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and Economic University**

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of Applied Sciences**

**SOCIO-ECONOMIC
TRANSFORMATIONS AND PRIORITIES
FOR INNOVATIVE DEVELOPMENT
IN THE CONTEXT OF DIGITALISATION
AND GLOBALISATION**

Scientific monograph



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The scientific monograph presents a study of socio-economic transformation and priorities for innovative development in the context of digitalisation and globalisation. It also examines aspects of accounting and financial support for sustainable development in business and the public sector. The monograph describes the interaction between management, marketing, human potential, and digital technologies. Additionally, it highlights topical issues in the humanities and social sciences. The publication is intended for researchers, educators, postgraduate students and students, as well as anyone interested in this issue.

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02

CHAPTER



Accounting and Financial Support for Sustainable Development in Business and the Public Sector

STRATEGIC IMPLEMENTATION OF ESG-PRINCIPLES FOR EFFECTIVE SUSTAINABLE RECOVERY OF UKRAINE

Nataliia Avercheva, Arsen Yefremov

INTRODUCTION

ESG principles have become widely recognized and applied in the investment world since the 2000s. In 2000–2005, ESG-criteria became more systematic, and investors started incorporating them more actively in their decisions on investments.

In 2006, at the Davos Forum, these principles were formulated and consolidated more thoroughly. However, since 2010 ESG, principles have been recognized and spread more widely. Since then, capitalization of ESG investments has reached incredible \$17 trillion, and it should be understood that this figure will increase over time. Therefore, it is necessary to comprehend at the current stage how Ukraine can use this potential which has not been fully realized yet.

The necessity to develop a future strategy for the post-war recovery and reconstruction of Ukraine accounts for topicality of the research subject. Realizing that our country should receive as much global recognition and as many investment resources as possible, it is necessary to join the world trend – implementation of ESG principles. Currently, Ukraine is actively striving for membership in the powerful economic bloc – the European Union which, after a period of active economic growth, started making significant changes in managing the processes of ecologizing production, increasing a social impact on the development of businesses and communities. The European vector of Ukraine’s economic development requires implementation of a new Strategy of Economic Growth based on ESG principles that will not only be positively assessed by the EU partners, but also provide substantial financial support.

The purpose of the study is to identify modern aspects of implementing ESG principles in Ukraine and make practical recommendations on applying them in the strategy for the post-war recovery and reconstruction of Ukraine.

The following tasks were set and done to achieve this purpose:

- to examine the essence of ESG factors and their impact on the global market;

- to identify the stages of the formation of ESG principles in Ukraine and Ukrainian government’s plans on the implementation of Sustainable Development Goals in the post-war revitalization;
- to outline the problems of reconstruction and threats to development in the liberated territories;
- to analyze the directions of implementation of ESG principles in the post-war revitalization of the liberated territories on the example of the liberated Right Bank of Kherson region;
- to substantiate the plan of the region’s development taking into consideration the post-war challenges;
- to make recommendations for the communities’ recovery on a new quality basis.

Research methods. Theoretical methods were applied to conduct the research, namely: problem identification, identification of contradictions, and the method of deduction. Theoretical methods of operations were also used, in particular: analysis, contrast and comparison, analogies, generalization and abstraction. The empirical method of action was applied to generalize experience and the empirical method of operations was used to study theoretical material, substantiate conclusions and summarize the research findings.

1. Scientific-methodological foundations of economic development on the basis of implementing ESG principles

1.1. Global experience in implementing ESG factors

“ESG-factors”, “responsible investment” and “sustainable investment” are common terms with broad meanings, used to denote environmental, social and governance issues, considered by investors in decision-making. Investors usually assess ESG factors on the basis of non-financial data on climate impact (for instance, carbon emissions), social impact (i. e. the degree of staff satisfaction) and governance attributes (in particular, board structure)¹.

In September 2015, all 193 members of the United Nations Organization (UNO) approved the plan for achieving the common better future for the next 15 years when their joint efforts have to be aimed at overcoming extreme poverty, fighting inequality and injustice, and protecting our planet. In order to achieve this plan, 17 Sustainable Development Goals have been formulated and combined into social, economic and environmental areas (Table 1).

¹ Pedro Matos. ESG and Responsible Institutional Investing Around the World. A Critical Review. *CFA Institute Research Foundation*, 2020. URL: <https://www.cfainstitute.org/-/media/documents/book/rf-lit-review/2020/rflr-esg-and-responsible-institutional-investing.ashx>

Table 1

Sustainable Development Goals

Areas	Sustainable Development Goals
Social	1. To overcome poverty of all types and everywhere.
	2. To end hunger, achieve food security, improve nutrition and promote sustainable development of agriculture.
	3. To ensure a healthy lifestyle and promote well-being of everybody and at any age.
	4. To ensure thorough and equitable high-quality education, and encourage lifelong learning for all.
	5. To ensure gender equality and empowerment of all women and girls.
Economic	6. To ensure availability and efficient use of water resources and sanitation for everybody.
	7. To provide access to affordable, reliable, sustainable and modern sources of energy for all.
	8. To promote steady, thorough and sustainable economic growth, full and efficient employment, and decent work for everybody.
	9. To create resilient infrastructure, promote thorough and sustainable industrialization and innovations.
	10. To reduce inequality within countries and among them.
Environmental	11. To ensure openness, safety, viability and environmental sustainability of cities and other settlements.
	12. To ensure transition to efficient models of consumption and production.
	13. To take urgent measures to combat climate change and its consequences.
	14. To preserve and utilize oceans, seas and marine resources for sustainable development.
	15. To protect and restore dryland ecosystems, and to promote their effective use, sustainable forest management, combat desertification, halt and reverse the process of land degradation and stop the process of biodiversity loss.
Complex	16. To promote creation of peaceful and inclusive society for sustainable development, provide access to justice for all and creation of effective, accountable and participatory institutions at all levels.
	17. To strengthen the means of implementation and activation of work within the framework of the Global Partnership for sustainable development.

