

Public Investment Management in Ukraine

Lessons from 2025 and Priorities for 2026–2027



BRIEF OVERVIEW

On 24 April 2026, the We Build Ukraine analytical centre held a roundtable discussion titled “Public Investment Management (PIM) in Ukraine: Lessons from 2025 and Priorities for 2026–2027.” The event was held within the framework of the project “**Advocacy for the Interests of Local Self-Government in Public Investment Reform**” and brought together more than 120 participants, both offline and online.

PARTICIPANTS

- **Policymakers:** Ministry of Economy, Ministry for Communities and Territories Development, Reform Office of the Cabinet of Ministers of Ukraine;
- **Project initiators:** more than 50 representatives of local self-government bodies;
- **Civil society organisations:** sector-specific NGOs, the Association of Ukrainian Cities, and the Association of Small Cities of Ukraine;
- **International partners and financial institutions:** EU Delegation to Ukraine, the World Bank, the European Investment Bank, and the EBRD;
- **Project preparation programmes:** Ukraine Government PFF, hosted by the PPP Agency;
- **Expert community:** leading consulting firms including EY, PwC, the National Institute for Infrastructure Development, EU4Reconstruction, and IC Consulenter.

DISCUSSION FOCUS



Participants examined cross-cutting issues across the investment cycle — the scale of the portfolio, approaches to project prioritisation, the quality of project preparation, and the institutional capacity of communities. PIM reform is critically important given the scale of Ukraine's recovery needs, which call for prudent and effective management of public funds.

Below is an overview of the key challenges, systemic risks, and directions for improvement.

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CONTEXT

Public Investment Management (PIM) reform is one of the key prerequisites for the effective use of resources for Ukraine's recovery and development. Its essence is the transition from fragmented procedures for preparing individual projects to a unified investment cycle: from defining strategic priorities and preparing projects to their selection, financing, implementation, monitoring, and final evaluation. The reform architecture has been shaped through updates to the Budget Code, the reform roadmap, and government procedures governing the preparation of preliminary investment feasibility studies (pre-FS) and full feasibility studies (FS), the formation of sectoral portfolios and the Single Project Portfolio (SPP), and financing decisions.

At the same time, the practical implementation of the reform reveals a significant gap between the regulatory model and the actual capacities of system participants — primarily at the local level. Discussions with representatives of local self-government bodies, experts, and roundtable participants demonstrated that communities generally support the need for a more transparent and rational public investment system but face considerable procedural complexity, staff shortages, insufficient methodological support, and uncertainty about the real chances of their projects being financed.

SCALE OF THE IMBALANCE

581.3
UAH billion

Medium-term plan of priority public investments of the State for 2026–2028

11.4
UAH trillion

Total cost of 149 projects and programmes submitted to the State's Single Project Portfolio for 2026

115.5
UAH billion

Allocated in the 2026 State Budget for public investment projects

This imbalance points to the need for stricter prioritisation, clearer budgetary constraints, and a transition from the logic of a “portfolio of needs” to that of a **“portfolio of realistic investment decisions”**

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KEY CHALLENGES IN REFORM IMPLEMENTATION

Prioritisation and Financial Constraints

The current approach to portfolio formation does not yet provide a sufficient link between strategic priorities, resource constraints, and project readiness for implementation. Sectoral portfolios are formed without firm financial ceilings for individual financing sources — direct budget expenditures, state guarantees, credit resources from international financial institutions, and potential payments under PPP contracts.



As a result, the SPP includes a significant number of projects whose actual priority is unclear and which may not be feasible to implement within the medium term.

Quality of Project Preparation. Analysis of the SPP reveals a contradictory situation: despite limited capacity to prepare projects to a high standard, a substantial number of initiatives have been submitted to portfolios at all levels. Some of these initiatives are formal or template-based and do not reflect the substance of a real investment decision. The main reasons include the absence of centralised databases of comparable facilities by sector, pricing instability, changes in design standards, and a shortage of high-quality FS examples.

The greatest difficulties for communities arise at the initial stage of project preparation — when determining the need, indicative cost, technical alternatives, economic feasibility, and future operating costs. The absence of a simplified approach to cost estimation based on aggregated indicators forces initiators either to spend funds prematurely on design documentation or to submit projects with insufficient justification. This reduces the practical value of the SPP as a tool for prioritisation and investment decision-making.

Staffing and Institutional Capacity of Communities



One of the key challenges for communities remains limited staffing capacity. In small and frontline communities, a single employee is often simultaneously responsible for communications, work in DREAM, project preparation, donor liaison, and other day-to-day tasks. Under such conditions, even well-drafted procedures do not guarantee the adequate preparation of investment projects. The problem is compounded by staff turnover, the loss of institutional memory, and the absence of a sustainable professional community of public investment management specialists.

