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Recovery and reconstruction lessons for Ukraine

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What global lessons are there about the opportunities and challenges for recovery and reconstruction in Ukraine? Include information on private sector investment.

Contents

1. Overview

This rapid literature review explores the global evidence on lessons from recovery and reconstruction activities for the Ukrainian context. It draws on policy, practitioner, and academia literature, in line with the applied nature of the subject, particularly from the peacebuilding and state building literatures. It draws on: high-level guidance documents (that aggregate findings across cases); case study literature, where the case/s and/or lessons appear to have relevance; and some Ukraine specific papers. Texts published in the last five years are prioritised. As this question covers such a broad range of issues, this query is not conclusive, but is instead illustrative of some of the main lessons and debates.

1.1 Key points

Concepts - A number of overlapping concepts contribute to our understanding of recovery and reconstruction approaches including: (disaster) relief, recovery, and reconstruction; development, humanitarian, and peacebuilding nexus; fragile and conflict affected states (FCAS); state-building; peacebuilding; conflict sensitivity; stabilisation; and resilience. Reconstruction approaches vary according to the temporal and spatial context - e.g. the Marshall Plan included the rehabilitation of infrastructure and production, while post-Cold War activities included activities on infrastructure, basic service provision, and the development of frameworks to rebuild the economy. Using the terminology of reconstruction for Ukraine highlights the commitment of actors to take a holistic approach that understands and plans interventions across the complex spectrum of conflict and post-conflict.

Phasing/timing - It is increasingly noted that despite security being a fundamental element to the success of post-conflict reconstruction, donor support does not need to wait until violent conflict stops. Post-war reconstruction typically entails rebuilding soft and hard infrastructure in an integrated and holistic approach across sectors, interventions, and actors. Figuratively, reconstruction processes can be understood as having three phases:

- An immediate in-conflict or stabilisation phase
- A medium-term recovery and restructuring phase
- A transformative phase

In reality, change is not linear, and these phases may occur concurrently, with a blurry line between them.

Ukraine context - Specific characteristics of the Ukrainian context, compared to other FCAS, include: the nature of the conflict (protracted inter-state conflict by an external aggressor); cohesiveness of its population; functional and widely accepted statehood; well-developed socio-economic, human capital, and physical infrastructure characteristics/assets; high pre-existing levels of corruption; and well developed transnational/regional linkages and EU candidate status. Some lessons may be useful from other contexts, including: the Marshall Plan; the Dodge Line recovery (Japan); post-Cold War Eastern Europe; the reunification of Germany; post-Yugoslavia Western Balkans; and Iraq and Afghanistan. Ukraine's unique context means that lessons from other contexts should be applied with

caution, however, there are many higher-level principles on how to work in conflict/post-conflict contexts that are relevant.

Challenges and opportunities

- **Current reconstruction plans for Ukraine** commonly suggest: a goal of transforming and modernising its economy and society in line with EU accession; that Ukrainians should lead in setting priorities and implementation; that effective oversight mechanisms are needed to address corruption risks; and that a long-term, but not infinite, commitment is needed from donors.
- **Context specificity and do no harm** – A strong understanding of the context is critical to understanding the challenges and opportunities for reconstruction, and in designing and implementing policies and reforms. This analysis should be dynamic and ongoing. Moreover, a failure to understand the context risks doing harm by exacerbating already fragile situations ('do no harm')
- **Local ownership** - Aid is most likely to be appropriate, effective, and sustainable when local populations and civil society are included in decision making. Reconstruction initiatives should be nationally owned, with aims that are consistent with national interests, and by using/strengthening national systems.
- **Inclusion and equity** - Characterised by fragility and instability, post-conflict settings most negatively affect the poorest and most vulnerable groups, including women and girls, children and the elderly, and people with disabilities. Most socially excluded groups experience multiple deprivations that reinforce each other. The post-conflict transition period can present critical windows for change when policies and norms can be established that are later hard to shift; e.g. gender mainstreaming aims not just to address women's needs related to conflict, but also to seek transformative changes to gender equality and gender relations. Women's meaningful participation in peace negotiations and in post-conflict reconstruction is correlated with increased likelihood that peace agreements incorporate gender provisions, that peace will be more durable, and that post-conflict policies will have more equitable outcomes.

A holistic approach

- **Human development and social capital -** The humanitarian, development, and peacebuilding nexus approach aims to present a holistic approach to reconstruction efforts – e.g. not just focussing on the reconstruction of infrastructure, or the economy, but also focussing on social and political reconstruction. A social capital approach to resilience can be used to focus on types of capital, e.g.: human, social, physical and financial.
- **Security -** A secure environment and the backing of the local population and the government are considered to be preconditions for successful post-conflict reconstruction, especially for investment. Following an end to the conflict, potential EU accession would give Ukraine powerful positive incentives to maintain peace, while Russia's incentive to keep peace would likely be principally about deterrence.

