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Cover page photo: Nataliia, a deminer with the State Special Transport Service of Ukraine, sweeps a field with a metal detector. With funding from the Netherlands, UNOPS provided the SSTS with equipment, training, and mentoring, enabling over 400 new deminers, including Nataliia, to be deployed to clear agricultural land.

UNOPS/Yurii Veres

Note: the analysis is based on the data collected as of October 2025. Further developments will be further referenced in subsequent updates.

Parts of this report were produced with summary and drafting support from AI-assisted tools to enhance data clarity and consistency across thematic chapters.

Executive Summary

Key Messages

Ukraine stands at a critical inflection point after nearly four years of full-scale war with the Russian Federation. Despite the immense human and economic toll, the country has demonstrated remarkable resilience and unity. However, **converging crises in population loss, economic fragility, environmental devastation, and institutional strain imply a prolonged recovery.** A coherent multisector response, strong civic mobilization, and commitment to “build back better” can transform these challenges into a foundation for sustainable, inclusive

development. Ukraine development and recovery **priorities include** immediate support for war-affected populations, decentralized renewable energy and infrastructure rehabilitation for resilience, governance reforms to strengthen trust and accountability, and prioritised investments in people (health, education, jobs) to ensure no one is left behind. By pursuing these strategic opportunities in tandem, Ukraine can accelerate progress on the Sustainable Development Goals (SDGs) even amid uncertainty, contributing to laying the groundwork for a just and lasting peace.

Country Snapshot

Before the war, Ukraine had a population of around 41 million and an open economy on a modest growth path. The full -scale Russian invasion of February 2022 caused an economic freefall (GDP - **29.1% in 2022**), followed by a fragile rebound. As of 2025, GDP remains far below pre-war levels, public debt exceeds 100% of GDP, and recovery hinges on **external aid of ca. \$3-4 billion per month.** The war displaced nearly a quarter of the population with **5.9 million refugees abroad and 3.7 million internally displaced** as of mid-2025. Infrastructure damage is staggering (estimated **\$176 billion** by 2025), including deliberate attacks on energy grids, housing, and social facilities. The destruction of the Kakhovka Dam in 2023 triggered one of Europe’s worst environmental disasters, flooding communities and leaving behind millions of tons of debris and pollutants. Socially, the war

has upended livelihoods and exacerbated vulnerabilities: the poverty rate jumped from **5.5% to 24.2%** in one year, pushing an additional 7.1 million people into poverty. **Poverty remains elevated in 2025 (36.9% according to the World Bank estimation)**¹. Increasing mental-health challenges affect not only people but also service demand and productivity. Women, children, the elderly, persons with disabilities, veterans and other disadvantaged groups such as minorities (for example the Roma) and LGBTQI+ have been disproportionately affected, both by violence and by economic hardship. At the same time, **Ukraine’s society has shown resilience** – evidenced by high volunteerism, strong local solidarity networks, and the continued functioning of core government institutions under duress.

Top Challenges

Across all four thematic areas examined (People /Human Capital, Inclusive Economy, Environment and Energy, Governance and Institutions), common challenges emerge.

(1) Demographic and labour force crisis: the war’s toll of casualties, mass out-migration primarily by women and children (76% of the 5.9 million refugees are women and children), and falling birth rates has accelerated Ukraine’s population decline. By 2024, the country’s child population had shrunk by 26%, or about **2 million children less since 2022**². Youth surveys show a

sharp drop in return intentions (66% to 32%) among young refugees from 2023 to 2024³, especially in rural areas, alongside rising emigration intent among youth inside Ukraine. This brain-drain primarily of youth and working-age women, coupled with the trauma and educational disruption of war, threatens to irreversibly undermine the nation’s labour force base.

The situation is further exacerbated by strains on the health system, including extensive damage to facilities and infrastructure, loss and displacement of health workers, interrupted

¹ World Bank, [Monitoring living conditions in Ukraine, Fall 2025 update](#)

² UNICEF, [Situation Analysis of Children in Ukraine 2024](#)

³ UNDP, [Impact of war on youth in Ukraine](#), 2024

routine and chronic care, increased out-of-pocket payments, and unmet mental health and rehabilitation needs. Without sustained support to a resilient health system and universal health coverage, the combined burden of injuries, NCDs, infectious diseases, and psychological trauma risks deep and long-term erosion of human capital.

(2) Economic vulnerability: the economy remains war-fragile and aid-dependent. Large-scale destruction, displacement, and mobilization have disrupted production and reduced labour supply, with millions of working-age Ukrainians abroad. Businesses face acute **labor shortages (58% of firms cite lack of workers as the top constraint)** due to mobilization and out-migration. This vulnerability is especially acute in the vital agri-food sector, where most producers face a severe profitability crisis from soaring production costs, labor scarcity and simultaneously collapsing revenues. Unemployment spiked into double digits but began easing to 12.1% by mid-2025 as most activity resumed. To meet medium-term growth targets by 2032, Ukraine would need an estimated 8.6 million additional workers compared with 2022 levels, highlighting the scale of the labour supply gap⁴. However, one recent research study⁵ demonstrated that women are facing higher rates of unemployment in Ukraine due to structural barriers to their employment and discrimination in hiring (see section Women and Girls, under Impacts on Vulnerable Groups below, for more information). Inflation and energy shocks strain households, and regional disparities widen as industries relocate from hard-hit eastern oblasts to perceived safer western regions. Without sustained assistance, accelerated job creation, productivity gains, specific reskilling and structural reforms, growth may stagnate and inequality deepen. Widespread informality and care burdens are key hidden constraints on productivity and inclusive recovery.

(3) Energy and environmental shocks: systematic attacks on power infrastructure caused nationwide blackouts and utility disruptions. In 2024, households endured an average of **1,951 hours without electricity**⁶. These shocks are decimating food production and, in some instances, causing food prices increases, as pervasive power outages disrupt farm operations nationwide and vast tracts of agricultural land, particularly in frontline regions, are rendered

unusable by ammunition and land mine contamination. One recent study⁷ documented the disproportionate and negative effects that energy shortages are having on women, disabled persons, and the elderly (see section “Gendered Impacts of Energy Crisis” below for more information). According to Government estimates, war damage has generated over **10 million tons of rubble and waste**, and agriculture soil disturbances, including proliferation of pollutants and toxic debris, in particular asbestos from damaged buildings, posing long-term health hazards. The war’s environmental footprint – polluted rivers, mined farmland, damaged forests – will take decades to remediate without urgent action.

(4) Governance and social cohesion under strain: trust in institutions has faltered after an initial unity. By 2024 public confidence in government accountability fell back near pre-war lows. The justice system is overwhelmed with **195,000+ registered war crimes cases**⁸ while courts and administrative services in frontline areas have been disrupted. Despite these challenges, Ukraine has taken significant steps to strengthen survivor-centred prevention and response mechanisms for handling war crimes, with demonstrable success in aligning legal frameworks with international standards. Corruption risks are elevated amid the influx of reconstruction funds, threatening the transparent recovery of key sectors like agriculture and civil society organizations facing funding crises. Social cohesion is under growing strain due to prolonged war and protracted displacement. Consultations with civil society and human rights actors indicate increasing pressures on host communities, rising levels of social fatigue, and persistent stigma faced by survivors of conflict-related sexual violence (CRSV). At the same time, organizations maintaining contacts with civilians in temporarily occupied territories consistently report systematic human rights violations and stress the importance of integrating the protection related issues for the civilians at the occupied territories into Ukraine’s policy frameworks and future peace-related discussions. Distrust in law enforcement and judicial institutions hindering access to justice, and **76% of Ukrainians reject any “peace” deal requiring territorial concessions**. Mental health needs have surged – **83% of Ukrainians report**

⁴ [Prospects for achieving Ukraine’s 2032 GDP target: A labour market perspective \(September 2023\) - Ukraine | ReliefWeb](#)

⁵ Ukraine Center for Social Research (2024). [Challenges of Empowering Women in the Labour Market and Entrepreneurship in the Context of the Full-Scale War and Gender-Responsible Recovery of Ukraine](#).

⁶ [Energy map Ukraine](#)

⁷ Women’s Energy Club of Ukraine (WECE). (2025) [Gender Dimension of the Energy Crisis in Ukraine: Pathways to Resilience](#).

⁸ Office of the Prosecutor-General, <https://gp.gov.ua/>

high stress levels⁹ – and protection concerns like gender-based violence are exacerbated by the

war's socioeconomic fallout, restricted mobility and energy crisis, high-levels of stress.

Key Opportunities

Notwithstanding these challenges, Ukraine's recovery and reconstruction provide a historic opportunity to **"build forward better."** Key opportunities identified include:

(a) Investment into people and inclusion: massive investments in health, education, and social protection will be needed to restore the labour force but also offer the chance to build more inclusive and gender equal systems. For example, integrating mental health and psychosocial support into schools and workplaces can address war trauma on a scale. Employment promotion and prioritised vocational training, particularly for veterans, women, youth, IDPs, returnees and other marginalised groups such as minorities (for instance the Roma) and LGBTQI+, are key to sustainable development and inclusive recovery. This includes prioritised support for the agrifood sector as one of the major engines of the national economy, where improving value chain functioning and addressing widespread labor shortages are critical for restoring both urban and rural livelihoods, alongside accelerated pace for humanitarian demining to ensure agriculture land is reverted safely for production for all types of farmers, including rural families. The strong civic activism seen during the war (youth and women's groups, volunteer networks) is a national asset that can be institutionalized into participatory local governance and community development initiatives. At the same time, this should be pursued with careful attention to the high levels of burnout among civic actors and to the disproportionate unpaid workloads shouldered by women during the war, to avoid reinforcing expectations that such contributions remain unpaid or solely their responsibility.

(b) Justice and anti-corruption reforms: the urgency of reconstruction financing has galvanized efforts to strengthen integrity systems. It will be essential to manage with full transparency and accountability the anticipated large-scale investments in rebuilding critical infrastructure, including for agriculture. Digital tools such as the **"DREAM"** electronic reconstruction platform are being deployed to track funds and deter misuse. Concurrently, harmonizing Ukraine's laws with international standards (defining war crimes, protecting survivors' rights, vetting officials) will

build a justice system capable of handling both wartime accountability and broader rule-of-law reforms, as well as ensure business confidence and boost investment. These measures will not only fulfill human rights obligations but also build public trust and international confidence in Ukraine's governance.

(c) Leverage European integration process as a transformative driver for sustainable recovery and development: Ukraine's EU candidacy provides opportunities for governance reforms, market modernization, and adherence to environmental, gender equality, and justice standards. The EU has pledged a €50 billion Ukraine Facility (2024–2027) to support green, digital, and inclusive recovery. Aligning reconstruction investments with EU norms that are compatible with or derived from global standards underpinning the SDGs (e.g. transparent procurement, circular economy laws, renewable energy targets) can unlock these funds. At the same time, as Ukraine advances towards EU membership, labour law reform becomes a structural requirement for economic integration, participation in EU value chains, and regulatory convergence. This requires the progressive alignment of Ukraine's labour legislation and labour market governance with international labour standards and the EU acquis. Ensuring that green and digital modernization is accompanied by strengthened workers' rights, safe and healthy working conditions, gender equality, and effective social dialogue contributes to regulatory stability and fair competition conditions. Such alignment can enhance investor confidence and help ensure that reconstruction translates into the creation of quality employment consistent with decent work principles. For the agrifood and environmental sectors, this provides a clear opportunity to modernize and make more sustainable food production in Ukraine as well to enhance market access, environmental sustainability and expand livelihoods diversification, which ultimately will create better opportunities for local recovery of the country and especially the regions heavily affected by the ongoing war.

(d) Green and digital transition: the rebuilding of infrastructure and industry opens space for leapfrogging into modern technologies. Ukraine's

⁹ [Public Health Situation Analysis, 2025](#), Health Cluster/WHO

considerable renewable energy potential and its robust IT sector form the backbone of a greener, innovation-driven economy. By decentralizing energy grids (solar panels and battery storage for critical facilities) and expanding digital connectivity and e-governance, Ukraine can enhance resilience and productivity

simultaneously. This is a key opportunity, not only to develop sustainable alternatives for energy production but also to create integrated Food-energy systems where resilience and sustainability of Ukraine's agrifood sector can be leveraged through renewable energy solutions, with a special focus on bioenergy.

Guiding principles for inclusive recovery

To seize these opportunities, the UN will support a **comprehensive approach** that includes the following elements:

Firstly, **protect and invest in people** – prioritize housing, livelihoods, and social services for displaced and war-affected communities, with a special focus on mental health care, education catch-up programs, and gender-based violence prevention. This includes expanding support for critical sectors like agrifood production, energy and services to address widespread labor shortages and the severe profitability crisis facing producers. Active labor market programs are needed to reintegrate the unemployed, particularly IDPs, veterans, people with disabilities, women and youth. It also encompasses enabling multi-sectorial immediate social protection measures to protect the most vulnerable groups, including rural communities.

Secondly, **pursue a green recovery** – embed climate resilience and energy innovation into reconstruction. Fast-track projects for renewable energy in critical infrastructure (hospitals, water utilities) and integrated food-energy systems to reduce dependence on fossil fuels and enhance food security. Enforce environmental safeguards in rebuilding (safe debris management, soil and water decontamination, and the large-scale rehabilitation of agricultural land to restore food production safely) to “build back greener.” Support a larger scale sustainable management of natural resources such as water, forests and biodiversity is essential to secure a conducive environment for recovery and also to trigger

potential opportunities for additional funding for multiple sectors.

Thirdly, **strengthen accountable institutions** – integrate anti-corruption mechanisms and participatory oversight in all recovery initiatives. For example, expand digital transparency tools for procurement and involve communities in budgeting decisions to rebuild civic trust. Scale up support to justice sector reforms (including war crimes prosecution capacity and legal aid for victims) as an essential component of peacebuilding.

Fourthly, **seize opportunities provided by the elements of the EU reform agenda** that are compatible with the SDGs and global norms – such as systemic improvements in governance, rule of law, gender equality, and economic policy.

Finally, **foster partnerships and coordination** – the magnitude of Ukraine's recovery needs demands coordinated engagement of government, international partners, private sector, workers' and employers' organizations and civil society. A strong coordination platform led by the Government, with UN support, should ensure that humanitarian, development, and peacebuilding efforts are synchronized, while being anchored in meaningful social dialogue and tripartite engagement, and informed by data, especially sex- and age-disaggregated data.

By adhering to these principles, Ukraine can not only recover from the devastation of war but also accelerate progress towards the SDGs, paving the way for a future that is more inclusive, prosperous, and peaceful.

Introduction

This Country Analysis (CA) provides an independent, integrated assessment of Ukraine's development context, challenges, and opportunities as of late 2025. It was prepared by the United Nations Country Team (UNCT) in Ukraine, as a forward-looking, human-centered analysis grounded in human rights and the pledge to Leave No One Behind. The CA aims to inform the strategic priorities of the **UN-Ukraine Sustainable**

Cooperation Framework 2025-2029¹⁰ by identifying key trends, drivers, interlinkages among sectors, and the root causes of development challenges. It goes beyond a sector-by-sector review to examine how economic, social, environmental, and governance issues intersect in Ukraine, especially under the strain of the ongoing war.

Methodology

The **analysis draws exclusively on available up-to-date data and evidence from UN agencies**, government sources, and research partners. It synthesizes findings from a wide range of assessments conducted by the UN in 2024-2025, including humanitarian reports, socio-economic surveys, war analyses, and thematic studies by the UN, international financial institutions, and civil society. Quantitative indicators are disaggregated where possible to highlight disparities affecting women, youth, the elderly, persons with disabilities, and other at-risk groups. The CA integrates a **systems thinking approach**, considering how various factors (e.g. displacement, energy security, institutional capacity) interact across Ukraine's development landscape. It also incorporates a **risk lens**,

assessing war and disaster risks that could derail development gains, and a **foresight perspective** to anticipate future scenarios. The findings represent the collective assessment of the UN system in Ukraine, though they will be validated through consultations with national stakeholders and experts. The analysis is neutral and evidence-based, offering insight into critical issues without attributing blame, in accordance with the UN's impartial mandate.

Note: the analysis is based on the data collected as of October 2025. Further developments, in particular the acute energy crisis of the winter 2025-2026 is not included in this analysis and will be further referenced in subsequent updates.

Structure

Following this introduction and a brief overview of the national context, the CA is organized into four thematic chapters that mirror the multidimensional focus areas of Ukraine's development as well as the internal UN programmatic organization into the four "Results Groups" that are constituted at strategic priority / outcome level of the Cooperation Framework for Ukraine covering the period 2025 to 2029: **1) Investment into People & Population Dynamics; 2) Inclusive Economic Growth; 3) Environment & Energy; and 4) Governance, Peace & Strong Institutions**. Each thematic chapter examines recent context and trends, key challenges, opportunities for action, and the impacts on vulnerable groups, supported by data indicators. Cross-cutting issues and interlinkages among these themes are further analysed reflecting the integrated nature of Ukraine's challenges (and

solutions). Building on the evidence, the report further outlines strategic opportunities – both cross-cutting and theme-specific – to accelerate progress towards national development goals and the 2030 Agenda. The report concludes with a summary and call to action. The **Annex** provides a list of UN studies reviewed.

The analysis pays special attention to inequality, human rights, and gender dynamics – recognizing that those at risk of being **"left behind"** in development progress must be prioritized in recovery efforts. Ultimately, this Country Analysis is intended as an analytical base for designing collaborative strategies with the Government of Ukraine and partners to not only recover from the war, but to **build a more resilient, inclusive, gender equal, and sustainable Ukraine** on the path to realising the SDGs.

¹⁰ [UN-Ukraine Development Cooperation Framework 2025-2029](#)

National Context



Photo credit: Christina Pashkina / UNDP in Ukraine

Protracted war

Ukraine remains in a state of war-driven emergency as Russia's full-scale invasion, launched in February 2022, grinds on with **limited short-term prospects for moving toward sustainable peace and end of the war**. Soon in its fifth year, the war continues to inflict **profound humanitarian, development, and human rights consequences**. Daily missile and drone attacks, as well as aerial bombardments and artillery strikes, target cities and critical infrastructure, causing civilian casualties and destruction that **disproportionately affect vulnerable groups** – including women, children, the elderly, and persons with disabilities in frontline communities and in temporary occupied territories. In 2025, OHCHR/HRMMU documented a continued rise in civilian harm, with several months recording the highest casualty levels in three years. Short-range FPV drones emerged as a leading cause of civilian deaths and injuries in frontline areas, at times surpassing artillery and missiles. As of mid-2025,

both sides remain far apart on peace terms. In May-June 2025, Ukraine and Russia held their first direct talks since 2022 (in Istanbul), but these yielded no ceasefire. Ukraine's proposal of an immediate ceasefire and discussions on a broader peace deal was rejected by Russia. Subsequent high-level contacts – including a U.S.-Russia meeting in August 2025 – also failed to bridge fundamental differences. Russia insists on Ukrainian neutrality and territorial concessions (including recognition of Russia's control over Crimea and occupied eastern regions), demands incompatible with Ukraine's sovereignty and the vision of a just peace. With martial law in place, Ukraine's government remains fully mobilized for defence and has postponed all elections (parliamentary, presidential and local) until hostilities end. This **war of attrition**, with neither side achieving a decisive breakthrough, raises the risk of a protracted war that could drag on for years.

Social Cohesion and Resilience

Despite the immense strains of war, Ukrainian society has shown notable solidarity and adaptability. Millions of citizens have engaged in volunteer efforts to support the army, assist

displaced people, and maintain community services. Grassroots women's and youth networks have been at the forefront of humanitarian relief and recovery work. Workers' and employers'

organisations, have likewise mobilised their institutional networks to support displaced workers and sustain enterprise activity during disruption. This civic and institutional mobilization has bolstered national resilience, but as the war enters its fifth year, strain and burnout are commonplace including amongst frontline volunteers. The war's social toll is deepening. From December 2024–May 2025, OHCHR/HRMMU recorded 968 civilians killed and 4,807 injured (increased 37% of the previous year), and monthly updates through September 2025 show casualties remained persistently high, reinforcing sustained population-wide stress and resilience fatigue. Sustaining and rebuilding social cohesion therefore will have to be a key element of recovery, including reintegration of veterans, IDPs and returned refugees. Widespread trauma, loss, and uncertainty are testing the fabric of unity. The most vulnerable including groups, among women and persons with disabilities, are at increased risk of being excluded from full and meaningful participation in recovery efforts (including provision of housing and decent job opportunities) as well as access to public service and reduced civic engagement. The gradual decline in social cohesion may lead to inequalities, within and between social groups, further marginalizing the most vulnerable, including among youth, women, persons with disabilities, IDPs, veterans and their families, people over 65 years. Survivors of CRSV have reported experiencing ostracization and stigma when they come forward, in some cases being accused of collaboration by community members and law enforcement. The Government of Ukraine has made significant progress towards ensuring survivor-centred legal and policy frameworks to prevent such scenarios and raising awareness on the issue among the public.

Governance and Politics

Ukraine's democratic institutions have been maintained during the war, but governance processes are altered by martial law. The **2023 parliamentary and 2024 presidential elections were postponed**, according to Ukrainian legislation, no elections can be held during martial law, and elections are expected to take place no earlier than six months after the war ends.

In October 2025, the Ukrainian parliament **passed the resolution on the continuation of the work of**

Public optimism about the future has declined sharply – by early 2025, only 43% of Ukrainians felt optimistic, down from 57% a year prior, while pessimistic views about Ukraine's ten-year outlook rose to 47% (from 28%)¹¹. For the first time, pessimism outweighs optimism, reflecting war-weariness and anxiety about prolonged instability. Surveys underscore concerns that without progress toward peace and security guarantees, **social tensions could widen** along lines of displacement status, region, military service, or migration experience. Tensions have surfaced, for example, between displaced persons and host communities in areas where resources are strained, and between those who remained in war zones versus those who evacuated abroad. Thus far, Ukrainians have largely remained united in resistance to aggression, social cohesion, which experienced a notable boost in 2022, mostly remains strong despite declining trust in central institutions¹² but the **erosion of social cohesion** is a growing risk the longer the war lasts. Reintegration of veterans (ca. 1 million combatants and growing) into civilian life poses a future challenge, given the need for psychosocial support and jobs for ex-combatants to prevent marginalization. At the same time, many women have stepped into roles traditionally dominated by men during the war; it is important not to present this change in a way that creates tension or reinforces harmful stereotypes about gender, which could raise the risk of gender-based violence. There is broad agreement among Ukrainians on rejecting any peace deal that compromises sovereignty – **76% oppose Russia's proposed "peace" plan involving territorial concessions** – yet communities differ on how to achieve peace, which could create post-war political frictions.

local councils and heads during the war and postponed local elections until the end of the war. There will be **no local elections in 2025**, which had originally been scheduled for October. Initially, there was a national consensus against holding elections during active war (over 70% opposed in mid-2025). However, as the war drags on, public discourse has tentatively started considering how to restore electoral democracy if the war continues indefinitely. The government's stance prioritizes security and frontline defence; planning for

¹¹ [Are Ukrainians moving towards unity and how do Ukrainians see the future of Ukraine](#), July 2025. KIIS.

¹² [SHARP](#): Assessing Social Cohesion, Resistance, and People's Needs in Ukraine Amid Russian Full-Scale Invasion - Wave 3 (2024)

elections is acknowledged as necessary but remains secondary to survival of the state. Concerns to resolve include **how to enfranchise millions of displaced voters** (both internally and abroad), out of country voting, security at the polling stations, residency requirement for candidacy conduct polling in insecure or occupied territories and ensure all groups can participate meaningfully.

Another governance impact of the war has been **centralization of authority** under the presidency and creation of Military-Civil Administrations (MCAs) in oblasts, which temporarily assume certain powers of local elected councils in war areas. In the absence of elections during martial law, power is more concentrated among the military-civil administrations (which are appointed by the President and not elected), and the autonomy of local councils is limited temporarily. Some in civil society are raising concerns about possible democratic backsliding and reduced civic engagement.

