

Public investment watchdog

#1, February 2026

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Executive summary

- The legislative and regulatory framework for the new public investment management (PIM) system has been established. However, it is not yet finalized: further iterations and changes will be made to incorporate lessons learned from implementing reforms at the national and local levels.
- The reform of the PIM system requires better coordination among key stakeholders and leadership for effective implementation
- DREAM is being developed as an IT system for public investment management. The portal already contains information on the unified project portfolio (UPP) of the state and many municipalities.
- In January 2026, the number of construction procurements decreased slightly, but more funds were spent. Procurements for healthcare facilities dominated in January, and the strengthening of energy infrastructure continued. Kyiv Oblast accounted for the largest share of construction procurements in January in terms of both volume and value.
- According to RDNA5, damage caused by Russian attacks increased by \$19 billion in 2025 and reached \$195 billion over the entire period of full-scale war, while funding needs for reconstruction rose to \$588 billion. As in previous estimates, since 2022, the sectors most affected by destruction have been housing, transportation, energy, trade, and industry (74% of the damage). By region, the greatest losses are in frontline regions (75%). At the same time, in 2025, losses in regions far from the front have increased significantly, and by sector, the destruction of municipal infrastructure has risen.
- Thanks to the PIM reform, reconstruction using state funds will take place within the framework and according to the rules for public investment. RDNA5 estimates the needs for 2026 at \$15 billion across 195 projects, with priorities in transportation, energy, housing, and municipal infrastructure.

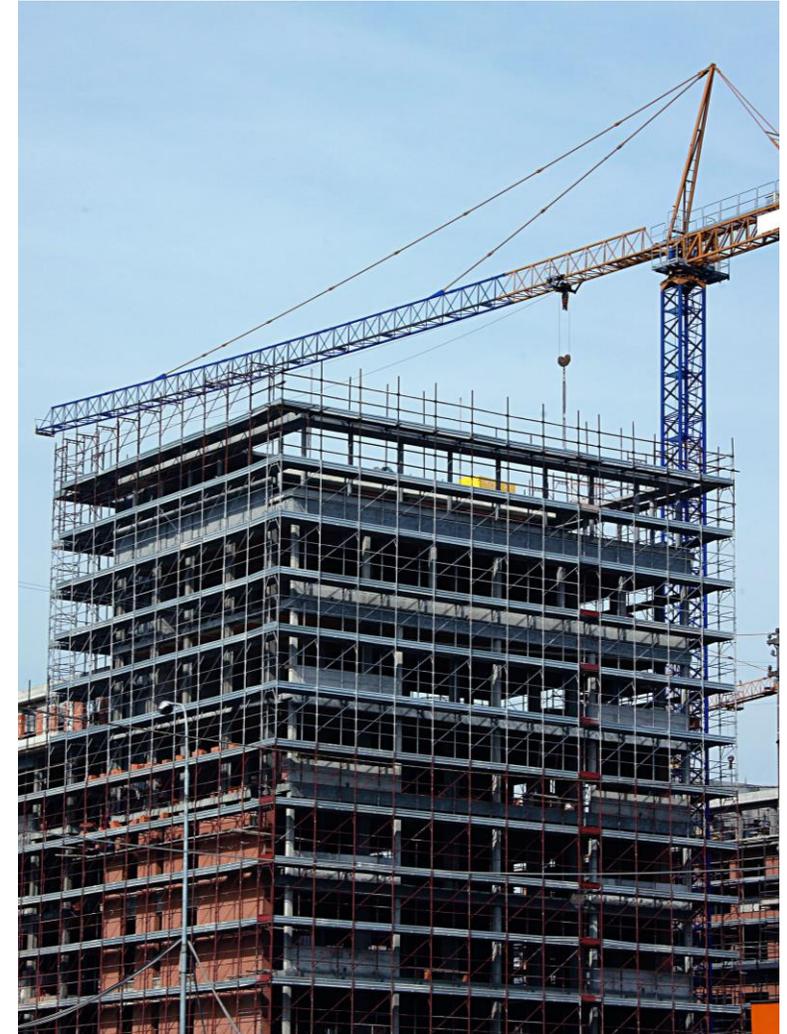
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Reform of the public investment management system:

The legislative framework



2023–2024: From a Roadmap to a Limited Pilot and Legislative Implementation



- ✓ December 2023: The [PIM Reform Roadmap](#) was approved
- ✓ May 2024: [Strategic Investment Council](#) established
- ✓ June 2024: Action Plan and Roadmap Implementation Schedule approved
- ✓ August 2024: Prioritization Criteria for Public Investment Projects for 2025 defined
- ✓ September 2024: The Strategic Investment Council [approved the Unified Project Portfolio for Public Investment](#), which identifies priority sectors for funding by the state and international partners
 - 7750 projects worth UAH 2.36 trillion were submitted; all projects are on the [DREAM](#) platform
- ✓ November 2024: The World Bank [announced](#) a new aid package worth \$750 million for the [“Supporting Recovery through Smart Fiscal Governance” \(SURGE\)](#) project, designed to help the Government improve the public investment system at the central level and enhance public finance management and fiscal governance at the local and regional levels
- ✓ January 2025: Important [amendments to the Budget Code of Ukraine](#) were adopted—defining public investments and submitting projects via the digital platform (DREAM)

Both communities and donors have questions regarding the definition of the term



Public investment project is a set of measures (organizational, legal, managerial, analytical, financial, and engineering-technical) defined on the basis of the national strategic planning framework with the aim of developing specific industries, economic sectors, regions, and local communities, aimed at the creation (acquisition), reconstruction, and technical upgrading of fixed assets, other non-current tangible assets, and intangible assets, whose expected useful life exceeds one year, not limited to a single investment object, which are fully or partially implemented through public investment, including under public-private partnership terms, except for measures related to the state's defence capability

(source: [amendments to the Budget Code of Ukraine](#))

- What is the difference between capital expenditures and investment projects?
- If a facility is destroyed or severely damaged, can funding continue as before, or does the project need to be submitted to the EPP?

There is no clear answer yet

The system has many key players, but sometimes there is a lack of coordination and a leader for the reform

1. Strategic level and coordination

Strategic Investment Council: aligning priorities and approving a unified project portfolio.

Ministry of Economy: strategic planning, development of a medium-term investment plan, and a unified methodology for the cycle.

3. Industry-wide and digital transformation

Ministry of Regional Development: regional development planning and implementation of the DREAM ecosystem.

Sectoral ministries: sectoral strategies, development of sectoral portfolios, and monitoring of implementation.

2. Financial support and oversight

Ministry of Finance: defining the resource framework, assessing fiscal risks (public-private partnerships, concessions), and exercising budgetary oversight of selected projects.

4. Implementation and local development

State Reconstruction Agency: implementing large-scale projects and supporting communities.

Local Administrations: territorial recovery plans, prioritization, and direct implementation of local projects.

The regulatory framework for the UPI system was established in 2025, albeit with some delay



In February 2025, the government adopted, but did not publish until May, [regulations](#) concerning the implementation of the public investment management system reform—a unified approach to managing public investment projects at the national and local levels:

Regulations on the Preparation of Public Investment Projects and Public Investment Programs

Procedure for Compiling a Unified Project Portfolio of Public Investments by the State (Region, Local Community) and a Sectoral Project Portfolio by the State (Region, Local Community)

Procedure for evaluating public investment projects and public investment programs—taking into account criteria related to reconstruction based on the «better than before» principle

- Procedures for implementing public investment projects and public investment programs at the national, regional, and local levels.
- The procedures are based on international best practices, including the UK 5-Case Model and the recommendations of TBI and EIB JASPERS

The implementation of the Public Investment Program (PIP) through the Unified Information System—DREAM, which was originally a platform for transparent reconstruction but is gradually evolving into a digital system for managing public investments

2025: Full pilot cycle for the implementation of the new public investment management system



- ✓ May 2025: The government established the Strategic Investment Council
- ✓ July 2025: The government adopted the Medium-Term Plan for Priority Public Investments (PIP)
 - Total cap for public investments over the medium term: 581 billion UAH
 - 12 priority sectors, namely: transportation, municipal infrastructure and services, housing, energy, education and science, healthcare, social services, legal affairs and the judiciary, public finance, the environment, public services and related digitalization, as well as public safety
- ✓ September 2025: The Strategic Investment Council approved the (national) Unified Project Portfolio of Public Investments for 2026
- ✓ By the end of 2025: communities have submitted their SPI and EPP
- ✓ February 2026: The process of updating the national EPP began

