

CONCEPTUAL FRAMEWORK FOR SOCIAL RESILIENCE OF THE UKRAINIAN (POST)WAR ECONOMY

**Tatyana BURLAY, Doctor habilitation of Economics,
Leading Researcher, Department of Economic Theory,
Institute for Economics and Forecasting,
National Academy of Sciences of Ukraine**
<https://orcid.org/0000-0003-4530-9151>, btv2008@ukr.net

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Abstract. *The Russian military invasion in February 2022 led to extremely negative demographic, macroeconomic and social consequences for Ukraine, including local humanitarian disasters. As of September 2023, according to UNCHR data, 6.2 million refugees from Ukraine were recorded globally, and more than 5.1 million Ukrainians became internally displaced persons. The urgent need to overcome these consequences, as well as for the effective Ukraine's post-war recovery, determines the actuality of in-depth research on the social resilience of its national economy. The purpose of our research is to form a conceptual framework for the social resilience of the Ukrainian economy in the war and post-war periods. Achieving this goal involves the use of research methods of analysis, comparative studies, processing of statistical and econometric data, as well as sociological surveys. The results of the study showed that the social resilience of Ukraine's national economy is formed in the contour of social reproduction and should be based on the blocks of (i) employment and labour potential; (ii) solvent consumer demand; (iii) social security, including health and education systems. Other research results, along with the post-war recovery aspect, social resilience has an important instrumental value for Ukraine in terms of European integration and state governance. In 2020, the European Commission identified the resilience concept as "a new compass for EU policy". Adaptive borrowing of the relevant modern approaches of the European Union is an important task for Ukraine, which in June 2022 acquired the official status of a Candidate Country for EU membership. The article presents the results of the research carried out within the Project "Formation of the foundations of nationally rooted stability and security of the economic development of Ukraine in the conditions of the hybrid "peace-war" system" (state registration No. 0123U100965).*

Keywords: *Russian-Ukrainian war, social crisis, stress resistance, post-war recovery*

JEL: *F52, H56, I19, J21, P36, Z18*

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Introduction. The current historical stage is characterized by the strengthening of global risks and hybrid threats, the unprecedented aggravation of geopolitical confrontation and the gradual transformation of the world into a global hybrid "peace-war" system. In such conditions, the priority task of government policy becomes ensuring the national socio-economic system's resilience as the ability to maintain functionality and recover after the shock effect of various factors. At the same time, the social resilience of the national economy is really

important, especially under the influence of military shocks, which is proven by the Ukrainian case.

The Russian military invasion in February 2022 led to extremely negative demographic, macroeconomic and social consequences for Ukraine, including local humanitarian disasters. The number of victims among the civilian Ukrainian population is impressive. Thus, from 24 February 2022, which marked the start of the large-scale armed attack by the Russian Federation, to 11 September 2023, Office of the UN High Commissioner for Human Rights (OHCHR) recorded 27,149 civilian casualties in Ukraine: 9,614 killed (including 554 children who died) and 17,535 injured (OHCHR, 2023, September 11). It should be remembered that the actual number of civilian victims of war will obviously be much higher. In particular, this is indicated by UN estimates. According to these data, during the 18 months into the Russian-Ukrainian war, the total number of deaths on both warring countries, – both among civilians and military personnel, – reached half a million people (United Nations, 2023, August 24).

As of September 2023, based on estimates given by the Office of the High Commissioner for Refugees (UNCHR, 2023, September 6), more than 5.1 million Ukrainians became internally displaced persons, and 6.2 million refugees from Ukraine were recorded globally. The bulk of Ukrainian refugees were accepted by the EU – according to Eurostat, their number, who are officially covered by social support under the European Directive on Temporary Protection, reached 4 million 114.3 thousand people (on 31 July 2023) or 10% of the pre-war Ukrainian population.

According to a consolidated international assessment under the UN auspices, only in the war’s first year, the Ukraine’s economy suffered colossal losses of \$134.7 billion, including in the social and housing sphere – by \$60.1 billion (United Nations, March 2023, p. 20). The estimated total need for funds for reconstruction and recovery for 2023–2026 is \$128.0 billion, and for 2023–2033 it reaches \$410.6 billion (*Table 1*).

