



WAR AND PEACE: SUPPORTING UKRAINE TO PREVAIL, REBUILD, AND PROSPER

Vladyslav Galushko, *Unit Manager*, Open Society–Europe and Central Asia

Iskra Kirova, *Senior Policy Analyst*, Open Society–Europe and Central Asia

Inna Pidluska, *Deputy Executive Director*, International Renaissance Foundation

Daniela Schwarzer, *Executive Director*, Open Society–Europe and Central Asia

INTRODUCTION

In the context of an escalating war and despite the positive news of territorial gains for Ukraine in the east of the country, Ukraine's reconstruction and recovery can now only be a mid- to long-term goal.

In only two weeks since Russia's targeted attacks on Ukraine's cities intensified on 10 October 2022, over 400 infrastructure facilities and systems were severely damaged in 16 regions of Ukraine. Thirty percent of Ukraine's electric power plants were destroyed. Ukraine is facing a harsh winter and needs urgent aid and solutions including power generators, heating, and temporary housing to withstand freezing temperatures, ice, and snow. Aid to Ukrainian internally displaced persons, host communities, and refugees will need to be increased as thousands may leave their homes when winter threatens their lives in unheated homes. In addition to emergency support, the prime focus of Ukraine's Western partners' needs to be on military and economic aid to ensure Ukraine's victory against Russian aggression and to support its economy in a time of war.

And yet, wherever possible, recovery should commence during the war to reduce the huge economic and human cost of the invasion and prevent Ukraine's economic collapse. Working on the post-war reconstruction and recovery phase should happen concurrently as this is an undertaking of enormous scale that requires planning and coordination and serves as a confidence-building measure for all Ukrainians affected by the war and concerned about their future and for the West to demonstrate its ability to help Ukraine win the war and recover.

MEASURING THE SUCCESS OF THE BERLIN CONFERENCE

It is thus important that the Berlin International Conference on Ukraine's reconstruction, recovery, and modernisation comes together even though the war goes on. It should deliver concrete decisions, rather than general statements of purpose. The following six measures form the basis of a concrete and promising way forward.

1. **A long-term plan including amounts and a schedule of payments that the EU can guarantee for Ukraine in a predictable manner and commensurate with needs.** Failure to provide clarity and to move forward with a rapid and regular disbursement of funds, risks Ukraine's economic collapse and will question the West's ability to meet long-term recovery imperatives. So far, the EU has only disbursed €3 billion of the pledged €9 billion in macro-financial assistance for this year. There is growing concern that the West lacks both urgency and a comprehensive plan for addressing Ukraine's immediate assistance needs and post-war recovery which can have negative impacts on the resilience of Ukraine's recovery.
2. **Agreement on a common donor coordination mechanism.** Several proposals were put forward earlier in the year such as the 'RebuildUkraine' reconstruction plan suggested by the European Commission in May, or a coordination format similar to what was agreed in Ramstein for defence as called for by President Zelensky more recently. Any choice should ensure strong Ukrainian government and civil society participation.
3. **Agree with the Ukrainian government how to improve its existing recovery and reconstruction planning.** This includes the mandate and functions of a state institution that would lead the reconstruction and recovery processes using the following tools: mechanisms and procedures for distribution and use of the reconstruction and recovery funds; criteria for prioritizing specific areas and projects; reconstruction and recovery instruments for ensuring transparency and accountability; decision-making flows, accountability mechanisms, and definitions of roles for

sub-national actors. These tools need to be embedded in further recovery planning activities at the national, bilateral, and multi-stakeholder levels in the run-up to the Ukraine Recovery Conference in London in the summer of 2023. Donors should solicit more Ukrainian expertise outside government in designing specific funding and implementation mechanisms.

4. **Have the Ukrainian government commit to the implementation of necessary reforms despite the ongoing war.** Economic recovery and successful governance of Ukraine during and after the war will only be possible if the government pursues economic reforms, de-oligarchization, anticorruption efforts, and the decentralization of decision-making.
5. **Outline specific pathways for confiscating and using assets of sanctioned individuals and entities to compensate Ukraine in order to draw on all available resources for Ukraine's reconstruction.** One option would be to set up a common fund that obliges all respective jurisdictions to redirect confiscated assets toward the reconstruction of Ukraine and other immediate needs. To speed up the EU's ability to seize and use frozen assets for aid and recovery, the European Commission needs to proceed promptly with proposals to make sanctions evasion a criminal offense in all member states of the EU.
6. **Provide clarity on the preliminary steps towards Ukraine's full integration into the EU single market.** The conference should acknowledge the benefits of integration as promised by European Commission President Ursula von der Leyen in her State of the European Union Address on 14 September 2022, and outline a way towards granting Ukraine the four freedoms of movement of goods, services, capital, and people.

