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PROGRESSIVE PATHWAYS FOR A RESILIENT (RE)CONSTRUCTION OF UKRAINE

TOWARDS A NEW SOCIAL CONTRACT

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EXECUTIVE SUMMARY

This Policy Study places labour at the centre of reconstruction planning for Ukraine as the driving force of the economy and of all present and future economic reconstruction work there. It acknowledges the three stages of the reconstruction process as outlined in the 2022 Lugano framework – repair of damage, short-term recovery and long-term recovery – and its advancement in the subsequent conferences in London in 2023 and Berlin in 2024.

[1] It further acknowledges the tragic reality that the liquidation-of-damage phase (initially set at two years) has now lasted four years and will continue for an unknown period. In such circumstances it is crucial to focus on the immediate economic problems. This can and should be done in line with the long-term reconstruction planning. Planning the liquidation-of-damage and the everyday survival of the economy should be done in a manner that lays the foundation for future long-term reconstruction without creating significant systemic vulnerabilities and path dependencies that may be acceptable in a conflict management scenario but are suboptimal in the post-conflict period. Such considerations are relevant both in private economic affairs and in the management of state-owned enterprises and in the public services domain.

In a historically unconventional manner, Ukraine has preserved its market economy largely intact throughout the war, including maintaining constructive dialogue and mutually agreed reform processes with its private lenders, international financial institutions and development banks (the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development, European Investment Bank, etc.) and the European Union in line with Ukraine's EU membership accession steps. This approach has created numerous opportunities as well as challenges for the Ukrainian economy and its labour force. It has been extremely challenging to keep the economy afloat while sustaining widespread, large-scale damage to logistical routes and supply chains, the exodus of some 6.9 million persons (and with them households and businesses) either as refugees abroad or effective captives in Russia, the presence of 3.9 million internally displaced persons (IDPs) and Russian occupation of 20% of the country's territory. Problems with access to basic necessities, services, goods and housing, as well as high inflation, real-wage decline in most occupations and mismatch between supply and demand of jobs (location, skill, price, working hours) have pushed many people (especially IDPs) into poverty, leading them to rely on humanitarian aid, emigrate or seek refuge abroad, or return to dangerous frontline areas well as to the occupied territories.[2] There is a growing popular realisation that the war is largely fought by the poor and their children, who are at the same time driven further into poverty and are excluded from the benefits of the postwar reconstruction planning. The new Labour Code, pension reforms, compromised public services, fiscal austerity, individualisation of costs of living and macroeconomic survival, including crowdfunding of the war effort, combined with the auctioning off of Ukraine's natural resources and wealth to foreign investors, are brewing large-scale popular disappointment and discontent, further jeopardising the chances of economic or political stabilisation in the country and dissuading those who sought refuge abroad from returning. A different, more egalitarian social contract is needed, and it must be interwoven into the reconstruction planning at all stages and across all policy domains.

The success of long-term recovery planning largely depends upon future high volumes of foreign investment flowing into the country – into large manufacturing, the technology sector (including IT/AI) and natural resource extraction sectors, which, when they materialise, are projected to secure the economic growth necessary to rebuild the economy. **Such investments are expected to flow in once**

the war is over, a lasting peace is secured and the investment climate is favourable. Yet Ukraine's successful reconstruction is possible only if the rules according to which investors operate benefit Ukraine and Ukrainians and if most of Ukrainians return - without them as workers plans will never become reality. Whether that will in fact be the case remains to be seen. But how can the government act with economic output shrinking and no end to the war in sight? Can the immediate issues – macroeconomic indicators, poverty, inequality, the effective homelessness of many IDPs, labour demand and supply mismatch, tax revenue, strains on micro, small and medium-sized enterprises (MSMEs) and public services – be addressed now? This study indicates an affirmative answer.

In this Policy Study I argue that Ukraine's resilience – its forging and future-proofing – can be secured before the war is over through state investment in the foundational economy – the socio-economic system of public goods and services that meet basic human needs (food, transport, housing, healthcare, education, telecoms) – and wage increases in public enterprises and (real) wage-led growth, with priorities being decided through a constructive multi-stakeholder social dialogue based on European Union (EU) regulations and International Labour Organization (ILO) conventions and protocols. The foundational economy is the bedrock of every economy, and its proper functioning is a necessary condition of a well-functioning economy as a whole. Securing this foundation now will not only add to tax revenue, household purchasing capacity and economic growth, it will also forge a basis on which the country can survive the war and rebuild after the war is over. **Such observations are backed up by macroeconomic studies on green and purple jobs creation and investment,[3] as well as wage-led growth for economic recovery.[4]** This Policy Study takes a mixed methodological approach. It combines secondary evidence, macroeconomic studies and indicators and complements them with a synthesis of the views of Ukraine's trade unions on the shape and location of needs in concrete sectors (through questionnaire surveys, ongoing personal correspondence, press releases and social media communications monitoring). The analysis is further evidenced by specially commissioned in-depth case studies in the domains of housing, healthcare, social policy, education and impoverished motherhood, enhanced by secondary evidence and data on those domains. As a result, a strong case is made for economic (re)development, growth, sustainability and resilience – economic and human, as both can be secured and financed by fiscal expansion/ state investment into the foundational economy combined with wage increases. Such an approach can become the first step towards securing the recognition of the sacrifices made by all Ukrainians in their fight for their and their children's future in a sovereign and independent Ukraine. This Policy Study also points to a number of other issues that must be addressed if Ukraine is to secure this new social contract, for example the establishment of a National Wealth Fund and investor/tax regulation, which will require further research.

This Policy Study was developed within the framework of the FEPS activity "Progressive Paths to Rebuild Ukraine", implemented jointly with its member foundations.

INTRODUCTION

Ukraine's challenges are overwhelming and its future is uncertain. Following Russia's full-scale invasion in February 2022, Ukraine was already one of the poorest and most indebted countries in Europe, having weathered numerous economic crises, fiscal challenges in the domain of public services financing, and nearly eight years of war with Russia and its proxies in Donbas and Crimea. The ongoing war has strained state and municipal budgets, while dislocation of the labour force and infrastructure destruction (including water and energy), ecological contamination and the presence of landmines have made economic and everyday survival a challenge. By February 2025 it was estimated that some $176 billion of infrastructure damage had been sustained (a replacement cost which grows daily). As the war continues and some 20% of Ukraine is currently occupied, it is hard to assess the full scale of the damage – its true extent will only be known once the war is over. What is certain, however, is that the reconstruction difficulties are enormous and will require large-scale planning and investment, significant institutional reforms and millions of skilled workers in various sectors to carry out the recovery and reconstruction – some 8.6 million more workers beyond 2022 levels will be needed, according to an ILO assessment (end of 2023).[5] Education, reskilling and upskilling will also be required on an unprecedented scale, as productivity growth is estimated to have to increase "on average at 6.1 per cent per year between 2023 and 2032, which is twice the rate achieved historically" by Ukrainians,[6] many of whom are displaced within and beyond Ukraine's borders, and their return in postwar years is not guaranteed.

Ukrainians are famous for their resilience, yet this too is a resource that requires systematic and regular needs assessment and support. Many Ukrainians have died; even more have been wounded; tens of thousands have been kidnapped, imprisoned or tortured; millions are displaced, and many of those have lost their homes, families and possessions for good; and all of them will be traumatised for the rest of their lives. The UN Office of the High Commissioner for Human Rights documents that by February 2025, at least 12,654 civilians had been killed (including 673 children) and 29,392 injured (including 1,865 children); the majority are in territory controlled by Ukrainian forces, yet the figures for Russian-controlled territory are impossible to accurately assess.[7] The numbers of military personnel killed are not as unclear as in previous years when they were kept secret, yet they remain unconfirmed. In November 2024, *The Economist* estimated the number of Ukrainian military personnel losses at between 60,000 and 100,000.[8] In an interview with the British journalist Piers Morgan (released on 4 February 2025), President Volodymyr Zelenskyy revealed that "Ukraine has lost 45,100 military personnel since Russia's full-scale invasion, with 300,000-350,000 estimated Russian deaths".[9] Full figures will only be known when the war is over, prisoners are returned and mass graves, bombed dwellings and those killed on the battlefield are exhumed. This could take from months to years to decades (as past wars have shown).

The effects of war stretch beyond the battlefield and the damage caused by air attacks. Hryhorczuk and colleagues have documented the indirect health effects of the war, which likely account for even higher levels of civilian morbidity and mortality.[10] The war has displaced more than 11 million people. Russia's military forces have caused extensive damage to civilian infrastructure. The war has devastated Ukraine's economy, reduced food and energy security in many countries, and caused more than $56.4 billion in damage to the environment. There has been widespread chemical contamination of air, water and soil, and 30% of Ukraine has been contaminated with landmines and unexploded ordnance. Landscape destruction, shelling, wildfires, deforestation and pollution have

adversely affected 30% of Ukraine's protected areas. Russia's seizure of the Zaporizhzhia Nuclear Power Plant and destruction of the Nova Kakhovka Dam have created risks of long-term environmental catastrophe. Most of these environmental impacts threaten human health.

The extraordinary effects of the war will require extraordinary efforts to repair the damage, restore what is restorable and reconstruct life. A comprehensive approach to these complex and unprecedented demands is needed. In July 2022, the Ukraine Recovery Conference (URC) (a continuation in a new form of the previous Ukraine Reform Conference process) was held in Lugano, Switzerland, and the Lugano Recovery Plan was presented. The plan focuses on (1) institutional architecture for smart recovery, (2) recovery of infrastructure, (3) the economy, (4) the environment and (5) society. A number of principles on which the above are to rest were agreed: partnership, a focus on reform, transparency, accountability, rule of law, democratic participation, multi-stakeholder engagement, gender equality and inclusion, and sustainability. Three subsequent conferences have been held in the intervening months, each advancing the agenda set out in the first iteration. The London URC 2023 focused "on mobilising international support for Ukraine's economic and social stabilisation and recovery from the effects of war, including through emergency assistance for immediate needs and financing private sector participation in the reconstruction process" while centring private investors and civil society.[11] The optimism expressed by both the hosts of the London conference and the Ukrainian delegation regarding reconstruction trajectories and the emphasis on private investment's leading role may be surprising. Considering that successful postwar reconstructions have typically featured a strong state presence, state investment in the economy and the expansion of what became known as the welfare state and were backed up by numerous polices that can be classed as protectionist, the design on the table for Ukraine, with its crippling state debt, austerity approach to public spending, high reliance on remittances (10% of GDP in 2021), low wages and labour protections could hardly be seen as capable of delivering anything comparable.

