

**Remarks by ambassador Ole Egberg Mikkelsen at the opening of the conference
Financing Ukrainian Recovery – transparency, accountability and integrity
enhancement, Kyiv 2 November 2023**

Mr. Deputy prime minister, members of the Verkhovna Rada, madam ambassador, dear friends

Many thanks to the Ministry for Restoration and the European Union Anti-Corruption Initiative, EUACI for inviting me to address you today. And warm thanks for having convened this conference on financing the Ukrainian recovery and how to ensure transparency, accountability and integrity.

It is a very timely and appropriate initiative. Right now Ukraine's international partners are considering their contributions to Ukraine's recovery and reconstruction. And what is their main concern in the context?

I can of course only speak for my own country Denmark. A major concern that is mentioned very frequently when I talk to our politicians during their visits to Ukraine about reconstruction, is the risk of corruption. Because of the sad legacy of corruption in Ukraine there is a fear that corruption will occur once the huge influx of reconstruction money will start to flow. And whenever cases of corruption are being covered by international media it amplifies these worries. Recently the cases of corruption in military recruitment offices

That is why this conference is very timely. It will send a strong signal to Ukraine's international partners that there is focus on the risk of corruption and that this will be tackled adequately and efficiently as part of the reconstruction process. It also sends a signal about openness and willingness to address one of the thorniest issues in Ukraine's process of transformation. Corruption cannot be eradicated if we do not talk about it.

As a close partner for Ukraine has a special interest in this. First of all because Denmark is implementing the European Anti-corruption initiative EUACI.

Secondly because Denmark has assumed the patronage for the rebuilding and reconstruction of the city and the oblast of Mykolaiv.

This was suggested by president Zelensky when he spoke on line to the Danish parliament on the 29. March 2022 at one of the darkest moments of the Russian full scale aggression. I recall that the proposal triggered off discussions, also among Ukraine's develop partners. There were voices saying that a regional approach would be risky and that it would be better to support reconstruction nationwide through multilateral institutions, like the World Bank, the EBRD and the UN-system. That would also ensure national cohesion and national priorities in the reconstruction and recovery process. There were also worries about the risks operating so close to the front line. At that time Mykolaiv was a frontline city under daily shelling. Last but not least there were worries about corruption. By assuming the patronage of the reconstruction process we would be directly exposed to the risk of corruption. It would be less risky to give the money to multinational institutions and let them assume the risk.

However, when our Prime Minister came to Kyiv approximately shortly after president Zelensky's speech the partnership was sealed based inter alia on the argument that we cannot wait for peace and a big plan. We need to start reconstruction immediately.

Work started immediately last summer focusing on winterization of the city and establishment of emergency water supply as the Russians had cut off the water supply from neighboring Kherson Oblast.

It went well thanks to a seamless cooperation with the local, regional and national authorities and Danish and international humanitarian organizations.

Our Prime Minister, accompanied by the foreign minister and defense minister met with Zelensky in Mykolaiv in late January this year and they decided to move on to the next phase, focusing on rebuilding social and physical infrastructure and restarting economic life by assisting private enterprises getting back in business. That is a big wish in Mykolaiv. It is an enterprising city and region and they prefer to earn their own money.

It turned out to be difficult because no lenders – Ukrainian or international – would lend money to local businesses because of the proximity to the frontline. Denmark had to create a special facility in the Danish Ukraine fund that can issue export credits and loans to enterprises close to the frontline. It has worked well and we have helped a major company in the food and agricultural sector to get back in business. More than 1000 jobs are back. People are getting a salary and they start paying taxes, thus supporting the local economy.

So all in all, the partnership is working well. So far we have committed about 75 million Euro to Mykolaiv. About 60 percent of our civilian reconstruction assistance. And let me underline: we are supporting reconstruction and recovery nationwide, not only in Mykolaiv.

But what about corruption? We are acutely aware that this is a real risk and that it would have devastating consequences for public support in Denmark if there would be corruption cases in Mykolaiv. So we have taken a number of measures to mitigate the risk.

First of all, all procurement is done through international competitive bidding. Mainly through the UN procurement agency UNOPS. And most of the actual work on the ground is done by Danish humanitarian organizations or international organizations, such as IOM and UNDP.

Secondly early on in the process Mykolaiv became one of the integrity cities supported by EUACI. This involves the application of anti-corruption tools aimed at increased transparency and accountability of the local administration. This works well in Mykolaiv. The mayor and his team are strongly committed. Actually the anti-corruption adviser is sitting in an office next to the mayor's office. The municipal audit office is well functioning and there is also a regional press that is keeping an eye on how money are being spent. The regional military administration under governor Kim and the regional council are equally committed.

Thirdly, to ensure transparency we have established a joint Ukrainian-Danish steering committee with deputy PM Kubrakov and the Danish minister for development cooperation as co-chairs. The mayor, the governor and the head of the regional council are members of the steering committee which approves the projects and that ensures that every one is on the same page and the national priorities are reflected. Next meeting on Monday.

Fourthly, we have established an embassy office in Mykolaiv to ensure oversight and good contact to the local and regional stakeholders.

So have done what we possibly can to mitigate the risks and we feel reassured by the strong commitment to avoid corruption that the local and regional leaders are showing in words and in deeds.

Let me conclude mentioning that one of the first times I met with mayor of Mykolaiv I asked him why he was so keen on having Denmark as the patron for the recovery of the city. His answer was: I want my city to become a small Denmark on the Black Sea. Just as efficient, just as innovative, just as affluent, just as green and not least, just as non-corrupt.

We are doing what we can to make that vision a reality.