

POLICY BRIEF  
MAY 2026

# UKRAINE'S RECONSTRUCTION ARCHITECTURE:

EVOLVING APPROACHES  
AND KEY CHALLENGES



HEINRICH BÖLL STIFTUNG  
KYIV  
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# **UKRAINE'S RECONSTRUCTION ARCHITECTURE: EVOLVING APPROACHES AND KEY CHALLENGES**

## **POLICY BRIEF. MAY 2026**

This policy brief summarizes the findings of a study on Ukraine's reconstruction processes during 2025 and early 2026, and reflects the authors' position on key trends, approaches, and challenges in recovery policy-making.

The publication analyzes the evolution of strategic, financial, and institutional mechanisms for reconstruction, in particular the role of the Ukraine Plan under the Ukraine Facility, the development of the public investment system, international coordination, and the institutional architecture of recovery management.

A dedicated focus of the study is the green recovery of Ukraine. The brief examines the integration of environmental and climate principles into restoration processes. At the same time, the brief outlines key systemic challenges, such as limited strategic coherence, the complexity of multi-level coordination, and the incomplete integration of various stakeholders into decision-making processes.

This policy brief was prepared by the Resource and Analysis Center "Society and Environment" within the project "Green Reconstruction Processes in Ukraine: Analysis and Advocacy," supported by the Ukraine Office of the Heinrich Böll Foundation.

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# EXECUTIVE SUMMARY

This policy brief assesses the transformation of Ukraine's reconstruction architecture in 2025 and early 2026, while identifying key trends, systemic challenges, and opportunities to enhance the effectiveness of the recovery process.

Ukraine's reconstruction is unfolding amid an ongoing full-scale war, making it simultaneously a process of recovery, adaptation, and long-term transformation. During this period, a more structured system of strategic, financial, and institutional instruments has emerged. However, the overall architecture remains fragmented and multi-layered. The absence of a unified long-term strategic framework continues to hinder the alignment of priorities and the effective allocation of resources, despite the existence of key instruments such as the Ukraine Plan under the Ukraine Facility.

## STRATEGIC FRAMEWORK: BETWEEN INSTITUTIONALIZATION AND FRAGMENTATION

In 2025 and early 2026, Ukraine's reconstruction planning became increasingly institutionalized, primarily through the integration of recovery priorities into state policies, the development of the public investment management system, and the strengthening of the Ukraine Plan as the central framework document. At the same time, the absence of a single approved national long-term strategy has led to the continued

coexistence of parallel policies and programmes that fail to form a coherent development model.

The emergence of the Ukraine Prosperity Plan initiative reflects growing recognition of this challenge. However, as of early 2026, the initiative remains at the stage of political coordination and has not yet evolved into a fully operational strategic framework.

## FINANCING RECONSTRUCTION: SYSTEM DEVELOPMENT AND STRUCTURAL CONSTRAINTS

In the area of reconstruction financing, Ukraine is gradually transitioning toward a more systemic and coordinated approach. The Public Investment Management reform is laying the groundwork for more transparent and structured planning

through the creation of a unified project pipeline, standardized project selection procedures, and the introduction of digital management tools.

At the international level, donor support is increasingly consolidating around major financing

mechanisms, particularly the Ukraine Facility and the Ukraine Investment Framework. At the same time, the limited mobilization of private capital remains a key structural challenge. Despite the

introduction of war risk insurance instruments and the development of public-private partnership mechanisms, a comprehensive investor risk mitigation system has yet to be fully established.

## INSTITUTIONAL ARCHITECTURE: THE CHALLENGE OF COORDINATION

In 2025, a multi-level recovery coordination system emerged, bringing together national institutions, international platforms, and donor mechanisms. While coordination at the international level has become relatively well-structured, significant challenges persist domestically, including overlapping mandates,

fragmented responsibilities, and limited integration among key actors.

A further challenge lies in the insufficient institutionalization of public and business participation in decision-making processes, which constrains the inclusiveness, transparency, and accountability of reconstruction efforts.

## RECOVERY OF COMMUNITIES AND REGIONS: THE GROWING IMPORTANCE OF RESILIENCE

Recovery processes at the local level are becoming increasingly integrated with regional development policy, decentralization, and Ukraine's European integration agenda. A key trend has been the growing emphasis on community resilience, particularly through the development of resilience plans and adaptation to ongoing security challenges.

At the same time, many communities continue to face limited institutional and administrative capacity to prepare and implement recovery projects, creating risks of unequal access to funding opportunities. In response, the role of international technical assistance and broader institutional support mechanisms is becoming increasingly important.

## GREEN RECOVERY: BETWEEN COMMITMENTS AND SYSTEMIC IMPLEMENTATION

The green dimension of Ukraine's reconstruction is gradually being integrated into policies and recovery instruments, primarily driven by the requirements of international partners and the country's European integration process. However, the absence of a comprehensive legislative framework and a unified green recovery strategy continue to result in fragmented approaches and inconsistent implementation.

European integration remains the main driver for strengthening environmental and climate standards in the reconstruction process. At the same time, progress in this area is still largely shaped by external incentives, while domestic public demand for a green recovery agenda remains insufficiently developed.

## KEY SYSTEMIC CHALLENGES

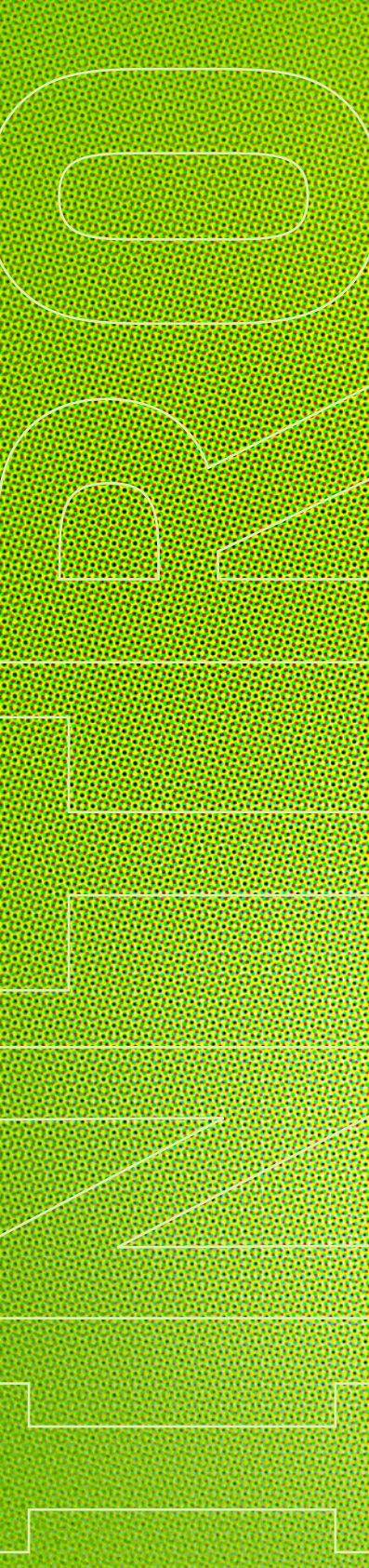
The analysis identifies several interconnected systemic challenges that continue to affect the effectiveness of Ukraine's reconstruction process:

- the absence of a unified long-term strategic framework;
- fragmentation of recovery policies and instruments;
- the complexity of multi-level coordination mechanisms;
- limited institutional and administrative capacity at the local level;
- insufficient mobilization of private capital;
- weak systemic integration of the green dimension into recovery planning;
- limited public participation in decision-making processes.

## KEY RECOMMENDATIONS

To enhance the effectiveness of Ukraine's reconstruction process and ensure the meaningful integration of its green dimension, the following strategic priorities are recommended:

- 1** Establish a long-term strategic framework for Ukraine's development that integrates reconstruction, economic transformation, and European integration, while embedding green recovery as a cross-cutting principle.
- 2** Strengthen the rule of law and institutional capacity as key prerequisites for attracting private investment, particularly through the effective implementation of EU integration reforms.
- 3** Enhance the capacity of communities to prepare and implement reconstruction projects, including through support for regional development agencies and the integration of the European dimension into local development planning.
- 4** Ensure greater transparency and accountability in the use of reconstruction funding by expanding public access to information on the implementation of the Ukraine Facility and introducing consolidated reporting mechanisms.
- 5** Adopt framework legislation on green recovery and establish a coherent and unified policy framework in this area.
- 6** Strengthen the institutional foundations of environmental governance, including through the restoration of a dedicated and competent environmental ministry and the expansion of its mandate.
- 7** Foster domestic public demand for green recovery through systematic communication efforts and by demonstrating its practical social and economic benefits.
- 8** Strengthen the environmental dimension and civil society participation in the next iteration of the Ukraine Plan.
- 9** Introduce systematic monitoring mechanisms for the implementation of international commitments and agreements, particularly those adopted within the framework of the Ukraine Recovery Conference (URC) and ReBuild Ukraine.



# INTRODUCTION

# INTRODUCTION

Russia's full-scale war against Ukraine has caused unprecedented destruction to infrastructure, housing, the economy, and the environment. At the same time, recovery efforts began while the war was still ongoing and already encompass a broad range of measures — from restoring critical infrastructure and housing to supporting economic activity and strengthening community resilience. **Ukraine's reconstruction is therefore not merely a future challenge, but an ongoing process unfolding in real time.**

Throughout 2025 and early 2026, Ukraine developed a more structured — yet still fragmented — system of strategic and financial instruments for reconstruction. Despite the existence of key frameworks, particularly the Ukraine Plan under the Ukraine Facility, as well as the emergence of new initiatives such as the Ukraine Prosperity Plan, the recovery process remains dispersed across multiple policies, programmes, and institutions. This fragmentation complicates the development of a coherent reconstruction vision, the alignment of priorities, and the establishment of effective coordination among the state, international partners, businesses, and local communities.

At the same time, the current stage of reconstruction is marked by a gradual shift from responding to the immediate consequences of destruction toward developing long-term approaches that combine recovery with economic transformation, European integration, and the achievement of the Sustainable Development Goals. In this context, reconstruction is increasingly understood not simply as the restoration of damaged infrastructure and assets, but as an opportunity

**for Ukraine's structural modernization** — particularly through the implementation of energy-efficient solutions, the development of a circular economy, and the integration of European Union environmental and climate standards.

Under these conditions, it is particularly important not only to analyze formal policies and instruments, but also to understand how key stakeholders perceive the reconstruction process, which challenges they identify, and which priorities they consider most critical. **Ukraine's reconstruction is a complex and multi-layered process involving a wide range of actors, including state institutions, local self-government authorities, international partners, businesses, and civil society organizations.** Accordingly, the effectiveness of reconstruction largely depends on the alignment of their approaches, the existence of a shared strategic vision, and the ability to accommodate diverse interests, capacities, and constraints.

This policy brief was prepared by the Resource and Analysis Center "Society and Environment" as part of a broader study on Ukraine's reconstruction processes. **Its purpose is to analyze key strategic frameworks, financial and investment instruments, and sectoral recovery priorities, while complementing this analysis with insights into the perspectives of various stakeholder groups directly involved in, or affected by, the reconstruction process.**

The document combines two complementary approaches. On the one hand, it is based on an analysis of legal acts, strategic documents,

international initiatives, and existing analytical assessments related to Ukraine's reconstruction. On the other hand, it incorporates the findings of qualitative research — specifically, a series of focus group discussions — that reflect the practical experiences, assessments, and expectations of key stakeholders. Importantly, the findings from these discussions are not presented in a separate section; instead, they are integrated throughout the relevant thematic parts of the brief. This approach allows for a direct connection between policy analysis and the perspectives of actors actively involved in the reconstruction process.

As part of the study, a series of thematic focus groups was conducted in February–March 2026, involving representatives of key stakeholder groups, including territorial communities (particularly from frontline and rear regions), civil society organizations — including environmental and other specialized NGOs — as well as international partners. This approach made it possible to capture perspectives from different levels of governance and a wide range of institutional actors involved in, or affected by, Ukraine's reconstruction processes.

The discussions were structured around a pre-prepared set of thematic issues covering key aspects of reconstruction, including financing, transparency and accountability, the role of the private sector, public participation, and the integration of environmental considerations. In addition, tailored questions were developed for each stakeholder group to better capture the specific features of their experiences, perspectives, and priorities.

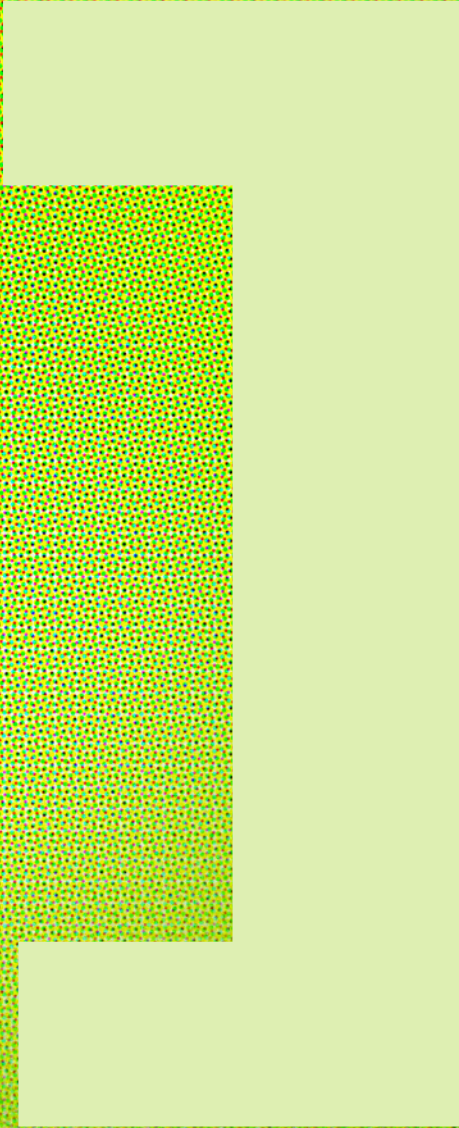
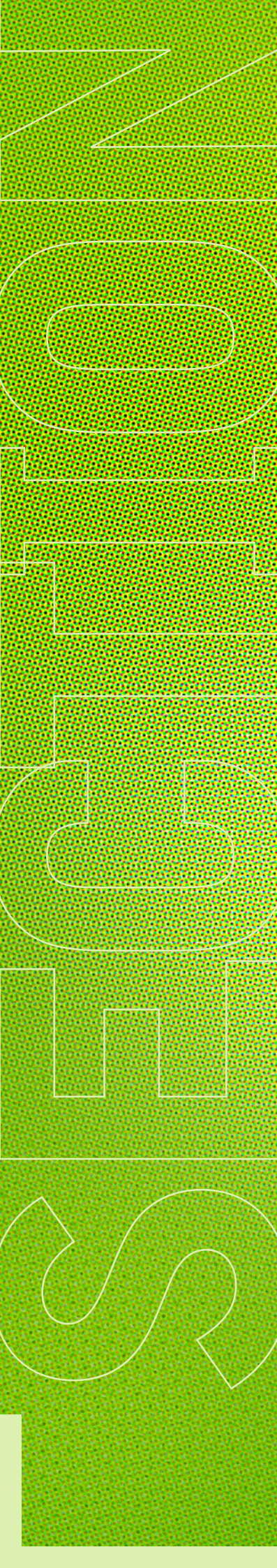
This research design enabled a comparative analysis of the perspectives of different stakeholder groups and made it possible to combine the identification of broader trends with a more nuanced understanding of specific aspects of the reconstruction process. At the same time,

the findings of the focus groups should be interpreted with due consideration of their methodological limitations. As a qualitative research method, focus groups are not statistically representative; rather, they are intended to reflect the diversity of participants' perspectives, experiences, and arguments, rather than their quantitative prevalence.

The integration of focus group findings into this policy brief serves several purposes. First, it allows analytical conclusions to be cross-checked against the practical experiences of stakeholders directly involved in the reconstruction process. Second, it helps identify potential gaps between formal policies and their implementation and perception in practice. Third, it highlights issues that may require additional attention from policy-makers and international partners.

