

Municipal PPPs in Ukraine: How to Attract Private Capital for Community Reconstruction

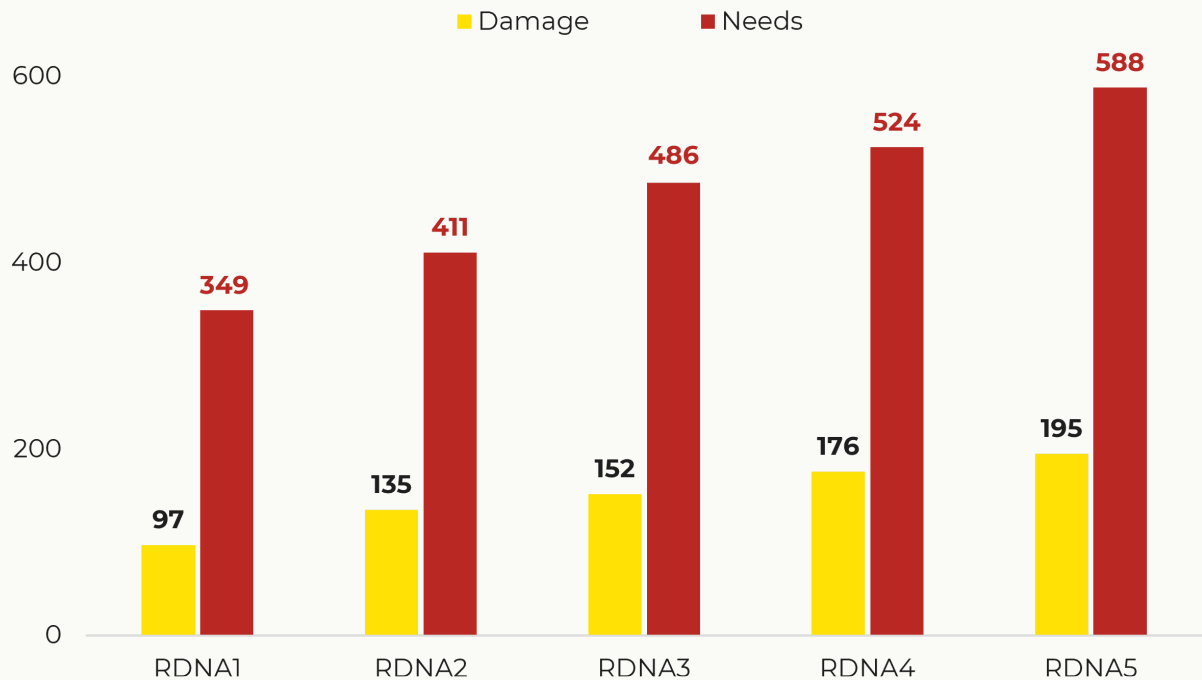
Gdańsk, Poland · 24 June 2026

EXECUTIVE SUMMARY

Public-private partnership (PPP) at the municipal level remains one of the least used tools for attracting private capital to Ukraine's reconstruction, even as recovery needs keep growing while public and donor financing does not. Of more than 200 PPP agreements signed in Ukraine, only 19 are actually being implemented, and an analysis of the DREAM system found fewer than 1.5% of all registered public investment projects suitable for the PPP format.

