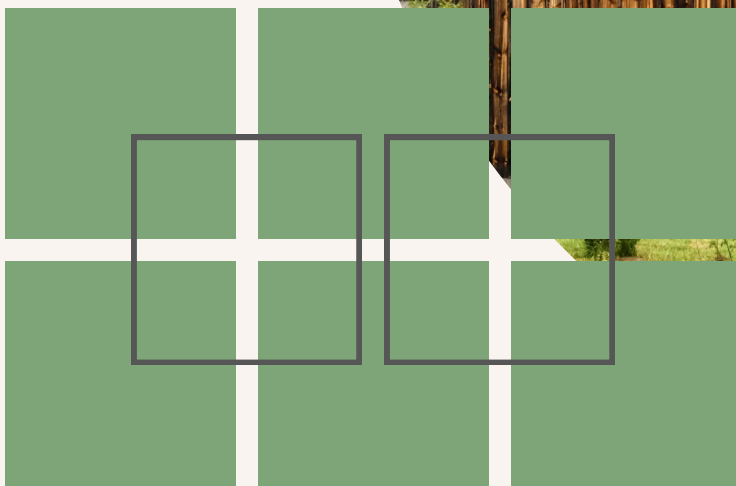




Analysis of the institutional context of the Ukrainian Cultural Heritage Fund

June 2025



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The purpose of this document is to conduct a comprehensive analysis of the institutional context of the functioning of the Ukrainian Cultural Heritage Fund . The study examines the legal framework, organizational structure, areas of activity, as well as the interaction of institutions that were formed for the first time (were pilot ones) in Ukraine. Special attention is paid to possible challenges that the Fund may face in its activities and potential ways to improve its institutional capacity.

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Introduction

This document was prepared within the framework of the project “Ukrainian Cultural Heritage Fund Model Development and Advocacy”, implemented by the “Center for Regional Development”, a public union of the Economic Development Agency PPV, funded by the International Renaissance Foundation.

The goal of the project is to propose an optimal model of a fund to finance projects focused on cultural heritage preservation and restoration. The fund will be developed with the involvement of Ukrainian and international experts and donors. The model of the fund, accepted by experts and potential donors, is to be presented by representatives of the Ukrainian authorities at the URC in early July 2025.

Project methodology:

1. Conducting preparatory work (justification of the need, analysis of the existing model of funds financing the preservation and restoration of cultural heritage, operational models of donor-funded grant-making funds in Ukraine, institutional context of the functioning of the Ukrainian Cultural Heritage Fund (UCHF) in Ukraine, list of potential donors) and development of the UCHF model with the involvement of stakeholders;
2. Co-organization and holding of an international discussion meeting in Florence to validate the UCHF model (developed at stage 1) with international stakeholders: preparation of the concept of the discussion meeting, involvement of participants (preliminary list of participants), preparation of materials, and communication support of the event;
3. UCHF advocacy, information and promotional campaign.

Project duration: February–September 2025.

In the Strategy for Cultural Development in Ukraine until 2030, the Fund is one of the results of attainment of operational objective 3.1. Supporting the capacity of the management system in the field of culture with priority funding from the state budget and funds from international partners. At the same time, one of the key hypotheses for the Ukrainian Cultural Heritage Fund (UCHF) is the activity of this Fund as a state institution, with funding provided from the state budget. In wartime, UCHF development as a state institution is limited. Therefore, for the initiative group of the Fund, it is important to understand the methods and mechanics of transforming donor-funded initiatives into state institutions, which can help at the planning stage for the establishment and piloting the UCHF.

This paper is dedicated to the analysis of the institutional context of the establishment of the planned Ukrainian Cultural Heritage Fund and takes into account the experience of pilot initiatives, the role of the European Union operational programs, as well as the activities of key state and non-state actors in the sector. This analysis shows the main challenges faced by pilot initiatives in Ukraine and proposes models for solving the most common problems.

What are pilot initiatives, their performance evaluation

Ukraine has experience in creating pilot initiatives throughout its independence. Mostly, these are targeted initiatives aimed at introducing a new tool for implementing state policy.

The objective of pilots in Ukraine is:

- to test new approaches, institutional models, or governance mechanisms in a controlled, limited-scale format, to be further scaled or institutionalized;
- to ensure legitimacy by bringing together people with the required expertise in solving the pilot project's problem and achieving practical results;
- to establish potential interagency coordination.

Examples of such targeted initiatives are the creation of the German-Ukrainian Fund (Entrepreneurship Development Fund), the Reforms Delivery Office of the Cabinet of Ministers of Ukraine, the Export Promotion Office, etc., which were transformed into state institutions. We will consider each of these examples below.

An example of systemic change is the reform after the Revolution of Dignity is a creation of directorates within the ministries of Ukraine. This idea arose in response to a request from the Ukrainian Government and international donors to create institutions that would be more flexible in analyzing and implementing reforms - would have an immediate impact in the background of uncertainty. The directorates were characterized by their funding provided by the international community and the fact that the management of these institutions included a large number of foreign technocrats. The main task for them was to quickly build systems that could become part of the implementation of Ukraine's state policy in certain areas.



