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CENTRE FOR ECONOMIC STRATEGY

INSTITUTE FOR ECONOMIC RESEARCH AND POLICY CONSULTING

TECHNOLOGY OF PROGRESS

RISE UKRAINE

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Expenditures on public investments: Budget-2027

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UAH 116 bn, municipal infrastructure and transport lead

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What does Budget-2027 prioritise?

Ukrainian budget cannot fully cover the cost of reconstruction

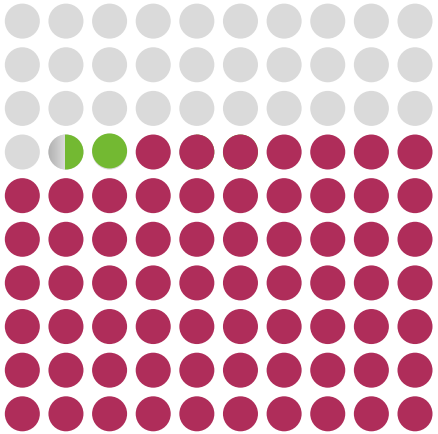
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Only UAH 1.6 of every UAH 100 in the 2027 state budget goes to public investment

State budget

UAH 1.6
On public investments

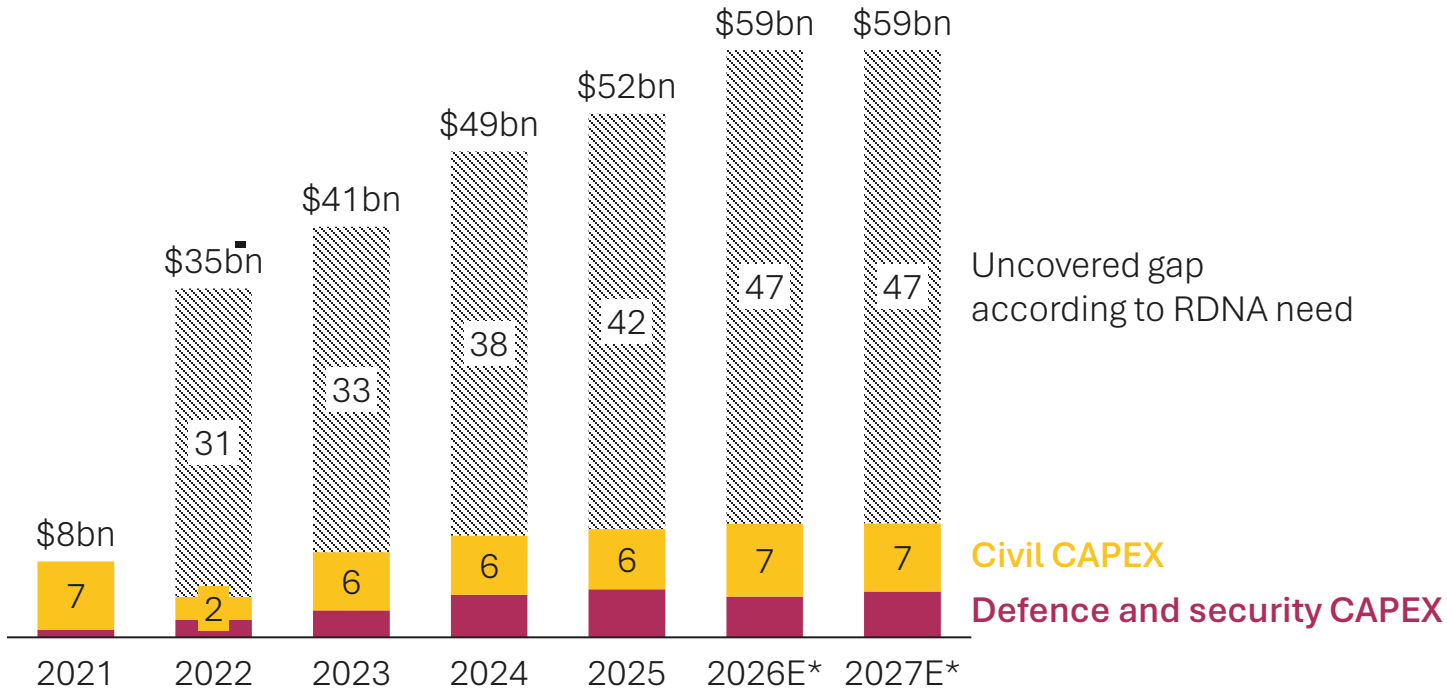
UAH 67
On defence and security



Expenditures of the state budget in 2027 converted in UAH 100

Consolidated budget (state + local budgets)

Annual recovery and reconstruction needs vs consolidated budget CAPEX, $bn



Note: annual needs = RDNA 10-year recovery and reconstruction needs according to RDNA1, RDNA2, RDNA3, RDNA4, and RDNA5. Defence and security assumed at an average level for 2022-2026M8 of consolidated CAPEX. 2026E: calculated with approximation on the amount of transfers between budgets; Distribution of CAPEX on civil, and defence and security in 2027 is an approximation based on the average level of defence and security CAPEX in 2022-2026
Source: RDNA1–RDNA5; Ministry of Finance of Ukraine; CES calculations.

