



## Voices of Ukraine: #3 Ukraine after the war

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### Edwin Bendyk

We want to speak about the future. At this time, all forces should be mobilised to support the war effort. Yet – as one of today's panellists, Andriy Dlihach, rightly noted – wars are won by those with better, more convincing visions of the future.

Reading articles by Ukrainian commentators, I came across Yaroslav Zhalilo's argument that, in conversations with foreign partners, Ukraine should cease to speak in categories of humanitarian aid. It needs to start speaking in terms of the following dimensions: strategy, development and the future. President Volodymyr Zelensky has repeatedly spoken about how he imagines Ukraine after the war. On the one hand, he has spoken of Ukraine as a great Israel – a militarised democracy that cannot be fully liberal, but that must be capable of creating prosperity and protecting security. The primacy of security imposes a certain logic of development. On the other

The *Voices of Ukraine* series of debates organized by the Batory Foundation ideaForum and the weekly news magazine *Polityka*.

Russian aggression and the war in Ukraine have dominated media coverage in recent weeks. With great suspense, we follow the news from the battlefield each day. We watch in horror as cities are bombed and civilians suffer. The news and the sight of people fleeing war arouse sympathy, resulting in gestures of unprecedented solidarity.

Given the abundance of news and information, the voices of the Ukrainian people often get lost. What makes the Ukrainian resistance so effective, and why is the Ukrainian society so resilient? What goals have the Ukrainians set for themselves in their armed resistance against the Russian aggression? What are the

hand, this is an opportunity to rebuild Ukraine based on an optimal plan; for example, rebuilding cities using models that reflect the challenges of the 21<sup>st</sup> century.

A recent report by a group of Ukrainian economists and foreign experts, entitled *A Blueprint for the Reconstruction of Ukraine*,<sup>1</sup> contains a reconstruction timeline spanning many years, including its stages and funding. Of course, we do not know when the war will end, so we cannot calculate the cost of the damage and how Russia would pay for it all. There is a lot of talk about a new “Marshall plan”. However, this does not mean an attempt by funders to impose on Ukraine a development model from the West. Ukraine must remain a subject when defining its development path. It will need external help or, rather, compensation for Ukraine’s effort and sacrifice. In line with what European Commission President Ursula von der Leyen has said, Ukraine is not only fighting for itself, but for all of Europe. It therefore seems that supporting Ukraine’s visions of reconstruction will be a minor cost for Europe.

What is your perspective on post-war Ukraine? How likely is the scenario above?

## Andriy Dlihach

There is no Ukrainian vision separate from a vision of Europe’s – and Poland’s – development. Since around 2010, our team has been convinced that Ukraine’s future lies in an alliance with Poland, with what we call the “Three Seas” region. This gives us a chance to rethink Central European alliances. Of course, after victory, Ukraine will have a long road to travel to confirm its agency in politics, the economy and the security system at the global level. Through our defence and resistance, we are confirming our choice. We are confirming that we are a European state, a border state between the Western world and the Horde.

Speaking about the Ukraine of the future, people will no longer say that it is a country that produces wheat, oil and metal. The Ukraine of the future is above all a country of innovation. Ukraine

limitations of a peace agreement? What do the Ukrainians want with regard to the European Union, NATO, and other alliances? What is the reconstruction of the country following the war supposed to look like? What will the relations between Ukraine and its neighbouring countries be like?

These are just some of the questions we are going to ask Ukrainian experts, journalists, artists, and politicians. There is no doubt that the future is now being shaped in Ukraine, and, to a great extent, its final form will depend on the men and women of Ukraine. Let’s hear what they have to say!

The main topic of the third discussion in the series were the plans for the post-war reconstruction of Ukraine. Is it at all worthwhile to devote intellectual resources in planning the future when all resources are needed on the front? On what certain resources can Ukraine base its post-war plans now, when hostilities are still ongoing, increasing the scale of destruction every day? What is the significance of the enormous outflow of people who have fled Ukraine? How much can one count on their return and participation in the reconstruction? What historical analogies should the Ukrainian reconstruction be inspired by – the Marshall Plan, the reunification of Germany after 1989, the reconstruction of Iraq and Afghanistan? Or maybe the Polish experience of Euro-integration will also be valuable? The discussion took place on April 20, 2022 with the participation of Andriy Dlihach, Hennadiy Maksak, Maria Repko, Yaroslav Zhalilo and Edwin Bendyk as the interviewer.

