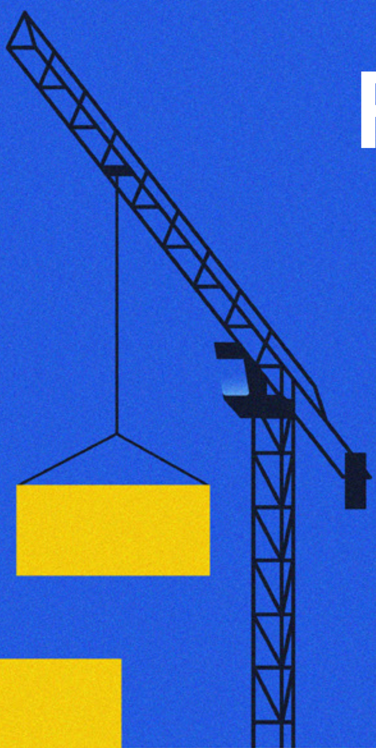
April 2026

Rebuilding Ukraine



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Global Perspectives & Solutions

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Foreword

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The war has inflicted an enormous amount of damage on Ukraine. In the last year alone, the scale of this damage increased by more than 10% as its geographical footprint over the country expanded.

The cost of rebuilding stands at over half a trillion dollars over the next decade.[1] That's 3x Ukraine's 2025 GDP and in real terms, more than 3x the aid transferred to Europe after the Second World War, in what might be the best-known post-conflict reconstruction effort – the Marshall Plan.

For Ukraine, reconstruction is only the beginning. The country has been decisive in orienting toward the West since the full-scale invasion, setting itself on a path toward EU membership.

Recovery will therefore not mean rebuilding damaged infrastructure like-for-like but modernizing it and integrating into the European economy – be that through decentralizing Soviet-era energy systems or transitioning railway lines to the European standard gauge.

There is also an opportunity to unlock the global value of Ukraine's innovation ecosystem, which has flourished by necessity. This includes defense technology and healthcare, both physical and mental. In each case, pressing need has met an extraordinary capacity for innovation.

This intersection of reconstruction, European integration, and transformation represents one of the most significant economic projects of the 21st century. The private sector – both domestic and international – will play a major role in Ukraine's emergence from the conflict. This Citi Institute report seeks to understand how private capital could be put to work and what it will take to both maximize the scale and compress the time frames of this investment.

As the war goes on, we see companies already laying the foundations to either enter Ukraine for the first time or to scale up their operations when peace comes.

Indeed, the recovery has already started. After falling by almost 30% in 2022, the IMF forecasts that Ukraine's GDP will grow by 4.5% this year. Though fighting continues, 90% of companies report that they are fully operational.

Rebuilding Ukraine will be a global undertaking, inviting partnership and investment from economies across Europe, Asia, the Americas, the Middle East, and beyond.

Contents

Rebuilding Ukraine

The Role of Private Capital in Post-Conflict Recovery

The cost of Ukraine's reconstruction is estimated at $588 billion over the next decade.[2] This massive undertaking will require private capital alongside public funding, as international governments are unlikely to fully finance recovery.

This Citi Institute report examines how private investment can contribute through foreign direct investment (FDI), venture capital, public-private partnerships, and co-investment with international financial institutions (IFIs).

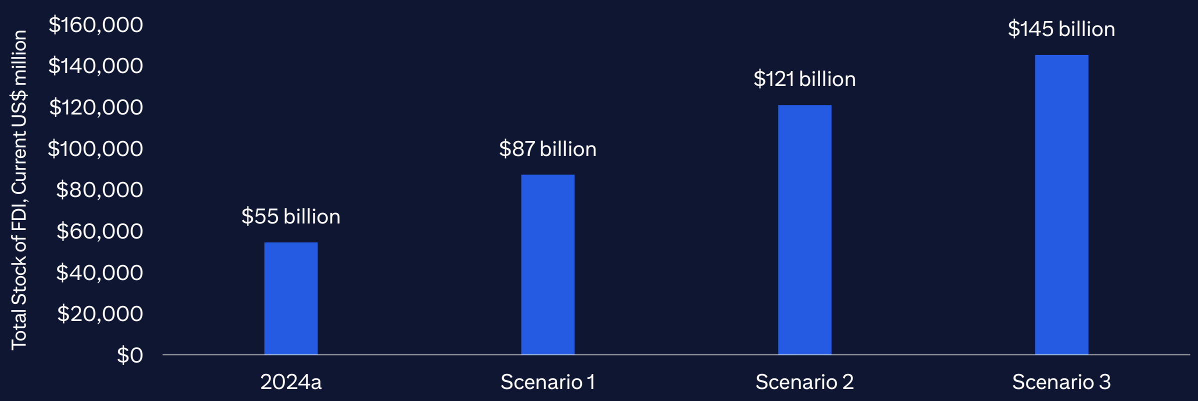
We estimate that FDI in Ukraine could reach $87-145 billion[3] in the next decade, or 15-25% of reconstruction needs. We see three drivers of investment into Ukraine: EU integration and reforms, global defense spending priorities and demand for critical minerals.

However, challenges remain including ongoing security risks, potential human capital shortages and the geographical mismatch between investment supply (favoring western Ukraine) and reconstruction demand (concentrated in eastern frontline regions).

Co-investment with IFIs stands to add to this. We find that IFIs might invest €4-5 billion annually after the conflict ends, and private capital mobilized by their investment could add a further €20-50 billion over ten years.[4]

Potential scenarios for foreign direct investment into Ukraine over a decade

	Scenario 1	Scenario 2	Scenario 3
Share of companies scaling up	38%	38%	38%
Scale ups increase investment by X%	15%	30%	40%
New FDI stock attributable to scale ups ($ million)	$31,107	$62,213	$82,951
Number of new businesses increases by X%	2%	5%	10%
New FDI stock attributable to new co. ($ million)	$1,500	$3,750	$7,500
Total new FDI stock ($ million)	$87,180	$120,536	$145,024



Sources: Citi Institute analysis of American Chamber of Commerce in Ukraine, UNCTAD, Statista, Global Data.

Key Takeaways

1. **Massive reconstruction cost:** Ukraine needs $588 billion over 10 years – almost three times its 2025 GDP.[5]

2. **Top sectors damaged:** Energy, transport, and housing each require approximately $90 billion in reconstruction funding.

3. **Private capital will find investable opportunities:** While public funding will remain essential, many of Ukraine's reconstruction needs can become bankable projects.

4. **FDI could reach $87-145 billion:** Depending on reform progress and business confidence, our scenario analysis suggests that foreign direct investment could contribute 15-25% of needs.

5. **Defense and minerals:** Ukraine's defense innovation and critical raw materials are likely to play a key role in the country's reconstruction.

6. **IFIs mobilize additional capital:** International financial institutions could attract €20-50 billion in private co-investment over a decade.[6]

7. **Peace and security remain critical:** Ongoing conflict and political uncertainty are among the biggest barriers to scaling private investment.

$588bn

Estimated cost of Ukraine's reconstruction over the next decade.

Source: World Bank Group, Rapid Damage and Needs Assessment 5

$87-145bn

Potential future foreign direct investment in Ukraine.

Source: Citi Institute

€20-50bn

Private investment that could be mobilized by international financial institutions.

Source: Citi Institute

Recovery Needs and the Role of Private Capital

Russia's invasion and the subsequent war have caused enormous damage in Ukraine, not just in terms of loss of life but also the destruction of infrastructure, property and businesses. This has prompted calls for a "Marshall Plan for Ukraine", which refers to the initiative in the 1940s and 50s that saw the U.S. transfer about 2% of its GDP to rebuild Western Europe after the Second World War. It seems unlikely that international governments will make this sort of commitment to funding Ukraine's recovery, but it is likely that there will be a role for private capital to help finance the rebuilding of the country.

Recovery needs in Ukraine reach $588 billion over the next decade

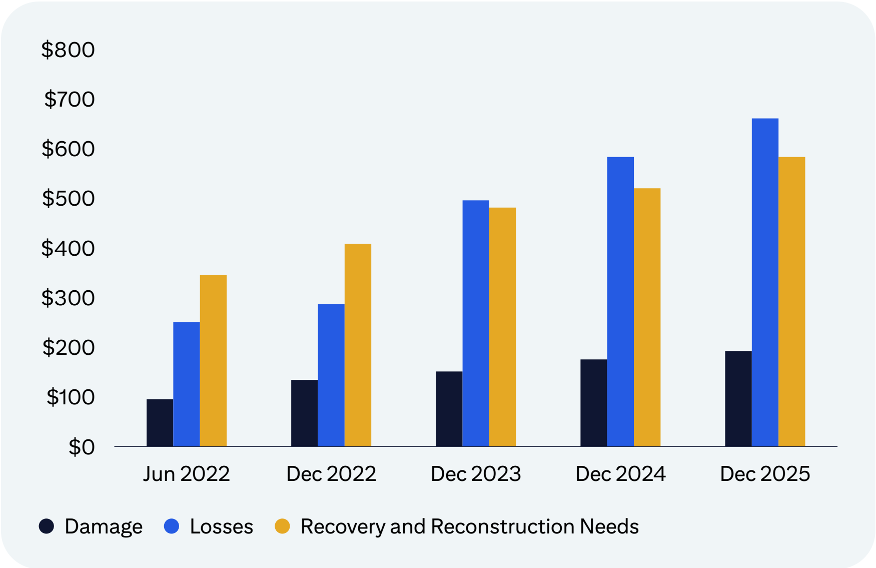
Since the full-scale invasion in 2022, the World Bank Group has conducted five analyses of the damage to Ukraine's physical assets and infrastructure, the economic loss caused by disrupted services and lost revenues, and the expected costs of rebuilding.

The most recent estimates, covering damage inflicted up to the end of 2025, put the cost of reconstruction at $588 billion over the next decade.[7] This is almost three times Ukraine's 2025 GDP; about 2.6% of the European Union's, almost a quarter of Russia's and, adjusted for inflation, about 3.5 times the aid that the U.S. transferred to Europe in the Marshall Plan after World War II.

Damages to Ukraine's physical assets and infrastructure, economic losses like lost revenues and disrupted services, and the cost of rebuilding have all increased with each analysis that the World Bank has performed. In the last year alone, damages increased by more than 10%, losses by more than 13% and the cost of recovery by more than 12% (figure 1). One figure stands out – in Kyiv city, damage increased by 49% between the end of 2024 and 2025.[8]

Longer-term trends show that the pace of destruction has not slowed. The most recent assessment put both damage to physical infrastructure and economic losses at more than double the figures in World Bank's first assessment in June 2022. In other words, more damage has been inflicted on Ukraine's physical infrastructure and economic flows have seen greater losses since June 2022 than between the onset of the full-scale invasion in February 2022 and June of that year (figure 1).

Figure 1. Progression of Ukraine's damages, losses and recovery and reconstruction needs



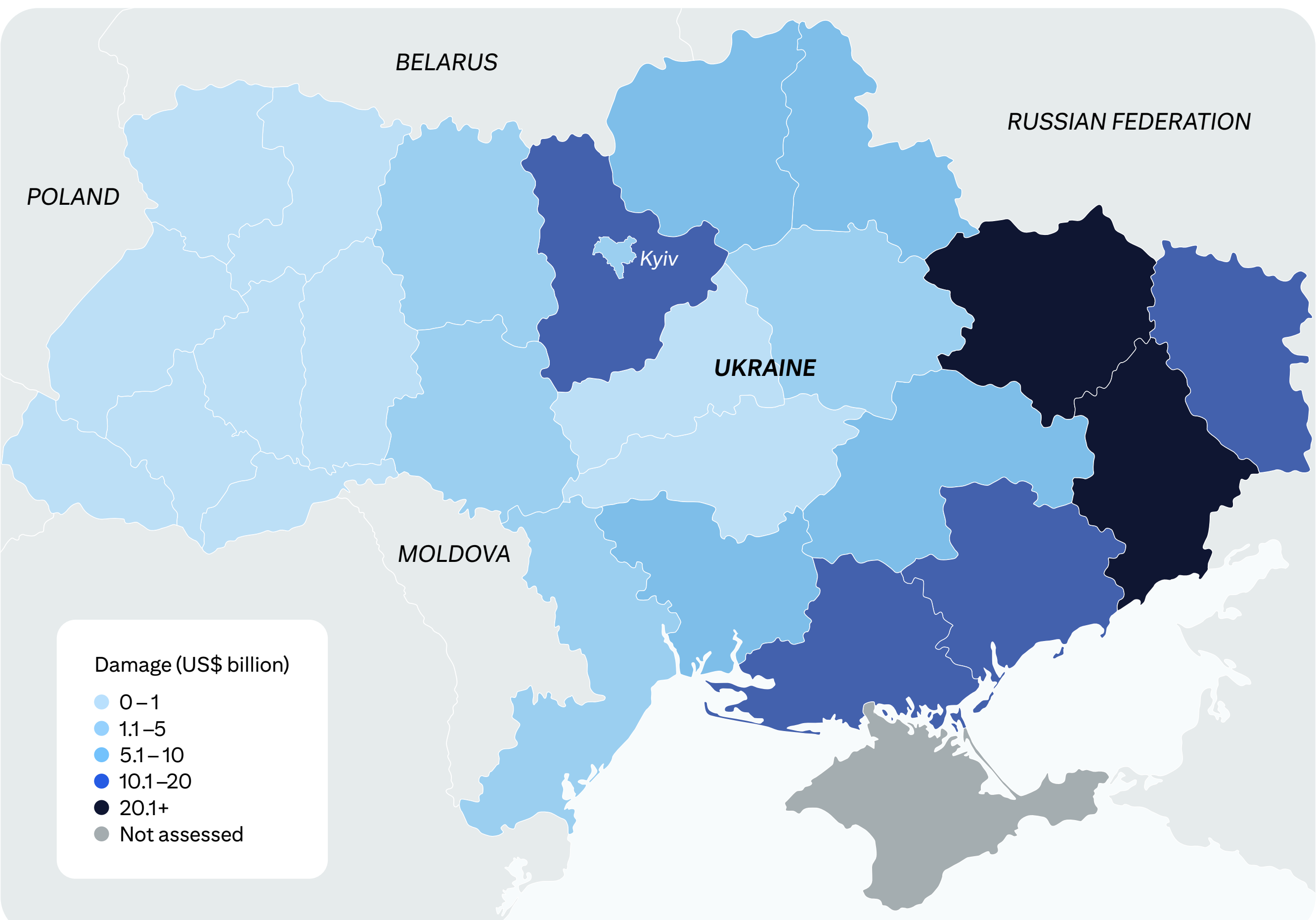
Source: World Bank RDNA Reports.

