

Ukraine's post-war recovery: Preventing failure and focusing on the people

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Photo: KYIV, UKRAINE - Feb. 25, 2022: War of Russia against Ukraine. Child on a swing against a residential building damaged by Russian rocket in a residential area of Kyiv. Russian world in Ukraine. By [Drop of Light](#) via Shutterstock

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Summary

Although Russia's unprovoked attack on Ukraine is still ongoing and the scope of the resulting destruction is as of now difficult to predict, discussions regarding Ukraine's post-war recovery have already begun.

The Ukrainian government will soon be swamped by a myriad of suggestions and blueprints of how to navigate best the challenge of rebuilding the country. At Kyiv-based Adamant Capital, we aim to add to these discussions in two main ways. First, in part one, to highlight the key pitfalls that any reconstruction approach that is adopted will face and our suggestions on how to address them. We identify these to be (1) poor strategic planning and coordination, (2) inadequate controls over spending and execution, and (3) failing to carve a path for post-program sustainable growth. Second, in part two, we strive to propose ways in which frameworks that target economic growth can be expanded to align them with a more people-centric long-term goal that will address Ukraine's demographic challenges that the war has significantly exacerbated.

Part I. Key reconstruction failures that Ukraine must avoid

Considering that a few recovery blueprints for Ukraine have already been published to date and many more are likely in the works, Ukraine's authorities will probably soon face the challenge of selecting an appropriate framework, or their combination, to adopt. While each approach is likely to have its own strength and weaknesses and may not be inherently superior to another, we believe that to be valid, the blueprints must address key historical mistakes which have undermined reconstruction programs in the past. Based on our analysis of relatively recent and thus best-documented experiences with poor outcomes, such as those of Afghanistan, Iraq, Lebanon, and Bosnia and Herzegovina, we identify the main pitfalls to be **(1) poor strategic planning and coordination, (2) inadequate controls over spending and execution, and (3) failing to carve a path for post-program sustainable growth**. In this section, we explain why these missteps are important to consider and suggest practical approaches, based on local context, to how to avoid them.

Strategic planning and coordination: Leave it to the Ukrainian government

The United States spent \$145bln and 20 long years attempting to build a democratic society in Afghanistan. In its 11th annual and final lessons-learned report SIGAR (the US Special Instructor General for Afghanistan Reconstruction, an oversight authority created by Congress) remarked that while the program has yielded some successes, it has predominantly been characterized by failures [1]. The number one reason for these, according to the publication, is that the American government has continuously struggled to develop and implement a coherent strategy. This was partly due to organizational stumbles (several different agencies with overlapping agendas were involved simultaneously) and partly due to a failure to understand the local context. "Effectively rebuilding Afghanistan," the report reasoned, "required understanding the country's social, economic, and political dynamic." The World Bank reached a similar conclusion regarding Iraq's \$200 bln reconstruction [2].

The same logic applies, in our view, to the post-war rebuilding effort in Ukraine. External actors are unlikely to understand clearly the nuanced domestic environment, will have different opinions on priorities, and are held accountable, first and foremost, by their own leadership. It is thus imperative that local authorities **remain in charge of planning, approving, and coordinating** all reconstruction-related projects. Creating other intermediaries is, in our view, superfluous, as they will essentially need to duplicate the already established state infrastructure.

However, this is not to say that the Ukrainian government should be entirely free to direct donor funding as it sees fit. External actors should retain their power to decide whether or not they agree to lock in financing for particular needs. Such a back-and-forth interaction allows for both sides to be checked and is reminiscent of Ukraine's current cooperation with the IFIs. The potential influence of vested interests on state decisions must be limited as much as possible.

Before proceeding with execution, we believe that it is imperative for the Ukrainian authorities to develop a detailed roadmap of post-war reconstruction together with local communities and businesses. This document should be made public and have clear KPIs that anyone with internet access can easily track. Transparency improves accountability and anchors expectations of all stakeholders involved.

