

Supporting Resilience and Recovery in Ukraine

An overview of the key issues for recovery | July 2024

Introduction

After over two years of war, Ukraine has maintained its resolve against intense aggression while putting the initial plans and systems in place for long-term resilience, recovery and reconstruction when the conflict ends. Still, the war in Ukraine has come at a devastating cost to the country and its people and has had reverberating effects on regional and global stability: with over 200,000 casualties¹, millions displaced, more than \$499 billion in losses² and reverberating shocks to global commodity prices and financial systems. The war has created the largest migration crisis in Europe since the Second World War: as of March 2024, there were 6.4 million Ukrainian refugees recorded globally, and at the beginning of 2024, a recorded 3.7 million Ukrainians were internally displaced³—a devastating outflow of Ukraine’s most important asset. The Ukrainian economy contracted by over 29 percent in 2022, with significant damage to the productive capacity of the economy and infrastructure of vital economic importance (i.e., roads, ports and IT systems) and basic service delivery (i.e., schools, hospitals and residential housing); and modest economic growth (5 percent in 2023 and a projected 3 percent in 2024) illustrate that economic recovery will be a long process.⁴ Ramifications of the conflict have been felt in rising food prices⁵ and in the energy crisis still affecting Europe.⁶

At this critical juncture, Ukraine and its partners will need to balance efforts across short- and long-term timeframes and priorities to maintain resilience while ensuring an effective and equitable recovery. An immediate priority will remain on winning the war but will need to be balanced with the continued need to ensure economic resilience and prevent the fracturing of society. Given the extent of the devastation, there will be a range of severe challenges facing Ukraine and its people, from physical reconstruction and restoring the economy to the return of refugees, supporting those affected by trauma and injury and repairing the social fabric. Continued consideration of the systems, rules and capacities needed for these long-term challenges is required, not only to

prepare for reconstruction and European integration but also to more effectively deliver to citizens in the short- and medium-term. International experience shows the importance of anticipating issues that can make the difference between successful or failed recovery and reconstruction—and that signaling the way forward now can maintain strong coalitions of support within Ukraine and among its international partners.

As local and international stakeholders continue to adapt their support for continued resilience and recovery, it is very important to appreciate that Ukraine is a highly developed country, with advanced capacity in its professional cadres, institutions and society for managing reconstruction. Therefore, lessons for reconstruction in Ukraine should be drawn from experiences in post-war European reconstruction, recovery after natural disasters in developed countries, the advanced economy building processes in East Asia and new OECD members and Accession processes to and social funds within Europe—rather than some of the recent post-war reconstruction cases where institutions and human capital are not as developed. Starting with an appreciation of what capabilities, resources and services already exist in Ukraine rather than looking to bring in capacities from outside will be an important prism.

International support will be essential for reconstruction in Ukraine, but the sudden influx of large sums of assistance can have adverse effects. As of February 2024, international partners had pledged around US\$155 billion in financial and humanitarian aid—in addition to US\$120 billion in military assistance—to address economic recovery and reconstruction needs in Ukraine.⁷ These commitments are led by European Union bodies, including the multiyear, €50 billion Ukraine Facility approved in 2024. Well-managed support to resilience and recovery could put Ukraine back on the path to becoming a market-based democracy that sustains the trust of its people. Experience in other countries, however, has shown that large reconstruction assistance programs can overload already strained institutions, incentivize the development of rentier aid systems in the domestic economy, suppress market-driven

1. As of early 2024, there have been an [estimated](#) 30,460 civilian casualties and between 131,000 and 190,000 military casualties.

2. The World Bank, Government of Ukraine European Union and United Nations. February 2024. [Ukraine Third Rapid Damage and Needs Assessment \(RDNA3\), February 2022 – December 2023](#).

3. United Nations High Commissioner for Refugees. [Ukraine Refugee Situation Operational Data Portal](#). Accessed on Mar 22, 2024).