When policy planners, politicians, lenders and investors met for the third conference in Berlin in 2024, it became clear that if the human and sex/gender dimensions of the reconstruction are not addressed (most refugees are women with children, and Ukraine's female labour force total paid work participation rate is 47.7%,[12] which is comparatively low), there simply will not be a sufficient labour force in the country to carry out the recovery. Furthermore, the conference acknowledged that with the war ongoing, the initial timelines must be revised and adapted to allow for greater uncertainty.

Four dimensions of reconstruction work were identified: (1) business – private sector mobilisation; (2) human – social recovery and human capital for the future of Ukraine; (3) local and regional – recovery of municipalities and regions; and (4) the EU – EU accession and related reforms.

The fourth conference, in Rome in 2025, maintained the structure of the recovery along the four dimensions identified in Berlin. Issues of "macroeconomic stability, resilience and security, infrastructure, housing, energy, climate protection, green recovery, culture, healthcare, gender issues, education, environment, science-technology-innovation and disabilities" comprised the content of the above-mentioned dimensions.[13]

The principles of recovery sound promising and hopeful, although many questions remain to be answered about the means to achieve those aims – from the types of reform, to the forms of financing, to regional and demographic policies. Embedding the EU accession process and sustainability principles – economic, social and environmental – in a similar way to the European Green Deal is a key component of the reconstruction. Fundamentally, the priorities of reconstruction must be placed where the most urgent needs of the population are located, and that can only be determined through a constructive multi-stakeholder social dialogue.

The main aim of this Policy Study is to explicate and highlight the fundamental importance of social justice for Ukraine's reconstruction, which can be delivered through investment in the foundational economy – the socio-economic system of public goods and services provision. Ukraine needs an economy that works well and that rests on an institutionally scaffolded labour force. It needs well-functioning enterprises, safe working conditions, the elimination of labour exploitation and quality employment with wages that allow for a good quality of life. Labour is at the heart of any economy, must be made centre of all macroeconomic policy design, and is the focus of this analysis.

In the text below I draw on existing (post)war recovery objectives with a focus on labour – from Lugano to Berlin – to assess the state of the economy and society, identify strengths and vulnerabilities, survey trade unions for assessment of current and foreseeable needs in concrete sectors, and collate five expert briefs for consolidated, progressive policy recommendations (on housing, healthcare, social policy, education and impoverished motherhood) that would assure a resilient recovery, animate IDPs, deliver productive mobilisation of the female workforce reserve, mend communities, and incentivise and enable refugees to return.

MACROECONOMIC SITUATION AND RECONSTRUCTION

Since February 2022, the Ukrainian economy has been severely disrupted, and the return to growth is a matter of survival – from the individual to the state level. The state budget is heavily dependent on international support and financial loans. The 2024 budget was financed by a combination of loans from the EU, the IMF, Japan, Canada and the UK, as well as grants from the US and Norway. Ten years of war have exacerbated pre-existing inequalities – the top 1% and 10% of earners have seen their positions improve, while the bottom 50% have lost out. Tackling poverty and inequality is a key priority of the "whole-of-society" approach embedded in the Ukraine Recovery principles and the Sustainable Development Strategy 2030. This approach includes "human security, institutions, the economy, the environment, community resilience and diversity", which are crucial for the resilience of recovery.[14]

Exports have been disrupted and partly reorientated (via the land border with the EU and the Port of Odesa) as a result of the war, crucially due to the loss of trade routes (via Russia, Belarus, the Port of Mariupol) and partners; for example, trade with China shrank from $8,003,558 in 2021 to $2,406,413 in 2023, with exports of cereals more than halved.[15] By winter 2024, exports going through the Port of Odesa stood almost at pre-war levels,[16] yet that does not cancel out the ongoing major disruption to grain and other exports. Decreases in rural household food production of 25-38% (depending on proximity to frontlines), normally responsible for 25% of total national output, are also being felt in supply reductions and price inflation.[17]

The total cost of the direct damage from the war has reached $176 billion in the first three years, with the housing, transport and energy sectors being the most affected. Economic losses, including production declines, amount to $589 billion, and recovery needs over the next decade are estimated at $524 billion. In 2025 alone, Ukraine requires $17.32 billion for reconstruction, with a financing gap of nearly $10 billion. Key sectoral challenges include extensive housing damage, disruption to education and healthcare services, energy shortages, food insecurity and widespread land contamination due to explosive hazards.

International support remains vital. The EU committed €50 billion for Ukraine's recovery and accession reform in 2024 and other global partners provided billions in aid and financing. Ukrainian officials and their foreign partners are optimistic that the private sector will play a crucial role in Ukraine's rebuilding. Strategic recommendations include prioritising investment in critical infrastructure, strengthening governance, fostering private sector participation and accelerating demining efforts. Ukraine's long-term recovery depends not only on coordinated international assistance and economic resilience but also on integration into the EU, particularly into its regulatory field, to prevent corruption, tax avoidance and evasion and to assure adherence with EU environmental standards and an array of other conditions necessary for economic stabilisation and buoyancy.

Despite the ongoing war, Ukraine's economic programme has met all key performance criteria and made progress on structural reforms with the IMF and other partners as consolidated in the Matrix of Reform (see below).

In 2024, real GDP was up 2.9%, according to detailed GDP data from the State Statistics Service of Ukraine (SSSU), which meant that GDP growth slowed compared with 2023 (down from 5.5% according to revised SSSU data), while "the economy has been recovering for the second straight year amid a full-scale war and Russia's relentless attacks on production facilities and infrastructure".[18] Growth is expected to slow further in 2025 due to war-related challenges. It must be noted that this dynamic

reflects year-on-year growth, which still indicates shrinkage compared with pre-war levels. Inflation has increased to 12.9%, leading to an interest rate hike. The 2025 budget targets a 19.6% deficit, which will require significant external support. According to the IMF, fiscal sustainability will depend on tax reforms, debt restructuring and improved public investment management. The IMF also highlights the importance of maintaining anti-corruption efforts, strengthening financial markets and ensuring macroeconomic stability.[19]

The economic prognosis for Ukraine, based on the World Bank RDNA4 and the IMF EFF review, presents a mixed outlook, balancing recovery prospects with ongoing challenges. In the short to mid-term the IMF projects 3.5% GDP growth in 2024, slowing to 2-3% in 2025. While this indicates a gradual recovery, the ongoing war continues to pose significant economic risks. Nevertheless, the future is unknown, especially given the current instability. Inflation remains a major concern, recorded at 12.9% year-on-year in January 2024 (some categories of goods perform worse than others, which adds to the economic vulnerability of those who are already more vulnerable). The IMF points to supply chain disruptions, labour shortages and increased government spending as key inflationary pressures. Workforce constraints may slow reconstruction efforts and economic growth in key sectors. Here it is important to mention the factors contributing to these constraints: war mobilisation, internal displacement and refugee flows, skills/location mismatch in the labour market, economic immobilisation of women (due to increased care responsibilities and depletion of socialised care through de-funding, careless reform, commercialisation and destruction due to warfare), lack of wage incentives, war trauma (physical and psychological), problems with housing and transport/mobility and access to job locations. Each of these factors compounds the problem of labour shortages and thus all must be addressed if the problem is to be resolved.

The fiscal deficit is projected to reach 19.6% of GDP in 2025, highlighting Ukraine's reliance on external financial support. This problem is not helped by the fact that many Ukrainian enterprises and entrepreneurs are relocating abroad to minimise the risk and uncertainty associated with the war and for fear of mobilisation among males.[20] The long-term prognoses are far from optimistic as well. The World Bank estimates that $524 billion will be needed over the next decade for infrastructure reconstruction. That is an optimistic assessment as the war is not over and the scale of damage near the frontlines and in the occupied territories is unknown. Housing, transport and energy will require significant investments to restore services and drive economic growth. The World Bank and IMF stress the role of public-private partnerships (PPPs) and external financial support, while extensive academic and historical evidence suggests a mixed picture of PPP performance, especially in public goods provision, and thus recommends that a comprehensive assessment and discretion be applied to each concrete project decision-making process.[21] This is especially true as the World Bank and IMF emphasize the necessity of attracting foreign investment, donor assistance and backing from international financial institutions to bridge the fiscal gap.

EU accession and the alignment of standards and regulations are helping prepare the ground for future investor confidence and industrial revival in the long run, yet the time horizons of such developments remain uncertain. Risk and uncertainty are high and are likely to remain so for the foreseeable future. Thus, if Ukraine's economy is to remain buoyant and maintain a relatively positive economic growth dynamic and market stability, activities that have persisted through the war and are likely to continue when it is over must be prioritised when financial and other state support is allocated. Investment in MSMEs, public services and public sector wage-led growth can support the economy during the war and build a solid foundation on which postwar reconstruction can be based once peace is secured.

(UN)SUSTAINABLE FUTURE?

Financing the recovery is and will be a big challenge. Ukraine needs fiscal activism and deep sustainability, including in the financial domain. There are numerous commitments – international and bilateral – that are designed for that purpose. One example is the EU's Ukraine Facility Fund, approved in May 2024, by which the EU designated some €50 billion of "stable financing, in grants and loans, to support Ukraine's recovery, reconstruction, and modernisation for the period 2024 to 2027". The expectation is that if all proposed reforms and investments are fully implemented, "Ukraine's GDP could increase by 6.2% by 2027 and by 14.2% by 2040 and could also lead to a reduction of the debt by about 10 percentage points of GDP by 2033". Yet, as already specified, this is just the start. Significant constraints on public finance emanate from unsustainable levels of state indebtedness and unaffordable interest payments when money is needed to save lives.