Structurally, this policy brief is organized around the key thematic dimensions of the reconstruction process, including strategic frameworks, financial and investment instruments, and sectoral priorities. Where relevant, insights from the focus group discussions are integrated into each section, providing a broader analytical perspective enriched by stakeholder assessments and practical experience.

Thus, this document aims not only to systematize existing information on Ukraine's reconstruction processes, but also to provide a more comprehensive vision that combines the analysis of policies and instruments with an understanding of the perspectives of key stakeholders involved in this process. Such an approach allows for a deeper identification of systemic challenges, a more nuanced assessment of risks and opportunities, and the development of a stronger foundation for recommendations aimed at improving the effectiveness, transparency, and sustainability of Ukraine's reconstruction.



# SECTION 1

STRATEGIC AND LEGAL  
FRAMEWORKS FOR UKRAINE'S  
RECONSTRUCTION

# SECTION 1

## STRATEGIC AND LEGAL FRAMEWORKS FOR UKRAINE'S RECONSTRUCTION

Throughout 2025 and early 2026, the strategic and legal frameworks for Ukraine's reconstruction became more structured yet remained fragmented. The Ukraine Plan, within the framework of the Ukraine Facility, served as the central instrument, combining reforms, investments, and financing; however, it does not replace a full-scale comprehensive reconstruction plan.

At the same time, the initiative to develop the Ukraine Prosperity Plan indicates a growing awareness of the need for a new long-term framework. However, as of early 2026, it had not yet been formalized as a comprehensive strategic document.

At the national level, 2025 was marked by a transition from general approaches to more applied management tools, in particular the introduction of medium-term public investment planning, the establishment of the Single Project Pipeline, strengthened sectoral prioritization, and updated approaches to regional policy. Meanwhile, the transition from separate programs and mechanisms to a unified, coordinated, and adaptive system for strategic recovery management remains as the key challenge.

## 1.1 INTERNATIONAL LEVEL

In 2025, the international dimension of Ukraine's reconstruction further shifted from a focus on short-term aid to medium- and long-term programs combining support for reforms, investments, and European integration processes.

According to RDNA5 (Rapid Damage and Needs Assessment) [data](#), as of 31 December 2025, Ukraine's total recovery and reconstruction needs were estimated at USD 588 billion over the next decade. For comparison, a year earlier, RDNA4 estimated these needs at USD 524 billion. Thus, in just one year, the total increased by an additional USD 64 billion.

The Ukraine Facility remains the central international framework for Ukraine's reconstruction, with its operational core — the Ukraine Plan — [defined](#) by the European Commission as a comprehensive strategy for reforms and investments over the next four years. Through this mechanism, the EU combines budgetary support, investment instruments, technical assistance, and the implementation of reforms, effectively positioning the Ukraine Plan as the primary internationally recognized strategic document for reconstruction in the medium term.

The Ukraine Plan [was updated](#) in 2025. The amendments were prepared by the Government of Ukraine in cooperation with the European Commission and approved in the same year. This demonstrates the adaptive nature of the Ukraine Plan, which is continuously adjusted to account for new challenges and changes in the implementation of reforms and reconstruction.

Specifically, the Plan's update involved refining reform performance indicators, adjusting implementation timelines, and revising certain investment priorities and sequencing of

measures. This approach is driven by the need to align the Ukraine Plan with the actual pace of reform implementation, the state's budgetary capacity, and the conditions of international financing, which are linked to the achievement of specific results.

At the same time, in our view, the [process of amending](#) the Ukraine Plan lacked sufficient transparency and inclusiveness. Information on the preparation of these amendments was published as a single notice on the Ministry of Economy's website, without conducting full-scale consultations with civil society and the expert community. Furthermore, the timeframe for submitting proposals was less than one week, which significantly restricted the opportunities for substantive and high-quality stakeholder engagement in the development of this key strategic recovery document.

At the end of 2025 and the beginning of 2026, the implementation of the Ukraine Plan faced significant challenges. [According to RRR4U monitoring data](#), as of the end of 2025, Ukraine had failed to meet at least 14 indicators under the Plan, totalling over EUR 3.9 billion, with the largest share of unfulfilled obligations occurring in the fourth quarter. Some of these indicators relate to key reforms in public administration, energy, and anti-corruption policy. This creates risks both for the timely disbursement of EU funding and for the overall logic of the Ukraine Plan's implementation.

The political and parliamentary instability in late 2025 and early 2026, manifested in delays in adopting necessary legislative decisions and the blocking of certain reforms, was one of the [factors](#) contributing to this situation. Thus, the implementation of the Ukraine Plan has

demonstrated its significant dependence on domestic political stability, which is a critical factor for the effectiveness of the overall international support system for reconstruction.

The Organisation for Economic Co-operation and Development (OECD) in its 2026 review identified one of the key challenges in the reconstruction process: **the participation of Ukrainian representatives in donor mechanisms does not always reflect a coherent national position.** [According](#) to the OECD, this weakens Ukraine's ability to effectively prioritize resources in line with a unified national strategy. Thus, international partners point to a lack of a more consolidated strategic framework for reconstruction, despite the existence of the Ukraine Plan.

Within the framework of the **Ukraine Donor Platform** in April 2025, Ukraine presented its recovery [priorities](#) for 2025, which included energy, heating, water supply and sanitation, housing, and transport. At the same time, the European Commission emphasized that EU support must align with the priorities identified by the Government of Ukraine, and that the development of an effective, transparent, and coordinated public investment management system is crucial for a successful reconstruction. This indicates a gradual shift from an approach based on isolated donor projects toward a more systemic model rooted in whole-of-government prioritization.

The example of **Switzerland** is particularly illustrative. In February 2025, the Swiss Federal Council [adopted](#) the **Ukraine Country Programme 2025–2028** as the strategic framework for the first phase of long-term support for Ukraine. The programme envisages total funding of CHF 5 billion for the 2025–2036 period, with CHF 1.5 billion allocated through 2028. At the same time, it builds on the Ukraine Plan, further

confirming its role as the central and most comprehensive strategic document for reconstruction.

At the same time, in early 2026, signs of a new attempt to establish a unified strategic framework for Ukraine's post-war reconstruction emerged — the so-called **Roadmap to Prosperity** (Ukraine Prosperity Plan). According to the Ministry of Economy, this document aims to formulate a cohesive strategic vision for Ukraine's reconstruction and economic development over a ten-year horizon.

The Government of Ukraine has initiated a series of consultations with key international partners — including the G7 countries, the European Union, the United States, and NATO — to shape and align the parameters of this document. Notably, the Ukraine Prosperity Plan is [positioned](#) as a joint initiative between Ukraine and its key partners, aimed at integrating the objectives of recovery, economic growth, and integration into the European and Euro-Atlantic space.

[According to media reports](#), this initiative envisages ambitious parameters for supporting Ukraine, including significant investment volumes and accelerated European integration processes. This reflects a clear shift from a post-war restoration logic towards a long-term model of economic development.

Strategically, the development of the Ukraine Prosperity Plan may be considered as the second attempt since the beginning of the full-scale war to formulate a single comprehensive program for Ukraine's post-war reconstruction and development. While in 2022 the Ukraine Recovery Plan served a similar purpose, it was never fully implemented. In 2026, a new attempt is being made to develop a coordinated vision that combines Ukraine's domestic priorities with the positions of key international partners.

As of early 2026, the Ukraine Prosperity Plan remains at the stage of political coordination and does not have the status of an approved strategic document. The absence of a published draft or a clearly defined structure indicates that this initiative currently remains a political concept rather than a fully-fledged strategic planning tool.

In 2025, the U.S. dimension of support for Ukraine underwent a significant transformation, particularly in reconstruction, following the change in administration and the inauguration of the 47th President, Donald Trump. On April 30, 2025, the United States and Ukraine signed an agreement to establish the United States–Ukraine Reconstruction Investment Fund, defined by U.S. Department of the Treasury as an economic partnership instrument aimed at accelerating Ukraine's recovery. By the end of 2025, the U.S. International Development

Finance Corporation (DFC) [reported](#) that the fund was fully operational and ready to begin processing its first investments in 2026.

Regarding the Ukraine–U.S.–Russia negotiating track, available official sources suggest a cautious conclusion: the issue of Ukraine's post-war reconstruction has not been formalized as a separate, autonomous negotiation track but is gradually being integrated into the broader context of the peace process.

The joint statement of the United States and Ukraine dated 23 November 2025 explicitly [outlines](#) a readiness to work towards achieving peace that ensures "security, stability, and reconstruction" for Ukraine. At the same time, the issue of reconstruction is not viewed in isolation, but in conjunction with security guarantees, energy stability, and long-term economic development, as a part of a broader framework for a peaceful settlement.

## 1.2 NATIONAL LEVEL

As of early 2026, Ukraine lacks a single approved strategic document establishing a comprehensive framework for recovery. Even though the relevant process was initiated back in 2022, it has not yet transformed into a full-fledged strategic planning tool. Meanwhile, individual elements of the recovery vision are being shaped within various policies, sectors, and programs. However, their fragmented nature complicates the formation of a coherent system of priorities and long-term planning for Ukraine's reconstruction.

In 2025, the Government's strategic planning in the field of reconstruction was characterized by a distinct institutional dynamic, driven, in particular, by the reshuffle of the Cabinet of Ministers

in July. This was reflected in the approval of two Government Priority Action Plans (GPAP), which demonstrate the evolution of recovery approaches — shifting from a more concentrated focus to a systemically integrated one.

Specifically, [the Government Priority Action Plan](#) of February 18, 2025, contained a separate section "Reconstruction of the Destroyed," which included 15 specific steps, indicating the distinction of reconstruction as an independent direction of state policy.

In contrast, [the Priority Action Plan](#) of September 10, 2025, demonstrates a transition toward a more comprehensive and integrated model,

where reconstruction is no longer isolated as a separate block but instead permeates a range of operational objectives within public policy.

Specifically, recovery-related measures are integrated into the following areas:

- Mobilizing international financial, technical, and political support for recovery and development;
- Aligning state regional policy with the principles of EU Cohesion Policy;
- Effective management of public investments;
- Rational use of natural resources, with due regard to environmental aspect;
- Restoration and preservation of cultural sites and cultural heritage objects;
- Attracting foreign financial assistance during and after the period of martial law;
- Reintegration of frontline and de-occupied territories;
- Adapting the transport sector to European standards, particularly regarding sustainable development;
- Enhancing the energy efficiency of residential and social infrastructure.

This transformation signifies a gradual shift from a sectoral to a horizontal approach, where reconstruction is viewed not as an isolated field, but as a cross-cutting element within all key state policies.

At the state level, 2025 became a period of establishing a more structured architecture for priority public investments. The key document in this context is [the Medium-Term Plan](#) for Priority Public Investments of the State for 2026–2028, approved by the Cabinet of Ministers of Ukraine Resolution No. 671-r dated July 2, 2025. A subsequent step in this direction was the approval on August 29, 2025, of the Single State Public Investment [Projects Pipeline](#) for 2026 by the Strategic Investment Council.

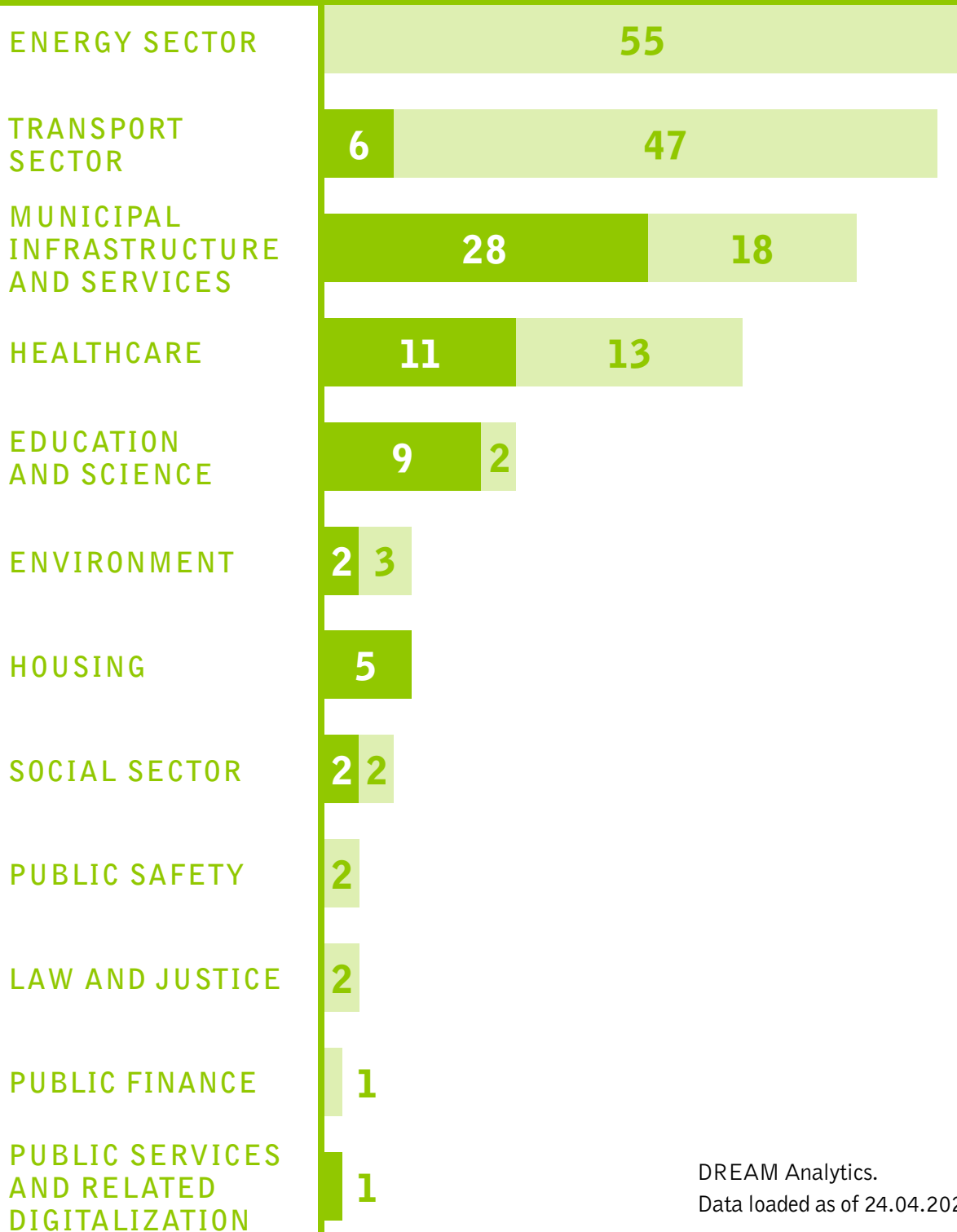
The key priorities of the portfolio (pipeline) are identified as enhancing the resilience of critical infrastructure, ensuring the continuity of essential public services, and supporting logistics for the economy.

In particular, the portfolio covers the following areas:

- Municipal infrastructure and services (Ministry for Restoration) — 40 (26 programs, 14 projects);
- Transport (Ministry for Restoration) — 53 (6 programs, 47 projects);
- Energy (Ministry of Energy) — 55 (55 projects);
- Municipal infrastructure and utilities — 46 (28 programs, 18 projects);
- Healthcare (Ministry of Health) — 24 (11 programs, 13 projects);
- Education and Science (Ministry of Education and Science) — 11 (9 programs, 2 projects);
- Housing (Ministry for Restoration) — 5 (5 programs);
- Social sphere (Ministry of Social Policy) — 4 (2 programs, 2 projects);
- Environment (Ministry of Economy) — 5 (2 programs, 3 projects);
- Public safety — 2 (2 projects);
- Public services and digitalization (Ministry of Digital Transformation) — 1 (1 program);
- Public finance (Ministry of Finance) — 1 (1 project);
- Legal practice and justice (Ministry of Justice) — 2 (2 projects).

