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Public-Private Partnerships in Ukraine: From Reconstruction Tool to Sustainable Investment Platform

Ukraine came into 2026 with a practical question: how to rebuild, modernize and keep essential services running when public funding is not sufficient? Public-private partnerships (PPP), are no longer a theoretical concept for policy discussion. They are becoming one of the main ways for bringing private capital, management skills and technology into public infrastructure.

This shift is significant for foreign businesses. Ukraine's recovery needs are large, urgent and span multiple sectors, including transport, energy, housing, municipal services, healthcare, education, digital infrastructure and public safety. While the state will remain responsible for public services and public assets, it increasingly recognises that effective delivery depends on active private investors, operators, contractors, lenders and donors.

The legal framework has also changed. Law of Ukraine No. 4510-IX On Public-Private Partnership (PPP Law), adopted on 19 June, 2025 and in force from 31 October, 2025, modernises the PPP regime in Ukraine and brings it closer to the approach used in mature infrastructure markets. Law of Ukraine No. 155-IX On Concession remains a key instrument for concession projects. Together with the PPP Law it gives public authorities and investors a broader and more flexible toolbox. Government has since approved implementing rules on PPP project preparation and private partner selection. These integrate PPP preparation into the public investment management system, simplify preparation for smaller projects, and provide more detailed procedures for competitive dialogue and preliminary market consultations.

Why the new PPP Law matters

The new PPP Law moves Ukraine away from a narrow and formalistic view of PPPs. A PPP may now be structured not only around traditional infrastructure construction, but also reconstruction, capital repair, technical upgrading, maintenance, operation and the provision of socially significant services. The law also broadens the range of potential public partners, which is relevant for sectors where assets are owned by state-owned or municipal enterprises rather than directly by ministries or local authorities. For investors, this may open projects that previously looked too difficult to structure.

Financing approaches have also become more flexible. PPPs in Ukraine are not expected to rely on a single source of money. The PPP Law allows projects to combine private equity, commercial debt, financing from international financial institutions, state or local budget support, funds of public sector companies, and grants. Some projects will not be fully bankable on user fees alone; others will require grants or availability payments to keep services affordable while still making the project financeable.

Availability payments are particularly important. In simple terms, the public side may pay the private partner for making the asset available and meeting agreed performance standards. This model can work where direct payment by users would be politically or socially unrealistic, for example in roads projects and certain social infrastructure projects such as hospitals, schools or certain municipal services. It also introduces clear performance accountability: if the asset is unavailable or fails to meet agreed standards, the payment may be reduced.

The new law also strengthens lenders protection. Direct agreements, step-in rights, and rules on replacement of the private partner are familiar tools in international project finance. Banks finance not only a legal idea, but a long-term contract and the cash flow behind it. Better creditor protection should make PPP projects easier to finance and easier to explain to international lenders and development finance institutions.

Public priorities: where PPP opportunities are likely to appear

Ukraine's PPP pipeline is becoming more concrete. At the Ukraine Recovery Conference in June 2026, Ukraine presented 15 priority PPP projects covering ports, roads, railways and municipal infrastructure. The portfolio was presented again in September, with the Ministry for Recovery, Infrastructure and Transport noting that the projects were at different stages of preparation. For investors, this provides a more practical starting point for assessing opportunities than broad sector priorities alone.

Transport and logistics feature prominently. The priority projects include concessions for the ferry and second terminals at Chornomorsk port, the northern bypass of Lviv, modernisation of the Yahodyn-Kovel-Lutsk corridor and the M-09/M-10/M-11 border road corridor, and reconstruction of the M-15 Odesa-Reni route. The portfolio also includes a national network of weigh-in-motion systems and modern roadside service areas. These projects illustrate the potential role of PPPs in strengthening Ukraine's transport connections and supporting trade.

Railway opportunities extend beyond the rail network itself. The announced priorities include concessions for the Sknyliv intermodal hub and railway station complexes in Kyiv, Lviv and Odesa. For private investors and operators, such projects raise a different set of commercial questions: how to combine passenger or logistics services with the development and management of associated commercial space, while preserving the assets' public transport functions.

Municipal infrastructure is also represented, including modernisation of the Kaidatska pumping and filtration station in Dnipro, a new wastewater treatment line in Uzhhorod, and improvements to water supply and wastewater systems in Khust. These examples connect the investment pipeline directly with the sustainability agenda: reliable essential services, more efficient infrastructure and better environmental outcomes. Inclusion in the priority portfolio should, however, be distinguished from procurement readiness or a confirmed financing structure.

For business, the most promising PPPs will be those where the public need is urgent, the asset is well defined, the revenue or payment mechanism is credible, and the project can be prepared to international standards. A good PPP is created long before the tender goes ahead, through feasibility studies, risk allocation, stakeholder engagement, environmental and social assessment, and a realistic financing plan.

PPPs and SDGs: not a slogan, but a design requirement

Sustainable Development Goals, or SDGs, are a set of 17 global goals adopted by the United Nations to guide sustainable development. Each goal has a number, so references such as "SDG 9" or "SDG 13" simply point to a specific goal within that list.

This is useful because it enables governments, investors and lenders to connect an infrastructure project to clear public outcomes, such as better services, cleaner energy, safer cities or lower emissions. This is not because the SDGs are fashionable language. It's because modern infrastructure finance increasingly asks whether a project creates measurable public value, not only whether it can be built or meets bankability requirements.

