

WAYS OF RECOVERY OF UKRAINE AFTER THE MILITARY AGGRESSION OF THE RUSSIAN FEDERATION

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Abstract. The ways and sources of recovery of Ukraine as a result of Russia's armed aggression have been analyzed. The principles of state reconstruction and integration into the systems of the European Union are given.

Keywords: reconstruction of Ukraine, sources and ways of reconstruction, European integration.

Анотація. Проаналізовано шляхи та джерела відновлення України внаслідок збройної агресії Росії. Наведено принципи відбудови держави та інтегрування у системи Європейського союзу.

Ключові слова: відбудова України, джерела та шляхи відбудови, євроінтеграція.

Introduction. The war continues, the Ukrainian government, allies and partners are already developing plans to rebuild Ukraine after the war. What are the ways to solve this problem? What complications can arise?

Analysis of the state of the issue. In a joint assessment released today, the government of Ukraine, the World Bank, and the European Commission estimate the cost of rebuilding Ukraine at \$349 billion (as of October 9, 2022). Obviously, this number will increase in the coming months, because the war is still not over.

The purpose of the work: to analyze the amount, ways and sources of financing for the reconstruction of Ukraine after the military aggression of the Russian Federation.

Methods, materials and results. At the end of the Second World War, all of Europe was in ruins, tens of thousands of cities and towns were destroyed. Allied countries developed the Marshall Plan – a program of technical and economic support for Europe to restore the economy to pre-war levels.

While some cities were recovering their historical appearance, Rotterdam in the Netherlands was rebuilt innovatively: they built infrastructure, in particular the main harbour, which became an important strategic object and ensured future economic growth. These actions turned Rotterdam into the leading financial center of Western Europe (Fig. 1) [1].

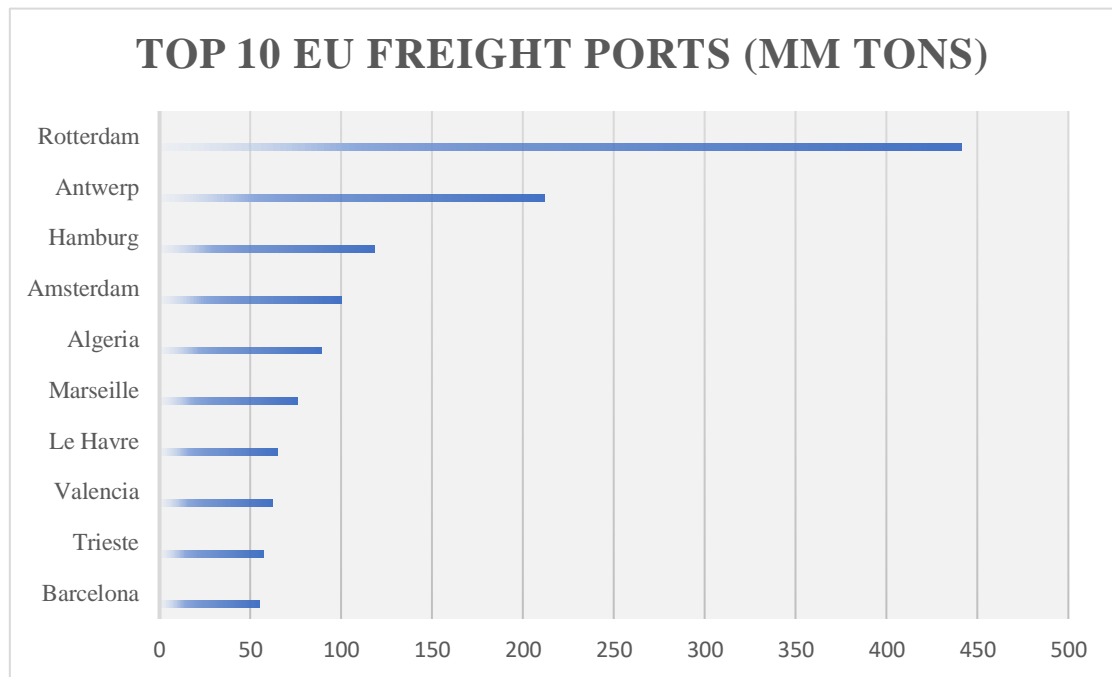


Fig. 1. Capacity of European freight ports (2018)

What does this teach us? Successful and well deliberated reconstruction can not only bring back what was lost, but also significantly improve it. It is not enough to restore the damaged – we have an opportunity to rethink our space. We will be able to rebuild a safe state and a stable economy if a good strategy is chosen and investments are properly mastered.