РЕФОРМА УПРАВЛІННЯ ПУБЛІЧНИМИ ІНВЕСТИЦІЯМИ



Мінфін: підсумки 2025

Виконання реформи, 2024–2028



Strategy – Priorities – Budget: A Cycle That Still Needs Refining

- The strategy is essential for defining strategic priorities in the formation of the Unified Project Portfolio. However, sectoral strategies have not yet been updated:
 - It was identified as a structural benchmark in the previous IMF Program, which was not implemented
 - In the new Program, it is not a structural benchmark, but it must be updated by the end of the year, while a roadmap for this must be adopted by the end of March
- Public investment management – a component of the medium-term Budget Declaration
 - By April 10, the Ministry of Economy submits to the Ministry of Finance an indicative ceiling for public investment for the medium-term period
- Financing of public investment programs and projects – a component of the State Budget:
 - By July 1, the Ministry of Economy submits the EPP, approved by the Strategic Investment Council, to the Ministry of Finance
 - The Ministry of Finance publishes the Consolidated List of Public Investment Projects and Public Investment Programs, the State Public Investment EPP, and the allocation of public investments for their preparation and implementation over the medium term
- It is important that funding is allocated for projects that have already begun
 - This is intended to address the problem of a large number of unfinished projects

World Bank studies indicate that reform requires 5 to 10 years and several rounds of policy changes

- The legislative and regulatory framework for the new public investment system has been adopted
 - The framework is not yet finalized: changes are being made based on the results of an analysis of the reform's implementation at the central and local levels
 - Clarification is needed regarding whether these are capital expenditures or public investment projects
 - Opportunities to simplify procedures for small projects and small communities need to be explored
- There are questions regarding the capacity of both line ministries and communities to prepare high-quality public investment programs and projects
 - Coordination of training programs across different projects is needed (The Ministry of Economy has begun coordination)
 - A major project to train communities, funded by the World Bank's «I_Can», has now begun
 - The DREAM Academy helps communities properly submit public investment projects and programs to the portal

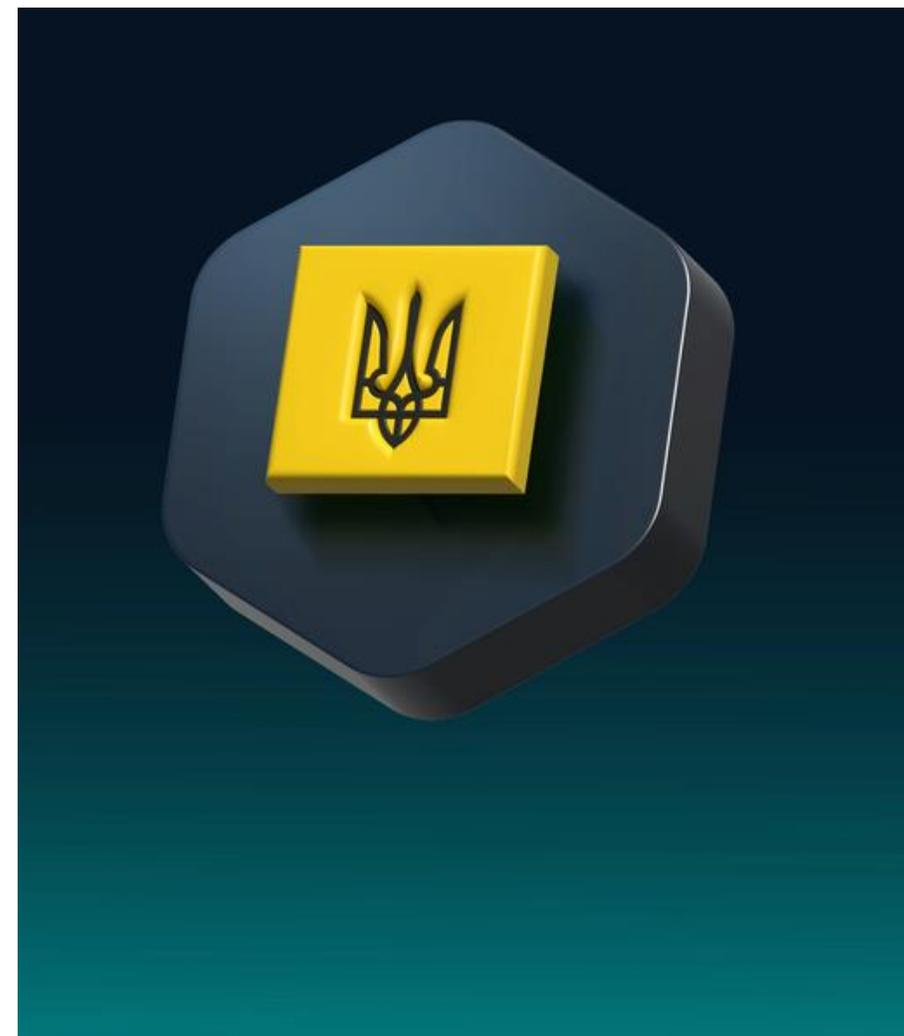
The reform requires high-quality and effective coordination between the Ministry of Economy, the Ministry of Finance, and the Ministry of Development; leadership in this reform is also crucial

Involving the civil sector in the preparation of strategies, projects, and monitoring is essential



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Public Investment Management: DREAM



The government's unified project portfolio focuses on priorities, but there are many of them, so further prioritization is needed



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Кількість проектів і програм

195

всього



проекти (131)

програми (64)

Орієнтовна вартість проектів та програм

6,37
трлн ₴



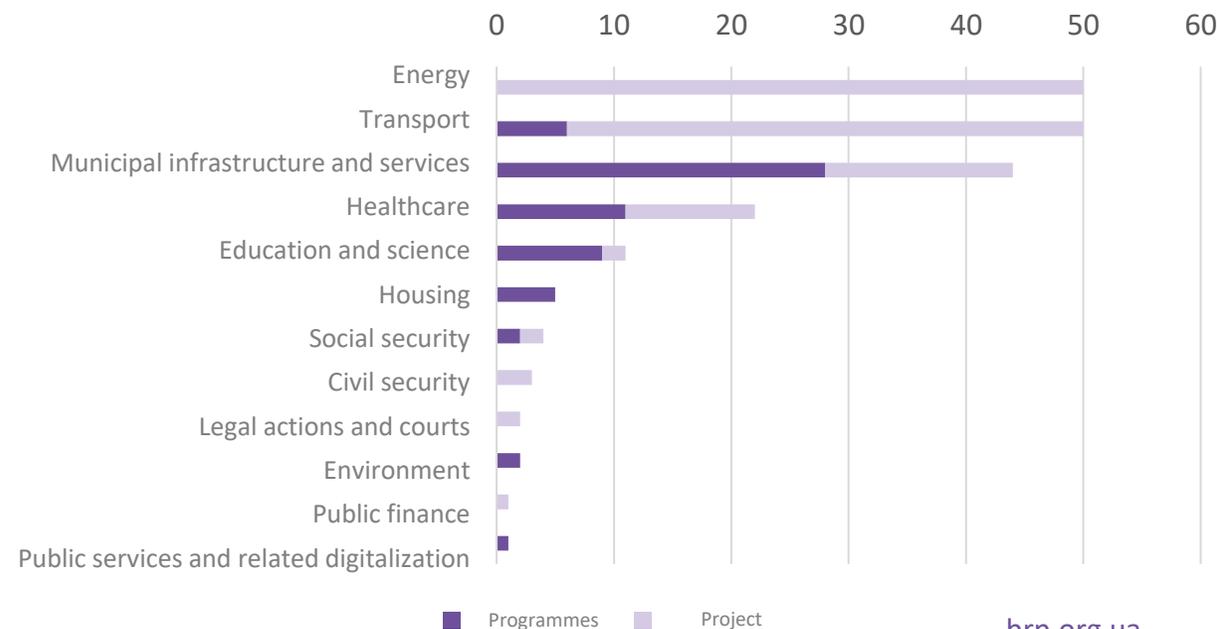
проекти (2,17 трлн)

програми (4,21 трлн)

- ✓ The largest number of programs and projects is in the infrastructure sectors
- ✓ The highest estimated cost is for programs in the Municipal Infrastructure and Services sector: UAH 2.73 trillion:
 - Primarily programs in the centralized water supply and wastewater management sector
 - Also waste management
- ✓ Estimated cost of projects in the energy sector is UAH 1.39 trillion
- ✓ Estimated cost in the transportation sector: programs – UAH 907 billion, projects – UAH 674 billion

Number of projects and programmes

Source: [DREAM](#)



Community EPP: many small PIPs; projects have been submitted in various areas, a need for changes and training



Number of domains

15 101

Number of subdomains

92

Financial need, ₴ trillion

5,84 трлн

Actual executive cost, ₴ trillion

3,24 трлн

- By the end of 2025, communities were required to adopt medium-term investment plans and prepare unified project portfolios. As of the end of February 2026:
 - 24 regional state administrations and 904 communities have adopted their medium-term investment plans
 - 24 regional state administrations and 759 communities have adopted their unified project portfolios (approved in DREAM)
- Not all communities have updated their Strategies, hence concerns about planning quality
- Over 15,000 initiatives:
 - Most projects are in education and municipal infrastructure
 - Often, these are projects rather than actual programs or initiatives, a need for clarification and training
- 50% of all PIPs have preparation and implementation costs of less than 10 million UAH; nearly 80% are under 50 million UAH
 - Need to clarify the differences between capital expenditures and PIPs; consider creating simplified mechanisms for small PIPs as well as for smaller communities.