Controls over spending and execution: Use market and rule-based approaches wherever possible

Misappropriation and inefficient use of funds designated for reconstruction a common issue in post-war environments, as they feature a combination of urgency, weakened institutions, and a high volume of projects being executed simultaneously. In its October 2020 publication, SIGAR stated that after reviewing \$63bln in spending designated for the restoration of Afghanistan (roughly half of the total), it was able to identify that over 30 percent was “lost to waste, fraud, and abuse.” [1] Estimates of corruption in contracts for Lebanese reconstruction over 1992-2000 range from 20 to 70 percent [3]. According to an American-led anti-fraud report leaked to the New York Times in 1999, Bosnian leaders may have outright plundered \$1bln, which at the time stood at roughly 20% of all international aid [4], [5].

Ukraine's case is unlikely to be unique, which means that risks of corruption and misappropriation need to be taken extremely seriously. That said, although the idea of creating oversight mechanisms over all recovery-related spending may seem appealing, we believe this approach to be suboptimal. Both historical examples and Ukraine's domestic pre-war experience demonstrate quite clearly that strict controls can significantly slow down execution, which often leads to their abandonment. It is thus more prudent, in our view, to focus on **channeling aid as much as possible via market and rule-based approaches**, which essentially allow for self-regulation. These work particularly well in the case of private sector support and small-scale construction. Businesses should, for example, receive most of their aid from a combination of:

- subsidized loan programs that cover interest rates and, possibly, partially guarantee repayment (the FinMin already has experience in launching country-wide initiatives such as the ‘5-7-9 affordable credit’ project),
- tax breaks (i.e., no hand-picked subsidies).

Individuals who have lost private housing (as opposed to flats in multi-story apartment complexes) can receive flat-sum grants. Coming up with a rule that limits spending only to certain goods and services (money can even be sent to construction firms directly) can significantly decrease misappropriation.

In contrast, controls over spending on and execution of large-scale projects should be strict. Anecdotal evidence demonstrates that local agencies, such as Ukravtodor, are in dire need of reform and, therefore, cannot be simply put in charge of all procedures. In this light, we suggest involving a reputable international third party to supervise tenders and hold developers accountable for failing to adhere to project specifications (audits should be conducted on-site while construction is ongoing).

The path to post-reconstruction growth: Strong institutions are key

A salient feature of many reconstruction programs that have fallen drastically short of expectations is the failure to adequately build or reform domestic institutions. Afghanistan and Iraq's experiences demonstrate this quite clearly, as many western-style government bodies simply failed to take hold in these regions [1], [2]. Bosnia and Herzegovina, on the other hand, ended up with too many institutions, which rendered them ineffective, as its fragmented political system was never healed by the recovery [6]. It should come as no surprise that without strong rule of law, for example, or sensible market regulations, new bridges and roads can only take an economy so far. Long-term growth is driven first and foremost by investment, and investors need predictability, security, and clear rules of engagement to bring funding to a post-war state.

Notably, Ukraine has been working on revamping its legal system, reorganizing its natural gas and electricity markets, strengthening its anti-corruption infrastructure, and upgrading its SOE governance years before the Russian invasion. **These efforts must not take a back seat after reconstruction begins.** Moreover, we suggest that the authorities also focus on reforming the anti-monopoly committee and the public administration in cooperation with the IFIs.

Furthermore, failing to build strong institutions can also lead Ukraine to miss out on significant opportunities emerging from the global response to the Russian aggression. Among these are:

- an accelerated accession to the EU,
- participation in a gradual replacement of Russia as the EU's natural gas supplier, as Ukraine possesses a third of all proven reserves in Europe [7],
- building a new Eastern European business hub in Kyiv to fill the gap left by western corporate flight from Moscow.