- **Investment and economic development** - A reconstruction programme presents an opportunity for Ukraine to move to a more productive, sustainable, and inclusive society and economy. The authorities will need to strategically allocate scarce public resources, and implement extensive reforms to increase competition, lower transaction costs, and encourage the entry of foreign firms and the acquisition of new technologies. The private sector financing response also requires other conditions e.g.: scaling back the presence of state-owned enterprises (SOEs); encouraging public-private sector collaboration; eliminating regulatory obstacles that inhibit the creation or expansion of competitive markets; accelerating the alignment of domestic laws and EU regulations; development of new industries and infrastructure that reflect Ukraine's deepening integration with European and transatlantic markets; conducive macroeconomic developments, and external guarantees for security and governance (IFC, 2023).
- **Culture and cultural heritage** - Conflicts have devastating effects on culture, including intentional, high-profile destruction of people's collective memories and the erosion of symbols representing cultural identities aimed at disempowering and degrading communities. A number of articles focus on how to integrate culture and cultural heritage into post-crisis recovery processes.

Governance of reconstruction approaches

- **Sequencing and prioritisation** - While there are often statements about how to sequence reforms in FCAS, there is limited evidence on how it has been done in practice, what sequences have been used, or how these have affected outcomes. A context-specific sequence should be developed, with a focus on common challenges and trade-offs, and on the processes of prioritisation and sequencing.
- **An agile (not linear) approach** - Reconstruction approaches need to be agile, and not planned in a rigid, and linear model, due to uncertain and changeable contexts. Scenario planning can be useful to manage risk and foster decision-making during fluid contexts of protracted conflict.
- **Understanding the political economy of aid -** The role and reality of external actors in influencing normally endogenous – and highly political - state-building processes is widely critiqued. Reconstruction policies should take into account the political economy of the aid actors involved, and common tensions and trade-offs. Ensuring public support within donor countries for what could be decades of support for Ukraine will be vital. A bipartisan campaign – such as that used to gain public approval for the Marshall Plan – is recommended.

2. Concepts

"Post-conflict reconstruction is not only a project or product, but also a process that helps people recover. It raises many challenges, opportunities, and dilemmas, notably what to continue and what to change." (Khalaf, 2020)

A number of overlapping **concepts and literatures contribute to our understanding of recovery and reconstruction approaches, e.g.: (disaster) relief, recovery, and reconstruction; development, humanitarian, and peacebuilding nexus** (the "triple nexus"); development and humanitarian nexus; disaster risk reduction; linking relief, rehabilitation, and development (LRRD); fragile states; state-building; peace-building; conflict sensitivity; and resilience (Fanning & Fullwood-Thomas, 2019). These concepts emerged from the 1990s onwards, in line with the broadening of the international development and foreign policy agendas. The relief, recovery, and reconstruction literature is most often used in reference to natural disasters (e.g. Daly, et al., 2020), especially in the academic literature, and also in most policy/practitioner literature (with the guiding Sendai Framework for Disaster Risk Reduction). Where the relief, recovery, and reconstruction terms are used in regards to conflict/post-conflict contexts, it appears to be used mostly to reference specific donor programmes such as the World Bank's Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF), or the European Recovery Program (also known as the Marshall Plan). This paper mostly does not include lessons from natural disaster contexts, as while they may have relevance for some sectors (e.g. infrastructure), they likely have less relevance for other sectors (e.g. particularly socio-cultural and socio-political aspects).

Alnafrah and Mouselli (2020) explain that **reconstruction approaches vary according to the temporal and spatial context**. "In the Marshall Plan period, reconstruction meant the rehabilitation of the infrastructure for countries that got out of the war and the re-energisation of production. In the Cold War, not only did reconstruction mean the rehabilitation of infrastructure and the provision of basic services to citizens, but also the creation and development of the institutional frameworks and policies needed to rebuild the economy that could generate sustainable employment" (Alnafrah & Mouselli, 2020).

Samoré (2023, p.1) highlights that **the word 'reconstruction' has been used since 2022 for Ukraine at the EU level**, and that "this is a great achievement for the post-conflict researchers' community… that have restlessly highlighted the importance of dealing with conflict and post-conflict as a complex spectrum, where recovery considerations need to be taken into account from the early stages". This framing facilitates analysis of a holistic approach to conflict/post-conflict, e.g. so that "when designing international efforts for physical reconstruction and investment, emerging challenges to good governance and rule of law, such as corruption, must be carefully considered and managed" alongside (Samoré, 2023, p.1).

From these concepts and debates emerged the idea of the development, humanitarian and peacebuilding nexus, and there is now a big literature on lessons relating to this nexus. "Unlike previous efforts, however, the nexus dialogue goes beyond a programmatic or conceptual approach. It relates to ongoing structural shifts across the aid system that are changing how aid is planned and financed. These will have profound implications for what we do, how we do it and with whom we do it", find Fanning and Fullwood-Thomas (2019, p.3). In situations of escalating conflict and fragility, development programming is still typically diminished in favour of humanitarian programming, yet new debates emphasise the importance of prioritising "prevention always, development when possible and humanitarian action when necessary" (OECD, 2020, p.17).