Notably, women's representation had been improving prior to the war – a 2020 local election reform saw women win 36% of local council seats (up from 15% in 2015). Many of those gains have stalled or reversed during the war, as female officials face disproportionate pressure and barriers. In August 2025, a new policy exempted unpaid female local councillors from the ban on

leaving the country, aiming to prevent further loss of women's participation at the local level. At the national level, women's representation in the Cabinet declined to 17.6% in 2025 (3 out of 17 ministers) from about 24% pre-war, underscoring ongoing gender gaps in power. Only 1 of 24 MCA Heads is female.

Public administration has demonstrated both strengths and weaknesses under crisis. Decentralization reforms since 2015 paid dividends: empowered **local self-government bodies (hromadas)** kept essential services running and coordinated humanitarian aid in their communities. However, local governments also face capacity gaps, and many rely on overstretched personnel. Corruption risks, especially in emergency procurement and reconstruction contracts, are a salient concern; the infusion of billions in aid heightens the need for transparency. **Public trust varies dramatically by institution** – surveys show the Armed Forces are the most trusted institution (over 93% trust) while trust in Parliament and political parties is very low (only ca. 23% trust, 77% express lack of trust). Such distrust predates the war but has re-emerged as a critical issue after an initial unity surge. Rebuilding institutional trust will require tangible improvements in government accountability and delivery on promises of anti-corruption and justice reform.



Photo credit: © WFP/Sayed Asif Mahmud

Ukraine's war has intensified overlapping and protracted structural vulnerabilities across multiple population groups. The following categories of people face the most significant risks of exclusion, poverty, protection threats, and limited access to essential services. Each thematic chapter of this analysis further maps key vulnerabilities of the below groups as compounded by sector-specific challenges. Further refer to the latest Fifth Ukraine Rapid Damage and Needs Assessment¹³ for additional information on war's human impact.

Internally Displaced Persons (IDPs)

Many among the 3.7 million internally displaced (up to 4.6 million registered), experience prolonged economic insecurity. Most rely on state assistance (71%), over half live in rented housing with high eviction risk, and unemployment is nearly double that of non-displaced populations. Those in collective sites are older, less employed, and more likely to have disabilities. Women and children comprise 53% to 60% of this population. Unemployment among IDPs is at 20% (vs 11% for non-displaced). 73% have been displaced for over two years, exhausting savings. 31% of IDP households include a person with a disability. Most vulnerable categories of IDPs include:

- **IDPs in Collective Sites:** These individuals are particularly at risk of being left behind. They are disproportionately older (average age 57), have higher rates of specific needs (43%), and are less likely to be employed compared to IDPs living outside collective sites. They often face overcrowding, lack of privacy, and safety risks, including gender-based violence (GBV).
- **Multiple Displacements:** Individuals who have been displaced multiple times face compounded vulnerability, that significantly increases their exposure to trafficking, labour exploitation, and other forms of abuse. Extended and repeated displacement also weakens attachment to the labour market, leading to long-term exclusion, greater reliance on informal employment, and heightened insecurity, particularly for women, older persons, and persons with disabilities.

Older Persons (60+)

Approximately 10 million people (nearly 1/4 of the population). They make up a disproportionate share of residents in frontline areas (e.g., 38% in Donetsk oblast) and collective sites (33%). Older persons account for almost half of verified civilian deaths since February 2022. 62% report income is

¹³ <https://ukraine.un.org/en/310512-world-bank-united-nations-and-european-union-issues-rapid-damage-and-needs-assessment>

insufficient for basic needs. Older women are most vulnerable, with pensions on average 30% lower than men's. 77% of elderly households lack alternative power sources during blackouts. 29% have no access to digital devices, cutting them off from aid information. Many face rising placement in residential care (37,759 individuals as of 2024) due to a lack of community-based housing. At the same time, in the context of demographic decline and severe labour shortages, older persons represent an important yet underutilized segment of the potential workforce. This highlights the need to invest in lifelong learning, re-skilling pathways, and age-responsive public employment services and active labour market policies to support those older persons who wish and can remain in or re-enter employment, thereby contributing to recovery.

Persons with Disabilities

Estimates range from 3 million (registered) to over 6 million (total). Approximately half of registered individuals are aged 60+. 65% report bomb shelters are inaccessible; 40% of collective sites lack inclusive facilities. Only 6% of people with disabilities are employed despite 67% of employers expressing willingness to hire. 39% spend more than UAH 3,000/month on health costs, creating severe financial strain. An estimated 20,000 in at-risk areas face high risk of being left behind and high barriers to evacuation due to mobility issues and lack of specialized transport.

Vulnerable categories of Women and Girls

Women and girls constitute the majority of refugees (62%) and IDPs (58-60%). Women constitute 72–82% of registered unemployed people. The gender pay gap in salary expectations has widened to 25%. 90% report increased care duties during energy outages, limiting work opportunities. Women face increasing Gender-Based Violence: 119,446 domestic violence complaints recorded in 2025. Only 243 cases of conflict-related sexual violence (CRSV) are under investigation, despite much higher expected prevalence. 55% reported difficulty accessing healthcare during blackouts (vs 49% of men).

Children and Youth

Child population declined by 26% (~2 million children) since 2022. Average losses of 2 years in reading and 1 year in math. 49% of children in frontline regions are still in distance learning. 44%

exhibit PTSD symptoms; 33% report heightened anxiety. 21.4% of youth (15-29) are NEET (Not in Education, Employment, or Training). 30% of youth inside Ukraine plan to emigrate; return intentions of youth abroad dropped to 32% in 2024.

Veterans and their Families

1.4 million registered combatants; total community including families expected to reach 5–6 million. ~70,000 are women. The veteran population is growing and predominantly comprises working-age individuals (63% aged 35–59; 89% men). 16% of veterans identify as having a disability; 22% report poor psychological states. 47% were unable to return to their previous jobs. 14% rent and 25% live with relatives, indicating housing instability. Labour market reintegration presents a significant challenge. Nearly half (47%)¹⁴ were unable to return to their previous jobs. While 58% of working-age veterans report being employed (compared to 67% of non-veterans), 42% are actively seeking employment — more than twice the rate of the non-veteran population. Around 30% are unable to secure stable work, and nearly 60% report incomes below subsistence level¹⁵. Among those seeking employment, low wages are the most frequently cited obstacle. Health limitations and disability-related constraints represent additional barriers, particularly for those with moderate or severe injuries. Limited access to retraining and psychosocial support, as well as low awareness of available vocational programmes, and further complicate labour market reintegration.

Rural and Frontline Communities

24% of IDPs/returnees live in the "30km belt" near the frontline. They face risks of ERW due to 139,000 sq. km potentially contaminated with explosives. 94% of producers in Kherson report contaminated land. 19% of residents near the frontline do not plan to evacuate due to lack of resources/support. Rural communities have high reliance on solid fuel (wood/coal); median winter expenditure on firewood (UAH 10,000) creates severe strain against low incomes.

Marginalized Minority Groups

Roma community, LGBTQ+ individuals, People Living with HIV face key vulnerabilities due to discrimination, psychological distress and exclusion.

Roma community

¹⁴ IOM: [Veteran Profiles and Reintegration Challenges in Ukraine Thematic Brief \(March 2025\)](#) - Ukraine | ReliefWeb

¹⁵ UNDP: [Entry points to strengthen veterans' reintegration in Ukraine](#)

While the 2001 Ukrainian Census counted roughly 47,000 Roma people, international organizations estimate the actual pre-war population was likely between 200,000 and 400,000. Roma communities in Ukraine have long faced systemic discrimination and exclusion, which significantly limits their access to essential services such as healthcare, education, and social protection. The ongoing Russian aggression against Ukraine has further intensified these issues, leading to increased displacement, poverty, and vulnerability among Roma populations. Roma women are particularly affected, facing barriers when seeking humanitarian assistance or social services — often due to a lack of understanding and sensitivity from service providers regarding their unique cultural needs.

Negative attitudes toward Roma increased to 40%. 25% of Roma parents report their children face bullying in schools. 63% of teachers report a deterioration in school attendance among Roma children compared to pre-war levels, and 52% report decreased motivation.

People Living with HIV

According to UNAIDS (2023 estimates), there are approximately 240,000 to 260,000 people living

with HIV in Ukraine. Ukraine has the second-largest HIV epidemic in Eastern Europe and Central Asia. People living with HIV face persistent social and healthcare exclusion despite progress in treatment access. Key populations often overlap with marginalised groups (e.g., LGBTQIA+, people who use drugs, sex workers), increasing risk and barriers to care. 97% of women living with HIV report fear/anxiety since the invasion. LGBTQ+ individuals and ethnic minorities face rising intolerance indicators and barriers to accessing inclusive shelters or medical services. War-related displacement increases the risk of TB/HIV treatment interruptions, creating conditions for communicable disease outbreaks.

LGBTIQ+ Community

Data on the particular vulnerabilities of the LGBTIQ community are scarce and no new data has been published recently. The community is facing a "collapse" of support systems due to funding withdrawals, leaving them highly vulnerable without specific data visibility. LGBTIQ+ people experience longstanding discrimination, homophobia, and threats of violence which have been compounded by the war

Groups at greatest risk of being left behind

Among these groups detailed above, specific attention shall be directed to at-risk groups that are war-affected, and face additional vulnerability considering age, gender and disability, including (a) persons living along frontlines or where hostilities have been particularly devastating; (b) internally displaced persons, both newly displaced and living in protracted displacement across Ukraine; (c) those injured by the war and their family members, and those who suffered a particular violation in the war context. Based on this approach the **groups at greatest risk of being left behind** in Ukraine amid continued war are:

- Older people and people with disabilities, including those living in institutions, in frontline areas and upon displacement, and who lack social support;
- Female-headed households, in particular single care givers, in frontline areas and in displacement;
- IDPs in collective sites who are of old age and/or with disabilities or chronic illness, and who lack social support;
- Those injured by the war or who suffered a specific violation, in particular if left with no social support structure.

Human Rights, Gender equality, Women, Peace and Security agenda

The war has systematically intensified, exacerbated and deepened human rights violations and abuses and pattern of harm across multiple fronts. War-related civilian deaths, extrajudicial executions of prisoners of war, torture, conflict-related sexual violence, unlawful detentions, and forced deportations (especially of children) by occupying forces are documented by the UN human rights monitoring mission, pointing to potential war crimes. These are not isolated incidents — they are structural, recurring and cumulative, affecting civilian life, bodily integrity, liberty, justice, participation, equality and access to essential services. The scale, complexity, and ongoing nature of violations exceed the current investigative and prosecutorial capacity of national systems under conditions of active war, requiring sustained international support, technical cooperation, and survivor-centred justice approaches.

The full-scale invasion of Ukraine by the Russian Federation has resulted in severe and persistent violations of international human rights and humanitarian law. Conflict-related sexual violence (CRSV) is prevalent, particularly in places of detention in occupied territory and the Russian Federation, and is compounded by a continued culture of impunity for these crimes. These perceptions of impunity further erode trust in justice institutions and deter reporting, reinforcing the need for sustained survivor-centred accountability measures. In response to these challenges, Ukraine has taken significant steps to strengthen its CRSV prevention and response mechanisms. The Framework of Cooperation (FoC) between the Government of Ukraine and the United Nations was signed in 2022 and entered a new phase in 2025 with the preparation and adoption of the updated Implementation Plan for 2026–2027 focused on localizing national-level achievements and sustaining momentum towards alignment with international standards.

Fundamental rights such as freedom of movement are curtailed by security measures. Under martial law, restrictions on freedom of movement have been introduced in accordance with national legislation regulating military duty and defence requirements. Their differentiated social impacts underscore the importance of continued attention to proportionality, non-discrimination and the mitigation of unintended gendered effects,

particularly in relation to care responsibilities, stigma and access to services. While governance centralisation under martial law has enabled rapid security-related decision-making, it has also had implications for local democratic accountability and inclusive participation. Available administrative data suggest that women remain under-represented in de facto leadership positions within Military-Civil Administrations, pointing to the need for continued attention to gender-responsive governance and the Women, Peace and Security agenda.

Gender dynamics have shifted considerably. For displaced populations, the interaction of movement restrictions, gender norms, and weakened social protection increases vulnerability and undermines recovery and reintegration prospects.

Women and children comprise the majority of Ukraine's displaced: 76% of the 5.9 million refugees are women and children, as most men 18-60 are required to stay, due restrictions related to military duty in accordance with national legislation. Around 58% of IDPs are women¹⁶. Women have taken on new roles in traditionally male-dominated sectors, as well as heads of households, volunteers, and soldiers (an estimated 70,000 women serve in Ukraine's armed forces, with 5,500 in combat positions)¹⁷. Yet women remain underrepresented in formal peace negotiations and high-level decision-making. Ukrainian women's rights organizations and civil society have been vocal in demanding inclusion: in February 2025, a coalition of CSOs formally appealed to the President to involve women in peace talks and recovery planning. The Government has a **Women, Peace and Security (WPS) National Action Plan 1325**, updated in 2025 to address war-related needs such as prevention and responding to conflict-related sexual violence and supporting displaced women. Despite of the vital role of **Ukrainian women led civil society** and volunteer groups in the development and implementation of the NAP at **all levels** and especially at local levels in a war-torn context, implementation of the WPS agenda has been uneven, hindered by limited funding and difficulty localizing initiatives in war areas. Nonetheless, the commitment to WPS is evident, and as a result of consultations held in spring 2025 with a support of UN Women and other women's

¹⁶ UNHCR, 2025

¹⁷ Defence Ministry of Ukraine, January 2025.

CSOs, a new NAP 1325 for 2026-2030 is at its final drafting stage after the draft was opened for a public comment in October. Ensuring women's full participation in peacebuilding and recovery is not only a human rights obligation but a strategic imperative for achieving sustainable, inclusive and just peace. The 2025 amendment to electoral eligibility rules under martial law – making women elected officials who leave Ukraine ineligible to stand in upcoming elections – introduces a sex-differentiated condition with potential discriminatory effect on political participation. While adopted in a wartime context, this provision risks producing de facto gender-based exclusion from formal political power at a critical moment for peace, recovery and reconstruction planning.

Other vulnerable groups – such as ethnic minorities (e.g. Roma), people living with HIV, LGBTQI+ individuals, sex workers, and the elderly – have also faced heightened vulnerability during the war, whether through displacement, discrimination, or interrupted care. The principle of Leave No One Behind will require targeted measures in the recovery process to address these groups' needs and remove barriers to their full inclusion in society and the economy (please refer to section Women and Girls, under Impacts on Vulnerable Groups, below for more information regarding the negative economic impacts on women).

Civilians residing in the temporarily occupied territories face significant protection risks, insecurity and human rights violations, including the lack of identity documentation, restrictions on maintaining contact with family members outside the occupied areas, limited access to information, climate of fear and constraints on freedom of civilian movement. Civil society organizations have underscored the importance of preserving the relocated local self-government bodies that represent these occupied communities, highlighting their essential role in maintaining communication and connections with both residents of the temporarily occupied territories and IDPs, thereby fostering social cohesion.

In summary, Ukraine's national context in late 2025 is defined by the destructive **impact of a protracted war**, offset by the extraordinary **resilience of its people and institutions**. The country is at a crossroads: decisions made in the near term – in battlefield strategy, in peace negotiations, and in laying the groundwork for reconstruction – will shape Ukraine's development trajectory for decades. The following thematic analysis delves into specific dimensions of this context, providing a deeper evidence base to inform those critical decisions and the UN's strategic support to Ukraine.

Thematic Analysis

1. INVESTMENT INTO PEOPLE AND POPULATION DYNAMICS



Photo credit: UNICEF/Dmytro Smoliiyenko

Context and Trends

The full-scale invasion has precipitated an unprecedented **demographic and human capital crisis** in Ukraine. Even before 2022, Ukraine was grappling with structural demographic challenges – low birth rates, an aging population, and steady emigration that shrank the workforce. The war dramatically amplified these trends by causing mass displacement, excess mortality, and a collapse in family formation. WHO estimates from late-2024/early-2025 suggest that up to 9.6 million people in Ukraine may be at risk of or living with mental health conditions, with population-level distress consistently above 40%, making mental health deterioration itself a primary driver of loss of people's potential¹⁸.

By December 2025, an estimated **5.9 million Ukrainians were refugees abroad**¹⁹ and another **3.7 million were internally displaced**. Women and children make up the majority of the refugee population, with 62% being women and girls, and 36% being children.²⁰ Combined, these displaced

populations represent roughly one-quarter of Ukraine's pre-war population, a shock with far-reaching implications for people. While UN data indicate **continuing large-scale displacement**, with refugee and IDP numbers broadly stable, needs are evolving. Notably, Ukraine's child population (ages 0–17) declined by 26% between January 2022 and 2024 – a loss of ca. **2 million children** due to displacement and declining births²¹. The war has disrupted education for millions of children and youth, with schools damaged or repurposed as shelters and many students attending online from exile or occupied areas. Return and reintegration trajectories remain conditional and uncertain; sustainable return will depend on security, safe housing, access to services, livelihoods, social protection, decent work opportunities and accountability guarantees, not simply the end of active hostilities.

The labour force has likewise been depleted: large numbers of working-age men are mobilized in the

¹⁸ [WHO Emergency appeal 2025](#)

¹⁹ UNHCR previously reported 1.2 million refugees in Russia, bringing the total to 6.8 million by April 2025. However, the total number of refugees does not include this figure anymore to the inability to update this data, which was last updated in 2023.

²⁰ UNHCR – Ukraine Refugee Situation, <https://data.unhcr.org/en/situations/ukraine>

²¹ UNICEF, [Situation Analysis of Children in Ukraine 2024](#)

armed forces, while many professionals and young graduates (especially women with children) have left the country. Ukraine's **fertility rate remains well below replacement level** (0.9 as of 2024)²², and the prospect of prolonged insecurity is causing young families to postpone or forego having children. The demographic outlook is stark – projections cited prior to the war estimated the population could halve from 48.5 million in 2001 to only ca. 25 million by 2051, and the war could accelerate this trajectory. Under the inertial scenario with no significant changes in demographic policies, Ukraine's population is expected to decline to around 29 million by 2040²³. These trends threaten a vicious cycle: with a smaller, older population economic growth may be much harder to achieve and social protection systems will likely be overburdened, which in turn may encourage more out-migration.

As estimated by the World Bank, poverty **rose again in 2025** amid energy shocks and price pressures; the World Bank's latest listening survey estimates a **preliminary poverty rate of ca. 37% (mid-2025)**²⁴. Households report **heightened material hardship and health limitations**, reinforcing risks to investment into people.

Against this backdrop, the **Government of Ukraine (GoU) has prioritized human capital**

preservation and restoration as a pillar of its recovery agenda. Policies and programs are being formulated to incentivize refugee returns, support families with children, expand education and training, reintegrate veterans and persons with disabilities as well as promoting regular migration pathways to attract and facilitate the contribution of migrant workers from abroad, to support sustainable development. Yet, sustaining such efforts will require significant resources and coordinated planning. The war has underscored the importance of **adaptive social services** – e.g. remote learning solutions, mobile health clinics, and psychosocial support networks – to serve a dispersed and traumatized population. In summary, Ukraine's people development trends are in flux: the country faces the dual task of addressing acute war-related needs (from mental health to livelihoods) while also confronting long-standing demographic headwinds. Protecting and restoring people potential, including addressing mental health, disability inclusion, and safe return conditions — is therefore not only a recovery imperative, but essential for Ukraine to re-enter a viable trajectory toward the 2030 Agenda, which is rooted in international human rights norms and standards.

Key Challenges

♦ **Demographic Instability and Migration:** The war has made Ukraine's population dynamics highly volatile. With millions still displaced externally and internally, future population size will depend heavily on return migration. Since April 2023, only roughly 100,000 individuals are estimated to have returned from abroad every six months – and with returns increasingly involving older individuals. Return dynamics remain fragile, with one in four (24%) recent returnees considering leaving again, most commonly returning abroad (18%)²⁵. Forecasts indicate that if war conditions persist, only about **266,000 refugees might return in the next three years** – a very modest inflow. The Center of Economic Strategy estimates total return of 1.2 million refugees in the negative scenario²⁶. Moreover, surveys reveal a worrying **“brain drain” loop**: among young Ukrainians abroad, the intention to return has plummeted (from 66% in

2023 to 32% in 2024), while among youth still in Ukraine, the desire to emigrate has risen (25% to 30% over the same period). This indicates that many skilled, educated young people are being pulled into life abroad or pushed by wartime uncertainty to seek opportunities elsewhere. If not addressed, such trends could result in a significant loss of talent and a shrinking tax base, undermining recovery. Additionally, the dramatic reduction in the child and youth population signals a future **“hollowing out” of the workforce**, making it urgent to create conditions conducive to family life and returnee reintegration.

♦ **Labor Market Disruption and Livelihoods:** The war has devastated employment and livelihoods, particularly in hardest-hit regions. Productive assets (factories, farms, businesses) have been destroyed or rendered inoperable, and displacement has separated people from their

²² [Strategy of Demographic Development of Ukraine until 2040](#)

²³ Ibid.

²⁴ [Monitoring Living Conditions in Ukraine – Fall 2025 Update](#), World Bank

²⁵ [Returning Home from Abroad: Trends, Drivers, and Reintegration Challenges among Ukrainian Returnees from Abroad](#), IOM 2025.

²⁶ [Ukrainian Refugees After Three Years Abroad](#). Fourth Wave of Research. CES

jobs. It is estimated that **2.4 million jobs have been lost**²⁷ since the invasion began. Among those who are displaced, many remain unemployed or underemployed; humanitarian aid and government stipends are a main income source for a large share of internally displaced persons (IDPs), of whom the majority are women. One in ten IDPs (12%) report being unemployed, and only 51% have a regular salary among their household income sources. Nearly half (47%) rely on the IDP living allowance as one source of household income.²⁸ More than half of IDPs report relying on emergency (25%) or crisis (35%) coping strategies (such as selling assets, reducing essential expenditures, or resorting to high-risk or illegal employment) to meet their basic needs.²⁹ The inability to earn an income – and access housing – in displacement contribute to unsafe returns to frontline areas. Conversely, while the security situation remains the primary deterrent to large-scale returns, socio-economic barriers, including access to employment, housing and basic services, remain obstacles to long-term returns.³⁰ For returnees, of whom the adult majority are also women, lack of housing and jobs are the top impediments to resettlement – about 30% of returnees cited housing and 31% employment as their main concerns in coming back. Without comprehensive livelihood support, there is a risk of entrenched poverty and secondary displacement (indeed, some returnees have had to uproot again due to destroyed homes or no jobs). The war has also exacerbated rural livelihood challenges: agricultural communities suffered a 20% contraction in cultivated land in 2022 and a 30% drop in grain output, eroding incomes in a sector that once accounted for a sizable share of GDP. This trend is confirmed by recent 2024 FAO survey³¹, showing that most agricultural producers experienced financial stagnation or decline, with 42.4% reporting decreased revenues and approximately 37% observing no change. In sum, **jobs and incomes** are insecure for millions, requiring an integrated approach to housing, quality employment, and social protection in the recovery period. (Please refer to section Women and Girls, under Impacts on Vulnerable Groups below, for more information regarding the economic impacts on women.)

♦ **Strains on Health and Education Systems:**

Ukraine's health system, already mid-reform pre-war, has been stretched to its limits. War injuries, displacement of medical staff, destruction of facilities, and a surge in mental health cases all contribute to a health emergency. In frontline oblasts, the share of people citing cost as a barrier to healthcare doubled from 7% to 14% by late 2024³², indicating worsening affordability issues as incomes fell and out-of-pocket costs rose. Routine healthcare (immunizations, chronic disease management) has been disrupted, raising risks of secondary health crises. The governance of the health sector also faces challenges: for instance, the National Health Service of Ukraine has been operating without a full governance board, and coordination between the Health Ministry and Finance Ministry on budgeting is weak. As a result, decisions on the essential health benefits package (Program of Medical Guarantees) are often delayed and not evidence-based. Meanwhile, the education system has had to pivot to remote learning and accommodate millions of displaced pupils (both internally and abroad). Many schools were damaged or are used for shelter, and teachers have faced enormous stress. **A significant portion of educators (79% of teachers and 84.5% of school psychologists) reported major increases in students needing psychological help**³³. Learning losses over multiple academic years could have long-term impacts on skills and productivity. UNICEF notes **average losses of two school years in reading and one in mathematics** since 2022, with **ca. 40%** of children still learning partly or fully online³⁴. The war has essentially created a parallel humanitarian health and education sector (mobile clinics, bunkerized delivery rooms, learning hubs in shelters), which now must be integrated back into a strengthened national system. **Investing in health and education infrastructure, workforce, and governance is a daunting challenge** when resources are scarce, but is critical to prevent permanent scarring of Ukraine's people potential.

