

EU Reforms for Ukraine's Recovery: Lessons from the URC2025

by Luca Cinciripini

The Ukraine Recovery Conference 2025 (URC2025) took place in Rome on 10-11 July, marking the fourth high-level gathering dedicated to Ukraine's recovery and reconstruction efforts.¹ It brought together political and institutional leaders, international organisations, representatives from the financial and business sectors and civil society members to address both the immediate need for swift recovery and the long-term reconstruction of the country following Russia's invasion. The conference also served as a platform to assess Ukraine's ongoing European Union accession process, reinforcing the interconnected nature of European integration and post-conflict reconstruction efforts.

The event continued the established tradition of creating a comprehensive dialogue framework where diverse stakeholders could coordinate their approaches to supporting Ukraine's transformation. It emphasised the

strategic importance of maintaining international momentum for institutional and economic development while Kyiv continues to defend its sovereignty and territorial integrity.

EU integration as a catalyst for Ukraine's recovery

The process of Ukraine's accession to the EU represents far more than a simple political integration pathway: it is the strategic fulcrum around which the entire reconstruction and modernisation project of the country revolves. The alignment with European standards through structural reforms not only facilitates integration with Brussels but also serves as a fundamental catalyst for post-war reconstruction, creating a virtuous circle between institutional transformation and economic and social recovery.²

¹ Ukraine Recovery Conference official website: <https://www.urc-international.com>.

² Tinatin Akhvlediani, "Explaining Ukraine's Recovery and Reconstruction: What, How and When?", in *CEPS Explainers*, No. 2024-05 (June 2024), <https://www.ceps.eu/?p=43389>.

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The European Council's recognition in June 2025 of Ukraine's progress in accession-related reforms highlighted how the European regulatory framework offers not only a strategic anchor but also a practical framework for the country's modernisation.³ It demonstrates that European integration provides the opportunity to align Ukrainian institutions with European standards while embedding long-term resilience into key sectors of the economy and society. EU accession, internal market access, rule of law strengthening, energy security, environmental restoration, food security and financial integration must be integrated across reform efforts, creating synergies that amplify the effectiveness of reconstruction interventions.

The pressures of maintaining state functionality under constant military threat, managing large-scale displacement and ensuring macroeconomic stability have placed enormous strain on the country's institutional capacity. However, precisely in this context of extreme challenge, adherence to European standards has provided clear guidelines for governance and objective criteria for assessing progress. Enduring issues such as judicial independence, enforcement of anti-corruption measures and public administration reform require sustained political will, adequate resources and coordinated international support.

³ European Council, *Ukraine*, 26 June 2025, <https://www.consilium.europa.eu/en/press/press-releases/2025/06/26/european-council-26-june-2025-ukraine>.

The European dimension of reconstruction extends beyond technical and regulatory aspects to involve civil society, the private sector and local communities in a transformation process that encompasses more than simply repairing war damage.⁴ The alignment with EU standards through reforms becomes a mechanism of empowerment that mobilises human capital, promotes social cohesion and creates conditions for sustainable growth.

Key reform interventions and remaining obstacles

The URC 2025 provided a crucial opportunity to assess the reform process that the country is pursuing in the context of its European integration, while reaffirming Ukraine's centrality to the EU and its enlargement agenda.

It also represented an opportunity for the European Commission to announce a 2.3 billion euro financial package under the Ukraine Investment Framework, structured through 1.8 billion in loan guarantees and 580 million in grants from international and bilateral public financial institutions. This framework is projected to leverage up to 10 billion euros in total investments for Ukraine's reconstruction efforts. A key component is the establishment of the European Flagship Fund for the Reconstruction of Ukraine, a multilateral initiative involving the Commission, France, Germany, Italy

⁴ European Commission website: *Recovery and Reconstruction of Ukraine*, https://commission.europa.eu/node/31920_en.

and Poland. The fund, with 220 million euros in initial capital and a target of 500 million by 2026, aims to develop Ukraine's private equity market and attract additional private investment as security conditions stabilise.⁵

Moreover, a series of thematic panels featuring prominent Italian, Ukrainian and European institutional representatives, alongside leading figures from the business community and international organisations, addressed the critical importance of reforms not only for strengthening Ukraine's EU accession process but also for post-conflict reconstruction.