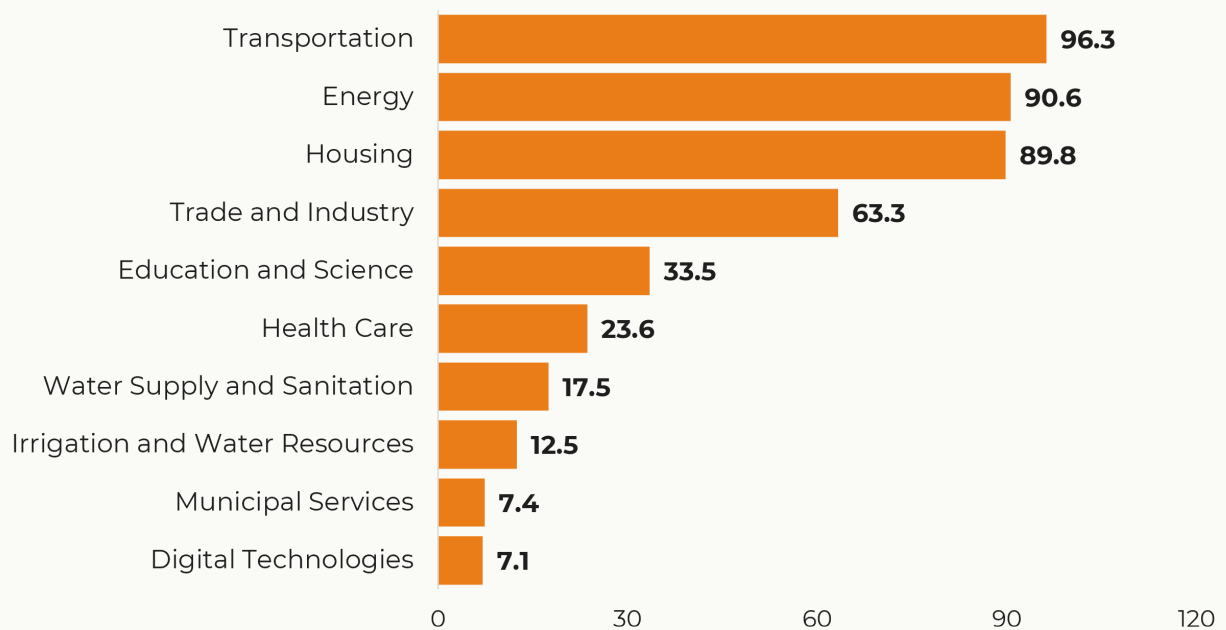
On 24 June 2026, on the sidelines of the Ukraine Recovery Conference 2026 in Gdańsk (Poland), the We Build Ukraine analytical center, together with the "Together with Kernel" Charitable Foundation and Kernel, in partnership with the Confederation of Builders of Ukraine, held a roundtable titled "Municipal PPPs in Ukraine: How to Attract Private Capital for Community Reconstruction." Opening remarks were delivered by We Build Ukraine co-founder and Advisor to the President of Ukraine on Infrastructure and Community Coordination Oleksandr Kubrakov and Together with Kernel Charitable Foundation Executive Director Lillia Marachkanets; the discussion was moderated by We Build Ukraine co-founder Anna Yurchenko. Participants included representatives of government and local self-government authorities, business, international financial institutions, the expert community and territorial communities, who discussed the current state, barriers and practical steps for scaling PPPs at the level of territorial communities.

Key figures from the RDNA reports, \$ bn



Direct losses grew from \$97bn (2022) to \$195bn (2025), and total recovery needs rose to \$667bn, per RDNA5 estimates.

Recovery and reconstruction needs potentially suitable for PPPs by sector, \$ bn



Aggregate potential of PPP-feasible projects by sector, per We Build Ukraine estimates — around \$497bn.

PARTICIPANTS

The discussion brought together representatives of government and local self-government, business, international financial institutions, the expert community and territorial communities. Among the speakers:

- **Oleksandr Kubrakov** — Advisor to the President of Ukraine on Infrastructure and Community Coordination; Co-founder, We Build Ukraine Analytical Center
- **Liliia Marachkanets** — Executive Director, Together with Kernel Charitable Foundation
- **Anna Yurchenko** — Co-founder, We Build Ukraine (discussion moderator)
- **Ivan Slobodyanyk** — Executive Director, All-Ukrainian Association of Communities
- **Dmytro Zabula** — Audit Partner, EY
- **Timur Bondaryev** — Founding Partner, Senior Partner, Co-Head of Real Estate and Construction, Arzinger
- **Serhii Novosolov** — Project Manager, UNDP Technical Assistance for the Implementation of the Ukraine District Heating Programme, UNDP
- **Vladyslav Dergunov** — Chief Operating Officer, Nova Ukraine
- **Charles-Antoine de Crombrughe** — Policy Officer, DG ENEST, European Commission; Lead for energy, capital markets and insurance workstreams, Ukraine Investment Framework
- **Yuriy Katser** — Partner, Tax & Legal; Head of Legal Services, KPMG in Ukraine
- **Kostiantyn Sinelnichenko** — Senior Manager, PwC
- **Daniel Alex** — Senior Manager developPPP, DEG Impulse gGmbH
- **Volodymyr Kudrytskyi** — Managing Partner, PowerOne Project; investor in distributed generation projects; former Chairman of the Management Board, NPC Ukrenergo
- **Dmytro Bespalov** — Co-founder and Director, ProMobility
- **Marcin Andrzej Zieniewicz** — Key Expert, Polish Investment & Trade Agency
- **Jarosław Bełdowski** — First Deputy Chairman of the Management Board, Kredobank JSC
- **Rhiannon Kempson** — Deputy Director, Eastern Europe and Central Asia Network (EECAN), Department for Business and Trade (DBT), UK
- **Michał Piwowarczyk** — Deputy Director of the Department of Public-Private Partnership, Ministry of Development Funds and Regional Policy, Poland
- **Thomas Mauget** — Regional Director and Humanitarian Response Coordinator, Helvetas Swiss Intercooperation
- **Olena Boychenko** — Partner, Consulting; Head of Consulting Practice, Deloitte Ukraine
- **Lev Partskhaladze** — President, Confederation of Builders of Ukraine



