

Inside RDNA4, Charting Ukraine's USD 524 Billion Path to Recovery

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Three Years On, the War's Impact Deepens

Russia's full-scale invasion of Ukraine is now in its third year, and we continue to see unprecedented levels of activity and instability with public clashes between world leaders, trade wars, and critical foreign aid cuts by the US (a key military and financial aid donor). The battlefield may be contained by borders, yet the geopolitical shockwaves continue to evolve and intensify both inside and outside Ukraine.

As of 31 December 2024, the estimated cost of reconstruction and recovery in Ukraine over the next decade is USD 524 billion, according to the Fourth Rapid Damage and Needs Assessment (RDNA4) report by the Government of Ukraine (GoU), the World Bank Group, the European Union (EU), and the United Nations (UN). First issued in August 2022 to cover the impact of the initial three months of the invasion (from 24 February 2022 to 1 June 2022), the report is now updated annually and charts both the material destruction and economic devastation across key sectors in Ukraine and the economic and social lifelines Ukraine needs for ongoing survival and prosperity postwar.

In this article, we explore the RDNA4's findings, the scale of destruction, the economic toll, and provide insights into

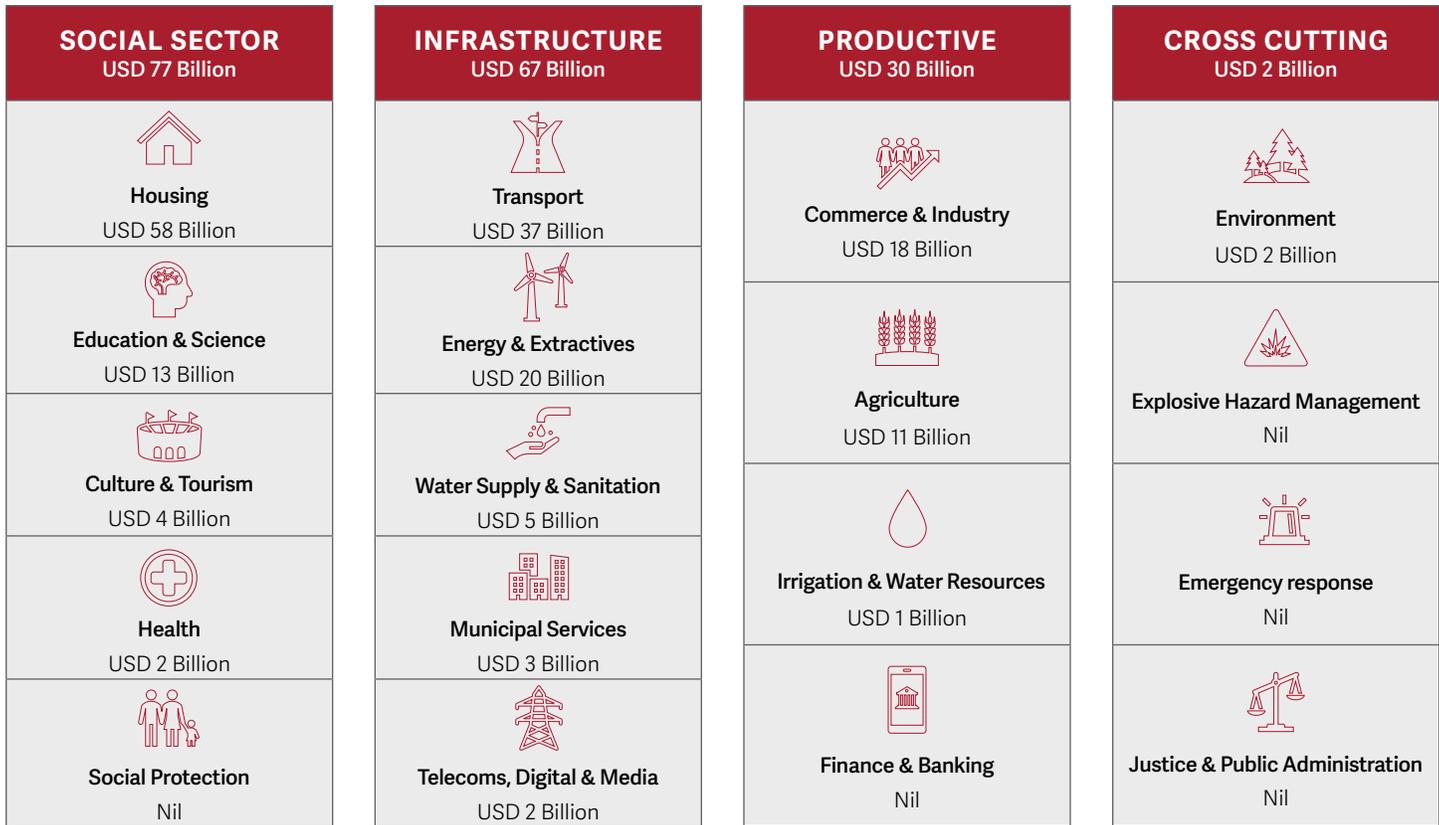
the anticipated recovery efforts, which continue to rise as the invasion endures.