First, Ukraine's Rule of Law Roadmap represents an opportunity to transform the rule of law into an operational reality. It encompasses comprehensive anti-corruption measures, with all state agencies now connected to a single monitoring system supported by alignment with international bodies such as the Council of Europe, Group of States Against Corruption (GRECO) and OECD.⁶ G7 justice ministers' support includes establishing an anti-corruption unit and facilitating judicial exchange programmes, demonstrating international confidence in Ukraine's

reform trajectory. Operational achievements include reducing judicial procedural mistakes to 3.5 per cent and advancing digitalisation to enhance system efficiency. These developments are fundamental to attracting reconstruction investments and building public trust. However, the Roadmap faces substantial internal criticism from civil society organisations. Critics argue that its actions may dilute focus from essential systemic reforms, potentially creating a simulation of change rather than addressing deep-rooted politicisation within the justice system. Key concerns include the absence of Supreme Court reform and uncertainty over international experts' continued participation in selection processes.⁷ In the absence of these, the Roadmap risks becoming a bureaucratic exercise that fails to deliver the judicial independence and transparency that both EU integration and sustainable reconstruction require.

Second, Ukraine's National Energy and Climate Plan (NECP) represents a strategic framework for EU integration and sustainable reconstruction.⁸ The plan demonstrates Ukraine's commitment to the European Green Deal and the goal of making Europe the

⁵ European Commission, *EU Announces New €2.3 Billion Agreements Package at the Ukraine Recovery Conference 2025*, 10 July 2025, https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1786.

⁶ Ukraine's National Agency on Corruption Prevention, *Interagency Working Group on EU Accession Approves Draft Roadmap 'Rule of Law: What the Anti-Corruption Block Envisages'*, 8 May 2025, <https://nazk.gov.ua/en/news/interagency-working-group-on-eu-accession-approves-draft-roadmap-rule-of-law-what-the-anti-corruption-block-envisages>.

⁷ Anti-Corruption Action Centre and DEJURE Foundation, *529 Priorities Instead of Reforms: How the Rule of Law Roadmap Replaced Real Change*, 10 June 2025, <https://dejure.foundation/?p=7986>.

⁸ Ukrainian Ministry of Economy, *Ukraine Approves National Energy and Climate Plan on the Day of the Start of EU Accession Negotiations*, 25 June 2024, <https://www.kmu.gov.ua/en/news/ukraina-zatverdyla-natsionalnyi-plan-z-enerhetyky-ta-klimatu-v-den-pochatku-peremovyn-pro-vstup-do-ies>.

first carbon-neutral continent by 2050. As highlighted during the dedicated panel, it facilitates comprehensive alignment with EU standards, with market coupling legislation advancing through parliament and full energy market integration expected by 2027. Ukraine has already implemented significant reforms, including bio-methane legislation, green transformation laws and electricity integration packages.⁹ A Draft Law on Green Climate has been developed, alongside sustainable finance mechanisms aligned with the EU green taxonomy. A decarbonisation fund supports carbon emission reduction through European Emissions Trading System (ETS) and Carbon Border Adjustment Mechanism (CBAM) projects. However, the ongoing war creates unprecedented obstacles to implementation. The conflict has hampered the country's ability to monitor and respond to environmental changes, while Ukraine faces huge environmental problems as the war poisons the nation's air, water and soil, with air pollution from military sites, and soil and water contamination from coal mines in conflict zones.¹⁰ These conditions complicate green transition efforts, requiring international support to attract necessary private

sector investments. These initiatives are particularly necessary in this sector, as green transition policies require substantial private investment alongside public funding to achieve meaningful scale. However, the uncertainty surrounding the duration of the war significantly complicates private sector engagement, as investors remain cautious about committing capital to long-term projects in an unstable security environment.

