A new joint assessment released today by the Government of Ukraine, the World Bank Group, the European Commission, and the United Nations, estimates that the cost of reconstruction and recovery in Ukraine has grown to US $411 billion (equivalent of €383 billion). The estimate covers the one-year period from Russia’s invasion of Ukraine on February 24, 2022, to the first anniversary of the war on February 24, 2023. The cost of reconstruction and recovery is expected to stretch over 10 years and combines both needs for public and private funds.

This second Rapid Damage and Needs Assessment (RDNA2) provides a comprehensive evaluation of war impacts across twenty different sectors. It quantifies the direct physical damage to infrastructure and buildings and describes the impact on people’s lives and livelihoods. The RDNA2 also includes the amounts needed for recovery and reconstruction. The RDNA2 estimates Ukraine will need $14 billion for critical and priority reconstruction and recovery investments in 2023. Meeting these needs will require $11 billion in financing beyond what the government has already addressed in its 2023 budget, including $6 billion in unfunded budget needs and another $5 billion in financing to support state-owned enterprises (SOEs) and catalyze the private sector.

"Conducting the second Rapid Damage and Needs Assessment is an important element in Ukraine’s reconstruction strategy. We are grateful to the World Bank for an up-to-date and thorough analysis, which will become an important tool for us and our partners in the implementation of recovery projects - recovery that has already begun. Energy infrastructure, housing, critical infrastructure, economy and humanitarian demining are our five priorities for this year. Part of the reconstruction work has already been done, and I am grateful to our partners from the EU, the USA, and the World Bank. The amount of damage and recovery needs currently does not include data on the loss of infrastructure, housing and businesses in the occupied territories. When the defense forces release them, we expect that the data will be supplemented, and the Government will immediately begin restoration work in these territories," said Prime Minister of Ukraine Denys Shmyhal.

Commissioner for Neighborhood and Enlargement Olivér Várhelyi said: "Each day that goes by, Russia’s war of aggression against Ukraine is taking a heavy toll on the people of Ukraine and the socio-economic fabric of the country. The Rapid Needs Assessment will help donors channel funds to the priority sectors on the ground. It is important to ensure fast recovery and basic services for the population, namely energy, education and health infrastructure and housing. The EU will continue supporting Ukraine, now a candidate country, with all its tools and instruments at its disposal”.

The RDNA2 assessment finds the total estimated reconstruction and recovery needs to be US$411 billion, 2.6 times the country’s estimated 2022 GDP. The needs – estimated for the next decade – consider inflation, market conditions, surge pricing in areas of mass construction, higher insurance premiums, and a shift in the future towards lower energy intensity and more resilient, inclusive, and modern design. The highest estimated needs are in transport (22 percent), housing (17 percent), energy (11 percent), social protection and livelihoods (10 percent), explosive hazard management (9 percent), and agriculture (7 percent). The largest proportionate increase in damages was in energy, where damage was more than five times greater than in June 2022. The geographic areas with the
greatest increase in needs are frontline regions of the war: Donetska, Kharkivska, Luhanska, and Khersonska.

"Ukraine’s recovery and reconstruction will take several years but the good news is that the country’s resilience and determination as well as partner support during the invasion is containing damages and reducing the needs," said World Bank Vice President for Europe and Central Asia Anna Bjerde. "Continued support for Ukraine is an investment in both the country and the global economy. Development partner support for public investment needs to be complemented by significant private investment to increase the available financing for reconstruction."

Denise Brown, United Nations Resident Coordinator in Ukraine said: "Behind every home or hospital, or school destroyed, a Ukrainian life is affected. Loss of a life, lack of access to proper health care for pregnant women and the elderly or a child who is not able to go to school. While the psychological trauma is incalculable, the RDNA2 is just the beginning of the estimation of loss. But somethings can't be rebuilt."

The estimates from both Rapid Damage and Needs Assessments issued to date should be considered as minimums as needs will continue to rise as long as the war continues. But the damages since the release of RDNA1 have not escalated as much as could have been expected due to several factors. First, the most intense conflict has remained constrained to areas that already faced significant damage. Also, some of the country’s needs have been met by the Government of Ukraine with the support of its partners. For example, in the health sector over 500 affected health care facilities have been partially or fully repaired; the energy and transport sectors have benefited from the provision of equipment, materials and financing to make rapid repairs. In addition, the ability to keep the government functioning and essential services flowing, which has helped to limit the escalation of recovery and reconstruction costs.

The report finds direct damages to buildings and infrastructure comes to more than US$135 billion across the following most affected areas: housing (37 percent), transport (26 percent), energy (8 percent), commerce and industry (8 percent), and agriculture (6 percent). Energy, housing and transport sectors have seen the greatest increase in direct damages, since the RDNA1 estimates. Agricultural damage is also significantly higher, reflecting both increased asset destruction and more precise data.

The RDNA2 also focuses on the human impact of the war and how the loss of lives, livelihoods, incomes, and assets has pushed 7.1 million people into poverty and reversed 15 years of development progress. The report also highlights that the impacts of the war have exacerbated inequalities and in particular affected women, children and people with disabilities and resulted in dramatic setbacks in the Sustainable Development Goals, especially those related to poverty, health, education, economic growth, energy, peace and justice.

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For more information:
The full report here

World Bank in Ukraine
Questions and Answers: Main findings of 'Rapid Damage and Needs Assessment 2'

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