



The Czech and EU Approach to Ukraine's Reconstruction: Struggling with Sustainability

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Summary

- Ukraine's plans for green recovery remain rather vague and have low priority vis-à-vis pressing short-term needs.
- Energy security and the development of small decentralised energy sources remain high on the agenda of the Ukrainian government but are undermined by insufficient funding.
- The process of recovery remains rather decentralised with a key role to be played by municipalities that need to strengthen their capacities and financial capabilities.
- While the EU is promoting green reforms and green reconstruction in Ukraine, there are not many publicly available documents that point to concrete steps by which the EU is initiating or supporting such efforts.
- A key instrument to support Ukraine's reconstruction is the EU's Ukraine Facility, which mandates that at least 20% of the funds be allocated to climate change mitigation, adaptation, environmental protection, biodiversity conservation, and promoting the green transition.
- The funds allocated to Ukraine's environmental recovery from the Ukraine Facility are however not adequately benchmarked and monitoring mechanisms are lacking.
- EU accession talks and the full acceptance of the *acquis communautaire* into Ukraine's legislation will play a crucial role for the green recovery of the country.
- Poland and especially Germany can be seen as examples of best practice in supporting the green recovery of Ukraine.
- Czechia remains committed to supporting Ukraine, but it allocates only limited resources and rather focuses on seeking partnerships and alliances.
- The Czech debate on the recovery of Ukraine is dominated by the Ministry of Foreign Affairs and the Ministry of Industry and Trade with only a limited role for the Ministry of the Environment.



Introduction

The issue of Ukraine's reconstruction has occupied the West's attention for more than two years since the Lugano international recovery conference, which sought to determine the next course of actions and pitched this topic onto the international agenda. Even if **the initial thinking about the post-war recovery and reconstruction has developed** a lot since the start of the Russian full-scale invasion, particularly the last year has pushed the Western community into thinking about the efficiency of the whole process already now, as it is the only way to maintain Ukraine as a place to live for millions.

Czechia and the EU were among the most active actors in this area starting already in 2022 with massive humanitarian and relief programmes, often supported by the general public as much as by international donors and partners of Ukraine. Nevertheless, even the most zealous partners of Ukraine encountered multiple **challenges stemming from the ongoing war operations** which have undermined reconstruction efforts on the ground and contributed to ever-increasing bills for the post-war recovery. Thus, even with the newly introduced tools and instruments to help, including most prominently the **Ukraine Facility** and **Ukraine Plan**, the final goal of putting Ukraine back on a firm footing and building it back in a better condition than before the war still remains out of reach without some out-of-the-box solutions.

Finally, Ukraine itself represents a dynamic subject with many variables and its own **internal dynamics most visible in the political domain**. The recent changes in the high-level political and institutional set-up represented by the replacement of the Minister for Recovery, Territories and Infrastructure Development, Oleksandr Kubrakov, as well as the resignation of the head of the Reconstruction Agency, Mustafa Nayyem, and discussions on the status of those institutions mean more problems than solutions ahead of the sensitive and complicated agenda for the years to come. What remains a big question, especially, is the **sustainability component** of the whole process since the short- and longer-term perspectives for the reconstruction seem to differ even more than in the past. This is most visible in the example of **immediate assistance that does not always correspond with the long-term goals of the overall international efforts**.

Therefore, it is the ambition of this text to **reflect on Ukraine's needs and match them with the offers from the EU and Czechia**, highlighting their place in the reconstruction of Ukraine, while putting the issue of **sustainability and green finance** to the forefront of the debate as it is one of the European priorities within the reconstruction of Ukraine, and is also of crucial importance for its post-war accession to the EU. In the three following chapters, the authors have striven to capture the current state of play and describe some of the paradoxes that surround the Czech and European efforts to help Ukraine regain its footing even during the time of war.



1 Ukraine's approach towards green recovery

Shortly after the beginning of Russia's full-scale invasion in February 2022, when the Armed Forces of Ukraine repulsed Russian troops from the outskirts of Kyiv and the Chernihiv and Sumy oblasts, Ukraine started working on extensive plans for a post-war recovery. The process was institutionalised at the recovery conference in Lugano where the first extensive plans were presented.