Widening scope of Russian campaign broadens damage and needs

Continued aerial attacks mean that the damage extends beyond the frontline regions, most extensively into metropolitan areas – especially in the capital city region around Kyiv. The World Bank Group says the "footprint of destruction" has expanded across Ukraine over the course of 2025.

The heat map (figure 2) shows the distribution of damage across the country in the most recent assessment. The darkest shaded regions have experienced the costliest damages, at more than $20 billion in monetary value, while damages in the lighter-shaded regions are less costly. Four regions moved up a band in this color coding between 2024 and 2025, reflecting a mounting cost of recovery. Those were Dnipropetrovsk, Poltava and Sumy in the east of the country (which all neighbor frontline regions) and Vinnytsya in the center of Ukraine.

Figure 2. Extent of damage by region, as of 31 December 2025



Source: World Bank RDNA5.

Energy, transport and housing top the reconstruction needs

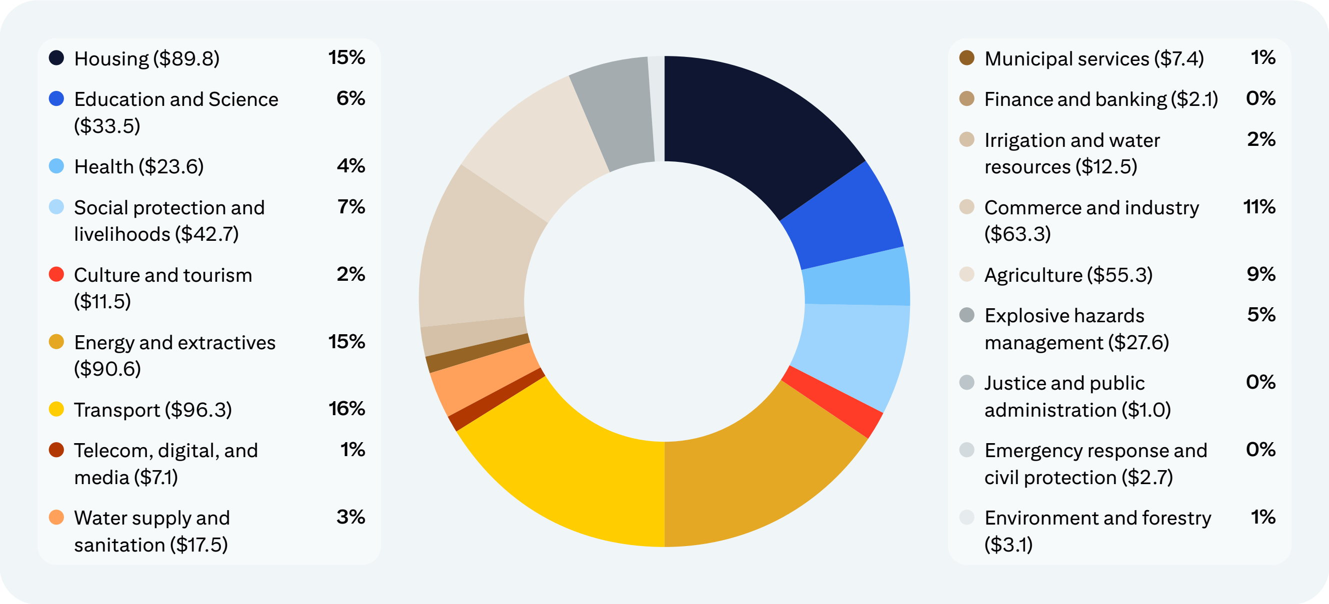
Nearly every sector of the economy will need to be rebuilt (figure 3). However, just five sectors make up more than two thirds of Ukraine's recovery needs: housing, energy and extractives, transport, commerce and industry, and agriculture. The cost of rebuilding these sectors totals almost $400 billion, 67% of the total.[9]

The sectors with the greatest recovery and reconstruction needs reflect those that have been the main targets of the Russian military campaign. For instance, energy infrastructure has been a major target of Russian aggression. Denys Shmyhal, Ukraine's Energy Minister, said on the fourth anniversary of the full-scale invasion that in four years of war, Russia launched 5,796 attacks on Ukraine's energy system.[10] The Institute for the Study of War, a thinktank based in Washington DC that provides a daily update on the conflict, described the Russian campaign as an effort to "collapse the Ukrainian energy grid".[11] It is no surprise, then, that as one of the main targets of military aggression, the cost of rebuilding Ukraine's energy infrastructure surpasses $90 billion, constituting 15% of the total reconstruction costs and second only to transport.

The energy sector is one example where rebuilding means not only restoring like-for-like the assets that have been damaged but building back better and more resilient infrastructure. This could add to the $588 billion estimated costs.

Today, Ukraine has a highly centralized energy system as a legacy of the Soviet era. Such centralization leaves an inherent vulnerability: damage to one station or pipe can result in entire neighborhoods losing power. Ukraine's recovery therefore prioritizes decentralizing power production, seeking resilience and long-term energy security rather than mere rebuilding of damaged infrastructure.

Figure 3. Reconstruction needs in Ukraine, by sector (US$ billions)



Source: World Bank RDNA5.

Rebuilding Ukraine's transport infrastructure presents a similar opportunity for modernization. For instance, Ukraine's broad-gauge rail tracks could change to the European standard gauge as part of the rebuilding, just as a new line from Chop to Uzhhorod opened in September 2025 has done.[12] This shift would not only modernize Soviet era infrastructure but also begin to open the door to deeper economic integration with the European continent.

The sector with the third largest reconstruction needs is housing, where the cost also reaches almost $90 billion (figure 3). The World Bank estimates that about 14% of Ukraine's housing stock has been either damaged or totally destroyed. About three quarters of this damage to housing is in the city of Kyiv and the frontline regions of Donetska, Luhanska and Kharkivska.

Housing is also an opportunity for a 'build back better' approach to recovery when peace comes. Most of the damaged housing is Soviet-era multi-family blocks, which are inaccessible, high-rise buildings that were put up to address housing shortages after World War II. Rebuilding is an opportunity to modernize the housing stock. If decentralization is the imperative for modernizing Ukraine's energy infrastructure, and European integration guides efforts to rebuild transport infrastructure, then accessibility may be the imperative for housing.

One reason is the full civic participation of injured veterans and civilians. Olga Lebedyeva, who chairs the committee of Citi employees responsible for distributing the firm's charitable donations in Ukraine, highlighted to us that reintegrating returning veterans will be a major strategic priority for post-war Ukraine.[13] The Center for Strategic and International Studies – a thinktank headquartered in Washington DC – estimates that Ukrainian forces have suffered between 500,000 and 600,000 casualties between February 2022 and December 2025.[14] The number of civilian injuries also continues to rise, surpassing 40,000 according to the most recent UN reporting.[15] This increases the need for accessible housing – along with accessible transport, workplaces, and other infrastructure.

Three limitations for reconstruction

The analysis of Ukraine's reconstruction needs is limited in three ways. First, the war is ongoing. Any analysis of needs is therefore already superseded even before it is published. Ukraine has suffered more damage since the end of 2025 – when this analysis of damages, losses, and costs ends – and the costs of rebuilding correspondingly continue to increase beyond this headline figure of $588 billion.

Second, 2022 was not the beginning of this conflict. Conflict in Donetsk and Luhansk has been impacting lives and livelihoods since 2014. World Bank reports published in 2021 were already advocating for more recovery programming in Eastern Ukraine.[16]

Finally, and perhaps most importantly, monetary estimates do not account for the damage – the human losses and the experience of conflict – that cannot be quantified in monetary terms.[17] None of these experiences can be fully evaluated in dollar terms (figure 4).

Figure 4. Selected measures illustrate diverse impacts of the conflict

55,600
casualties since 24th February 2022

5.4 million
refugees recorded globally

3.4 million
people displaced within Ukraine

1.2 million
current veterans and 5-6 million expected post-war

Sources: Casualties – UN OHCHR (2025), Refugees – UNHCR (2026), Internally Displaced Persons – IOM (2026), Quote from Ukrainian Ministry of Veterans' Affairs cited in Pravda Ukrainska.

Public spending will be high, but is unlikely to fully fund reconstruction

Much has been written – especially in the early days of the war[18] – about the need for a "Marshall Plan". The Marshall Plan was an initiative that saw the United States transfer about $13 billion (or $175 billion in today's money) to rebuild Western Europe after the Second World War.[19]

It is widely considered unlikely that a publicly funded plan of the same scale will materialize for Ukraine. For one, the public budgets of Ukraine's allies are not likely to cover the full cost of reconstruction. The World Bank says in its recent assessment of needs that "the scale of reconstruction far exceeds the likely level of public resources that will be available in the coming years from the state budget and donors".[20]

European countries are indicating that they intend to be major financial contributors to Ukraine's reconstruction. For instance, Pillar 2 of the EU's Ukraine Facility allocates €9 billion to recovery and reconstruction. Moreover, there is strong geostrategic reasons for European countries to ensure that EU integration drives the emergence of a prosperous Ukraine.

However, the scale of this contribution relative to Ukraine's funding needs is reasonably in doubt. In the four years since Russia's full-scale invasion, donor governments have transferred about $340 billion (€287 billion) in military and non-military aid to Ukraine.[21] If funds for reconstruction were to come only from international donor governments, meeting the cost would require Ukraine's allies to continue spending at almost the same rate that they have for the four years since the full-scale invasion for the next decade.

This seems highly unlikely. The U.S. has scaled back its financial contribution under the second Trump Administration. In the European Union, successive financing bills for Ukraine have been fraught with difficulty. For instance, the EU debated using frozen Russian assets to finance Ukraine's immediate needs but did not reach a consensus. On 14 January 2026, the Commission introduced proposals to continue financial support for Ukraine through to the end of 2027 and (as of the time of writing on 1 March 2026) has so far been blocked by Hungary. All of this cautions against any optimism that a new Marshall Plan from either side of the Atlantic will fully fund the recovery.

Opportunity for the private sector to contribute to the recovery

Other sources of capital can supplement spending by international donor governments. Orysia Lutsevych leads the Ukraine Program at Chatham House, an international affairs think tank in London. She argues that for a prosperous future, governments, citizens, civil society and communities must all contribute to the recovery, as part of what she calls 'Team Ukraine'.[22]

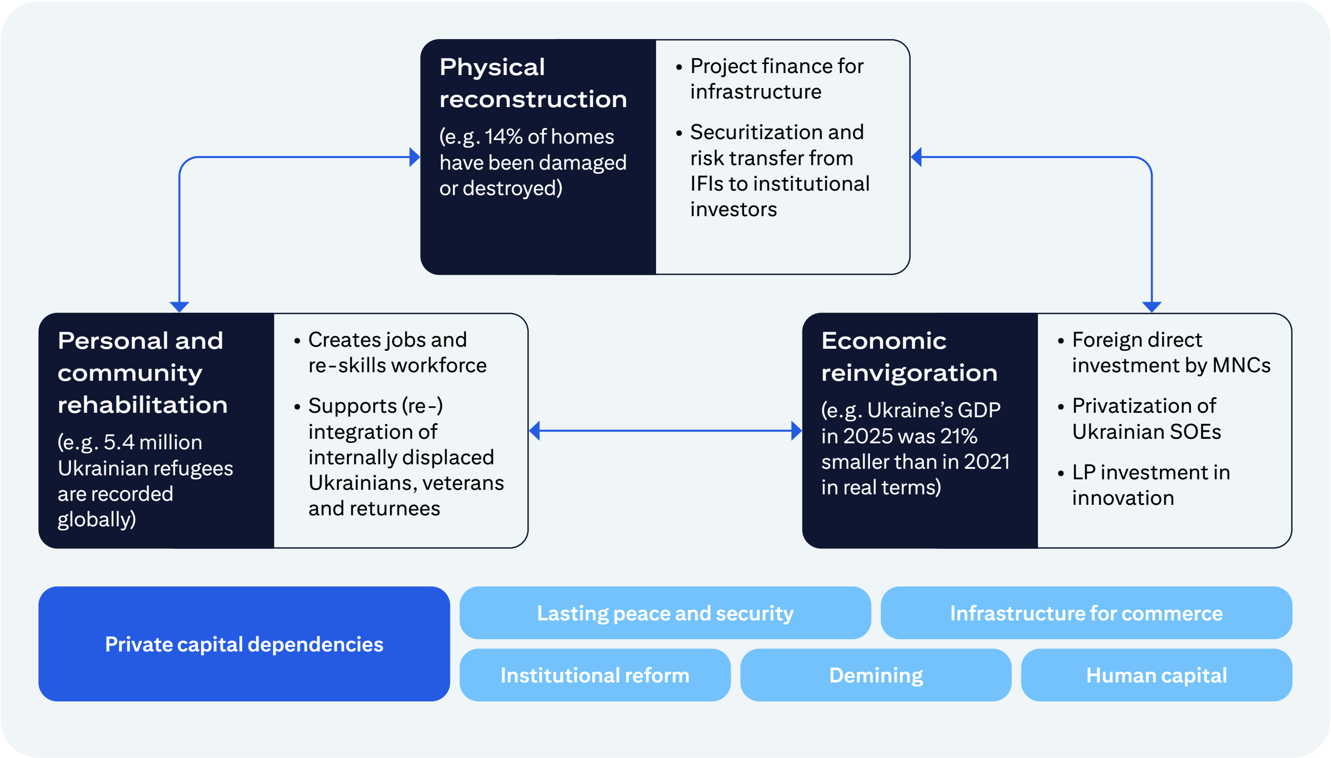
We see three roles that the international private sector can play on Team Ukraine (Figure 5).