"In the fall of 2015, as part of the SGUA (The Support Group for Ukraine) and the EU Delegation in Kyiv, we intensively discussed with the Ukrainian government how the EU could best support public administration reform, a project that was already in preparation and under discussion. Then Prime Minister Arseniy Yatsenyuk proposed to the international partners pool to create a special fund with the increased salaries for the people driving the reforms forward. This formula had been tried before – by the EU and others – and failed. Other solutions were needed, fast ones. Under pressure from the then Minister of Finance Natalia Jaresko, who insisted on meeting short-term needs and medium- and long-term solutions, we developed a new model that recognized the need for a deep public sector reform. The EU also provided high-level technical assistance, including leading practitioners from across the EU, to develop a robust public administration reform strategy, which was finally adopted by the Government in June 2016"

[The work of such offices was supported by Ukraine's international partners and local businesses.](#)

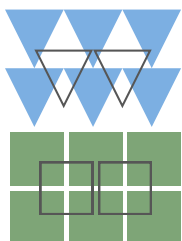
This model was based on Ukrainian legislation, but the objectives of the directorates were to work out changes to the current regulations of the ministries, at the policy or legislative level.

The stated objectives of the reform ranged from the incredibly ambitious, stated in official documents, to the relatively modest, discussed behind the scene. The set of publicly available objectives can be summarized as follows:

- Modernizing the civil service;
- Tackling corruption;
- Creating an independent civil service;
- Improving policy-making capacity;
- Introducing competitive salaries.

Some [studies](#) show that the shortcomings of the reform implementation also included those that may be valid for the implementation of the Ukrainian Cultural Heritage Fund model:

- **Fragmentation and non-systemic nature of changes** – Civil servants and employees of directorates are not mutually interested. The “strategic” changes developed by directorates are not well-understood by those who implement the new policies and strategies. This demotivates the most capable and ambitious “new” civil servants, and also creates reasonable doubts about their ability to “facilitate change” on the part of the “old” civil servants;
- **Inflexibility of reform design** – changes should be adaptable to the reality that is the background for the implementation. A reform plan that does not take into account assessment results and risks hidden within the steps being implemented is less likely to achieve the goal of this reform.



Analysis of the mechanics of transforming donor-funded initiatives into state institutions

Export Promotion Office

The Office was established in 2015 as a volunteer initiative aimed at developing the export competencies of Ukrainian businesses and promoting Ukrainian goods and services abroad. Currently, the Office is a state institution - "Entrepreneurship and Export Promotion Office", the tasks of which are defined by the [Order of the State Secretary of the Cabinet of Ministers of Ukraine dated October 12, 2021 No. 187](#):

- Software and technical support of the web portal (ensuring the functioning of the export web portal, content, and administration);
- Export consulting (research, transfer of databases for use, etc.);
- Training for exporters;
- External cooperation (promotion and coordination of Ukraine's exporters in the international market).

Strategic development of the Office:

- 2015 volunteer initiative, first donor support WNICEF – creation of the Export Promotion Council, an advisory body under the Ministry of Economic Development and Trade of Ukraine;
- 2016 – creation of the advisory body of the Ministry of Economic Development and Trade of Ukraine ["Export Promotion Office"](#), second donor support – from EDGE (Canada);
- signing of a multilateral Memorandum between the Ministry of Economic Development and Trade of Ukraine with the technical assistance projects "Expert Deployment for Governance and Economic Growth" (EDGE) and "WESTERN NIS Enterprise Fund (supports transformational projects in Ukraine);
- 2018 creation of the state Institution ["Export Promotion Office of Ukraine"](#), [the field of management of the economic and financial apparatus of the Secretariat of the CMU \(Cabinet of Ministers of Ukraine\)](#);
- 2021 is the year of establishment of the State Enterprise ["Entrepreneurship and Export Promotion Office"](#).

Areas of work in 2016-2018:

- Education (educational events and programs);
- Consulting (facilitation of contacts with potential partners);
- Business opportunities (trade missions, exhibitions);
- Platforms (She exports, B2G).

- [Analytics and development of recommendations for improving Ukraine's export policy;](#)
- Since 2018, promoting interaction between SMEs, including those engaged in export activities.

Its structure until 2018: The Chairman of the Council is the Minister of Economic Development and Trade of Ukraine. The First Deputy Chairman of the Council is the Deputy Minister of Economic Development and Trade of Ukraine - Trade Representative of Ukraine. The composition of the Export Promotion Council under the Ministry of Economic Development and Trade of Ukraine is approved by the order of the Ministry.

Since 2018 - the director of the institution is appointed by the State Secretary of the Cabinet of Ministers of Ukraine. The Supervisory Board of the Office is appointed by the Secretariat of the Cabinet of Ministers of Ukraine, the Ministry of Digital Transformation of Ukraine and the Ministry of Economy.

As of May 2025: the function of managing the institution is performed by the Financial and Economic Department of the Secretariat of the CMU. The director is appointed and dismissed from office by the State Secretary of the CMU as proposed by the head of the Department. The Supervisory Board consists of 6 people: 2 from the Secretariat of the Cabinet of Ministers of Ukraine, the Ministry of Digital Transformation of Ukraine, and the Ministry of Economy each. [The State Secretary is the chairman of the Supervisory Board.](#)

Core initiatives (before 2018):

B2G platform. Created to establish an effective dialogue between the business and the authorities. It coordinates the activities of the Export Promotion Council, which, as part of its activities, organizes joint meetings of business and Government representatives to discuss and solve current problems exporters are faced with. In addition, the B2G platform holds regional and industry meetings in order to [identify and formulate the main business problems](#) and convey them to representatives of the Ministry of Economic Development and other state and local authorities (in particular, in 2017 they advocated a ban on transit through Russia).

The **She exports** program. Women in export-oriented companies (owners, managers, and employees) make a full-fledged contribution to economic development, facing fewer gender barriers and restrictions, and are focused on expanding the economic opportunities of women in Ukraine.

Three strategic objectives of the program:

1. Export-oriented companies introduce gender equality, especially in promotion and decision-making (equal gender opportunities in business);
2. Women and women-led businesses develop their potential (entrepreneurship);
3. Women-led businesses have access to national and international business networks to expand business opportunities and export (export).