It is important to note that the results of the Rapid Damage and Needs Assessment (RDNA4), the Ukraine Plan under the Ukraine Facility, and the priorities established within the Ukraine Donor Platform were considered during the development of the Unified State Public Investment Project Portfolio for 2026.

### TOTAL PROJECTS AND PROGRAMS BY SECTOR



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Data loaded as of 24.04.2026

In our view, the Ukraine Plan remains the central and virtually the only comprehensive document at both international and national levels that integrates the reform, investment, and financial components.

Important state decisions of 2025 also include the 2025–2027 [Action Plan](#) for the Implementation of the State Strategy for Regional Development for 2021–2027, approved by the Cabinet of Ministers of Ukraine Resolution No. 1047-r dated September 25, 2025. The document includes 101 tasks with defined indicators, implementation timelines, and funding sources. A significant part of measures is directly or indirectly linked to recovery processes.

Specifically, these include the following areas:

- Promotion of territorial development;
- Reintegration of de-occupied territories;
- Environmental protection and restoration;
- Integration of internally displaced persons (IDPs);
- Development of transport and energy infrastructure;
- Creation of comfortable communities;
- Application of regional policy investment instruments.

Cabinet of Ministers of Ukraine Resolution No. 1686 dated December 12, 2025, [amended](#) the State Strategy for Regional Development for 2021–2027. Specifically, the Government officially defined the concept of frontline territories, institutionalized a security-oriented approach to the implementation of state regional policy, and integrated the “build back better” principle.

Additionally, on December 12, 2025, the [State Program](#) for the Development of International Territorial Cooperation for 2025–2027 was approved. The program provides for supporting green and digital transitions, facilitating economic recovery and EU integration, as well as strengthening environmental security and developing cross-border cooperation.

Furthermore, in 2025, the Ministry of Economy [reported](#) on its collaboration with international partners to develop investment, industrial, and export strategies. Specifically, these efforts focus on increasing the economic complexity of industry and development of the circular economy.

### 1.3

## SECTORAL PROGRAMS OF RECOVERY AND PRIORITIZATION

The sectoral structure of Ukraine’s reconstruction needs reflects both the scale of destruction caused by the full-scale war and the priorities of the state recovery policy.

According to the updated RDNA5 [assessment](#), as of early 2026, total reconstruction needs remain

significant and are feature a strong sectoral concentration.

The greatest needs are concentrated in the transport sector, exceeding USD 96 billion, reflecting the large-scale destruction of road, rail, and logistics infrastructure. This is followed

by the energy sector (nearly USD 91 billion), the housing sector (approximately USD 90 billion), trade and industry (over USD 63 billion), and agriculture (over USD 55 billion). A significant distinct area is the humanitarian and security component, particularly demining and the management of explosive remnants of war, with needs estimated at nearly USD 28 billion.

This structure demonstrates the comprehensive nature of Ukraine's reconstruction needs, encompassing both the restoration of critical infrastructure and the provision of essential conditions for economic functioning and public well-being. At the same time, the concentration of needs in the transport, energy, and housing sectors identifies them as the key priorities of the state recovery policy.

In 2025, a reconstruction prioritization system was shaped in Ukraine, based on a combination of security factors, economic feasibility, and social needs. In this context, energy emerged as one of the key recovery priorities. The energy sector became a central focus of reconstruction due to both the large-scale destruction of infrastructure and its crucial role in ensuring the functioning of the economy, industry, and the basic needs of the population.

Throughout the 2025/2026 heating season, Ukraine's energy infrastructure was targeted by massive systemic attacks by the aggressor. [According](#) to the Ministry of Energy of Ukraine, a significant part of generating capacity was damaged or destroyed, particularly heating and hydro generation facilities, which substantially affected the country's energy balance. Under these conditions, energy recovery has become a continuous process, combining emergency repairs, rapid restoration, and long-term infrastructure modernization.

Priority areas for the recovery of the energy sector included:

- Restoring generating capacity, particularly in thermal and hydropower;
- Developing distributed generation as a more resilient energy supply model;
- Enhancing energy efficiency;
- Integration into European Union energy markets.

It should be noted that new international formats for coordinating support to the energy sector have emerged. Specifically, regular meetings have been launched within the so-called "Energy Ramstein" framework (Energy Support Coordination Mechanism), bringing international partners together to coordinate assistance for Ukraine's energy infrastructure. It is significant that the "Ramstein" format was previously applied primarily to coordinate defence support. In 2025, a similar approach was institutionalized in the energy sector, underscoring its strategic importance within the reconstruction context.

Within international support through the Energy Support Fund for Ukraine, the total [volume](#) of mobilized funds exceeded EUR 500 million by the end of 2025, and the mechanism itself became one of the key instruments for the rapid financing of restoration works.

In parallel, cooperation expanded with international financial institutions, including the EBRD, the World Bank, and the EIB, which financed projects for the restoration of generating capacities, grid infrastructure, and the development of new energy capacities.

A significant trend of 2025 was the gradual shift in focus from the restoration of damaged facilities toward the modernization of the energy sector based on the "build back better" principle.

This entails the development of decentralized generation, an increase in the share of renewable energy sources, and further integration into the ENTSO-E European energy market.

## 1.4

## ESTABLISHING A STRATEGIC FRAME FOR RECONSTRUCTION: VIEWS OF INTERNATIONAL PARTNERS AND FRONTLINE COMMUNITIES

The results of the focus group discussions indicate that the absence of a comprehensive strategic reconstruction plan is not perceived by international partners as a key barrier to their participation. Although certain sectors face a degree of uncertainty and a lack of long-term planning, Ukraine already has a basic strategic framework shaped by the conditions of war, decentralization, and European integration commitments. Participants emphasized that, under current circumstances, the strategic vision is inherently adaptive and is formed gradually, accounting for the evolving security situation.

Conversely, other factors remain the primary challenges for international partners. Above all, these are security risks that directly affect the readiness to invest and implement long-term projects. Institutional capacity of Ukrainian partners, stability of the rules of the game, and availability of effective financial instruments — particularly risk mitigation mechanisms — also play a vital role. A separate emphasis was made on the need to prepare high-quality, well-structured projects that meet real needs and can be implemented in cooperation with international actors. Thus, the issue is not so much about a formal reconstruction plan as it is about the system's ability to generate clear, reliable, and implementable solutions.

In parallel, the discussion on the role of frontline communities revealed the lack of a unified approach to their institutional framework within the recovery policy. The idea of creating a separate special component for such communities did not receive unanimous support, with participants holding different views on its feasibility. Proponents highlighted the unique challenges of frontline territories — elevated security risks, limited project implementation capacity, and the need for more flexible management and financing tools. Critics, in turn, pointed to risks of unequal access to resources, potential intensification of divisions between communities, and possible restrictions on the participation of frontline territories in certain funding programs.

Despite these disagreements, participants essentially agreed on one point: frontline communities require specifically adapted recovery conditions. This does not necessarily entail a separate formalized component, but rather the implementation of a differentiated approach that accounts for the specific security environment, managerial constraints, and the need for rapid response to changing situations. Key elements of such an approach should include flexible project implementation procedures, adapted financial instruments, and clear, transparent criteria for determining local communities' status with the possibility of regular review.

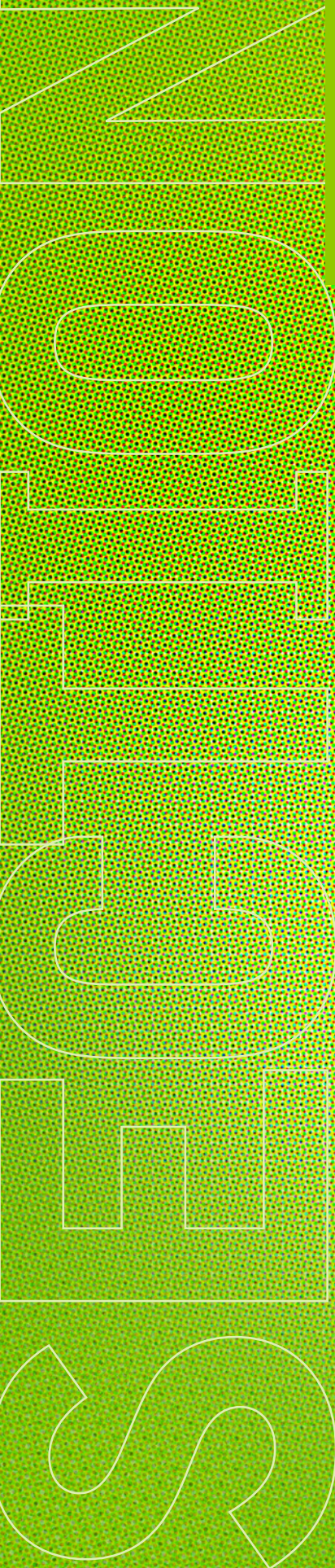
Summarizing, two connected trends can be identified. On one hand, formal strategic documents are less decisive for international partners, than security conditions, institutional capacity, and the quality of prepared projects. On the other hand, the effectiveness of recovery will largely depend on the state's ability to implement

flexible and differentiated approaches that account for the diverse development conditions of communities, particularly those in frontline areas. In this context, reconstruction must be viewed as a coherent system that combines strategic vision with adaptive implementation mechanisms.



# SECTION 2

FINANCIAL AND INVESTMENT  
INSTRUMENTS FOR RECOVERY



# SECTION 2

## FINANCIAL AND INVESTMENT INSTRUMENTS FOR RECOVERY

Throughout 2025 and early 2026, Ukraine has been developing new financial instruments for recovery. This included establishing state mechanisms for public investment management, as well as developing market-based tools to attract private capital amid high war risks.

At the international level, 2025 became a period of consolidating donor support around major platforms, primarily the Ukraine Facility and the Ukraine Investment Framework, alongside strengthening financial and investment cooperation between Ukraine and its partner states.

## 2.1

NATIONAL FINANCING  
ARCHITECTURE: KEY CHANGES

In 2025 and early 2026, Ukraine implemented reforms that establish the basis for the national recovery financing system. These reforms encompass public investment management, the development of mechanisms for attracting private capital, and the institutionalization of financial management processes.

A key element was the **reform of the public investment management system**, which introduces a unified approach to the planning and implementation of investments at the national, regional, and local levels. The reform was initiated in 2024 with the adoption of the Roadmap for public investment management reform, and throughout 2025, the legal framework for its operation was established.

In February 2025, the Government of Ukraine approved a **series of procedures**, establishing rules for the preparation, appraisal, and implementation of public investment projects and programs. They introduce unified approaches to project selection and support at all levels – from central executive authorities to local communities. These decisions also institutionalize a mandatory project logic: ranging from needs identification and justification preparation to independent appraisal, inclusion into the portfolio, implementation, and subsequent monitoring of performance.

Simultaneously, the Cabinet of Ministers of Ukraine adopted the Procedure for forming a Unified Public Investment Project Pipeline at the national, regional, and local levels, as well as sectoral portfolios and the selection criteria for project inclusion (Resolution No. 527 dated February 28, 2025). In February 2025, the Government also approved the **Sectoral Portfolios**

**of Public investments** – the first systematic list of priority projects in key sectors, including energy, transport, water supply, humanitarian demining, and the development of shelter systems. In August 2025, the Strategic Investment Council **approved the Unified National Project Pipeline** for 2026, comprising 195 projects and programs. The Portfolio is regularly updated: specifically, in March 2026, **20 additional projects** were added.

The Unified Public Investment Project Pipeline serves as an instrument for implementing the **Medium-Term Priority Public Investment Plan**, approved in July 2025. This plan introduces four cross-cutting criteria for all state projects: energy efficiency, climate change adaptation, gender equality, and accessibility (barrier-free environment). Compliance with these requirements is a mandatory condition for receiving state funding. As of December 2025, over **60% of regions and communities** had approved their own medium-term priority public investment plans, demonstrating the gradual implementation of the new system at all levels.

The DREAM ecosystem became the digital foundation of the public investment management system, having been **legislatively enshrined** in January 2025 as the unified information system for investment project management. In 2026, additional accountability tools were introduced: in February, the government made **post-project performance evaluation of investments** mandatory, and in March, the "Public Investment Control" **project** was launched, aimed at strengthening public monitoring of investment decisions and the use of funds for infrastructure reconstruction.

War risk insurance is regarded as a key instrument for attracting private capital to the

reconstruction process. Without its development, investment opportunities remain significantly limited. In May 2025, the Ministry of Economy established a [taskforce](#), comprising International Financial Institutions (IFIs) and international insurers. In August 2025, the updated [Financial Sector Development Strategy](#) identified war risk insurance as a priority area for attracting private investment.

From January 1, 2026, a war risk property insurance [mechanism](#) administered by the Export Credit Agency, became operational in Ukraine. It provides for two modalities: direct compensation for damages for enterprises in frontline regions and partial reimbursement of insurance premiums for businesses nationwide. The program is implemented within the broader "Made in Ukraine" initiative aimed at supporting domestic manufacturers. In February 2026, the National Bank of Ukraine (NBU), the Ministry of Economy, and insurance market representatives held a coordination meeting, confirming their intent to develop a unified war risk insurance [strategy](#) with "maximum coverage."

A distinct focus area for enhancing recovery financing has been the involvement of the private sector through Public-Private Partnership (PPP) mechanisms. In June 2025, the [updated Law of Ukraine](#) "On Public-Private Partnership" came into force, significantly expanding the opportunities for private capital to participate in reconstruction projects.

Its key principles include alignment with the Sustainable Development Goals, compliance with environmental legislation, ensuring environmental sustainability, and preventing technological and environmental risks. Environmental requirements are considered at all project stages: from efficiency evaluation — which includes environmental impact assessment and an analysis of long-term environmental

consequences — to establishing technical criteria and selecting of competitive proposals. Specifically, projects are evaluated based on environmental and climate efficiency indicators, and companies that have violated environmental laws within the past five years are disqualified from participating in tenders.

The changes in 2025 also encompassed the institutional system for recovery management: new entities and coordination mechanisms emerged, and the roles of existing institutions were redefined.

The reactivation of the State Fund for Regional Development after several years of a de facto suspension was one of the significant steps undertaken. In 2025, the fund [resumed financing projects](#) of local communities: the state budget allocated UAH 1 billion for this purpose, with implementation carried out under a transitional public investment management model. In August, the government [approved the Procedure](#) of the use of the fund's resources, and in February 2026, its [reforming](#) was initiated in accordance with EU standards. The objective is to transform the fund into a regional policy instrument compliant with the management principles of structural funds of EU.

In December 2025, the government designated the Ukrainian State Fund for Support of Farms as a [Paying Agency](#). The fund will begin performing these functions from July 1, 2026. This decision is a crucial step in the European integration process, as it enhances trust in the state support system and enables opportunities for the development of the agricultural sector and rural areas [in line with European approaches](#).

The launch of the [National Development Institution](#) (NDI) was one of the institutional changes, which began operations on January 1, 2026, based on the Business Development Fund. The Ministry of Finance administers the

institution's corporate rights. The objective of the NDI is to support the economic and social development and recovery of Ukraine by providing financial, advisory, and information support, primarily for micro, small, and medium-

sized enterprises. The institution has a broad mandate that also includes the administration of development programs and the evaluation of their effectiveness.

## 2.2

## INTERNATIONAL RECOVERY FINANCING PROCESSES FOR UKRAINE

International financing for Ukraine's recovery is becoming increasingly structured and institutionalized. Donor support is progressively focusing on long-term programs and joint cooperation mechanisms. International financial institutions are expanding their presence in Ukraine and broadening the range of their support instruments. At the same time, coordination platforms serve as permanent mechanisms for aligning priorities between the Government of Ukraine and international partners.

The Ukraine Donor Platform remains the central coordination hub, operating on a permanent basis. Within its framework, in April 2025, Ukraine presented its key recovery priorities for the year specifically in energy, heating, water supply and sanitation, housing, and transport. The European Commission emphasized that EU support must align with the priorities identified by the Government of Ukraine, while also underlined the importance of developing an effective, transparent, and coordinated public investment management system. This signifies a gradual shift from an approach based on isolated donor projects toward a more [systematic model](#) driven by whole-of-government prioritization.