First, economic reinvigoration and the curation of a dynamic business sector is itself a key pillar of the recovery. Notwithstanding the ongoing presence of state-owned enterprises in many sectors of the economy, private companies and especially small and medium sized enterprises played a major role in driving Ukraine's economic growth before the war. These companies – especially those in priority sectors such as processing and manufacturing[23] and those in industries that have emerged by necessity during the war, like defense technology, are likely to play a key role in Ukraine's growth, resilience, and ultimately EU accession.

Second, a prosperous business sector should have positive spillovers into other elements of the recovery. When businesses invest, they create jobs which could support displaced Ukrainians to return to their homes or, at least, to their home country. Indeed, reporting from the UN suggests that job prospects and livelihoods are among the leading concerns that displaced Ukrainians have about returning to their homes, following safety and security concerns.[24]

Finally, some elements of the physical reconstruction are already conducive to private sector investment. Some of the infrastructure that has been damaged by the invasion is in parts of the economy where the private sector is active. For example, telecommunications, postal services, and newer segments of the energy market like some renewables already have strong representation from the private sector. Additional sectors could see private players proliferate as Ukraine's reform (and privatization) agenda continues.

Figure 5. Private capital and private sector contribution across reconstruction layers



Source: Citi Institute.

However, we have outlined three reasons (independent of the unlikelihood of public funding) to think that Ukraine's reconstruction will not be an economic project for only donor governments to fund. The International Finance Corporation (IFC), the private sector arm of the World Bank Group, have argued that depending on the scope and speed of Ukraine's reform agenda, up to 40% of the reconstruction needs could be met by the private sector. (See box)

Indeed, the economic project of Ukraine's reconstruction and integration into Europe could also be thought of under another description – as the catalyzed emergence of a new market with a highly-skilled workforce and deep pockets of innovation on Europe's eastern flank. This report seeks to understand how private capital could be put to use and what it will take to maximize the scale and compress the time frames of this investment. In short, how much private capital can be expected to flow to post-conflict Ukraine and over what sort of time horizon?

Enabling private-led reconstruction and future growth

Ukraine's key recovery challenge is not just rebuilding faster – it is rebuilding at scale in a world where public budgets and donor funding, while essential, are unlikely to be enough. As argued in the World Bank's fifth rapid assessment of Ukraine's damages and needs,[25] private investment – domestic and international – needs to become a major pillar of reconstruction, not only to close financing gaps but to accelerate productivity, innovation, and modernization in line with the Government's vision for Ukraine's future economy. Initial analysis by the International Finance Corporation (IFC), which were included in RDNA5 and will be developed in an upcoming report, suggests that, with the right enabling reforms and interventions, the private sector could cover up to ~40% of Ukraine's total recovery and reconstruction needs over a decade, though the potential varies sharply by sector.

- **Productive sectors**, such as agriculture, commerce and industry, where assets are largely privately-owned, can see most needs met by private actors. Public policy still matters: reforms to land governance, privatization of non-strategic assets, improved access to finance, and the adoption EU-aligned standards can all play a role to catalyze private investment.

- The sector could play a substantial role in capital-intensive **infrastructure sectors**, including energy, transport and telecommunications. Critically, this will be dependent on reforms, improved governance and financial sustainability. For instance, energy sector needs span renewables, distributed generation, grid investment and energy efficiency, but depend on clearing legacy payment issues and ensuring stable, investable rules. While private investment is currently limited in the transport sector, it could grow with reforms (e.g., rail market opening, viable toll road/PPP models, SOE privatization, concessions, and tailored de-risking).

- **Social sectors**, such as health and education, are expected to see only a small share of needs addressed by the private sector, but reforms could facilitate hybrid public-private partnerships (PPPs). Housing is a notable exception, as the private sector could finance a large share of needs if market-oriented reforms of housing policy, construction standards, and rental and mortgage markets are implemented to channel capital beyond household savings – including through commercial mortgages, developer finance and, over time, capital market instruments.

Three levers can convert reconstruction needs into investable projects:

- First, a predictable business environment and credible enforcement matter most to boost investment by domestic firms and attract foreign investment. While much remains to be done, significant progress was achieved in recent years, including streamlined and digitalized business regulation, a modernized framework for public–private partnerships and concessions, strengthened SOE governance and competition systems, alignment with EU standards in various sectors, etc.
- Second, financing sources need to broaden, using tailored de-risking solutions where needed, and blending public and private funds where projects are not fully commercial. For instance, the targeted use of public funds through schemes such as "viability gap funding" can encourage private investment into projects bringing significant economic and social benefits but for which bankability remains thin.
- Third, strategic public investment and stronger project preparation are needed to build a credible pipeline. Public services, well-designed incentive schemes, and business support programs can also play an important catalytic role.

Source: World Bank Group, Government of Ukraine, European Commission, and United Nations. 2026. Ukraine – Fifth Rapid Damage and Needs Assessment (RDNA5) : February 2022 – December 2025.

> Private capital follows a bankable project pipeline. Investors see Ukraine's upside, but they need an enabling business environment and confidence in predictable, enforceable rules. Our analysis suggests that up to 40% of recovery needs could be met by the private sector if the investment climate is enhanced, stronger project preparation builds a credible pipeline, and de-risking is scaled. MDBs such as IFC can catalyze this by supporting enabling reforms, structuring PPPs and concessions, and leveraging donor funds to deploy instruments like guarantees and viability gap funding to close bankability gaps.
>
> *Ines Rocha, IFC Director for Western, Central and Eastern Europe, Ukraine and Moldova*

Committed Private Capital for Ukraine's Reconstruction

Some of Ukraine's reconstruction needs are immediate and cannot wait for the end of the conflict, such as restoring heating in winter. To understand the potential role of private capital, we examine the existing commitments to post-conflict Ukraine, including announcements from international financial institutions and businesses. Analysis of historical post-conflict trajectories suggests that foreign investment starts to return three years after a conflict ends.[26] There are early indications that Ukraine could buck this trend and see private investment move more quickly.

Publicly backed entities continue to finance resilience and recovery

International financial institutions (IFIs) that are backed by sovereign money are currently among the largest investors in Ukraine's resilience and immediate recovery needs.

For instance, the International Finance Corporation, which is the private sector arm of the World Bank Group, invested $1.1 billion between February 2022 and October 2024. The European Bank for Reconstruction and Development (EBRD), which is backed by almost 80 nations, deployed €2.9 billion in 2025 alone – nearly the same amount as the annual foreign direct investment inflows into Ukraine in recent years, and more than investors have deployed in venture capital and private equity deals in any single year on record.[27]

Some of these institutions stepped up their activity in Ukraine as their respective governments increased financial support for Ukraine. For example, EBRD shareholders increased the bank's capital base to €34 billion at the end of 2023, specifying that the additional capital should be used in Ukraine both as the war continues and for the longer-term recovery.[28]

Other IFIs entered for the first time after the full-scale invasion. For example, Swedfund, the Swedish development finance institution, opened an office in Kyiv in 2024[29] after the Swedish government provided new capital to support investment in Ukraine's private sector.[30]

IFIs have also led the charge when it comes to allocating funds for reconstruction and recovery. Two reconstruction-focused funds announced initial closes of new funds in January 2026, both backed by investments from IFIs.[31] Some IFIs have gone further to make public commitments about the level of financing that they will sustain when the conflict ends. For example, the EBRD has committed to investing €3 billion per year in Ukraine after the hostilities cease.[32]

New funds have also been established to mobilize private capital and co-invest in the recovery. For example, the U.S. International Development Finance Corporation (DFC) is a 50% owner of the U.S.-Ukraine Reconstruction Investment Fund, a joint venture launched in 2025. The European Flagship Fund for the Reconstruction of Ukraine also uses the continent's development banks to crowd in private capital for Ukraine.

Other initiatives have also been proposed. The Centre for Economic Policy Research (CEPR) advocated for a development bank for Ukraine, administered by the country itself to centralize resources from donor governments and manage the implementation of projects.[33] The European Union has also debated a so-called 'reparations loan'[34] which could use immobilized Russian assets to finance Ukraine's military spending, general budget or repair and reconstruction.

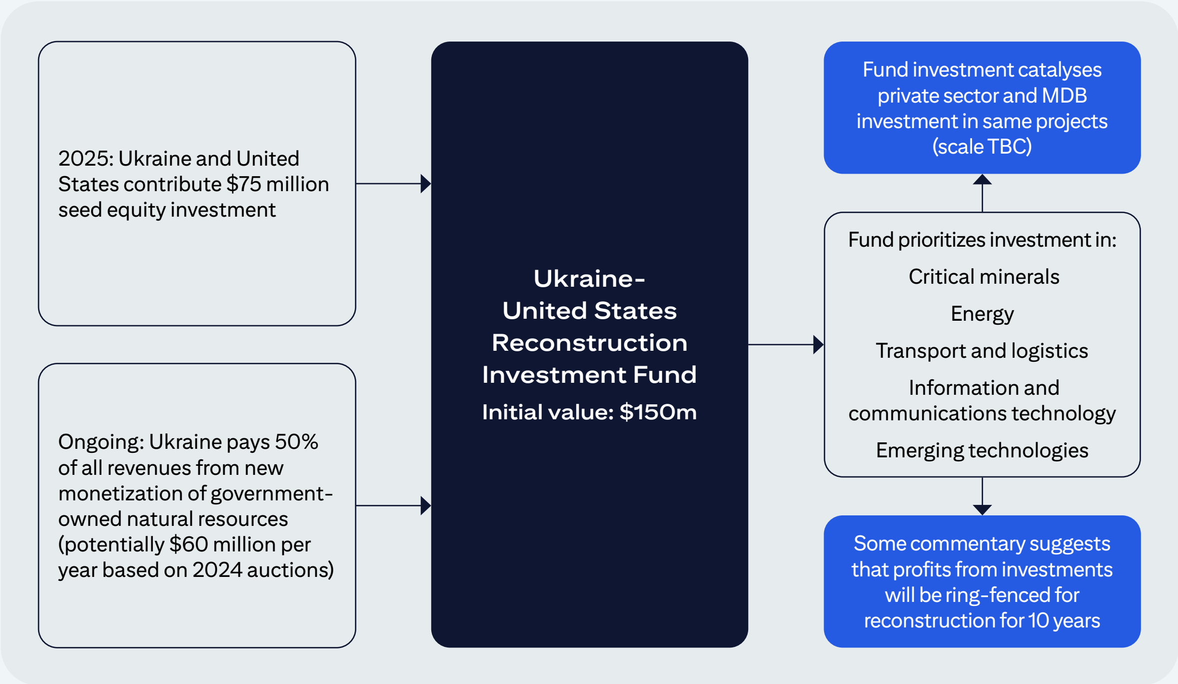
U.S.-Ukraine Reconstruction Investment Fund

The U.S. and Ukraine signed an agreement on April 30, 2025, to establish a new fund for Ukraine's reconstruction and prosperity.[35]

The U.S. International Development Finance Corporation (DFC) and the Ukrainian government each seeded the fund with $75 million[36] to invest in new projects in Ukraine (figure 6). The fund will also receive 50% of the royalties and license fees from new natural resource projects in Ukraine. Ongoing additional contributions could include government revenues from mining licenses, which in 2024 amounted to about 2.4 billion Ukrainian Hryvnia (roughly $50 million).[37] The Ukraine government also noted upon signing the agreement that profits from the fund would be reinvested in Ukraine for the first decade of its operation.[38]

Growing the fund's impact further, the DFC report an expectation to mobilize capital from multilateral development banks and private investors based both in the U.S. and in aligned nations. The fund includes a provision that those who financed the war cannot participate. Mobilizing additional private capital could grow the fund significantly. We address the question of by how much – which applies to all capital from international financial institutions, not only this fund – in the final chapter of this report.

Figure 6. Financial flows of the U.S.-Ukraine Reconstruction Investment Fund



Source: U.S. International Development Finance Corporation, Government of Ukraine, Mining Technology.