2.1 Phasing/timing

It is increasingly noted that despite security being a fundamental element to the success of post-conflict reconstruction, donor support does not need to wait until violent conflict stops (O'Driscoll, 2018). "Remaining engaged during conflict and crisis situations to preserve development gains, protect essential institutions, build resilience, and be ready for future recovery is one of the pillars of the World Bank [Fragility, Conflict & Violence] FCV strategy" (World Bank, 2024). Indeed, a study of reconstruction efforts in the MENA region found that targeted human development and private sector development interventions "can be effective even during conflict" (Islamic Development Bank, 2020, p.9).

Post-war reconstruction typically entails rebuilding soft and hard infrastructure in an integrated and holistic approach across sectors, interventions, and actors (Sakalasuriya, Haigh & Amaratunga, 2018). A phased model can help understand how needs and capacities change over time – e.g. (Alnafrah & Mouselli, 2020):

1. **An immediate in-conflict or 'stabilisation phase'**, where violent conflict is either ongoing or where peace settlements have yet to take hold, and where donor support should focus on meeting people's immediate needs, supporting peace deals and avoiding a relapse into violence
2. **A medium-term 'recovery and restructuring phase'**, in which interventions transition from a humanitarian to a more sustainable development approach
3. **A 'transformative phase'**, which focuses on developing the longer-term capacity of institutions and practices to secure lasting economic growth and social development

Importantly, this model is figurative, as: these phases may occur concurrently; change is not linear; there is often a blurry line between conflict and post-conflict periods; and reconstruction work may start before conflict ends (as is happening in Ukraine) (Herbert, 2022). South Sudan is an example of a country where donors activity has been transitioning from humanitarian to development aid and back, e.g. from 2011 to 2013, much donor programming focussed on state-building and capacity development, but after the 2013 and 2016 outbreaks of conflict, donors dropped many of these programmes, reverting back to protection and relief programmes (Herbert, 2019b). South Sudan is a country where debates focus on the optimal interaction between relief assistance and development aid (Sørbø, et al., 2016, p.18-19).

3. Ukraine context

The Ukrainian context demonstrates some specific characteristics that shape whether, and to what extent, lessons from other conflict and reconstruction contexts would be relevant, these include (Grävingholt, et al., 2023; Kravchenko, et al., 2023; Shatz, et al., 2023; Becker, et al., 2022; Fund for Peace, 2023):

- The nature of the conflict and any potential peace agreement – a protracted inter-state conflict by an external aggressor (relatively uncommon in the modern day, with the other examples being Iraq and Afghanistan).

- The relative cohesiveness of its population in terms of ethnic and sectarian differences.
- Functional statehood - Ukraine has a functional and widely accepted statehood throughout much of its territory. The state experiences high levels of legitimacy, with this increasing since the war began.
- Ukraine's well developed socio-economic, human capital, and physical infrastructure characteristics/assets, relative to other FCAS.
- High pre-existing levels of corruption in Ukraine.
- Well-developed transnational/regional linkages and EU candidate status – with its desires to join the EU, and EU candidate status, Ukraine has greater access to funding and higher normative pressures to enact governance reforms.

There is an emerging body of literature that draws **lessons for Ukraine from global examples, including: the rebuilding of Western Europe after World War II (WWII) (the Marshall Plan)** (Shatz, et al., 2023; Kravchenko, et al., 2023; Becker, et al., 2022; Alnafrah & Mouselli, 2020); Japan post-WWII (the Dodge Line recovery programme for Japan (Kravchenko, et al., 2023); Eastern Europe after the Cold War (Shatz, et al., 2023), including the reunification of Germany (Becker, et al., 2022); the Western Balkans after the break-up of Yugoslavia (Shatz, et al., 2023; Grävingholt, et al., 2023), Iraq and Afghanistan (e.g. Grävingholt, et al., 2023; Becker, et al., 2022), and some on reconstruction following natural disasters (Becker, et al., 2022; Shatz, et al., 2023).

The most notable reconstruction efforts from modern history were those carried out in Iraq and Afghanistan, but Ukraine has key differences in regards to: statehood and elite divisions, and therefore the chances of insurgency or civil war (Shatz, et al., 2023). Ukraine's pre-conflict levels of economic development and human capital, and its proximity to the EU (including its recent EU candidate status) mean that "Ukraine will likely resemble Europe after WWII, rather than Iraq or Afghanistan in 2002/2003" (Becker, et al., 2022, p.vii), even though the historic period of the Marshall Plan vis-à-vis Ukraine is radically different, and lessons should thus be derived with caution. A critical characteristic is that Russia's invasion has radically altered Ukraine's economy, with its longstanding financial and trade ties to Russia dissolved, and with an even more significant rotation to Europe and EU membership (International Finance Corporation (IFC), 2023, p.vi).

It is important to consider the risks of transferring lessons from one environment to another, particularly the risk of "anecdotal tourism", where "overly simplified lessons [are] taken from one country context to be applied in another" (ISE, 2019, p.4). Yet, while the Ukrainian context is quite unique, there are many higher-level principles on how to work in conflict contexts that are transferrable – e.g. such as do no harm principles, the need for local ownership and participation, and lessons on the governance of donor interventions.