Part II. Reconstruction — a people-centered approach

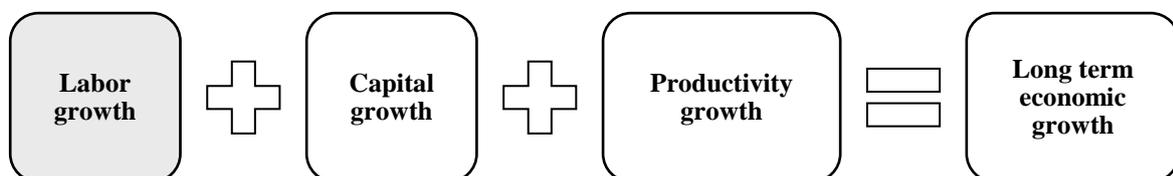
Looking beyond asset recovery

When thinking about reconstruction, it is intuitively convincing that one should focus on rectifying the damage brought about by the Russian shelling of Ukrainian cities and infrastructure. While this is certainly an important aspect, we believe that recovery should actually target and align with longer-term goals. One such conventional and undoubtedly valid target is economic growth. As this roadmap is likely to be covered extensively by other authors, and the majority of pre-war reform guidelines remain applicable, however, we propose to broaden the scope even further and to consider that, ultimately, governments must strive to make countries attractive places to live for their citizens. In other words, Ukraine’s reconstruction must, all told, strive to **create an environment that motivates and enables people to return and remain in Ukraine to fulfil their potential over the long term.**

An unfavorable environment means poor demography and less welfare

While striving to create a supportive environment for people to live in is a broad and somewhat abstract goal, failing to realize it has a very tangible effect on important measurable metrics, including economic growth. Other dimensions that fall outside the scope of GDP per capita, such as equality and security, are notoriously difficult to evaluate but remain important contributors to quality of life.

From a production function first presented by neoclassical economists Charles Cobb and Paul Douglas, we know that the rate of long-term economic expansion is approximately equal to the sum of the weighted growth rates of its components: labor, capital, and productivity.



Ukraine has faced significant economic development challenges due to unfavorable demographic trends stemming from low birth rates, outward migration of labor, and brain drain for decades before the war. The official population shrank from 49 mln in 2001 to 42 mln in 2021. Unofficial estimates that account for Russia’s annexation of Crimea and loss of control over parts of the Donetsk and Luhansk regions place the pre-war total at as low as 37 mln people.

The invasion has exacerbated this issue to an extreme degree. Hostilities have so far displaced as many as 14 mln people, some 6 mln of whom have already fled the country as refugees. Those that remain inside Ukraine's borders are at risk of migrating away as soon as the travel ban, which is currently in place for conscripts, is lifted. If such a sizeable share of the population is not reintegrated, long-term economic growth will be significantly depressed.

The “3-I” people-centered recovery watchlist

Aligning a post-war reconstruction process with any long-term goal is a difficult policy challenge, which, in our case, is made even more arduous due to a somewhat broad target. However, the good news is that the blueprint for creating an attractive environment for living in Ukraine has quite a bit of overlap with approaches that focus on economic growth, as one cannot happen without the other. In this light, we suggest, instead of formulating an entirely new framework, to simply supplement an existing one that targets long-term GDP growth by expanding it in certain areas. We call these additions the Inclusion-Institutions-Infrastructure watchlist. We define inclusion, our top priority, as opportunity to actively participate in society and the economy while enjoying equality, the right to freedom, and tolerance for all.

Of note, is that Ukraine has already been conducting important structural reforms needed for economic growth for years before the war with the help of its international partners. Most of these, such as ones that aim to clean up the judicial system, improve anti-corruption practices, and deregulate markets, are well known and should, in our view, be incorporated in any reconstruction roadmap that the government adopts. Our intention is not to reemphasize these but rather to complement them by highlighting extra dimensions of the recovery process that may be less obvious when focusing on the challenge of long-term economic expansion.

