

## Note

## CONFERENCE DISCUSSION “BEYOND CONFLICT, UKRAINE'S JOURNEY TO RECOVERY REFORM AND POST-WAR RECONSTRUCTION”

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### ABSTRACT

**Background:** The paper investigates the results and conclusions of the conference held on 29 November 2023 within the framework of the research project. The conference extensively discussed the current problems facing Ukraine amidst an aggressive ongoing war. Considerable attention was paid to the country's post-war recovery, necessitating significant reforms in various sectors of the national economy. Participants underscored the need for these reforms to be integrated rather than isolated initiatives, serving as a comprehensive solution for Ukraine's achievement of the SDGs and fulfilling the criteria for joining the EU and NATO. The paper delves into the main challenges for implementing such reforms, their main elements, and their relationship, all of which were discussed during the conference. Particular attention was paid to achieving and maintaining the country's macroeconomic stability during military operations and identifying the main programs essential for revitalising Ukraine's economy. Furthermore, the paper presents successful cases of reform implementation at the micro level in state institutions.

**Results and Conclusions:** Following the conference, a program document on the directions for the restoration and development in Ukraine was drafted. It pointed out the critical need for unity between European countries and the USA in supporting Ukraine and providing timely aid. In Ukraine, achieving unity between the government and business regarding the de-shadowing of the economy, reform of the tax system, customs service, and administration of basic taxes and fees emerged as an issue. This should create prerequisites for the inflow of investments into the Ukrainian economy, ultimately reducing the gap with European countries.

## 1 INTRODUCTION AND PROJECT BACKGROUND

The Romanian-Ukrainian research project “A modern science-based concept for Ukraine to ensure the sustainable development, recovery & reconstruction: cost assessment, model, and policy framework” was launched in 2023 to analyse new geopolitical challenges for achieving the goals of sustainable development of Ukraine in the post-war period. Conducting such an analysis should contribute to developing the concept of sustainable development and post-war renovation until 2030 under the global consequences of war.

The conference held in November 2023 was part of research aimed at providing a better understanding of how to develop a blueprint for security, resilience and development in Ukraine and the Black Sea region. A bilateral Romanian-Ukrainian team of six scholars from the Luciano Blaga University of Sibiu and the Taras Shevchenko National University of Kyiv focused on designing a roadmap for stabilising the region, fostering economic interconnection and facilitating Ukraine’s integration into the democratic core of Europe. The research is directed to practical means and policy recommendations. Therefore, a combination of academic approaches and database research combined with policy design will generate academic papers, books, and policy papers.

The conference was addressed to investigate two main questions. How can we effectively address the new geopolitical challenges and achieve sustainable development goals in Ukraine and the region during the post-war period? How can regional actors enhance their joint profiles with the support of the EU, NATO and Western partners to strengthen regional security and stability? Ukraine's success and post-war reconstruction are a matter of interest for the broader region and its long-term stability.

## 2 KEY SPEECHES AND INSIGHTS FROM THE SPEAKERS

**V. Cojocaru, Director for Eastern Europe and Central Asia and representative of the Ministry of Foreign Affairs in Romania**, underlined that the diplomatic dialogue between Romania and Ukraine is strong, dynamic and constant. Romania will continue to support the legitimate fight for Ukrainian independence, territory integrity and sovereignty. This commitment involves continuing to invest in Ukrainian infrastructure to increase transit capacity and provide a lift for Ukrainian exports. The reconstruction process will be directly interlinked with reform. These reforms will play an essential role in ensuring the long-term economic development of Ukraine and create a democratic, stable, safe and inclusive Ukraine. Moreover, the EU accession process will undoubtedly be transformative.

**HE Ihor Prokopchuk, Ambassador Extraordinary and Plenipotentiary of Ukraine in Romania**, admitted that the key objective for Ukraine is to win the war unleashed by Russia. This war of aggression is not only an existential threat to Ukraine; Europe is at a critical point. The result of this war will define the security order that will govern this continent through the century. It is, therefore, crucial for all to stand firmly with Ukraine and provide

the necessary assistance until the full victory over the aggressor. The victory would be a restoration of the sovereign and territorial integrity of Ukraine within its internationally recognised borders of 1991, which includes the autonomous republic of Crimea and the city of Sevastopol, compensation of the losses, and bringing the perpetrators to justice. It is essential to maintain international solidarity regarding all forms of assistance to Ukraine, including military, economic, financial, and humanitarian. One of the important tracks for cooperation is Romania's participation in the rebuilding and recovery of Ukraine. A bilateral partnership will facilitate Ukrainian and Romanian partnership on rebuilding Ukraine to increase the transit of products of Ukraine in origin. There is mutual interest in doing more in energy security and cooperation in digitalisation and cyber security. Post-war reconstruction and resilience building will become the key driving forces for strong partnerships between Romania and Ukraine.

**Dmytro Natalukha, Member of Parliament of Ukraine and Chairman of the Economic Affairs Committee of the Verkhovna Rada, Ukraine**, outlined that Ukraine has all the opportunities to implement and support logistics routes between the EU, Turkey, the Caucasus and Central Asia. It has a huge potential for freight transportation by rail, sea, and roads, which makes these routes extremely competitive. Ukraine has significant natural resources, such as agriculture and energy, which can stimulate economic growth, and it is ready to attract investment and operate in competitive markets. Without Ukrainian grain and other components, ensuring food safety worldwide is impossible. Significant volumes of energy resources, in particular, uranium and shale gas, and large and reliable gas storage make Ukraine attractive for the energy hub of Europe. Ukraine has significant natural resources for green energy production, including solar, wind and biomass. This provides opportunities for developing sustainable energy and reducing dependence on hydrocarbons.

**Dr. Sergiy Nikolaychuk, Deputy Head of the National Bank of Ukraine**, stressed the significance of Ukraine's victory and the subsequent strengthening of its economy and resilience as a very important challenge. This resilience is of joint interest to Ukraine and the EU, including, of course, Romania, and will considerably mitigate security risks for Europe. The fundamental prerequisites for sustainable economic growth are economic and financial stability. The NBU's commitment to maintaining price and financial stability under any conditions was a clear statement from the recently updated NBU strategy.

Under the full-scale war, the policy toolkit has had to adapt substantially and implement stabilisation policy measures. Despite the progress since the beginning of the war, today, Ukraine has embarked on a full-fledged program with the IMF, which is unprecedented and helps to navigate the economy and financial sector amidst extreme uncertainty. Notably, this program stipulates the absence of direct financing of the budget. All these efforts have led to a notable reduction in inflation to 5.3%, very close to the medium-term target of 5%, instilling optimism about achieving a control level of inflation close to the target in the medium term despite various adversities.