TAKING STOCK OF UKRAINE'S RECOVERY AND RECONSTRUCTION PLANS

The process of planning for Ukraine's recovery has so far produced mixed results. The Ukrainian government, despite the strains of the ongoing war, has begun developing a series of overarching plans and estimates, which were generally endorsed by its international partners. Four shortcomings¹ should be rectified in future exercises:

- At times, the Ukrainian government and its international partners treated the work as their exclusive engagement. This reinforced the perception of Ukrainian officials that collaborating with local civil society is an optional component of the recovery.
- With a strong focus on infrastructure recovery, many of the proposed plans lack a holistic approach that would combine 'soft' and 'hard' aspects of the reconstruction, engage multiple stakeholders at all levels, and provide transparency on how they prioritize recovery projects.
- A wide range of 'soft' issues, such as how we recover the space damaged by the war and rebuild the livelihood of people who used to inhabit these spaces, are addressed mechanically and often with a clear political goal of securing future votes. As a result, the plans do not specify whether we are merely reconstructing the spaces, many of which were poorly built by the Soviet regime or re-imagining them altogether as a European nation.
- The government is struggling to coordinate donor engagement because donors themselves are not yet in agreement on how to pursue their commitments and resource the recovery. Given a growing number of bilateral and multilateral actors willing to help Ukraine, uncoordinated donor investment may flood some areas with cash and leave others (which did not make it into Western news headlines) with patchy support.

¹ Responding to these unilateral steps by the government, OSF, IRF, and Ukrainian civil society partners held an expert conference "From Resilience to Recovery: the Critical Role for Ukraine's Civil Society" in Kyiv and Lviv in late September 2022. The event became a critical reflection forum on the process thus far, re-emphasized the key principles of reconstruction and recovery, and highlighted the need for recovery planning to ensure long-term economic sustainability.

Key recommendations for building a successful recovery and reconstruction plan

- Design structured and predictable aid and integration programs and clear estimates of economic needs, benefits, and funding sources that are needed to support economic, social, infrastructure, and environmental recovery
- Govern the reconstruction effort through a dedicated donor coordination mechanism with strong Ukrainian government and civil society participation
- Implement transparency and accountability mechanisms to ensure efficient use of funds, build public trust, and get communities and citizens on board with the recovery process.
- Make reforming the economy a top priority in parallel with de-oligarchization, in order to make the economy sustainable and competitive
- Fight corruption by working with local authorities, communities, and civil society
- Invest in human capital to meet the future needs of the economy
- Seize frozen assets of sanctioned individuals and companies to co-fund the reconstruction

THE NECESSARY CONTRIBUTION OF CIVIL SOCIETY IN UKRAINE'S RECOVERY AND RECONSTRUCTION

Ukrainian civil society has demonstrated its maturity as the watchdog and backbone of Ukraine's democratic progress and EU integration and now—under extreme duress—it is a crucial component of Ukraine's war effort and resilience. As the war broke out, civil society and local authorities took on tasks that would normally be carried out by international humanitarian agencies. Civil society groups have been first responders, providing emergency relief and access to justice. They have supported flexible access to education for millions of Ukrainian children affected by the war, as well as training, employment, and business opportunities for internally displaced people and women leaders. And they have supported victims dealing with trauma and have strengthened their resilience and mental health and have protected people with disabilities and the elderly affected by the war. Some 60 percent of all Ukrainians have engaged in civil society work or provided volunteer services since February 2022.

Working with civil society is indispensable in order to reinforce relations with citizens in the time of war and beyond and forms the core of a human-centric approach to resilience and recovery. These kinds of 'soft' or social sector recovery areas are largely outside the attention of governments and international donors. While the Ukrainian government welcomes civil society's role in humanitarian relief and social recovery, it excludes civic groups from more contentious areas that involve preventing corruption, enhancing justice reform, advancing decentralisation of decision-making and fiscal devolution, and creating an enabling environment for independent media.