Table 1. The “3-I” recovery watchlist summary

End goal	Create an environment that motivates and enables people to return and or remain in Ukraine to fulfill their potential over the long term		
Key areas to watch	1. Inclusion	2. Institutions	3. Infrastructure
Ukraine post-war context	To be inclusive, the Ukrainian recovery strategy should account for varying individual starting conditions the Russia-Ukrainian war put them in, be fair, diminish inequality gaps, and promote active participation in the steering and execution of the reconstruction process. The recovery must also demonstrate clear economic prospects that make staying in Ukraine and including oneself in its rebuilding a worthwhile endeavor.	The Ukrainian population must trust that proper mechanisms are in place that will ensure neither corruption nor mismanagement will steal the recovery from them. Institutions are also a key differentiator between Ukraine and more developed nations. This gap must be closed first and foremost to make migration less attractive.	The infrastructure gap between Ukraine and developed economies has considerably widened after the war. It must be closed for migration to revert. Even after basic infrastructure needs are met, insufficiency can lead to higher out-of-pocket expenses, negatively affecting long-term personal welfare growth.
Recommendations	<p>1.1 Promote bottom-up recovery participation</p> <p>1.2 Set, explain to the public and commit to recovery priorities</p> <p>1.3 Heal new inequalities by differentiated policies for more and less affected stakeholders</p> <p>1.4 Focus on restoring access to education, a major predictor of future inequality</p>	<p>2.1. Use existing governance architecture and do not create parallel / temporary structures for the recovery process</p> <p>2.2 Insulate the recovery process from the 2023-2024 election campaigns</p> <p>2.3 Develop mechanisms to minimize aid misappropriation from incorrect evaluation of damages</p> <p>2.4 Apply differentiated strategies for spending and execution oversight</p> <p>2.5 Close the gap between Ukraine and EU institutions by following the accession roadmap</p>	<p>3.1 Focus on people’s needs rather than a replication of the past</p> <p>3.2 Target a healthy balance between modernization and renovation</p> <p>3.3 Recognize and choose speed-vs-quality and speed-vs-cost tradeoffs</p>

1. Inclusion

1.1 Promote bottom-up recovery participation

For the recovery to be inclusive, it must be, at its core, driven by needs on the ground. To this end, local communities (territorial hromadas) need to:

- be informed on recovery opportunities available to them on state and local levels,
- be encouraged to articulate their pressing needs pro-actively,
- participate in recovery design, implementation, oversight, accepting, and evaluation of the intended outcomes.

Indeed, as aid providers are likely to have difficulty connecting with local authorities, lack an in-depth understanding of domestic priorities, and have their own agendas, the recovery process should be ideally directed by Ukrainian actors.

1.2 Set, explain to the public and commit to recovery priorities

While the necessary recovery funding size needs estimation, it is safe to assume that it will dwarf Ukraine's annual GDP. As a result, there will likely be insufficient aid money to cover all affected parties immediately, an unfortunate reality that needs dealing with from the onset of the recovery.

Therefore, aid distribution must avoid creating another source of inequality and social tension. An appropriate course of action, in our opinion, is to:

- clearly define the priorities and sequencing of recovery aid distribution,
- explain those priorities to the population using powerful information campaigns that answer questions of who receives help first, why, and how such a process is fair,
- commit to these priorities by parliamentary voting or another form that ensures transparency and accountability,
- Follow them consistently.

In short, from the very beginning, the state must ensure that the public accepts and supports the recovery strategy and deems it fair and inclusive.

1.3 Heal new inequalities by differentiated policies for more and less affected stakeholders

Mounting inequalities. Dramatic inequalities in war experiences now divide a 40 mln population of Ukraine. Some lost everything in Mariupol, including their loved ones, homes, and savings. Others lost only a portion of their business or were lucky enough to live and work in western Ukraine. Some fought in the army, while others fled abroad, stayed, and earned fortunes on tax benefits or skyrocketing apartment rental rates. These various experiences dictate different immediate needs and shape very disparate expectations for the future of

recovery among a plethora of groups. In an ideal world, individuals in similar circumstances would self-organize and institutionalize to communicate their needs on local and central government levels. However, this is unlikely to occur without proper policies and support.