4. IMF. [Ukraine](#). Accessed on May 14, 2024.

5. World Economic Forum. April 2022. [These 3 charts show the impact of war in Ukraine on global trade](#).

6. Emiliozzi, Simone, Fabrizio Ferriani and Andrea Gazzani. January 2024. [The European energy crisis and the consequences for the global natural gas market](#). CEPR.

7. Trebesch, et al. [The Ukraine Support Tracker](#). Kiel WP. Accessed on May 14, 2024.

solutions to reconstruction and self-reliant growth and further strain trust between the government and citizens. Ensuring that support to Ukraine's recovery supports rather than stresses fragile institutions as reform continues to governance, market building and accountability systems will be a key issue moving forward.

This brief updates ISE's May 2022 note on the key issues for reconstruction, which have been validated by key Ukrainian and international actors as significant issues to address.⁸ The analysis serves to inform discussion and contribute to identifying options for the key issues around continued resilience and longer-term reconstruction in post-conflict Ukraine.

Key Issues for Reconstruction in Ukraine

Based on its global experience and the Ukrainian context, ISE has identified a set of key principles central to effective and accountable reconstruction in Ukraine that is responsive to people and re-establishes the foundations for Ukraine's future as a self-reliant economy and prosperous, inclusive democracy. These include:

1. A Ukrainian-led vision for reconstruction, stability and growth

Experience shows that it is essential that a collective national vision and strategy guides the reconstruction process. One commonality of successful reconstruction in the Colombian, Marshall Plan and South Korean models was the importance of a nationally led plan, rather than following an internationally imposed plan. Reaching national consensus on a future vision for Ukraine is a crucial first step in setting out plans for reconstruction—while the planning process itself can inspire continued national unity and resilience if inclusive and properly managed. Ukrainians must architect their own vision and national strategy, understanding how different pathways will affect prospects for the economy, individual opportunity, social cohesion and stability.

Ukraine has taken significant steps to set the vision for its future and can now turn to ensuring that the strategies for reconstruction can drive social cohesion during the recovery period and set the stage for delivery. Ukraine has already taken steps to set this vision with the release of a draft National Recovery Plan⁹ at the July 2022 conference in Lugano and then the preparation of a Ukraine Plan as part of the EU's Ukraine Facility.¹⁰ Next steps in the planning process may need to include:

- **Gaining broad ownership of national plans across Ukraine** – While it is excellent that current plans are fully Ukraine-owned, the question of ensuring input from a wide range of Ukrainian stakeholders to ensure broad ownership remains

open, and civil society groups in Ukraine continue to press for a more consistent and robust role for civil society, local actors and specialized groups. Relatedly, aligning the needs of Ukraine as a nation with the needs of differentiated oblasts, hromadas and other territories via a strong architecture for regional planning linked to national recovery will be critical to ensure not only an effective recovery planning process (given that local self-governments hold the majority of destroyed assets on their balance sheets) but also to build cohesion and continue Ukraine's successful decentralization path. In addition to formal regional planning processes, Ukrainian authorities may embark on a series of citizen and stakeholder consultations in different regions and municipalities, building on the solidarity that Ukrainians have demonstrated in their national defense and channeling it toward a common roadmap for reconstruction. Townhalls, either virtual or physical, could include the Ukrainian diaspora in neighboring states and may attract back people who have left. A consultative phase would help ensure buy-in from multiple quarters and set expectations for shared responsibilities throughout the next phases of recovery and reconstruction.

