

INCLUSIVE ECONOMY AND PUBLIC FINANCE: CURRENT STATE AND PRINCIPLES OF POST-WAR RECOVERY

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Abstract. The purpose of this study is to analyse the current state of the economy and public finances in Ukraine and to develop an inclusive and collaborative framework for their post-war recovery. The main research methods used were quantitative, qualitative and documentary analysis. Quantitative analysis was used to evaluate and compare key economic and financial indicators between different countries, as well as to identify trends, including inclusive ones, in the development of the economy and public finances. Qualitative analysis was used to study and analyse the political, social and economic factors that influence the development of an inclusive economy and public finance after conflicts. The documentary analysis was used to assess the legal and regulatory framework governing economic and financial relations in Ukraine and other countries, and to determine the capacity of the existing regulatory system to ensure inclusive post-war recovery. The results of the study, based on the study of empirical material and typologies of best practices of countries that have been in various types of conflicts, prove the need for an in-depth study of the interactions and interdependencies between the inclusive economy and public finance based on the Inclusive Growth Index and structural changes in the issues of the impact of inclusion on the ontogeny of public finance, solving problems with corruption, involvement of civil society institutions and adaptation of SMEs to the conditions of the military economy. The paper also identifies structural, fiscal and debt obstacles to ensuring the sustainability of public finances, which threatens Ukraine's further post-war recovery based on an inclusive paradigm. The authors present the key determinants of post-war recovery based on an inclusive country ranking, which should underpin further progress in public finance in the context of short-, medium- and long-term post-war goals. The study's conclusions are based on the inclusive economy paradigm, which forms an ecosystem of rationalisation of natural resources and the use of innovations, which should become the basis for post-war recovery, ensuring sustainable and balanced development of public finances and inclusive economic policy based on the Ukrainian Peace Formula. To this end, the article substantiates the need to develop a modified version of the strategy (in the tactical projection – more broadly adapted to the conditions of the wartime economy, the need to provide financial resources for the shift in economic policy from raw material orientation to inclusive development, in the medium term – anti-crisis correction of behavioural models of economic agents in the direction of imbuing the Ukraine Facility Plan for 2024-2027 with the spirit of inclusion and barrier-free access, and in the long term – achieving the goals of post-war recovery, ensuring the sustainability of public finances and the national economy) for reforming the public finance management system, which should organically include the post-war recovery of Ukraine and take into account the inclusiveness of the economy, taking into account the programmed joint evolutionary progress in the specified niche (sectoral) strategies. The new socio-economic, financial and budgetary reality coloured by the Russian-Ukrainian war makes it necessary to rethink the interactions and interdependencies between inclusion, public finance and the potential for post-war recovery, both as a result of their collaboration and multidirectional development. The unregulated transition of economic policy to inclusive development is the root cause of the current restraint of transformational changes in public finance, and further creates a regulatory "vacuum" in the unbalanced development of niche strategies that define the paradigm of inclusion and sustainability of public finance.

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In such a disposition, there is no logical institutional and regulatory "flow" between these strategies to the conceptualisation of Ukraine's post-war recovery from the consequences of the war, as expressed in the Ukraine Facility Plan for 2024-2027.

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JEL Classification: O10, O40, H12

1. Introduction

The problems of economic recovery and public finance sustainability in the post-war period require a comprehensive and meaningful approach. Inclusive economy and public finance are becoming critical components of the post-war recovery process, as they determine not only economic development, but also social stability and help restore public trust in the state. After military conflicts end, countries are left in difficult economic, social and political conditions that require immediate measures to restore the normal functioning of the economy and society. The destruction of infrastructure, impoverishment of the population, mass unemployment and economic losses are among the challenges that countries face after military operations. In this context, the most effective tool for ensuring sustainable and equitable development is an inclusive economy that provides equal access to economic opportunities for all segments of society, including war veterans. Supporting vulnerable groups of the population, stimulating entrepreneurship and investment, and reforming the social protection system are the main tasks facing the state in the post-war recovery process. The current political, economic, social, mental, financial and budgetary reality requires in-depth analysis and understanding of the mechanisms of an inclusive economy and public finance, as well as the development of effective strategies to support economic and social recovery after the war. This publication offers an in-depth analysis of the current state of the economy and public finances in the context of post-war recovery, and considers key principles that will facilitate the transition to an inclusive model of economic development, imbued with a sustainable and inclusive development paradigm. The war in Ukraine has caused much destruction. Rebuilding the country will require a large amount of resources. Economic reconstruction must be carried out in an inclusive manner so that all segments of the population can benefit from economic growth and the further socialisation of public finance. The **main purpose** of the article is to study the current state of the economy and public finances in Ukraine, as well as to develop an inclusive framework for their post-war recovery on the basis of cooperation. The **objectives** of the study are based on the current needs: to analyse the current state of the inclusive economy and public finance in Ukraine;

to identify the main problems and challenges faced by Ukraine in the context of post-war recovery; to develop recommendations for the post-war recovery of Ukraine on an inclusive basis. The **main empirical data** of this study include the following: analytical reports of recognised international organisations – analytical reports published by the International Monetary Fund (IMF), the World Bank, the UN and the European Bank for Reconstruction and Development (EBRD) were used, which contain information on economic and financial trends in Ukraine and other countries that have been in conflict (military, social, civil, and so forth); scientific articles and publications (the results of research in the field of economics, public finance and social sciences published in professional scientific journals with a high impact factor were used); statistical data – statistical data compiled (summarised) by national and international institutions and organisations were used, which allowed for empirical research, analysis of economic predictors and responses to the transition of the economic development model to an inclusive paradigm. The materials and research methods used have contributed to a comprehensive analysis of the current state of the inclusive economy and public finances, as well as to the identification of key problems and prospects for post-war recovery.

