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## **AFTER WAR RECONSTRUCTION OF UKRAINE: ECONOMIC ASPECT**

*The work examines the consequences of the terrorist tactics of Russia's war in Ukraine, the assessment of the total cost of the damage caused in all spheres of public life. An analysis of the first global project for the restoration of Ukraine, which was presented at an international conference in Lugano, Switzerland in 2022, was conducted. The total cost of restoring the country, which amounts to more than 750 billion dollars, and the sources of these funds have been determined. The main stages of the recovery plan are defined, taking into account the experience of rebuilding Europe after the Second World War and the Marshall Plan. It was determined that the recovery of Ukraine should take place moderately and transparently and that competent experts should be involved in these processes and money should be spent efficiently.*

**Key words:** war, terror, damage, post-war reconstruction, cost, reconstruction

*plan, sources of financing.*

Formulation of the problem. Ukraine's liberation war with Russia has been going on for more than a year. During this period, tens of thousands of people were killed and maimed on Ukrainian soil, many Ukrainian cities were destroyed, and their inhabitants became refugees, and some became victims of war crimes.

The events of the war showed Ukraine's impressive ability to resist the enemy, which has the world's largest territory and the sixth largest economy. The considerable scale of our country plays an important role in this. Therefore, the enemy wants to reduce them, dismember Ukraine, take away territory, people and resources. Then turn these resources against her.

Therefore, Ukraine should be ready for a regime of prolonged confrontation. For this, it needs mass — military, human, economic. More precisely, the number of citizens and territory, the number and equipment of the armed forces, and necessarily the size of the economy

Analysis of recent research and publications. A wide range of economists, scientists, and politicians devoted their work to the problems of Ukraine's post-war revival: T. Bohdan, O. Boltyan, A. Dlichach, V. Novikov, V. Maksimov, V. Landa, O. Mykyta, S. Kvit, G. Heilo First of all, before rebuilding Ukraine, it is necessary to minimize all kinds of damage from the war and determine the main directions and stages of this process.

Paper objective. The purpose of the article is to study the plans and sources of financing for the reconstruction of Ukraine, the experience of the Reconstruction of Europe after the Second World War, and the generalization of this information for the purpose of implementation in Ukraine.

Presentation of the main research material. On March 2, 2022, the UN General Assembly supported the resolution «Aggression against Ukraine» by 141 countries, 35 states abstained, and five delegations - Russia, Belarus, the DPRK, Syria and Eritrea - voted against. Commenting on the results of the vote, António Guterres noted that he, as

the Secretary General of the UN, must be guided by the appeals contained in this resolution [1].

The terrorist tactics of waging war by Russia, as a result of which thousands of houses, objects of civil and critical infrastructure were destroyed, poses another task for Ukraine - it is necessary to go not only the difficult path to victory, but also the path of post-war recovery. And already now, during the war, it is necessary to plan how it will be and at the expense of whose financial assistance. Several initial estimates of the cost of reconstruction have already been presented.

Ukraine presented the first global restoration project at an international conference in Lugano, Switzerland. The plan is designed for ten years and covers 15 areas. Its total value is more than 750 billion dollars. Of this amount, 250-300 billion are expected to be attracted through partnership grants, 200-300 billion through loans or equity capital, and 250 billion through private investments.

The plan is divided into three stages. The first stage - «Stability» - involves the restoration of the most important objects of critical infrastructure by the end of the year. In particular, it is about repairs of boiler houses, networks, housing, support of small and medium-sized businesses. This year, Ukraine wants to receive 60-65 billion dollars.

The next stage in 2023-2025 involves restoration itself - implementation of most projects of the entire plan, restoration of social sphere objects, housing construction. The stage envisages attracting financing in the amount of more than 300 billion dollars. The final stage, which will span 2026-2032, is modernization and measures for Ukraine's accession to the European Union. This requires more than 400 billion dollars [2].

Reconstruction of Europe after the Second World War began three years after its end. Before that, the viability of the post-war Western European economy was supported by imports from North America and subsidies and loans from the USA and Canada. This could not last long, that is why the Marshall Plan was developed - a program of technical and economic assistance to Europe not only to support, but also to restore the economy.