Ukrainian civil society should be closely embedded in the reconstruction and recovery process. Meaningful engagement of civil society in the design, implementation and monitoring of the reconstruction and recovery processes at all levels would link the 'hard' reconstruction of infrastructure with 'soft' holistic recovery by developing human capital, providing equitable access to public services, improving accountability, and putting the necessary reforms back on track and

preventing their rollback. A structured dialogue would ensure that recovery plans receive constant feedback from civil society. Its participation in relevant meetings, such as the International Expert Conference on the Recovery, Reconstruction, and Modernisation of Ukraine in Berlin and the 2023 Ukraine Recovery Conference in London, is part and parcel of that dialogue. The political will to engage civil society should come with integrating financial support to civil society in the logic and funding mechanisms of relevant recovery projects.

While many reforms would understandably have to be put on hold to focus on Ukraine's military victory and economic resilience, the government should be careful not to roll back any pre-war progress on decentralisation which proved to be the key mechanism for many communities to survive and persevere during the war. Local ownership and community participation are important sources of Ukraine's resilience and are key to making reconstruction, modernisation, and recovery results sustainable. Successful reconstruction and recovery fundamentally depend on strengthened capacity of communities to plan and implement their own recovery projects, attract financing from international donors and national funding sources, and engage private businesses in partnerships for recovery.

The Ukrainian government is increasingly more transparent and accountable to its donors in managing funds, e.g., financing social benefits, paying salaries to doctors and teachers, and providing pensions. As the reconstruction and recovery move on, the government's spending also needs to be transparent, accountable, and understandable to the Ukrainian people. Transparency and accountability involve disclosing and communicating the recovery plans, resources, and progress for society—a process in which civil society too has a role to play.

Poorly managed reconstruction could foster a return of old ways that fed the interests of pre-war political elites and oligarchs and created a culture of corruption that undermined Ukraine's democratic development. It could also undermine successful reforms undertaken since 2014 to decentralise government and strengthen local administrations, both processes that can increase local participation and combat corruption. On the other hand, the war presents a good opportunity to press forward with the process of de-oligarchization to reduce the power of those opposed to reforms. In the end, the success of de-oligarchization is critical to pre-positioning Ukraine to fight corruption, invest in human capital, and achieve a faster recovery.

Immediate assistance and long-term reconstruction planning should build in transparency and accountability measures from the start to lay the foundation for future larger-scale efforts. Ukraine needs a reconstruction process that listens to the Ukrainian people and the Ukrainian government in determining priorities, characterized by transparency in decision-making and accountability of spending. International donors need to ensure that a range of Ukrainian voices and civil society groups participate in decision-making forums.

BACKGROUND: MILESTONES ON THE WAY TO A UKRAINE RECOVERY PLAN

Held on 4-5 July 2022, the Ukraine Recovery Conference in Lugano marked the first step in articulating a vision around the post-war recovery. The Ukrainian government presented its National Recovery and Development Plan with a goal to leapfrog economic growth and living standards in Ukraine. The plan outlined seven recovery priorities (e.g., EU integration, a business-enabling environment, strong human capital, effective infrastructure, and macro-financial stability) and such significant pre-requisites as public data transparency, rule of law reform, and public service reform. National programs focused heavily on housing, social infrastructure, health care upgrades, and defence modernisation among other things. The document appeared extremely ambitious but short on detail in terms of implementation mechanisms and accountability for funding.

The official Lugano declaration recognized the Recovery and Development Plan as a living framework for this effort that provided seven elements for recovery (including democratic participation and multi-stakeholder engagement), offered support for an effective coordination platform, and suggested the current G-7 presidency country (Germany) convene an international high-level conference.

In its turn, Ukrainian civil society put forward a comprehensive document, [Ukraine After Victory: Imagining Ukraine in 2030](#), that focused on values, identity, democratic institutions, governance and rule of law, society, and humanitarian and economic policies. The document brought together 'soft' and 'hard' issues such as people's access to education, culture, health and essential welfare services, cultural policy, and territorial systems and local self-governance. The document also offered considerable detail about the desired end state of many reforms, further supporting the point that Ukrainian civil society is good not only at identifying shortcomings but also at proposing constructive, long-term solutions.

In the run-up to the Ukraine Recovery Conference in July 2022, over 200 civil society groups endorsed the Civil Society Manifesto 2022 (Lugano Declaration) that outlined common principles, priorities, and red lines for the recovery process. Perhaps, the key drawback of both documents was their focus on the what rather than the how. There was also a concern that a vision for Ukraine in 2030 would do little to calm people's anxieties and fears about their most immediate future and needs.