4. Challenges and opportunities

4.1 Reconstruction plans for Ukraine

There is a growing body of policy literature on plans for Ukraine's reconstruction. A useful commentary piece by Skidmore, Wessel and Asdourian (2022) summarises proposals by international donors and research centres on reconstruction plans for Ukraine. They find that the plans largely agree that:

- The **overarching goal** of reconstruction should be to **transform Ukraine's economy and society by modernising** its infrastructure, economic, political, and social institutions, thus providing a decisive break from its Soviet past and paving the way for EU accession. Several plans use the phrase "build back better."
- **Ukrainians should take the lead in setting priorities and in implementation**, with diverse and inclusive representation (e.g. including national and local government officials, leaders from civil society, the private sector etc).
- **There should be effective oversight mechanisms to ensure programme goals are achieved and to reduce corruption**.
- There should be a **long-term commitment to reconstruction that is not indefinite**, to ensure self-sufficiency (several plans mention 10 years). Assistance, at least in the early stages of reconstruction, should be primarily as grants to avoid unmanageable debt accumulation.

4.2 Context specificity and do no harm

As the literature consistently agrees**, a strong understanding of the context is key to understanding the challenges and opportunities** for reconstruction, and in designing and implementing policies and reforms. The conflict sensitivity literature widely identifies that conflict analysis should be dynamic and ongoing to refine and update it to changing situations, and to support consistent monitoring of the implementation of interventions (Herbert, 2017). E.g. Interventions can affect the behaviour of actors in unforeseen ways; in the reconstruction period in Iraq after 2003, "as political and sectarian tensions rose, Iraqi officials became increasingly reluctant to make decisions for fear of being accused of engaging in corruption or of favouring one side or the other" (Matsunaga, 2019). While previous decades saw a tendency towards technocratic analyses and approaches to peace and state-building, the current context see consensus in the literature that there is no blueprint for reforms in any context, let alone the complex environments of FCAS, and the complex processes of peace and state-building (e.g. Herbert, 2014). Notably, however, there are also many challenges in maintaining context-specific analysis – such as limited resources for analysis, and accessibility to FCAS contexts (Herbert, 2017).

Do no harm - Moreover, a failure to understand the context risks doing harm by exacerbating already fragile situations. The 'do no harm' principle determines that: "a minimum obligation for any action or intervention in and on conflict is that it does no harm i.e. it consciously looks for and seeks to avoid or mitigate negative impacts" (Brabant, 2010,

p.2). “A failure to understand the nature of the regime, the character of the state, and the nature of interest groups that shape the political dynamics” is identified as a common risk experienced by past reconstruction efforts, in a paper examining global lessons for peacebuilding and reconstruction in Syria, Iraq, Yemen, and Libya (Institute for State Effectiveness (ISE), 2019, p.3). A literature review of global lessons for reconstruction highlights how reconstruction should address the needs of the locals, and rebuilding the social contract, and should be careful not to consolidate elite power and wealth further (O’Driscoll, 2018). E.g. reconstruction efforts can be used to rebuild the power of elites and reimpose authority, rather than to transform society, as occurred in Syria where the conflict did not lead to regime change (O’Driscoll, 2018).

4.3 Local ownership

Aid is most likely to be appropriate, effective, and sustainable when local populations and civil society are included in decision making; the literature is replete with references to the need for local ownership in reconstruction processes (e.g. Becker, et al., 2022; O’Driscoll, 2018). Inclusive and participatory processes improve the ability to understand and integrate local considerations (O’Driscoll, 2018, p.2). E.g. post-conflict reconstruction in Sri Lanka is considered successful, in part, due to the participation of local people in the initiative - from the inception to the end – and due to the diverse partnerships that were formed to implement the projects including donors, the government, and community organisations (UN-Habitat, 2017 in O’Driscoll, 2018).

Reconstruction initiatives should be nationally owned, with aims that are consistent with national interests, and by using/strengthening national systems (e.g. Becker, et al., 2022). E.g. lessons from Iraq post-2003 highlight the need for the international community to “prioritise reinforcing national success through national institutions”, with consideration of local constraints and challenges, especially for the impact and sustainability of reconstruction efforts (Matsunaga, 2019). Matsunaga (2019) notes that “the drive for early results does not justify bypassing national institutions; donors should work through them”, and that “imposing external solutions can provoke counterproductive reactions”. Popular involvement in reconstruction governance mechanisms can generate a sense of influence, and offset the sense of imposition by international actors (Institute for State Effectiveness (ISE), 2019). Further, international actors should be agile and flexible to the changing context, and should be wary of bringing preconceived ideas to the reconstruction process (O’Driscoll, 2018). Reconstruction can also have many negative environmental impacts, thus it is important these are taken into account and mitigated where possible (O’Driscoll, 2018).