The main point is that SDGs should be embedded into the project from the beginning, not added as a paragraph at the end. At the concept stage, the public partner should identify which SDGs the project supports and what measurable outcomes are expected. At the feasibility stage, advisors should test whether the project is affordable, inclusive, climate-resilient and socially acceptable. At the tender stage, bidders should compete not only on price, but also on service quality, resilience, sustainability and life-cycle cost. At the contract stage, performance indicators should be linked to payments, reporting and remedies.

This approach is often described internationally as “people-first PPPs”. For Ukraine, it has an even more practical meaning because infrastructure must serve people not only in normal conditions, but also during war and recovery. A school that has been rebuilt should be energy efficient, accessible to children with disabilities and designed with basic safety and shelter needs in mind. A hospital PPP should measure service readiness, continuity of critical care, backup power and emergency response capacity, not only the completion of construction works. A road or logistics project should consider safety, maintenance, military and humanitarian mobility, supply chain resilience and community impact. A water, waste or energy project should reduce environmental harm, support circular economy goals and remain operational during disruptions. In Ukraine, a sustainable PPP is, therefore, not only a green or socially useful project; it is also a resilient project that can protect people, maintain essential services and support economic activity in wartime and post-war conditions.

Embedding SDGs into PPP contracts

There are several practical ways to ensure that PPP projects are alighted with the SDGs.

First, project documentation should include a clear SDG mapping. This should identify the relevant SDGs, the expected public benefits and the indicators that will be measured. The indicators should be realistic: reduced energy consumption, lower service interruptions, shorter travel time, improved accessibility, waste diverted from landfill, reduced emissions, or increased service coverage.

Second, the payment mechanism should reward performance. If the private partner is paid for availability, quality and reliability, it has an incentive to maintain the asset properly over the full contract term. This is better than a model where the private partner is paid mainly for construction, leaving the public side with long-term maintenance problems.

Third, environmental and social standards should be part of the project right from the start. Projects involving international financial institutions will be expected to meet high standards on land, resettlement, labour, stakeholder engagement, biodiversity, climate risk and community health and safety. Early compliance reduces delays and protects the project from reputational risk.

Fourth, PPPs should be designed for affordability. A project may be technically impressive but still fail if users cannot pay or if the public budget cannot support it over time. Ukraine needs projects that are bankable and socially realistic. This means honest modelling of tariffs, subsidies, grants, availability payments and fiscal commitments.

What foreign investors should assess before committing

The opportunity is real, but a PPP should not be treated as an ordinary supply contract or a fast market entry tool. It is a long-term public project, often involving public assets, public services and political visibility. For foreign investors, the key is to test early whether the project is not only legally possible, but also commercially realistic and financeable.

The first issue is control over the asset. Land rights, asset title, permits, technical conditions, grid or utility connections, existing encumbrances and third-party rights should be checked before the project reaches an advanced tender stage. If these issues are not resolved early, they can delay financial close, increase costs or make the project unattractive to lenders.

The second issue is the payment model. If the project depends on user fees, the investor should carefully test demand, tariff regulation, affordability and collection risk. If the project relies on availability payments, the investor should understand how those payments will be approved, budgeted and protected over the life of the contract. If grants or donor funds are expected, their timing, conditions and interaction with private financing should be clear from the outset.

The third issue is foreign exchange risk. Foreign investors should also test currency exposure, indexation and convertibility risk, especially where financing is denominated in foreign currency but project revenues or public payments are made in hryvnyas.

The fourth issue is risk allocation. A private partner can usually manage construction, operation, maintenance, technology and performance risks. It should not be expected to carry risks that it cannot control, such as war escalation, major changes in law, politically driven tariff freezes, or the public partner's failure to provide land, permits or budget support. A bankable PPP is not one where the public side transfers every risk to the investor; it is one where each risk is allocated to the party best able to manage it.

Finally, integrity and transparency will be central. PPPs involve long-term public assets and public money, so investors should expect competitive procedures, disclosure requirements, checks of conflict of interest, sanctions screening and anti-corruption controls. This should not be seen only as a compliance burden. A transparent and well-documented process makes the project easier to finance, easier to defend if challenged, and more credible for international lenders, donors and public stakeholders.

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PPPs in Ukraine are moving from policy discussion to practical implementation because the need is clear and urgent. The state needs modern infrastructure and reliable public services. Business needs projects that are properly prepared, lender-ready and protected by a predictable legal framework. International partners need transparent and sustainable channels through which reconstruction funding can produce measurable results. The new PPP framework creates a stronger legal basis for bringing these interests together.

The most successful PPPs in Ukraine will not be those that simply transfer a public asset into private management. They will be projects that solve a real public problem, allocate risks fairly, attract blended finance, protect lenders, remain affordable for users and deliver measurable SDG outcomes. In the Ukrainian context, they should also be resilient enough to support essential services during wartime disruption and long-term recovery.

For foreign investors, 2026 and 2027 may be the right moment to study Ukraine's PPP pipeline seriously. The market continues to develop, and not every project that is announced will become bankable. But the direction is clear: Ukraine is moving from emergency reconstruction toward structured and sustainable investment. Investors who understand both the legal framework and the SDG logic behind it will be better placed to participate in this next phase of Ukraine's recovery.