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RESTORING UKRAINE: PARALLELS BETWEEN VISEGRAD GROUP AND EAST GERMANY IN THE 90s.

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Abstract

Ukraine's post-conflict economy needs new opportunities to grow because it has not been able to rebuild itself economically. As we live in an era of globalization, it is crucial that national economies - especially Ukraine's - meet the demands of the international community. With its advantageous geo-economic position between the East and the West, its geographic centre within Europe, and its abundance of natural resources, Ukraine has every opportunity to become a truly vital component of the global economy. These days, the subject of Ukraine comes up frequently in conversations with a wide variety of people. Unfortunately, there isn't a consensus on a single strategy for solving the goal-setting conundrum and a precise algorithm for achieving that goal. To date, there isn't the single national recovery plan with legal status that other recovery actors can use as a tactical weapon.

To develop a model of Ukraine's post-war economic recovery, to define the country's recovery goal, and to provide an answer to the question of how to get there, in this essay I have tried to examine the experience of other countries that have recovered economically from crises. The focus is on the study of the Visegrad Group and East Germany during the 1990s. I have attempted to organize the major influences and theories that might be relevant to the study of Ukraine's restoration.

Key words: " Visegrad Group", East Germany in the 90s, economic crisis, economic development, analysis of Ukraine's Recovery Plans, models of post-crisis recovery.

Abstrakt

Die Post-Konflikt-Wirtschaft der Ukraine braucht neue Wachstumschancen, da es ihr nicht gelungen ist, sich wirtschaftlich wieder aufzubauen. Im Zeitalter der Globalisierung ist es von entscheidender Bedeutung, dass die Volkswirtschaften, insbesondere die der Ukraine, den Anforderungen der internationalen Gemeinschaft gerecht werden. Mit ihrer vorteilhaften geoökonomischen Lage zwischen Ost und West, ihrem geografischen Zentrum in Europa und ihrem Reichtum an natürlichen Ressourcen hat die Ukraine alle Chancen, ein wirklich wichtiger Teil der Weltwirtschaft zu werden. Das Thema Ukraine kommt heute in Gesprächen mit den unterschiedlichsten Menschen immer wieder zur Sprache. Leider gibt es keinen Konsens über eine einheitliche Strategie zur Lösung des Zielproblems und über einen genauen Algorithmus zur Erreichung dieses Ziels. Bisher gibt es keinen einzigen nationalen Sanierungsplan mit Rechtsstatus, den andere Sanierungsakteure als taktische Waffe einsetzen könnten.

Um ein Modell für die wirtschaftliche Erholung der Ukraine nach dem Krieg zu entwickeln, das Erholungsziel des Landes zu definieren und eine Antwort auf die Frage zu geben, wie man dorthin gelangt, habe ich in diesem Aufsatz versucht, die Erfahrungen anderer Länder zu untersuchen, die sich wirtschaftlich von Krisen erholt haben. Der Schwerpunkt liegt auf der Untersuchung der Visegrád-Gruppe und Ostdeutschlands in den 1990er Jahren. Ich habe versucht, die wichtigsten Einflüsse und Theorien zu ordnen, die für die Untersuchung der Erholung der Ukraine relevant sein könnten.

Schlüsselwörter: Visegrád-Gruppe, Ostdeutschland in den 1990er Jahren, Wirtschaftskrise, wirtschaftliche Entwicklung, Analyse der ukrainischen Sanierungspläne, Modelle der Erholung nach der Krise.

1. INTRODUCTION

In today's globalized world and taking into account the current circumstances, in particular the Russian military aggression against Ukraine and the danger for the European Union (EU) countries in general, the way of Ukraine's integration into the EU, Ukraine's recovery is a highly relevant topic at the moment. However, this is possible only after identifying the bottlenecks of the Ukrainian reality, in particular the economy, taking into account the terrible consequences of the war, and developing an unified algorithm of actions necessary to restore Ukraine and turn it into a strong and strategic partner. In terms of economic growth, it is important to prioritize the sectors of the economy and, first of all, to develop the economic value added (residual profit) sectors of economy (such as various industry, including manufacturing, technology, innovation and others), stimulate the processing industry and the transport sector in order to obtain export revenues with added value (G. Poluschkin, R. Kirchner 2023).

What is **the idea of my work** - it is *to examine the experiences of nations that have recovered economically from crises in order to create a model for Ukraine's post-war economic recovery, to form the goal of recovery of Ukraine and to find an answer to the question how to achieve this goal. General scientific techniques of theoretical analysis, such as logic, comparison, generalisation, and systematisation, are employed in the article. The analysis of the Visegrad Group and East Germany in the 90s is given primary focus. The most crucial success variables that contributed to the examined nations' quick economic growth are listed.*

The formation of the idea of my work prompted me to read the wonderful and inspiring authors: G.Akerlof, A. Rose, J.Yellen, H.Hessenius. East Germany in from the Cold: The Economic Aftermath of Currency Union. Brookings Papers on Economic Activity (1991), Claudio M.Radelli, Whither Europeanization? Concept Stretching and Substantive Change (2000), Elijah Goldratt Matt “The Goal” by Elijah Goldratt Matt (The Process of Continuous Improvement, 1986).

Nowadays, a lot of discussions take place around the topic of Ukraine, and with different groups of participants. However, in my opinion, unfortunately, a single approach to solving the issue of goal setting and a clear algorithm for achieving this goal has not been found and agreed upon. There is currently no single national recovery plan for Ukraine created by the government that can be used as a tactical tool by other recovery actors and has legal standing.

Reflecting on the idea of my article, I tried to systematize the main possible influences and hypotheses that may be important for the study of the restoration of Ukraine:

- **The influence of political factors on the restoration process:** These hypotheses can examine the extent to which political decisions and stability affect the success of recovery programs. Among them are: 1) Government Stability Hypothesis by Paul Collier (2009): since improved planning and execution may result from a stable political climate, the efficacy of

restoration initiatives is positively correlated with the stability of a government. 2) The Policy Consistency Hypothesis by Leslie Pal (2015) states that when restoration strategies remain the same across successive administrations, there is a greater chance of success and fewer political upheavals. 3) The international cooperation hypothesis by Xinyuan Dai (2010): by leveraging resources and knowledge from multiple countries, increased international cooperation and support can accelerate the restoration process. 4) The Local Governance Capacity Hypothesis by Elinor Ostrom (1993) and Robert Putnam (1996): strong local governance capacity and structures have a positive impact on restoration, suggesting that decentralized decision-making can lead to more effective and tailored solutions. 5) Political will hypothesis by Lori Ann Post (2010): the degree of political will in a government has a direct impact on how resources for restoration projects are prioritized and distributed.

- The role of economic reforms: According to this theory, recovery depends on how well economic reforms work and how they affect the economy. Jeffrey Sachs' sustainable development hypothesis (2022) and Amartya Sen's Capability Approach hypothesis (review by Ai-Thy Dang, 2014) are good examples. 1) According to Sachs, economic reforms that prioritize sustainable development goals support recovery efforts by promoting a balance between environmental protection and economic growth. 2) According to Amartya Sen: Sen might argue that economic changes that support human capabilities, empowerment, and education can indirectly improve restoration because more informed and empowered societies are more likely to place a higher priority on environmental issues.
- Examples from the East German experience in the 90s by George A. Akerlof (1991): studying the successful experience of East Germany can show which elements of policies and approaches were useful in the country's recovery.
- Local Initiatives and Associations: This hypothesis can explore the role of local initiatives and associations, such as the Visegrad Group by Radelli (2000), in the recovery process.
- International aid and investment by Gustav F. Papanek (1972): The study can determine what types of international aid and investment affect the recovery of the Ukrainian economy.
- Socio-cultural aspects of reconstruction by Manning Nash (1959): The hypothesis can study the influence of cultural and social factors on the process of recovery and adoption of reforms.

In this article, I will focus **on two hypotheses**, in particular: examples from the East German experience in the 90s and local initiatives and associations, such as Visegrad Group. The article's hypotheses are based on the theoretical premise that by drawing on the experiences of two nations - East Germany in the 1990s and the Visegrad Group, which experienced USSR pressure in a similar or identical manner to today's Ukraine - it will be possible to adapt the above and create a unique model of post-war development and strategy that prioritizes the country's economy.

There are **two reasons** for this - first, in order to take the direction of renovation of Ukraine, it is important to analyze similar artifacts in terms of history and study these examples with designing for the situation in Ukraine, of course, taking into account the peculiarities of Ukraine. The second reason for choosing these hypotheses for analysis is that when analyzing primary sources on the topic of Ukraine's recovery and existing recovery plans for Ukraine, it is important to translate cases of successful experiences into plans for Ukraine's recovery and to think about what might work and what might not work in the case of Ukraine.

The list of authors, whose work, in my opinion, is the most interesting, will be given separately later in the work in a table with the main directions of their work (Annex A). The list of all authors, that I have used is presented in the references.

2. Formation of the goal of Recovery of Ukraine

The process of recovery of Ukraine is a comprehensive large-scale transition and transformation of the country, during which it is very important that all elements of this transformation and transition work synchronously. Putting Ukraine on the path to sustainable development requires coordinated and thorough transition and change. This includes economic, political, and social reforms aimed at increasing productivity, fostering creativity, strengthening the legal system, and improving the quality of life for citizens. Synchronization helps avoid unbalanced reforms and ensures that they work together to achieve common goals.