Less affected stakeholders. It might seem obvious that aid must channel proportionally to the amount of damage. However, it is essential to recognize that the state's fiscal capacity will, in the short and medium-term, rely more heavily on relatively unaffected actors, which still need support to recover. Therefore, these regions and groups must receive their fair share of the aid pie. That said, ensure that proper support is not viewed as coming at the expense of more affected stakeholders.

More affected stakeholders. Regions that took the heaviest toll from the war will likely struggle for investments due to higher operations costs stemming from more damaged infrastructure and connectivity. Moreover, investors are likely to view these areas as high-risk due to their proximity to Russia. Cross-regional inequality is thus likely to only grow over time. To mitigate this, the authorities should:

- provide clear criteria and definitions of high-risk regions while the conflict is ongoing: set out clear rules that identify the exact circumstances under which this status is lifted, highlighting that it is temporary and that businesses know when it is safe to return,
- identify regions that were damaged the most to prioritize them during the process of infrastructure reconstruction and remove barriers for private investment going forward,
- consider adopting temporary stimulative measures that target SMEs, as large industries may not recover quickly (prioritize projects that create employment),
- similarly, recognize that the share of the shadow economy is likely to be larger than in other parts of the country and adopt policies accordingly.

1.4 Focus on restoring access to education, a major predictor of future inequality

The war severely disrupted the education system that was yet to recover from a shock brought by the Covid-19 pandemic. In 2022, learning losses for university students who enrolled in 2019 and 2020 started to accumulate. Many may continue to see academic interruptions until graduation, as some colleges will need time and resources to relocate. A stark example of this before 2022 is the Donetsk State University (one of the largest in the country), which fled westward to Vinnytsya after Russia occupied Donetsk in 2014. Schools face similar issues.

Access to education is critical for inclusion because it enables more active participation in social processes and mitigates welfare disparities by expanding economic opportunities. Indeed, there is a strong education-welfare relationship among countries and individuals, which explains why many governments strive to build knowledge-based innovative economies. Access to poor or no education leaves individuals struggling to include themselves in a competitive economic environment, which results in higher inequality and social tension.

Additionally, a defunct education system in areas affected by the war will almost certainly lead to wider geographical disparities in wealth within Ukraine, as families are likely to migrate away in search of schools.

2. Institutions

2.1 Use existing governance architecture and do not create parallel / temporary structures for the recovery process

Utilizing the existing state infrastructure ensures that:

- no overlap in state function is created by new entities with the already existing government bodies, which means that resources are used more efficiently, and accountabilities remain clear,
- the expertise earned in the process remains within permanent bodies the recovery is completed (does not disappear with a redundant temporary entity),
- the recovery process does not bypass the already established anti-corruption framework.

Moreover, considering that the size of the Ukrainian government is already large and efficiency is relatively low, creating additional structures exclusively to service the recovery process can exacerbate these issues.

2.2 Insulate the recovery process from the 2023-2024 election campaigns

The recovery process will unfold amid simultaneous parliamentary and presidential campaigns before the October 2023 and March 2024 elections. It is only natural that politicians might have a temptation to sacrifice quality and long-term goals for quick wins for their electorate. Moreover, a possible change in leadership after the elections (Ministers are approved by Parliament) can negatively impact the continuity of investment projects, resulting in many unfinished initiatives.

To mitigate these risks, we suggest to:

- prioritize a public administration reform that should bring politically independent professionals into government,
- implement mechanisms that will disentangle the recovery process from political figures as much as possible, e.g., by locking in projects and reconstruction stages after donor approval,
- involve civil society and NGOs as much as possible via transparency and regular reporting to further secure continuity

2.3 Develop mechanisms to minimize aid misappropriation from incorrect evaluation of damages

Working with incorrectly evaluated damages from the war can lead to an inappropriate funding allocation. A correct assessment will be made extremely difficult by:

- the gargantuan number of cases,
- blurred lines between damage and destruction,
- a lack of experts and evaluators,

- social sensitivity of the issue as a fair evaluation of damage is a critical first step for an injured party on their road to recovery,
- space for corruption due to all the above.