1 T. Becker et al., *A Blueprint for the Reconstruction of Ukraine*, Centre for Economic Policy Research, London 2022, <https://cepr.org/sites/default/files/news/BlueprintReconstructionUkraine.pdf>.

was able to challenge itself and the post-Soviet space, and do what is right for us: entrepreneurship, innovation, creativity and development. We have incorporated all of this into our life and are now among the leaders in the digital transition, the development of artificial intelligence, emotional intelligence, a new financial and economic model, fintech start-ups, new medicine, and many other ground-breaking technologies and ideas. Unfortunately, many people leave Ukraine, contributing to GDP and bringing their business or creative ideas to life elsewhere; for example, in Silicon Valley or your wonderful country.

One of the ideas for the new Ukraine is above all to transform it into an attractive territory where people can innovate, run a business, or base a company or a university. A Ukraine that attracts talent. The new economy will be based on the development of human capital, and economic development should above all result in innovation and a liberal approach. Yet to get there, we will have to demilitarise our economy, and renew and completely modernise our logistical and energy infrastructure, our metallurgical industry, and others. I am convinced that we have a shared future with Poland ahead of us.

## **Edwin Bendyk**

In his analysis comparing Russia and Ukraine's wartime economic systems, Yaroslav Zhalilo writes that this is not only a military clash, but also a clash between specific socio-economic models. This is a reference to distinguishing features of the Ukrainian economy, such as its decentralised model, which makes each municipality a centre of development. Could this serve as a resource when designing the future, demilitarised, post-war model?

## **Yaroslav Zhalilo**

It is difficult to speak about reconstruction right now. One of Putin's aims is to damage our economy and our society as much as possible, to destroy our future. Yet we will not give up or let him succeed. We will win. The fact that we are speaking about the future, that governmental and non-governmental projects are emerging, and that we are backed by our colleagues abroad shows that we are heading for victory. To prepare a vision of the future, we must understand our point of departure. We must realise that we will have to rely on the resources within Ukraine. Not just money – that can come from abroad, which we are counting on. Everything will be built on our land, using our human, natural, economic and infrastructural resources.

We must know what matters to Ukraine. The decentralised system is one of the resources that Ukraine can count on now and should base its reconstruction on. This means that, for reconstruction to proceed correctly, we must prepare a strategy that will transform this decentralised mass of people into a joint, active force. The risk is that, if foreign investors are interested and there are concrete funds, the reconstruction could theoretically turn in to a series of different projects. If they are not accompanied by a complementary strategy for transforming our society and the economic mechanisms in Ukraine, these projects will only achieve narrow aims. Firstly, this would make them less effective; there would be no multiplier effect and the economy would not pick them up. Secondly, there would be a lack of trust among investors when international assistance moves on to the stage of closely integrating Ukraine into global value chains and capital flows. This makes a strategy that would engage a wide range of contractors and stakeholders so important. It is about making the process truly inclusive.

In the short term, we will be forced to pay particular attention to security. On the one hand, security requires certain centralisation; on the other hand, Ukraine's competitive advantage is that it is

a decentralised state. This creates a serious challenge for experts. It means building security – that is, social, economic and political stability – on the basis of a free economy and a decentralised society. This should form the content of our strategy.

Speaking about reconstruction, we face three issues. Firstly, we should build a new Ukraine – so what will we rebuild? I believe that we should set out the aim of reconstruction: to provide citizens with a decent standard of living. If this becomes the aim of reconstruction, it will be easy to understand what we will rebuild and what needs to be built anew.

Secondly, we need to do this very rapidly, as we have experienced massive losses. Even if Russian aggression is halted, Ukraine will experience losses every day until its economy starts to operate. These losses not only affect the economy, but also individuals and their revenue. We must show the people forced to flee abroad *en masse* that there are things to do in Ukraine and that we can provide them with a decent life here.

The final point in this context is obviously decentralisation, inclusivity and dynamism, which I wish to highlight again. The reconstruction will only be truly successful if every entity and every employee in Ukraine's economy finds their place in this process.

## **Edwin Bendyk**

The question of financing of Ukraine's future reconstruction has come up here. Regardless of which model is adopted, both wartime losses and development will have to be covered. How can Russia be forced to pay for these losses? How can Ukraine obtain financial support – not only from international institutions and the EU, but also from investors? Ukraine needs not only money, but also technology. How can this challenge be dealt with?