It was decided at a fund board meeting in December 2025 that the fund would prioritize investments in “critical minerals, energy, transport and logistics, information and communications technology and emerging technology” with a particular focus on enabling resilient supply chains for joint U.S. and Ukrainian prosperity.[39] Media reports since then have indicated that most of the investment proposals were in the natural resources and infrastructure sectors – with 62% in energy, 16% in transport and logistics and 12% in critical minerals.[40]

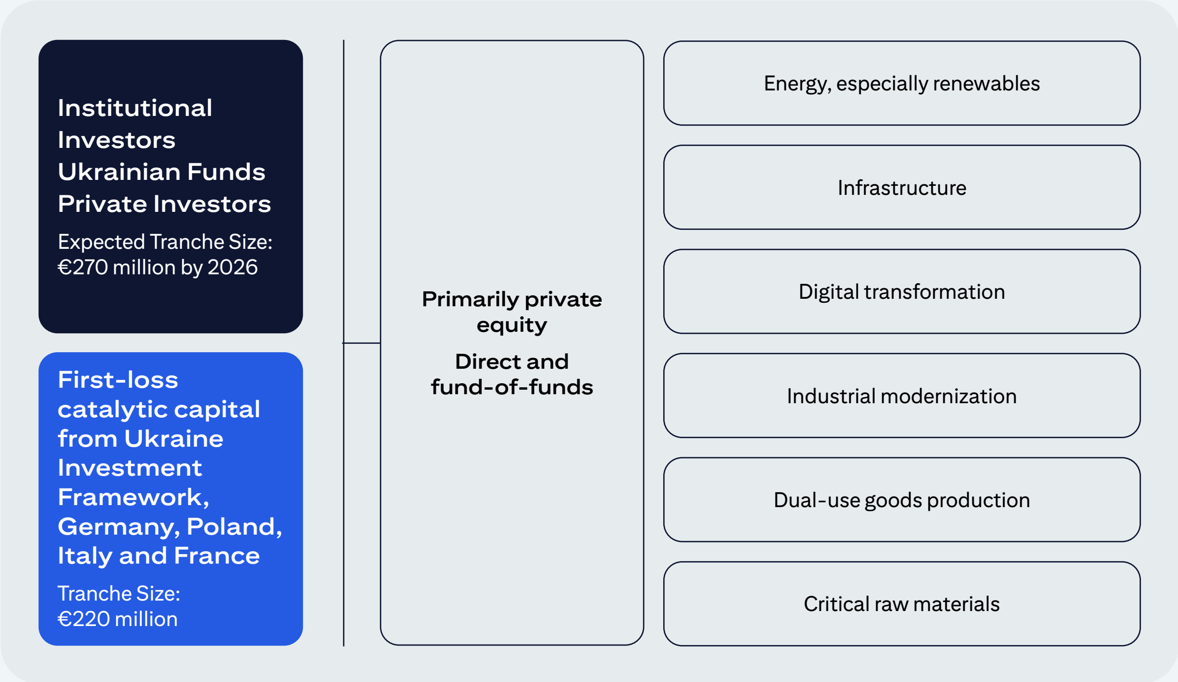
European Flagship Fund for the Reconstruction of Ukraine

In July 2025 at the Ukraine Recovery Conference in Rome, the European Commission announced the European Flagship Fund for the Reconstruction of Ukraine as the largest equity fund focused on the reconstruction.[41]

While this fund is not yet operational and is not expected to be until the end of 2026, anchor investors have committed €220 million ($250 million) in catalytic capital, and the fund now targets a first close in 2026 of €500 million.[42] It will make direct and fund-of-fund equity investments, prioritizing energy, infrastructure, digital transformation, industrial modernization, dual-use goods and critical minerals (figure 7).

This European fund aims to deepen financial markets in Ukraine. The junior tranche committed by European governments is intended to encourage institutional and private investment both from Ukraine and internationally.

Figure 7. European Flagship Fund for the Reconstruction of Ukraine



Source: European Commission.

Harnessing development finance for reconstruction

The combination of existing international financial institutions and new instruments creates a complex landscape of funds available for the reconstruction, which we map in figure 8. One of the challenges companies face is navigating a fragmented landscape of programs, funds, and insurance schemes. Avoiding duplication, scaling up these programs to mobilize investment at the scale required, and creating the conditions that enable collaboration – rather than competition – between IFIs and private investors are among the challenges. Avoiding duplication and creating the conditions that enable collaboration – rather than competition – between IFIs and private investors will be a challenge.

Our analysis of both new instruments and commitments from established large IFIs show that about €8 billion ($9 billion) has been committed in investment guarantees and insurance, across the World Bank's Multilateral Insurance and Guarantee Agency (MIGA) and the Ukraine Investment Framework (figure 8). Some of the guarantee facility has already been used and would therefore not be available for future projects.

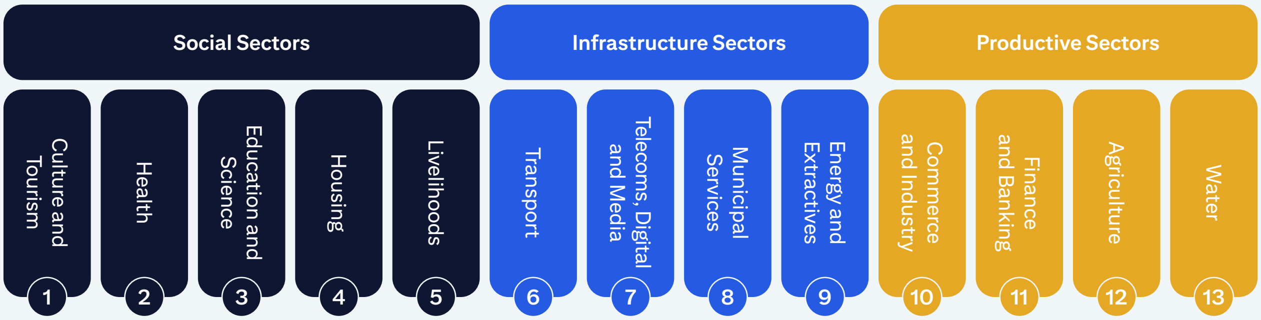
Based on our mapping of commitments from international financial institutions, we expect between €4 and €5 billion in other financing – including debt, equity, trade finance, treasury and loans to individuals – in the first year of peace. This includes the EBRD's commitment of €3 billion per year and other IFIs continuing to invest at about the same rate as during the war. At the upper end of the range, it includes all the funds that have already started to be disbursed, like the EU for Ukraine Fund. We map commitments from IFIs across the reconstruction needs in figure 9.

This mapping across sectors only reflects the sectors that each pool of capital could in theory fund, given the sectors that each institution publicly lists as investable. The Ukrainian context is highly nuanced and the laws governing private sector participation continue to evolve.

Housing is a good example. IFIs have been investing across the housing value chain in emerging economies for decades, but it is not clear whether IFI investment or other private capital will be able to address the roughly $90 billion reconstruction needs[43] in Ukraine's housing sector. The IFC notes in its report on potential private sector contribution to recovery that "regulatory barriers limit private sector participation in the construction of mass-market housing developments on a scale that meets the post-invasion reconstruction needs".[44] Our mapping nonetheless includes the use of IFI capital in housing, indicating theoretical limits on participation.

This mapping reveals two conclusions. First, the capital committed to Ukraine's reconstruction through a combination of IFIs and new funds runs into the mid-single digit billions for the first year. Second, this capital is agile and can in theory be deployed across a range of Ukraine's reconstruction needs. With a supportive reform agenda, IFIs could contribute to almost all of the infrastructure, economic and social reconstruction needs.

Figure 8. Mapping of existing private commitments against World Bank sector assessments



1 2 3 4 5 6 7 8 9 10 11 12 13

IFC

Allocation: Less clear, $1.1 billion deployed between February 2022 and October 2024.

Instruments: Equity, Loans and Syndication, Trade and Commodity Finance, Treasury Solutions, Asset Management.

Sectors: Agribusiness, Education, Financials, Health, Infrastructure, Manufacturing, Tourism, Retail & Property.

4 5 6 7 8 9 10 11 12 13

EBRD

Allocation: Commitment to €3 billion/year post-conflict. Deployment during war reached €2.9 billion in 2025.

Instruments: Loans, Equity, Guarantees, plus SME Finance (supply chain, risk sharing, local currency financing).

Sectors: Energy, Food & Agriculture, Manufacturing, Natural Resources, Technology, Transport, Real Estate.

2 3 4 5 6 7 8 9 10

EU for Ukraine Fund

Fund Size: ~€400 million, expected to mobilize €300 million at project level.

Instruments: Credit enhancement to facilitate EIB lending, interest rate subsidies, equity investment.

Sectors: SMEs, Transport, Schools & Hospitals, Digital & Cyber.

6 7 9 10

U.S.-Ukraine Reconstruction Fund

Initial Fund Size: $150 million, to grow annually by potentially $60+ million.

Instruments: Presumed debt and equity.

Sectors: Natural Resources, Energy, Infrastructure and Critical Minerals.

6 7 8 9 10

European Flagship Fund for Reconstruction of Ukraine

Fund Size: €220 million from public sector, target €500 million close.

Instruments: Direct equity and quasi-equity investments, plus fund of funds model.

Sectors: Energy, Infrastructure, Digital, Dual-Use Defence, Critical Minerals, Industry.

4

Council of Europe Bank

Fund Size: €200 million

Instruments: Mortgage to individuals

11

Council of Europe Bank

Fund Size: €3 million

Instruments: Microfinance for small businesses

6 7 8 9 10

Ukraine Investment Framework

Fund Size: €7.8 billion loan guarantee and €1.5 billion in blending.

Instruments: Financing delivered to IFI partners (EBRD, IFC, KfW) for their onward investment.

Sectors: Energy, Infrastructure (Heating, Water, Waste), SMEs.

6 7 8 9 10 11 12 13

Multilateral Investment Guarantee Agency – Support for Ukraine's Reconstruction and Economy Trust Fund

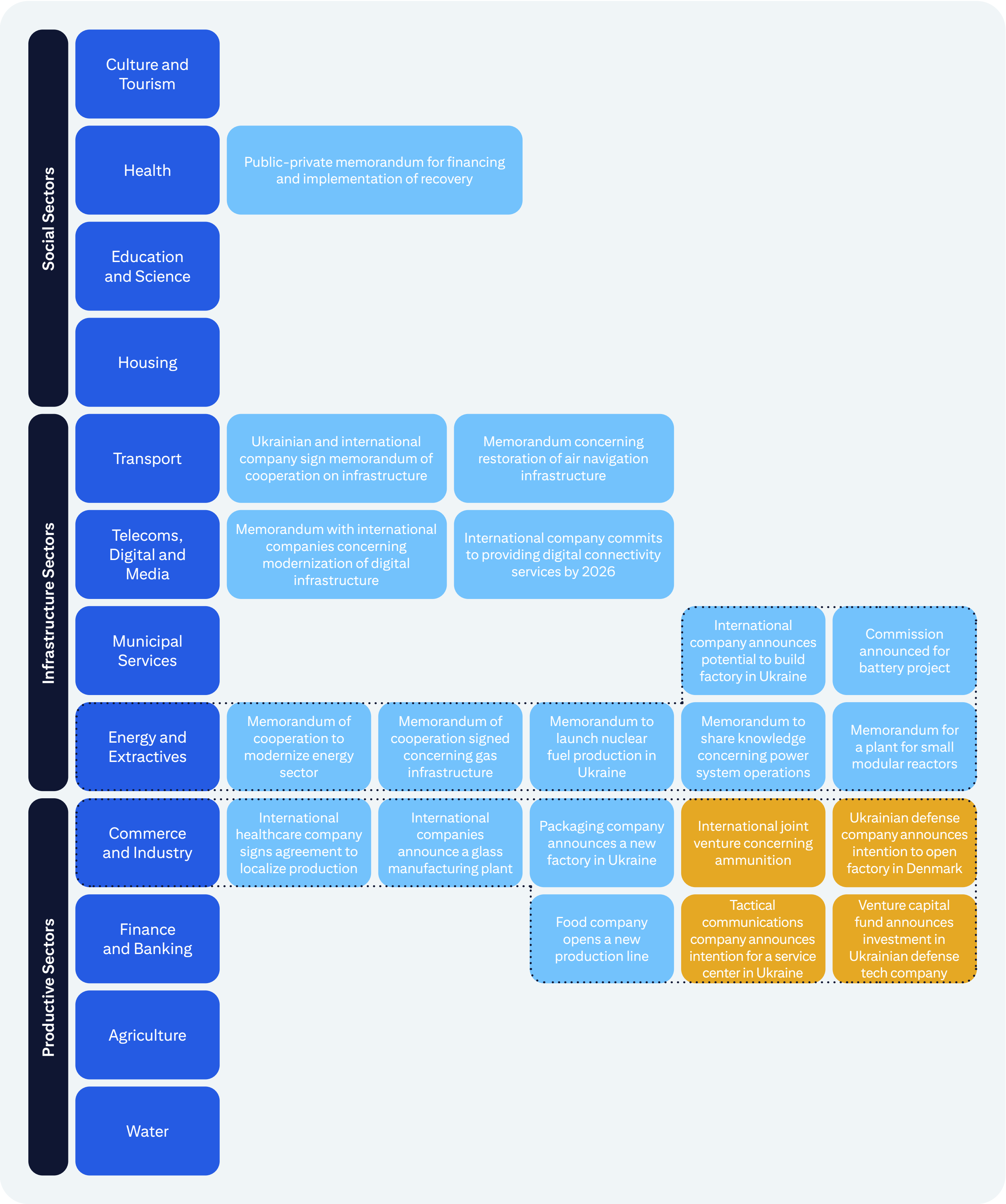
Fund Size: $300 million expected size (as reported by MIGA).

Instruments: Provides guarantees against political risk .

Sectors: Post-conflict will be projects in the real economy, current focus adds trade and bank lending.

Source: Citi Institute, World Bank.

Figure 9. Mapping of international financial commitments



Source: Citi Institute.

International business shows early indication of investment in Ukraine

It is not only IFIs backed by sovereign money that have made explicit commitments to invest in Ukraine's reconstruction. International companies have also signed agreements and memoranda related to ongoing investment and the recovery. Then-Prime Minister of Ukraine, Denys Shmyhal, said at the 2025 Ukraine Recovery Conference that more than 200 agreements had been signed, totalling more than €13 billion.[45]

Not all of this €13 billion is private capital, and includes government and IFI commitments.

To understand how international businesses are evaluating opportunities to participate in Ukraine's reconstruction, we tracked companies' press releases in the period surrounding the 2025 Recovery Conference (figure 9). We found 23 public announcements of partnerships and investments. Only four reported an explicit amount, with a combined value of about €300 million in committed capital. It is impossible to accurately estimate the value of the remaining 19 commitments, but they could add significantly to this €300 million.

