

Heather A. Conley

The background image shows the Statue of Liberty in a city of rubble, likely Kyiv, Ukraine. The statue is the central focus, standing on a golden column. The ground is covered in debris, including destroyed cars and buildings. In the background, there are modern apartment buildings, some of which appear to be under construction or partially destroyed. The sky is overcast.

A Modern Marshall Plan for Ukraine

Seven Lessons
from History
to Deliver Hope

SUMMARY

Can one of the most successful US foreign policy initiatives in the 20th century—the Marshall Plan—be replicated in the 21st century—a modern Marshall Plan for Ukraine? The unequivocal answer to this question is “yes,” but it is essential to draw upon historical and inspirational lessons from the Marshall Plan to ensure the reconstruction and long-term economic recovery of Ukraine succeeds. The first six of these lessons are:

- To deliver needed hope to the Ukrainian people, planning for Ukraine’s reconstruction and recovery must happen now.
- It is crucial to ensure the full support of the American people and enduring bipartisan congressional support.
- Ukraine’s reconstruction and recovery must be led by Ukraine, with support and monitoring from the donor community.
- There must be a transparent reform continuum from immediate humanitarian relief all the way to full economic recovery and modernization.
- The underlying policy goal for Ukraine’s reconstruction and recovery must be its economic integration with Europe.
- Assistance must be time-limited and carefully coordinated among donors.

There is a seventh lesson to be learned from something that was missing from the Marshall Plan and will be critical for Ukraine’s recovery:

- Civil society organizations as well as cities and municipalities must be closely involved.

Since Russia’s first invasion in 2014, Ukrainian civil society organizations (CSOs) have demonstrated growing capacity and tenacity. They are providing emergency assistance for internally and externally displaced people as well as to victims of the conflict in war zones, actively combatting disinformation, documenting human rights abuses and atrocities, supporting the army, and scrutinizing government actions. Ukraine’s CSOs are regarded by many at home and abroad as trusted watchdogs that can help ensure that the health and integrity of anti-corruption governmental bodies are maintained.

Donor coordination will be one of the most important yet challenging elements of a Marshall Plan for Ukraine. The Group of Seven (G7) countries should lead donor coordination, in partnership with Ukraine’s government, while allowing flexible opportunities for non-G7 countries such as Australia and other willing partners to participate. As a member of the G7, the European Union could serve as the secretariat and convener of a Ukraine Reconstruction and Recovery Task Force (URRTF). Each G7 member could appoint a senior special representative to the task force, as could other countries that wish to participate in the

effort. International financial institutions, multilateral institutions, major private philanthropic institutions, and large private-sector leaders could also apply to become a member of, or observer to, the task force.

The URRTF could form high-level sectoral working groups, initially prioritizing revival of the agricultural sector; infrastructure development; housing, energy, water, and sanitation restoration; and industrial capacity. Each sectoral working group could be co-led by senior G7 and Ukrainian officials, have a diverse representation of Ukrainian officials from the national, municipal, and local levels, and also include

senior representatives of the private sector and of the multilateral development banks as well as Ukrainian CSOs. The donor coordination mechanism would have clear and time-limited objectives to restore Ukraine's economic growth.

When the Marshall Plan ended in 1951, its implementing agency was able to state that “never in human history has so much been spent by so few with such great results.” We hope that one day we can say the same thing about a modern Marshall Plan for Ukraine.



INTRODUCTION

The year was 1947 and Europe was in a full-blown economic crisis. Most of its industrial capacity lay in ruins following the Second World War; a particularly harsh winter deepened the crisis; and spring planting had been nearly ruined by devastating floods, which meant that the continent was on the threshold of starvation. Communist-organized strikes risked further paralyzing fragile postwar governments as Paris and Rome teetered on the verge of collapse. Something had to be done or countries across Europe would likely collapse under the weight of growing communist influence, eviscerating the victory that the United States and its European allies had sacrificed so much for.

Under Secretary of State George C. Marshall's leadership, US State Department experts quantified the extent of Europe's economic devastation and recommended a bold course of action to support financially its recovery—this despite rising inflation in the United States. On June 5, 1947, the Marshall Plan was born. Four years later, 16 recipient countries had exceeded their prewar growth and started modernizing their economies, the United States and the United Kingdom had forced the Soviet Union to end its blockade of West Berlin through the logistical feat of the Berlin Airlift, and 12 countries had come together to form the North Atlantic

Treaty Organization (NATO). Big ideas and bold US leadership had produced hope and tangible benefits for millions of Europeans.