## **Maria Repko**

You have been discussing visions of the future. As a practitioner and pragmatist, I am considering how this could be financed. Let's imagine a map of Ukraine with the 500 largest industrial enterprises. If everything remains as it is, with no further damage, Ukraine will still have considerable industrial potential. However, if the enemy is not contained, if we fail to take back Crimea and the south, which is crucial for exports, the foundation of Ukraine's reconstruction, our vision for its future, and what we can give the world will be very different.

Like our partners, we are developing a range of ways in which the world can help Ukraine, in both the short term and the long term. Long-term financing and reconstruction must not be limited to loans, even long-term loans or ones with favourable terms. For us, the influx of foreign direct investment is important. It is a matter of building factories in Ukraine and incorporating it into global and European value chains. This can only be done if it is completely safe here, or if people are insured against military and political risk. This practice is used in Israel and Egypt. The World Bank has a special insurance agency, the Multilateral Investment Guarantee Agency (MIGA), which deals with risk insurance in these kinds of countries.

The international community should note that one of the main tasks for any fund – whether the International Monetary Fund or the World Bank – should be insuring all the investments on Ukraine's territory. Only then will private investments appear. This was the case in Europe during the Marshall

Plan: when there was insurance, private capital flowed in and started to operate. With this kind of risk, few people want to invest money in the long run.

For Ukraine, one of the most important incentives is European integration. I am pleased to have heard these words during my lifetime: “Ukraine could receive EU candidate status”. I remember how, in 2015, after the Revolution of Dignity, I heard a speech by a politician from Croatia, who said that he had spent 20 years – half his life, from an internship to his current post as an MEP – working to integrate his state with the EU. I have only been working on this subject for seven years, which is obviously not half my life, but it is a very long road. If Ukraine receives candidate status in an accelerated way, it will influence every public process, starting with institutional development, the law and the implementation of EU directives – which has already taken place in many areas due to the Association Agreement. This process will continue; trade and political integration will be accelerated.

However, we also need to solve our short-term problems. In our eagerness to speak about the future, we must know how to handle short-term problems. According to various estimates by investment banks, agencies, the IMF, and so on, Ukraine will lose 20–45% of its GDP. Our estimate is around 35%. In March 2022, the deficit amounted to around USD 2.8 billion, after one month of war. In April and May, this will be USD 4–5 billion. This will have to be covered somehow. That is why we are calling on the whole international community to support us and ask their politicians to do three things for us.

Firstly, last year the IMF gave special drawing rights (SDRs) to every country, including developed countries, which simply transferred them to accounts at central banks and are not using them. We ask that this be transferred to a special assistance fund for Ukraine.

Secondly, they should consider the possibility of grants for Ukraine. Long-term loans are obviously brilliant for now, but they will weigh heavily on us during reconstruction, as debt will increase several-fold and, with the fall in GDP, could reach 85% of GDP, or even 100%. This is a huge amount, so we ask that the share of grants be increased. Loans should be long-term, with favourable conditions, when it comes to repaying interest during the first 5–6 years. If possible, they should be in hryvnia. Ukraine is issuing military bonds in hryvnia at 11% and these bonds should be invested in. International financial organisations should consider providing us with loans in our national currency. This will enable Ukraine to rebuild itself after the war.

## Edwin Bendyk

We know that Ukraine has already submitted its completed accession questionnaire. Thinking in terms of integration, can the design of Ukraine’s reconstruction programme be combined with gradual integration with individual structures; economic ones, at least? This has already been done in some areas. In March 2022, Ukraine’s energy system was incorporated into the European network. We can imagine that the process will culminate in full political integration, perhaps preceded by the European Economic Area stage chosen by Norway. Ukrainians support EU accession *en masse*. What about the political elites?

## Hennadiy Maksak

Almost 90% of Ukrainians support Ukraine’s EU membership. This is the starting point. We have submitted the first part of the questionnaire to the EU and are still working on the second part. We understand that the EU has the political will and must also take this good position into account. I call it “the

medicine of European integration". Earlier, we said that we lack motivation because we do not have a membership perspective. The political will manifested by Brussels and EU countries now shows that we have a path for accelerated reforms. The Association Agreement is the foundation of the reforms we need to carry out.

This leads on to the second question, concerning visions of the EU and Ukraine within it. I would like to talk about Ukraine ceasing to be a country "in mid-step", which wants to go in a certain direction, but only fulfils 50–60% of its obligations, while demanding equal treatment and a commensurate approach to our desires and dreams. We need to move away from half measures: if judicial reform is needed, it must take place; if we are meant to fight corruption, this must involve both procedures and institutions. I would like to see these two pillars in post-war Ukraine, based on European models. Cooperation with the EU institutions during European integration goes hand in hand with cooperation with financial institutions in the context of reconstruction.

