

Romina Bandura

Eight Recommendations to Reconstruct and Modernize Ukraine

KEY MESSAGES

- **After victory, Ukraine should not simply rebuild old infrastructure and institutions but become a modern economy**
- **Ukraine deserves to be sent the weapons it needs to win the war with a realistic timeline towards NATO membership in sight**
- **Reconstruction should be human-centered, focusing on policies that will create jobs and make investments in social infrastructure**
- **Donors are central in accompanying this effort though technical assistance, project preparation, financing and oversight**
- **Financing can come in different forms: use of risk mitigation tools, seeding investment funds, possible EU solidarity tax, and seizing frozen Russian central bank assets**

Although Russia continues to callously target civilians and infrastructure facilities in Ukraine, strategic planning for reconstruction is already underway. In July 2022, during the international donors' conference in Lugano, Switzerland, the Ukrainian government unveiled its reconstruction vision through the [National Recovery Plan](#).¹ Yet Ukraine should not simply rebuild its old infrastructure and institutions: it deserves something new. Ukraine has a chance to break away from 350 years of Russian domination with an economy and society connected to and firmly embedded in the Euro-Atlantic community. In fact, the more fitting term to describe Ukraine's goal is "modernize" rather than "reconstruct." According to Merriam-Webster's Dictionary to "reconstruct" is to "to build or assemble (something) again" while the term "modern" means "involving recent techniques, methods, or ideas."²



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A modern, democratic, and secure Ukraine that upholds the [Charter of the United Nations](#) is the foundation for security and wellbeing of Europe and for defending democratic principles globally. In that regard, the EU and G7 nations have a historical

opportunity to help the country win the war and modernize after victory. Ukraine's leadership, its military and citizens have demonstrated to the world that the country deserves to join the EU and NATO. Ukrainian citizens also want to align with the West, according to a recent poll commissioned by the Transatlantic Dialogue Center,³ a Ukrainian think tank. The majority of Ukrainians have a positive view of G7 countries with 81-90 percent of respondents supporting the participation of these nations in reconstruction efforts.

Ukraine will emerge victorious from this war and international donors will have a historic opportunity to accompany rebuilding efforts, applying the lessons learned from past reconstruction experiences. Ukraine's reconstruction and modernization will be a generational undertaking, with investment estimates ranging from \$350 billion to \$1 trillion. How should donors approach this challenge? What should Ukraine focus on? Drawing on the work conducted by the [CSIS Ukraine Economic Reconstruction Commission](#),⁴ this brief provides eight broad recommendations to reconstruct and modernize Ukraine.

HELP UKRAINE WIN THE WAR AND PROVIDE LONG-TERM SECURITY ASSURANCES BY ADMITTING IT TO NATO

Ever since Ukraine declared independence from the former USSR on August 24, 1991, Russia has sought to retain Ukraine under its sphere of influence and control. This culminated in Russia's illegal annexation of Crimea in 2014 and occupations of eastern regions of Ukraine. Ukraine used diplomatic means and tried to negotiate with Russia in good faith to end the conflict. Since President Volodymyr Zelensky was elected in 2019, Ukraine sat at the table to negotiate with Russia [88 times](#).⁵ Ukraine abided by the Minsk I and II agreements, but Russia instead chose to invade the country on February 24, 2022, to realize Vladimir Putin's "Russkiy mir," that is, his imperial ambitions for Russia. Russia has also exported corruption and spread misinformation in Ukraine, to impose its values and a kleptocratic society.

At the time of the breakup of the USSR, Ukraine held the third-largest arsenal of nuclear weapons in the world. In 1994, Ukraine signed the Budapest

³ <https://tdcenter.org/2022/12/13/survey-reconstruction-of-ukraine-and-international-aid/>.

⁴ <https://www.csis.org/programs/project-prosperity-and-development/projects/ukraine-economic-reconstruction-commission>.