♦ **Health Status and System Resilience:** The war has intensified pre-existing health challenges. Destruction of facilities, loss of staff, and disrupted logistics have constrained PHC, RMNCAH, NCDs, and emergency services. Frontline populations face major access barriers,

²⁷ [ILO Transitional Cooperation Strategy for Ukraine](#), 2024

²⁸ [Resilience at Work: Displacement and Integration in Ukraine's Labour Market](#), IOM 2025.

²⁹ [Ukraine Internal Displacement Report](#), IOM 2025.

³⁰ [Displacement and Return in Ukraine: An analysis of trends, drivers and movement intentions](#), IOM 2025.

³¹ FAO, 2025. *Ukraine: Impact of the war on agricultural enterprises – Findings of a nationwide survey, October–November 2024*. Rome – <https://doi.org/10.4060/cd6216en>

³² [Access to health services in Ukraine frontline](#), WHO, 2024

³³ [Mental health and psychosocial support in Ukrainian education: Comprehensive study of the service system](#), UNICEF

³⁴ [Three years of full scale war in Ukraine](#), UNICEF

and the risk of outbreaks and treatment interruptions has grown. Rehabilitation, MHPSS, and disability inclusion are essential parts of recovery. Communicable Diseases and IHR: Continued surveillance and immunization efforts remain critical to prevent outbreaks of vaccine-preventable diseases, while IHR capacities for detection and response require strengthening to safeguard national health security.

♦ **Mental Health Crisis:** The prolonged war has unleashed a **nationwide mental health and psychosocial crisis**. WHO reports **persistently high mental-health needs**: by late-2024, **68%** of people reported worsened health vs. pre-war, with **mental-health conditions affecting ca. 46%**; WHO's 2025 appeal estimates **ca. 9.6 million people** at risk of or living with mental disorders. By mid-2024, **83% of Ukrainians reported experiencing high levels of stress**, a testament to the widespread trauma of constant air raid alerts, displacement, and uncertainty. Young people are particularly affected – 25% of youth in Ukraine identified mental health as a key personal concern in 2024 (up from 11% in 2021). Among Ukrainian youth who have fled abroad, 61% report mental health challenges in 2024. Vulnerable groups face compounding stresses: for example, **23% of surveyed veterans reported frequent feelings of sadness or hopelessness** in the two weeks prior to being surveyed. IOM data further highlights that 50% of IDPs, 42% of returnees, 42% of women, and 54% of unemployed individuals are at high risk of depression, underscoring the need for targeted, evidence-based interventions for these groups. Elderlies and persons with disabilities are also especially at risk, facing both heightened exposure to stressors and significant barriers to accessing MHPSS services. Left unaddressed, widespread trauma and depression can impede economic recovery (through reduced productivity), strained families and communities, and even fuel future instability. The Government of Ukraine launched a National Mental Health Program under the First Lady's patronage, aiming to expand access to psychosocial support. However, mental health services need to move from emergency-mode (hotlines, volunteer counsellors) to a **systemic component of healthcare, education, and social policy**. Addressing widespread trauma, anxiety, and emotional fatigue is fundamental to rebuilding trust, restoring interpersonal and community relations, and supporting social cohesion. The growing mental health crisis, particularly among

veterans, displaced persons, and victims of violence, calls for integrated approaches that link psychosocial support with social and labour market reintegration services. Community-based, multisectoral MHPSS interventions that are accessible to all should be prioritized, embedding psychosocial support in primary healthcare, social services, education, and employment programs. MHPSS should be delivered through multidisciplinary teams, with strong referral pathways, peer support, and capacity building for local actors. Integration of MHPSS into community stabilization, livelihoods, and protection programming is essential, as is the involvement of affected populations in the design and monitoring of services. Scaling up trained professionals, integrating MHPSS in schools and workplaces, and combating stigma are key tasks ahead.

♦ **Protection Risks and Social Fragmentation:** War conditions have heightened various protection risks, especially for women, children, and minority groups. **Gender-Based Violence (GBV)** has become a grave concern – economic stress, displacement, and the breakdown of social networks have greatly exacerbated the risk of sexual exploitation abuse, domestic and conflict related sexual violence. In a UNFPA assessment³⁵, women reported increased fear of GBV, and nearly all women living with HIV surveyed (97%) reported experiencing fear, anxiety, or panic attacks since the invasion, which can be linked to both trauma and heightened stigma. Children, especially those separated from caregivers or in institutional care, face risks of trafficking and abuse. Heightened vulnerabilities resulting from displacement, economic hardship and the breakdown of protection systems has increased the risk of labour exploitation and human trafficking. Social attitudes surveys point to **rising intolerance toward some marginalized groups** amid the stress of war: intolerance indicators among youth worsened significantly from 2023 to 2024 (e.g. negative attitudes toward Roma increased from 35% to 40%; toward ex-prisoners 44% to 49%; toward people living with HIV 20% to 26%). Such fault lines, if not addressed, could undermine the **social cohesion needed for recovery**. Additionally, community tensions have occasionally flared between IDPs and host communities, or between those from Russian-speaking areas and others, fuelled by propaganda and trauma. The challenge is to ensure inclusive support that doesn't breed resentment and to

³⁵ [Sexual and Reproductive Health and Rights Assessment in Ukraine](#), UNFPA, 2025

promote dialogue and understanding across different groups. Protecting human rights – from preventing arbitrary detentions to safeguarding minority language rights – remains critical even during martial law, to lay the groundwork for reconciliation post-war.

♦ **Humanitarian Access and Protection:** The ongoing war continues to impose severe constraints on civilian access to safety, humanitarian assistance, protection services, and essential infrastructure. Repeated attacks on energy, transport, and water systems, combined with insecurity along evacuation routes and in frontline communities, result in frequent access disruptions and heightened risks to civilians. Humanitarian access remains fluid and uneven across oblasts, requiring constant adaptation, sustained safe passage arrangements, and a principled, needs-based response. Overall, humanitarian access and protection remain decisive determinants of civilian survival, rights protection, safe movement, and the enabling conditions for future return and recovery. Preserving humanitarian space, sustaining access to specialized services, and strengthening integrated, flexible delivery models are therefore critical to preventing further civilian harm.

♦ **Water, Sanitation, and Housing Infrastructure:** The war has severely damaged housing stock and utilities, affecting basic living conditions. Over 150,000 residential buildings across Ukraine are estimated to have been destroyed or damaged. **Water supply and sanitation systems**, many already aging pre-war, have been further degraded by attacks and lack of

maintenance. Ukraine's water and wastewater assets are oversized (about 2.5 times larger than current demand) and Non-Revenue Water is high (41% in major water utilities), undermining performance through shrinking revenues and rising operational costs.³⁶ In some cities, water quality has deteriorated – tests in 2023 found that about **30% of water samples from centralized water systems failed to meet standards**. Contamination incidents, like high turbidity and iron content in urban water, are increasingly common. Many urban areas have faced intermittent water cuts due to power outages (given the reliance of pumps, and other critical water infrastructure on electricity). Urban Wastewater Treatment Plants are often short of capacity, lack tertiary treatment and are in deteriorated technical condition³⁷. On the governance side, water utilities suffer from outdated Soviet-era regulations that impede modern risk management. Without rapid repairs, tens of thousands of people lack reliable access to safe water and sanitation, raising risks of disease outbreaks (especially in collective shelters or crowded housing). Housing reconstruction is another massive challenge: as of 2025, the government has launched programs for housing compensation and rebuilding, but the scale of need far exceeds available funding. Ensuring that **reconstruction of homes and utilities is done with improved standards (energy-efficient, accessible, water-safe)** is important, but it may conflict with the pressure to rebuild quickly. Water and housing are fundamental for people's well-being; failure to address these could stall return migration and worsen health outcomes.

Key Opportunities

Despite the severe disruption to people development, the current period offers a strategic window for **structural reforms and international support** to rebuild Ukraine's human capital base on stronger footing. Opportunities in this thematic area include:

♦ **Managed Migration and Return Strategies:** With millions of Ukrainians abroad, there is an opportunity to engage the diaspora and prepare for eventual returns. Evidence shows that voluntary return will depend not only on peace and safety but

also on economic opportunity and housing. A recent policy simulation by UNHCR emphasizes using sophisticated tools (like agent-based modelling) to plan for different return scenarios. **Policy priorities** focus on building the conditions for voluntary and sustainable return. This includes diaspora engagement programs to maintain ties with skilled nationals abroad, improving wages and working conditions, expanding decent job opportunities, and strengthening labour rights protection to attract diaspora workers. Expanding and modernizing social protection systems,

³⁶ <https://redr.org.uk/app/uploads/2025/06/ukraine-water-utilities-learning-audit-needs-assessment.pdf>

³⁷

<https://www.oecd.org/content/dam/oecd/en/publications/report>

[s/2025/10/assessing-the-enabling-environment-for-investment-in-water-security-in-the-eu-s-eastern-partner-countries_2e8d2698/3f5d9a13-en.pdf](https://2025/10/assessing-the-enabling-environment-for-investment-in-water-security-in-the-eu-s-eastern-partner-countries_2e8d2698/3f5d9a13-en.pdf)

including portable social benefits, health coverage, and pension entitlements to encourage voluntary return and ensure continuity of rights. Facilitating credential recognition and offering targeted “return packages” that provide housing grants for refugees whose homes have been destroyed as a result of hostilities or are under occupation, job matching, and training for returnees can further ease reintegration. Even before full peace, supporting temporary or circular migration (e.g. allowing refugees to work abroad but contribute to Ukrainian projects) can mitigate brain drain. In the immediate term, improving data on where Ukrainians are (via refugee registries, consular outreach) and their skills can help match overseas Ukrainians to reconstruction tasks or remote work opportunities. By managing migration flows proactively, Ukraine can avoid permanent loss of its people potential and even leverage the diaspora’s new skills and networks for development.

♦ **Health System Reform and Investment:** The large inflows of donor funding and the urgent need to rebuild health facilities provide a chance to transform Ukraine’s health system, shifting it toward resilience and equity. A key recommendation is to **establish a formal governance mechanism for the health benefits package (Program of Medical Guarantees)** – for instance, creating a PMG Governance Board that reviews and approves changes annually. This would improve transparency and allow better planning of health expenditures. Concurrently, the Ministry of Health can develop a strategic **Health Reconstruction and Investment Plan** by 2025 that maps out priority needs: rebuilding hospitals and clinics (with a focus on primary care and mental health), expanding digital health records, and investing in medical workforce development, especially in rural areas. **International financing** (e.g. World Bank loans, EU funds) is available for health, but must be guided by a clear strategy to avoid simply restoring the old system. To strengthen the care economy, emphasis should be on **community-based care** (bringing services closer to people, especially in war-torn areas) in addition to government and private sector provision of care services. Psychosocial support should be integrated into the health and education sectors, and measures should be taken to improve financial protection so that war-induced poverty is not worsened by healthcare costs. UN and other partners have identified good practices such as preventing over-concentration of tertiary care; Ukraine can build on these to modernize its health network for future needs. By directing

reconstruction funds toward a more efficient and inclusive health system, Ukraine will strengthen its human capital and preparedness for future crises.

♦ **Youth Empowerment and Civic Engagement:** Ukrainian youth have demonstrated inspiring civic commitment during the war, which is a foundation to build on for recovery. Surveys show that **volunteerism among youth inside Ukraine rose from 42% in 2023 to 51% in 2024**, and even among young refugees abroad it rose from 44% to 50%. There is also a high willingness (85% of youth surveyed) to engage in community service. Tapping into this social capital can accelerate reconstruction and promote reconciliation. **Policies should institutionalize youth participation** by creating funding streams for youth-led projects (for example, grants or challenge funds for local recovery initiatives run by youth groups), integrating civic service into educational curricula (so that students contribute to rebuilding as part of their training), and establishing formal roles for youth representatives in local planning bodies. At the same time, employment-intensive reconstruction and targeted vocational training, with a strong focus on young people alongside women, returnees, veterans, and persons with disabilities, are essential to foster economic security and social stability. These programmes should combine technical and entrepreneurial training with soft skills that strengthen social cohesion, teamwork, and community leadership, enabling youth to become active drivers of inclusive recovery. Expanding mental health services in schools and universities is also critical – not only to support youth well-being (as 1 in 4 youth name mental health as a top concern) but to enable them to productively engage in society. Given the compounded effects of war, including prolonged periods of remote schooling, many young people in Ukraine have experienced increased isolation, anxiety, and disruptions in socialization and life skills development. Therefore, mental health programs should also focus on rebuilding social connections, fostering resilience, and providing targeted support for life skills and peer interaction, both in-person and through accessible digital platforms. Additionally, many of the **young Ukrainians abroad are gaining education and skills**; diaspora youth networks could be engaged through hackathons, virtual internships, or “return for internship” programs, maintaining their connection to Ukraine. By empowering youth as partners in recovery, Ukraine can harness their creativity and foster a new generation of

community leaders committed to an inclusive future.

♦ **Water and Sanitation Sector Reform:** The devastation of water systems highlights the need – and opportunity – to overhaul Ukraine’s water and sanitation infrastructure and governance. As part of reconstruction, **modernizing water sector regulations and investing in safe water supply and effective wastewater treatment** should be a priority. This includes updating outdated Soviet-era standards with EU-aligned regulations that enable risk-based water management and phased compliance with higher wastewater treatment standards. A recommendation is to designate a lead regulatory authority (e.g. the Ministry of Health) for water quality oversight, ensuring clear accountability for monitoring and enforcement. Infrastructure-wise, there is an opportunity to build back greener, smarter and more resilient: many cities could incorporate solar-powered backup systems for water/wastewater critical infrastructure (as piloted in some Vodokanal) to reduce outage impacts, prioritize energy-

efficiency retrofits and advance water sector digitalization. Approximately 30% of water samples were recently non-compliant, so investments in water treatment plants and laboratory capacity are needed to guarantee safe drinking water. Introducing incentive-based tariffs and metering can improve water-use efficiency and provide utilities with resources for maintenance. International partners are supporting water assessments – these should feed into a **National Water and Sanitation Recovery Plan** that prioritizes the most affected communities and addresses long-term climate resilience (e.g. managing drought and flood risks). Ultimately, safe water and sanitation are basic building blocks of people development – preventing disease, enabling people (especially women and girls, who often bear water-fetching burdens) to participate in education and work. The post-war reconstruction is a chance to tackle legacy issues in this sector so that all Ukrainians have reliable access to clean water and dignified sanitation.

Impacts on Vulnerable Groups

Certain population groups in Ukraine have been uniquely or disproportionately affected by the war’s impact on people and require targeted attention:

♦ **Internally Displaced Persons (IDPs) and Returnees:** IDPs (3.7 million people, of which 53% are women and children) remain among the most vulnerable. Many fled with few assets and are living in temporary accommodations or crowded conditions. Surveys indicate that **54% of IDP households are in rented housing**, with far less housing security than non-displaced populations³⁸. IDPs also have high rates of people with special needs (31% of IDPs live in households with persons with disabilities, and 46% live in households with chronically ill members, vs. national averages of 28% and 44%).³⁹ Returnees (around 4.5 million have returned home as of October 2025) face their own vulnerabilities as many returnees cannot live in their original homes due to destruction, effectively remaining displaced. Both IDPs and returnees often rely on social assistance; if these supports diminish, they risk falling into extreme poverty. **Priority needs:** For IDPs, more permanent housing solutions (via

housing repair grants, modular homes, or hosting support) and local job creation in host communities are key⁴⁰. For returnees, it is critical to **pair housing reconstruction with livelihood opportunities**, so that people returning to liberated or rebuilding areas can sustain themselves⁴¹. Legal aid and civil documentation are another need, as IDPs/returnees may lack papers required for services or property claims. Ensuring IDPs have full access to health, education, and voting rights in their current locations will aid their social inclusion. The government’s State Strategy on IDPs (adopted 2023 and reviewed in 2025) should be resourced and implemented in partnership with humanitarian and development actors to bridge the gap from relief to self-reliance. Conflict-related displacement can cause disrupted services that in turn can affect routine immunization and disease surveillance, creating conditions for outbreaks of vaccine-preventable and communicable diseases and increasing TB/HIV treatment interruption risks. Strengthening surveillance, laboratories, and immunization systems, in line with International Health Regulations (IHR) core capacities, is

³⁸ [Protracted Displacement and Precarious Housing: Access to Adequate and Affordable Accommodation in Ukraine](#), IOM 2025.

³⁹ [Ukraine Internal Displacement Report](#), IOM 2025.

⁴⁰ Ibid.

⁴¹ [Ukraine Returns Report](#), IOM 2025.

essential to safeguard population health and regional health security.

♦ **Women and Girls:** Women have borne a heavy burden in this war. They make up the majority of displaced adults, often caring for children or elderly family members on their own. Economic insecurity has hit women particularly hard – many women lost jobs in female-dominated sectors like services and education, when jobs shifted to male-dominated professions like security, transport, and telecommunications as a result of the war. This trend in employment has created a widening gender pay gap. In addition, more women than men are unemployed. Women constitute 72 per cent of the officially registered unemployed people in Ukraine, meaning that men comprise only 28 percent, according to the State Employment Services. More women than men have also left formal employment and entered the informal economy to make ends meet. Many women also left work to assume unpaid care responsibilities as a result of reduced access to childcare services.⁴² The national **poverty rate quadrupled to 24.2% in 2022**, and further to **estimated 37% in 2025**, and women are disproportionately represented among the poor. Additionally, the risk of gender-based violence has risen, while access to GBV response services (shelters, crisis hotlines) is challenged by security and resource constraints. Reproductive health services have been disrupted in some areas. Yet, women have become central to community resilience and recovery, entering non-traditional occupations, launching small businesses, and gaining digital and entrepreneurial skills. To harness this potential, **a gender-transformative recovery is essential. Policy actions needed:** Encouraging more **women to enter the formal workforce** through reskilling while putting in place policies and measures to prevent gender discrimination in employment. Expanding **affordable and quality childcare and eldercare** is vital to enable women's return to employment. In fact, investment in the care economy will be essential to Ukraine's recovery to address the needs of not only caregivers, elders, and children, but also growing numbers of disabled veterans and disabled civilians. This could include establishing community childcare centers in areas with many IDPs, or subsidies for private childcare. Flexible working arrangements and strengthened social protection systems will further promote women's economic participation. Supporting women's

entrepreneurship (through small grants, training, and access to finance) can help women rebuild livelihoods. Women should be among the priority groups in employment-intensive reconstruction and targeted vocational training, including in non-traditional sectors, underpinned by sustained gender-responsive policy incentives and measures ensuring fair wages and safe, decent working conditions. All recovery programs should integrate **gender-responsive budgeting**, ensuring that funds address gender-differentiated needs and women participate in decision-making about reconstruction priorities. In the medium term, efforts to increase women's representation in politics and peace negotiations remain crucial – linking women's grassroots initiatives to formal policymaking will improve the inclusivity and effectiveness of recovery. Finally, targeted services like psychosocial counseling, legal aid for GBV survivors, and reproductive healthcare (including for survivors of conflict-related sexual violence) must be scaled up to protect the rights and health of women and girls.

♦ **Persons with Disabilities:** The rapid increase in persons with disabilities, including many with conflict-related injuries and amputations, strains an already limited rehabilitation system. Many regions lack accessible, multidisciplinary rehabilitation services and assistive technologies. Integrating rehabilitation into primary and hospital care, expanding community-based rehabilitation, and ensuring physical and financial accessibility of services are critical for social and economic reintegration of veterans, civilians with injuries, and children with disabilities. The number of persons with disabilities in Ukraine has risen due to war injuries in addition to pre-existing causes. **Over 3 million Ukrainians are now living with disabilities**, including about 231,000 children with disabilities. This represents roughly 9% of the population and will likely increase as veterans with impairments return and additional war-related injuries could affect the civilians. People with disabilities often face **significant barriers to accessing services** and employment. The war damaged many rehabilitation facilities and disrupted supply chains for assistive devices (wheelchairs, hearing aids). Social care systems were strained even prior to 2022; for instance, in 2023, budget allocations for sanatorium treatments for certain disability groups went entirely unused – indicating bureaucratic or access hurdles that left needs unmet. Going forward, it is

⁴² Ukraine Center for Social Research (2024). [Challenges of Empowering Women in the Labour Market and Entrepreneurship in](#)

[the Context of the Full-Scale War and Gender-Responsible Recovery of Ukraine.](#)

imperative to embed disability inclusion in all recovery efforts. Reconstruction of infrastructure (schools, hospitals, public buildings, transport) provides a chance to enforce universal design and accessibility standards. Community-based rehabilitation programs should be prioritized over institutionalization, aligning with the best global practices. . MHPSS services should be integrated, ensuring that psychosocial support, trauma-informed care, and community-based mental health resources are tailored to the needs of persons with disabilities and caregivers. Cognitive and psychosocial disabilities shouldn't be overlooked or excluded in disability inclusion efforts; individuals with these disabilities must have equal access to services, accommodations, and support, including tailored MHPSS interventions, accessible information, and opportunities for participation in community and economic life. **Economic inclusion** is another opportunity – quotas or incentives for hiring Persons with Disabilities in public works, support for vocational training geared to persons with different abilities, and promoting remote work opportunities (leveraging technology for those who cannot easily travel). Disability-focused NGOs and OPDs (Organizations of Persons with Disabilities) in Ukraine are active and shall be involved in development of tailored solutions. Overall, ensuring that persons with disabilities have equitable access to housing, healthcare, education, and jobs is not only a rights obligation but will harness the contributions of a significant segment of society in the national recovery.

♦ **Veterans:** As of late 2025, Ukraine has a rapidly growing veteran population due to the war. An

estimated **936,000 individuals are veterans** of military service since 2014, roughly 3% of the adult population⁴³. By some projections, veterans could comprise up to 15% of the population by the end of 2025 (including family dependents). Veterans bring skills, discipline, and community respect; many have shown high civic engagement. However, they also face challenges in transition to civilian life – physical injuries, psychological trauma (PTSD, depression), and finding new careers. Approximately **16% of veterans identify as having a disability**. Current support mechanisms are struggling: nearly 46% of veterans surveyed rated government support as ineffective. **Reintegration support** is a clear need. This includes providing mental health services tailored for ex-combatants (e.g. counselling, peer support groups), educational opportunities (so veterans can re-skill or finish disrupted education), and job placement programs, supporting **veteran-run businesses or social enterprises**, which can directly involve veterans in reconstruction work, including through public procurement. Similarly, local governance structures could invite veterans to participate in community decision-making, leveraging their leadership while easing their reintegration. It will be important to address any stigma – ensuring the narrative is about veterans as assets to society, not as problems. Coordination between the Ministry of Veterans Affairs, health services, and employment services will be needed to implement a holistic veterans' reintegration plan, learning from countries that have managed large veteran populations.

Data and Indicators - Investment into People & Population Dynamics

Indicator	Value / Recent Trend	Year	Source
Refugees abroad (Ukrainians displaced)	5.9 million	2025	Ukraine Refugee Situation - Operational Data Portal - UNHCR
Internally displaced persons (IDPs)	3.7 million	2025	Ukraine Displacement tracking matrix - IOM
Projected 3-year returns (if war continues)	266,000 people	2025	Policy Brief - Forecasting refugee return to Ukraine - UNHCR
Decline in child population (0–17)	-26% (≈2 million fewer children)	2024	Situation Analysis of children in Ukraine - UNICEF
Youth in Ukraine planning to emigrate	30% (up from 25% pre-war)	2024	Impact of War on Youth in Ukraine - UNICEF
Youth abroad intending to return	32% (down from 66% in 2023)	2024	Impact of War on Youth in Ukraine - UNICEF
Working-age employment rate	67% (6 percentage points below pre-war)	2024	Employment, Mobility and Labor Market Dynamics - IOM
Ukrainians reporting high stress	83%	2025	Ukraine: Public Health Situation Analysis - WHO
Persons with disabilities (total)	>3 million (incl. ca. 231,000 children)	2025	State Social Support for Persons and Children with Disabilities in Ukraine - UNICEF
Veterans (self-identified, survey)	ca. 936,000 (about 3% of adult population)	2025	Veteran Profiles & Reintegration - IOM
GBV risk indicator (women living with HIV)	97% experienced fear/anxiety since invasion	2024	Impact of War on Women Living with HIV - UN Women/UNAIDS

⁴³ [Veteran profiles](#), IOM

2. INCLUSIVE ECONOMIC GROWTH



Photo credit: Ivan Antypenko / Reporters / UNDP in Ukraine

Context and Trends

The war has fundamentally reshaped Ukraine's economy, turning a once modest growth trajectory into a fight for survival followed by a complex recovery. In 2022, Ukraine's GDP contracted by an unprecedented 29.1% – a collapse not seen since the 1990s transition period. This freefall was triggered by the destruction of infrastructure, disruption of trade, loss of investments, and massive displacement of labour and consumers. By 2023, the economy stabilized with a **+4.9% rebound**, primarily reflecting adaptation (e.g. businesses relocating or restarting in safer areas) and huge external financial support that shored up government spending and household incomes. This adaptation is widespread; for example, in the critical agriculture sector, 53% of producers reported changing operational decisions (e.g. limiting inputs or finding new buyers) due to the war, a figure rising to 58% in frontline oblasts.