2. Literature Review

Researchers have been dealing with multidisciplinary issues of inclusion since the mid-20th century, in particular, the category of "inclusion" was introduced into scientific circulation in 1973 by M. Will (Danilavichutie, Lytovchenko, 2012). According to the Cabinet of Ministers of Ukraine, inclusion is the process of increasing the degree of participation of all citizens in society, including people with disabilities and other groups with limited mobility (Inclusive policy of the Cabinet of Ministers of Ukraine).

A broader understanding of the concept of inclusiveness is found in the research of the Organisation for Economic Co-operation and Development (OECD), which defines inclusive development as economic growth that is fairly distributed in society and creates opportunities for all (Inclusive growth).

Instead, the Commission on Inclusive Growth defines inclusive growth as "inclusive growth that

embraces the broader population, all economic agents, ensuring sustainable economic dynamics, and their involvement in creating a barrier-free space in the implementation of the UN Sustainable Development Goals" (Inclusive growth for people and places).

The European Commission is also concerned about inclusiveness. It gives a clearer and broader definition of this concept, which, in their view, means "empowering people through high employment rates, investing in skills, fighting poverty and modernising labour markets, training and creating social protection systems that can help people anticipate and manage change, and build cohesive societies" (Europe 2020: A strategy for smart, sustainable and inclusive growth).

With the development of economic relations and the evolution of the global economy, the issue of inclusive development has gone beyond purely scientific and theoretical discourse and is already being perceived in practice in the form of specific programmes, strategies and other regulatory documents at the state level.

Currently, there are separate studies on the post-war recovery of Ukraine and the inclusive economy paradigm in the coordinates of the development of the public financial management system. However, this study will begin with the basic conditions based on the experience of other countries that have been in various types of conflicts, including armed conflicts.

The existing research by Domonkos E., Schlett A. (2021) contains a number of important and useful practical results on assessing the results of the financial reconstruction of the post-war economies of Central and Eastern Europe from a macroeconomic perspective. In addition, Mallett R., Pain A. (2018) predict the success of economies in establishing a relationship between government decisions and partner actions to "resuscitate" the market during economic recovery.

In turn, the works of other foreign researchers, such as Nahtigal M. (2022), examine the activities of the Recovery and Resilience Fund to ensure the formation of an inclusive knowledge economy in the European Union. Also, the work of Best M. H. (2020), in which the author focuses on a production-centric economy that focuses on opportunities and innovation.

More important, in the authors' opinion, is the work of P. Collier (2017), which analyses the causes and consequences of poverty in countries that are lagging behind in development. He considers an unorthodox set of specific aspects of economic growth, including inclusion and preconditions that help improve the situation of the poorest segments of the population.

On the other hand, it is also important to consider a study by the World Bank that analyses the impact of global production chains on the economic development of countries. It draws attention to

the need to ensure access to international markets for all countries, which is an important aspect of inclusiveness of country involvement in global value creation (World Development Report 2020: Trading for Development in the Age of Global Value Chains).

Also important is the work of the UN, which reviews progress towards achieving the Sustainable Development Goals by 2030. Among them, the goals of ensuring inclusive economic growth and sustainable public finances are important (The Sustainable Development Goals Report 2019).

The report by the International Monetary Fund analyses fiscal policies aimed at supporting economic recovery after the crisis and proves that prudent public financial management is the quintessence of economic stability and social justice (Fiscal Monitor: Policies for the Recovery).

What all the above works (studies) have in common and at the same time are problematic is the fact that they do not take into account the impact of war on economic processes within the country, do not consider war as a constant in public finance strategy and transition to an inclusive economic development model. That is why it is much more important to focus on post-war recovery. Against this backdrop, the UN's work describing the necessary joint action by governments, international organisations and the private sector to overcome the problems with food, energy and finance is thorough. It describes the problems and ways to urgently address them, taking into account the consequences of the crisis, which could be catastrophic for economic growth and the sustainability of the public financial management system (Sustainable Development Goals).

The articles by Ukrainian authors provide a clear understanding of the current state of inclusive economies and public finances, as well as highlight key challenges and prospects for post-war recovery. It is important to note that the authors emphasise the importance of an inclusive approach to the country's recovery, which aims to ensure equal opportunities for all segments of the population. Thus, the issues of post-war reconstruction are addressed by such authors as: Yu. Kindzerskyi (2022), O. Sharov (2015), V. Humeniuk (2022), I. Khmarska (2022), N. Andriyiv (2022), O. Sokolovska (2022), Y. Pushak (2022), O. Shubalyi (2023), P. Marchuk (2023) and others.