Export consulting and training

The business received assistance in establishing access to foreign markets, and tools for establishing exports (finance, logistics, intellectual property, etc.).

Now the Entrepreneurship and Export Promotion Office, together with the Ministry of Digital Transformation of Ukraine, is developing the national project Diia.Business. In particular, the annual report for 2024 states that the institution provides consultations, does market research, participates in signing export contracts based on the results of business participation in international trade events, organizes national expositions at international exhibitions, and implements educational programs.

Entrepreneurship Development Fund

[The Fund](#) was established in 1998 to transfer experience in implementing financial support tools in the form of grants for small and medium-sized businesses (SMEs) and developing expertise in managing grant financing mechanisms. Currently, the Fund operates as a financial institution with a special status, the founder of which is the state, represented by the Ministry of Finance of Ukraine. Total business support, within the framework of all EDF's financial tools, is about UAH 321 billion, or EUR 7.7 billion (as of 01.01.2024).

Strategic development:

- The “German-Ukrainian Fund” (GUF) was established based on the Decree of the President of Ukraine dated June 1, 1998 No. 574/98 “On the German-Ukrainian Fund” and the Resolution of the Cabinet of Ministers of Ukraine dated April 19, 1999 No. 628 “On the German-Ukrainian Fund” - transfer of expertise on lending for SMEs. The founders are the Credit Institute for Reconstruction (KfW) on behalf of the Federal Republic of Germany, the Cabinet of Ministers of Ukraine, represented by the Ministry of Finance and the National Bank of Ukraine. It has a [non-profit status](#). The Supervisory Board is formed by the founders, the Chairman of the Supervisory Board is the Chairman of the National Bank of Ukraine;
- Under the order of the Ministry of Finance of Ukraine dated January 1, 2020 No. 5, the name of the Fund was changed to the name “Entrepreneurship Development Fund”;
- In 2024, international partners, including Germany, the EU, the World Bank, the Japan International Cooperation Agency, and the Luxembourg Agency for Development, took a [commitment](#) to achieve the transformation of the EDF into a full-fledged national development institution for SMEs and make it a driving force in Ukraine's economic recovery.

Areas of work:

- Strengthening the competitiveness of private small and medium-sized enterprises by financing them through the provision of loans from certain Ukrainian commercial banks at the expense of the GUF;
- Since 2017 - technical assistance, implementation of support programs (including those of other international donors): loans, guarantees, services in the capital market.



Structure:

[The founders of the Fund](#) are the Credit Institute for Reconstruction (KfW), the Cabinet of Ministers of Ukraine (represented by the Ministry of Finance), and the National Bank of Ukraine. Since 2017, the CMU has been the sole participant of the Fund. The management bodies are:

- General Assembly;
- Supervisory Board (two out of 5 members are the representatives of the state).

The Management Board is its executive body.

Key initiatives:

Affordable loans 5-7-9%

The objective of the program is to reduce the cost of loans related to the economic activities of small, including micro, and medium-sized enterprises (SMEs) through partial compensation of interest rates on loans by the Fund and the provision of guarantees to banks to ensure the fulfillment of credit obligations by the Fund. The areas for which such support may be provided are as follows: investment and financing of the working capital of a business.

[The maximum loan amount](#) is UAH 60,000,000.00. Most often, [program participants](#) are entrepreneurs from the agricultural sector.

For SMEs in the cultural heritage sector, the Fund may provide guarantees or compensation under credit programs for the acquisition and/or modernization of fixed assets by an entrepreneur, in particular, the acquisition of commercial and industrial vehicles; the acquisition of non-residential real estate and/or land plots for the purpose of conducting economic activities of micro-, small-, and medium-sized enterprises without the right to transfer such real estate for paid or free use to third parties; the implementation of construction, reconstruction, and repair works in non-residential premises in which the micro-, small-, and medium-sized enterprises conduct their main economic activity, which are owned or used by the micro-, small-, and medium-sized enterprises. More information about the program is available on the [Fund's website](#).

"Affordable Mortgage 7%" program

The objective of the program is to simplify access of individuals – citizens of Ukraine – to mortgage lending to purchase the mortgaged property through partial compensation of interest rates on mortgage loans and provision of guarantees to banks by the Fund. The maximum value of the mortgaged property shall not exceed 2,500,000 hryvnias.

Reforms Delivery Office of the Cabinet of Ministers (Office of Restoration and Reforms of the Cabinet of Ministers of Ukraine)

After the Revolution of Dignity of 2013-2014, the reform architecture in Ukraine (the Ukraine Recovery and Reform Architecture (URA) - a comprehensive technical assistance program of international donors) consisted of the following components:



The Reforms Delivery Office of the Cabinet of Ministers of Ukraine is a consultative and advisory body of the Cabinet of Ministers of Ukraine, which, despite its advisory status, has a list of powers defined and approved by the Resolution of the CMU. It is a group of Ukrainian specialists who are not civil servants. It is funded on a temporary basis by donors through the Ukraine Recovery and Reform Architecture (URA) program and provides targeted technical support and assistance to the Cabinet of Ministers of Ukraine in the development and implementation of priority reforms.

Areas of work:

- Ensuring the proper level of organization and coordination in the implementation of reforms;
- Preparing proposals for draft regulatory legal acts on the reforms implementation;
- Monitoring the status of strategies implementation by ministries and other central executive bodies.

Structure:

The Head of the Office of Reforms of the CMU is the Prime Minister of Ukraine. The Executive Director is subordinated to the Head of the Office. Projects are headed by project managers. Deputy executive directors and reform project managers are subordinated to the Executive Director of the Office.