However, this rebound is **fragile and uneven**. 2025 demonstrates weaker than expected economic growth, forecasts are revised downwards as baseline scenario “end of war by end 2025” does not hold. Real **GDP growth** projected at 2.1% for 2025, is down from 2.9% in 2024 due to energy disruptions, labour shortages, inflation pressure, hryvna depreciation, weaker harvest and trade imbalances. Despite war-related shocks, the IMF finds **macroeconomic stability broadly preserved** under the EFF program; the **Eighth**

Review (Jun 2025) confirms performance criteria met and continued disbursements. The World Bank's July 2025 update anticipates **growth moderating to ca. 2% in 2025** amid energy supply risks and investment constraints. Industrial output remains far below pre-war levels in the east and south, inflation has eroded purchasing power, and the currency is sustained by capital controls and aid inflows. Ukraine's fiscal space is severely constrained – the budget deficit ballooned as revenue plummeted and war expenditures surged, pushing public debt over 100% of GDP.

The **structure of the economy** is shifting in response to wartime realities. Agriculture and IT, two sectors that proved relatively resilient (agriculture pivoted to alternate export routes; IT companies kept servicing foreign clients remotely), now account for a larger share of GDP and exports. Meanwhile, heavy industry (metallurgy, machinery) centred in the combat zones has sharply declined. Not coincidentally, these sectors employ more men than women, exacerbating gendered segregation in employment and women's unemployed status. Regional economies have diverged: western and central oblasts have become hubs for displaced enterprises and workers, enjoying modest growth, whereas the east and parts of the south face de-industrialization and unemployment. Inflation, driven by supply shortages and utility price

adjustments, peaked in 2022-2023 and remains elevated, straining households – especially the poor who spend a high portion of income on food and energy.

Internationally, Ukraine has lost access to some traditional markets, but it has gained unprecedented access to the EU market under special arrangements. The **EU candidacy granted in 2022** and the planned deepening of economic integration (zero tariffs, inclusion in EU programs) offer a pathway for trade diversification. The **“Ukraine Facility”** – a dedicated €50 billion EU recovery package – underscores the commitment to integrate Ukraine’s economy with Europe. Donors and IFIs (IMF, World Bank, EBRD) have mobilized large financial packages, with the IMF’s program helping stabilize macroeconomic conditions and foreign reserves.

Overall, the wartime economy is characterized by **state intervention and aid dependence**: the

government has propped up key sectors (subsidizing fuel, controlling food exports to ensure supply), and humanitarian cash transfers became a significant income source for many. As the situation normalizes, a transition back to a market-driven, private-sector-led growth model will be needed, albeit one that is more inclusive and sustainable. The reconstruction effort – estimated at \$411 billion over 10 years in the RDNA4 assessment – could become a major economic driver if managed well, creating jobs and modernizing infrastructure. However, if mismanaged, it could also exacerbate corruption and inequality. In summary, Ukraine’s economic trends show early signs of recovery but are contingent on the security situation and continued international support. The post-war period will need to address not just rebuilding assets, but transforming the economy to be greener, more digital, and equitable.

Key Challenges

◆ **Macroeconomic and Fiscal Instability:** Ukraine’s macroeconomic environment remains volatile and heavily **aid-dependent**, with direct implications for employment, social protection and social cohesion. After the record GDP drop in 2022 and slight growth in 2023, forecasts remain cautious due to uncertain security and investor confidence. Public finances are under acute stress: the **public debt-to-GDP ratio exceeded 100%** in 2025. The trade balance has also deteriorated – exports collapsed initially (with seaports blocked), while demand for imports (especially military supplies, fuel) stayed high, causing the trade deficit to double. To maintain basic government functions (salaries, pensions, social protection and essential services alongside military spending), Ukraine relies on extraordinary external financing – about **\$3-4 billion per month** in grants and loans. This dependence raises sustainability concerns; any delay or shortfall in aid could trigger a fiscal and social crisis, including arrears in wages and benefits, with a direct effect on decent work deficits and public trust in institutions. Domestic revenue mobilization is challenged by the shrinking economy and tax relief measures used to support businesses during war.

Inflation peaked in May 2025 at 15.9% compared to the year before (*see graph below*). Since then, it has started to slowly decline, thanks to strong action by the National Bank of Ukraine (NBU) to keep the currency stable and make saving in local

currency more attractive. The NBU expects inflation to keep falling to ca. 10% by the end of 2025, 6-7% in 2026, to bring it to its target of 5% by 2027, assuming Ukraine continues to receive large amounts of international financial support and gradual economic normalization. To keep prices under control, the NBU plans to keep its main interest rate at 15.5% until late 2025. Disinflation is expected to be aided by improved harvests, moderate global prices, a recovering labour market, and stable exchange rates, but remains vulnerable to war-related shocks, energy and infrastructure damage, further supply disruptions, labour shortages, and external financing gaps.

Overall, **fiscal sustainability** is a key risk – without continued donor budget support and eventual tax reforms (broadening the base, perhaps taxing wealth or property more), Ukraine could face hyperinflation or debt distress. Restoring macro stability will require balancing immediate spending needs with reforms to reduce the deficit (e.g. phasing out generalized subsidies in favour of targeted assistance and shifting expenditures from defence to reconstruction when possible). Considering the continued war and high uncertainty forecasted growth will be limited in 2026 (2.3%) and 2027 (2.8%), suggesting conservation of war-time fragile balance in the short/medium term, with limited recovery resources, growing defence spending (ca 50% of the state budget) leading to structural deficit of ca.

20% of GDP. In this constrained environment, fiscal adjustment will need to be gradual and carefully prioritised to avoid exacerbating poverty or inequality. Protecting core social protection measures, employment services, skills development and care systems will be essential to support household resilience, sustain labour market participation and mitigate the risk of broader socio-economic instability.

♦ **Acute Labor Shortages and Human Capital Deficits:** amidst high unemployment in some areas, businesses across Ukraine report a scarcity of workers. IMF notes **tight labour market conditions** co-existing with high unemployment due to **skills/geography mismatches** and security risks and infrastructure disruption, constraining private investment. **Over 58% of employers cite labour shortages as their primary constraint** in 2025, surpassing even security concerns. The critical agricultural sector is even more acutely affected; a late 2024 FAO survey found that labour shortages were reported as a significant challenge by 69.6% of producers. This labour crunch stems from multiple factors: mobilization of hundreds of thousands into the army (many of them formerly employed), mass emigration of working-age people, and the mismatch of skills as industries relocate away from heavily affected regions. For example, some eastern industrial workers did not or could not relocate to where jobs are now available. Demographically, Ukraine's workforce was already shrinking before the war – from 2001 to 2020, the working-age population declined significantly, and with large numbers of young people now abroad and potentially not returning soon, that decline is sharper. According to ILO projection, **Ukraine will need 8.6 million additional workers by 2032** to reach its desired GDP target of \$246 billion⁴⁴. Achieving that would likely require both high return migration by women and youth and an influx of foreign labour or productivity leaps. Skill shortages are pronounced in critical sectors: surveys found **72% of IT companies, 70% of public administration entities, and 70% of healthcare providers** report difficulty finding qualified staff. Additionally, the **collapse of R&D spending to 0.33% of GDP** by 2022 (from 0.7% a decade prior) has led to an outflow of scientists and innovators, eroding Ukraine's knowledge economy. This loss of human capital is self-reinforcing: a limited labour pool slows recovery, and a weak recovery encourages more people (especially youth) to leave.

Addressing these deficits requires a comprehensive approach to retain and develop human capital – combining incentives for skilled diaspora to return, expanded and accelerated vocational training for veterans, IDPs, women, returnees and persons with disabilities, and improved labour intermediation. Strengthening skills systems will also require formal mechanisms for the recognition of prior learning (RPL), enabling displaced persons, returning migrants, demobilised soldiers and workers shifting sectors to have their competencies validated and rapidly reintegrated into the labour market. In parallel, greater use of productivity-enhancing technologies – including automation, digitalisation and AI – can help mitigate labour shortages, raise productivity and support a more inclusive and resilient recovery. Health workforce shortages can impact out-of-pocket spending on health care also undermine productivity and deepen poverty. Protecting and strategically expanding the health workforce and advancing universal health coverage with reduced catastrophic health expenditures, are critical economic as well as social investments.

♦ **Informality as key constraint to productivity.** The persistence of a large informal economy continues to constrain productivity growth and risks widening inequalities in Ukraine. Informality limits access to finance, social protection, and professional development, discouraging investment in skills and technology adoption. ILO estimates before the war, about 21 % of employment in Ukraine was informal, limiting tax revenue, social protection, and opportunities for enterprise growth. Concurrently, in 2021 female labour-force participation stood at 47.7 % (vs 62.8% for men)⁴⁵, underscoring that roughly half of working-age women were economically active. The ongoing labour shortages, particularly in industrial and service sectors, have led many enterprises to rely on informal or short-term work arrangements that reduce efficiency and tax revenue while reinforcing low-wage, low-productivity and sometimes unsafe working conditions. At the same time, unpaid care burdens, largely borne by women, constrain their ability to take up full-time formal work or shift to higher-productivity sectors. Findings also point to increased risks of labour exploitation, including unfair or abusive recruitment, especially where migrant workers are employed without sufficient labour safeguards and vulnerable Ukrainian workers remain excluded

⁴⁴ [Prospects for achieving Ukraine's 2032 GDP target: A labour market perspective](#), ILO

⁴⁵ World bank, Gender data portal, <https://genderdata.worldbank.org/en/economies/ukraine>

from decent work opportunities. In addition, women face employment discrimination and gendered job segregation that keeps them unemployed or under-employed.⁴⁶ This combination of informality, skill underutilization, gendered job segregation and discrimination, and gendered care burdens weakens labour productivity and narrows the contribution of people's potential to economic recovery. Addressing these structural barriers requires a dual approach: policies to encourage business formalization and decent work (through simplified taxation, predictable regulation, strengthened labour inspection and broader access to credit and social protection), alongside expanded affordable, quality care services and social-support infrastructure that enables greater female participation in formal, higher-productivity employment.

♦ **Infrastructure and Energy Bottlenecks:** The war has inflicted massive damage on infrastructure – transport networks, power grids, housing, communications – which in turn creates bottlenecks for economic activity. **Energy disruption** has been especially crippling: deliberate attacks on the power grid caused nationwide electricity rationing and forced many businesses to operate on generators. In winter 2023-24, Ukraine faced an **electricity deficit of ca. 9 GW** at times, leading to scheduled blackouts that curtailed manufacturing and services. Logistics is another bottleneck: the Black Sea blockade halted 90% of grain exports at one point, until alternative rail and Danube river routes were scaled up. These alternatives have higher costs and lower capacity, affecting export competitiveness. Damaged roads and railways in combat areas slow the transport of goods domestically as well. **High energy costs and fuel insecurity** also inflate production costs – for instance, fuel for generators raised costs for small businesses, threatening their viability and their ability to sustain jobs; in food processing, energy can account for up to 40-45% of expenses. If infrastructure rebuilding lags, it will drag down all sectors and investor confidence. The key challenge is prioritization and sequencing: Ukraine cannot fix everything at once, so it must target critical nodes (e.g. main transit corridors, power substations) that unlock broader economic activity. Additionally, modernizing infrastructure in line with European standards (digitalization of the

grid, expansion of broadband internet, improved storage and logistics facilities for trade) is needed to improve efficiency. With \$47 billion estimated just for energy sector recovery, mobilizing sufficient financing and coordinating myriad projects is a major governance test. Ensuring that reconstruction is planned and implemented transparently and with broad stakeholder participation, and that investments generate safe and quality jobs across regions, will be essential for rebuilding trust in public institutions and supporting inclusive recovery in conflict-affected areas.

♦ **Regional and Social Inequalities:** The war's asymmetric impact risks **entrenching inequalities** across regions and social groups. Regionally, western and some central oblasts have become relatively better off – they host many relocated businesses and people, their infrastructure is intact, and they benefit from proximity to the EU. If reconstruction heavily favours already stable areas, war-torn regions could fall further behind, leading to economic depopulation (workers permanently leaving) and resentment. Urban-rural divides may also widen: rural communities, especially in frontline zones, have less capacity to recover (many farmers lost equipment to fighting or mines in fields). Socially, certain groups face higher poverty and unemployment – IDPs, women (due to care burdens and job loss in sectors like education/hospitality), older people on fixed incomes in a high-inflation context, and persons with disabilities. **Poverty in Ukraine jumped to 24.2% in 2022** (from 5.5% in 2021). According to RDNA4 estimations, 2024 saw a slight increase in the poverty rate from 34 % to 35.8%, based on an actual minimum subsistence threshold of UAH 6,892.69., as many households have exhausted coping mechanisms. World Bank estimations show **poverty and inequality remained elevated in 2023-2025**, with **material deprivations** widespread and regional gaps persisting. World Bank's latest listening survey estimates a **preliminary poverty rate of 36.9% in fall 2025**⁴⁷. Without policy intervention, inequality could worsen: those with capital or diaspora ties cope better than those entirely reliant on local economy. This challenge calls for an inclusive approach to recovery – **targeted investments in hardest-hit regions** (frontline and liberated areas) to stimulate jobs, and robust social safety nets to support

⁴⁶ Ukraine Center for Social Research (2024). [Challenges of Empowering Women in the Labour Market and Entrepreneurship in the Context of the Full-Scale War and Gender-Responsible Recovery of Ukraine](#).

⁴⁷ World Bank, [Monitoring living conditions in Ukraine, Fall 2025 update](#)

vulnerable groups during the transition. In rural and de-occupied areas, this includes support to agricultural value chains and local enterprises, as well as demining and the restoration of basic infrastructure to reconnect communities to markets. Ensuring that reconstruction is transparent, regionally balanced and informed by meaningful local participation, including through effective social dialogue, will be essential to create decent work, rebuild trust in public institutions and prevent widening disparities from fueling social discontent or leaving parts of the country behind the overall recovery.

♦ **Governance and Corruption Risks in the Economy:** The vast influx of reconstruction funds and the relaxation of some regulations for wartime needs have increased opportunities for **corruption and mismanagement**, which can stifle economic growth and deter investment. UNDP assessments flagged vulnerabilities in public procurement (e.g. non-competitive contracting due to urgency), in land allocation, and in the oversight of humanitarian aid distribution. Local governments, which will implement many recovery projects, often lack robust internal controls and skilled staff for complex project management, heightening the risk of fund diversion or poor-quality work. In addition, the war economy has seen the rise of

some oligarchic or vested interests controlling scarce resources (fuel imports, military supplies), potentially crowding out SMEs and fair competition. **Organized crime infiltration** is another concern – there is evidence that some criminal groups have expanded smuggling (including war supplies) and could seek to launder money through reconstruction contracts. Uneven institutional capacity and fragmented governance arrangements also risk leading to unequal distribution of reconstruction benefits across regions, reinforcing perceptions of favouritism and undermining social cohesion. For Ukraine's economic recovery to be sustained, **good governance and rule of law** in the economic realm are as important as physical rebuilding. This challenge intersects with the Governance theme. Addressing it involves measures like: digital transparency platforms for tracking reconstruction projects (the DREAM platform is one such innovation), independent audits of large projects, strengthening anti-monopoly enforcement to ensure open competition in the private sector, and **empowering civil society and media** to watchdog economic recovery. Failure to tackle corruption could result in wasted resources, donor fatigue, and public frustration, undermining growth prospects.

Key Opportunities

Despite the obstacles, Ukraine's reconstruction provides a rare chance to **redefine its growth model** and address pre-war structural weaknesses. Opportunities in the economic domain include:

♦ **Strategic integration into European markets and diversification:** Progress towards SDGs could be accelerated by closer integration with the European Union as a driver for Ukraine's economic transformation, modernizing production, improving environmental and labour standards, and fostering innovations. **Key opportunities:** prioritize this funding for (a) **industrial diversification** – reducing over-reliance on a few commodities by developing value-added manufacturing and services and a more inclusive environment for informal entrepreneurs to get formalized; (b) **SME development** – providing credit guarantees, business development services, and market access help to small and medium enterprises, which are the backbone of jobs; and (c) **green and digital transition** – investments in renewable energy, energy efficiency, and digital infrastructure that improve

productivity and align with EU Green Deal goals. Ukraine should identify sectors where it has comparative advantages. For instance, **aggregation, food safety, climate proofing and increased investments in food processing** and agro-tech can build on Ukraine's agricultural base but capture more value (rather than just exporting raw grain). Ensuring that regulatory alignment is accompanied by effective social dialogue, worker upskilling and attention to regional disparities will be essential for a just and inclusive transition. In sum, by integrating into European market, Ukraine can stimulate robust growth and reduce vulnerability to any single trade route or product.

♦ **Stimulating Private Investment and MSMEs:** Private sector recovery – especially of micro, small, and medium enterprises (MSMEs) – is vital for inclusive growth and employment. Many MSMEs have shown agility during the war, but they face **credit constraints and uncertainty**. Banks have been risk-averse, and many businesses lost collateral or records. **Key opportunities:** Ukraine can implement **risk-sharing schemes** such as partial credit guarantee funds and blended finance

vehicles to encourage banks to lend to SMEs for rebuilding and expansion. A focus on women-led and youth-led enterprises, through dedicated funding windows, can ensure those groups are not left behind in the recovery. Simplifying business regulations and reducing red tape for starting or relocating businesses will help – this could include one-stop “recovery centres” to help businesses register in new locations, apply for grants, and get technical advice. Special incentives (tax breaks, grants, technical assistance) could target entrepreneurs in hardest-hit regions or those employing displaced people. Integration into **industrial clusters or value chains** is key: linking smaller firms with larger reconstruction projects (via transparent subcontracting requirements) or to foreign investors can stimulate local supply chains and support decent job creation. Ukrainian SMEs can be supported to adopt digital tools and green practices through technical assistance programs. To reduce the risk that recovery deepens centre-periphery disparities, support measures should ensure equitable access to finance, micro-grants and green business opportunities across regions, including frontline and liberated areas. A focus on women-led, youth-led and veteran-led enterprises, through dedicated funding windows, can help prevent exclusion and reinforce social cohesion. Over the medium term, as rule of law improves, Ukraine should aim to attract **foreign direct investment (FDI)** in sectors like renewable energy, manufacturing, agrifood processing and IT outsourcing. Investment promotion efforts should highlight Ukraine’s skilled workforce, large domestic market (for when displaced return), and EU market access. By revitalizing MSMEs and attracting investment, the economy can generate jobs across regions and reduce reliance on donor aid.

♦ **Technological Leapfrogging (Digitalization and AI):** Ukraine’s educated workforce and sizeable IT sector position it to **leapfrog technologically** in the reconstruction. During the war, digital solutions like Diia (the e-governance app) and widespread internet connectivity allowed governance and commerce to continue. Building on this, Ukraine can integrate advanced technologies (artificial intelligence, automation, cloud computing) into its redevelopment. For example, modernizing manufacturing with automation can partly mitigate labour shortages. Ukraine is recognized as an **AI innovation hub in Europe** (Kyiv’s AI sector is noted to rival some

Western European cities in competitiveness). **Other opportunities include:** invest in nationwide broadband and 5G to ensure the digital economy reaches all regions; support tech startups and R&D through innovation grants or tech parks, especially focusing on sectors like defence-tech, agri-tech, and clean-tech where Ukraine has both need and expertise; encourage more women and girls to enter STEM careers; and participate in European digital initiatives to integrate into continental data spaces. Additionally, Ukraine could implement **e-procurement and digital public services** fully, building on its existing platforms, to reduce corruption and improve efficiency. Digital tools can also improve labour market matching, facilitate recognition of prior learning, and strengthen monitoring of occupational safety and health. By leapfrogging to a more digital economy, Ukraine can boost productivity, create high-skilled jobs, and attract foreign investment in its tech sector.

♦ **Green Recovery and Energy Resilience:** The destruction from war coincides with the urgent global need to transition to a low-carbon economy – Ukraine has the opportunity to rebuild with **green principles**, enhancing both sustainability and energy security. Ukraine’s renewable energy potential is enormous: studies estimate **16 GW of economically feasible wind capacity** (out of 24 GW potential), and 80GW for solar and 245MW for biomass, especially in southern regions⁴⁸. The National Energy Strategy already aims for ca. 50% renewable electricity by 2050. Other opportunities include: establish a **Green Reconstruction Fund** pooling donor, public, and private resources dedicated to renewable energy projects, energy efficiency in buildings, and low-carbon transport. Prioritize projects that have quick impact on resilience – e.g. equipping **regional Vodokanal (water utilities) with solar and battery systems**, which could secure water for 16 million people during grid outages. Promote public-private partnerships that pair urgent needs with green solutions: for instance, **outcome-based financing for demining farmland in exchange for using cleared land for solar farms** (this concept, where demining is tied to subsequent renewable deployment, could attract impact investors). Another aspect is the **circular economy** – Ukraine can address its waste crisis by developing recycling industries, turning debris and scrap into materials for reconstruction. The new Waste Management Law (2023) and alignment with the

⁴⁸ https://diw-econ.de/wp-content/uploads/JT_UA_DIW-Econ-Report_RES-in-Ukraine_v.1.0.pdf

EU Circular Economy Action Plan open the door for businesses in recycling, repair, and sustainable design. The transition also carries significant employment potential: recent assessments estimate that **up to two million new green jobs** could be created over a two- to three-year period during post-war recovery, particularly in energy-efficient construction, renewable energy, sustainable agriculture and waste management. Ensuring that this growth translates into decent and accessible employment will require investment in skills development, occupational safety and health, and just transition measures for veterans, displaced workers and others affected by the war.⁴⁹ By investing now in green infrastructure (insulated buildings, smart grids, electric vehicles, etc.), Ukraine will not only reduce future greenhouse emissions but also generate quality employment and reduce energy import dependency (particularly on gas). This is a win-win: greener growth can be more **inclusive** (e.g. labour-intensive projects like building insulation retrofit can employ local workers, including women and youth) and position Ukraine as a future clean energy exporter (like renewable electricity or green hydrogen to Europe).

♦ **Institutional Reforms for Economic Governance:** To support all of the above, Ukraine needs strong **economic governance** – capable institutions to manage reconstruction funds, implement complex reforms, and regulate markets fairly. This is both an opportunity (many reforms are already underway or accelerated by EU accession requirements) and a necessity. Strengthening transparency, accountability and inclusive decision-making is critical to ensure that reconstruction resources benefit conflict-affected populations and do not exacerbate regional disparities or social tensions. This includes advancing labour market reforms in line with international labour standards and the EU acquis,

modernizing labour legislation, and strengthening labour market and social dialogue institutions. These reforms support labour market resilience in the context of recovery. Key areas also include: **public finance management** (improving budgeting, procurement, auditing), **anti-corruption frameworks** (as discussed earlier, ensuring transparency in spending – e.g. fully utilizing systems like ProZorro for all reconstruction tenders, and enhancing e-governance to cut out bureaucratic corruption), and **decentralization with capacity-building** (giving local governments more say in economic planning but also training them in project management and participatory budgeting). Inter-ministerial coordination must improve, for example between the Ministry of Economy, Ministry of Infrastructure, and regional authorities, to execute large projects. Embedding social dialogue in economic planning helps ensure that reconstruction and reform processes are inclusive, transparent and responsive to the needs of local communities. Strong tripartite institutions, complemented by structured local dialogue where appropriate, can reduce perceptions of exclusion, strengthen institutional trust and support conflict-sensitive decision-making — all of which are essential for a stable and equitable recovery. Ukraine's recovery plan includes creating special agencies (like the Recovery Agency) to handle large investments; these must be set up with clear mandates and oversight to prevent duplication or patronage. Finally, people potential within institutions needs rebuilding – many civil servants and municipal staff are exhausted or have left; attracting talent (possibly from the private sector or returning diaspora, particularly women and youth) into the public sector with incentives will be needed for a successful reform push. These institutional steps underpin inclusive growth by ensuring that policies are implemented effectively and equitably across society.