The domestic financial sector has to play a pivotal role in Ukraine's reconstruction and economic recovery, facilitating Ukraine's access to the EU common market in its interventions with other key sectors. To ensure successful reconstruction, Ukrainian authorities must prioritise different aspects in different stages. During the current stage, the critical role belongs to the state and official financing partners to make this stage work effectively. The key element nowadays belongs to the National Reconstruction Agency. According to the transfer and EU standards, this is relevant for all reparation, implementation, control, and reporting for projects with budgetary and donor funds.

There is a strong potential to boost the effectiveness of many state-owned enterprises and banks alongside expediting infrastructure and formulating comprehensive strategies for their subsequent privatisation. Transitioning to the next phase, the focus should move to public-private partnership instruments to overcome the initial resistance; the target programs from foreign governments, government agencies, and IFIs via subsidising the board risk insurance, co-investment, and guarantees are crucial. Ukraine must also improve infrastructure for public-private partnerships, concessions, and state-enabled investments.

**Kateryna Ivanchenko, Head of CID, Ukraine**, focused on the key goal of supporting and strengthening the capacity of local authorities, businesses and civil society to adapt to new challenges and make effective data-driven decision-making. She presented a Special bank of 80 proposed solutions for local self-government bodies for joint evaluation and selection of the best in providing services. Such solutions include data-driven decision tools, more than 100 in democracy and government services to make evidence-based decisions.

**Dr. Habil, Prof. Andriy Dligach, Taras Shevchenko National University of Kyiv, Ukrainian entrepreneur, scientist, and civic activist. Founder of the Advanter Group of companies and the international business community Board and co-founder of the Center for Economic Recovery Ukraine**, discussed efforts to strengthen Europe, enhance Ukraine's resilience, and foster its integration into the European Union.

Emphasising the multifaceted nature of the conflict with Russia, he highlighted Ukraine's role as a frontier between the Western world and regions marked by conflict and resource competition. He stressed the need for total modernisation in Ukraine's economy, state, and society beyond mere recovery. Economic freedom was identified as crucial for future growth, with a vision to double Ukraine's economy and achieve a scale similar to Turkey or Poland within 8 to 10 years.

The proposed formula for modernisation involved inclusive collaboration between the government, business, and civil society, focusing on anti-corruption initiatives. He estimated that Ukraine would need approximately \$700 billion over the next decades, based on an analysis of over 40 countries worldwide that underwent similar challenges like war. He asserted that a significant portion of this \$700 billion would come from FDI foreign direct investments. In this case, accordingly, he stressed the need to develop Ukraine's

financial infrastructure both domestically and internationally, with the European investment bank identified as the biggest investor in Ukraine.

Addressing concerns about Ukrainian corruption, Dr Dligach attributed it to systemic economic issues rather than merely institutional shortcomings. He concluded by asserting that a strong Ukraine contributes to a strong European Union, positioning the country as a potential significant partner for the EU's future.

**Mr. Stefan Schleunig, Head of Cooperation of the EU Delegation to Ukraine,** delivered a speech on the challenges and progress in Ukraine's recovery, reform, and reconstruction efforts. Notable points include the recent recommendation for accession negotiations with Ukraine in the EU enlargement report, highlighting impressive reform progress despite ongoing war and the pandemic. The speaker emphasised the need for visible results and quick impact in various sectors, citing an example of school repairs in Chernigiv. Cooperation with international partners, capacity building, and the proposed four-year Ukraine facility were discussed as key elements of EU support, focusing on financial assistance, technical support, and coordination efforts. The speaker concluded by addressing the importance of donor collaboration and expressing readiness for questions or comments.

**Dr. Pinter** addressed challenges faced by Ukrainian publishers by fostering global collaborations, particularly in the realm of textbooks, scientific, and general publishing sectors, offering various support mechanisms.

**Dr. Humenna** discussed the importance of SDGs in Ukraine's recovery agenda. Survey findings highlight the war's significant impact on Ukraine's future development, with key sectors such as agriculture, IT, and construction expected to drive the economy. Challenges like corruption and human capital retention need to be addressed for successful SDG implementation.

**Dr. Colibăşanu** examined the complex challenges of rebuilding Ukraine post-war, emphasising geopolitical and geoeconomic perspectives. Key priorities include infrastructure reconstruction, energy security, and societal reconstruction to enhance competitiveness and resilience against external influences.

**Prof. Stavyt'skyy** proposed a comprehensive modernisation plan for Ukraine post-war, emphasising EU alignment, green economy transition, and societal reforms. Key steps include stimulating SMEs, reforming education, and enhancing infrastructure to position Ukraine as a major player in Eastern Europe.

**Mrs. Leca** outlined Ukraine's potential contribution to Europe's green transition, emphasising its natural resources and expertise in energy sectors. For successful green recovery, policies promoting good governance, transparency, and local empowerment are recommended.

**Dr. Nazarov** presented survey findings indicating low trust in institutions and challenges in synchronising perceptions of conflict readiness. Efforts to rebuild trust, enhance communication, and promote collaboration between sectors are crucial for strengthening national resilience amidst external pressures and destabilising trends.

**Prof. Izarova** highlighted Russia's illegal invasion of Ukraine and emphasised the need for fair compensation procedures. **Mr. Chernohorenko** discussed implementing European Court of Human Rights (ECHR) judgments, crucial for Ukraine's recovery and EU accession. **Prof. Maydannyk** explored legal challenges in compensating damages caused by Russian aggression and advocated a shift to a reparation tort model.

**Michael Khoo** shared insights from the KleptoCapture Task Force, detailing efforts to enforce economic countermeasures against Russia and seize assets. **Jared Kimball** discussed trust in Ukraine's judiciary and efforts to seize Russian assets for reconstruction.

**James Carafano** emphasised the need to integrate Ukraine into the broader Eurasian community, viewing reconstruction as pivotal for Europe's future. He outlined strategies to leverage regional infrastructure, particularly focusing on the Black Sea's significance for maritime safety and trade. Carafano advocated for Ukraine's role in connecting Europe with the Middle Corridor, fostering economic integration despite ongoing conflicts.

**Gabriela Ciot and Liviu Serban** discussed the European Union's (EU) enlargement methodology and expectations for candidate countries like Ukraine. Highlighting The discussions emphasised the need for unified international legal acts to navigate challenges effectively and achieve justice.

The need for fundamental reforms in areas such as the rule of law and economic development stressed the importance of credible progress and political leadership in the accession process.

**Silviu Paicu** addressed the reform of Ukraine's intelligence system, advocating for democratic oversight to build public trust. He proposed models from countries like Norway and Belgium to enhance parliamentary oversight and ensure independent scrutiny of security agencies, fostering transparency and accountability.

**Vira Konstantinova** discussed Ukraine's aspiration to join NATO, noting increased public support for membership as a long-term security guarantee. Despite challenges such as Russian propaganda and political changes within NATO, she emphasised Ukraine's strategic importance in deterring Russian aggression and protecting European security.