Key initiatives:

[Development and coordination of reforms \(analysis and implementation\)](#)

The team prepared a concept for creating the career.gov.ua portal and developed a description of the technical process. As a result of the work, the Government received a new high-quality web portal for civil service vacancies. It significantly simplified the entire process of employing candidates - from searching for the necessary vacancy to tracking the results of the competition. The key achievement here is a simple, fast, and convenient way to submit documents.

The “Capable Ministries” project, implemented by the Office, aimed to increase the overall efficiency of the Government by forming modern and capable ministries as analytical and power centers and ensuring their leadership in the implementation of reforms. As a result of the program, more than 600 specialists were involved in the reforms.

Preparation for the annual Ukraine Recovery Conference, [weekly digests](#) on Ukraine recovery, participation in the planning and monitoring of international assistance in supporting the reforms in relevant areas.

The Ukrainian Cultural Foundation

The Ukrainian Cultural Foundation is a state institution established in 2017 under the relevant Law of Ukraine. Its aim is to promote the development of national culture and art. The Foundation works to create favorable conditions for the growth of the intellectual and spiritual potential of individuals and society. It also ensures broad access to the national cultural heritage. Additionally, it supports cultural diversity and helps integrate Ukrainian culture into the global cultural space.

Its establishment is part of a broader cultural reform in Ukraine, which began after the Revolution of Dignity in 2014. The core motivation was the desire to equalize budget-funded and non-budgetary cultural and artistic organizations in their access to resources. The activities of the Foundation are directed and coordinated by the Ministry of Culture of Ukraine.

Strategic development

- In January 2018, Maryna Poroshenko was elected as the Head of the Ukrainian Cultural Foundation. The Supervisory Board of the Foundation was created, and in February, the Executive Director of the Foundation – Yulia Fediv – was elected. The beginning of the team creation and the conceptualization of the work of the new institution;
- May 2018 - the announcement of the first competitions for cultural and art projects. The budget for project support from the UCF was declared as amounting to 156,660,000 UAH;
- December 2018 – based on the results of the first year, 293 projects were implemented (out of 716 requested) for the amount of 139 million 418 thousand 952 UAH 63 kopecks;
- [2019](#) – the fund supported 432 cultural and art projects (total number of submitted projects - 2059) for a total amount of UAH 497.87 million, 75% of the winning projects were submitted by private organizations and only 25% — by the state, which proved the effectiveness of the Foundation's distribution of state-owned funds;
- 2024 - the Foundation supported 235 (out of 1,560 requested) cultural and art projects for a total amount of UAH 148.35 million).

Areas of work:

- providing institutional support, supporting and developing projects in Ukraine and the Ukrainian diaspora
- supporting the implementation of international projects, supporting cultural and information programs of international cooperation
- providing grants to legal entities regardless of the form of ownership, grants and scholarships to individuals, and providing other types of project support specified in the Regulations on the Ukrainian Cultural Foundations.

Structure:

The management bodies of the Ukrainian Cultural Foundation are the Supervisory Board (controls activities) and the Directorate of the Ukrainian Cultural Foundation (in charge of management).

The Chairman of the Supervisory Board is elected by the members of the Supervisory Board, of which there are 9 in total: two - nominated by the President of Ukraine, two - by the relevant ministry, two - by cultural institutions, and two - by public associations, and the Chairman of the Foundation (ex officio). The Executive Director of the Foundation is elected by the Supervisory Board of the Foundation based on the results of a public and transparent competitive selection.

Key initiatives:

The Foundation supports individual, national, and international cultural and art projects on a competitive basis within seven sectors:

1. Culture in wartime: creation of a cultural product/content that reflects on the challenges of wartime and unites society; adaptation, creation, and promotion (in cooperation with state institutions and non-state initiatives) of a cultural product/content for Ukrainian cultural diplomacy.
2. Cultural inclusion: ensuring barrier-free access to cultural practices for everyone; inclusive and trauma-informed cultural practices for mental recovery; cultural products for children and youth; inclusive and adaptive employment practices in cultural and creative industries.
3. Cultural heritage: digitization of heritage in frontline and de-occupied regions and of heritage at risk of loss or destruction; reinterpretation of heritage and decolonization of collections; supporting cultural heritage and the Ukrainian language and their role in identity formation; supporting commemorative practices and an inclusive culture of memory.
4. Development of culture at the local level: support for cultural initiatives in frontline and de-occupied regions; community cohesion and integration of Ukrainians into the Ukrainian cultural space through culture; strengthening the capacity of cultural actors and creative industries in small communities.
5. Cultural diversity: promotion of the development of culture, cultural diversity, and values of national minorities, communities, ethnic groups, and indigenous peoples of Ukraine, their harmonious coexistence.
6. Partnership for development: development of partnership programs to support artists and cultural figures, development of creative industries, human capital, and cultural resistance to Russian aggression.

This analysis allows us to identify a list of basic prerequisites for approving the status of pilot initiatives as state institutions.

Signs of readiness of pilot initiatives to transform into institutions:

1. Legitimacy

A sustainable institution has a clearly defined organizational and legal model and basis for its activities, which ensures its legitimacy and stability within the legal system. The status may include both a separate advisory structure within the government body and a separate state institution with higher autonomy. The activities must be legalized in the legal field – the common issue.

2. Reputation and predictability

The experience of the initiative at the piloting stage should demonstrate a basic set of principles for the organization's work. This would allow for faster adjustment of processes both internally and externally. At the same time, this does not ban such pilot initiatives from changing the focus of their work to a more relevant one over time (for example, when the Export Promotion Office was launched, there was no Diia.Business yet. Now their cooperation is mutually reinforced).