This mapping captures a moment in time and is not all-encompassing, only reflecting announcements made on the fringes of the URC in July 2025. Some agreements may not have been made public, such as in the defense industry.

> There is a compelling case for early engagement, and we see companies already looking at becoming involved in post-conflict Ukraine. Those who wait for a formal peace agreement before they begin their strategic planning may find themselves several steps behind the competition.
>
> *Erik Savola*
> *Head of Europe Corporate Bank, Citi*

Digital infrastructure for Ukraine's economic transformation

It is notable that many of the announcements tracked here are collaborations between multiple companies both within and outside Ukraine. The infrastructure and ecosystems that will help these collaborations to scale up are already under construction, with numerous companies and platforms operating in Ukraine that look to facilitate FDI.

One example is RAINCLOUD UKRAINA, a platform that connects international corporations – across sectors ranging from infrastructure to fast-moving consumer goods – with a pre-validated network of local partners in Ukraine.

Norine MacDonald, the founder, underlined in discussion with us that building this infrastructure cannot wait for a peace deal: "The commercial backbone of Ukraine's transformation must be established immediately, so that when large-scale reconstruction begins, connectivity between global industry and Ukrainian companies is already operational."

RAINCLOUD UKRAINA's business-to-business (B2B) digital platform is designed to bridge the 'trust gap' and de-risk market entry for institutional investors and global industry. To do this, it operates on two layers:

1. **Integrity layer:** RAINCLOUD UKRAINA describes this as a "due diligence backbone", utilizing an invitation-only onboarding process to curate the B2B connections that the platform enables. This is supported by established risk-mitigation frameworks.
2. **Strategic data layer:** During the ongoing conflict, the platform has allowed firms to move beyond generalized risk perceptions, with granular data on the economy and infrastructure. Current company data suggests that 60-70% of Ukrainian territory is not high risk.

Private sector signals support for energy infrastructure

More than 30% of the agreements we tracked concerned the energy and extractives sector. As previously noted, Ukraine's energy infrastructure requires extensive reconstruction (estimated at about €90 billion) since it has been a key target of the Russian military campaign. IFC analysis found that, with reforms, the private sector could cover about 75% of needs in this sector.[46]

Most of the commitments in energy are memoranda of understanding, such as agreements to share best practice, to supply fuel and to explore batteries for energy storage. It is to be expected that this sector would see tentative earlier-stage commitments rather than an influx of firm capital commitments, as energy infrastructure remains at the center of the Russian military strategy, and the risks remain high.

However, the high level of early-stage activity suggests the energy sector could mobilize private capital at scale once the war is over.

> "Opportunity follows scale. Energy, transport and housing are among Ukraine's largest reconstruction needs – and the reform agenda to crowd in private capital is clear. Energy already has private momentum – especially in renewables – but scaling requires investable rules: deeper EU market integration, credible renewable and storage auctions, and restoring financial sustainability through cost recovery tariffs and arrears resolution. Transport needs a predictable framework for concessions and PPPs, plus strong project preparation to build bankable pipelines. In transport, it's making PPPs and concessions operational and scaling project preparation so a bankable pipeline can reach market. In housing, it's expanding finance beyond household savings – including developer finance and deeper mortgage and rental markets – so delivery can happen at scale.
>
> *Ines Rocha, IFC Director for Western, Central and Eastern Europe, Ukraine, and Moldova*"

Commitments in manufacturing indicate a geographical supply-demand gap

More concrete commitments have been made in the manufacturing sector. Three of the four announcements that included an explicit monetary value are commitments to build new factories in Ukraine. For instance, a coalition of European glassmakers announced an agreement to build a new plant in the Kyiv region. Economic history in part explains this focus on manufacturing. Building on the legacy of the Soviet era, this sector was well developed and drove prosperity in the early 2000s when it accounted for almost 20% of Ukraine's GDP.[47]

Some commitments to new manufacturing plants announce the location – all are in either the capital region around Kyiv or the west of Ukraine, specifically the Ternopil and Volyn regions. Some corporate announcements since the 2025 URC indicate an intention to relocate production facilities from eastern regions to central and western Ukraine.[48]

The reason is clear. While western cities like Lviv have also experienced the violence of war, western Ukraine is considered comparatively safe compared with the capital or the frontline regions.

However, this also introduces an imbalance between the supply and demand for reconstruction capital: most of the demand is in the front-line regions of eastern Ukraine yet it is likely that the supply of capital will focus on western regions – at least in the period immediately following the end of the war.

There may be little that can be done to change this. Philipp Hildebrand, the Vice Chair of asset manager Blackrock, said in an interview at Davos in January: "If you're a pension fund, you're [a] fiduciary towards your clients, your pensioners. It's nearly impossible to invest into a war zone."[49] One option could be to ensure that the balance of public and private capital vary not only between sectors but also across Ukraine to accommodate the diverse experiences of the regions.

Significant focus on Ukraine's defense sector

Several commitments focus on the defense industry, making up almost 50% of announcements in the Commerce and Industry pillar of recovery in figure 9.

This is not surprising: Ukraine's defense sector has been a major vehicle for innovation since the full-scale invasion. The level of interest in Ukraine's defense technologies and defense industrial base suggests that there is significant potential for Ukraine to export new military technologies at increasing scale, especially to Europe, which is increasing defense spending and prioritizing domestic suppliers.[50]

Recent geopolitical developments have underlined the salience of Ukrainian innovation to western defense. Ukraine's leaders have already volunteered to share experience with defending attacks by Iranian drones after they hit Western military bases in the middle east.[51]

The distribution of existing private capital commitments highlights a significant focus on energy, defense and manufacturing. The question for Ukraine and her allies then is twofold – can this interest be scaled up? And can it be expanded across a wider range of reconstruction pillars?

Scaling Up Investment for Economic Reinvigoration

Corporate foreign direct investment (FDI) is among the most readily recognizable points of entry for private capital into the economic project of Ukraine's recovery. This includes new greenfield projects and joint ventures or international mergers and acquisitions (M&A) with Ukrainian companies. We illustrate where rebuilding can create a role for FDI – both in the traditional sense of addressing damage and more widely by supporting Ukraine's economic transformation.

However, it does not follow that private capital will necessarily move into Ukraine at scale. While there have been periods of cautious optimism, Ukraine has faced challenges to attracting private capital in the past. We described green shoots in the previous chapter, but the questions of scale and supply still loom large. We examine three potential drivers for post-conflict Ukraine investment, but we conclude with a caveat that foreign investment may not be targeted at reconstruction needs specifically.

International Investment in the Reconstruction

For any parties looking to participate in the reconstruction, the question is how to identify investable projects.

One resource is the Ukraine Investment Catalogue, published by the Kyiv School of Economics, a leading Ukrainian university. The most recent edition was published at the Ukraine Recovery Conference in July 2025. The catalogue lists 250 projects representing more than $40 billion in financing needs. These projects span 11 sectors of the Ukrainian economy from energy and agriculture to logistics and healthcare. Each is open to private capital and many are capex-focused, potential FDI projects.

For instance, Ukraine has a large amount of arable land and is in a good geographical position to export food along major trade routes (including to Europe). Its agriculture industry suffered damages due to the invasion, and there will be a need for food production and processing plants that generate revenue from domestic consumption and export of products.

> While reaching a peace agreement is critical to unlocking investment at scale, we are already seeing more clients interested in Ukraine. Some are opening small offices, in preparation for their entry into the market. At the same time, Poland is becoming a key hub for companies looking to enter the Ukrainian market on account of its favorable location and close economic and trade relations with Ukraine.
>
> *Elzbieta Czetwertynska, Citi Country Officer and Banking Head for Poland*

An example from the Catalogue is a $20 million project to construct a blueberry plantation to grow 1.5 tons of blueberries per year and a processing facility to manage the same volume again in other producers' fruits.

Another example is the reconstruction needs of the energy sector, with 30% of the projects in the Investment Catalogue focused on energy.

One project is the construction of wind farms to generate electricity for sale to businesses and households in Ukraine as well as export to energy systems in European countries. These are greenfield projects that aim to create revenue-generating infrastructure assets and are therefore open to FDI.

We have already said that reconstruction is not merely replacing damaged infrastructure like for like, but often 'building back better'. These projects – and others in the Catalogue – apply an even wider lens. They seek to contribute to rebuilding Ukraine not only by addressing the damage caused by the war, but by supporting its economic transformation from the post-Soviet industrial model to a modern, European economy. These investments support Ukrainian businesses to innovate and to create the jobs and entrepreneurship opportunities that veterans and returnees need for their reintegration. Their inclusion in government-backed initiatives like the Investment Catalogue shows that Ukrainians think of these projects as part of their recovery and post-conflict transformation.

However, there are other resources directed at more obviously reconstruction-focused projects. The Ukraine DREAM Pipeline[52] is run by the Ministry for Communities, Territories and Infrastructure Development of Ukraine, along with the Agency for Restoration and the Open Contracting Partnership. The DREAM Pipeline identifies and collates reconstruction needs at a granular level. Projects in this pipeline include repairs to the roof of a school, reconstruction of a water pipeline or rebuilding a particular block of social housing.

The platform plans, allocates and monitors how public funds are used. It is an exercise in transparency and coordination rather than an effort to market opportunities for investment. The projects that it collates are largely funded by public entities at the national, regional, or city level or by private grants. In the next chapter we turn to how private capital might be unlocked to facilitate such projects. However, some projects could in future be relatively straightforward foreign direct investment projects.

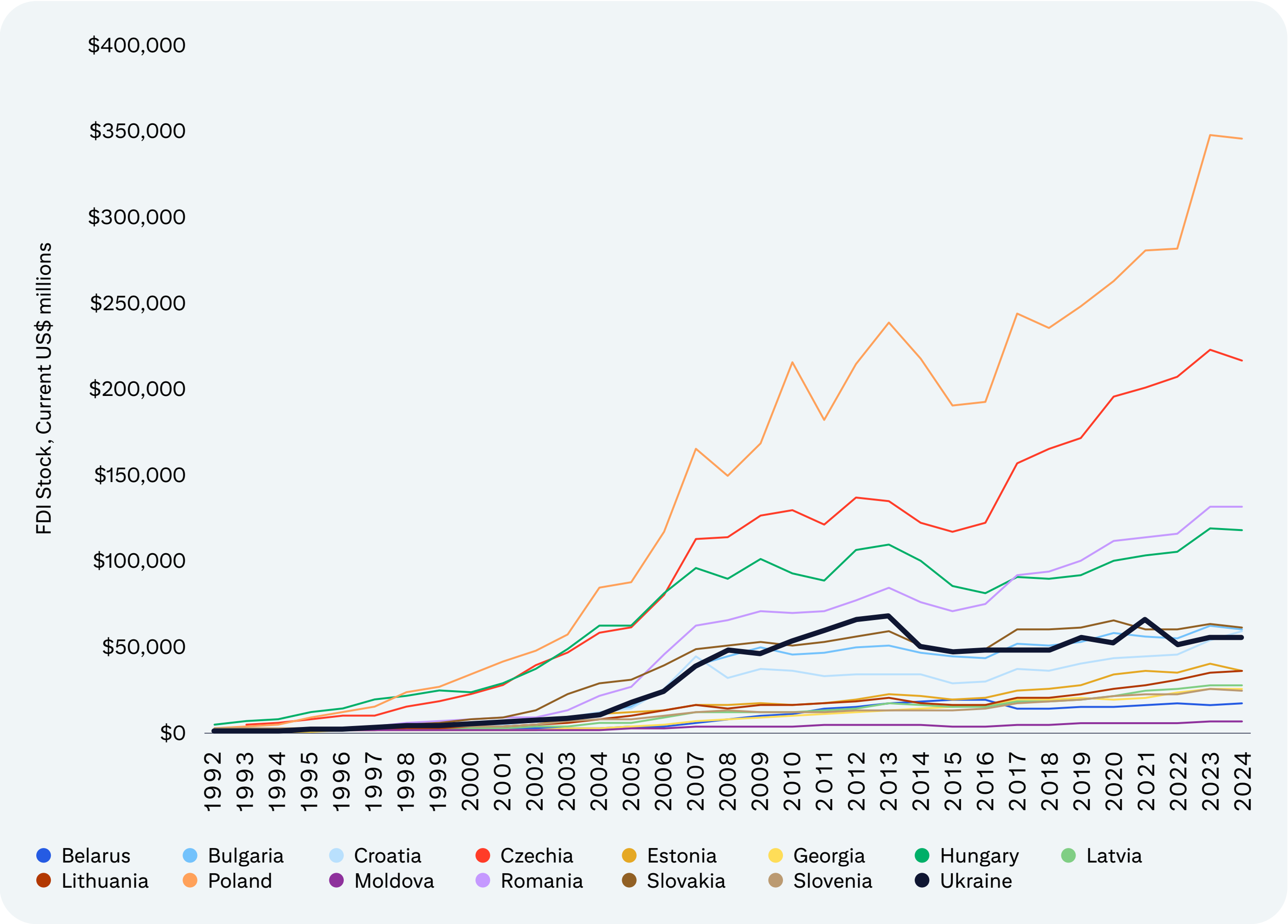
International Investment in Ukraine in Historical Perspective

There is a role for FDI and VC to impactfully participate in Ukraine's reconstruction and economic transformation. But how realistic is it that capital will move into Ukraine at the required scale?

Ukraine's history of attracting international investment is complex. There have been some periods of momentum and cautious optimism, but structural factors have limited investment, and recent history has added to the challenge.