The article by Ukrainian authors A. Uniyat and Z. Yuzvin, which explores the potential of the inclusive economy to overcome poverty and inequality in Ukraine. The authors analyse the current state of the inclusive economy in the country, identify key challenges and offer recommendations for the development of inclusive policies. This article also analyses the impact of the war on Ukraine's public finances, in particular by describing the key challenges

faced by the country's budget system and proposing ways to address them (Uniyat, Yuzvin, 2019).

Of particular note is a study of the principles of inclusive post-war recovery in Ukraine (Pavlikha, 2024). The authors propose a comprehensive plan of measures aimed at stimulating economic growth, creating new jobs, and reducing inequality.

The next two papers emphasise the importance of social inclusion for Ukraine's successful post-war recovery (Zubchenko, Kaplan, Tyshchenko, 2020) and explore the role of SMEs in Ukraine's inclusive recovery through a set of public finance management measures to support SMEs and suggest ways to further develop them through budgetary strategy mechanisms (Nikoliuk, 2023).

This literature provides a broad overview of current trends in inclusive economies and public finance, and points to important aspects of post-war recovery, such as sustainability and inclusive development, social equity, inclusion, and the sustainability of public finance. The research papers provide a thorough analysis of the problems of inclusive economy and public finance in Ukraine, and offer recommendations for the development of inclusive policies and post-war recovery.

It is important to note that the topic of inclusive economy and public finance in Ukraine is relevant and requires further research to develop effective regulatory solutions for further mutual influence and interdependence of the inclusive economy and public finance, the potential for their collaboration and approximation of the established inclusive budgetary values and other mechanisms of economic policy making.

3. Key Factors in Post-War Reconstruction and Sustainability of Public Finances

Before the war, the poverty rate in Ukraine was around 20%, according to the World Bank (2022). This meant that around 5 million people lived on less than 5.5 USD a day. The war could lead to a 20% increase in poverty, according to the World Bank (2023). This is due to job losses, lower incomes, and the destruction of housing and infrastructure.

The main causes of poverty in Ukraine are low incomes, unemployment, and unequal access to education and healthcare (World Bank, 2022).

Ukraine is also one of the countries with the highest levels of income inequality in Europe. The Gini coefficient used to measure inequality in Ukraine is 0.41 (World Bank, 2022). This means that the richest 10% of people own 41% of the country's wealth, while the poorest 10% own only 2%.

War can exacerbate income inequality, as poor people are more vulnerable to its negative effects. Income inequality can lead to: social upheaval,

economic growth, and reduced trust in government (World Bank, 2022).

Corruption should not be ignored. Corruption is one of the most serious problems in Ukraine. Ukraine ranks 122nd out of 180 in Transparency International's Corruption Perceptions Index 2022 (Transparency International, 2022). War can create new opportunities for corruption, as it makes it harder to control the use of resources. Corruption can lead to inefficient use of resources, slower economic growth, and a decrease in trust in the government (Transparency International, 2022).

The war significantly worsened the state of public finances. Budget revenues fell significantly, while expenditures increased. This has led to a significant budget deficit, which is financed by borrowing. Ukraine's public debt has increased significantly as a result of the war, which could lead to macroeconomic instability.

The main factors behind the post-war reconstruction of Ukraine's economy can be systematised as follows. First, it is the provision of direct material assistance for the reconstruction of the state, which is critical for starting the process of recovery and development of economic structures. Second, the implementation of reforms and the focus on economic transformation is crucial for creating a transparent, competitive and efficient economic environment. Third, private sector development plays a key role in creating new jobs, stimulating innovation and increasing the competitiveness of the national economy. Fourth, supporting the national economy through special programmes and support measures can contribute to its sustainable development and recovery. Fifth, support for Ukrainian producers is necessary to strengthen domestic production and reduce dependence on imports. Finally, the creation of favourable conditions for companies that manufacture their products in Ukraine, including tax benefits, infrastructure support and investment incentives, helps to attract capital and develop domestic production capacity.

The main factors in the post-war recovery are shown in Figure 1.

In this case, inclusiveness should not only take into account the needs of certain categories of people, but also the development of public finances, which should take into account the period and factors of post-war recovery.

Ukraine needs to create an environment where every citizen has equal opportunities for development and participation in shaping the economic and social landscape. An inclusive economy will allow all segments of the population to be involved in the country's post-war recovery, contributing to increased employment, poverty reduction and support for entrepreneurship in all regions.



Figure 1. Key factors in post-war recovery

Source: compiled by the authors

In addition, an inclusive economy contributes to increased resource efficiency and innovation, which are important elements of post-war recovery. Ensuring equal conditions for the development of every citizen will help to strengthen social resilience and stability in the country, as well as increase the overall level of happiness and satisfaction among the population.

Thus, an inclusive economy should become a quantitative and qualitative advantage for Ukraine in the process of post-war recovery, ensuring sustainable and balanced development of the country on the path to peace and prosperity based on the philosophy of the Ukrainian Peace Formula (President Zelenskyy's Peace Formula).

After the end of the conflict, Ukraine will enter a challenging phase of recovery and reconstruction of its economy, infrastructure and society as a whole. In this context, a post-war recovery strategy based on inclusive principles is of great importance. This strategy is aimed at ensuring equal opportunities for all citizens, regardless of their social status, ethnicity or economic status.