3. Institutional capacity

Includes financial and expert capacity to implement changes developed as a result of piloting. In addition, the institution should be open to interagency coordination - this will help avoid duplication of functions mentioned above.

It is important to note that the institution that is called to implement the reform should be insensitive to electoral cycles. A change in political leadership should not lead to the curtailment or significant revision of strategic approaches that have been reasonably developed. Such a principle allows maintaining trust among partners, donors, the expert community, and the public, and also [guarantees sustainable development](#) regardless of the political situation. In our opinion, in the analyzed examples, this stability was ensured by a) the result-oriented approach of the organizations - those organizations created a unique "added value" that is beneficial for most public sector players, b) the organizational and legal structure (not the form) - the right moment and balance of influences during the transfer of management (the German government remains the founder of the EDF, but is no longer its 100% owner).

4. Transparency

This includes openness in decision-making, availability of information, and mechanisms for public control. In particular, what powers the institution has, what its main tasks and performance indicators are, annual activity reports, etc.

The advantage of the above selection of examples is that their performance can be assessed in terms of the time that has passed since their implementation. The context of implementation is crucial in studying the causes of success or failure. Policy can also be symbolic in its intentions and/or ideologically and politically motivated. The question is not whether it is successful or not, but whether the government is perceived as doing something regardless of success and praise.

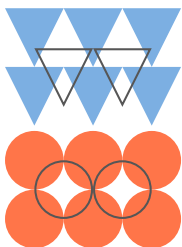
Assessment of pilot initiatives that were institutionalized

We suggest evaluating these examples according to the criteria where relative success means that there were various stages of failures and mistakes in policy implementation but the results of implementation indicate a mostly positive impact. Relative failure means that the policy objectives were not achieved by this criterion, but there were also a number of positive changes tracked.

	Relative success	Average performance indicators	Relative failure
Legitimacy	Export Promotion Office (SE "Entrepreneurship and Export Promotion Office"), Entrepreneurship Development Fund, CMU's Reforms Delivery Office, Ukrainian Cultural Foundation		
Reputation and predictability Stakeholder support	Entrepreneurship Development Fund	Export Promotion Office (SE "Entrepreneurship and Export Promotion Office"), CMU's Reforms Delivery Office, Ukrainian Cultural Foundation	
Clarity of work results	Entrepreneurship Development Fund, Ukrainian Cultural Foundation	Export Promotion Office (SE "Entrepreneurship and Export Promotion Office")	CMU's Reforms Delivery Office
Institutional capacity	Entrepreneurship Development Fund, CMU's Reforms Delivery Office	Export Promotion Office (SE "Entrepreneurship and Export Promotion Office"), Ukrainian Cultural Foundation	
Transparency	Ukrainian Cultural Foundation	Entrepreneurship Development Fund	Export Promotion Office (SE "Entrepreneurship and Export Promotion Office"), CMU's Reforms Delivery Office
Contributing to the achievement of policy objectives	Export Promotion Office (SE "Entrepreneurship and Export Promotion Office"), Entrepreneurship Development Fund, CMU's Reforms Delivery Office, Ukrainian Cultural Foundation		

Based on the assessment, we propose a list of key challenges that pilot (new) initiatives in public administration may face:

- 1. Lack of reputation and sufficient support from stakeholders.** The closed nature of the work and excessive politicization of the pilot activities contribute to the worsening of the organization's reputation and lack of "game changers" outside of it.
- 2. Lack of proper and regular communication** about the changes that the pilot team is involved in, as well as bright communication without meaning, contribute to the fact that the organization's work is not connected to specific results - the impression is that this is "just one more organization" operating with international funds.
- 3. Lack of a well-established internal management system.** Institutional capacity must be provided for by the expertise and political influence of the organization that aims to implement change. Lack of a well-established internal management and decision-making system creates chaos in external representation.



Integration into the institutional architecture

However, institutionalization is not just the process of creating a new organization. It also involves embedding the newly created institution into the existing institutional architecture. This requires a clear delineation of powers, [elimination of possible duplication](#), and alignment of coordination mechanisms with existing structures, such as line ministries, agencies, foundations, or control bodies.

Cultural heritage – institutional landscape

Despite targeted assistance from donor initiatives and sporadic state initiatives, systematic conservation work (described in more detail in the document “Substantiation of the request and the need for the UCHF establishment”), restoration, and development of cultural heritage at the strategic national level were not performed. No policy tools were developed and created to facilitate this process.

Current programs in the field of financing the restoration and development of cultural heritage and the differences between them will be considered in detail below.

	Examples	Essence	Results in 2024	Impact
Local programs	Lviv region, Ivano-Frankivsk , Sumy , programs of Kyiv , Lviv , Odessa, Kharkiv (non-exhaustive list).	Targeted programs for the protection and restoration of heritage were funded from municipal and regional budgets, and they were largely focused on urgent emergency response work, in particular, on sites affected by hostilities or where work had begun before the full-scale invasion.	In 2022-2024, the amount of funding became several times smaller. For example, in Lviv, as of December 2024, patrons allocated more than UAH 60 mln. for sites restoration, and thanks to this it was possible to promptly carry out important priority measures, in particular, to restore and cover roofs, carry out conservation and emergency restoration work.	In most cases, community budgets did not cover the full cost of interventions, but communities acted as co-funders or administrative partners.