If the country's economy is not restored after the war, it will need to be constantly subsidized. And the latter is much more expensive as a result. World leaders seem to have

learned this lesson well. After all, plans for the reconstruction of Ukraine are already being talked about, despite the fact that hostilities continue.

On April 21, the President of Ukraine signed an order on the formation of the National Council for the Recovery of Ukraine from the Consequences of the War. This is a consultative and advisory body, which was entrusted with the task of developing a recovery plan. According to the reports of the head of the President's Office, this plan has already been developed and presented to the Economic Development Committee of the Verkhovna Rada on May 2. In general, it has not yet been made public. But Andriy Yermak shared the principles on which it is built:

- full access to the EU and Big Seven markets;
- obtaining candidate status, and then full membership in the EU;
- building the economy based on the principles of deregulation and liberalization;
- establishment of logistics routes in the western direction;
- transition from export of raw materials to processing in those industries that provide the largest export revenue;
- development of the domestic military-industrial complex;
- self-sufficiency in energy will be achieved by increasing the production of own gas and the development of nuclear energy;
- climatic modernization;
- localization of at least 60% [3].

The National Council for the Recovery of Ukraine from the Consequences of the War consists exclusively of representatives of the Office of the President and the Government.

However, representatives of the public and international experts are also invited to the working subgroups of the Council. We hope that the authorities will heed their advice.

The war in Ukraine is definitely a disaster. However, on the other hand, it opens a window of opportunities, in particular, to involve world experts in various fields in the modernization and restoration of the country.

For example, the Economic Policy Research Center followed this path. He engaged eight world-class economists to develop the «Essay on the Reconstruction of Ukraine».

In the document, the authors set out the basic principles on which the future recovery of the country should be based after the destruction caused by the Russian attack. And they also proposed 4 stages of action: one during hostilities to minimize damage and three — actually for gradual recovery.

At the same time, experts suggest creating an International Agency for the Reconstruction of Ukraine. Similar functions were performed by the Economic Cooperation Administration (ECA), which administered the Marshall Plan for Europe.

This agency should be affiliated with the EU, at the same time be autonomous in decision-making and have clear terms of existence.

This body will advise Ukraine during the recovery and ensure that the money goes as intended. That is, such an agency can exist in parallel with the National Council to help it [3].

First of all, before rebuilding, Ukraine tries to minimize all kinds of damage from the war. It is about the relocation of businesses from the war zone to safer regions, housing for temporarily displaced persons, and in general all measures aimed at keeping people and businesses alive and working - respectively, so that the economy lives.

The second important stage is the documentation of damages. On the one hand, it is necessary to hold Russia accountable for war crimes in international courts. However, on the other hand, such documentation helps to collect information about all destruction and damage.

Then you can categorize them and develop plans for reconstruction. For example, depending on the scale of the destruction, the house may need repair or reconstruction, or it may have to be rebuilt from scratch.

To decide, you must first collect information about its damage, analyze it, and based on this analysis, choose what to do with the house.

The joint project of the Kyiv School of Economics, the Office of the President and the Ministry of Economy «Russia will pay» and the Ministry of Digital Transformation -

through the application «Action» are engaged in centralized documentation of damages from Russia's military aggression.

Anyone can submit information about the damage caused to Ukraine and its citizens by Russian troops: the destruction of infrastructure, housing, schools, looting, environmental damage, and much more. It is important that this collected information is then combined into one register, which will be used for reconstruction planning.

Immediately after the end of hostilities, critical infrastructure will need to be restored. In particular, power grids, roads, railways, gas supply, waterworks, the Internet [4].

Rebuild schools and hospitals, provide at least temporary housing for those who have lost it. At this stage, a lot of humanitarian aid will still need to be mobilized.

In part, this can be done even before the end of the war — to restore the most important thing in the territories freed from occupation.

In the future, the state and partners will direct efforts to restore the economy as a whole and its stable growth. The main efforts will be focused on creating jobs and permanent sources of income generation.

These include programs to support and develop entrepreneurship, a balanced financial policy, and strengthening the energy sector.

