

THE RECOVERY SPENDING WATCHDOG

#16, February 2025

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Legal regulation



Legal regulation

On January 16, the Parliament adopted essential amendments to the Budget Code of Ukraine ([No12245](#)) to introduce an effective public investment management (PIM) system, which provides for:

- (i) integration of PIM into the budget process, ensuring that only those projects that have been evaluated and selected in accordance with the established procedure are included in the budget;
- (ii) definition of the functions of PIM process participants;
- (iii) introduction of medium-term public investment planning, including prioritisation of current projects;
- (iv) establishing mandatory use of the unified IT platform (DREAM, IT systems of the Ministry of Finance and the Ministry of Economy).

All public investment projects should be selected according to the already approved prioritisation criteria, and the Ministry of Finance will be reporting on their funding.

The Ministry of Development and the Ministry of Energy approved energy [independence passports](#) for each region of Ukraine.

This should facilitate the effective development of distributed generation, including gas generation, strengthening energy sustainability in all regions.

The Government submitted to the Parliament a draft [law on the principles of housing policy](#) intended to replace the outdated housing code and regulate social housing issues (for more details, see WATCHDOG#15).

The project "Side by Side: Cohesive Communities" - cooperation between rear and frontline

In January, the Ministry of Development launched the project ["Side by Side: Cohesive Communities"](#) - a national project to unite partner communities to support and restore outpost communities - on January 31, the Cabinet of Ministers adopted a respective [resolution](#).

The project objective is to support and restore the infrastructure of the outpost communities, ensure their sustainability and strengthen the unity of the country

How do the communities participate?

- Formation of recovery teams for works/services and ongoing repairs
- Support for children from outpost communities: all-Ukrainian school leagues, children's camps, recreation
- Cultural, educational and sports activities to strengthen social ties and engage young people
- Material and technical assistance
- Humanitarian aid
- Collective participation of the parties in project funding

On the project's website, you can see the partnerships between the rear and frontline communities.

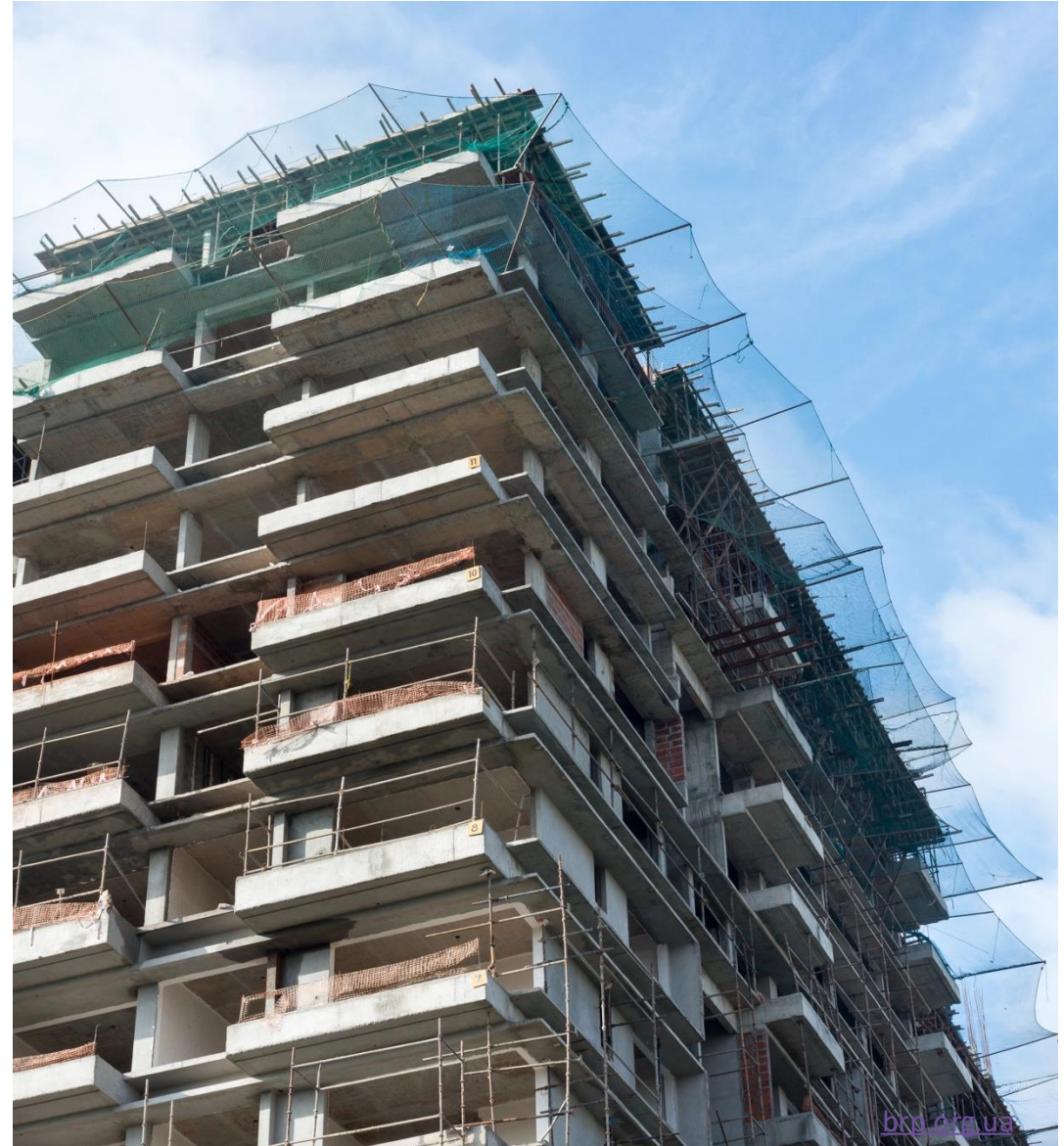
Specific cooperation areas: assistance in the restoration of damaged facilities, relocation of schools and other institutions from frontline to rear line communities.

An outpost community is a territorial community located at a distance less than 100 kilometres from the frontline and the state border with the Russian Federation



Source: [Project's page](#)

Recovery progress and funding



Performance in 2024: recovery and development primarily funded by donors

→ Over \$1.1 billion was raised from international donors for recovery and development projects

→ European Investment Bank:

- ✓ “Energy Efficiency of Public Buildings in Ukraine”, supported by the EIB, is a subsidised loan programme for communities to implement energy efficiency projects in social sector buildings such as schools, hospitals and kindergartens. 87 projects planned for implementation by 42 communities in Ukraine have been processed, totalling over UAH 3.8 billion.
- ✓ Under the Ukraine Recovery Programme, 157 communities have been selected to receive funding for the restoration of social and critical infrastructure totalling €50 million.
- ✓ Projects worth \$200 million for 12 communities in the areas of heat supply, water supply and sewerage, outdoor lighting, and household waste management were approved for implementation under the Municipal Infrastructure Development Programme of Ukraine

→ World Bank:

- ✓ Municipal Infrastructure Development Project - 2: will allow completion of works in 11 communities to replace water supply, sewage, solid waste treatment systems, purchase high-quality laboratory equipment and special vehicles for a total of \$326.6 million
- ✓ 226,580 citizens gained access to better services through the project "Improving Energy Efficiency and District Heating in Ukraine"
- ✓ In addition, about 105 km of heating networks were replaced and reconstructed in 7 communities, 4 cogeneration and thermal power plants were built, 62 boiler stations were installed, and 1046 individual heating units were installed. The total cost of the project is \$201.6 million.

Performance in 2024: a long-term compensation programme for damaged and destroyed housing

→ The Register of Damaged and Destroyed Property (RDDP) contains 247,819 items of damaged and destroyed property, including 222,424 residential buildings

→ Overall, 78,160 families have received compensation for repairs (under two programmes: up to UAH 200,000 and 350,000 for apartments and UAH 500,000 for private houses) for a total of UAH 7.7 billion since the start of the programme:

- ✓ Including 46,052 families received compensation in the total amount of UAH 4.7 billion in 2024

→ Funds from the state budget and the Council of Europe Development Bank were allocated to issue 6,476 housing certificates totalling UAH 10.24 billion to purchase new homes to replace those destroyed:

- ✓ Of that amount, UAH 4.4 billion has been allocated for compensation in 2024
- ✓ The programme has already issued certificates to 4,873 owners in total amount of UAH 9.0 billion

→ In January 2025, the European Development Bank allocated an additional €150 million for two housing projects in Ukraine:

- ✓ 100 million euros for the HOME project - certificates for new housing for 3,000 families
- ✓ 50 million for low-interest loans for internally displaced persons (for 1,460 families)



The Ministry of Development's directions of work for 2025

The key [directions](#) of the work of the Ministry of Development:

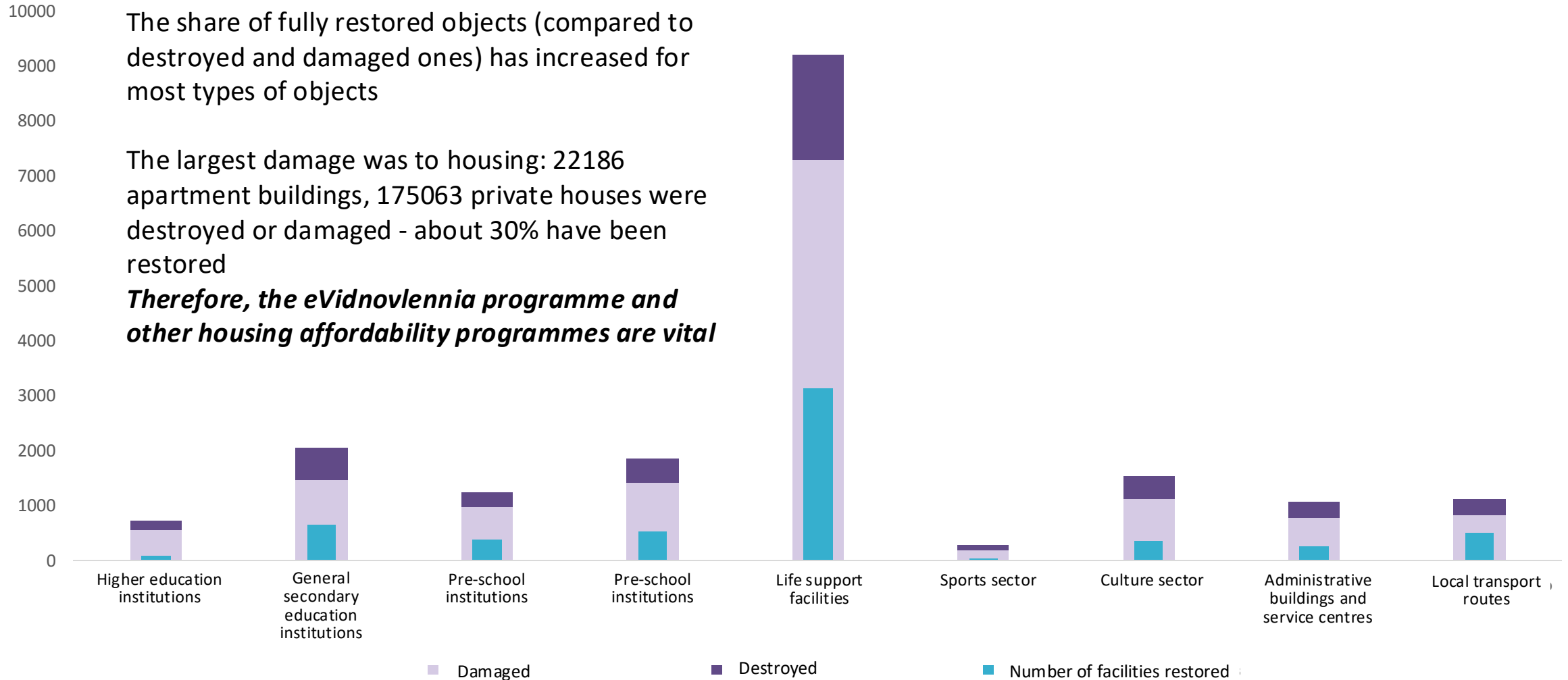
- Security of energy supply
- Housing compensation
- Public investment management reform
- Regional development
- Barrier-free accessibility
- Infrastructure
- Digitalisation