State budget expenditures are planned to decline in real terms

However, this is only a plan

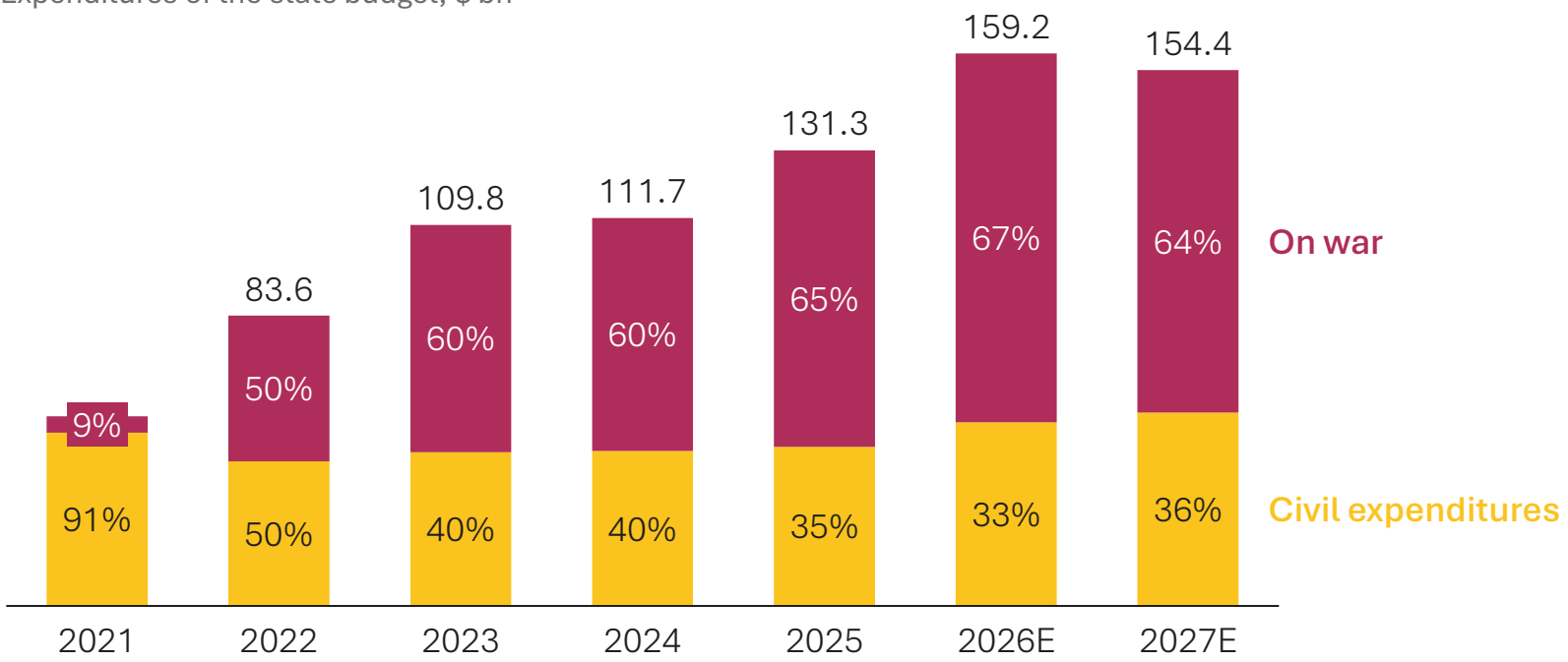
$159.2 → 154.4 bn
Total expenditures **-3%**

