



A PEACE AND PROSPERITY COMPACT

How to facilitate reconstruction while deconflicting EU and US approaches

by

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Ukraine's post-war reconstruction will create major opportunities for global investors. Both the EU and the US are keen to support this process. But Ukraine's economic recovery and reconstruction will not take place unless the preconditions for mobilising substantial private capital materialise. The EU, the US and Ukraine, together with G7 partners like Japan and Canada, major donors like Norway, and international financial institutions (IFIs), should create these preconditions by establishing a Peace and Prosperity Compact. The Compact would be firmly anchored in the G7 universe and aligned with the activities of its Ukraine Donor Platform. Its concrete added value would be to foster a common approach to Ukraine's reconstruction and recovery by focusing on the areas where the interests of the EU, the US and other stakeholders converge: securing greater returns on

investments, reducing collective action problems, and limiting the risk of wasting public funds if reconstruction falters.

Idea

The Trump administration appears determined to capitalise on the business opportunities created by Ukraine's reconstruction and recovery, from mineral extraction and port infrastructure to fertiliser production. The Ukraine Reconstruction Investment Fund ([URIF](#)) is a primary vehicle for US-backed investment. However, its success to date and the projected benchmarks in the foreseeable future are modest: they include three investment agreements to be concluded by the end of 2026, and a pot of public money not exceeding USD 200 million (from both US and Ukrainian governments) intended to catalyse further private investment. The US also envisions a free trade agreement with Ukraine, as well as the creation of another sovereign recovery fund focused on energy infrastructure, housing and data centre construction.

The EU is Ukraine's most important donor, but its pockets are not limitless. The [Ukraine Investment Framework](#), the second pillar of the Ukraine Facility, with a budget of €9.5 billion, is the EU's most important tool for mobilising investment in the country's reconstruction and recovery. For the EU, Ukraine's recovery is not just a business opportunity; it is a prerequisite for Kyiv's future

EU accession and for ensuring that Ukraine remains a strong bulwark against Russian aggression.

Once a peace deal is achieved, Ukraine's reconstruction and recovery will inevitably involve [competition](#), with US, EU and other companies vying for contracts and investment opportunities. Nevertheless, the two sides of the Atlantic share a fundamental interest in creating a positive business and investment climate in the country. The [Ukraine Prosperity Plan](#), drafted jointly by the EU and US in January 2026, reflects this. It envisions a non-competitive logic by linking the country's long-term recovery to the creation of an investor-friendly business environment. Rather than stressing shared values, the plan focuses on business interests that are more likely to appeal to the White House. The EU, the US, other partners in the G7 and beyond, and, above all, Ukraine, will all be better off if the logic driving reconstruction efforts emphasises absolute gains – the shared long-term benefits of cooperation – over short-term or relative gains. Creating the conditions needed to mobilise substantial private investment will increase returns for all while reducing the risk that public investment is squandered should those conditions fail to materialise or endure.

Impetus

To that end, the EU should propose establishing a shared Peace and Prosperity Compact. The Compact would be anchored in the G7 framework for Ukraine's reconstruction and recovery and would involve partners such as Japan, Canada, the United Kingdom and other major stakeholders beyond the G7, like Norway. The Compact would complement rather than replace existing [initiatives](#) like the Ukraine Recovery Conference and the Ukraine Donor Platform. Its purpose would be to increase their chances of success by fostering the systemic changes on which Ukraine's recovery depends. Recovery is more likely to be successful if the key donors develop a shared approach *vis-à-vis* Ukraine, streamline their efforts, and manage the risks associated with reconstruction collectively rather than individually.

The Compact should focus on fostering cooperation (even if limited) in the otherwise competitive field of reconstruction by

concentrating on areas where all parties involved clearly stand to benefit. The parties could commit to work together to strengthen Ukraine's capacity to effectively plan, prepare and implement large-scale public infrastructure projects that will enhance the country's business environment. They could coordinate their efforts to help Ukraine improve the business and investment climate, including by supporting the privatisation of key state-owned enterprises (SOEs), reducing the large informal sectors of the economy and undeclared economic activity ('deshadowing'), improving transparency and ensuring adequate protection of property rights. Businesses would also benefit from the availability of a capable and skilled labour force. States participating in the Compact can assist Ukraine with programmes to attract and resettle internally displaced Ukrainian citizens and Ukrainians living abroad in areas where labour and productive capacity are most needed.

Infrastructure should be another area of focus. Rebuilding a secure and resilient transport network – from ports to railroads – after the devastation wrought by Russia's war of aggression will be essential for attracting private investment. Equally important is ensuring that critical infrastructure, including digital and telecommunications networks, is free from hidden vulnerabilities and weaponisable dependencies, particularly in relation to sensitive technologies supplied by China.

Critical raw minerals (CRMs) are another area of strategic interest to investors from the EU, US and other G7 partners. The current geopolitical climate makes competition over CRMs inevitable. However, focusing on developing integrated and localised value chains linking extraction, refining and advanced manufacturing will ensure that as much as possible of the value is generated inside Ukraine and contributes to the sustainability of the country's long-term economic recovery. It will also broaden opportunities for outside investors across different stages of the value chain. The Compact could also address potential regulatory issues and ensure compliance with the EU *acquis*. Ensuring that reconstruction does not create obstacles to Ukraine's future EU membership – a goal also supported by the US – is essential for nurturing a favourable investment climate over the long term.

Instruments

The Compact would be a means of making the positive vision outlined in the Ukraine Prosperity Plan a reality. It offers a pragmatic way forward based on a realistic assessment of the current challenges in transatlantic relations and the different priorities of the US and the EU: the former places emphasis on resource extraction, while the latter views reconstruction as an integral part of Ukraine's EU accession. These differences should not occlude the fact that common interests continue to exist. Even in a domain that may feature fierce competition, these shared interests provide a foundation on which to build practical cooperation.

The Compact should outline practical ways to help deconflict competing initiatives and develop favourable conditions for doing business, without which neither individual projects nor Ukraine's wider reconstruction effort can succeed. To achieve this, the Compact could establish a process for reviewing competing projects, identifying bottlenecks and obstacles that could hamper successful investment and communicating these to both the Ukrainian government and investor counterparts. It could also advise Ukraine on prioritising strategic reconstruction projects with the greatest potential to catalyse investment, while liaising with donor platforms and private investors.

In addition to the practical benefits the Compact could deliver to the parties, transatlantic cooperation in reconstruction and recovery could help maintain at least partial US interest in security support to Ukraine. It is clear that security commitments will need to underwrite any substantial private investment, but US willingness to provide those are in doubt. The EU should keep in mind that the Trump administration, having agreed to invest in Ukraine's reconstruction, has a strong interest in ensuring that those investments succeed. The measures proposed in the Compact would help create the conditions for that to happen.