4.4 Inclusion and equity

Characterised by fragility and instability, post-conflict settings most negatively affect the poorest and most vulnerable groups, including women and girls, children and the elderly, and people with disabilities, e.g. due to: displacement, limited access to public services, insecure livelihoods, violence and exploitation (Crown Agents International Development (CAID), 2023; Herbert, 2022). Most socially excluded groups experience multiple deprivations that reinforce each other thus an intersectional analysis of groups helps

expose how inequalities can intersect. Effective post-conflict leadership should be committed to addressing inequalities and exclusion, and should foster social dialogue and reconciliation (O'Driscoll, 2018, p.2). Again, by understanding differentiated needs, and by including diverse voices in planning and implementation, there is a better chance of understanding and addressing inequalities (O'Driscoll, 2018). E.g. analysis of inequalities could mean supporting microeconomic structures instead of (or alongside) macroeconomic structures, to ensure benefits do not just accrue to elites (O'Driscoll, 2018).

The post-conflict transition period can present critical windows for change when policies and norms can be established that are later hard to shift;[1] e.g. mainstreaming gender aims not just to address women's needs related to conflict, but also for transformative changes to gender equality and gender relations (e.g. Herbert, 2022; O'Driscoll, 2018). There has been much work at the UN level to address this - especially through the Women's Peace and Security (WPS) agenda - which highlights the need to: integrate a gender perspective at all stages (from conflict to post-conflict); counter inegalitarian social norms; and promote women's leadership and support women's organisations. While the IWD agenda has garnered broad commitments (including by the UK), there has been a general weakness in implementation (Herbert, 2022). The 2023 IWD theme was "Embrace Equity", which Conciliation Resources (2023) interpret to highlight that "when we embrace equity, we can embrace peace". Indeed, there is much research that shows a correlation between gender inequality issues and conflict (Herbert, 2014).

Women's meaningful participation in peace negotiations and in post-conflict reconstruction is correlated with increased likelihood that peace agreements incorporate gender provisions, that peace will be more durable, and post-conflict policies will have more equitable outcomes, with women's civil society and grassroots initiatives at the frontline (Herbert, 2022). Women can also bring different perspectives to negotiations and foster local ownership of reconstruction efforts. Women – as a group – is significantly diverse – thus intersectional analysis is critical to identify those that are most excluded. UN (2020) priorities in this area include: women's equal participation in peace negotiations and in all levels of post-conflict governance; and supporting women's civil society and grassroots initiatives. Suggested actions include (UN, 2020): mechanisms to advance women's inclusion (e.g. quotas, recruitment campaigns, and inclusive negotiating spaces); and appointing women to national and local governance bodies at all levels.

4.5 A holistic approach

Human development and social capital

As mentioned above, the humanitarian, development, peacebuilding nexus approach embodies the ambitions of a holistic approach to reconstruction efforts – e.g. not just focussing on the reconstruction of infrastructure, or the economy, but also focussing on social and political reconstruction. Some approaches/concepts mentioned in the literature

[1] So called "critical junctures" and "path dependency".

include: a resilience reconstruction agenda, which draws attention to social capital and social cohesion in FCAS, and the importance of including local communities in peacebuilding and development processes (Herbert, 2021);[2] and a human security centred post-conflict reconstruction approach which conceives of "security as the protection of all human lives in ways that enhance human freedoms and fulfilment" (Samoré, 2023, p.4-6).

In their study of reconstruction efforts in the MENA region, the Islamic Development Bank (2020) proposes a framework for how countries can build resilience based on four types of capital: human, social, physical and financial. "The framework emphasises that building social capital – the ties and bonds that connect people both horizontally with one another across society, and vertically with the State – is an essential cross-cutting requirement for effective recovery and building resilience" (Islamic Development Bank, 2020, p.9).

Security

A secure environment and the backing of the local population and the government are argued to be preconditions for successful post-conflict reconstruction, especially for investment (O'Driscoll, 2018; Shatz, et al., 2023). "Durable security gives businesses and investors the confidence to take risks and make long-term commitments. The North Atlantic Treaty Organization (NATO) provided security for European reconstruction after World War II and the Cold War and deployed more than 100,000 peacekeepers to Bosnia, Kosovo, Croatia, and Macedonia after the break-up of Yugoslavia" (Shatz, et al., 2023).

Following an end to the conflict, potential EU accession would give Ukraine powerful positive incentives to maintain peace, while Russia's incentive to keep peace would likely be principally about deterrence (Shatz, et al., 2023). Shatz, et al. (2023) notes that new models might be needed to ensure Ukraine's security. "Europe's security architecture has long offered states a binary choice: A country is in NATO or it is not. Policymakers should evaluate alternatives for Ukraine, which has never quite fit into this model" (Shatz, et al., 2023).

Investment and economic development

A common statement in the literature about Ukraine is to use the reconstruction phase to "finally shake off some of the legacies of the past and leapfrog to a more productive, sustainable and inclusive society. This will need a fundamental, forward-looking rebuild of not just housing and infrastructure, but also economic institutions that enable building a dynamic economy" (World Bank, 2022b). This would be anchored in its EU accession trajectory, which determines legal and institutional requirements for membership (World Bank, 2022b). The Marshall Plan strongly incentivised regional integration, and it was instrumental in building confidence about the future of post-WWII Europe (Becker, et al.,

[2] Yet while resilience (and 'building back better') is increasingly referred to in policy discussions and practices, important challenges remain in defining, understanding, analysing, and operationalising this framework in politically and technically feasible ways (Herbert, 2021).