$106.3 → 98.6 bn
War expenditures **-7%**

$52.9 → 55.8 bn
Civil expenditures **+5%**

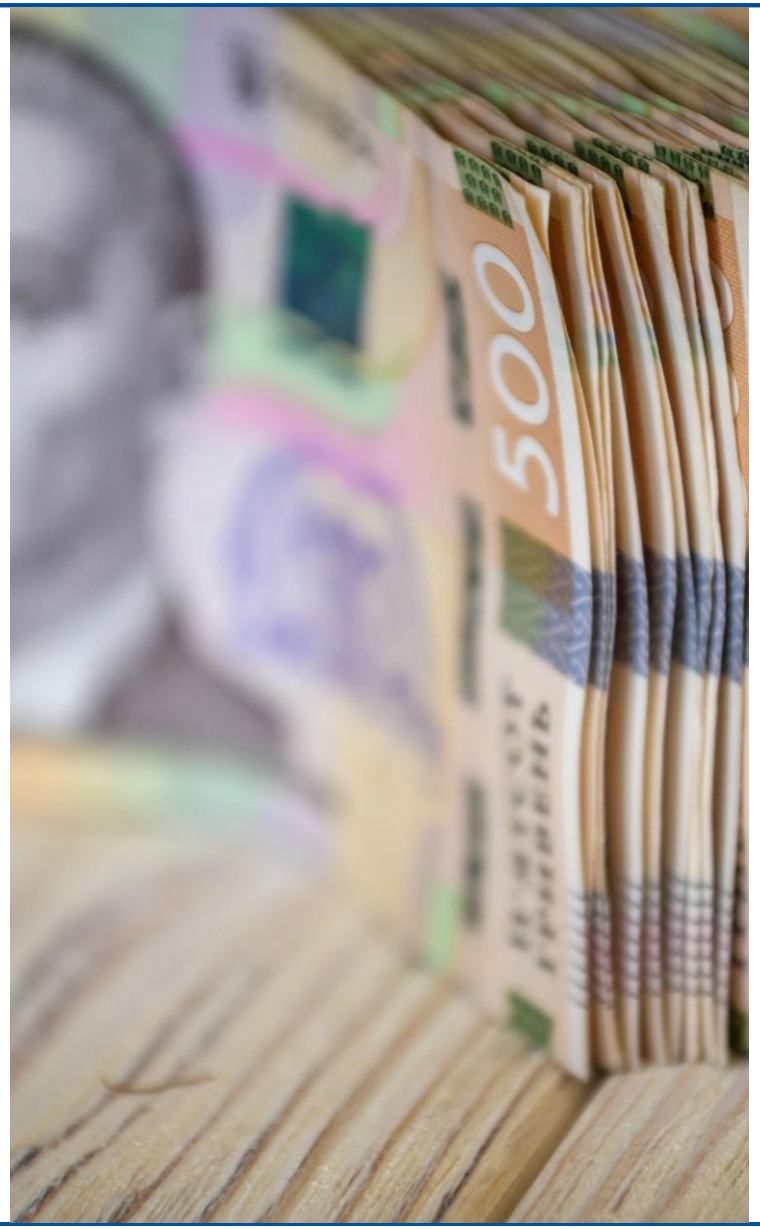
$6.6 → 6.3 bn
Capital expenditures **-4%**

Expenditures of the state budget, $ bn



- For now, planned resources are not increasing: total expenditures in 2027 are 3% lower than in 2026
- CAPEX stays at **4%** of total expenditures in both 2026 and 2027
- The same share of a smaller budget means less CAPEX: **$6.6 → 6.3 bn**
- **However, this is only a plan—in reality, expenditures will increase over the course of the year**

Note: 2026 is according to the revised plan, including military in-kind support, which has come in the first 7 months. For the plan for next year in-kind support is never included.
Sources: Ministry of Finance, Project of the Law of the State Budget for 2027, CES calculations

