

TRANSFORMATION OF THE UKRAINIAN DONBASS. FROM WAR TO PEACE

(introductory notes)

Y. Zhalilo, Dr. Sc. habil (Economic Science),
Senior Research Fellow, Honored Economist of Ukraine,
NISS Deputy Director - Head of the Center for Economic and Social
Research

Dramatic and long-lasting military conflict in Donbas should be finished – beyond any doubts. However, it is not enough to stop fire. It is not enough even to restore control over the board with Russia and a constitutional order in all the region.

New senses should be generated, that can build the new identity of regional community instead of destroyed one. Cultural and ethnic senses cannot play a definitive role – because the previous identity has not been based on cultural and ethnic issues. The new regional identity should have functional and economic nature – and be based on the optimal conditions for consolidation and engagement of regional resources – human, natural, technologic. In this kind of identity the powerful role is being played by corporations – and the identity will be generated within the field of their corporative interests.

The model of the society, including the model of the economy, should be built, and this model should lay the ground for new consolidation.

To reverse “as was” is impossible. The old model destroyed itself. To leave, “as is” – non-prospective. The consolidation task is not solved, and the ground of the present conflict freezes. To define, “how should be” – means, to decide, what structural transformation is needed, in order to build the basis for reconsolidation – and reintegration in nation-scale.

This model should be realized primarily at the controlled territories – which now appeared in the state of structural and humanitarian shock. The new integrity of Donbas without occupied territories should be built. And, at the same time, the basis should be created to reintegrate uncontrolled now territories after their deoccupation. The controlled Ukrainian Donbas now should serve as a showcase, presenting the new ways and opportunities of development for the region with old industry.

The new model should integrate efficient engagement of present economic potential, synergy of intersectorial and interregional communications, involvement of international investors. And should contain the vision – of a tomorrow place of Donbas in the national economy – that grounds the national-level policy for region’s revitalization.

The new model should suggest the aggregation of new centers of industries – and new industries, overcoming logistic limitation, restoration of infrastructural integrity of controlled territory, provision of appropriate educational, medical, social services for displaced persons, and in particular – at the territories, close to the ceasefire line, the realization of a proper informational and communicational policies, aimed to restore joint values.

Based on the wide-scale inclusive dialogue, the appropriate roadmap should be created. It should be widely published and explained to the people of the region, including uncontrolled territories. A special attention should be paid to the measures of preventive solution of potential conflicts, associated with future deoccupation.

To revive a region of such a scale is possible only with international-level resources. Thus, the prospective of structural adaptation of Donbas exists only in the conditions of open economy, Ukraine's integration into European space.

The recovery of investment attractiveness plays a priority role – at it has to be rebuilt firstly.

The opportunity of investment attractiveness' improvement – in the organization of some pilot projects of structural modernization, that can attract to the region both investments and technical aid. It deals with the projects in the fields of small business development, agrarian sector modernization, energy efficiency, reduction of environmental risks from traditional industries etc.

In co-operation with international community can be initiated the creation of a Foundation for consortia financing under international supervision to invest the projects in transport, energy, social, utility infrastructure, logistics and rehabilitation of depressive territories.

Thus, to finish the conflict, we should born out the *vision* of peace. Peace – not just as a state without war. But – as a lifemodel, that is the ground of consolidation. The joint discourse about the tomorrow – is the only way to restore trust and rise the prospective of reintegration.