Ukraine's national financial matters are uncertain. In a report and later a book published by CEPR in 2022, Barry Eichengreen and Vladyslav Rashkovan called for grants and debt relief,[22] and for stakeholder engagement and for Ukrainians to own the recovery. As of 2025, the situation is much worse and solutions will have to be more far-reaching, as the IMF has indicated for some time that the debt is currently classed as unsustainable. Indeed, debt relief seems like the fair option. Whether and how it might be executed will be a matter of hard work and, mostly, political will. (Indeed, large-scale creative solutions can be found, as we saw in the COVID-19 pandemic years and after the 2008 credit crunch crisis). In late 2023, a group of creditors including Canada, France, Germany, Japan, the UK and the US agreed a pause on payments till March 2027 as part of the $122 billion international support package. In late summer 2024, the shape of the commercial debt was restructured. Further adjustments will need to be made in the future unless cancellation of debts is agreed.

Two further areas of financial vulnerability are remittances and donations. Remittances are a big part of the economy: in 2021 "Ukraine was the largest recipient of remittances in Europe and Central Asia with record-high inflows of USD 18.2bn" – nearly 10% of GDP.[23] While exact numbers are hard to calculate as money can travel as cash through the border, after the initial post-invasion spike there was a decrease from 13.9% in 2022 to 9.1% in 2023.[24] War effort crowdfunding is equally hard to estimate accurately, yet there is a degree of army reliance on and thus vulnerability to these flows of goods and funds,[25] which begs for a more sustainable, self-reliant economic model to be designed.

Ukrainian public (state) debt gets a lot of airtime in the press mainly due to its fast growth, near default balancing and regular restructurings. What gets less attention is household debt, which has also skyrocketed since the first invasion and particularly since the full-scale war started. The retail loan portfolio, for example, is at a 38% annual increase, while housing loans nearly doubled in 2023; mortgages in the eOselya programme are relatively popular as a proportion of the market, while those without state subsidies are practically non-existent.[26] The National Bank of Ukraine (NBU) states that the household risk portfolio has not changed, yet that is likely due to the low availability of loans to those who most need them owing to exclusion criteria and prohibitive interest rates. Everyday consumer borrowing supplements expenditure on the daily needs of Ukrainians, on the purchase of household appliances, furniture, medical treatment, clothing and utility bills, according to Andriy Dubas, President of the Association of Ukrainian Banks (AUB), in an exclusive commentary to UNN News.[27] Considering that those sums are relatively small, the volumes may not appear as dramatic in national aggregate figures, even though 38% annual growth is quite a lot. Yet one needs to think about the number of consumers who rely on borrowed cash to meet

basic everyday needs, which is quite a verdict on the state of household finances in the country. These loans also come at exorbitant interest rates ranging from 30% to 50% annually, in addition to which half of the borrowers report relying on payday loans for daily expenses and to make ends meet; about 36% of loans are non-performing.[28]

It is possible to generate growth and achieve deep sustainability through fiscal expansion. This has a multiplier effect and pays for itself by increasing exchange and productive output, and it brings with it incalculable positive externalities – that is, positive side effects – such as hope, social cohesion, a thriving culture, the regeneration of nature, faith in a better future and increased birth rates. There are, of course, numerous challenges, including budgetary ones, and that is why it is crucial to highlight that fiscal expansion and wage and domestic demand growth are key elements en route to economic self-sufficiency and a reduction of donor cash and debt dependency. Financial support in grants and loans is ongoing yet is progressively shrinking against growing domestic demand. Looking ahead, one must plan for a gradual and practicable reduction of reliance on aid and loans. A resilient economy is an economically buoyant economy. It is built on a solid MSME ecosystem, well-maintained infrastructure, logistical and supply chains, and a robust welfare state and public services that reproduce the workforce. All of this is possible in Ukraine if the political will and progressive vision of those in charge of reconstruction are strong enough.

THE MATRIX OF REFORM

Ukraine is undertaking the colossal task of fighting military aggression while implementing and monitoring a number of reforms, including those that are part of the EU accession process, an unprecedented challenge even in peacetime. By 2024 the EU and Ukraine had developed a Matrix of Reform "to foster a dialogue about the prioritization and sequencing of reform actions".[29] The Matrix is a useful analytical tool designed for "effective decision-making and management of the reform implementation process". It is aimed to "systematise all recommendations and conditionalities", to "analyze the necessary changes and plan their implementation", "to carry out continuous monitoring – to check the status of implementation" and "to ensure accountability to the public and coordination with international partners, including MDCP (the Multi-agency Donor Coordination Platform for Ukraine)".[30] The MDCP in its turn plays a crucial role in pooling and coordinating "the support for Ukraine's immediate financing needs" and "future economic recovery and reconstruction needs across different sources and established instruments for financing". It was created "to direct resources in a coherent, transparent, and inclusive manner, enabling efficient planning and delivery of assistance to Ukraine and avoiding duplication".[31] The platform was launched on 26 January 2023 and "brought together high-level officials from Ukraine, the EU, G7 countries, as well as financial institutions such as the European Investment Bank, the European Bank for Reconstruction and Development, the International Monetary Fund and the World Bank".[32] By February 2024, "the Steering Committee Members agreed by consensus to enlarge the participation to four new Members: Republic of Korea, Netherlands, Norway, Sweden and six new Observers: Denmark, Estonia, Latvia, Lithuania, Poland, Spain. In April 2024, they welcomed 3 new observers: Belgium, Finland, Switzerland".[33]

The structural elements of the Matrix are formed by the EU Commission's Recommendations for Ukraine's EU candidate status, IMF loan conditions, the Ukraine Plan under the Ukraine Facility and the World Bank conditions (Development Policy Loan).[34]

The foundation for "providing budgetary support under the programme is the Ukraine Plan", which includes the following reform packages.

1. **Implementation of structural reforms in the public sector**

   These can present challenges to the availability and accessibility of the network of public goods and services needed to support the functioning of *hromada*s and local economy clusters – prior to and during the war, there have been repeated hospital closures, leaving rural communities underserved.[35] Low wages combined with harsh conditions drive people out of the sectors.[36] These issues are closely linked with enforced lone motherhood,[37] displacement, excessive care responsibilities, time poverty, lack of access to housing, chronic lack of childcare access and extracurricular activities for children,[38] and strained financial resources.[39]

2. **Implementation of a number of economic reforms aimed at developing the business climate and entrepreneurship**

   This is crucial for the development of state and market relations and for resilient macroeconomic functioning, yet it must be done in adherence with EU regulations on labour rights, social dialogue, working time, environment, inclusivity and social protections broadly defined, not least to prevent predatory and corrupt market behaviour.

3. **Steps to develop priority sectors that can ensure rapid economic growth**

   The DREAM Platform, launched in August 2024, is "a single pipeline and a single window for all recovery and modernization projects initiated by Ukrainian communities" that deals with project implementation and public investment at the national, regional and local levels. It is a single pool of all national recovery projects that helps businesses identify the strategic sector's priorities and projects, thus helping determine their orientation. Recovery is coordinated via DREAM, which works on the subnational level to stimulate growth with the Business Advisory Group for Restoration (BAGR).[40] BAGR is a collaborative effort between the Ministry of Restoration and USAID/UKAid SOERA designed to be "a leading communication platform for multiple stakeholders to foster effective and meaningful interactions between the Ministry of Restoration and businesses".[41] In the coming years it will be crucial to explore opportunities offered by the new DREAM Platform and BAGR.

Reforms, their coordination, and multi-stakeholder platforms are certainly a step in the right direction. The challenges ahead are many, and one of the key observations throughout this Policy Study is that the human dimension of recovery – Ukraine's labour at home, in exile and under occupation – is not sufficiently involved, included or thought about in terms of the complexity of labour's condition in the fabric of the reforms that are underway. And it is the condition of labour that will determine whether reconstruction can or will be a success.

THE HUMAN DIMENSION OF (RE)CONSTRUCTION

The human dimension's key role in the recovery was recognised in the Berlin URC. Yet the rules and conditions of life and work for Ukraine's labour force have deteriorated significantly during the large-scale war, which jeopardises the resistance effort and future recovery. Increased inequality and poverty, downward economic mobility and injustices in the mobilisation process exacerbate existing tensions and create new rifts in society. In their rhetoric the parliamentary majority party, the Servant of the People, the government and the presidential administration often mention the invaluable contribution that workers across the country and those in the army are making daily to help the country survive, referring to them often as heroes of the civilian and the military effort. At the same time, the rights and social security of those same people, which ought to be guaranteed in accordance with Ukraine's constitution, regularly come under fire from those who are jeopardising Ukrainians' present and future chances to live lives of dignity and to thrive. Surveys indicate that overall, the majority of Ukrainians trust their leaders, but that support fluctuates. Numerous frustrations among workers arise from the perception and reality of (un) fairness and inequality, regular corruption scandals and the deepening of socio-economic injustice in Ukraine. By the end of 2023, a survey by the Kyiv International Institute of Sociology (KIIS) indicated a decrease in public trust in the elites,[42] while Wolff and Malyarenko worryingly found that "the war [was] increasingly seen as a 'war fought by the poor'".[43]

Compared with Eastern European averages, Ukraine had relatively high national compliance with labour rights in the pre-2022 period, yet the future preservation of and improvements in that domain are uncertain. Ukraine enjoys a comparatively high rate of labour unionisation – some 40% (down by 20% since the 2010s) – while its EU neighbours range from 8% in France and Lithuania to around 70% in Denmark, Sweden and Finland, with an EU average of 23%. While the rate could certainly be higher, it is the institutions' inability or failure to promote social dialogue and the ineffectiveness of collective bargaining in protecting workers that are the root obstacles to securing these rights and guarantees. The relative weakness of the labour institutions – minimum wages, working week regulations, employment protection legislation, and maternity and paternity leave and pay (often stronger in advanced EU economies with low union density) – also plays a key part in the erosion of social security for Ukraine's workers. Put plainly, the de jure status and de facto exercise of entitlement to labour rights are in a condition of stark disparity, which has also been noted by the ILO and other labour organisations in Ukraine (the Confederation of Free Trade Unions of Ukraine, the Federation of Trade Unions of Ukraine and independent unions) and abroad (see, e.g., the Danish Trade Union Development Agency, below). Numerous factors impede the adequate functioning of collective agreements and the effectiveness of social dialogue, including privatisation, a shrinking workforce, the gradual dismantling of labour institutions, lacking or dormant dialogue institutions (e.g., the National Tripartite Social and Economic Council) and emerging waves from the fourth industrial revolution/the ever stronger ITC sector in Ukraine.[44]

In its recent report "Labour Market Profile: Ukraine", the Danish Trade Union Development Agency (DTDA) documents a complicated picture of the labour market's structure, status and challenges in the country.[45] The study notes that Ukraine's "employment by education at the advanced level is upward and among the highest in the world". At the same time, it is noted that "vocational education and training (VET) has been under prioritised, representing a significantly lower ratio of VET students to total education, as well as firms offering formal training experienced a significant drop during the last two decades due to changes in the business

environment".[46] This presents challenges for supply and demand in the labour market and exacerbates the jobs/skills mismatch in the country. Some trade unions have taken the initiative to train workers at their own cost/for free (see below), but that effort needs to be scaled up, nationally coordinated and adequately financed by state and municipal budgets.