Source: compiled and systematized by the authors²

² 17 Цілей сталого розвитку. *Global Compact Network Ukraine*. URL: <https://globalcompact.org.ua/tsili-stijkogo-rozvytku/>

Scientific institutions have repeatedly warned the governments of countries about the inevitability of global warming which may cause submersion of some parts of the earth underwater. This, in turn, will lead to more global consequences, in particular:

- loss of economically developed territories (farmlands, light and heavy industries, and all types of business structures which will be in the zone of submersion);
- forced migration of a considerable number of people because of lost homes which will cause an increase in population density;
- droughts due to climate change, exacerbation of the global hunger because of reduced production of food products in the largest countries producing agricultural products;
- destruction of port infrastructure after flooding and disruption of logistics.

This is just a small number of consequences (however, quite significant) which the world will face after global warming reaches its peak and the glaciers melt. Therefore, the global trends in protecting the environment and implementing “green” technologies are constantly growing.

Thus, the UNO confirmed its policy of promoting wider implementation of ESG principles in social, cultural and economic development. The role of social responsibility mainly aimed at preserving the environment and reducing harmful emissions is increasing throughout the democratic world.

Business as a flexible structure, in accordance with any trend, starts stages of response, adaptation and reaction. At the stage of response, entrepreneurs notice social opinion, conduct research through surveys and, in some cases, observe the success of their competitors who took a risk immediately and responded to a new trend. At the next stage (adaptation), businesses start developing a new strategy to initiate their own structural changes, make plans for marketing actions, prepare their employees for changes or employ new, more knowledgeable ones, and, eventually, move to the final stage – reaction at which the prepared strategies begin to be implemented.

ESG principles have gone through such implementation stages in economically developed countries. Now, after more than 15 years of their operation, decent results can be noticed:

1. According to the information of the UN Global Compact, organizations involved in this global agreement receive 12% higher margins, 19% higher market value and positive creditworthiness in the long term³.

³ Total Societal Impact. A New Lens For Strategy. *The Boston Consulting Group*. URL: <https://media-publications.bcg.com/BCG-Total-Societal-Impact-Oct-2017.pdf>

2. ESG investments amount to over \$17 trillion in the USA – a third of all professionally managed assets of the States, according to the data of the Forum for Sustainable and Responsible Investments⁴.

3. In addition to wide-ranging activities of the UNO, financial and non-financial organizations operate in different parts of the world to support companies and countries which adhere to Sustainable Development Goals. For instance, in the European Union, a whole architecture for developing “sustainable finance” has been built. A multi-vector strategy for a neutral impact on climate until 2050 – the European Green Deal – has been developed. A taxonomy of “green” finance as a guide for financial institutions on how to direct resources has been brought into effect. Moreover, there is a whole network of ensuring market transparency and sustainable investments, and preventing “greenwashing” (green PR and marketing, i. e. fake compliance with Sustainable Development Goals, imitation of environmental policy)⁵.

4. The presentation of investors made by the Ministry of Finance of Ukraine (June 2021) also demonstrates focus on ESG goals and “green finance”. The government is going to develop the market of green bonds, alternative energy and reduce a negative impact on the environment. The presentation reflects new data on the analysis of the country’s activity according to Sustainable Development Goals Index 2021: Ukraine has 76 points out of 100. For comparison, Poland has 80 points, and Turkey – 70^{6,7}.

Moreover, it is noteworthy that Ukraine is striving for membership in a powerful economic association – the European Union, therefore, it is necessary to take into account the policies they pursue and orientate the economy and society towards realization of this concept.

At the end of 2019, the European Union announced the plans to become climate neutral in the next 30 years. In order to achieve this goal, the European Green Deal was determined as a plan to transform Europe into the world’s first climate neutral continent.

The European Green Deal has clearly defined its main goals:

⁴ US Sustainable Investing Assets Reach \$17.1 Trillion. *Markets Media Group*. URL: <https://www.marketsmedia.com/about-us/>

⁵ What are sustainability requirements of investors, Fls, insures? *Agribusiness Sustainability Webinar Series 2021*. URL: <https://s3.eu-west-1.amazonaws.com/s3.eventtouch.eu/ECA+Webinar+22+June+2021.pdf>

⁶ Ukraine: Investor Presentation. *Ministry Of Finance Of Ukraine*. URL: https://mof.gov.ua/storage/files/Ukraine%20-%20Investor%20Presentation%20-%20Jun%202021%20-%202029_06_2021.pdf

⁷ Антон Дядюра, Сергій Васьков. Бізнес, який дотримується правил екологічності та соціальності, заробляє більше. Як це працює. *Forbes*. URL: <https://forbes.ua/company/biznes-kotoryy-soblyudaet-pravila-ekologichnosti-i-sotsialnosti-zarabatyvaet-bolshe-kak-eto-rabotaet-17082021-2280>

- to reduce emissions of greenhouse gases from 40% in 1990 to 50–55% in 2030;
- to reduce transport emissions by 90% by 2050;
- to renovate 35 million energy-inefficient buildings;
- to allocate at least 25% of farmlands for organic production by 2030;
- to reduce the application of pesticides, fertilizers and antibiotics by 25% in agriculture by 2030;
- to introduce bans for importing food products from the markets where the countries do not comply with the EU legislation on the environmental protection;
- to give a protection status to 30% of terrestrial and 30% of marine territories;
- to achieve the production of 10 million tons of renewable hydrogen by 2030.