For this it is important to formulate the goal clearly. I emphasize the need to form exactly one goal, as it is emphasized in the book by Elijah Goldratt Matt (*The Process of Continuous Improvement*). The main character of the book, Alex Rogo, is a plant manager, and his life is the focus of the narrative. The parent company gives Rogo three months to turn around his money-losing plant or face closure. He meets Jonah, a physicist, when he is stuck and unsure of what to do. Jonah walks him through the process of turning the plant around and gives him an understanding of the Theory of Constraints. The Goal has provided powerful insights about the working of businesses and economic process in general, and, most importantly, the parallel can be drawn with the crisis in Ukraine, if we assume that Ukraine is a large-scale plant with many mechanisms and facilities that must work synchronously and harmoniously for a synergistic effect.

During the formation of this goal, at the same time, many scientists and experts formed a number of goals, diverse in their scope and content, ranging from the formulation of the goal of Ukraine's restoration as the need to get rid of the post-Soviet legacy, to the, for example, growing down the attraction of foreign investments. For example, in the course of preparing the article, I analyzed the works of G. Poluschkin, R. Kirchner (2023), H. J. Bergmann (2023), W. Hoyer (2023), H. Pleines (2023), M. Harms (2023), N. Slaviuk, T. Bui (2022) and others.

I fully agree with the experts' opinions, but at the same time, *the lack of a clear goal of Ukraine's restoration, fixed at the legislative level, does not give an opportunity to develop a unified approach and algorithm of steps to achieve the goal.*

I honestly confess that when I was thinking about what is the goal of the restoration of Ukraine, I also had many different opinions and for a long time I could not understand which of these opinions was the most important.

However, in order to be honest with myself and understand what is the most important goal of the restoration of Ukraine, which would be able to unite all the reflections on this issue and various indicators of its formation, helped the principle from the above-mentioned book that the goal remains constant, but can be described by different indicators, which denote the identical desire to "develop the successful, stable, money-making, people-centered economy". And this is confirmed by the principle that it is the question of the development of a stable, socially oriented economy that dominates all other factors.

That is, the goal of Ukraine's recovery can be considered in different ways and depend on various factors, including economic, political, and social. However, it is the economic factor that will dominate the issue of Ukraine's recovery for several reasons: Economic development is fundamental to improving the quality of life of citizens. Improving the economic situation makes it possible to ensure access to jobs, increase the level of wages, and improve living conditions. The second reason is that economic development can provide Ukraine with the necessary funding for the important reforms, including anti-corruption measures and political reforms. In addition, investment in Ukraine's economy can create new jobs, stimulate innovation and the development of modern technologies that contribute to the country's competitiveness in the international market. Another important reason is that successful economic development will increase trust and interest on the part of international investors and partners, which will contribute to the strengthening of international relations and support of Ukraine in its recovery efforts (N.Slaviuk, T. Bui, 2022, p. 01-08).

Taking into account the above and using a people-oriented approach inside the concept of economic recovery and developing, I propose **to formulate the goal of recovery of Ukraine** as follows - *the creation of economic opportunities for citizens and an increase in their income, which will lead to the improvement of their living conditions and contribute to the economic development of the country through the prism of the implementation of a sustainable economy and a safe environment.*

This goal, in turn, will include the following aspects Economic development: 1) Creating a favorable economic environment that attracts investment and promotes business development, which can provide income for the population and contribute to GDP growth. 2) Jobs: The development of industry, commerce, and other sectors can create new jobs for citizens, giving them the opportunity

to earn money and improve their standard of living. 3) Small and medium business development: Supporting small and medium-sized businesses fosters an entrepreneurial environment and can help many citizens start their own businesses and earn money. 4) Exports and trade: Expanding international exports and developing foreign trade can lead to increased profits and revenues for a country. In terms of exports, it is important to pay attention to the restoration and modernization of infrastructure, as well as to prioritize economic sectors according to their stage of development, with emphasis on the need to stimulate processing within the economic policy in order to obtain expert income with added value.

If we look at the other side of the coin regarding war, we will see that war is a window of opportunity, but with a very limited time, earned by the blood of people who died for these opportunities for future generations. Therefore, this responsibility rests with us.

In the following sections of this article, I will try to define a step-by-step algorithm for forming an answer to how to achieve the main goal of restoring Ukraine and logically organize a comparative analysis of existing plans, consider aspects of restoring Ukraine against the background of historical experience and current initiatives.

3. Detailed analysis of Ukraine's Recovery Plans

In this article I have reviewed the existing proposed plans for the recovery of Ukraine and made a comparison between them in the form of a table. For this purpose, I have chosen criteria based on the analysis of the life cycle of reconstruction projects in order to bring the main provisions of the specified plans to a common denominator, since the structure of each of the plans is diverse, which makes it difficult to establish the main provisions of the recovery plans. This unification, which I have presented in the form of a table (Table 1 - Detailed analysis of the recovery plans of Ukraine) will provide an opportunity to structure the provisions available in each plan for the further development of a unified plan for the restoration of Ukraine and to give it a legal and official statute and to agree it with all participants in the process of restoration of Ukraine. And on the basis of the unified plan for the restoration of Ukraine, practical work on the development of an algorithm for its implementation and the development of appropriate tools for it is possible.

Table 1 - Detailed analysis of Ukraine's Recovery Plans

	National Recovery Plan of Ukraine (Principles of Lugano 2022)¹	GMF Marshall Plan²	Fast Recovery Plan³	Rebuild Ukraine EU Commission⁴	A Blueprint for the Reconstruction of Ukraine, CEPR⁵	Relief, recovery and sustainable development, The World Bank⁶
1	Conditions of assistance					
	Full access to the EU and Big Seven markets; Obtain candidate status, and then full membership in the EU; Construction of the economy based on the principles of deregulation and liberalization; Establishment of logistics routes in the western direction; The transition from the export of raw materials to processing in those	To give Ukraine hope during the war, aid must begin now; US officials must work hard to gain support for further aid to Ukraine; Ukraine must lead its own reconstruction, but donors must approve plans and monitor implementation; Aid must be provided in an accountable and transparent	The Fast Recovery plan provides for the rapid reconstruction of social infrastructure and is one of the most important elements of Ukraine's long-term recovery plan	Transformation of the economy and society; Determine the priorities of reconstruction and its implementation; Control of reconstruction assistance	Fast, conditioned help; Ukrainians must own the projects to be able to continue the projects	To get rid of the legacy of the past; Creation of institutions to build a dynamic economy

¹ National Recover Plan <https://ua.unc-international.com/plan-vidnovlennya-ukrayini>

² GMF, Marshall Plan - Ronja Ganster, Jacob Kirkegaard, Thomas Kleine-Brockhoff, and Bruce Stokes. Designing Ukraine's Recovery in the Spirit of the Marshall Plan: Principles, Architecture, Financing, Accountability: Recommendations for Donor Countries. <https://www.gmfus.org/marshall-plan-ukraine>

³ Fast Recovery Plan - УПлан швидкого відновлення України передбачатиме оперативну відбудову соціальної інфраструктури, знищеної російським агресором – Кирило Тимошенко. Опубліковано 12 липня 2022 року. <https://www.president.gov.ua/news/plan-shvidkogo-vidnovlennya-ukrayini-peredbachatime-operativ-76433>

⁴ Dave Skidmore, David Wessel, and Elijah Asdourian. Financing and governing the recovery, reconstruction, and modernization of Ukraine. Published 3 November 2022. <https://www.brookings.edu/articles/financing-and-governing-the-recovery-reconstruction-and-modernization-of-ukraine/>

⁵ Torbjörn Becker, Barry Eichengreen, Yuriy Gorodnichenko, Sergei Guriev, Simon Johnson, Tymofiy Mylovanov, Kenneth Rogoff, Beatrice Weder di Mauro. A Blueprint for the Reconstruction of Ukraine. Published 8 April 2022, <https://cepr.org/system/files/2022-06/BlueprintReconstructionUkraine.pdf>

⁶ Relief, recovery and sustainable development: Assisting Ukraine to meet its immediate and medium-term economic needs (Ukrainian). Published on 20 April 2022. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099608405122216371/idu08c704e400de7a048930b8330494a329ab3ca>

	<p>industries that provide the largest export revenue; Development of the domestic military-industrial complex; Self-sufficiency in energy to achieve an increase in the alienation of own gas and the development of nuclear energy; Climate modernization; Localization at least 60%</p>	<p>system and move from humanitarian aid to economic recovery; The main goal is economic integration with Europe; Aid should be limited in time and carefully coordinated between donors. The EU should invite the country to join the European Public Prosecutor's Office</p>				
2	Development, Approach, Priorities					
	<p>Transparency of public data; Rule of Law; Corporative management; Antimonopoly institutes; Reform of civil service and public services. Regionally focused. Restoration projects will be localized by region and supported by individual international partners. The National Recovery Plan is the framework plan on the basis of which regional recovery plans and projects will be created.</p>	<p>To expand European agricultural and industrial production; To restore the "health" of currencies, budgets and finances in certain European countries; To stimulate trade between European countries and between Europe and the rest of the world. The document does not contain specific priorities and an implementation mechanism, instead it emphasizes the importance of the creation and proper work of a task force with industry working groups for Ukraine and other international</p>	<p>Emergency reconstruction of social infrastructure facilities destroyed because of the full-scale Russian invasion</p>	<p>Assistance in the early stages of reconstruction in the form of grants. Two key priorities - reconstruction of housing and infrastructure; development of industry and transport transport facilities. Other important points are the achievement of energy independence and the development of green energy</p>	<p>A unique opportunity to radically improve the production potential of Ukraine to bring it closer to the technological frontier and lay the foundations for long-term growth</p>	<p>Fundamental reform of the state finances of Ukraine and the financial sector; Stimulating the entry and growth of technological enterprises; Reconstruction of state social services; Development of sustainable energy, transport and other infrastructure</p>