Today, seven decades later, Europe is in a near full-blown economic crisis as another war is threatening energy shortages and fueling inflation. The largest conflict in Europe since the Second World War, caused by Russian aggression, has produced the largest wave of migration in the continent with over 10.5 million Ukrainians fleeing their homes, while the economic aftershocks are felt not only across Europe but globally. At the height of its occupation earlier this year, Russia had seized or annexed nearly 20 percent of Ukraine's territory, an invasion that began with the illegal annexation of Crimea and intervention in Donbas in 2014. The full-scale attack since February has ravaged Ukraine's economy and dramatically reduced its grain exports, creating a global food security crisis. Energy dependency on Russia has left Europe, especially Germany, vulnerable to a complete Russian cutoff during the coming winter despite the replenishment of storage facilities. Post-coronavirus supply-chain disruptions, spiraling energy prices and high inflation, and China's economic problems have dramatically slowed Europe's economies, not least Germany's export-driven one.

Like in 1947, another big idea, accompanied by strong US and European leadership, that delivers hope to the people of Ukraine and stabilizes Europe is needed—a modern Marshall Plan for Ukraine. The original Marshall Plan should be a source of inspiration, but not an exact template, for Ukraine’s reconstruction and long-term economic recovery.

Whenever significant reconstruction is needed—in the immediate aftermath of war or of human-made or natural disasters—leaders and commentators frequently declare the need for a Marshall Plan. For example, in June, Germany’s Chancellor Olaf Scholz called for a Marshall Plan for Ukraine, noting that the task will take a generation.¹ More recently, he

commented that the “reconstruction package for Ukraine will be bigger than the Marshall Plan” and will “require the entire global community to develop reasonable solutions.”²

Such calls for new Marshall Plans—for Ukraine or elsewhere—reflect the policy need for something big. However, the reality of the implementation needed to secure the scale, the scope, and the remarkable outcomes of the original plan tend to diminish and often dissipate these calls over time. This must be avoided when designing a modern Marshall Plan for Ukraine for there are vitally important lessons from the history of the first one that should inform the design and implementation of a modern version.

1 AFP, “Ukraine needs ‘Marshall Plan’ to rebuild: Germany’s Scholz,” Kyiv Post, June 22, 2022.

2 Michael Nienaber, “Germany Plans Conference for Rebuilding Ukraine in October,” Bloomberg, August 11, 2022.

LESSON 1

Hope Is Powerful, So Plan for Ukraine's Reconstruction and Economic Recovery Now.

LESSON 2

Build Strong and Enduring Bipartisan Public and Congressional Support.

LESSON 3

Ukraine Must Lead Its Reconstruction and Recovery, but Donors Must Agree to and Monitor the Plan.

LESSON 4

Ensure a Transparent Reform Continuum, from Humanitarian Relief to Macroeconomic Support to Reconstruction and Long-term Modernization.

LESSON 5

The Marshall Plan Was Driven by the Goal of European Economic Integration.

LESSON 6

Develop a Time-limited National and International Donor Coordination Mechanism with Notable Talents.

LESSON 7

This Time, Do Not Neglect Engaging Civil Society and Cities.

1 Hope Is Powerful, So Plan for Ukraine's Reconstruction and Economic Recovery Now.

LESSON

During the Second World War, despite many military setbacks, the “greatest generation” of US leaders and their European allies had the confidence and the belief that they would win that devastating war and secure the peace. They also understood that they had to plan for a stable, secure, and prosperous postwar era as they fought fascism across Europe and Asia. Following more than eight years of war in Ukraine, this powerful force of hope also applies to the country’s government and people today as they fight for a better future. The international community must join them in that confidence and belief by planning together for Ukraine’s postwar reconstruction and economic recovery right now.

2 Build Strong and Enduring Bipartisan Public and Congressional Support.

LESSON

The Marshall Plan was once described as “the most extraordinary period of bipartisan history” in the United States.³ For a \$13 billion recovery effort (approximately \$130 billion in 2022 dollars) to come to life and endure, it needed not only to be fully supported on a bipartisan basis in Washington but also to be sold to citizens through the lens of self-interested investment. Thus far, the United States has pledged over \$13.5 billion in military assistance and macroeconomic support to Ukraine.⁴ This funding is simply to help the country stay in the fight and drive Russian forces from its territory. The United States has not begun to think through what it is willing to do to support Ukraine’s reconstruction and economic recovery in the long term, but some senior US officials have suggested that it will require a combination of US, European, private-sector, and international financial institutional support.