In general, the strategy of the European Green Deal concerns the key areas which are closely interrelated and interdependent (Figure 1).

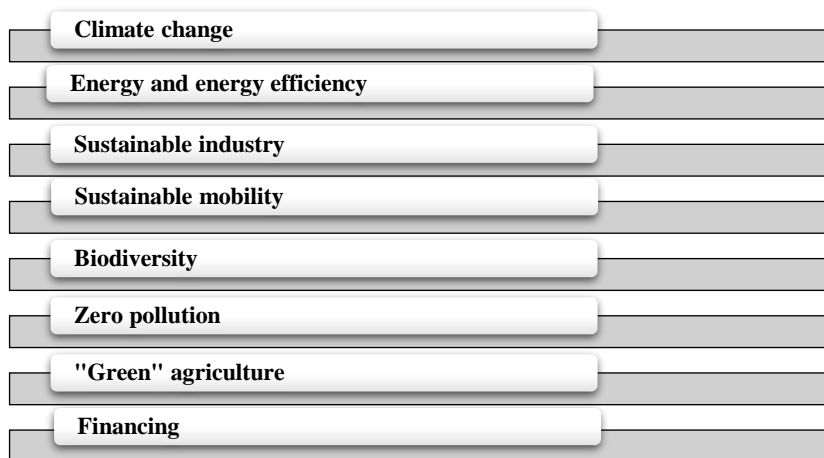


Figure 1. Key areas of the strategy of the European Green Deal

Thus, it is planned that by 2050, one common main goal will be achieved – Europe’s transition to a climate neutral continent which, in turn, is closely intertwined with ESG principles and Sustainable Development Goals⁸.

⁸ Олена Яценко. «Європейський зелений курс»: що треба знати про екологічну політику ЄС. *Екополітика*. URL: <https://ecopolitic.com.ua/ua/news/ievropejskij-zelenij-kurs-shho-treba-znati-pro-ekologichnu-politiku-ies/>

The research allows stating that implementation of ESG principles is a really positive trend. However, the question arises: how can Ukraine – the country under martial law – implement ESG principles? It should also be taken into consideration that part of the population staying in difficult living conditions does not care much about the environmental protection and does not realize the necessity to implement ESG principles, at least at the current stage.

1.2. Legal framework for implementing ESG principles in Ukraine

At the present stage, the future revitalization of the country is being designed. However, it is obvious that attention should be paid to the necessity of Ukrainians' return for the post-war reconstruction and their active participation in economic processes in the country, economic recovery on the innovative technological basis, efficient use of the international financial aid. It is noteworthy that economic development can only be successful if social justice is ensured, human rights are protected and democratic freedoms are respected⁹.

According to the data of the Ministry of Foreign Affairs, as of June 21, 2023, 8 million 177 thousand Ukrainians stayed abroad¹⁰. They are not just 8 million refugees, but almost 8 million potential workers and entrepreneurs who have gained experience and knowledge over the period of their staying in the countries of the European Union, have learnt about the values of freedom and defending human rights, methods and technologies of the environmental protection. Therefore, it is important that the post-war policy of Ukraine's government should be based on the formation of a favorable political, social and economic environment for the return of citizens who will implement the achievements of the developed countries on the basis of the gained experience to improve economic and institutional development.

At the same time, according to the data of the Deputy Director of the Ptukha Institute for Demography and Social Studies, the population of Ukraine could have considerably decreased to 33.5 million people in 2022, and to 31.6 million people – in 2023 (in the territory controlled by the Ukrainian authorities), that testifies to a significant reduction in the population

⁹ Єфремов А. О., Аверчева Н. О. Досвід повоєнної відбудови та модернізації економіки Німеччини: можливість імплементації в Україні. *Ефективна економіка*. 2023. № 5. DOI: <https://doi.org/10.32702/2307-2105.2023.5.56>

¹⁰ Кількість українців та їх міграція за кордон через війну. *Українське національне інформаційне агентство «Укрінформ»*. URL: <https://www.ukrinform.ua/rubric-ato/3732355-kilkist-ukrainciv-ta-ih-migracia-za-kordon-cerez-vijnu.html>

of Ukraine for the entire period since the restoration of independence in 1991 (Figure 2)^{11, 12}.

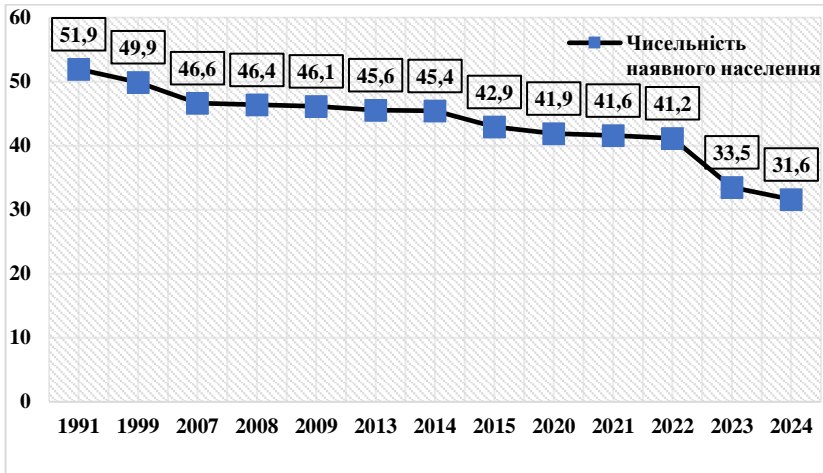


Figure 2. Dynamics of a change in the population of Ukraine in 1991–2024, million people¹³