		partners to determine funding needs and set priorities				
3	Recovery Amount					
	750 bln. US -Dollar	The total cost of the conflict is hidden in the fog, a reference is made to the figure provided by Ukraine (750 Mrd.US-Dollar), but its own is not given	17,4 bln. US -Dollar	349 bln.US-Dollar, increasing as the war continues, for this moment 411 bln. US-Dollar	from 200 to 500 billion Euros, increasing as the war continues (costs can reach one trillion dollars)	349 bln.US-Dollar, increasing as the war continues, for this moment 411 bln. US-Dollar
4	Jointly Coordinated					
	National Council for the Recovery of Ukraine from the Consequences of the War	The Economic Cooperation Administration and the Organisation for European Economic Cooperation (International Agency for the Reconstruction of Ukraine)	There is no information in the primary sources	An international coordination platform headed by the Ukrainian and European governments	There is no information in the primary sources	Multi-donor trust fund of the World Bank
5	Multistakeholders (Key Actors), Implementation					
	Government of Ukraine, the Office of the President Implementation – 15 "National Programs" to achieve the 2032 goals: 1) Strengthening defense and security 2) Striving for EU integration 3) Reconstruction of a clean and protected environment 4) Increasing the stability of the integrated energy system 5) Improvement of the business environment	The US Department of State, the US Treasury, the US Export-Import Bank and the World Bank, representatives of private business (General Foods, Coca-Cola Company, Scott Paper, Quaker Oats, General Electric and Goldman Sachs), Australia The document does not contain specific priorities and an implementation mechanism, instead it emphasizes the importance of the creation and proper work of a task force	Project office of "Great Construction" and regional military administrations Implementation - 100% restoration of the housing stock in the de-occupied territories and part of schools, kindergartens, hospitals and housing and communal services facilities that must be rebuilt now so that people can return home	Ukraine's partners, including the EU and the USA	Replacing remnants of Ukraine's Soviet past with a liberal economic framework, including reform of tax and labor laws, giving greater political and economic power to local authorities, and removing restrictions on land ownership. Improving social and transport infrastructure,	The World Bank's multi-donor trust fund, European Commissions, Ukraine's anticorruption agencies Fundamental reform

	<p>6) Ensuring access to "emergency financing", Ensuring access to financing with a competitive cost of capital</p> <p>7) Ensuring macro-financial stability</p> <p>8) Development of sectors of the economy with added value</p> <p>9) Elimination of bottlenecks in logistics with the EU, improving communication in Ukraine by modernizing logistics</p> <p>10) Modernization of housing in the regions</p> <p>11) Large-scale housing construction and infrastructure modernization</p> <p>12) Modernization of social infrastructure</p> <p>13) Development of the education system</p> <p>14) Development of culture and sports systems</p> <p>15) Ensuring targeted and effective social policy</p>	<p>with industry working groups for Ukraine and other international partners to determine funding needs and set priorities</p>	<p>and receive a minimum set of services.</p> <p>The online platform was created, which displays all infrastructure damage in Ukraine in detail. The service is currently only available for internal use by the presidential team,</p>		<p>integrating Ukraine into the European energy network and reducing its dependence on fossil fuels</p>	
6	Modernization, Perspective and Mutual Benefit					
	<p>SUSTAINABILITY Find effective solutions for the fastest possible RESTORATION</p>	<p>There is no information in the primary sources</p>	<p>Build Back Better (Sendai Framework Targets)⁷</p>	<p>A free and prosperous country based on European</p>	<p>There is no information in the primary sources</p>	<p>Sustainable and inclusive society</p>

⁷ <https://www.undrr.org/implementing-sendai-framework/what-sendai-framework>

	of the most important economic and social processes and natural ecosystems MODERNIZATION Develop a plan for the modernization of the country that will ensure sustainable economic growth and the well-being of the population			values, well integrated into the European and world economy		
7	Risks for Ukraine					
	Ensuring anti-corruption measures, real control over the targeted use of resources and funds, transparency of public procurement, accountability and tax discipline	Ensuring anti-corruption measures ⁸ , real control over the targeted use of resources and funds, transparency of public procurement, accountability and tax discipline	Ensuring anti-corruption measures, real control over the targeted use of resources and funds, transparency of public procurement, accountability and tax discipline	Ensuring anti-corruption measures, real control over the targeted use of resources and funds, transparency of public procurement, accountability and tax discipline	Ensuring anti-corruption measures, real control over the targeted use of resources and funds, transparency of public procurement, accountability and tax discipline	Ensuring anti-corruption measures, real control over the targeted use of resources and funds, transparency of public procurement, accountability and tax discipline
8	Stages					
	Stage №1 (ongoing) Develop a Recovery Plan, Stage №2 Detailing and road map, Stage №3 The 10-years plan	4 stages - assistance, reconstruction, modernization and accession to the EU. There is no clear time period, the focus is on a 10-year term.	Urgent implementation	The plan only preliminarily mentions the need for financing for 3 years (36 months)	Three phases – emergency response (first 6 months), recovery the infrastructure and services (from 3 till 24 months), laying	Three phases - aid, during the war, recovery during the first six to eight months of the war, sustainable

⁸ according to Corruption Perception Index (CPI) Ukraine is at 130th place among 180 countries with 30 points; according to Control of Corruption WGI dimension Ukraine with -0.84 points holds 168th place among 209 countries- <https://ces.org.ua/en/how-much-does-the-budget-lose-due-to-the-lack-of-good-governance>

					the foundation for future modernization and growth (medium-term, long-term)	reconstruction in the medium term
9	A clear financing plan					
	No, only financing needs	<p>Introduction of sovereign guarantees for private investments.</p> <p>The first tranche for reconstruction should be dependent on Ukraine's implementation of reforms in the judicial system and the rule of law.</p> <p>The task force should create a digital platform for operational efficiency</p>	<p>No, only according to the words and maps (https://recovery.gov.ua/)</p> <p>of the president without calculations 5,909 destroyed high-rise and 31,034 private houses, 259 schools, 205 kindergartens, 170 medical institutions, 2,070 housing and communal services facilities</p>	There is no information in the primary sources	There is no information in the primary sources	There is no information in the primary sources
10	Who develops					
	National Council for the Recovery of Ukraine from the Consequences of the War (by representatives of the Office of the President and the Government, the representatives of the public and international experts are only invited to the working subgroups of the Council)	Argues that the European Commission has neither the necessary political nor financial weight to lead the reconstruction. Objected to the creation of a new agency or centralized trust fund. It is proposed that the G7 and Ukraine jointly appoint a "world-class American" as the recovery coordinator, who will create a task force for the	The office of the President	The European Commission	Creation of a new independent agency in Ukraine linked to the EU	The World Bank

		reconstruction and recovery of Ukraine,				
11	Sources of financing					
	Use financial support from partner countries and international institutions: the World Bank, International Monetary Fund, European Investment Bank, European Reconstruction and Development, large international companies and charitable foundations, the value of seized Russian assets through: 1)Small and Medium Business Support Fund 2)Army Support Fund Fund for recovery and transformation of the economy 3)Humanitarian Fund 4)Fund for maintenance and repayment of the state debt 5)Fund for restoration of property and destroyed infrastructure. Plan to create a separate Fund for the Restoration of Ukraine.	There is no information in the primary sources	Use financial support from partner countries and international institutions: the World Bank, International Monetary Fund, European Investment Bank, European Reconstruction and Development, large international companies and charitable foundations, the value of seized Russian assets through: 1)Small and Medium Business Support Fund 2)Army Support Fund Fund for recovery and transformation of the economy 3)Humanitarian Fund 4)Fund for maintenance and repayment of the state debt 5)Fund for restoration of property and destroyed infrastructure.	There is no information in the primary sources	Grants, credits and loans from the Union governments, private funds, individuals, confiscation of Russian assets	Grants, loans at rates below the market for long-term terms, guarantees of donor countries regarding loans from international financial institutions

			Plan to create a separate Fund for the Restoration of Ukraine.			
12	Status quo					
	<ul style="list-style-type: none"> - Didn't become a road map. - Didn't receive legal status. - Almost not used or mentioned by recovery process participants. - critically evaluate both the process of preparing this plan and its effectiveness. - The National Reconstruction Council, which was supposed to be the main coordination platform for reconstruction participants, does not perform this function. 	<ul style="list-style-type: none"> -At the following discussion - Didn't become a road map. -Didn't receive legal status 	Separate works	<ul style="list-style-type: none"> -At the following discussion - Didn't become a road map. -Didn't receive legal status 	<ul style="list-style-type: none"> -At the following discussion - Didn't become a road map. -Didn't receive legal status 	<ul style="list-style-type: none"> -At the following discussion - Didn't become a road map. -Didn't receive legal status

Source: Developed by the author, October, 2023.

4. The historical context and parallels of East Germany in the 90s of the last century and Ukraine

This context has the following key aspects: 1) Fall of the Berlin Wall (1989) and the fall of the Soviet Union (1991) 2) German Reunification (1990) and the unofficially Western and Eastern Ukraine 3) Economic Challenges 4) Geopolitical influences.

Fall of the Berlin Wall (1989): Symbolizing the end of the Cold War, the fall of the Berlin Wall paved the way for the reunification of East and West Germany. Dissolution of the Soviet Union (1991): Following the failed coup in Moscow, the Soviet Union collapsed, leading to the independence of Ukraine on August 24, 1991. The end of the Cold War, the reunification of Germany, and the creation of new sovereign republics within the former Soviet Union were all consequences of these events that had a significant impact on both Europe and the rest of the world.