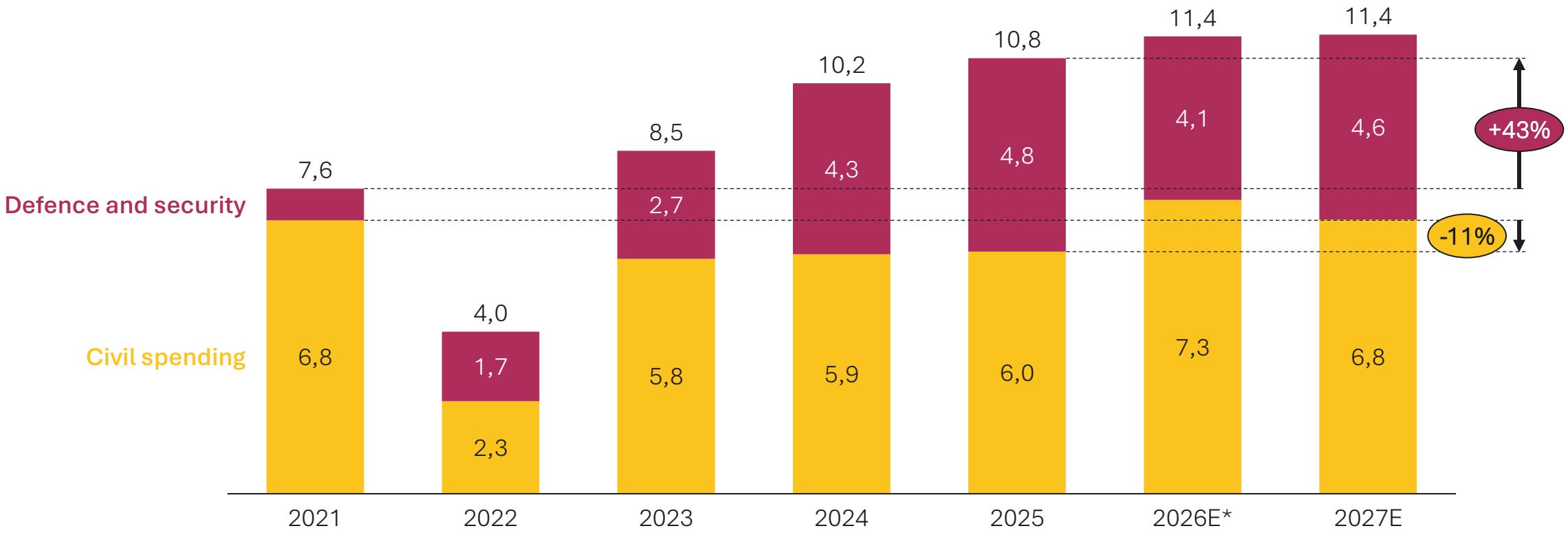


How has CAPEX changed in 2021-2025?

Civil CAPEX decreased by 11% in 2025 in USD terms

While defence and security spending increased by 43%

Capital expenditures of the consolidated budget (state + local budgets), $ bn



Notes: 8M 2026: January–August 2026. 2026E: full-year estimate.

Sources: Ministry of Finance, State Statistics Service of Ukraine, CES calculations.

In 2021 prices civil CAPEX fell by 39% in 2025 compared to 2021

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We expect no improvement in 2027 because of budget constraints

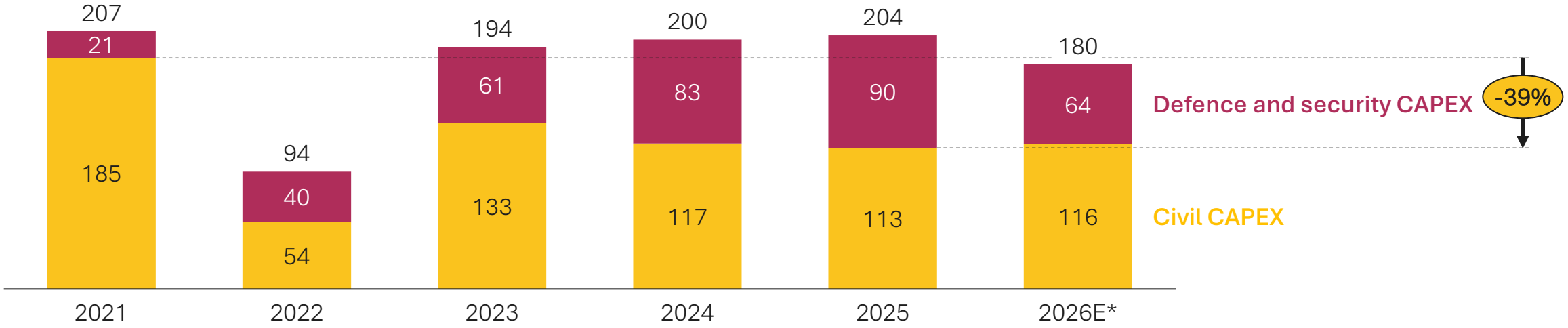
- In 2025, total real CAPEX was **2% lower than in 2021.** The fall is not so large because defence and security CAPEX **quadrupled (+UAH 68 bn).**