The [regional policy](#) outlines the following directions::

- I. Regional development in the context of war - forming an approach to working with the occupied and temporarily occupied territories, preparing strategies for the post-war transition period.
- II. Digital solutions - continuing to work with the DREAM ecosystem of recovery management and the Unified Geographic Information System for Regional Development.
- III. Community cohesion—first, scaling up and further developing the "Side by Side: Cohesive Communities" project.
- IV. Development of human resources, tools and resources for regional development - launching pilot development projects and strengthening international cooperation, in particular with European communities
- V. Working with recovery and development instruments - preparing for URC4 and implementing projects in communities through the Ministry's financial instruments

As before, recovery is not keeping pace with the destruction - the rate of destruction has accelerated over the month, but the tempo of recovery has also increased

Number of damaged, destroyed and restored facilities



Another selection of projects for funding from the EIB funds has been launched: fast-track selection

During 9-24 January, territorial communities could submit [projects for funding selection](#), which could be financed by a corresponding subvention under the Ukraine Recovery Programme III (in June 2024, Ukraine and the EIB signed a Financial Agreement providing for the allocation of €100 million). Projects were submitted through the [DREAM](#) system

A fairly short time for project preparation - therefore, projects could be submitted mainly by those communities that already had developed projects (the capacity of communities is becoming increasingly important). Therefore, communities need to be prepared to submit projects in the future in a short time - the submission of projects to the Single Project Portfolio was also fast.

Meanwhile, there is a risk that in the situation of rising prices, estimates become outdated, but if there is a project, it is easier to recalculate the cost within a week than to create a new one

Project focus areas:

- 1) construction, reconstruction, and major repairs of residential real estate in the Dnipro, Kirovohrad, and Cherkasy regions;
- 2) construction, reconstruction, and major repairs of water supply and sewage projects;
- 3) construction and/or placement of gas-powered and gas turbine systems, including cogeneration and block-modular boiler units, primarily in communities with a population of no more than 100 100,000 people (considering the permanent population of the territorial community according to the State Statistics Service as of 01. 01.2022 and the number of people who arrived in the territorial community and registered as IDPs and the number of people who left the territorial community and registered as IDPs in other territorial communities as of 01.01.2025 according to the Ministry of Social Policy);
- 4) construction, reconstruction, and major repairs of healthcare facilities (perinatal centres, cluster and supercluster hospitals)

The terms and conditions set out the selection criteria for projects to be financed by the EIB

Criteria for determining the priority:

Availability of regional development strategies, territorial community development strategies approved for the period up to 2027, the status of their approval/development, for all areas of funding except for projects for the construction and/or installation of gas-powered and gas turbine plants, including cogeneration, block-modular boiler units - **the availability of developed recovery plans and programmes, which communities actively worked on in 2024, is not taken into account**

Project readiness indicator (availability of approved project documentation) - **therefore, communities must be prepared**

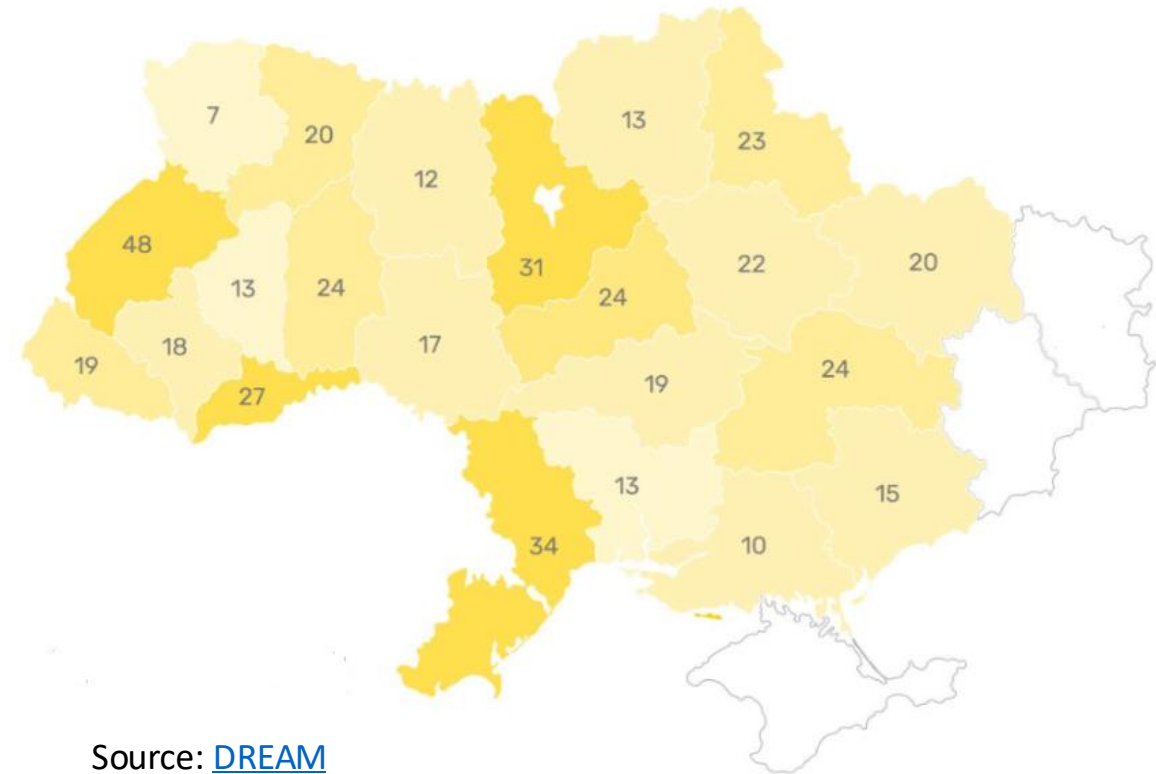
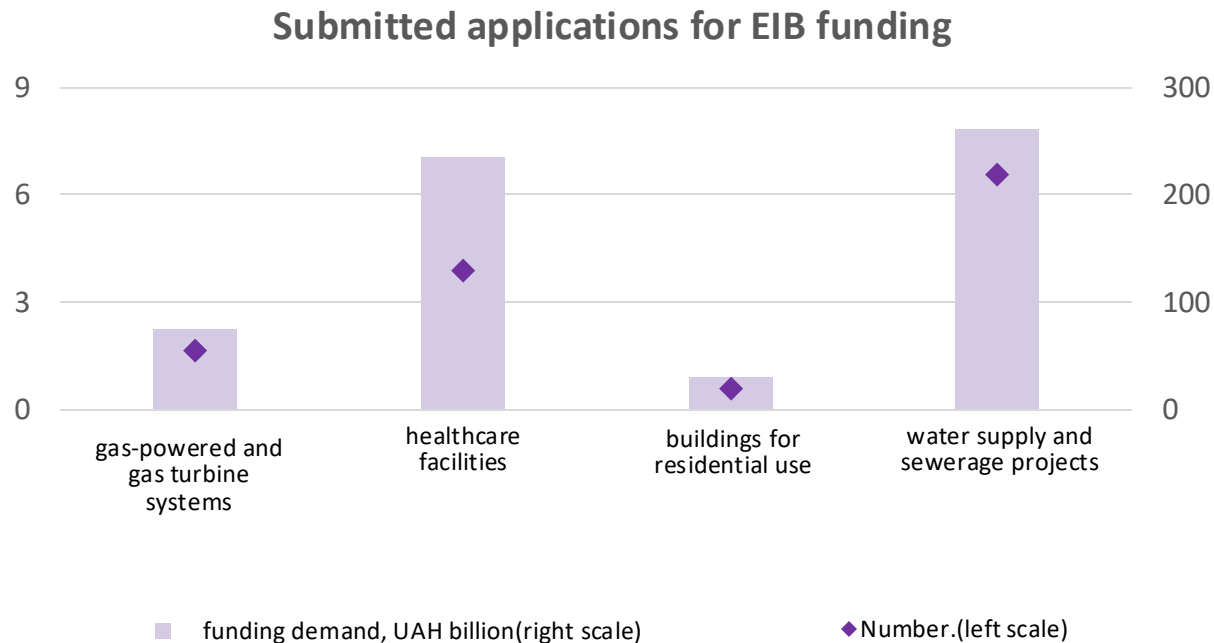
Indicator of project co-financing - the minimum expected co-financing was 23% - **communities should have sufficient funding**

Indicator of community capacity depending on the tax capacity index of the respective budget, except for projects for the construction and/or placement of gas-powered and gas turbine plants, including cogeneration, block-modular boiler units

The project implementation period is a benchmark of 18 months

For construction and/or placement of gas-powered and gas turbine plants, including cogeneration, block modular boilers, the geographical location, availability of an alternative heat supply source and % coverage of service consumers will be taken into account

The competition is great: the demand for project funding is traditionally significantly higher than the available funding.