In the context of the EU, we are speaking about three directions – not just a map of the future, but the Ukrainian economy's transfer onto wartime tracks. We are aware that this is not a quick war; we will have to endure it for a certain time. We are currently between two stages. Changing the economy, taking into account the war, will help us rebuild and bring our vision of Ukraine to life. Cooperation – including with the EU and our partners, who are providing us with financial support – is very important at every stage. We have taken many steps, but not all have given the results we wanted. The question of reforms was the cornerstone of our communication with European partners. There have been many assurances and plans, but these plans were not always 100% implemented. My economist colleagues have spoken extensively about the tools, about how things should work.

I would like to add a few comments on the Ukraine of the future. Firstly, we should draw attention to our military successes, military cooperation, and Ukraine's status as an important partner on the defence market. Our country has become a test site: we are using various types of weapons, including conventional ones, which enables us to view them from various angles and determine which programmes can be continued. This concerns our Neptune missiles, for instance, which helped destroy the Russian Moskva warship. This shows the lines of action that we can take.

Secondly, lustration needs to be completed. We have spoken about the identity of solidarity and about defining the Ukrainians as a nation of victors. I hope that will be the case. Yet we should remember that lustration, which has not been completed, gave rise to the Medvedchuks and opposition parties that are now spoiling our blood. We should overcome the lack of confidence in ourselves and believe that we can manage.

Thirdly, we must consider the regions. We have spoken about the decentralisation model. The balance between the centre and regions will also determine the process. In some cases, mayors' courage and leadership has enabled their municipalities to survive. For example, in Chernihiv, the city authorities' courage and decision not to abandon the city meant that the military command felt that it should defend its city, regardless of all the threats. Cases like this showed that Ukraine can rely on the regions. Decentralisation is also taking place in the army – decisions are being delegated to the lowest possible level so that quick, practical decisions can be made. The same applies to local government. We must continue this decentralisation and ensure that it does not disappear during subsequent, higher stages of our post-war development.

Another matter is the militarisation of society, which is also a step towards security. We feel that we lacked information: despite intelligence data and our special services' publications about the expected invasion, we were not ready. No occupation or survival plans were prepared for cities with limited resources and services. For this reason, militarisation will be a constant in our society for a long time yet. At the same time, when discussing the administrative model in a militarised democracy, this must have certain limits. Where is the line between democracy and authoritarianism? When is authoritarianism and the associated administrative system dominant? Of course, we are aware that safety has to come first.

## **Edwin Bendyk**

The future will include Ukraine's security architecture. NATO accession is the object of a political game that Ukraine is playing with both the Alliance and Russia. On the one hand, there are signals that it wants to join NATO. On the other hand, President Volodymyr Zelensky says that NATO is not ready, signalling that Ukraine is in some sense ready to postpone. What should Ukraine's security architecture be based on? A network security system?

## **Hennadiy Maksak**

This is a very difficult question for us Ukrainians. Many discussions on the security architecture are underway; understandably, as we are at war. In terms of guarantees, most of the partners we are working with agree: no security architecture other than NATO is stable or safe for Ukraine. We are aware of the demands published by the Kremlin's ideologues: Putin's ultimate aim is to destroy the Ukrainians as a nation and to treat our country like a territory attached to the empire. None of the earlier guarantees, such as the Budapest Memorandum, were real guarantees – they were just assurances.

I have no illusions about the possibility of what guarantees can achieve, but this could be a tactical step to retain the opportunity to communicate with the aggressor. We are not talking about victory per se; this is about exchanging stances and documents. We see how far away we are from an agreement. Our aim is to rebuild territorial unity, independence and sovereignty. Everything being proposed here seeks to move us away from the situation prior to 24 February, when troops entered Ukraine from different directions. Yet this means that we are still talking about part of the Donbas and Crimea. In other words: the unresolved question remains.

Returning to security architecture: there is no final answer here. We are checking the possibilities, but they do not provide Ukraine with a full guarantee. For now, most of my colleagues and I are convinced that there is no effective, long-term alternative to NATO.

The opportunity to have a grown-up EU foreign policy is a major step forward. We also see how the EU is taking action on sanctions and coordinating members' actions. Certain member states' attitudes to a proactive EU policy are changing. This is a good example of how NATO can be strengthened, too, and of how we can count on new decisions that will increase regional security.