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Reconstruction Procurement as of January 2026*

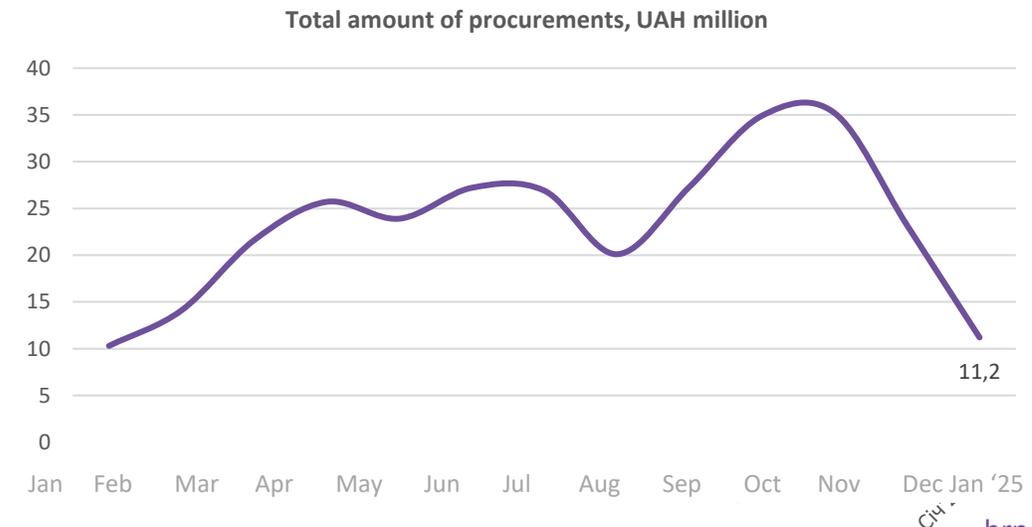
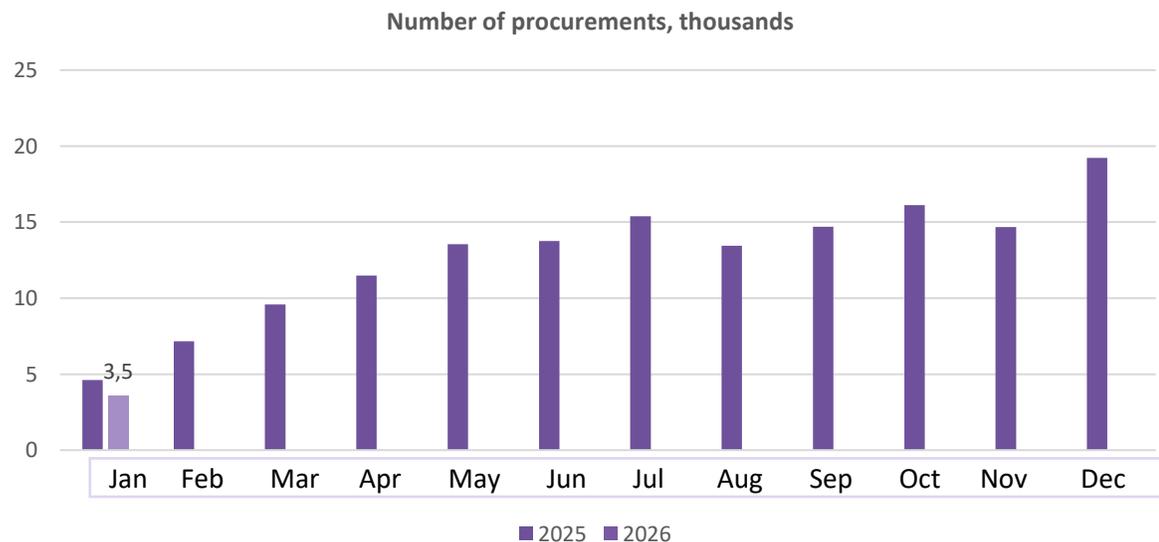


*Preliminary data as of February 18, 2026; subject to change

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In January, the number of construction contracts* was lower than last year, but their total value was higher

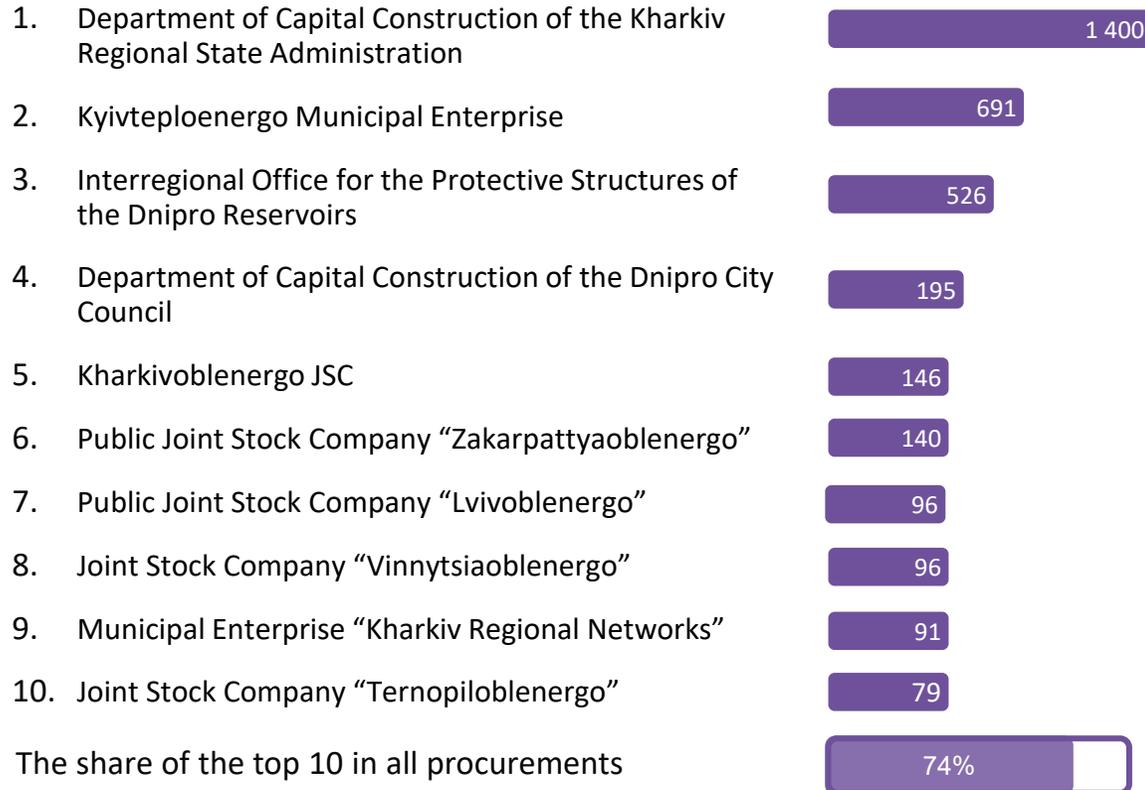
- The vast majority of procurements announced in January 2026 have already been completed—2,900 (81%). Another 13% are still ongoing, 4% did not take place, and 1% were canceled.
- Although the number of procurements in January is lower than in January of last year (by 24%), the total value of procurements is slightly higher (by 9% year-over-year). Traditionally, both the number and value of procurements are quite low in January, which is explained by the specifics of budget funding allocation.
- The largest completed procurement in January 2026 was a project to implement energy-saving measures at a hospital in the Kharkiv region, worth 0.8 billion UAH. The work is being carried out by SK Pantheon LLC.
- The largest procurement organizer in January 2026 was the Department of Capital Construction of the Kharkiv Regional State Administration, which was involved in organizing procurements for two projects totaling UAH 1.4 billion. Kyivteploenergo was the second-largest organizer, with a total value of UAH 0.7 billion, specifically for the protection and restoration of energy supply facilities.