³ Greg Behrman, “Was the Marshall Plan as Good an Example of Bipartisanship as People Say?” History News Network, undated.

⁴ US Department of Defense, *U.S. Announces \$2.98 Billion in Aid to Ukraine*, August 24, 2022.

Senior officials in President Harry Truman's administration dedicated an enormous amount of time and energy to selling the Marshall Plan to the American people—an effort that was jokingly referred to as the Marshall Plan to sell the Marshall Plan. Secretary of State Marshall and countless other senior officials crisscrossed the country for months, speaking publicly several times a day at venues large and small, to Republicans and Democrats alike, to convince war-weary Americans who wanted to concentrate on the home front that it was imperative that they support the Marshall Plan to save their hard-earned accomplishments in Europe.

The plan of a Democratic administration was also sold by a leading Republican, Senator Arthur Vandenberg, who chaired the Senate Foreign Relations Committee. Once an isolationist who did not want the United States to enter the war in Europe, he became an essential partner to President Truman in encouraging skeptical Republicans to support the Marshall Plan.

Most Americans had historical ties to Europe and now there were new emotional ties to the continent as a result of the war effort, but ultimately the Marshall Plan was almost literally sold as good business for the United States, including by business leaders. These included Paul Hoffman, the president of the Studebaker Automobile Company and one of the foremost American industrialists of the era, who would soon be appointed as the first administrator of the Economic Cooperation Administration (ECA), the implementing agency of the Marshall Plan.

There would not have been a Marshall Plan without broad public support and bipartisanship in the United States, which only began to wane in light of the onset of the Korean War and heightened security tensions in Europe in subsequent years. If there is to be a Marshall Plan for Ukraine, similar public support and bipartisanship must be painstakingly built and tended, in the knowledge that they will surely be buffeted by global and domestic events.

Ukraine Must Lead Its Reconstruction and Recovery, but Donors Must Agree to and Monitor the Plan.

LESSON

3

Sixteen Western European nations participated in the Marshall Plan although it was offered to all of Europe (Stalin forbade Soviet-controlled Eastern European countries to accept funds). Each recipient developed its national recovery plan and was in charge of implementing it. Each national plan was thoroughly reviewed and approved by US Marshall Plan administrators, however. It was essential that the recipient country was given agency to make its own recovery decisions, but the US administrator had to agree to and monitor the implementation of the plan. There was also rigorous and constant congressional oversight of how the Marshall Plan countries were using funds and monitoring of how quickly they were recovering economically.

The structure of the plan was also uniquely designed to meet the challenge of Europe's dollar gap: countries would request US industrial and agricultural equipment paid for with Marshall Plan funds, the United States would send the equipment to Europe, and the countries would pay for the equipment into their national bank in their local currency. This both diminished the dollar gap and allowed these countries to further support their own recovery. This was the "win-win" for both sides.

Ensure a Transparent Reform Continuum, from Humanitarian Relief to Macroeconomic Support to Reconstruction and Long-term Modernization.

LESSON

4

Two years before the Marshall Plan was announced, as the Second World War was ending, the United States had shipped relief packages to a ravaged Europe. While the Marshall Plan continued to ship food commodities, such as wheat, the industrial and agricultural equipment that flowed to European countries helped them to increase their own output. As the 16 recipient countries began to return to, and even to exceed, prewar economic growth, the final two years of the Marshall

Plan (1950–1951) focused on technical assistance to increase industrial efficiency and modernization, with leaders of European industry visiting some of the United States’ most modern factories and American executives traveling to Europe to share best practices. While it may not have been planned as such, there was a logical and successive progression in US assistance to Europe. For example, food aid did not hinder domestic agricultural production, and a focus on enhancing economic productivity was a constant.

Today, initial US military and macroeconomic assistance to Ukraine is again designed to ensure the country’s survival. However, initial macroeconomic assistance should also be seen as paving the way for future reconstruction and recovery funds and activities, prioritizing industrial and agricultural sectors. Ongoing assistance efforts must also be infused with transparent and accountable frameworks.

The Marshall Plan Was Driven by the Goal of European Economic Integration.