- **Translating plans and strategies into operational programs** – International planning has put the creation of a Ukrainian vision and plan at center stage. How this translates into concrete plans and programs and the allocation and division of responsibilities among Ukrainian ministries and levels of government remains to be worked out. Developing implementation mechanisms and programs that enable the plan to proceed to implementation will be keys to success. For example, analysis of international experience shows that if a high-level plan proceeds to implementation through a project-driven approach, the chance of success is lowered and the risk of fragmentation is higher, indicating that an implementation concept based on a programmatic approach may be more effective. Allocating responsibilities within Ukraine for reconstruction between line agencies, a central reconstruction agency and local governments is underway—but this system will need some further clarification, particularly the roles between the Ministries of Economy, Finance, Regional Development and Infrastructure.
- **Aligning plans to economic strategies for reconstruction and the future** – National recovery plans—most notably the plan for the EU's Ukraine Facility—focus heavily on continued institutional reform alongside high-level strategies for the energy, transport, agricultural and digital sectors. While the choices of priority sectors in the Ukraine Plan seem appropriate, the construction sector and housing could be more centrally represented in the plan. The defence industry also warrants representation, whether in the Ukraine Plan or a separate process, not only for the current conflict but also for Ukraine's potential economic future after the war. Thorough economic strategies for these sectors will need to be developed, and underlying analysis on the needs and assets will be needed. ISE has proposed to complement the existing needs assessment process (undertaken in partnership with the World Bank, EU and other partners) with what we call an "asset map" to document the Ukrainian assets and capabilities that are in place that can

8. ISE. 2022. [Supporting Reconstruction in Ukraine](#).

9. National Recovery Council, Government of Ukraine. July 2022. [Ukraine's National Recovery Plan](#).

10. [Plan for the Implementation of the Ukraine Facility 2024-2027](#). Accessed on May 14, 2024

be built upon and leveraged. The multiple iterations of the RDNA have been a critical starting place for informed recovery planning in key sectors, but focusing only on what has been destroyed without considering the assets that can be leveraged and new opportunities means current assessment is insufficient to planning needs.

2. Mobilizing international and regional partnerships, objectives and responsibilities

With a national vision and overarching strategy set, the Ukrainians will need to continue to marshal support and resources from many quarters, including bilateral development partners, regional and multilateral organizations, academic institutions and private sector partners. Many of these partners have already offered substantial military, financial and technical support for both the current crisis, economic resilience and longer-term recovery. The bulk of financing so far has come from the EU and United States, the former mainly in the form of financial assistance (\$143 billion as of May 2024¹¹) and the latter in both financial and military assistance (\$175 billion¹²). Other bilateral donors have committed to more medium-term budget support, often via World Bank trust funds, to close Ukraine's financing gap for public sector salaries and basic service delivery, which the IMF has estimated at \$85.2 billion for the period 2024-2027.¹³ The World Bank has maintained a trust fund for coordinating bilateral support to the provision of core public services while introducing Framework Projects in key sectors to support capacity and investment operations.¹⁴ The IMF has supported overall macroeconomic and monetary stability in Ukraine,¹⁵ while launching a Ukraine Capacity Development Fund to support economic and financial reforms;¹⁶ and other multilateral actors have indicated financing to support specific areas, including the stability of private and state-owned enterprises (IFC and EBRD) as well as key infrastructure (EIB).

As the requirements of continued economic resilience and recovery increase, it will be critical that Ukrainians determine what inputs are needed from whom, mapping and coordinating these—to avoid duplication, inefficiency and misuse of funds. To avoid the capture of finance by oligarchs that has plagued Ukraine in the past, new partnerships for reconstruction should include and set responsibilities for both international and Ukrainian representatives while maintaining close relationships with local anti-corruption institutions and civil society.

Now that the EU—and NATO—are the destinations for Ukraine, calibrating other partnerships with this goal will be crucial. One key

question is the division of labor between European actors and the U.S. in supporting Ukraine and the models for how that division of labor could be coordinated and operationalized. Based on international experience, there are clear benefits and disadvantages to taking a sectoral approach (e.g., where France takes the lead on agriculture, the U.S. on defence, Germany on energy, etc.): an alternative approach might be to have a “soft” division of sectoral focus, together with engagement of a limited number of firms from different countries which are placed on performance contracts and eligible to receive greater awards linked to delivery against prior commitments. This approach could be considered alongside other popular approaches to division of labor, including the twinning of partners with regions (i.e., between Denmark and Mykolaiv). Given Ukraine's EU path, determining how to interact with countries in the region—including smaller countries that are giving a large percentage of GDP in assistance to Ukraine (i.e., the Baltic states)—as economic, security and diplomatic partners will be central to Ukraine's long-term recovery.