KEY CHALLENGES

1. Terminological ambiguity and a limited track record of PPP implementation

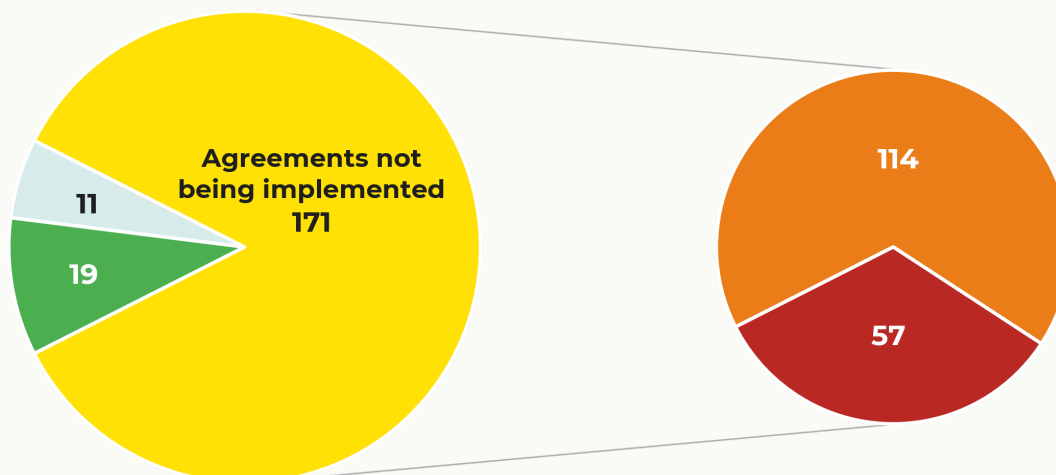
Participants noted that Ukraine still lacks a shared understanding of what qualifies as a PPP project. Oleksandr Kubrakov pointed out that this category is often mistakenly used to describe the privatization of water utilities 15–20 years ago, or individual investment sites in major cities, whereas projects actually implemented under the legally established procedure are few. The main cause is the complexity and length of the procedure itself: even under simplified, "sub-threshold" procedures, preparing a project up to the start of construction takes at least a year and a half.

2. Critically low implementation rate of signed PPP agreements

According to the PPP agreements registry as of 1 January 2026, of 201 signed agreements only 19 are actually operating (fewer than 10%). More than 90% are not being implemented: 114 agreements are effectively dormant, 57 have been terminated or expired, and another 11 have been suspended due to Russia's armed aggression. Implemented projects are concentrated mostly in a few regions (Dnipropetrovsk, Zakarpattia and Kyiv oblasts) and mainly involve water supply and sanitation, heating and gas supply, and waste management — that is, only about 15% of the number of projects that were active four years ago.