It should be taken into consideration that young people are the segment of the population that naturally affects the development of our country in the next 10 years. The young population has necessary abilities, the realization of which can significantly improve the social and economic situation in society and revitalize the national, traditional, patriotic and spiritual achievements of the Ukrainian people. Therefore, the most important issue which arises under conditions of the destruction of settlements, enterprises and infrastructure, when people lose their homes, jobs and opportunities to have the future in the destroyed cities – “Will young people want to return?”.

The survey conducted by the International Republican Institute (IRI) shows that “89 % of young people aged 16–35 years living in Ukraine believe in a positive future of Ukraine, in comparison with 81% of young people who

¹¹ Прищепа Ярослав, Матвіїшина Ганна. Як через війну скоротилось населення України та що з цим робити: розповідає експерт. *Суспільне новини*. URL: <https://suspilne.media/354672-ak-cerez-vijnu-skorotilos-naseledda-ukraini-ta-so-z-cim-roboti-rozpovidaae-ekspert/>

¹² Твердохліб Ганна. Майбутнє України: мінімум дві дитини у родині і 300 000 мігрантів до країни щороку, кажуть демографи. *Голос Америки*. URL: <https://www.holosameriky.com/a/hto-vidbuduje-ukrajinu/7369376.html>

¹³ Демографічна та соціальна статистика. Державна служба статистики України. URL: <https://www.ukrstat.gov.ua/>

moved to Poland. The research also showed that those who live in Ukraine and Poland almost equally believe in Ukraine's victory in this war – 98% and 97% respectively and informed of their desire to actively participate in the reconstruction processes”¹⁴.

It is also noteworthy that Ukraine is actively striving for membership in the European Union which has started reorientating its economic development towards “green” technologies. Therefore, it is obvious that Ukraine's economy should begin its post-war recovery implementing “green” technologies which, in turn, will attract attention of the world and global investors since it will testify to its readiness for transformations and transition to innovative development¹⁵.

It is positive that Ukraine's government quickly managed to master the global trends concerning ESG principles and Sustainable Development Goals before the war, in 2021, and, therefore, issued the Resolution of the Cabinet of Ministers of Ukraine “On Approval of the National Economic Strategy until 2030”. Analysis of the Resolution testifies that the government has set the aim to cover 20 areas of activity, each involving measures for implementing them¹⁶.

The strategy creates opportunities for realizing the available geographical, resource and human potential of the country, ensuring a satisfactory appropriate level of well-being, self-fulfilment, security, rights and freedoms of every citizen of Ukraine through innovative outpacing economic growth taking into account Sustainable Development Goals, ESG principles and the necessity to achieve climate neutrality not later than in 2060.

Thus, the developed Strategy pays much attention to enhancing the reputation of our country in the global arena, creating its image as a country with clear orientation towards European and global values of development. It will contribute to improving financial and economic opportunities and investment potential of our country in the future post-war recovery.

¹⁴ Українська молодь не хоче покидати Батьківщину та готова брати участь у відбудові: свіже опитування. Visit Ukraine Today. URL: <https://visitukraine.today/uk/blog/2708/ukrainska-molod-ne-xoce-pokidati-batkivshhinu-ta-gotova-brati-ucast-u-vidbudovi-svize-opituvannya>

¹⁵ Сфремов А. О., Аверчева Н. О. Роль “зелених” інвестицій у повоєнному стійкому розвитку аграрного сектору України. *Глобальні виклики сьогодення: наука, освіта та технології: матеріали міжнародної науково-практичної конференції 2023 р.* м. Рига. С. 86. URL: <https://dspace.ksaeu.kherson.ua/handle/123456789/8558>

¹⁶ Про затвердження Національної економічної стратегії на період до 2030 року: Постанова Кабінету Міністрів України. *Єдиний веб-портал органів виконавчої влади України «Урядовий портал».* URL: <https://www.kmu.gov.ua/npas/pro-zatverdzhennya-nacionalnoyi-eko-a179>

2. Directions of implementing sustainable development principles in the post-war reconstruction of the liberated territories of Ukraine

2.1. Problems and threats to the development of the liberated territories

The foreign experience of introducing ESG principles testifies that it is impossible to efficiently implement them without the rule of law in the country. The greatest difficulties in the post-war recovery of Ukraine will be faced by the liberated territories since a considerable part of Kherson, Zaporizhzhia, Donetsk, Luhansk and Kharkiv regions have been occupied for more than two years. A part of the territories of Donetsk and Luhansk regions, the AR of Crimea have been under dictatorial regime (on October 13, 2023 the Parliamentary Assembly of the Council of Europe (PACE) recognized Russia as a dictatorship). It should also be taken into account that, according to the data of “Reporters without Borders”, Ukraine and Russia ranked 79 and 164 respectively in the World Press Freedom Index in 2023¹⁷. Currently, it is quite difficult to evaluate the situation of Ukrainians in the occupied territories. The authors of the study have their own experience of how human rights and freedoms are violated in the occupied territories, namely:

- unreasonable restriction of free movement outside the occupied territories, within the region and even the settlement;
- unreasonable checks of documents at gunpoint just because Russian occupiers decided to do it;
- monthly and, in some settlements, weekly searches of homes;
- confiscation of property (even houses) solely at the occupier’s request;
- restrictions of the right to free thought which is constantly persecuted and which could be the reason to “be imprisoned in the basement”;
- unreasonable interrogations and beatings of citizens;
- raping and murdering people;
- illegal deportation of adults and children;
- forcing people to work for the occupier.