+322%
War CAPEX
2025 vs 2021

-39%
Civil CAPEX
2025 vs 2021

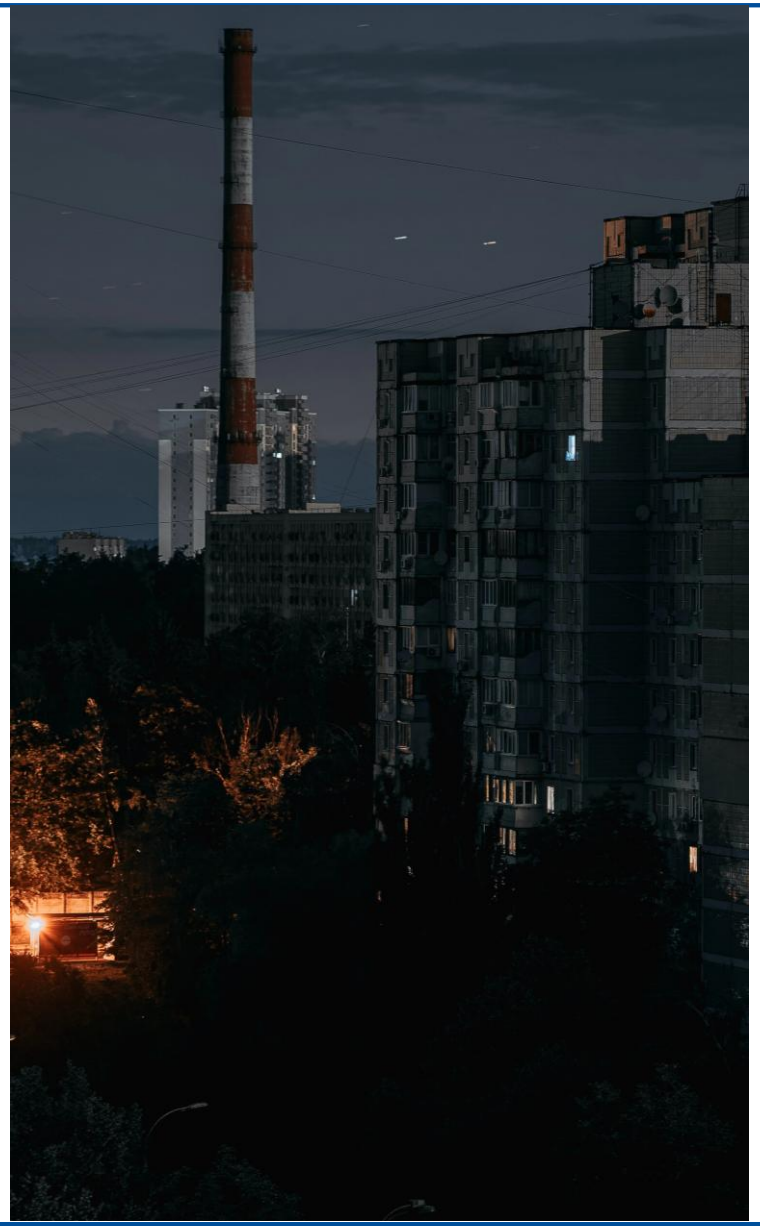
- Civil CAPEX fell by **UAH 72 bn** over the same period.

Capital expenditures of the consolidated budget (state + local budgets) in 2021 prices, UAH bn (with adjustment to the producer price index)



Notes: 8M 2026: January–August 2026. 2026E: full-year estimate.

Sources: Ministry of Finance, State Statistics Service of Ukraine, CES calculations.



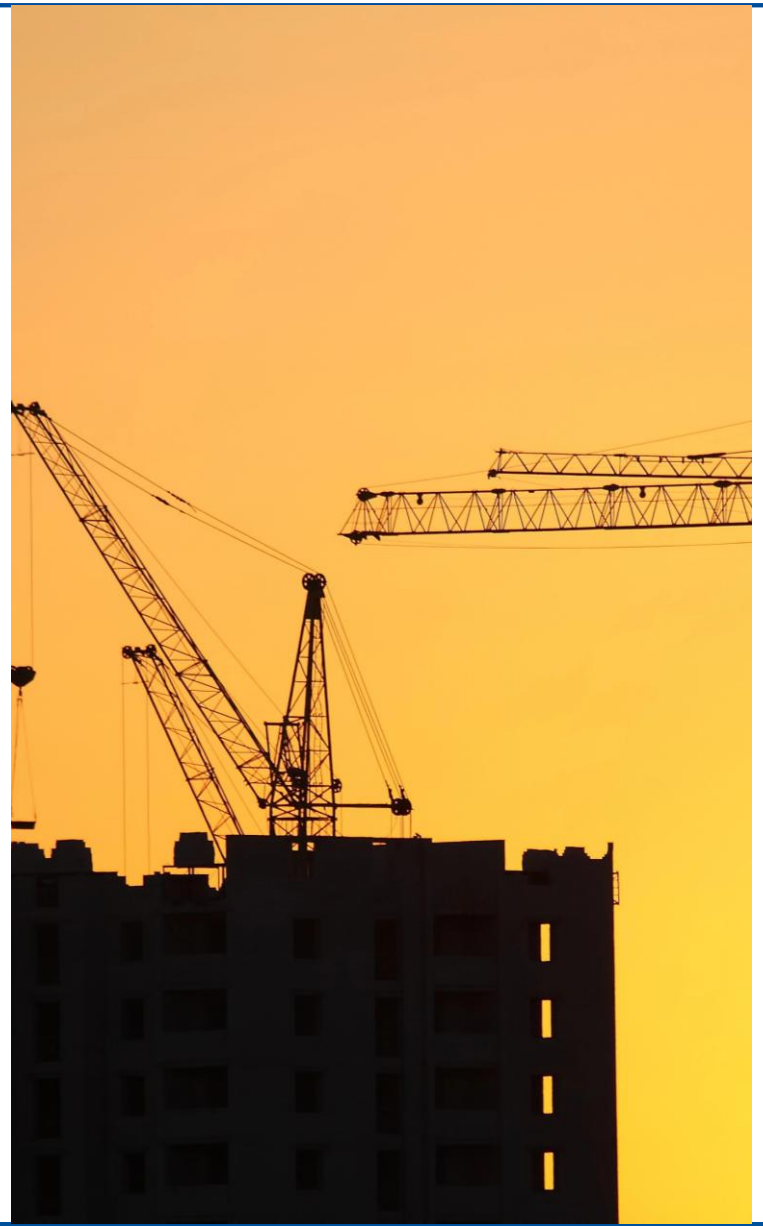
What happened in 2026?