⁵ <https://www.politico.com/news/magazine/2023/01/24/russia-ukraine-war-peace-talks-00079042>.

¹ <https://www.urc2022.com/urc2022-recovery-plan>.

² <https://www.merriam-webster.com/dictionary>.

Memorandum on Security Assurances, giving up this arsenal in exchange for security and sovereignty guarantees from Russia, United States, and the United Kingdom. It goes without saying that those guarantees have not been met.

Ukraine deserves to remain independent, sovereign, and secure from Russia. The only way to achieve this goal is for the West to provide Ukraine the weapons it needs to win the war and work with Ukraine on a realistic timeline towards NATO membership. Ukraine will be victorious, but without strong security guarantees it will not remain immune from potential Russian attacks.

Even if Putin is deposed, there is a cadre of Russian oligarchs and autocrats that support the Russkiy mir vision. Moreover, although it has been more than 30 years since the breakup of the Soviet Union, Russian society still laments the dissolution of the USSR according to Levada Center polls.⁶ In the short term, Russia is unlikely to see any regime change, and Ukraine will be in constant danger of Russian aggression. Joining NATO⁷ is the best security guarantee for Ukrainians and is likely the most credible deterrent against any future Russian aggression.

ACCELERATE PRE-WAR AGENDA OF REFORMS

The West can provide security guarantees for Ukraine to remain independent and deter future Russian attacks. But Ukraine needs to help itself by undertaking governance, social, and economic reforms – including combatting corruption and improving the rule of law – to attract foreign investment and to become a modern economy.

Since 2014, Ukraine has made significant progress in carrying out important reforms, including decentralization, e-government, and improving the business enabling environment. Although Ukraine is a unitary state, it has decentralized government functions and resources by empowering regional and local governments. The following need to be included among the main areas that require further reform:

- Civil service modernization
- An independent, fair, and transparent judiciary system
- Financial autonomy and quality assurance in higher education institutions
- Digitalizing customs systems
- Simplification of taxation regimes
- Implementing anti-corruption legislation
- Digitalization of SMEs
- Restructuring and privatization of state-owned enterprises
- Break up of media conglomerates.

⁶ <https://www.levada.ru/en/2019/01/14/the-collapse-of-the-ussr/>.

⁷ <https://www.cer.eu/en/insights/first-help-ukraine-win-war-then-help-it-win-peace>.

Ukraine needs to continue this reform process and “turbocharge” its efforts. Even during war times, President Zelensky has shown the highest level of political commitment to combatting corruption by instituting a zero-tolerance approach.⁸ Recently, he fired a range of senior level public officials that were implicated in opaque practices.⁹

ALIGN REFORMS TO THE EU ACCESSION PROCESS AND SET A DEFINED MEMBERSHIP TIMELINE

At the same time, Ukraine’s reform agenda needs to be aligned and anchored to the EU accession process. Ukraine has a large consumer market, a strong industrial base, and a skilled population that has the potential to be internationally competitive and complement markets in the European Union. However, to be admitted to the EU, a country has to fulfill a series of steps:¹⁰

- comply with all the EU’s standards and rules
- obtain the consent of the EU institutions and EU member states
- obtain the consent of their citizens through approval in their national parliaments or by referendum.

On June 23, 2022, the European Council granted candidate status to Ukraine (and Moldova).¹¹ But to start EU accession negotiations, Ukraine has to first meet seven mandatory requirements that are related to specific reforms that include judiciary, selection of judges and courts, anticorruption, anti-money laundering, oligarchs, media, and minorities.¹²

Ukraine will then have to negotiate reforms across more than 30 chapters or areas.¹³ In return, the EU will help the country with political support, financial assistance, and technical advice. But this process can potentially take decades to materialize. For example, it took the Central and Eastern European countries approximately 10 years to complete the EU process while North Macedonia and Turkey have been candidate countries for 18 years now.