	Examples	Essence	Results in 2024	Impact
State funding	UCF's "Cultural Heritage" Program	The goal of the program is to support projects aimed at researching, preserving, restoring, protecting, and popularizing Ukrainian cultural heritage, which will further contribute to strengthening modern Ukrainian identity and forming shared values of Ukrainian society in response to the challenges of the war.	24 projects were supported for the amount of UAH 28.91 million.	The main product of the projects is digital. Thanks to the UCF, applications, digital platforms, collections, and 3-D tours have been developed.
	The "Large Restoration" program	Launched in 2021. The program was designed for three years of implementation and aimed at "hard" infrastructure changes: the restoration of 150 of the most important CH sites of state and municipal ownership. In 2024, priority was attached to sites in a critical condition, from the UNESCO World Heritage List, or those affected as a result of Russian aggression.	The results of the selection were published on the official website of the MCSC. However, the specific list of sites for which funding was allocated was not indicated anywhere in open sources.	Since the beginning of Russia's full-scale invasion of Ukraine, the program has been put on hold, with most budget expenditures redirected to military needs. Those projects that received funding from the state budget in 2022-2024 were aimed at urgent restoration work or the completion of a previously started stage of work, the failure of which could lead to further destruction of the monument.

	Examples	Essence	Results in 2024	Impact
	Public investment	<p>Approved sectoral portfolios bring together priority projects in strategically important areas:</p> <ul style="list-style-type: none"> • social direction (housing, education, healthcare, social protection); • infrastructure (energy, transport, water supply); • humanitarian demining; • development of a system of reliable shelters. 	<p>The priority area of protection and restoration of cultural heritage has not been identified. In the Unified Project Portfolio of Public Investment (SPP) there are two projects in which the Ministry of Culture is the main budget holder (construction of the repository of the National Museum of Folk Architecture and Life of Ukraine, new construction of a dual-purpose building).</p>	<p>The tool focuses on areas identified by the Cabinet of Ministers of Ukraine – not on the restoration and preservation of cultural heritage.</p>
Donor programs	UNESCO, ALIPH, World Monument Fund (non-exhaustive list)	<p>Most of the funding from international donors was used for professional training programs, documenting and assessing the damage, provision of firefighting equipment, etc.</p>	<p>There has been restored part of the destroyed wall, the heating system and 115 square metres of the roof has been installed in the Transfiguration Cathedral in Odesa, the facade of the main building and columns of the entrance group have been restored, additionally the ceilings in the affected exhibition halls of the Odesa National Fine Arts Museum have been reinforced, project for the partial conservation of the roof of the Holy Trinity Church of 1720 in Zhovkva, etc.</p>	<p>Implementtion of both emergency stabilisation interventions and long-term revitalisation projects. International organisations were often the only sources of funding in cases where state or local budgets were limited.</p>

	Examples	Essence	Results in 2024	Impact
Initiatives of public unions	Spadshchyna.UA , the city of Lviv, Save Kharkiv, the city of Kharkiv, Frankivsk that should be cherished , the city of Ivano-Frankivsk (non-exhaustive list)	Restoration of individual architectural elements, as well as projects aimed at emergency and restoration measures to preserve CH.	For stabilization and conservation works, the initiative has managed to raise €76,000 of grant funding from 5 international donors in Kharkiv over half a year, purchase of historical sites, preparation for further sale (Gershgorin Palace in Khmalnytskyi region, Shchenovski Palace in Vinnytsia region, and others, within the last 2 years).	In 2022-2024, civic initiatives were key implementers and often initiators of projects with a 'hard' component. Their role proved to be particularly important in a context of limited government involvement and complex bureaucracy. These initiatives not only organised work but also created an environment for learning and interdisciplinary cooperation. They have demonstrated an effective model of heritage preservation through horizontal partnerships, flexible formats, and a long-term vision.

Therefore, there are separate programs or initiatives that allocate funds for hard or soft projects in the field of cultural heritage. A common feature of these projects is the lack of a systemic approach at the national level. The main reasons are:

- limited funding;
- focus of activities on individual objects and creating added value for them with commercial purposes, or on social sites (schools, housing, etc.).

The Fund can cooperate with each of these entities in the following areas:

- expert (combining the Fund's expertise, for example, with PIP investment projects - more details are provided below);
- infrastructure (creating joint programs with the Ukrainian Cultural Foundation for digitizing heritage, preparing feasibility studies, etc.);
- regulatory (developing regional or local programs, introducing tax benefits for heritage operators, etc.);
- financial (co-funding programs or grants for the development of local heritage sites);
- communication (advocating for changes in regulatory and legal framework, promoting in-bound tourism, etc.)

Integration mechanisms

Direct legitimization

The legitimacy of the institution is essential for achieving policy objectives. For the purposes of the UCHF's operation in Ukraine as a public authority or a legal entity (co)founded by the state, it is necessary to adopt a special law or amend existing laws that will enshrine the status of the Fund in Ukraine. For this purpose, the Fund should cooperate with the Ministry of Culture and Strategic Communications, the relevant committee of the Verkhovna Rada, and the Office of the President of Ukraine.

An alternative is to operate the Fund as a private initiative, with limited government involvement (at the level of delegates to a Supervisory Board or Advisory Body under a government agency in Ukraine (Ministry of Culture and Strategic Communications or Ministry of Communities and Territories Development, etc.).

Legitimization via interaction

[Network interventions](#) through joint programs, participation in temporary joint committees – reputation and support of stakeholders.

Cooperation of the Fund with other key players in the sector (including state ones) will create an opportunity for partnership and building long-term influence on policy development in the sector. In addition, this would mean extra access to resources that have common goals, but need to be reinforced.