**Vasyl Yurchshyn** highlighted the importance of international assistance for Ukraine's security and reconstruction efforts. He emphasised the role of military-industrial cooperation in strengthening Ukraine's defence capabilities and contributing to regional security, urging global partners to support Ukraine's defence industry.

**Alla Kozhyna** discussed the significance of digital transformation in shaping urban resilience, sustainability, and recovery. Emphasising global urbanisation and digitalisation trends, she underscored the importance of digital solutions in addressing contemporary challenges and fostering economic and social development in urban areas. The presentation highlighted the potential of digital technologies to enhance urban strategies and improve residents' quality of life.

**Victoria Vdovychenko** focused on the resilience of Ukrainian cities and communities in achieving sustainable development goals. She highlighted the positive outcomes of decentralisation initiatives and Ukrainian cities' environmental priorities. Vdovychenko emphasised the importance of collaboration with European partners and advocated for a comprehensive strategy that includes community resilience and sustainable development goals.

**Alina O'Connor** discussed the transformative role of education in Ukraine's reconstruction efforts. She emphasised the importance of investing in education and skill development, particularly targeting adult learners and public service leadership skills. O'Connor proposed collaborative initiatives with Ukrainian universities to expand educational access and address local needs effectively.

**Professor Silviu Nate** elaborated on the efforts to convey the Ukrainian perspective on victory to European partners. He emphasised the importance of countering potential Russian propaganda and aligning terminology and ideas with Ukrainian experts and society representatives. Nate underscored the importance of incorporating sustainability into Ukraine's reconstruction efforts for a resilient future.

### 3 CONCLUSIONS AND POLICY PAPER

In conclusion, participants highlighted the main challenges that need to be solved in the near future:

1. Further unified support of Ukraine by EU countries, the USA and other allies demands an uninterrupted supply of both weapons and financial resources. The countries of Eastern Europe and the Black Sea region should play a key role in providing transit corridors, promoting the recovery of the Ukrainian economy, and investing in infrastructure recovery, which will ensure the stability of the entire region.
2. The strategic importance of incorporating sustainability and resilience-building strategies into Ukraine's post-war reconstruction efforts requires uniform EU approaches to reforming the Ukrainian economy.
3. The development of joint strategies to counter potential Russian propaganda and align European perceptions. It is imperative for both EU countries and the USA to maintain a unified position regarding the terms, sources of funding, and reform

tasks. Otherwise, all such reforms will be nullified by counter-propaganda of the Russian Federation. Also, the unification of cyber security with the EU and the US is becoming an important challenge, especially in the world of smart things.

4. The development of unified international legal acts to navigate challenges effectively and achieve justice, especially in the matter of paying reparations to Ukraine and punishing war criminals.
5. Ukraine will require huge investments to restore war-affected regions, which should be rebuilt according to SDG principles. This approach will not only expedite Ukraine's progress but also bring it closer to EU standards.



## BEYOND CONFLICT, UKRAINE'S JOURNEY TO RECOVERY REFORM AND POST-WAR RECONSTRUCTION

### Policy Paper

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*The policy paper is a result of the conference entitled "Beyond Conflict: Ukraine's Journey to Recovery, Reform and Post-War Reconstruction", organised on 29 November 2023 under the auspices of the research grant entitled "A Modern Science-Based Concept for Ukraine to Ensure Sustainable Development, Recovery and Reconstruction: Cost Assessment, Model and Policy Framework", funded by the Hasso Plattner Foundation and the Knowledge Transfer Centre of the Lucian Blaga University of Sibiu, Romania.*<sup>1</sup>

The war in Ukraine has caused severe humanitarian and economic consequences. It has created a new geopolitical environment that demands continual support for Ukraine and sustainable goals for the post-war period.

A better reference to the conflict is the "Russian-European War", which not only highlights Ukraine's essential role in European civilisation but also Russia has declared war on the entire continent, thereby challenging European security architecture. Consequently, the Western Coalition must support the victory of Ukraine and reject the Russian abuse of European civilisations.

### Economic and Infrastructure Perspective for the Post-war Renovation of Ukraine

**Revitalisation relies on effective fiscal policies and attracting investment to support enterprises and generate employment by:**

- ⇒ *Mitigating the cost-of-living crisis exacerbated by supply shocks.*
- ⇒ *Addressing long-term unemployment from demobilisation.*
- ⇒ *Capitalising on energy self-sufficiency and export potential.*
- ⇒ *Enhancing competitiveness and productivity of state-owned enterprises.*
- ⇒ *Improving infrastructure to enable growth.*
- ⇒ *Implementing anti-corruption measures.*
- ⇒ *Streamlining regulations and financing access.*

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1 'Collaborative research project Ukraine-Romania (financed by Hasso Plattner funds): A Modern Science-Based Concept for Ukraine to Ensure the Sustainable Development, Recovery and Reconstruction: Cost Assessment, Model and Policy Framework' (*Lucian Blaga University of Sibiu*, 2023) <<https://grants.ulbsibiu.ro/roukr>> accessed 10 February 2024.

The prices of goods supplied by Russia and Ukraine, including oil, wheat, fertilisers, and various metals, have risen sharply. This has exacerbated poverty and food insecurity, adding to increasing inflationary pressures. Policymakers must address the issue to mitigate its impact on people and the economy.

After the war, Ukraine is expected to experience a significant increase in unemployment rates and bankruptcies among firms and enterprises.<sup>2</sup> This is due to the return to civilian life of over a million military personnel. In 2021, there were 1,956,248 registered entities of economic activity in Ukraine, with 1,585,414 being persons-enterprises. However, as of January 1, 2023, this number decreased to 1,464,953, representing a decrease of 25.2%.

To help businesses affected by war, **a state program is needed to support small and medium-sized enterprises.** Ukraine must recover and grow to match neighbouring countries. **The nation has great potential to become an important energy player in Europe due to its abundant uranium and shale gas resources and vast and dependable gas storage facilities.** Additionally, it is a country that is rich in natural resources that can be used to produce green energy, such as solar, wind, and biomass. This presents a unique opportunity to develop sustainable energy and decrease reliance on non-renewable energy sources.

Ukraine has a unique program with the IMF that helps manage the economy and financial sector during uncertainty without directly financing the budget. Inflation has fallen to 5.3%, close to the 5% target. Despite the adverse effects, the National Bank of Ukraine hopes to achieve the target.

The National Reconstruction Agency is crucial for all reparation, implementation, control, and reporting stages for projects with budgetary and donor funds. **Ukraine needs to enhance the effectiveness of state-owned enterprises and banks, create infrastructure, and develop strategies for efficient privatisation.** In the transition stage, public-private partnership instruments can help overcome initial resistance, and they should target programs from foreign governments and agencies via subsidising insurance, co-investment, and guarantees.

