World Bank Group Support to Ukraine

CONTEXT

Now in its second year, Russia's invasion of Ukraine is a tragedy with far-reaching human and economic impacts. Ukraine's operating, recovery, and reconstruction needs are staggering. To support the continuation of essential government services over the last year, the World Bank has mobilized more than $23 billion in emergency financing, including commitments and pledges, which includes grants, guarantees, and linked parallel financing from the US, UK, European countries, and Japan. This includes $3.4 billion on the World Bank’s own balance sheet, with another $6.5 billion on the Bank balance sheet planned over the next 12 months. As of April 2, 2023, more than $20 billion has been disbursed through World Bank projects and trust funds, as well as additional funds through parallel disbursements. About half of all the economic assistance for Ukraine has been mobilized through the World Bank. This support has reached 13 million Ukrainians, and is helping to provide wages for hospital workers, government and school employees, pensions for the elderly, salaries for public servants, and social programs for the vulnerable.

Providing adequate budget support to keep the government running and to provide minimal essential services is critical, because otherwise it will become much more expensive to rebuild and recover the economy and more people could fall into poverty.

Recovery (emergency repairs) must run simultaneously with continued support for essential services, and this is a big part of our current focus. In addition to budget support, Ukraine needs urgent investment for pressing repairs – to energy infrastructure, roads, bridges, housing, schools, and clinics – to ensure that services can be delivered.

UKRAINE IN NUMBERS

- GDP projected to grow by 0.5% in 2023.
- 7.1 million additional Ukrainians are estimated to live in poverty.
- 15-year setback in poverty reduction goals.
- Ukraine needs an additional $11bn for financing repairs and essential services in CY23.
The updated Rapid Damage and Needs Assessment (RDNA2), released in March, estimates that the current cost of reconstruction and recovery stands at $411 billion over the next 10 years and combines both needs for public and private funds. In 2023 alone, Ukraine faces a funding gap of $11 billion for this year. This includes $6 billion in unfunded budget needs, $3.3 billion in financing for state-owned enterprises (SOEs) and $1.5 billion to mobilize the private sector.

The highest estimated needs are in transport, housing, energy, social protection and livelihoods, explosive hazard management, and agriculture.

**UKRAINE ESTIMATED NEEDS IN NUMBERS**

- 22% transport
- 17% housing
- 11% energy
- 10% social protection and livelihoods
- 9% explosive hazard management
- 7% agriculture

The RDNA2 covers the one year since Russia’s invasion, from Feb 2022 to Feb 2023, and evaluates war impacts across 20 sectors. This analysis is helping the Government and donors to identify the priorities for recovery while continuing to support the provision of core services like health, education and social protection.

**WORLD BANK GROUP FINANCING**

The World Bank Group is leveraging its broad range of financing instruments to facilitate the rapid disbursement of funds to meet Ukraine’s urgent needs is mobilizing financing and donor partner support. The Bank have expanded existing projects, established multi-donor trust funds, and channeled guarantees and parallel financing from donor countries.

The World Bank Group is uniquely positioned to provide a fast and flexible platform for donor contributions with corresponding supervision to verify that money goes where it is intended.

Since the start of Russia’s invasion, a large part of support mobilized through the World Bank has been through the project Public Expenditures for Administrative Capacity Enhancement (PEACE) to help the Government of Ukraine meet urgent needs, including the provision of core public services such as health, education, and social protection. This support has reached 13 million Ukrainians, and is helping to provide wages for hospital workers, government and school employees, pensions for the elderly, salaries for public servants, and social programs for the vulnerable. The Bank has deployed a range of mechanisms, including expenditure verification, beneficiary complaint monitoring, procedure reviews, and surveys, to ensure that money goes where it is intended.

**FRAMEWORK PROJECTS**

The World Bank has introduced Framework Projects to support recovery and build capacity for reconstruction in health, energy and transport sectors. These are Bank-supported emergency operations that mobilize partner resources through an innovative and flexible design that allows funds to be disbursed quickly, can be scaled as necessary, and can absorb additional financing as it becomes available. They include appropriate fiduciary, environmental and social safeguards. IBRD funding for these projects is secured thanks to the bilateral guarantees provided by development partners.

**PEACE STORIES**

Svitlana Sveshnikova, Kharkiv, is one of the beneficiaries of the PEACE project

“We receive monthly 860 hryvnias from the state for a child under 3 years of age. This is enough for diapers and a pack of formula. There were never any delays. Always on time. Day by day, month by month.”
Hanna Mezhirytska, pensioner and IDP from Lysychansk, Lugansk region, is one of the beneficiaries of the PEACE project. She has been living in Lviv since April 2022. On May 16, 2022, she settled in Mariapolis, a camp of prefabricated housing for displaced Ukrainians in Lviv.

“I have been retired for 18 years. No lags, all payments are stable. I receive UAH 4300. That’s enough for now. I want to go home to my own house. We hope that our Ukraine will be liberated, and we will go home.”

MIGA

MIGA has issued more than $116 million in guarantees to Ukraine since the war began. To address the shortage of insurance capacity for war risk, MIGA has established a trust fund that has been seed-funded by Japan. This and future donor contributions, combined with MIGA’s own capital, could help mobilize public and private reinsurance in support of projects in the energy, agribusiness, manufacturing, and logistics sectors. MIGA also is partnering with EBRD to support short-term trade finance guarantees for Ukraine to serve humanitarian needs and help keep industries like agriculture going while providing critical imports needed for production.

URTF

To swiftly mobilize efforts for reconstruction, the Bank has established the Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF), a multi-donor fund under the MRII facility to channel grant contributions from donor partners. The URTF’s objectives are to help sustain the country’s administrative and service delivery capacity, and conduct relief efforts, as well as to support the planning and implementation of Ukraine’s recovery, resilient reconstruction, and reform agenda.

The URTF supports the Bank’s Framework Projects and ensures that Ukrainian authorities can quickly and effectively utilize these critical investments and leverage the multiple sources of financing efficiently and at scale. Contributors to the URTF include Austria, Canada, Iceland, Japan, Lithuania, the Netherlands, Norway, Sweden, Switzerland.
PARTNERS

Donor governments: The United States, Austria, Belgium, Denmark, Finland, Germany, Italy, Japan, Latvia, Lithuania, Iceland, Netherlands, Norway, Sweden, Switzerland, Spain, and United Kingdom.

IFI: EIB, EBRD, EC, IMF, CEB

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Scan to download the new joint Rapid Damage and Needs Assessment (RDNA2) by the Government of Ukraine, World Bank Group, European Commission, and UN