While the EU does not have a set time frame for accession, in the unique case of Ukraine, it would be beneficial to mutually agree on an expedited and clear timeline, probably less than 10 years. My CSIS colleagues (Runde et al. 2023)¹⁴ have argued that a time-

⁸ <https://www.kmu.gov.ua/en/reformi/verhovenstvo-prava-ta-borotba-z-korupciyeyu/borotba-z-korupciyeyu>.

⁹ <https://www.businessinsider.com/zelenskyy-fires-top-officials-corruption-scandal-vacation-war-2023-1>.

¹⁰ https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/conditions-membership_en; https://neighbourhood-enlargement.ec.europa.eu/opinion-ukraines-application-membership-european-union_en.

¹¹ <https://www.consilium.europa.eu/en/policies/enlargement/ukraine/>.

¹² https://www.eeas.europa.eu/delegations/ukraine/eu-commissions-recommendations-ukraines-eu-candidate-status_en?s=232

¹³ https://www.eeas.europa.eu/sites/default/files/071215_eu-ukraine_association_agreement.pdf; <https://www.globalpolicy-watch.com/2022/07/ukraines-eu-accession-process/>.

¹⁴ <https://www.csis.org/analysis/enabling-economic-transformation-ukraine>.

line of 10 years with set benchmarks of progress will provide clarity, funding, and the needed confidence for businesses to invest in Ukraine. An ambiguous and long accession process would not give the right incentives for Ukraine to reform. Moreover, donors should be aligning their policy conditionality with EU standards and rules to avoid multiple and conflicting requests on the Ukrainian government. This would be a step in the right direction to simplify and harmonize conditions among donors.

UKRAINE TO LEAD THE MODERNIZATION EFFORT

Hand in hand with reforms, the process of reconstruction and modernization of Ukraine will entail massive investments in physical infrastructure: housing, schools, hospitals, transport and logistics corridors, communications, and the energy sector. The scale of destruction from the war is so immense that rebuilding will require investments in the hundreds of billions of dollars – and even **trillions**, according to some estimates.¹⁵ To finance such endeavor, Ukraine will need to tap into a variety of sources and institutions: bilateral donors, multilateral banks, private investors, and the Russian state in the form of reparations.

As discussed in the previous point, Ukraine will also need to invest in building modern institutions and reforming legal and regulatory frameworks. In comparison to physical infrastructure investments, these reforms are **cheaper** to undertake (i.e., in the range of \$1-2 billion¹⁶) but nevertheless complex to implement because of political pushback and vested interests.

International donors and Ukraine partners have put forward proposals on how the reconstruction and modernization architecture should be designed, governed, and funded (RISE 2022; Becker et al. 2022; Gorodnichenko et al. 2022; Kirkegaard et al. 2022). Among the different proposals, there is consensus that Ukraine should own and lead the effort. The Ukrainian national government is the most suitable stakeholder to make decisions on reconstruction and to develop a strategic modernization plan, making a list of priority projects with a phased approach.

As **Eichengreen and Rashkovan (2022)** suggest, this plan should also involve consultations and active participation of subnational governments, civil society, and business groups. If this process is overcentralized within the national government, there is a risk of weakening local governments and all the progress achieved so far towards decentralization and democratization. The national government must work with subnational governments and allow them to present their own plans and projects and should coordinate these efforts across levels of government and ministries. Large projects such as rebuilding transport

and logistics and energy infrastructure will probably be centralized at the national level. However, social infrastructure – schools, parks, hospitals, and housing – and smaller projects will have to be led and managed by local governments.

TAKE A HUMAN-CENTERED APPROACH TO RECONSTRUCTION AND MODERNIZATION

Although rebuilding physical infrastructure has a high price tag, a more important task is to support and involve Ukrainians in the reconstruction process. Buildings can be repaired, and new ones can be erected. However, the human element of reconstruction needs more focused attention. There is a large talent pool of Ukrainians, in whose hands rebuilding the future Ukraine should lie.