Impacts on Vulnerable Groups

While macroeconomic indicators tell one story, it is crucial to consider how different groups of people experience the economic situation and what targeted measures can ensure inclusive growth:

♦ **Internally Displaced Persons (IDPs) and Returnees:** IDPs and returnees, who are predominantly women, often face steep barriers to economic stability. Many lost their assets, jobs,

and professional networks. IDPs might be in regions where they lack local connections or face discrimination, including gender discrimination, in hiring. As noted, **more than half of IDPs report relying on emergency (25%) or crisis (35%) coping strategies** (such as selling assets, reducing essential expenditures, or resorting to high-risk or illegal employment) to meet their basic

⁴⁹ Green Jobs for Ukraine's Recovery and European Integration. Analytical Report. Assessment of status and potential for creating

new green jobs with veteran reintegration into the green labor market (2025)."

needs,⁵⁰ indicating high precarity. IDPs have above-average unemployment (12% among working-age IDPs), are often looking for jobs outside their previous areas of experience, and if employed, are more likely to be in informal work. For IDPs who are mothers, juggling childcare in displacement further limits employment opportunities and increase vulnerability⁵¹. Competition for scarce jobs, services, and housing can add to tensions between displaced and host communities, especially in regions with weak labour demand. **Inclusive growth requires** specifically supporting IDPs with gender-responsive and inclusive livelihood programs. This could include entrepreneurship grants for IDPs (there have been some small programs enabling IDPs to start businesses in host communities), preferential hiring in public works (such as housing reconstruction projects), and tailored skills training programs in areas where IDPs are concentrated. Expansion of Recognition of Prior Learning can help displaced and returning populations validate skills acquired informally or before displacement, enabling faster re-entry into labour market. Returnees, on the other hand, return to areas that might still lack services or jobs; some have returned only to find themselves unemployed. Ensuring that reconstruction in liberated areas involves hiring local returnees (instead of labour imported from elsewhere) can aid their reintegration. Access to affordable housing for IDPs/returnees is also fundamental – initiatives like mortgage subsidies or social housing projects can remove a major barrier (since without an address or property, many can't resume normal economic life). In sum, **combining access to housing, decent jobs, skills development, microfinance, fair recruitment practices and psychosocial support** for IDPs and returnees will help convert them from aid beneficiaries into contributors to local economies.

♦ **Women (Gender-Responsive Recovery):** War has exacerbated gender inequalities in the economy. Women's workforce participation, which was around 48% pre-war, dropped as many women either left the country or exited work to care for family. Additionally, sectors dominated by women (retail, services, education) were hard hit; whereas sector dominated by men (security, technologies) increased their employment of men, but not women who often faced gender discrimination. The quadrupling of poverty means many more women-headed households are

unable to meet basic needs. At the same time, the care burden has expanded considerably, with women covering gaps in childcare, eldercare, and support to family members with disabilities or trauma. Changing gender roles—such as women entering non-traditional occupations—have also created risks of discrimination, job insecurity, and, in some cases, heightened exposure to violence or harassment. **For an inclusive recovery, women's economic empowerment must be a priority.** Practical steps include: reframing the care economy as strategic infrastructure by investing in the professionalization and formalization of care work - with fair wages, training, and protections - while expanding childcare and eldercare services, all this **in both rural and urban areas**. Addressing the lack of childcare, a leading barrier to women's workforce participation, through establishing daycare centres, providing subsidies for private care, encouraging employers to offer work-based childcare solutions, and promoting public-private partnerships to develop community-based care centres can enable more women to return to work. Additionally, integrating men into care roles is essential to transform social norms and share caregiving responsibilities more equitably. Encourage women's entrepreneurship by making sure a good share of small business grants and concessional loans go to women, and by providing mentorship programs (possibly leveraging the successful women entrepreneurs or diaspora businesswomen). **Gender-responsive budgeting** means that at national and local levels, budgets should analyse how expenditures impact women vs. men and adjust to address gaps. For instance, infrastructure projects might consider lighting and safety (important for women's mobility) or invest in sectors like care to transform the care system to place it at the heart of recovery, acknowledging its essential economic and social value, while creating jobs for women. On the flip side, as Ukraine rebuilds traditionally male-dominated industries (construction, energy), it should proactively train and hire women in these fields, breaking occupational segregation and addressing labour shortages. At the same time, it must ensure that women can grow and thrive in these industries by addressing harmful gender stereotypes, preventing workplace harassment, and reducing gender discrimination in hiring and career advancement. Finally, ensure that social protection (like any cash assistance or unemployment benefits) specifically reaches women who need it – including survivors of

⁵⁰ [Ukraine Internal Displacement Report](#), IOM 2025.

⁵¹ [Resilience at Work: Displacement and Integration in Ukraine's Labour Market](#), IOM 2025.

violence, single mothers, widows of war, etc. A gender lens on recovery ensures that women – who are over half the population – are not left behind, and in fact are empowered as key economic actors in rebuilding their communities.

♦ **Veterans and Persons with Disabilities:** Veterans (a growing cohort, many of working age) and persons with disabilities face distinct employment challenges. Many veterans have combat-related disabilities or mental health conditions, which can impede finding a job or successfully performing at work. Persons with disabilities more broadly faced a high unemployment rate even pre-war and often depended on inadequate disability pensions. As noted, by end-2025 veterans may make up 15% of the population, which is enormous. For both groups, **economic reintegration is critical** – not just for their dignity and income, but to prevent social problems (isolation, conflict with communities). **Policy measures:** develop tailored **vocational training and re-skilling programs** for veterans and Persons with Disabilities, leveraging online platforms for those who have mobility issues and inclusive measures to adapt the workplace for different impairments, as well as Recognition of Prior Learning to validate skills gained informally or during military service. A comprehensive approach is essential, combining integrated “one-stop” support models that bring together vocational counselling, job matching, psychosocial assistance, and referrals to social services with strengthened public employment services that are fully accessible and staffed by personnel trained in trauma-aware and disability-inclusive practices. Encourage social enterprises that employ veterans or Persons with Disabilities through tax breaks or start-up grants. Another policy measure could be to implement **public procurement quotas or preferences** (provided these measures are transparent, proportionate, and support accessible workplaces) – e.g., require that a specific minimal percent of workers on publicly funded reconstruction projects are veterans or Persons with Disabilities, or give bid advantages to firms that meet certain inclusion criteria. Ensure that workplaces provide reasonable accommodation, including accessible infrastructure and appropriate adjustments such as ramps, adapted workstations, assistive technologies, or flexible work arrangements, so that employees with disabilities can participate effectively. Employer sensitisation on disability inclusion and anti-discrimination is also crucial for reducing stigma and supporting retention. For veterans, mental health support in the workplace

(like peer support groups within companies, or psychosocial services linked to employment centres) can help them adjust. Integrate MHPSS and disability inclusion by ensuring all employment and training programs offer accessible psychosocial support, trauma-informed counselling, and peer networks for both veterans and persons with disabilities. Provide training for employers and staff on disability awareness, inclusive practices, and psychological first aid, and ensure that information about available services is accessible in multiple formats (e.g., braille, sign language, easy-to-read). Successful veteran entrepreneurs could be showcased to encourage others. It's also important to involve veterans in community development roles, as many have leadership skills and a desire to continue serving society. Additionally, promote the participation of persons with disabilities in community decision-making and leadership roles, and ensure that all community and workplace environments are designed to be inclusive and supportive of mental health and diverse abilities. The bottom line: **veterans and Persons with Disabilities should be viewed not only as beneficiaries of aid but as key contributors to the recovery** – policies should remove barriers and actively facilitate their participation in the economy.

♦ **Regional and Rural Communities:** Inclusive growth must also be spatially inclusive. **Rural communities** – especially in war-affected south and east – risk falling further into poverty due to lost harvests, mined fields, destroyed infrastructure and population outflow. The scale of this contamination is staggering in key agricultural areas: a 2024 FAO survey found that among producers, 94% in Khersonska, 77% in Zaporizka, and 55% in Mykolaivska oblasts reported contaminated land. Many rural areas were already poorer pre-war. Moreover, Ukraine faces significant challenges with arable lands contaminated by unexploded ordnance (UXO) and landmines from the war severely impacting agricultural productivity, food safety and security. As of June 2025, 139,000 sq. km of Ukraine's territory remains potentially contaminated with explosive hazards, down from 156,000 sq. km. Post-war, there is a danger that investment flows mainly to big cities or safer western regions. To counter this, **regional development funds** or equalization transfers should channel resources to hardest-hit oblasts and hromadas. For instance, a special fund could co-finance local infrastructure in de-occupied areas (roads, irrigation, storage, aggregation equipment for

agrifood value chain, cold chain, sustainable energy, marketplaces) to restart economic life. Employment-intensive reconstruction and support for local value chains can create immediate jobs and stimulate local markets. **Agricultural value-chain support** is key for rural livelihoods: helping farmers clear debris and address rehabilitation of agriculture land contaminated with UXO and landmines, providing seeds and machinery, and building/repairing storage and processing facilities so that rural producers can add value and access markets. Facilitating **microfinance, concessional or small loans** for rural entrepreneurs (like small

farmers, craft producers, agrifood processors) will promote bottom-up recovery. Also, connectivity is crucial – continuing to restore roads, bridges, and internet in war-torn rural zones will enable people there to engage in broader economic activity. Over the longer term, the government may consider **spatial planning** incentives, like encouraging industries to invest in eastern regions via tax incentives once it's safe, to rebalance growth. Without deliberate inclusion of left-behind regions, Ukraine risks a lopsided recovery that leaves some communities in a poverty trap.

Data and Indicators – Inclusive Economic Growth

Ukraine macroeconomic indicators						
Indicators				Forecast		
	2022	2023	2024	2025	2026	2027
REAL ECONOMY, % yoy						
Nominal GDP, UAH bn	5239	6628	7659	8915	9935	10870
Nominal GDP, USD bn	162	181	191	210	218	240
Real GDP	-28.8	5.5	2.9	2.1	2.3	2.8
Consumer prices (end of period)	26.6	5.1	12.0	9.7	6.6	5.0
Nominal wages (period average)	6.0	17.4	23.2	19.0	13.0	9.6
Real wages (period average)	-11.9	4.1	15.6	5.2	5.1	3.8
Unemployment rate (ILO, period average)	20.6	18.2	13.1	11.5	10.2	9.2
FISCAL SECTOR						
Consolidated budget balance, UAH bn	-845	-1332	-1352	-1498	-1479	-1191
% of GDP	-16.1	-20.1	-17.6	-16.8	-14.9	-11.0
excluding grants from revenues, % of GDP	-25.3	-26.6	-23.8	-22.0	-18.8	-12.0
Public and publicly guaranteed debt, % of GDP **	77.7	81.2	89.7	108.6	110.4	106.4
External financing gap, USD bn**		42.5	46.2	45.1	26.5	10.9***
BALANCE OF PAYMENTS						
Current account balance, USD bn	8.0	-9.6	-15.9	-34.6	-34.9	-37.3
Exports of goods and services, USD bn	57.5	51.3	56.1	56.0	61.7	66.1
Imports of goods and services, USD bn	83.3	89.2	95.5	108.2	108.5	107.2
Remittances in Ukraine, USD bn	12.5	11.3	9.5	8.9	8.8	9.8
BOP overall balance, USD bn	-2.9	9.5	0.0	8.6	-9.1	0.7
Gross reserves, USD bn	28.5	40.5	43.8	53.7	44.7	45.2
Months of future imports	3.8	5.1	4.9	5.9	5.0	4.8
Exchange rate UAH/USD, end of period	36.6	38.0	42.0	43.2	44.8	45.3

Source: NBU inflation report July 2025; IMF**, Ministry of finance, ***IMF downside scenario

3. ENVIRONMENT AND ENERGY

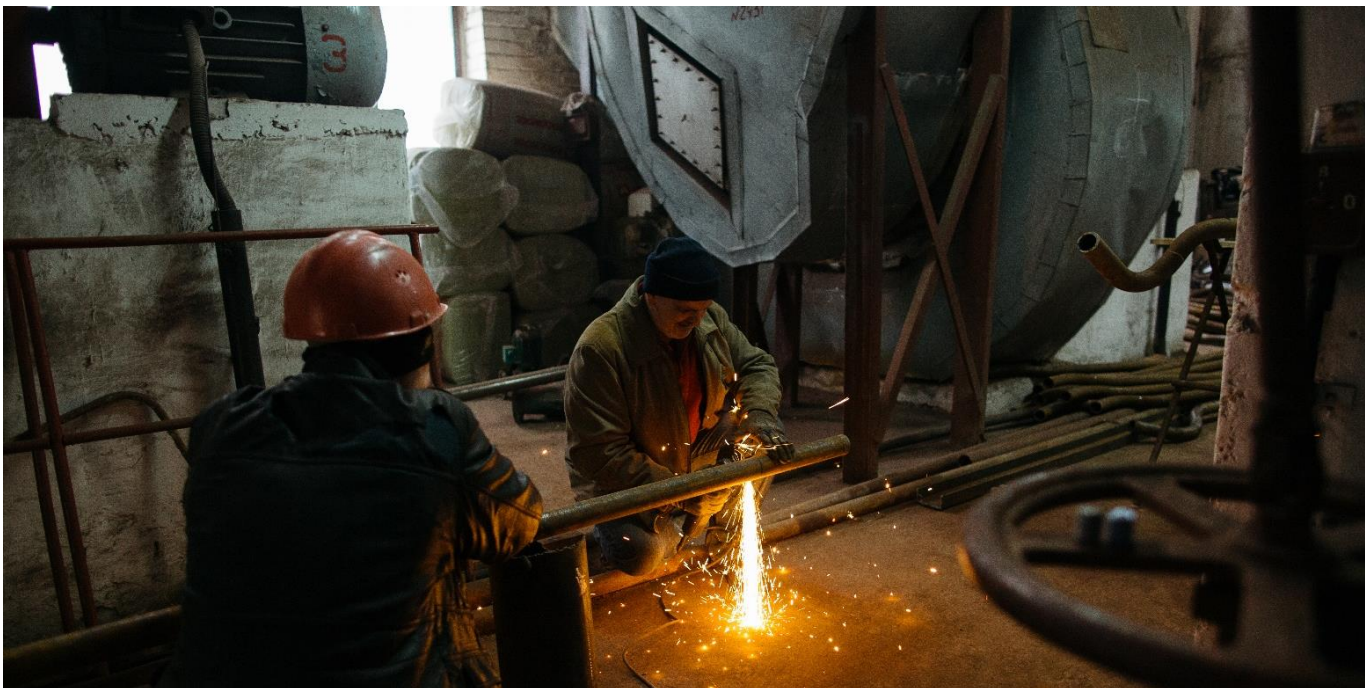


Photo credit: UNI930977 ©UNICEF/Malashina

Context and Trends

The war in Ukraine has caused an **environmental and energy crisis** unprecedented in the country's modern history. Massive destruction of infrastructure and deliberate targeting of energy facilities have intertwined humanitarian and ecological emergencies. Energy infrastructure attacks through 2024–2025 kept **grid reliability fragile**, intensifying **outage risks**, with knock-on effects for water/health services and firms. This underpins the need for **decentralized renewables and storage** in social facilities and municipalities. By 2025, the estimated damage to infrastructure had reached **\$176 billion**, with about \$68 billion needed for the recovery and reconstruction of the energy and extractives sectors. The sabotage of the Kakhovka Dam in June 2023 epitomized the environmental toll: it unleashed a catastrophic flood, draining a huge reservoir, inundating towns and farmland, and generating an environmental disaster zone. Ecologically, the war has harmed rivers, forests, and soil across the country: wildfires from shelling, chemical leakage from industrial hits, and landmine contamination of an estimated 174,000 km² (nearly a third of the country) of territory.

The energy system, pre-war heavily reliant on aging coal and nuclear plants, faced systematic attacks. In winter 2022–2023 and again in late 2023 and 2025, Russia launched waves of strikes on power stations and grid nodes, causing nationwide power

shortages. Ukraine's **electricity generation capacity** was significantly reduced with about 9 GW of capacity destroyed in spring 2024, and seasonal deficits peaking at up to ~6 GW in winter 2024/25. Households endured planned and unplanned outages (averaging ca. 1,951 hours without power in 2024). Critical services like water supply were hampered: **75 Vodokanals** (urban water utilities) serving 16 million people experienced around **14,000 power blackouts in the first half of 2024**, undermining water treatment and distribution. Fuel shortages also emerged early in the war due to blockades and destruction of depots, but EU-route imports stabilized the fuels market by 2023.

Likewise, critical sectors such as agrifood production have been drastically affected the increased fuel prices have escalated operational costs for farmers, diminishing their competitiveness and profitability. Moreover, the conflict has impeded the development of Renewable Energy Sources (RES), such as biofuels and biomethane, exacerbating energy insecurity within the agrifood sector.

Yet amid these crises, there is momentum for a **transition to cleaner, decentralized energy**. Ukraine's energy mix was about 60% fossil fuels (coal and gas) pre-war, but those sectors took heavy hits, while renewables (wind, solar) had

been on the rise until the war stalled many projects. The concept of energy security now aligns strongly with green energy: renewables scattered around the country are less vulnerable than centralized power plants. Public and political support for renewable energy has grown as a result. Also, alignment with the European Green Deal is a condition for EU integration, pushing forward legislative reforms like the **new Waste Management Law (effective July 2023)** that introduces European principles such as extended producer responsibility and the Carbon Border Adjustment Mechanism (CBAM) considerations.

Environmental governance before the war had been weak – outdated standards (many from Soviet times), underfunded regulators, and slow progress on issues like waste management and pollution control. The war's impact has been a double-edged sword: it exacerbated issues (e.g., waste from destroyed buildings, pollution from munitions) but also spurred urgency to reform. For example, with reconstruction, Ukraine is now actively discussing how to handle **asbestos-containing rubble** safely, whereas previously this issue got little attention.

In addition, Ukraine's irrigation and water resource sector has suffered severe damage from the ongoing war, which has destroyed critical infrastructure. Even before the war, the sector faced significant challenges, including poor maintenance, underutilization, and rising energy costs, all of which have now worsened. Operational irrigation has plummeted, undermining the cultivation of high-value crops and disrupting essential drainage systems needed for food production.

War-related environmental degradation – including contaminated water sources, hazardous debris and asbestos, industrial spills, and ecosystem damage – poses significant acute and long-term health risks. Strengthening

environmental and occupational health surveillance, risk communication, and local health system capacity to detect and manage environment-related diseases is essential for protecting communities in affected regions.

Regarding Greenhouse Gas emissions, before 2022, Ukraine's economy was highly carbon-intensive, with 74% of emissions in 2021 originating from energy, transport, industry, agriculture, waste, and land use, land-use change, and forestry (LULUCF). From 1990 to 2021, Ukraine achieved a 62.5% reduction in total GHG emissions, dropping from 942.8 MtCO₂ to 327.3 MtCO₂, largely due to economic decline after the Soviet Union's collapse and reduced industrial activity following the annexation of Crimea. Between 2016 and 2020, emissions (including LULUCF) declined by 5.6%.

However, in 2021, emissions increased by 7.5% compared to 2020 levels, primarily due to post-COVID industrial recovery – despite Ukraine's ratification of the Paris Agreement in 2016 and its target to reduce emissions by 40% from 1990 levels. Since 2022, the war escalation has led to a 23-26% reduction in emissions due to the destruction of industrial and energy infrastructure. Simultaneously, military operations have generated new emissions, estimated at 77 MtCO₂-eq over the first 18 months of war.

In summary, the environment and energy landscape in Ukraine is one of devastation mixed with a potential turning point. The damage is severe – ecosystems disrupted, communities facing unsafe water and pollution, and energy insecurity affecting millions. But there is also a clear path and incentive to **“build back greener”**: modernize the energy grid, move towards renewables, clean up legacy pollution while dealing with war waste, and adopt environmental standards that could drastically improve sustainability and public health.

Key Challenges

♦ **Massive Energy System Damage:** Ukraine's energy infrastructure has been systematically targeted, leaving it in a fragile state. The recovery need is enormous: **\$68 billion** is the estimated cost to restore the energy sector to pre-war functionality. Generation capacity (thermal power plants in particular) was knocked out, with ~9 GW of generation capacity (mainly thermal and hydro) destroyed by strikes during spring 2024, leading to up to **~6 GW supply deficit for winter 2024/25**.

This meant rolling blackouts and reliance on emergency imports from the EU grid. Transmission infrastructure (high-voltage lines, substations) also suffered extensive damage, creating bottlenecks even when generation was available. Additionally, **technical losses in the grid are high (ca. 15%)** due to outdated equipment and long transmission distances. Fossil fuel reliance (roughly 60% of the energy mix) remains an issue not just environmentally but because of fuel

supply vulnerabilities – domestic coal mines in the east are disrupted and gas storage has to be secured. The challenge is not only repairing what was destroyed, but doing so in a way that reduces vulnerability: hardening the grid against attacks (e.g. more underground cables or redundancies), decentralizing energy production so that cities can island from the grid if needed, and accelerating renewables that don't depend on fuel supply lines.

Fiscal pressure: energy imports and emergency generation (diesel generators) cost Ukraine heavily, affecting the economy. Without quick improvements, every winter poses a risk of humanitarian energy crisis. Rebuilding is slowed by the ongoing threat of new attacks – investors are wary and insurance costs are high. Lastly, utility companies (power, gas) face financial strain as many consumers cannot pay and tariffs were frozen in wartime, leading to underfunded maintenance. The bottom line: ensuring reliable, affordable energy is a tall order that requires massive investments and a strategic shift to resilience.

♦ **Energy poverty:** Beyond physical disruptions to supply, Ukraine faces a growing challenge of energy poverty that remains insufficiently captured in current statistics. Wartime price pressures, declining household incomes, and damaged housing infrastructure have substantially increased the share of households unable to afford adequate heating or electricity for essential needs. While no harmonized national measure exists, pre-war estimates suggested that around one in six Ukrainian households spent more than 10 % of their income on energy, a threshold often used internationally to define energy poverty. Recent social monitoring surveys indicate that this share has likely risen sharply since 2022, particularly in frontline and displaced communities, where incomes have fallen while energy expenditures remain high due to inefficient housing and reliance on costly temporary heating sources. During the 2024 / 2025 heating season, the median household expenditure on utilities amounted to UAH 3,000 per month – roughly one-fifth of the median monthly household income (UAH 15,000). In addition, median household expenditure on firewood was estimated at UAH 10,000 for the entire winter season (against a seasonal median income of UAH 75,000).⁵² The **absence of a standardized, sex-, disability-, and age-disaggregated indicator on household energy poverty**, combining expenditure ratios, unmet

thermal comfort, and service interruptions, limits the ability of policymakers to target subsidies and efficiency programmes effectively. Developing such a measure, aligned with European Union methodologies, would allow for better identification of vulnerable groups and inform social protection design, energy-efficiency retrofits, and tariff reform as part of a just and inclusive energy transition.