For example, co-financing (part of the funds is provided by the UCF, part - by the UCHF - this especially concerns the institutional capacity of the UCF to announce and conduct open competitions, assessment, through experience in the market.

The UCHF, in turn, can strengthen these competitions with expert assessment of projects in the field of cultural heritage), partnership in the implementation of programs (educational, exhibition or educational), information and advocacy campaign (amending legislation or enabling access for heritage operators from Ukraine to European networks and competitions).

Participation in temporary joint committees created at the state level, local governments, donor programs, or international initiatives.

Constant destruction of infrastructure in the field of culture, including cultural heritage, as a result of Russia's actions during the Russia-Ukraine war, has already led to the development of certain algorithms of actions that can work for its restoration (for example, UNESCO's participation in the restoration of the monument in Lviv at 62, 64, 66, 68 Stryiska Street or the World Monuments Fund's participation in the conservation of the house of Vasyl Tarnovsky, a monument of national importance).

At the same time, it took 13 years for the return of the castle in Stare Selo in Lviv region in 2023 by a court decision after some unsuccessful concession. This shows that communities often independently solve post-restoration problems within the limits and in a manner that their budget, availability of personnel, etc. allow for. This indicates that Ukraine lacks expert councils with a good reputation among specialists for systemic work on effective and faster management of heritage, especially the one that has been affected by hostilities, and attracting potential donors and investors for the professional restoration of monuments.

Proposals for interaction at the community level - temporary headquarters/committees at regional military administrations with the participation of experts from the Fund:

- on the preservation of damaged monuments;
- documenting war crimes against cultural heritage;
- coordination with international partners (UNESCO, ICOMOS, ICCROM, etc.).

This will also help avoid one of the above-described problems – the fragmentation of changes. The formation of a single base of expertise, which is accessible to communities, will be useful for those communities that do not have experience in heritage reconstruction, but may encounter this problem at any time during the war. At the same time, this will create a unique Fund's offer in the reconstruction market in Ukraine, which can protect against the inefficient use of reconstruction funds in the future.

UCHF funding

Public investment projects

State support for communities via the State Fund of Regional Development (SFRD)

The mechanism for financing recovery at the local level is based on strategic planning documents. At the national level, this is the updated State Strategy for Regional Development for 2021-2027, which is implemented at the regional and local levels through relevant regional strategies, community development strategies, and action plans.

In particular, one of the Strategy's objectives is to take measures to protect and preserve cultural heritage (operational objective 2. Satisfaction of the population's need for high-quality administrative and public services, clause 34) and facilitate the restoration of cultural heritage sites in regions and territorial communities destroyed or damaged as a result of the armed aggression of the Russian Federation, Intensifying the nomination of sites with unique value and which may potentially belong to the UNESCO World Heritage List (operational objective 2. Strong, capable, and competitive regional economies, subclause 21, 22).

Investment programmes and projects must comply with the State Strategy for Regional Development for 2021-2027 and the Procedure for the Preparation, Evaluation, and Selection of Investment Programs and Regional Development Projects that can be implemented at the expense of the State Fund for Regional Development ([Resolution of the CMU No. 196 of 18 March 2015](#)). All programs are submitted by applicants through the DREAM ecosystem (Digital Restoration EcoSystem for Accountable Management).

Applicants can be central and local executive authorities, local self-government bodies, and regional development agencies. Applications are preliminarily reviewed by local administrations (commissions within them).

The main conditions are as follows:

- the total estimated cost of construction projects is more than UAH 10,000 thousand, and that of other projects - more than UAH 1,000 thousand;
- availability of project documentation approved following the procedure established by law (for construction projects (new construction, reconstruction, restoration, overhaul);
- co-funding from local budgets of at least 10%;
- the ability of the entities that receive funds from the State Fund for Regional Development to finance their sites to ensure further financing and maintenance of their sites at the expense of local budgets and other sources not prohibited by law.

Based on the results of the assessment and compliance of investment programs and projects with the requirements of the legislation, the decision of the Ministry of Communities and Territories Development is made by the relevant commission, with due account of investment programs and projects aimed at regional development.

The website of the Ministry of Communities and Territories Development of Ukraine indicates a potential reform of the mechanism by forming 3 baskets: participatory budget (after the projects are reviewed by the commission, citizens can directly vote for the project through the Diia portal), EU funds (exclusively for the needs of restoration, reconstruction, and modernisation of local governments, they are credited to the special fund of the SFRD and directed in the form of subventions to communities/regions to implement programs in the most affected regions/communities), and the third - loan guarantees for communities. But these changes have not yet come into force.

Public investment system (PIP)

A comprehensive regulatory, institutional, information, and analytical mechanism that ensures effective planning, evaluation, selection, implementation, monitoring, and control of public investment projects and programs. The main goal is to ensure targeted, efficient, and transparent use of budget funds to achieve strategic development goals.

The mechanism is designed to ensure the strategic, transparent, and efficient use of public resources for projects that have a high social impact, and it involves both central executive authorities and local governments.

The system is implemented through several key procedures, including:

- mid-term planning (approved by the Resolution of the CMU No. 294 of 28 February 2025);
- project selection system, portfolio formation;
- resource allocation;
- performance monitoring;
- risk management;
- stakeholder engagement.

The Ministry of Economy, as the main coordinator, and other ministries prepare their proposals within the mid-term planning process. Projects can be submitted for selection by a state authority, local government body, enterprise, institution, state-owned or municipally owned organisation, or a business entity with a state share of more than 50%.

The program can be initiated by:

- the Ministry;
- a local self-government body.