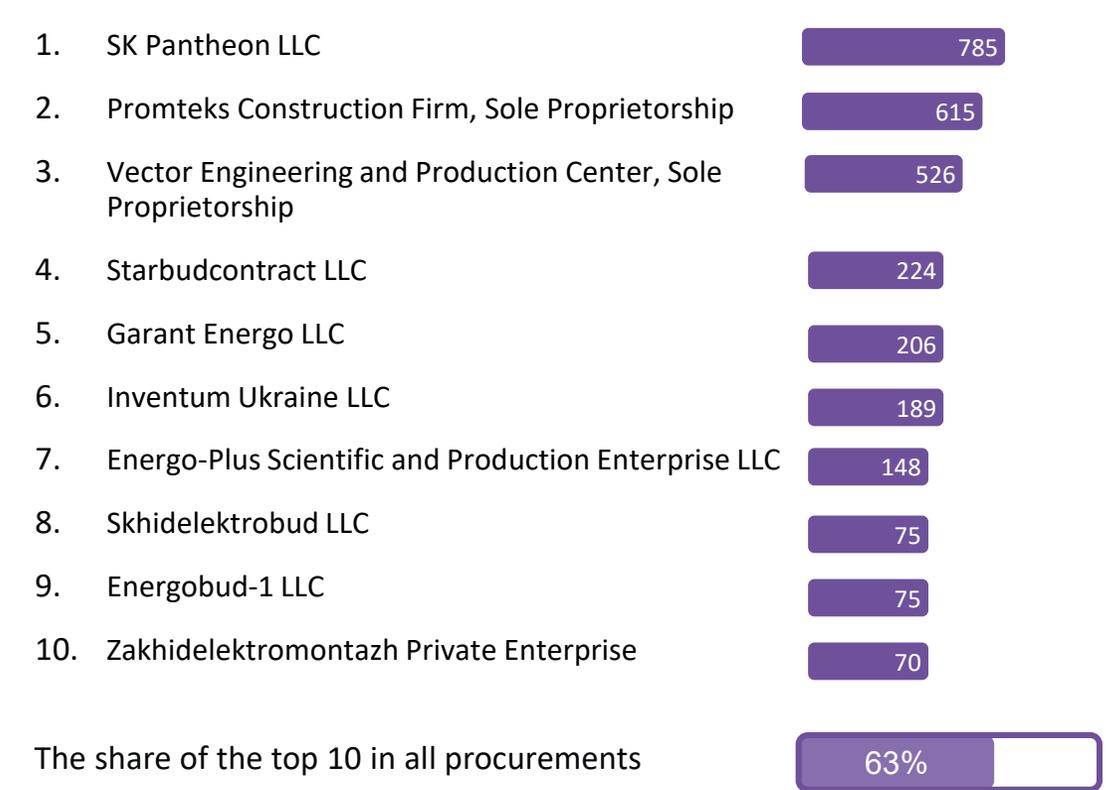
Organizers of completed construction procurement contracts* in January



Top 10 organizers (in millions of hryvnias)



Top 10 Winners (in millions of UAH)



In January, purchases for healthcare facilities predominated, and efforts to strengthen energy infrastructure continued

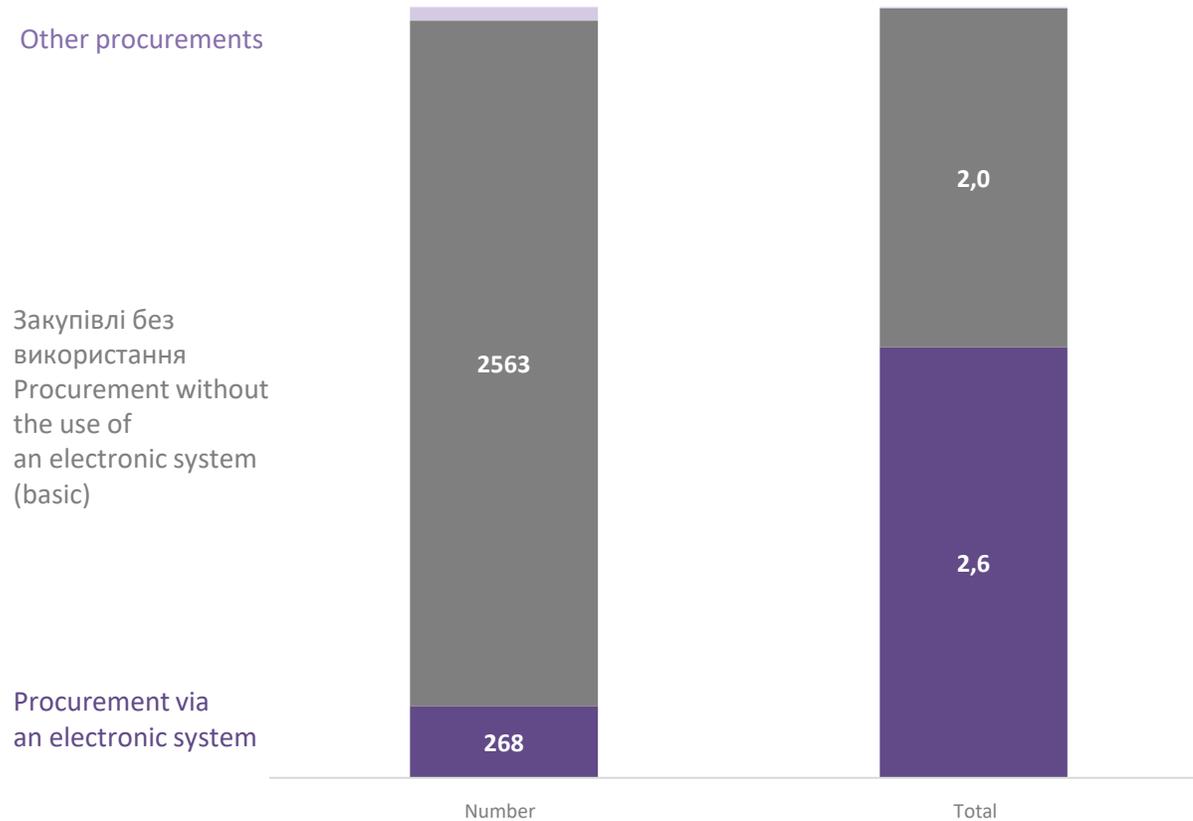


Procurement Details	Organizer	Winner	Procurement Cost (in millions of UAH)
1. Major renovation with the implementation of energy-saving measures at the Regional Children's Hospital, Kharkiv Oblast	Department of Capital Construction of the Kharkiv Regional State Administration	Pantheon Insurance Company, LLC	785
2. Renovation of the regional children's hospital building, including the addition of a civil defense shelter, Kharkiv Oblast	Department of Capital Construction of the Kharkiv Regional State Administration	Promtex Construction Company, LLC	615
3. Major repairs to address damage to the protective embankments along the Irpin River	Interregional Office for the Protective Zones of the Dnipro Reservoirs	Vector Engineering and Manufacturing Center, LLC	526
4. Renovation of the medical wing of the emergency hospital in Dnipro	Capital Construction Department of the Dnipro City Council	Starbudcontract LLC	195
5. Increasing capacity through the installation of physical security measures at the Kyivteploenergo municipal enterprise's power plant	Kyivteploenergo Municipal Enterprise	Energo-Plus Research and Production Enterprise, LLC	148
6. The building housing the cogeneration plants of Kyivteploenergo	Kyivteploenergo Municipal Enterprise	Inventum Ukraine, LLC	87
7. Construction of the above-ground sections of the protective structures at the Kyivteploenergo municipal enterprise's station	Kyivteploenergo Municipal Enterprise	Garant Energo, LLC	75

*procurement for construction work and routine maintenance

In January, construction procurements* conducted via an electronic system accounted for the majority of funds spent, but not in terms of the number of

The use of electronic system in February 2026

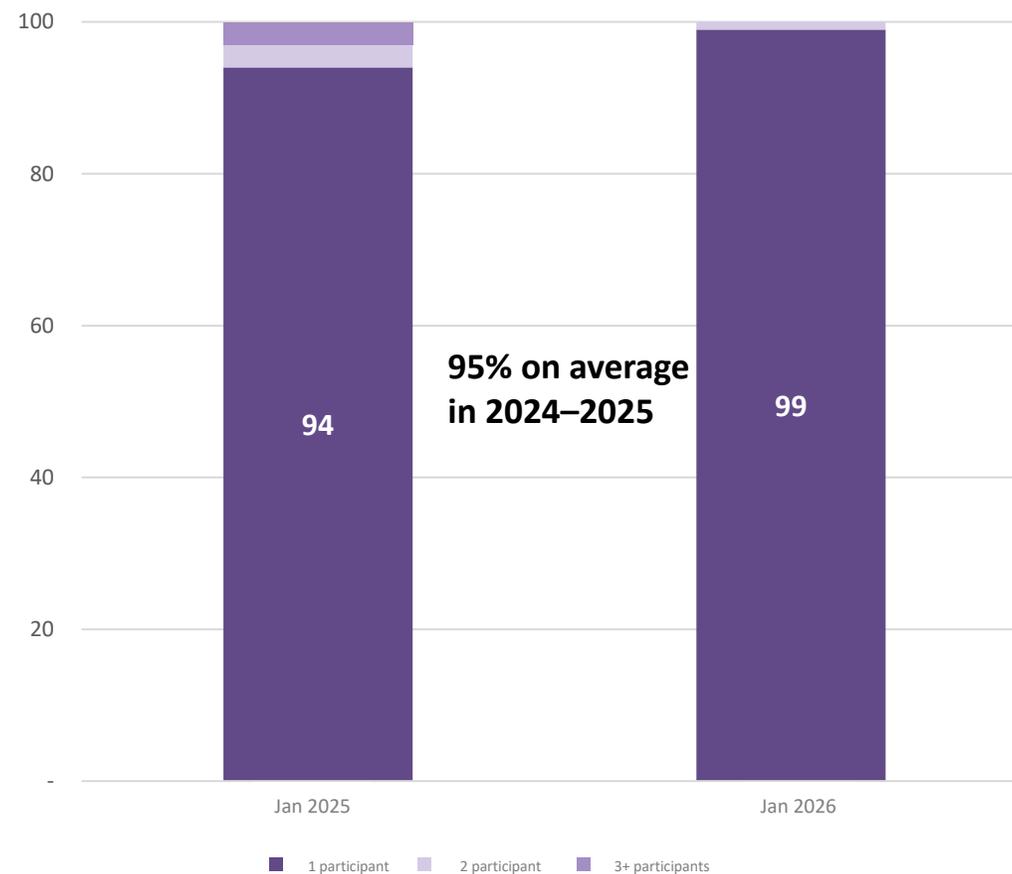


- The electronic system was used for only 268 completed procurements (9% of all completed procurements) totalling 2.6 billion UAH (56% of all procurements) in January 2026.
- 91% of completed procurements in November took place outside the electronic system, accounting for 44% of the total amount.