PPP agreements by implementation status as of 1 January 2026

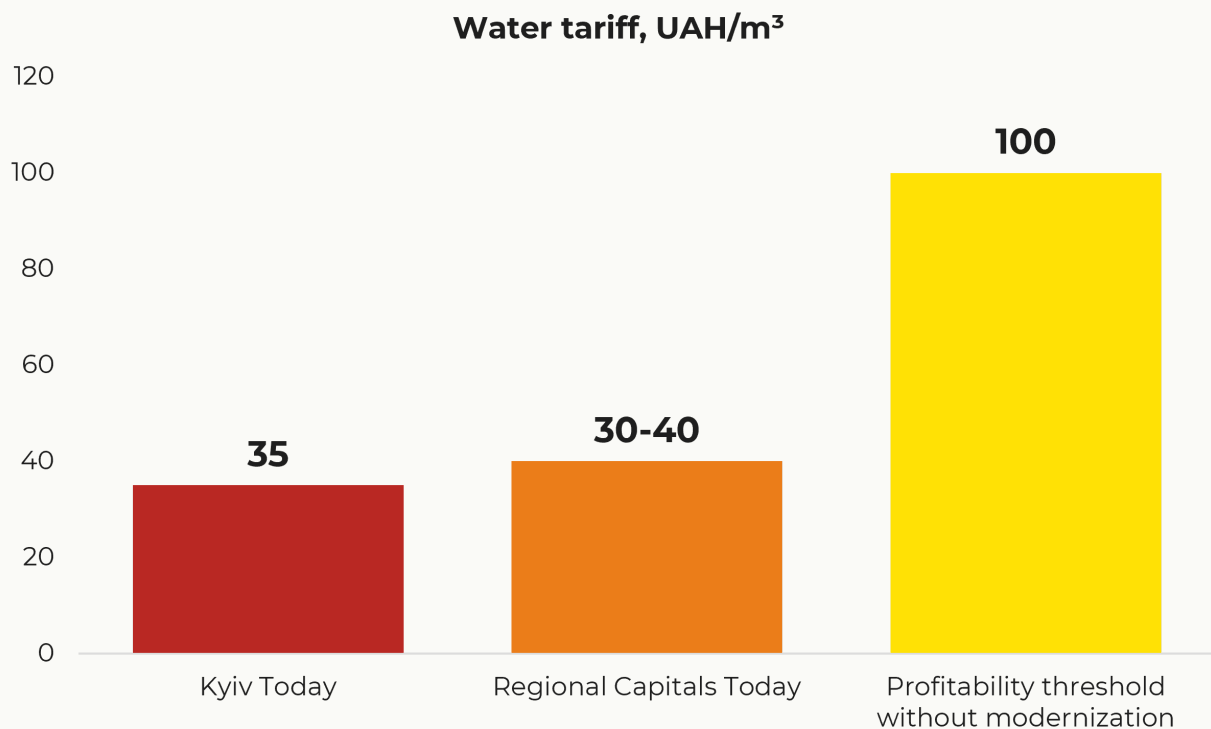
- In progress
- Suspended (armed aggression by the Russian Federation)
- Not being implemented
- Terminated / expired



Implementation status of 201 PPP agreements as of 01.01.2026.

3. Tariff policy as a cross-cutting barrier for utility infrastructure

Participants repeatedly stressed that without market-based tariffs for utility services (water, heat, electricity), no PPP model can work, since a private investor gets no predictable revenue source. Yuriy Katser (KPMG) noted that even the most sophisticated legislation cannot compensate for the absence of a market tariff: if a sector is not financially attractive, project preparation taking a month or 15 years will equally fail to deliver results. This was confirmed by the case of a private investor in water infrastructure (BGV Group Management) presented at the event: today's water tariff in Kyiv (35 UAH/m³) and in regional centers (30–40 UAH/m³) is 2.5–3 times below the profitability threshold without modernization (100 UAH/m³ — compared with 175 UAH/m³ in Warsaw).



The tariff gap as an entry point for private capital in water infrastructure.

4. Project preparation timelines incompatible with political cycles

Timur Bondaryev (Arzinger) highlighted a structural problem: turnkey preparation of a PPP project, including the feasibility study, takes 3–5 years, while Ukraine's electoral cycle forces an official to make a decision whose outcome he will most likely never see, let alone capitalize on politically (*"he won't even get to cut the ribbon"*). This lowers local politicians' motivation to launch long, risky projects and pushes them toward "gigantism" — the urge to go straight for one large, complex project instead of testing the model step by step on smaller sites.