LESSON



A Marshall Plan for Ukraine should share with the original Marshall Plan the important underlying goal of European economic integration. There were many publicly stated reasons for the Marshall Plan—foremost, the need to stave off communist influence and stabilize European governments—but its architects knew that economic recovery in separate countries alone would not create the necessary conditions for stabilizing and fortifying Europe. But European countries striving for greater economic integration and coordination would.

This was the United States’ sine qua non for the Marshall Plan, and it must be for Ukraine today. As Paul Hoffman, the first ECA administrator, said: “One illusion is that you can industrialize a country by building factories. You don’t. You industrialize it by building markets.”⁵ The European Union’s difficult but essential decision to offer Ukraine candidate status in June 2022 creates the underlying policy framework for reorienting the country’s economy more fully toward Europe and the United States. The conditionality that EU candidate status entails can also help Brussels and Washington ensure there is a rigorous process for how funding priorities are set and where funds are utilized.

5 New York Times, “Paul G. Hoffman Is Dead at 83; Led Marshall Plan and U.N. Aid,” October 9, 1974.

At the same time, if reconstruction and recovery projects funded by a new Marshall Plan do not support Ukraine's economic integration with the EU, or if the EU places protectionist impediments to that integration, the underlying policy framework will be undermined, the funds effectively may be underutilized, and Ukraine's recovery diminished.

Develop a Time-limited National and International Donor Coordination Mechanism with Notable Talents.

LESSON

The success of the Marshall Plan came not only from its structural design but also from its use of extraordinary human talent to implement it. ECA Administrator Paul Hoffman—later called “the father of foreign aid” by *Fortune Magazine*—understood that “success hinges on the quality of the people executing it.”⁶ The ECA was populated by leading industrialists and business and government executives—such as Averell Harriman, William Clayton, and William Benton—as well as senior figures from illustrious firms as Quaker Oats, General Electric, and Goldman Sachs. It also included notable economists and analysts in Washington and in the Special Representative's Office in Paris, to whom the 16 ECA in-country managers would report. The US private sector was a driving force for the original Marshall Plan and today there is tremendous goodwill in it to support Ukraine's recovery. However, organizing and prioritizing the private sector is a task that remains outstanding.

Unlike many aid programs, the Marshall Plan was time-limited, which created a sense of urgency. It was designed to be a four-year program, ending in 1952 (it was approved by Congress on December 19, 1947 and signed into law on April 3, 1948). But the geopolitics of the day—the beginning of the Korean War in 1950 and the ensuing need to prioritize European defense spending—forced the Marshall Plan to end its work in December 1951. Despite the abbreviated timeframe, its institutional legacy lives on today. The Organization for Economic Cooperation and Development—which followed its Marshall Plan precursor, the Organization for European Economic Recovery—is one example, alongside the German Development Bank and the US Export-Import Bank.

The Ukrainian government has already suggested that its National Recovery Plan is a time-limited, ten-year program, while it is unclear who will lead the international donor coordination effort at this time.

⁶ Greg Behrman, *The Most Noble Adventure: The Marshall Plan and the Time When America Helped Save Europe*, Free Press, 2007.

7 This Time, Do Not Neglect Engaging Civil Society and Cities.

LESSON

One thing that was missing throughout the implementation of the Marshall Plan was deep engagement with European civil society. While the plan supported the human dimension as a bulwark against communist influence, it was designed as a government-to-government tool with robust private-sector involvement. The later years of the Marshall Plan focused more on the provision of technical assistance, study tours in the United States, and people-to-people exchanges to encourage best industrial modernization practices. Civil society, as we understand it today, was not incorporated in the designing or implementing of industrial or agricultural plans.

A Marshall Plan for Ukraine, however, should actively engage Ukrainian civil society organizations (CSOs) as a key pillar of and, vitally, a reinforcing transparency mechanism for Ukraine's reconstruction and long-term recovery. The nongovernmental organization Freedom House, which rates Ukraine's democracy as "partly free," notes that it is "the flourishing of civil society, major reforms since the Euromaidan revolution, and a vibrant media [that] demonstrate Ukraine's promise as an open and pluralistic democracy."⁷ While some CSOs were included in the development of Ukraine's National Recovery Plan, it is unclear what role they will play in recovery. Will donors make their inclusion a required element of international aid? Will their voices be heard if there are difficulties in implementation, and particularly challenges of transparency?