The budget liquidity crisis froze CAPEX in 2026

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UAH 39 bn was postponed to December, and some local budget expenditures were blocked

- **Cause:** decisions committed to donors were not adopted on time, so international support arrived late and incomplete. The budget lacked resources for all necessary expenditures.
- **Only priority payments continue:** defense and security, salaries, pensions, debt service, and social protection.
- **Everything else is suspended:** road repairs, shelter construction, and improvements to schools, hospitals, and social housing. The last payments covered work done in Q3 2026; Q4 2026 payments are halted. As of mid-October, there are UAH 46 bn in unprocessed payments.
- **Local budgets are hit too:** the State Treasury blocked their expenditures due to a lack of funds.
- **UAH 46 bn equals 16% of CAPEX planned for 2026;** it is more than all 2027 public investment in education and science, health care, energy, and housing combined.
- **Postponing payments to December effectively means they will not be made in 2026.**



How much goes to public investment in 2027, and what are the priorities?

How much is budgeted for public investment in 2027?

Structure of PI funds 2025-2027 on own and external sources

UAH 112 → 116 bn total PI funds, 2026E → 2027E

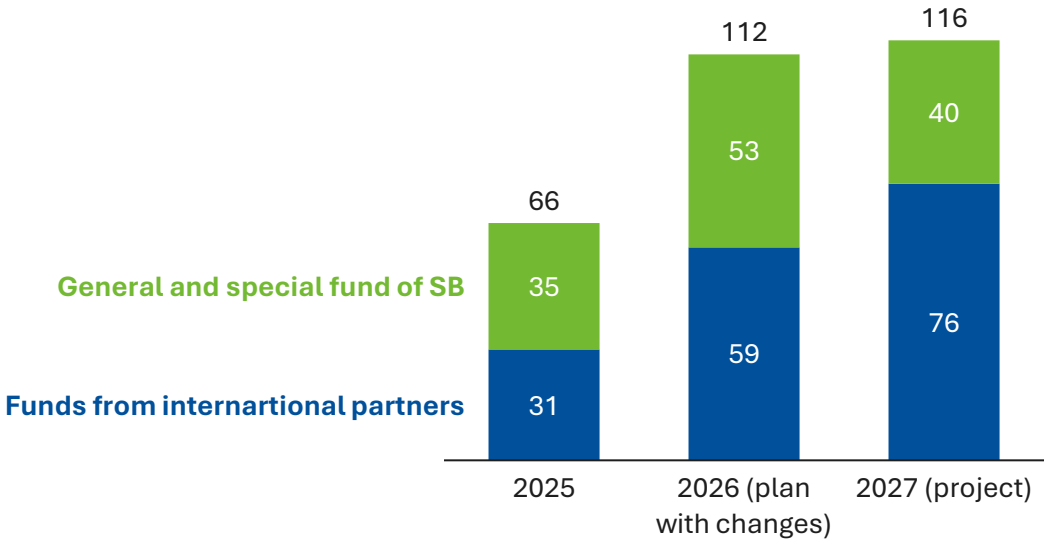
+3% nominal, -5% real (accounting for producer price increase)