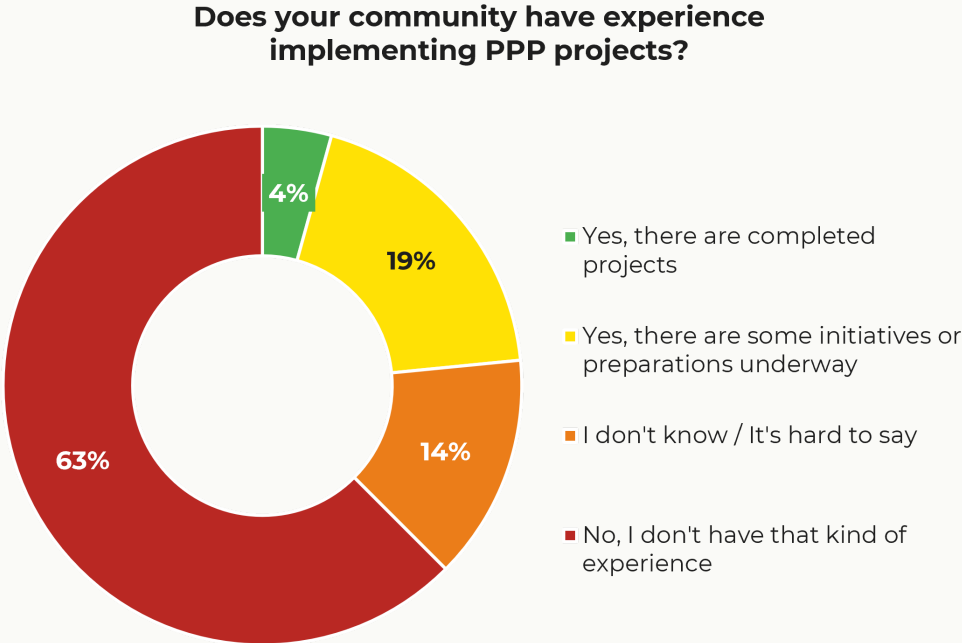
5. Weak institutional capacity in communities: staffing, data, project-management standards

Kostiantyn Sinelnichenko (PwC) presented results of a "Rapid Implementation Readiness Assessment" (March 2026) covering nine organizations, including three large city councils: none of them has dedicated project manager positions, certification, or specialized project-management software — investment projects are often *"tracked in Word."* Serhii Novosolov (UNDP) confirmed that the problem is not a lack of funds in communities, but a lack of capacity to prepare a quality engineering survey, feasibility study, technical supervision and risk assessment before approaching an investor or banker. Dmytro Bepalov (ProMobility) raised a

similar point about transport planning: communities do not collect the transport-demand data needed for investment calculations, even though doing so is inexpensive and simple.

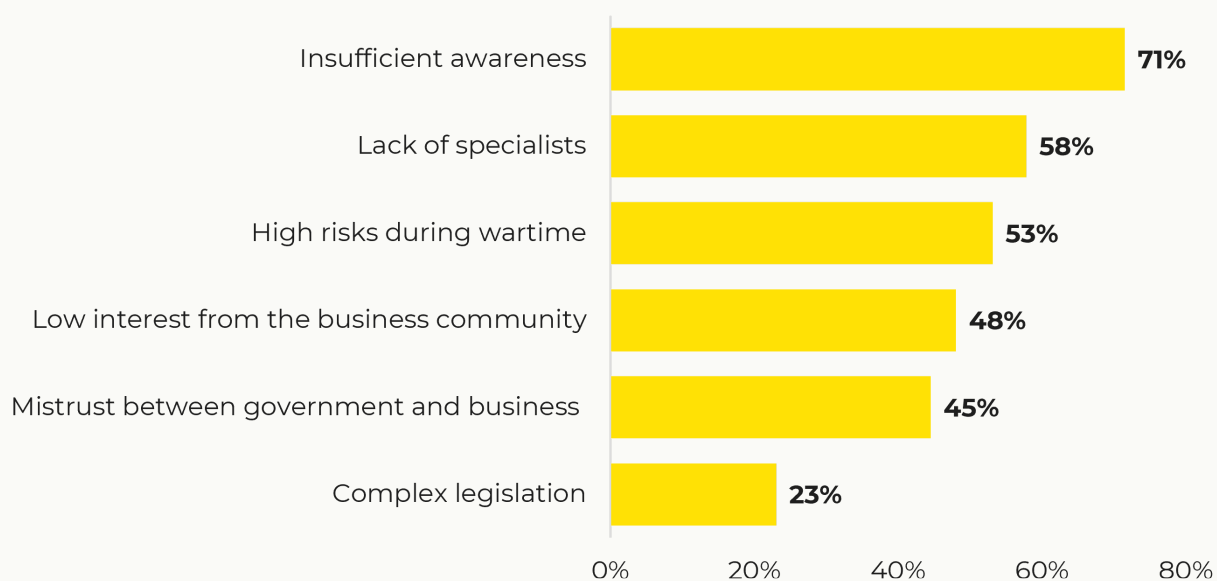
6. Low awareness of the PPP mechanism among communities and a lack of practical experience