There is also a growing role for cities and municipalities to play in support of Ukraine's reconstruction, which will include the reconstruction of nearly 30 cities. Engaging local leaders and stakeholders on decisions related to critical infrastructure—including health and sanitation, schools, social housing, greening and climate considerations, and mobility—will make Ukrainian communities stronger and more democratic. At the same time, cities not only in Europe and the United States but around the world have already made their Ukrainian peers an abundance of offers of expertise, financial contributions, and technical support.

With the aid of international donors and in coordination with the government, civil society is well positioned to support Ukraine's reconstruction and recovery as well as to help break the vicious cycle of corruption. CSOs have played an integral role in realizing the passage of foundational anti-corruption legislation, in establishing the National Anti-Corruption Bureau of Ukraine and the High Anti-Corruption Court,

7 Freedom House, *Freedom in the World 2022: Ukraine*, 2022.

in setting up a transparent electronic asset-declaration system for public servants, and in introducing open data and open governance systems.⁸ Ukrainian CSOs can and should be an effective partner to the government and the international donor community to deepen reforms to fight corruption and to build democratic institutions, which are needed not only for reconstruction and recovery but also to meet the conditions of Ukraine's EU candidacy status.

Since Russia's 2014 invasion of Ukraine, Ukrainian CSOs have demonstrated growing capacity and tenacity. They are providing emergency assistance for internally and externally displaced people as well as to victims of the conflict in war zones, actively combatting disinformation, documenting human rights abuses and atrocities, supporting the army, and scrutinizing government actions. Now helping the country survive a war after having fought against its endemic corruption for three decades, Ukraine's CSOs are regarded by many at home and abroad as trusted watchdogs that can help ensure that the health and integrity of anti-corruption governmental bodies are maintained.

⁸ Max Bader et al, "Civil Society Against Corruption in Ukraine: Pathways to Impact," *Kyiv-Mohyla Law and Politics Journal*, 2019.



A MODERN MARSHALL PLAN FOR UKRAINE

Ukraine Must Lead Its Reconstruction and Recovery but Donors Must Support It

Ukraine's reconstruction and long-term recovery from its war of survival and independence against Russia will be a daunting task. The government estimates that rebuilding will cost \$750 billion over the next ten years.⁹ According to the World Bank, 55 percent of Ukrainians will be living in poverty by the end of 2023, compared with 2.5 percent before the invasion.¹⁰ Through its sacrifices in the war, as well as after the 2005 Orange Revolution and the 2013–2014 Revolution of Dignity or EuroMaidan revolution, Ukraine has earned the right to make its own decisions for its national reconstruction and recovery. However, its inevitable dependence—for a considerable time, at least—on international donor support in this effort makes such decisions a shared responsibility.

Since the full-scale war began in February 2022, Ukraine's government has implemented an evolved approach to reconstruction and recovery. In the early days, it created an online platform to receive donations from individuals, organizations, and companies wishing to support humanitarian efforts in Ukraine. The United24 Platform directs donated funds to the National Bank of Ukraine, which are then spent by relevant ministries.¹¹ Assistance and recovery are closely linked to Ukraine's sovereignty, territorial integrity, and national identity, which is why the platform is named for the country's 24 regions, including territories occupied or annexed by Russia, such as Crimea. The United24 platform was a quick way to channel the global outpouring of sympathy and

outrage caused by the war, but there is no standing entity to monitor and evaluate the use of these donations.

On April 21, President Volodymyr Zelensky signed a decree creating the National Council for the Recovery of Ukraine from the War.¹² This body is co-chaired by the prime minister and the head of the Office of the President, and it includes the participation of most ministries and key parliamentary offices. The secretary of the National Council, Danylo Hetmantsev, has stated a desire to create a separate Ukrainian agency or executive body for reconstruction and recovery along the lines of InvestUkraine, which was created in 2009 as a “one-stop” shop to encourage international investment in national projects in the country.

At the time of writing, the National Council had produced Ukraine's National Recovery Plan in a process that included the involvement of 2,500 participants and 450 donors and international partners. It has also created 24 working groups to implement the plan, which envisions 850 rebuilding projects. Zelensky has also announced a private-sector initiative called Advantage Ukraine to rebuild major industrial capacity in ten key sectors, such as pharmaceuticals, logistics, military-defense, and energy.¹³ The government is seeking \$400 billion for this initiative. Zelensky has also spoken of a process whereby cities, regions, and/or industries

9 Dan Bilefsky and Nick Cumming-Bruce, “Ukraine's prime minister says rebuilding will cost \$750 billion”, *New York Times*, July 5, 2022.