In November 2025, the 15th meeting of the Steering Committee of the Ukraine Donor Platform was held off-line for the first time in three years. The participants [discussed](#) mechanisms for attracting private capital, financing recovery, and ensuring energy resilience, particularly in frontline and liberated regions. During the meeting, the Vice Prime Minister for Restoration of Ukraine presented the Ministry for Restoration's [initiatives](#) to launch the Recovery Fund — a tool for pooling state and donor resources linked to the Unified Public Investment Project Pipeline — as well as the creation of the Recovery Task Force, a joint government-donor team for coordination of actions, synchronization of decisions, and duplication prevention.

The World Bank / IBRD continued implementing large-scale recovery financing programs for Ukraine. In December 2025, an USD 88 million Loan Agreement [was signed](#) under the RISE Program ("Resilient, Inclusive, and Sustainable Entrepreneurship"). That month [Ukraine received](#) an additional USD 290 million under this program following the achievement of specified indicators. In February 2026, the Netherlands provided [a further contribution](#) of EUR 55 million through the World Bank to support Ukraine's reconstruction.

In 2025, Ukraine successfully completed two reviews of the IMF program under the Extended Fund Facility (EFF), which enabled attracting of USD 912 million. A total of USD 10.6 billion [has been received](#) under this program. In February 2026, the IMF Executive Board approved a new [four-year program](#) for Ukraine amounting to 5.9 billion Special Drawing Rights, equivalent to approximately USD 8.1 billion.

In 2025, the EBRD actively expanded its support portfolio for Ukraine. In May, [a meeting](#) of the EBRD–G7 DFI–EDFI Co-investment Platform was held in Paris—a mechanism for coordinated investments by the EBRD and European development finance institutions. Key [cooperation priorities](#) included expanding private sector financing, developing war risk insurance, and supporting the agricultural sector.

The European Union remains one of Ukraine's largest donors in the field of recovery. At the same time, its support is not limited to financing: EU instruments are also aimed at creating the conditions for reconstruction by reforming the management system, strengthening institutional capacity, and integrating EU standards into processes planning and projects implementation.

The Ukraine Facility is the EU's flagship instrument for supporting Ukraine's recovery, with the Ukraine Investment Framework (UIF) serving as its investment component. In October 2025, the fifth meeting of the UIF Steering Board took place, marking the first time when [Norway joined](#) as an observer and donor. During the meeting, a new package of programs aimed at supporting Ukraine was approved (including programs from the European Investment Bank (EIB), the International Bank for Reconstruction and Development (IBRD), and Cardano Development (Netherlands)). In March 2026, the UIF Steering Board approved another [package](#) of eight programs worth EUR 1.5 billion, of

which EUR 466.5 million is allocated to projects by the Ministry for Restoration.

At the URC-2025 conference in Rome, European Commission President Ursula von der Leyen announced the creation of the [European Flagship Fund](#) for Ukraine's Reconstruction — a new direct investment instrument in the amount of EUR 500 million. The Fund [is aimed at](#) attracting investment into priority recovery sectors and is designed to facilitate the consolidation of financial resources, ensure their transparent use, and enhance the predictability of financing.

In March 2025, the European Investment Bank (EIB) signed a 2 billion euros [guarantee agreement](#) with the European Commission, creating opportunities for financing recovery and reconstruction projects in Ukraine. Additionally, the [second tranche](#) of the Ukraine Recovery Programme III, amounting to EUR 100 million, was directed to territorial communities through the State Fund for Regional Development.

In 2025, the European Investment Bank, together with the European Investment Fund within the EIB Group, provided approximately EUR 1.5 billion in financing. The funds were directed toward supporting essential services — such as energy, water, and heat supply, transport, healthcare, and education — as well as development of small and medium-sized enterprises through credit, guarantee, and equity financing instruments. In 2026, [the priorities](#) remain centered on ensuring energy resilience and expanding private sector financing, particularly through risk-sharing instruments and support for businesses of various scales.

Bilateral cooperation between Ukraine and its partner states in the field of recovery financing is becoming more institutionalized. This is achieved through the intergovernmental agreements (G2G) and structured financial instruments, including specialized investment funds.

In 2025, Ukraine intensified cooperation with partner states regarding financial and investment mechanisms for recovery. The creation of specialized investment funds became one of the key instruments. Specifically, the [Finland-Ukraine Investment Facility \(FUIF\)](#) was launched in 2025, designed to finance projects in 2026. Other countries are adopting similar approaches. For instance, [Denmark](#) utilizes resources from the Export and Investment Fund of Denmark (EIFO) to provide guarantees to its companies participating in reconstruction projects. Additionally, the [American-Ukrainian Investment Fund for Reconstruction](#) commenced its operation in 2025; it envisages allocating a portion of revenues from new natural resource projects toward recovery financing. [The Fund is managed](#) on a parity basis, with equal representation from both the Ukrainian and American sides.

Bilateral cooperation between Ukraine and its partner states is based on direct intergovernmental agreements, as well as grant and program instruments. This format is utilized by [the United Kingdom](#), [Netherlands](#), [Norway](#), [Poland](#), [France](#), [Switzerland](#), and other nations. A prominent example of diversified support is the cooperation with Japan. Within the

Emergency Recovery Programme (JICA), a [grant agreement for the fourth phase](#) was approved in March 2025, followed by the signing of a [supplementary agreement to the third phase](#) in November. In August 2025, the Ukraine-Japan Economic Recovery Forum was held in Tokyo. Simultaneously, Japanese institutions are expanding their financial support: [the NEXI agency](#) confirmed its readiness to strengthen war risk insurance, while [the Japan Bank for International Cooperation](#) (JBIC) is developing financing instruments for the energy and industrial sectors.

The coordination of bilateral efforts is conducted through specialized formats, specifically meetings of Special Envoys for the recovery. They facilitate the synchronization of intergovernmental mechanisms and enhance the efficiency of project implementation on the ground. In November 2025, [a meeting](#) of Special Envoys for the recovery of Ukraine was held in Warsaw on the sidelines of the ReBuild Ukraine – 2025 conference. This G2G format was dedicated to strengthening the coordination of financing and the implementation of reconstruction projects.

### 2.3

## FINANCIAL ASPECTS OF RECOVERY: KEY STAKEHOLDERS' PERSPECTIVES

The discussions revealed a broad consensus: without transparent and efficient control mechanisms, reconstruction will be accompanied by high corruption risks and a loss of trust. This concerns not only the prevention of abuses but also the legitimacy of the entire process for both international partners and citizens.

Participants emphasized that Ukraine already possesses transparency tools (digital systems, e-procurement, monitoring); however, their effectiveness depends on the quality of application, verification procedures, and accountability. A multi-level control system that combines state, international, and public oversight is a key requirement.

At the same time, the need for balance was highlighted: excessive bureaucratization could slow down the recovery. Overall, transparency and accountability are viewed as part of a broader transformation of public resource management, which includes strengthening institutional capacity and fostering a culture of responsibility.

Participants unanimously agreed that full-scale recovery of Ukraine is impossible without the involvement of private capital, as the scale of needs exceeds the capacities of the state and donor assistance. However, investments do not occur automatically and require the creation of transparent, predictable, and level playing field conditions for business.

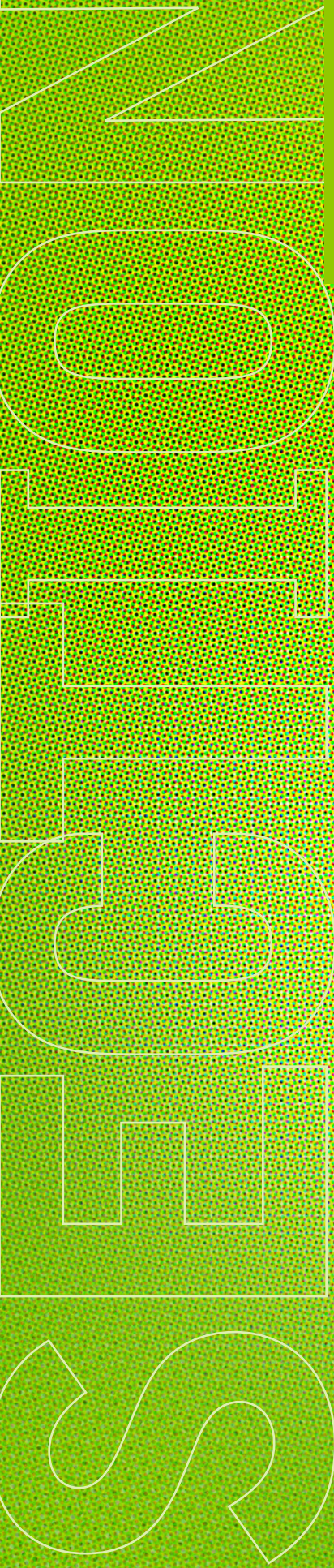
Key factors for attracting the private sector include risk mitigation, clear state policy, and the development of partnership instruments between the state, local communities, and business. Local business plays a special role as a vital driver of the economic recovery of territorial communities.

Additionally, participants pointed to potential risks, including the necessity of adhering to sustainable development principles, preventing unfair practices, and ensuring a balance between market openness and the protection of national interests. In this context, the private sector is viewed not only as a source of funding but as a partner in economic transformation and the implementation of innovations.



# SECTION 3

INSTITUTIONAL AND COORDINATION  
MECHANISMS FOR RECONSTRUCTION



# SECTION 3

## INSTITUTIONAL AND COORDINATION MECHANISMS FOR RECONSTRUCTION

Throughout 2025 and early 2026, a multi-level institutional system for reconstruction management was formed in Ukraine, integrating national executive authorities, international coordination platforms, and mechanisms for interaction with donors and business. At the same time, this system remains complex and multi-component, creating risks of overlapping functions and requiring further alignment between different levels of governance.

In parallel, there is an expanding role for non-state actors — think tanks, civil society organizations, and businesses — which provide expert support, monitoring, and investment attraction. However, their integration into decision-making processes remains limited, while institutional capacity and corruption risks remain among the key persistent challenges.

## 3.1

**INSTITUTIONAL ARCHITECTURE AND  
COORDINATION OF RECONSTRUCTION  
ON THE NATIONAL LEVEL**

The reconstruction process is implemented through a system of governmental institutions, the [Ministry for Development of Communities and Territories of Ukraine](#) plays a key role within this system. It is responsible for shaping recovery policy, coordinating infrastructure projects, and interacting with international partners.

The State Agency for Restoration and Infrastructure Development of Ukraine plays an important role in the practical implementation of reconstruction projects. Its activities are managed and coordinated by the Cabinet of Ministers of Ukraine through the Vice Prime Minister for the Restoration of Ukraine — Minister for Development of Communities and Territories.

[According to official data](#), in 2025, the Agency implemented reconstruction projects in 18 regions of Ukraine with a total international financing portfolio of approximately EUR 1.8 billion. Throughout the year, 11 projects were implemented with participation of international financial organizations, 6 loan agreements were concluded, and 21 international agreements and 17 memoranda of cooperation were signed with international partners. The primary directions of activity included the restoration of road and bridge infrastructure, the development of border logistics, and projects in the housing and communal services sector. Simultaneously, investment project preparation tools were introduced, particularly in the field of public-private partnerships, along with digital infrastructure monitoring systems aimed at enhancing management efficiency and generating additional budget revenues.

Particular note should be taken of the role of the Ministry of Energy of Ukraine, which expanded significantly in 2025, specifically within the

context of preparations for and management of the 2025–2026 heating season. Russia's massive attacks on energy infrastructure necessitated the continuous restoration of damaged facilities, the development of backup capacities, and the strengthening of energy resilience. Under these circumstances, the recovery of the energy sector has evolved into a continuous process that integrates emergency restoration with elements of long-term infrastructure modernization.

Attention should be drawn to the reform of the central executive authorities implemented in July 2025. By decision of the Cabinet of Ministers of Ukraine, three key ministries — the Ministry of Economy of Ukraine, the Ministry of Environmental Protection and Natural Resources of Ukraine, and the Ministry of Agrarian Policy and Food of Ukraine — [were merged](#) into the newly established Ministry of Economy, Environment, and Agriculture of Ukraine. Simultaneously, the Ministry of Agrarian Policy and the Ministry of Environmental Protection were liquidated, with their functions transferred to the newly formed ministry as their legal successor.

From a public policy perspective, this reform is aimed at fostering an integrated approach to economic development, reconstruction, and natural resource management. Specifically, it involves aligning investment policy, the agricultural sector, and environmental regulation within a single institution.

However, in our view, such an institutional transformation relates to certain risks. Specifically, the consolidation of economic, agricultural, and environmental functions within a single entity has led to a shift in priorities toward

economic growth at the expense of climate and environmental considerations. This, in turn, has weakened the integration of "green" principles into reconstruction processes and reduced the significance of the environmental component in the formulation of state policy.

Furthermore, in 2025, the role of the **Strategic Investment Council** was strengthened; it is responsible for developing a unified portfolio of public investment projects and their prioritization. This facilitates a more systemic approach to resource allocation and allows for the minimization of project duplication.

The **Recovery and Reform Delivery Office** under the Cabinet of Ministers of Ukraine (RDO) plays a vital role in the coordination system, providing analytical, expert, and coordination support for government reforms and reconstruction processes. Based on the results of 2025, the RDO focused on facilitating key reforms in public investment, infrastructure restoration, digitalization, and European integration, serving as a pivotal link between the government, international partners, and expert community.

The Ukrainian **Parliament** plays an important role in shaping the legal framework for reconstruction. Verkhovna Rada ensures the adoption of legislation necessary for the implementation of reforms and exercises parliamentary oversight over the use of both budgetary and international funds. In 2025, legislative initiatives aimed at reforming the public investment management system, strengthening anti-corruption mechanisms, and aligning national legislation with the EU *acquis* were of particular importance.

The **DREAM** (Digital Restoration Ecosystem for Accountable Management) platform plays an important role in the reconstruction coordination system, serving as the unified state digital ecosystem for managing recovery projects. As of 2025, the platform encompasses thousands of projects at various stages of implementation,

ensuring transparency, accountability, and coordination among government bodies, donors, and communities. It enables the tracking of the full project life cycle — from planning and prioritization to funding and final delivery.

Institutions working with investments play a vital role in engaging the private sector in reconstruction processes. In particular, **UkraineInvest** — the government office for investment attraction and support — serves as the key intermediary between the state and international investors. In 2025, the activities of such institutions intensified, specifically in promoting reconstruction projects across international platforms.

A distinct area of institutional change involved the formation of new coordination mechanisms at various levels and in different directions. At the governmental level in 2025, a series of such structures were established, including the **Coordination Center for Regional Recovery**, the **Coordination Center for the Management of Regions under current or past hostilities or those temporarily occupied**, and the **Coordination Center for the Engineering Protection of Critical Infrastructure**.

In 2026, this list was expanded: in February, the **Interagency Coordination Commission on Regional Development** was established as a permanent inter-ministerial body, followed in March by the **Coordination Center for the Implementation of Comprehensive Resilience Plans for Regions and Cities**. In the sectoral dimension, the **Coordination Council for the Development of Agricultural Bioenergy Potential** was also created.

The common objective behind the establishment of these institutions is to unify and coordinate the efforts of government authorities, communities, and regions, as well as civil society, business, and the expert community in the formulation and implementation of reconstruction projects and programs.

## 3.2 INTERNATIONAL COORDINATION MECHANISMS

In 2025, international coordination of Ukraine's reconstruction functioned as a multi-level system; established political, financial, and operational mechanisms continued to operate within this system.

Ukraine Recovery Conference (URC) belongs to strategic and political level, it facilitates the formation of a shared vision among governments, international organizations, business, and civil society. In 2026, [the conference](#) will be held in Gdańsk (Poland). URC 2026 will cover six thematic areas. In addition to the established dimensions of the conference — business, human, local and regional, and European — a security dimension has been added for 2026. This reflects the fact that Ukraine's defense-industrial potential is viewed not only as a critical security element but also as one of the key drivers of recovery and economic growth.