A survey conducted by the We Build Ukraine analytical center among representatives of 256 territorial communities across all regions of Ukraine (46% urban, 19% township, 35% rural communities) found that only 16% of respondents understand the PPP mechanism well, 55% are only partially familiar with it, and 23% have merely heard the term. 63% of communities have no PPP experience at all, and only 4% can point to a completed project. Communities named lack of awareness (71%), lack of specialists (58%) and heightened wartime risks (53%) as the main barriers — while only 23% of respondents considered legislative complexity a problem.



63% of communities have no PPP experience; only 4% have completed projects.

What is the biggest obstacle to the development of PPPs in communities?

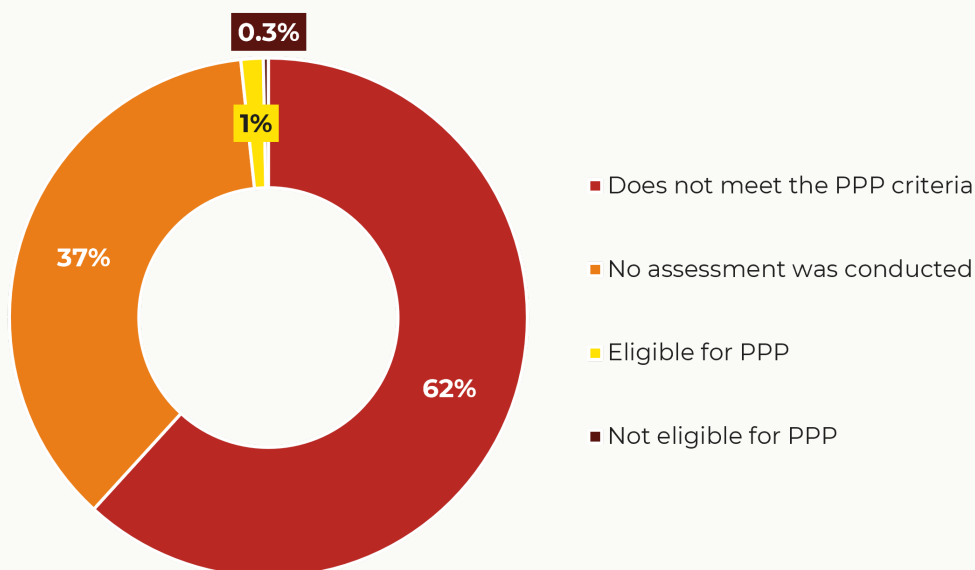


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7. Gap between the public investment project pipeline (DREAM) and actual PPP suitability

Analysis of the DREAM system presented by the organizers showed that of 20,051 public investment projects worth a combined €152.4bn, only 342 projects (1.7%) underwent a actual PPP-suitability assessment, corresponding to the small "suitable" and "not eligible" shares in the breakdown below; of those assessed, only 279 (1.4% of the total pipeline) were found suitable. The highest suitability rates are in energy (3.6%, 15 projects) and transport (2.3%, 34 projects), while education — despite having the largest number of projects at the regional and local level (115 projects) — remains a sector with a relatively low suitability rate (1.5%). Analysts also found more than 100 contradictory entries in the system (for example, 70–87 projects with no assessment done but marked as having interested investors) — evidence of a lack of understanding of the PPP mechanism already at the stage when project initiators enter their data.