453 applications were received from 235 communities in 22 regions:

Source: [DREAM](#)

- 233 projects to replace or upgrade municipal water supply or sewerage networks in communities
- 130 projects for the restoration and modernisation of hospitals
- 20 projects for the construction of municipal housing, including for internally displaced persons

The total amount of funding for the submitted projects is UAH 19.3 billion, so the competition is very high (this is the third stage of the EIB-funded Recovery Programme: within the first five stages, there are 225 implemented projects worth more than [€500 million](#))

The next stage is the evaluation of projects by the Regional Military Administrations and the forming of rating lists

Recovery procurement: 2024 performance results



Recovery procurement - 2024: summary

- In 2024, the number of completed construction procurements fell by 23% to 134.5 thousand, while the total amount decreased by 6% to UAH 271.6 billion.
- Extremely low competitiveness remains one of the key issues in public procurement. In 2024, 79.2% of completed procurements using the electronic system were non-competitive, rising to 96.6% across all procurements.
- Artificial threshold avoidance remains a problem in public procurement. As of 2023, there was an excessive number of contracts in the sub-threshold intervals, up to 27 times higher than in the neighbouring intervals.
- The government plans to update its assessment of Ukraine's losses due to Russian aggression in February 2025. The previous RDNA3 report recorded the highest direct damages in frontline regions: Donetsk (\$38.7 billion), Kharkiv (\$27.8 billion), and Luhansk (\$17.8 billion) regions.
- The rejection of a transparent procurement system leads to decreased efficiency in procurement procedures. One example is the reconstruction of the "Okhmatdyt" children's hospital.
- The largest procurement of 2024 was the contract for the construction of a Kyiv Metro line, awarded to the Autostrada Group of Companies for UAH 13.8 billion.



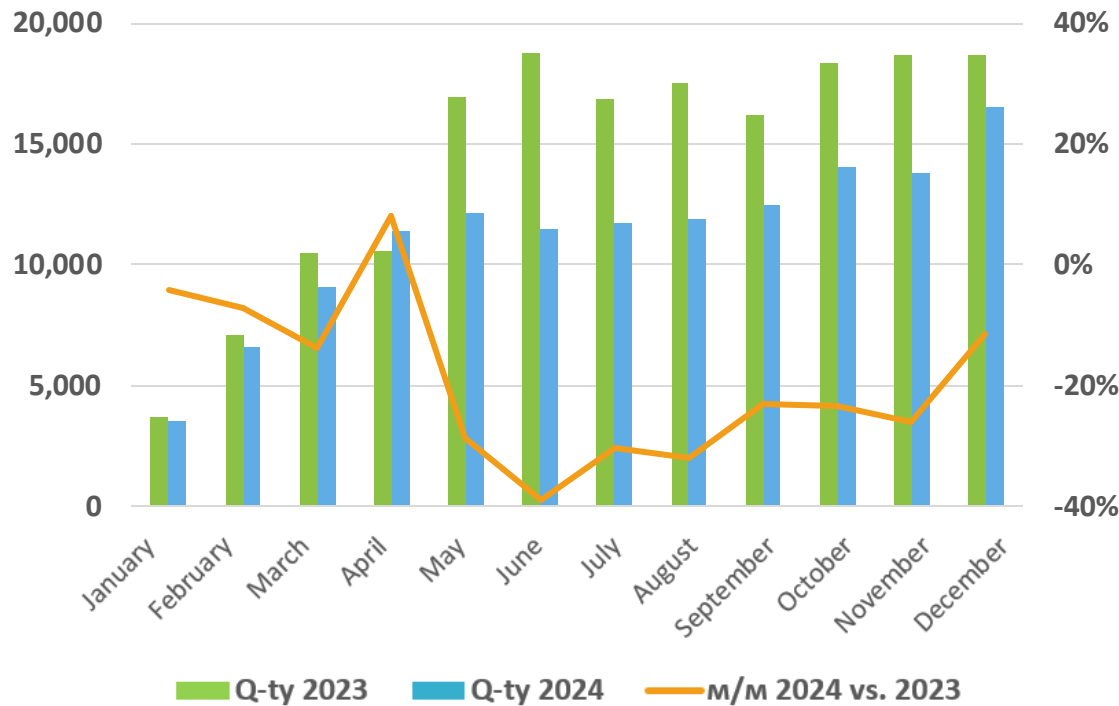
Key procurement numbers in 2024*

- In 2024, 142.6 thousand construction procurements were announced. Of these, 94.3% (134.5 thousand) were completed, 4.1% did not take place, 1.4% were cancelled, and 0.2% are still ongoing.
- The total procurement amount was 271.6 billion UAH, including the current procurement amount for December—24.0 billion UAH.
- Compared to 2023, the number of completed procurements decreased by 23%, and their value in UAH terms decreased by 6%.
- The largest procurement in December was organized by Ukrhydroenergo, involving the construction of protective structures for the Dniester PSP for 4.8 billion UAH.
- December had the highest number of procurements in 2024—16.6 thousand, but this is 11% less than in December 2023.
- The e-procurement system was used for 21.9 thousand completed procurements (16.3%), totalling 162.8 billion UAH (60.0%).
- The current amount of defence procurements in 2024 was 21.9 billion UAH, with 59% occurring in March. Defence procurements have remained limited—less than 0.4 billion UAH per month in the second half of the year.
- Among construction procurements, in 63% of cases, the unit of measurement was "work", 29%—services, 2%—hours, 2%—pieces or units, 2%—other units, and 2% had no specified unit of measurement.
- In monetary terms, 82% of completed procurements were for works, and 14% for services.

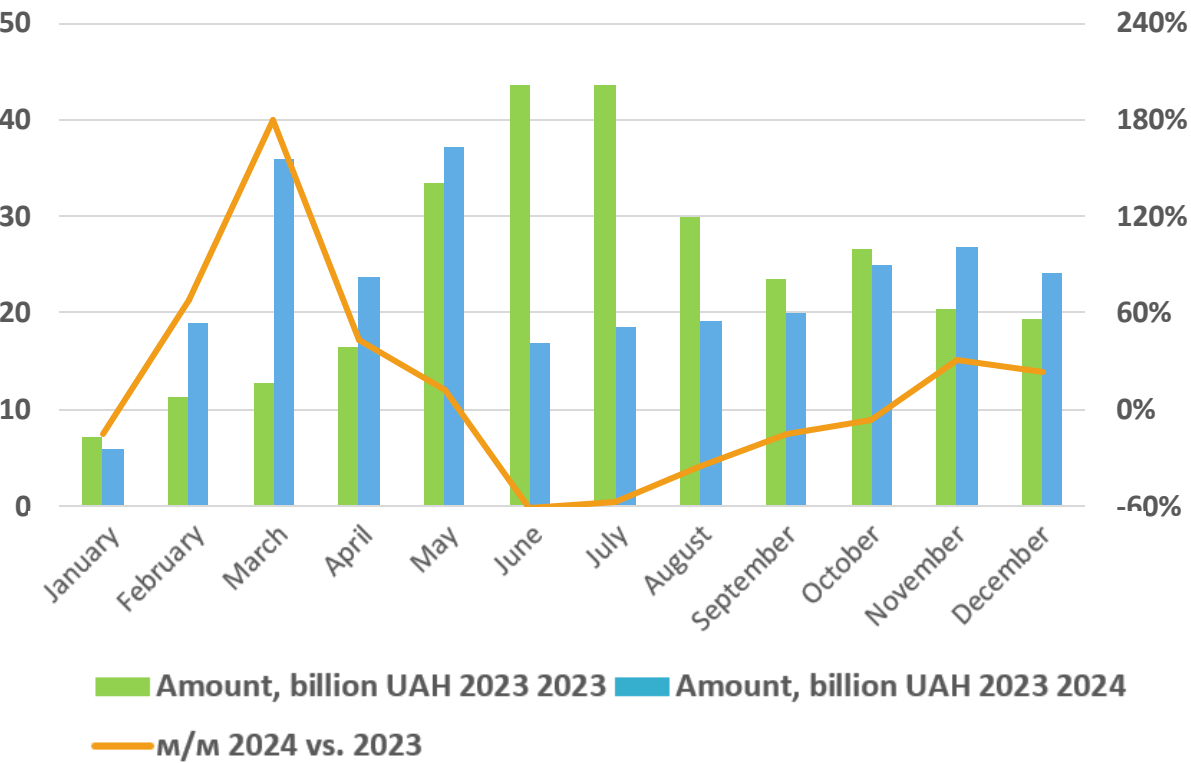
- - as of 27 January 2025
- Remarks. 289 procurements in 2024 have not yet been completed. Of these, 204 were declared in December, 53 in November, and 32 in the previous months.

Number and amount of procurements 2024 vs 2023

The number of completed construction procurements



The amount of completed construction procurements

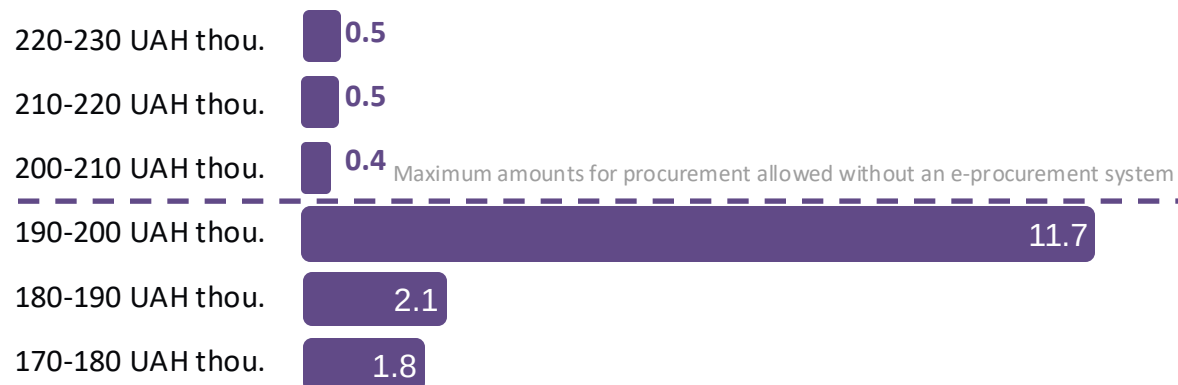


* - as of 16 December 2024

Artificial threshold avoidance in procurement

Without using the e-procurement system, it is allowed to procure current repair services worth up to UAH 200,000 and works worth up to UAH 1.5 million.