German Reunification (1990): The formal reunification took place on October 3, 1990, with the merging of East and West Germany into a single nation. This process involved economic, political, and social integration. Ukraine also has a difficult context due to occupation and political changes in the region, and also not officially, but in fact unofficially to Western and Eastern Ukraine. Also, during its independence, Ukraine was under not so obvious, but hidden pressure from Russia. According to a study by VoxUkraine (<https://voxukraine.org/rosijskij-ekonomichnij-vpliv-na-ukrayinu-znik-chi-zahovavsya>, 2020), the level of Russian investments in Ukraine is twice as high if you increase investments through offshore. For example, in 2017, according to the Central Bank of the Russian Federation, the total amount of Russian investments in Ukraine was 3.6% of Ukraine's GDP, according to the State Statistics Service of Ukraine it was less than 1%, and according to the Monitoring of Mutual Investments it was 5.6%. In 2018 there were 1,553 Russian companies in Ukraine. Their total assets amounted to \$8.7 billion (2.1% of the assets of all Ukrainian companies), the total revenue was \$8.8 billion (2.8% of the assets of all Ukrainian companies). companies), and they employed 103 thousand workers (1.9% of all employed workers). Unfortunately, in the available data there is no classification for the field of activity. In 2018, the most Russian companies were registered in Kyiv (725) and the Kharkiv region (104) is in second place for the output of Russian companies, and Odesa is in third place.

Economic Challenges: East Germany faced economic hardships as it transitioned to a market economy. There were issues related to unemployment, deindustrialization, and disparities between the two regions. This issue is described in great detail in the book by G.Akerlof, A. Rose, J.Yellen, H.Hessenius. East Germany in from the Cold: The Economic Aftermath of Currency Union. Brookings Papers on Economic Activity (1991). The declared transition from a centrally planned economy to a market-oriented economy is not a loss of economic problems, including hyperinflation and restructuring difficulties. Russia's war of aggression against Ukraine has serious implications for

Ukraine's economic development, direct damage amounting to \$144 billion by February 2023 (Kyiv School of Economics 2022). Merchandise exports was declined by 35% in 2022. The total cost of reconstruction as of February 2023 at \$ 411 billion (World Bank).⁹ The reunification of East Germany required a shift from a centrally planned economy to a more market-oriented one. Post-Soviet Ukraine underwent a similar transformation. Strategies for managing this transition, such as privatization and economic liberalization, can be informed by lessons learned from East Germany. Significant infrastructure investment has been undertaken as part of East Germany's economic recovery. A complementary strategy in Ukraine could support business growth and economic development by strengthening the country's energy, communications, and transportation networks. In order to meet market needs, East Germany's workforce and skills had to change after unification. Strategies that address skills gaps and ensure that the workforce is prepared for a modern, market-driven economy may also be beneficial for Ukraine. This point is especially important in view of the need to implement an effective system to encourage the return of Ukrainians who were forced to leave the country and to create jobs with decent wages and opportunities for development. The adoption of the Deutsche Mark by East Germany was essential to the country's economic stabilization. Examining Germany's experience could help Ukraine's monetary policy and currency management during economic recovery.

Geopolitical influences: The geopolitical context has an important influence on the recovery of both countries. In the case of East Germany, this includes the Soviet occupation and the influence of the USSR. In the case of Ukraine, it is the country's development related to the Soviet legacy and geopolitical relations with Russia. Now, however, Ukraine has taken a pro-European course, which it has declared for many years, but in real life the orientation towards Russia and the post-Soviet countries has prevailed. The future of Ukraine, its place in the international arena and the future of future generations will depend only on the stability and commitment of Ukraine in the chosen pro-European course, for which the blood of my compatriots is currently being shed. This orientation will provide an opportunity for Ukraine to cooperate with EU countries in the field of security and defense, new prospects for the development of export and transit potential, taking into account the entry into the free trade zone and the bringing of services and products to European standards, the possibility of a market economy and raising the standard of living for people.

Comparing key aspects of the Ukrainian and East German recovery plans, some similarities and differences can be identified: **Financing:** *Similarities:* Both cases involved financial assistance from international organizations and other countries to support recovery. *Differences:* East Germany received funding through unified program, while Ukraine has access to various sources of funding,

⁹ <https://www.ifo.de/publikationen/2023/aufsatz-zeitschrift/wiederaufbauplan-wie-gelingt-der-neuanfang-der-ukraine>

including international loans and aid from individual countries. In my opinion, the lack of a unified plan makes it impossible to implement a comprehensive strategy for the country's recovery and makes it difficult to monitor the funds spent. **Infrastructure:** *Similarities:* Both countries were concerned with infrastructure development and rehabilitation, including roads, railways, and energy systems. *Differences:* In the case of Ukraine, an important aspect is the restoration of infrastructure in occupied and conflict-affected areas.

While there are similarities, it's important to recognize that East Germany and Ukraine have different historical, political, and economic circumstances. Lessons should be modified to take into account the unique conditions and difficulties facing Ukraine as it works toward economic recovery.

5. The economic crisis of East Germany in the 90s and ways out of the crisis and its lessons for Ukraine

Separately, we should consider the analysis of the reasons for the decline of the East German economy in the 1990s and the ways out of this crisis proposed by well-known scientists as George A. Akerlof, Andrew K. Rose, Janet L. Yellen, Helga Hessenius and successfully applied in practice. This analysis helps to think about the question, which successful practices from this can be implemented in Ukraine as one of the ways of a step-by-step algorithm for achieving the main goal of the country's recovery. The above mentioned phenomenon is described in the book of the authors George A. Akerlof, Andrew K. Rose, Janet L. Yellen, Helga Hessenius called "East German in from the Cold: The Economic Aftermath of Currency Union".¹⁰

It is important to note that each country has its own characteristics and challenges, so the East German experience must be adapted to Ukraine's specific needs and conditions. However, these lessons can provide a useful context for developing a strategy for economic recovery in Ukraine. Having read the mentioned primary source in one breath, I tried to compare the circumstances of the two cases and think that it is possible to take from the successful experience of East Germany for Ukraine and implement it in the development and implementation of a step-by-step algorithm of the recovery strategy of Ukraine.

For ease of comparison, the East German miracle of the 1990s and the current situation in Ukraine are shown in Table 2.

Analyzing the successful experience of East Germany exiting the crisis, we highlight the following possible steps for Ukraine;

- 1) The need to conduct a technical and economic study and a social comprehensive study on the main principles of the recovery strategy of Ukraine;
- 2) Prioritization of sectors and branches of the economy to determine the priority of recovery according to the principle that the first priority should be those industries that will provide revenue with added value and on their basis it will be possible to reform the following;
- 3) On the basis of the above two steps, develop a unified national policy and a unified strategy for the restoration of Ukraine and the use of Western financial aid, unifying all the approaches and principles described in various plans for the restoration of Ukraine and combining all these plans into a single document. Apply the principle: "We are not only talking a lot about Ukraine, but together with

¹⁰ <https://www.brookings.edu/articles/east-germany-in-from-the-cold-the-economic-aftermath-of-currency-union/>
BPEA 1991, №1

Ukraine.” Mandatory development of the strategy's roadmap and giving this document legal force at the national level;

4) Development of an effective policy for the return of Ukrainians (refugees) to their homes with the creation of new jobs, raising the social standard of living and overcoming shadow employment and the problem of unemployment. This policy should be an integral part of the National Recovery Strategy of Ukraine;

5) The stable course of European integration (The EU invited Ukraine to dialogue on December 2, 1991, the day after the referendum on Ukraine's independence. This event can be called the beginning of Ukraine-EU relations. However, all these years before the start of the full-scale invasion, Ukraine had close, especially economic, ties with Russia, which prevented Ukraine from focusing exclusively on the EU and expanding partnerships. Therefore, the stability of Ukraine's orientation towards the EU and the path of integration with the EU is now the key to restoring Ukraine and defeating the aggressor).

6) Development of the subsidy program in accordance with the above-mentioned prioritization of economic sectors;

7) Activation of investment processes, but with a mandatory, effective instrument of government support;

8) Transformation of the National Reconstruction Council from a nominal to a real platform - a national platform for reconstruction participants.

Table 2 – The comparison, the East German miracle of the 1990s and the current situation in Ukraine

№	EAST GERMANY	UKRAINE
1	The name of the crisis	
	The economic depression in East Germany in the 90s	Post-Soviet shadow economy and Russian military aggression
2	The cause of the crisis	
	Soviet occupation of the GDR, the results of the Monetary Union (economic, social, monetary union of West Germany and East 30.06.1990), which equalized the GDR mark to the German mark at the rate of 1:1, equalized the salaries of East Germany with those of the West, the outflow of labor, a decrease in value-added production, decreased demand for East German goods and the transition from East German goods to Western goods.	The underdeveloped post-Soviet shadow economy, high levels of corruption, a more declarative than real orientation toward the EU, a decline in value-added production, a lack of demand for domestic goods, a lack of real investment in infrastructure facilities, military consequences of destruction, and population migration in search of refuge.
3	The currency stability	
	The GDR mark to the German mark at the rate of 1:1, that contributed to economic integration and stability. The implementation of the complex of unified reforms: banking reforms (modernization, stabilization of banks), the introduction of tax incentives and investment programs, social programs to reduce unemployment with subsidies and improve the social situation of the population had a positive effect.	The unstable exchange rate of the national currency, the hryvnia, due to dependence on foreign loans and credits, a decline in exports, which are now more dependent on the agricultural sector and political agreements, such as grain corridors. Currently, there is no unification of reforms and no unified program to stabilize the currency stability.
4	Basic Facts of Depression	