...as well as procurements* involving only one participant

- In January, the proportion of single-bidder procurements remained high (99% of all completed procurements, accounting for 79.1% of the total procurement value).
- Using the electronic system, the share of completed construction procurements with a single bidder accounted for 89.9% of the total number and 62.7% of the total amount (Appendix 1).
- In contrast, in 2025, the share of single-bidder procurements using the electronic system was 81.9% of the total number of procurements, accounting for 65.9% of the total procurement value.
- In January, there were 3 procurements with 3 bidders (the procurement value decreased by 7% compared to the expected value) and 24 procurements with 2 bidders (the procurement value decreased by an average of 12% from the expected value).

Share of procurements by number of participants, %



In procurement* with the highest number of participants, the price dropped significantly

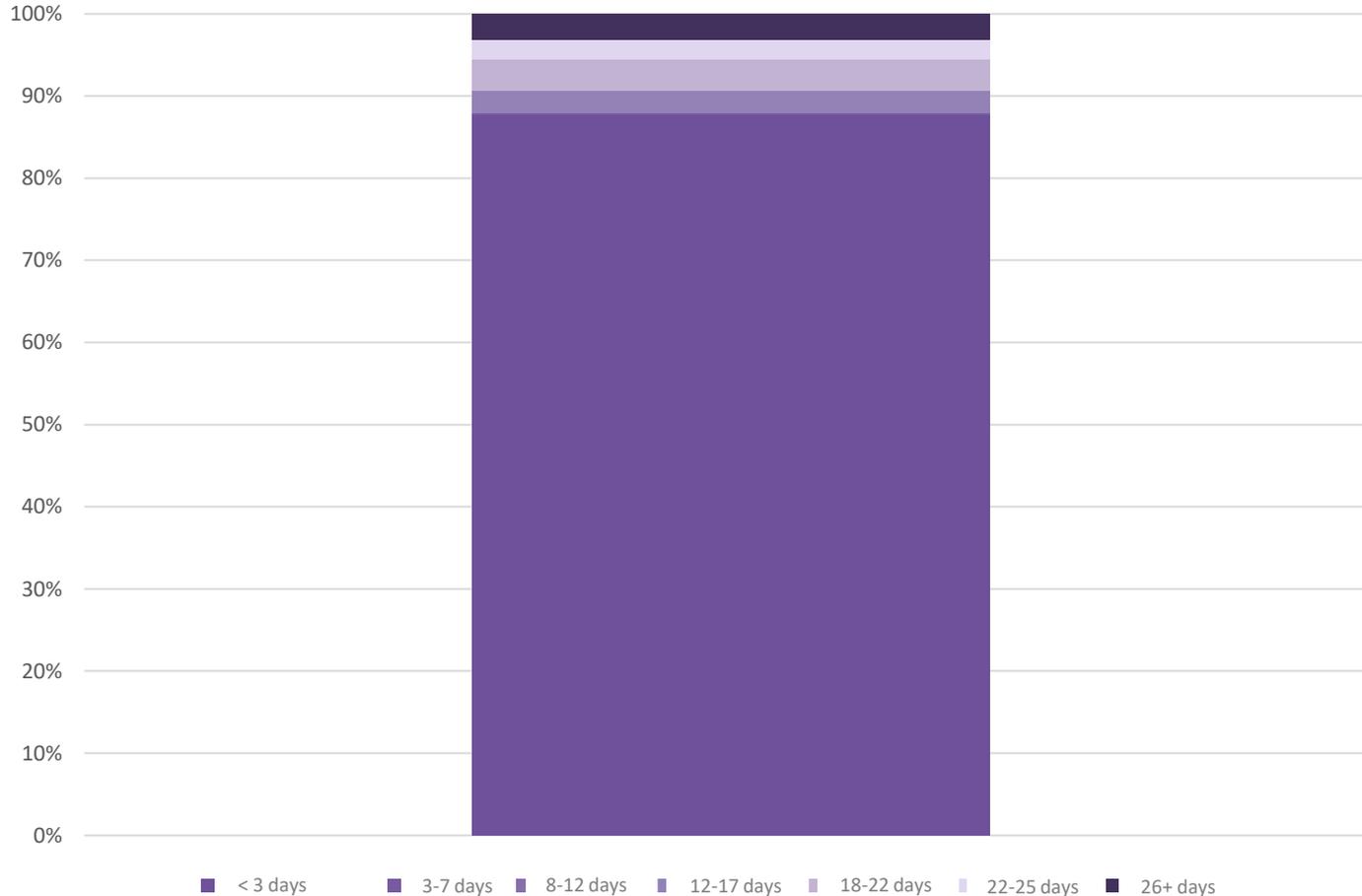


No.	Procurement Description (expected/current)	Organizer	Winner	Cost, in millions of UAH	Bidders
All procurements					
1.	Major road repair, Vinnytsia	Department of Public Utilities and Urban Improvement of the Vinnytsia City Council	Khmilnytska Construction Company, LLC	3.7 / 2.5 (-33%)	8
2.	Routine maintenance of the school's protective structures, Odesa Region	Department of Education, Culture, Tourism, Youth, and Sports of the Dobroslav Town Council	Ukrainian Construction 1, LLC	5.6 / 4.6 (-17%)	5
3.	Major road repair, Vinnytsia	Department of Culture and Sports of the Vinnytsia City Council	Shlyakhbud, LLC	5.6 / 4.1 (-27%)	5
Procurements totaling more than 20 million hryvnias					
1.	Renovation and energy-saving upgrades at the Regional Children's Hospital, Kharkiv Oblast	Department of Capital Construction of the Kharkiv Regional State Administration	Pantheon Insurance, LLC	806.1 / 784.6 (-3%)	3
2.	Reconstruction of the power line in the city of Kharkiv	Kharkivoblenergo JSC	PSK Energobud LLC	51.7 / 32.1 (-38%)	2
3.	Work to restore the operational capacity of the water-heating boiler at CHP Plant No. 5, Kyiv	Kyivteploenergo Municipal Enterprise	Remmashenergo LLC	27.3 / 26.9 (-1%)	2

*procurement for construction work and routine maintenance

Most procurements* are processed very quickly—within 3 days

Procurements by duration (in days), units



- In January, about 89% of tenders lasted up to 3 days. At the same time, 96% lasted up to 22 days.

Procurement* in frontline regions is virtually nonexistent. Projects are primarily funded by local budgets



- The highest number of completed construction procurements in January took place in the Kyiv, Ternopil, and Dnipropetrovsk regions. Procurements from these regions accounted for 36% of all completed construction procurements. The lowest number was recorded in the Luhansk and Kherson regions.
- The largest procurements by value were in the Kyiv, Kharkiv, and Ivano-Frankivsk regions. Construction procurements in these regions accounted for 68% of all completed construction procurements. The smallest procurement amounts occurred in the frontline regions of Luhansk, Kherson, and Sumy. The amounts of these procurements accounted for less than 0.2% of completed procurements.
- Nearly half (43%) of completed construction procurements were financed through local budgets. Another 17% were financed through the state budget.