A proposed plan for modernising Ukraine involves collaborative efforts between the government, businesses, and civil society, focusing on implementing anti-corruption initiatives. The analysis estimates that Ukraine will require around \$700 billion over the next decade for this effort. It is realistic based on a study of over 40 countries receiving aid and international assistance following similar situations. However, most of this funding will likely come from foreign direct investments (FDI). To attract FDI, Ukraine must improve

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2 'Job Search: How the Labour Market in Ukraine has Changed During the War and what Will Happen Afterwards' (*Visit Ukraine*, 19 May 2023) <<https://visitukraine.today/blog/1872/job-search-how-the-labour-market-in-ukraine-has-changed-during-the-war-and-what-will-happen-afterwards>> accessed 10 February 2024.

its financial infrastructure both within the country and outside of it. The European Investment Bank is a significant potential investor in Ukraine.<sup>3</sup>

In 2024, Ukraine will join SEPA, the European payment system in euros, marking a significant milestone in its journey towards European integration. This development stands as a key indicator within Ukrainian's plan with the European Union.

### **Recommendations**

- ⇒ *Expand social safety net eligibility using World Bank aid to protect vulnerable groups.*
- ⇒ *Develop robust retraining programs preparing veterans for civilian roles in priority sectors.*
- ⇒ *Incentivise renewables integration, achieving 2030 climate targets, and cleaning energy exports.*
- ⇒ *Strategically privatise non-core SOEs while enforcing corporate governance reforms.*
- ⇒ *Establish a reconstruction agency with the mandate to consolidate infrastructure modernisation.*
- ⇒ *Launch comprehensive anti-corruption campaigns.*
- ⇒ *Provide a transparent and simple tax system to attract FDI.*
- ⇒ *Partner with EIB, EBRD, etc., on priority infrastructure and enterprise financing.*
- ⇒ *Impose procurement transparency auditing processes to ensure responsible expenditure.*
- ⇒ *Acknowledge the necessity and justification of expenses for implementing monetary policy through the absorption of liquidity (interest expenses on deposit certificates of the NBU) to maintain macroeconomic stability in Ukraine.*
- ⇒ *Detail the development and step-by-step realisation of the National Revenue Strategy, the Ukrainian Plan within the framework of the Ukrainian Facility from the EU, encompassing a large matrix of reforms that amalgamates plans, strategies, programs and memoranda.*

## **Geoeconomic Challenges and Opportunities**

### **Key Issues**

- ⇒ *Leveraging potential as trade routes crossroads between EU and Central Asia.*
- ⇒ *Reconstructing agriculture export capacity through modernised port infrastructure.*
- ⇒ *Building cyber and energy resilience to support the economy under conflict conditions.*
- ⇒ *Attracting investment via compliance with EU regulations and standards.*
- ⇒ *Overcoming Russia's efforts to cut off Black Sea access is critical for trade.*
- ⇒ *Advancing EU Middle Corridor east-west connectivity goals.*

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3 World Bank, Government of Ukraine, European Union and United Nations, *Ukraine: Rapid Damage and Needs Assessment, February 2022 – February 2023* (World Bank Group 2023) <<http://documents.worldbank.org/curated/en/099184503212328877/P1801740d1177f03c0ab180057556615497>> accessed 10 February 2024.

Ukraine's role as a frontier between the Western world and regions marked by conflict and resource competition highlights the multifaceted nature of the conflict with Russia. Ukraine is strategically located at the crossroads of transport routes, providing ample opportunities for foreign trade and investment. **The country has the potential to establish and maintain logistics routes between the EU, Turkey, the Caucasus, and Central Asia.** With its vast transportation infrastructure, Ukraine can efficiently transport goods by rail, sea, and road, making these routes highly competitive.

**The top priorities for reconstruction are the port infrastructure for agriculture and trade, followed by energy for sustaining the economy under war conditions.** The IT sector is foundational but has yet to be an immediate top priority.

The second tier involves **modernising agriculture**, meeting European standards, and navigating the global food supply chain.

The third top tier focuses on Ukraine's posture in the ongoing deglobalisation phenomenon, emphasising **societal reconstruction** to build competitiveness and resilience against external influences.

The key to Ukraine's successful reconstruction lies in aligning its social infrastructure with EU conditionalities and Western investments. This pivotal factor can ensure that the country meets global standards and attracts more foreign investments in the long run.

**Black Sea port infrastructure is vital for Ukraine's reconstruction and countering Russia's goal of cutting off Ukraine's access to the Black Sea.** Ukraine is critical in establishing a European front line connecting the North Sea to the Black Sea.

Due to increased interest from Germany and France in Central Asia, the European vision of the Middle Corridor will likely progress faster than the Chinese-led "One Belt One Road" project. China's internal focus on socioeconomic issues and complex relationships with the US and Russia may hinder the momentum of the "One Belt One Road" project.

Ukraine's reconstruction is crucial for Europe's future interconnection of North-South infrastructure, with significant economic and geopolitical consequences.

The precondition of East-West interconnection is the guarantee of free navigation in the Black Sea. This goal can ultimately be the result of a type of thinking based on Europe's direct interdependence with Central Asia and the West's interest in integrating the Black Sea region into a winning strategic equation; however, materialising these ambitions requires a shift toward a Cold War mentality. This is essential to prevent Russia from unilaterally reshaping the geopolitical landscape, stretching its influence as far as Poland and Romania, potentially generating additional fronts for the US and weakening its presence in the Pacific.

Ukraine and Europe demand the development of joint systems of protection against cyber threats from the Russian Federation and China, which requires adopting joint political

decisions. These decisions should lead to increased use of digital security products across the European continent.

**It is imperative to prioritise establishing a safe and secure maritime area for civilian traffic in the Black Sea.** It will significantly impact trade, reconstruction, and development in the region. Furthermore, integrating the Caucasus and Central Asia into a larger economy through the Middle Corridor promoted by Western countries is necessary. The Middle Corridor could engage India, Japan, South Korea, and Western Europe through resilient transportation to the Black Sea.

The networks present a significant opportunity for the Mediterranean region, with potential partners in northwest and eastern Africa. The level of connectivity between them will not only determine Eurasia's economic future but also its history. Hence, **Ukraine could play a crucial role as a catalyst for linking Africa with Northern Europe, underscoring the justification for investing in reconstructing Ukraine and Europe's infrastructure.**

The United States will support and contribute to Ukraine's reconstruction while taking a new approach to geopolitics and interconnectedness in Eurasia.

#### **Recommendations**

- ⇒ *Provide sufficient powerful air defence systems to protect Ukrainian ports and infrastructure in the long run.*
- ⇒ *Invest in cyberinfrastructure and energy grid hardening to enable industrial production under duress.*
- ⇒ *Accelerate transportation system upgrades, closing capability gaps inhibiting Middle Corridor success.*
- ⇒ *Explore joint development initiatives with Black Sea littoral states to counter Russian dominance.*
- ⇒ *Promote the Black Sea's hub potential connecting Africa, Europe, and Central Asia.*
- ⇒ *Develop supplementary logistics infrastructure to shift more cargo off railways.*

**Unlocking Ukraine's potential requires securing territorial integrity and freedom of navigation while building regional partnerships.** With reconstruction supporting competitiveness, Ukraine can anchor new geoeconomic linkages.

