

COMPILED SPEAKERS' RECOMMENDATIONS FROM EVENT, “BOLSTERING UKRAINE’S WARTIME ECONOMY AND PLANNING FOR RECOVERY— THE UKRAINIAN PERSPECTIVE”

14 April 2022

The event presents leading Ukrainian economists and experts on the devastating impacts of the Russian invasion and the international responses they want to see to sustain Ukraine’s wartime economy and future reconstruction.

Recording of event available [here](#)

Speakers

Oleksandra Betliy, *Speaker*

Oleksandra Betliy is a leading research fellow and project coordinator with the Institute for Economic Research and Policy.

Igor Burakovsky, *Speaker*

Igor Burakovsky is the head of board for the Institute for Economic Research and Policy.

Olena Pavlenko, *Speaker*

Olena Pavlenko is president of the Ukrainian think tank DiXi Group.

Maria Repko, *Speaker*

Maria Repko is deputy executive director of the Center for Economic Strategy.

Yuliya Yurchenko, *Speaker*

Yuliya Yurchenko is a senior lecturer in political economy at the Department of Economics and International Business, and a researcher at the Political Economy, Governance, Finance, and Accountability Institute, at the University of Greenwich.

Recommendations

Financial support options for Ukraine should be based on the following principles:

- The preference for grants instead of loans to avoid further accumulation of debt burdens and keep state debt sustainable; if support is in the form of loans, terms to be highly concessional (i.e., long maturity, low affordable interest rate).
- Any amount of unconditional budget support should be increased substantially from the current levels.
- New debt should be denominated in Ukrainian currency to avoid FX risks for Ukraine in the immediate post-war future.
- Where energy transition and sector support are involved, apply the European Green Deal principles.

There are several ways to provide and attract short-term funding and support for Ukraine. The speakers urged relevant members of the international community to do the following:

- Provide direct unconditional budget support (bilateral support encouraged).
- Offer their unused SDRs to the recently established IMF Multi-Donor Administered Account for Ukraine and the IMF Resilience and Sustainability Fund.
- Buy Ukraine's war bonds (and encourage its private sector to do the same).
- Donate to one of the special National Bank of Ukraine accounts.
- Speakers also appealed to EU member states to support and facilitate Ukraine's EU membership during its status review in June.

There are several ways relevant members of the international community can provide and attract mid- to long-term financing for Ukraine:

- Call for and support a new "Marshall Plan" for Ukraine that is administered in a decentralized, accountable, and transparent way.
- Establish and finance a Joint Basket European Fund to support recovery. The Fund should be run by a European agency (TBD), have clear and fast procedures with as little bureaucracy as possible.

Speakers' Recommendations: Bolstering Ukraine's Wartime Economy and Planning for Recovery—The Ukrainian Perspective

- Provide legislative background for reparations by Russia: Urgently establish national and international mechanisms via legislation and international instruments, respectively, to ensure that frozen assets of the Russian state and oligarchs can be used for reparations to cover damages to Ukraine citizens, businesses, and property. The EU and other high-income countries (HIC) also can introduce procedures similar to the settlement “lien.” In particular, they can provide funds in advance while frozen assets of Russia’s Central Bank in particular and other assets, as well as reparations by Russia, act as collateral.
- Call to the HIC for the introduction of insurance for private companies to invest in Ukraine. Ukraine should continue reforms, including judicial reform and other measures aimed at property rights protection to further invite foreign direct investment.
- Increase the railway capacity of the EU to transport Ukraine commodities.
- Where applicable, use voice and vote to expedite project approvals before international financial institutions (IFIs).

Procure that the Russia government, its companies, and citizens have no decision-making power or involvement in Ukraine reconstruction efforts outside of the provision of due reparations.

Support to Ukraine’s energy sector for targeting a green recovery, use of new technologies, and decarbonization of the transportation and industrial sector via:

- Provision of financial assistance via governments and IFIs to the energy sector.
- Redirection of frozen Russian assets to Ukraine’s energy sector.
- Provision of technical assistance to quickly repair damaged infrastructure and rebuild for an energy transition.
- Contributions to Ukraine Energy Support Fund established by the national Energy Community Secretariat as an EU-Ukraine initiative.
- Technically and financially supporting scalable debt for nature swaps for decarbonization efforts.

Subsequent to the event, the speakers agreed that additional recommendations were warranted to account for existing shortfalls in needed financing (IMF estimates Ukraine needs 5bn/month) and delays in the delivery on those commitments (3.4bn of aid disbursed in March, only 400mn in April). To avoid adverse consequences from the following, the following were recommended:

- Urgently speed up disbursement of previously pledged financial support.
- Increase financial aid to meet near-term budget funding needs of \$5bn per month, primarily via grants and donations of SDRs, including through the newly established IMF Multi-Donor Administered Account for Ukraine.
- Improve coordination to avoid funding gaps in the future. Coordination efforts could mirror the Ukraine Security Consultative Group that first met at Ramstein Air Base, Germany, on 26 April 2022, under the leadership of the U.S. Secretary of Defense. The EU can take the next step and organize a donor conference to coordinate both short term financial aid as well as long-term financial support needed for reconstruction after hostilities finish.
- Introduce fast and transparent procedures for disbursement of financing to Ukraine with as little bureaucracy as possible. The time between pledge and disbursement of financing to Ukraine should reduce substantially.
- Increase transparency of the financial aid by launching regular publicly available reports on the amount of the pledges, the nature of the commitment (grants, loans, guarantees, other), their approved use, and the timing and destination of disbursements. Such reports could be published by joint effort of the IMF and the World Bank or by the EU.
- Call for high-income countries increased on-lending of unused SDRs that can be directed to IMF and other prescribed holder-mechanisms that can then be accessed not only by the Ukraine, but also other lower- and middle-income countries impacted by the conflict.