Labour Code reforms

The start of the full-scale war marked an acceleration of attacks on labour and labour rights. The introduction of martial law suspended parts of the constitution, the right to strike and numerous labour regulations as necessary steps to sustain the war effort. Nevertheless, we have witnessed the state of emergency being used to bring changes into the Labour Code which cannot be justified by the needs of an economy at war, nor one that hopes to be reconstructed once the war is over. The proposed new Labour Code and associated legislation contain many regressive changes. The draft law 5054 that stipulates changes to the Labour Code in regard to regulation of some of the aspects of labour relations violated Convention 198 of the ILO on Regulation of Employment Relationships.[47] The latter provides that national policies should be put in place to establish measures to provide guidance to parties in establishing the existence of an employment relationship and combating disguised employment. Furthermore, the new Code would effectively violate an array of rights of Ukrainians stipulated in the country's constitution. Thankfully, due to strong opposition from Mykhaylo Volynets, the leader of the Confederation of Free Trade Unions of Ukraine (KVPU) and an elected MP, in particular, this law was voted down on 8 January 2025,[48] but the fight is far from over.

On 29 January 2025, Judith Kirton-Darling (General Secretary of IndustriALL European Trade Union) and Atle Høie (General Secretary of IndustriALL Global Trade Union) wrote a letter to Ruslan Stefanchuk (Chairman of the Verkhovna Rada of Ukraine) expressing their deep concern and calling for a halt to the draft labour law discussions until proper trade union consultation was guaranteed.[49] Among many violations they stressed that "the draft Labour Code would seriously erode legal protections for workers regarding unfair dismissals, consent for overtime work, the right to social insurance and pension security, the rights of women and young workers, and decent working conditions in terms of wages, benefits, transfers, and working hours".

Changes being proposed in the draft Code include the following, among others.

- Matters such as recruitment and dismissal procedures, basic rights and duties of employees, obligations of the employer, and working and rest hours – currently agreed under collective agreements which must reflect the existing Labour Code and relevant legislation – will be decided by individual employers.

- It will be significantly easier to dismiss workers, in turn undermining workers' ability to unionise and organise.

- Fixed-term contracts (instead of long-term/ permanent contracts) can be proposed or selected by the worker. In reality this means workers will be forced or pressured to sign a fixed-term contract.

- Ukrainian law will not apply to the managers of enterprises with foreign capital investment (reflected in changes to the Law on Foreign Investment) – which will affect most of the postwar rebuilding projects planned to date.

- Gig economy workers, those identified in the law on stimulating the development of the digital economy and legal residents of the Diia.City programme (a special tax and legal space for IT businesses) will be exempt from the rules of the Code.

- Permission will be given for extensive workplace surveillance and monitoring of correspondence and other data without seeking workers' consent.

- Overtime will be limited to 180 hours per calendar year, although a collective agreement can allow up to 250 hours.

- For the first time in Ukrainian law, the concept of a local (enterprise-level) lockout during strikes is introduced.

Rights of people with disabilities and veterans

The rights of people with disabilities also came under attack, as is evidenced in the draft law 5344d. The National Assembly for People with Disabilities states that the draft fails to address the real needs of its target population and violates the UN Convention on the Rights of Persons with Disabilities, seeing it as a threat to their rights and opportunities;[50] it would also affect war veterans and Paralympians. The law was strongly opposed by some 100 civil society organisations representing people with disabilities as well as the KVPU, whose leader, Volynets, successfully pushed against the changes to the law that had been adopted in violation of parliamentary procedures, thus at least delaying their implementation.[51] Nevertheless, considering the history and the ongoing nature of assaults on labour rights, we can expect further attempts to undermine the wellbeing of those most vulnerable and those fighting for the survival of Ukraine.

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The rights of labour in Ukraine are under attack and the conditions of life and work are getting harder, not least due to the multiple physical and psychological traumas that people sustain daily, as well as the low rate of adaptation at home and in the workplace to accommodate the rapidly changing needs of employed and unemployed labour. The examples discussed above are just the tip of the iceberg of the numerous ways in which the rights of Ukrainian workers are being violated and their social security eroded today and into the future. Next, I provide a mixed methods analysis based on triangulated expert briefs/case studies, secondary sources and primary evidence from a trade union survey conducted exclusively for this study to shed light on pre-existing and new problems in five concrete (socio-)economic domains. I have selected those five as case studies to allow us to understand the challenges Ukraine's workers face at work and at home, the degree to which their basic needs and constitutionally required social security are being satisfied (relating to the foundational economy), and what can be transformed and how through custom-tailored policies based on needs assessment. The five respective domains are (1) housing, (2) healthcare, (3) social policy, (4) education and (5) impoverished motherhood. Below I engage with their key findings and arguments while placing them in the wider context of macroeconomic conditions and (post)war reconstruction as it exists at the moment and as it is planned, and I highlight alternative, sometimes not immediately evident ways in which the problems outlined can be addressed through thoughtful policy crafting and targeted financing. Furthermore, these measures are presented as an investment in Ukraine's economy today and into the future which, if designed and executed correctly, will pay for themselves even in the same fiscal year. A different economy, and a different Ukraine, are possible.

Housing domain

From February 2022 to December 2023, more than two million housing units were damaged or destroyed, according to the Third Rapid Damage and Needs Assessment.[52] By 2024, the International Organization for Migration had documented an estimated three million Ukrainians living in damaged dwellings, with the number growing daily.[53] The same report states that one-third of those renting "(31%) spend more than 70 per cent of their household income on housing (including both the rent and utilities), while around half of those renting (54%) spend more than half their household income on rent and utilities" – a situation that is aggravated by a decrease in national real wages and inflation. Housing quality, availability and costs are major problems for Ukrainians, especially those who have been displaced and re-displaced – their needs are complex and compounded by overlapping exclusions

of individuals and households.[54] The population can be segmented for analytical purposes into those who own and rent, those who still live in the same home as they did in February 2013 and those who have been displaced (one or more times) since the first invasion, as these segments have been affected differently by war-related and pre-existing problems with housing. It is important to look at the issue from the viewpoint of those in need of housing, instead of simply focusing on supply issues.

According to "estimates by international organizations, as of October 2024, around 3.5 million people are de facto internally displaced, and 4.5 million people have returned to their usual places of residence. Housing is one of the sectors most negatively affected by the war. As of the end of 2023, at least 2 million homes had been destroyed or damaged, accounting for approximately 10% of the total housing stock."[55] Between 25 September and 8 October 2024, KIIS conducted a survey, commissioned by Cedos, to "examine housing conditions, particularly housing affordability, the structure of ownership forms in the housing sector, and the population's vulnerability to the hypothetical loss of housing".[56] According to the SSSU, in 2021, "95% of respondents in Ukraine lived in owned housing, 5% in housing rented from private individuals, 0.3% in state housing, and 0.2% in departmental housing". Meanwhile, the results of the KIIS/Cedos study show that "by 2024, these shares are lower for owned housing (79%) and higher for rented housing (14%)".[57] The urban/rural divide is growing. So, the share of people living in owned housing is the highest in villages and rural towns (88% compared to 69% in regional centers and 81% in other cities), while renting is most common among residents of regional centers (24% compared to 12% in other cities and 6% in villages and rural towns). Compared to 2021, the prevalence of renting has increased most significantly in large cities (in 2021, 8% of residents in cities with populations of 100,000 or more rented housing, whereas in 2024, according to Cedos data, 24% of residents in regional centers are renting).

Housing is commonly considered unaffordable if it constitutes 30% of a household's income.[58] According to this indicator, "a total of 42% of Ukrainian households struggle to pay for their housing: 29% spend 31%-50% of their income on housing, and 13% spend more than half of their income".[59] Price discrimination and exclusion, urbanisation, and long distance commute for work are common and have only been made worse by the full-scale war, with variegated regional effects.

Absolute exclusion from housing is an issue. Homelessness, which was a significant and persistent problem before the war, has also increased. As the most "comprehensive look at homelessness in Ukraine to date, published by international homelessness charity Depaul International", explains, "after losing their homes, jobs, support network and belongings people trying to rebuild their lives in a new place are experiencing homelessness … with almost a quarter (22%) of those sleeping rough becoming homeless as a direct consequence of being displaced during the conflict".[60]

How can such complex needs and challenges be addressed? In a commissioned brief for our FEPS study, Vita Shnaider examines the issue of housing – policy, availability, affordability and financing – based on her ongoing research rooted in understanding local needs based on the realities of the sector across regions and communities.[61] By focusing primarily on IDPs – the most vulnerable group, as corroborated by a recent KIIS/Cedos survey – she demonstrates the urgent need for a social housing programme, identifies the most urgent needs of the target demographic and describes what should be addressed through tailored policy and the form it should take.