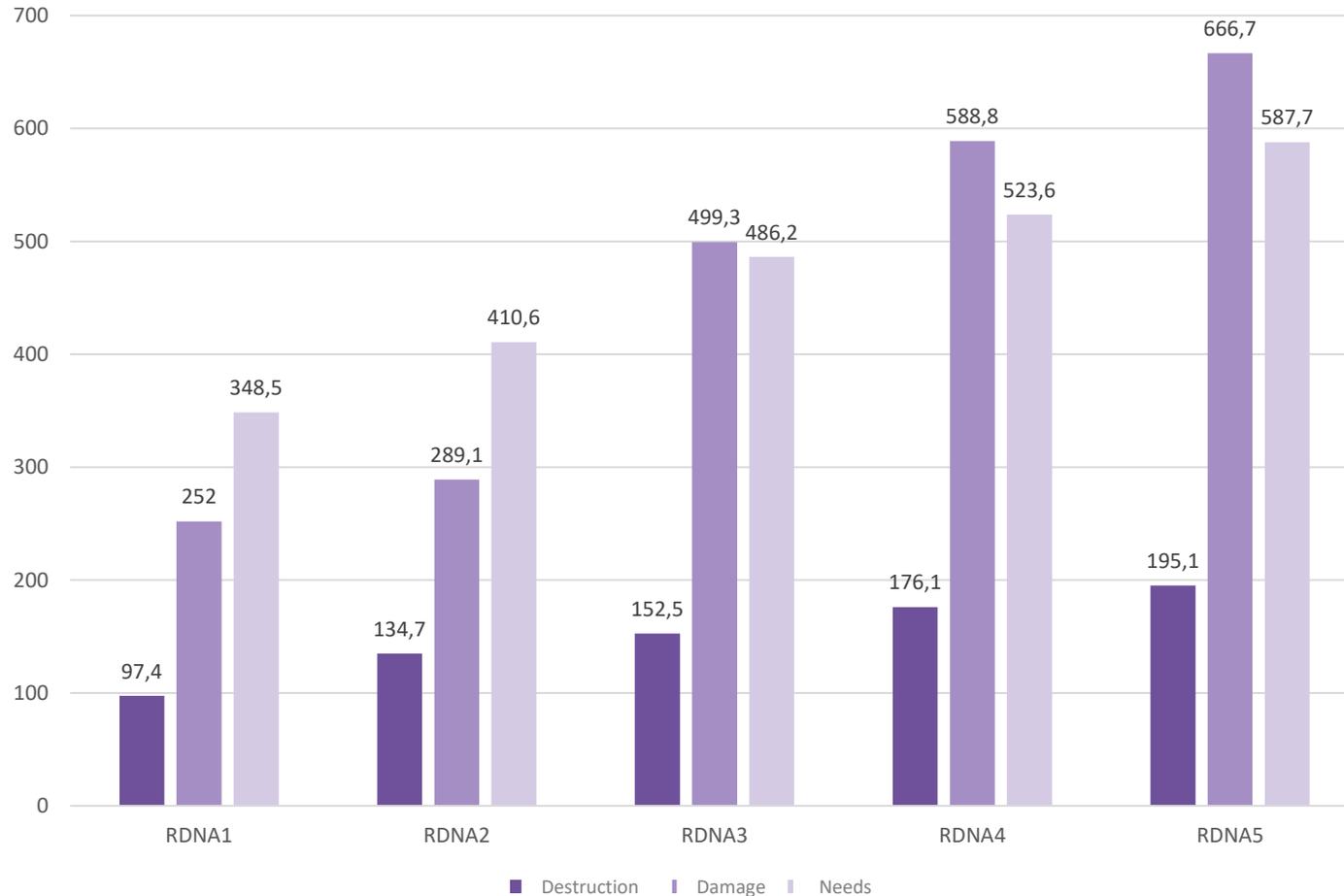
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RDNA5: Assessment of Damage and Reconstruction Needs as of December 31, 2025



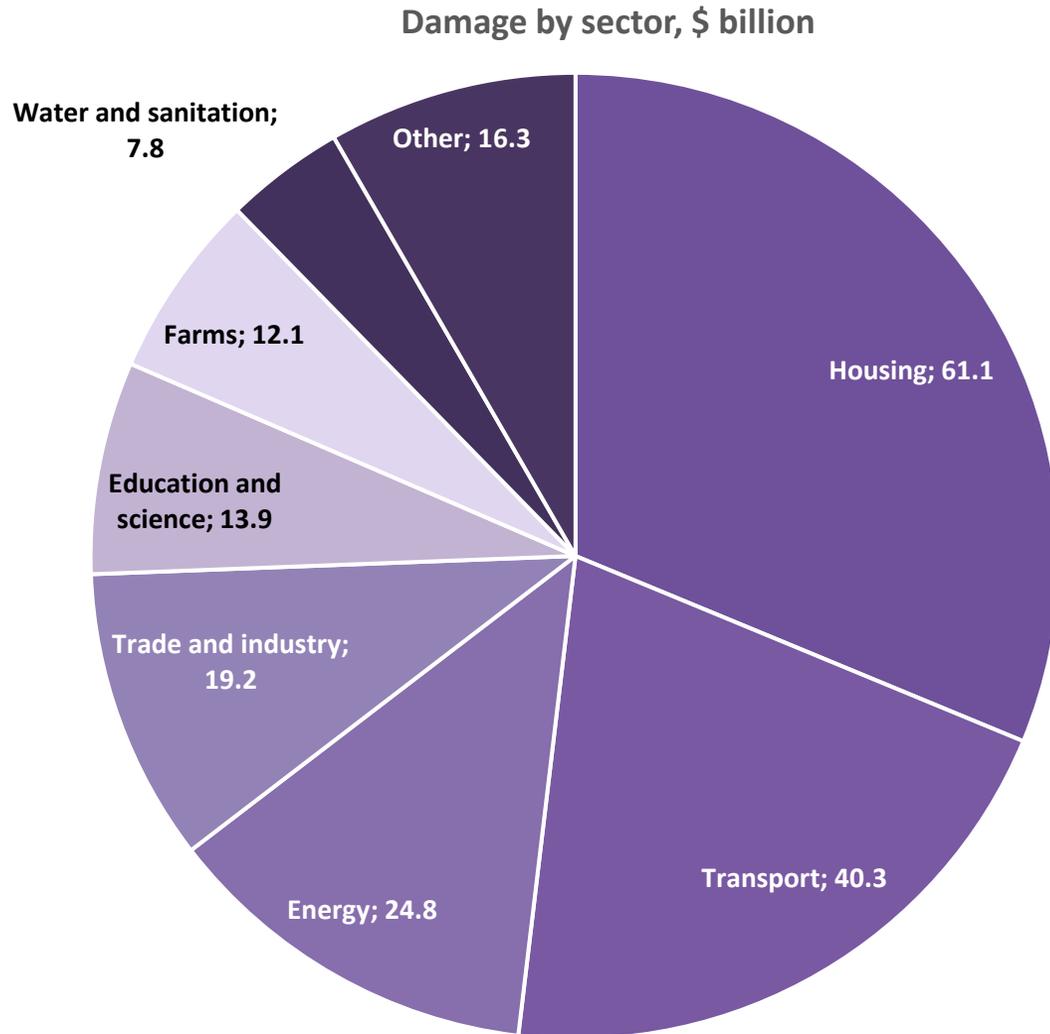
In 2025, damage costs rose by \$19 billion to \$195 billion, while reconstruction needs reached \$588 billion

Destruction, damage and reconstruction needs, \$ млрд



- According to an [RDNA5 estimate](#), the consequences of Russia's full-scale war against Ukraine for Ukraine's population, economy, and infrastructure continue to mount.
- Overall, from February 24, 2022, to December 31, 2025, destruction is estimated at \$195.1 billion, socioeconomic losses at \$666.7 billion (which includes 64 months of actual losses and 18 months of projected losses), and restoration and reconstruction needs at \$587.7 billion.
- In 2025, destruction from Russia's full-scale war against Ukraine increased by \$19 billion (+11%), losses (a sustained decline in production, service provision, employment, and economic capacity) rose by \$78 billion (+13%), and funding needs for reconstruction increased by \$64 billion (+12%).
- Compared to RDNA1, destruction has doubled, losses have increased 2.6-fold, and funding needs have increased 1.7-fold.