Even at its peak in the relatively favorable domestic situation of the early 2010s, total FDI in Ukraine was about a quarter of that in neighboring Poland.[53] Indeed, despite having more than 5x the population, FDI in Ukraine since the Soviet era has more closely tracked inflows to Bulgaria (figure 10). As Yuriy Gorodnichenko and Maurice Obstfeld put it in a recent article: while forecasters have seen reason for Ukraine to be an investment destination, "these predictions consistently failed to materialize. Investment rates, the pace of economic growth, and the size of productivity gains all remained disappointingly low".[54]

Figure 10. FDI across Eastern Europe since the collapse of the Soviet bloc



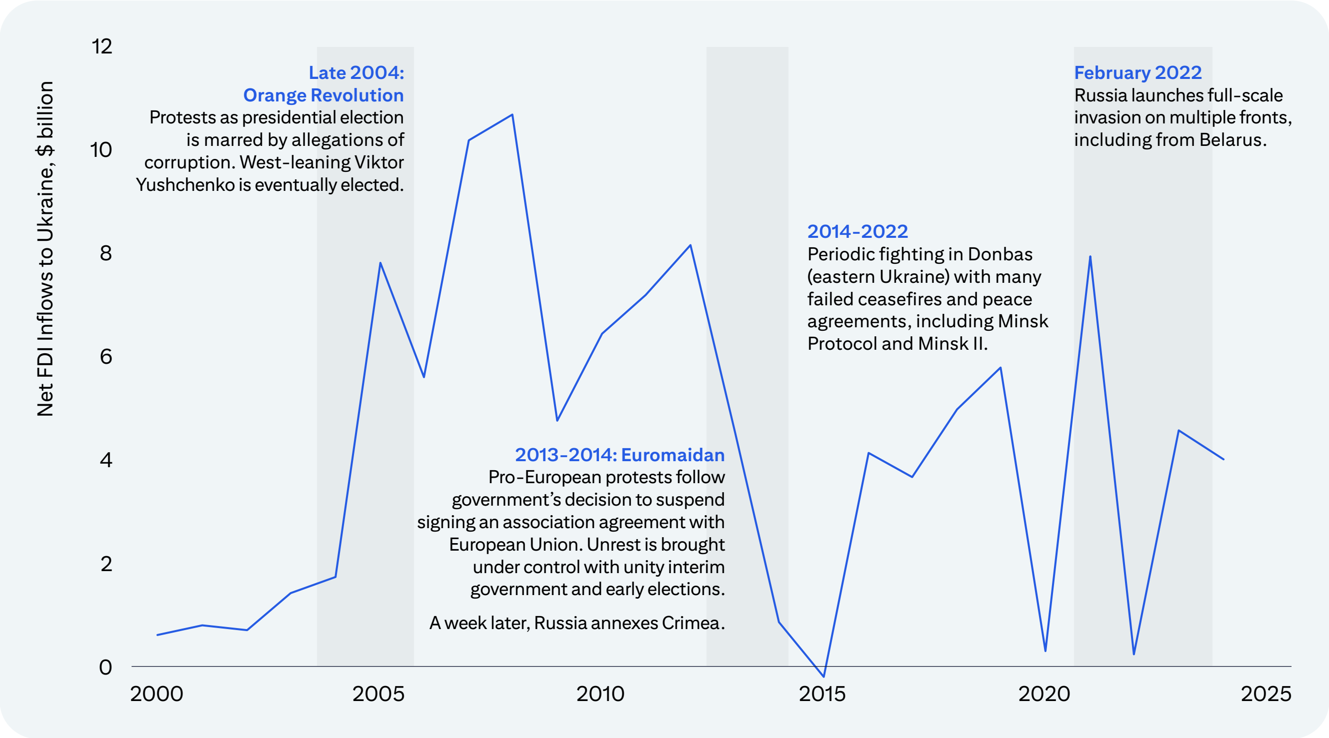
Source: UNCTAD.

There are many structural factors that have kept private capital from moving into Ukraine at scale so far. The Center for Strategic and International Studies said in 2024 that Ukraine's economy "inherited many Soviet-era ailments, including a centralized and inefficient energy system, excessive red tape and endemic corruption, making the business environment difficult".[55] EU reporting on the hurdles to be cleared before accession has further focused on a meritocratic and de-politicized judiciary to implement the rule of law and adequate protection for intellectual property rights.[56]

Managing currency risk is an additional hurdle to foreign investment. FDI involves exposure to fluctuations in the currency of the foreign country that a company invests in. There are very few solutions on the market for companies to hedge their exposure to the Ukrainian hryvnia, and the products that are available are only available for small amounts of the currency for a short amount of time – and they are very expensive

We should not underestimate the impact of a volatile political environment on investment into Ukraine (figure 11). Investment momentum started to build in the mid-2000s, with almost an 80% year-on-year increase in the total stock of FDI between 2004 and 2005. This followed the election of Viktor Yushchenko, a West-leaning President who was expected to orient Ukraine toward Europe. Stock of FDI in Ukraine reached a peak of $67 billion in 2013 before reversing amid uncertainty and Russia's annexation of Crimea.[57]

Figure 11. Foreign direct investment ($ million) and key political risks



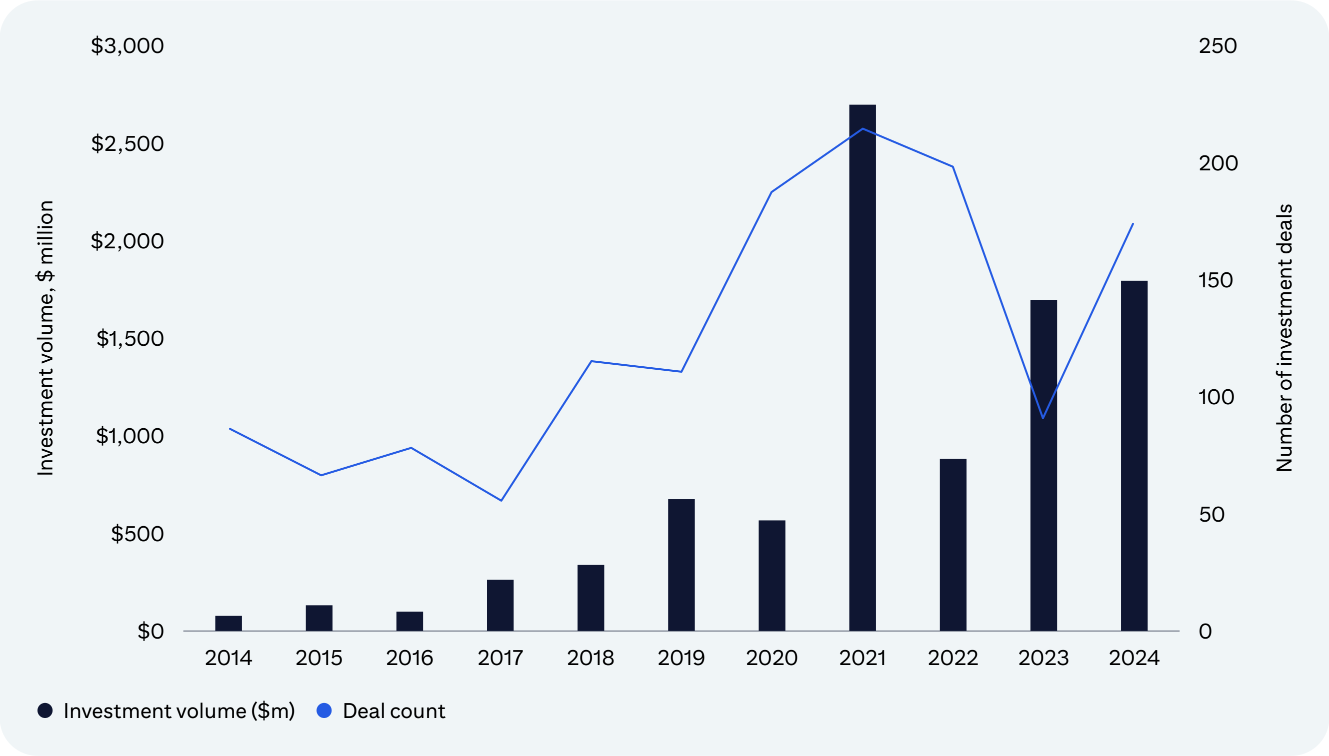
Source: UNCTAD with Citi Institute commentary.

FDI returned to a growth trajectory in the late 2010s. This followed the signing of an association agreement – including political and free trade components – with the European Union, which came into effect in late 2017. Double digit growth was reported in both 2019, before being cut short by the COVID-19 pandemic, and 2021, before being cut short by Russia's invasion.

Venture capital deal data shows that between 2014 and 2024 about $9 billion in venture capital and private equity was invested in Ukraine across around 1400 deals (figure 12). A peak in deal activity and capital invested came in 2021, in line with global trends.[58] But while declines were global in 2022, the full-scale invasion compounded the experience in Ukraine. Capital invested in Ukraine fell by two-thirds in 2022 vs. the year before, while the global figure fell by 30% over the same period, according to data from Pitchbook.[59]

In their paper You Only Live Twice: Financial Inflows and Growth in a Westward-Facing Ukraine, Gorodnichenko and Obstfeld conclude that "ample capital investment for Ukraine is a reasonable expectation".[60] They estimate that Ukraine will need about $40 billion in investment each year. They consider this investment likely because of public spending in the four years of war and EU commitments already made for the period through to 2027. They further expect that a significant share of the required investment can be shifted to the private sector on the basis that FDI into Poland reached about $20 billion in 2024.

Figure 12. Private equity and venture capital deals in Ukraine, 2014 to 2024



Source: Ukrainian Venture Capital and Private Equity Association, Stormy Decade.

This Time Could Be Different: Three Potential Drivers for a Ukrainian Recovery

We consider three conditions that could allow international investment to move at scale toward the reconstruction of Ukraine's economy:

1. **European integration and reform agenda improve investment trajectory**
   The war has brought Ukraine into a Western orbit and crystalized a focus on the country's potential integration into the EU.[61] We also previously described the upward trajectory of the country's FDI.

   Research suggests that becoming an EU member has the potential to drive between a 60% and 85% uplift in inbound foreign direct investment from outside the EU, and a 50% uplift in FDI between EU member countries.[62] This is attributed to access to the European single market. The fact that FDI from outside the EU increases by more than intra-EU flows underlines the point that investing in Ukraine's reconstruction will be a global effort.

   The process of becoming a member state will also require Ukraine to address the structural headwinds that have constrained private investment. Some of the financing that Ukraine has accessed during the war – such as IMF loans – is also contingent on reforms that are expected to spur international investment, further solidifying the trajectory of Ukrainian economic policy.

   The European Commission's recent report on Ukrainian membership notes that progress has been made on both the judiciary and corruption.[63] The report adds: "The business environment has benefited from steps to make it easier to do business, supported by ongoing deregulation efforts."

Figure 13. Three factors impacting Ukraine's future investment trajectory

Factors affecting investment	Impact on Ukraine's investment trajectory
Ukraine is now firmly in the European sphere. War has catalyzed an extensive program of reforms, guided by institutions including the European Union and the IMF, and clarified the path to EU membership.	Reforms addressing the structural barriers that have constrained investment in Ukraine since independence could set the country on a stronger investment trajectory than pre-war. EU accession is also linked with growth in foreign direct investment receipts, even in the period before becoming a full member state.
Global investment priorities include scaling up defense spending and ensuring that capabilities are fit for 21st century warfare.	Major increases in defense spending across NATO could support inbound investment in Ukraine's industrial base and its defense technology innovations.
An imperative to shore up supply of critical materials is receiving ever-more discussion in both Europe and the United States.	Decisions to diversify supply chains and ensure reliable supply of critical minerals could allow Ukraine to unlock more value from its natural resources than it did pre-war.

Sources: Citi Institute.

2. **Defense production and technology expertise could drive inbound investment**
   Increased defense spending among Ukraine's European allies and the need to prepare for 21st century warfare could drive investment. Defense spending among EU members increased by more than 60% between 2020 and 2025.[64] Further growth lies ahead: the main outcome of the 2025 NATO Summit was a new commitment to spend 5% of GDP on defense in the next ten years.[65] Media reports have also highlighted that NATO is unprepared for the modern frontline, creating a need to leverage Ukrainian expertise: a 2025 exercise involving Ukrainian drone experts led to reporting of "severe tactical shortcomings".[66]

   Innovation has also proliferated since the Russian invasion. Ukraine launched a platform – Brave1 – in April 2023 which brings together companies with ideas and products that can support Ukraine's defense efforts. Eighteen months later, 3,000 companies had registered on the platform, of which 99% had been created since 2022.[67]

   However, the European and NATO integration of Ukraine's defense sector cannot be taken for granted. The Financial Times noted in January 2026 that some Ukrainian military innovations relied on Chinese suppliers.[68] This does not affect all of Ukraine's defense tech companies, and many have evolved their supply chains so that they no longer use any Chinese components. While the EU commitment to localize military procurement in the next decade could support Ukraine's domestic production, using domestic, European supply chains may be another important consideration.

> We're having conversations all around the world. I've been to around 15 different countries in the past 12 months having different meetings and webinars globally around Ukraine's recovery.
>
> *Alex McWhorter, Citi Country Officer and Banking Head for Ukraine*

> Ukraine has become a fast moving engine of battlefield-driven innovation, designing and refining systems under real combat conditions and attracting significant international interest in their capabilities. As Ukraine opens export channels, it is becoming integral to NATO's evolving capabilities and collective security architecture.
>
> *Georgi Yordanov, Lead on Defence, Public Sector Group, Citi*

3. **Global focus on natural resources**
   In a shift away from globalized supply, there is a move on both sides of the Atlantic to ensure that access to raw materials cannot be constrained by other nations. The U.S. published its updated National Security Strategy (NSS) in late 2025 and listed "securing access to critical supply chains and materials" among its priorities for economic security.[69] The European Union passed the Critical Raw Materials Act in 2024 which sets targets for domestic production, processing and recycling of 34 critical and 17 strategic raw materials.[70] Many of these raw materials are believed to be present in Ukraine, which could boost FDI. For instance, it has been reported that Ukraine accounts for 5% of the world's supply of the materials that the EU Act deems critical.