Furthermore, these efforts will need to be coordinated in a way that gives the Ukrainians authority over their own plans and programs for resilience and recovery, with clear strategies for international support in the medium term and at different phases of the conflict. Similar to the Atlantic Charter in the Second World War, having a clear vision – not only for Ukraine but for how international support contributes to that end vision—can be helpful in coordinating and aligning donors. The EU's Ukraine Facility provides a multi-year platform and strategy for support to Ukrainian economic resilience and reform that could ground coordination efforts, though coordinated strategies for continued military support (led by the U.S.) are needed. How these various platforms interface with Ukrainian actors will need to be further considered, particularly given the perceived ineffectiveness of the current Multi-agency Donor Coordination Platform (MDCP) at coordinating assistance at the strategic and technical levels. Similarly, internal institutions within Ukraine have met their own complex challenges including limited coordination, competing mandates and politicization, leading to changed personnel, offices, etc. Understanding how these institutional mechanisms can be utilized is an important component to materializing an effective and sustainable Ukrainian-led vision.

11. Council of the European Union. [EU solidarity with Ukraine](#). Accessed on May 14, 2024.

12. Masters, Jonathan and Will Merrow. May 2024. [How Much U.S. Aid is Going to Ukraine?](#) Council on Foreign Relations.

13. IMF. March 2023. Ukraine: [Request for an Extended Arrangement Under the Extended Fund Facility and Review of Program Monitoring with Board Involvement](#).

14. The World Bank. [The World Bank in Ukraine](#). Accessed on May 14, 2024.

15. The IMF's portfolio in Ukraine centers on a four-year [Extended Fund Facility \(EFF\)](#) that aims to anchor policies that sustain financial stability during the conflict, support economic recovery, and support ongoing structural and governance reform in line with Ukraine's reconstruction and path to EU accession.

16. IMF. February 2024. [Ukraine Capacity Development Fund Launches Operations](#).

3. Accountable marshaling and channeling of finance for reconstruction

The goal of international finance for Ukraine’s reconstruction should be the development of a peaceful, prosperous and self-reliant Ukraine. Yet, large influxes of international assistance for reconstruction—while critical in early post-crisis periods—can overwhelm existing state institutions responsible for distribution and oversight. Left unchecked, significant wastage of resources can undermine recovery efforts, weaken state institutions and service delivery and promote rent-seeking behavior. While Ukraine has made significant progress before and during the war to strengthen its accountability and transparency systems, risks remain to the effective mobilization and allocation of resources for recovery, alongside longstanding risks associated with the rule of law and anti-corruption systems. Without strong fiscal oversight measures, the adequate allocation, disbursement and control of reconstruction funding could be either bottlenecked or inequitably distributed.

At the same time, the safeguards within the system of international assistance, including short-term time horizons and projectized delivery meant to minimize donors’ fiduciary risk, can often bring unpredictability, delays and a parallel bureaucracy that does little to set an accountable fiscal environment. Despite existing risks, strengthening—rather than overwhelming and replacing—Ukrainian institutions will be necessary to enable successful reconstruction. With this aim in mind, the design of conditions on finance for Ukraine’s reconstruction, which are to be expected when there are large sums committed by external actors, should be well-coordinated so as not to overload local systems and tied to domestic decisions on the recovery roadmap and serious dialogue with local stakeholders. A preventative approach to anti-corruption could help to ward off potential irregularities in reconstruction and help deliver on Ukraine’s longer-term vision and overall development.

Given the amount of financing already committed to Ukraine, there is now an opportunity for a more strategic approach to accountability that builds on Ukrainian innovation in the transparency space (i.e., Prozorro, DREAM, etc.) but creates a strategic framework for preventing accountability risks. ISE’s concept of “National Accountability Systems”—which views functions across public finance, project management, rule of law and anti-corruption systems—can support this goal while prompting stakeholders to align around broader accountability objectives: ensuring resources are used to produce prioritized outcomes at the national and local levels, creating value for money, spurring investment, promoting

market competition and capacity growth in the public and private sectors and building public trust. While a focus will rightly remain on Ukraine’s resilience and continued anti-corruption reform to meet the expectations of the Ukrainian public and international partners, ensuring that the foundational accountability systems—including equitable public investment systems and prioritization schema for the allocation of resources, strategic mechanisms for public procurement and effective audit systems for real-time decision-making—are prepared ahead of full-scale reconstruction is necessary.