There is a general consensus within Ukraine that the recovery needs to be sustainable and has to lead to modernization of the country in order to be successful and overcome chronic problems such as the notoriously huge energy consumption of inefficient industry and households. Ukraine also needs to attract private foreign investments that are necessary to rebuild the country and ensure future growth.

For those reasons the official recovery plan from 2022 envisaged a **"Building Back Better" strategy** and clearly stipulated that Ukraine needs to align itself with global trends and particularly EU agendas such as the European Green Deal.¹ Since then official governmental recovery plans were further elaborated and included programmes in the areas of "Energy independence and [the] Green Deal" and "Rebuild[ing] [a] clean and safe environment".² Particularly energy security is one of the main concerns of Ukraine because of constant Russian attacks on the energy infrastructure of the country. The government states that one of the ways to make the system more stable and less vulnerable to the attacks is to focus on **small-scale power development and decentralisation that should include a green element**.³ For this purpose the government adopted a programme of providing preferential loans to citizens and businesses from the decarbonization fund to create new energy sources.⁴

The official programmes, however, remain rather vague as the primary concern of Ukraine is still to continue its defence against the Russian aggressor, which is an existential threat to Ukrainians. Because of this it is no surprise that **Ukraine does not have sufficient resources to focus on the recovery**. In the state budget, an equivalent of 22.1% of Ukraine's GDP is allocated for the defence and security sector.⁵ This contrasts starkly with the fact that the special State Fund for Regional Development and the Fund for the Elimination of the Consequences of Armed Aggression had no allocated funding from the state budget in 2024.⁶ The same applies to the above mentioned State Fund for Decarbonisation and Energy Efficient Transformation which was created in 2024 with only limited resources.⁷

¹ "Ukraine's National Recovery Plan", cited on June 7, 2024, https://cdn.prod.website-files.com/621f88db25fbf24758792dd8/62c166751fcf41105380a733_NRC%20Ukraine%27s%20Recovery%20Plan%20blueprint_ENG.pdf.

² "Ukraine Recovery Plan", cited on June 7, 2024, <https://recovery.gov.ua/en>.

³ "Energy Independence", Reforms Delivery Office, cited on June 7, 2024, <https://rdo.in.ua/en/direction/energy-independence>.

⁴ "Уряд виділив 759 млн грн на пільгові кредити для встановлення альтернативних джерел енергії", Forbes.ua, cited on July 11, 2024, <https://forbes.ua/news/uryad-vidiliv-759-mln-grn-na-pilgovy-krediti-dlya-vstanovlennya-alternativnikh-dzherel-energii-21062024-21918>.

⁵ "Parliament of Ukraine adopts State Budget for 2024", Cabinet of Ministers of Ukraine, cited on June 7, 2024, <https://www.kmu.gov.ua/en/news/verkhovna-rada-ukrainy-pryinala-derzhbiudzhet-na-2024-rik>.

⁶ "Ukraine's recovery on the ground: mapping financial resources and solutions for municipalities", Bankwatch Network, cited on July 11, 2024, <https://bankwatch.org/story/rebuilding-ukraine-funding-challenges-and-solutions-for-ukrainian-municipalities>.

⁷ "President signs law establishing State Fund for Decarbonisation and Energy Efficient Transformation", Government portal, cited on July 11, 2024,



For this reason the recovery even in such crucial sectors as energy security is being carried out to a large degree by means of **international financial aid**. The Ukrainian government set up several funds, such as those listed above, that are helping with the recovery as well as the “Digital Restoration Ecosystem for Accountable Management” (DREAM)⁸ platform and the presidential initiative UNITED24.⁹