When the war ends, there will be 10–15 million Ukrainians who might want to come back to live in Ukraine. There will also be more than 5 million Ukrainian veterans and people with disabilities who will need jobs and health services, including mental health support. Therefore, it will be important to focus on policies that will create jobs for Ukrainians and those investments that will recover the basic infrastructure for people to lead dignified lives.

Ukraine will not be able to implement all reforms and projects at once, so it will be important to prioritize and select quality projects that can generate economic opportunities for Ukrainians. Reconstruction and modernization should, therefore, take a human-centered approach, focused initiatives that encourage Ukrainians to come back and projects that maximize the employment of Ukrainians so they can continue to take ownership of their country and rebuild their lives.

DONORS CAN PROVIDE TECHNICAL ASSISTANCE, OFFER PROJECT PREPARATION, LEVERAGE PRIVATE CAPITAL, AND OVERSEE THE PROCESS

On the donor side, there are many institutions that will be involved in the reconstruction process, among them the European Bank for Reconstruction and Development (EBRD), the Bretton Woods institutions (World Bank and the International Monetary Fund), the Organization for Economic Cooperation and Development (OECD), the EU, and bilateral donor agencies. What is important to note is that each institution brings a unique set of technical knowledge, expertise in specific sectors, and financial firepower. However, no institution has it all or can do it all. The comparative advantage of these institutions vis-a-vis the Ukrainian government or private investors is providing technical assistance, project preparation activities, leveraging private capital, and overseeing funding and projects. As argued by **Bandura et al. (2022)**, there are several areas that donors should prioritize:

First, donors need to clarify their roles, assess their strengths, and have a division of labor in terms

¹⁵ Ukraine Reconstruction May Cost \$1.1 Trillion, EIB Head Says - Bloomberg.

¹⁶ <https://cepr.org/publications/books-and-reports/rebuilding-ukraine-principles-and-policies>.

of supported projects so that they are leveraging their strengths and not overlapping. As a first step, on January 26, 2023 the EU launched the [Multi-Agency Donor Coordination Platform](#)¹⁷ to increase coordination among institutions that are providing financial assistance to Ukraine.

Second, donors can support the Ukrainian government by putting together a strong pipeline of bankable projects. Not all the projects laid out in Ukraine's National Recovery Plan will be able to attract funding. These projects need to be well-prepared, meet high standards, and demonstrate economic, social, and environmental benefits. Donors can also help Ukraine prioritize projects and select those that will have the most impact.

Third, donors can help the Ukrainian government with the procurement process and screen contractors and investors to prevent malign influence and ensure a new class of oligarchs does not emerge from the reconstruction process. Donors can start this process now by vetting and prequalifying companies and contractors.

Fourth, for Ukraine to modernize, it will have to be able to attract financing, technology transfers, and technical know-how from private sector firms. The [TDC](#) poll shows that Ukrainians welcome the contribution of foreign companies in reconstruction: 55 percent of those polled want firms to be actively involved, not only to provide finances but to supervise Ukrainian companies as well, and another 29 percent polled want foreign companies to be directly involved in the reconstruction.¹⁸ In this regard, bilateral donors and specialized institutions such as development finance institutions (DFIs) and multilateral development banks have a vital role to play in leveraging private sector investments into Ukraine. These organizations possess expertise in developing public-private partnerships (PPPs), structuring complex transactions and undertaking large infrastructure projects. They also have at their disposal a set of financial instruments that precisely foster private sector development in countries, including directly investing in firms or equity portfolios, structuring political risk insurance and guarantees to mitigate risks for investors, and using blended finance approaches.

Finally, working with Ukrainian civil society, donors should provide oversight of the process and set up an independent monitoring and evaluation (M&E) system so that funds are tracked properly and projects are delivering their intended goals. Ukraine has a very strong network of NGOs, including the [RISE UA](#) coalition, which promote integrity, accountability, and citizen participation for reconstruction, which includes tools such as timely disclosure of data, development of monitoring, and oversight of the process. Ukraine's digital sophistication is also an important asset to

help to reduce corruption and increase transparency in procurement, for example, through the use of the digital public procurement system, ProZorro¹⁹ and other tools.