Lastly, Ukraine's economic reforms represent a fundamental pillar for strengthening the country's economic stability and resilience. These comprehensive reforms should position Ukraine to attract foreign investment across multiple strategic sectors, such as renewable energy, the agricultural sector and financial services through a harmonisation with EU standards to create a more predictable investment environment. Kyiv's engagement with the International Monetary Fund (IMF) centres on ensuring financial stability while supporting the country's EU accession trajectory. The current 48-month Extended Fund Facility (EFF) programme, approved in March 2023 with access to Special Drawing Rights (SDR) 11.6 billion (approximately 15.6 billion US dollars), represents part of a broader 115 billion US dollar international support package. This marks the latest in a series of over ten IMF programmes since Ukraine joined the institution, reflecting the ongoing partnership between the two entities.¹¹

⁹ Olha Bykova, "Greener, Better, Stronger Together: Why Cooperation in Renewable Energy Should Be a Priority for EU-Ukraine Relations", in *EPC Commentaries*, 15 May 2025, <https://www.epc.eu/publication/greener-better-stronger-together-why-cooperation-in-renewable-energy-should-be-a-priority-for-eu-ukraine-relations>.

¹⁰ Joint Research Centre, *War Worsens Climate and Environmental Challenges in Ukraine*, 11 April 2025, https://joint-research-centre.ec.europa.eu/node/10177_en.

¹¹ International Monetary Fund, *IMF Executive Board Completes the Eighth Review of the Extended Arrangement under the Extended Fund Facility for Ukraine*, 30 June 2025, <https://www.imf.org/en/News/Articles/2025/06/30/pr>

The programme focuses on three critical reform areas essential for Ukraine's economic resilience and European integration. First, maintaining a sound fiscal policy, developing comprehensive budget frameworks and reforming the tax system. While large-scale tax reform remains difficult during wartime, effective taxation is fundamental to the country's continued functioning and fiscal sustainability. Second, establishing a stable debt trajectory to ensure optimal resource allocation and enhance credibility with international partners. Third, financial sector reforms to establish robust infrastructure supporting private sector development, in order to prevent economic disasters such as hyperinflation that could undermine both wartime resilience and post-conflict reconstruction efforts.

What lies ahead

The two-day conference reinforced how crucial EU standards alignment is for Ukraine's post-conflict reconstruction strategy. However, this process remains complex and non-linear, fraught with significant challenges. Completing reforms in line with EU requirements is both binding and complicated, given the stringent parameters that must be met. This complexity stems from Ukraine's inherent structural weaknesses, compounded by the ongoing conflict, which amplifies existing vulnerabilities.

Despite these critical challenges, anchoring reconstruction and

reforms to EU standards remains Kyiv's best guarantee for effective and sustainable recovery. Given the complexity of this process, sustained European political and financial commitment to reconstruction efforts that strictly adhere to EU standards will be crucial to ensure that Ukraine's future EU accession is both effective and sustainable. Genuine alignment with EU standards and legislation would enhance confidence among international stakeholders and investors, facilitating the attraction of capital necessary to adequately resource this process. This would also enable Ukraine to integrate into international networks of support, diplomacy and dialogue essential for progressive alignment with the EU-promoted international framework.

However, the Damocles sword of the ongoing conflict's duration looms over all these efforts. The Russian invasion inevitably limits the progress the country can achieve on this path, exacerbating existing challenges and hindering the capacity to reach planned objectives. Despite the various commitments undertaken by the EU and individual member states to mobilise resources for the country's reconstruction, the continuation of Russian aggression remains a persistent threat that can slow down, if not obstruct, the achievement of specific reform and integration goals. The critical error that the EU should avoid in the face of these obstacles is retreating from its support to Ukraine. Sure, aligning reforms with European standards remains strategically essential for achieving sustainable and effective reconstruction. However,

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what the EU should undertake extends far beyond mere economic investment or technical aspects of enlargement. It requires comprehensive political support for Ukraine to resist Russian aggression, encompassing also unwavering diplomatic backing, security cooperation and long-term political partnership. This multifaceted support is crucial as Ukraine's struggle is a defining moment for European values and the continent's future security architecture. The awareness of existing difficulties in terms of reforms and investments, combined with the inevitably medium-to-long-term prospects of accession, should not limit the support that Brussels can provide to Kyiv. Such support is strategic not only for Ukraine's future but also for guaranteeing the present and future security of the European continent.

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