As part of an inclusive approach to recovery, the strategy should address various aspects, including economic, social, infrastructural and cultural. The primary objective is to ensure access to basic resources, services and opportunities for all segments of the population, including those affected by the conflict or in a vulnerable situation. This includes access to education, healthcare, housing, employment and other social benefits.

One of the key principles of this strategy is cooperation and partnership between different actors, including regulatory institutions, civil society organisations, international donor organisations and the private sector. This cooperation contributes to solving a wide range of problems and increasing the effectiveness of post-war recovery programmes.

Special attention should be paid to sustainable development in the recovery process. The use of environmentally friendly and energy-efficient technologies will help reduce the negative impact on the environment and contribute to the country's sustainable development in the future.

Public participation is also important in an inclusive recovery strategy. The involvement of civil society organisations and ordinary citizens in decision-making will help to ensure that their needs, interests and opinions are taken into account in the design of recovery programmes and projects.

Finally, ensuring security and stability in the post-conflict period is an important aspect of a recovery strategy. This involves creating conditions for the security of the population and eliminating possible causes of future conflicts by strengthening the rule of law and developing democratic institutions.

The development of a comprehensive strategy for Ukraine's post-war recovery on an inclusive basis requires a broad discussion and coordination of the interests of various spheres of public life. This should be a common task for the government, civil society and international partners to ensure the sustainable and inclusive recovery of the country and its people.

Following the significant challenges posed by the war, Ukraine must now address the crucial task of rebuilding its economy, attracting investment and ensuring the sustainability of public finances. To achieve this goal, it is essential to create an environment that would encourage investors to invest in the Ukrainian economy. Creating a favourable environment for investment will be one of the main prerequisites for Ukraine's effective and rapid recovery. According to the authors, in order to facilitate the creation of an investment environment in the context of Ukraine's post-war recovery, it is necessary to take into account the following aspects: legal stability, efficiency of the state regulatory system,

social and other values in the economic growth model, partnership with international organisations and infrastructure development.

As part of legal stability, legislation should be reformed and transparent rules for business should be created. Investors should be confident that their rights will be protected. Steps towards an effective support system should be noted. Ukraine has already created an electronic platform called Advantage Ukraine, which contains more than 500 investment projects in 10 sectors of the economy. This allows potential investors to obtain comprehensive information on investment opportunities and specific projects. Partnerships with international organisations, such as cooperation with the OECD, the EBRD, and other international partners, can help attract investment. And the most important thing is infrastructure development. Investors are looking for countries with developed infrastructure. The development of transport networks, energy and other sectors can make Ukraine more attractive for investment.

At the same time, one should not forget about small and medium-sized businesses (SMEs), which play an important role in an inclusive economy by creating jobs, stimulating innovation and contributing to economic growth. In the post-war recovery, SMEs can be a driving force behind economic recovery and improved welfare. Firstly, SMEs create jobs, stimulating innovation and contributing to economic growth. It makes the economy more inclusive, providing opportunities for people with different backgrounds and skills. Secondly, SMEs can be a driving force behind economic recovery after war. SMEs are more resilient to crises than large companies, and they can quickly adapt to new conditions. In such circumstances, it is recommended to consider the feasibility of:

- Provision of loans, grants, tax benefits and advice to SMEs;
- creation of special programmes to support SMEs owned by people with disabilities, women and other vulnerable groups;
- simplification of the procedure for registering and doing business.

In the immediate aftermath of war, many countries face serious economic challenges and chaos, which creates a fertile environment for corruption to flourish. It affects various spheres of society, from politics to business, and becomes a serious threat to democracy and development.

A comprehensive approach is needed to fight corruption in the post-war period.

The first step is to strengthen legislation. Countries need to adopt strong anti-corruption laws that provide for harsh penalties for corrupt officials and mechanisms to monitor their activities. However,

laws alone are not sufficient. They need to be implemented in practice. This means ensuring the independence of the judiciary and law enforcement agencies, as they are responsible for investigating and prosecuting corruption offences.

Another important aspect is the involvement of civil society institutions. This requires mechanisms of public control over the government. Openness in decision-making and transparency of government agencies are important steps in strengthening democracy and preventing corruption. Citizens should be provided with easy access to information about the activities of the authorities and the opportunity to file complaints about corruption.

The fight against corruption in the post-war period is a long-term process that requires constant attention and effort. Only with a comprehensive approach that combines strengthened legislation, independent law enforcement, public engagement and international cooperation will the country be able to overcome this threat and ensure sustainable development.

An important aspect is the reform of key institutions. The judiciary, prosecutors and other law enforcement agencies need to be reformed. These reforms should ensure their independence and accountability, improve the qualifications and integrity of their personnel, and completely eradicate bribery and other corrupt practices.

Simultaneously, it is necessary to ensure transparency and accountability of the authorities. Openness in decision-making and transparency in the activities of government agencies are important steps in strengthening democracy and preventing corruption. Citizens should be provided with easy access to information about the activities of the authorities and the opportunity to file complaints about corrupt practices.

The fight against corruption requires the implementation of a number of anti-corruption measures. Electronic asset and income declarations, open and competitive public procurement, and legislation on conflicts of interest will all contribute to reducing corruption. In addition, it is important to protect whistleblowers, as they play an important role in exposing corruption schemes.

Finally, the effectiveness of the fight against corruption is enhanced by international cooperation. Cooperation with other countries and international organisations allows for the exchange of experience and best practices, joint anti-corruption investigations, and support in reforming state institutions.