At the level of permanent institutions, a pivotal role is played [by Ukraine Donor Platform](#), which ensures the regular alignment of financial support, reforms, and recovery priorities among Ukraine, the G7 countries, the EU, and international financial institutions. In 2025, the Platform's activities intensified, notably through the conducting of the 13th and 15th Steering Committee meetings, and the latter held in an in-person format in Kyiv for the first time over a long period.

A key element of the international coordination architecture is the EU **Ukraine Facility**, which, in addition to its financial role, performs a coordination function as well. By linking funding to the implementation of the Ukraine Plan, this mechanism ensures the alignment of reforms, investment priorities, and budgetary support

between Ukraine and the EU. The investment component of the Ukraine Facility — the [Ukraine Investment Framework](#) (UIF) — further serves as a platform for coordination between the European Commission, international financial institutions, and national development institutions, directing resources toward priority reconstruction projects.

A separate level of international coordination is formed by operational and investment platforms, among them the **ReBuild Ukraine** format significantly strengthened in 2025. It is seen as one of the leading European platforms for coordinating and promoting Ukraine's recovery projects. The platform primarily focuses on areas such as infrastructure, industry, energy, and the housing sector, facilitating interaction between the state, the business sector, and international partners.

Within this process, new coordination formats emerged in 2025. Specifically, the Ministry for Communities and Territories Development, together with its partners, announced the launch of the **Recovery Task Force** — a joint team of donors and government representatives aimed at synchronizing decisions and avoiding the duplication of efforts. Additionally, the preparation of a **Recovery Fund** was initiated to finance reconstruction projects based on the Unified Public Investment Project Pipeline.

Furthermore, within the **ReBuild Ukraine** framework, a **meeting of Special Envoys for the Recovery of Ukraine** from 17 countries and the European Commission was held, effectively launching a distinct intergovernmental (G2G) coordination format in the field of reconstruction.

# ARCHITECTURE OF INTERNATIONAL COORDINATION MECHANISMS FOR UKRAINE'S RECOVERY



## 3.3

NON-GOVERNMENTAL IMPACT ON  
RECONSTRUCTION PROCESSES

Ukrainian think tanks and civil society organizations played a vital role in shaping reconstruction policy in 2025, providing expert support to the government, international partners, and communities.

Compared to the initial stage of the full-scale war, their participation became more visible in 2025; however, the level of participation in decision-making processes remains limited.

Within the framework of URC 2025 and related events, particular emphasis was made on the need for broader engagement of civil society organizations in policy development, monitoring, and the implementation of reconstruction projects.

Substantively, their activities cover several key areas. Specifically, they participate in the preparation of analytical materials for damage and reconstruction needs assessments and are involved in developing investment projects and engaging with international donors, including the promotion of Ukraine's investment opportunities on international platforms. Another vital area is their participation in the formulation and implementation of sectoral policies. For instance, in the energy sector think tanks provide expert support on energy security, infrastructure restoration, and integration into the EU energy market.

Furthermore, they provide analytical support for economic recovery policies, particularly regarding macroeconomic stability, labor market development, and investment attraction. Their research is used in the formulation of government decisions and international support programs for Ukraine. A distinct role is played by the function of independent monitoring of reforms,

enhancing the transparency of public policy, and communicating reconstruction results, which fosters the strengthening of accountability of the state institutions.

Such organizations include, in particular, the [Kyiv School of Economics](#) (KSE Institute), [DiXi Group](#), [the Center for Economic Strategy](#) (CES), [VoxUkraine](#), as well as other think tanks and civil society organizations.

Public participation in reconstruction processes remains predominantly indirect, carried out through mechanisms of public consultations, local discussions, and representative tools, rather than through direct participation in decision-making.

In 2025, business is gradually becoming a more significant participant in reconstruction processes. International partners, notably the World Bank and the European Union, [emphasize](#) the necessity of more active private sector engagement, as public and donor resources are insufficient to cover all recovery needs.

In this context, public-private partnership mechanisms, investment guarantee instruments, and risk mitigation tools — particularly war risk insurance — are of particular importance. These specific instruments are viewed as key to scaling investments in Ukraine's reconstruction.

Platforms such as ReBuild Ukraine and the URC Business Dimension have emerged as distinct tools for integrating the private sector/business into reconstruction processes, bringing together companies, investors, and communities to present and finance recovery projects. Thus, a new model is gradually taking shape — one where reconstruction is viewed as an investment market rather than solely a sphere of donor assistance.

At the same time, despite the gradual expansion of public participation and business involvement, their integration into the decision-making pro-

cess remains uneven. The potential for interaction between the state, the private sector, and civil society is not being fully used.

## 3.4

## INSTITUTIONAL CHALLENGES OF RECONSTRUCTION MANAGEMENT: PERSPECTIVES OF MAJOR STAKEHOLDERS

Discussions revealed that focus groups' participants identify corruption risks and limited institutional capacity as key, closely interconnected challenges in Ukraine's reconstruction process. In their view, corruption is often not an isolated problem but a consequence of institutional weakness, inefficient management procedures, and flawed mechanisms for the recruitment and performance of civil servants. In this context, transparency and oversight are viewed as a basic "hygienic" condition for state functioning, while an effective reconstruction management system must provide clear accountability procedures, transparent decision-making rules, and robust institutional mechanisms that minimize opportunities for abuse.

At the same time, participants emphasized that the fight against corruption cannot be reduced solely to increased oversight; it requires the building of capable institutions and a professional civil service. In large-scale reconstruction programs, it is difficult to entirely avoid corruption risks; therefore, it is important to establish mechanisms for rapid response and for minimizing their impact on trust in the recovery process. Particular emphasis was made on the risk of losing public support for anti-corruption policy if it remains formal in nature or fails to deliver tangible results.

Thus, transparency and oversight constitute a fundamental prerequisite for good governance, while institutional development serves as a key factor for the long-term effectiveness of the reconstruction process.

Regarding public participation, participants generally support the need to involve citizens in reconstruction processes as a vital condition for the legitimacy of and trust in decisions. At the same time, the idea of universal digital voting for the selection of reconstruction projects was not supported. Participants noted that decision-making on complex infrastructure or strategic projects requires specialized knowledge and comprehensive analysis; therefore, mass voting could lead to populism and the oversimplification of complex managerial decisions.

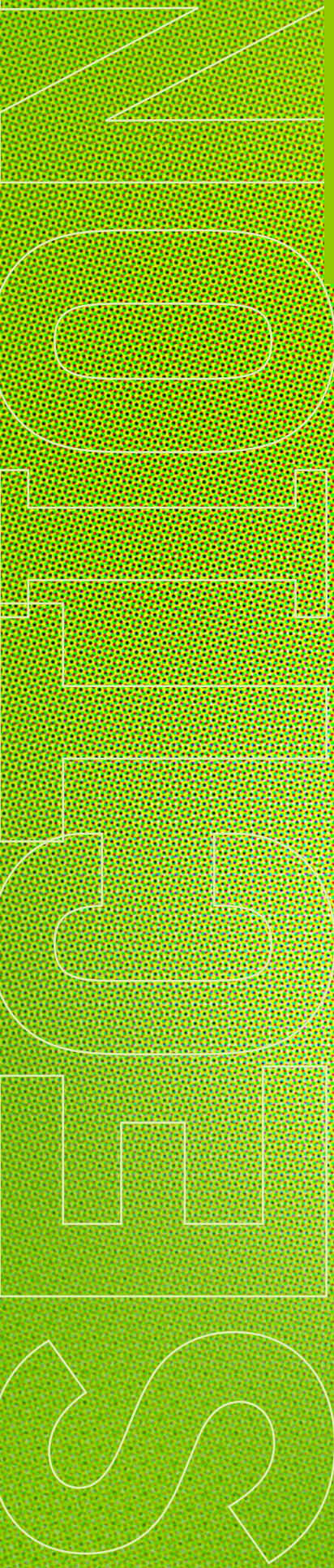
Instead, a more effective approach is seen in the combination of various forms of public participation — including consultations, public discussions, digital tools as a supportive mechanism, as well as expert assessments and representative procedures. While digital tools may be appropriate for local or social projects, their universal application is limited by unequal access, levels of digital literacy, and security challenges, particularly in frontline communities.

Consequently, the focus group results demonstrate that the effective reconstruction of Ukraine depends not only on financial resources but also on institutional capacity, the quality of public administration, and a balanced combination of accountability, transparency, and public participation in decision-making processes.



# SECTION 4

PROCESSES OF RECOVERY  
OF COMMUNITIES AND REGIONS  
IN UKRAINE



# SECTION 4

## PROCESSES OF RECOVERY OF COMMUNITIES AND REGIONS IN UKRAINE

In 2025 and early 2026, the recovery processes for communities and regions in Ukraine gradually shifted toward long-term strategic planning. This approach is rooted in the “Build Back Better” principle and incorporates the security dimension of regional development. Particular attention is paid to frontline territories, specifically through the development of comprehensive resilience plans, the expansion of distributed energy generation, and increasing the protection of critical infrastructure systems.

At the same time, the implementation of multi-level governance and subsidiarity principles is accompanied by a clearer division of powers between the state, regions, and communities, as well as implementation of the public investment management (PIM) reforms. International support increasingly combines funding with expert guidance aimed at strengthening the capacity of communities and regions throughout the recovery process.

## 4.1

**DIRECTIONS FOR REFORMING  
THE RECOVERY OF REGIONS AND  
COMMUNITIES**

In 2025, the reconstruction of communities and regions became as a separate direction of public policy. At the same time, its implementation was closely linked to regional policy reform, decentralization processes, the development of multi-level governance, and Ukraine's European integration course.

The reform of state regional policy has significantly influenced approaches to the recovery of regions and communities. In 2025, the legal framework was updated, and key strategic development documents were revised. In particular, amendments to the State Strategy for Regional Development for 2021–2027 enshrined the "Build Back Better" principle, integrated a security-oriented approach into spatial planning, and designated frontline territories as a distinct category entitled to priority governmental support. In September 2025, the Cabinet of Ministers of Ukraine approved the Action Plan for 2025–2027 on implementation of this Strategy, covering a wide range of measures—from the reintegration of de-occupied territories to the modernization of social infrastructure. Simultaneously, the Ministry for Communities and Territories Development began preparing a new strategic planning methodology for regional policy for the 2028–2034 period, signaling a shift toward long-term planning that extends beyond crisis response.

In 2025, regional development strategies were updated to account for the impact of the full-scale war and the amendments to the State Strategy for Regional Development. As of November, 21 regions had already updated their strategies. Since November 2025, the approval of action plans for their implementation for the 2025–2027 period has commenced, signaling a transition

from the development of strategic documents to their practical implementation. In early 2026, this process was further bolstered by the updating of [legal frameworks](#): the government improved the procedures for the development, approval, monitoring, and evaluation of regional strategies. Simultaneously, a revision of methodological guidelines for regions and communities is underway, aimed at improving the quality of strategic planning at the local level.

Decentralization, the development of multi-level governance, and the course toward European integration create opportunities to strengthen the capacity of regions and communities. Their practical implementation enhances the role of the local level in planning and implementing recovery projects. At the same time, challenges remain regarding the delineation of powers between state authorities and local self-government, as well as insufficient coordination between them. This negatively impacts the effectiveness of recovery processes at the national, regional, and local levels.

The reform of the delineation of powers between the state and communities is a key prerequisite for effective recovery at the local level. In 2025, a relevant [Working Group](#) was established under the Ministry for Development of Communities and Territories, and regional [consultations](#) were held with representatives of local self-government. Based on their results, a draft law was prepared that defines the legal framework for the distribution of powers between local self-government bodies of various levels and executive authorities, in accordance with the principle of subsidiarity. In April 2026, the Verkhovna Rada of Ukraine adopted this draft law [as a basis](#).

Insufficient coordination and lack of alignment across different levels of governance remain among the key challenges for recovery. This complicates long-term planning and limits the implementation of the "build back better" principle as a comprehensive transformation of economic, social, and spatial development, rather than merely physical restoration. To strengthen coordination, [the Coordination Center](#) for Regional Recovery was established in 2025. Its task is to align the actions of state authorities, local self-government, and other stakeholders, as well as to reconcile regional needs with national reconstruction priorities.

The war has brought unprecedented challenges to Ukraine, while the acceleration of **European integration** has opened new opportunities for development. Simultaneously, these processes have revealed limitations in the capacity of communities and regions to effectively respond to these new conditions. In December 2025, the Government of Ukraine adopted a resolution defining key reforms and objectives, [accounting for marital law conditions](#) and preparations for EU membership. However, this is a program document in nature and requires the further development of practical implementation mechanisms.

In 2025, the recovery of frontline and temporarily occupied territories became one of the key priority areas. In January, [the Coordination Center](#) for the Management of Regions under current or past hostilities or those temporarily occupied by the Russian Federation was established. Subsequently, [a mechanism](#) for systemic support of frontline territories was introduced. This mechanism involves designating deputy ministers responsible for this track within ministries and other central executive bodies, as well as within the State Special Communications Service, the State Nuclear Regulatory Inspectorate, NEURC (National Energy and Utilities Regulatory Commission), and the State Property Fund.

The support program for frontline territories covers [communities](#) across ten regions (Dnipropetrovsk, Donetsk, Zaporizhzhia, Luhansk, Mykolaiv, Odesa, Sumy, Kharkiv, Kherson, and Chernihiv regions) and is designed for a 10-year period. It identifies five key priorities: people, housing, security, health, and business. Specifically, the program provides for creating conditions for a decent life, ensuring access to housing on preferential terms (including partial cost compensation and specialized credit mechanisms), establishing a comprehensive security system for the population and critical infrastructure, improving access to healthcare services, and fostering a favorable environment for business operations and investment attraction.

For the practical implementation of the support mechanism for frontline territories, the Government has been developing aid packages for communities and regions and introducing targeted measures. These include restoration according to [EU standards](#) and support for the development of [land irrigation system](#).

Enhancing the resilience of regions and communities has become a key pillar of public policy. This has gained particular significance amid systemic attacks on energy infrastructure, which cause threats not only to reconstruction but also to basic life support systems. In March 2026, [an experimental project](#) was launched to strengthen the resilience of regions and specific cities. It is based on comprehensive resilience plans — a practical tool for preparing communities to the challenges of war. These plans include measures for protecting critical infrastructure and life support systems, developing distributed generation, and ensuring the uninterrupted heat, water, and gas supply. In the same month, these plans were approved by a [decision](#) of the National Security and Defense Council (NSDC) of Ukraine.

For coordination and alignment, the actions of central and local executive authorities, [the Coordination Center](#) for the Implementation of Com-

prehensive Resilience Plans for Regions and Specific Cities was established in March 2026.

The Public Investment Management reform has significantly influenced the recovery processes of communities and regions. Throughout 2025, a transitional model of this reform was implemented, facilitating a shift toward medium-term planning and strengthening the quality requirements for investment project preparation at the local and regional levels. As of the end of 2025, over 60% of medium-term priority investment plans had been approved, including 21 plans at the regional level and 903 at the local level.

Based on medium-term plans, a unified public investment project portfolio is formed for each region or territorial community, which is approved by the local investment council. Starting from 2026, the financing of public investment projects from local budgets is only possible if they are

included in the Unified Project Pipeline of the community or the region. The same requirement applies to projects funded from the state budget, specifically through the State Fund for Regional Development.

In the autumn of 2025, 48 projects funded by the State Fund for Regional Development were selected. Their implementation took place within the transitional public investment management model using the DREAM system. As of early 2026, 844 medium-term priority public investment plans from communities and 23 regions, as well as 685 Unified Project Pipelines from communities and 21 regional administrations, have been entered to the DREAM system. At the same time, experts note that one of the key challenges is the gap between the high requirements of the reform and the actual capacity of the communities, particularly due to the lack of qualified personnel to prepare high-quality project documentation.