2022). Ukraine's progress on meeting criteria for EU accession would send important signals to the market about a long-term commitment to a market-based democracy in Ukraine (Becker, et al., 2022).

The International Finance Corporation (IFC) (2023, p.vi) explains how Ukraine's public sector has expanded to meet wartime needs, while the private sector has contracted (in absolute terms, and also as a share of gross domestic product (GDP)) and has accumulated financial assets. "In this context, the right policies, incentives and risk management tools could make private financing available to support a green and resilient reconstruction. To unlock these opportunities, **the authorities will need to strategically allocate scarce public resources while implementing extensive reforms to increase competition, lower transaction costs, and encourage the entry of foreign firms** and the acquisition of new technologies" (IFC, 2023, p.vi). The private sector financing response also requires other conditions such as: a broad effort to scale back the presence of state- owned enterprises (SOEs); encouraging collaboration between the public and private sectors; eliminating regulatory obstacles that inhibit the creation or expansion of competitive markets; accelerating the alignment of domestic laws and EU regulations; development of new industries and infrastructure that reflect Ukraine's deepening integration with European and transatlantic markets; conducive macroeconomic developments, and external guarantees for security and governance (IFC, 2023, p.vi). "International development partners could play an important role in supporting the identified reform measures and risk mitigation, such as guarantees for private investors" (IFC, 2023, p.vi). Based on lessons from Iraq's reconstruction, Matsunaga (2019) highlights how the success of reconstruction efforts were limited as it did not facilitate broader economic opportunities, with the most critical shortcoming it's failure to diversify the Iraqi economy away from the dominant oil sector.

The Islamic Development Bank's (2020, p.9-10) identifies the following activities for private sector development, in its study of reconstruction initiatives in the MENA region:

1. In the immediate in-conflict or stabilisation phase - restorative planning to identify priority sectors, contractors, and suppliers, ensuring a rapid improvement in services and activating an improved investment climate – for example, by mobilising the distribution of loans to small and medium enterprise (SMEs) industries through local banks.
2. In the medium-term recovery and restructuring phase - more structured assistance for SMEs (e.g. to improve their operational resilience and ability to enter value chains), supporting essential legal/regulatory changes (e.g. related to Foreign Direct Investment and Special Economic Zones), creating an investment promotion agency and undertaking a structured investment promotion campaign, and expanding the reach of financial services.
3. In the transformative phase - deepen financial resilience through the incremental transfer of traditional government services to the private sector (e.g. via public–private partnerships), support governments to increase the speed of business registration, expand the activities of the investment promotion agency by developing a comprehensive project portfolio using blended and project finance, and continue incremental investments in enabling and social infrastructure.

Culture and cultural heritage

Conflicts have devastating effects on culture, including intentional, high-profile destruction of people's collective memories and the erosion of symbols representing cultural identities aimed at disempowering and degrading communities (World Bank & UNESCO, n.d., p.4). A number of articles focus on the reconstruction of culture and cultural heritage post-conflict, noting that despite this being a common subject of discussion, it still continues to be generally overlooked by mainstream post-war reconstruction practices and policies – "perceived and treated as a luxury" (Barakat, 2021).

The World Bank and UNESCO (n.d.) have developed the "CURE Framework", which provides a model to "help practitioners **integrate culture and cultural heritage into post-crisis recovery processes**. The CURE Framework draws from existing frameworks and tools for reconstruction and recovery in urban settings. It seeks to knit together people-centered and place-based approaches to produce integrated policies that share a common cultural thread… By integrating culture into sustainable urban development policies that address the impact of crises on urban communities, the CURE Framework will help make cities more inclusive, safe, resilient, and sustainable." See Graphic 1 and Table 1 in Appendix 1 for more details.

4.6 Governance of reconstruction approaches

Sequencing and prioritisation

While there are often statements in the literature about the sequence programming reforms should follow in statebuilding in FCAS, Herbert (2014) finds that **there is limited evidence on how sequencing has been done in practice**, what sequences have been used, or how these have affected outcomes. Indeed, "the very idea that it is possible, or desirable, to sequence areas for reforms is contested. Most texts recommend **that a context-specific sequence should be developed**", with a focus on common challenges and trade-offs, and on the processes of prioritisation and sequencing (Herbert, 2014, p.1). Common challenges and trade-offs include: footprint trade-offs (e.g. the scope of reforms); duration trade-offs (e.g. quick wins versus slow reforms); participation trade-offs (e.g. broad versus limited inclusion); dependency trade-offs (e.g. the tensions of externally-assisted reforms); and coherence trade-offs (e.g. across different actors) (Sisk, 2007 in Herbert, 2014).