The fight against corruption in the post-war period is a long-term process. It requires constant attention and efforts of the government, law enforcement agencies, civil society and the international community. Only with a comprehensive approach that combines strengthening legislation, reforming law enforcement

agencies, government transparency, implementing anti-corruption measures, engaging the public and international cooperation will the country be able to overcome this threat and ensure sustainable development.

The occupation of Ukrainian territories by the Russian Federation is one of the most complex problems facing the world today. It has caused serious economic and social destabilisation not only for Ukraine but also for the entire region. The return of these territories to Ukraine's control is only the beginning of a large and long-term process of their reintegration. This process will undoubtedly require significant financial, human and organisational resources, as well as close cooperation between government, business, civil society and international partners.

The first challenge in reintegration is the restoration of infrastructure in the occupied territories. The occupiers, destroying or damaging residential buildings, roads, schools, hospitals and other facilities, left significant traces of destruction. Their restoration and modernisation will require large financial costs and time.

The second important aspect is the economic reset. The occupation has led to the shutdown of businesses, job losses and economic decline in these regions. To restore the economy, it is necessary to create favourable conditions for business, attract investment, support small and medium-sized enterprises and stimulate the development of innovative technologies.

Social integration is the third key element. The occupation has led to a split in society, exacerbating inter-ethnic and inter-religious relations. To overcome this division, it is necessary to actively work on inter-social rapprochement, promote dialogue between different groups of the population and ensure that all residents have access to social services.

Moreover, security in the liberated territories is a crucial factor for successful reintegration. The high probability of sabotage and terrorist attacks poses a threat to the stability and development of the region. Therefore, it is important to ensure an adequate level of security by deploying military units, carrying out demining and strengthening control over entry and exit to the territory.

To ensure a successful reintegration, it is important to develop and implement a comprehensive programme that covers all aspects of the recovery and development of the liberated territories. An effective coordination mechanism should also be established to ensure that all stakeholders work together. The government should actively work to attract international assistance and investment, and support civil society in its recovery initiatives. Only through the joint efforts of the government, business, civil

society and international partners can successful reintegration and restoration of national integrity be achieved.

In the context of an inclusive economy and the post-war period, Ukraine is facing the need to develop and implement social programmes aimed at supporting vulnerable groups. Promoting social inclusion is a key strategy in an environment where society faces major challenges of economic recovery and social rehabilitation.

One of the priorities is to ensure that social services are accessible to people with different needs. This means developing and implementing mechanisms that ensure equal opportunities for all citizens, regardless of their physical or social situation. For example, this may include creating accessible environments and vehicles for people with disabilities, as well as developing support programmes for families with children with special needs.

Raising the living standards of low-income people, people with disabilities, internally displaced persons and war veterans is also a crucial task. To achieve this goal, it is necessary to develop and implement social programmes aimed at ensuring their social support, including access to healthcare, education, housing and other social services.

Given the peculiarities of the post-war period, it is important to ensure that social programmes are adapted to the needs of internally displaced persons and war veterans, who may be particularly vulnerable due to loss of housing, trauma and other difficulties. In addition, conditions should be created for their social inclusion and reintegration into society by providing opportunities for education, vocational training and access to the labour market.

Therefore, the development and implementation of social programmes in an inclusive economy and in the post-war period in Ukraine is critical to ensuring social justice, equal opportunities and improving the quality of life for the whole society.

In today's world, education and retraining play a crucial role in shaping an inclusive economy and in the post-war period in Ukraine. They are key factors that influence the effectiveness of economic rehabilitation, social inclusion and the creation of a sustainable and prosperous socio-economic system. They are also the main means for the rehabilitation and social adaptation of war veterans, internally displaced persons and other people affected by the conflict. An important part of this process is access to quality education for all segments of the population, regardless of their social status or financial means.

One of the main tasks is to retrain and upgrade the skills of the workforce. Post-war conditions often lead to changes in economic approaches and market requirements, making it necessary to constantly update

the knowledge and skills of the workforce. Retraining programmes allow people to adapt to new conditions, increasing their competitiveness in the labour market and contributing to the creation of a sustainable and efficient economic system.

In an inclusive economy, education plays an even more important role. Ensuring equal opportunities for all citizens, regardless of their physical or social situation, involves creating accessible learning environments, adapted curricula and support for people with special needs. Inclusive education promotes social inclusion and equal opportunities for all citizens, which is an important element in creating a just and harmonious society.

According to the authors, education and retraining in an inclusive economy and in the post-war period in Ukraine are strategically important tools for economic rehabilitation, social integration and the creation of a sustainable and prosperous socio-economic system. The development and implementation of effective educational and retraining programmes are key to ensuring the country's sustainable development and improving the quality of life of its citizens.

In the context of an inclusive economy and the post-war period, Ukraine faces significant environmental challenges that are becoming serious obstacles to the country's sustainable development and improvement of the quality of life. Despite this, environmental issues often do not receive sufficient attention in the context of economic transformation and post-conflict or post-war recovery. The destruction of infrastructure and industrial facilities can lead to the release of hazardous substances and contamination of soil and water, which endangers human health and the ecological balance in the region. Particular attention should be paid to the restoration and modernisation of industrial facilities to minimise the negative impact on the environment.

