

Lithuania

Co-create



Future of Ukraine



Guidelines for Lithuania's involvement in Ukraine's reconstruction and recovery 2024-2027

**Endorsed by the Government of the Republic of Lithuania
on 9th October 2024**

Context and key assumptions for Lithuania's involvement

Russia's large-scale invasion of Ukraine, which began on 24 February 2022, and its ongoing brutal war of aggression, now in its third year, have caused unprecedented suffering to the people of the country and enormous damage to Ukraine's economy, infrastructure, social and natural environment. According to the International Organisation for Migration, more than 14.6 million Ukrainians have been forced to leave their homes. Tens of thousands have died defending their country or as victims of Russian attacks. As of March 2024, direct damage to Ukraine's infrastructure and buildings exceeded USD 152 billion, the total cost of reconstruction and recovery is estimated at USD 486 billion.¹ As of February 2024, approximately 156,000 square kilometres or 25% of Ukraine's territory is contaminated with mines and other explosives. Despite the difficult situation, Ukraine is determined to defeat the aggressor and rebuild the country.

Lithuania strongly supports Ukraine's independence, sovereignty and territorial integrity, as well as Ukraine's path towards full EU and NATO membership. **Ukraine's victory, its sustainable development and Euro-Atlantic integration are in Lithuania's national interest**, hence Lithuania is not only providing military support to Ukraine, but it is also **contributing to its reconstruction, recovery and reform efforts**, helping to build a free, resilient, and prosperous state.

Ukraine has been one of Lithuania's most important development cooperation partners for the last twenty years. During this period, Lithuania has implemented almost 300 bilateral and regional projects. Most of the projects carried out before the war focused on institutional capacity building and support to democratic processes. Since the beginning of Russia's war against Ukraine, additional focus went to rebuilding and developing Ukraine's critical infrastructure. Lithuania was one of the first countries to launch projects to rebuild education institutions and install shelters as early as August 2022. We also have a successful track record of implementing EU programmes, such as the European Peace Facility, demining, and support for public financial management.

In shaping our approach to Ukraine's reconstruction, we are guided by Ukraine's strategic documents, such as the Ukraine Facility Plan², the Government Priorities³, and the needs of Ukraine as identified through bilateral exchanges, while aligning them with Lithuania's expertise, as well as financial and human resources. We see donor coordination as a way to ensure timely, effective, and transparent delivery of assistance, which is why we join coordination groups at local level and participate as an observer in the *Ukraine Donor Platform*. We understand that the situation in Ukraine is highly dynamic, and we are ready to respond quickly and flexibly to the country's evolving needs and conditions for assistance.

Objectives and scope

These Guidelines are an integral part of Lithuania's foreign and development cooperation policy. The aim of the Guidelines is to **ensure a consistent involvement of Lithuanian institutions, businesses and NGOs in Ukraine's reconstruction and recovery, identifying priority areas and**

¹ [Updated Ukraine Recovery and Reconstruction Needs Assessment Released \(worldbank.org\)](https://www.worldbank.org/en/news/press-release/2024/02/20-ukraine-recovery-and-reconstruction-needs-assessment-released)

² [Ukraine Facility Plan \(me.gov.ua\)](https://me.gov.ua/en/ukraine-facility-plan)

³ [The Government Priorities | Cabinet of Ministers of Ukraine \(kmu.gov.ua\)](https://kmu.gov.ua/en/the-government-priorities)

planned courses of action. The Guidelines will be taken into account when planning allocations from state budget and taking decisions on the financing of specific initiatives.

The short-term objectives of Lithuania's involvement in Ukraine's recovery and reconstruction:

- To help Ukraine meet the basic needs of its population through the reconstruction and development of infrastructure, the restoration of public services, improvement of their quality and accessibility.
- To strengthen the capacity of the Ukrainian authorities to implement the reforms necessary for Ukraine's integration into the European Union and to coordinate a comprehensive reconstruction process.

In pursuing these objectives, we also aim to have an impact in the medium and long term:

- Developing innovative, sustainable and long-term solutions for the reconstruction and development of infrastructure.
- Developing best practices and extending their application.
- Contributing to the improvement of business and investment conditions.
- Sharing with other partner countries modern solutions and expertise developed through the Lithuania-Ukraine partnerships.

Support for Ukraine's reconstruction and recovery, and the reforms for Euro-Atlantic integration are key elements of the Guidelines, which together will increase Ukraine's resilience and capacity to cope with the consequences of Russian aggression. The Guidelines do not cover humanitarian and military assistance, but they do include aspects partly related to military support, such as humanitarian demining and rehabilitation of veterans.