An agile (not linear) approach

Many papers stress the **need for reconstruction approaches to be agile, and not planned in a rigid, and linear model, due to the uncertain and changeable context** (e.g. Grävingholt, et al., 2023). In reflections from Iraq after 2003, Matsunaga (2019) notes it was important for external actors to adopt a bottom-up and flexible approach to deal with the uncertain, fluid, and complex nature of reconstruction there. In Iraq, there were also serious gaps between the reality of needs and constraints on the ground and what reconstruction projects and programmess were trying to achieve (Matsunaga, 2019). Matsunaga (2019) argues for better mobilisation of donor funding mechanisms to leverage private resources

and stimulate private sector activities. E.g. “In Iraq, job creation and long-term growth outside of the oil sector remained limited partly due to the failure to mobilize private funding for the non-oil sector” (Matsunaga, 2019).

ISE (2019) explains how the World Bank uses **scenario planning as part of its risk management approach to account for fluid situations of protracted conflict**. E.g. when violence increased in Nepal the late 1990s, the World Bank decided to pursue its “low case” scenario of lending up to $150 million per year. While in 2003 it shifted to its “base case” scenario, lending up to $350 million per year. During the Maoist insurgency and civil war, it “relied more heavily on local stakeholder and private sector participation in project preparation and implementation, decreasing reliance on public sector institutions during the conflict”.

Understanding the political economy of aid

The role and reality of external actors in influencing normally endogenous state-building processes is widely critiqued. Strategic planning, and decisions about national priorities, are inherently political, and international actors are not neutral. Reconstruction policies should take into account the political economy of the aid actors involved, and common tensions and trade-offs. Common tensions and contradictions of external involvement in statebuilding, include: the promotion of universal values for local problems; external actors defining legitimate leaders; the pursuit of donor over domestic interests; weak donor coherence and cooperation; and short-term imperatives versus long-term objectives (Herbert, 2014; O’Driscoll, 2018). E.g. donors may pressure implementing agencies to procure goods from the donor country, despite more suitable and cheaper materials being found in neighbouring countries (O’Driscoll, 2018).

Ensuring public support for what could be decades of support for Ukraine will be vital (Shatz, et al., 2023). E.g. “in 1948, President Harry Truman’s administration and congressional leaders embarked on a well-coordinated, bipartisan effort to gain public approval for the Marshall Plan, the archetypal post-war reconstruction effort. Although the Marshall Plan stands out, in retrospect, as a great success, its approval was not at all certain.” (Shatz, et al., 2023). The current global context is significantly different in there now being a well-established and accepted international aid industry, including norms for post-conflict reconstruction. At the same time, some western countries have also experienced increased scepticism towards international development, and extended war campaigns, in recent years. The possibility of Donald Trump becoming President of the US again in 2024 could change the international relations context significantly.