## **Edwin Bendyk**

We are discussing visions created in expert circles. There are also formulations by politicians, such as President Zelensky. These are not strategies or visions of the future; rather, they are statements to give the spirit strength. How could politicians and the state adopt the solutions being developed

by experts and institutions? Before the war, experts often criticised government and political circles' inability to develop a strategy and the constant political struggle, which made certain actions impossible. Could the war transform the political space, making it more inclined to cooperate with experts and adopt initiatives?

## **Yaroslav Zhalilo**

Executing a strategy is much more important than simply developing one. Ukraine has developed many of them, but they all hit obstacles while being executed. In my opinion, whether a strategy can be executed is part of the strategy itself. If it can propose a set of steps, tools and aims that will become a consolidation point, it will become a strategy for a consolidation of political forces.

What is the situation in Ukraine today? There has been a massive consolidation of society around opposing the aggressor. This motivation and unification exist in wartime. Once the war is over – and we hope it will end how we expect it to – another question will arise. Speaking openly: society must see what it sacrificed so much for, what all these losses were for. It should be offered a strategy for a new Ukraine.

For this reason, it is not enough to send Ukraine money or offer the hope of EU membership. It is not enough to rebuild bridges, roads, buildings, factories and companies. Every Ukrainian needs to see a place for themselves in this Ukraine, in this reconstruction. This overriding task could be a consolidation point for political forces. It is important to unite experts, the authorities and the business sector, broadly understood.

For now, the principles of a strategy are being developed in Ukraine. In my opinion, involving representatives of a range of structures and institutions in work on various parts of this strategy improves its quality. Our Institute is also developing a reconstruction strategy, our vision of how to secure national interests and ensure Ukrainian society's consolidation as part of the reconstruction process, which will be global. For now, we are working as part of our team, but hope to reach out to wider expert circles and discuss it with our peers. An offensive is currently underway and the overriding task is to seek common values, mechanisms and ways to achieve goals.

The decision to grant Ukraine an EU membership perspective is simply a priceless opportunity for us to envisage this path together. I hope that we will receive support – methodological, scientific, technical, and any kind we need – from Europe and, above all, Poland, which travelled this road itself not long ago.

## **Andriy Dlihach**

Not only in government circles: there are at least six teams working on Ukraine's reconstruction plan. The business sector, various think tanks and international teams are active, too. Some have already presented their visions, how they envisage Ukraine's reconstruction plan, and how they propose to fund the so-called "Ukrainian Marshall Plan". This is still a preparatory stage; there is no real plan yet.



There are around 20 working groups dealing with different matters. A coordination committee will be established, too.<sup>2</sup>

However, we do not have answers to the following questions: how will Ukraine obtain the resources to implement its boldest visions? And who, apart from Ukraine, is interested in creating a truly innovative, prospering economy and state, rather than a grey zone between light and darkness? Ukraine is counting on implementing a full-blown modernisation plan. This will cost around a trillion dollars – or perhaps a bit less, around USD 800 billion – but that is the rough order of magnitude.

It is doubtful that Russia will recognise its defeat. If we cannot receive reparations from Russia, and if other Russian resources are divided between other countries, and not allocated to Ukraine, then Ukraine will not be able to handle all this. This raises the question: to what extent is it in the interest of Europe, the US and the whole developed world to help Ukraine not only survive, but also to enable it to take advantage of this opportunity and receive everything we lacked over the past 30 years?

It is no secret, especially when speaking openly with friends, that Ukraine remains firmly within the reach of Russian interests. Russia has done everything possible to prevent us from developing our export directions, so that we do not export machines or military equipment. We were held in an outdated controlled economy dependent on the Russian Federation. Eager to emerge from this, we should receive everything we have not received over the past 30 years.

We have calculated these amounts and they are terrifying: over the past 20 years, Ukraine has lost around 2 trillion USD due to the exodus of talent and entrepreneurs, the inefficient use of natural resources, the destruction of our traditional industries, and the inability to modernise our economy. We will not recover this, of course. However, if – with the world and our allies – we did not remain alone in the face of Russian aggression, we will not be left alone during reconstruction, either. The developed world and our closest friends – above all Poland, Britain, the Baltic States, Lithuania – are our true brothers. They are not brothers forced upon us, in the way Russia is trying to promote.

We must find a balance between implementing the recovery programme and the resources we have. To rebuild infrastructure, both Ukrainian and international businesses need to be involved. Global enterprises should not take advantage of our natural resources themselves. This must take place with Ukrainian businesses. How all this should be rebuilt and managed will be the biggest challenge of the new era.