The Scale of Destruction

By December 2024, the material destruction in Ukraine amounted to USD 176 billion, primarily due to the immediate and tangible damage caused by the war. As illustrated in Chart 1, the most severe damage has been sustained in the housing, transport, energy, commerce, and industrial sectors.

Throughout the invasion, Russian forces targeted critical infrastructure such as energy assets, housing facilities and transport infrastructure leading to widespread impacts across various sectors. Despite ongoing efforts to negotiate ceasefires, including the energy ceasefire agreed upon in March 2025, Russia has continued its offensive. The destruction of critical infrastructure has led to widespread disruptions in essential services, such as healthcare, education, and energy supply. While civilians face prolonged hardships, including displacement, loss of homes, and limited access to basic necessities, the government is burdened with the immense task of rebuilding and restoring stability, which will likely take years and require substantial resources. The ripple effects of these attacks will be felt for generations, impacting the overall development and well-being of the affected region.

Chart 1: Total Damage Across Sectors (USD Billion)



Source: RDNA4

Additionally, addressing immediate needs in areas such as explosive hazard management and social protection demands significant, unforeseen financial commitments for effective recovery. For example, landmines and hazardous materials left by the war demands massive investment in demining to make the land safe for reuse (for personal or commercial purposes). Thus, while these sectors do not directly contribute to the USD 176 billion in tangible 'damages', they still represent significant financial 'needs' (see Chart 2).

This highlights the extensive, multifaceted impact of the war on Ukraine's infrastructure and economy and the associated recovery and reconstruction efforts that cannot succeed without significant and sustained international support and investment. Rebuilding remains precarious, constantly threatened by further devastation. True and lasting recovery can only be achieved through decisive war resolution and a comprehensive remediation plan.

The Estimated Cost of Rebuilding Ukraine

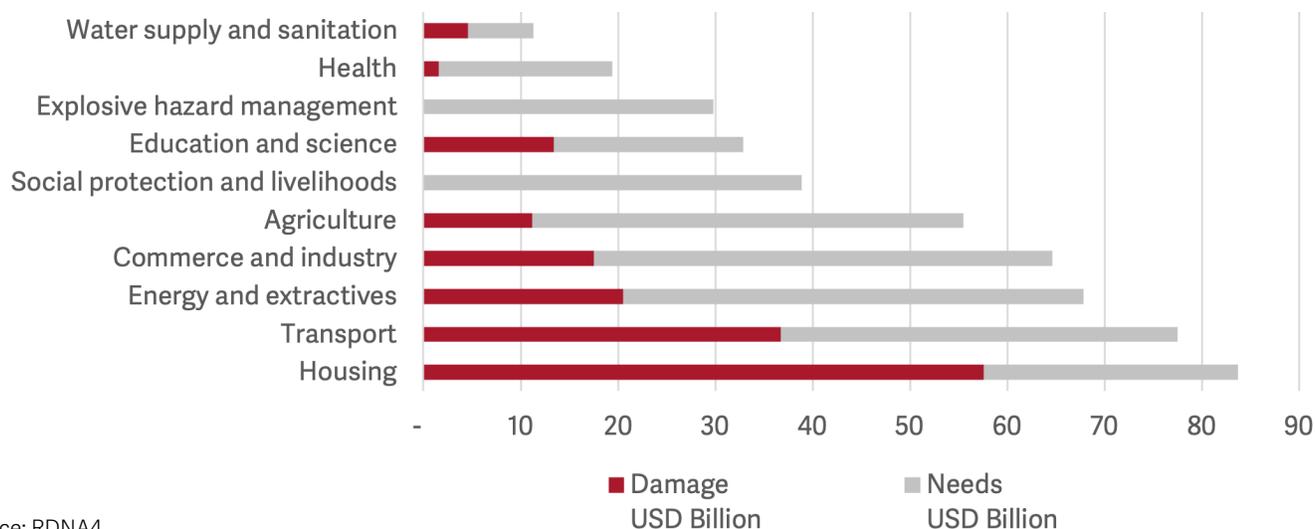
The 10-year cost for Ukraine's reconstruction is estimated at USD 524 billion, meaning for every dollar of damage, there is a threefold cost to rebuild the economy.¹ Chart 2 illustrates the growing needs across 10 critical sectors, with four key sectors: housing, transport, energy and commerce accounting for more than half of the USD 524 billion total.