	Catastrophic wage growth while production fell, leading to catastrophic unemployment. Producers were deprived of the opportunity to supply products at market prices to cover short-term costs, the demand for consumption and investment in domestically produced goods decreased, high unemployment and short-term work. The refusal of the USSR to enter into barter agreements, exports of goods from East Germany led to the loss of viability of enterprises. Lack of medium-sized enterprises.	Consequences of military attacks (catastrophic destruction), increase in foreign debt, high levels of corruption, lack of a favorable business climate and investment attractiveness, shadow economy, high levels of migration due to seeking asylum, problem of avoiding official employment to avoid paying taxes. Decline in export sales. The need to bring domestic goods and services up to EU standards to increase their competitiveness
5	Statement and formulation of the problem	
	Provide government subsidies to stimulate investment spending in eastern Germany and introduce infrastructure investment to invest in job creation. The transition of the industrial sector from planning to market orientation.	How to make Ukraine a strong partner with a strong market sustainable economy. The transition of the economy from shadow to market orientation.
6	Key Institution	
	Treunhandanstalt- the government property trust	Fund of liquidation of the consequences of armed aggression of the Russian Federation against Ukraine, however, the fund's activities are aimed at investing money in the affected properties.
7	Why investments and subsidies are important	
	Investment in infrastructure is important because it is a prerequisite for significant private investment. It is also more profitable to invest in creating jobs than in supporting the unemployed. When the typical person moves from unemployment to work, the government benefits by 79.1%	It is important to develop a comprehensive approach to the privatization process at the national level, since attracting investments is possible precisely at privatized enterprises. An important focus of investment in

	through reduced unemployment benefits and increased social security and tax revenues.	infrastructure and community leadership, especially in pre-privatized sectors of the economy.
8	Using the theory of comparative advantage	
	The application of the theory of comparative advantages, the elimination of trade barriers in the economy led to the equalization of the prices of goods sold to the level of prices prevailing on world markets.	The importance of implementing the method of the theory of comparative advantages, taking into account the previous prioritization of the economic sector and Ukrainian realities.
9	Analysis of the situation and planning to improve the situation through privatization	
	All East German enterprises were divided into three categories: 1) one third of industrial enterprises were viable in a market environment, 2) one third were viable after restructuring, 3) one third were non-viable. The Treunhandanstalt was to privatize the first group immediately, restructure and then privatize the second, and liquidate the third. It was reflective planning under reflective information, in which the government agency knows perfectly which firms are viable in a market economy, how to restructure other firms, and which ones to liquidate.	Ukraine may face the situation with spontaneous privatization. There is currently no expert analysis of the market and existing enterprises for their viability. Adequate programs and procedures for restructuring and liquidation of non-viable enterprises have not been developed and approved. An appropriate institution to perform functions similar to those of the Treunhandanstalt has not been established and empowered. The experience of East Germany in this area could be useful for Ukraine.
10	The principle of privatization	
	Rapid privatization through low-cost sales of industrial enterprises to investors who present the best business plans for investment and employment.	Currently there is no expert program with developed principle of privatization.
11	Key tools for successful reform implementation	

	<p>1) The benefits of immediate currency convertibility and a stable currency to ensure that price liberalization does not lead to hyperinflation or deflation; 2) the West German legal and regulatory framework for industry and government, refined over many years of use; 3) easy access to markets within the European Community; 4) the West German social security system; 5) the availability of West German human resources and knowledge; 6) the benefits of unique West German-established and funded recovery initiatives for infrastructure, business restructuring, new business creation, and investor stimulation. ¹¹</p>	<p>1) To unify different recovery plans under one and give them a legal status; 2) To develop a road map using successful foreign experience with Ukraine's reality and needs. 3) EU integration with its benefits. 4) Developing the rule of law. 5) Regional development. 6) Privatization of economic sectors, development of transit and expert potential. 7) Increase labour productivity and the policy of retraining, promoting human capital, encouraging the return of ukrainians.</p>
12	Methods for finding a solution	
	<p>Scientific Research + Sociological Research</p> <p>(The National Science Foundation, administered by the University of California Institute for Business and Economic Studies, the University of California Center for German and European Studies, the Institute for Policy Reform and the Sloan Foundation, the Federal Reserve, and the International Monetary Fund for financial support) proposed the Self-Liquidating Flexible Employment Bonus Program SEFEBS (employment bonuses equal to 75% of current wages), which made up for the large gap</p>	<p>Declarative promises without feasibility studies and sociological surveys.</p> <p>The importance of thinking about the issue of implementing subsidies based on the example of East Germany with the possible use of financial support from Western partners. Development of a single policy for this implementation. Currently, financial support is provided in the form of grants to various enterprises, but prioritization of economic sectors has not been carried out, and money can be allocated to various programs, which, as a rule, are not related to each other without a developed national</p>

¹¹ <https://www.elibrary.imf.org/display/book/9781557752758/ch011.xml>

	between East Germany's high gross wages and extremely low labor productivity and outdated capital and technology (later known as the East German Miracle). Subsidies aimed at reducing labor costs significantly increased the viability of the enterprise.	subsidy strategy and a corresponding plan of action for the strategy and prioritization of non-economic sectors and needs. Development of possible ways of using the East German strategy with the Ukrainian reality.
13	The Recovery program	
	Unified approach: real analysis of enterprises, division of enterprises into third groups, rapid privatization, restructuring and liquidation, the fully orientation to the West Germany. The Self-Liquidating Flexible Bonus (SEFEB) - intensive subsidization of non-viable firms (effective elements of it were reducing the cost of maintaining the unemployed, preserving jobs while speeding up privatization. The payment of wage subsidies to promote the rapid privatization of as many East German industrial enterprises as possible and sold to the highest bidding investor. Ineffective elements: duration and general character, bias in favor of job preservation and, as a result, the liquidation of many companies took a long time).	There are several independent recovery plans: 1) National Recovery Plan of Ukraine (Principles of Lugano 2022); 2) GMF Marshall Plan; 3) Fast Recovery Plan; 4) EU Commission's Reconstruction of Ukraine; 5) A Blueprint for the Reconstruction of Ukraine, CEPR; 6) Relief, Reconstruction and Sustainable Development, The World Bank Unfortunately, there is no unified approach and the plans are not linked.
14	Target	
	Reduce unemployment, accelerate new investment, reduce budget losses, reduce politically undesirable migration, and reduce social unrest. Set an effective labor price.	Restoration of the Ukrainian economy, development of a sustainable economy with a green course, transformation of the country into a strong strategic partner, incentives for the return of the population to Ukraine.

15	The path of achievement	
	<p>Interdependence of the Trust Fund Budget and Other Funds, Particularly the Unemployment Insurance Budget. It is profitable to reduce the unemployment insurance budget due to increased employment. Infrastructure investment programs. Hiring bonuses increase the volume of investments by increasing their profitability. Increasing the ratio of the market value of the income stream from new investment to the value of capital goods. Substantial wage subsidies reduced labor costs and increased profits, making East Germany competitive with alternative production locations.</p>	<p>The free market stable economy, attraction of investments and recovery of production with added value, stable course of European integration. Activation of investment processes is impossible without state support, as there is a close relationship between the volumes, forms of investments and the quality, degree of validity of state programs.</p> <p>The importance of developing a single, well-planned recovery program with community and regional leadership.</p>
16	A key condition for achieving the goal	
	<p>Setting an effective price on labor.</p> <p>Either the government had to pay unemployment benefits or support employment through wage subsidies. Of course, squeezing work out of the labor force is much more effective than encouraging idleness.</p>	<p>Active participation of the state in ensuring the preconditions and conditions of competition, development of the technical and economic rationale for the Recovery Strategy of Ukraine with the study of public opinion and preliminary prioritization of economic sectors.</p>
17	Creating an institutional solution	
	<p>Treuhandanstalt - agency that holds shares of former East German state-owned enterprises in trust for the German government. One of the agency's goals was to accelerate the privatization process to speed up the transition</p>	<p>Potentially short window of opportunity, but not fully exploited.</p> <p>To date, there are missing: 1) Did not become a roadmap. 2) Didn't get legal status. 3) Hardly used or mentioned by participants in the recovery process. 4) Critically evaluate both the process of preparing this plan and its effectiveness. 5) The National Reconstruction Council, which was</p>

to a modern economy using modern management, technology and work methods. Increasing employment.	supposed to be the main coordination platform for reconstruction participants, is not fulfilling this function.
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Source: Developed by the author, October, 2023, based on the G.Akerlof, A. Rose, J.Yellen, H.Hessenius. East Germany in from the Cold: The Economic Aftermath of Currency Union. Brookings Papers on Economic Activity, 1991, vol. 22, issue 1, 1-106 <https://EconPapers.repec.org/RePEc:bin:bpeajo:v:22:y:1991:i:1991-1:p:1-106>

6. Visegrad Group and lessons for Ukraine on how to recover its economy

The Visegrad Group (the Visegrad Troika - V3, and since 1993 the Visegrad Four - V4) was created on February 15, 1991 after the meeting of the Presidents of Poland, Czechoslovakia and Hungary, which took place in the castle in Visegrad, thanks to which it got its name (later joined by the Slovak Republic)¹². It became a union of the countries of Central Europe, those post-socialist countries that were aware of the need to fill the political vacuum created after the collapse of the "old system", the disintegration of the integration associations that existed in the region in the post-war period (Councils for Mutual Economic Assistance, organizations of the Warsaw Pact), were looking for possible ways of integration with Western Europe (Lippert. *Visegrád-Staaten*, 2015).

The main goal of the V4 member states was to move closer to European and world intergovernmental structures, including the European Union and NATO (C. Törö, 2014). After joining the EU in 2004, the group managed to establish cooperation in many areas, including security issues, reorientation of the economy to the market path, and development of cultural ties. After 2004, a new declaration on cooperation after joining the EU was signed at the level of state governments. The Group has adopted a model of behavior aimed at providing maximum support for integration processes while protecting national cultures and identities. Although the participating countries were not always in agreement on certain strategic directions of development, the pan-European problems that arose in the past period demonstrated the ability of the Visegrad Group to defend common positions.