GIVE PRIORITY TO COMPANIES AND CONTRACTORS FROM ALLIED NATIONS

In addition, the reconstruction and modernization of Ukraine should reflect current geopolitical realities. As such, when attracting investments and partnering on projects, Ukraine should prioritize companies and contractors from countries that are supporting Ukraine politically, militarily, economically, and through humanitarian aid (e.g., welcoming refugees).

During 2022, there are many countries that have abstained or voted in favor of Russia in UN General Assembly special sessions. A significant number of countries that abstained were African nations, alongside China and India. Moreover, there are countries that decided not to participate in economic sanctions placed on Russia, including China, India, and Mexico.²⁰ In contrast, since the war began, G7 countries including the United States, Canada, United Kingdom, Japan, and Germany have been strong partners of Ukraine, providing military and economic support. Neighboring countries such as Poland, Moldova, and others have opened their borders and welcomed more than 7 million Ukrainian refugees. The EU, its Member States, and European financial institutions have committed **49 billion euros** in financial, budget support, emergency, humanitarian, and military assistance to Ukraine.²¹ These are the countries that should be given priority for contracts and investment opportunities in the reconstruction process.

Specifically, the US has been Ukraine's number one donor, contributing more than 60% of all aid to Ukraine. US aid to Ukraine totals **\$68 billion**,²² with an additional recent package of **\$45 billion**.²³ The US private sector also has a significant country presence, including more than 200 member companies in the American Chamber of Commerce in Ukraine. Before the war, the United States was also a top source of FDI in Ukraine. US companies also have significant experience in supporting large-scale reconstruction

¹⁹ <https://voxukraine.org/longreads/three-years-of-reforms/index-en.html#openModal4>.

²⁰ On March 2, 2022, the United Nations General Assembly adopted [Resolution ES-11/1](#) deploring Russia's invasion of Ukraine, demanding a full withdrawal of Russian forces and a reversal of its decision to recognize the self-declared People's Republics of Donetsk and Luhansk. The resolution passed with 141 countries voting in favor, 5 against, and 35 abstentions. On April 7, 2022, the UN General Assembly held a special session to suspend Russia's membership in the UN Human Rights Council Resolution ES-11/3: 93 countries voted in favor, 24 voted against, and 58 countries abstained. On October 12, the UN General Assembly passed [resolution ES-11/4](#), calling on countries not to recognize the four regions of Ukraine which Russia has illegally claimed: 43 countries voted in favor, five voted against, and 35 abstained.

²¹ https://ec.europa.eu/commission/presscorner/detail/en/read_23_383.

²² <https://www.csis.org/analysis/aid-ukraine-explained-six-charts>.

²³ <https://www.cnn.com/2022/12/24/us-house-approves-ukraine-aid-including-arms-after-zelenskyy-visit.html>.

¹⁷ https://eu-solidarity-ukraine.ec.europa.eu/index_en.

¹⁸ <https://tdcenter.org/2022/12/13/survey-reconstruction-of-ukraine-and-international-aid/>.

efforts in difficult environments, including conflict or war zones such as Afghanistan and Iraq.

DESIGN AND STRUCTURE FINANCING MECHANISMS FOR RECONSTRUCTION

Lastly, bilateral and international donors and DFIs can be more creative in designing innovative financing mechanisms to raise different pools of resources devoted to Ukraine's reconstruction. In the immediate term, the Ukrainian economy needs support to keep operating and in the medium run, the country needs to attract massive amounts of FDI and other financial sources to rebuild and modernize its economy.