As part of the post-war recovery, Ukraine will have to rebuild some cities almost from scratch. It is important that this reconstruction is not a blind reproduction of what was destroyed.

This is an opportunity to apply the latest urbanism and architecture approaches to make Ukrainian cities more convenient and inclusive for their residents.

At the same time, in order to move into the EU, we will need to continue the reforms started before the war and harmonize our legislation with European legislation. For example, to introduce a European certification system, to continue large-scale privatization, anti-corruption and judicial reforms.

At the same time, it is important not to lose previous gains, but on the contrary, to use them during reconstruction. Ukraine has made considerable progress in ensuring

transparency in public procurement.

Currently, the Cabinet of Ministers has allowed customers to buy everything they need under direct contracts. The only condition is that these purchases must be reported, either immediately or after the war. This is the right decision.

Just as it was right to allow the purchase of everything necessary to fight against COVID-19 directly in the spring of 2020. But military procurement, like the coronavirus procurement at the time, will also need to gradually return to a competitive course.

How soon and how - the working group under the Ministry of Economy together with Prozorro and experts from the public sector will work out a solution [4].

Reconstruction will be financed from all possible sources. The Ukrainian authorities have created a number of funds for this purpose:

- Small and medium business support fund
- Army Support Fund
- Fund for recovery and transformation of the economy
- Humanitarian fund
- Fund for maintenance and repayment of the state debt
- Fund for restoration of property and destroyed infrastructure

They also plan to create a separate Fund for the Reconstruction of Ukraine for reconstruction.

It would be expedient to merge all these funds into one in the future. After all, monitoring the use of funds from 6-7 funds will be much more difficult — it will create confusion and corruption risks. Therefore, a common Recovery Fund for all funds will be a good solution.

Accumulation of funds for the restoration of Ukraine has already begun to be thought about in Europe. The Energy Community has created a Fund for the restoration of energy infrastructure destroyed by the Russian war for Ukraine, whose donors will mainly be EU member states.

In addition, the European Union plans to create a special trust fund for the recovery of Ukraine, which will work as a European COVID fund.

How will these funds be replenished? First of all, Ukraine hopes for help from partner countries and international institutions — the World Bank, the International Monetary Fund, the European Investment Bank, and the European Bank for Reconstruction and Development.

A separate direction is the assistance of large international companies and charitable foundations. And finally, part of the recovery costs can be covered by seized Russian assets, both in Ukraine and in the world. However, for this to happen, it needs to be made possible from the point of view of legislation.

The EU must decide how to legally confiscate these assets without violating the rule of law. At the same time, with regard to frozen assets, it is not always possible to establish a connection between a specific asset and, for example, an official from Russia.

This is also an issue for the European Union to resolve. It is necessary to create or open (if they exist) registries of beneficial ownership and in general to improve the legislation on combating money laundering. A similar problem is currently being solved in Ukraine.

Another theoretically possible source of funding is reparations from Russia. But it will be possible to talk about them only after the victory in the war and the capitulation of the Russian Federation, which must agree to compensate for the losses.

Ukraine takes into account the experience of previous wars of the 20th and 21st centuries and thinks about recovery in advance. It is not only about forming plans and funds for the future [4].

For example, the reconstruction of critical infrastructure in the liberated Kyiv region has already begun. And it is great that the authorities respond quickly to challenges as soon as the opportunity arises.

In this way, residents of the liberated territories will be able to return home faster, start working again faster - the economy will recover faster.

Conclusions. Now it is very important that the recovery of Ukraine takes place in a moderate and transparent manner. Therefore, it is necessary that competent experts be involved in these processes and money be spent efficiently. Despite the fact that the public



sector is now actively involved in supporting the army and providing humanitarian aid, the recovery of Ukraine should become another parallel front for our victory.

We will stand and win. But for this, it is not necessary to repeat the mistakes of the past. This means that the economic strategy and plan should be formed in the middle of the country by Ukrainian economists who have sufficient knowledge and a good understanding of the essence of threats in the economy.

The key at the current stage should be the policy of stimulating structural changes to build a technological economy, in particular, the construction of a modern, digital processing industry.

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