#### **Romania's Role in Supporting Ukraine**

##### **Key issues**

- ⇒ *Supporting Ukraine's fight against the existential Russian threat.*
- ⇒ *Countering Russia's global supply chain and migration disruption efforts and protecting European political resilience.*
- ⇒ *Enabling Ukraine's agricultural exports through Danube ports.*
- ⇒ *Managing pressure on domestic infrastructure from transshipments.*
- ⇒ *Advancing mutual interests in energy security and digitalisation.*

Romania and Ukraine possess ample opportunities to collaborate across various sectors, including transport infrastructure and economy. Romania is committed to supporting Ukraine's fight for independence, territorial integrity, and sovereignty by investing in infrastructure and boosting exports. Romania also supports President V. Zelensky's peace formula and plans to facilitate the reconstruction of Ukraine, which involves international organisations and companies.

The Russian aggression poses an existential threat not only to Ukraine but also to Europe as a whole. It is, therefore, crucial for all stakeholders to stand firmly with Ukraine and provide the necessary assistance until the aggressor is entirely defeated. Russia, either directly or through proxies, seeks to provoke tensions in various regions to disrupt supply chains and hijack Western priorities for supporting Ukraine.

The blockade of grain exports from Ukraine has exacerbated a food security crisis, particularly in the Middle East and Africa, increasing the risk of famine. The Russian Federation's actions, including bombing loading and export facilities on the Danube, is putting significant pressure on affected states in Africa. These actions have become levers for generating overlapping crises, evident in military crises and coups d'état in countries like Sudan and Niger. The resulting armed conflicts and famine fuel forced migration in Africa, which is a phenomenon that is putting pressure on Europe. Furthermore, some nationalist and far-right parties backed by Moscow are gaining adherents amid anti-immigration rhetoric in a crucial election year.

In 2023, Romania facilitated the transit of 70% of all grain produced by Ukraine for export. By maintaining the flow of grain exports, Romania not only alleviates Russia's pressure on African states and implicitly on Europe but also supports Ukraine's economy. However, this effort puts additional pressure on the national infrastructure, underscoring the need for **investment in intermodal stations on the Danube**.

Ukraine and Romania play vital roles in maintaining global food security, developing the Danube Port clusters and projects in the triangle of Ukraine, Romania, and the Republic of Moldova, improving railroad and port infrastructure, and jointly coordinating border checkpoint controls. There is a mutual interest in furthering cooperation in energy security, digitalisation, and cyber security.

### **Recommendations**

- ⇒ Boost investment in intermodal stations and logistics infrastructure to sustain high volumes of Ukrainian grain exports.
- ⇒ Explore the funding for modernising the Danube and Black Sea ports via EU assistance programs to reinforce food and raw materials transport capacity.
- ⇒ Advance renewable energy partnerships, cyber collaboration, and digital connectivity to reduce dependence on Russia.
- ⇒ Leverage bilateral chamber of commerce to promote trade and cross-border infrastructure growth.
- ⇒ Commission feasibility study on regional rail enhancements to shift more grain and goods transport off-roads.

## The Path to the EU Integration

The EU discussed crucial support elements for Ukraine, including a four-year facility for financial assistance, technical support, and coordination efforts.

Despite immediate concerns in areas such as housing, agriculture, and energy, it is essential to address these issues to ensure a resilient and geopolitically independent future for Ukraine.

### Key issues

- ⇒ *Ukraine has pursued full EU membership and a resilient future.*
- ⇒ *Pre-accession conditionalities require significant governance and economic reforms.*
- ⇒ *Leveraging Ukraine's renewable energy potential is imperative for continuing alignment with the EU Green Deal.*
- ⇒ *Ukraine might fill EU supply chain gaps as a manufacturing player.*
- ⇒ *Implementing recovery supporting decentralisation is crucial.*

To support Ukraine, the European Commission should progressively consider granting specific privileges before the country officially joins the EU. These could include giving Ukraine access to the single market and helping it become eligible for EU funds. These actions would speed up Ukraine's integration and post-war recovery and strengthen its partnership with the European Union.

The principles of the enlargement methodology refer to more **credibility in delivering fundamental reforms**, **stronger political leadership** and more political commitment, **dynamic process** by integration of the 35 chapters of the Acquis Communautaire into six thematic policy clusters, and **predictability**, negative and positive conditioning – annual verification of progress or stagnation.

According to the Copenhagen criteria (1993), candidate states must achieve synergy between economic criteria, democratic institutions' functioning, and public administration reforms in the accession negotiation process.

The EU Commission's 2023 Enlargement Package<sup>4</sup> highlights several challenges for EU enlargement policy in the context of the war in Ukraine:

- ⇒ Increasing security and defence capabilities
- ⇒ Reconstructing Ukraine
- ⇒ Accelerating the energy transition and independence from Russian gas
- ⇒ Refugees and humanitarian action
- ⇒ EU enlargement

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4 'Commission adopts 2023 Enlargement package, recommends to open negotiations with Ukraine and Moldova, to grant candidate status to Georgia and to open accession negotiations with BiH, once the necessary degree of compliance is achieved: Press Release' (*European Commission*, 8 November 2023) <[https://ec.europa.eu/commission/presscorner/detail/en/IP\\_23\\_5633](https://ec.europa.eu/commission/presscorner/detail/en/IP_23_5633)> accessed 10 February 2024.

Before the Russian invasion, Ukraine progressed in aligning with the European Union's Green Deal policies for climate and energy transition. However, the war disrupted these efforts.

**Ukraine's key advantages include its proximity to the EU, abundant renewable energy resources, and a developed nuclear sector for green hydrogen production.** Its strong metallurgical sector and low labour costs also position it to fill the EU's processing gap for the EU as it diversifies from China.

**To achieve the vision, Ukraine must act decisively, implement the National Recovery Plan and Lugano Declaration and prioritise good governance, transparency, and accountability.**

**Decentralising participation in Ukraine's green recovery** is recommended. Ukraine is not just a recipient but also an active contributor to Europe's sustainable future.

### **Recommendations**

- ⇒ *Adopt EU enlargement methodology emphasising reforms, leadership, and process predictability.*
- ⇒ *Prioritise public administration reform to meet EU economic, democratic, and functional benchmarks.*
- ⇒ *Develop post-war renewable energy infrastructure facilitating future hydrogen exports.*
- ⇒ *Tap Ukraine's solar, wind, and hydropower potential to support the European energy transition.*
- ⇒ *Provide incentives for metallurgical and technology firms to engage in onshore production for EU markets.*
- ⇒ *Empower local governance and encourage public participation in supporting recovery from the war.*
- ⇒ *Increase accountability around spending and progress milestones regarding Lugano commitments.*
- ⇒ *Join EU regional initiatives on digital, transport, and environmental priorities.*
- ⇒ *Proactively communicate Ukraine's vision as a fully integrated, value-adding EU member state.*

### **Ukraine's Effort Towards Transatlantic Membership**

A strong Ukraine will directly diminish the threat Russia could pose to Eastern European nations and will indirectly bolster the global security order. The Ukrainian society is more united and provides broad support for NATO membership, understanding that NATO is a long-term guarantee for Ukraine's security and sovereignty.