Table 1. General and social sector’ estimation of total damages, losses and needs for Ukrainian recovery, as of the end of February 2023 (billion USD)

	Damage	Loss	Needs for recovery:	
			2023–2026	2023–2033
TOTAL for Ukraine,	134.7	289.1	128.0	410.6
<i>incl.</i> Social Sector,	60.1	53.9	59.5	144.4
<i>including:</i>				
Housing	50.4	17.2	31.5	68.6
Education and science	4.4	0.8	4.3	10.7
Health	2.5	16.5	3.6	16.4
Social protection and livelihoods	0.2	4.2	17.8	41.8
Culture and tourism	2.6	15.2	2.3	6.9

Source: compiled by the author based on: Ukraine: Rapid Damage and Needs Assessment (February 2022 – February 2023). United Nations, March 2023. P. 16–17, 21–23. <https://ukraine.un.org/sites/default/files/2023-03/P1801740d1177f03c0ab180057556615497.pdf>

The urgent need to overcome the devastating consequences of military shocks, as well as for the effective Ukraine's post-war recovery, determines the *actuality* of in-depth research on the social resilience of its national economy. The *purpose* of our research is to form a conceptual framework for the social resilience of the Ukrainian economy in the war and post-war times.

Literature review. Ensuring resilience as a necessary condition for the management of socio-technological systems during and after COVID-19 pandemic is proven in the article by Amadi-Echendu and Thopil (2020).

Keck & Sakdapolrak (2013) substantiated the structure of social resilience and showed the importance of its strengthening for improving the well-being of poor and marginalized households.

The conceptual framework for determining the resilience of European societies, as well as the basic approaches of modern EU policy on strengthening the societal resilience parameters, were developed by scientists of the Joint Research Center at the European Commission (Manca, Benczur & Giovannini, 2017).

In her research, Podliesna (2021) considered the impact of socio-economic inequality on the stability and resilience of the societies' development through the prism of cyclicity. In the context of studying the resilience factors of warring countries, Dembitskyi (2022) provided a complex sociological dimension of the societal values of Ukrainian citizens during the Russian invasion.

Societal consequences of a full-scale war with Russia for Ukrainian society and the Ukraine's post-war reconstructive recovery were investigated by Burlay, Grytsenko & Borzenko (2023).

Blyzniuk & Yatsenko (2023) revealed the problems of the resilience of the national labour market of Ukraine destroyed by the war and showed the main ways of its stabilization in the post-war period.

Research methodology. In order to achieve the goal of the research, we envisage the use of general scientific and special methods. In particular, methods of analysis, comparative studies, processing of statistical and econometric data, as well as sociological surveys. It should be emphasized that sociological studies are especially important, given that since the beginning of the war in February 2022, the State Statistics Service of Ukraine has been objectively unable to provide statistical reports and indicators.

Main results. In the European Union, the sustainability notion entered the context of various directions of state policy at the end of the 1980s, under the formation of the sustainable development paradigm, with a special emphasis on its ecological component. The gradual conceptualization of this notion took place by shifting the orientations of the EU policy from the focus of sustainability for systems and objects covered by regulation to the focus of their ability to withstand stress (shock) effects, that is, resilience. And recent European policy covers many of its dimensions – both environmental and macroeconomic, digital, scientific and innovative, technological, defense and security, geopolitical, social, etc. Moreover, often in connection with such priorities of the Global Agenda as preservation of ecological systems, eradication of poverty, support of developing countries, and others. With this approach, the Stockholm Resilience Center was established in 2007 with the support of European institutions as

an international think tank with a vision of a prosperous and resilient biosphere that provides well-being for all.

The Council of the European Union defines resilience as «the ability of an individual, a household, a community, a country or a region to prepare for, to withstand, to adapt, and to quickly recover from stresses and shocks without compromising long-term development prospects» (Council of the EU, 2013, May 28, p. 1). The conceptual basis of the pan-European policy on ensuring the resilience of European societies was presented in 2017 by the Joint Research Center at the European Commission, and it assumes that a resilient society is able to cope with shocks or permanent structural changes and react to them in three ways, showing certain abilities, namely: (1) absorptive capacity, (2) adaptive capacity and (3) transformative capacity (Manca et al., 2017, p. 5).