V4 is also part of the Primorye Initiative (in the areas of transportation and education, energy infrastructure, and digitization) and the Bucharest Nine (a group within NATO). All Visegrad countries are members of the EU, NATO and OECD.

The basis of the successful development of the economy of the Visegrad Association is foreign trade, the role of which has continuously grown in all the countries of the "four" over the past period. The largest contribution to GDP from the export of goods and services was achieved in Slovakia (over 90%), followed by Hungary, the Czech Republic and Poland.

¹² Declaration of Cooperation between the Czech and the Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in Striving for European Integration, February 15, 1991

Exports of goods and services (% of GDP)



1990 - 2022

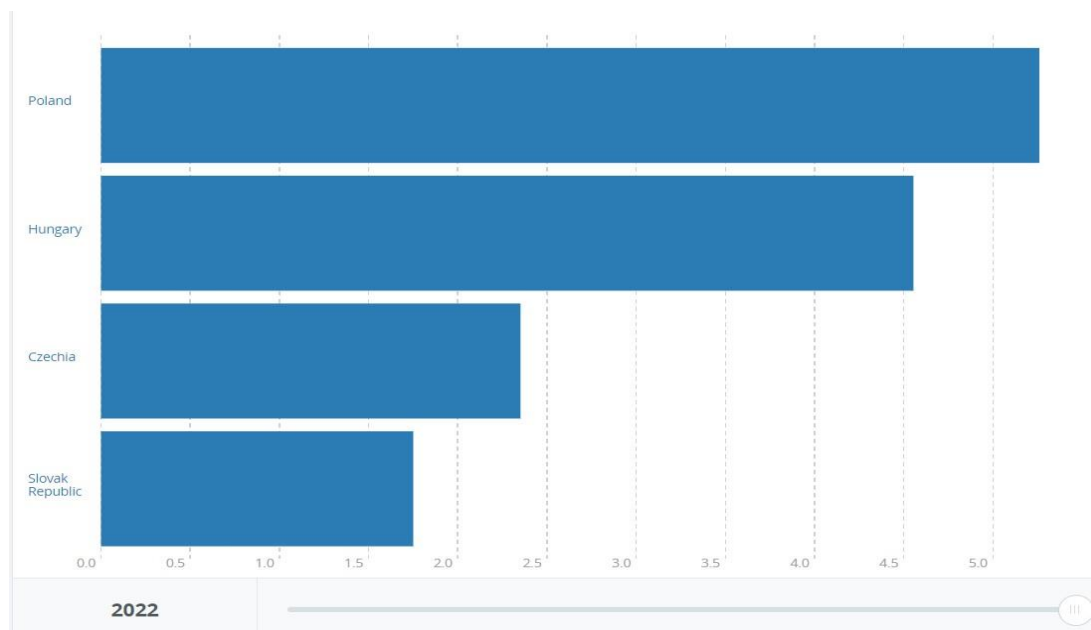
Developed by the author, based on World Bank data: <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=PL-SK-CZ-HU>

The Visegrad region plays a key role in European trade, mainly due to the robust volume of V4+Germany trade, which will amount to \$335.3 billion in 2021, far exceeding Germany-France trade (\$164.5 billion), as well as Germany-China trade (\$245.4 billion) or Germany-US trade (\$194 billion). Equally important is the naturally growing economic relationship between the V4 countries. Taken together, the Visegrad countries rank the V4 among their three most important trading partners. Between 2010 and 2020, trade flows between the V4 countries will grow by an average of 64%. Almost all Visegrad countries rank among the top 10 investment destinations for each of the V4 partners.¹³

¹³ <https://v4.mfa.gov.hu/page/v4-facts-infographics-tbc>

GDP growth in the V4 has consistently exceeded the EU average on an annual basis. According to the World Bank data for 2022, the GDP growth of Poland is 5.3%, Hungary - 4.6%, Czech Republic -2.4%, Slovak Republic - 1.8%.

GDP growth (%)



Developed by the author, based on World Bank data:

<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2022&locations=PL-HU-CZ-SK&start=2022&view=bar>

The Union's economy is the 5th largest in Europe and the 12th in the world, with the highest development rates on the continent. The Union also achieved this result with the help of the "catch-up growth" effect, the openness of the economies, the synchronization of business cycles, the entry into the monetary union and the inflow of foreign direct investment.

Throughout the country, V4 ranks high in global rankings for competitiveness in the financial services market.

For Ukraine, cooperation with the V4 countries can contribute to economic development stimulate the development of high-tech production in the real sector of the economy and attract foreign investors. Natural, geographical, and political factors contribute to this. Ukraine has common borders with three V4 countries - Poland, Slovakia, and Hungary. In the absence of common borders with the Czech Republic, Ukraine has a thousand-year heritage of dynastic, economic, and cultural ties, which have a significant development in our time, when many Ukrainians received the status of refugees in these countries.

However, unlike the above-mentioned countries, which united and quickly moved towards the EU, during the years of independence Ukraine only declared its desire to join the EU, although in

reality it considered and implemented different models of foreign policy in the West and East, focusing mainly on the post-Soviet countries, especially Russia.

Cooperation between Ukraine and the V4 in the economic sphere should focus on the development of the combined trade, transit and export potential, as well as on those sectors of the economy that can provide added value(residual profit) sectors of economy (such as various industry, including manufacturing, technology, innovation).

The labor force deficit is currently covered by a significant number of recruited workers, mainly from Ukraine. Under such conditions, it is expedient to deepen the international division of labor on the basis of the development of international production networks. Ukraine can take on those orders, the production of which is not provided with labor resources.

The V4 countries, as the European and world leaders in the production of cars, face great risks in this area due to the declining attractiveness of the Central European market for investors. Car manufacturers are looking for markets with cheaper labor and better conditions for the transition to the production of electric cars. It is significant that Volkswagen is considering the possibility of building a new plant in Eastern Europe, for which it is studying the competitive advantages of Bulgaria, Serbia and Turkey as the most likely locations. An alternative could be cooperation with Ukraine, which would give the right to choose a profitable place for the construction of the main plant and attract free labor, which is sufficient in the country with unemployment up to 9.3% (State Committee of Statistics, 2020). However, at the present time it is certain that this project first needs a strategy for the return of refugees to Ukraine and their motivation to return. It is also important to plan the implementation of similar projects through the formation of the labor force of Central and Eastern Europe with the involvement of Ukraine through joint legislative and regulatory support, while in Ukraine it is important to harmonize the legal framework with EU standards and rules. In such conditions, the production of the V4+UA countries should develop in accordance with the distribution of the labor force between the associations.

The experience of the Visegrad Four countries can be used by Ukraine, especially in the context of Ukraine's pro-European strategy and after joining the EU with the aim of making Ukraine a strong strategic partner. For Ukraine, the use of V4 experience in the process of attracting direct investment, joining the currency alliance (which will allow to reduce the total dependence of monetary circulation on the U.S. dollar, improve the currency infrastructure of international reserves of the NBU and external borrowing, develop credit cooperation with the EU, increase market liquidity) will have a positive effect for Ukraine European currency in Ukraine), the development of exports of high-tech products.

Such financial instruments can be capable of providing sufficient funds for solving long-term problems of Ukraine and creating conditions for its market sustainable economy.

The most important lessons from the above experience that will help Ukraine restore and strengthen its own economy:

- 1) **EU integration:** All Visegrad countries sought EU membership, which provided access to the EU's single market, funds, and trade opportunities. The B 4 countries receive significant support from the EU through various programs and funds, such as the European Regional Development Fund (ERDF) and the European Social Fund (ESF). These funds finance infrastructure projects, education, employment, and other areas to strengthen the economy. Ukraine could continue its path towards EU integration to reap these benefits.
- 2) **Investment in infrastructure:** The Visegrad countries have invested in infrastructure development, which is crucial for economic growth. Ukraine can focus on improving its transport, energy and digital infrastructure to attract foreign investment and facilitate trade.
- 3) **Economic Diversification:** Diversifying the economy beyond traditional sectors can make it more resilient. Ukraine should explore opportunities in technology, renewable energy, and other emerging industries.
- 4) **Introduction of Investment Incentives:** V4 countries often offer various investment incentives, such as tax breaks or financial incentives for foreign investors, which attracts foreign capital and promotes the development of the local economy. It is important to implement this in Ukraine, not in a declarative, but in a practical way.
- 5) **Rule of Law and Governance:** Ensuring a strong rule of law, reducing corruption, and improving governance are vital for economic development. Ukraine needs to continue its efforts to strengthen these areas.
- 6) **Education and Workforce Development:** Investing in education and workforce development can enhance the skills of the population and attract foreign investors looking for a skilled labor force. B4 Improve education systems, promote innovation and development of high-tech industries. This will contribute to the improvement of the quality of the workforce and the creation of own technological solutions. In Ukraine, this program should be correlated with the policy of returning refugees to Ukraine.
- 7) **Common employment policies:** The V4 countries cooperate on migration and employment issues, which further address labor mismatch issues and ensure sustainable economic growth. Ukraine can take over those orders, the production of which is not provided with labor resources.
- 8) **Trade Agreements:** The Visegrad countries have taken advantage of EU trade agreements. They support the free exchange of goods and services and contribute to the creation of common markets. Ukraine should seek to benefit from international trade deals and establish favorable trade relations with neighboring countries.