Another important environmental issue is the loss of biodiversity and destruction of ecosystems as a result of the conflict. War can lead to deforestation, the destruction of habitats of rare species of flora and fauna, as well as other unique ecosystems that are essential for biodiversity conservation and environmental sustainability. Efforts to restore and protect natural resources should be included in post-war recovery strategies and the development of an inclusive economy.

In addition, environmental issues in an inclusive economy also include the availability of clean and energy-efficient technologies to all segments of the population. Ensuring access to clean energy sources and resource-saving technologies can help to reduce the ecological footprint and improve environmental quality.

Therefore, solving environmental problems in an inclusive economy and in the post-war period in Ukraine requires a comprehensive approach and cooperation of all stakeholders. It is necessary to develop and implement strategies and programmes aimed at reducing the negative impact on the environment and ensuring sustainable development, which will contribute to the formation of a healthy and prosperous society in the future.

International cooperation should be a key aspect of post-war reconstruction, according to the authors. International cooperation in an inclusive economy and in the post-war period in Ukraine plays a crucial role in creating a sustainable and prosperous economic system that will ensure social justice and development of the country. In the context of building an inclusive economy and post-war reconstruction, an important aspect of such cooperation is cooperation with international partners in the confiscation of Russia's assets for the benefit of Ukraine. Financial, legal and institutional support from international organisations such as the UN, the European Union and other partner countries is possible. Another important aspect is ensuring the transparency and legitimacy of Russia's assets. In order to strengthen the rule of law in Ukraine and increase investor confidence, international cooperation will help in this process.

In addition, international cooperation can facilitate the use of confiscated assets for the benefit of Ukrainian society and economy. This can be done through the creation of a special fund that will invest these funds in social development projects, infrastructure, education, healthcare and other areas that will promote inclusive economic growth and improve the living standards of the entire population.

As for the current state of public finances, the war has had a huge impact on their sustainability (Table 1). Since the beginning of the full-scale invasion, Ukraine has seen a quarter of its real GDP decline compared to the cumulative total of 2024 to 2022.

At the same time, a significant increase in the budget deficit can also be noted, which will reach 15-20% of GDP starting in 2022. This scale of the deficit makes it impossible to cover it from domestic sources. And in a time of war, this looks unrealistic. As a result, there is a significant increase in public debt, which in 2022-2024 will significantly exceed the fiscal rule and amount to 72-84%, peaking in 2023. According to the authors, the figures for the projected total debt according to the Ministry of Finance are somewhat underestimated (a 12% reduction in the debt level compared to 2023). This is evidenced by the indicators of a significant deficit, including the deficit without grants in revenues. This may also be evidenced by the debt service indicator. According to the Ministry of Finance, the projected debt service indicator in 2024 will reach 13.5% of GDP (debt service), which

Table 1

Dynamics of key indicators of public finance sustainability

Indicator	2021	2022	2023	2024
	de facto			forecast
GDP, billion UAH	5450,8	5239,1	6537,8	7643,0
Real GDP, % to the previous period	3,4%	-28,8%	5,7%	3,6%
Total public and publicly guaranteed debt, % of GDP	49%	78%	84%	72%
Consolidated budget deficit, % of GDP incl.	-3%	-16%	-20%	-15%
Excluding grants in revenues, % of GDP	-3%	-25%	-27%	-21%

Source: authors' calculations based on data from (Economic statistics; Forecast of economic and social development of Ukraine at 2024-2026; Public debt and publicly guaranteed debt; Inflation Report, January 2024; Debt payments and forecasts)

indicates growing pressure on the economy and creating obstacles to the transition to an inclusive development model.

Unfortunately, in the context of uncertainty about funding from the US and the EU, public finances are relatively unstable, forming crisis contours in the model of resource support for the transition to an inclusive economy.

4. Further Research and Discussion of the Results

Next, attention should be paid to an in-depth analysis of Israel's experience in running an economy and the post-war recovery process. Israel has become an example of successful economic development despite difficult geopolitical conditions and limited resources. In particular, studying the strategies that helped Israel achieve stable economic growth and ensure effective recovery from military conflicts can provide a useful contribution to understanding and developing strategies for other countries, including Ukraine. Aspects that should be considered in such studies include innovation policy, the development of high-tech sectors, entrepreneurship promotion, and the creation of a favourable climate for investment. An analysis of these aspects of Israel's experience could help to develop specific strategies and measures to improve economic policy and recovery in Ukraine.

Further discussion and research is needed to develop a strategy for inclusive economic development, which should include the sustainability of public finances in the post-war period.

Specifying tasks, indicators and identifying actors in the implementation of an inclusive economy should be a priority in creating a post-war recovery strategy. To implement such points, it is possible to use the existing developments in this area in the past. An important practical step, for example, on the way to increasing the level of inclusive growth and development in Ukraine in the past was the development and implementation of a national plan for the practical implementation of sustainable development ideas – the National Report "Sustainable

Development Goals: Ukraine" (Gorshkova, Libanova), which presents very specific tasks, indicators and identifies the actors for their implementation in Ukraine.