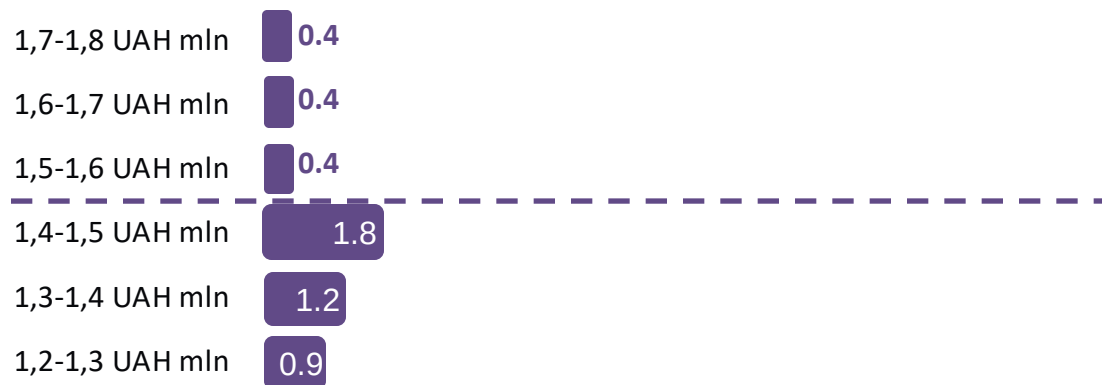
Number of announced procurements in certain price intervals, thou.



Amounts of up to UAH 200 thousand allow procurement of **current repair services** without the use of an e-procurement system. As a result, 8% of all construction procurements in 2024 were made for sums in the narrow range of UAH 190-200 thousand. This is 27 times more than in the neighbouring range of UAH 200-210 thousand.

Of 11.7 thousand procurements worth UAH 190-200 thousand, most of them (6.4 thousand) were made for the UAH 199-200 thousand.

Number of announced procurements in certain price intervals, thou.



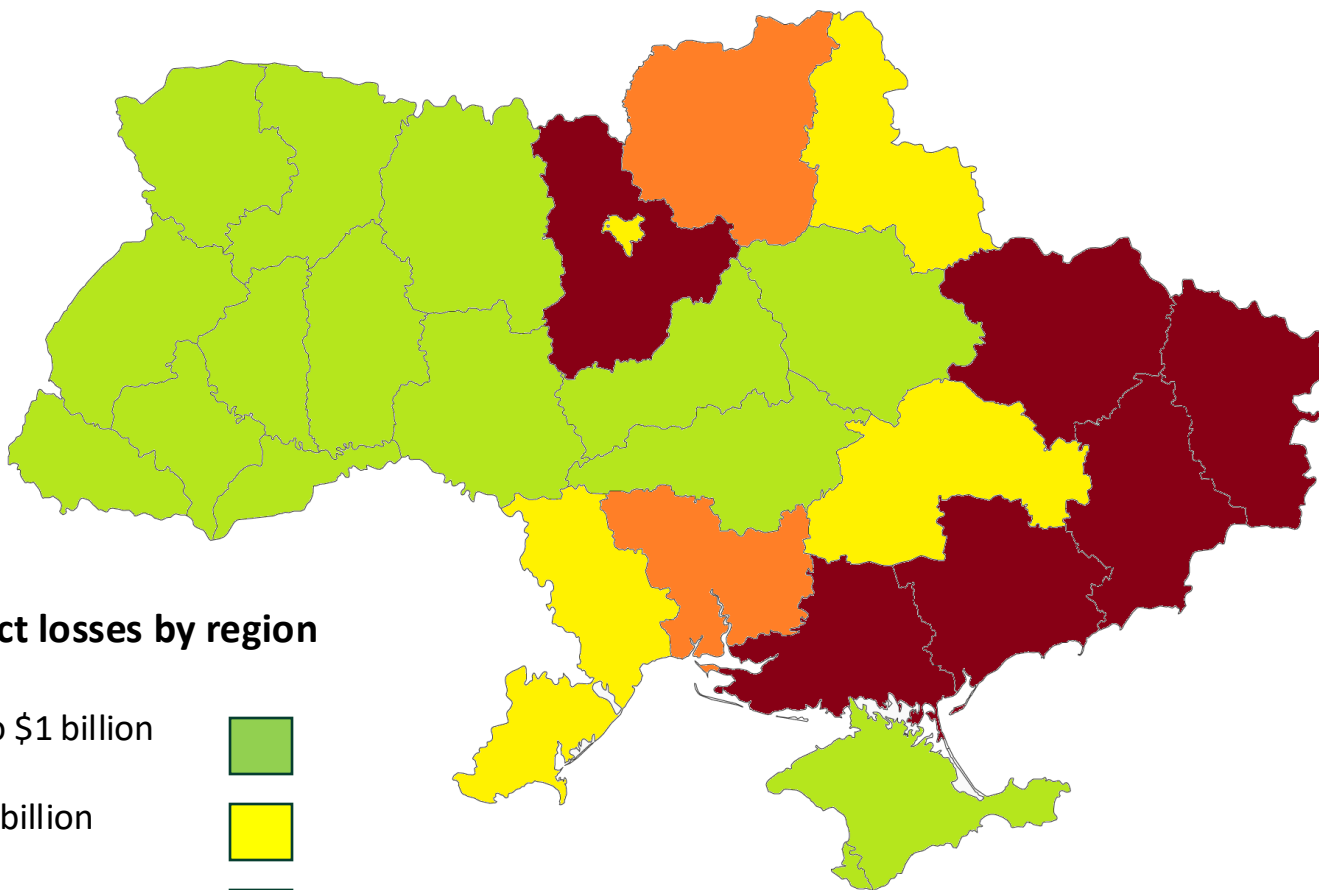
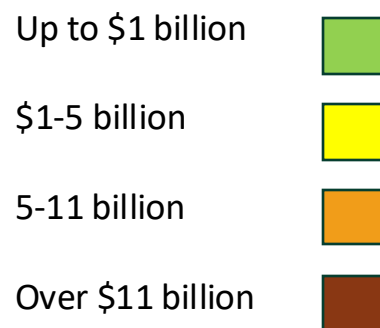
Amounts up to UAH 1.5 million allow procurement of works without the use of the e-procurement system. In the range of UAH 1.4-1.5 million, 1.2% of all procurements were made, which is almost five times more than in the neighbouring higher intervals.

Numeric extremes around the threshold of UAH 1.5 million are less visible than around the threshold of UAH 200 thousand. This can be explained by the fact that works represent a smaller number of construction procurements, despite the higher total value of contracts.

Damage assessment: awaiting RDNA4

- The government plans to update the assessment of Ukraine's losses from Russian aggression in February 2025.
- As of February 2024, the largest direct losses were recorded in the frontline regions of Donetsk (\$38.7 billion), Kharkiv (\$27.8 billion) and Luhansk (\$17.8 billion) regions.
- The 5 frontline regions accounted for 72% of direct losses, while the de-occupied Kyiv and Mykolaiv regions accounted for another 11%.
- The 9 western regions were the least affected, accounting for only 0.8% of direct losses.
- More than \$7 billion in direct losses are not allocated to specific regions.
- The study did not estimate direct losses in the Autonomous Republic of Crimea and the city of Sevastopol.

Direct losses by region



“Okhmatdyt”: a challenging restoration (1)

Timeline of events:

- **On 8 July**, a Russian X-101 missile severely damaged the buildings of the Okhmatdyt Children's Hospital.
- **UAH 1.6 billion** in donations were raised to rebuild the hospital, including **UAH 378 million** from the "Okhmatdyt—Healthy Childhood" charity fund. The rest came from equipment supplies and targeted donations from United24, foundations, companies, and foreign governments.
- The charitable foundation announced a tender to rebuild the hospital. The winner was a little-known Bud-Technology LLC, which offered one of the highest prices (UAH 307 million) but did not have the necessary experience in construction work and a sufficient range and quantity of construction equipment.
- After attention was drawn to the questionable tender, the organisers said that it was not a tender within the meaning of the Law on Public Procurement.
- **On 2 August**, the Minister of Health of Ukraine Viktor Liashko announced the cancellation of the tender and the announcement of a tender under the public procurement system
- **On 5 August**, the Ministry issued an order to establish a Council to monitor the reconstruction of Okhmatdyt. The council will include major philanthropists, NGOs, ministry representatives, and hospital representatives.
- **On 8 August** Viktor Liashko meets with 15 construction companies interested in rebuilding Okhmatdyt.
- **On 13 August**, the founders of the "Okhmatdyt - Healthy Childhood" charitable foundation are changed. The co-founders now include Oksana Sokolovska and Yevhen Solodko.
- **On 17 August**, Volodymyr Zhovnir was suspended from his position as director of Okhmatdyt until the National Police and the Ministry of Health completed their inspections. Oleksandr Urin, head of one of the hospital's departments, was appointed acting director.
- **On 19 August**, Ukrnafta PJSC demanded that the Charitable Foundation 'Okhmatdyt—Healthy Childhood' immediately return the UAH 5 million in charitable aid due to its inability to guarantee its intended use. At the same time, the company confirmed its intention to act as a benefactor of Okhmatdyt after the completion of the inspections.

“Okhmatdyt”: a challenging restoration (2)

Timeline of events (continued):