On the Ukrainian side, except for the rebuilding of basic infrastructure by the State Agency for Reconstruction and Development of Infrastructure of Ukraine, **the recovery is in fact a very decentralised process** where local municipalities act independently and are managing the recovery to a large degree by themselves though in accordance with methodical recommendations by the Ministry for Communities, Territories and Infrastructure development of Ukraine.¹⁰ They are using governmental platforms, which are however not obligatory, but also individually reaching out to international partners in the search for funding for their projects. **The efficiency of the recovery and particular plans therefore to a large degree depends on capacities of local municipalities.** However even in the places that can be seen as examples of best practice there is a lack of skilled people who would be able to manage the projects and the process of recovery. This is why Ukrainian NGOs recommend the creation of capacity-building projects as a crucial element for the recovery of Ukraine.¹¹ Another problem is that large international financial institutions prefer to work with Ukrainian ministries, banks, large cities and regional capitals rather than municipalities.¹² The situation is even worse in municipalities that are closer to the current frontline. On top of that, given the pressing short-term needs, the priority is to rebuild as much of the necessary infrastructure as possible in a short time frame rather than focusing on using modern and green technologies. The new approaches are being applied mostly for completely new projects.

The green recovery of Ukraine is therefore rather a long-term process, which will be to a large degree connected to **accession talks with the EU**. Its success depends on **local capacities, good regulation of processes from above and pressure from both the NGO's and the international community**. From this perspective, the role of the international coalition of NGO's “Build Ukraine Back Better”¹³ has been invaluable in trying to keep the green recovery of Ukraine high on the agenda, put pressure on creating standards for the recovery and highlight good practices.

<https://www.kmu.gov.ua/en/news/prezydent-pidpysav-zakon-shchodo-stvorennia-derzhavnoho-fondu-dekarbonizatsii-ta-enerhoefektyvnoi-transformatsii>.

⁸ “Digital Restoration EcoSystem for Accountable Management”, cited on June 7, 2024

<https://dream.gov.ua/en>.

⁹ “UNITED24 - The initiative of the President of Ukraine”, cited on June 7, 2024, <https://u24.gov.ua/>.

¹⁰ “Order On Approval of the Methodological Recommendations on the Project Prioritisation for the Liquidation of the Consequences of Armed Aggression of the Russian Federation against Ukraine”, The Ministry for Communities, Territories and Infrastructure Development of Ukraine, cited on July 11, 2024, <https://mtu.gov.ua/documents/2355.html>.

¹¹ “The Recovery of Ukraine Energy Sector: A Call for Support and Collaboration with Municipalities”, Ecoaction - Center for Environmental Initiatives, cited on July 11, 2024,

[https://en.ecoaction.org.ua/wp-](https://en.ecoaction.org.ua/wp-content/uploads/2024/06/Green_reconstruction_fin_mechs_for_UA_communities2024-2s.pdf)

[content/uploads/2024/06/Green_reconstruction_fin_mechs_for_UA_communities2024-2s.pdf](https://en.ecoaction.org.ua/wp-content/uploads/2024/06/Green_reconstruction_fin_mechs_for_UA_communities2024-2s.pdf).

¹² “Ukraine's recovery on the ground”.

¹³ “Build Ukraine Back Better”, cited on June 7, 2024, <https://buildukrainebackbetter.org/en/>.



2 EU reconstruction agenda

The following section focuses on the European approach to environmental issues concerning the reconstruction of Ukraine, the support provided by the European Union (EU) and national states, and assesses the impacts of these activities. It will also highlight the different instruments that Europe is using to assist Ukraine in environmental issues, examples of good practice.

The strategic documents of the EU - which has become one of the main actors in the overall reconstruction process for Ukraine - proclaim its efforts to help Ukraine, and that the reconstruction of Ukraine is resource-demanding.¹⁴ In April 2024, the European Commission stated that **the EU had invested almost one hundred billion euro in the reconstruction of Ukraine** since the beginning of the Russian aggression in 2022, but that **there have been difficulties in tracing how much money is actually going into the sustainable reconstruction** of Ukraine.¹⁵ EU representatives have been quite eloquent on the issue of green reconstruction in Ukraine, pointing out that half of the above-mentioned money is allocated for sustainable reconstruction.¹⁶ While the EU is promoting green reforms and green reconstruction in Ukraine, **there are not many publicly available documents that point to concrete steps by which the EU or other actors are actually initiating or supporting green reconstruction efforts.**¹⁷ Strategic documents such as there are do not shed further light on the topic, for example, the text of the Multi-Agency Donor Coordination Platform, which includes the EU as well as Japan and the United States, lists areas in which the platform intends to help Ukraine, but green/sustainable reconstruction does not appear among its six priorities.¹⁸