   However, optimism here may be tempered by two factors. First, the U.S. NSS highlights trade with Africa as a route to shoring up access to critical raw materials – not Ukraine.

   Second, the true scale of Ukraine's natural resource wealth has come into question. It has been noted, for instance, that some of the figures are based on questionable Soviet assessments.[71] Many of the reported deposits are in territories currently occupied by Russia, which is actively working to integrate Ukrainian raw materials into Russian processing systems.[72] Moreover, if these territories return to Ukraine in a peace settlement (and it is not guaranteed that they will), they will be among the most challenging regions for international investment due to the high level of damages, remaining security risks and the need to remove landmines before commercial activity can begin.

Contextualizing corruption in Ukraine

Ukraine has taken significant steps towards reducing corruption in recent years – including amid the war. One important benchmark is the Corruption Perception Index (CPI), a global study of corruption published by Transparency International, an NGO.[73] Ukraine's most recent score in this index is 36/100. There are three key points:

1. Ukraine has been on a positive trajectory. Its score has increased almost 10 points in the last decade, including a three-point increase since the full-scale invasion.

2. This trajectory bucks the wider trend. Ukraine is one of 31 countries recording an improved score since 2012. 50 countries have seen their CPI scores fall in that time and in the most recent data, all but one of Ukraine's neighbours (Poland) saw their score fall.

3. The most recent CPI puts Ukraine on a par with Argentina and ahead of many large emerging economies including Brazil (35), Turkey (31), Egypt (30) and Mexico (27).

There is still more to be done. A score of 36 is below the global average (42) and the Ukraine office of Transparency International describes progress as "very restrained".[74] But progress is still being made, the situation is comparable to other emerging markets, and the path forward is clear.

Two Countervailing Forces Advise Caution

Not everything lines up to support private investment in Ukraine. We examine two key headwinds: the lack of a peace settlement and the risk of insufficient human capital.

In preparing this report, many of those we interviewed about the investment landscape post-conflict spoke extensively about security risks. Many framed this in terms of peace, noting that investment could only scale up in Ukraine after the war ends. Economic research echoes this. One recent analysis of FDI into 51 countries between 1991 and 2016 found that the absence of violent conflict is the most important institutional factor that supports increasing investment.[75]

The underlying concern is one of security – of infrastructure, of assets and (above all) of employees. One executive in Ukraine said that they would be able to scale up their investment in the country only when they could ensure the safety of employees.

Figure 14. Two potential headwinds to Ukraine's future investment trajectory

Factors affecting investment	Impact on Ukraine's investment trajectory
Perception of security and political risk may remain elevated in post-conflict Ukraine, especially if any peace agreement is considered unjust.	Ongoing security and political risks could hinder private capital flows, if global investors are not reassured that a peace agreement and domestic political certainty will persist.
Whether or not displaced Ukrainians – including those abroad and those within the country's borders – will return home and whether mobilization will continue to staff a wartime-sized military are both in doubt.	The availability of human capital to design, lead and implement reconstruction and economic transformation projects could weigh on international investment post-conflict.

Sources: Citi Institute.

Even after the conflict ends, Ukraine's political and security situation may continue to be challenging. First, Ukraine will continue to share a border with Russia. Many commentators have noted that a temporary ceasefire may only be a chance to rearm. There may also be potential for major protests if an unacceptable peace agreement is imposed on the Ukrainian people.[76]

Skilled employees are vital to Ukraine's reconstruction, yet this is one of the main challenges reported by businesses today.[77] Alex McWhorter, Citi's Chief Country Officer and Banking Head for Ukraine, said in a Citi Institute article in December 2025: "One of the biggest challenges that we see companies in Ukraine facing today is a lack of human capital as mobilization, mental health concerns and displacement all impact the availability of workers with the right experience".[78]

Peace will also not guarantee improvements. About 6 million Ukrainian refugees are recorded globally and a further 3 million are displaced within the country's borders. Modeling by the UN High Commissioner for Refugees suggests that under a fragile peace, almost two thirds of refugees could return but they expect that the demographic profile of returnees will not match the refugee population.[79] Younger people, families and those who have found work abroad –those who would be part of the working population – are the least likely to return. Moreover, Ukraine was in demographic decline even before the war, with one of the lowest fertility rates and outbound migration resulting in a population that was already shrinking.

Three Potential Scenarios for FDI

We consider three possible scenarios (figure 15) to illustrate the potential scale at which new businesses might enter the ecosystem and existing ones might scale up, to improve the chances that FDI would have a sizeable impact on Ukraine's recovery.

We also conclude that mobilizing private capital requires other financial tools, beyond international companies acquiring stakes in domestic ventures or launching greenfield expansion into Ukraine – even in a more optimistic scenario.

According to a 2026 survey, 38% of companies in Ukraine see reason to scale up their investment.[80] We take this as a starting point.

In Scenario 1, we assume that businesses scale up their investment by 15% – this is the median annual rate of increase in inbound FDI receipts since Ukraine's independence.[81] In Scenario 2, we set this figure to 30% which is the upper quartile, and in Scenario 3, we set it to 40% as an aspirational improvement on historical trends.

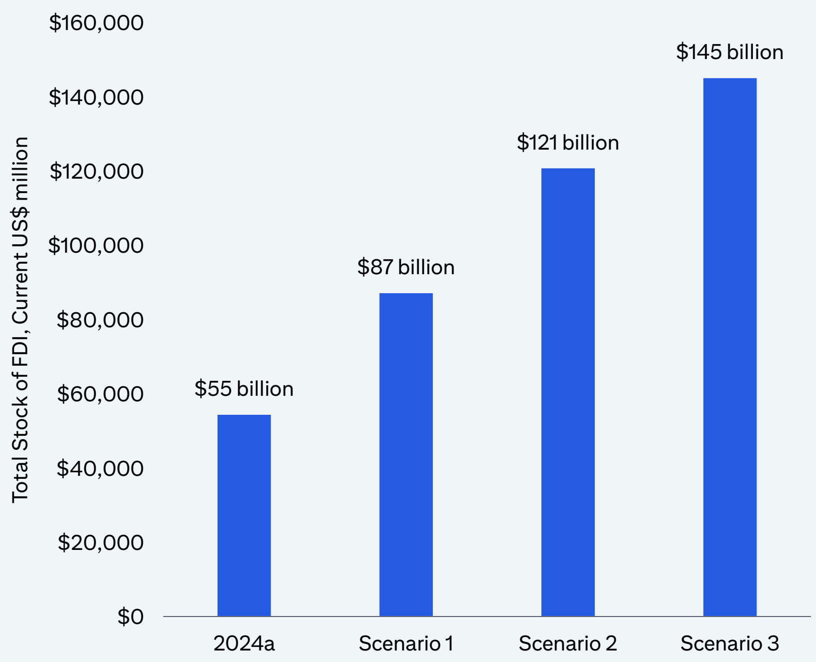
In addition to scale-ups, there is also the potential for new businesses to enter Ukraine.

In Scenario 1, we assume that the number of multinationals in Ukraine (which currently stands at about 300[82]) increases by 2% which is the median rate of year-on-year increase in the number of business entities in Ukraine since 2010. In Scenario 2, we set this to 5%, which is the upper quartile of year-on-year percentage increases over the same time period, and in Scenario 3, we set this figure to 10%, which is close to the historical maximum.

> I see more interest in Ukraine today than at any other point in my time leading Citi's operations there. We are seeing companies already preparing for the reconstruction, while others are already investing today.
>
> *Alex McWhorter, Citi Country Officer and Banking Head for Ukraine, Citi*

Figure 15. Potential scenarios for foreign direct investment into Ukraine over a decade

	Scenario 1	Scenario 2	Scenario 3
Share of companies scaling up	38%	38%	38%
Scale ups increase investment by X%	15%	30%	40%
New FDI stock attributable to scale ups ($ million)	$31,107	$62,213	$82,951
Number of new businesses increases by X%	2%	5%	10%
New FDI stock attributable to new co. ($ million)	$1,500	$3,750	$7,500
Total new FDI stock ($ million)	$87,180	$120,536	$145,024



Sources: Citi Institute analysis of American Chamber of Commerce in Ukraine, UNCTAD, Statista, Global Data.

This scenario analysis excludes two things. First, we do not compound investments, and we assume that increases are linear, which they may not be. Second, we do not add the wartime run rate of FDI because a majority of that was reinvested profits, and if the end of the war brings a loosening of capital controls such reinvestment may not continue over the longer term.

Of our three scenarios, the upper bound would imply Ukraine becomes a Romania-sized economy, in terms of FDI. At this upper bound – with an additional 30 multinationals expanding into Ukraine each year and existing companies scaling up their investment by a figure that is aspirational based on historic trends – FDI would reach about 25% of Ukraine's reconstruction and recovery needs. This is below the estimated 40% of needs that demand-side analysis predicts the private sector could meet.[83] At the lower bound, it would be about 15%.

Our scenario analysis does not discuss the distribution of FDI across sectors or geography, which could differ widely from the distribution of demand. Of the three growth drivers, only one applies across the whole economy – EU accession and the associated reform agenda. Other drivers, like the opportunity for venture capital in defense innovation and for FDI to develop Ukraine's natural resources, may support the economic recovery, but they will not rebuild the bridges, repair Ukrainians' homes or meet the estimated $588 billion cost of recovery.

The potential headwinds that we describe may also continue the wartime trend toward a geographical rebalancing of Ukraine's economy away from frontline regions (which were once the country's industrial heartlands) and toward the capital and western regions.[84] Yet this also does not match demand for reconstruction financing as the greatest demand is in the east.

Even on a best-case scenario, it seems unlikely that traditional financial tools that businesses can use to expand their operations abroad will meet the financing needs of recovery, both in terms of the scale of investment that can reasonably be expected and in terms of its geographical and sector-wise distribution. In the next chapter, we therefore examine other financial tools – namely development finance – to explore how these could further mobilize alternative pools of private capital for Ukraine's physical reconstruction needs.

Unlocking Capital for Direct Reconstruction Needs

Post-conflict Ukraine seems likely to be an entirely different environment for foreign capital than before the invasion. The FDI inflows that may result could make a major contribution to reconstruction aims over the next decade. However, the role of private capital may go beyond companies expanding their operations into Ukraine, acquiring stakes in Ukrainian companies through foreign direct investment and providing capital to Ukraine's innovation economy.

Public-private partnerships (PPPs), co-investment with IFIs, and participating in risk transfers from assets originated by IFIs are among the other possibilities for private capital.

We turn to analysis from the International Finance Corporation (IFC) and cases from the public portfolios of international financial institutions (IFIs) operating in Ukraine to illustrate how a wider range of recovery needs could become investable for mainstream private capital, especially in collaboration with the public sector. Based on published estimates of how much private capital IFI investments tend to mobilize for every dollar of their own investment, we estimate that between €20 billion ($23 billion) and €50 billion in truly private capital could flow over a decade, mobilized by IFI investment (see figure 19).

Public-Private Partnerships Make More Recovery Priorities Investable

We highlighted the DREAM Pipeline in the previous chapter and said that this pipeline contains some projects that could see foreign direct investment in future. However, many of the projects in that pipeline of reconstruction needs are not directly investable.

In education, for example, the recovery needs are about $30 billion, according to recent analysis.[85] There are almost 1,200 projects in the education and science pillar of the DREAM Pipeline. These projects include building school cafeterias, repairing school roofs and operating buses to transport children to schools.

There is a significant difference between such projects and FDI-driven ones that focus on revenue-generating assets that can be built and operated by the private sector. Only about 3% of Ukraine's schools and pre-schools were private before the invasion and demand was low because free state provision had a positive reputation.[86] Therefore, this section of the DREAM Pipeline concerns buildings in which the state provides a service to citizens at no cost, with little potential for direct revenues.

However, reconstruction needs in education can still become investable through PPPs. For buildings, private capital can finance the design and construction of schools, while the state provides the education. The state can then make availability payments – or payments for the use of the privately financed asset (the school) – to compensate the private partner for their capital investment.

This model has been used in other countries, including an IFC-advised example in Kosovo,[87] and the legal framework exists to deploy it in Ukraine. Over the course of the war, the Ukrainian government has changed the legal framework to scale up PPPs. Beyond this, however, projects must provide a return if they are to attract private capital. Private partners will, over the term of a contract that is often decades-long, seek to be repaid the capital invested at a rate of interest that matches the risk taken.

There are three cautionary notes concerning the scale of PPPs in Ukraine:

1. Peace, security and political stability are crucial. PPPs not only require security of their assets but the assurance that neither domestic political instability nor attacks from outside will result in terminated contracts or stranded, non-monetizable assets.

2. Direct engagement with the public sector raises the bar for confidence in anti-corruption. It is widely accepted that PPPs bring a risk of corruption, such as the bribing of public officials.[88] This is not specific to Ukraine, but the potential for corruption might make it more challenging for PPPs to attract private capital.