Shnaider's policy brief examines Ukraine's housing policy, focusing on the impact of the full-scale Russian invasion on housing inequalities and proposing alternative approaches to recovery. The report details how Ukraine's housing system has traditionally been dominated by mass homeownership due to the privatisation of state-owned housing after the Soviet era, leading to an underdeveloped and poorly regulated rental market and limited social housing options. The war has intensified existing disparities,

with a disproportionate impact on IDPs, many of whom find it difficult to secure stable housing due to limited government intervention and the reliance on market-driven solutions.

Shnaider critiques current government programmes, such as eOselya and eVidnovlennya, which prioritise private homeownership rather than addressing the needs of renters or those without initial capital. She highlights the shortcomings of short-term collective housing solutions and financial aid programmes such as cash-for-rent, which have proven inadequate in supporting displaced populations. The lack of sufficient regulation and low enforcement in Ukraine's private rental market has led to rising rent prices, increased evictions and financial hardships for IDPs. Indeed, the two programmes are deeply flawed. eOselya offers subsidised mortgages for IPDs, military personnel, and state healthcare, education and science-sector workers. While this looks good on paper, it is important to note that this subsidised rate of 3% is barely below the EU average of 4.6%, which is inflated by Eastern EU rates that tend to be higher, while France, Germany, Italy, Portugal, Slovakia, Spain and Sweden, for example, have average rates around 2.15%. Moreover, the minimum cash downpayment on those mortgages is 20% (10% for under 25s) of the full price over a maximum of 20 years, which makes the whole scheme accessible only to a small segment of upper middle-class earners, while housing prices exclude the majority of the population. Such subsidised conditions are thus draconian compared with the standard, unsubsidised conditions in countries with much more robust economies, social welfare systems and higher wages. Teachers in Ukraine make on average UAH14,200 (€300) per month; among healthcare workers, doctors in state service make UAH27,500 (€580) and nurses UAH13,500 (€285) on average gross;[62] and new hires in science made UAH11,200 (€236) in 2024. It is hard to imagine how one is to save for a 20% deposit when a "cheap" studio on the secondary market in Lviv costs €32,000, while one on the outskirts of Kyiv costs €25,000. The latter options are as unsuitable as they are unaffordable, especially considering the high rents, inflation, exorbitant energy and heating prices, and the individualisation of public services.

In response to these challenges, Shnaider argues for a diversified housing policy that includes rent regulation, the establishment of social rental agencies to manage private rental housing, support for cooperative housing models and the development of municipal social housing operators. She also recommends the creation of a National Housing Agency to oversee housing policy implementation, improve data collection and coordinate efforts between local and national governments.

In addition, I argue that it is crucial to consider new large-scale social housing construction programmes that would add to the secondary-market social housing rental programmes proposed by Shnaider. Indeed, after the Second World War and through the Marshall Plan, it was social housing programmes that enabled European nations to meet the needs of their disenfranchised populations that had been economically and physically damaged by the war. A well-designed and effective National Housing Agency could indeed solve many of the problems associated with housing if combined with the construction and management of public housing for the many who are unable to rent or own privately. There is a dire need for lasting solutions that move beyond market-driven approaches to ensure affordable and secure housing for vulnerable populations and beyond. Social housing should not be targeted at the most marginalised but should become a widely accepted norm, ensuring that families and individuals have access to secure and quality housing throughout their lifetime, thus making their constitutional rights a lived reality guaranteed by the state. Additionally, in the context of the (post)war reconstruction, jobs can and should be created in the sector – from design to building to maintenance – thus helping increase household purchasing power and adding to wage-led growth.

Healthcare domain

Olena Slobodian explicates the dire state of the Ukrainian healthcare system and the changes it has been undergoing since 2017, balancing negative aspects of austerity with positive changes to adapt and modernise, and weighs those against the

challenges brought on by the war. The destruction of facilities, displacement of staff and patients alike, growing costs and loss of physical and monetary access to services and medications have put unprecedented pressure on healthcare as a whole.[63] The system, financed by a residual principle, faces exacerbated challenges due to the Russian invasion and a deepening dependence on international aid, leading to the exclusion of grassroots movements and healthcare workers' unions. Any reconstruction aid must involve multiple stakeholders, address exclusion dynamics, and prioritise stable financing and the long-term resilience of the system alongside immediate needs, considering the dominance of efficiency and austerity narratives in policymaking.

Ukraine's healthcare system has been under significant strain due to both pre-war austerity-driven reforms and the ongoing war. The 2017 healthcare reform introduced modernisation efforts such as digitalisation, primary care prioritisation and a shift to service-based financing. While these changes improved transparency and efficiency in some areas, they also led to hospital closures, mass layoffs of medical workers and a lack of coordination between government agencies and healthcare providers. The full-scale Russian invasion further exacerbated these weaknesses, overwhelming an already fragile system with new demands, particularly in mental health services, rehabilitation and emergency care for war victims.

Governance and resource allocation remain major challenges. While centralising funds under the National Healthcare Service of Ukraine improved financial oversight, the decentralisation of administrative responsibilities created conflicts between local governments and hospital administrations. Many hospital administrators mismanage funds, leading to wage arrears and worker exploitation, particularly among nurses and care workers.[64] Corruption remains a persistent issue, and the absence of independent regulatory bodies has hindered transparency and accountability in healthcare management. As a result, medical professionals often struggle with financial insecurity, and patients face inequitable access to services.

Oleg Panasenko, the head of the Free Trade Union of Medical Workers of Ukraine, provides regular updates on the union's Facebook page on the challenges the sector is facing.[65] Trade unions have made it clear that the distance between patients and hospitals is damaging. Moreover, it is also clear to them that running the state healthcare system into the ground creates a fast track to privatisation of the sector.

The war has also accelerated workforce shortages, which is further exacerbated by healthcare workers leaving the sector due to low pay and poor working conditions.[66] Since the invasion, Ukraine has lost approximately 14% of its healthcare professionals, with many migrating abroad for better opportunities. Nurses, who are particularly underpaid and overworked, have faced financial instability due to funding models that prioritise patient volume over sustainable hospital financing.[67] Additionally, mental health services and rehabilitation for war-affected individuals, including injured soldiers and displaced civilians, remain underdeveloped. Much of the burden has fallen on civil society organisations, which lack the long-term stability needed to meet growing healthcare demands and cannot serve as a substitute for a functioning healthcare and social care system.

Ukraine's healthcare system remains heavily dependent on international aid, with organisations such as the World Health Organization, USAID[68] and the World Bank playing a crucial role in sustaining medical services. While these partnerships have provided critical resources, they have also promoted privatisation and market-driven healthcare models, raising concerns about accessibility and affordability. Out-of-pocket payments, which account for nearly half of total healthcare spending, continue to place financial strain on Ukrainian households. Without significant public investment, healthcare services risk becoming inaccessible to vulnerable populations.

Addressing these systemic issues requires substantial reform and increased financial commitment. Raising healthcare spending to at least 5% of GDP, as stipulated by Ukrainian law, is

crucial for long-term sustainability. Ensuring fair wages and better working conditions for healthcare professionals would help the sector retain skilled workers and prevent further workforce depletion. Structural reforms, including stronger governance mechanisms, independent oversight bodies and anti-corruption initiatives, are essential for improving efficiency and resource distribution. While international aid will remain necessary in the short term, Ukraine must prioritise building a self-sufficient, well-funded healthcare system that can withstand future crises and provide equitable care to all citizens.

Slobodian highlights mental health and rehabilitation services as critical gaps, pointing to the need for a comprehensive evaluation of the current capacity of Ukraine's mental health workforce and rehabilitation infrastructure, including an assessment of the financing needed for various approaches to filling those gaps. The scale and duration of the trauma inflicted by the war demands a more detailed examination of the specific resources, training programmes and institutional frameworks that are and will be needed to develop and adequately deploy services fit for the complex and compound needs of Ukraine's population.

Labour rights are a serious issue in the healthcare sector, and thus the proposed changes to the Labour Code need to examined from a historic perspective while the nuance of concrete sectors and occupations is to be accounted for thoroughly. Deregulation, real and nominal wage decreases, and deteriorating working conditions all contribute to the diminished quality and availability of provision in the sector, with rural and war-exposed areas suffering the most.

Social policy domain

In her policy study titled "Mapping challenges and priorities in social policy", Nataliia Lomonosova explains that even before the full-scale invasion, Ukraine's social welfare system struggled with inadequate benefits, insufficient pensions, outdated social infrastructure and uneven distribution of services across urban and rural areas.[69] The war has exacerbated numerous challenges, leading to mass unemployment, increased poverty, inadequate housing and heightened domestic violence, necessitating a comprehensive postwar reconstruction plan focused on stable employment, comprehensive housing policies and an effective social safety net to ensure long-term stability and justice.

Lomonosova's report provides a detailed analysis of Ukraine's social policy during the war and postwar recovery efforts. It highlights the exacerbation of existing vulnerabilities due to the war, the government's response and the socio-economic challenges that Ukraine faces. The report offers a comprehensive examination of these issues, revealing both strengths and limitations in its framing of Ukraine's social policy transformation.

A significant aspect of the report is its focus on how the war has intensified social inequalities, particularly for IDPs, the elderly and low-income groups. The discussion on housing insecurity demonstrates the shortcomings of pre-existing policies in addressing displacement challenges. The report suggests that Ukraine's housing policy, which has historically prioritised homeownership over social housing, may not be suitable for the current crisis, underscoring the need for structural reform in housing policy instead of short-term relief efforts.

The analysis of Ukraine's labour market and social assistance programmes also identifies key issues in postwar recovery planning. The report critiques the government's shift towards a more liberal welfare model, where social support is increasingly tied to means-testing and employment status. By linking these changes to international financial pressures and policy trends, the report raises concerns about the sustainability of Ukraine's social safety net. However, it could further explore alternative welfare models or policy solutions that balance fiscal constraints with social protection.