Who is responsible for reconstruction. On April 21, the National Council for the Recovery of Ukraine from the Consequences of the War was formed.

It is a consultative and advisory body that must develop a recovery plan. The creation of the International Agency for the Reconstruction of Ukraine is expected. Similar functions were performed by the Economic Cooperation Administration, which developed the Marshall Plan for Europe. This agency should have a department and cooperate with the EU, but be autonomous in decision-making. This body will advise Ukraine during the recovery and control that the money goes only as intended.

Such an agency would exist concurrently with the National Council to assist it, as the National Council is only an advisory body with no control over the use of funds.

The principles on which the reconstruction of Ukraine will be built:

- full access to the markets of the European Union and the Big Seven, establishment of logistics routes in the western direction, which will allow to increase the product sales market and, accordingly, foreign exchange earnings;
- obtaining candidate status, and later full membership in the EU. This will contribute not only to the growth of the state's authority, but also allow Ukraine to receive certain bonuses and privileges of a full member, make it easier to receive support;
- the development of the Ukrainian military-industrial complex, which will avoid such an escalation in the future;
- self-sufficiency in the energy sector by means of increased gas production from own reserves and the development of nuclear energy. This will make it possible to reduce

electricity and gas prices, achieve autonomy and even independence from imported energy sources. It will make it possible to avoid future blackmail by Russia, which it has already repeatedly tried to do;

- transition from the simple export of raw materials, which is a lower link in the chain of industrial production, to processing in those industries that give a much higher income. Building the economy based on the principles of deregulation and liberalization. This will help develop industry and increase foreign investment in the work of enterprises, which will lead to an increase in the number of jobs and economic growth.

Sources of reconstruction:

Reparations. It is fair that all expenses should be covered by the aggressor country. This requires the recognition of the Russian Federation's complete defeat or their agreement to pay reparations according to the peace treaty, which is unlikely. That is, an indisputable victory and the economic weakening of Russia are needed.

Seized assets. Canada, Italy, Great Britain and many other countries have already frozen Russian funds in their accounts, however, in order for the seized assets of Russian officials and oligarchs to become confiscated and enter Ukraine, a decision by the governments of these countries and a change in legislation are needed to prevent the violation of the rule of law. It is also not always possible to establish a connection between a specific asset and its Russian beneficiary.

State budget of Ukraine. Of course, the reconstruction of the state will take place not only with funds from foreign funds, but also at the expense of the state treasury. The Cabinet of Ministers has already allocated billions of hryvnias from the reserve fund for the repair of damaged buildings and infrastructure

Support of large international companies and charitable foundations. This includes the provision of military and humanitarian aid or the creation of funds to pay war victims.

Other funds:

- Small and medium-sized business support fund;
- Army Support Fund;
- Fund for economic recovery and transformation;
- Fund for humanitarian aid;
- State debt service and repayment fund;
- Fund for restoration of property and destroyed infrastructure.

The donors of most of the listed funds will be EU member states and international institutions and funds: the World Bank, the International Monetary Fund, the European Investment Bank, the European Bank for Reconstruction and Development.

When should you start solving this problem. As soon as possible. Strictly speaking, the process of creating a reconstruction plan and implementing the first stages have already begun. The International Conference on Reconstruction of Ukraine recently ended in the Swiss city of Lugano, where a plan for rebuilding Ukraine after the end of the war was presented. Representatives from more than 40 countries and about 20 international organizations took part in the conference.

During the conference, the Prime Minister of Ukraine, Denys Shmyhal, presented

the plan for the reconstruction of Ukraine, which is designed for 10 years and is estimated at more than 750 billion euros [2].

Of these, 150-250 billion euros are needed to restore and improve housing and infrastructure standards.

Expansion and integration with the EU logistics system will cost 120-160 billion euros.

The program of energy independence and transition to alternative energy sources, which is estimated at 130 billion euros, took the third place in terms of cost.