With the start of negotiations for accession to the EU, Ukraine must begin to align its legislation in a number of areas, including the environment agenda. While the European Commission stresses that it is helping Ukraine to harmonise its environmental legislation, there is no evidence that many concrete steps have been taken.¹⁹

The issue of Ukraine's green reconstruction has also been addressed by the (outgoing) European Commissioner for the Environment, Virginijus Sinkevičius who stresses the need for environmental and social sustainability. European projects supporting the green reconstruction of Ukraine include the New European Bauhaus, the Horizon Europe Mission for Climate Neutral and Smart Cities and the Phoenix initiative. These projects aim to help Ukraine's transition to a circular economy, rebuild damaged villages according to green building principles, and to protect

¹⁴ "Recovery and reconstruction of Ukraine," European Commission, cited on July 16, 2024, https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/recovery-and-reconstruction-ukraine_en.

¹⁵ "Solidarity with Ukraine," European Commission, cited on April 29, 2024, https://ec.europa.eu/commission/presscorner/detail/en/FS_24_1390.

¹⁶ "Recovery and reconstruction of Ukraine," European Commission, cited on April 28, 2024, https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/recovery-and-reconstruction-ukraine_en.

¹⁷ Ibid.

¹⁸ "Multi-agency Donor Coordination Platform for Ukraine," Coordination Platform for Ukraine, cited on April 28, 2024, https://coordinationplatformukraine.com/wp-content/uploads/2024/02/MDCP-8th-SC-Meeting-Joint-Communique_FINAL.pdf.

¹⁹ "EU and Ukraine outline plans for sustainable reconstruction in a high-level conference." European Commission, cited on April 28, 2024, https://neighbourhood-enlargement.ec.europa.eu/news/eu-and-ukraine-outline-plans-sustainable-reconstruction-high-level-conference-2023-11-27_en.



(or restore) nature.²⁰ The Capacities for Climate Action initiative, which is supported by the European Union and the German government, has established the Ukrainian Climate Office with the objective of providing support for Ukraine's green and just transition. The initiative, which is funded to the tune of €3.5 million, is being implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and its aim is to integrate climate action into all national and sectoral policies.²¹

Probably the most important event related to the green reconstruction of Ukraine organised by the EU was the **Green Reconstruction in Ukraine Conference** in Vilnius in December 2023. The purpose of this event was to address a 'holistic' approach to the green reconstruction of Ukraine, to discuss obstacles to the implementation of a circular and green economy in Ukraine, and to analyse the ecological damage caused by the Russian aggression in Ukraine.²² In June 2024, the European Union convened the Ukraine Recovery Conference (URC2024), an equally significant event that aimed to facilitate a focused discussion on Ukraine's reconstruction.

2.1 Ukraine Facility²³

One of the EU instruments to support Ukraine's reconstruction is the Ukraine Facility, planned for the period 2024-2027, which aims to provide **up to €50 billion** for its recovery and reconstruction. The facility is designed to address Ukraine's financing gap, recovery, reconstruction, and modernization needs, while also supporting Ukraine's reform efforts as part of its accession path to the European Union. **This new mechanism will replace the bilateral support previously provided under the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI)**, ensuring a balance between flexibility and programmability in the Union's response. Additionally, it will complement the funding provided under the Instrument for Pre-accession Assistance (IPA) regulations, should Ukraine become eligible.²⁴ Recovery and reconstruction go beyond merely restoring what was destroyed; they involve creating a modern and dynamic Ukraine. The goal is to ensure that these efforts are sustainable, resilient, and future-proof, adhering to the principles of 'do no harm' and 'leave no one behind'.²⁵ The programme is based on three pillars. The first pillar provides direct financial assistance, the second provides an investment framework and the third covers pre-accession assistance. The entire facility programme is financed from the EU budget. The EU initiated the platform and is its controlling body. Although the European Commission has emphasised that the facility will be

²⁰ "Rebuilding Ukrainian cities: new Phoenix initiative to mobilise expertise and at least EUR 7 million," European Commission, cited on April 28, 2024, https://environment.ec.europa.eu/news/rebuilding-ukraine-2023-02-02_en.