The USD 524 billion also outlines recovery priorities, including housing, energy, transport, healthcare, and social protection, highlighting the "Build Back Better" principle to ensure modern standards of safety, energy efficiency, and inclusiveness.² Strategic investments extend beyond repairs, focusing on energy-efficient solutions, sustainable construction, and modern urban planning. The goal is on energy independence, economic growth, and

¹ The reconstruction plan includes adopting modern construction standards and transitioning to cleaner, greener energy sources. Additionally, the estimate accounts for inflationary pressures, surge pricing, and higher insurance premiums.

² www.dream.gov.ua

Chart 2: Damages vs Needs for Critical Sectors



Source: RDNA4

urban resilience, while considering global inflation, rising construction costs, and higher insurance costs.

Ukraine’s projected recovery also includes a peace dividend, benefits gained from reducing defense spending by reallocating funds to civilian priorities like housing, education, and healthcare, fostering societal development. This dividend is tied directly to achieving a stable resolution with Russia and its allies. As the invasion persists, Ukraine faces ongoing pressure to prioritize defense spending, with economic reconstruction becoming the main focus only once the war ends.

PRIORITIES FOR REBUILDING

To kickstart recovery, the GoU has prioritized 787 multiyear investment projects across various sectors, with a total budget of USD 62 billion. Over half of this budget is allocated to the transport sector initiatives, followed by energy and mining (see Table 1). According to the RDNA4, 304 of these are prioritized for 2025 with a budget of approximately USD 12 billion.³

As of December 2024, only 92 public projects included in the Ukraine’s budget have secured funding of approximately USD 5.4 billion (46% of the 2025 prioritized budget). The remaining 196 projects for 2025, with a

budget of approximately USD 6.6 billion (64% of the prioritized budget), still lack funding.⁴

Table 1: Current Project Funding for 2025

SECTORS	FUNDING RECEIVED		NO FUNDING		TOTAL PRIORITIZED	
	# of projects	USD Bn	# of projects	USD Bn	# of projects	USD Bn
Transport	17	2.2	117	5.8	134	
Energy & Extractives	14	1.3	58	31.7	72	33
Water Supply & Sanitation	9	0.5	60	2.5	69	3
Education, Science	9	0.4	106	4.6	115	5
Commerce, Industry & Culture	7	0.4	65	3.6	72	4
Health	22	0.3	131	3.7	153	4
Social Protection	9	0.2	69	1.8	78	2
State Administration	5	0.1	60	1.9	65	2
Other Sectors	0	0	29	1	29	1
TOTAL	92	5.4	695	56.6	787	62

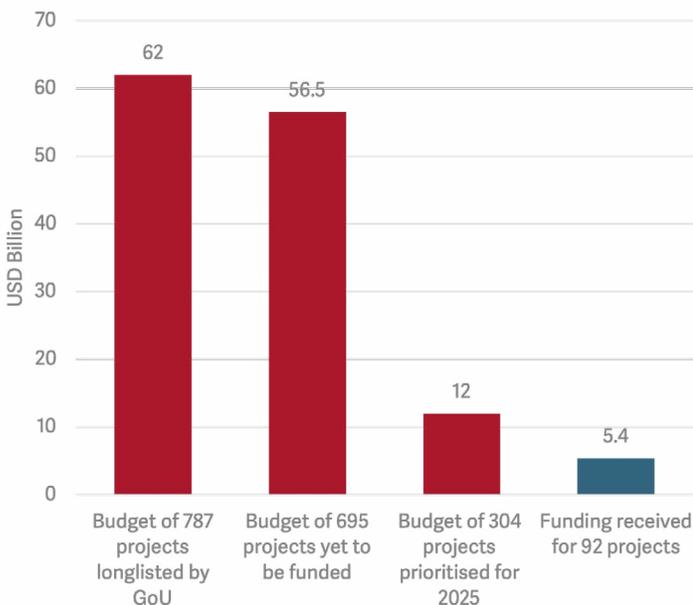
Source: RDNA4

3 Details of these projects are unavailable.

4 16 projects secured USD 0.21 billion from the recurrent budget and international grants. Since these projects are not part of the public investment program they have been excluded.

It should be noted that while only a portion of the 2025 prioritized projects have been funded, there are 695 GoU projects across key sectors with a budget exceeding USD 56.5 billion that have yet to be funded.

Chart 3: Comparison of Projects Longlisted by the GoU vs Funding Received in 2025



Source: RDNA4

KEY CONTRIBUTORS TO UKRAINE’S RECONSTRUCTION

Of the 92 funded projects (~USD 5.4 billion), funding has been secured through International Financial Institutions (IFI), including development banks, governments and Ukraine’s State Budget. Refer to Table 2 for a breakdown of funding partners.