## **Edwin Bendyk**

Will the world be interested in helping Ukraine modernise in its chosen way? How valuable is the experience of Poland, the Czech Republic or Slovakia, where the situation was less dramatic, but which were at a similar level of development after 1989 and the collapse of communism, at least in macro-economic terms? To what extent is our later experience of development and integration with Western structures the answer? The West invested and helped us develop, while also thinking about its own interests. What does the balance sheet look like? Could Ukraine find this kind of path? Many critics say that that model was not optimal for us, though.

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<sup>2</sup> The debate was held the day before Deputy Prime Minister and Minister of Economy Yulia Svyrydenko announced the assumptions of the reconstruction plan and President Volodymyr Zelensky established a National Council for the Recovery of Ukraine from the War.

## Andriy Dlihach

As an economist, I have studied Poland's experience of modernisation closely. I have met Leszek Balcerowicz, whom I very much respect. For me, a sentence I heard from him is key: Poland's modernisation was not developed in 1991 – it was developed many decades earlier. I am convinced that Ukraine's path will differ from Poland and the Czech Republic's, regardless of the fact that they both managed – and we know that not all the former socialist countries did.

Ukraine will be forced to seek its own path, as the world has changed and so has the economy. Unfortunately, Ukraine cannot use infrastructure that has already been destroyed. This infrastructure has changed considerably: even if the conflict is frozen, this will take time. We will be forced to rebuild and reconstruct everything. We can use Poland's experience with motorways, which were built with Germany's help. Yet when it comes to industry, we will have to take a different path. The shock therapy that took place in Poland over a few years turned out to be ineffective in Ukraine, which stretched it out over 30 years.

We must now transform this into a model of liberal reforms, but Ukraine lacks the resources for liberal reforms. The situation with pensioners is tragic and the statistics are much worse than in Poland. If I remember correctly, in Poland, around 2.5 workers support a single pensioner. In Ukraine, the opposite is the case: we have 0.9 workers per pensioner. The situation with social payments from the state is dramatic. Many politicians say that the state should implement a plan oriented towards social issues, and this is a major obstacle for carrying out liberal reforms. Without the experience and assistance of both Poland, as our ally, and the West, we will not be able to do this.

## Edwin Bendyk

My question concerns the lessons of the war. The Ukrainian state and society's ability to resist took the world by surprise. I have recently read an interview with the governor of the National Bank of Ukraine, who described how the Ukrainian financial system works. The banking system and other elements of the state still work amazingly well, for wartime. Is this a surprise and a lesson? Could this be a resource in the future?

## Maria Repko

I was not worried about the National Bank and the financial system. I was convinced that they were capable. The National Bank was deeply reformed and is staffed by professionals. Despite several changes in the governor position, it conducts a policy that provides macroprudential and macro-financial stabilization. It has managed to maintain the banking system and every employee who, working in his or her unit, contributed to the wartime struggle. The banking system is functioning. Cashless payments are being made all the time. There is no crisis.

The first thing the National Bank did was to establish a tough hryvnia-dollar exchange rate, so that reserves would not be hit too hard. Hard currency restrictions were introduced. We looked to Poland's experience in this domain. Ukraine was forced to use these restrictions again and prevent the collapse of its currency. It worked – the hryvnia did not collapse; the reserves are holding strong. This is both the bank's and the regulator's achievement; it also stems from the fact that the banking system was under strict supervision in recent years, which meant that there was no problem with accumulating debt, no bad banking practices, high liquidity, and a sufficient reserve of capital. The National Bank is maintaining this liquidity through refinancing loans. This was very good.

The biggest surprise during this war is state-owned enterprise Ukrainian railways, Ukrzaliznytsia, our national railway carrier. Earlier, we thought it was corrupt and should be sold to a private owner to operate effectively. Now, what railway workers are doing every day simply calls for deep respect. I think that many people and many economists have started to view this company differently, too. Corruption is obviously bad, yet the surprise is how they are functioning now. This may be a result of corporate reforms and the arrival of professionals, or because people who had been at the company for years remained and knew what to do.

The railways are important, not only for evacuation, but also for our economy. In Ukraine, around 70% of exports went through seaports, but if we do not win and take back Crimea, the Black Sea will be under constant threat. Railway transport is the only way to feed the world. Organisations are already warning that vulnerable countries in Africa and other parts of the world could run out of food due to the war. People could go hungry because we will not provide grain, corn, and so on. Ukraine cannot deliver these supplies by sea now, because the Black Sea is blocked. The idea of sending them by convoy – like from the US to Britain in the past – has emerged. Another way would be to integrate Ukraine's railway lines with Western ones, which will take time, as we have a different railway gauge. Something has to be done to increase our reloading capacity. Logistics are coming to the fore now. Everything that happens to the railway plants is one of the key battlefields for Ukraine in economic terms. I am glad that the Ukrainian railways have been such a positive surprise.