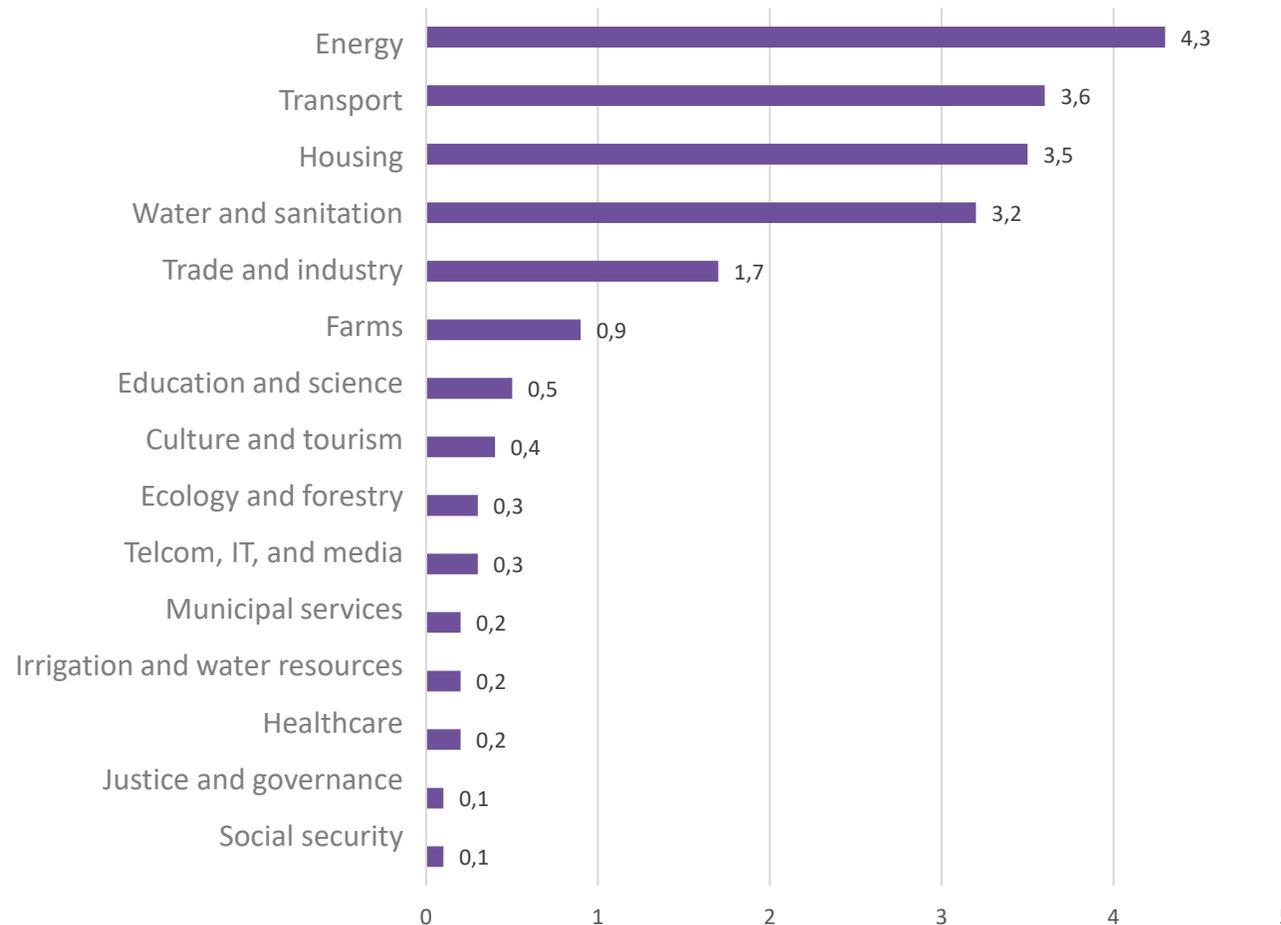
As in previous assessments, the housing sector, transportation, and the energy sector suffered the greatest losses



- Damages remain concentrated in key sectors: 74% are attributed to four sectors—housing (\$61.1 billion), transportation (\$40.3 billion), energy (\$24.8 billion), and trade and industry (\$19.2 billion).
- The damage assessment currently does not account for significant damage to energy and utility infrastructure in early 2026.
- 14% of the housing stock was damaged or destroyed, affecting over 3 million households.
- Damages are concentrated in industry and trade (\$232.9 billion, or 35% of total damages), as well as in energy and mining (\$13%), agriculture (\$12%), and transportation (\$9%). These losses reflect the ripple effect of damaged infrastructure, the high cost of maintaining critical services under difficult conditions, and a decline in production capacity across the economy as a whole.

...but throughout 2025, damage to public infrastructure increased rapidly

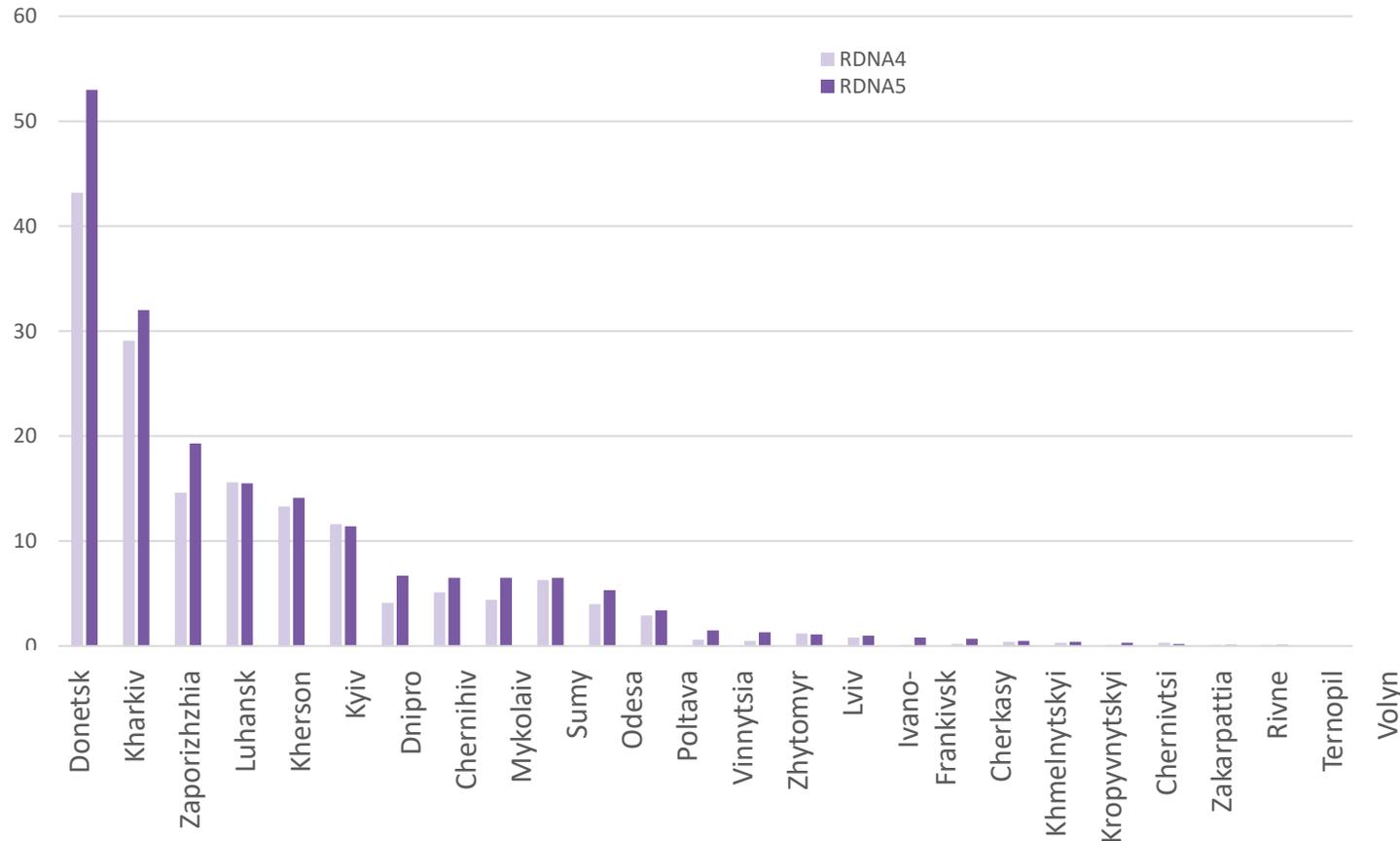
Change in the extent of damage in 2025, \$ billion



- In 2025, long-range airstrikes increased in both scale and frequency, causing significant damage to civilian facilities and residential areas.
- Attacks on utility and energy infrastructure intensified; moreover, attacks toward the end of the year undid previous recovery efforts. Attacks on industrial facilities also continued.
- As a result, the largest increase in damage (75%) was in the energy, transportation, housing, and water supply sectors. Specifically, damage to water supply facilities rose by nearly 70%, and to energy facilities by 21%.
- Among the industrial sectors, trade, industry, and agriculture were the hardest hit in 2025.

The heaviest losses are in the frontline regions

Damage by region, \$ billion



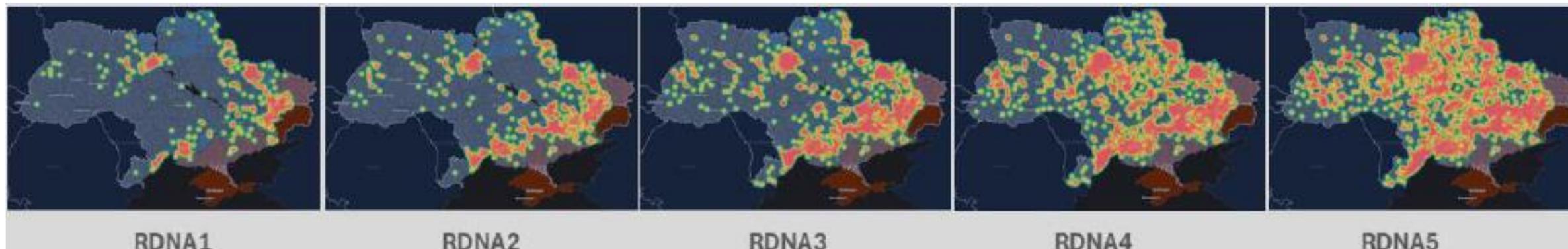
- Destruction, damage, and needs are geographically concentrated in frontline regions (75% of total losses, including destruction and damage), specifically in the Donetsk (27%), Kharkiv (17%), Zaporizhzhia (10%), Luhansk (8%), and Kherson (7%) regions. Thus, according to RDNA5 estimates, of the total \$861.8 billion in destruction and losses, \$215.5 billion occurred in the rear.
- Damages in frontline regions amount to \$213.2 billion (32% of total damages). Kyiv and the Kyiv region together recorded damages of \$145 billion (22%), which is explained by the capital region’s significant role in the country’s economy and the substantial impact on economic activity caused by power outages and disruptions in business operations.