4. Systems to sequence reconstruction priorities alongside economic resilience

Effective recovery and reconstruction require well-sequenced plans and clear priorities that can navigate trade-offs between short-term necessities and long-term goals. The transition from high-level objectives—as outlined in the 2022 National Recovery Plan and more recently in the Ukraine Plan—to the sequencing, prioritizing and building consensus around actionable policies, programs and projects is a critical process for Ukraine and its international partners. During detailed action planning, how to sequence interventions and investments across sectors and across regions will be a live question. Ukraine and its partners must recognize the tensions between physical reconstruction, strengthening of state capability, European integration and social cohesion—and the trade-offs necessary to create a cohesive and sequenced approach. As ISE has outlined in its analysis, several key principles should inform the sequencing and prioritization process, including: (i) building societal consensus around prioritization decisions; (ii) rationalizing tensions between short-, medium- and long-term objectives; (iii) understanding sequencing dependencies and the “invisible work” of logistics, supply chain management and material value chain development that will be needed in the short term; and (iv) managing the state’s absorptive curve to deliver on multiple objectives over time.¹⁷

Development partners have immense leverage to guide the prioritization and sequencing of reforms through financing conditions but must ensure that conditionalities bolster rather than fragment or overload Ukraine’s systems for resilience and recovery. The Government of Ukraine’s Reforms Matrix¹⁸ monitors financing conditions and illustrates the large number—around 230 conditionalities to be implemented in 2024—that Ukraine is expected to take on while continuing to prosecute the war. The number and ambition of conditionalities and expected reforms—while well-intentioned and frequently aligned with Ukraine’s national agenda and European path—could overburden a depleted

17. ISE. 2023. [Sequencing & Prioritization for Ukraine’s Recovery](#).

18. The Government of Ukraine’s Reforms Matrix was [first presented in February 2024](#).

civil service if not properly sequenced, prioritized and coordinated across development partners and clearly aligned with national priorities.

Initial decisions on the organizational structures of recovery and reconstruction implementation have been made, but greater clarity will be needed on the relative roles and authority between various central agencies and local self-governments. The Ukrainians and international community have recognized that local self-governments at the *oblast* and *hromada* levels should be the primary decision-holders for reconstruction given Ukraine's ongoing decentralization reform and the fact that they hold most damaged assets on their balanced sheets—but an updated regional recovery planning architecture and clearer implementation arrangements between the State Agency for Restoration, regional military administration and local self-governments will be needed going forward. Furthermore, while the Ministry of Economy has taken the lead in coordinating delivery of the Ukraine Plan, rationalizing their allocation of responsibilities for certain decisions with those of the Ministries of Finance, Infrastructure, Regional Development and other central agencies (e.g., the Office of the President, the Cabinet of Ministers) on the prioritization, selection and delivery of investments for economic resilience and restoration projects will be an ongoing question.

5. A revitalized economy that leverages local assets and mitigates market distortions

Ukraine's economic recovery—which is critical for both regional and global trade—will be built on the revitalization of regional linkages and rebuilding value chains, particularly for agriculture, but also in construction materials, defense, IT and the service industry. Restoration efforts during the war have offered a key opportunity to realize efficiency dividends by reorienting legacy infrastructure that was aligned to Soviet markets, and the reorientation of Ukraine's road, rail and inland water infrastructure toward Europe (including via EU-Ukraine Solidarity Lanes¹⁹) has allowed Ukraine to increase its presence in some European markets despite decrease export capabilities via the Black Sea. Moving forward, a nuanced understanding of how economic sector recovery will take place in the context of European integration, analyzed at a sector-by-sector level, will be important to arrive at and calibrate with the reform actions which Ukraine commits to. This will require a deeper understanding of Ukraine's many assets and new comparative advantages in these markets. For example, as Ukraine continues to move from an export to an import economy in the near-term, working out which construction inputs can be supplied internally as opposed to imported will be a crucial part of supply chain management.