♦ **Environmental Degradation and Pollution:**

The war's toll on the environment includes immediate and long-term hazards. The **Kakhovka dam disaster** exemplifies the sudden environmental shocks: it transformed ecosystems (wetlands drained, others flooded), dumped oil and chemicals into waterways, and left behind a wasteland of debris. Nationwide, the war produced **over 10 million tons of construction and demolition (C&D) waste** from ruined buildings. Much of this rubble contains hazardous materials like asbestos, heavy metals, and unexploded ordnance. Ukraine's waste management system was ill-equipped even for peacetime waste (only 9% of municipal solid waste was recycled pre-war), let alone the war detritus. Now, debris is often being dumped haphazardly, risking soil and water contamination. A particularly insidious problem is asbestos: **approximately 70% of roofs in Ukraine contain asbestos-cement**, and when these are shattered, carcinogenic fibers are released. This poses a serious health risk for cleanup workers and residents if not handled with proper protective equipment, training and safety protocols. Additionally, many industrial sites hit by fighting (chemical plants, oil depots) released toxins compounding OSH concerns for workers repairing facilities or restoring utilities. In Donbas, groundwater and soil are likely polluted by years of war. Unexploded munitions (including cluster bombs) litter agricultural fields, forests, and urban areas, posing risk of explosion and leaching explosive chemicals. **Water pollution** is notable – beyond Kakhovka, numerous incidents of shelling have spilled fuel, ammonia (from refrigeration facilities), or sewage into rivers. Also, due to electricity outages, sewage treatment plants at times failed, causing raw sewage release. These environmental damages threaten biodiversity (e.g. there were reports of mass fish die-offs after Kakhovka) and human health, while also creating a highly hazardous work environment across sectors. Cleaning up will take decades and

⁵² [The Cost of Winter in Ukraine: Expenditure and Needs related to Housing and Utilities](#), IOM 2025.

significant money. A key challenge is that environmental monitoring has been disrupted – many areas cannot even be fully assessed due to security, and environmental labs were damaged or lack resources. Without robust monitoring, hazards can go undetected until they cause illness or agricultural losses.

♦ **Agricultural and Industrial Disruptions:** Ukraine's economy heavily depends on agriculture, which is acutely sensitive to environmental and energy factors. In 2024, the agricultural sector reported **\$546 million in direct war-related losses** (e.g. destroyed equipment, lost livestock), with 93% of those losses in crop farming. Frequent power outages hit farming operations too: **81% of surveyed farms experienced power cuts in late 2024**, affecting irrigation, grain drying, and dairy/cold storage. Energy and fuel costs skyrocketed – e.g. sugar factories saw energy making up 40–45% of production costs. This is not an isolated issue; a late 2024 FAO survey confirmed that production costs surged for 86.6% of crop producers and 87% of livestock producers compared to 2023. All this reduces output and raises food prices. On the industrial side, beyond energy, the war halted or scaled down many mines, steel mills, and factories. Environmental controls at these sites (like filtration of emissions or proper waste disposal) likely lapsed, potentially increasing pollution. Another systemic challenge is the **lack of circular economy infrastructure**: only 9% of municipal waste gets recycled (vs ca. 50% in EU), meaning most resources go to dumps or incineration. This reflects inefficiencies and missed economic opportunities (for recycling industries). The war has created scrap metal in abundance, yet much may be sold cheaply or wasted if not managed. Similarly, agricultural biomass residues (straw, etc.) could be energy sources (as some biogas plants have shown, using farm waste), but the system to collect and use them is limited. Summarily, agriculture and industry face a challenge to resume production amid energy unreliability and to do so in a sustainable way. Without power, farmers can't irrigate or process crops; without solving waste and pollution issues, industries can't modernize or export to markets with strict standards (like the EU with CBAM for carbon-intensive imports). Ensuring the economic viability of farms and factories thus ties into providing stable energy and adopting green tech, which are both challenges and opportunities.

♦ **Institutional and Regulatory Gaps:** A less visible but critical challenge lies in the institutional

capacity for environmental and energy governance. Ukraine's regulatory framework historically lagged EU standards. For instance, many **water and air quality norms were outdated Soviet GOSTs** that don't meet modern health criteria. Enforcement of environmental laws was often weak due to underfunding and corruption; some industries could pollute with impunity by paying fines that were cheaper than investing in cleaner tech. Now, with EU candidacy, Ukraine must implement complex directives on waste management, habitat protection, industrial emissions, etc. But the war diverted attention and resources from environmental agencies. Additionally, data gaps are a big issue: war has made it hard to gather baseline data (e.g. about how much land is contaminated or how many emissions a destroyed factory was releasing). **Coordination** is another gap: effective environmental recovery will require multiple ministries (environment, energy, infrastructure, agriculture, health) working together, which is challenging. In energy, the sector's market reforms (unbundling, etc.) were in progress pre-war but partially rolled back to manage the crisis – now the institutional setup is muddled between emergency central control and a nominal market. Regulators like the energy regulator and environmental inspection need empowerment and clarity to enforce rules. There is also the challenge of integrating **climate change adaptation** into planning: climate risks (droughts, heatwaves) didn't pause for the war, and in fact the war exacerbated vulnerabilities (like drained wetlands from Kakhovka will worsen micro-climate drought impacts). Ukraine needs to update its climate action and disaster risk reduction strategies in light of war impacts, but institutions are overwhelmed. Lastly, financing environmental action is hard when budgets are drained by defense – innovative funding (polluter pays schemes, green bonds, donor environmental funds) need to be tapped. If institutional gaps aren't addressed, even well-meaning policies (like the new waste law) could falter in implementation.

♦ **Green transition and grid fragility:** The ongoing push toward renewable generation represents a critical pillar of Ukraine's green recovery; however, it must be balanced with the physical limits and fragility of the transmission and distribution grid. While solar and wind capacity additions are expanding rapidly in western and central oblasts, large portions of the grid, particularly high-voltage substations and interconnection lines, remain damaged or operating under constrained load conditions. This

creates a risk of **renewable curtailment** during peak generation periods and acute supply deficits during winter evenings when demand surges and renewable output drops. Without parallel investment in storage, grid reinforcement, and flexible balancing capacity, accelerated

deployment of variable renewables could strain the system and undercut reliability gains. Prioritizing synchronized grid modernization, energy storage (battery and hydro-pump), and advanced dispatch management should therefore accompany any renewable-energy scaling.

Key Opportunities

Despite the destruction, Ukraine's recovery offers a unique opportunity to "build back greener" and embed environmental sustainability and energy security into the reconstruction. Key opportunities include:

♦ **Renewable Energy Transition and Grid Decentralization:** The imperative to rebuild the energy system is a chance to pivot away from outdated coal plants towards cleaner, decentralized power. Ukraine's **National Energy Strategy to 2050** already envisions a much larger share of renewables and more distributed generation. **Opportunities include:** Establish a dedicated **Green Energy Reconstruction Fund** (mix of donor grants, loans, private investment) to finance renewable projects and grid upgrades. Focus on **small-scale solar, wind, and bioenergy** installations that can provide local power to communities and essential services even if the central grid is down. For example, equip key facilities (water utilities, hospitals, schools) with solar panels plus battery storage that can ensure uninterrupted water supply for millions. Leverage Ukraine's abundant agricultural waste by expanding biogas plants (at least 10 exist, more can be built). Encourage households and businesses to adopt renewables via incentives (green tariff/net billing, grants for solar rooftops). On grid modernization: invest in **digital grid management** (smart sensors, automated controls) and reduce losses by replacing or upgrading transmission lines. Also, regional interconnections with the European ENTSO-E grid should be strengthened, enabling both emergency imports and future exports of surplus green energy to Europe. Decentralized renewables improve resilience (harder to black out an entire region if power is generated in many nodes) and can be deployed faster than large power plants. They also attract private capital if frameworks are set (feed-in tariffs or auctions once feasible). This transition aligns with climate goals and could reduce Ukraine's reliance on imported fuels, improving trade balance and energy independence.

♦ **Advancing Circular Economy and EU Alignment:** Ukraine's push to join the EU comes with adopting the EU's environmental acquis, which is an opportunity to modernize waste and resource management. The new **Law on Waste Management (2023)** is a starting point – it introduces concepts like extended producer responsibility (making producers finance recycling of packaging, electronics, etc.). **Ukraine could also pursue the following opportunities:** Develop a **National Circular Economy Roadmap** that sets targets for recycling rates (e.g. aiming to go from an estimated 9% MSW recycling to 25% by 2030), waste reduction, and material reuse. Invest in basic recycling infrastructure – sorting lines, recycling plants for plastics, glass, paper and organics – particularly since there is underused capacity (facilities can process 300k tons of plastic annually, but only 180k tons are processed now). Use economic incentives like landfill taxes or recycling subsidies to encourage waste sorting and recycling business growth. For construction and demolition waste, set up debris processing centres to crush concrete and brick for reuse in road building, and safe disposal sites for hazardous debris (asbestos landfills). Encourage **industrial symbiosis** – one industry's waste as another's input – for example, slag from steel plants used in cement production, or ash from power plants in road material. **Green public procurement** is another tool: require that a percentage of materials in public construction are recycled, or that products procured (like office paper, furniture) meet eco-standards. Aligning with EU's **Circular Economy Action Plan** and CBAM means Ukrainian companies will have to track and reduce the carbon footprint of their products; supporting industries to measure and lower emissions (e.g. through energy efficiency or switching to recycled materials) can keep them competitive in EU markets. Overall, moving towards a circular economy will create jobs (recycling sector, repair services) and reduce

environmental pollution, while helping Ukraine meet EU accession criteria.

♦ **Environmental Hazard Management and Monitoring:** The post-war period must integrate systematic management of environmental hazards – both war-related and legacy – to protect health, ensure worker safety and facilitate redevelopment. **Opportunities include:** Develop a **National Environmental Hazard Mitigation Plan** that coordinates efforts across ministries (Environment, Health, Agriculture, Emergency Services) and with international partners. This includes embedding strong occupational safety and health safeguards across all reconstruction and cleanup activities, given the high exposure risks for workers handling debris, hazardous waste, or contaminated soils. Key priorities: (a) **Asbestos** – launch a national program to safely remove and dispose of asbestos debris. This means training demolition crews in handling asbestos, providing appropriate protective equipment, setting up special landfills, and enforcing that reconstruction contractors follow asbestos safety rules. (b) **Water and soil monitoring** – continue and expand monitoring especially in affected areas like the Kakhovka floodplain. Deploy mobile labs for real-time testing of water quality and soil contamination. This can detect pollution hotspots (oil, heavy metals, etc.) early so that cleanup actions (like bioremediation or removing contaminated soil) can occur. (c) **Mine action and land restoration** – integrate environmental measures into demining; for instance, as land is cleared of explosives, assess it for chemical contamination and remediate as needed (some explosives can leave toxic residue). Reforest areas where forests burned or were cut (with appropriate species selection for climate resilience). (d) **Industrial emissions and waste** – ensure that as industries restart, they implement pollution control. This might involve providing incentives or subsidies for industries to install modern filters or treatment facilities.

By strengthening **environmental information systems**, Ukraine can better enforce standards and inform citizens. Internationally, organizations like UNEP and OSCE are assisting with environmental damage assessment; Ukraine should use those findings to seek reparations (in international courts) and/or targeted funding for environmental remediation. Proactive hazard management, together with strengthened occupational safety and health safeguards for all

reconstruction and cleanup workers, will prevent secondary disasters (like toxic pollution of drinking water) and build confidence that reconstruction will not come at the expense of the environment.

♦ **Community Resilience and Green Jobs:** Engaging communities in environmental recovery and creating green jobs can yield socio-economic and ecological benefits. Many Ukrainian communities have seen first-hand the value of nature (some flood protection came from wetlands, for instance) and also the consequences of environmental neglect. **Key opportunities in this area:** Promote **community-based initiatives** such as tree-planting campaigns (for soil stabilization and carbon sinks), community gardens in war-torn towns (utilizing vacant land for local food and therapy and, where feasible, small solar-powered hydroponic units), and citizen monitoring groups (local volunteers trained to monitor water quality or radiation with supplied kits), while empowering women and youth to take leadership roles in community initiatives and citizen monitoring. Support **green entrepreneurship, especially by women and youth** – small businesses in areas like renewable energy installation, energy-efficient building materials (e.g. insulating windows, which can be made locally), sustainable agriculture (like organic farming where feasible, as market demand in the EU is strong), and ecotourism in safer regions. Donors could fund green startup incubators or accelerators for Ukraine to foster innovation in climate-tech or clean manufacturing. Another community angle is **awareness and education:** integrate environmental education in schools and vocational training – the youth who grew up in war should also become a generation of “green rebuilders” with knowledge about sustainability practices. Green jobs can particularly benefit women and youth if promoted intentionally (for example, training programs for women in solar panel installation, or youth in forestry and park restoration projects). The international spotlight on Ukraine’s rebuilding could attract corporate social responsibility initiatives – e.g. international companies funding forestry projects or renewable energy in villages. By making environmental recovery a people-centric effort, Ukraine can foster local stewardship, which will help maintain projects long term, and ensure that the drive to a greener economy is inclusive and bottom-up as well as top-down.

Impacts on Vulnerable Groups

Environmental and energy issues affect various segments of the population differently. Key vulnerable groups in this context include:

♦ **Women (Gendered Impacts of Energy Crisis):** Energy insecurity and environmental hazards often hit women disproportionately. For instance, during power blackouts, **55% of women reported difficulty accessing healthcare, compared to 49% of men.** Women are also more likely than men to report difficulties with household chores and childcare as a result of energy shortages. Tellingly in one survey, 84% of women and only 75% of men stating their high need for uninterrupted power supply.⁵³ This reflects women's roles (women more likely to accompany children or elderly to clinics, which without power may turn them away or lack equipment). Women also tend to bear the brunt of managing household needs during outages – from finding alternative cooking methods to caring for family members in dark/unheated homes. **Unpaid care burdens** increase when energy or water is lacking, as women fetch water, do manual tasks that appliances would do, etc. It's reported that **79% of households requested generator assistance and 49% sought financial help during energy crises**, implying households (often women) needed both technical and monetary support to cope. Women-led organizations (WROs) have been active in relief and could be key partners in community outreach for energy and environment initiatives, as can local women entrepreneurs. However, many of those WROs face funding shortfalls, with 35% highly reliant on now-reduced US funding, and women entrepreneurs often lack access to start-up capital and loans. Supporting such organizations (via a Women's Civil Society Resilience Fund as noted in Governance section) helps sustain community-level services including those related to safe energy and GBV prevention. In sum, recognizing the gender dimensions of energy and environment is crucial – solutions must address women's practical needs (like lighting in shelters to reduce GBV risk) and strategic needs (like involving women in energy planning committees, since they bring different perspectives, and women's employment in the energy sector).

♦ **Low-Income, Rural, and Frontline Communities:** These communities often face the

greatest exposure to environmental health risks. Poor and rural households may rely on well water or local streams – if those are contaminated (say by chemicals or sewage due to war damage), they have few alternatives. Many villages saw wells run dry or polluted after Kakhovka's reservoir drained. Rural communities also often use wood or coal for heating; the war's disruption of supply means some have resorted to burning debris or unsafe materials, causing indoor air pollution. In these settings, **children and the elderly, the majority of whom are women (65% over 60, 71% over 75) who are often living alone**, are particularly at risk from respiratory diseases due to smoke or from waterborne diseases due to unsafe water. The challenge is ensuring **equitable access to clean energy and water** in reconstruction. That means not only focusing on big cities – but extending power restoration to rural lines, drilling new wells or installing water purification in villages, etc., and doing so early. Frontline communities (like those near active combat or recently liberated) have additional hazards: unexploded ordnance in fields, debris everywhere, often no waste removal. People there might knowingly or unknowingly use contaminated resources (e.g., scrap metal from tanks repurposed for building). Ensuring these communities, especially women, persons with disabilities, and the elderly, are part of environmental remediation plans is critical – e.g., including demining plus soil remediation for farmland so agriculture can restart safely. Mobile medical units should monitor and treat conditions like lead poisoning or other toxin exposures which might spike in such areas. Environmental health education can be provided: teaching communities about dangers of asbestos or not to use certain rubble in reconstruction. Ultimately, **equity in the recovery** means not leaving rural and frontline areas behind just because they are harder to reach or less vocal. A metric of success would be reducing the gap in services (electricity hours, water quality) between rural and urban areas compared to pre-war.

♦ **Elderly:** Elderly people are particularly sensitive to environmental and energy disruptions. Elderly people are much less likely to move from combat zones and frontline areas where the possibility and impact of disruptions is the highest,

⁵³ Women's Energy Club of Ukraine (WECE). (2025) Gender Dimension of the Energy Crisis in Ukraine: Pathways to Resilience. [report_gender_dimension_of_the_energy_crisis_in_ukraine_pathways_to_resilience.pdf](#)

which is why they make up a significant proportion of the population in these areas: people aged 65+ account for 38% in Donetsk oblast and 37% in Kherson oblast, compared to an average of 20% in the GCA. They have a higher share of low-income, chronically ill people and people with disability than in other groups. 77% of elderly households don't have alternative sources of power. Older women in Ukraine face heightened risks of gender-based violence, including domestic and economic violence, neglect, physical and psychological abuse, and technology-facilitated gender based violence such as scams and/or fraud. Large numbers live in collective centres or near front lines, where exposure to insecurity is combined with limited access to services and humanitarian assistance. Ageism and exclusion from employment further increase their vulnerability, particularly during the "gap period" from roughly 40/50+ until pension age, when many struggle to meet eligibility criteria for both jobs and humanitarian aid. Older women are also less likely to report violence due to entrenched social norms, limited awareness of GBV, and dependence on perpetrators. Barriers to accessing information and services are compounded by low digital

literacy, lack of smartphones, reduced mobility, and challenges with online registration systems or queuing for assistance.

♦ **Children**, especially infants and toddlers, are more susceptible to waterborne diseases, malnutrition if agriculture suffers, and long-term effects of pollution (like stunting or cognitive impacts from lead). Many Ukrainian children have had disrupted vaccinations due to the war, raising their vulnerability in unsanitary conditions. **Schools** with no heating or electricity can't function well, affecting education. When heating is lacking, children and the elderly are often the first to suffer hypothermia. Policy measures like establishing **warming centres** in winter (with power generators and hot meals) target these groups. Clean-up of hazardous debris around schools and playgrounds must be prioritized to make areas safe for children. The reconstruction of healthcare systems, including the primary health posts in villages, is vital so that elderly have access to care even if environmental conditions cause illness spikes (like more respiratory issues in a dusty, debris-laden environment). **Environmental education** should also target youth.

Data and Indicators - Environment & Energy

Indicator	Value / Recent Trend	Year	Source
Total infrastructure damage (all)	ca. \$176 billion (cumulative war damage)	2024	Fourth Rapid Damage and Needs Assessment 2024 – WB/UN/EC/GoU
Energy sector recovery needs	ca. \$68 billion required	2024	Fourth Rapid Damage and Needs Assessment 2024 – WB/UN/EC/GoU
Household outage duration	ca. 1,951 hours without power (avg in 2024)	2025	Gender & Energy Crisis in Ukraine – UN Women
Vodokanal (water utility) blackouts	14,000 outages; 16 million people affected	2025	Harnessing Solar Energy for Recovery – UNICEF
Asbestos-containing roofs	ca. 70% of buildings (contain asbestos-cement)	2023	Asbestos Debris Assessment – UNEP
Kakhovka breach waste	≥2 million m ³ disaster waste & contaminants	2023	Rapid Environmental Assessment of Kakhovka Dam Breach Ukraine – UNEP
Farms reporting power outages	81% of farms (surveyed Oct–Nov 2024)	2025	War Impact on Agricultural Enterprises – FAO
Fossil fuels share in energy mix	ca. 60% of generation (coal/gas share)	2025	Integrating twin transition with legacy energy systems – UNECE
Transmission losses (electricity)	ca. 15% loss rate (technical)	2024	Integrating twin transition with legacy energy systems – UNECE
Plastic recycling utilization	180,000 t used of 300,000 t capacity (60%)	2024	Towards Circular Economy in Ukraine – UNIDO
Municipal waste recovery rate	ca. 9% (very low)	2024	Towards Circular Economy in Ukraine – UNIDO
Investment need – green food sector	≥\$1.6 billion (to green agri-food industries)	2024 (est.)	Action Plan Green Recovery in Food Industries – UNIDO

4. GOVERNANCE, PEACE, JUSTICE AND STRONG INSTITUTIONS



Context and Trends

The full-scale war has placed Ukraine's governance, rule of law institutions and public accountability system under extraordinary stress, while also catalysing some reforms and revealing both strengths and weaknesses in institutions. Since 2022, **Ukraine's state institutions have largely remained functional**, managing to provide core public services (education, healthcare, pensions, emergency response) despite martial law and fiscal shocks. This resilience can be credited in part to prior **decentralization reforms (2014-2020)** which empowered local governments (hromadas) with more authority and resources. During the war, these local bodies have been crucial for crisis management and humanitarian aid distribution. The government also leveraged digital tools (like the Diia app) to maintain administrative services remotely. However, administrative capacity varies widely across regions, and frontline and de-occupied hromadas often struggle to maintain basic services due to staff shortages, security risks, and resource constraints.

The war has also imposed **dual pressures on governance**: the imperative to manage wartime exigencies (security, humanitarian response, reconstruction) and the concurrent need to advance **ambitious reforms for Ukraine's stated aim of EU accession**.

One of the critical governance challenges is the **challenges to sustaining public trust** as the initial wartime unity is fraying. The Social Cohesion and ReSCORE Index recorded significant drops in perceived government accountability and care in 2024, nearly back to pre-war low levels. For example, the **"Accountability of Authorities" score fell from 4.1 (2023) to 3.1 (2024)** (on a 1–10 scale), and "Authorities care about people" fell from 4.6 to 3.0. These declines signal rising public frustration over issues like corruption scandals, lack of visible progress in some reforms, or inadequate communication about tough decisions (like military drafts or aid distribution). Meanwhile, **personal security perceptions worsened** (score down from 5.5 to 4.8) and scepticism about reforms increased, reflecting war fatigue and maybe cynicism about whether promised changes will materialize.

Corruption remains a foremost concern. Ukraine made notable anti-corruption strides since 2014: establishing new institutions (NABU, SAPO, High Anti-Corruption Court), digitizing public services to reduce petty graft, and open procurement via ProZorro. But the influx of billions for war and reconstruction raises the stakes. Reports have emerged of misconduct, e.g. irregularities in military provisioning contracts (leading to high-profile dismissals in 2023). UN risk assessments point to vulnerabilities especially at local levels in

procurement and asset management. The government has responded with measures (like a new draft law to empower anti-corruption officers in municipalities), but corruption perception remains high and is often cited by international partners as a risk to aid. In July 2025, after the government tried restricting anti-corruption institutions (NABU and SAPO), the youth and civil society-led demonstrations erupted in major Ukrainian cities first time since the full-scale invasion. As an immediate positive response, the Parliament passed the new law restoring independence and providing strong guarantees of their operational independence in criminal investigations. This society reaction signalled not only dissatisfaction how state has deprioritized anticorruption efforts, but also **a deepening mistrust between the public and the centralized government.**

The **justice system** faces unprecedented demands. By October 2025, **195,380 war crimes** and 23,406 crimes against national security were registered⁵⁴. This is on top of a backlog of domestic cases. Courts themselves have been damaged (122 court facilities destroyed/damaged), and many prosecutors and judges joined the military or became IDPs. Legal reforms are ongoing: in 2022–23 Ukraine passed a new law on the Constitutional Court selection and resumed a stalled judicial vetting process with international experts. Yet, systemic issues persist: crucial legal gaps (e.g. no specific definitions for war crimes and crimes against humanity in the Criminal Code) hamper effective prosecution, and victim support is minimal – an overwhelming 95% of victims haven't officially reported crimes, often due to distrust or fear. Despite ratifying the Rome Statute in 2024, Ukraine's criminal justice system continues to face challenges in prosecuting CRSV and ensuring a survivor-centred approach, where the lack of direct indication of CRSV under Article 438 of the Criminal Code, jurisdictional overlaps, and procedural delays hinder effective accountability. Domestic criminal law reforms should therefore ensure full alignment with international criminal law definitions of war crimes, crimes against humanity and conflict-related sexual violence, and incorporate clear prosecutorial guidance to strengthen legal predictability, appellate robustness and survivor-centred justice.

The security landscape also shifted internally, with concerns over **organized crime and arms proliferation**. The war, while suppressing some crimes, created new opportunities for organized

crime groups (OCGs): the UN notes a shift towards synthetic drug production in Ukraine and cybercrime, while cross-border trafficking of weapons is a looming worry. The average offenses per criminal group doubled to 16 in 2022, suggesting criminal enterprises became more active or desperate. Ukraine will need to reinforce law enforcement coordination and reintegrate demobilized fighters to avoid post-war crime spikes.