10 Radio Free Europe/Radio Liberty “U.S. Announces Billions in Military, Budgetary Aid to Ukraine,” August 8, 2022.

11 United24 - The initiative of the President of Ukraine

12 Government of Ukraine, *About the National Council for the Recovery of Ukraine from the War* | Cabinet of Ministers of Ukraine.

13 Andrea Shalal, “Ukraine's Zelenskiy 'rings' NYSE bell, seeks \$400 bln in foreign investment”, *Reuters*, September 6, 2022.

in other countries “adopt” Ukrainian counterparts as another innovative mechanism for recovery and development. Some countries are doing just that; Latvia’s government has announced that it is taking responsibility for some elements of the reconstruction of Chernihiv oblast.¹⁴

The government has enormous ambitions as well as urgency to harness international goodwill to rebuild Ukraine but, as it has presented its vision, the international donor community has remained silent on how it envisions organizing around and contributing to it. The government presented its recovery needs at a first donors’ conference in Lugano, Italy in July.¹⁵ This gathering and the conference declaration were an initial step by the donor community in organizing what will be a long, difficult, and expensive process for Ukraine.¹⁶ But Lugano was also a significant disappointment: donors were not well prepared for it and did not articulate coordination mechanisms, a division of labor, or funding levels necessary to ensure Ukraine’s reconstruction and recovery. The United States and other donors were not represented by highest-level officials. The conference was thus a missed opportunity.

The United States—along with the European Union and other partners—has provided an unprecedented amount of humanitarian, macroeconomic, and military assistance to Ukraine to meet the country’s immediate needs. In August, the United States provided an additional \$4.5 billion, and the EU

an additional €1 billion (as part of a multibillion macrofinancial package), in emergency assistance to Ukraine.¹⁷ But, despite this generous support, Western nations have struggled to develop a medium-term, comprehensive approach to address the country’s reconstruction and recovery as well as to propose mechanisms needed for oversight, transparency, and accountability.

Chancellor Scholz of Germany—which holds the presidency of the Group of Seven (G7)—has repeatedly called for a Marshall Plan for Ukraine and, as noted above, said that reconstruction and recovery will be a “task for generations.”¹⁸ On October 25, Germany and the European Commission will co-host a conference for donors in Berlin to decide how to spend their assistance. However, at the time of writing it was not yet clear what precisely the conference is intended to achieve. In an interview in August, Germany’s ambassador to Ukraine suggested that it will identify sectors to prioritize.¹⁹

Despite initial donor mobilization to begin to address Ukraine’s reconstruction and long-term economic recovery, very little has been tangibly advanced other than from the Ukrainian side, where concern is growing—for example, among mayors and municipal leaders—that early promises of aid are already falling short. Moreover, the necessary transparency and accountability systems have not yet been put in place to ensure that assistance has achieved its goals and had its desired impact.

14 Public Broadcasting of Latvia, “Latvia will help to rebuild Chernihiv,” September 7, 2022.

15 Ukraine Recovery Conference – 4-5 July 2022 – Lugano, Switzerland.

16 UN Office for the Coordination of Humanitarian Affairs, “Outcome Document of the Ukraine Recovery Conference URC2022: ‘Lugano Declaration’”, July 6, 2022.

17 Andrea Shalal and Idrees Ali, “U.S. to send Ukraine \$5.5 billion in new fiscal, military aid,” Reuters, August 8, 2022.

18 AFP, “Ukraine needs ‘Marshall Plan’ to rebuild.”

19 Ukrinform, “Berlin to host international donors conference on Ukraine reconstruction Oct 25,” August 12, 2022.

Internal US and International Donor Coordination Is Key

Any coordination of foreign assistance, let alone for the kind of broad and lasting focused national reconstruction and recovery effort such as the one Ukraine needs, is incredibly challenging. Recipient and donor nations must first organize and coordinate their own internal assistance structures and appoint senior officials, and then they must develop an international coordination platform. International coordination was not an issue for the original Marshall Plan as the United States was the only donor. But the robust institutional design for the deployment of the huge sums involved did include the creation of a separate government body, the European Cooperation Agency, in Washington as well as of a massive field presence in the form of a Special Representative's Office in Paris, which oversaw nearly 800 people alongside field offices in each of the 16 recipient countries, all led by very senior US figures.