### **Key issues**

- ⇒ *Ukraine's commitment to NATO membership requires boosting defences to meet NATO standards.*
- ⇒ *Reconstructing Ukraine necessitates reforms for democratic oversight of security and intelligence.*



- ⇒ *Ukraine's defence industry and military capability can be leveraged to strengthen NATO.*
- ⇒ *Consensus is needed among NATO members to welcome Ukraine.*
- ⇒ *Interim defence assistance must bridge gaps posed by prolonged NATO accession.*

On 29 November 2023, Mr Kuleba announced in Brussels that Ukraine had adopted the Annual National Program for Defence and Security Sector Reforms.<sup>5</sup>

The reconstruction of Ukraine also requires reform of the intelligence system and oversight of the security sector in line with democratic governance. The Security Service of Ukraine has multiple roles, an overly extensive task with multiple branches without a very logical connection, and is eight times larger than MI5.

There must be a distinction between control and oversight in the intelligence community. Ukraine can consider adopting models used by countries like Norway, Belgium, and the Netherlands, where committees of experts appointed by parliament oversee the security sector.

Civil society was crucial in setting up independent authorities to investigate corruption. A model with a central role in civil society participation would increase confidence in the intelligence sector and result in successful reform.

Ukraine in NATO represents a valuable investment in strategic determination and deterrence:

- ⇒ Ukraine is already part of deterrence on NATO's eastern flank.
- ⇒ Ukraine's armed forces are among the most capable combat forces in Europe.
- ⇒ Ukraine has a unique experience in defending itself against conventional Russian troops.
- ⇒ Ukraine has practical experience in combating Russian propaganda and information warfare.
- ⇒ Ukraine's integration into NATO will protect investments in infrastructure and the country's reconstruction.

It is unlikely that there will be a swift consensus for Ukraine to become a member of NATO, especially during times of war. Additionally, even if Ukraine were to integrate into the EU, it may still require the desired defence guarantees. In such circumstances, coalition assistance, infrastructure investments, and defence sector development are crucial factors that can contribute to Ukraine's victory. It enhances Ukraine's industrial defence capability, producing military goods that can be sold on foreign markets. Being one of the most profitable sectors, independent military industry or cooperation-based production aims to defend and strengthen the eastern flank.

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5 Sergiy Sydorenko, 'Road to NATO without Hungary's Veto: Ukraine's Reform Plan Agreed with Alliance' (*European Pravda*, 29 November 2023) <<https://www.eurointegration.com.ua/eng/articles/2023/11/29/7174539>> accessed 10 February 2024.

Russia's invasion of Ukraine threatens European security. Supporting Ukraine's self-defence and eventual victory is imperative to protect Eastern European nations and the global security order. A united, NATO-aligned Ukraine with reformed and modernised defence and intelligence sectors will be pivotal.

### **Recommendations**

- ⇒ *Help Ukraine implement its Annual National Defence and Security Reform program, focusing on modernising NATO interoperability, maritime security, and air defence.*
- ⇒ *Restructure intelligence services on Western models, prioritising efficiency and accountability.*
- ⇒ *Invest in Ukraine's defence industry and joint production initiatives to provide NATO-grade equipment. Help set up export controls and protocols to enable Ukraine's participation in multinational defence projects.*
- ⇒ *Expand Ukraine's existing coordination role in NATO's eastern flank defence planning. Foster inclusion of Ukrainian officers in NATO training programs.*
- ⇒ *Develop a roadmap to guide Ukraine's potential NATO accession process. Concurrently, structure a NATO-affiliated security pact to meet Ukraine's nearer-term defence needs.*

Bolstering Ukraine's military and social will diminish future Russian threats. With strategic assistance, Ukraine's victory can anchor enduring European security.

### **Recovery and Rebuilding Challenges**

#### **Key Challenges**

- ⇒ *Brain drain and loss of human/social capital.*
- ⇒ *Prevalence of corruption hindering growth.*
- ⇒ *Modernising critical infrastructure.*
- ⇒ *Shaping a strategic vision aligned with EU/SDGs.*
- ⇒ *Building climate resilience and energy security.*
- ⇒ *Fostering entrepreneurship and small business.*
- ⇒ *Restoring economic equality and opportunity.*

A recent survey conducted among students and teachers throughout Ukraine has revealed some significant findings<sup>6</sup>. Notably, 93% of the respondents believed that a full-scale war would profoundly impact Ukraine's future development. The top three economic activities expected to drive Ukraine's economy in the next five years are agriculture and IT, each with 74% support, followed by construction at 60%.

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6 USAID, Pact and Razumkov Centre, *Ukraine: From War to Peace and Recovery: Analytical Assessments, September 2023* (Razumkov Centre 2023) <<https://razumkov.org.ua/vydannia/shchorichni-analitychni-pidsumky-i-prohnozy>> accessed 10 February 2024.

Almost 80% of those surveyed believe that Ukraine will take three or more years to recover from the current destruction of its industrial and social infrastructure. The survey highlighted corruption as the biggest threat to recovery, along with challenges such as immigration, destruction of territory, and mining.

Industrial production in **Ukraine faces challenges related to retaining qualified human capital** and high energy costs. Culture is essential to sustainable development, yet **digitalisation and education need more support**.

Nevertheless, Ukraine still has a qualified workforce that can contribute to the rapid recovery of the economy, specifically in labour specialities in demand for infrastructure restoration and city reconstruction.

Private entrepreneurship plays a vital role in achieving global sustainability. However, **Ukraine faces challenges such as corruption, a shadow economy, loss of human and social capital, and military concerns to achieve SDGs and sustainable development**.

**Education and science through civil society engagement are pivotal in addressing these challenges**. It is crucial that Europe support and mobilise these sectors to create a long-term sustainable projection for Ukraine. A Western fifteen-year Marshall Plan for education is essential to support human capital development in Ukraine.

Rebuilding Ukraine post-war requires modernisation and foreign financing, with investments contingent on security amidst geopolitical uncertainties. Achieving sustainable development involves harmonising EU legislation, transitioning to a green, digital, and inclusive economy, and aligning with the Sustainable Development Goals.

The proposed steps for Ukraine's recovery include **creating a program encouraging small and medium-sized businesses, addressing unemployment, rehabilitating war-affected individuals, reforming the education system, and restoring critical infrastructure focusing on smart development. Energy security is also a priority, aiming for climate neutrality, reduced coal usage, and integration with EU markets. To address economic inequality and stimulate growth, tax reforms, a new European-style railway development, and a balanced economic and tax policy are recommended**.