Guiding principles for action

Lithuania's development cooperation initiatives rest on the principles of aid effectiveness, the Sustainable Development Goals, the Addis Ababa Action Agenda and the Paris Agreement on Climate Change. Drawing from these frameworks, we anchor Lithuania's involvement in Ukraine's reconstruction and recovery on the following principles:

- **Synergy between Ukraine's needs and Lithuania's added value** - we act where there is the greatest need and where we have something to offer because of our expertise, experience, competence, and/or (political) commitment.
- **Specialisation and scalability** - we will allocate resources and energy to activities that have the potential for sustainability, repeatability, and expansion. When choosing what and how to fund, we prioritise initiatives that have the capacity to grow, attract international funding and partners, and align with the principles of impactful investment.
- **Enabling projects and co-creation** - we prioritise projects that provide the tools, skills, knowledge and resources needed for long-term and sustainable national progress. We encourage collaboration between Lithuanian and Ukrainian institutions and organisations to develop innovative solutions and methods of operation.
- **Partnerships and internationalization** - we prioritise projects that leverage the involvement of civil society organisations, businesses, or international donors to create greater added value and enhance practical impact.
- **Synergies between multilateral and bilateral activities** - we advocate for the active involvement of Lithuanian institutions and organisations in the implementation of EU and

other international programmes, strategically linking bilateral assistance with international instruments.

- **Balancing urgent needs with a long-term vision for sustainable development** – amid the ongoing war, we need to remain flexible, rational and responsive. At the same time, we seek to ensure that short-term initiatives lay the foundations for progress, Ukraine's long-term sustainable development, and the implementation of EU reforms.⁴

Priority areas⁵

1. **Strong institutions** - the basis for Ukraine's EU membership and sustainable recovery. We contribute to strengthening public sector capacities and skills, aiming to promote good governance, and enhance efficiency, accountability, and inclusiveness.
2. **Safe and quality education** - we implement infrastructure projects ((re)constructing education institutions, building and equipping anti-radiation shelters for them) and aim to expand the number of "soft impact" projects (focusing on improving the quality of education, providing trainings for students, professional development, re-skilling).
3. **Physical and psychosocial rehabilitation and reintegration of war victims** - we aim to contribute to the development of rehabilitation infrastructure and services, enhance the skills of medical professionals, and to develop standards and best practices that can be applied in other rehabilitation centres.
4. **Resilient and growing economy** - we aim to contribute to improving the conditions for economic growth and attracting investment, including the ensuring of energy needs and transport connections, especially with EU countries, sustainable development of territories, and humanitarian demining.

Funding

From the start of Russia's large-scale war against Ukraine until the end of 2024, the total support from the Lithuanian institutions to Ukraine will reach EUR 1.45 billion. The bulk of this will be military assistance, bilateral, and multilateral financial assistance of around EUR 100 million, and support to the energy sector will amount to more than EUR 63 million.

Preliminary figures show that Official Development Assistance (ODA) for Ukraine in 2023 was EUR 52 million, of which EUR 13 million was humanitarian aid. Since February 2022, the Development Cooperation and Humanitarian Aid (DCHA) Fund has received EUR 24 million from the state budget for Ukraine's reconstruction, with more than EUR 13 million from other donors. Between February 2022 and March 2024, Lithuania has provided Ukraine with almost EUR 70 million in grants and guarantees through the EU and international financial institutions and their funds.

For the 2025-2027 period, the state budget will aim to provide similar annual funding through the DCHA Fund for reconstruction and recovery projects in Ukraine. Efforts will also be made to maintain comparable funding for multilateral support through the EU and the IFIs.

⁴ A good example of this is the Future School for Ukraine project: building on the experience of the first (emergency) educational reconstruction projects, a forward-looking project was initiated to facilitate and accelerate the construction of new schools of high quality standards.

⁵ The priority areas are described in more detail in Annexes 1-4 of the Guidelines.

Instruments

Development Cooperation and Humanitarian Aid (DCHA) Fund

- A flexible, non-budgetary instrument that seeks to leverage contributions from other donors to co-finance, manage and/or implement activities.
- The Fund finances (in the form of non-repayable support) projects and programmes through competitive or direct funding and may also provide *co-financing* for activities financed by international donors.
- The Fund is governed by a board chaired by a representative of the MFA and administered by the Central Project Management Agency (lt. Centrinė projektų valdymo agentūra, CPVA).

Financial instruments for business, administered by ILTE (Investment Agency for the Lithuanian Economy, formerly INVEGA):

- The Export Credit Guarantee (ECG) allows Lithuanian exporting businesses to expand export markets (including Ukraine) and increase export volumes, while reducing political risk and credit risk due to buyers' insolvency (options for increasing the guaranteed amounts are being assessed in consultation with business).
- Individual guarantees for a working capital line of credit, which can form the basis for a bank performance guarantee.