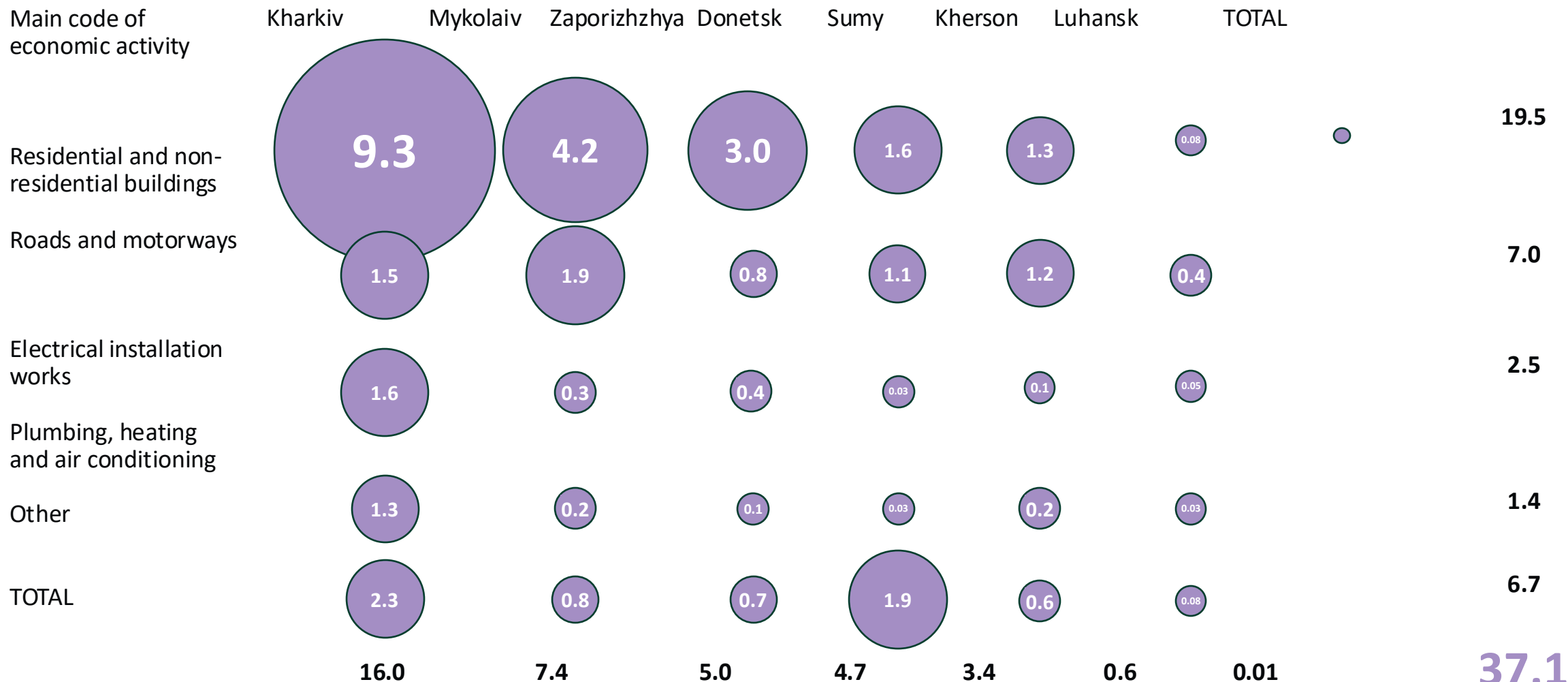
- **On 26 August:** A draft agreement between the Charitable Foundation and Okhmatdyt is published. The document stipulates the hospital's obligation to provide documents on the commissioning of the building (which currently does not exist). The Charity Foundation noted that the refusal to sign the document would be perceived as officials' intention to get money at their uncontrolled disposal.
- **On 27 August,** the Okhmatdyt Restoration Council decided to conduct a building survey, an independent assessment, and transparent and clear tender procedures.
- **On 16 October,** Okhmatdyt signed a contract for priority emergency works to protect the hospital building from external influences. Unit Development LLC is to carry out the necessary work for UAH 7.5 million. The purchase price was reduced by UAH 2 million during the bidding on Prozorro.
- **On 29 December,** Minister Viktor Liashko announced the completion of key emergency repairs and announced the start of designing the building's restoration.
- **On 20 January 2025,** Okhmatdyt signed an agreement for the major overhaul project worth UAH 13.8 million.

Conclusions:

- Uncertainty over funding mechanisms for rebuilding Okhmatdyt has delayed reconstruction work.
- Uncoordinated actions and mutual accusations amid legal uncertainty may reduce donations to other facilities in need of restoration.
- An unfortunate factor was the selection of the contractor in the format of a private competition rather than a tender as defined by the Law on Public Procurement.
- Restoration projects should be transparent and entered into the DREAM system.
- If the investigation reveals those who deliberately impeded the rapid restoration of Okhmatdyt, they should be brought to justice.
- As of February 2025, the hospital is being restored, but at a very slow pace. The current stage is the design of future major repairs.

\$1 billion of frontline construction companies

Revenue of construction companies in the frontline regions in 2023, UAH billion



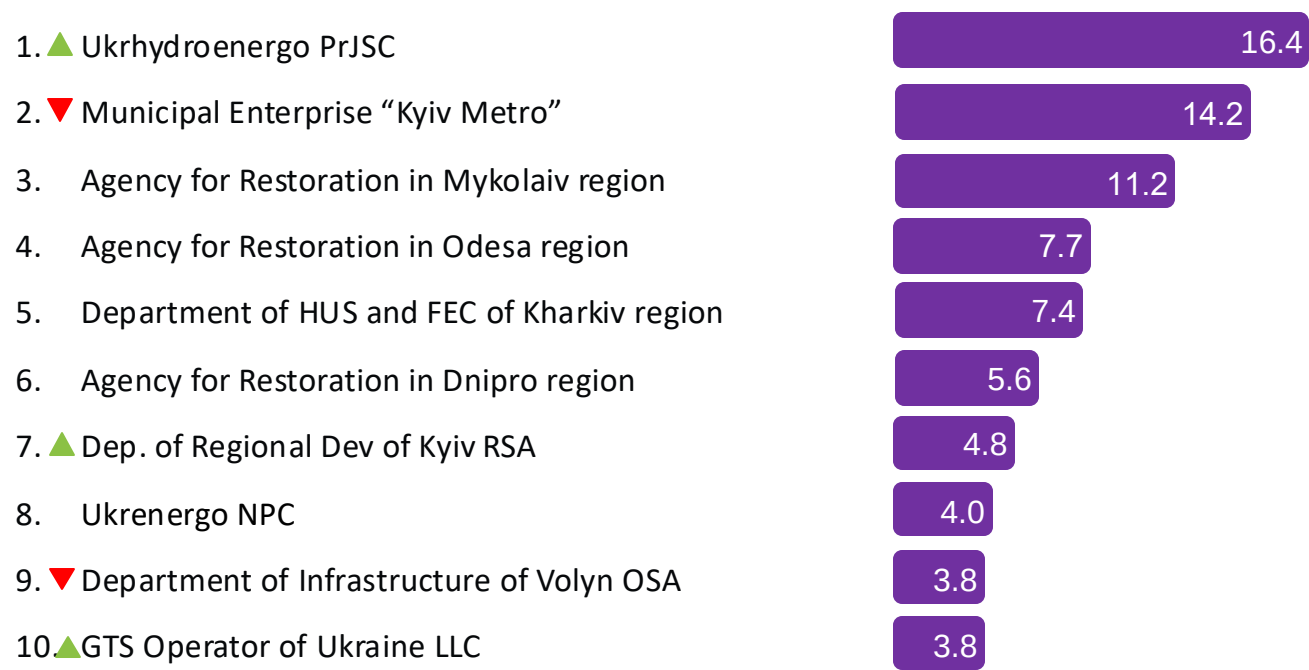
Largest frontline construction companies

Revenue of construction companies in frontline regions, UAH billion

Company	City	Main code of economic activity	Revenue, UAH million					
			2021	2022	2023	9m2024		
1. Yuzhenergobud	Yuzhnoukrainsk (Mykolaiv region)	Buildings	1684	2435	 1965	 878		
2. Trust Zhitlobud-1		Buildings	2819	1603	 628	 1164		
3. Shakhtobudiv. Company	Pokrovsk (Donetsk region)	Other buildings	786	795		1204		657
4. Budaliance Group	Mykolaiv	Roads and motorways	425	357		700		186
5. Monolit – Centre	Kharkiv	Buildings	88	115		631		452
6. Slavdorstroy	Mykolaivka (Donetsk region)	Roads and motorways	1925	177	 57	 829		
7. Eurobudkomplekt		Buildings	77	448		545		4
8. Energigroup	Kharkiv	Energy installation works	249	146		486		359
9. Project Alliance	Kharkiv	Buildings	н/д	15		450		269
10. Mykolaivmagistral	Mykolaiv	Roads and motorways	н/д	88		439		86

Procurement leaders in 2024

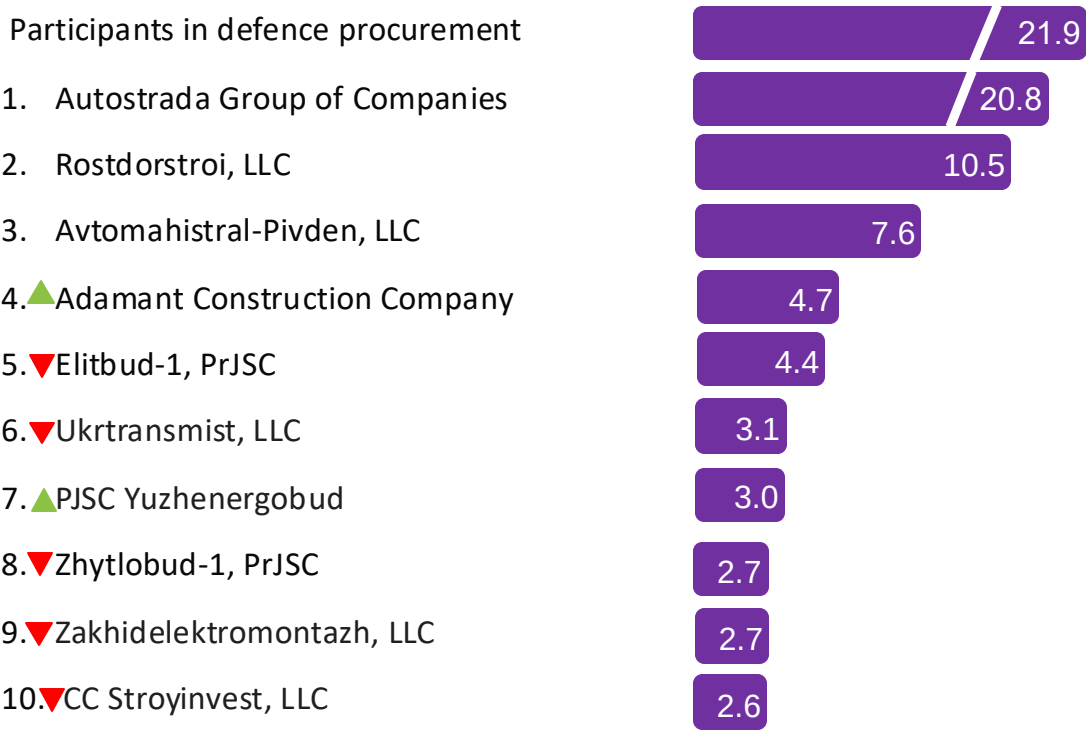
Top 10 organisers (billion UAH)



Top 10 share in all procurements



Top 10 winners (billion UAH)



Top 10 share in all procurements



The largest construction tenders in 2024

No.	Procurement Description	Organiser	Winner	Value of Procurement, billion UAH
1.	Construction of a metro line	Municipal Enterprise 'Kyiv Metro'	Autostrada Group of Companies	13.8
2.	Construction of the Dniester PSPP protection	PJSC Ukrhydroenergo	Adamant BC	4.8
3.	Construction of the Dniester PSPP protection	PJSC Ukrhydroenergo	PJSC 'Elitbud-1'	4.2
4.	Construction of a water intake on the Pivdennyi Buh River (III section)	Recovery service in Mykolaiv region.	Rostdorstroy	2.6
5.	Construction of water intake on the Pivdennyi Buh River (II section)	Recovery service in Dnipro region.	LLCUkrtransmist	2.5
6.	Construction of the main water supply system for Kryvyi Rih	Recovery service in Mykolaiv region.	LLC'Avtomagistral- Pivden'	2.4
7.	Construction of a water intake on the Pivdennyi Buh River (I section)	NPC Ukrenergo	Autostrada Group of Companies	2.3
8.	Reconstruction of the Chornobyl - Slavutych power transmission line	Recovery service in Dnipro region.	Structum LLC	2.2
9.	Construction of the Khortytsia-Marhanets water main	Kyivavtodor	Autostrada Group of Companies	2.1
10.	Restoration of the Metro bridge in Kyiv		ONUR Group	2.0