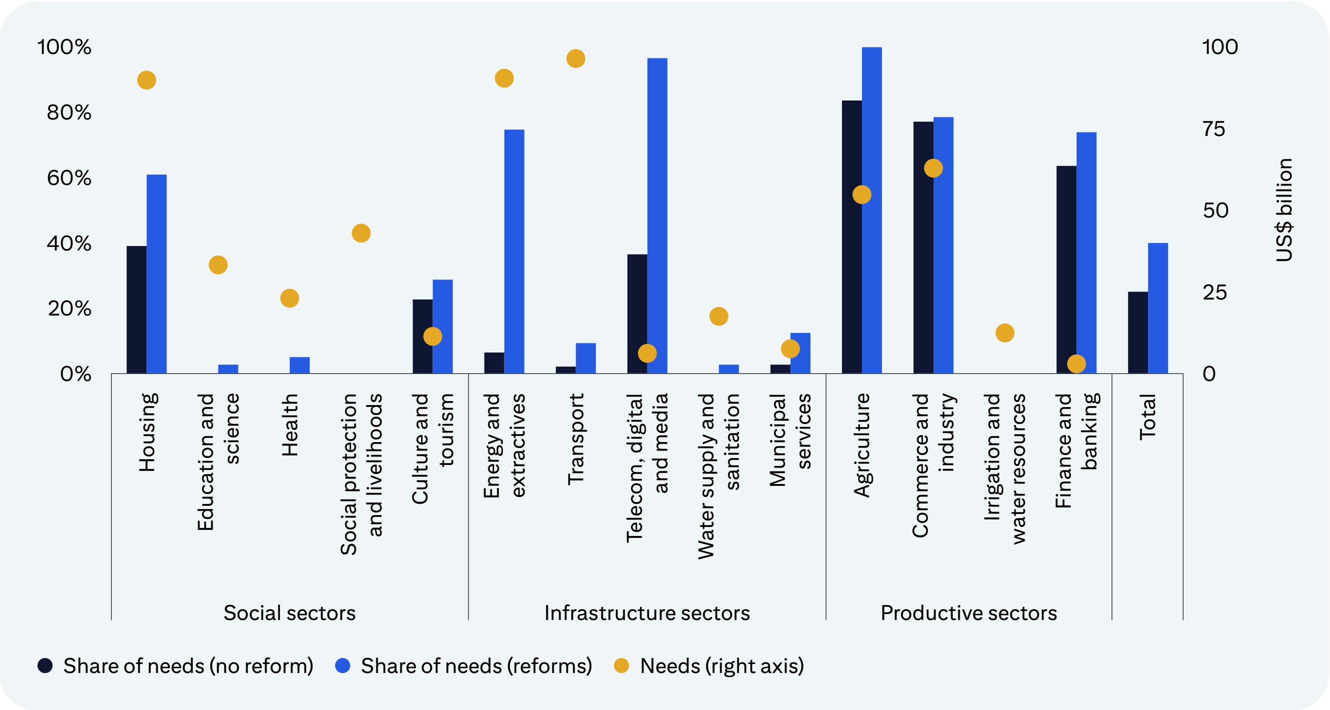
3. The European PPP market is small compared with Ukraine's reconstruction needs. The PPP market in Europe saw about €11.5 billion in transactions in 2024 across 39 partnerships.[89] About seven of these transactions included institutional investors (insurers or pension funds). Moreover, projects in Western Europe tends account for the majority of institutional investor commitments. This limits the scale of what PPPs can achieve in Ukraine.

Nonetheless, PPPs are one solution that could attract private capital for Ukraine's reconstruction needs across a more diverse range of sectors than the private sector might support. IFC disclosures on its advisory services include two PPP projects[90] that have been in progress during the war – the Zhitomir City Hospital PPP and the Chornomorsk Port PPP (which started before the full-scale invasion).

Analysis by the IFC shows potential across almost all of Ukraine's infrastructure and social sectors, depending on the trajectory of reforms.[91] Their analysis notes that public-private partnerships (PPPs) are often preferable in sectors where it is harder for private capital to contribute, including transport, water and sanitation, irrigation, health, municipal services and education.

> Rebuilding requires partnerships across government, civil society and business in Ukraine and support from the country's allies.
>
> *Stephanie von Friedeburg,*
> *Head of Public Sector Banking, Citi*

Figure 16. Reconstruction needs and potential private sector contribution, by sector



Source: World Bank Group, 2026. RDNA5 (Refer to IFC's 2023 report 'Private Sector Opportunities for a Green and Resilient Reconstruction in Ukraine' for details on the methodology).

Mobilizing Co-Financing with IFIs

Private capital can also participate in the Ukrainian recovery through co-investing with IFIs that are originating transactions now.

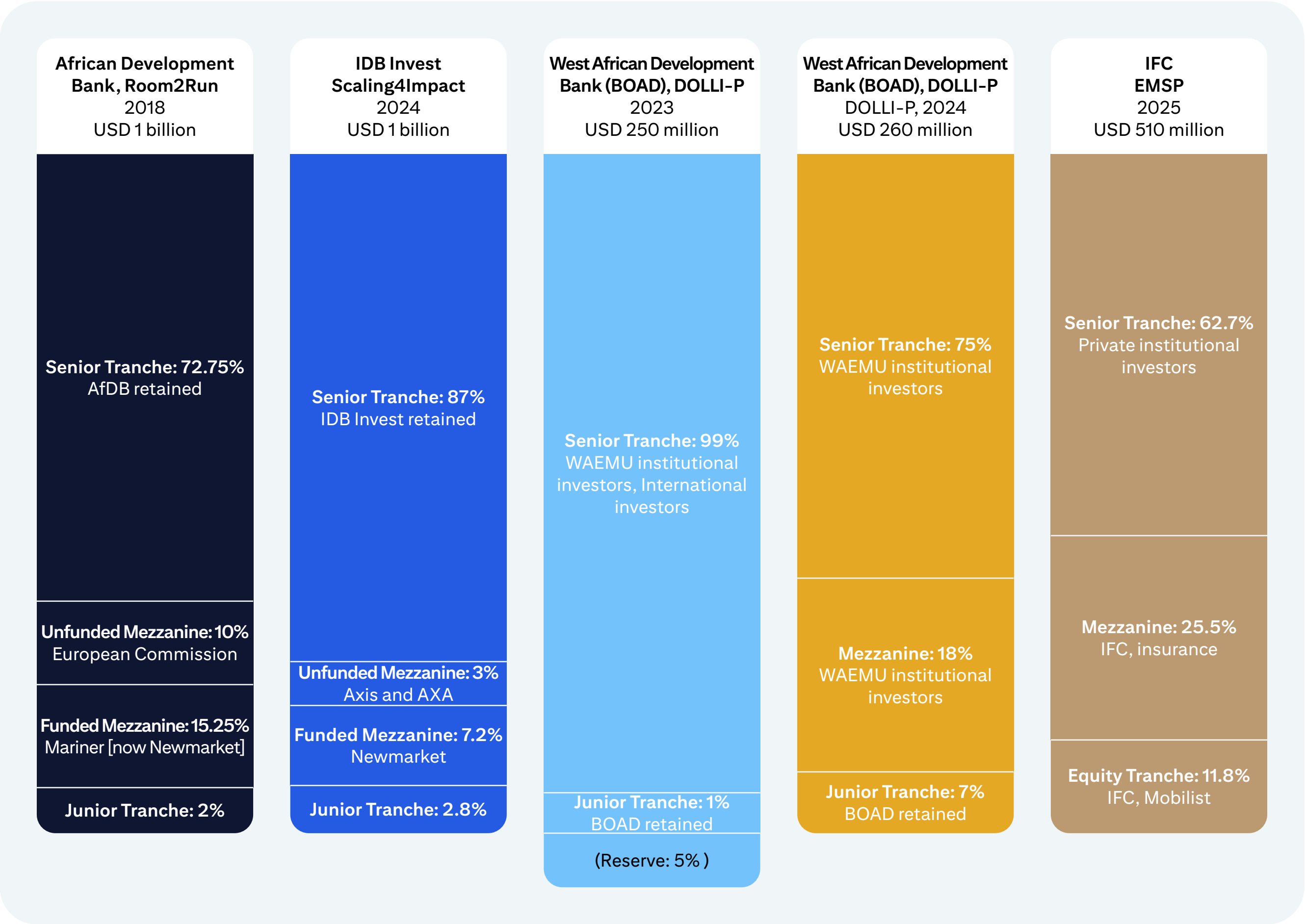
One IFI executive told us that when they invest in funds, they typically bring along commercial capital, showing how IFIs can mobilize private capital. It is not just a case of mobilizing venture investment, but could also include foreign direct investment into specific businesses. IFIs also often play at least a coordinating and advisory role in PPPs.

Innovative financial tools can create further opportunities for institutional investors to co-invest with IFIs. While banks have evolved towards an originate-to-distribute approach to credit, it has been suggested that IFIs could do similar to unlock capital for investment – and financing solutions have started to emerge.[92] This would involve IFIs originating loans and then transferring the risk to institutional capital in a securitization transaction.

The first IFI to innovate in this way was of these the African Development Bank's synthetic securitization of $1 billion in loans to the private sector in 2018. Other securitizations are mapped in figure 20.

Opportunities for institutional investors could be as much about buying the risk of established reconstruction projects from IFIs as participating in new projects.

Figure 17. Multilateral development bank securitizations 2018 to 2025



Source: ODI Global.

Recent IFI projects show that these financing solutions could expand the opportunities for private capital to contribute to a wider range of Ukraine's reconstruction priorities. For example, IFIs are originating projects now to help finance reconstruction in the housing sector.

One such project comes from the EBRD, which has extended a €100 million revolving loan facility, with part first-loss coverage from the EU Ukraine Investment Framework, to the Hansen Ukrainian Mission charity to develop, own and operate affordable housing.[93] The first tranche of the funding is allocated to 182 affordable rental and rent-to-own housing units in the Kyiv region which will be let to war veterans, internally displaced persons and senior citizens. Subsequent financing is expected to drive further expansion across Ukraine.

Another example is an agreement by the Council of Europe Development Bank to lend the government of Ukraine €50 million to help internally displaced families access mortgages at a preferential rate. Press releases from the signing indicated significant demand for the product with more than 35,000 families already on the waiting list.[94]

Figure 18. Private capital can support reconstruction at institutional, portfolio and project levels

Institutional Level

- Entities that will pay for Ukraine's reconstruction – IFIs, Government of Ukraine, and European Union – raise financing in debt capital markets

Portfolio Level

- IFIs can transfer risk of lending portfolios to institutional investors through securitization
- Equity, debt and venture funds focused on Ukraine – for example, European Flagship Fund for Reconstruction of Ukraine – can raise LP investment from institutional investors

Individual Projects

- Multinational corporations engage in M&A or joint ventures with Ukrainian companies
- Government of Ukraine privatizes remaining state-owned enterprises
- Commercial infrastructure and public-private partnerships raise project financing

Sources: Citi Institute.

The underlying assets here are loans which could be securitized at the portfolio level to make them into investable products for institutional investors, freeing up IFI capital for new projects.

Debt issued by the IFIs that have made a commitment to financing Ukraine's recovery offers another investable opportunity. The ten largest multilateral development banks (MDBs) issued more than $250 billion in bonds in 2024.[95] Raising this debt scales up IFIs' investable assets, over and above the capital committed by their shareholders. However, funds raised by MDBs in the capital markets are not currently ringfenced for Ukraine's recovery. Rather, they are general funds available for IFIs across investment themes and priorities – though this could change.

Estimating the Scale of Private Capital Mobilization

The question of how much private capital can be mobilized through co-investment with IFIs is important and estimates vary.

The only real point of agreement is that the level of private capital mobilization ought to be higher than it is, and statements from IFIs' shareholders are making clear that they expect not only impactful investment but significant private capital mobilization. One analysis suggests that multilateral development banks mobilize about 60 cents of private capital for every dollar that they lend from their own balance sheet, with an aspirational target of doubling this figure.[96] For bilateral DFIs, mobilization may be a newer strategy, and the current figure may be correspondingly lower.

Part of the reason for the difference between IFIs is the countries and sectors in which they invest. For instance, OECD analysis tracks how much private capital is mobilized by sovereign spending on official development assistance and finds that upper-middle income countries are the main beneficiaries of private capital, with only 12% of mobilized private finance flowing to the least developed countries.[97] This is positive for the amount of private capital that might be mobilized in Ukraine's reconstruction as the country is now an upper-middle-income economy.

The sectors of most mobilization according to the same analysis are banking and business services, followed by energy. In some senses this would also be a positive sign for Ukraine's ability to attract private co-investment after peace as energy is one of the country's most significant reconstruction needs. However, social sectors attract less private co-investment, and they are also among Ukraine's biggest needs.

Other factors do also have a bearing on the level of private capital mobilization. However, our purpose here is not to provide recommendations on how to mobilize more private capital from IFI investments – it is to approximate how much private capital might flow to Ukraine as co-investment alongside IFIs.

From this effort to collate private capital mobilization ratios, we can say that investments by IFIs into Ukraine's post-conflict reconstruction seems likely to fall between 0.5 and 1. Earlier in this report we suggest that IFIs might sustain a level of investment around €4 billion to €5 billion per year over a decade. This would imply that between €20 billion and €50 billion in private capital could be mobilized through co-investment in the decade after the war.

These figures suggest that private capital mobilized only through co-investment with IFIs could fund about 10% of Ukraine's reconstruction needs.

Figure 19. Selected measures of private capital mobilization (PCM)

Analysis	Estimated PCM Ratio	Applicability Notes
G20 Independent Experts Group	$0.6 mobilized for every $1 in own-account lending	Baseline estimate, across sectors and geographies
G20 Independent Experts Group	$1.2 mobilization target for every $1 in own-account lending	Baseline target, across sectors and geographies
European Bank for Reconstruction and Development – Financial Report 2024	Direct mobilization of €0.3 for every €1 of its own investment, but up to €1.62 including indirect mobilization.	EBRD is one of the major DFIs financing Ukraine today, its lower PCM ratio may therefore be reason for caution.
U.S. Development Finance Corporation – Annual Report 2024	$0.67 mobilized for every $1 in own-account investment ($8.1 billion for $12.1 billion in own account investments	This is the ratio for all of DFC's investments. DFC is a 50% owner of the U.S.-Ukraine Reconstruction Fund illustrated in the second chapter.
World Resources Institute 2023	$0.38 per $1 of own account investment in 2023, increased from $0.25 per $1 which was the ratio previously	Applies to climate finance including adaptation and mitigation investments.

Source: Citi Institute.

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