The criteria for these instruments may be revised if justified. ILTE is also exploring the possibility of a "portfolio" guarantee for UA banks and co-financing of projects with other international financial institutions.

Potential business grant instrument:

- Building on best practice⁶, the aim is to develop an instrument to support the early phases of sustainable business partnerships, aimed at facilitating long-term establishment in an emerging market.

Other assistance for businesses interested in contributing to Ukraine's reconstruction:

- The Innovation Agency is developing the B2Lithuania platform for business <https://b2lithuania.com/>, which provides a business matchmaking opportunity, and a directory of companies interested in participating in Ukraine's reconstruction projects, as well as information on events, projects, and news related to Ukraine's reconstruction.
- Participation in international events, exhibitions dedicated to Ukraine's reconstruction, conferences, bilateral forums presenting Lithuanian business capacities and opportunities to contribute to Ukraine's reconstruction projects, as well as the organisation of bilateral business events to exchange best practices.
- Periodic events presenting opportunities, success stories and lessons learned from past projects, and introduction to Ukraine's market and legal environment to interested Lithuanian businesses.
- The Innovation Agency disseminates information on international calls for proposals and advises businesses on how to respond more competitively to such calls.

⁶ The Facility is planned to build on existing examples abroad ([Finnpartnership](#) - Finland; [Ukraine Partnership Facility - UPF \(rvo.nl\)](#) - Netherlands).

Multilateral Support Instruments (MSIs) are voluntary contributions to international organisations, funds and programmes from the MFA and the Ministry of Finance or other institutions. Working through international organisations, we aim to respond to Ukraine's needs and to ensure that the organisation's strengths are applied to contribute to Ukraine's recovery and reconstruction, and to the implementation of the reform agenda. We give priority to areas that are in line with Lithuania's priorities, where Lithuania has the potential to be a co-creator of an assistance programme and where our contribution can help mobilise contributions from other donors.

Monitoring and evaluation

Given the importance of the support to Ukraine and the unprecedented situation (hostilities and reconstruction happening simultaneously), we will pay particular attention to the monitoring and evaluating the implementation of the Guidelines.

We will apply the following three OECD Development Assistance Committee criteria in our monitoring and evaluation planning:

- Effectiveness - is the intervention achieving its objectives?
- Efficiency - how well are resources being used?
- Impact - what difference does the intervention make?

The evaluation will serve as a source of learning and knowledge to identify what has worked and what has not worked, to adjust courses of action accordingly and to shape best practice. Consultations between Lithuanian and Ukrainian authorities will be organised to discuss the interim and final results.

Coordination of activities, main institutions involved

The Ministry of Foreign Affairs is the main coordinating institution for Lithuania's involvement in Ukraine's reconstruction and recovery.

Ministry of Finance - responsible for contributions to Ukraine's assistance instruments funded through the EU budget or international financial institutions.

Central Project Management Agency (CPVA) – serves as a centre of excellence for (technical) implementation and administration, where Lithuania's expertise is gathered, eventually empowering other actors in the ecosystem. The CPVA meets the European Commission's criteria for *pillar assessments* of EU standards, enabling it to directly manage EU investments, as well as implement or administer programmes of other international donors.

ILTE is a state-owned financial institution whose main objectives are to provide financial services and to implement and administer financial and other business financing instruments. ILTE is responsible for the development and administration of financial instruments for business.

Innovation Agency Lithuania - Lithuania's innovation, entrepreneurship and export promotion partner, acting as a national platform for the innovation ecosystem. The Agency provides assistance to Lithuanian businesses seeking to engage in Ukraine's reconstruction and recovery projects.

Other Lithuanian institutions, acting within the respective area of their expertise.

Coordination mechanisms

The Guidelines shall be approved by a protocol decision of the Government. Progress in the implementation of the Guidelines will be revisited twice a year by the National Development Cooperation Commission, which is composed of representatives of all interested institutions, NGOs and business.

To ensure timely and effective assistance to Ukraine, all institutions of the Republic of Lithuania initiating assistance shall coordinate their plans with the Ministry of Foreign Affairs.

In February 2024, an inter-institutional working group (IWG) was set up under the leadership of the MFA to coordinate and address issues related to Lithuania's involvement in Ukraine's reconstruction and recovery. The IWG assesses the compliance of initiatives with the Guidelines, annually reviews the Guidelines in the light of the evolving geopolitical and socio-economic situation and makes proposals for regulatory improvements where necessary.

To reinforce Lithuania's efforts, the Ministry of Foreign Affairs has appointed the Ambassador-at-Large for Ukraine's reconstruction and recovery; additional measures are being taken to strengthen the staff of the Embassy of the Republic of Lithuania and to increase CPVA's presence and activities in Ukraine.