The largest procurement in Dec. 2024

On 4-6 November, the Infrastructure Restoration and Development Service in Mykolaiv Oblast held tenders for the construction of three water intake sites from the Southern Bug River for a total of

UAH 7.448 billion

79% of e-procurement was non-competitive

No. of tenderers procurement	No. and % of procurement		Amount (billion) and % of procurement in Dec		No. and % of procurement in Dec		Amount (billion) and %	
1 participant	17 324	79,2%	115,4	70,85%	398	86,9%	4,3	79,8%
2 participants	2892	13,2%	27,3	16,8%	46	10,0%	0,8	15,6%
3 participants	992	4,5%	11,9	7,3%	10	2,2%	0,2	4,3%
4 participants	363	1,7%	5,7	3,5%	1	0,2%	0,0014	0,03%
5 participants	165	0,8%	2,2	1,3%	2	0,4%	0,02	0,3%
6 participants	69	0,3%	0,21	0,13%	-	-	-	-
7-13 participants	66	0,3%	0,17	0,12%	1	0,2%	0,0015	0,03%
Total completed procurement using the e-procurement system	21 871	100,0%	162,8	100,0%	458	100,0%	5,4	100,0%

- Extremely low competitiveness remains one of the key problems in public procurement.
- In 2024, 79.2% of completed procurements via the e-procurement system were non-competitive. Among all procurements, the share of procurements with a single tenderer was 96.6%. In December, these percentages were even higher - 86.9% and 99.6%, respectively. Thus, **out of 16,560 procurements in December, only 60 (0.4%) were competitive, or one procurement out of every 276.**
- In 2024, there were only 300 procurements with 5 or more tenderers (0.2%), with a total value of UAH 2.2 billion (0.8%).

Topic of the month: Rebuilding infrastructure



Critical infrastructure definition



According to the Law of Ukraine 'On Critical Infrastructure', critical infrastructure facilities are defined based on a set of criteria that consider their social, political, economic and environmental significance for the country's defence, security of citizens and law and order

Critical infrastructure includes facilities in the following sectors:

- **Energy:** power plants, electricity transmission and distribution networks, oil and gas facilities.
- **Water and sanitation:** drinking water supply systems and sewage treatment facilities.
- **Transport:** airports, railway junctions, sea and river ports, and strategic highways.
- **Information technology and telecommunications:** data centres, communication networks, internet providers.
- **Healthcare:** hospitals, emergency medical centres, laboratories.
- **Financial sector:** banks, payment systems, stock exchanges.
- **Food and agriculture:** food production and storage companies.
- **Utilities:** heat supply systems, waste management.
- **Defence and security:** military infrastructure facilities, law enforcement agencies.

Issues

- Infrastructure plays a crucial role in ensuring the life of the state and the well-being of citizens
- During the full-scale invasion of Ukraine, more than 330,000 social and critical infrastructure facilities were destroyed. As of January 2024, the KSE estimates the amount of damage to infrastructure, energy, utilities and transport at USD 53.4 billion.
- The restoration of critical infrastructure faces serious challenges, including a lack of funding. This complicates the reconstruction process and requires additional resources from international donors
- Russian attacks on energy facilities, including nuclear substations, have revealed an insufficient level of protection. Despite numerous warnings, work on fortifying these facilities began only in autumn 2024 and is expected to be completed no earlier than 2026
- Ineffective management hampered infrastructure restoration. An audit by the Accounting Chamber of Ukraine has found that out of the UAH 7.7 billion allocated in 2024 to continue 199 projects, only 10 out of 130 projects planned for the year had been completed by July. The reasons for the delays were poor project selection processes, low-quality design and budget planning documents, and ineffective management decisions.



Key stakeholders



Міністерство розвитку
громад та територій
України

The Ministry of Development of Communities and Territories of Ukraine is a central executive body responsible for the development and implementation of state policy in the field of community, territorial and infrastructure development. The Ministry coordinates activities related to the restoration and development of the country's critical infrastructure.



Державне агентство
відновлення та розвитку
інфраструктури України

State Agency for Infrastructure Recovery and Development of Ukraine is a specialised body subordinated to the Ministry of Communities, Territories and Infrastructure of Ukraine that is directly involved in the implementation of infrastructure recovery and development projects. The Agency is responsible for the construction, reconstruction and repair of critical infrastructure, including transport networks, energy facilities and other critical structures

Regional recovery services and local authorities

At the local level, the process of restoring critical infrastructure is coordinated by the regional divisions of the State Agency for the Restoration and Development of Infrastructure of Ukraine, as well as local authorities. They are responsible for identifying recovery needs, planning and implementing specific projects in their regions, ensuring efficient use of resources and taking into account local specifics.

Critical infrastructure operators

Critical infrastructure operators, which include businesses and organisations that own or manage critical infrastructure, are responsible for protecting and restoring it. Their responsibilities include ensuring physical security, cyber security, developing emergency response plans, and restoring the functioning of facilities after accidents or attacks..



International partners. Ukraine actively cooperates with international organisations and partner countries to restore critical infrastructure. This cooperation includes financial support, technical assistance and exchange of experience in rebuilding and strengthening the resilience of infrastructure.

Funding

Energy sector

According to the National Bank of Ukraine, in June-December 2024, banks started financing energy infrastructure restoration projects worth UAH 10.5 billion. In addition, the government has allocated about UAH 11 billion to rebuild the energy system.

Roads

- *In 2024-2025, there is no targeted funding for roads under the Road Fund budget programme, which was previously funded by fuel excise revenues.*
- *Programme "Development of the network and maintenance of national roads of general use": The government allocated UAH 17.1 billion in 2024 to the State Agency for Reconstruction for the construction, repair and maintenance of roads of national importance, as well as the arrangement of checkpoints.*
- *Reserve Fund: An additional UAH 2.4 billion has been allocated to restore roads in the border and frontline regions for military and humanitarian needs.*
- *International assistance: Ukraine has received UAH 8 billion from the EIB and the EBRD to reconstruct key transport corridors.*



Source : ["Word and deed"](#)

Power system recovery

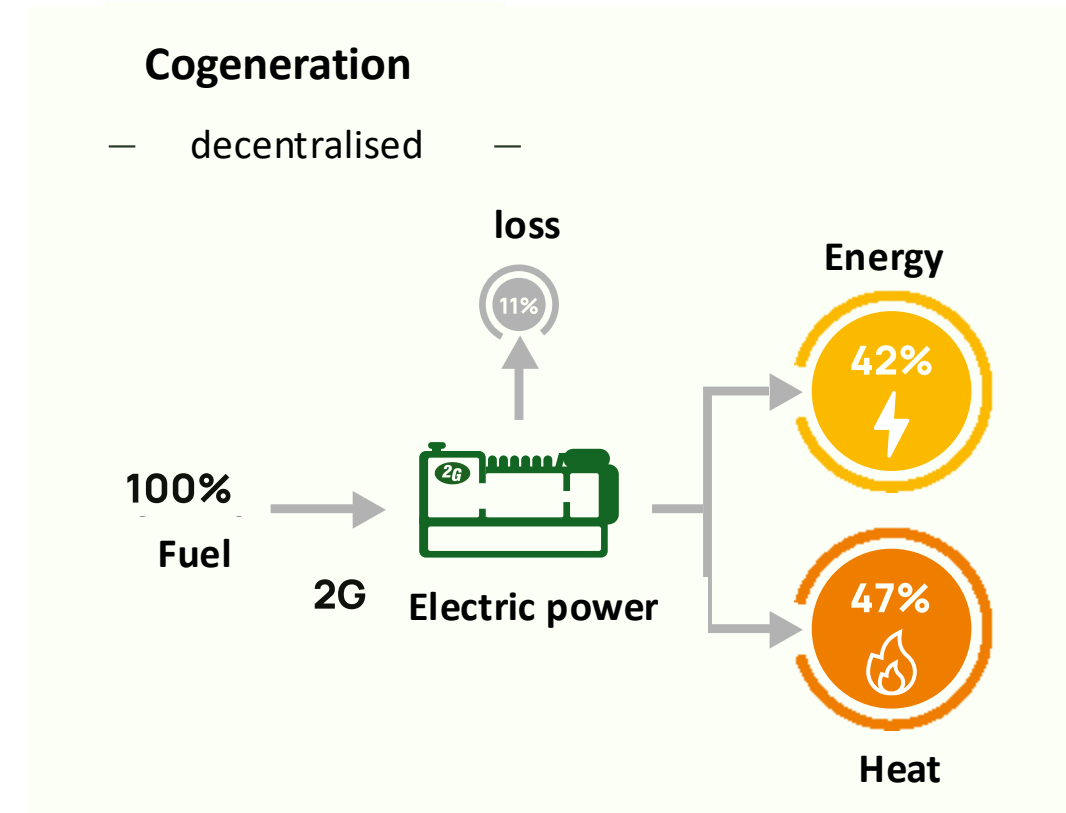
- **Distributed generation:** By 31 December 2024, 967 MW were connected, of which 835 MW were launched during the year, increasing the resilience of the grid.
- **Restoration of thermal power plants and combined heat and power plants:** Several low-capacity plants that had previously been shut down due to inefficiency or fuel shortages were restarted, improving heat supply to the regions.
- **International support:**
 - EIB: EUR 600 million for the restoration of power and heat generation and energy efficiency in the public and private sectors (Ukraine Energy Support Plan).
 - USA: EUR 825 million for the repair of energy facilities and backup power for critical services such as water and heat.
- **Preparing for winter:** Emergency heat supply projects were implemented, including fast-mounted equipment and protective shelters for substations. This ensured uninterrupted power supply to hospitals, schools and other critical facilities.



Cogeneration

In 2024, Ukraine introduced a number of cogeneration units to increase energy independence and infrastructure resilience:

- As of mid-April 2024, 91 cogeneration units were purchased with USAID funds, of which 80 were distributed to 21 regions. This ensured a stable heat supply for more than 1 million residents and about 1,000 social facilities.
- Mykolaiv: 3 MW cogeneration units were installed to increase energy independence.
- Kharkiv: The United Nations Development Programme (UNDP) provided the city with gas-powered cogeneration units to support critical energy needs.
- Kyiv: The city has ordered 15 cogeneration units worth a total of UAH 1.125 billion, which are scheduled to be installed by the end of 2025.
- Kyiv region: By the beginning of the 2024-2025 heating season, 33 cogeneration units and 8 compact gas-heating stations with a total capacity of 80 MW were planned to be installed in the region's communities.
- Odesa: UNDP has provided the city with gas-powered cogeneration units that cover about 45% of its energy needs for water supply, heating and sewage.