²¹ "Capacities for Climate Action Unveils the Inauguration of the Ukrainian Climate Office," EEAS, cited on July 16, 2024. https://www.eeas.europa.eu/delegations/ukraine/capacities-climate-action-unveils-inauguration-ukrainian-climate-office_en?s=232.

²² "Ukraine Green Recovery Conference," European Commission, cited on April 28, 2024, https://eu-solidarity-ukraine.ec.europa.eu/ukraine-green-recovery-conference-2023-11-28_en.

²³ EUR-Lex, "Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing the Ukraine Facility", <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023PC0338>.

²⁴ Ibid.

²⁵ „Proposal for a Regulation of the European Parliament and of the Council on establishing the Ukraine Facility," European Commission, cited on May 30, 2024. https://neighbourhood-enlargement.ec.europa.eu/document/download/dd8cd260-1897-4e37-81dc-c985179af506_en.



equipped with an oversight body and control framework, the results of these audits are not yet known.²⁶

It is natural for Ukraine and the EU to focus first and foremost on the most pressing problem – the Russian aggression. It is not possible, however, for the fight against climate change to come second in the pecking order. For the ecological restoration of Ukraine, it is important to highlight that **the facility requires at least 20% of all eligible investments to focus on addressing climate change effects**. This means that at least 20% of the support provided through the Ukraine Investment Framework and the Ukraine Plan must be allocated, even in the context of a war-torn country, to initiatives aimed at climate change mitigation and adaptation, environmental protection, biodiversity conservation, and promoting the green transition.²⁷ It supports a green transition across all economic sectors in line with the Paris Agreement and aims to combat environmental crime through the Kyiv Protocol. Additionally, the facility promotes digital transformation for sustainable development, ecological rehabilitation, demining, and addressing pollution from military activities.²⁸ The Ukraine Facility provides Ukraine with a wide range of guarantees and assistance, including on the issue of the ecological restoration of Ukraine. **The funds allocated to Ukraine's environmental recovery however are not adequately benchmarked and therefore their use is not properly controlled by the EU institutions.**²⁹

In June 2024, the EU entered into new guarantee agreements with the objective of providing support for Ukraine's recovery and reconstruction. The agreements, which were announced during the 2024 Ukraine Recovery Conference in Berlin, encompass a financial commitment of €1.4 billion, comprising guarantees and grants. These agreements represent the inaugural set to be concluded under the facility's Investment Framework. In addition, the European Commission has made an additional disbursement of €1.9 billion to Ukraine in pre-financing under the Ukraine Facility. **This brings the total EU support already transferred to Ukraine to €7.9 billion.**

2.2 Mini case study: Poland and Germany support Ukraine's green recovery

The following subchapter examines the Polish and German experiences with sustainable reconstruction in Ukraine. These countries were selected on the basis of their exemplary practices in assisting Ukraine. The subchapter aims to provide a concise introduction to their efforts and the significance they ascribe to green reconstruction in Ukraine. Germany and Poland - bar the US - have been among the biggest supporters of Ukraine's reconstruction in terms of bilateral support. Poland is deeply involved in the overall reconstruction efforts, focusing primarily on rebuilding infrastructure and essential services without specifically

²⁶ "Ukraine: Commission proposes to set up a dedicated Facility to support Ukraine's recovery, reconstruction and modernisation," European Commission, cited on April 28, 2024, https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3355.

²⁷ "Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing the Ukraine Facility," Council of the European Union, cited on July 16, 2024. https://neighbourhood-enlargement.ec.europa.eu/document/download/dd8cd260-1897-4e37-81dc-c985179af506_en.

²⁸ Amendments adopted by the European Parliament on 17 October 2023 on the proposal for a regulation of the European Parliament and of the Council on establishing the Ukraine Facility," European Parliament, cited on May 20, 2024, https://www.europarl.europa.eu/doceo/document/TA-9-2023-0363_EN.html#title1.

²⁹ "Ukraine: Commission proposes to set up a dedicated Facility to support Ukraine's recovery, reconstruction and modernisation," European Commission, cited on April 28, 2024, https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3355.



prioritizing ecological sustainability. Germany is aware of the need to ensure that the reconstruction of Ukraine is carried out in an environmentally and sustainably responsible manner. This will not only help Ukraine to overcome the consequences of Russian aggression, but also to address the challenges associated with climate change.