The modernization plan also includes an allocation of 60-80 billion euros for macro-financial stability, 75 billion euros for providing competitive access to capital, and 50 billion euros each for improving the economic and defense sectors.

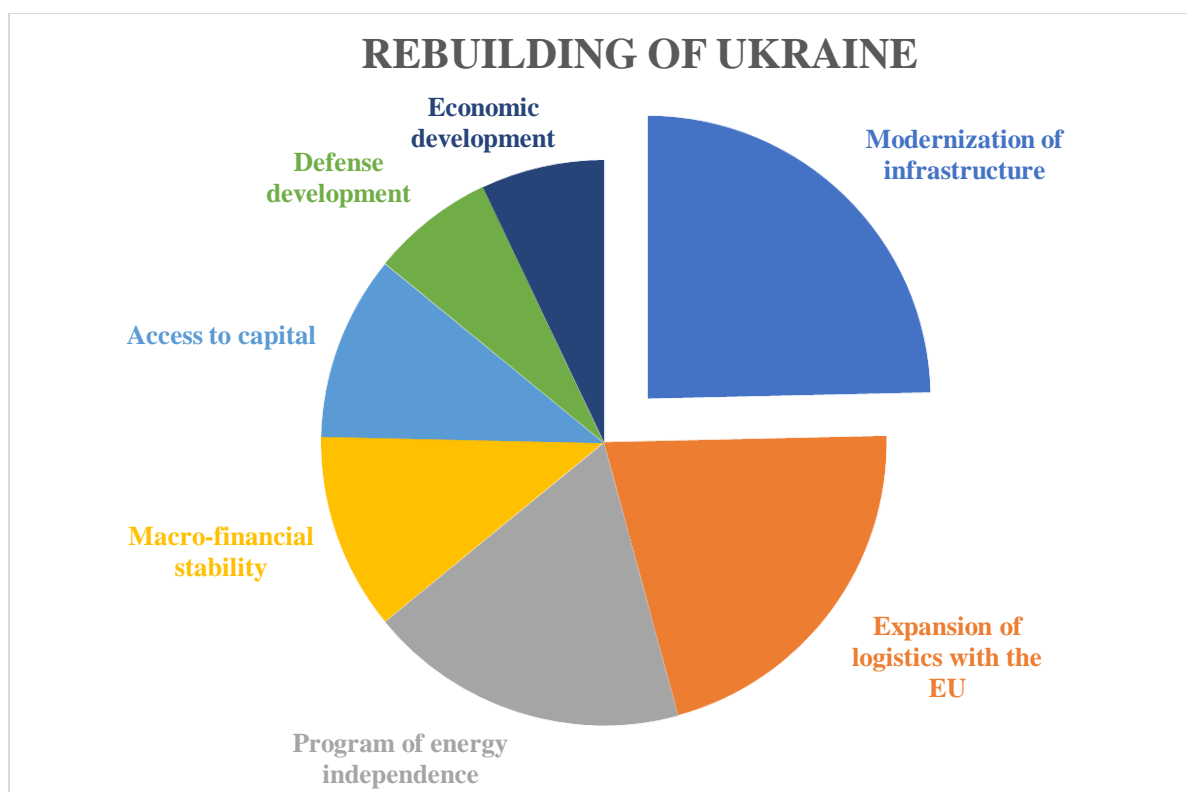


Fig. 2. Distribution of funds according to the reconstruction plan presented in Lugano

It is important that the government takes into account the experience of the wars of the past centuries and takes care of the restoration of the country in advance. It is not only about forming plans and funds for the future. We are talking about rebuilding critical infrastructure in the recaptured territories, where residents can quickly return and start working again, and in the end, this will stimulate economic growth.

Conclusions. There is a sufficient number of donors who are sincerely ready to help not only with loans, but also with donations and grants. Reconstruction is not a fast and difficult process, however, without any doubts, after years Ukraine will not only rebuild the destroyed, but also build its new, much better future.

However, it is now important that this recovery takes place in a moderate and transparent manner. Competent experts should be involved in the reconstruction process, and the money should be received efficiently and strictly for its intended purpose.

Currently, the public sector is active in supporting the army, providing humanitarian

aid and restoring Ukraine. This once again proves that Ukrainians are invincible and Ukraine will definitely rebuild, becoming a true pearl of Europe!

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