Some suggestions to mitigate this problem include:

- to benchmark similar cases.
- to develop a dedicated registry for tracking the damaged properties, their evaluation, and recovery status in a way that enables efficient review down the road; intentionally incorrect reporting must be punishable by law,
- to conduct risk-based audits instead of attempting to validate every incident.

2.4 Apply differentiated strategies for spending and execution oversight

Due to the sheer volume of simultaneous reconstruction initiatives, it is impractical to expect that all spending and execution can be carefully monitored and controlled. Therefore, we suggest applying different approaches to different groups of initiatives. Please refer to Part I of this publication for additional details and a summary in the table below:

Table 2: Strategies for different types of recovery projects

Project type	Strategy	Notes
1. Infrastructure and large-scale residential	<ul style="list-style-type: none"> • Ensure cost-efficiency 	<ul style="list-style-type: none"> • <i>Conduct tenders or make sure that proper tender procedures are adhered to</i> • <i>Involve reputable contractors</i>
	<ul style="list-style-type: none"> • Ensure that project's execution is in line with specifications 	<ul style="list-style-type: none"> • <i>Conduct audits during the construction process</i> • <i>Hire a reputable auditor</i>
	<ul style="list-style-type: none"> • Where appropriate, partner up with the private sector 	<ul style="list-style-type: none"> • <i>The private sector is more motivated to ensure proper execution than state actors</i>
2. Small-scale residential (privately owned)	<ul style="list-style-type: none"> • Provide grants to private homeowners who lost their property 	
	<ul style="list-style-type: none"> • Make sure that funds are provided only to people who use them for reconstruction and don't take the money and flee 	<ul style="list-style-type: none"> • <i>Provide money directly to construction companies involved in the projects</i>
3. Business aid	<ul style="list-style-type: none"> • The banking system can provide financing, which significantly reduces the risk of misappropriation 	<ul style="list-style-type: none"> • <i>The "5-7-9" program is one such blueprint</i>
	<ul style="list-style-type: none"> • Subsidize loans for businesses that were affected by the war and decrease the tax burden 	<ul style="list-style-type: none"> • <i>The state can provide partial or even full guarantees on collateral</i> • <i>Banking regulation does not need to be relaxed to make sure that the financial system remains healthy</i> • <i>Do not over-subsidize by giving aid to non-bankable projects</i>

2.5 Close the gap between Ukraine and EU institutions by following the accession roadmap

One reason for outward migration from Ukraine even before the war was the disparity between its institutions and those of developed economies. Whether or not the EU ends up offering Ukraine to become one of its members, the roadmap to joining the Union can serve as an excellent blueprint for how to close this gap. The required reforms, which essentially implement EU law, are divided into 33 chapters grouped into six thematic clusters. The Fundamentals cluster, which we consider to be of utmost importance (and one that opens first and closes the negotiation process), contains five chapters: Judiciary and fundamental rights; Justice, freedom, and security; Public procurement; Statistics; and Financial control (see Table 2).

Table 3. Clusters of negotiating chapters under the revised methodology on EU accession