In December 2023, Germany announced that it would support Ukraine's ecological reconstruction with €20 million. This is of course not the entire amount Germany is investing in Ukraine's green reconstruction. This particular €20 million should go towards energy reconstruction.³⁰ Germany and Ukraine are working together in the framework of the German-Ukrainian Energy Partnership, and **cooperation between the two countries on green policies was already active before conflict broke out.**³¹ At the same time, the German authorities, who are funding this assistance, are monitoring the implementation of the various steps required. Additionally, **Germany is providing assistance to Ukraine in the form of ecological reconstruction through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).** GIZ is providing support to Ukraine in the areas of good governance, economic development and energy. Their projects encompass the restoration of the natural environment, including the development of a resilient and sustainable energy system, as well as the training of experts in eco-friendly construction and renovation techniques.³²

Poland is sharing its experience in the transition to green electricity with Ukraine. A relevant project initiated by Poland and Germany is the Green Deal Ukraine. This German-Polish-Ukrainian project aims to help Ukraine with its green renewal. The project is funded by the German side and works on the basis of policy advice, data models and training programmes. Even though the project is funded by the German government, the actors in the project are mainly Polish and German NGOs.³³

Ukraine has also presented its own reconstruction plan,³⁴ in many aspects more detailed than that of the EU. It sets out the challenges and steps to be taken. It is clear that the EU and Ukraine are trying to include ecological aspects in the reconstruction of Ukraine. However, **many strategies addressing Ukraine's reconstruction still lack a strong emphasis on ecological principles.** To promote a greener future, it is crucial to develop a clear strategy that includes specific steps and indicators. Non-state actors, such as NGOs and civil society in both Europe and Ukraine, must play a vital role in urging governments to prioritise these ecological objectives.

³⁰ „COP28: German government and EIB provide 20 million grant to support Ukraine's energy transition,” European Investment Bank, cited on May 30, 2024, <https://www.eib.org/en/press/all/2023-498-german-government-and-eib-provide-eur-20-million-grant-to-support-ukraines-energy-transition>.

³¹ „German-Ukrainian Energy Partnership,” DENA, cited on May 30, 2024, <https://www.dena.de/en/topics/renewable-energies/international-energy-transition/bilateral-energy-cooperative-agreements/german-ukrainian-energy-partnership/>.

³² „Ukraine,” GIZ, cited on July 16, 2024, <https://www.giz.de/en/worldwide/302.html>.

³³ „Green Deal Ukraina Project,” cited on May 30, 2024, <https://greendealukraina.org>.

³⁴ European Commission, “Commission endorses Ukraine Plan, paving the way for regular payments under the Ukraine Facility”, https://neighbourhood-enlargement.ec.europa.eu/news/commission-endorses-ukraine-plan-paving-way-regular-payments-under-ukraine-facility-2024-04-15_en.



2.3 The case of Czechia

The Czech Republic has been since the very beginning of the full-scale invasion of Russia into Ukraine starting in February 2022 one of the leading actors and closest partners of Ukraine when supporting the country at all levels, including in terms of its reconstruction.

Over time, it has built a reputation as a keen supporter and trusted ally regarding not only military and defence cooperation,³⁵ but also help to Ukrainian refugees or financial and economic assistance, even if Czechia³⁶ could never reach the same level of investment as other bigger international partners due to its limited available economic means.³⁷

From the reconstruction point of view, the Czech leadership played an active role after the 2022 Lugano Ukraine Recovery Conference and **picked the Dnipropetrovsk Oblast as its priority in terms of the territorial approach to reconstruction**, which was then matched by establishing thematically focused areas where the country has an added value, including healthcare, education or the green agenda.

In autumn 2022, similarly to other European nations and international partners of Ukraine, **Czechia established its own program of bilateral financial cooperation** focused on humanitarian, stabilisation and development needs of the country, even if with only limited resources of around €20 million annually for 2022-25.³⁸ The program assumed that the situation inside Ukraine would gradually develop from a hot phase of the conflict into a more stabilised theatre, which would allow the initial focus on humanitarian needs to transition to stabilisation and, over time, also the developmental type of assistance. However, this has not materialised, which has limited the original goals of the program and underlined the limited scope of the assistance against the backdrop of enormous destruction.