Scale Up Risk Mitigation Tools to Help Rebuild and Lure in Private Investments in the Future

In the short run, companies and SMEs operating in Ukraine require financing and insurance to cover heightened risks due to the war. However, local banks want to protect their capital and are leery of lending to local SMEs because of the volatile situation and are already expected to lose 20 percent or more²⁴ of their loan portfolio due to the war. Foreign investors are also cautious about investing in Ukraine even in the regions where there is no active fighting taking place due to the risk of property and transportation damages and expropriation from Russia. In this regard, private insurers, multilateral development banks (MDBs), DFIs, and specifically the Multilateral Investment Guarantee Agency (MIGA) can employ a variety of risk-mitigation tools (i.e., guarantees, political-risk insurance, and first loss coverage) to help investors reduce exposure to political and macroeconomic hazards and attract private capital to Ukraine. Within private insurers, there are only a few companies that are ready to back Ukraine (e.g., Lloyds of London in the UK). There is an opportunity for these institutions to be more active in Ukraine and collaborate to provide risk-mitigation instruments.

There are several proposals for these instruments: i) Set up a war insurance fund: for the immediate recovery phase, Kirkegaard et al. (2022) and Igor Liski,²⁵ a Ukrainian investor, proposed establishing an internationally backed insurance fund that would protect investments against military risk so investors start rebuilding now despite the ongoing conflict. In addition, MIGA's existing "war and civil disturbance" insurance could be expanded for broad usage in this context. ii) Establish a separate multi-donor fund to back MDB commitments: bilateral donors can set up a pool of funding to back MDBs' balance sheets so they can take more risk and finance projects in Ukraine.

²⁴ https://www.bstadb.org/BSTADB_Overview%20of%20the%20financial%20sector_UKRAINE.pdf.

²⁵ <https://www.wsj.com/articles/ukraine-economy-stabilizes-military-gains-11663078436>.

Use Seized Russian Assets Held in G7 Central Banks

The United States together with its G7 partners have frozen more than \$330 billion in Russian assets.²⁶ These include Russian central bank assets held in G7 banks as well as those owned by sanctioned Russian individuals and companies. Among Russian frozen central bank assets, France holds the most of any country at more than \$71 billion, Japan is second at \$58 billion while Germany \$55 billion and the United States at \$48 billion.²⁷ These assets can provide a significant opportunity to help foot the immense bill for Ukraine's reconstruction.

However, it may be difficult to seize these assets in the short run because of various legal impediments, and lack of international standards and political will. Nevertheless, there are proposals²⁸ put forward to unlock these assets. For example, the US Congress²⁹ passed a bill to allow Ukrainians to seek and collect monetary damages from Russia or any individuals sanctioned by the US Government. Canada also passed the C-19,³⁰ the budget implementation bill, that grants powers to seize and sell off assets owned by Russian individuals and entities on Canada's sanctions list.

Help Set Up Enterprise Funds to Invest in SMEs

Donors and philanthropists can provide capital to set up special investment funds that would support small and medium-sized companies in Ukraine. During the 1990s, to help develop the private sector and promote a free market economy in the former Soviet states, the United States government funded and set up a series of enterprise funds that invested and provided credit to small companies. One such successful fund is the Western NIS Enterprise Fund (WNISEF) founded in 1994 as a \$150 million fund in Ukraine and Moldova. Over the years, WNISEF has supported 136 companies, employing 26,000 people in Ukraine and Moldova.³¹

Introduce a Small and Short-lived EU Solidarity Tax

Finally, although it might be politically unpopular and difficult to implement, the EU could potentially design a solidarity tax where the proceeds would be directed to a fund to help Ukrainian reconstruction. There are past experiences where countries instituted a solidarity tax, during war times or to fund noble public goals.

²⁶ <https://www.businessinsider.com/repo-global-task-force-freeze-330-billion-russia-oligarch-assets-2022-6>.

²⁷ <https://www.nbcnews.com/data-graphics/russian-bank-foreign-reserve-billions-frozen-sanctions-n1292153>.