19. European Commission. [EU-Ukraine Solidarity Lanes](#). Accessed on May 14, 2024.

While continued economic resilience is the priority during the war, Ukraine and its partners will need to maintain focus on the long-term goals of nurturing a sustainable, inclusive and competitive market. Self-resilience will be based on the participation of local firms paired with foreign investment and increased revenue generation. Yet, international experience illustrates how massive inflows of international support for recovery and reconstruction can alter incentive structures in the private sector and undermine productive market development. Aid and reconstruction instruments and policies should be designed with this in mind—with the ultimate goal of mitigating market distortions and supporting market-driven reconstruction and growth. Structuring incentives for the participation of local firms across reconstruction value and supply chains while managing trade-offs between the speed of re-starting the economy and the participation of a broader set of firms will be key issues to address. The government will need to set a policy position that balances equitable market development with the necessary speed of recovery while leveraging recent gains in the governance of procurement (e.g., using ProZorro) to both reset the relationship between the state and the market and ensure the transparency of financial disbursements for reconstruction required by both citizens and international partners.

At the same time, the instruments put in place to restore Ukraine's market and assets in the near-term will need to be carefully calibrated with the economy's long-term health and sustainability. Given the scale of needs for recovery and limited aid budgets in partner countries, international capital markets and private sector actors are expected to finance a large share of reconstruction. The composition of Ukraine's financing portfolio—from continued donor-backed grants and trust funds to pooled financing for municipal restoration, project financing for national infrastructure and guarantee and insurance schemes—will need to mitigate long-term impacts on Ukraine's balance sheet, with possibilities for future debt relief depending on the trajectory of the conflict.

6. Governance and civil service capabilities and competencies for reconstruction

The conflict devastated Ukraine's human capital not only among the general populace but also within the government, particularly at the municipal level. Optimizing reconstruction strategies and delivery will require ensuring that the right people are in the right positions to lead and manage. At the same time, any government tackling reconstruction challenges faces a support absorption curve, the inverse relationship between a government's ability to absorb aid immediately after crisis and the international community's willingness to pledge and give assistance at that time. The issue of absorptive capacity is two-fold for Ukraine because

it requires the capacity to absorb funds for reconstruction at both the national and local levels while ensuring that there is capacity to absorb EU structural and cohesion funds in the near term, as these will be central to the country's future development. Managing the absorptive curve while investing in the capabilities and performance of the public service at the national and local levels will be a critical task as the government delivers both reconstruction and basic services to citizens, as will attracting back skilled Ukrainian public servants and talent in the diaspora.

ISE's analysis shows that absorption capacity is not a fixed constraint, and the investments for increasing capacity at this early stage could impact the absorption capacity for Ukraine's reconstruction. At this stage, technical assistance should respond to the specific needs for planning project development and compliance required to access recovery financing, especially at the local level. Too often, external technical assistance supplants rather than augments domestic capacity, and ensuring that procedures are in place to support and meet capacities and competencies where they are will be needed. Ukraine's success before and during the conflict with twinning programs (e.g., the U-LEAD with Europe municipal support program) and decentralized TA delivered during the war (e.g., Mykolaiv's partnership with Denmark) as well as new programs tied directly to financing and accession criteria demonstrate practices that could be scaled to prepare national and local level actors for long-term reconstruction.