One of the characteristic features of the Czech assistance has been the **principle of collaborative partnership and seeking alliances when helping Ukraine** with all the necessary material and finance. This has been the case both in the security and defence area, as well as in financial support and humanitarian aid to Ukraine. In this realm, the **Czech government's envoy for the reconstruction of Ukraine Tomáš Kopečný** has played a crucial role when negotiating with international donors, financial institutions and partners about how the Czech approach can be supported from abroad with more robust international means and financial aid.

Czechia benefitted from financial support of around €2 million from the United States and Taiwan, who donated the money to Czechia to help Ukraine as well as to mitigate the impacts of the Russian aggression against Ukraine when, for example, helping with the initial costs related to hosting the highest per capita number of Ukrainian refugees in the world. Other international partners and institutions, including from the UN, invested in settlement of the refugee crisis

³⁵ Ministry of Defence of the Czech Republic, "Minister of Defence Informed about Details of Unclassified Military Assistance for Ukraine", 23 February 2023, <https://mocr.army.cz/informacni-servis/zpravodajstvi/ministryne-obrany-informovala-o-detailech-odtajnene-vojenske-pomoci-ukrajine-242316/>.

³⁶ Ministry of Foreign Affairs of the Czech Republic, "Humanitarian, stabilization, reconstruction and economic assistance programme for Ukraine 2023-2025," https://mzv.gov.cz/public/c/37/f5/5134325_3073110_Program_Ukrajina_EN.pdf.

³⁷ Ministry of Foreign Affairs of Denmark, "Danish Support for Ukraine", <https://um.dk/en/foreign-policy/danish-support-for-ukraine>.

³⁸ Ministry of Foreign Affairs of the Czech Republic, "Humanitarian, stabilization, reconstruction and economic assistance programme for Ukraine 2023-2025," https://mzv.gov.cz/public/c/37/f5/5134325_3073110_Program_Ukrajina_EN.pdf.



during 2022-24, so that Czechia could handle the unprecedented scale of the new arrivals. These resources have been invested in making the Czech approach more sustainable but rather from the financial and capacity perspective than reflecting on the principle of green transition and environmental standards highlighted in the EU's approach.

The general lack of its own financial resources and missing means for investment is often presented as the most significant obstacle to the more active involvement of Czechia as well as its private capital. In general, the country has not been able to mobilise large-scale investments from abroad that would be able to serve as a guarantee for the private sector and its investments. In this regard, Czechia also did not follow other models, such as those of Poland or Germany and Denmark, which put their own robust national systems of public guarantees for private investors in place. However, the country has seen some development within the pro-export instruments and state infrastructure to make it happen in the future. The Czech export insurance company EGAP recently launched its “Ukraine Fund” program, in which €13.5 million were invested in order to cover the needs of Czech private investors in Ukraine, however, the overall sum and rather restrictive conditions has not yet allowed for a more robust involvement of new Czech companies, at least for the time being.³⁹ Concurrently, the Czech Development Bank is aiming to serve as an additional opportunity and financial tool for Czech investors, however, it is waiting to receive more resources from September 2024 onwards, so its concrete doings are only yet to be seen and analysed.

This does not mean that there is not a role to be played by private capital, though it has not reached the desired scale quite yet. While a lot of support has been provided by the state to private entities to motivate their investments when, for instance, facilitating official meetings during multiple visits to Ukraine or providing support and contacts from the Czech Embassy in Kyiv to the business community, it is still something that many companies do not find rational during the time of ongoing conflict. Along the same lines, the Business Club Ukraine operated by the Ministry of Industry and Trade has also continued providing training to private capital entities and sharing information with potential investors in Ukraine's market. In any case, the Czech companies have also had some significant involvement in alleviating the ecological crisis caused by the Russian aggression and restoring citizens' access to water and electricity.⁴⁰

Czechia seems so far to be missing the opportunity to put the green and sustainable approach more to the centre of its planning. Despite individual measures put together by Czech Aid or the Ministry of Foreign Affairs and its Department of Development Cooperation, overall the green line within Czech thinking was mostly missing. A typical example of this is the plan to extend the bilateral program of cooperation with Ukraine post-2025, which during the initial consultation process lacked any mention of the green or climate agenda, even if this was later remedied.⁴¹ This was despite the fact that the EU is putting a strong emphasis on this aspect and it even reserved financial means within the Ukraine Facility Plan up to 20 % within the first two pillars.