- 9) **Small and Medium Business Development.** Supporting small and medium-sized businesses is an important part of B4's economic strategy. This includes loans, advice and other measures to stimulate entrepreneurship. In Ukraine, this approach is still in its infancy, but the question of prioritization of economic opportunities, as well as information policy about such opportunities among Ukrainians who have gone abroad, remains open. What was interesting in my opinion was the introduction of the initiative of international stimulation of small and medium-sized businesses, where Ukrainians living abroad would be able to combine their stay abroad with establishing security in Ukraine, while becoming the key to increasing the level of investments in Ukraine.
- 10) **Financial sector reform:** B4 works to improve financial regulation and the reliability of financial institutions, which contributes to the stability of the economy. It is very important for Ukraine to use this experience. At the same time, it is important to find a mechanism to insure against military risks.
- 11) **Agriculture and Rural Development:** Agriculture is a significant sector in Ukraine. Enhancing agricultural productivity and supporting rural development can contribute to economic growth.
- 12) **Energy Independence:** Reducing dependence on energy imports and developing domestic energy resources, including renewables, can enhance energy security and reduce economic vulnerability.
- 13) **Fiscal Responsibility:** Maintaining fiscal discipline and responsible economic policies is essential for long-term economic stability.
- 14) **International Cooperation:** Ukraine can seek support from international organizations and partners to promote economic development, including the World Bank, IMF, and regional development agencies.

7. Discussion: Theory of Constraints and case of Ukraine and its recovery

Analyzing the aforementioned successful practices of East Germany and reading the book “The Goal” by Elijah Goldratt Matt (The Process of Continuous Improvement, 1986) at the same time, I understood that precisely for the systematization and structuring of various approaches to the issue of Ukraine's restoration, taking into account that Ukraine is in a situation of only limitations, in order to develop a real algorithm of steps that will allow Ukraine to achieve the goal of reconstruction discussed earlier, it is possible and, I would say, vitally important to apply the Theory of Constraints (The Theory of Constraints methodology is the best way to mitigate or eliminate limiting factors and identify and pursue goals that drive economic and business success: the obstacles during economic recovery are inevitable. "The chain is no stronger than its weakest link, and finding that link will help address the underlying challenges) to Ukraine and step by step search for bottlenecks and ways to overcome them with appropriate prioritization.

The application of the theory of constraints (sometimes known as the theory of limited resources) can be useful in the recovery of Ukraine, especially in difficult situations. The main principles of the theory of constraints include:

- 1) Identification of constraints: Attempt to identify exactly what constraints or potential complications exist in the recovery of Ukraine. This can include financial, human, technical, political, and other constraints.
- 2) Prioritization and prioritization: Consider which industries or projects can have the greatest impact on Ukraine's recovery and solving its major problems. Provide choices in the allocation of limited resources.
- 3) Constraints Management: Develop strategies and plans to address constraints. This may include optimizing the use of resources, allocating funds efficiently, and engaging partners to improve the situation.
- 4) Monitoring and evaluation: It is important to continuously monitor the situation and measure the results achieved. This will help to adjust the strategy in a timely manner and respond to changing circumstances.
- 5) Synergy and collaboration: Engage diverse stakeholders, including government, business, civil society and international partners, to work together on recovery. Working together can help do more with limited resources.

Applying the Theory of Constraints will help make more efficient use of available resources and achieve better results in Ukraine's recovery under constrained conditions.

I would like to invite the reader to an interesting discussion on the above mentioned questions and together we will try to develop a basis for unifying approaches to the question of restoration of

Ukraine and attempts to unify existing plans and a circle of people interested in the questions of restoration of Ukraine.

Summarizing the above, I would like to emphasize the following. On the one hand, Ukraine can draw a number of valuable lessons in the field of reform and development from the successful experience of East Germany's economic development in the 1990s and the results of the Visegrad Group, which must be included in Ukraine's recovery plan. At the same time, it is necessary to immediately think about possible ways of cooperation with modern groupings, such as the Visegrad Group, defining the strengths of this partnership and synergy. For example, an attractive option is the expansion of the labor market and the creation of a single market between Ukraine and the countries of the Visegrad Group. On the other hand, it should be remembered that each country has its own unique characteristics and context, and therefore it is necessary to adapt the implementation of reforms to the conditions of Ukraine. The renovation process requires a comprehensive approach, including cooperation with other countries, development of national strategies, and consideration of the needs and wishes of Ukrainian society. At the moment, however, it is important to unify all existing recovery plans of Ukraine into a single document and give it legal significance and agreement with all participants in the recovery process of Ukraine, taking into account and implementing the 90-year experience of East Germany and the development of cooperation with V4 under Ukrainian realities and interests. Before unifying this plan, it is necessary to prioritize the sectors of the economy, first, to develop those sectors of the economy that provide income with added value. Within the framework of this plan, a step-by-step roadmap should be developed. It is important to provide the Recovery Plan for Ukraine and the corresponding roadmap for a wide study of the public with the opportunity to make their proposals and coordinate with international partners and give legal force to the document at the national level. And in the event of the appearance of new plans for the recovery of Ukraine and roadmaps to them, it is necessary to make additions or changes to the Unified Recovery Plan, while avoiding the creation of new recovery plans. The article confirms the importance of studying the international experience for the successful recovery of Ukraine and emphasizes the need to maintain and improve the internal development of the country in accordance with its needs and potential.

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ANNEX A – List of the authors with the most great ideas

Number	The name of the Article	The author	The main idea	Links
1	Reconstruction Plan: How to make a new beginning in Ukraine?	Garry Poluschkin (Advisor and Country Coordinator of the German Economic Team for Ukraine), Robert Kirchner (Deputy Head of the German Economic Team)	<p>Economic Policy Analysis of the reasons for the survival of the economy, development of an agreed relief plan</p> <p>Costs: Russia's war of aggression against Ukraine has serious implications for Ukraine's economic development, with direct damage amounting to \$144 billion by February 2023 (Kyiv School of Economics 2022); good exports will decline by 35% in 2022. The total cost of reconstruction by February 2023 will be \$411 billion (World Bank).</p> <p>Financial aid: The EU has pledged 18 billion euros, the U.S. \$14 billion, a multi-year IMF program totalling \$15.6 billion with an immediate disbursement of \$2.7 billion (to end in March 2023).</p> <p>Period: from 2022 to the end of the war and beyond</p> <p>Challenges: Easing pressure on the exchange rate; dramatic increase in defence spending; power and water cuts; Ukraine's EU membership (which requires 7 reform steps in the areas of rule of law and the judiciary).</p> <p>Priorities: 1) Financial assistance from partner countries and institutions. 2) In order to provide regular and coordinated financial assistance, an international coordinating institution will be established in the first quarter</p>	<p>Info Schnelldienst 2023, 76. Nr.04, pp.03-06</p> <p>https://www.ifo.de/publikationen/2023/aufsatz-zeitschrift/wiederaufbauplan-wie-gelingt-der-neuanfang-der-ukraine</p>

			<p>of 2023: "Multi-Agency Donor Coordination Platform = Financial Ramstein".</p> <p>3) The development of a coordinated plan is a condition for the success of reconstruction (There are various plans at this moment - proposals by Becker et al. (2022); similar structure propose Ganster et al. (2022), Lugano Conference document of the Ukrainian Cabinet of Ministers (2022); the European Commission (2022).</p> <p>4) Sustainable reconstruction of Ukraine according to the "Build Back Better" principle.</p> <p>5) Immediate repair of critical infrastructure parallel to the challenges of war</p> <p>6) Sustainable green reconstruction</p> <p>7) Decentralized energy systems at the micro-economic level, renewable energies</p> <p>8) Ukrainian ownership of reconstruction</p> <p>9) The form of financing is important. Grants are better than loans (they reduce debt sustainability challenges).</p> <p>10) Transparency of the bidding process is essential (positive experience with ProZorro's digital procurement system).</p> <p>11) Ukraine and its partner countries are taking legal action. to use frozen Russian central bank reserves (about \$312 billion) and other Russian assets for reconstruction.</p> <p>12) Private investment will play a key role in reconstruction.</p> <p>13) Insurance solutions for private investments (against war, terrorism, piracy) are important (proposals by the Federal Ministry for Economic Affairs and Climate Protection). International</p>	
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			<p>coordination of such insurance services is also important.</p> <p>14) Reconstruction and EU integration are a joint process).</p>	
2	The European Union and the Reconstruction of Ukraine - Ready for the Herculean Task?	<p>PD Dr.habil Julian Bergmann, Senior Researcher at the German Institute for Development and Sustainability (IDOS) in Bonn</p>	<p>Economic Policy Analysis of financial assistance options Costs: Macro-financial assistance of 7.2 billion euros in 2022 and 18 billion euros in 2023 (to stabilize the country's economy); total EU support (March 2023) - 34.6 billion euros (4.6 - military aid, 25.2 - macro-financial assistance, 4.8 - development and humanitarian aid, provided by the European Commission - 2.5; by the European Investment Bank - 2.3). Period: from 2022, 2023 + further perspectives Challenges: 1) No agreement on further support beyond 2023 2) Clarification of financing of EU contribution to reconstruction 3) Reform of EU accession process with transparent and proactive communication 4) Upcoming revision of the current MFF) 5) transparent and proactive communication with the European public Priorities: 1) Long-term support for the democratic reconstruction of Ukraine, including through the establishment of a Solidarity Trust Fund (at that time, however, within the framework of the G-7 countries and with a trilateral chairmanship of Ukraine, the US, the EU).</p>	<p>Info Schnelldienst 2023, 76. Nr.04, pp. 06-09</p> <p>https://www.ifo.de/publikationen/2023/aufsatz-zeitschrift/wiederaufbauplan-wie-gelingt-der-neuanfang-der-ukraine</p>