The question today is what should the US and international design of a modern Marshall Plan for Ukraine be? How much assistance will the US government, private sector, philanthropic foundations, or individuals ultimately provide, and what will be the sectoral priorities or assistance preferences? How will the public and private sectors coordinate? What is an appropriate international mechanism? There are several precedents for the United States to draw upon as it contemplates tackling the coordination issue.

The more recent example is the implementation and coordination of nonmilitary US assistance to Afghanistan since 2001, which has been estimated at \$39 billion (or 30 percent of total foreign aid to the country), with other international donors.²⁰

Coordination for this assistance took place largely through international development agencies (including the United Nations and the US Agency for International Development). The United States also created a Special Representative for Afghanistan for policy coordination, whose role was mirrored in other countries. Special donor coordination mechanisms, such as the International Contact Group for Afghanistan, were created, in which the United Nations and other multilateral institutions coordinated peace and economic stability efforts. However, Afghanistan's chronic dependency on international aid and the long-term assistance effort over 20 years make this a less useful precedent to consider. Unfortunately, many of the societal and economic gains derived from international assistance have been recently and dramatically reversed.

A less recent precedent is the coordination of US assistance to Russia and the newly independent states after the dissolution of the Soviet Union in 1991. Like the original Marshall Plan, US assistance began as an emergency humanitarian operation under the auspices of Operation Provide Hope in 1992–1994,²¹ an emergency airlift of food and medical supplies to these states. Longer-term technical assistance was then provided through the 1992 FREEDOM Support Act, which mandated the creation of the Office of the Coordinator of US Assistance to Europe and Eurasia within the State Department, initially under the leadership of the deputy and later acting secretary of state. The office coordinated across US government agencies and had an initial representative office in the embassy in Moscow. This was not a time-limited effort, however. Thirty years later, the Office of the Coordinator of US Assistance to Europe and Eurasia

20 USA Facts, [How much did the US spend in aid to Afghanistan?](#), September 3, 2022.

21 Daniel L. Haulman, [Provide Hope - Air Mobility Command Museum](#), Air Mobility Command Museum.

still exists, although much diminished, within the State Department. In hindsight, the US assistance program to Russia was unsuccessful whereas there were some successes across the other former Soviet republics.

While these examples of US donor coordination were neither entirely successful nor time-limited, they are instructive as we look toward donor coordination mechanisms for Ukraine's reconstruction efforts. Along these lines, in September, the German Marshall Fund published an analytical paper—*Designing Ukraine's Recovery in the Spirit of the Marshall Plan*²²—offering “a structured collection of recommendations for donor governments and international institutions.” The authors argue against the creation of a separate implementing or donor agency as was the case in the original Marshall Plan. Rather, they suggest instead that the G7 should take the lead in creating a RecoverUkraine platform for international donor coordination, initially headed by a recovery coordinator who should be an American figure of “global stature.” The coordinator should create a recovery task force that would be headed by an EU official and rely on European Commission staff.

The G7 is the logical choice to lead on donor coordination, in partnership with Ukraine's government, while allowing flexible opportunities for non-G7 countries such as Australia and other willing partners to opt into the reconstruction and recovery effort. To further elaborate on this concept, as a member of the G7, the European Union could

serve as the secretariat and convener of a Ukraine Reconstruction and Recovery Task Force (URRTF). Each G7 member could appoint a senior special representative to the task force, as could other countries that wish to participate in the effort. International financial institutions, multilateral institutions, major private philanthropic institutions, and large private-sector leaders could also apply to become a member of (or observer to) the task force. The URRTF could form high-level sectoral working groups, initially prioritizing revival of the agricultural sector; infrastructure development; housing, energy, water, and sanitation restoration; and industrial capacity.

Each sectoral working group could be co-led by senior officials from a G7 member and Ukraine. The working groups should select a diverse representation of Ukrainian officials from the national, municipal, and local levels, and also include senior representatives of the private sector (particularly those affiliated with Advantage Ukraine efforts) and of the multilateral development banks. Ukrainian CSOs should also be members of the working groups to ensure strong local buy-in and that strong transparency and accountability are in place throughout implementation. The working groups should have clear and time-limited objectives to restore Ukraine's economic growth, conduct the bulk of the coordination and implementation work within the designated sector, and provide timely progress reports to the URRTF.

