

Civil Society Letter to the G7 member countries

We call on the G7 countries to develop and enact legislation allowing confiscation and further use of Russian frozen assets to finance Ukraine's funding needs, working closely with the Ukrainian authorities and international financial institutions.

Ukraine continues a difficult and devastating war with Russia, paying a high price every day - human lives, destroyed infrastructure and cities, falling economy. Every month Ukraine needs approximately \$5 billion to cover its funding needs stemming from an economic downturn and elevated humanitarian and defense spending. According to estimates, already destroyed civilian and defense infrastructure amounts to one hundred of billions of dollars when assessed properly. Overall, just and green recovery of Ukraine after the war, based on best available techniques and aimed at long-term growth, would cost hundreds of billions dollars.

Ukraine will rely substantially on external financing for the recovery. We are sure that Russia must pay for all Ukraine's economic losses, including compensation for victims of the Russian aggression.

Around \$300 billion of Russian central bank's foreign assets have been frozen in the accounts of various countries, predominantly the G7 countries, and billions more in assets of Russian individuals and entities under sanctions. It is important Ukrainian people know these funds could be available for those who suffered most from the war, and the Ukrainian government can channel some of these money to rebuild the country.

The efforts already made by the G7 to safeguard Ukraine's macroeconomic stability are highly appreciated, including the unprecedented package of coordinated sanctions and the pledged \$19.8 billion of budget support with additional planned support, as per G7 Finance Ministers and Central Bank Governors' Petersburg Communiqué (May 20, 2022). But still, we believe that there is a necessity for further stepping up of the G7 financial support to help Ukraine close financing gaps and deliver basic services, as well as support for long-term recovery and reconstruction.

Strengthening the asset recovery and confiscation system, as a solid response to Russian war crimes, should cover not only solutions to confiscate Russian state assets, such as central bank reserves or property of state-owned enterprises, but also frozen assets of Putin's oligarchs including such luxury items as yachts, villas, etc. The Russian Elites, Proxies and Oligarchs Task Force activity has demonstrated a decisive multilateral approach to detect and freeze those assets.

As no signs of Russia's will to stop the war are visible, and the inflicted damage is already huge, releasing these assets would hardly be an option. Therefore, a public commitment by the G7 countries to use the confiscation and sale of frozen Russian assets to support Ukrainians will be an even stronger message to the Russian elites that any support to aggression has its cost, and to all Russian citizens, especially wealthy ones, that they will pay for the absurd decisions of their government. In fact, we believe the G7 countries need to promptly develop and enact legislation allowing confiscation and further use of Russian frozen assets to finance Ukraine's funding needs. Close cooperation with the Ukrainian authorities and international financial institutions is required.

The world's leading nations can stop the spread of Russian aggression to other countries and continents. To do this, the G7 countries must take difficult but necessary decisions. These decisions should include stronger sanctions, including a comprehensive oil and gas embargo, as well as

expanding the lists of sanctioned individuals and entities, to stop financing Putin's war machine. The way of depriving Russia of resources to stop the aggression should be complemented by the decisions making use of Russian assets possible to support and rebuild Ukraine. Only by joint efforts, Ukraine and the entire global community can win.

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