But, in the authors' opinion, it is necessary to initiate a revision of the Sustainable Development Goals for the post-war economic recovery of Ukraine. In the short term, it is necessary to review and amend the interim Sustainable Development Goals, which should consider the impact of the war on the economic, social and environmental situation in the country, as well as take into account inclusiveness and public finance issues in the post-war period. This is a rather important aspect of development and research, as in view of the new realities, Ukraine is facing a slowdown in economic growth, an increase in the number of poor people, deterioration in the accessibility and quality of education, damage to terrestrial, marine and freshwater ecosystems, damage to the energy system, etc.

The current programme that also includes inclusion is the Plan for the Ukraine Facility (2024-2027).

The reforms in the Ukraine Facility Plan are divided into three main blocks: basic reforms, economic reforms, and key sectors. The plan also has three cross-cutting areas, with specific measures in all chapters. These are green and digital transformation and European integration.

According to the authors, this document can form the basis for the development of a strategy for inclusive economic development, which should include public finance issues in the post-war period. But at the same time, the new document should pay more attention to inclusiveness through the development of public finances.

Unfortunately, all previous declared documents do not contain signs of inclusiveness, and all declared norms related to this issue are nominal. This is evidenced by the UN data – the Inclusive Growth Index, which is assessed on the basis of 4 factors: economy, living conditions, equality and environment (Inclusive Growth Index (IGI) / UNCTAD. Report Info). Thus, according to the latest estimates, Ukraine ranked 72nd out of 129 countries in 2021 (Figure 3).

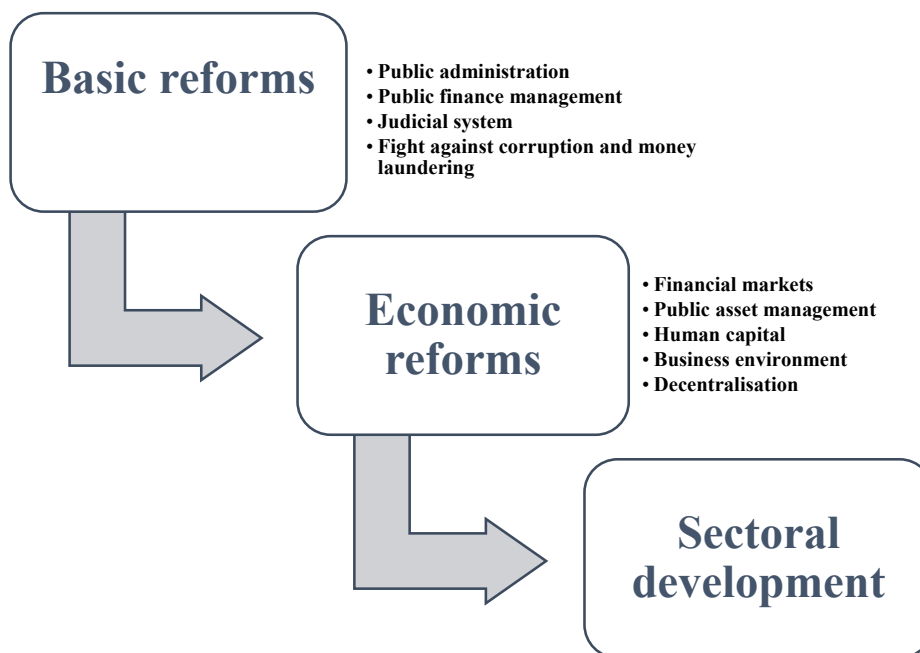


Figure 2. Main blocks in the Plan for the Ukraine Facility

Source: authors' compilation based on data (Plan for the Ukraine Facility 2024–2027)