However, KSE estimates the 2027 PI portfolio to be UAH 111.8 bn*

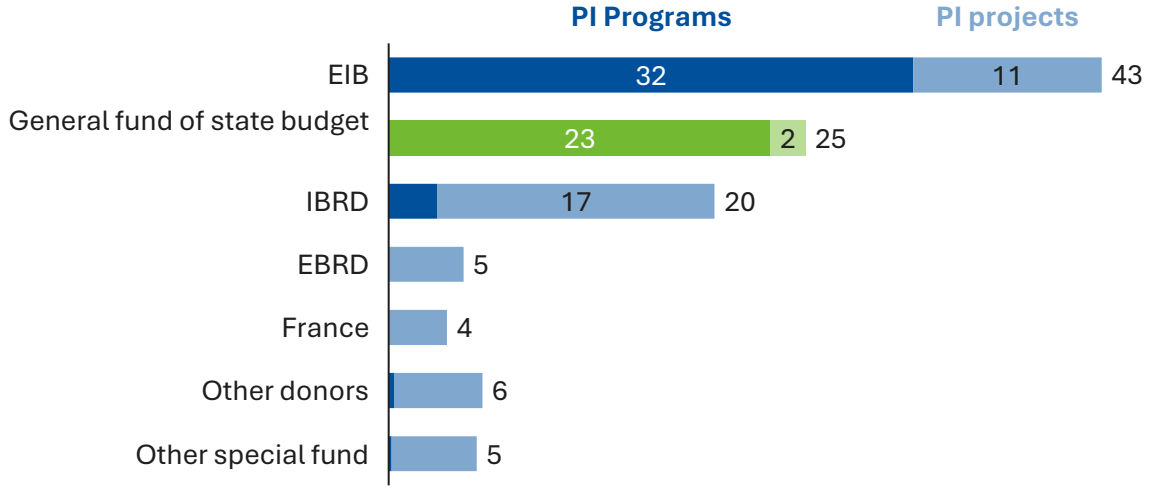
47% → 66% partners' share of PI funds, 2025 → 2027E

*79 projects in 12 sectors, up from UAH 109.3 bn in 2026. Another **UAH 19.1 bn** goes to 24 CAPEX programs outside the portfolio, e.g. RELINC (UAH 5.6 bn)

Public investments in the state budget, UAH bn



Public investments in the 2027 state budget by source of funds, UAH bn



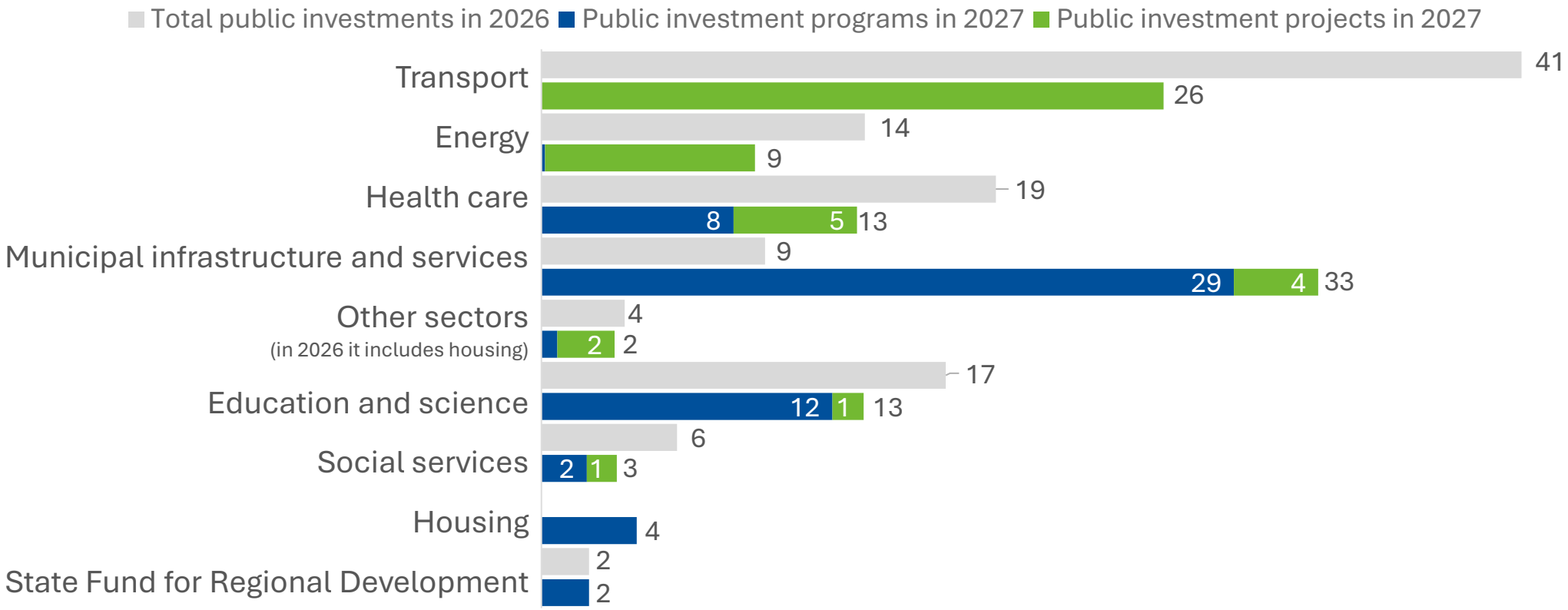
- Source: Ministry of Finance of Ukraine

Source: The Project of Law of the State Budget for 2027

Most investments – to municipal infrastructure and transport

Education and health care rank next

Structure of public investment funds in the state budget in 2027 by sector, UAH bn