I would like to return to what Ukraine is fighting for. We must fight for the future. Yet at the same time, every Ukrainian saw Bucha and what happens when the Russians come. The Ukrainians are not only fighting for Ukraine to be a good, prospering country in Europe; they are above all fighting for their land, for it not to become a Bucha. This is about survival. This is very strong motivation for all of us.

In terms of our strategy, I think it is good that many teams are formulating how Ukraine should develop and creating roadmaps. However, the main roadmap will primarily depend on EU accession. We will have to build on this map when developing any kind of national strategy.

## **Edwin Bendyk**

Despite the war, electrification work is constantly underway on connections with Poland to improve transport logistics. This is being done despite the war.

Another thing – more anecdotal: writer Andrey Kurkov, who found himself in Zakarpattia at the start of the war, noted his surprise that the railways are functioning and running on time, unless they are under fire, and that tea still costs 10 hryvnia. We are discovering something that we did not expect to work so well.

Let us return to Ukraine's unfinished lustration, which allowed people like Viktor Medvedchuk and pro-Russian parties to come into being. Is it becoming possible to clear the political space of this kind of milieu?

The second question is Poland's potential role in the integration process or in building support structures for Ukraine. We know where we stand: Poland has less capital and technological resources than, say, Germany or France. When building a geopolitical map in Ukraine, whose support is considered to be especially important?

## Hennadiy Maksak

Regarding lustration: during martial war, decisions are made categorically, right away. We see that, in certain cases, in times of democracy and peace, this practice can be seen as authoritarian or as targeting political opponents. Yet it is currently the only way to reduce the scope for manipulation by people who support Russia. I think this step will be very important. Only later, after the fighting ends, there should be a separate session to see whether and how lustration can be conducted as widely as possible, to the end. We have seen people responsible for certain actions on the Maidan hold office again, without being held accountable.

The same is happening now to the objects, ammunition and weapons that we want to obtain from our partners. The more specifically, the more clearly we speak about the kind of weapons we want, the easier it will be to work with what we receive in the near future.

I think that, in many ways, this will depend on the plan developed, as discussed by Andriy Dlihach. When we see the reconstruction plan, we will be able to look to our Polish colleagues' experience and say what we need, in terms of financial or other kinds of support. The Germans can help us with one thing, the Canadians with another thing, and so on. This will depend on the specific strategy. Only then can we map out our needs and expectations towards our partners.

## Edwin Bendyk

What do you expect when building partnership structures – and from whom? Britain is playing a significant role. Although it has left the EU and is currently an independent player, it has gotten very involved in the conflict and assistance for Ukraine. Could Britain play an important part in the reconstruction or the creation of security architecture? How do you identify future allies?

## Yaroslav Zhalilo

The question is rather complicated and it is difficult to obtain a single correct answer now. We expect that our foreign partners will provide security guarantees. We are aware that we must co-exist for a longer amount of time with an unpredictable, cynical and vile neighbour. For this reason, security comes first. Moreover, when discussing Western financial aid for Ukraine, we are aware that this assistance, especially investments, will only be possible once it is safe. Combining investment and security – it is difficult to say what is primary and what is secondary.

Indeed, there is a certain dualism or even contradiction here, as Ukraine is moving towards the EU. EU-oriented changes are supposed to form the core of the reconstruction strategy. At the same time, Ukraine's key partners – apart from the EU – include the US and Britain, which is no longer a member of the EU. There may be a certain contradiction here and some kind of compromise that takes that into account will have to be found.

I am more of an economist than a specialist on foreign affairs and perhaps I say naive things sometimes. It seems to me that Ukraine could act as a point of consolidation when our main strategic partners include Poland, a young member of the EU, to some extent, Britain, a European country that is not a member of the EU, and the US on the other side of the ocean. Ukraine could act as a point of geo-strategic consolidation. We hope that we will not become a point of geopolitical competition instead.

## Edwin Bendyk

Could the atmosphere of war nurture a military elite that has not been visible in political life so far? This could create a risk of authoritarianism or tempt the military to get involved in politics, with its own ends. Do you think that Ukrainian society will appreciate decentralisation, now that the war has shown that it works?