7. Systems and policies to address the long-term human impacts of the conflict

In addition to its physical damages and losses, the conflict in Ukraine—which has resulted in widespread displacement and refugee flows, severe civilian and military casualties, the mobilization of hundreds of thousands of soldiers and a still-reeling economy—has severely affected the country's human capital stock. Despite a highly educated population, even before the 2022 invasion Ukraine was facing challenges of emigration, a declining labor force and growing skills mismatch between job vacancies and candidates. All of these factors have been exacerbated by the ongoing conflict, with Ukraine suffering nearly 30,460 civilian casualties and between 131,000 and 190,000 military casualties as of January 2024,²⁰ a recorded 6.4 million Ukrainian refugees²¹ and 3.7 million Ukrainians internally displaced.²² The exodus of Ukrainians has been highly gendered—a reported 90 percent of refugees are women and children—and a significant proportion of young, educated people have left the country.²³

20. Central Intelligence Agency. March 2024. [Ukraine](#). The World Factbook.

21. United Nations High Commissioner for Refugees. [Ukraine Refugee Situation Operational Data Portal](#). Accessed on March 22, 2024.

22. United Nations High Commissioner for Refugees. [Ukraine situation](#). Accessed on March 22, 2024.

23. UN Women. February 2023. [Ukraine crisis is gendered, so is our response](#).

24. ISE. 2024. [Rebuilding Ukraine's Human Capital](#).

To rebuild and recover, Ukraine will need to pursue a renewed human capital agenda while simultaneously leaning on its greatest asset in managing and implementing a national-scale reconstruction. Navigating structural changes to the economy brought on by war and recovery, responsibly incentivizing the return of communities, improving civil service recruitment and rebuilding and reforming the education system are only some of the issues facing policymakers. While the challenge is significant there is also room for hope: the disruption of the war and the promise of future EU membership provide an opportunity for Ukraine to chart a new path by reimagining its systems and policies that deliver education, training, services and livelihoods for its communities who have stepped up in solidarity amid conflict. The Skills Alliance for Ukraine, launched at the 2024 Ukraine Recovery Conference, further highlights international support with over 50 international organizations, governments and companies committing to addressing human capital concerns in Ukraine. ISE's analysis has outlined a set of core tenets from international experience that can inform Ukraine's investment and strategy in its people—including reskilling initiatives aligned to reconstruction needs, opportunities for regional cooperation and priorities for new social assistance programming (i.e., pensions for veterans and their families, disability assistance and mental health support—to respond to the immense impacts of the war.²⁴

8. Effective leadership and communications to build citizen trust and engagement

Strong leadership and communications can adjust the foundational norms and values that underpin Ukrainian social capital and the relationship between citizens and their government. The nature of the conflict—which has increasingly become a war of attrition on the battlefield and against civilian populations—and the ambitious goals of reconstruction mean that communication needs to both support resilience-building in the near-term while bolstering engagement with reconstruction programming now and into the future. Simply put, communication in post-conflict reconstruction contexts is much more than disseminating key information and publicizing project updates. While maintaining of support and solidarity that Ukraine has created during the conflict, leaders must also consider how to use communications as a key tool for informing and implementing a broader reconstruction strategy and coalescing stakeholders around a common agenda for recovery, becoming a driver for more inclusive and effective governance in the long-term.

During the conflict, the national leadership team in Ukraine has been engaging with and coordinating international support and

citizen engagement through strong and consistent communications (leveraging social media in particular). Successes during the conflict bring both an expectation and opportunity for the government to continue building new systems for mutual trust and accountability with citizens during reconstruction that are not captured or undermined by entrenched interests. This requires a consistent, open dialogue between citizens and the government, where citizens know what the government is doing for them and there are multiple platforms to engage with government. ISE's analysis of reconstruction communications has outlined several principles that Ukrainian leaders will need to take forward into the next stage of resilience and recovery, including seizing opportunities to spread the communications apparatus beyond the central government and to local actors, ensuring adequate press freedoms during a ramp-down from the martial law period and clearly communicating priorities through “pillars” or “priority programs” in national recovery strategies that act as the base for “early wins” for reconstruction as messaging shifts from short-term crisis response and adaptation to long-term stakeholder engagement and the creation of effective feedback loops with citizens on policy decisions.²⁵ Establishing effective transparency mechanisms for expenditures and communicating clearly and often with the public during the early stages of recovery will set the expectation that the government and citizens are working together for Ukraine's future.