Lomonosova suggests that Ukraine's recovery efforts should focus on redistributive justice and long-term welfare expansion, pointing to the fiscal

constraints and realities of the war economy. The budget constraints are an obstacle and thus must be seen by the government as an integral factor of policymaking now and in the future – investing in people cannot be considered as an afterthought or seen as a luxury. The report argues for prioritising social policy in recovery discussions, and it critiques the government's reliance on international aid. The latter is a long-term limitation and a vulnerability even if it is currently a necessary component of recovery planning. The case is made for a more equitable approach to postwar reconstruction, highlighting the potential risks of an overly market-driven and aid-dependent recovery model and supporting the overall argument of our wider study – that there is an urgent need for state-led investment in people and the foundational economy.

Education domain

The education system and its workers face numerous challenges, including damaged education infrastructure, issues with access to devices for distance education, the deterioration of educators' mental health and wellbeing, the urgent "need for capacity building and professional development by teachers, as well as the lack of harmonized and relevant data and infrastructure for education governance, including for those outside of Ukraine".[70] Chronic underfunding, the legacy of the COVID-19 pandemic, low wages, brain drain, the hollowing out of the countryside and regional disparities all contribute to the pressure. From primary to secondary and higher education, the challenges are many if divergent. Researchers document problems that can be classified as pertaining to "the availability of a safe physical space in educational facilities, development of response procedures and behaviour patterns in emergencies, psychological support, a flexible mode of delivery, [and] technical support of the teaching-learning process".[71]

The EU has praised the Ukrainian education system for its resilience due to the role played daily by teachers, school leadership and the use of mixed ICT in teaching.[72] This resilience comes at a huge cost – financial, personal and time – to educators (parents also struggle, as addressed under the heading "Social policy domain"). Teachers struggle, and they complain. Education Ombudsman Nadiia Leshchyk stated in an interview to RBC in November 2024 that during 2024 she received the most complaints about "problems related to education during the war – almost 300 appeals, as well as issues of reorganization or liquidation of educational institutions (159), bullying (146), working conditions of teachers (104) and low wages (100)".[73] Overwork and low pay are common problems for educators. Complaints to the Ombudsman testify to staff being overloaded with extra-contractual or even extra-educational duties, poor working conditions, lack of resources and basic equipment (e.g., printing paper) and low wages.

In her report, titled "Ukraine's education policy as a pillar for successful rebuilding", Yulia Nazarenko shows that while Ukraine's education system had high enrolment numbers and guaranteed access from kindergarten to higher education prior to the 2022 invasion, it faced inefficiencies, low spending per student and poor alignment with labour market needs.[74] The invasion caused significant damage to educational infrastructure, disrupted learning with a shift to remote and hybrid formats, and exacerbated pre-existing problems such as insufficient funding, lack of cadre (insufficient supply of professionals and loss due to sector exit due to low wages and war associated pressures: workload, working conditions, and displacement) and of practical training, inadequate shelter during air raids, and widespread power outages affecting both students and teachers. She stresses the need for the system to be overhauled to fit the current and foreseeable future requirements and the need for increased funding.

The text discusses how education is a fundamental right and a strategic pillar for Ukraine's resilience and future reconstruction. It describes recent reforms, including the New Ukrainian School initiative, which aim to modernise the system through student-centred, competency-based and integrated learning approaches. The education sector has faced significant disruptions due to the COVID-19 pandemic and the ongoing conflict with Russia,

resulting in learning losses, infrastructural damage and challenges in maintaining safe and continuous education. Additionally, the report addresses the role of education in preserving national identity and social cohesion amid efforts by occupying forces to alter curricula and language policies in contested regions.

The document provides a comprehensive analysis across all levels of education – from primary to higher education – and connects immediate crisis responses with long-term recovery strategies. It uses data and case examples (such as digital tool integration, shelter establishment in educational institutions and teacher workload issues) to support its points. By considering both pedagogical innovations and practical measures such as funding adjustments and workload optimisation, it reflects a thorough understanding of the interplay between policy reform and crisis management. In addition to Nazarenko's findings, we must mention that higher education and science education have suffered dramatically. In an extensive expert study conducted in 2024 by Foresight, a new scientific institute, O. S. Popovych surveyed 543 leading Ukrainian scientists "to identify the current priorities and methods for mobilizing the country's scientific and technological potential to meet the needs of defence and post-war recovery".[75] Those surveyed expressed a "highly critical view of the state's science and technology policy, considering it inadequate to meet contemporary challenges". Furthermore, "evaluations of the utilization of the country's scientific and technical potential are disheartening, with efficiency rated at 40-50%, particularly in defence at 46%". Crucial gaps in personnel and material-technical support were identified, with prognoses of further decimation, which could potentially lead to Ukraine "losing its ability to not only develop its own advanced technologies but also effectively implement cutting-edge foreign technologies".[76] The findings of the report underscore the need to invest in education and scientific potential, from school to university to scientific explorations, if Ukraine is to maintain and grow the intellectual and scientific resources that are vital for adequate societal functioning and economic revival.

With the war ongoing and given the lack of clarity on postwar economic and social needs, one must accept the limitations on the precision of reform recommendations. Identifying key challenges is the first solid step towards improving and future-proofing the existing system – a place from which concrete strategies can be developed. Measures for addressing learning losses and integrating displaced students, for example, can only be developed into clear action plans once the war is over and location and needs can be assessed with a degree of precision. The concreteness required for the development of a long-term education policy will hopefully arrive in the coming years, at which point more specific and context-sensitive planning can be designed and executed to translate the many solutions proposed in the brief and more into action.

Impoverished motherhood domain

The problems highlighted in the domains discussed above intersect in the most acute manner in the lives and households of those with care responsibilities, old and new, particularly poor war-impoverished lone mothers. Where social security and state provision fail and social support networks are lacking or, even worse, add to the hardship, there is little space for resilience, let alone for living a decent life or thriving. From access to quality housing and healthcare, to social protection and freedom from stigma in formal and informal institutions that add to everyday misery, to barriers to education and concrete professions, to lack of workplace adaptations and the responsibilisation of women for household work, care and education of children – the odds are stacked against women, and thus institutional, financial and social support is sorely needed in Ukraine on a large scale. In the Berlin criteria for Ukraine's postwar reconstruction, women are placed centre stage, yet much remains to be done for that to become a material reality for the women in question. It will require a nuanced understanding of the factors that constitute hardship and the actions needed for its alleviation to support women in their personal and professional lives.

In their policy brief based on in-depth interviews and the triangulation of secondary sources, Olenka Gulenok and Olena Tkalich explore the many new and pre-existing challenges faced by (impoverished) mothers in Ukraine, focusing on financial struggles, employment difficulties, housing issues, childcare responsibilities, and barriers to accessing humanitarian aid and mental health support.[77] Research sheds light on the urgent need for targeted policy interventions that would address the compounded socio-economic and psychological impacts on this vulnerable demographic per se and as representative of the problems experienced by mothers in Ukraine more broadly. How is a mother with full-time care responsibilities, barely any money and no ability to work going to qualify for an eOselya mortgage, for example? How can she upskill/reskill and partake in paid work when there is no one to look after the children or the elderly in her care and she has no money for afterschool activities for the kids? How can physical and psychological health be adequately provided in a home headed by time-, energy- and cash-poor adults deprived of support and livelihoods by the war? These issues cannot be addressed by humanitarian aid parcels beyond the alleviation of immediate needs as a short-term solution. A systemic nationwide approach is required to address all the needs when and where they arise and to support women in caring for the young and the old and to realise their own potential outside family care work.

Gulenok and Tkalich's study brings together a number of important observations on which targeted policy can be built and which overlap with the other studies brought together in this report. Women with children in Ukraine face significant challenges, pre-existing and those due to war and poverty, including financial instability, poor employment conditions, inadequate housing and mental health struggles. The Ukrainian government's social policies, such as cuts to maternity and single-mother benefits, deregulation of the labour market, and lack of housing and healthcare support, worsen the situation for mothers, leaving them reliant on non-governmental organisations (NGOs) and humanitarian aid. Such arrangements are a lifeline in a time of hardship but they are in no way stable, reliable, dignifying or sustainable. There is a clear need for improved social and financial support for mothers with unstable incomes, as well as enhanced support for women facing unemployment or downward mobility, especially due to the war. Available and accessible psychological support through NGOs and public health institutions is extremely important for mothers and children, and there is a need for expanded mental health resources. Ukraine's government must take the lead in addressing these challenges, ensuring financial, housing, mental health and employment support for mothers and children.

The overall message is that comprehensive state intervention and the reversal of neoliberal policies are crucial for improving the living conditions of mothers with children in Ukraine and ensuring long-term societal stability. The fundamentals of the Lugano framework, the four dimensions of postwar reconstruction as laid out in the Berlin conference, and ILO recommendations regarding women's engagement in paid work address the productive immobilisation of women due to unpaid care work. Although such work is vital, it limits these women's potential, locks them and their families in conditions of poverty and prevents them from realising their full potential. They are left without the opportunity to make a meaningful choice between care work and paid employment, professional advancement and any combination of options they might choose given the chance.

It is crucial to note that without tapping into the female workforce for paid employment, neither reconstruction, nor growth of domestic production and consumption, nor progressive tax and thus budgetary increases, nor overall economic growth is possible.

Unpaid work

Ukraine's economy presently survives due to an incalculable amount of unpaid work – from varied forms of care, to volunteering, to unpaid overtime of professionals – and donations. Both are vital, yet their supply is by no means sustainable, especially in the long run, nor are they viable inputs to expand

the nominal economic output of goods and services on which wartime and postwar reconstruction can be built and made to last. Nor can those who provide unpaid work maintain their own health and wellbeing, as well as that of their families, indefinitely. When the fighting stops and the move from surviving to reconstruction and, hopefully, thriving begins, what resources will be available?

