


Public Monitoring of Reconstruction Projects

**Challenges,
Tasks, and Plans**



The participation of civil society is an important condition for ensuring accountability and control over the implementation of projects and programs of Ukraine's reconstruction.

The efforts that the partners will invest in the reconstruction of Ukraine directly depend on the level of trust that they will have in the effectiveness and transparency of the reconstruction process.

At the same time, the role of civil society organizations lies, in particular, in ensuring independent oversight over the course of recovery. Thus, they are tasked with identifying systematic manifestations of inefficient solutions and approaches. Moreover, CSOs should help ensure that the reconstruction processes are improved, and the level of trust in them remains high.

Transparency International Ukraine CSO has considerable experience in monitoring public procurement and the formation of network associations of civil society organizations. In particular, the DOZORRO project is one of the most successful examples of when civil society organizations united to achieve a common goal – to improve the efficiency of public procurement.

However, public control in the field of reconstruction requires that the competencies and capabilities of civil society organizations be expanded. After all, it is associated with much broader processes than the procurement procedure itself. It is about identifying and assessing the needs and design of the project, looking for optimal ways to solve problems, as well as organizing procurement and effective implementation of the reconstruction project.

That is why TI Ukraine plans to ensure that effective approaches to public control over reconstruction projects are developed and to participate in the formation of a network of civil society organizations whose goal is to contribute to improving the efficiency of Ukraine's reconstruction.



Public monitoring of reconstruction projects

What the public can control now:

1. General information about reconstruction on the websites of local councils and government organizations.
2. Information about projects upon public inquiries (completeness and openness of information depends on the information manager).
3. The work of commissions for assessing the consequences of destruction (by direct participation in the work of the commission).
4. Public procurement that may be associated with reconstruction projects (It is not always possible to clearly identify whether such procurement is related to a reconstruction project).
5. Budget payments that may be associated with reconstruction projects (including indirect signs).
6. Reports on the implementation of contracts and service acceptance certificates (upon inquiries, the completeness and openness of information depends on the information manager).

TI Ukraine's public monitoring methodology

The main challenge for civil society in monitoring reconstruction projects is that it requires much deeper sectoral expertise, in particular in design, architecture, construction, engineering, and technical supervision.

The reconstruction project requires not only that compliance with procurement rules and integrity requirements be verified. It is also necessary to assess the processes that precede the procurement transaction and occur after the conclusion of the contract, for example, to what extent the project meets the objectives of reconstruction, how modern, energy-efficient, and environmentally friendly it is, whether it involves excessive work or inflated cost of materials.

Transparency International Ukraine developed a methodology for the public to assess reconstruction projects. It also provides for the formation of an assessment checklist and an algorithm of actions in case certain risks are identified. The checklist itself includes an assessment of the main stages of the project.

Checklist of reconstruction project monitoring:

| Project stage | Assessment factors | Assessment measures |
|---|--|--|
| Project initiation and approval | <ol style="list-style-type: none"> 1. Does the goal of the project meet the general needs of reconstruction? 2. Does the project meet the declared goals? Were the study and adjustment of the need carried out in accordance with the actual demographic situation and the forecast of the region's development, or does it come exclusively from the characteristics of the destroyed (damaged) object? 3. What is the cost of the project per user? Who are the project users? Is the project aimed at the interests of a wide range of users? Is it aimed at satisfying the interests of a particular group of users? If so, how was this user group defined? 4. Are there any risks that the project funding will be duplicated from different sources? 5. How was the decision to select the project for funding made? Did the project pass the prioritization procedure? Was it chosen based on the set of benefits compared to other projects? Are there risks that excessive political influence will be exerted on the project selection process? 6. Was an assessment of public opinion conducted at the stage of project preparation? If so, was it a formal assessment? 7. Is any information about the project public, and could citizens get acquainted with it and determine its purpose and goals? Is the project information sufficient for such an assessment? | <ol style="list-style-type: none"> 1. Analysis of project information. 2. Analysis of project approval decisions. 3. Analysis of the availability of information on the websites of the responsible authorities and the project initiator. 4. Analysis of project information messages. 5. Analysis of recovery plans and other programs that may involve potential duplication of funding. 6. Analysis of information after the development is completed in the state electronic ecosystem for managing infrastructure reconstruction DREAM (Digital Restoration Ecosystem for Accountable Management) and the Register of Damaged and Destroyed Property (RDDP). |
| Design and preparation of procurement procedures | <ol style="list-style-type: none"> 1. How was the expected cost of the project (parts of the project) determined? Are there signs of overvaluation in the design and estimate documentation (if it is a construction project)? 2. Was the developer of the project documentation (in case of construction projects) selected on a competitive basis? 3. Is there a justification for the design of the project/terms of reference? Why does the new object correspond to certain structural and functional approaches? | <ol style="list-style-type: none"> 1. Analysis of the estimated part of the project and justification of the expected cost. 2. Analysis of procurement of design services. 3. Analysis of the approach to project implementation. 4. Analysis of the terms of reference. |
| Procurement procedures | <ol style="list-style-type: none"> 1. Were all procurement transactions related to project implementation carried out in a competitive manner? If not, were there any grounds for conducting non-competitive procedures? 2. In addition to the price, were other tender bid evaluation criteria applied (non-price evaluation criteria, life cycle cost)? If so, is the use of such evaluation criteria justified and effective? 3. Are there any signs of violations in the procurement procedure that could distort the results of the bidding (definition of technical requirements and qualification criteria that unreasonably restrict competition/ anticompetitive concerted actions of the participants / unreasonable disqualification / ignoring the appeals and demands of procurement participants, etc.)? 4. Are there significant risks associated with the winner of the procurement, which may indicate that the procedure was ineffective? Are there any signs of collusion between the winner and the procuring entity? 5. Were there any signs of inflated cost of goods, works, and services? 6. Was the procurement procedure effective? | <ol style="list-style-type: none"> 1. Analysis of information on procurement procedures in the Prozorro system. 2. Monitoring of state registers. |
| Project implementation | <ol style="list-style-type: none"> 1. Has the cost of the project increased during implementation? Has the volume of work changed? If yes – what were the reasons for the increase in the cost/volume? Was there a price adjustment in accordance with predetermined objective pricing factors? 2. Was the project implemented within the stipulated timeframe? If not, what are the reasons for the violation of the implementation deadlines? Were the circumstances that caused such postponement objective and documented? 3. Are there any signs of overvaluation of the cost of works according to the service acceptance certificates and the initial contract? 4. Were there any signs of violations of the terms of the procurement contract and signs of non-compliance with the project? | <ol style="list-style-type: none"> 1. Analysis of contracts. 2. Analysis of service acceptance certificates. 3. Analysis of additional agreements. 4. Inspection of objects. |

If there are signs of violations at any stage of the project, it is worth contacting the services of the project initiator or its governing bodies, law enforcement and control bodies, reconstruction partners.

In addition, Transparency International Ukraine invites public experts to publish the analysis of projects according to the checklist, as well as related appeals, responses, and other documents.

Such a mechanism will allow the public to control reconstruction at the project implementation level. It will also allow identifying systematic problems in the course of recovery, and in the future – to advocate that the processes of planning and implementing projects are only improved.

The checklist may not be complete at this time. The fact is that there is currently no access to some information, as well as a lack of specific policies and regulations in the field of recovery. However, further development of recovery tools and policies will allow the use of TI Ukraine's proposed methodology to control projects more effectively and thoroughly.

To improve the effectiveness and competency of public control, Transparency International Ukraine plans to improve and disseminate the above-mentioned methodology to other civil society organizations, in particular, regional ones.

– What is needed to strengthen the effectiveness of public control

1. Ensure openness and completeness of information on reconstruction processes.

It is necessary to:

- ensure public access to the data in the Register of Damaged and Destroyed Property, which will allow analyzing the compliance of projects with the needs of communities and territories and track the recovery process;
- develop requirements for publicity and accountability of the authorities in the field of reconstruction, regardless of the source of funding and contractors;
- develop principles for reporting on the use of funds from donors and reconstruction partners;
- develop policies for a balanced approach to the disclosure of information related to critical infrastructure facilities and establish clear rules for determining sensitive information.

2. Develop high-quality and clear rules for all, according to which the selection and prioritization of reconstruction projects will take place.

It is necessary to introduce systematic approaches that will select reconstruction projects based on objective assessment factors and minimize political influence and corruption risks when approving projects.

3. Consolidate information about all projects in one place – on the DREAM platform.

For the information to be not only public, but also truly accessible and suitable for system analysis, it must be published on a single resource. In particular, it should include data on estimates, terms of reference, justification of the chosen method of implementation, information on procurement and performance of works.

