

'REBUILD UKRAINE' NEOLIBERAL REFORMS, ENERGY AND POST-WAR PATHWAYS

RESEARCHER: Olena Lyubchenko

 @OlenaLyubchenko

ABSTRACT

This report outlines findings from analysing the *ReBuild Ukraine powered by energy: International Exhibition* in Warsaw in November 2023, and it is part of a broader investigation into Ukraine's post-war reconstruction. We offer an overview of conference proceedings and specific trends observed, including Ukraine's **alignment with the European Green Deal, blended finance, and strategies for mitigating risks in Eastern and Southern regions**. Drawing upon critical political economy literature, it provides insights into these findings. In conclusion, it identifies key research questions for further exploration of Ukraine's post-war reconstruction in 2024-2025.

INTRO

In April 2022, shortly after Russia's invasion in February, President Volodymyr Zelensky of Ukraine established the National Council for the Recovery of Ukraine from the Consequences of the War. The initial draft of Ukraine's National Recovery Plan was released in July 2022 under the banner of "Strong European Ukraine is a 'magnet' for international investment". The Ukraine Recovery Conference in Lugano in July 2022 marked the global launch of Ukraine's recovery efforts, jointly organised by Switzerland and Ukraine. Since then, **Ukraine's post-war reconstruction has evolved into a significant neoliberal industry, estimated at over US\$486 billion for the next decade, according to the World Bank's projections for 2024.**

This industry is characterised by elite international conferences involving financial institutions, donors, investors, Western governments, development agencies, Ukrainian banks, and various levels of state administration. These conferences aim to attract substantial private investment for Ukraine's reconstruction while shaping its political economy **towards good governance, privatisation, and European integration principles**. Among these gatherings, the annual event is a prominent offline forum showcasing recovery projects, technologies, investments, and energy-related resources and infrastructure needed for Ukraine's rebuilding efforts.

PROBLEM SETTING

The reconstruction of Ukraine's war-torn economy is likened to a new 'Green Marshall Plan,' making it Europe's foremost economic endeavour since World War II. Unlike the Marshall Plan, rooted in state intervention and development, **Ukraine's reconstruction operates within a late neoliberal international development paradigm**, the Wall Street Consensus.

This transformative undertaking promises to **reshape Ukraine's political economy**, foster neoliberal innovation, and realign global production and energy dynamics. It includes green recovery synchronised with the EU, **prioritising privatisation while utilising the Ukrainian state to de-risk investment in the name of helping Ukrainians**.

Emphasis on the EU's interest in Ukraine's energy independence, green hydrogen plans, and US Green Industrial Policy adoption. **De-risking private investment** through the *EU's Ukraine Facility Plan* and the **political-advisory role of finance capital further shape the reconstruction landscape**.



RESEARCH QUESTIONS

- ▶ What trends does this plan reveal and establish in the post-war reconstruction sector?
- ▶ What is legitimising the privatisation of public goods?
- ▶ Does this post-war reconstruction fit the model of "risk-free development"?
- ▶ How does this reinforce financial and technological dependencies? Will this produce transfers of resources to Europe?

EUROPEAN GREEN DEAL

- Energy is a key focus of Ukraine's recovery plan, ranking fourth among 15 national programs.
- Ukraine aims to synchronise its electricity grid with Europe, potentially creating the world's strongest grid.
- Ukraine's energy resources, including nuclear, wind, solar, and gas, can benefit the EU and help reduce reliance on Russian energy.
- The vision includes Ukraine becoming a major electricity provider to Europe, with a modern, clean, and decentralised energy system.
- Ukraine's green transition reforms include improving the business climate, incentivising private investment, engaging at the municipal level, and supporting public-private partnerships.

BLENDED FINANCE

- Blended finance promises to reduce Ukraine's reliance on foreign aid, with private investment playing a key role.
- The war in Ukraine is seen as defending international financial institutions.
- Nationalisation is viewed as a risk to private investment, alongside threats like Russian missiles.
- The Ukraine Facility's second pillar focuses on providing guarantees and blended finance, prioritising de-risking and supporting private sector enterprises.
- "Not rebuild, but build a new Ukraine"

KEY FINDINGS

DE-OCCUPATION & DE-RISK

- In liberating Eastern and Southern Ukraine, strong emphasis was placed on leveraging debris, including, in part, by adopting sorting methodologies inspired by the post-war reconstruction in the Balkan regions.
- The reconstruction will be carried out through three broad approaches: i. Cash for repairs, ii. Circular reconstruction, and iii. Build Back Better, which will capitalise on debris. It is planned even for territories under Russian occupation.
- The Ukrainian government will provide ironclad guarantees to support businesses and investments in these regions.

FURTHER INVESTIGATION

▶ Can foreign capital influence Ukraine's post-war reconstruction through partnerships with the government, agreements to purchase power, or special financial instruments for green projects? Will this lead to a potential transfer of funds from local Ukrainian or post-Soviet elites to foreign investors?

▶ What impacts will Ukraine's shift to green energy for the EU have on financial ties, technology reliance, and resource transfers?

▶ To what extent could these mechanisms and the interests of financial capital obstruct the development of alternative strategies for post-war reconstruction?

▶ How do European values such as gender equality, feminism, and gender mainstreaming feature in 'recovery' policies and proposals?

▶ Ukrainians have experienced energy poverty since before the war, and the burden has increased especially for displaced Ukrainians, the elderly and children in the past years. How do such energy projects address energy poverty or does their focus on infrastructure privilege a commodity approach? Is this visible in other sectors crucial to war-related aid, such as food and care work?