It is a widely documented fact that unpaid work done by women "subsidizes the cost of care that sustains families, supports economies and often fills in for the lack of social services".[78] Yet it is rarely acknowledged as "work". Unpaid care and domestic work are valued to be 10% and 39%, respectively, of GDP and can contribute more to the economy than the manufacturing, commerce or transportation sectors.[79]

In her now famous book, *If Women Counted: A New Feminist Economics*, published in 1988, Marylin Waring exposed how women's housework and care work gets automatically excluded from (nominal and only) value both in theory and national accounting of conventional economic approaches, mainly GDP and similar output/productivity measures. She also highlighted that it is not just unpaid work in the household and society, but all things that are not of market value, that are treated as having no value at all in economics and national accounting. "Environmental services", treasured spaces, nature, locations and memories – all are treated as if they are of little to no value when national economic performance is assessed. In 2018, Stiglitz, Sen and Fitoussi reiterated these arguments in their "Report by the Commission on the Measurement of Economic Performance and Social Progress" aimed at addressing the "missing components" of economic metrics.[80] They recognised the significance of statistical indicators and that the manner in which measurements are made plays a role in decision-making, including misguided trade-offs between propping up GDP and financing environmental measures. Thus, "statistical concepts may be correct, but the measurement process may be imperfect". Moreover, "when there are large changes in inequality (more generally a change in income distribution) gross domestic product (GDP) or any other aggregate computed per capita may not provide an accurate assessment of the situation in which most people find themselves". The authors note that "net national product (which takes into account the effect of depreciation), or real household income (which focuses on the real income of households within the economy) may be more relevant", while it has been known for a long time that "GDP is an inadequate metric to gauge well-being over time particularly in its economic, environmental, and social dimensions, some aspects of which are often referred to as sustainability".[81] Why is it important to note this disparity in the measurements and aims of economic activity and Ukraine's reconstruction?

The invisibilisation of people's suffering by incomplete metrics and measurement processes applied to economic life leads to policies that miss the mark even if they are well intended. Furthermore, inequalities cannot be tackled merely by acknowledging their existence or prohibiting discrimination. Structures must be put in place via targeted methodologies informed by appropriate metrics and measurement, and well-funded policy actions. The five case studies that are part of this project are designed to provide a deeper understanding of the problems in specific areas of society and the economy in order to determine appropriate plans for fixing them. Making the needs of society visible and designing economic systems that grow with an aim to satisfy needs first can assure a deeply sustainable reconstruction and mitigate extreme inequalities. Combined with progressive taxation, tax avoidance and evasion regulations and their enforcement, adequate budgetary allocation for social needs can help secure in- and post-war reconstruction of Ukraine's society and with it the economy and environment.

Simply including the rights of women and principles of equality, for example, in a country's legislation is insufficient. Adequately developed and financed systems need to be put in place for those rights to be exercised. UN Women states that "policies that provide services, social protection and basic infrastructure, promote sharing of domestic and care work between men and women, and create more paid jobs in the care economy" are desperately

needed “to accelerate progress on women’s economic empowerment”. In Ukraine’s case, where those services are not absent but rather are unevenly or inadequately provisioned, distributed or financed, an overhaul of existing physical, administrative, skill/cadre and financing infrastructure, coupled with a thorough assessment of the composition and structure of the demand for services, is needed prior to designing appropriate fixes.

In the following sections of this study I outline the importance and the primacy of strengthening the foundational economy for Ukraine’s social and economic resilience and for embedding the principles of deep sustainability and economic recovery during the war and in the postwar period. In order for the Lugano principles to materialise, a socio-economic system of state-funded public goods and services needs to be extended and in some cases newly deployed to scaffold people currently in Ukraine and incentivise those who fled to return and contribute to the country’s recovery.

RECONSTRUCTION: PERSPECTIVE OF THE ORGANISED LABOUR

Trade union officials raised numerous issues in the course of the survey on the challenges they and their members face, many of which overlap with the evidence documented in the expert briefs. There are two large all-national trade union confederations in Ukraine – the Federation of Trade Unions of Ukraine (FPU) and the Confederation of Free Trade Unions of Ukraine (KVPU) – and a number of independent non-unionised workers' movements in specific (sub)sectors and (sub)professions, for example Be Like Nine/Be Like US, for which it is hard to find consolidated information but which certainly deserve a separate study. In the course of this study I have surveyed a selection of trade unions – two confederations and individual member unions – via a digital questionnaire, monitored their press releases and social media platforms, attended public events and engaged in interviews (online and in person) where possible. Flexibility in data collection methods and ad hoc adjustments were and are necessary when dealing with subjects who live and work in an invaded country under regular attack and with ongoing compound traumas.

I bring them together in the following paragraphs.

Their central ongoing concerns relate to aspects of military security – the direct and indirect impacts of war, which present a threat to workers' lives and force them into internal displacement or to flee abroad. Physical security is a concern for all. This is followed by economic security – wage stagnation, overwork without compensation, wage arrears, individualisation of costs of healthcare and re-/upskilling in some sectors and enterprises, precarisation of employment, and displacement inside Ukraine and beyond its borders, with associated costs and fears among workers and union leaders related to workplace retention for the future and uncertainty around social security and future pensions. Many have highlighted the challenges and potential danger for sectoral resilience associated with the shrinking workforce . Depending on enterprise and member pre-war location, many have had to seek refuge abroad, many have been displaced within Ukraine, many are in temporarily occupied areas which they have been unable to leave for various reasons, many are mobilised or have volunteered to go to the front, and many have left official employment – completely or partially – to perform volunteer work for the war effort. All are affected by the compound effects of social reproduction work, while many have experienced the above conditions in various combinations since 2014 and more so since 2022. The pressures on individuals, enterprises, sectors and unions are unprecedented and mounting.

There are numerous ways in which the war "immobilised" and disrupted the workforce beyond but not separate from death and displacement. Many saw a change in their household care structure, which meant increased and altered allocations of responsibilities and a compromised ability to partake in paid work as a result. Many women were forced into lone parenthood in displacement and due to the mobilisation overwhelmingly of men. This has seriously undermined women's capacity to be active members of the community and the workforce and has put insurmountable strain on their mental and physical health. The uncertainty around availability of jobs, income levels and access to public services that workers feel inside Ukraine undermines their ability to plan and erodes their hopes for the future, which impacts their (potential) decision to leave or, for those who left, to return.

Unions run an array of initiatives to alleviate the burden on their members and in the communities and enterprises they operate, often on an unpaid/volunteer basis and at their own cost. The initiatives include training and education, day-to-day support of family members, IDP support and new community integration, help with finding and provision of

housing, fundraising, collection and delivery of aid – medical and otherwise – and evacuation from dangerous areas.

Trade unions deserve to be at the centre of the multi-stakeholder social dialogue initiatives where the plans for various sectors and communities are determined. Their expertise and deep local and national knowledge of the actions, skills, professions and resources needed in concrete sectors and enterprises is hard to overestimate. Civil society is regularly cited in URC documents, especially NGOs, whereas trade unions are only included as an afterthought, from their tokenistic presence at the URC meetings – annual and interim – to the airtime and side events at annual conferences and engagement in meetings with actual and potential investors, to drafting the new Labour Code or changes to the Law on Investment.[82] Steps are being taken to facilitate deeper dialogue, yet there is little evidence that actions have followed the declarations. During the URC in Rome, a memorandum of understanding was signed between the Ukrainian Ministry of Economy (MoE) (Svyrydenko) and trade unions in the face of FPU's Shubin (the Federation of Trade Unions of Ukraine).[83] The ILO stated that the document "outlines areas of joint work on reforming the Labor Code of Ukraine", while the ILO itself has committed to providing technical support in the process.[84] Beyond the promising trajectories and celebratory rhetoric lies the fact that the KVPU has not signed the memorandum and has continuously criticised the work of the MoE and FPU on the Labour Code (see the previous section). Presently the work on the Code and between the above stakeholders continues, while the final text has not yet been agreed. If there is a meaningful dialogue in which the input of all parties is considered and regulations – ILO informed and EU aligned – are incorporated within the DREAM/Matrix frameworks and with the needs of Ukrainians as the primary aim, reconstruction will begin to look more like a reality than it does presently. The results are yet to be seen.

THE NEED FOR A NEEDS-ORIENTATED (RE)CONSTRUCTION

The many social and economic issues mentioned above can be met while also growing the economy, increasing domestic demand (especially for MSME goods and services) and tax revenue, and reviving local economies and communities and thus liveability in the cities and the countryside. If done in a coordinated manner, such action can also help deliver the socio-economic justice that Ukrainians sorely need. The question arises as to which organisations should be involved in and lead the multi-stakeholder social dialogue needed to assess and deliver on the needs of individuals and groups where they are and help bridge the gaps in supply and demand on the labour market.

The ILO, an organisation that emerged out of the ashes of the First World War to address the issue of inequality, and its bodies have rich experience and expertise in matters of social justice, employment and decent work as building blocks and preconditions for peace and resilience in post-conflict regions, and they recognise "the role of accessible and quality public services in economic recovery, development, reconstruction efforts, prevention and resilience".[85] In their 2024-2025 country strategy developed to assist Ukraine's "post-disaster labour market recovery and in consultations with national tripartite constituents", the ILO observes that some 2.4 million jobs had been lost by the end of 2023, while "1.6 million Ukrainians of working age have left the country" in the same period.[86] Martial law restrictions on international mobility meant that the overwhelming majority of those who fled "were women, once employed as professionals and technicians in clerical support, services, and sales among others", 16% of those being education workers, and 7% health and social services workers – those on whom the reproduction of the social fabric and the economic foundations of society depend every day.[87]

It was mentioned earlier in this Policy Study that in 2023 the ILO emphasized the need to bring more women into paid work and to reskill and upskill all workers. To that end, one of the more significant developments of the Berlin URC was the embedding of sex, gender and equality into the reconstruction design and the launch of the Alliance for Gender-Responsive and Inclusive Recovery, led by UN Women together with the Federal Ministry for Economic Cooperation and Development and the Cabinet of Ministers of Ukraine. It focuses on support initiatives that promote gender equality, women's protection and empowerment, and it prioritises the needs of displaced women, returnees, disabled women, veterans, rural women and LGBTIQ+ persons, ensuring their participation in recovery decision-making processes. The importance of such actions to embody the politics of representation instead of instrumental tokenism cannot be overestimated. The treatment of sex and gender issues as separate but not isolated from the rest of the recovery effort, not as something ad hoc but rather as central, needs to be emphasised for a feminist and just reconstruction.