- Note: The total amounts for the “Transport” in 2027 sector differ from the figures provided by the Ministry of Finance in its presentation of the 2027 budget due to a discrepancy in the dates.
- Source: The Project of Law of the State Budget for 2027

Municipal infrastructure: 3 of top-6 projects, 48% of top-10 funds

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Top-6 programs and projects of public investments in Budget-2027

UAH 12.6 bn
Two programs for Ukraine's Recovery
EIB, loan
(Municipal infrastructure and services)

UAH 7.9 bn
Program for the Development of Municipal Infrastructure in Ukraine
EIB, loan
(Municipal infrastructure and services)

UAH 5.6 bn
Restoration of Critical Logistics Infrastructure and Network Connectivity (RELINC 3)
IBRD, grant/loan
(Transport)

UAH 5.1 bn
Purchase of Passenger Cars
Special fund of the State budget
(Transport)

UAH 3.8 bn
Energy efficiency of public buildings in Ukraine
EIB, loan
(Municipal infrastructure and services)

UAH 3.7 bn
Equipping shelters in kindergartens and schools
State budget (transfer to local budgets)
(Education and science)

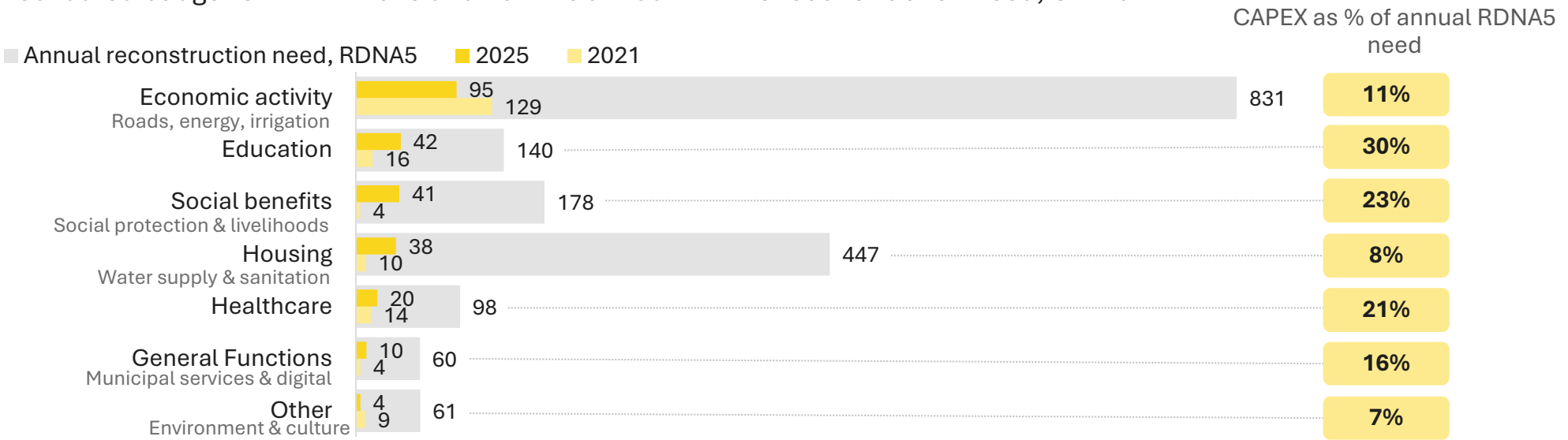
48% of top-10 funding (**UAH 24.3 bn**) goes to three municipal infrastructure projects

- Sources: Project of the Law of the State Budget for 2027

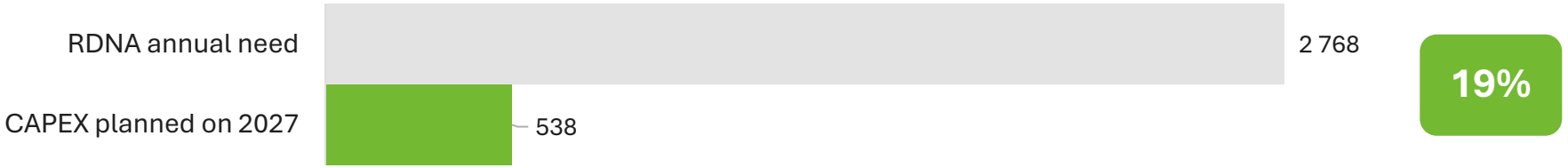
Actual CAPEX is much lower than the reconstruction need

Consolidated CAPEX shifts to social benefits and housing; local budgets to education

Consolidated budget CAPEX in 2025 and 2021 vs annual RDNA5 reconstruction need, UAH bn



Total planned for 2027 CAPEX of consolidated budget and annual reconstruction need, UAH bn



For 2027, CAPEX represents total capital expenditures, including defence and security.

Source: Ministry of Finance of Ukraine, RDNA5, CES calculations

Thank you!


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