4. Conduct procurement for reconstruction through Prozorro.

If procurement is carried out according to different procedures and in different electronic systems (or without the use of the latter), this will lead to the impossibility to track, collect, and combine information on procurement, as well as to identify whether there are risks of duplication of effort and inefficient use of funds.

Although reconstruction partners can provide their own rules for procedures, it is important that such procedures take place on a single platform.

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5. Develop sectoral expertise of CSOs in the field of reconstruction and engage relevant experts.
It is necessary to strengthen the sectoral expertise of civil society in the fields of construction, design, and engineering, in particular, to engage international experts.

Assessment of the current status of Ukraine's reconstruction

The first initiatives and discussions on what should Ukraine's reconstruction be like began about a year ago. During this time, CSOs, think tanks, and scientists actively studied the experience of rebuilding other countries after wars and calamities, as well as built their own estimates of the scale of Ukraine's destruction and ways to restore it.

Discussions about the format and approaches to the reconstruction of our country are ongoing. Some elements and outlines of a common vision are already emerging. In particular, in 2022, Transparency International Ukraine presented a generalized [Concept of Ukraine's Reconstruction](#), which identified key risks and factors for the success of recovery.

We have analyzed to what extent the current status of reconstruction corresponds to these principles, what are the main achievements and threats.

Reconstruction strategy

The Ukrainian government has made several attempts to approve a general strategy for rebuilding the country and overcoming the consequences of military aggression. However, effectively, such a strategy has not yet been implemented.

After the conference in Lugano in July 2022, the National Council for Recovery of Ukraine [presented a draft](#) national recovery plan in 24 areas. This document was expected to be approved in September–October 2022, but its consideration did not take place.

Recalling the main shortcomings of this draft plan, it was mainly based on current general needs. Therefore, the document looked more like a list of funding programs than a comprehensive strategic document. In particular, it did not define which areas were priorities, how to allocate reconstruction resources between different directions and within one direction.

In the future, it was assumed that the national recovery strategy [would be formed by the newly created State Recovery Agency](#). However, there is no information on the current status of this initiative and whether there has been any progress in this.

At least at the time of preparation of this material, the government has not yet formed a unified strategy that would determine the approaches and long-term planning of recovery.

Destruction assessment

One of the urgent tasks of Ukraine's reconstruction is to collect and process information about the consequences of the destruction. Currently, a number of regulatory acts have been approved that regulate the issues of recording, assessing, and collecting information on destruction.

In particular, we are talking about the Law On Compensation and the State Register of Damaged and Destroyed Property as a Result of Hostilities ([RDDP](#)). It defines the functioning of the electronic system of the

RDDP, which should combine information about the objects inspected and the consequences of destruction. The [Procedure for Determining the Losses and Damage Caused to Ukraine as a Result of the Armed Aggression of Russia](#) has also been developed.

The inspection and assessment of the cost of housing destruction relies on specially created [commissions](#) under local self-governments.

However, at the moment, It is not clear how public and complete the information on the inspection of objects in the RDDP will be. After all, the tool itself and the relevant regulatory acts are still at the stage of development and approval.

The creation of the International Register of Losses was also initiated. Apparently, It will function on the basis of the RDDP database and will become the basis for the future process of recovery of damages caused to Ukraine by Russia.

In addition, the government is developing a [Geoinformation System](#) that will ensure the binding of damaged and destroyed objects to the territories and will allow for a spatial assessment of destruction and determine restoration needs.

In general, It can be summarized that in the field of recording and assessing reconstruction needs, we have quite significant progress. Perhaps by the end of the year, the process will have been sufficiently detailed and clear. Its effectiveness so far depends on the final format of the solutions that are currently being developed.

— Reconstruction planning

In October 2022, the Cabinet of Ministers approved [the Procedure for the Development of Programs for the Comprehensive Restoration of the Oblast, the Territory, and the Territorial Community](#).

According to the approved document, regional state administrations decide on the formation of a program for the comprehensive restoration of the oblast. On the basis of these decisions, territorial communities develop their own recovery programs.

However, this procedure is focused on the local level. This means that It does not determine how plans are formed at the state level, as well as how community recovery programs are coordinated with the priorities and reconstruction strategy at the state level (when It is developed).

It makes sense to note that excessive importance is given to regional state administrations. In fact, they play a crucial role in shaping priorities and planning for reconstruction in the ongoing process.