Classification of Projects by Suitability for PPPs



62% of DREAM projects do not fit the PPP format, 37% have not been analyzed, and only 1% have been found suitable.

8. Fear of administrative and criminal liability (the "fourth partner")

A representative of the Polish bank that financed the reconstruction of the Sopot railway station under a PPP model called this *"the fourth P of Polish PPP — the prosecutor"*: an official who signs an agreement with a private partner risks facing criminal proceedings over the question of "why this particular investor was chosen." According to him, Poland partly solved this problem by introducing a special government certificate confirming the quality of a PPP project's preparation. This point had come up earlier in the discussion too: Oleksandr Kubrakov noted that communities often find it "much more pleasant and interesting" to work with private capital than to later deal with prosecutorial scrutiny.

9. Shortage of qualified personnel in construction, design and urban planning

Lev Partskhaladze (Confederation of Builders of Ukraine) reported that about 70% of construction workers are currently at the front, and prolonged absence from practice is eroding their skills. At the same time, many communities lack up-to-date master plans, are short of design and documentation specialists, and have no unified project-implementation standards. He also pointed to a corruption element in the issuance of urban-planning conditions in the absence of approved master plans, which further reduces communities' motivation to update them.

10. Limited access to long-term and project finance, and a gap in international investors' expectations

According to Yuriy Katser (KPMG), Ukrainian banks and financial instruments are largely unsuited to long-term PPP project finance: mostly classic energy service contracts are available, while instruments such as municipal bonds (including revenue/conduit bonds on the US model) remain undeveloped. International partners (Ukraine Investment Framework, DEG, the UK's Department for Business and Trade) confirmed their readiness to support project preparation and provide guarantees, but stressed a gap in expectations: foreign investors often perceive Ukraine as a "gray zone" without a clear understanding of the legal framework and communities' powers, and investment attention is largely concentrated on a few cities and regions (Kyiv, Odesa, Lviv, Zakarpattia), leaving dozens of smaller communities with ready land offers and infrastructure needs overlooked.



PROPOSALS DEVELOPED

Legislative and institutional development

- **The State Agency for PPP Support** — continue publicly releasing a catalog of specific, well-prepared PPP projects for private and international partners, building on the distinction introduced by Law No. 4510 between sub-threshold, above-threshold and large projects.
- **Relevant institutions (Ministry of Economy, PPP Agency)** — study Poland's experience introducing explanatory guidelines to the law, a platform for experience-sharing among communities, and a long-term (5–7 year) government PPP policy grounded in systematic analysis of market barriers.

- **Cabinet of Ministers** — consider introducing quality certification for PPP project preparation, modeled on the Polish "government certificate," to reduce the risk of subsequent criminal prosecution of community officials who make PPP decisions.
- **Cabinet of Ministers and PPP Agency** — treat adjacent reforms (tariff regulation, access to registries, procurement transparency) as an inseparable part of the PPP agenda: these are precisely what build the level of predictability and trust without which the sectoral law alone will not work.

Accelerating and simplifying project preparation

- **Relevant agencies** — treat the end-to-end "idea to contract" cycle as a single goal rather than a set of disconnected stages, and shorten the timelines for concept notes, feasibility studies and structuring for smaller, sub-threshold PPP projects.
- **Communities and partners** — deliberately start with small, non-critical projects (public-transit stops, 5–15 MW local generation, individual water-utility assets) to build practice and trust before moving to large-scale concessions.
- **The Confederation of Builders of Ukraine and relevant associations** — build a catalog of standard project designs (schools, hospitals, kindergartens, housing, administrative buildings) for rapid adaptation and replication across communities.
- **Communities** — prioritize updating master plans and spatial development plans as a precondition for transparent, fast investor engagement.

Building community capacity

- **We Build Ukraine and Together with Kernel Charitable Foundation** — develop an offline PPP school for communities (pilot with 20 competitively selected communities), working through specific projects with economic calculations and subsequent investor search.
- **Donors and partners** — provide communities with methodological guidance, standard documents and templates, expert consultation support, and financing for project preparation — the types of assistance communities themselves identified as priorities (training — 78%, consultations — 74%, financial support for project preparation — 72%).
- **Cities and communities** — implement project management: dedicated project-manager positions, professional project-tracking software, and training in procurement and tender documentation.

