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The World Bank in Ukraine

Lessons and challenges after 2022

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Brief Summary

The World Bank holds a central role in the international civilian support structure and has mobilised over $90 billion for Ukraine after Russia's full-scale invasion in 2022. The pace and volume of the the fund mobilisation is unprecedented, requiring new mechanisms and structures, and raises technical and political challenges as the bank manages its apolitical mandate amid war between two of its shareholders. This brief explores the bank's role in Ukraine and the trade-offs this entails, highlighting lessons and concerns identified by the actors themselves, including sustainability questions tied to scope of support, trust fund organisation, and ownership and legitimacy of the World Bank programmes. The analysis draws on grey literature and interviews with staff and Norwegian aid stakeholders, including the Nansen programme.

World Bank operations in Ukraine

The World Bank quickly assumed a central position in the international civilian support structure to Ukraine, due to the confluence of various factors. One is the World Bank's country office and programmes and thus established relations with the Government of Ukraine (GoU). Another is its strong intellectual and financial muscles, its capacity to manage large and complex programmes, and its expertise in working with governments on reforms and reconstruction issues. A third factor relates to the need for donor coordination and policy harmonisation to prevent transaction costs, duplication of efforts and that the GoU would have to relate to different donors with distinct structures and policies. Lastly, the World Bank was the only international organization having the capacity and trust to manage donor countries' fast and vast financial mobilisation for Ukraine. Seen together, this gives the World Bank significant influence over policy and funding priorities in Ukraine. It also makes the World Bank a common anchor, holding the coalition providing civilian support together despite their changing and diverging policy and funding priorities.

To facilitate analytical coherence and harmonised policy development, the World Bank – in partnership with the GoU, the EC and the UN – produces the Ukraine Rapid Damage and Needs Assessment (RDNA). The RDNA, which just about all international civilian support to Ukraine builds on, is updated annually to track and assess changes in damages and needs, and outline recovery and reconstruction priorities as determined by GoU together with international actors. The RDNA draws on a 'build back better'-approach, which in the rehabilitation programmes integrates e.g. improved energy efficiency, higher sustainability standards and general modernisation efforts, including policy and governance reforms that the GoU need to undertake to align with EU standards as part of its EU accession path. The formulation and development of the RDNA is in itself worth studying more closely as it draws on the World Bank's technical expertise and relates closely to classical aid debates about external state building and legitimacy.

The large resources mobilised for Ukraine have been channelled through a range of financing mechanisms such as trust funds, guarantees, financial intermediaries, etc. The Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF) is a central financing mechanism used by a coalition of international partners, with Norway acting as the largest contributor, to provide coordinated support to the GoU for its administrative and service delivery capacity, relief efforts, recovery and reconstruction efforts, and reforms agenda. Most projects, however, have numerous funding sources, including regular IBRD loans and IDA grants, bilateral guarantees, and various multi-donor trust funds (MDTF). The PEACE project is by far the largest with the US alone having provided near $25.5 billion of the MDTF's $26.2 billion to the overall $53.5 billion project costs. The PEACE project supports core government functions through covering public sector salaries and pension payments, which the (civilian) Ukrainian state apparatus is dependent on for its survival. Other major projects range from repairing energy infrastructure (Re-PoWER), the housing sector (HOPE), transport and logistic infrastructure (RELINC), to broader policy and governance reform programmes related to private sector led recovery (RISE), fiscal governance (SURGE) and healthcare (THRIVE).

Of the more than $90 billion mobilised since 2022, the World Bank has dispersed close to $73 billion. However, there is still a large financing gap of more than $8 billion for the many ongoing World Bank projects. Moreover, the current and future recovery and reconstruction needs in Ukraine are massive – estimated in late 2025 at $588 billion over the next decade. The future costs continue to soar as the war endures, and in the event of a ceasefire or peace agreement Ukraine will in the years to come continue to be highly dependent on international aid, including the role and expertise of World Bank.

Sustainability challenges

Sustainability concerns were highlighted by most informants when asked to identify the main challenge related to the World Bank's operations in Ukraine. Several argued that the scope and size of the ongoing operations are unsustainable in the long term, but their reasoning about sustainability concerns differed according to context. Among staff, executives and others relating to the World Bank institutionally, a main concern relates to the trust fund organisation. Trust funds are flexible financial tools that complement the World Bank's standard lending mechanisms and donors use them to fill funding gaps and pool resources in response to emerging challenges. Opting for the trust fund organisation, rather than pooling the resources via regular World Bank mechanisms, emerged as a necessity not only to accelerate the resource mobilisation and aid programming, but also to bypass political contestation within the World Bank and among its shareholders. Russia opposes the World Bank's financial support to Ukraine, considering it a component of the West's broader geopolitical strategy. The trust fund organisation helps mute such opposition and limits shareholders influence, while giving the World Bank and its donors flexibility over the tempo and scope of how funds are used in conflicts settings. At the same time, trust funds come as add on to already existing World Bank operations. There is a concern that they drain staff, resources and expertise from other parts of the World Bank while also diverting the organisation's attention from its core mandate, thus causing sustainability concerns among its management. The Global South caucus within the World Bank fears limited attention and resources to their needs and the World Bank's wider poverty reduction mandate.