The Ministry for Restoration has additionally initiated the [Procedure for the development, implementation, and monitoring of the plan for the restoration and development of regions and plans for the restoration and development of territorial communities](#). It provides that regional reconstruction plans will be developed, and the Cabinet of Ministers will form a comprehensive plan for the restoration of regions at the state level.

However, this Procedure is still not approved. Recently, the government has effectively [made it so](#) that It will be mandatory to apply recovery and development plans (when using the funds of the Recovery Fund) only after the war.

It should be noted that the existing recovery projects are implemented, for the most part, without being connected to the strategic documents on community restoration. And this can lead to certain risks.

In particular, It may happen that the project will be focused mainly on the needs that the object met earlier. That is, the changes, improvements, and upgrades that most projects need to meet modern requirements of efficiency, environmental friendliness, relevance, etc., will be neglected.

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— Institutional architecture

The first institution in the field of reconstruction to have been created by a [decree](#) of the President of Ukraine was [the National Council for Recovery of Ukraine](#).

Moreover, at the level of discussions (or draft regulatory acts), options for creating a specialized institution in the field of reconstruction [were considered](#). However, at the end of 2022, the Cabinet of Ministers effectively delegated powers in the field of reconstruction to the Ministry for Restoration.

Let us remind you that [the Ministry for Communities, Territories and Infrastructure Development](#) was formed by combining two ministries: the Ministry of Infrastructure and the Ministry of Communities and Territories Development. A new position of Deputy Prime Minister for Restoration was created to head the Ministry for Restoration.

The continuation of the transformation was the creation of the [State Agency for Restoration and Infrastructure Development of Ukraine on the basis of the State Agency of Automobile Roads of Ukraine and the State Agency for Infrastructure Projects](#). The reformed Agency is expected to become the executor of the largest and most important reconstruction projects. It has already received the first projects for implementation.

Of course, these steps in building the institutional architecture of restoration have certain disadvantages.

In particular, the Ministry is a body with a high degree of political dependence. Therefore, entrusting it with most of the functions in the field of reconstruction may have potential risks that the recovery process will fall under excessive political influence.

In addition, the process of rebuilding the country will last for a fairly long period of time, which will obviously exceed the term of office of the government. Therefore, when the functions of reconstruction management are entrusted to the ministry, there are risks during the change of political power in the country. In particular, there is a threat to the process being conducted in compliance with the principles of consistency and independence. This can have negative consequences regarding the stability in implementing the necessary programs and measures, as well as the credibility of the fact that the process of restoring Ukraine will be sustainable.

Moreover, the decision according to which the functions of the implementation of reconstruction projects at the central level are entrusted to the former State Agency of Automobile Roads raises questions. Even with reformatting and rebooting, the Agency has to combine two difficult tasks: to ensure the maintenance of the roads of Ukraine and to implement civil reconstruction projects.

In addition, the issue of ensuring the sectoral expertise of the Agency in areas other than road construction remains unresolved. This is necessary for the successful implementation of reconstruction projects.

Thus, as we can summarize, a high degree of concentration of functions and powers in the field of reconstruction in state structures, which are characterized by high political influence and a low level of independence, poses significant risks for long-term reconstruction.

The lack of independent institutions, coordination between reconstruction partners, the state, and communities can have negative consequences. Transparency International Ukraine in its [Concept of Ukraine's Reconstruction](#) emphasized how important independent institutions are in the process of reconstruction, which should unite all parties and ensure coordination of disparate programs and initiatives.

In addition, the existing institutional architecture assumes that most of the restoration projects will be implemented at the level of communities-oblasts. At the same time, the process of creating relevant competencies at the local level has not yet been determined.

– Reconstruction tools

Perhaps the greatest expectations relate to the digital tools that are being developed today in the field of reconstruction.

In addition to the above-mentioned RDDP and Geoinformation System, work is also underway on Sectoral Reconstruction Management Systems and other digital tools that should become part of a comprehensive solution – the Electronic Reconstruction Management System (DREAM).

DREAM should become a single ecosystem of reconstruction tools, which will contain information about all projects, their status, and dynamics of progress. Such a system should solve the problem encountered in most other countries during the implementation of recovery programs. We are talking about weak coordination and inconsistency of actions between different parties and participants in the reconstruction process.

The consolidation of all reconstruction information in one place will allow better tracking of the effectiveness and efficiency of resource allocation.