## 4.2

## PROGRAM SUPPORT OF RECOVERY ON THE LEVEL OF COMMUNITIES AND REGIONS

In 2025 and early 2026, there was a system of projects and programs aimed at direct support of communities and regions recovery. These initiatives not only provided funding but also facilitated the development of tools and mechanisms to enhance local capacity.

The support system integrates international multilateral and bilateral initiatives involving international organizations, financial institutions, and partner governments. Its key areas encompass strategic planning for regional development and recovery, strengthening the institutional capacity of local self-government bodies through training and consultancy, and providing assistance to communities that have suffered significant

destruction or are in frontline regions. Attention is paid to ensuring continuous access to essential services—power, water, and heat supply, education, and healthcare — as well as the restoration of critical infrastructure facilities.

These approaches were implemented through specific programs and projects, specifically:

- some of them were completed in 2025 (including the Council of Europe Programme "Strengthening Good Democratic Governance and Resilience in Ukraine," the Special Assistance Programme for Ukraine / EU4Resilient Regions, and the EU4Recovery "Empowering Communities in Ukraine" (UNDP));

- Ongoing initiatives in 2025 (such as U-LEAD, UCORD, and Polaris);
- Suspended initiatives (certain programs were halted due to the cessation of USAID funding and the subsequent liquidation of the agency (e.g. the DOBRE program));
- New initiatives launched in 2025 (including the EU4Reconstruction and the "Recovery for All" (RFA) project).

**EU4Reconstruction** is a joint initiative of the EU, Denmark, Germany, France, and Lithuania, launched in July 2025 under the Team Europe approach with a budget of EUR 37 million. The program covers four areas, including support for communities in planning, financing, and implementing projects in accordance with EU standards, as well as expanding the participation of citizens, civil society organizations, and the media in monitoring recovery. In January 2026, the selection of the first wave of partner communities began (up to 50 communities/hromadas from across Ukraine) to provide comprehensive support. This includes developing local development strategies for 2028–2034, updating medium-term priority public investment plans, development of the capacity of officials and teams working with public investment, and integrating the principles of the New European Bauhaus into project preparation.

In 2025, the "Recovery for All" (RFA) project, funded by the Government of Canada and implemented by Alinea International, began its operations. Its goal is to support Ukrainian communities in overcoming the consequences of the war, improving planning systems, and implementing digital tools for recovery management. The project works directly with 35 communities, providing support in the development of recovery plans and in attracting funding for the implementation of large-scale projects. Furthermore, in March 2025, RFA, in collaboration with the Ministry for Communities and Territories Development,

developed the Opportunity Map for Communities and Business — a tool that provides access to information on the grant programs, educational opportunities, and professional events.

The Swiss-Ukrainian project "Ukraine's Cohesion and Regional Development" (UCORD), launched in late 2022, in 2025 focused on strengthening the role of Regional Development Agencies as key operators of regional recovery. Under the project, partner agencies from Volyn, Ternopil, Khmelnytskyi, Vinnytsia, Sumy, and Odesa regions received support. In late 2025, five additional agencies (from Zakarpattia, Ivano-Frankivsk, Lviv, Mykolaiv, and Rivne regions) became winners of the "Regional Future" grant program, aimed at supporting recovery and strengthening their institutional capacity as coordination platforms and drivers of economic development of the regions.

A special role in the community support system is played by the national project "Side by Side: Cohesive Communities" aimed at strengthening their capacity through partnership and cohesion mechanisms. The project was officially presented in December 2024, its practical implementation started in 2025. The project is based on pairing partner communities (from rear and central areas) with "outpost" communities located on the front line or near the border. The goal is to support and restore their infrastructure, ensure critical services functioning, and strengthen national unity. At the end of 2025, the Ministry for Communities and Territories Development invited European municipalities to join the project. In March 2026, five Ukrainian communities signed a partnership memorandum with the Polish city of Grybów (Małopolskie Voivodeship). A distinctive feature of this format is the "one city – several communities" model, which allows a single European partner to cooperate with a network of Ukrainian municipalities, including those in frontline areas.

## 4.3

## PUBLIC PARTICIPATION AND THE ROLE OF COMMUNITIES IN RECONSTRUCTION: PERSPECTIVES OF MAJOR STAKEHOLDERS

Discussions regarding public participation, the role of the municipal level, and the specificities of frontline communities revealed broad support for a more inclusive model of Ukraine's reconstruction. Focus group participants agree that the engagement of citizens and communities is a vital condition for the legitimacy of decisions, increasing trust in government, and enhancing the effectiveness of recovery.

At the same time, support for participation does not imply support for universal or oversimplified mechanisms. The idea of national digital voting for the selection of reconstruction projects did not receive broad approval. Participants noted that complex infrastructure and strategic decisions require expert assessment, professional analysis, and strategic planning. Mass voting could lead to the oversimplification of decisions and the rise of populism; therefore, digital tools are more appropriate as a supportive mechanism — for consultations, gathering feedback, and increasing transparency, particularly at the local level.

Strong support was expressed for strengthening the role of communities in determining reconstruction priorities. Participants emphasized that the best understanding of municipal needs are at the local level and it should play a key role in project drafting. However, the effectiveness of such a model depends on the

institutional capacity of communities, which varies significantly. In this regard, the need to combine local initiative with state coordination, strategic planning, and independent expert assessment was emphasized, along with improving interaction between the local, regional, and national levels.

Participants paid particular attention to the peculiarities of frontline communities. While there was no consensus on creating a separate component for them within national reconstruction plans, most agreed that these communities require adapted approaches. This involves more flexible project implementation procedures, the consideration of security risks, rapid decision-making, and special financing conditions. At the same time, it is important to avoid creating unequal access to resources and to ensure transparent criteria for support.

Overall, the focus group results indicate the need to establish a multi-level recovery management model that combines public participation, the leading role of communities in defining local priorities, and strategic coordination by the state. Such a model envisages the use of various participation tools — from consultations and discussions to digital platforms — combined with expert assessment and a clear system for the distribution of powers and responsibilities.

# SECTION 5

GREEN RECOVERY INTEGRATION  
INTO THE PROCESS OF UKRAINE'S  
RECONSTRUCTION

# SECTION 5

## GREEN RECOVERY INTEGRATION INTO THE PROCESS OF UKRAINE'S RECONSTRUCTION

In 2025 and early 2026, certain aspects of green recovery were gradually integrated into strategic documents and sectoral regulations. However, this process remains insufficiently systemic due to the absence of a specific law that would clearly define the concepts, principles, and instruments of green recovery. This limits the realization of environmental dimension of reconstruction and highlights the need for a more comprehensive approach that includes not only the physical restoration of infrastructure but also the complex recovery of the environment.

The interaction between international partners and civil society has been a crucial factor in advancing the green agenda. Multilateral institutions and bilateral partners consistently support the integration of environmental aspects into reconstruction. Simultaneously, the civil society sector has established itself as a key driver of green recovery — ranging from the preparation of analytical research and the development of monitoring tools to the implementation of projects at the local level.

## 5.1

STRATEGIC AND LEGAL APPROACHES  
TO GREEN RECOVERY IN UKRAINE

In 2025, the issue of legislative framework for green recovery remained unresolved. One of the key anticipated steps was the adoption of the Law of Ukraine "On the Principles of Green Recovery of Ukraine." On June 30, 2025, the Ministry of Environmental Protection and Natural Resources of Ukraine, in cooperation with UNDP Ukraine, presented the relevant [draft law](#), positioning it as the foundation for establishing unified rules and criteria for green recovery. The document consisted of seven chapters and provided for unified terminology, the definition of green recovery principles and criteria, the introduction of sustainability assessments, the regulation of green investment, as well as specific provisions for the restoration of critical infrastructure. Furthermore, the draft law established the foundations for good governance and strategic planning at the national level.

As of April 2026, the law hasn't been yet adopted and remains in the drafting stage. This creates a significant gap in the regulatory framework, particularly due to the lack of clear definitions and approaches to green recovery. The absence of unified, legally binding criteria increases the risk of formal "greenwashing" of projects that replicate previous development models without incorporating environmental requirements.

At the same time, certain aspects of green recovery have been integrated into the state policy strategic documents. In particular, the December 2025 amendments to the State Strategy for Regional Development 2021–2027 enshrined the "build back better" principle, which envisages the "adoption of nature-based solutions" in the recovery of regions and communities. However, despite the formal inclusion of this principle, it currently lacks a clear operational framework at

the project implementation level, which limits its practical application.

In December 2025, [the State Program](#) for the Development of International Territorial Cooperation for 2025–2027 was adopted, incorporating green recovery as a conditionality for providing state financial support. The priority areas for the implementation of projects and programs include:

- The "green" transition and digital transformations in regional development as instruments for overcoming the consequences of war and advancing European integration;
- The protection and restoration of the environment, ensuring environmental safety, and mitigating the climate change effects.

In the field of climate policy, a series of strategic documents were adopted in 2025 that, directly or indirectly, establish the green recovery approach as the foundation for Ukraine's reconstruction. On October 29, the Cabinet of Ministers [approved](#) Ukraine's Second Nationally Determined Contribution ([NDC-2](#)) to the Paris Agreement. NDC-2 is for Ukraine not merely a climate commitment but also a strategic framework for integrating green reconstruction principles into post-war recovery. A similar approach is included in the Long-term Low-carbon Development Strategy until 2050, which envisions a transition from restoring what was destroyed toward forming a low-carbon development model.

At the end of 2025 and the beginning of 2026, the draft [Strategy for the Conservation of Biological Diversity](#) of Ukraine until 2035 and [the Circular Economy Development Strategy](#) until 2035 were published. Both documents

account for the challenges caused by the war and define approaches to recovery in relevant spheres. Simultaneously, operational plans for existing strategies are being updated. Specifically, the [Operational Plan](#) for the implementation of the State Forest Management Strategy until 2035 provides for measures to restore forests damaged because of the war.

In 2025, several state programs were approved that integrate specific elements of green recovery into infrastructure modernization processes. These include the modernization of [drainage and wastewater treatment systems](#), the energy modernization of [heat supply](#), and the thermal modernization of [buildings](#). Some programs have a comprehensive regional focus. In particular, [the National Target Program](#) for the Just Transition of Coal Regions of Ukraine until 2030 stipulates the consideration of environmental sustainability as a prerequisite for a just transition. However, these provisions remain declarative in nature and require the development of clear mechanisms for practical implementation.

Despite the fact that certain aspects of green recovery are being integrated into legislation, sectoral and thematic strategies, and operational plans, these initiatives remain insufficiently coordinated without a framework law. As a result, they function as parallel tracks rather than a coherent system.

Despite some positive dynamics in integrating environmental approaches into reconstruction

processes, certain trends reveal a risk of a **gradual weakening of environmental standards**. These processes are noticed both at the level of regulatory formulation and in its practical application, requiring special attention from state authorities, civil society, and Ukraine's international partners.

An example of regressive legislative changes is the [Draft Law](#) No 15040-01, registered in March 2026, which proposes a significant increase in the threshold for mandatory Environmental Impact Assessment for intensive aquaculture facilities — from an annual capacity of 10 tons to 1,000 tons. The adoption of such a provision would effectively exempt most aquaculture enterprises from the EIA procedure, contradicting the principles of environmental integration and Ukraine's obligations regarding approximation to EU environmental legislation.

The issue of the quality of practical application of existing legislation is no less urgent. The construction of a wind power plant on the Polonyna Runa, along with the subsequent issuance of an Environmental Impact Assessment (EIA) decision by the Ministry of Economy allowing the planned activity, has attracted [significant public and parliamentary attention](#). Alongside the advancement of new reforms, it remains fundamentally important to maintain already achieved standards: preventing regressive changes in legislation and its application practices must be considered as a separate priority for green recovery.

## 5.2 INTERNATIONAL SUPPORT OF GREEN RECOVERY

International support for integrating the environmental component into Ukraine's recovery is implemented through several key approaches: conditional financing, when funding is linked to the achievement and verification of environmental indicators; standardization, which involves support in exchange for the implementation of environmental norms, particularly EU standards; and the financing of targeted "green" projects, where the environmental objective is a priority.

A separate venue for coordination is the [Platform for Action on the Green Recovery of Ukraine](#), launched in June 2024 at the Ukraine Recovery Conference in Berlin with the support of the German Government, together with UNEP, UNECE, and the OECD, in cooperation with the Government of Ukraine. In April 2025, the [Platform's First Stakeholder Forum](#) took place, bringing together over 800 representatives from state authorities, international organizations, financial institutions, civil society, and the private sector to assess progress and define priorities for the next year. In December 2025, during a meeting of the Platform's Coordination Group, the project initiative ["Support for the Development of Green Investment and Financing"](#) was presented and approved for implementation. The project involves selecting 2–3 municipal facilities in the sewerage, waste management, and energy sectors for a comprehensive investment cycle analysis and assessment according to the green criteria.

Multilateral financial institutions have a key role in shaping systemic support for Ukraine's recovery; however, the degree of integration of environmental aspects can vary significantly even within a single institution. Specifically, in the World Bank's RISE program ("Resilient, Inclusive, and Sustainable Entrepreneurship"),

environmental sustainability is defined as one of the support criteria, with disbursements linked to the achievement and verification of specific indicators. Based on the program's performance in 2025, the State Budget of Ukraine received USD 290 million. At the same time, [the DRIVE project](#) ("Developing Resilient Infrastructure in Vulnerable Environments in Ukraine") serves as an example of a large-scale infrastructure initiative where climate adaptation is a central element. The project [aims](#) not only at restoring transport infrastructure but also at enhancing the road network's resilience to climate change impacts.

Some support instruments combine multiple goal-oriented approaches, integrating green issues with other recovery priorities. Specifically, in the autumn of 2025, the Ministry for Development of Communities and Territories of Ukraine, in collaboration with the EIB, JASPERS, and UNICEF, signed [an agreement](#) on water infrastructure resilience. It brings together loan financing, technical expertise and governmental coordination in a sector where the green and humanitarian dimensions are closely interconnected.

UNDP is one of the key agencies systematically supporting the integration of green recovery principles in Ukraine. Specifically, in early 2025, UNDP Ukraine, with support from the governments of Japan and the Republic of Korea, as well as the Ukraine Community Recovery Fund (UCRF), launched [an initiative](#) for debris removal and management. At the same time, the "Area-Based Recovery in Ukraine" [project](#), with the implementation period between 2025 and 2028 with a total budget of USD 120 million, aims at the comprehensive restoration of communities, local

economic development, and preparation for the challenges of European integration.

Some multilateral support projects have a distinct environmental focus, combining reconstruction efforts with sustainable development goals. At the end of 2025, international technical assistance [project](#) "Expanded Network of Nature Conservation Areas for Biodiversity Conservation and Development" was launched, aimed at preserving biodiversity and enhancing the climate resilience of the Carpathians.

**EU support** for green reconstruction is the most diverse, combining financial mechanisms and technical assistance with regulatory pressure. This combination determines the actual impact of EU participation in Ukraine's green recovery.

The systemic non-financial instrument is the approximation of EU environmental and climate legislation as a condition for EU membership, which simultaneously directly influences approaches to green recovery. Since Ukraine attained EU candidate status, significant progress has been made in the development and implementation of relevant legislation. Specifically, in April 2026, the Government of Ukraine approved the [National Program](#) for the Adaptation of Ukrainian Legislation to the EU Acquis, aimed at compliance with membership conditions. Within Chapter 27, "Environment and Climate Change" the Program identifies 69 objectives, 68 of which are transpositional in nature and envisage the partial or full implementation of 190 EU legal acts.

The EU supports Ukraine through a range of financial instruments; however, in the context of recovery and the support of regulatory reforms, the Ukraine Facility and the Ukraine Plan play a pivotal role. The green dimension is integrated into the Ukraine Plan through general principles and specific steps covering reforms in the spheres of environment, climate, energy, transport,

and agriculture. The implementation of these measures is a conditionality for receiving regular (quarterly) disbursements. In August 2025, amendments were made to the Ukraine Plan; however, they primarily concerned the timelines for implementation rather than the substantive content of the measures.

**Bilateral support** is characterized by more precise targeting of green priorities, as donor states have the capacity to directly link financing to specific sectors and expected outcomes.

