

Terms of reference for research:

## How funds for Ukraine can benefit local municipalities within Ukraine's reconstruction

### Background

Russia's aggression in Ukraine has had a devastating impact on people and the development of the country. Yet the country's successful decentralisation reform after 2014 to a large extent helped Ukraine's municipalities remain resilient and respond rapidly to the war.

Some communities have experienced great losses, including the complete destruction of infrastructure and houses; others have been responsible for providing housing, jobs and support to internally displaced people. Emigration and internal displacement have affected the entire country; however, it has affected different regions and municipalities in different ways and increased existing disparities between different regions.

In the post-war recovery process, Ukraine will need to address both immediate reconstruction priorities and long-term development needs simultaneously. Therefore, it is important that the post war reconstruction is based on and will contribute to the decentralisation and regional development agenda. Local and regional authorities should be able to plan, program and access funds to meet local needs from short- and long-term perspectives.

Some rapid-response financing instruments for Ukraine's regions, municipalities and *hromadas* already exist, and others have been proposed. These include funding from the European Investment Bank through the Ministry for Regional Development, as well as the issuance of bonds and the Energy Efficiency Fund. Municipalities are also participating and expressing an interest in different types of cooperations (involving grant and loan options), that not only support addressing the shortcomings of the war, but are also looking for options that would lead towards long-term sustainable solutions (the European Bank for Reconstruction and Development's Green Cities, the Covenant of Mayors, etc.).

Bankwatch intends to engage a consultant to write a report on the existing regional and municipal funds in Ukraine, in particular the Energy Efficiency Fund, the Regional Development Fund, and municipal projects financed by international financial institutions such as the European Bank for Reconstruction and Development and European Investment Bank. The analysis of the funds should cover:

### Subject of the proposal

What is the current availability and quality of funds for municipalities in Ukraine? How can this funding be improved to ensure sustainability, transparency and accountability?

The research should include a description of the positive and negative practices of the funds and recommendations for their improvement.

The consultant will be responsible for proposing the methodology (desk review and interviews), conducting the research, writing the report, reviewing and incorporating Bankwatch's comments, providing notes from the meetings, interviews and correspondence, and communicating regularly with Bankwatch. Bankwatch will be responsible for commenting on the methodology, data collected and drafts prepared, as well as proofreading the final report, putting it in layout and publishing/distributing it. The consultant is expected to incorporate Bankwatch's comments at all stages of the research. The consultant will be noted as the author of the report.

### Main research questions

- What funds are available for municipalities?
- What are the positive aspects and deficiencies of funds that operate?
- What criteria do these funds use to ensure high quality, environmentally friendly and sustainable reconstruction?
- Is there a gap between funding needs and funding available, and if so in what sectors is this gap?

- How do local authorities ensure the involvement of local residents in planning and programming; do they encourage participation of different groups?
- What type of accountability mechanisms exist and how accessible are they for different actors?
- How can the structure of the funds be optimised to ensure economic, social and environmental sustainability, but also transparency and accountability?

The research should also provide recommendations for:

- the most feasible structures for different funds that could be easily used by municipalities during reconstruction;
- success strategies for municipalities; and
- how to ensure cohesion between regional development practices.

### **Deliverables**

1 report, 30 pages (50 maximum), in English

**Timeline** (to be proposed, preferably till end of June)

### **Eligibility/How to apply/Selection**

The ideal candidate will have:

Work experience in economics, law, municipal/regional development, technical support, sustainable finance, planning for municipalities or related fields;

Experience in writing analytical documents;

Experience in analysing regulatory frameworks, preparing comments and proposals for their improvement, participating in development regulatory acts, being involved in working groups;

Understanding of the potential problems related to funding for municipal projects, keeping in mind transparency and accountability;

Knowledge of Ukrainian legislation in the field of city construction, regional development and/or the environment would be beneficial.

Please, send a proposal in any form, including an approximate cost estimate, information on the eligibility for the the research and research questions, till 12-00 April 14, to [opencall@bankwatch.org](mailto:opencall@bankwatch.org).