The USD 524 billion estimated for total recovery highlights the vast scope of the challenge. This figure includes not only the immediate restoration of infrastructure but also long-term investments in social services, healthcare, education, and economic development. The allocations and financing from Western institutions and governments, while substantial, represent only a fraction of what is needed.

Understanding the scale of these efforts without political bias provides a clearer picture of the priorities and strategies necessary for successful recovery. It

Table 2: IFI’s Supporting Ukraine

FUNDING PARTNER	FUNDING AMOUNT (USD Billion)	PERCENTAGE OF TOTAL
Institutions		
European Bank for Reconstruction and Development	1.4	26%
European Investment Bank	1.2	22%
International Bank for Reconstruction and Development	0.5	9%
Development Bank of the Council of Europe	0.1	2%
Credit institution for reconstruction (KfW)	0.1	2%
Northern Environmental Finance Corporation (NEFCO)	<0.1	<1%
Japan Agency for International Cooperation	<0.1	<1%
Governments		
Ukraine State Budget	1.0	17%
South Korea	0.8	15%
USA	0.2	4%
France	0.1	2%
Poland	<0.1	<1%
United Kingdom	<0.1	<1%
Total	5.4	100%

Source: RDNA4

underscores the importance of international cooperation and the need for sustained global support. By focusing on the facts, stakeholders can make informed decisions that drive meaningful progress and help Ukraine rebuild a resilient and prosperous future.

Chart 4: Representation of Reconstruction Financing Needs vs Actuals



Source: RDNA4

DENTONS IN UKRAINE

Whether on the ground in Ukraine, or working out of other Dentons offices, our team's purpose is still the same as it was when we established our Kyiv office in 1992: to provide the highest quality legal advice to our clients and to help them solve challenges and realize opportunities.

Recognized among the leading international law firms in Ukraine, our team has decades of experience providing expert advice across a number of sectors, particularly agribusiness, technology, energy, projects and infrastructure and defense. We have the track record you would expect in all core legal disciplines, including M&A, employment and labor, real estate and banking and finance.

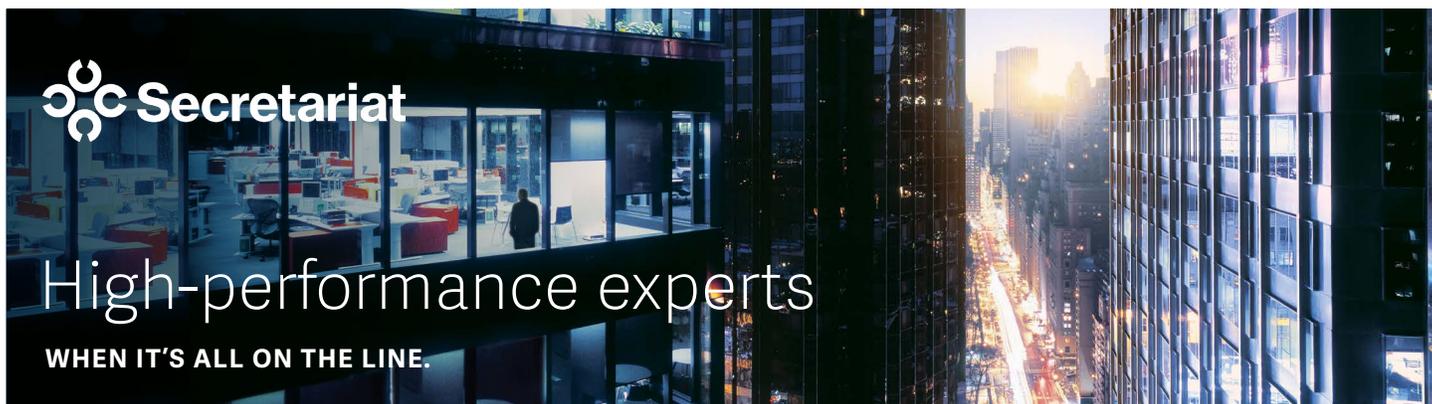
As well as supporting clients with their investments in Ukraine, we are also excited to help our Ukrainian-headquartered clients as they expand internationally, leveraging Dentons' unrivalled geographic footprint. For those interested in being part of Ukraine's transformation and rebuild, the team have created a hub where you can find latest news and updates.

UKRAINE TRANSFORMATION AND REBUILD

In 2024, Dentons announced the appointment of a Global Task Force to lead the Firm's efforts to helping clients navigate Ukraine's transformation and rebuild.

The Global Task Force will lead Dentons' client-facing response, drawing together crosspractice and cross-border experts from across the Firm, particularly those with energy and natural resources, technology, infrastructure and investment sector expertise, to work alongside Dentons' team of Ukrainian lawyers.

Please visit the [Ukraine transformation and rebuild knowledge hub](#) to learn more about our analysis and insights around the current business environment and the opportunities for international investors keen to be part of Ukraine's transformation and rebuild.



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