Clusters	Negotiating chapters
1. Fundamentals <i>Opens first and closes last</i>	<ul style="list-style-type: none"> • Judiciary and fundamental rights • Justice, freedom, and security • Public procurement • Statistics • Financial control <i>Special focus on:</i> <ul style="list-style-type: none"> ✓ <i>Economic criteria</i> ✓ <i>Functioning of democratic institutions</i> ✓ <i>Public administration reform</i>
2. Internal market	<ul style="list-style-type: none"> • Free movement of goods • Free movement of workers • Right of establishment and freedom to provide services • Free movement of capital • Company law • Intellectual property law • Competition policy • Financial services • Consumer and health protection
3. Competitiveness and inclusive growth	<ul style="list-style-type: none"> • Information society and media • Taxation • Economic and monetary policy • Social policy and employment • Enterprise and industrial policy • Science and research • Education and culture • Customs union
4. Green agenda and sustainable connectivity	<ul style="list-style-type: none"> • Transport policy • Energy • Trans-European networks • Environment and climate change
5. Resources, agriculture, and cohesion	<ul style="list-style-type: none"> • Agriculture and rural development • Food safety, veterinary, and phytosanitary policy • Fisheries • Regional policies and coordination of structural instruments • Financial and budgetary provisions
6. External relations	<ul style="list-style-type: none"> • External relations • Foreign security and defense policy

Source: [8]

According to the revised enlargement methodology, “Rule of law will become even more central in the accession negotiations, for example, through anti-corruption work being mainstreamed in relevant chapters. There will be a stronger focus on the fundamentals of functioning of democratic institutions, public administration reform and supporting economic reforms. Progress on the fundamental reforms will determine the overall pace of negotiations.” [9]

All in all, fulfilling the EU accession requirements by Ukraine means that the country solves many of its fundamental domestic problems that have motivated people to leave.

3. Infrastructure

3.1 Focus on people's needs rather than a replication of the past

When facing the question of recovering physical assets, it can be tempting simply to rebuild what was destroyed by the war. Such an approach has many downsides, including repeating previous inefficiencies and reconstructing elements that may have already become obsolete. Additionally, priorities deducted via an assessment of needs are important to keep in perspective. Does the public in a specific town need a school or a kindergarten first? From a security point of view, do they favor cottages instead of destroyed dense multiapartment buildings? Maybe they need a geriatric care facility instead of a hospital. It is essential to view the recovery process as recreating a socio-economic environment.

Moreover, the government should conduct capacity assessments before reconstruction to ensure that infrastructure projects are completed and operate as intended. For example, if there is not enough brick and cement to finish a bridge or a building, it risks remaining unfinished for years to come. Similarly, an entirely understaffed medical facility or school is essentially useless.

3.2 Target a healthy balance between modernization and renovation

To create a comfortable environment, one should target not only renovation but also modernization before starting to rebuild public spaces. Building codes and regulations need amendments to reflect post-war priorities and more modern approaches to city planning. Below are some examples:

- Adaptation of construction and spatial planning regulations to post-war realities: consider the placement and accessibility of civil shelters, the durability of construction materials, and the adoption of street networks of drink water pumps that can act as a backup when water supply systems fail.
- Modern urban planning: reflect the local authenticity and modern design to break away from the Soviet legacy of grim and impersonated towns.

- Energy efficiency: where possible, implement best practices in energy efficiency both when reconstructing and building from scratch.
 - One example of a low-cost and high-valued-added modernization in multi-apartment buildings could be an upgrade of the fixed-supply Soviet-time vertical hot-water heating system that currently leads to overconsumption of natural gas.
 - The state and municipal buildings should serve as examples of applying the most energy-efficient solutions.

3.3 Recognize and choose speed-vs-quality and speed-vs-cost tradeoffs

The recovery process will unavoidably entail multiple tradeoffs, which must be recognized and properly dealt with to avoid undermining short-term and long-term priorities. Some of these are:

- ***Speed vs. quality.*** A residential reconstruction project, for example, is successful if it facilitates a quick return of internally displaced people. However, poor design, quality, or durability of hastily rebuilt properties can be a source of disappointment and frustration, which can motivate people to relocate in the longer term.
- ***Speed versus cost-efficiency.*** Every day of delay in aid completion means protracted unemployment, slower economic recovery, and less motivation for people to come back areas affected by the war. Quick speed may mean compromises in procurement and demand shocks for materials, both of which are bound to drive up costs.

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