Thus, Russia as an occupier violated a number of Laws of the Constitution of Ukraine on human rights, in particular: Articles 3, 7–8, 10, 21–25, 27–35, 39, 41, 47, 49–50, 53–55, 57, 60–64¹⁸.

In addition, having the experience gained in the liberated territories of the Right Bank of Kherson region, we can roughly understand the situation our country will face after the victory over the aggressor. A number of problems

¹⁷ Україна посіла 79-те місце у світовому рейтингу свободи слова. *Культурно-видавничий проект – Читомо*. URL: <https://chytomo.com/ukraina-posila-79-te-mistse-u-svitovomu-rejtynhu-svobody-slova/>

¹⁸ Конституція України. *Верховна Рада України*. URL: <https://zakon.rada.gov.ua/laws/show/254%D0%BA/96-%D0%B2%D1%80#Text>

is related to the fact that a considerable part of the territory is mined, and demining is taking place at a low pace. According to the information of Kherson RSA (RMA), as of May 20, 2024, sappers have surveyed 286 311.4 hectares of the territory, 255,556 hectares of which are farmlands¹⁹. For comparison, 500 thousand hectares of 683 hectares of the Right Bank territory of Kherson region are considered to be contaminated with explosive ordnance. In other words, 80% of the liberated territory of the region is mined in the Right Bank of Kherson region²⁰.

The enterprises were either looted or destroyed, did not work for a long period of time, and the energy and social infrastructure was destroyed by the enemy before the liberation.

The return of a part of the region under the control and of Ukraine should be considered not only in terms of a military victory, but also in terms of establishing democratic institutions, the rule of law and the economic recovery of the territories where it is possible to realize now, given the security situation.

As of September 20, 2023, according to the information of the Head of the Press Office of Kherson Regional Military Administration, 187 settlements had electricity supply in the territory of the liberated Kherson region, at the same time, it was impossible to restore electricity supply in 30 settlements, since they are located close to the frontline, no people lived in 10 villages, therefore, electricity supply was not restored. In addition, gas supply was restored in 77 settlements, this work is underway, about 50 wells for water supply are going to be drilled. On the basis of the monitoring of activities, it is noteworthy that as of May 20, 2024, the number of settlements with electricity, gas and water supply has not changed due to constant Russian shelling of the civilian infrastructure, purposeful attacks on the services supplying electricity, gas and water²¹.

As for ensuring the protection of rights and freedoms of citizens in the liberated territory, it should be understood that the state authorities possess such power, namely, the heads of communities and the Head of RSA (now

¹⁹ Працюємо, аби повернути нормальне життя на звільнену Херсонщину. Детальніше про те, що зроблено 19 травня. *Херсонська ОДА* (ОВА). URL: <https://t.me/khersonskaODA/11281>

²⁰ Олександр Янковський, Олена Бадюк. Вибухи на полях та погрози ФСБ. Що буде з врожайми на півдні України? *Радіо Свобода*. URL: <https://www.radiosvoboda.org/a/povnyu-ryazovuya-okupatsiya-fsb-ahrariyi-vrozhay-2023/32416142.html>

²¹ У 30 населених пунктах Херсонщини не можуть відновити електропостачання через обстріли. *Мультимедійна платформа іномовлення України «Укрінформ»*. URL: <https://www.ukrinform.ua/rubric-regions/3763709-u-30-naselenih-punktah-hersonsini-nemozut-vidnoviti-elektropostacanna-cerez-obstrili.html>

RMA), the Ministry of Internal Affairs, the Security Service of Ukraine, the Ministry of Justice of Ukraine and other relevant ministries. Thereby the state fulfills Article 3 of the Constitution of Ukraine: “An individual, their life and health, honor and dignity, inviolability and security are recognized as the highest social value in Ukraine. Human rights and freedoms and their guarantees determine the content and direction of the state’s activities. The state is accountable to an individual for its activities. Affirming and ensuring human rights and freedoms are the main responsibility of the state”¹⁸.

One of the main current problems of the recovery of the liberated territories is a reduction in the population. As a result of active hostilities, residents of Kherson region left their homes en masse and migrated internally or externally. For comparison, the pre-war figure of the population in the Right Bank of Kherson region, as of January 1, 2022 was: Kherson district – 450,223 people (the city of Kherson – 279,131) and Beryslav district – 94,102 people, 373,233 people in total. As of March 27, 2024, the population of Kherson was 68 thousand people, and that of the Right Bank of Kherson region – 156 thousand residents^{22, 23}.

To ensure quality performance of state functions in this territory is quite difficult due to the actual lack of people who actively participated in the development and management of the communities, performed social and security functions, were engaged in entrepreneurial activities. It is also noteworthy that a considerable number of settlements which are in the close proximity to the frontline, have been included in the list of territories where active hostilities are taking place – 22 settlements in Beryslav district, 2 settlements in Kakhovka district and 6 settlements and 3 territorial communities in Kherson district²⁴.