Preparation of a project proposal

The initiator develops a project, conducts a strategic, economic, financial, managerial, and commercial feasibility study. This requires:

- to fill in the data in the Unified Information System for Public Investment Management;
- to prepare a preliminary feasibility study for all projects;
- if the project cost exceeds UAH 50 million, to also prepare a full feasibility study (except for public-private partnerships), which provides for detailed justifications.

A large-scale project is a project with an estimated cost of more than UAH 400 million.

Only the programs included in the unified project portfolio can receive funding from the state budget, local budgets, or the respective guarantees (state support). Local and regional level programs that do not require funding from the state budget can be implemented after being included in the single project portfolio of the region/community.

During preparation, the program may:

- include projects at the local level that are in the sectoral project portfolio of the territorial community;
- include projects at the regional level that are in the sectoral project portfolio of the region and in the unified project portfolio of public investments of the territorial community;
- include projects at the national level that are in the sectoral project portfolio of the state.

[The Unified Project Portfolio of Public Investments \(SPP\)](#) includes two projects in which the Ministry of Culture is the main budget holder (construction of the National Museum of Folk Architecture and Life of Ukraine, new construction of a dual-purpose building). The construction of the State Museum-Archive of Folk Culture of Ukrainian Polissia in Kyiv was recognized as not meeting the needs of wartime (the budget - UAH 109,533,416 thousand, even the feasibility study for Kyiv for 2023 is available). It is fair to assume that the PIP instrument is currently available to a limited extent for the cultural sector.

Depending on the model of the heritage fund, several cooperation models (or a combination of them) are possible within the framework of public investment projects:

- the Fund prepares projects that can be included in the mid-term plan and submits proposals to The Ministry of Culture and Strategic Communications (MCSC) or the Cabinet of Ministers of Ukraine for the implementation of a PIP based on the priorities identified by the parties (feasibility study, project documentation, etc.);
- the Fund is responsible for the implementation of the public investment program (organisation and conducting of procurement, conclusion of contracts, implementation of terms of reference), is the implementer of the project;
- the Fund co-finances a part of the projects selected by the Strategic Investment Council for implementation.

European programs

EU programs and funds financed from the EU budget are financial instruments set up by the European Union to support various policy areas and projects in the Member States (Structural Funds). These programs are intended to promote growth, cohesion, environmental sustainability, research, education, etc., benefiting both individual EU Member States and the EU as a whole. They are usually financed from the EU's long-term budget, known as the Multiannual Financial Framework (MFF), which allocates resources for a certain period (usually seven years).

It is important to note that these programs are cross-sectoral - they mainly aim to support several areas that interact with each other (digitalisation of public services and support for SMEs, tourism development and digitalisation of cultural funds, etc.) At the same time, there are also programs that support specific areas. For example, the National Operational Program on Culture in Italy aims to increase the attractiveness of the cultural heritage of less developed regions of Italy and generate more sustainable tourist demand and related cultural activity, as well as to support and promote the strengthening of creative and cultural enterprises. An operational program to finance the restoration of cultural heritage in Ukraine affected by the war may be one of the UCHF's activities.

The elements (eligibility conditions, budget, etc.) of any European program should be part of a unified intervention logic. This is the process of building an intervention logic (planning program activities) that makes it coherent and uses analysis and planning tools (such as context, policy, stakeholder, problem and risk analysis) that improve the design of the intervention and allow for relevant, realistic, and effective result-oriented management.

The non-competitive project selection process should transparently identify a list of priority projects that can be funded under the programme and meet the following criteria:

1. Justification for the priority restoration of a site at the expense of the program
2. Availability of project documentation prepared in a transparent manner and with the involvement of professional parties
3. The restoration budget corresponds to the project portfolio under the program
4. Institutional capacity of the project team to implement the restoration
5. Transparency of results tracking

The project can also finance the costs of educational activities in the field of raising environmental awareness and/or cooperation, including exchange of knowledge and experience as well as consultations with partners from other Member States, candidate countries, or associated countries, if directly related to the project under implementation.

Models of cooperation between the Fund and the EU at the level of operational programs:

- the Fund can act as a national body for the implementation of operational programs partially or fully co-financed by the EU, ensuring transparent management of funds, alignment of projects with European priorities, and reporting according to international standards;
- the Fund could become a specialised operator for projects related exclusively to cultural heritage, focusing on restoration, digitalisation, monument protection, and strengthening of local communities through cultural identity. This approach will allow combining local expertise with EU financial and technical instruments (for example, the Creative Europe programme. The EU, through the Creative Europe programme, supports Ukrainian cultural initiatives, in particular through special grants to support displaced people and the cultural sector of Ukraine. Projects such as ZMINA: REBUILDING and Culture Helps, promote the integration of Ukrainian artists and cultural organisations into the European cultural space).

Conclusions and recommendations

Ukraine has experience of piloting initiatives that have been incorporated into public institutions. This analysis provides a list of the main challenges that pilot (new) initiatives in public administration may face: lack of reputation and sufficient support from stakeholders; closed work and excessive politicisation of activities; lack of proper and regular communication about the changes that the pilot team is involved in, as well as bright communication without meaning; institutional capacity is not provided for with sufficient expertise, which has an impact on internal processes and also prevents the implementation of results externally. The key features of institutionalised pilots are as follows: legitimacy, reputation and predictability, institutional capacity, and transparency.

Institutionalisation is not just the process of creating a new organisation. It also involves embedding the newly created institution into the existing institutional architecture. This requires a clear delineation of responsibilities, elimination of possible duplication, and alignment of coordination mechanisms with existing structures such as line ministries, agencies, funds, or supervisory bodies. This document provides examples of the Fund's cooperation aimed at gaining legitimacy, networking, and financial support for its activities.