Specifically, such support includes:

- Energy sector restoration, development of renewable generation and decentralized energy supply systems (Norway);
- Advancement of municipal solid waste management infrastructure (Sweden);
- Industrial recovery: implementation of environmentally friendly and clean production technologies (Japan);
- Sustainable land use development and environmental modernization of the agricultural sector (Denmark);
- Development of Municipal Energy Plans for communities (Netherlands);
- Energy-efficient modernization and industrial recovery complied with environmental requirements (Germany);
- Communities' reconstruction in full alignment with EU standards and regulations (Lithuania);
- Water management efficiency and modernization of land reclamation systems (Italy).

The "patronage" mechanism, where countries took leadership over specific regions — a tool used at the beginning of the full-scale war — lost its status as a priority instrument for bilateral support in 2025. Nevertheless, some donors (Denmark) continue to develop this approach. Specifically, in July, Denmark, in collaboration

with UNDP Ukraine, launched the three-year "Mykolaiv Strategic Partnership" [project](#) aimed at accelerating the reconstruction and recovery of the Mykolaiv region. The initiative focuses on

three key areas, including the strengthening of local self-government, particularly by enhancing the capacity of local authorities to play a leading role in recovery processes.

## 5.3

## CIVIL SOCIETY: FROM ADVOCATING TO IMPLEMENTING GREEN RECOVERY PROJECTS

Civil society has established a complex network of participation in green recovery that extends far beyond traditional monitoring and criticism — ranging from advocating for Ukraine's reconstruction based on green principles to providing practical assistance to communities.

Advocating for green recovery has become one of the key focuses of civil society activity in Ukraine. It served not only as a mean of expressing their position but, primarily, as a tool for influencing the development of state policy in the field of reconstruction.

Specifically, Working Group 3 "Environment, Climate Change, and Energy Security" of the Ukrainian National Platform of the Eastern Partnership Civil Society Forum, together with Working Group 5 "Energy, Transport, Environment, and Climate Change" of the Ukrainian Side of the Ukraine–EU Civil Society Platform, presented a joint [position paper](#) in July 2025 "The Reconstruction of Ukraine Must Be Based on the Principles of Sustainable Development and European Integration". This document formulated systemic civil society requirements for green recovery.

In November 2025, these working groups released a joint [appeal](#) regarding the improvement

of the implementation of the Ukraine Facility and the Ukraine Plan. They emphasized the need to strengthen the green component of these instruments and proposed specific approaches: ensuring the mainstreaming of green transition principles, introducing criteria to link financing volumes with achieved environmental outcomes, and ensuring the measurability of indicators in accordance with EU standards.

In 2025, the Ukrainian Climate Network developed the civil society [position](#) on key climate issues, including COP30, carbon credits, and climate commitments within the context of European integration. In January 2026, the UCN released [position paper](#) on Ukraine's Just Transition, which integrates climate goals with the social aspects of the shift, particularly during the coal phase-out process.

Expert and monitoring support for green recovery processes remains one of the most urgent and highly demanded areas of civil society activity. Representatives of the non-governmental sector were actively involved in drafting legislative amendments and strategic documents. They participated in preparing amendments to the Law of Ukraine "On the Main Principles (Strategy) of the State Environmental Policy of Ukraine for the Period until 2030," which requires revision to take account of

reconstruction challenges and Ukraine's EU accession process.

In 2025, a series of analytical research and reports dedicated to the green recovery of Ukraine were published. Some of them provide a comprehensive overview of the subject (e.g. the "[Roadmap for Ukraine's Sustainable Recovery](#)" and the "[National Comprehensive Report on Green Transformation for Ukraine](#)"), while others focus on specific aspects, such as the [assessment](#) of greenhouse gas emissions caused by the conflicts.

One of the important areas of civil society activity in promoting green recovery is the monitoring of reconstruction processes. This allows not only for recording the current progress but also for identifying trends and making proposals to improve recovery approaches. Specifically, in 2025, the "Recovery Spending Watchdog" [project](#) was implemented, within this project the [Big Recovery Portal](#) online platform was created. It aggregates information on reconstruction projects and public investments, provides analytics on related expenditures, and engages public in monitoring the quality, feasibility, efficiency and facilitating oversight of projects implementation.

The most prominent trend of 2025 was strengthening of the role of civil society organizations as developers of specific solutions and implementers of reconstruction projects. This is particularly significant in the context of the limited capacity of the entities directly responsible for recovery at the local level, allowing for a partial compensation of these institutional limitations.

Civil society traditionally plays a vital role in the development of strategic planning documents. Specifically, this involves the preparation of [green strategies](#) of recovery and development, as well as [municipal energy plans](#).

At the same time, the educational and awareness-raising track remained one of the most active. Civil society organizations developed and implemented [practical training programs](#) on green reconstruction, conducted workshops for community activists, and supported [educational activity](#) in frontline communities.

Information dissemination and providing access to information resources continue to be an important direction of civil society activity in Ukraine's reconstruction process, particularly its green dimension. These efforts are implemented in various forms: through the maintenance of specialized web resources containing [analytical](#) and informational materials, as well as the preparation of thematic [digests](#). A notable example of combining information and education with media engagement was the launch of [the podcast](#) "Eco-Future Today". This initiative shapes public discourse around green recovery, covering topics ranging from renewable energy to sustainable transport and European integration.

Since the beginning of the full-scale war, there has been a significant increase in the demand for specialized platforms and databases that aggregate information on reconstruction processes in a single location. Civil society has responded to this need by developing appropriate tools both independently and in partnership with government authorities and other stakeholders. An example of such an initiative is the "Window of Recovery" [online platform](#), which provides access to structured information on the reconstruction.

The implementation of specific reconstruction projects remains a key instrument that illustrates practical importance of activities of civil society organizations in promoting green recovery at the municipal level. Such projects include the installation of [solar power plants](#) for public infrastructure facilities, the deployment

of [heat pumps](#) in multi-family residential buildings, the management of [construction and demolition waste](#), as well as measures in the fields of water and environmental [safety](#).

## 5.4

## GREEN RECONSTRUCTION: PERSPECTIVES OF MAJOR STAKEHOLDERS

Discussions regarding the environmental orientation of reconstruction revealed a high level of support across all focus group participant categories. Participants agree that Ukraine's reconstruction should aim not only at restoring destroyed infrastructure but also at the long-term modernization of the economy, enhancing energy efficiency, and transitioning to a more sustainable development model. In this context, green recovery is viewed as a strategic opportunity for the country's renewal, rather than as an additional or secondary policy component.

At the same time, participants emphasized the necessity of balancing environmental goals with economic, social, and security needs. Specifically, it was highlighted that while green technologies often initially require higher investment, they are more efficient, resilient, and economically viable in the long-term perspective. Particular attention was paid to the need to avoid replicating obsolete technical solutions and the risk of relocating environmentally harmful industries to Ukraine.

For different types of communities, the environmental orientation of reconstruction has its own specific features. In rear communities, the focus is placed on the development of decentralized energy systems, increasing energy efficiency, and enhancing the climate resilience of infrastructure. In frontline communities, alongside supporting sustainable development principles, emphasis is made on the need to balance long-term

environmental goals with the urgent requirements for the rapid restoration of basic life support systems.

An important conclusion is the recognition of systemic challenges, including the state's limited institutional capacity to ensure the effective implementation of environmental legislation, the insufficient level of integration of environmental requirements into reconstruction practices, and the need for the development of innovation and professional expertise.

In this context, participants highlighted the vital role of international partners, particularly the European Union, as a driver of environmental transformation. European integration and its relevant requirements are viewed as a key factor in advancing environmental standards, improving legislation, and integrating sustainable development principles into state policy. Meanwhile, it was emphasized that the effectiveness of this influence depends on the alignment of external incentives with domestic political will, institutional capacity, and public support.

Participants paid particular attention to the need to consider the experience of EU member states, specifically the risks of rapid reform implementation without proper communication and public participation. In this regard, the importance of transparency, explaining the substance of changes, and fostering public

demand for environmental transformation was emphasized.

Overall, the focus group results indicate a broad consensus on the necessity of Ukraine's green recovery. However, its implementation requires

a comprehensive approach that balances environmental standards with economic viability, ensures an adequate level of state capacity, and recognizes the role of international partners as a catalyst for change within the broader process of European integration.

# CONCLUSIONS

# CONCLUSIONS

Throughout 2025 and early 2026, Ukraine's reconstruction planning system became more structured and institutionally consolidated. Nevertheless, the overall architecture remains fragmented and multi-layered. At the international level, the Ukraine Facility and the Ukraine Plan have assumed a central role, with the latter serving as the main framework document integrating the reform, investment, and financial dimensions of reconstruction. At the same time, international partners are increasingly emphasizing the need for a more coherent and unified national strategic framework to ensure better coordination of priorities and a more effective allocation of financial resources.

At the national level, 2025 became a pivotal year for the development of the public investment management system as a core instrument of reconstruction. The introduction of medium-term planning, the development of sectoral investment portfolios, and the establishment of the Unified Public Investment Project Pipeline marked a shift toward a more systemic, structured, and institutionally supported approach to recovery planning. At the same time, the absence of a single comprehensive national strategic document continues to constrain the integration of individual policies, programmes, and financial mechanisms into a coherent long-term development framework.

In this context, the development of the Ukraine Prosperity Plan initiative in early 2026 may be seen as another effort to articulate a

coordinated strategic vision for Ukraine's post-war reconstruction and long-term economic development. However, as of now, the initiative remains at the stage of political coordination and has yet to evolve into a fully operational strategic planning instrument capable of defining long-term priorities and ensuring their effective implementation.

Reconstruction financing processes increasingly reflect a shift toward a more systemic and strategic approach. A central role in this transition is played by the public investment management reform, which lays the foundation for a more proactive and structured planning model. This includes the identification of priority projects and programmes through a unified investment portfolio, the use of digital management tools, the application of standardized project selection criteria, and the introduction of post-project evaluation mechanisms. In 2025, the pilot phase of the reform was launched, primarily at the central government level. Its further expansion creates new opportunities for territorial communities; however, local institutional capacity — particularly in the preparation of high-quality project documentation and the management of project implementation — remains limited and requires targeted support and strengthening.

At the international level, 2025 was marked by stronger coordination of donor support through major platform mechanisms, primarily the Ukraine Facility and the Ukraine Investment Framework, as well as by the deepening of

financial and investment cooperation between Ukraine and its international partners. **At the same time, the limited mobilization of private capital remains one of the key structural challenges of the reconstruction process.** Despite the introduction of specific instruments — including war risk insurance mechanisms and updated legislation on public-private partnerships — a comprehensive system for managing investor risks is still in the process of being established. This significantly constrains the potential for scaling up reconstruction investments and highlights the need for further development of relevant financial and institutional mechanisms.

At the international level, a **multi-layered coordination architecture** for Ukraine's reconstruction has emerged. It combines high-level political platforms, such as the **Ukraine Recovery Conference**, permanent aid coordination mechanisms like the **Ukraine Donor Platform**, and more operational investment-oriented formats, including **ReBuild Ukraine**. This architecture helps ensure both the strategic alignment of reconstruction priorities and the practical advancement of specific projects and investment initiatives.

At the same time, Ukraine's national reconstruction coordination system remains complex and, to some extent, fragmented. **Key challenges include the need to better align the positions of different state institutions, avoid the duplication of functions and mandates, and ensure effective integration between the international, national, and local levels of reconstruction planning and implementation.** Another persistent challenge is the insufficient institutionalization of public and business participation in formal decision-making processes, which limits the potential for more inclusive, balanced, and broadly supported policy development.

Thus, the future effectiveness of Ukraine's reconstruction will depend not only on the volume of financial resources mobilized, but also — to a significant extent — on the state's ability to ensure coordinated, comprehensive, and transparent governance of the process, including effective cooperation among all key stakeholders.

Throughout 2025 and early 2026, the recovery of communities and regions increasingly evolved in parallel with broader state policy reforms, particularly in the areas of regional development, decentralization, and the delineation of competences between state authorities and local self-government, all within the broader context of Ukraine's European integration course. At the same time, these processes were shaped by the security challenges caused by the war, including systematic attacks on energy infrastructure and other critical services, the resulting destruction, and the need to ensure the protection and functioning of communities under such conditions. As a result, strengthening the resilience of communities and regions emerged as a central priority, particularly through the development and implementation of dedicated resilience plans. An important trend in 2025 was the emergence of a more differentiated approach to recovery policy, especially with regard to frontline communities, accompanied by the introduction of targeted support mechanisms tailored to their specific needs and security conditions.

In 2025, international partners increasingly complemented financial assistance for reconstruction with efforts aimed at strengthening the institutional and managerial capacity of communities and regions. Financial support has been accompanied by advisory assistance for the development of strategic documents, training programmes for local self-government representatives, and support for the capacity building of regional development agencies.

This approach is intended to enhance the effectiveness of planning, implementation, and oversight of recovery and development projects at the local level.

In 2025, the legislative vacuum surrounding the legal framework for Ukraine's green recovery remained unresolved. The draft law "On the Principles of Green Recovery of Ukraine" stayed at the stage of public consultation and presentation and, as of April 2026, had not yet been adopted. At the same time, throughout 2025 and early 2026, a range of strategic and policy documents were adopted in the areas of environmental protection, climate policy, and other sectoral fields, many of which incorporated certain green recovery components. However, these initiatives continue to develop in parallel rather than as part of a coherent and integrated

green recovery framework. In the absence of overarching framework legislation, each of these documents largely remains a separate policy initiative, lacking integration into a unified strategic vision.

At present, the requirements associated with Ukraine's European integration process remain one of the main drivers advancing the green recovery agenda. At the same time, this mechanism still functions primarily as an external incentive and has only partially translated into domestic political commitment and sustained public demand. Under these conditions, progress on the green agenda depends largely on the synergy between international support and the active role of civil society, which serves both as a catalyst for change and as a mechanism for strengthening the accountability of state policy.

**RECOMMENDATIONS**

# RECOMMENDATIONS

An analysis of Ukraine's reconstruction processes, emerging trends, and systemic challenges makes it possible to formulate a set of recommendations aimed at enhancing the effectiveness of recovery efforts and ensuring the meaningful integration of the green dimension into reconstruction policy.

## DEVELOP A COMPREHENSIVE LONG-TERM STRATEGIC FRAMEWORK FOR UKRAINE'S DEVELOPMENT THAT FULLY INTEGRATES THE PRINCIPLES OF GREEN RECOVERY.

Effective reconstruction planning, including the integration of its green dimension, requires a clear long-term vision for Ukraine's future development. Without such a framework, reconstruction risks remaining primarily a response to wartime destruction rather than becoming a strategic instrument for shaping the country's future development model.

In this regard, it is important to develop a long-term development strategy for Ukraine that defines the country's role in the European and global economy, outlines key strategic priorities, and establishes clear objectives for improving public welfare. Such a strategy should serve an integrating function, ensuring coherence across sectoral policies, investment decisions, and reconstruction programmes.

Green recovery should be embedded within this framework not as a separate policy area, but as a cross-cutting principle guiding all spheres of development — from energy and industry to regional policy and community recovery. This requires the systematic integration of environmental and climate objectives into reconstruction planning, financing, and implementation processes.

The strategy should include clearly defined and measurable targets, as well as specific instruments for their achievement. This would enhance its practical applicability and enable it to serve as an effective reference point for decision-making at all levels of governance.

## ENSURE THE RULE OF LAW AND INSTITUTIONAL CAPACITY AS A PRECONDITION FOR ATTRACTING PRIVATE CAPITAL TO THE GREEN RECOVERY.

Attracting private investment into green recovery depends directly on the quality of the legal framework and the capacity of public

institutions. In conditions of legal uncertainty, weak protection of property rights, and limited predictability of regulatory policy, private

investors are unlikely to assume the risks associated with long-term investment, particularly in the context of a wartime and post-war economy.