- **Communities** — take clear responsibility for the completeness and accuracy of the data and commitments they hand to a potential partner (land status, permitting documentation, realistic approval timelines): it is on this information that the investor and bank build their financial calculations, and its quality directly affects the speed of decision-making.
- **Ukraine Investment Framework** — develop a single information platform where an investor can see a project's full path from idea to implementation, including data on the community, the land plot, connection procedures and financing options.

Financial and risk instruments

- **Relevant banks and the Cabinet of Ministers** — explore the applicability of municipal bonds (including conduit/revenue bonds) as a long-term financing instrument for utility projects, drawing on the US experience and tax incentives analogous to Ukraine's domestic government bonds (OVDPs).
- **Legal and consulting firms** — consider joint ventures as a flexible alternative to classic PPP where legislation contains no direct prohibitions, provided communities are prepared to justify their management decisions.
- **International donors (DEG, Ukraine Investment Framework, the UK's Department for Business and Trade, NEFCO)** — scale up existing grant and guarantee instruments (including DEG's grant program of up to €2m per project and the Ukraine Connect credit line of up to €10m) to prepare projects and reduce technological and staffing risks.
- **Communities and central government** — accelerate the transition to market-based tariffs for utility services as a basic precondition for the investment attractiveness of water, heating and energy-supply projects.

Human capital and inclusion

- **Development partners (including Helvetas Swiss Intercooperation)** — invest in vocational education aligned with real private-sector demand, and in programs bringing veterans, women and internally displaced persons into PPP projects.
- **Business and communities** — integrate requirements for employing vulnerable groups into the structure of PPP projects at the preparation stage, rather than as an add-on condition.

International cooperation and communication

- **The Polish Investment and Trade Agency (ADM Ukraine program)** — redirect part of its training visits and workshops from general investment attraction specifically toward PPP, clarifying the real (rather than "mirrored" from Poland) powers of Ukrainian communities.
- **We Build Ukraine, Forbes Ukraine and the All-Ukrainian Association of Communities** — organize a roadshow showcasing investment-ready small and medium-sized communities (following the example of Avanhard, Hoshcha, Tetiiv, PISOCHYN), to shift investor attention beyond the four traditionally "attractive" locations (Kyiv, Odesa, Lviv, Zakarpattia) to a broader range of communities.



CONCLUSION

The discussion showed that the main barrier to municipal PPP development in Ukraine is not a lack of legislation — law No. 4510 took effect in October 2025 and, in the assessment of participating lawyers, is one of the most competitive in the region — but rather a lack of institutional capacity, trust and practical experience at the community level, along with unfinished related reforms, above all tariff reform. Transparency and predictability of public authority decisions, and trust between the community, business and investor, are three interconnected conditions without which none of the existing PPP tools will work systemically.

Of more than 200 signed PPP agreements, fewer than 10% are actually operating, and of 20,000 public investment projects in the DREAM system only a handful have undergone a PPP-suitability assessment. At the same time, the potential of the sector is significant: according to We Build Ukraine's analytical center, PPP-

suitable projects in priority recovery sectors (transport, energy, housing, trade and industry, education, healthcare, water supply) are estimated at approximately \$497bn.

The way forward, in participants' assessment, must above all be proactive and reciprocal. A community seeking a private partner must be prepared to answer for its own obligations and for the quality of the information it provides — from land status to real demand data — just as the investor and the state must abide by transparent and predictable rules of the game. It is on this balance that trust — which participants repeatedly called a scarce resource of Ukrainian PPP — rests.

In practice this means: not attempting to implement one large, complex project right away, but starting with small and medium-sized initiatives on which communities and business can build a common language, standard solutions and unified documentation standards; looking for ways to shorten and speed up the procedure itself — from concept note to signed agreement — so that it does not outlast political cycles; and, in parallel, systematically investing in communities' human capital, without which no support instruments — advisory, methodological or financial — will deliver a lasting result. Scaling up municipal PPP without international support — financial, expert and human — seems unlikely under martial law, yet existing successful cases (including the PPP reconstruction of the Sopot railway station and the entry of private capital into Ukraine's water infrastructure market) confirm that the model works given proper institutional support.