A research project conducted in collaboration with international partners aims to support the higher education system in the context of climate change mitigation. The project involves partnering with universities from Slovakia, Spain, Romania, and Ukraine. They use the "one-click LCA" application to calculate carbon footprints and assess the lifecycle impacts of building products and organisations. The study reveals that Ukraine has a low level of popularity regarding energy certification for buildings, with only 25 large structures certified using programs like LEED and BREEAM. The research team recognises the significance of energy optimisation, especially in the context of climate change mitigation.

During the pre-war era, media content focused 87% on reporting environmental disasters, crimes, abnormal weather, and international news, with only 13% promoting active decision-making.

The research unequivocally demonstrates the media's significant role in shaping public perception of environmental issues. To improve this perception, it is imperative to increase the representation of Ukrainian scientists and foster a more comprehensive understanding of environmental threats.

The potential for Ukraine to emerge as a new European economic centre, particularly in production, logistics, and energy, depends on a proactive policy and the victory of the Western bloc in the war.

### **Recovery Recommendations**

- ⇒ *Incentivise workforce retention programs in key sectors like IT and engineering.*
- ⇒ *Launch comprehensive anti-corruption initiatives across public and private sectors.*
- ⇒ *Develop a 15-year Marshall Plan with the EU supporting education and human capital.*
- ⇒ *Create a post-war rebuilding roadmap focused on ESG factors and SDG alignment.*
- ⇒ *Prioritise climate-resilient and digitally enabled infrastructure rehabilitation.*
- ⇒ *Offer a simplified tax system to destroy the shadow economy and accelerate SMB growth and job creation.*
- ⇒ *Reform social security net and skills retraining programs targeting vulnerable groups.*
- ⇒ *Tap media and civil society networks to promote sustainability awareness.*
- ⇒ *Explore public-private partnerships to spur ethical investment in regional development.*

The "Resilience through Intersectional Cooperation" project promotes collaboration and mutual trust between Ukraine's state, military, and civil sectors.<sup>7</sup> The goal is to enhance national resilience by emphasising the importance of communication and cooperation among these sectors.

Two worrying trends have been observed recently. Firstly, much pressure is being placed on Ukraine to compromise with Russia, which could have severe consequences and potentially lead to societal destabilisation. Secondly, there have been calls for early elections, which is a challenging prospect given the uncertainties surrounding the organisation of such elections. These trends are cause for concern and must be monitored closely.

### **Political Challenges**

- ⇒ *It is vital to communicate the importance of Euro-Atlantic integration to American partners while confidently navigating discussions with Democrats and Republicans.*

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7 'Mykola Nazarov: "The authorities should emphasize the regional aspect of national security" ' (Research Centre for Regional Security, Sumy State University, 21 April 2021) <<https://rcrs.sumdu.edu.ua/all-news/373-2021-04-21-20-00-38.html>> accessed 10 February 2024.

*The relevance of this agenda to the upcoming US elections in 2024 cannot be overstated, and it is imperative to align with both parties in Congress and the Senate.*

- ⇒ *The Black Sea's security is paramount and critical to NATO. We must stress the urgency of attaining integration across seas, which is imperative for maintaining regional stability and security.*
- ⇒ *It is imperative to ensure that European partners have no doubts about Ukraine's success, particularly in the lead-up to elections that may significantly influence perceptions across the European continent.*
- ⇒ *The incorporation of sustainability in the reconstruction of Ukraine is strategically important. This approach lays the foundation for a resilient future, aligning with global efforts to address environmental challenges and contribute to well-being.*

The UN-Habitat World Cities Report 2022 reveals that the world is becoming more urbanised, with the global population expected to grow in urban areas by 2050.<sup>8</sup> The European context emphasises the urgent need for viable models of urban development. These models should be able to navigate numerous challenges, such as pandemics like COVID-19, climate crises, geopolitical conflicts, and socioeconomic disparities. In this context, the digital transformation of cities appears as a decisive strategy that offers pathways to sustainability and security.

Digital technologies and public goods can enhance urban strategies to improve urban living. However, questions remain about their appropriate use to increase urban resilience and sustainability, including citizen participation, socioeconomic opportunities, and accessible infrastructure.

Digital transformation significantly impacts various fields, including promoting inclusion and equity, contributing to the local economy, and fostering decentralisation and social capital in communities. By creating platform services for citizen access and encouraging democracy and openness. Transform urban living globally, focusing on rebuilding conflict-affected cities.

The decentralisation initiative launched in 2015 has enabled small villages, communities, and cities to become resilient and digitally advanced.

Education is critical to transforming society. Western universities are committed to helping Ukraine's reconstruction by investing in education and skill development programs for both traditional and adult learners. The focus goes beyond academic pursuits to encompass the cultivation of public service leadership skills for a comprehensive societal improvement approach.

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8 United Nations Human Settlements Programme, *Envisaging the Future of Cities: World Cities Report 2022* (UN-Habitat 2022) <<https://unhabitat.org/wcr>> accessed 10 February 2024.

Efforts are underway to expand educational access and develop human capital in Ukraine, laying the groundwork for long-term prosperity through collaboration with local universities.

### **Constraint on Russian Assets for Ukraine's Recovery: Legal Perspectives**

As Ukraine valiantly resists Russia's unlawful invasion, the global community has a moral obligation to assist Ukraine in its reconstruction and ensure justice for the affected people. According to the UN Basic Principles and Guidelines on the Right to a Remedy and Reparation for Victims of Gross Violations of International Human Rights Law and Serious Violations of International Humanitarian Law in 2005, Ukraine is obliged to provide victims with effective remedies, namely equal access to effective judicial protection, as well as to other legal remedies, including access to administrative bodies and other mechanisms, conditions, and procedures in accordance with national legislation.

The experience of other countries clearly demonstrates the importance and urgency of providing a comprehensive approach to the settlement of the issue of compensation for the losses of the civilian population in war conditions, not limited to the introduction of separate procedures for the compensation of costs for the losses of this or that property.

One of the major contributions of the international community to the implementation of this obligation is to provide funding for the realisation of this duty. Due to this, extensive measures are being taken to freeze Russian assets, with over \$300 billion currently immobilised. However, there are still legal uncertainties regarding the control and use of these sovereign assets.

In this case, it is important to establish a fair, transparent, and understandable procedure for compensating the losses suffered by Ukrainian citizens and businesses due to the war and occupation by troops, as well as to find funding for realising this compensation.