Community surveys show that communities need not only training but also practical support in preparing specific projects. This includes document templates, examples of high-quality FS, consultations on working with DREAM, assistance with financial and economic calculations, and access to external expertise for more complex projects. One-off training sessions can explain the logic of the reform, but they cannot substitute for ongoing methodological and advisory support throughout the entire process of preparing an investment decision.

Procedural Misalignment and the Burden on the Local Level

Local self-government bodies also point to the need for better alignment of new procedures with the budget process and local management practices. This includes synchronising the timeframes of medium-term budget planning and public investment planning, aligning state- and local-level decisions, clearly distinguishing between “capital expenditures” and “public investments,” and providing more detailed procedures for communities.



The implementation of the reform without a sufficient transition period has placed additional burdens on the very system participants with the least staffing and institutional capacity.

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SYSTEMIC RISKS

Without additional corrective measures, the reform risks remaining largely procedural rather than becoming results-oriented. The main risks are as follows:

- the formation of an excessively large SPP without confirmed financial resources;
- a decline in project quality due to the formal, box-ticking completion of documents;
- slow disbursement of funds due to complex approvals and insufficient monitoring;
- the rapid depreciation of prepared documentation due to inflation, devaluation, and changes in regulatory requirements;
- a weakening of decentralisation principles if community needs are not properly taken into account in the centralised investment decision-making model.

Municipal infrastructure projects deserve particular attention. Their financial viability often depends not only on capital costs but also on tariff policy, the condition of utility enterprises, future operating costs, and the community's ability to provide co-financing. If these factors are not considered at the selection stage, the system may create only the appearance of project investment readiness, without the real preconditions for subsequent implementation.



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DIRECTIONS FOR IMPROVEMENT

- **Focus the SPP on Practical Priorities.** To increase the effectiveness of the reform, the SPP should concentrate on a limited number of priorities that correspond to the wartime and post-war needs of the state and communities: energy and infrastructure resilience, basic municipal services, critical logistics, and projects with high economic and social impact.
- **Prioritisation Based on Available Resources.** Prioritisation should be based not only on declared needs but also on a realistic assessment of available financial resources. To this end, sectoral budget constraints by main financing source should be introduced, and portfolios should be formed within these resource envelopes. Resilience plans should also be integrated into the PIM system as one of the prioritisation criteria, ensuring a transparent link between security needs, sectoral strategies, and the SPP.
- **Simplified Format for Small Communities.** A simplified format for participation in the reform should be provided for small and frontline communities and for small projects. It should include a reduced volume of documentation, simplified requirements for preparing an investment FS, an adapted DREAM interface, and clear project-cost thresholds below which the full set of procedures does not apply.
- **Methodological Infrastructure.** An important practical step would be the creation of sectoral databases of comparable facilities, standard investment FS templates, a library of examples, and methodological guidance for typical municipal projects — in particular in education, healthcare, water supply, heating, shelters, and energy efficiency.
- **Financing Mechanism for Project Preparation.** A dedicated mechanism for financing project preparation for communities should be introduced, covering the costs of preliminary investment FS, full FS, necessary technical studies, design documentation, and financial and economic analysis. This would reduce the risk of communities spending local funds on preparing projects that have no realistic prospect of subsequent financing.

- **Ongoing Advisory Support.** Support for communities should shift from one-off training to continuous advisory assistance. It would be appropriate to establish a help desk, regional centres of expertise, mentoring mechanisms for communities, practical project reviews, and support for working with DREAM.
- **Alignment of the Budget and Investment Cycles.** The timeframes of budget and investment planning need to be synchronised, the distinction between capital expenditures and public investments needs to be clarified, and procedures for the local level need to be elaborated, taking into account the different capacities of communities.



5 CONCLUSION

Public investment management reform is a necessary condition for the transparent and effective use of recovery resources. At the same time, its success will be measured not by the number of projects in the SPP but by the system's ability to turn selected initiatives into completed facilities, services, and tangible results for citizens.

At this stage, the key task is to move from the regulatory launch of the reform to its practical fine-tuning. This requires realistic prioritisation, high-quality project preparation, differentiated requirements depending on the type of community and the complexity of the project, and ongoing expert support for project initiators — particularly at the local level.

For state authorities, donors, and international partners, the focus should shift to creating simple, replicable, and scalable tools — **standard templates, databases of comparable facilities, methodological guidance, project preparation financing mechanisms, and systematic support for communities.** It is precisely these elements that can transform the reform from a formal project selection system into a working mechanism for the recovery, resilience, and sustainable development of territories.