9. Forward-Looking Issues

In addition to the key issues outlined above, an additional set of issues will need to be addressed as the conflict recedes and recovery can begin in earnest. International experience has shown that these areas need significant attention, and ISE will address them more fully in later phases of our work.

- **A security sector that reflects the post-war reality.** No matter the end state following a resolution to the conflict, Ukraine's security interests and risks are fundamentally changed. The government will need to maintain a more robust defense sector—in close coordination with allies—whose force posture is geared toward deterrence of Russia. Simultaneously, Ukraine will need to walk a fine line between effective deterrence and aggression to prevent unintended conflict re-escalation. At the same time, the country will need to tackle the long-term impacts of the mobilization of the population for the war effort, particularly the Territorial Defense Forces. A key dynamic of the conflict has been everyday Ukrainians stepping up to defend their homeland. Although this is likely a factor of Ukraine's success thus far in the conflict, following the war, Ukraine will be tasked with demobilizing and re-integrating these groups back into society while also rebuilding the country—an issue that policymakers and military leaders have yet to address.²⁶ After the end of open conflict, Ukraine will also have to shift security institutions from a wartime mindset to reconstruction

and reform. This includes a renewed emphasis on preexisting issues like organized crime, illicit economies and community safety amid an unprecedented influx of arms into the country. At the same time, the massive swell of support for Ukraine's military and its leadership presents a key opportunity for the government to build greater trust in its security institutions and to leverage regional comparative advantages in the defense technology sector, both of which will be necessary for pursuing its complex post-conflict national security and economic interests while also making the difficult transition back to peacetime normalcy.

- **Social cohesion, protection and the prevention of the fracturing of society.** Even after the end of active conflict, countries must address the reintegration of the displaced, longstanding societal fractures caused by unequal provision of services and the development of a new post-crisis civic identity while also undergoing physical reconstruction. Ukraine has experienced a high degree of social cohesion during the conflict, but ethnic, linguistic and regional divisions had caused severe social cleavages even before the invasion. As a reconstruction phase is contemplated, the government and its partners must consider how to design and implement an inclusive approach to reconstruction and recovery that includes both the active participation of youth and women and the appropriate decentralization of decision-making and resources while recognizing the immense destruction and need in eastern regions. Significant platforms for broad inclusion in decision-making and outcomes will be needed to give the Ukrainian people a role and a stake in reconstruction and in the Ukraine of the future. A lack of a sense of progress or participation—including for veterans, vulnerable groups and the Ukrainian diaspora—may risk opening or further exacerbating social cleavages. On the other hand, a shared sense of a common Ukrainian vision, pathway and mutual accountability could help rewrite the social compact in the country as it enters a new era. Attention to Ukrainian arts and culture and the involvement of Ukraine's rich cadre of engineers, architects, urban planners and artists, especially in the rebuilding of cities, can contribute to shared ownership and help nurture a common national identity.

ISE Support to Reconstruction in Ukraine

ISE works on pathways for economic development, peace and security within countries and across regions. ISE believes opportunity lies in developing knowledge and tools to support citizens, governments, and international organizations to foster policies and approaches that are more responsive to citizens. ISE is positioned to help address the complex challenges facing countries and citizens, seizing the open global moment to rethink democratic and economic governance approaches -being responsive to and informed by the needs of people. ISE is partnering with Ukrainian thought leaders and global experts to identify and address a set of key issues and recommendations for effective and accountable reconstruction in Ukraine, informed by the country's unique context and the experience of other past reconstruction efforts. Leveraging deep insight into the key issues facing Ukraine during reconstruction, ISE engages Ukrainian and international stakeholders to provide actionable steps to help avoid previous pitfalls and to set the country on a more successful path to continued resilience, reconstruction and long-term prosperity.

25. ISE. 2024. [Effective Communications for Recovery, Reconstruction and Resiliency in Ukraine](#).

26. Foundation for Defense of Democracies. April 2024. [Ukrainian Parliament Passed Mobilization Bill but Punts on Demobilization](#).