5. Appendix 1: Culture in City Reconstruction and Recovery Framework

Figure 1: Culture in City Reconstruction and Recovery Framework

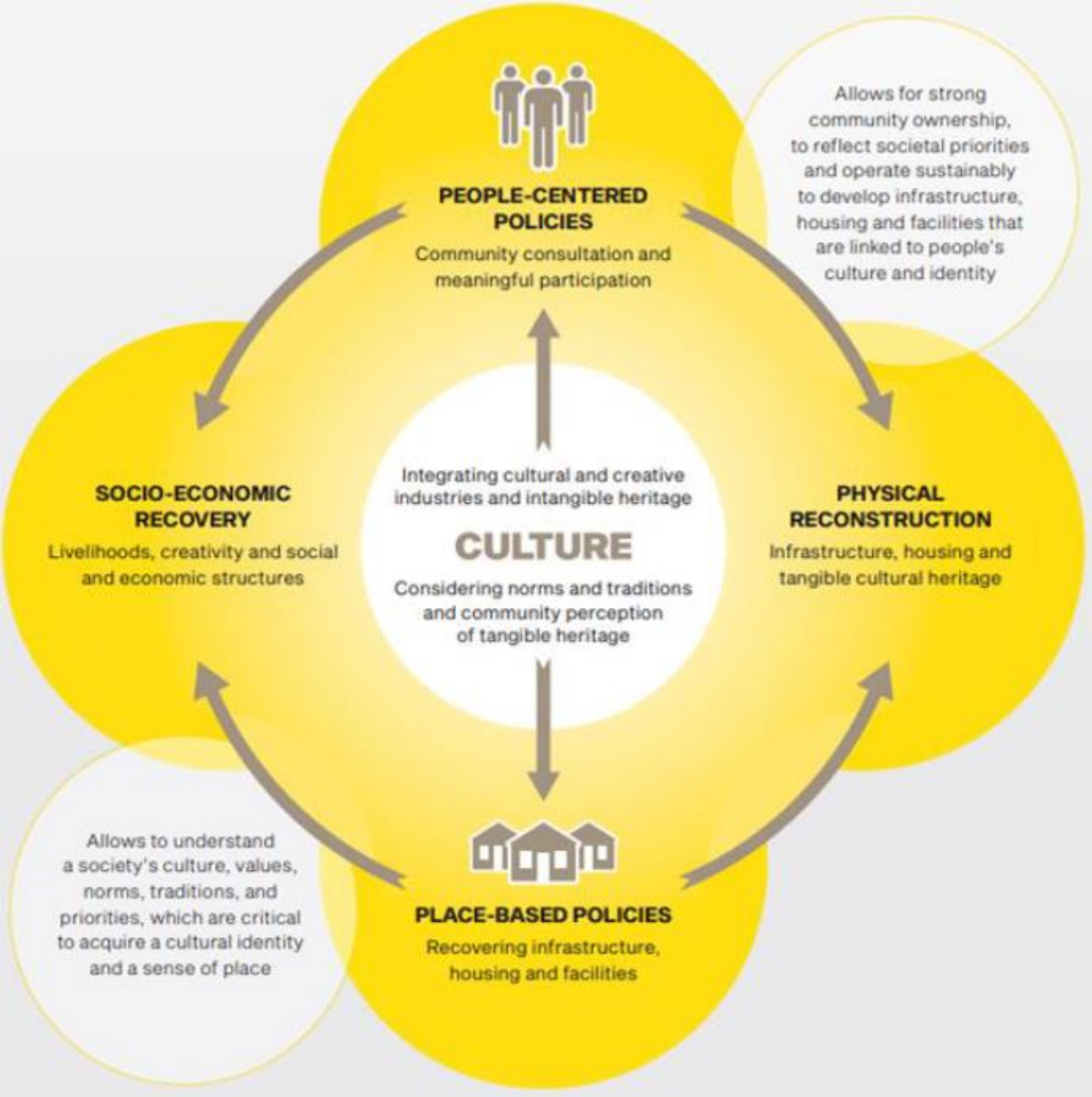

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Table 1: Matrix of Entry Points for CURE for Peacebuilding and Recovery

CURE Principles	CURE support and contributions	Entry Points in FCV Settings
1. Acknowledging the city as a "cultural	Demonstrate reconciliation/prevention "value-	− Leverage diverse local cultural inputs anchored in the city history and built

construct," where built structures and open spaces are closely linked to the social fabric.	added" by showing how attention to tangible and intangible cultural heritage assets can repair FCV-driven fractures.	environment to inform reconstruction and peace processes, solicit citizen feedback, and engage vulnerable or at-risk groups for improved resilience.
2. Starting reconciliation with the (re)construction of cultural landmarks and places of significance to local communities.	Create new conversations and linkages among local communities to demonstrate how joint investments in shared culture can benefit all.	− Support restoration/reconstruction of symbolic and religious buildings or specific urban neighborhoods that reflect the identities of local communities. − Use public art, exhibitions, movies, and other cultural expressions that engage the community in unifying activities.
3. Fostering cultural expressions to offer appropriate ways to deal with post-crisis trauma and reconcile affected communities.	Flag ineffective or divisive elements of recovery/reconstruction interventions that might undermine progress through culturally inappropriate expressions or choices.	− Engage experts on sociocultural dynamics, sourced from the fields of sociology, anthropology, and history, to identify local concerns, preferences, and norms that may undermine program delivery.
4. Prioritizing culture early in the planning process, starting with needs assessments and the implementation of emergency interventions that reflect community priorities.	Use community inputs in RPBAs, Environmental and Social Framework social assessments, and Risk and Resilience Assessments to identify key cultural heritage assets to be prioritized for both risk management and conflict prevention purposes.	− Combine sociocultural expertise with political economic understanding of FCV drivers to highlight risks in program design that could exacerbate conflict. − Tap into local traditional knowledge systems (intangible heritage) and built cultural assets (tangible heritage) for elements that address potential risks and build or rebuild community resilience.
5. Engaging communities and local governments in every step of the recovery process.	Build an iterative 360-degree local engagement to discuss key cultural assets or expressions and periodically check in with communities on progress or change.	− Transparently engage with communities in the reconstruction and recovery planning and monitoring to counter sources of misinformation that could inflame tensions.
6. Using finance models that balance	Avoid presenting culture as a "sector" in financing strategies;	− Include local representatives of the culture sector in assessments, and

immediate/short-term needs with a medium-/long-term development time frame of reconstruction plans.	embed cultural elements in critical investments; and creatively source co-financing for high-profile standalone interventions.	embed their recommendations in investment plans.
7. Ensuring effective management of reconstruction by striking a balance between people's needs and recovery of a city's historic character.	Explicitly bring to the surface and discuss tradeoffs between needs for basic services and infrastructure and needs for dignity and shared identity supported by the cultural character of the community.	− Embed elements of cultural identity in infrastructure and public space investments as contributors to reconciliation. − For high-profile or iconic standalone cultural heritage interventions, seek co-financing and niche expertise through global networks.

Source: World Bank & UNESCO, n.d: 11-12 reproduced under CC-BY-SA 3.0 IGO

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7. About this review

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7.3 Review overview

This review is based on six days of desk-based research. The K4DD research helpdesk provides rapid syntheses of a selection of recent relevant literature and international expert thinking in response to specific questions relating to international development. For any enquiries, contact *K4DDHelpdesk@ids.ac.uk*.

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