			<p>A Rebuild Ukraine Facility as a central financing instrument on the EU side should be implemented through a combination of grants and loans from Ukraine. If necessary, as part of a targeted revision of the existing Multiannual Financial Framework (MFF) 2021-2027 (which has already reached its limits after the first two years). Borrow on the capital markets on behalf of the EU.</p> <p>2) Grants instead of loans (the current MFF does not allow for this, upcoming revision of the current MFF).</p> <p>3) In the future, part of the EU support for reconstruction could take the form of loans, with the Commission borrowing on the capital markets on behalf of the EU. Member States' contributions to the EU budget for the reconstruction of Ukraine are a strong sign of long-term and sustainable solidarity with the country and an important political signal to other donors, in particular the US, that the EU is ready to take a leading role in the reconstruction effort.</p> <p>4) Private investment is important. The EU should therefore examine how it can provide additional incentives for private investment through risk guarantees.</p> <p>5) Movement on the issue of using frozen Russian assets for the reconstruction of Ukraine (Commission President von der Leyen's proposal of November 30 to work towards a possible international agreement is an important step).</p> <p>6) Making the EU accession process more flexible (however, this perspective can only work if it is credible and realistic in terms of time).</p>	
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			<p>xMethodology of accession: Gradual accession to the EU is important.</p> <p>7) The Single Market Programs (SMP) have been further intensified.</p>	
3	Reconstruction of Ukraine must begin now!	Dr. Werner Hoyer , President of the European Investment Bank (EIB)2023	<p>Economic Policy</p> <p>Combination of the two types of emergencies and reconstruction aid</p> <p>Costs: The European Investment Bank (EIB) has therefore made available an emergency aid package of €2.3 billion in 2022 (€540 million of this package is still available in 2023). The EIB has just set up a special Ukraine Assistance Fund for new projects.</p> <p>Since the start of the war, the EU, its member states and financial institutions have disbursed a total of €19.7 billion to Ukraine + €3.1 billion for the coordinated delivery of military equipment through the European Peace Facility. The EU Commission has earmarked a further €18 billion in budget support for the Ukrainian government for 2023.</p> <p>Period: from 2022, 2023 + further perspectives</p> <p>Challenges:</p> <p>1) There is a big misunderstanding in the EU: First the war in Ukraine has to end, then the EU and G7 organize a marshal plan to rebuild the country. But for Ukraine it is very important to restore the economy, especially during the war. A functioning infrastructure is a prerequisite for this.</p> <p>2) However, there are still no guarantees from the EU Commission or EU member states for further</p>	<p>Infoschnelldienst 2023, 76. Nr.04, 10-13</p> <p>https://www.ifo.de/publicationen/2023/aufsatz-zeitschrift/wiederaufbau-plan-wie-gelinkt-der-neuanfang-der-ukraine</p>

			<p>financial support to the country from the Ukraine Aid Fund.</p> <p>3) Ukraine's economic output fell by a third in 2022.</p> <p>4) Many people have fled</p> <p>5) High level of corruption</p> <p>Priorities:</p> <p>1) Direct war-related grants from the international community</p> <p>2) Maintaining civilian investment in Ukraine during the war</p> <p>3) Restoration of transport infrastructure</p> <p>4) Structural economic improvements</p> <p>5) Consistent achievement of European standards - climate protection</p> <p>6) Fight against corruption</p> <p>7) State guarantees are necessary (the EU Commission or (and) several member states provide the EIB with guarantees from public budgets. On this basis, the EIB can lend from its own resources, matched by private investors for specific projects.</p>	
4	Reconstruction of Ukraine - A Note from the Perspective of the German Economy	Michael Harms , Managing Director of the Eastern Committee of German Business	<p>Economic Policy</p> <p>Comments from the perspective of the German economy</p> <p>Costs: War damage (World Bank) - 411 billion US dollars + more until the end of the war (no one knows when the war will end)</p> <p>Time frame: 2023 + further perspectives</p> <p>Challenges:1) Ukraine's legitimate interests in ownership and Western partners' legitimate interests in transparency must be given equal weight.</p>	<p>Infoschnelldienst 2023, 76. Nr.04, 13-15</p> <p>https://www.ifo.de/publikationen/2023/aufsatz-zeitschrift/wiederaufbauplan-wie-gelingt-der-neuanfang-der-ukraine</p>

			<p>2) Optimization of administrative processes 3) Tax and control needs 4) Expansion of risk insurance (German federal instrument for trade credit insurance Euler Hermes as well as the provision of investment guarantees via the mandate PwC)</p> <p>Priorities: 1) Emergency aid and reconstruction are therefore two things that cannot be separated, but should ideally be coordinated. 2) Anti-corruption mechanisms 3) Harmonization of norms and standards 4) Development of the work of the Ukrainian State Agency for Reconstruction and Infrastructure Development 5) Development of cooperation with the German Federal Ministry of Economics and Climate Protection, Eastern Committee (Service Desk Ukraine, established in summer 2022 to network German, European and Ukrainian companies and to coordinate emergency aid). 6) Business Advisory Council (proposed to consist of European business associations that will continuously collect business experience, develop suggestions for improvement and work with policymakers to find solutions.</p>	
5	Can Ukraine Become Europe's New Power?	Gerit Schulze , Analyst and reporter on the Ukrainian market for Germany Trade and Invest (GTAI)	<p>Economic Policy Conditions for increasing the economic council in Ukraine Costs: Lugano Conference - war damages - at 750 billion US dollars (Ukraine Recovery Conference, 2022) / war damages (World Bank) - 411 billion US dollars</p>	<p>Infoschnelldienst 2023, 76. Nr.04, 15-18</p> <p>https://www.ifo.de/publikationen/2023/aufsatz-zeitschrift/wiederaufb</p>

			<p>Period: from 2022, 2023 + further perspectives</p> <p>Challenges:</p> <ol style="list-style-type: none"> 1) Soviet industrial structure 2) Strong focus on heavy industry, on coal, steel and huge power plants 3) Naval blockade, grain trade 4) Wave of refugees (UNHCR: 4.95 million with protection status, 5.4 million people - inside the country (Ukraine)) 5) Stable and decentralized energy supply <p>Priorities:</p> <ol style="list-style-type: none"> 1) Orientation to international standards 2) Globally competitive 3) Energy efficiency and resource-saving 4) Firmly integrated into the supply chains of the European Union 5) Development of small and medium-sized companies – innovations 6) Develop research activity and improve transport and warehouse logistics (especially port handling) + efficient railway 7) Return of the workforce 8) Promotion of start-ups and IT 9) Legal certainty 10) Quick application of EU standards 11) Economic stimulus program for the entire EU 	<p>auplan-wie-gelingt-der-neuanfang-der-ukraine</p>
6	International Support for Ukraine's Reconstruction: The Role of Corruption and Good Governance	<p>Prof.Dr.Heiko Pleines Professor of Comparative Politics and Head of the Department of Politics and Economics at the Center for Eastern European Studies at the University of Bremen.</p>	<p>Economic Policy The need for strategic planning of the new structure Costs: Emergency aid and long-term reconstruction Period: 2023 + further perspectives Challenges:</p>	<p>Infoschnelldienst 2023, 76. Nr.04, 22-24</p> <p>https://www.ifo.de/publikationen/2023/aufsatz-zeitschrift/wiederaufb</p>

			<p>1) Corruption (corruption scandal in the supply of food to the Ukrainian army)</p> <p>Priorities:</p> <ol style="list-style-type: none"> 1) Fight against corruption 2) New economy plans 3) Good governance: legitimacy and accountability, public debate on goals and priorities 4) Donor governance (for complex reconstruction projects, implementation and evaluation must be standardized) 5) Strategic planning 	auplan-wie-gelinkt-der-neuanfang-der-ukraine
7	Plans to rebuild Ukraine	<p>Prof. Panu Poutvaara, Ph.D., head the Info Center for International Comparison and Migration Research, Professor of Economics at the Ludwig Maximilian University of Munich</p>	<p>Economic Policy Refugees' intentions to return Costs: Lugano Conference - war damages - 750 billion US dollars (Ukraine Recovery Conference, 2022): 250-300 billion US dollars through grants from partner countries, 200-300 billion US dollars through loans or equity and 250 billion US dollars through private investment (Lugano Declaration 2020). Period: 2022 and beyond Challenges: 1) Refugee return program</p> <p>Priorities:</p> <ol style="list-style-type: none"> 1) Diaspora Remittances (from Ukrainians to their friends and families) 2) Return of refugees 3) Building global networks through the Ukrainian diaspora 	<p>Infoschnelldienst 2023, 76. Nr. 04, 29-32</p> <p>https://www.ifo.de/publikationen/2023/aufsatz-zeitschrift/wiederaufbauauplan-wie-gelinkt-der-neuanfang-der-ukraine</p>
8	East Germany in from the Cold: The Economic	<p>G.Akerlof, A. Rose, J.Yellen, H.Hessenius</p>	<p>The successful experience of East Germany exiting the crisis in 90s</p>	<p>Brookings Papers on Economic Activity, 1991, vol. 22, issue 1,</p>

				pp. 1-106 https://EconPapers.repec.org/RePEc:bin:bpeajo:v:22:y:1991:i:1991-1:p:1-106
9	Whither Europeanization? Concept Stretching and Substantive Change	Claudio M.Radelli	The hypothesis explores the role of local initiatives and associations, such as the Visegrad Group V4 in the recovery process	European Integration online Papers (Elop), Vol.4, No.8, July 2000, https://dx.doi.org/10.2139/ssrn.302761
10	The Goal: A Process of Ongoing Improvement	Goldratt, Eliyahu M.	The Theory of Constraints methodology is the best way to mitigate or eliminate limiting factors and identify and pursue goals that drive economic and business success: the obstacles during economic recovery are inevitable. "The chain is no stronger than its weakest link and finding that link will help address the underlying challenges. <i>My opinion: this theory we can use during the recovery process in Ukraine: step by step search for bottlenecks and ways to overcome them with appropriate prioritization.</i>	Cox, Jeff (1986). Great Barrington, MA.: North River Press. ISBN 0-88427-061-0