Building on the takeaways from the Lugano conference, on 2 July 2022, the Cabinet of Ministers of Ukraine released a draft [National Recovery Plan](#) for public feedback. In parallel, the government invited select experts and stakeholders to closed-door consultations to refine the draft sectoral documents. In mid-September, the Office of the President of Ukraine outlined the governance and management structure of a future Fund of the Recovery of Ukraine. It was indicated that Ukraine's contribution to the fund would be Russian assets confiscated on Ukraine's territory. A brief concept note circulated along with the draft again emphasised the need for fast recovery with the primary focus on hard infrastructure. While several civic groups provided their input to the sectoral working groups and submitted their feedback to the Plan, many felt the process was hastily organized, the participation of civil society poorly integrated, and the outcomes of working with their suggestions never clearly communicated.

The domestic process has shown that the president and government do not appear to see much value in their own public institutions. For instance, the National Recovery Council set up under the prime minister to tackle Ukraine's recovery only has advisory functions without any tools to do post-war reconstruction. It cannot authorise or monitor the implementation of the plan. The setting-up and management of the recovery process so far has been strongly reliant on individuals outside institutions whose departure or fall from grace with the president would imperil the entire recovery process.

Moreover, accountability mechanisms and civic oversight of the process are underdeveloped. The war caused a de-facto freeze on the operation of local self-governance in the most severely affected areas and shifted the power and decision-making to heads of military administrations. While understandable during the war, if seen through the recovery lens, this power shift indicates an increasing centralisation of power and significantly limits other actors' oversight and accountability mechanisms. The emerging top-down approach clashes with the pre-war decentralisation process, which has shown to be a key source of Ukraine's resilience.

CONCLUSION

While planning for Ukraine's post-war reconstruction should begin now, it is only meaningful in a context of sufficient military and economic assistance to help Ukraine defend itself and preserve the viability of its economy. To send a clear signal of its intentions, the international donor community should outline a structured and predictable plan to support Ukraine's efforts to streamline the resilience and recovery process and avoid the current delays.

Building a successful recovery plan must ensure proper and inclusive governance of the process. Ukrainian civil society has demonstrated its relevance during the war and as the backbone of Ukraine's democratisation and EU integration. Working with civil society should form the core of a human-centric approach to resilience and recovery.

Civil society actors should be closely consulted when designing and implementing the reconstruction and recovery processes. This would link the 'hard' reconstruction of infrastructure with 'soft' holistic recovery and development by supporting human capital, ensuring equitable access to public services, increasing accountability, and putting the necessary reforms back on track and preventing their rollback. A structured dialogue would ensure that recovery plans receive constant feedback from civil society. It is the responsibility of the Ukrainian government and international donors to make sure this happens.

Reconstruction and economic recovery will require massive aid which will only be spent effectively, if reforms in Ukraine proceed. This includes, among other aspects, the fight against corruption in which the EU can play an important oversight role. In order to step up the financial support, frozen assets should be seized and modalities for using the assets for Ukraine's reconstruction need to be agreed. The EU, U.S., U.K., and their allies in the G7 should put in place legislation to trace, freeze, seize, and confiscate the assets of all individuals and entities sanctioned in relation to Russia's war on Ukraine.

Ukraine's reconstruction should go hand in hand with EU integration. The success of reconstruction will depend on Ukraine's ability to export to the EU market and modernise its economy in line with the EU regulatory and legal environment. As the European Commission prepares its first full enlargement report on Ukraine next autumn, it should keep to the evaluation of the seven specific reform conditions attached to Ukraine's EU candidacy and be prepared to reward progress on a merit basis and commensurate with reform achievements, including moving towards further steps of closer integration. The EU along with major international donors should look at Ukraine as a future EU member state with a respective role in the European and global economy and trade and design support to the recovery of Ukraine as a contributor to the digital economy and future climate neutrality.

Ukraine's victory in this war is not just about defeating Russia on Ukrainian territory and surviving as a nation rebuilt on a financially and economically viable model. More fundamentally, it is about ensuring that the country emerges as a successful and prosperous European democracy. This would not only be a defeat for the neo-colonial framework that is guiding President Putin, but also have positive spillover effects across the region. For that goal to be achieved, strategic patience and perseverance is needed by supplying Ukraine with the necessary military and economic aid. Meanwhile, a sound recovery and reconstruction plan needs to be put in motion to ensure the country's peaceful and democratic future.

COVER PHOTO: Volunteers clear rubble from a badly-damaged community center in Yahidne, Ukraine, on July 23, 2022.

© Emile Ducke/NYTimes/Redux

**OPEN SOCIETY
FOUNDATIONS**