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Ukraine says frozen russian assets should be used to rebuild war-hit economy

Україна заявляє, що заморожені російські активи мають бути використані для відновлення постраждалої від війни економіки

Редактор відділу економіки «The Guardian» Ларрі Елліотт пише, що Україна закликала використати заморожені російські активи для відновлення зруйнованої війною економіки країни. У своїй третій оцінці ймовірної ціни відновлення та реконструкції Світовий банк, уряд України, Європейська комісія та Організація Об'єднаних Націй заявили, що війна призвела до скорочення економіки більш ніж на 25 %. Незважаючи на продовження конфлікту, в доповіді йдеться, що Україні вдалося розпочати відновлення, чому сприяла фінансова підтримка країн-донорів. Л. Елліотт зазначає, що протягом 2023 року реставраційні роботи вже завершено у 3 836 багатоквартирних житлових будинках та 19 091 індивідуальному будинку; в 448 школах, 237 дитячих садках, 390 медичних закладах та установах соціального захисту; в 9200 об'єктах життєзабезпечення, 449 об'єктах теплопостачання і в 221 об'єкті водопостачання та водовідведення.

<https://www.theguardian.com/business/2024/feb/15/ukraine-frozen-russian-assets-rebuild-war-economy-reconstruction>

Remarks by Ukraine PM come as report puts reconstruction cost at nearly \$500bn since start of conflict

Ukraine has called for frozen Russian assets to be used to rebuild the country's war-ravaged economy after a report showed the cost of reconstruction spiralling to almost \$500bn since the invasion two years ago.

In their third assessment of the likely price tag for recovery and reconstruction, the World Bank, Ukraine's government, the European Commission and the United Nations said the war had caused the economy to shrink by more than 25% and had been a "dramatic setback" to Ukraine's development.

Ukraine's prime minister, Denys Shmyhal, said: "The needs of reconstruction have continued to grow over the past year. The main resource for Ukraine's recovery should be the confiscation of Russian assets frozen in the west. We need to start this process already this year."

An estimated \$300bn of Russian assets have been frozen since the war started in February 2022.

The report said the direct damage to Ukraine was \$152bn but the 10-year cost of piecing together the country's key infrastructure – such as housing, roads, railways and power plants – would be much higher at \$486bn – an increase of \$75bn since its last report a year ago.

In 2024 alone, Ukrainian authorities estimate the country will need about \$15bn for immediate reconstruction and recovery priorities, of which only \$5.5bn has been secured from the country's international partners and its own resources.

"The last two years have seen unprecedented suffering and loss for Ukraine and its people," said Antonella Bassani, the World Bank vice president for Europe and Central Asia.

"Yet, while this updated assessment documents the extensive damages and consequent needs, it is at the same time a testament to Ukraine's resilience – demonstrating that the dedication and

adaptability of its people have helped to already repair some of the damage and build towards recovery.

The study, which covered the period until the end of 2023, said “regular, intense” attacks on infrastructure had continued, with unpredictable air and drone bombardment extending beyond established and largely unshifting battle zones, and affecting cities such as Kyiv, Odesa and Lviv.

“The destruction of the Kakhovka dam and the hydropower plant in June 2023 has resulted in incalculable impacts to the environment and exacerbated challenges already faced by people struggling to access housing, water, food and health services, among others.

“There have also been serious attacks of ports, including in Odesa and Mykolaivska regions and alongside the Danube River, as well as cyber-attacks and intensification of drone and air attacks in the last months of 2023.”

Direct damage had not escalated substantially since the second assessment covering the first year of the war, when it totalled US\$135bn (€126bn) – due to limited shifts in the frontline of war. Even so, the impact on Ukraine remained immense, with 10% of the housing stock either damaged or destroyed.

As a result, millions of people had lost their homes and were seeking shelter from a shrinking pool of properties. There had been extensive damage to other sectors such as forestry, irrigation, water supply and sanitation, municipal services; emergency response and civil protection, commerce and industry, and culture and tourism.

“As of end-December 2023, recovery and reconstruction needs are estimated at US\$486bn (€440bn), which is approximately 2.8 times the estimated nominal GDP of Ukraine for 2023” the report said. “These considerable needs arise from a war that has spanned a large geographical area (including urban areas) for an extended period of time.”

Despite the continuing conflict, the report said Ukraine had managed to start recovery and restoration efforts, helped by financial support from donor countries and multilateral organisations.

During 2023 restoration works were completed for 3,836 multifamily apartment buildings and 19,091 single-family houses; for 448 schools, 237 kindergartens, and 390 medical facilities and social protection institutions; and for 9,200 critical infrastructure facilities, 449 heating supply facilities, and 221 water supply and sanitation facilities.