However, this might be changing now when the green transition and sustainable energy were highlighted in the recently signed Czech-Ukrainian Agreement on Security Cooperation and Long-Term Support, a bilateral guarantee agreement between the two countries, which emphasised the need for green transition and renewable sources of energy, sustainable development as well as

³⁹ Until 8 July 2024, EGAP received 55 applications for support, approved 7 and signed 6 of the contracts for support, as based on the data provided by its leadership at the Czech-Ukraine Business Forum on 12 July 2024.

⁴⁰ CTK, “Czech Companies Delivered Tens of Facilities to Produce Electricity and Heat to Ukraine”, 1 July 2024, <https://www.ceskenoviny.cz/zpravy/2538761>.

⁴¹ Informal consultation with the Ministry of Foreign Affairs in June 2024.



the need to focus on economical use of resources. Except for energy and sustainable restoration, Czechia is also claiming to put demining into the centre of its attention.⁴²

Unfortunately, the **Ministry of the Environment has thus far not played a more decisive role** and has so far been largely sidelined from this process spearheaded by the Ministries of Foreign Affairs and Industry and Trade. Perhaps determined by the overall development of the war, these ministries have prioritised other agendas as well as the short-term demands of Ukraine over longer-term goals. The Ministry of the Environment, despite having some top experts on the topic, remains a political outlier without a significant say over this debate, as generally perceived from outside.

⁴² Jan Horák, "If Russia Attacks again, Czechia Will Act within 24 Hours, Signed Fiala and Zelenskyi", Aktuálně.cz, https://zpravy.aktualne.cz/domaci/fiala-zelenskyj-dohoda/r~65fo360c44e111efae9cocc47ab5f122/?fbclid=IwZXhobgNhZWwCMTAAAR2mV2oCabvcAWoJZiO2dBioozZM-97Jt6731G_ooqxL-eXyQ2tqDBHij-o_aem_NqsodihlS2hm5Pf6jo4ccA.



Conclusions

This paper focused on the issue of Ukraine's reconstruction while putting the principles of sustainability and green thinking within the whole process as seen from the EU and Czech perspectives, and strove to reflect on the current state of play from several different angles, including the Ukrainian one.

One of the notable observations that came to the forefront of the debate is **the discrepancy between Ukraine's demands and the Western offer(s), which is illustrated by the deprioritisation of the reconstruction agenda - especially in its green component - by Ukrainians themselves**, on which their international backers had to somehow reflect while keeping their own priorities in place.

The EU as well as its members, including Czechia, have tried to differentiate between short-term goals and longer-term priorities when approaching the topic and not completely giving way to the most pressing current problems, including the macrofinancial stability of the country and security demands from the Ukrainian point of view, even if these bigger priorities - indeed - now dominate in the discussion much more than in the past two and half years.

This change of tone was much felt during the recent Berlin international reconstruction conference in mid-June 2024, which only highlighted the new atmosphere that will continue to dominate the discussions in the future too. And the notion and need to stop the destruction now, rather than pay and invest money later has been of crucial importance in the present thinking over the process of reconstruction.

At the same time, the EU and Czechia too, did not completely resign on their efforts to transform the country and make use of the financial leverage in order to achieve a positive change, including most notably when **connecting the post-war reconstruction with the enlargement process**, which reached a new level after the formal opening of accession talks on 25 June 2024.

In any case, **the challenge remains of how to match the short-term needs with the longer term goals and principles that must be tied to the EU's thinking as well as tools and instruments, including the Ukraine Plan and Facility, from which most of the financial streams will be flowing**. While the issue of sustainability and green funding of Ukraine remains rather at the outskirts of the present-day debate on the future of the country in summer 2024, it is definitely not completely out of the picture, which is something that the international partners of Ukraine should bear in mind.




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