Going beyond yet also incorporating matters of inclusivity, sex and gender, the ILO has developed an integrated, multi-track and three-pillar approach to resilience and reconstruction via "consultations with its constituents in Ukraine and aligned with ILO principles on decent work". The three pillars are:

1. Investment in people "to mitigate the impact of the war and to increase resilience", with a focus on social protections, IDPs, persons with disabilities and war veteran labour force integration.

2. Creation of "quality employment and sustainable enterprises for reconstruction and recovery", where exploitation and informality are rooted out, occupational safety and health are enhanced, and skill planning, reskilling and upskilling are supported.

3. Improvement of "labour market governance, including social dialogue, in line with international labour standards and related EU acquis", including enhanced local labour inspectorates, due diligence and the implementation of responsible business conduct tools.[88]

Given these recommendations from the ILO, the recent changes proposed in the Labour Code and pension system reforms are surprising, to say the least. Both reforms often contradict the stipulations of all three pillars, despite the fact that working towards those pillars would support the workforce of today and tomorrow, boost local economies and secure economic recovery overall.

This will require creating conditions for those who have been displaced, wounded and traumatised, and those who fled, to rebuild their lives and livelihoods in Ukraine, including financing the (re)training of the workforce, creating conditions favourable for the "production of the worker" via investment in public services and generating wage-led growth. The dangerous rhetoric of state shrinkage and austerity evidenced in the plans for public services and spending, as well as the new Labour Code pushed through the parliament since early 2025 and the changes to the pension system, could jeopardise the reconstruction process as a whole.

FOUNDATIONAL ECONOMY: A BACKBONE OF RESILIENT AND SUSTAINABLE RECONSTRUCTION

The Lugano framework for Ukraine's wartime and postwar reconstruction, the IMF and World Bank assessments, and the Matrix of Reforms and its success metrics incorporate many useful indicators; however, there is also much that is not accounted for, without which neither the frontline nor civilian life would function and without which reconstruction is impossible to fathom. This includes unpaid work at home and in society, undeclared overtime at a place of paid employment, and the contribution and sharing of skills, time and effort – valuable services that cannot or have not been ascribed a monetary value and thus fall outside the spreadsheets – as well as donations in kind and cash, and remittances.

Numerous economic studies (see below) indicate pathways to create conditions for Ukrainians to return while building on the experiences of low- and middle-income countries. Investment in the foundational economy is precisely such a pathway, in combination with a wage-led growth approach. Public investment and infrastructure ownership, full deployment of state-funded public services and scaffolding of labour in private and public economic initiatives instead of neoliberalism in the midst of the war are key elements for the recovery's success. These are the lessons the world learned from the legacy of two world wars, the destruction of which was remedied through government spending on infrastructure, education, the welfare state, public services, housing programmes, business subsidies, research and development (R&D) and the facilitation of trade. These recommendations are corroborated by the contemporary economic research of İlkkaracan and Kim,[89] Onaran and Oyvat,[90] and Onaran and Gushanski.[91] They show that public spending and employment generation in early childhood care, education, healthcare and long-term care "pay for themselves" (in the short and long term) and tackle inequalities, including gender, by drawing women into the paid workforce and, indirectly, by producing social security and opportunities for all households. For Ukraine, a recovery that reflects its EU membership aspirations and decarbonisation commitments calls for green and low-carbon job creation – in the care economy, arts, education, environmental preservation and regeneration, and sustainability R&D. These can be spearheaded through faster integration of Ukraine into the European Green Deal initiatives and NextGenerationEU Programme. A just transition and energy democracy are crucial for economic self-sufficiency and reduced import dependence in key sectors. This may look something like a post-Keynesian vision of state-led domestic investment, wage-led growth/boosting of domestic demand, addressing budgetary leakages (e.g. corruption, tax avoidance/evasion) and expansionary fiscal policy, with Ukraine's local enterprises having priority over their foreign rivals. Secure and fulfilling jobs, safe working conditions and decent wage guarantees are key for Ukrainians to feel like they are part of the recovery effort and for those who fled to have somewhere and something to return to – some 6.5 million of them, without whom the most sophisticated reconstruction plans will be just that: plans. It will also require creative incentives for women who fled to countries with established, lifelong education, care and healthcare systems to return to Ukraine, and for that to materialise, much is yet to be done.

In order to make these challenging visions achievable and deeply sustainable, the state's policy approach will need to be overhauled to sustain the famous resilience of Ukrainians, as that too is a finite resource. An approach that prioritises the private sector and civil society, with a strong emphasis on NGOs but less attention paid to trade unions, has numerous strengths but also limitations, especially in wartime. The history of post-Second World War rebuilding demonstrates that social dialogue, an active role for trade unions, and the state as a coordinator and an investor (financed though sophisticated

international mechanisms) is what resuscitates incapacitated economies, particularly where private investment is reluctant due to heightened risks, low return prospects or simply lack of interest or scale. Government spending to fully deploy, extend and adapt the infrastructure and public services; the reorientation of procurement to domestically produced goods, for example "Buy Ukrainian"; and wage growth are crucial. Regular increases in the living wage and average wage growth that not only reflect inflation but also raise living standards and boost domestic consumption capacity are some of the key measures that can help lift the economy out of hardship.

The need to (re)build each aspect of the economy according to the three pillars of sustainability – economic, social and environmental – must be reflected in all policy domains of the future Ukraine, which could help eliminate predatory work practices, environmental destruction, corruption and more. The central client of the reforms and policies, it must be remembered, is Ukrainian citizens and residents, who must be supported in their concrete contributions to the country's recovery: from raising children and looking after the elderly, to education, healthcare and rehabilitation of veterans, operating numerous public and commercial services, running industries and sectors through MSMEs and large enterprises, mitigating ecological damage, rebuilding cities, villages and infrastructure, and so on. Such an approach allows us to view each aspect of the recovery through the lens of "deep or strong sustainability" from the outset while leaving no one behind.[92]

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What do we mean when we speak of the foundational economy?[93] The Foundational Economy collective (UK) in their 2013 manifesto described it as "very large, mostly unglamorous, rather heterogeneous" and noted that it tends to be geographically dispersed. More concretely, "it is an economy that meets everyday needs by providing taken-for-granted services and goods such as care, telecommunications or food" and without which the functioning of other sectors and households cannot run smoothly. Thus, the vital importance of this economy is indisputable, and the need for it to thrive for everything else to thrive is self-evident. Yet there is an economic conundrum as to how it is to be funded, managed and developed so as to perform at its socially optimal level. Whose responsibility is it when everyone benefits? Who is to pay? That this conversation emerged in the UK is unsurprising since the UK privatised public services ahead of others in Europe, and equally it was in the UK that stakeholders, with the exception of shareholders, first identified the flaws, challenges and outright damage that such a provision model can bring with it. It is thus useful to learn from this historic experience, good and bad, so as to inform our approach to Ukraine's rebuilding in the light of the effects of years of war compounded by decades of fiscal austerity and de-development not dissimilar to that of the UK. The foundational economy model aims at balancing stakeholder interests and bears deep sustainability in mind.

In their book titled *When Nothing Works* (2023),[94] Calafati *et al.* explore the roots of the so-called cost of living crisis and stress that it is merely an observable symptom of foundational liveability being in a deep crisis. Signs of developmental decline, such as the diminishing quality of public services provision, decaying social infrastructure and falling incomes, compound each other in their effects. The authors propose an economic model for "the three pillars of liveability – disposable and residual income, essential services and social infrastructure",[95] which is certainly something worth exploring at length as a model for Ukraine's revival. Not unlike the UK, since its independence in 1991 Ukraine has suffered from severe state shrinkage, systemic underfunding of public services, high prices for utilities and basic goods, low pensions and wages and a lack of public housing. All those factors strongly contributed to omnipresent poverty and its feminisation, the decline in health indicators, large-scale seasonal and out-migration for economic reasons, the proliferation of shadow economic activity and the "envelope wage" phenomenon,[96] and it pushed many into crime, commercial surrogacy and prostitution. These problems predate the war, yet they have been radically exacerbated by it since

2014 and overwhelmingly so since February 2022 owing to the unprecedented internal displacement of people and the disruption of productive processes.

Seeking to inform remedial approaches to this complex situation while recognising the importance of utilising input from the policies' target demographics in order for their aims to be achieved, the secondary evidence analysis in this Policy Study is enhanced by surveying trade unions' views on how to rebuild their corresponding sectors and by drawing on five specially contracted expert briefs pertaining to the domains of housing, healthcare, social policy, education and impoverished motherhood. There are serious issues of price exclusion from access to foundational goods in Ukraine, which makes one question market-based approaches to recovery that will inevitably fail to secure access to such goods, let alone generate enough tax revenue for the state budget to be rebalanced even in the distant future. Thus, alternative arrangements must be designed and lessons drawn from post-Second World War rebuilding and from the successful elements of the Marshall Plan. This Policy Study shows that fiscal activism and wage-led growth – primarily in the foundational economy – are needed, combined with financial sector regulation and transparency, and functional autonomy and accountability of Ukraine's governing and administrative institutions. Ukraine's recovery must be human-centred, with the rights and security enshrined in the constitution remaining inviolable, including public ownership of natural resources and protection from privatisation of public services and key industries so they serve all people of the country, not just a few at expense of most people or at high ecological cost.

Ukrainians deserve to live and thrive in a country for which they are fighting today.

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Many people accessing rough sleeping services report to have experienced violence. Seven in ten people (69%) said they have experienced violence on the streets, a quarter (24%) of those sleeping on the street are survivors of domestic violence, rising to half (50%) of women interviewed.

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Reconstruction in Ukraine must begin with labour by empowering workers as the engine of economic revival and national renewal. Building on the Lugano framework and its follow-up conferences, this Policy Study reassesses progress amid a prolonged damage-control phase. With the emergency stretching far beyond initial expectations, it highlights the urgency of addressing immediate economic pressures. At the same time, it insists that short-term measures be designed to strengthen, not compromise, the foundations of long-term recovery in both public and private spheres.

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