drohobych area. We are currently looking for options to obtain EU funding. As I have stated in the past, we, too, can learn a lot from them; they are a big step ahead of us in the field of digitalization. We, on the other hand, are in a position to help with waste management, public utilities (water management), and good practices of Slovenian housing policy and meeting local needs.”



## Kočevje–Bucha: Boosting sustainable local development in Bucha through durable partnership



**Dr. Vladimir Prebilič**

Mayor of Kočevje Municipality

“We established our first contacts with Bucha in 2019 under the “U-LEAD with Europe” framework. We assisted Bucha during the COVID outbreak with our good practice and experience in terms of limiting the infection spread, vaccination procedures, and helping the local economy. We first visited Bucha in September 2021, discussed possible future joint projects and at that opportunity, I signed a letter of intent with Mayor Fedoruk outlining our cooperation in the next years.”

The destruction of Bucha and the surrounding areas that followed soon afterward deepened our resolve further to offer our support and strengthen our partnership. Very early into the war, the first road shipment of humanitarian aid from Slovenia was sent to Bucha and Kyiv, followed by another where twenty Slovenian municipalities had joined forces. The ongoing project has enabled us to build on our objectives and further deepen our cooperation. On 2nd October 2023, we signed a cooperation agreement at Jable to further step up our cooperation in priority areas.

A three-week mentorship visit of Bucha in Kočevje successfully concluded on January 31st. It involved extensive knowledge transfer and strengthening the capacities of Bucha in terms of strategic planning and project management, and it also delivered concrete project plans related to the building of a technological park and implementing the business incubator concept in Bucha based on Kočevje’s good practice. Bucha, a suburban community near Kyiv, remains focused on attracting new inhabitants, which requires boosting educational, employment, and other opportunities, while building on the city’s strengths it had before the war, such as the vicinity of nature. We look forward to assisting our partners in the future, where Kočevje’s experience in local business development can prove beneficial, and have also initiated to conclude a sister cities agreement.”





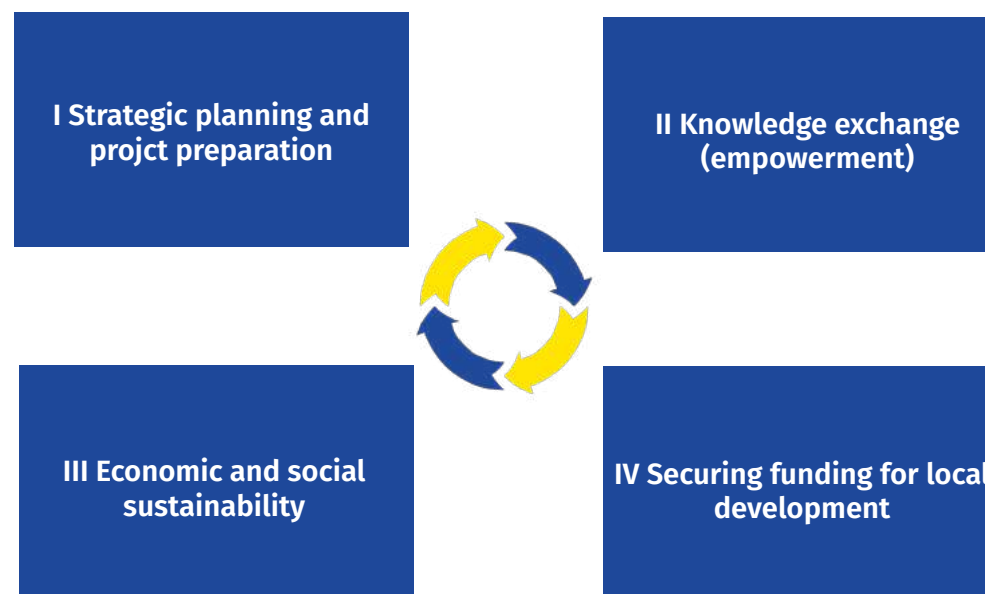
## How can Slovenian municipalities step up their support?

Slovenia, a model of effective EU integration, is well-positioned to guide Ukrainian municipalities. By linking their recovery and reconstruction with both national and EU project standards, Slovenia exemplifies the importance of local expertise in project management. This approach aligns with government priorities and funding strategies, showcasing Slovenia's success in establishing a robust national framework and enhancing local capacity for sustainable growth.

Slovenian municipalities have successfully harmonized citizen involvement with growth opportunities and needs, demonstrating significant improvements in many areas including, for example,

- **local services and communal utilities,**
- **local economic and social infrastructure,**
- **fire and civil protection systems,**
- **economic development based on small businesses and attraction of investors,**
- **developing a locally specific tourist and cultural offer,**
- **rural development initiatives,**
- **effective organization of municipal associations and dialogue with the government.**

The ongoing efforts, implemented via inter-municipal partnerships, could in the future be transformed into a more systematic (program) support, focusing on the following key pillars:



In all these areas, successful Slovenian municipalities could share their experience and provide hands-on support to Ukrainian partner municipalities – not only in preparation and implementation of local strategies and projects but also in soft skills such as inspired local leadership and engagement of creative potentials and talents.

While all areas listed above are important for balanced local development and successful communities, the sustainability of current efforts crucially depends on the fast revival of local economic activity. Slovenian municipalities can provide good examples of attracting foreign investors to non-central locations. They can also showcase good practices in supporting small local businesses and establishing facilities such as technological parks and industrial zones. The practice of local tourism associations is a good example of reviving the local economy through the development of a locally specific offer. Municipalities can also support direct cooperation between local enterprises from Slovenia and Ukraine, for example by providing a form of cooperation vouchers.

As a small country, Slovenia is well aware of how small-scale local projects can make a big difference. While big donors and international organizations naturally focus on nationwide and big regional projects, Slovenia's experience from its own development and the current cooperation with Ukrainian partners can bring important insights and practices into the design and implementation of the joint European support for Ukraine's recovery and modernization, including from its experience in showcasing and advocating support for locally driven development initiatives, as well as by proposing and spearheading innovative modalities such as business cooperation vouchers.

Despite its short history as an independent state, the present situation is not the first instance when Slovenia is helping its friends and neighbours in difficult times of war and reconstruction. The experience has taught us that extending unreserved support when it is most needed lays the ground for establishing long-lasting human, economic, and institutional relationships that benefit everyone in the long term.

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