Energy sustainability and energy efficiency

- On 31 December 2024, Order No. 496/1502 "On Approval of the List of Regional Energy Sustainability Passports" was approved to assess and develop distributed generation in the regions. The document allows regional administrations to develop detailed action plans, including for the development of distributed generation, taking into account the specifics of each territory.
- The GreenDIM programme was launched by the Energy Efficiency Fund in May 2024 and is aimed at improving energy efficiency and energy security in the residential sector of Ukraine.
- The GreenDIM programme provides grants of up to 70% of the cost of equipment and works, with maximum amounts of UAH 1 million for the installation of solar power stations; UAH 2 million for the installation of heat pumps.
 - 100 applications were submitted to support the energy independence of housing cooperatives for UAH 146 million, with the expected amount of grants being UAH 97 million. Most applications were received from the cities of Kyiv, Lviv and Dnipro.
 - Most applications involve the installation of solar power stations. It is planned to install 2.8 MW, which will save UAH 13.07 million.

**Фонд
Енергоефективності**

**ГРІН
ДІМ**

Програма для стимулювання
використання альтернативних
джерел енергії

Учасниками Програми можуть стати


**Об'єднання співвласників
багатоквартирних будинків (ОСББ)**


**Житлово-будівельні
кооперативи (ЖБК)**


ТЕПЛОВІ НАСОСИ
2 млн грн


СОНЯЧНІ ЕЛЕКТРОСТАНЦІЇ
1 млн грн

Грант що компенсує витрат за послуги сертифікації
енергетичної ефективності будинку — до 15 тис грн.

**В.І.С.МЕР**
ПРІОРИТЕТ КОМФОРТУ

Heating networks (Kryvyi Rih)

- In 2024, Kryvyi Rih experienced significant damage to its heating networks due to Russian attacks, which led to interruptions in the city's heat supply. To restore the system, 19 additional repair crews from 11 regions of Ukraine were engaged, totalling more than 130 professionals with specialised equipment. They worked 24/7 for three weeks, which made it possible to technically connect all the city's buildings to heating.
- Despite the completion of the main works, new leaks are occurring due to the deterioration of the heating networks, which causes repeated heat outages.
- Currently, 31 repair crews are working in Kryvyi Rih to repair the damage at 18 sites.
- By 17 February 2025, Naftogaz and the Kryvyi Rih City Council should develop a detailed schedule with identifying responsible officers, specific sections of the networks, sources of funding and deadlines, taking into account the city's heat supply scheme.



Water pipelines

- After the Kakhovka Hydroelectric Power Station was destroyed in June 2023, the Cabinet of Ministers allocated **UAH 13.7 billion** for the construction of water pipelines in Dnipro region in 2023-2024 ([on 22 March 2024, the Cabinet of Ministers allocated an additional UAH 5.2 billion](#)). In July 2024, the government [allocated an additional UAH 258 million](#) to continue the Dnipro-Ingulets water pipeline project.
- **UAH 16.6 billion** (98.4% of the allocated amount) was paid to construction contractors in August, October and December 2023 and in April-December 2024.
- The main water supply system consists of 3 sections with a total length of 155 km, which are fully in operation ([as of August 2024](#)):
 - Ingulets - Pivdenne Reservoir (Kryvyi Rih);
 - Marhanets - Nikopol - Pokrov;
 - Zaporizhzhia - Tomakivka - Marhanets.
- As of January 2025, a new water supply system was built in [Kryvyi Rih from Balka Svystunova to Ingulets](#). Its capacity is 1.3 m³/s.
- In early February 2025, the Cabinet of Ministers adopted a resolution on the construction of water pipelines in Mykolaiv region. [UAH 8 billion was allocated for this purpose](#).
- The project involves the construction of three water intake sites from the Pivdennyi Buh River.



Road infrastructure

International transport corridors

- **Motorway M01 Kyiv - Chernihiv - Novi Yarylovychi:** The European Investment Bank (EIB) has provided €43.48 million for the reconstruction of a section of this road. At the beginning of the war in 2022, this route suffered significant damage due to military operations. The planned reconstruction will improve the quality and safety of the road, increasing the efficiency of this transport corridor.

Regional roads in frontline and border regions

The Cabinet of Ministers has allocated UAH 2.39 billion from the state budget reserve fund to restore local roads used by the Armed Forces of Ukraine and for humanitarian purposes. The funding was distributed among 8 regions:

- Kharkiv region - UAH 502.95 million
- Zaporizhzhya region - UAH 350 million
- Donetsk region - UAH 324.5 million
- Mykolaiv region - UAH 307.1 million
- Chernihiv region - UAH 258.79 million
- Kherson region - UAH 224.3 million
- Sumy region - UAH 222.2 million
- Dnipro region - UAH 196.4 million



Urban infrastructure

- The EIB has provided €17.25 million for the purchase of buses, trolleybuses, and trams in Kyiv, Odesa, and Sumy.
- **Trolleybuses:** In 2024, Ukrainian cities received 34 trolleybuses, of which 6 were second-hand, the lowest number since 2009.
 - Mykolaiv received 19 PTS T123 (EBRD + Denmark),
 - Vinnytsia received 5 PTS T123,
 - Chernihiv - 4 Etalon T122 (budget),
 - Ivano-Frankivsk - 6 used Škoda 24Tr from the Czech Republic.Some may not be used on routes but may donate spare parts for other trolleybuses.
- **Trams:** In 2024, 103 trams were delivered—12 new, 65 donated, and 26 purchased
 - New trams: Lviv (2 Electron T5L64) and Odesa (10 Tatra-Yug K1T306), funded by international financial organisations. These cars were the last of the batch for Lviv, while Odesa will receive two more.
 - Used free of charge trams from partners:
 - Vinnytsia - 9 Tram 2000 (Zurich)
 - Konotop - 25 Tatra T6A5 (Ostrava)
 - Lviv - 12 Tatra KT4DM (Berlin), 6 Vevey Be 4/8 (Bern).
 - Kharkiv - 13 cars from Brno and Plzeň.
 - Dnipro - 26 Tatra T4D-M1s (Leipzig) purchased for a symbolic sum, most of which have not yet been re-equipped.
- Konotop received 48 cars, but due to a lack of funding, only 6 of them have been converted to operate on the routes.



Bridges

In 2024, 34 bridge structures, including 20 bridges, bridge crossings, and overpasses damaged by Russian aggression, were restored in Ukraine. The works were carried out on national roads in different regions of the country.

Regional coverage of the restored facilities:

- **Kyiv region:** 8 bridge crossings over the Trubizh, Zhoreva, Zdvizh, Irpin, and Teteriv rivers and one bridge crossing over land were restored.
- **Chernihiv region:** 3 bridges over the Desna River were restored.
- **Kharkiv region:** 5 bridges and 1 overpass with walkways have been restored.
- **Mykolaiv region:** 1 bridge with walkways and another artificial structure was repaired.

In addition, 14 emergency bridge structures were repaired in Rivne, Ternopil, Lviv, Mykolaiv, Ivano-Frankivsk and Sumy regions.

Cost examples for individual projects:

Bridge over the Desna River on the Kyiv-Chernihiv highway:

Construction of the new four-lane bridge, which began in 2024, is estimated at UAH 4.6 billion.

Pivnichnyi Bridge in Kyiv: Routine repairs in 2024 cost UAH 28.7 million.

Two bridges on the P-55 Odesa-Voznesensk-Novyi Buh road in the Mykolaiv region:

Two bridges' capital repairs, which will cost UAH 735.3 million, were planned for 2024.

Bridges in Ternopil region: In 2024, five bridges on state roads in the region were repaired. The financing was provided by a subvention allocated by the government, which was funded by the remaining funds of the European Investment Bank allocated in 2023.

Seaports

€50 million from the EU to repair the critical port infrastructure damaged by the war.

Key measures:

- Restoration of seaports.
- Capital repair of the Odesa port overpass.
- Arrangement and protection of port facilities.
- Conducting of dredging works.
- Procurement of vessels for the specialised technical fleet.

The goal is to increase the efficiency of port logistics and the stability of export routes.

It should be noted that according to the Kyiv School of Economics, as of the beginning of 2024, the total direct losses of port infrastructure and related businesses amounted to about \$850 million. This amount covers both seaport infrastructure and inland waterway transport facilities that were damaged due to the war.

In October 2024, Russian shelling caused additional damage to Ukraine's port infrastructure worth \$30-40 million.

The attacks on Ukrainian ports continue to this day, so the industry needs significant investment in infrastructure repairs.



Comprehensive reconstruction of residential areas

In April 2023, the Government of Ukraine initiated a pilot project for the comprehensive reconstruction of six residential areas that had suffered significant damage due to Russian aggression. The list includes:

- Borodianka and Moshchun villages in Kyiv region;
- Trostyanets city in Sumy region;
- Posad-Pokrovske village in Kherson region;
- Tsyркun village in Kharkiv region;
- Yahidne village in Chernihiv region.

The project aimed to restore the destroyed infrastructure and comprehensively transform these areas according to the principle of "Build Back Better"—to rebuild better than before. The work was coordinated by the State Agency for the Restoration and Development of Infrastructure of Ukraine.

However, the project faced several challenges. According to information from June 2024, the heads of regional military administrations expressed dissatisfaction with the pace of reconstruction, noting that work had not started or was in the early stages at many sites. Among the reasons for the delays were bureaucratic obstacles, insufficient funding and coordination issues between different levels of government.

Posad Pokrovske

In November 2023, the reconstruction of residential buildings and infrastructure began in Posad Pokrovske. Due to a lack of funding, the pace of work slowed down, but funding was subsequently resumed. As of December 2024, work was underway on 120 residential buildings, with priority given to the construction of walls and roofing. Water supply was also being restored, including laying trenches and installing pipes.

The pilot project for the comprehensive recovery of residential areas foresaw a systematic approach with new planning and a complete transformation of the affected areas. However, in 2024, funding for this project was suspended, which affected the pace of reconstruction.

Nevertheless, in some settlements, such as Posad Pokrovske, work continued with renewed funding and the efforts of local communities.