The European Commission, in its 2020 Strategic Foresight Report, defines resilience as a new "compass for EU policy" and the ability not only to face and cope with challenges, but also to undergo change in a sustainable, fair and democratic way. According to the European Commission's proposals regarding monitoring as part of the foresight, from 2021 resilience dashboards will be implemented in four interrelated dimensions: socio-economic, geopolitical, environmental and digital. Based on a wide set of indicators, resilience dashboards help to assess the relative strengths and weaknesses of the EU countries' resilience, and then to form or coordinate public policy to strengthen it (European Commission, 2023).

Large-scale and deep upheavals for socio-economic systems and societies, such as the COVID-19 pandemic and the Russian-Ukrainian war, have extremely actualized the application of the resilience concept in state governance and political practice of the EU. In the context of ever-increasing global challenges, resilience is highly important for the development of Member States and the strengthening of the European integration project as a whole, including Candidate Countries for EU membership such as Ukraine and Moldova, which received this status in June 2022.

Today, an extremely important assignment for a warring Ukraine is to ensure the social resilience of its national economy in the conditions of martial law and post-war reconstruction. In our opinion, taking into account the basic macroeconomic dependencies, the study of the *social resilience of the Ukrainian economy* should focus (within the political economy framework) on the phases of production and consumption in the process of societal reproduction. In this context, the analysis of the reproduction of labour force as one of the key production factors will require special attention. In terms of political economy, the category "labour force" is understood as a set of physical and spiritual abilities of a person to work, which are realized in the production process (Khalitova, 2011, p. 157).

Thus, our study proposes to schematically present the system of social resilience of the national economy in the model based on three system units:

- (i) employment and labour potential;
- (ii) solvent consumer demand;
- (iii) social security.

Each of these blocks is complexly dependent on many factors that characterize the formation of human and social capital, the quality of people's lives,

the development of the spheres of employment, social security and social protection of the population (including health and education systems), ecosystem's state and the institutional environment, etc.

Taking into account the above, the category of social resilience of the national economy in our research is proposed to be determined in two ways. *First*, as a characteristic of the complex social dimension of the State functioning, which ensures nationally rooted stability and security of economic development. The complex social dimension includes socio-demographic, social-labour, social-property, social-institutional and other components. *Second*, as an integral status of social and socially conditioned determinants of national economic resilience.

A unique feature of the current hybrid system «peace–war» should be called the abnormal fragmentation of the social resilience of national economies, both structurally and spatially and chronologically. The example of the Ukrainian economy after the full-scale military invasion of the Russian Federation is illustrative here.

Structural fragmentation is explained by the different degree of vulnerability of the social resilience components: as a result of the war, socio-demographic and social-labour characteristics deteriorated much more significantly than social-institutional ones.

Spatial fragmentation is determined by the presence and degree of intensity of hostilities in one or another Ukrainian territory. For example, the World Bank argues that as a result of Russia's full-scale military invasion, today more than 8 million Ukrainians are now living in poverty and are forced to be marginalized, which completely overturns Ukraine's positive results in the fight against poverty, achieved 15 years before the wartime (Bjerde, 2023). But at the same time, the highest level of sudden poverty is observed among the population of the Ukraine's regions most affected by hostilities: Donetsk, Luhansk, Zaporizhzhia, Kherson and Kharkiv regions.

Moreover, *chronological* fragmentation depends on the influence of the social resilience factor, which has objective time limits, in particular, large-scale financial support from international partners. For example, solely thanks to this factor, in the extremely difficult period of martial law in Ukraine, salaries are paid to employees of the "budget sector", regular pensions and other social state payments are provided, legally established social benefits and guarantees for Ukrainian citizens are provided, and even new types of them are introduced (for defenders of the Motherland and their families). Such policies guarantee the social stability of the warring Ukraine, supporting the incomes of the population, solvent consumer demand and keeps jobs in its economy.

However, after the end of the war, generous financial aid to Ukraine from foreign partners will objectively decrease over time and the country will have to gradually transition to financial self-balancing, which, given the losses it has suffered, may lead to an unbearable demo-economic burden. Therefore, the urgent task of the post-war period will be to ensure the financial stability of domestic social insurance and social protection systems, etc. (Kostrysia & Burlai, 2023, p. 104). In this regard, the ILO Social Protection Floors Recommendation, 2012 (No. 202) is being updated for post-war Ukraine, which emphasizes that effective social security systems provide citizens with a guaranteed income and health care, thereby contributing to the prevention and reduction of poverty and social inequality, and social protection strengthens social cohesion and thereby

contributes to the development of social space and inclusive societies, providing decent living conditions for all.