#### **Key issues**

- ⇒ *Frozen Russian assets deemed sovereign property are protected under state immunity.*
- ⇒ *Ukraine must overcome domestic judicial challenges impeding recovery and effective compensation for damages.*
- ⇒ *Innovative legal pathways are needed to access frozen assets compared with existing examples.*
- ⇒ *Multilateral consensus is required on ethical guiding principles.*
- ⇒ *Strategic coordination is necessary for asset redistribution.*

We have to confirm that internally, Ukraine faces three main challenges in its justice sector, which may be considered obstacles to the realisation of effective compensation for war damages: non-enforcement of domestic judgments, lack of judicial independence, and excessive court proceedings. However, despite these obstacles, the country has made significant progress in implementing reforms, and in Ukraine, internal constraints on Russian assets have been intensively developed.

Three different seizure or confiscation mechanisms in Ukraine are available for war damages compensation: through the particular law that enabled the seizure of two Russian banks, and these seized assets were used to compensate for damaged property through the e-recovery program; the mechanisms under the law of sanctions, requiring court decisions to seize the property of individuals meeting the criteria under the law of sanctions, and a novel mechanism specifically for commercial banks linked to sanctioned individuals. Underlining the importance of existing mechanisms, the main compensation procedure must be an umbrella procedure, within which the restoration of property and non-property rights violated during the war and occupation will be carried out. At the same time, the application for compensation for the loss of any objects of civil rights provided for by the current legislation must be guaranteed and not a list defined by law or in another order.

The limitation or selective approach to determining the objects of compensation or expenses subject to reimbursement violates basic human rights. The compensation mechanism should provide a simplified and transparent version of the procedure for restoring the rights to housing, resuming work, and everything that ensures the possibility of a person's normal life. At the same time, there should remain a real prospect of applying for the restoration of rights that have been violated in the person's opinion, in particular, copyrights or any others that cannot be classified as top priorities.

How do we use external funding to compensate for war damages?

To effectively tap seized resources while upholding the rule of law, a strategic realignment of national legal frameworks and the unification of international provisions are needed. Complexities arise mainly when frozen assets are considered sovereign property protected under state immunity precedents. Nonetheless, innovative legal pathways likely exist and may be developed in the near future.

The legal complexities surrounding utilising these assets for Ukraine's benefit emphasise the need to distinguish between private and sovereign assets. In the case of private assets, the US experience plays a pivotal role and may be used as an option.

The US's experience shows that almost 60 individuals and companies have faced charges resulting in arrests, extraditions, guilty pleas, and convictions. The KleptoCapture Task Force has seized, restrained, or limited over \$500 million in assets, with ongoing forfeiture proceedings against substantial properties. \$5.4 million belonging to a sanctioned oligarch was forfeited and transferred to the State Department, supporting Ukraine's veteran recovery efforts—the main ways for the assets to be made with funds obtained through criminal and civil forfeiture.

National regulations depend on policymakers and allow the updating of existing approaches to the constraints manner. Therefore, the first issue is the national legal framework for using the assets and implementing the compensation mechanisms. **The constrained assets should be collected by the national authority and allocated equitably, addressing not**

**only Ukrainian recovery efforts but also encompassing victim compensation, national development, and mitigating the aftermath of the conflict inside this state.**

The development of clear provisions for property liability and the need for a new understanding of the legal basis for compensation give a clearer and more transparent basis for compensation of damages. A shift from restitution to a reparation tort model entails advocating for guiding principles on the tort of armed aggression. Key concepts like countermeasures, property constraints, and conditions of the tort must be incorporated. It is necessary to define countermeasures for asset recovery, joint liability, and the legal effect of due care in the context of armed aggression.

Unified international provisions are needed to address the manifest injustice and legal uncertainty arising from the conflict. The existing compensation mechanisms, for instance, through the European Court of Human Rights, hold the potential to secure Ukraine's recovery. Potential judgments against Russia in inter-State cases lodged by Ukraine, particularly those that address systemic human rights violations committed by Russia during the war in Ukraine, hold promise for securing justice and reparations.

However, implementing ECHR judgments to Ukraine's recovery plan addresses issues such as non-enforcement of court decisions and other violations of the Convention on Human Rights. Through implementing ECHR judgments against Russia in interstate applications, innovative solutions like linking them to a special fund for compensation are suggested.

Unified approach mechanisms must be defined for seized asset management and victim compensation. For example, G7 nations could spearhead an international working group to define such mechanisms. The frameworks drafted should balance sustainable development priorities, ease of implementation, and justice imperatives such as the rule of law.

Designating Russian oligarch resources for Ukraine's rebuilding also warrants consideration, given precedence. To circumvent roadblocks, initiating an initial pilot program focused on lower-risk asset categories could help establish feasibility and build momentum. In tandem, repurposing the US' proposed REPO Act to spur near-term reconstruction financing could aid Ukraine's urgent needs.

While asset seizures represent a meaningful economic problem for Russia, realising their full potential to serve Ukraine requires surmounting complex legal and political obstacles. Success demands strategic collaboration by coalition nations to pioneer innovative yet actionable solutions. Financial sanctions and export controls impede Russia's ability to continue its aggressive actions. The long-term prize is structuring sustainable outcomes centred on human dignity and the rule of law.

For example, G7 nations could spearhead an international working group to define unified mechanisms for seized asset management and victim compensation.



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**Competing interests:** No competing interests were disclosed. Despite Prof. Izarova, Prof. Kharlamova, and Dr. Eduard Stoica serving on the editorial board of AJEE and participating in the project, the manuscript underwent full peer review according to the journal's rules.

**Disclaimer:** The authors declare that their opinion and views expressed in this manuscript are free of any impact of any organizations.

## ADDITIONAL INFORMATION

This article was prepared as part of the scientific project “A Modern Science-Based Concept for Ukraine to Ensure the Sustainable Development, Recovery and Reconstruction: Cost Assessment, Model and Policy Framework”, LBUS-UA-RO-2023; 455/01.02.2023, which is being implemented by the Lucian Blaga University of Sibiu and the Global Studies Center with the support of the Hasso Plattner Foundation.

## ABOUT THIS ARTICLE

### Cite this article

Nate S, Stavtyskyy A, Şerbu R and Stoica E, ‘Conference discussion “Beyond Conflict, Ukraine's Journey to Recovery Reform and Post-war Reconstruction” ’ (2024) 7(2) Access to Justice in Eastern Europe 443-68 <<https://doi.org/10.33327/AJEE-18-7.2-n000245>> Published 1 May 2024

Submitted on 10 Jan 2024 / Revised 10 Feb 2024 / Approved 22 Feb 2024

Published: 1 May 2024

DOI <https://doi.org/10.33327/AJEE-18-7.2-n000245>

**Managing editor** – Mag. Polina Siedova. **English Editor** – Julie Bold.

**Summary:** 1. Introduction and Project Background. – 2. Key Speeches and Insights from the Speakers. – 3. Conclusions and Policy Paper. – *Annex. Beyond Conflict, Ukraine's Journey to Recovery Reform and Post-war Reconstruction: Policy Paper.*

**Keywords:** reconstruction, war, investments, geopolitics, SDG, Ukraine.

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