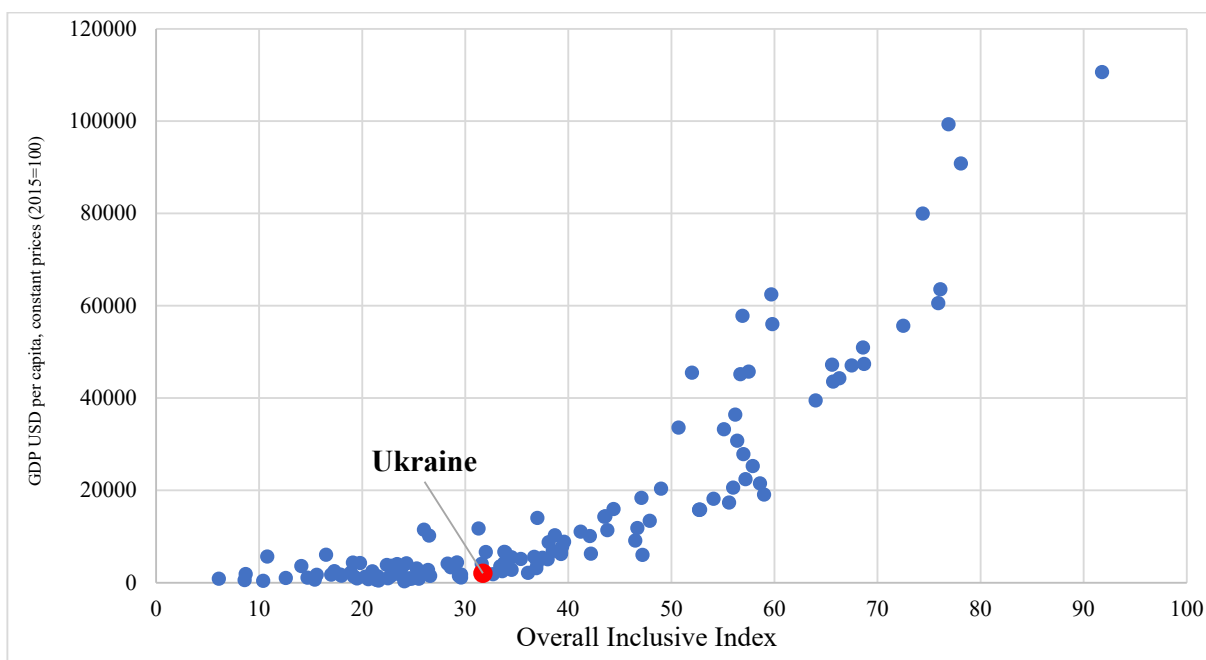


Figure 3. Comparison of the relative level of economic development and the Inclusive Growth Index

Source: authors' compilation based on data (Inclusive Growth Index (IGI) / UNCTAD. Dataviewer; Unctadstat, Gross domestic product)

In terms of GDP per capita in comparable 2015 prices, Ukraine is on a par with countries such as Ghana, the Philippines, Gabon, and Sudan, Kenya, and Congo (according to the Overall Inclusive Index). All of this shows that all existing and previous plans, including strategies for reforming the public finance management system, have not yielded the intended

results. Given how the geopolitical situation has changed, and given the full-scale war, all the data presented as of 2021 can be reduced for Ukraine by at least 30-40%.

It can also be concluded that the most economically developed countries have the highest Inclusive Growth Index scores. Accordingly, it is possible to

state the fact that, both in general and in terms of public finance, inclusiveness is an organic or evolutionary factor in the development of a country.

Despite all the challenges that Ukraine is currently facing, the authors believe that post-war recovery is an opportunity for the country to get rid of the raw material-oriented model of development and ensure the transition to a knowledge-based one. To this end, it is now necessary to develop strategies for reforming the public finance management system, which will organically include Ukraine's post-war recovery and take into account the inclusiveness of the economy in programming and strategising evolutionary changes in public finance.

5. Conclusions

1. The current reality requires in-depth analysis and understanding of the mechanisms of inclusive economy and public finance, as well as the development of strategies to support economic and social recovery after the war, so the feasibility of conducting this type of research is more relevant than ever. Deepening the analysis of the current state of the inclusive economy and public finance in the context of post-war recovery, as well as considering the key principles that will contribute to sustainable development and strengthen the country's socio-economic stability, are also of particular relevance in the new reality.

2. War can increase income inequality, as poor people are more vulnerable to its negative effects. Income inequality can lead to: social upheaval, economic growth constraints, and a decrease in confidence in the chosen political model of development.

3. Given that an inclusive economy promotes resource efficiency and innovation, which are important elements of post-war recovery, an inclusive economy can be a quantitative and qualitative advantage for Ukraine in the post-war recovery process, ensuring the country's sustainable and balanced development on the path to peace and prosperity based on the Ukrainian Peace Formula.

4. The authors present the main factors in post-war recovery and define the position of inclusiveness, which should lie not only in the plane of taking into account the needs of certain segments of the population, but also in the development of public finances, which should take into account the period and factors of post-war recovery.

5. It is determined that one of the main aspects of post-war reconstruction should be international cooperation, which in an inclusive economy and in the post-war period in Ukraine plays a crucial role

in creating a sustainable and prosperous economic system. This will ensure social justice and rapid development of the country as a whole.

6. The paper presents an analysis of the current state of public finances, which are in a difficult situation, and the sustainability of public finances will not improve in the short term. The authors note the high indicators of the main indicators of public finance sustainability – debt, deficit, etc. – which negatively affect the ability to transition to an inclusive economy.

7. It was found that Ukraine is at the level of low-economic developed countries in terms of the degree of inclusiveness of growth, in particular, according to the Overall Inclusive Index criterion, at the level of such countries as Guatemala, the Philippines, Gabon and Ghana, and according to the GDP per capita criterion – Sudan, Kenya and Congo.

8. It is proved that there is a need to initiate a revision of the Sustainable Development Goals for the post-war economic recovery of Ukraine, where it is necessary to consider and amend the interim Sustainable Development Goals, which should consider the impact of the war on the economic, social and environmental situation in the country, as well as take into account inclusiveness and public finance issues in the post-war period.

9. The paper notes that all previous declared documents in the field of public finance development do not contain signs of inclusiveness, and all declared norms related to this issue are nominal. Taking into account the analysed results, the authors note that all existing and previous plans, including strategies for reforming the public finance management system, have not yielded the desired results and require further improvement and prompt adoption of anti-crisis decisions now.

10. The authors also concluded that the most economically developed countries in the world have the highest Inclusive Growth Index scores, which is an organic or evolutionary factor in the country's development that Ukraine should strive for.

11. The article substantiates the expediency of further balancing the goals between the inclusive economy paradigm and the public finance sector in the implementation of the measures envisaged by the Ukraine Facility.

12. The publication identifies the need for further discussion and research on the issue of developing a strategy for inclusive economic development, which should include the issue of public finance in the post-war period, taking into account current developments and Israeli experience in this area.

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