In Ukraine, in accordance with the Decree of the President of Ukraine №64/2022, martial law was introduced at 05:30 a.m. on February 24, 2022. Over the period of this legal regime, constitutional rights and freedoms of individual and citizens, stated in Articles 30–34, 38, 39, 41–44, 53 of the

²² Чисельність населення (за оцінкою) та середня чисельність (щомісячно). *Головне управління статистики у Херсонській області*. URL: <http://www.ks.ukrstat.gov.ua/demografichna-ta-sotsialnaya-politika/naseennya-ta-migratsiya/2498-dani-za-period-z-pochatku-roku/979-chiselnist-naseennja-na-pochatok-misjacija-ta.html>

²³ Катерина Іванова. Глава Херсонщини назвав кількість населення, яка залишається на деокупованій території регіону. *ГЛАВКОМ*. URL: <https://glavcom.ua/country/society/hlava-khersonshchini-nazvav-kilkist-naseennja-jaka-zalishajetsja-na-deokupovaniy-teritoriji-rehionu-993058.html>

²⁴ Перелік територій, на яких ведуться (велися) бойові дії або тимчасово окупованих Російською Федерацією. *Міністерство з питань реінтеграції тимчасово окупованих територій України*. URL: <https://minre.gov.ua/2023/09/29/pro-zatverdzhennya-zmin-do-pereliku-terytorij-na-yakih-vedutsya-velysya-bojovi-diyi-abo-tymchasovo-okupovanyh-rosi-jskoyu-federacziyeu-7/>

Constitution of Ukraine can be restricted, and temporary restrictions of rights and legitimate interests of legal entities can also be introduced within the limits and to the extent which are necessary to ensure the possibility of introducing and taking measures of the legal regime of the martial law provided for in Part 1 of Article 8 of the Law of Ukraine “About the legal regime of martial law”²⁵.

Therefore, at present, in the territory of the liberated Kherson region, there is a curfew, a ban on selling alcohol, a ban on collecting metal from the remains of military equipment, a ban on swimming in water bodies, and also fishing and selling fish, a ban on boats’ entering and staying in water bodies, a ban on photo- and video-recording, a light camouflage regime, a ban on entering a number of settlements which suffer from constant shelling for families with children. What is more, a mandatory forced evacuation of families with children from the settlements which are under daily threat has been announced.

Thus, it can be stated that human rights and freedoms in the Right Bank of Kherson region are restricted and cannot be fully protected due to the martial law. However, it should be understood that this is not a permanent situation, but rather a forced measure to preserve the most important value – human life. In addition, in comparison with crimes committed by Russia in the occupied territories, these restrictions are not so severe. After the end of the hostilities and the victory of Ukraine over the enemy, the legal regime of the martial law will be cancelled, and then, the relevant bans introduced by the local military administrations will be also cancelled.

2.2 The post-war recovery of the liberated territories on the basis of the principles of sustainable development

Given the current situation in the liberated territories, it is possible to predict the scale of economic, social and environmental problems of sustainable development after liberation of the Ukrainian territory by the internationally recognized border of 1991. It is known that Russia caused losses for all the areas of life in Ukraine. The number of damaged and destroyed residential buildings amounts to 250 thousand buildings (including 222 thousand private houses, over 27 thousand apartment buildings and 526 hostels) – the direct losses from the destruction of these objects are estimated at USD 58.9 billion. Moreover, the losses caused to the infrastructure amount to USD 36.8 billion, the losses to industry and businesses were estimated at USD 13.1 billion (78 small, medium and large

²⁵ Указ Президента України №64/2022. *Офіційне інтернет-представництво Офіс Президента України*. URL: <https://www.president.gov.ua/documents/642022-41397>

private enterprises, and also 348 state-owned enterprises were either destroyed or damaged). The amount of direct losses from the destroyed infrastructure of the energy sector was USD 9 billion, and the losses of the agricultural sector were estimated at USD 8.7 billion. The environmental losses which amount to over USD 60 billion are not less significant^{26, 27}.

The plans for socioeconomic development of the region should be orientated towards the local communities, their capabilities and resource potential. The Strategy of Development of Kherson region for the period of 2021–2027 was approved by the decision of the 32nd session of the Regional Council of the 7th convocation №1511 dated 20.12.2019²⁸. Is it possible to state that the goals have changed given the current circumstances? To answer this question, it is worth referring to this plan to understand what operational goals were planned to achieve the defined strategic goals (Table 2).

Before the war, the strategic goals of regional economic development were defined taking into consideration digitalization and innovative investment processes, demographic and spatial development, environmental security and resource-saving, and, eventually, improvement of competitive advantages of the region on the basis of smart-specialization.

Thus, the development strategy is sufficiently compatible with the post-war recovery of the region, since it contains the key aspects based on the specificity of the region: development of irrigation, organic agricultural production and fisheries, tourism-recreation industry for leisure and intellectual-spiritual enrichment, development of transport infrastructure and transportation services, an increase in the added value of agricultural production, development of rural territories and medical tourism.