But in 2025, the destruction in the central and western regions increased rapidly

- In 2025, total damage in frontline regions increased by an average of 14%. In Kyiv, damage increased by 49%, and in Ivano-Frankivsk Oblast, it increased eightfold.

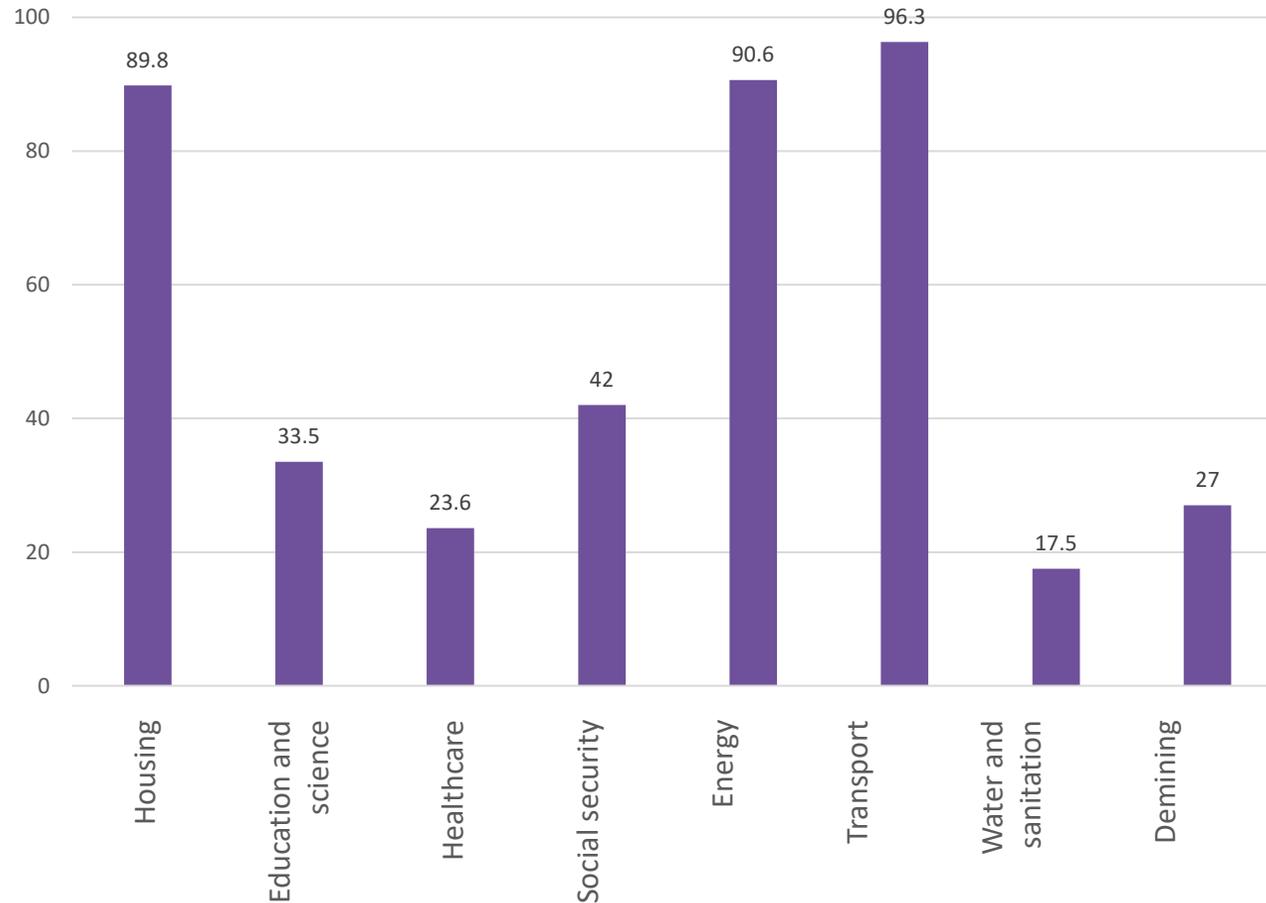
Change in damage volume by region according to RDNA5 compared to RDNA4, %

Region	Change in damage volume by region according to RDNA5 compared to RDNA4, %
Ivano-Frankivsk	700
Cherkasy	250
Chernivtsi	200
Vinnitsia	160
Poltava	150
Dnipro	63
Kyiv	49
Kropyvnytskii	33
Sumy	33
Zaporizhzhia	32
Chernihiv	27
Lviv	25
Khmelnyskyi	25
Donetsk	23
Odesa	17
Kharkiv	10
Kherson	6
Mykolaiv	3



The cost of rebuilding “better than it was” is estimated at \$588 billion over the next 10 years

Reconstruction needs in selected sectors, \$ billion



- Total needs for recovery and reconstruction, taking into account the “Build Back Better” effect, are estimated at \$588 billion for the period 2026–2035.
- decreased by 8% thanks to progress in demining

Major needs:

- Transportation (\$96 billion, or 16% of total needs), reflecting significant damage to roads, railways, bridges, and logistics infrastructure;
 - Energy and mining (\$91 billion, or 15%), reflecting damage to electricity generation, transmission, and distribution systems;
 - Housing (\$90 billion or 15.3%) due to widespread destruction of the housing stock;
 - By region: Donetsk (19%), Kharkiv (13%), Zaporizhzhia (11%), Kyiv (7%), Luhansk (6%), and Kherson (6%) regions.
- In 2025, funding needs increased the most in the areas of water supply (by 55%), energy and mining (by 34%), and transportation (by 24%), reflecting the targeted nature of Russian attacks throughout the year. At the same time, funding needs for demining and the management of explosive hazards.

In 2026, \$15 billion will be needed to fund reconstruction, but only 40% has been secured



Priority Areas, Needs, and Funding Coverage in 2026

Priority Areas for Recovery	Number of Projects	Need, \$ million	Confirmed Funding, \$ million
Water Supply and Sanitation	14	169	42
Energy and Mining	58	4891	1607
Housing	6	2570	394
Education and science	11	1275	405
Healthcare	23	502	455
Emergency response and civil protection	3	43	11
Social security	6	1557	1141
Transport	55	2656	890
Management of explosive substances	3	44	7
Multisectoral projects	16	1538	811
Total	195	15245	5765

- Funding for priority projects in 2026 is estimated at \$15.3 billion (~7% of 2025 GDP), which is slightly higher than the consolidated budget's capital expenditures in 2025 (nearly \$11 billion). Of this amount, \$11.3 billion is allocated to public investment projects and programs, and another \$4 billion to non-investment programs.
- Project planning is based on the Public Investment Management (PIM) reform, meaning that the projects selected from the list submitted by communities are indeed priorities, have sufficient maturity and readiness for implementation, and align with sectoral and strategic priorities.
- Budget funding and confirmed partner funding will cover approximately \$5.8 billion; the total funding gap is approximately \$9.5 billion, which is more than 60% of priority needs for 2026.
- The level of needs coverage varies significantly: 91% in healthcare, 33% each in transportation and energy, 9% in housing, and only 1% in heat supply.

Up to 40% of the funds needed for reconstruction could be covered by the private sector



- According to RDNA5, since 2022, the Ukrainian government, the private sector, and international partners have allocated \$20.3 billion for reconstruction (however, this represents only 3.5% of total needs).
- The funds were primarily allocated to:
 - housing repairs (\$6.2 billion),
 - educational institutions (\$2.4 billion),
 - healthcare facilities (\$0.6 billion),
 - transportation infrastructure (\$2.1 billion),
 - trade and industry (\$5.5 billion),
 - agriculture (\$1.5 billion).
- According to RDNA5 estimates, up to 40% of the demand over the next 10 years could be met by the private sector. Key prerequisites for maximizing private investment:
 - A favorable and predictable investment climate to stimulate domestic investment and attract foreign investors (rule of law and anti-corruption efforts, a legal framework for public-private partnerships, digitalization of business regulation, management of state-owned enterprises, increased competition, and reduction of the shadow economy);
 - Expanding and diversifying sources of domestic and foreign private capital (insurance, financing, guarantees);
 - Growing the private sector through strategic public investment projects, public services, well-designed incentive systems, and business support programs..



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Annex 1. Procurement Using an Electronic System



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Number of participants in January	Number and % of procurements in January		Amount (billion) and % of procurements in January	
1 participant	286	89.9%	1,63	62.7%
2 participants	24	7.5%	0,15	5.8%
3 participants	3	0.9%	0,81	31.0%
4 participants	2	0.6%	0,0	0.2%
5 participants	2	0.6%	0,01	0.3%
6 participants	0	0.0%	0,0	0.0%
7-17 participants	1	0.3%	0,0	0.1%
Total completed procurements using the electronic system	318	100.0%	2,61	100.0%



Thank you for your attention!

The «Public Investment Watchdog» Project



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