Meanwhile, there are ongoing discussions on the possibility of the public to participate directly in the process of selecting part of the projects or prioritizing them using digital voting tools. However, it is too early to talk about the success of such ideas.

At the same time, it is important not to overestimate the role of electronic tools. Ensuring transparency is only one factor on the road to efficiency and credibility in the recovery process. The experience of using the Prozorro system – one of the most progressive procurement systems in the world – demonstrates that even total transparency cannot guarantee the absence of corruption and inefficient processes.

To ensure effective reconstruction, it is necessary to develop not only digital tools, but also policies, institutions, and mechanisms that guarantee the effective use of appropriate recovery tools.

– Allocation of restoration resources

Improper allocation of reconstruction resources is one of the main risks that threatens the effectiveness of recovery. Funding for projects that are not urgent or essential to the recovery process may result in important and urgent projects not receiving the necessary support.

Among other things, these are the risks most countries faced where recovery processes took place over the past decades. When resources were distributed unevenly and inefficiently, this led to disproportionately satisfied needs, significant costs for expensive and unjustified projects, investments in projects that did not have a positive impact on the recovery process, etc.

Therefore, we see how important it is to ensure the objectivity and consistency of the approach to how projects are selected and financed.

Currently, when selecting reconstruction projects, there are high risks that excessive political influence will be exerted. In addition, there is a lack of consistency in the approaches to the allocation of resources between different needs and territories. This, in turn, can lead to an inefficient distribution of the same resources.

At the beginning of the year, TI Ukraine, as part of the RISE Coalition, was engaged in the development of the [concept of prioritizing projects](#) of the Restoration Fund. However, at the moment, the process of giving priority [is planned](#) as an auxiliary tool during the adoption of the decision by the interdepartmental commission for the selection of projects. Consequently, it may not have a direct impact on the decisions made.

– Quality of restoration projects

Currently, there are no clear approaches to how to ensure the quality of projects.

It is assumed that projects financed from state programs will be vetted and approved by regional administrations and specialized ministries. But since there are no clear criteria for the content, justification, assessment of the technical and economic part of the project, such expertise may be unsystematic and ineffective.

It is also expected that the State Agency for Reconstruction will ensure the implementation of only part of the projects, while most of them will be initiated, planned, and implemented directly by the communities. Given that communities have different levels of development and competencies in their respective areas, it is difficult to provide technical support, maintenance, and coordination of the implementation of thousands of projects throughout the country.

– Implementation of reconstruction projects

In fact, the first reconstruction projects are quite difficult to assess in terms of their effectiveness and feasibility.

Thus, during 2022, there were special conditions under which procurement was carried out. It provided for the possibility of concluding direct contracts, so now part of the information about the reconstruction projects is unavailable.

In addition, some of the projects are related to energy infrastructure facilities, which continue to undergo massive missile strikes by Russia. Therefore, information about them cannot be published in full for objective security reasons.

However, the lack of a clear legal framework and minimum requirements for the coverage of information on how restoration projects are implemented leads to the fact that society does not have direct access to information for the most part. Or such information does not allow to analyze the integrity and effectiveness of the process.

During [the analysis of Kyiv region reconstruction projects](#) in April 2023, TI Ukraine identified a number of problems, in particular:

- information on prices and estimates of construction projects is not provided;
- information on reconstruction projects is provided in a limited manner, with arguments regarding security reasons (even when the project is not related to energy or other important facilities);
- projects are selected preferentially;
- there is a lack of information about projects implemented by charitable organizations and which exist due to donor support;
- low competition prevails in procurement of reconstruction projects, which may be associated with poor quality of projects and discriminatory approaches.

The lack of a clear strategy, rules, and requirements in the field of reconstruction projects leads to the fact that this process is poorly coordinated, local initiatives may not correspond to general national approaches, and projects can ultimately contain significant risks, in particular corruption ones.

When information is provided in a limited manner, this is due, in particular, to the fact that:

- the government has not yet determined the minimum requirements that should guide the authorities in informing the public about the activities in the field of reconstruction (reconstruction plans, a list of approved projects, their cost, contractors, characteristics of the object, etc.);
- the government has not yet formed clear criteria for determining sensitive information, the disclosure of which is impossible for security reasons (key energy infrastructure facilities, facilities related to military infrastructure, etc.).

The absence of such systemic policies leads to the fact that we face the risks of abuse, as well as unreasonable restriction of information related to the processes in the field of reconstruction of Ukraine.