22 Ronja Ganster, Jacob Kirkegaard, Thomas Kleine-Brockhoff, and Bruce Stokes, *Designing Ukraine's Recovery in the Spirit of the Marshall Plan*, German Marshall Fund of the United States, September 2022.



THE POWER OF HOPE AND CONFIDENCE IS THE MOST IMPORTANT LESSON

The history of the Marshall Plan is instructive and inspirational for those thinking of a modern version for Ukraine. The Marshall Plan gave millions of Europeans hope and confidence that there was a better future. In less than four years, growth in Western European countries was 35 percent higher than prewar levels, their economic approach modernized, and their economies better able to withstand difficulties. When the Marshall Plan ended in 1951, the ECA could state that “never in human history has so much been spent by so few with such great results.”²³ It is not surprising that European leaders speak of the Marshall Plan so often and are now seeking a 21st century version for Ukraine.

But the Marshall Plan also did something for the United States. While many Americans believed it was an act of generosity—and, certainly, it contained altruistic elements—the Marshall Plan in fact was the United States acting in pursuit of its strategic interests, which included stabilizing Europe politically, integrating it economically, and anchoring it to a transatlantic security framework. In doing so, consciously or unconsciously, the United States created a new, international role for itself, breaking a historical cycle of isolation through structured international cooperation. In other words, the success—about which there was no initial certainty—

23 The Department of State Bulletin, “ECA Summarized European Recovery,” January 7, 1952.

of the Marshall Plan, further strengthened the United States' confidence as to what it could accomplish.

The Marshall Plan, the extraordinary feat of the Berlin Airlift, and the creation of NATO ultimately defeated Stalin's plans for Western Europe after the Second World War. Today, the United States' provision so far of nearly \$13.5 billion in weapons to Ukraine and the military contribution of US allies have made it possible for the country to defend itself and, hopefully, to restore its full territorial integrity. Macroeconomic support has allowed its economy to continue to function. The EU's decision to offer Ukraine EU candidate status will anchor the country economically and politically in Europe. But the last and most important piece of the policy puzzle remains missing: rebuilding and modernizing Ukraine so that it will eventually exceed its prewar economic levels.

With inspiration from the success of the Marshall Plan, it is time to design and implement a time-limited and focused reconstruction and recovery program for Ukraine that engages notable US public- and private-sector resources and talent in a structured coordination process. One that measures success, ensures transparency and accountability, and restores Ukraine's economic growth and integrates it fully into the European market.

Simply put, a modern Marshall Plan for Ukraine will make a critical contribution to ultimately defeating President Vladimir Putin's revisionist ambitions in the 21st century world while at the same time strengthening a democratic Ukraine and uniting Western allies. With the Marshall Plan road map and with confidence, we can deliver hope to the Ukrainian people.

The views expressed in GMF publications and commentary are the views of the author(s) alone.

As a non-partisan and independent research institution, The German Marshall Fund of the United States is committed to research integrity and transparency.

Heather A. Conley is the president of The German Marshall Fund of the United States. She was previously for 12 years at the Center for Strategic and International Studies (CSIS), where she most recently served as senior vice president for Europe, Eurasia, and the Arctic and as director of the Europe, Russia, and Eurasia Program. At CSIS, Ms. Conley developed the acclaimed Kremlin Playbook series, a dedicated research effort that examined the doctrine and methodology of Russian malign economic behavior and its methodology across Europe. She also is a recognized expert on the Arctic region, focusing on the Russian Arctic, climate transformation, and US policy toward the region.

About GMF

The German Marshall Fund of the United States (GMF) is a non-partisan policy organization committed to the idea that the United States and Europe are stronger together. GMF champions the principles of democracy, human rights, and international cooperation, which have served as the bedrock of peace and prosperity since the end of World War II, but are under increasing strain. GMF works on issues critical to transatlantic interests in the 21st century, including the future of democracy, security and defense, geopolitics and the rise of China, and technology and innovation. By drawing on and fostering a community of people with diverse life experiences and political perspectives, GMF pursues its mission by driving the policy debate through cutting-edge analysis and convening, fortifying civil society, and cultivating the next generation of leaders on both sides of the Atlantic. Founded in 1972 through a gift from Germany as a tribute to the Marshall Plan, GMF is headquartered in Washington, DC, with offices in Berlin, Brussels, Ankara, Belgrade, Bucharest, Paris, and Warsaw.

Heather A. Conley

A Modern Marshall Plan for Ukraine

**Seven Lessons
from History
to Deliver Hope**