Within the scope of our research, for monitoring and analyzing the social resilience of the Ukraine's national economy, an indicative list of quantitative indicators is proposed, developed taking into account modern EU approaches, as well as scientific developments of Ukrainian and foreign experts. Currently, this list of indicators has been developed for the system unit "Employment and Labour potential" (*Table 2*) and can be extended in further research.

Table 2. Key indicators characterizing the rate of social resilience of the Ukraine's national economy in the (post)war period conditions, for the system unit "Employment and Labour potential"

No.	Indicator	Characteristics or available data of the State Statistics Service of Ukraine, unless otherwise indicated	A note on the period of the indicator application
1	Unemployment rate according to the ILO methodology, % of population aged 15 years and older	9.8 (2021 year) 24.5 (2022 year, IMF estimates)	Applicable to the wartime, as well as the postwar period
1.1	Long-term unemployment rate, % of population aged 15–70	25.1 (2021 year)	Applicable to the postwar period
1.2	Youth unemployment rate, people aged 25–29, % of labour force, corresponding age	9.4 (2021 year)	Applicable to the wartime, as well as the post-war period
2	Youth not in employment, education or training (NEET), % of population aged 14–35	4.4 (2021 year), expert data	Applicable to the post-war period
3	Shortage of jobs, number of registered unemployed per vacancy	2 (as of August 1, 2023), 6 (as of February 1, 2022), data from the State Employment Service of Ukraine	
4	Share of employed graduates of professional (vocational and technical) education institutions, % of their total number	83 (2020 year), data from the Ministry of Science and Education of Ukraine	
5	Rate of relocation of labour resources, % of employees of relocated enterprises in the total number of employees of enterprises located in the territory of hostilities in Ukraine	na	Applicable to the wartime
6	Ratio of mortality and birth rates / Ratio of the number of dead and live births	3.1 (per 100 deaths – 32 live births, as of February 1, 2022)	Applicable to the wartime, as well as the post-war period
7	Ratio of the number of labour migrants abroad and the labour	24 – 54 (2021 year,	

	force, %	<i>calculated according to State Statistics Service of Ukraine' data on the working-age workforce (16.7 million people) and expert assessments of Ukrainian labour migrants (4.0 – 9.0 million people))</i>	
8	Average life expectancy at birth for both sexes, <i>years</i>	71.35 (2020 year)	Applicable to the post-war period
9	Healthy life expectancy for women over 65, <i>years</i>	12.0 (2016 year)	
10	Healthy life expectancy for men over 65, <i>years</i>	8.0 (2016 year)	
11	Degree of development of domestic employment institutes, <i>expert assessment</i>	na	

Source: compiled by the author based on his own assessments and also: database of the State Statistics Service of Ukraine (<https://www.ukrstat.gov.ua/>), relevant Ukrainian ministries and state institutions; Blyzniuk, V.V., & Yatsenko, L.D. (2023). Problems of unbalanced labor market of Ukraine [in Ukrainian]. *Taurian Scientific Herald. Series: Economy*, 16, 215–221. <https://doi.org/10.32782/2708-0366/2023.16.28>; Burlay, T., Grytsenko, A., & Borzenko, O. (2023). Societal consequences of modern hybrid war: key dimensions in the context of Ukraine. *Journal of European Economy. English Edition*, 2(85), 158–183. <https://doi.org/10.35774/jee2023.02.158>

Discussion and conclusions. The concept of resilience has been playing an important role in the development of the European integration project for a long time, and from 2020 it will become a key element in the EU governance system as a new compass of its policy. Taking into account the unchanged European integration course of Ukraine, the goals of its Association Agreement with the EU (2014), as well as Ukraine's obligations in connection with the acquisition (2022) of the official status of a Candidate Country for EU membership, it is important adaptation to Ukrainian post-war realities of the new European Union governance tool, namely strategic foresight, based on the resilience concept for states and societies of united Europe.

It is planned that our further research will concern the development of indicators for the social resilience of the national economy of Ukraine in the conditions of the wartime, as well as the post-war period for the "Solvent consumer demand" and "Social security" system units.

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