The strategy was developed on the basis of peaceful realities and did not provide for occupation of the region and long-lasting large-scale hostilities. Therefore, without changing the strategic goals, it is necessary to include new components in the operational goals of the post-war recovery of the region, in particular:

- rapid demining of the territories and farmlands for restoring the agricultural sector;

²⁶ Петровський Дмитро. Переважила за \$150 мільярдів: названо суму збитків української інфраструктури через війну. UNIAN.NET. URL: <https://www.unian.ua/war/shtuchna-na-dumku-putina-ukrajina-vzhe-dva-roki-chinit-yomu-opir-wsj-12541650.html>

²⁷ Якобчук Анатолій. Збитки від війни для природи України перевищують інфраструктурні втрати – Руслан Стрілець. Слово про Слово. URL: <https://slovoproslovo.info/zbytku-vid-viyny-dlya-pryrody-ukrainy-perevyschuyut-infrastrukturi-vtraty-ruslan-strilets/>

²⁸ Стратегія розвитку Херсонської області на період 2021 – 2027 років. Рішення XXXII сесії обласної ради VII скликання від 20.12.2019 № 1511 (у редакції рішення V сесії обласної ради VIII скликання від 23.04.2021 № 114) 226 с.

– restoration of irrigation systems based on reconstruction of the Kakhovka HPS and the main canals of the Kakhovka irrigation system which provided irrigation to Kherson and Zaporizhzhia regions, and the AE of Crimea;

Creation of a favorable environment for the development of entrepreneurship, resumption of the activity of looted and destroyed large and small enterprises, including farms.

Table 2

Achieving strategic goals through achieving operational goals			
Strategic goals			
Strategic goal 1. Regional economic development given digitalization and innovative investment processes	Strategic goal 2. Demographic and spatial development	Strategic goal 3. Environmental security and resource-saving	Strategic goal 4. Strengthening competitive advantages of the region on the basis of smart- specialization
Operational goals			
Development of innovative sectors of economy and digitalization	Kherson region is a territory of healthy life	Ensuring national interests in the area of environmental protection	Increasing the added value of agricultural production, development of rural territories
Development of irrigation, organic agricultural production and fisheries	Development of human capital for maintaining productive employment of the population	Improvement of waste management	Development of medical tourism
Tourism-recreation industry for leisure and intellectual-spiritual enrichment of people	Creation of comfortable living conditions for people	Energy safe territory	
Development of transport infrastructure and transportation services	Preservation and development of a cultural space		
	Each child in a happy family		

Source: compiled by the authors²⁸

²⁸ Стратегія розвитку Херсонської області на період 2021–2027 років. Рішення XXXII сесії обласної ради VII скликання від 20.12.2019 № 1511 (у редакції рішення V сесії обласної ради VIII скликання від 23.04.2021 № 114) 226 с.

Strategic planning for the regional development requires coordination and alignment with the national goals. Taking into consideration that Ukraine has joined the global process of ensuring sustainable development and implementation of Sustainable Development Goals, it is important to determine the level of interrelation between the Strategy Goals and Sustainable Development Goals when planning the post-war recovery of Ukraine (Table 3).

Table 3

Priority interrelation of the Goals of Kherson region’s Strategy and Sustainable Development Goals of Ukraine

Goals of Kherson region’s Strategy for the period of 2021–2027	Sustainable Development Goals of Ukraine
Goal 1. Regional economic development given digitalization and innovative investment processes.	1. Overcoming poverty. 2. Overcoming hunger and agricultural development. 9. Industry, innovations and infrastructure.
Goal 2. Demographic and spatial development.	3. Strong health and well-being. 4. Quality education. 5. Gender equality. 10. Reduced inequality. 16. Peace, justice and strong institutions. 17. Partnership for sustainable development.
Goal 3. Environmental security and resource-saving.	6. Clean water and appropriate sanitary conditions. 7. Affordable and clean energy. 13. Mitigation of the consequences of climate change. 14. Preservation of marine resources. 15. Protection and restoration of dryland ecosystems.
Goal 4. Improvement of the region’s competitive advantages on the basis of smart-specialization.	8. Decent work and economic growth. 11. Sustainable development of cities and communities. 12. Responsible consumption and production.

Source: compiled by the authors²⁸

²⁸ Стратегія розвитку Херсонської області на період 2021–2027 років. Рішення XXXII сесії обласної ради VII скликання від 20.12.2019 № 1511 (у редакції рішення V сесії обласної ради VIII скликання від 23.04.2021 № 114) 226 с.

In general, the present situation at the regional level should be combined with the strategic goals on the basis of the global trend of implementing ESG principles and Sustainable Development Goals. Given the scale of the upcoming liberation, the future strategies of the post-war development should be orientated towards deepening the processes of implementing relevant principles, setting clear timeframes and the key indicators of achieving the goals. It will ensure not only the authorities' reputation at the regional, national and international levels, but also improve the investment climate.

Given the national interests, Ukraine's government should implement Sustainable Development Goals and the National Economic Strategy until 2030 in spite of the hostilities. Over the period of the post-war recovery, the liberated regions will require substantial volumes of financial resources for recovery after looting, physical destruction and mining. Therefore, Ukraine's government should:

- to pursue a more favorable tax policy – to exempt entrepreneurial structures from paying taxes for a certain period to improve their financial situation, restore their material-technical base, create new jobs and restore lost ones;

- to introduce grant programs aimed at buying machinery and equipment for enterprises which lost them due to Russian aggression, provided that their activity is resumed in the region;

- to introduce short-term measures to ensure water supply to irrigation systems of Kherson and Zaporizhzhia regions, and the AR of Crimea in the period of reconstruction of the Kakhovka HPS and filling the Kakhovka reservoir with water – it will allow accelerating recovery of the agricultural sector and providing the market with food products;

- to develop grant programs to involve innovative technologies for demining territories which will ensure rapid recovery of the citizens' security and creation of favorable conditions for agricultural enterprises;

- to implement strategies for ecological restoration of regions which will allow returning to the pre-war level of the environmental conditions and improving them;

- to orientate the strategy of economic recovery towards the country's resources and internal resource potential, improvement of the investment climate due to the limitation of the amount of international financial support and a lack of reparations from Russia (because of the risk that the EU will also face economic problems and Russia as a subject of international relationships will not fulfill international obligations and agreements).

