Public investment under EU rules: Is Ukraine ready to manage cohesion policy funds?

Chapter 22 “Regional Policy and Coordination of Structural Instruments”

20+
legislative acts and instruments adopted in 2025–2026 to align with Chapter 22

3
areas of most significant progress: strategies, public investment, digital monitoring

2026-2028
timeframe of the first Medium-term plan for priority public investments of the state

2026-2030
timeframe of the Strategy for public finance management reform

Key points

If Ukraine were to join the EU in the near future, would it be ready to use cohesion policy funds effectively? Over the past year, the public investment management has changed significantly. Strategies must now include a financial justification, expected outcomes and measurable indicators. A medium-term plan for priority investments for 2026–2028 has been introduced. DREAM is gradually evolving into a system that covers the full public investment cycle: planning, project preparation and evaluation, prioritisation and portfolio formation, implementation monitoring, final evaluation and impact assessment.

However, using cohesion policy funds effectively would require these separate instruments to work as a single cycle: from strategic planning and project selection to funding, monitoring, auditing, and evaluation of results. Ukraine already has some of the necessary rules and instruments in place, but they are not yet fully integrated into one management system.

What is already in place and what is still missing

Already in place

- ⊞ Strategies have become the basis for investment proposals.
- ⊞ A medium-term plan for priority public investments of the state for 2026–2028 has been adopted.
- ⊞ DREAM has been established as an investment monitoring tool.
- ⊞ Procedures for final project evaluation and ex post evaluation have been introduced.

Still missing

- ⊟ An institutional model for managing EU funds in the future.
- ⊟ A fully-fledged system of financial corrections and accountability.
- ⊟ Independent audit and sustainable partnership mechanisms.
- ⊟ A clear link between the medium-term plan, the budget and future medium-term fiscal-structural plans.

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Four elements of the system that are already operational

1. Strategies based on the logic of multiannual programming — financial justification, measurable indicators, link to future investments.
2. Medium-term investment planning — a plan for priority public investment for 2026–2028.
3. Digital monitoring via DREAM — an essential tool for supporting the medium-term plan.
4. Results assessment — final and ex post evaluation of large-scale projects.

Uneven progress across the areas covered in Chapter 22

Recommendations

- Consolidate the strategic, investment and macro-fiscal components into a single hierarchy.
- Make checklists and compliance criteria a permanent control mechanism rather than a one-off filter.
- Define an institutional model for managing future EU funds, including programme management bodies, payment functions and audit.
- Complete the digital integration of DREAM with the Treasury, Prozorro and GIS.
- Strengthen the capacity of local authorities and regions to prepare high-quality investment projects.
- Consolidate the rules on financial corrections and accountability for breaches.

Centre for Economic Strategy (CES)

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Contact: Vyacheslav Nozdrin, CES Communications Director — viacheslav.nozdrin@ces.org.ua · ces.org.ua