Trafficking in persons remains a pressing issue to Ukraine, driven by both internal socio-economic factors and external challenges, including the armed aggression of the Russian Federation against Ukraine. The war significantly increased the risks of trafficking and led to the emergence of new forms of exploitation closely connected to the conflict. This has substantially complicated identification and investigation of trafficking cases. Forced labour remains the prevailing form of trafficking in Ukraine, while incidents of trafficking for the purpose of sexual exploitation have increased since the onset of full-scale invasion.

The **elections** are key pillar of the governance and democratic processes. Most recent nationwide local elections were held on October 25, 2020, to elect municipal and local council deputies as well as mayors. During the martial law the power is concentrated among the civil-military administrations (which are appointed by the President not elected), and autonomy of local councils is limited. This heightens the risk for democratic backsliding and reduced civic engagement, concern, which has been raised by the CSO, especially risking the cooperation on local recovery projects with the support of international partners. The UN notes persistent access constraints for accountability in frontline and newly retaken areas, including difficulties accessing detention sites, survivors and civilian victims, which materially undermines effective enforcement and judicial remedy.

Another area of concern is the **financial viability of civil society and media**, which are pillars of democratic governance. With martial law limiting certain rights (like protests or information release on troop movements) for security reasons, the role of independent media and NGOs remains vital yet constrained. Recent surveys show **77.3% of journalists** rated their outlets' financial state as "poor or critical". This is partly due to the early-2025 cutoff of U.S. funding which a lot of NGOs,

⁵⁴ Office of the Prosecutor-General, <https://gp.gov.ua/>

particularly women's organizations, relied on – **35% of WROs depend heavily on U.S. funding.** The risk is that some NGOs and local media might shut down or be co-opted, reducing oversight and community voice in the recovery phase.

In sum, the governance context is one of remarkable endurance and unity under fire, but facing serious tests in legitimacy, capacity, and

inclusion. Ensuring transparent decision-making, consistent public communication, and meaningful opportunities for citizens to engage in recovery processes will be essential for restoring trust and strengthening institutional resilience. **Strong institutions, rule of law, and citizen trust** are as crucial to winning the peace as military strength is to winning the war.

Key Challenges

♦ **Erosion of Institutional Trust and Social Cohesion:** After an initial surge of solidarity, Ukrainians are showing signs of disillusionment with their institutions. Data from end-2023 into 2024 reveal significant declines in **trust in government.** The ReSCORE index's **"Accountability of Authorities" indicator dropped from 4.1 in 2023 to 3.1 in 2024,** and **"Authorities Care" dropped from 4.6 to 3.0.** These are sharp declines approaching the low trust levels of 2021. Factors likely contributing include: war fatigue (promised quick victory/peace has not materialized), economic hardship (people blame authorities for high prices or slow aid delivery), and corruption or scandal perceptions. The drop in **Personal Security score** (5.5 to 4.8) indicates people feel less safe – whether from external threats or crime – which can reduce trust in state protection. **Scepticism about reforms** rising from 5.1 to 6.0 suggests cynicism that reforms are just talk. Compounding this is a growing sense of distance between national institutions and local communities, with many people feeling insufficiently informed about decisions affecting their lives or excluded from conversations about recovery priorities. When established tripartite mechanisms are not fully utilized in shaping recovery policies and labour reforms, decisions may be perceived as unilateral, weakening trust in institutions and reducing the sustainability of reforms. This erosion in vertical cohesion (citizen-to-state trust) is dangerous: it can reduce compliance with government measures (e.g. evacuation orders, paying taxes), spur brain drain of the civic-minded, and in worst cases fuel unrest or exploitation by malign actors. On the horizontal cohesion side, while Ukrainians largely remain united against the external enemy, internal frictions (IDPs vs locals, etc.) as noted earlier can undermine unity. Perceptions of unequal access to aid or reconstruction resources further intensify these tensions, especially in frontline and de-occupied communities where expectations are high and institutional presence is inconsistent.

Policy implications: The government needs to actively rebuild trust through transparency, inclusive decision-making, effective communication, and strengthened social dialogue at national and local levels. Meaningful engagement of workers' and employers' organizations in shaping labour reforms, employment policies and reconstruction investments can enhance the legitimacy of policy choices, manage competing interests, and reinforce both vertical and horizontal cohesion. Examples include: engaging citizens in local recovery planning (so they see their input matters) and structured social dialogue with employers' and workers' organizations, regularly reporting on use of funds, addressing petty corruption that directly affects daily life (like checkpoints or bureaucratic extortion). A challenge is doing this amidst war secrecy needs, but striking a balance (e.g., share as much as possible about reconstruction plans if not military plans). Without targeted efforts to strengthen both vertical and horizontal cohesion, low trust may slow recovery, weaken public cooperation, make institutions more vulnerable to destabilizing narratives, and ultimately hamper all other recovery efforts.

♦ **Corruption Risks and Governance Capacity Gaps:** Corruption has long been a concern in Ukraine and the infusion of reconstruction resources magnifies the risk. Areas of particular risk: **public procurement** (especially in emergency housing, military supplies, infrastructure contracts) where typical competitive procedures might be bypassed for speed; **local government capacity** – many municipalities now manage much larger budgets for aid and rebuilding without commensurate training or controls, raising risk of mismanagement or local elite capture; and **judiciary and law enforcement** – if bribes or political influence hamper accountability, then corrupt actors go unpunished, perpetuating mistrust. UND mapping found issues like collusion in tenders via inflated cost estimates and discretionary tender

conditions. Low salaries for public officials also make them susceptible to corruption or brain drain to private sector. Meanwhile, the anti-corruption institutions themselves have had turbulence: for a period, NABU lacked a director, SAPO had an acting head, etc., though now leadership positions have been filled via competitive process in 2022-23. Another capacity gap is oversight of the huge amount of **foreign aid and donations** – tracking how every generator, every cash transfer, every donated ambulance is used is challenging but needed to assure donors and citizens. If Ukraine fails to stifle corruption during reconstruction, it could result in “lost billions,” reduce willingness of international community to give more support, and entrench patronage networks that distort development. This challenge intersects with EU accession, as tackling high-level corruption is a key EU requirement. The government has taken steps like digitizing more services (to reduce face-to-face graft opportunities) and launching the DREAM digital reconstruction management system for project transparency, but enforcement of consequences for corruption must continue even during wartime. **Policy implication:** Anti-corruption must be mainstreamed in all reconstruction efforts, with stringent monitoring mechanisms (civil society oversight, digital tracking, independent audits). Also, investing in building capacity – training thousands of civil servants and local officials in proper financial management and ethical standards – is needed to close governance gaps.

♦ **Strain on Justice System and Limited Victim Support:** The sheer scale of war-related justice needs is overwhelming Ukraine’s legal system. **195,000+ registered criminal proceedings related to alleged war crimes** (ranging from killings to torture to destruction) is far beyond what Ukrainian courts have ever handled. Efforts are underway to harmonize the Criminal Code with international law (there’s a draft to define war crimes, CRSV, etc.), but every month that passes without those definitions is a challenge for ongoing cases. **Judicial infrastructure and human resources** are another bottleneck: 122 courthouses damaged means some communities have no local court functioning, causing delays or requiring travel. Many judges and staff from occupied areas are displaced and have to be reallocated. Creating special mechanisms is being considered – e.g., a **hybrid tribunal** combining international and Ukrainian judges to handle high-level war crimes – which could help but also requires new legislation and coordination with partners. Meanwhile, **victims of war crimes and**

human rights abuses often do not see justice or support. The statistic that 95% didn’t report their victimization officially indicates huge under-reporting, likely due to fear (of stigma or enemy return), trauma, or lack of faith in response. There is a Coordination Center for victim support established in 2023, but it needs to be institutionalized and funded. The introduction of Victims & Witness Support Units within Regional Prosecutors Offices have had a significant impact, as since their establishment, these Units have provided and continue to provide survivor-centered support to approximately 1,760 survivors and witnesses (545 men, 953 women and 246 children) of war crimes and conflict-related harm. There is also evidence from survivor networks that these Units are having a positive influence on building trust in law enforcement among survivors. Despite Units in place, limited availability of multi-sectoral and specialised services for survivors, particularly in frontline and remote areas, hinders the effectiveness of meaningful referrals and support to survivors. Investment is required to institutionalize the Coordination Centre, and ensure specialized service delivery at the sub-national level can continue, including through Survivor Relief Centres, and regional and municipal authorities. The risk if unaddressed: a backlog of unresolved grievances that undermines reconciliation and rule of law, and perpetuation of trauma. **Policy implication:** building on achievements already made Ukraine will need international assistance and innovative approaches for justice – mobile justice teams, simplified testimony processes, witness protection, and possibly prioritizing categories of cases (like focusing on the gravest crimes first). It also needs legal reforms (as mentioned) and to fully implement a victim-centric approach (trauma-informed training for investigators, etc.). Without this, many victims may never see justice or healing, affecting social cohesion and Ukraine’s adherence to human rights commitments.

♦ **Organized Crime and Security Threats:** The turbulence of war has altered crime patterns. The conflict diverted law enforcement to war efforts, potentially allowing organized crime to exploit gaps. **Organized crime groups** have pivoted to new activities: UNODC notes increased synthetic drug labs (Ukraine’s instability and chemical industry capacity might facilitate making amphetamines, etc.). Cybercrime has surged, as more people moved online and perhaps desperation led some into fraud; stolen personal data, including from war chaos, is exploited on the dark web. The doubling of crimes per criminal

group to 16 suggests criminal groups are either more brazen or diversified. Additionally, the war flooded the country with small arms and explosives; while Ukraine has strict controls, when the war ends, there is a risk of leakage of weapons into the black market (some cases already emerged of arms smuggling). The government and partners have started some weapons accountability programs, but ensuring all soldiers turn in arms and ammo and that stockpiles are guarded is a huge task. **Human trafficking** is another security issue: millions of Ukrainians (mostly women and children) abroad or displaced could be targets for traffickers, and wartime socio-economic stress, combined with rising informality, has increased vulnerability to both trafficking and labour exploitation, particularly among those with limited livelihood options. Ukraine's police and social services are stretched thin to proactively address this, though border guards and NGOs have tried to raise awareness. Led by Ukraine's Ministry of Social Policy, Family and Unity, Ukraine has developed a new National State Program 2026-2030 currently awaiting endorsement, in coordination with all relevant governmental stakeholders. The Office of the Prosecutor General, police, social services, international organizations and civil society are undertaking efforts to raise awareness, identify and provide assistance to survivors, and prosecute traffickers. If organized crime is not checked, it can undermine recovery by increasing instability, scaring away investors/tourists, and corroding the rule of law from within (OCGs bribing officials to create safe havens). **Policy implication:** Strengthen multi-agency law enforcement coordination (police, security service, border guards, financial intelligence) specifically targeting organized crime rings and trafficking networks, including those involving labour exploitation and forced labour, ensuring coordination with the State Labour Service to enhance victim identification and labour law enforcement. Expand specialized cybercrime units to address the digital threat. Plan for a large-scale DDR (Disarmament, Demobilization, Reintegration) program post-war to collect weapons from civilians and ex-combatants, with incentives for compliance and penalties for illicit possession. Enhance regional cooperation with EU/Interpol on cross-border crime because organized crime issues will cross boundaries (especially weapons and drugs). Without vigilant

control, a post-war crime wave could destabilize communities and tarnish Ukraine's image.

♦ **Collapse of Science and Knowledge Sectors:**

An often under-appreciated casualty of war is Ukraine's **research, education, and media infrastructure** – essentially the knowledge sector that informs policy and innovation. Science R&D funding was cut as resources went to defense; as noted, it fell to 0.33% of GDP, far below the legal target of 1.7%. Many research institutes were damaged (nearly 30% had war damage), and **10–20% of researchers are displaced** either abroad or internally. Over **54% of scientists** reported they can't conduct research at pre-war levels – labs destroyed, international collaborations interrupted, funds gone. This “brain drain” could have long-term effects on Ukraine's capacity for evidence-based policymaking, technological development, and higher education quality. Similarly, independent media, especially local outlets, are financially crippled (77% in bad shape financially). Some journalists have left or changed professions for safety or stability. Civil society organizations, notably those doing watchdog or social support roles, are themselves struggling – e.g. one survey found 62% of NGOs cut programs due to funding issues in 2025 (not in provided text, but anecdotally known). If these knowledge actors diminish, governance suffers from less oversight and fewer expert inputs into decisions. **Policy implication:** Prioritize sustaining and rebuilding the knowledge sector. That means **funding R&D** in key areas (the government might dedicate a portion of recovery funds to applied research for reconstruction, for example). Incentivize Ukrainian scientists abroad to remain engaged (remote research grants, joint projects with EU labs, etc.). Provide transitional support to critical civil society and media – e.g. a donor-supported fund to subsidize local media or help NGOs pay staff – to get them through this tough period until the economy can support them again. Protect freedom of expression and press as much as possible under martial law, to keep public debate alive. The WPS agenda example shows NGOs still actively pushing for change (letter to President on women in peace talks) – such activism must be maintained. Without a vibrant civil society and informed citizenry, the risk is that reconstruction becomes a technocratic or oligarchic exercise disconnected from the people's needs.

Key Opportunities

In advancing these opportunities, implementation should explicitly align with UPR recommendations, treaty body concluding observations (CEDAW, CRPD, CAT, CRC) and EU accession Chapter 23 (Judiciary & Fundamental Rights) benchmarks to ensure coherence and avoid parallel reform tracks.

Despite the formidable challenges, there are significant opportunities to strengthen governance, justice, and institutions through the recovery and reform process:

♦ **Strengthening Governance Integrity (Anti-Corruption):** Ukraine can use the spotlight on reconstruction to implement a new level of transparency and integrity measures. **key opportunities include:** Establish an **integrated anti-corruption framework** for reconstruction that embeds checks at every stage. For instance, ensure all large reconstruction contracts go through digital procurement systems (e.g. expand **DREAM** and link it with ProZorro) so that donors and citizens can trace expenditures. Mandate annual **anti-corruption action plans** by each ministry and major city involved in reconstruction, and publicly report on their results. Expand the network of anti-corruption officers to all oblasts and major municipalities, with clear lines of independence (reporting directly to mayors or council heads, not mid-level bureaucrats). **Digital tools** are an opportunity – Ukraine is advanced in e-governance; extend that to anti-corruption by publishing granular budgets, using blockchain for some aid tracking, etc. The pay-off is twofold: more effective use of funds and restored public trust when people see accountability. OHCHR notes that explicit legal incorporation of war crimes and into the Criminal Code must be accompanied by procedural guidance for prosecutors and trauma-informed, survivor-centred investigation practice to avoid secondary harm, reduce attrition, and strengthen admissibility and appellate resilience.

The health sector illustrates both progress and gaps in governance. Continued implementation of health financing and service delivery reforms, transparent purchasing through the national health service, and alignment with IHR core capacities are central to public trust and EU approximation. Expansion of interoperable digital health systems and protection of health data will be key to effective, rights-based and accountable service provision.

♦ **Justice Reform and War Crimes Accountability:** The immense need for justice can

be a catalyst to finally reform and modernize Ukraine's justice system. **Key opportunities include:** Enactment of Law 4067 marked a significant milestone in Ukraine's efforts to uphold its obligations under international humanitarian law and UN Security Council Resolutions, and makes Ukraine the first country globally to enact such a law during an ongoing international armed conflict. However, implementation has been delayed due to the absence of secondary legislation and by-laws, unclear procedures for evidence assessment, and limited institutional capacity. Ukraine needs to **institutionalize victim support:** as recommended, the Coordination Center for Victims & Witnesses under the Office of the Prosecutor General of Ukraine (set up in 2023) should get permanent status, trained staff, and multi-year funding to ensure appropriate and acceptable services, incl to ensure accessibility for people living with disabilities (CRPD), child-sensitive processes (CRC) and gender-responsive pathways (CEDAW) to guarantee equal access to justice and remedy. Expand its reach so victims across the country know how to access it. Integrate psychosocial support with legal processes (trauma-informed interrogation, counselling services collocated with courts). Consider **innovative justice mechanisms** for the massive caseload – e.g., prioritize representative cases for full trial and strengthen alternative mechanisms (like truth-telling processes or reparations programs for victims) for less severe or widespread cases, to restore justice to victims in an extrajudicial manner without overwhelming courts. Engage with international initiatives: enhance support the International Criminal Court's work in Ukraine and coordinate so that cases best handled by ICC (e.g. top officials) go there, while others handled domestically. Enhance support to the newly established Special Tribunal for the Crime of Aggression against Ukraine to promote accountability as well as fair trial rights. On domestic justice, continue the stalled judicial reforms: speed up qualification assessments for judges, fully empower the Ethics Council to vet High Council of Justice members, etc. Reconstruction of courthouses should include making them more accessible (e.g. for people with disabilities, another LNOB aspect). By delivering credible justice, Ukraine not only meets its moral and legal obligations but also strengthens rule of law for long-term stability.

♦ **Participatory Governance and Social Cohesion:** Rebuilding trust requires bringing

citizens into decision-making and ensuring inclusive governance. **Key opportunities in this area include:** Institutionalize mechanisms for **participatory governance**, especially at local levels. Encourage city councils and oblast administrations to hold **public consultations or town hall forums** on reconstruction priorities – even during martial law, this can be managed in safe areas or online. **Participatory budgeting** practices (where citizens decide on allocation of a portion of local budget) could be reintroduced or expanded to give people a say in community rebuilding projects. This not only improves decisions (local knowledge) but shows authorities care about input, which can improve those low “Authorities care” scores. In regions hosting many IDPs, set up dialogue platforms to integrate newcomers’ voices and pre-empt tensions – local governments can include IDP representatives in community councils for recovery. **Horizontal cohesion:** invest in programs that bring different groups together for common goals – e.g., youth volunteer campaigns to clean up rubble, involving both displaced and local youth (shared mission builds solidarity). Communication is key: implement a strategic communications plan to regularly update the public on war developments (as much as possible) and recovery plans, acknowledging difficulties but highlighting positive progress and heroic local efforts. Also critical is to continue **decentralization** post-war: empower local governments with resources and autonomy to respond to citizens, as that closeness can build trust (people often trust local more than central when local delivers). In parallel, strengthening structured social dialogue mechanisms at national, regional and sectoral levels can ensure that employers’ and workers’ organizations are meaningfully engaged in shaping labour-related reforms, employment strategies and reconstruction priorities. Effective tripartite dialogue can enhance the legitimacy and sustainability of recovery measures, particularly in regions undergoing significant economic restructuring. To ensure inclusive recovery and strengthen trust in local authorities, municipalities should integrate gender equality and citizen participation into governance processes. This involves adopting a local gender equality statement\strategy and appointing gender focal points to lead implementation; integrating gender perspective into the local development plans, conducting gender audits of services, staffing, and budgets; and piloting gender-responsive planning and budgeting (GRPB) in key sectors such as transport or social services, with transparent

reporting of results for public. Local administrations should also collect and publish sex- and age-disaggregated data through development of community gender profiles or dashboards to guide planning and create participatory feedback mechanisms—including consultations and roundtables with CSOs, women’s groups, and different groups of residents with various needs —to co-design and monitor gender responsive recovery measures. Together, these steps make governance more transparent, inclusive, and responsive to community needs.

♦ **Countering Organized Crime and Ensuring Security:** The chaos of war can be turned into an opportunity to reset and modernize law enforcement approaches. **Key opportunities:** Form a **joint intelligence task force** combining police, customs, border guards, and financial monitoring to specifically target organized crime networks – share data, map out groups, and run joint operations. Modernize approaches to drug trafficking by investing in detection of synthetic labs (training, equipment) and cooperating with neighbours to stop precursors. On arms control, start early: create an inventory and buy-back or turn-in program for surplus weapons even before war ends, and plan a disarmament campaign among civilians with clear amnesties and incentives. Strengthen **cybersecurity and anti-fraud systems** – possibly with help from countries like Estonia (who have experience) – to clamp down on the cybercrime surge. For human trafficking, considering strengthening legal and institutional frameworks including at decentralized level, enhance prevention and awareness efforts, improve identification, protection and reintegration services for survivors, and survivor-centric prosecution capacity strengthening. This should include cross-border cooperation, a focus on digitalization, and engagement with the private sector. Furthermore, it could be considered to launch a wartime anti-trafficking initiative: train more border guards and social workers to identify trafficking attempts, run public info campaigns (possibly integrate into the Diia app warnings for job postings that might be scams, etc.), and support shelters/NGOs aiding potential victims and survivors, while encouraging gender-responsive and inclusive means of aid for survivors and potential victims. International cooperation is key: ensure full utilization of Europol/Interpol channels; Ukraine’s eventual EU integration will help formalize this. Also integrate returning veterans into law enforcement roles where appropriate – some ex-military could be channelled into police units (after training) to use

their skills to uphold security. By proactively clamping down now, Ukraine can avoid a post-war spike in crime that has afflicted some other post-conflict societies. Support the finalization and full implementation of the State Anti-Trafficking Programme for 2026-2030 coordinated by the Ministry of Social Policy, Family and Unity. Ensure the inclusion of clear language and programming on the nexus between trafficking in persons and conflict-related sexual violence, where Ukraine is anticipated to be the first country worldwide to do so. Failure to clearly articulate this in the 2026-2030 Programme iteration of the national programme will undermine efforts towards effective prosecution, investigation and survivor-centred justice and accountability.

♦ **Revitalizing the Knowledge Sector (Science, Education, Media):** Post-war recovery is not only physical – it’s intellectual and social too. **Key opportunities:** Gradually **restore R&D funding** towards the 1.7% of GDP legal target, even if reaching it takes years. In the interim, allocate special funds for research projects that contribute to recovery – e.g. environmental remediation tech, new building materials, public health. Encourage international collaboration: set up fellowships for Ukrainian researchers abroad to partner with home institutions or return. **Talent retention:** provide incentives to keep scientists, teachers, and analysts in Ukraine – housing support, salary supplements via donor programs, etc. Encourage more young women to enter research careers.

Rebuild universities and labs with modern equipment (perhaps donors can “adopt a university” to help). For media, consider temporary **subsidies or tax breaks for independent media** to keep them afloat (e.g. subsidize distribution or internet costs, or government purchase of advertising in local media as support). Also, secure donor assistance to create an emergency fund for regional media outlets. Protect freedom of expression: ensure that wartime censorship rules are as narrow as possible and lifted as soon as feasible; pass pending media reforms to align with EU standards (the media law was updated in late 2022 to align with the Audiovisual Media Services Directive, which is good progress). For civil society, set aside grants within recovery programs specifically for NGOs (especially those delivering social services, legal aid, GBV services, LGBTIQ services, etc., often more effectively than government). Possibly create a **Civil Society Resilience Fund** to keep key organizations running. A vibrant civil society and media act as a feedback and accountability mechanism – essential for good governance. In education, catch up on reforms paused by war (like the New Ukrainian School curriculum, university autonomy improvements). If Ukraine invests in its people institutions now, it will reap dividends in the form of better governance and innovation to drive development. Plus, it sends a message to citizens that the government values knowledge and truth, which helps counter propaganda and rebuild trust.

Impacts on Vulnerable Groups

In governance and justice, “vulnerable groups” refers to those who often have less voice or face particular barriers in accessing rights and services. Focus areas include:

♦ **Women and Girls:** Women face compounded challenges in governance and justice contexts during war. **Gender-based violence (GBV)** has surged, yet justice for GBV is limited. As of October 2025, only 243 **cases of conflict-related sexual violence (CRSV)** were officially under investigation, whereas the expected number is likely in the thousands. Stigma, fear, and weak capacity mean many survivors are not getting justice or support. Women’s political participation is also curtailed by the war (no elections, some women officials stepping down as noted). **Policy actions:** Ensure implementation of the Law No 4067-IX which establishes official status and reparations for CRSV survivors – this will encourage more reporting and integrate survivors

into support programs. Ensure any peace negotiation process meaningfully includes women, per WPS commitments (not a direct vulnerable group “impact,” but a necessary step to address their marginalization). In local governance, encourage female representation in recovery committees. **Gender-responsive budgeting** and data are essential to keep focus on women’s needs – e.g., track how many women-led businesses get recovery grants, or disaggregate how many women vs men benefit from housing programs. Also, maintain support for shelters and hotlines – many are NGO-run and at risk from funding cuts. Women and girls’ safety and empowerment in the recovery phase is crucial for overall social recovery.