Sustainability challenges look somewhat different from the perspectives of donor countries, where the main concern is how to sustain the high level of aid to Ukraine amidst shifting political dynamics and public opinion. Development assistance is generally under pressure, and several donor countries are reducing their budgets. The general pivot to Ukraine impacts not only official development assistance budgets and spending elsewhere. Aid is also becoming increasingly securitized and instrumentalised, causing concerns in more conventional aid circles and triggering country specific political dynamics. Both development aid in general and to Ukraine in particular may be subject to sudden political changes. The World Bank contributes to keeping the donors to Ukraine together, by depoliticising questions about priorities, budgets and technical support. Furthermore, donors are concerned whether the “as long as it takes”-slogan encompasses civilian support and the extent to which it extends beyond a potential ceasefire or peace agreement when the civilian support loses its security rationale and geopolitical momentum.

Some also express sustainability concerns on behalf of Ukraine. One relates to aid dependency and the level of accumulated international debt for its civilian reconstruction efforts. Ukraine’s sovereign debt surpassed 100% of GDP in 2025. Another expressed concern relates to the sustainability of the ongoing reform programmes and EU accession process beyond the war and whether these reforms have sufficient ownership and legitimacy in more peaceful times when democratic ideals are easier to accommodate. War necessitates rapid action in extraordinary times, but centralised decision making may come at the cost of broader consultations outside the central government, and support to and involvement of local authorities, marginalised groups and civil society.

Other challenges

The World Bank’s work in Ukraine since 2022 has been unusually difficult as it seeks to combine and balance war-time emergency response, state stabilisation and reforms, and massive current and post-war reconstruction activities – all at the same time. The Bank faces a core challenge of planning for long-term development in a country where the present is highly unstable. Regular Russian attacks on infrastructure disrupt ongoing projects. Inaccessible areas make reliable assessment and monitoring difficult. As such, the World Bank seems currently to operate in conditions closer to humanitarian emergency than normal development assistance, also raising questions about its core mandate and operational policy. The World Bank faces a challenge in balancing its support to Ukraine with its global development mandate, not least because the war generates significant global spillovers: it has disrupted global supplies of food, grain, energy and fertilizer, creating pressure on the Bank to respond globally while maintaining its focus on Ukraine.

The prolonged war creates uncertainty, causing further instability, damages the industry and disrupts investments. It has triggered large human displacements with far-reaching social impacts. Millions of Ukrainians have been displaced internally or abroad, which affects labour markets, housing demands and social services. The private sector faces workforce shortage, energy infrastructure, production and supply-chains are constantly disrupted, insurance premiums soar as does the general investment risk – in sum causing severe challenges for this sector. After a steep decline in 2022, Ukraine’s economy grew from 2023–2025, but the growth has slowed significantly, and recent forecasts estimate only around 1.1% growth in 2026. Combined, this creates challenges to the World Bank in balancing short-term financial survival measures against long-term development goals. The challenge with long-term planning is further exacerbated by the financing gap between estimated needs and mobilised, committed donor funds. The trust fund institutional set-up makes the World Bank heavily dependent on, but also vulnerable to, donor countries’ changing priorities and funding streams. Such uncertainties may also impinge on coordination issues and the alignment of multiple actors, like the EU, GoU, IMF and bilateral donors.

The majority of the funds goes into paying civilian government and public sector salaries and pension payments (PEACE). This has been crucial to maintain important public services and government functions, but also to prevent state failure as Ukraine’s resources are diverted into much needed defence measures. Such fungibility is far from uncommon in international development assistance. Maintaining state capacities has also been important to secure a counterpart to implement and facilitate the large-scale reconstruction schemes. The swift and massive need for and influx of development aid require a counterpart with strong governance and transparency systems. Weak state capacity, especially in the procurement systems, increases the already substantial risk of corruption. Ensuring high standards and accountability in a high-pressure wartime environment has been a significant concern.

For the World Bank it is paramount but also challenging to attract private investments despite the extreme risk. Due to the magnitude, reconstruction is necessarily dependent on private sector involvement, and with the massive needs and funding provided for reconstruction, the private sector, domestic and international, is more than keen to contribute and have its slice of the cake. The situation thus provides fertile grounds for corruption. It is a major challenge for the World Bank and the GoU to limit, if not prevent, corruption – not only for aid effectiveness, but also to maintain donor relations, prevent budget cuts and to support the legitimacy of assistance among the donors as well as in Ukraine.

Concluding remarks

Overall, war is a challenging context for international development, especially for multilateral institutions. The experience thus far from Ukraine raises new and renews old dilemmas of international development and the role of the World Bank when operating not only in conflict zones but in an active war between two of its members. This amplifies existing challenges and affects internal processes simultaneously. While much research thus far has attended to the military and security dimensions of the war, this policy brief adds to the relatively scarce literature attending to the civilian dimensions of international support and the role aid and multilateral institutions may play today and in the future reconstruction of Ukraine. The activities of the World Bank and its partnership are fundamental for the effectiveness and legitimacy of international support in Ukraine and among donors, and to garner lessons relevant for aid in Ukraine today and beyond when peace may find place.

This policy brief has indicated some of the challenges international aid faces in Ukraine, which should provide the starting point for a more robust policy orientedpolicy-oriented research agenda going forward. Research on international aid to Ukraine, at a time in which international aid itself is under pressure and changing, is particularly important for Norway, as Ukraine now constitutes the largest recipient of Norwegian aid and Norway is the single largest contributor to URTF, This gives Norway a central role and responsibility in shaping World Bank operations in and partnership with Ukraine.

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