



Digital Development Dialogue (3D) Seminar Summary

“Ukraine’s Reconstruction and European Integration: How to Build Back Better?”

With a National Recovery Plan from July 2022, the Ukrainian government has laid the foundations for the country’s reconstruction and recovery. Although Russia’s full-scale invasion is still ongoing, the reconstruction efforts are already underway. Current efforts and future plans are based on a build back better approach that aims to reconcile both short-term and long-term needs. The reconstruction efforts are carried out with the help of the international support, especially from the EU, for which Ukraine is striving to become a member of. The 3D-seminar discussed opportunities as well as challenges for Ukraine and its people in the reconstruction and recovery process. The session’s moderator was Heiner Janus, Senior Researcher at the German Institute of Development and Sustainability (IDOS). The event took place on 27. April 2023.

[Dr. Yulia Rybak](#), Co-Head of the German-Ukrainian Energy Partnership and Adviser to the Minister of Energy of Ukraine and [Dr. Julian Bergmann](#), Senior Researcher at the German Institute of Development and Sustainability (IDOS) presented various aspects of Ukraine’s reconstruction. While Yulia Rybak focused on the aspects of energy, its infrastructure and a sustainable transition, Julian Bergmann addressed the issue from an institutional point of view, mainly with reference to the EU.

Presenting a research perspective on the topic, Julian Bergmann highlights that the reconstruction of Ukraine has already started, with the aim of not only to rebuild but also to modernise the country, which makes it a transformative process. International actors are involved in these actions, both in terms of funding and coordination. In this case, the EU in particular has an important role to play, especially with regard to Ukraine’s path to EU accession. However, there are also a number of challenges. The case of Ukraine is specific, as the reconstruction process is closely linked to the country’s accession to the EU, but also because Russia’s full-scale invasion of Ukraine is still ongoing.

Concerning the institutional dimension of the reconstruction process, Julian Bergmann emphasises that multi-level ownership is a relevant aspect that needs to be considered. As reconstruction is a complex process, it is not possible to approach it top-down. Rather, local actors, such as civil society or local government, should be involved in both the planning and implementation processes. Funding is also crucial and should be easily accessible to local actors in order ensure successful and unhindered implementation.

Further, coordination and monitoring of international donors are key to ensure an effective and legitimate reconstruction. In terms of sequencing the build back better approach, short-term needs need to be prioritized at this stage, which can then evolve into long-term perspectives. As the war is still ongoing, the reconstruction process must remain flexible, combining a forward-looking approach with room for adaptation.

Regarding the European dimension, Julian Bergmann suggests that Ukraine’s integration into the EU could act as a lever. For this to happen, reforms need to be considered, suggesting a “staged accession”. In February 2023, the European Commission and the Ukrainian government agreed on Ukraine’s accession to the Single Market Programme (SMP), but more can be done in this area. In particular, the prospect of long-term financial support for reconstruction by the EU is essential. Both the accession and reconstruction can be seen as interlinked processes.

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Yulia Rybak provides input for the second part of the seminar and presents the practitioner’s perspective while focusing on the Ukrainian energy sector. The organisation she co-leads is a political platform between Ukraine and Germany, which focuses on supporting a green energy transition in Ukraine.

At the beginning of Russia’s full-scale invasion, the focus was on meeting immediate emergency needs as well as stabilising the energy sector. This was done with the help of humanitarian aid from the German business sector. For the energy sector, building back better means that local and international actors increase levels of security and sustainability with the aim of transitioning to clean and reliable energy.

According to Yulia Rybak, the long-term recovery of Ukraine should be based on three priorities:

- (1) decentralisation, (2) renewable energy and (3) nuclear energy.

Decentralisation refers to the development of smart grids and the installation of heat pumps. With regard to renewable energy, the aim is to increase the share of wind power, solar energy as well as hydrogen, among other renewable sources. However, there are still challenges to be met in the production of renewable energy, such as the need to develop the relevant infrastructure for hydrogen production and consumption in Ukraine.

For this long-term recovery to work and to be successful, there are further financial, legal and technical challenges that need to be overcome. This is particularly the case for the private sector that is in need of clear investment conditions.

During the discussion section, a number of additional issues related to Ukraine’s reconstruction process were raised.

The trade-offs between several issues were discussed, such as between short-term and long-term needs, or between local and international ownership. Both speakers agreed that short-term needs must be addressed immediately, including housing and energy infrastructure. Yulia Rybak stresses the need to prepare for the coming heating season, which requires long-term planning. Julian Bergmann points out that the provision of short-term needs can already have long-term conditions in mind, in terms of sustainable reconstruction. However, there are trade-offs to be made and it is not possible to favour one side over the other, as short-term needs must be addressed now, while the long-term vision can be kept in mind. This is where the interests of Ukrainians and the international community are linked.

The issue of labour power was also discussed, for example, how many people are needed for the reconstruction process and whether Ukraine has sufficient capacity. New technologies could help in this regard, in addition to the need for skilled labour. As the labour force needs to be prepared, there has been a proposal to train Ukrainian refugees in various EU countries for recovery tasks in the reconstruction process.

In the context of donor coordination, the involvement of donors with a specific regional or sectoral focus was discussed. The idea that donors should have a specific regional focus was already raised at the Ukraine Recovery Conference in Lugano in July 2022. In addition, as not every donor is responsible for and capable

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to take on every task, the issue of sectoral champions might also be an idea. In order for this to work, donor coordination will be essential.

With regard to financial sustainability, the form of funding was addressed. Most of the EU’s financial support comes in the form of loans, as Julian Bergmann points out. When the invasion began, there was no time or flexibility to create additional funds in the EU’s long-term budget, which was already set in 2021. In the current discussions on the upscaling of the EU’s multi-annual financial framework, the EU should discuss the upgrading of financial support to Ukraine through the budget, including an increase in the share of grants provided to Ukraine. Concerning communication to the public, Julian Bergmann stresses that EU assistance should be presented in terms of the importance and benefits of supporting Ukraine, referring to an “investment in Europe’s peaceful order and stability”. Yulia Rybak draws attention to the fact that grants are needed for reconstruction, referring in particular to sustainable reconstruction. In addition, frozen Russian assets could be a possible source of financial recovery, and the government is working on how to utilize them.

The seminar showed that the needs of Ukraine and its citizens must be taken into account in the process of rebuilding the country. While there are relevant and urgent issues that need to be addressed at short notice, long-term perspectives should also be kept in mind as well, in particular in line with the build back better approach. Ukraine has started its reconstruction process and has a long way to go, supported by the EU and other international actors. The second and forthcoming Ukraine Recovery Conference in London in June 2023 will provide new opportunities for donors to discuss and coordinate further action.

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