## Yaroslav Zhalilo

It seems to me that this is a potential risk. Yet Ukraine “by definition” is not an authoritarian country, because Ukrainians are critical of any kind of authority. The authorities must have legitimacy and support; otherwise, there will be a Maidan. On the Maidan, authorities that lack support cease to exist. This element of internal, mental decentralisation and autonomy distinguishes us from Russia and helps counter the risk of authoritarianism.

This is Putin’s main fear concerning Ukraine: he fears that it will show the Russians an alternative path. Yet he is wrong on the key issue – he believes that Ukraine and Russia are brotherly nations. If he were to understand that they are not brotherly nations, but rather nations with different mentalities, he would no longer be afraid, as he would understand that Russia cannot take this path. Perhaps it would be easier for all of us to move on then.

## Edwin Bendyk

Are there potential conflicts in the game of interests associated with Ukraine’s reconstruction – ones visible earlier, such as between Poland and Ukraine in the economic sphere? As recently as December 2021, Ukraine was blocking the railway transport of Polish goods from China in response to Poland’s blockade of road transport. There is also a potential conflict between Polish and Ukrainian agriculture, and others. How can these potential traps be dealt with?

## Andriy Dlihach

These things exist. We live in a world that is not only made up of dreams, emotions and love, but also pragmatism and business interests. Many Ukrainian entrepreneurs are suffering as a result of Polish entrepreneurs’ actions. Ukraine is home to the founder of the largest business-sport community, Board, which brings together around 2000 companies. Many Ukrainian entrepreneurs complain that Poland is creating artificial or legal obstacles that prevent Ukrainian products from being delivered to Europe, to Germany, and to Poland itself. Polish companies are creating conditions that force Ukrainians to cooperate with the Poles to have any chance of entering the European market, and are losing margins and opportunities.

Many of these issues will remain in the future. On the one hand, we are aware that the past divides and the future unites. Ukraine and Poland’s future will not concern memories of former conflicts, of past relations, which have not always been good. On the contrary: we will speak about what we can build together. Borders mean less and less, while shared values mean more and more. Ukrainians and Poles have always been united by a desire for freedom, a certain cleverness, curiosity, readiness to develop, and openness to the world. All this connects us, so I am sure that we will find some solutions and answers.

Ukraine will be forced to align its strategy with the European strategy to a large extent. If we look at the Ukrainian banking system, it will turn out, for instance, that it is much more deregulated and progressive than the European bureaucracy in many areas. During our time as a candidate country – primarily thanks to Poland's advocacy – Europe will examine the practices that have emerged in Ukraine in terms of military security, cybersecurity or renewable energy. Perhaps Germany, where the reign of Merkel's ideology and the pro-Russian model is over, will return to an effective nuclear policy and stop using Russian energy. Perhaps Europe will see Ukraine not as a younger brother, but as an equal brother who can offer the world new solutions.

I will repeat this again: Poland's advocacy will be very important. I am convinced that business circles will be able to get along even faster than our governments. I will be counting on this in the near future.

## **Maria Repko**

In terms of traps, I see two important matters here, which need to be mentioned.

We have a bitter saying in Ukraine: our country will never miss an opportunity to miss an opportunity. All of society must be aware that changes are needed so that society comes to realise that this cannot continue. Why am I more optimistic? Firstly, I saw how Ukraine changed after the Maidan. Even without as much of a shock as now, there was already an awareness that Russia and Ukraine are two different countries and two different societies. If we compare Ukraine before and after the Maidan, there have been a great number of changes.

Secondly: this suffering that Ukraine has undergone, the victims. I do not share the concerns about potential military elites. The military is made up of professionals, businessowners, managers, journalists, doctors, and so on. I have friends there. The Ukrainian army differs from the Russian one, which is made up of people from the provinces, where there are camps for prisoners. They are ordinary Ukrainians – the ones you could meet at conferences in Poland – who took up arms. They are now motivated to defend what they can, in economic and political terms. After what we have sacrificed, we cannot return to business as usual. They will not allow it. I do not want to talk about positive things, because war is by no means positive, but that will be one of the consequences if Ukraine wins this war.

**Edwin Bendyk** – head of the Stefan Batory Foundation. Journalist, publicist and writer. Until recently, he ran the science section of the *Polityka* weekly. He lectures at the Graduate School for Social Research at the Polish Academy of Sciences and Collegium Civitas, where he was one of the founders of the Center for Future Studies.

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