Weaknesses and recommendations

Weaknesses:

- Rebuilding critical infrastructure requires significant financial investments. However, due to economic difficulties and limited resources, the reconstruction process is slowing down, affecting the quality and speed of repairs.
- Lack of clear coordination between different levels of government and responsible authorities leads to overlapping efforts, inefficient use of resources, and delays in the implementation of recovery projects.
- Lack of transparency and ineffective management decisions slow down recovery and undermine donor trust.

Recommendations :

- Develop a clear and understandable prioritisation of reconstruction projects and facilities.
- Make a wider use of e-procurement systems, such as Prozorro, to ensure transparency of tender procedures and reduce corruption risks.
- Define DREAM as a platform for public investment management, raising, and monitoring donor funding. This will allow the public to better monitor project progress.
- To engage local communities more actively in the planning and implementation of reconstruction to take into account their needs and priorities.
- Strengthen the independence and capacity of audit institutions, such as the Accounting Chamber, to effectively monitor the use of funds.
- Integrate green reconstruction principles aimed at sustainable development and energy efficiency into all stages of recovery.

Investigative journalism

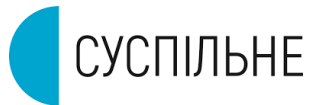
Disclaimer. Please note that investigative journalism may not take into account all possible nuances and may be biased in certain cases. It is recommended that the information received be treated with caution and not used to make final conclusions without further research and fact-checking.

Журналістські розслідування за останній місяць*

Top 5 media by number of investigations on recovery



НАШІ ГРОШІ



General features of investigative journalism on procurement

- As procurement activity has intensified, investigations of violations related to recovery have also become more frequent.
- The most frequent topics covered in the media are possible procurement violations, the initiation of criminal cases, and verdicts thereon.
- Another topic for the media is weaknesses in procurement procedures and ways to correct them. This topic has the potential for further development.
- As procurement becomes more competitive, more and more reports are being published on tenders being announced for a specific participant or rejections of “non-agreed” bids

Top 5 news of the month by topic

5 February



Additional UAH 16.5 million will be spent on the construction of a radiation shelter at the Zhytomyr Lyceum. The procurement was carried out without the use of an e-procurement system. The total cost will be UAH 60 million.

28 January

НАШІ ГРОШІ

In Kamianske, a dormitory for IDPs is to be repaired for UAH 82 million with a possible overpayment of UAH 4.3 million

27 January

НАШІ ГРОШІ

In Kharkiv region, a shelter for a lyceum was ordered for UAH 102 million with steel frames at a price of x2 (overpayment may amount to UAH 18 million)

6 January

НАШІ ГРОШІ

Technical college in Odesa region to be repaired after shahed attack for 32 million: basic building materials at double price. A possible overpayment may amount to UAH 1.8 million

1 January

НАШІ ГРОШІ

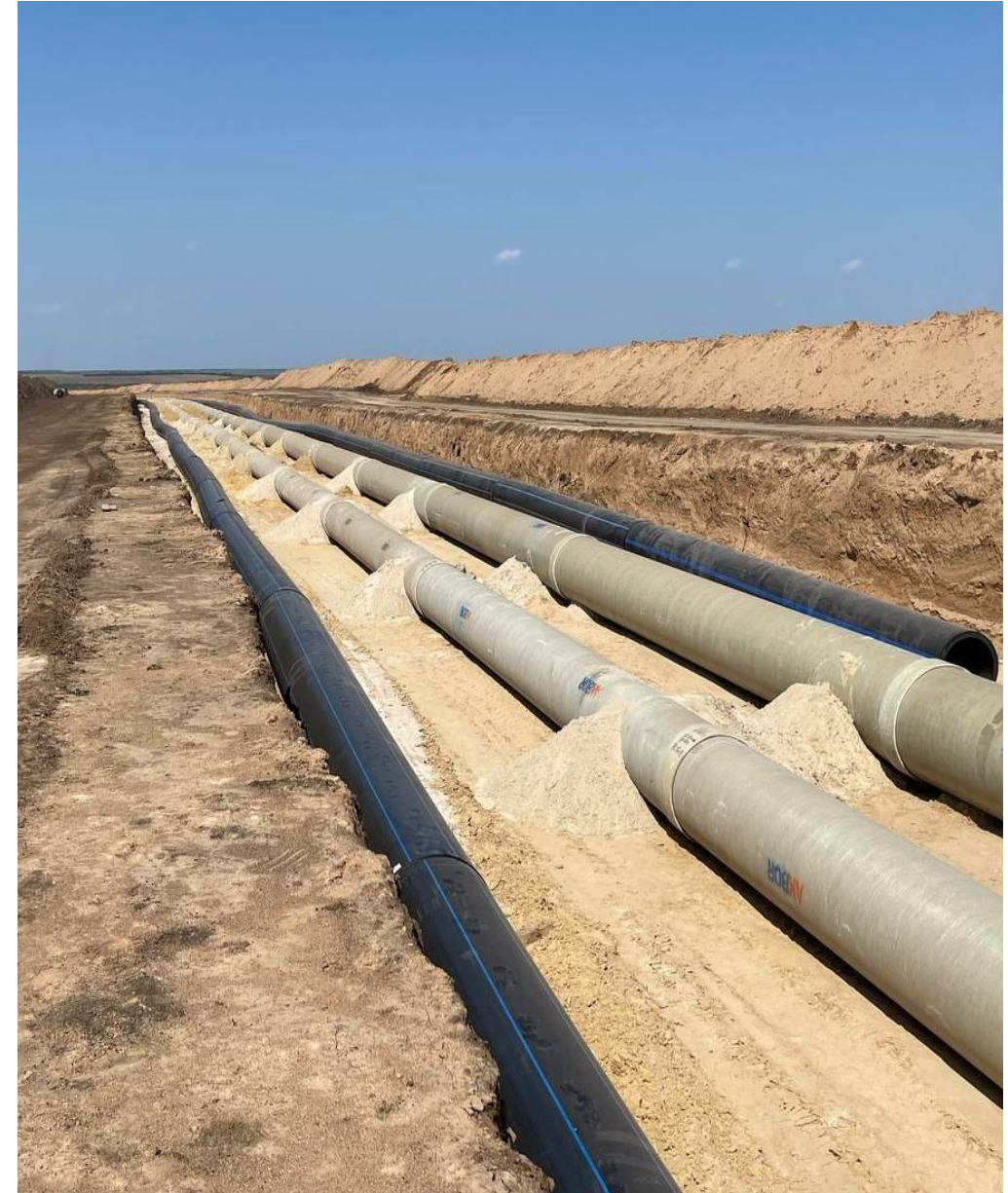
The protection of the destroyed Dnipro hydroelectric power station worth 4.4 billion was entrusted to a company with experience in repairing a landfill without open bidding and with a non-public estimate

Monitoring of specific areas

Healthcare

Education

Demining



Healthcare

- [As of the beginning of February 2025](#), **1,982 (+44 over two months) medical facilities were damaged and another 301 (+4 over two months) were destroyed** and cannot be restored.
- Healthcare facilities in Kharkiv, Donetsk, Mykolaiv, Kyiv, Chernihiv, Dnipro, Kherson and Zaporizhzhia regions experienced the greatest losses.
- To date, **594 (+18 over two months) healthcare facilities have been fully restored in different regions of Ukraine and 370 (-2 over two months) have been partially restored**. Most of the facilities have been restored in Mykolaiv, Dnipro, Kyiv, Kharkiv, Kherson and Chernihiv regions.
- [One of the 6 healthcare facilities](#) has already been reconstructed as part of the joint project of the Ministry of Health and the World Bank "**Healthcare Enhancement And Lifesaving**" (**HEAL Ukraine**), which has UAH 2.7 billion planned for reconstruction. The
- [DREAM platform](#) already has 755 **healthcare facilities (+206)** under implementation - new construction and major repairs.
- [In December 2024 - February 2025](#): 305 projects with a total budget of UAH 12.2 billion (**14.2% financial coverage**). The largest number of projects is in Sumy (27), Rivne (23), and Cherkasy (23) regions.



Education

- Statistical data on damaged and destroyed educational institutions as of 4 February:
 - Higher education institutions - 715 objects (including 540 damaged up to 50%, 175 destroyed over 50%);
 - general secondary education institutions (schools) - 2,058 facilities (including 1,468 damaged up to 50%, 590 destroyed over 50%);
 - pre-school education institutions - 1,237 facilities (including 958 damaged up to 50% and 279 destroyed over 50%);
- During this time, **83 higher education institutions, 644 secondary schools, and 370 pre-schools have been fully restored** in different regions of Ukraine.
- With the support of the United Nations Development Programme (UNDP) and the governments of Ukraine and Spain, eight Ukrainian schools in the Volyn, Kyiv, Lviv, and Sumy regions will be [rebuilt to energy efficiency and barrier-free standards](#) by December 2026.
- The initiative covers minor and medium repairs in schools with less than 60% damage. Its total budget is €4 million.
- There are already **2,481 educational facilities (+482)** on the [DREAM platform](#), which are in the process of being implemented - new construction and major repairs.
- [In December 2024 - February 2025](#): +813 projects with a total budget of UAH 81.7 billion (**financial coverage - 3.5%**). The largest number of projects is in Odesa (68), Kharkiv (61) and Kyiv (56) regions.



Demining of Ukraine (data as of 4.02.2025)

- In January 2025, the demining units of the Ministry of Defence of Ukraine cleared more [than 8.7 hectares of de-occupied agricultural land](#).
- The United Kingdom and Switzerland are allocating [\\$500,000](#) for a pilot project to prioritise humanitarian demining in Ukraine.
- As of the beginning of February 2025, under the programme, UDS operators and the Ukrainian Agency for Demining cleared [618 hectares of land worth UAH 19.3 million](#).
- Compensation for demining: [farmers have submitted 34 applications](#) to clear 7.7 thousand hectares.
- [Ukraine received a pyrotechnic machine for sappers](#). UNITED24 donated it after raising money from ambassador Misha Collins.
- [HALO Trust Ukraine purchased a Snake demining machine](#).
- In Ukraine, the use of drones and the results of satellite image analysis during the survey of areas contaminated by explosive ordnance [has been regulated at the state standard level](#).

Inspected: 186.8 thou hectares (+ 7.9 thousand hectares)

Destroyed > **214.4 thousand (+ 6.0 thousand) explosive items**

Demined :



2,7 thousand
km of railway



1.1
thousand
km of motor
roads



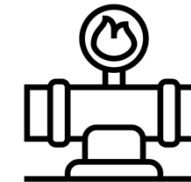
521,1 km of
power lines
(+3,7 km)



488,2
hectares of
forests
(+24,9
hectares)



25.8 hectares of
water areas



82.1 km of gas
pipelines

Thank you for your attention!

THE RECOVERY SPENDING WATCHDOG