In this context, the European integration process should be regarded as a key instrument for creating an institutional environment conducive to attracting private investment, particularly in the field of green recovery. The implementation of European Union standards related to the rule of law, investment protection, and regulatory predictability provides an essential foundation for reducing risks and strengthening investor confidence.

A decisive role in this process is played by Negotiation Cluster 1, “Fundamentals of the EU

Accession Process” (Fundamentals), progress in which is a prerequisite for opening and closing all other negotiation chapters. As a result, advancement within this cluster serves as a cross-cutting indicator of the quality of public governance and sends an important signal to private investors regarding the country’s legal reliability and regulatory predictability.

Accordingly, reforms in the areas of the rule of law and anti-corruption policy should be regarded not only as part of Ukraine’s European integration commitments, but also as an integral component of the country’s green recovery strategy. Without meaningful progress in these areas, the large-scale mobilization of private capital is likely to remain limited.

## STRENGTHEN THE INSTITUTIONAL CAPACITY OF COMMUNITIES TO ENSURE THE EFFECTIVE IMPLEMENTATION OF PUBLIC INVESTMENT MANAGEMENT REFORM AND RECONSTRUCTION INITIATIVES.

The effective implementation of public investment management reform at the local level depends directly on the capacity of communities to prepare high-quality project documentation and effectively manage project implementation. At the same time, many communities continue to face shortages of qualified personnel, which limits their ability to fully utilize new reconstruction planning and financing instruments.

To address this challenge, several complementary approaches should be considered. One possible solution would be the introduction of a state programme for training and deploying certified “recovery project managers” who could work directly with communities or provide them with ongoing professional support. At the same time, given the institutional architecture for recovery and regional development that has already

been established, a more realistic and scalable approach would be to strengthen the role of Regional Development Agencies as coordination hubs and operators of regional recovery. Expanding their institutional capacity would enable them to provide methodological, expert, and project support both at the regional level and directly to communities, while also facilitating the exchange and dissemination of best practices.

Particular importance should be attached to integrating the European integration dimension into recovery processes at the local level. Although European integration and institutional capacity building are recognized as key priorities of local self-government reform, most communities still lack sufficient human and administrative resources to independently implement the requirements of the EU acquis. In this regard,

institutional capacity-building efforts should include systematic support for communities on European integration issues — ranging from explaining relevant EU legislation and standards to incorporating related commitments into local recovery and development plans.

This approach would not only improve the quality of project preparation and implementation but also help ensure that reconstruction processes are aligned with Ukraine's long-term European integration objectives.

## ENSURE TRANSPARENCY IN THE USE OF INTERNATIONAL AID FUNDS, PARTICULARLY WITHIN THE FRAMEWORK OF THE UKRAINE FACILITY.

The Ukraine Facility has a three-pillar structure encompassing budget support, investment instruments, and technical assistance. While the implementation of the first pillar is accompanied by a relatively high level of transparency — particularly through public reporting and quarterly disbursements linked to verified indicators — public access to information on specific operations under the second and third pillars remains limited.

To enhance transparency, it would be advisable to introduce mandatory public disclosure of information on operations financed under the second pillar on a project-by-project basis, including data on funding volumes, project

objectives, and relevant environmental and social indicators. Another important step would be the establishment of formal procedures for the submission and consideration of proposals from civil society organizations within decision-making processes, alongside ensuring their participation in monitoring the implementation of measures under the third pillar.

Transparency in the implementation of the Ukraine Facility should be regarded not merely as a requirement of the European Union, but as an independent priority of state policy that is essential for building public trust, ensuring accountability, and promoting the effective use of international assistance.

## INTRODUCE THE PREPARATION OF AN ANNUAL CONSOLIDATED REPORT ON THE ALLOCATION AND USE OF RECONSTRUCTION FINANCING.

The fragmentation and limited availability of data on the mobilization and use of reconstruction financing make it difficult to develop a comprehensive understanding of funding volumes, their structure, and the efficiency of expenditures. At present, relevant information remains dispersed across various public authorities and separate reports produced

by international partners, limiting opportunities for systemic analysis and stronger accountability.

To address this challenge, it would be advisable to introduce the preparation and regular publication of an annual consolidated report on the allocation and use of reconstruction financing.

Such a report should integrate information from multiple sources and provide a coherent overview of funding volumes, expenditure areas, financing sources, and achieved results.

The consolidated report should become a systemic instrument for accountability and transparency,

-serving the needs of state authorities, civil society, and international partners alike. Its introduction would help strengthen trust in the reconstruction process, improve coordination among stakeholders, and create a stronger foundation for more effective planning and use of financial resources.

### INTRODUCE A SYSTEMATIC MONITORING OF THE IMPLEMENTATION OF AGREEMENTS REACHED AT THE UKRAINE RECOVERY CONFERENCES AND THE REBUILD UKRAINE EXHIBITION-CONFERENCES.

The annual Ukraine Recovery Conferences (URCs) and ReBuild Ukraine events generate a significant number of political commitments, investment agreements, and declarations of intent that constitute an important element of the international architecture supporting Ukraine's reconstruction. However, mechanisms for systematically tracking the implementation of these commitments remain insufficiently developed, making it difficult to assess actual progress and ensure accountability among the parties involved.

To address this gap, it is advisable to introduce the regular preparation and publication of an annual public report on the implementation status of commitments made within the framework of the URCs and ReBuild Ukraine initiatives.

Such a report should include an assessment of achieved results, the level of implementation of commitments, and the key obstacles encountered in the process. The report should serve both as a transparency instrument and as a basis for adjusting reconstruction policies and priorities where necessary.

Furthermore, it would be appropriate to institutionalize the review of the implementation status of previous commitments as a mandatory agenda item at each subsequent Ukraine Recovery Conference. This would strengthen the accountability of participants, reinforce trust among partners, and contribute to the more effective implementation of political and financial commitments within the reconstruction process.

### ADOPT A FRAMEWORK LAW AND DEFINE UNIFIED PRINCIPLES FOR THE GREEN RECOVERY OF UKRAINE.

The absence of framework legislation remains one of the key gaps in the regulatory architecture for green recovery. The incorporation of isolated environmental provisions into various legal acts without a unified systemic foundation result in fragmented approaches, inconsistent

requirements, and difficulties in implementing reconstruction in line with sustainable development principles.

In this context, it would be advisable to adopt a dedicated framework law establishing unified

approaches to the concept and substance of green recovery, as well as its core principles, instruments, and implementation mechanisms. Such legislation should provide for mandatory environmental criteria for projects financed from public sources, procedures for verifying compliance with these criteria, and clearly defined legal consequences in cases of non-compliance.

The adoption of such a law would establish a coherent legal foundation for assessing green recovery projects, facilitate the alignment of approaches with international partners, and ensure greater comparability of reconstruction outcomes. Furthermore, it would enhance the predictability of the regulatory environment and enable the systematic integration of green recovery principles into key public policies and development programmes.

## RESTORE THE MINISTRY OF ENVIRONMENTAL PROTECTION AND NATURAL RESOURCES OF UKRAINE AS THE INSTITUTIONAL FOUNDATION FOR GREEN RECOVERY.

The liquidation of the Ministry of Environmental Protection and Natural Resources of Ukraine and the transfer of its functions to the Ministry of Economy have weakened the state's institutional capacity in the field of environmental governance. Under these conditions, environmental considerations risk being treated not as an independent policy objective, but rather as a secondary or constraining factor in relation to economic growth. This creates a risk that short-term economic priorities may prevail over the long-term goals of green recovery and sustainable development.

In this context, it would be advisable to restore the Ministry of Environmental Protection and Natural Resources of Ukraine as a separate central executive authority responsible for the development and implementation of state

environmental policy. Such a step is a prerequisite for ensuring the systemic, consistent, and institutionally sustainable integration of environmental considerations throughout the reconstruction process.

The mandate of the restored ministry should be expanded to include, alongside its traditional environmental protection responsibilities, authority for the formulation and implementation of national climate policy, as well as coordination of green recovery processes. This would enable the systematic integration of environmental and climate considerations into all major reconstruction and development policies, ensuring their alignment with the long-term objectives of sustainable development and European integration.

## STRENGTHEN THE ENVIRONMENTAL COMPONENT AND ENSURE STRUCTURED CIVIL SOCIETY PARTICIPATION IN THE NEXT ITERATION OF THE UKRAINE PLAN.

The current Ukraine Plan defines the framework for the implementation of the first

pillar of the Ukraine Facility for the period 2024–2027. The preparation of the next

Ukraine Plan creates an important window of opportunity to strengthen its environmental and climate dimension. This includes the need for the systematic application of the “Do No Significant Harm” principle and for ensuring the achievement of climate-related objectives, including the target of allocating at least 20% of financing and investments under the second pillar to climate-oriented measures.

At the same time, the preparation of the next Ukraine Plan requires a qualitatively higher level of civil society participation. To support this, it would be advisable to establish an institutionalized platform for the submission of civil society organizations’ positions and recommendations regarding the content of the Plan, accompanied by transparent procedures for their review and consideration in official decision-making processes. Such an approach would improve the quality of planning, ensure that a broader range of perspectives is

considered, and strengthen the transparency and accountability of the process.

Particular attention should be given to expanding communities’ access to funding under the Ukraine Facility. It would be advisable to develop clear and accessible methodologies for submitting project concepts for public investment financing, enabling local self-government authorities to participate more actively in the development of the project pipeline. At the same time, the next cycle of the Facility should include prioritized grant support for civil society organizations, recognizing their important role as stakeholders and implementers within the reconstruction process.

This approach would facilitate the integration of environmental priorities into reconstruction financing instruments while promoting a more inclusive, transparent, and effective model for the development and implementation of state reconstruction policy.

## TO FOSTER DOMESTIC PUBLIC DEMAND FOR UKRAINE'S GREEN RECOVERY.

Currently, Ukraine’s green recovery agenda is driven primarily by the requirements of international partners, European integration commitments, and the advocacy efforts of civil society. Without broad domestic support, however, this model remains vulnerable, as it lacks a sustainable level of public demand and may therefore lose priority in political and policy decision-making processes.

Consequently, it is essential to systematically foster domestic public demand for green recovery, particularly through the development and implementation of a national public communication strategy. Such a strategy should

clearly communicate the benefits of green recovery through concrete and tangible outcomes for citizens, including improved quality of life and public health, cleaner air and water, lower energy costs, greater energy efficiency, and enhanced community resilience.

Public communication efforts should aim to shape the perception of green recovery not as an externally imposed agenda, but as a rational, economically sound, and nationally beneficial development pathway. This would help strengthen public support for relevant policies and contribute to their sustainable implementation over the long term.

# APPENDIX

## GLOSSARY OF UKRAINE'S RECOVERY PROCESSES, INSTITUTIONS, AND PROGRAMS

### US-UKRAINE RECONSTRUCTION INVESTMENT FUND

Is a bilateral financial [instrument](#) established by Ukraine and the United States to attract investments for the reconstruction and economic development of Ukraine.

### STATE AGENCY FOR RESTORATION AND INFRASTRUCTURE DEVELOPMENT OF UKRAINE

Is a central executive [body](#) responsible for implementing national policy in the field of infrastructure reconstruction and development, as well as planning, financing, and recovery projects implementation.

### EUROPEAN FLAGSHIP FUND FOR THE RECONSTRUCTION OF UKRAINE

The Team Europe [initiative](#), aimed at accelerating Ukraine's recovery, supporting its progress towards EU membership, and designed to mobilize capital for the reconstruction of Ukraine's economy through private investment mechanisms.

### COORDINATION CENTER FOR REGIONAL RECOVERY

Is a government advisory [body](#) established to align the actions of central and local executive bodies, local self-government authorities, enterprises, institutions, and organizations on matters concerning the coordination of regions recovery.

### COORDINATION CENTER FOR THE IMPLEMENTATION OF COMPREHENSIVE RESILIENCE PLANS FOR REGIONS AND SELECTED CITIES

Is a government advisory [body](#) established to align the actions of central and local executive bodies on matters concerning the execution of comprehensive resilience plans.

## EXTENDED FUND FACILITY MECHANISM

Is an IMF lending [instrument](#) designed to provide medium-term financial assistance to countries experiencing balance of payments difficulties. On February 26, 2026, the IMF Executive Board approved a new four-year EFF [agreement](#) for Ukraine, aimed at supporting economic stability, funding military expenditures, and advancing structural reforms in the context of European integration.

## NATIONAL DEVELOPMENT INSTITUTION

Is a [financial institution](#) established on the basis of the Business Development Fund that provides financial, informational, and advisory support to micro, small, and medium-sized enterprises to promote the economic development and recovery of Ukraine.

## INVESTMENT PROMOTION OFFICE

[\(UkraineInvest\)](#)

Is an institution authorized by the Cabinet of Ministers of Ukraine to support investment projects with significant investments.

## EMERGENCY RECOVERY PROGRAM

Is a [joint initiative](#) of Ukraine and Japan (through the JICA agency) aimed at the rapid reconstruction of critical infrastructure in the areas of energy, transport, healthcare, education, water supply, and humanitarian demining. The program is implemented on a grant basis in phases, the fifth phase commenced in February 2026.

## UKRAINE DONOR PLATFORM

[\(formerly Multi-agency Donor  
Coordination Platform\)](#)

Was established by a decision of the G7 leaders in 2022 to coordinate international support for Ukraine's financial needs, economic recovery, and reconstruction. The Platform collaborates with Ukrainian authorities to identify and prioritize strategic needs, considering the reform agenda, donor financing conditions, and Ukraine's European integration course.

## UKRAINE COMMUNITY RECOVERY FUND

(UCRF)

Is a multi-partner fund established to support the recovery of local communities affected by Russia's armed aggression.

## BIG RECOVERY PORTAL

(BRP)

Is an online platform that aggregates a database of reconstruction and public investment projects, analytics on relevant expenditures, and engages public in monitoring the quality, feasibility, and efficiency of project implementation, as well as oversight over the implementation process.

## DREAM

(Digital Restoration Ecosystem  
for Accountable Management)

A national digital ecosystem for public investment management, serving as a "single window" for projects and programs that require the mobilization of budgetary funds for their implementation.

## EU4RECONSTRUCTION

Initiative Team Europe with a budget of €37 million and a duration of three years, aimed at strengthening governance and institutional capacity of Ukraine's reconstruction system, as well as ensuring effective and transparent public investments in line with EU standards. It is jointly implemented by GIZ, Expertise France, the Ministry of Foreign Affairs of Denmark, and the Central Project Management Agency of Lithuania (CPVA).

## PLATFORM FOR ACTION ON THE GREEN RECOVERY OF UKRAINE

A high-level international initiative that brings together the Government of Ukraine, international organizations, and development partners to ensure a coordinated and systemic approach to Ukraine's green recovery.

## REBUILD UKRAINE

An international exhibition and conference platform that serves as an operational tool for promoting, presenting, and attracting funding for Ukraine's reconstruction projects.

## RECOVERY FUND

Financial [instrument](#), which established by the Government of Ukraine in cooperation with international partners to accumulate and allocate funds for financing reconstruction projects.

## RECOVERY TASK FORCE

Coordination [mechanism](#), initiated by the Government of Ukraine jointly with international partners, which brings together donor representatives and government authorities to align, accelerate, and synchronize decision-making processes in the field of reconstruction

## UKRAINE FACILITY

[Mechanism](#) for supporting Ukraine by the European Union, which will allow the EU to provide Ukraine with up to EUR 50 billion of a stable and predictable financial [support](#).

## UKRAINE INVESTMENT FRAMEWORK

[\(UIF\)](#)

The investment component of the Ukraine Facility mechanism, aimed at mobilizing public and private investments for the reconstruction and economic development of Ukraine.

## UKRAINE PLAN

The key strategic [document](#) within the Ukraine Facility framework that defines the agenda for reforms, investments, and reconstruction funding for Ukraine over the medium term (2024–2027).

## UKRAINE RECOVERY CONFERENCE

[\(URC\)](#)

An annual international high-level forum that serves as a political and strategic platform for coordinating Ukraine's reconstruction among the Government of Ukraine, international partners, financial institutions, business, and civil society.