²⁸ <https://www.lawfareblog.com/legal-approach-transfer-russian-assets-rebuild-ukraine>.

²⁹ <https://upton.house.gov/news/documentsingle.aspx?DocumentID=401934>.

³⁰ https://www.justice.gc.ca/eng/csj-sjc/pl/charter-charte/c19_2.html.

³¹ <https://wnisef.org/>.

For example, in 1991 [Germany](#) introduced a flat rate of 7.5% on all personal income to fund the reunification of East Germany. In the case of Ukraine's reconstruction, this tax would be temporary (i.e., 5 years), and represent a small percentage levied on sales of inelastic goods and services (e.g., luxury items) or on profits from multinational companies that chose to remain in Russia.

POLICY CONCLUSION

When the USSR collapsed in 1991, the West declared victory over the Cold War but provided [Russia](#) an outsized role in international affairs. As such, Russia was automatically admitted as a permanent member in the UN's Security Council³² although both Ukraine and Belarus were also former USSR states and original members of the UN since 1945. Moreover, there was not a truth, reconciliation, and healing process about the legacy of communism for the citizens of the 15 former Soviet republics. There was also no justice process for the [20 million people](#) that died due to the brutality of the Soviet regime.³³ Even today, Russia remains part of the Security Council.

Now the free world is faced with another historical challenge with an opportunity to help Ukraine continue its democratization and modernization journey. Ukrainians desire and deserve this opportunity. The Ukrainian national anthem proudly proclaims that Ukraine has not yet perished: it will not perish and will be reborn into a modern country.

International donors will have a historic opportunity to accompany rebuilding efforts, applying the lessons learned from past reconstruction experiences and help Ukraine become that modern society. In sum, the main elements for reconstruction and modernization involve the following.

After victory, Ukraine should not simply rebuild its old infrastructure and institutions: it deserves something new. Ukraine has a chance to break away from 350 years of Russian domination with an economy and society connected to and firmly embedded in the Euro-Atlantic community. This will require significant governance, social, and economic reforms that are anchored in the European Union (EU) accession process. A modern, democratic, and secure Ukraine that upholds the [Charter of the United Nations](#) is the foundation for security and well-being of Europe and for defending democratic principles globally. The EU and G7 nations have a historical opportunity to help the country win the war and win the peace.

Ukraine deserves to remain independent, sovereign, and secure from Russia. The only way to achieve this goal is for the West to provide Ukraine the weapons it needs to win the war and work with Ukraine

on a realistic timeline towards NATO membership. Ukraine will be victorious, but without strong security guarantees it will not remain immune from potential Russian attacks.

The Ukrainian national government should develop a strategic modernization plan, making a list of priority projects with a phased approach to reconstruction. The human element needs added attention: when the war ends, there will be 10–15 million Ukrainians who might want to come back to live in Ukraine. There will be also more than 5 million Ukrainian veterans who will need jobs and health services, including mental health support. For Ukrainians to lead dignified lives, it will be important to focus on policies that will create jobs and make investments in social infrastructure.

The comparative advantage of development institutions vis-a-vis the Ukrainian government or private investors is providing technical assistance, project preparation activities, leveraging private capital, and overseeing funding and measuring impact. As such, when attracting investments and partnering on projects, Ukraine should prioritize companies and contractors from countries that are supporting Ukraine politically, militarily, economically, and through humanitarian aid.

In the immediate term, the Ukrainian economy needs to keep operating. In the medium run, the country needs to attract massive amounts of foreign direct investment and other financial sources to rebuild and modernize its economy. Bilateral and international donors and development financial institutions can be more creative in designing innovative financing mechanisms. These includes risk mitigation tools, seeding private equity funds, a possible EU solidarity tax, and seizing frozen Russian central bank assets.

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³² <https://cepa.org/article/expelling-russia-from-the-un-security-council-a-how-to-guide/>.

³³ <https://www.amazon.com/Black-Book-Communism-Crimes-Repression/dp/0674076087>.