♦ **Civil Society and Women’s Rights Organizations (WROs):** Though not a “vulnerable population” in the classic sense, civil society groups themselves are vulnerable in wartime to

shutdown due to funding and restrictions. WROs deliver key services (GBV support, community mediation) and amplify marginalized voices with support from key donors, such as the UN's Women Peace and Humanitarian Fund (WPHF). With **35% of WROs heavily dependent on U.S. funding** now cut, many face closure. Nearly all (98%) WROs reported being impacted by the cessation of US funding, with more than one third indicating that they were unlikely to survive the year.⁵⁵ The loss of these organizations is leaving gaps in services for women, IDPs, etc. **Policy actions:** The state, with donors, should step in to help sustain civil society – as mentioned, a Women's Civil Society Resilience Fund could channel small grants to WROs to keep their lights on. Simplify registration and reporting requirements for NGOs during martial law to not overburden them. Include CSO representatives in official working groups (e.g. on human rights, humanitarian aid) to make use of their expertise and signal partnership. The government can also contract NGOs to deliver certain recovery services, providing them funding. A vibrant civil society is needed to reach vulnerable groups that government might not effectively reach, and to hold institutions accountable from a grassroots level.

◆ **Displaced and War-Affected Populations:** IDPs, returnees, and those from occupied territories have unique governance challenges.

They may lack documents (lost IDs, property deeds) – without which accessing services or proving property claims is hard. Some IDPs report discriminatory attitudes or bureaucratic hurdles in host communities. Issues of justice and reconciliation also persist in areas formerly under occupation, where tensions may arise due to differing wartime experiences and perceptions of collaboration. With the majority of adult IDPs and returnees being women, they may face gender discrimination on top of other challenges. **Policy actions:** Ensure **equal rights and participation for IDPs** – for example, include IDPs, especially women, in local council consultations, and when elections resume, guarantee their voting rights (through legal changes for out-of-district voting). Provide legal aid for IDPs on documentation, housing, and family reunification issues. Anti-trafficking and labor protection mentioned earlier also target this group (displaced women and children are at higher risk). National reconciliation efforts will need to include people from areas that were under non-government control. It is important to promote inclusive narratives and social cohesion measures that recognize internally displaced persons (IDPs) and returnees from the Russian Federation as victims of the conflict, rather than subjects of stigma or mistrust. Address this by public messaging and community integration activities to prevent social exclusion of war-affected populations.

Data and Indicators (Governance & Institutions)

Indicator	Value / Recent Trend	Year	Source
Accountability of authorities (score)	3.1 (down from 4.1 in 2023)	2024	Social Cohesion Trends (ReSCORE) – UNDP/SeeD
Authorities care (score)	3.0 (down from 4.6 in 2023)	2024	Social Cohesion Trends (ReSCORE) – UNDP/SeeD
Lack of resources for anticorruption (est.)	70% of the local government anti-corruption officers	2025	Perception of integrity in local self-government bodies – UNDP
Insufficient funding for media	73,1% of journalists surveyed	2025	Journalists of regional and hyperlocal media on social cohesion - UNESCO
R&D expenditure (GERD)	0.33% of GDP	2022	Resilient minds: the unseen struggles of scientists in wartime Ukraine – UNESCO
Scientists displaced (int./ext.)	10–20%	2023–24	Resilient minds: the unseen struggles of scientists in wartime Ukraine – UNESCO
Organized crime offenses per group	>16 (up from 8–9 pre-war)	2025	Organized Crime Dynamics – UNODC

⁵⁵ UN Women, 2025. Impact of United States' Funding Suspension on Ukrainian Women's Organizations.

5. CROSS-CUTTING ISSUES AND LINKAGES



Photo credit: Sayed-Asif-Mahmud, WFP

The four thematic areas above are deeply interrelated, with **common drivers and compounded impacts** that cut across sectors.

An integrated analysis highlights several cross-cutting patterns.

Interconnected Challenges

◆ **Displacement and Demographic Shift:** The mass displacement **internally and abroad** undermines people's development (lost labour, family separation) and strains the economy (shrinking workforce, lower domestic demand) while also affecting governance (local budgets lose taxpayers) and social cohesion. The fact that **youth abroad are increasingly not planning to return (only 32% in 2024 vs 66% in 2023)**, and more youth at home want to emigrate (30%), presents a cross-sectoral risk: a potential permanent loss of talent that tightens labour markets (Economy), erodes the tax base (Governance), and even affects birth rates (People). The economy is already experiencing acute labour shortage to meet growth targets which cannot be met without either reversing out-migration or importing labour (both Governance and People challenges).

Integrated implication: **Return Intentions vs. Recovery Plans:** Many local recovery plans presume significant population return, yet data shows return intentions are low among key groups. If plans for housing or services overshoot actual

returns, resources might be misallocated. Conversely, if incentives improve and returns surge, underestimation could strain services. Therefore, plans must be scenario-based and flexible, using actual data on intentions and designing incentives (housing, jobs) that can adjust if more/less return. Recovery policies must coordinate **migration management and return incentives** (People & Economy) with local development in host communities and social cohesion efforts (Governance). For example, investing in housing and jobs for returnees not only aids individuals (People) but also revitalizes local economies (Economy) and signals government responsiveness (Governance).

◆ **Causal chain from demographic shock to fiscal sustainability:** The demographic shock from war, displacement, and out-migration is now translating into material fiscal pressure. As the contributor base shrinks, the **pension system will face widening deficits**, and health and long-term care costs are expected to rise due to an older and sicker population. According to an OECD analysis, even before the invasion Ukraine's pay-as-you-go

pension system was structurally in deficit; the war has exacerbated this by shrinking the number of contributors relative to beneficiaries and expanding disability claims. Without corrective reforms (e.g. raising contribution rates, revising retirement age, tightening eligibility, or broadening the formal tax base), public transfers from the state budget will need to grow significantly, crowding out investment and reconstruction spending. The fiscal burden of aging and health care is also quantified in IMF modelling showing that pension spending tends to increase rapidly unless mitigated by reforms.

Integrated implication: These dynamics underscore the urgency of aligning demographic strategy and fiscal policy: **protecting investment in people is not just a social objective, but a prerequisite for budgetary sustainability.**

♦ **Energy Shocks Cascading into Services and Livelihoods:** The war-driven energy crisis (Environment) has ripple effects across human welfare and the economy. For instance, widespread power outages caused water supply interruptions and sanitation issues (impacting health – People), halted factory production and storage (Economy), and damaged public confidence as authorities struggled to maintain services (Governance).

♦ **Water energy nexus risks:** Water and energy systems in Ukraine are tightly interdependent, with power outages directly affecting water safety, pumping reliability, and wastewater treatment. Since 2022, multiple municipal utilities have reported increased contamination incidents associated with electricity loss, highlighting how energy insecurity translates into public-health risks.

Integrated implication: Energy resilience is a cross-cutting priority – e.g., **decentralized renewable energy and energy storage for critical infrastructure** (water systems, hospitals, schools) would bolster community health and well-being (People), enable businesses to operate and preserve jobs (Economy), and demonstrate effective governance through tangible service improvements (Governance).

♦ **Erosion of Trust and Social Fabric:** Governance challenges like declining institutional trust and rampant war trauma bleed into other areas. Trust in government (Governance) affects willingness to comply with public health measures or recovery programs (People) and influences investor confidence (Economy). The **ReSCORE “accountability” and “care” scores fell significantly in 2024**, showing people feel less

heard and cared for by authorities. This coincides with sustained displacement and hardship, which can fuel discontent. Simultaneously, the justice system’s overload with war crimes and corruption cases can undermine rule of law if unresolved, affecting the business climate (Economy) and reconciliation efforts (Peace).

Integrated implication: Efforts to **restore trust** – through **transparent, participatory governance, structured social dialogue** and visible anti-corruption measures – are foundational to all sectors. For example, involving citizens in local reconstruction decisions can rebuild vertical cohesion (Governance), which in turn facilitates smoother implementation of socio-economic projects (Economy & People). Similarly, ensuring accountability in spending (e.g. using **open digital monitoring of funds**) reassures both the public and investors/donors (Governance/Economy). Likewise, structured social dialogue can help reconcile competing interests around labour market and recovery reforms, enhancing policy legitimacy (Governance), mitigating social tensions (People), and strengthening economic stability and investor confidence (Economy).

♦ **Mental Health and Protection Crisis:** The war’s mental health toll has not just implications in terms of public health but has wider and deeper impact on the country’s resilience and recovery. It affects economic productivity (people not able to work or study effectively) and underscores the need for workplace-based psychosocial support and employer awareness programs. It can exacerbate social problems (e.g., domestic and public violence, community tensions – a Governance and People concern) highlighting the importance of integrating MHPSS into community services, establishing trauma-informed interventions in schools and social services, and ensuring accessible referral pathways for survivors of violence. Heightened **protection risks** – like GBV and exploitation – cut across human rights (Governance/Justice) and People development. For instance, **GBV risk is greatly exacerbated by worsening household economics**, linking People’s vulnerability with economic strain. And among women living with HIV (a vulnerable health group), **97% reported fear/anxiety since the invasion**, affecting their ability to seek care (People) and indicating a gap in social support systems (Governance).

Integrated implication: **Mental health and GBV mitigation must be mainstreamed** in economic and educational programs – not siloed as standalone health issues. For example, workforce

reintegration initiatives (Economy) should include counselling and psychosocial support, as well as workplace mental health awareness and referral pathways for staff, particularly for IDPs, veterans, and other conflict-affected groups and schools (People) need resources to address trauma, including trauma-informed training for teachers, school-based psychosocial services, and parent psychoeducation, which also helps stability and rule of law (less violence means less strain on justice). Moreover, justice and policing (Governance) need to integrate protection – training police and courts to handle GBV/CRSV sensitively, integration psychosocial and trauma-informed skills encourages reporting and trust in institutions while also ensuring survivors have access to both legal and psychosocial assistance through coordinated referral systems.

Leaving no one behind in Ukraine's recovery requires targeted measures to remove health access barriers for IDPs, refugees and returnees, people in frontline and temporarily occupied areas, Roma and other minorities, older persons, women and girls at risk of GBV, and persons with disabilities. This includes equitable deployment of

services, financial protection, culturally appropriate outreach, and integration of MHPSS and sexual and reproductive health into essential packages.

♦ **Environmental Hazards and Fiscal/Social Risks:** The environmental destruction (Environment theme) poses systemic risks to public health (People) and public finance (Governance). If not managed, these hazards translate to health crises (People) and huge cleanup costs that divert fiscal resources (Governance/Economy).

Integrated implication: **Reconstruction must incorporate environmental health and occupational safety safeguards** at the core. That means pairing investments in infrastructure with funds for decontamination and safe waste disposal, and ensuring that cleanup and reconstruction workers are protected through proper OSH measures, training, and equipment (Economy/Environment). It also requires updating regulations (Governance) to European standards on waste and water to prevent future crises, and monitoring community health (People) to catch any spikes in illness due to environmental factors.

Cross-cutting Opportunities

♦ **Decentralized Renewables & Digital Grids for Services:** Investing in **distributed renewable energy (solar, wind) combined with energy storage** for critical services (water, healthcare, schools) emerges as a cross-cutting solution. It improves community well-being and health outcomes (safe water, continuous healthcare – People), reduces operational costs and downtime for businesses (Economy), and demonstrates responsive governance through service delivery (Governance). For instance, solar and storage at water utilities keeps clean water flowing during grid outages (immediate health benefits, and trust building when taps still run). It also contributes to climate goals (Environment). This convergence has been proposed in both environmental and economic analyses, highlighting broad backing.

♦ **Accelerating SDG realisation through EU Integration:** Advancing **EU-aligned reforms** could serve to meet the 2030 development agenda. For Governance, EU benchmarks drive anti-corruption and judicial reforms. Adherence to EU gender equality standards advances SDG5; for Economy, they open access to the €50 billion Facility and improve investor confidence through improved rule of law; for Environment, compliance with EU

directives (like on waste, emissions) guides a greener rebuild; for People, many EU-driven reforms (like labour standards, anti-discrimination laws) improve social inclusion. Essentially, in line with the comprehensive SDG framework, the EU framework ties together governance standards, economic incentives, and sectoral improvements (energy market reform, education modernization) in one coherent push. Using EU accession momentum can therefore de-risk reconstruction funds (Economy/Governance) and deliver better services (Environment/People) through harmonized policies.

♦ **Migration & Skills as a Recovery Flywheel:** A cross-cutting opportunity lies in harnessing Ukraine's **diaspora and migrating workforce** as agents of recovery. By implementing policies for **managed return and skills matching**, Ukraine can alleviate labour shortages (Economy), infuse new expertise into institutions and industries (Governance/Economy), and counter demographic decline (People). For instance, programs to attract IT professionals or scientists back (even temporarily) can jumpstart innovation, while diaspora networks can be channels for investment and knowledge transfer (e.g., bringing

international best practices into local governance or business). With **8.6 million workers needed by 2032** and current R&D spend only 0.33% GDP, retaining and drawing on talent globally is critical. This is cross-cutting because it tightens the link between investment in people and economic recovery, and also because evidence-based policymaking capacity (Governance) improves when experienced professionals (often diaspora) contribute.

♦ **Circular Economy and Waste-to-Value:** Turning Ukraine's waste crisis into a green growth opportunity could connect Environment and Economy while bolstering Governance. For example, only 9% of municipal waste is recycled currently, and there is underused recycling capacity. By investing in recycling and **circular economy businesses**, Ukraine can create new jobs (Economy) and reduce pollution (Environment), while demonstrating transparent procurement and community benefit (Governance).

Conclusion

Ukraine's journey through the crucible of war has been one of immense suffering, courage, and transformation. As documented in this Country Analysis, the impacts of the war have permeated every aspect of the country's development – from the demographic makeup of its people, to the stability of its economy, including the fundamental viability of its critical agri-food sector, the integrity of its environment, and the strength of its institutions. Yet, within these overlapping crises lie the seeds of opportunity. Ukraine now stands at a historic turning point: decisions and investments made in the coming months and years will determine whether it can convert hard-won resilience into a lasting recovery and a leap forward on the path to the Sustainable Development Goals.

Several **key takeaways** emerge from this integrated analysis. First, **security and development are inextricably linked** – a just and sustainable peace will be the single greatest enabler of human development, while inclusive development progress will, in turn, reinforce social stability and peace. Restoring security across all of Ukraine's territory remains paramount; at the same time, healing the social wounds of war and rebuilding livelihoods cannot wait for a final peace deal. Efforts must run in parallel.

Second, **the concept of “building back better” and differently is a necessity**. Recreating the status quo ante is neither feasible nor desirable. Instead, Ukraine has the chance to tackle long-standing structural issues, from demographic decline to corruption, by adopting new paradigms: a people-centred approach to policy, a green growth model, which includes modernizing agricultural value chains and bolstering on-farm energy resilience, and governance anchored in transparency and European values. The analysis highlights that such transformational changes are within reach if guided by robust planning and supported by international partners.

Third, gender equality, **inclusion and equity must be at the heart of recovery**. The **principle of Leave No One Behind** – i.e. focus on most vulnerable groups of people, address root causes of inequality and insecurity, is both a moral imperative and a practical guide: Ukraine cannot afford to marginalize any group if it hopes to harness the full potential of its human talent. Whether it is IDPs yearning for a sense of stability and belonging, women determined to have a voice in business, social cohesion and politics, or the elderly and people with disability requiring accessible services and economic opportunities – an inclusive lens will ensure that recovery programs rebuild not

just infrastructure, but trust and cohesion. This must include specific financial and input support for small and medium-sized farms, which are the backbone of rural economies but are being disproportionately affected by soaring costs. This Country Analysis has underscored that the vulnerabilities of certain groups (e.g., the stress on single mothers, the trauma of veterans, the disenfranchisement of temporarily occupied-area residents) are cross-cutting issues that demand tailored solutions and representation in decision-making.

Finally, **partnership and perseverance will be decisive**. The Government of Ukraine, supported by the UN Country Team and broader international community, will need to coordinate unprecedented levels of aid and expertise. Continued solidarity from international partners – in financing, political support, and technical know-how and security – is essential to shore up Ukraine's efforts. At the same time, Ukraine's destiny will be shaped by the perseverance of its own institutions and people. The reforms outlined in this analysis, many aligned with the EU integration roadmap, require political will and societal consensus in the face of difficult trade-offs. Maintaining momentum on reforms amidst a fragile security situation will test Ukraine's leadership and unity. However, the extraordinary resolve demonstrated by Ukrainians since 2022 provides strong confidence that, with a clear vision and support, they will rise to the challenge.

In closing, this Country Analysis serves as both a **diagnosis and a call to action**. It provides a comprehensive evidence base to inform the operationalising of the UN Cooperation Framework 2025-2029 and the strategies of all development partners in Ukraine. The analysis makes plain that the road ahead is complex, marked by risks, but also by windows of opportunity to set innovative precedents in post-war recovery. If the cross-sector opportunities herein are pursued, Ukraine can accelerate toward the SDGs and lay the cornerstone for a nation that is more prosperous, fair, and resilient than ever before.

The United Nations in Ukraine stands ready to support these efforts, working alongside the government, civil society, and communities in every oblast and hromada. Ukraine is determined to **emerge from the war not only rebuilt, but renewed**. The implementation of the strategies in this report will bring Ukraine significantly closer to that goal, turning the pain and sacrifice of this moment into a lasting foundation for **just peace, social justice, equality, and sustainable development** for all Ukrainians.

Annex: List of Key UN Assessments 2023-2025

1	FAO	Impact of the war on commercial crop producers Findings of a nationwide survey	2023	Link
2	FAO	Impact of the war on agricultural enterprises October–November 2024	2024	Link
3	ILO	[Draft] Ukraine Peace and Conflict Analysis Report Commissioned by the ILO	2025	Link
4	ILO	Demographic change in Europe and Central Asia	2025	Link
5	IOM	Local migration governance in Ukraine: well developed areas and opportunities for development	2025	Link
6	IOM	Displacement and Return: Trends, Drivers and Intentions	2025	Link
7	IOM	Veteran profiles and reintegration challenges in Ukraine	2025	Link
8	IOM	Migration governance in focus: addressing Ukraine’s labour market challenges for recovery and reconstruction	2025	Link
9	IOM	Mental Health in Ukraine: Displacement, Vulnerabilities and Support	2024	Link
10	IOM	Pathways for Regular Migration: Perceptions of Migrant Workers and Recovery in Ukraine	2024	Link
11	IOM	Informing Community-Based MHPSS Interventions In Ukraine	2025	Link
12	IOM	Mental Health in Ukraine: Displacement, Vulnerabilities and Support	2024	Link
13	IOM	Pathways for Regular Migration: Perceptions of Migrant Workers and Recovery in Ukraine	2024	Link
14	ITU	Ukraine Digital Country Profile	2025	Link
15	FAO / WFP	Joint Food Security and Livelihood Assessment of Frontline and Bordering Regions in Ukraine	2025	Link
16	UN Women / UNAIDS	The Impact of War on Women Living with HIV in Ukraine	2024	Link
17	OHCHR	OHCHR Ukraine Reports	2025	Link
18	UN Women	Impact of United States Funding Suspension on Ukrainian Women’s Organizations	2025	Link
19	UN Women	Guide on Gender Mainstreaming in Regional and Local Development Strategies for Recovery	2025	Link
20	UN Women	Analytical report on trafficking in persons with the purpose of sexual exploitation in Ukraine	2025	Link
21	UN Women	Annual Report Launch: Alliance for Gender-Responsive and Inclusive Recovery for Ukraine	2025	Link
22	UN Women	Championing gender equality amidst the war in Ukraine. An update on UN Women’s work in 2023	2024	Link
23	UN Women	The study “Gender Dimension of the Energy Crisis in Ukraine: Pathways to Resilience”	2025	Link
24	UN Women	Gender Equality in Different Professions: Survey Report	2025	Link
25	UN Women	Women’s Economic Empowerment in Ukraine during Russia’s Invasion	2024	Link
26	UNHCR	UNHCR Ukraine Refugee Situation - Operational Data Portal	2025	Link
27	UNHCR	UNHRC Ukraine Publications Portal	2025	Link
28	UNCHR	Protection survey - The Ukraine Protection Survey #1	2025	Link
29	UNDP	Impact of war on youth in Ukraine	2024	Link
30	UNDP	Mapping Support for Anti-Corruption Reforms in Ukraine with a Focus on the Justice Sector	2024	Link
31	UNDP	Methodology for Corruption Risks Assessment in the Activities of Local Self-Government Bodies	2024	Link
32	UNDP	Perception of integrity in local self-government bodies	2025	Link
33	UNDP	Beneficiaries’ institutional capacities and needs in the area of victim support in war crimes cases in Ukraine	2024	Link
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65	UNFPA	Social and Demographic Survey of the Population of Territorial Communities of Ukraine	2025	Link
66	UNFPA	Voices from Ukraine - Assessment Findings and Recommendations	2024	Link
67	UNFPA	Assessment of the Sexual and Reproductive Health and Rights Situation in Ukraine: Analytical Study	2024	Link
68	UNFPA	[restricted] Population Dynamics in Ukraine	2024	available upon requests to tytiuk@unfpa.org
69	UNFPA	Women in war: motivations to stay and reasons to leave	2025	Link
70	UNFPA	An Overview of Gender-Based Violence in Ukraine - Advocacy Brief	2024	Link
71	UN-Habitat	Thematic paper on Citizenship Urban Future	Draft	Link
72	UN-Habitat	Thematic Paper on How Spatial Planning Works in Ukraine	Draft	Link
73	UN-Habitat	Thematic Paper on Land and Property in Relation to Housing and Urban Development	Draft	Link

74	UN-Habitat	Thematic Paper on Municipal Governance in Ukraine	Draft	Link
75	UN-Habitat	Thematic Paper on The Ukrainian system of housing provision and its outcomes	Draft	Link
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77	UN-Habitat	Thematic paper on Built environment professionals: education and practice	Draft	Link
78	UNICEF	Harnessing Solar Energy for Recovery and Resilience	2025	Link
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80	UNICEF	Water Governance in EU Countries and Roadmap to EU Integration	2024	Link
81	UNICEF	Technical assessment of drinking water quality and drinking water quality monitoring in Ukraine	2025	Link
82	UNICEF	[dashboard] Household Socio-Economic Status Survey	2024	Link
83	UNICEF	Public Finance for Children (PF4C) 2025 State Budget Allocations Overview	2025	Link
84	UNICEF	National Survey on Social Policy in Ukraine: Public Perception, Awareness and Accessibility Wave 2	2025	Link
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98	UNIDO	Green industrial recovery programme for Ukraine gender analysis	2023	Link
99	UNIDO	Action plans for the green recovery and transformation of the Ukrainian food industries	2024	Link
100	UNODC	Trafficking in Persons and Smuggling of Migrants in the Context of the Displacement	2025	Link
101	WFP	[limited circulation] Multisectoral needs assessment in frontline and occupied area in Ukraine	2025	Link
102	WHO	Factsheet Access to Health Services in Ukraine Frontline Oblasts 2023–2024	2024	Link
103	WHO	Perspectives on health system response and recovery in the war-affected areas of Ukraine	2024	Link
104	WHO	Psychiatry Commission on mental health in Ukraine	2024	Link
105	WHO	WHO Operational Review of Ukraine's response to noncommunicable diseases in war context	2025	Link
106	WHO	Rapid access to essential assistive technology for internally displaced people in Ukraine	2023	Link
107	WHO	Results of initial health labour market analysis in Ukraine	2024	Link
108	WHO	Access to Health Services in Ukraine Frontline Oblasts 2023–2024	2024	Link
109	WHO	HeRAMS Ukraine health services across oblasts: Infographics August 2025	2025	Link
110	WHO	Health needs assessment of the adult population in Ukraine: survey report: April 2025	2025	Link
111	WHO	Ukraine: Public Health Situation Analysis (PHSA) (August 2025)	2025	Link
112	WHO	Community perspectives on health system responses and recovery efforts in the war-affected areas of Ukraine	2025	Link



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