The local communities should consider recommendations for their own strategies of economic recovery:

- to demonstrate adherence to ESG principles and Sustainable Development Goals which will improve investment attractiveness and show readiness for changes;
- to take into consideration their own regional peculiarities, competitive advantages and resource potential;
- to develop local or regional programs for supporting local entrepreneurs;
- to focus on the restoration and development of transport infrastructure;
- to raise the citizens’ awareness of mine danger and develop a plan of actions aimed at accelerating demining processes;
- to help the citizens to restore their own houses, the internally displaced people – to find employment, increase social assistance to families with children;
- to protect the citizens’ rights and freedoms at the national level, since after liberation, the regions and communities will have extraordinary experience of the value of these important components of public life;
- to develop and restore cultural objects, tourist destinations, historical sites with a local flavor and special localities.

CONCLUSIONS

On the basis of the analysis, we can state that Ukraine’s implementation of ESG principles is a necessary component of the future post-war recovery and economic development. Substantial investment resources give an extraordinary potential for the development of economy and various areas of the Ukrainian business.

ESG principles are an important global instrument used by the developed countries and investment companies to determine who really adheres Sustainable Development Goals and does not do harm, first of all, to the environment. Currently, we can observe a trend that entrepreneurs who actively implement these factors, obtain 12% higher margins and 19% higher market value and have positive creditworthiness in the long term. The European Union which currently comprises 28 countries, has chosen to implement ESG principles and Sustainable Development Goals. Therefore, if entrepreneurs from different countries, including Ukraine, want to maintain effective trade relationships with the EU countries, they should follow these rules not to be behind the European consumer market.

Realizing the need for integration and joining the EU €C, in 2021, Ukraine’s government developed its own National Economic Strategy until 2030. According to the document, 20 main areas of work were determined for the most effective use of its own potential and implementation of Sustainable Development Goals and ESG principles. In addition, the strategy was

developed in peacetime, however, it mainly pays attention to improving our country's reputation in the global arena, creating its image as a country with the European vector of development. Therefore, in the post-war reconstruction, the course of the national development based on the principles of sustainable development will enhance the financial capabilities and investment potential of our country.

After the liberation of the Right Bank of Kherson region, Ukraine faced real problems which will probably arise in other currently occupied territories, namely: mining of a considerable amount of land, destroyed energy and social infrastructure, looted or destroyed enterprises, the outflow of population, the need for rapid actions to resume the constitutional order and ensure human rights and freedoms in the region.

The regions which have suffered occupation are starting their recovery and reconstruction. They are mainly guided by their own geographical, climatic, demographic and cultural peculiarities. For instance, the Strategy for the period of 2021–2027 has been developed for Kherson region. As in most cases, this strategy was also developed in peacetime, but the most important thing is that it should be adapted and used in the postwar recovery of the region. This strategy also underscores the importance of implementing ESG principles and Sustainable Development Goals, which is necessary not only for ensuring the authorities' reputation at the regional, national and international levels, but also for improving the investment climate.

The government of Ukraine should take certain fiscal and economic measures for supporting the post-war recovery of the regions which were occupied, since they were the first to be on the frontline, and then they were looted and destroyed. Therefore, special governmental support for these regions will lead to the desirable result – economic recovery and sustainable development, the population's return and the development of business processes. At the same time, the local and regional authorities should act energetically and reasonably, support the government's initiatives and efficiently use the resources of the international assistance. At the regional level, it is necessary to take into consideration the peculiarities, resource potential and opportunities, support the development of entrepreneurship, assist in restoring houses, demonstrate adherence to ESG principles and Sustainable Development Goals. It will enhance the image of the regional authorities, ensure protection of human rights and freedoms, since, being under occupation, people realized what possesses the highest value.

SUMMARY

The necessity to create a future strategy for the post-war economic recovery and development of Ukraine accounts for the topicality of the

research subject. Realizing that our country should gain as much global recognition and as many investment resources as possible, we should join the global trend of implementing ESG principles. Ukraine is actively striving for membership in a powerful economic bloc – the European Union, which, after intense economic growth, has started transition to ecologization of production, increasing a social impact on the development of businesses and communities and significant changes in the management of these processes. The European vector of economic development of Ukraine requires active implementation of the new Strategy for Economic Growth based on ESG principles, which not only provides a positive evaluation by the EU partners, but also ensures substantial financial support.

The research allowed achieving its purpose – to identify the modern aspects of implementing ESG principles in Ukraine and make practical recommendations on applying them in the strategy of the post-war recovery and development of Ukraine. In particular, to achieve the main objective efficiently, we studied the essence of ESG principles and their impact on the global development; identified the stages of the formation of ESG principles in Ukraine and the plans of Ukraine’s government to combine Sustainable Development Goals in the post-war recovery; outlined the problems of revitalization and the threats to the development of the liberated territories; analyzed the directions of implementing ESG principles in the post-war recovery of the liberated territories on the example of the liberated Right Bank of Kherson region; substantiated the plan for the region’s development taking into consideration the post-war challenges; made recommendations for the communities on revitalization on a new quality basis.

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