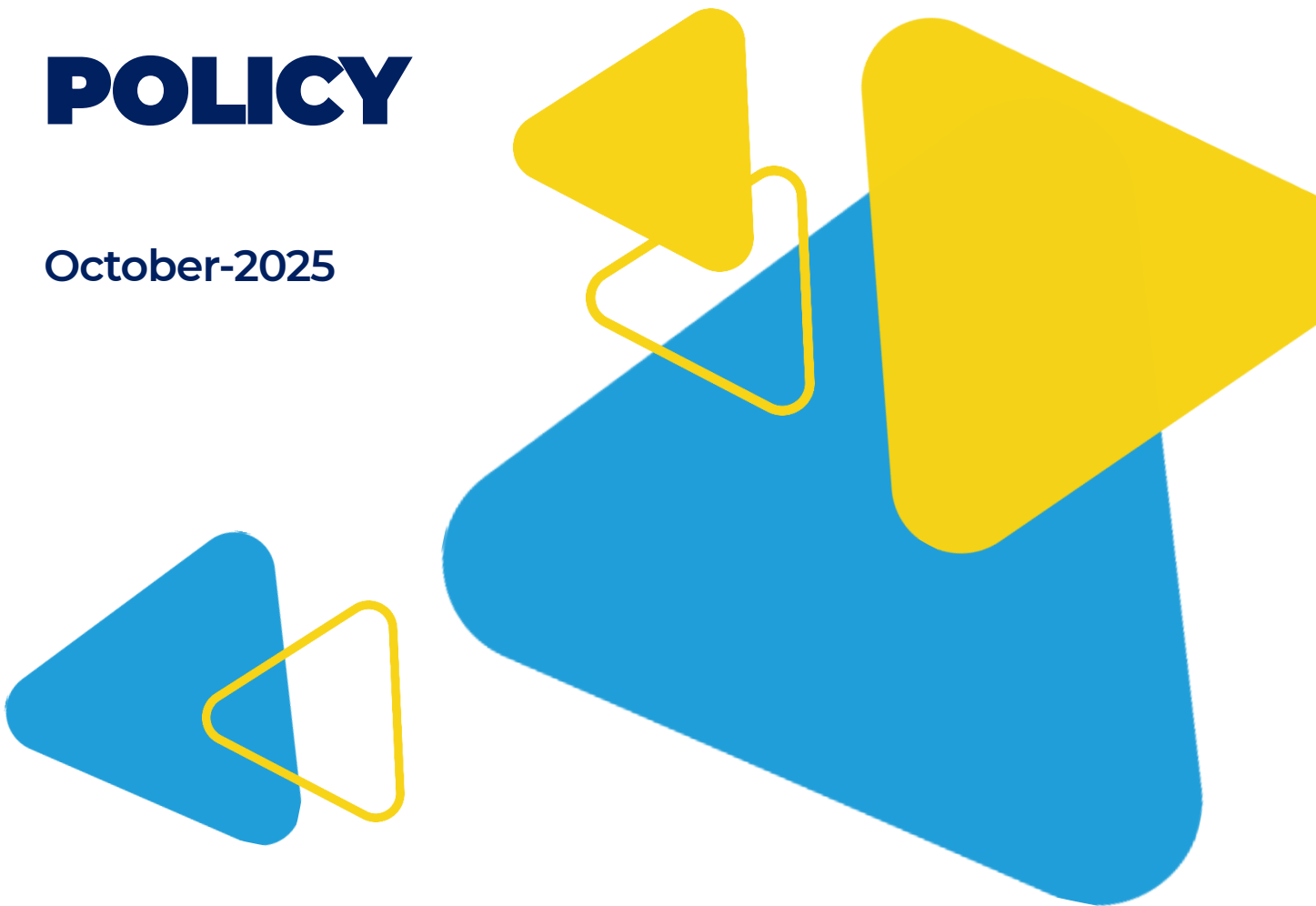


Analytical report

RECONSTRUCTION AT RISK: DO WE NEED CHANGES IN CONSTRUCTION POLICY

October-2025



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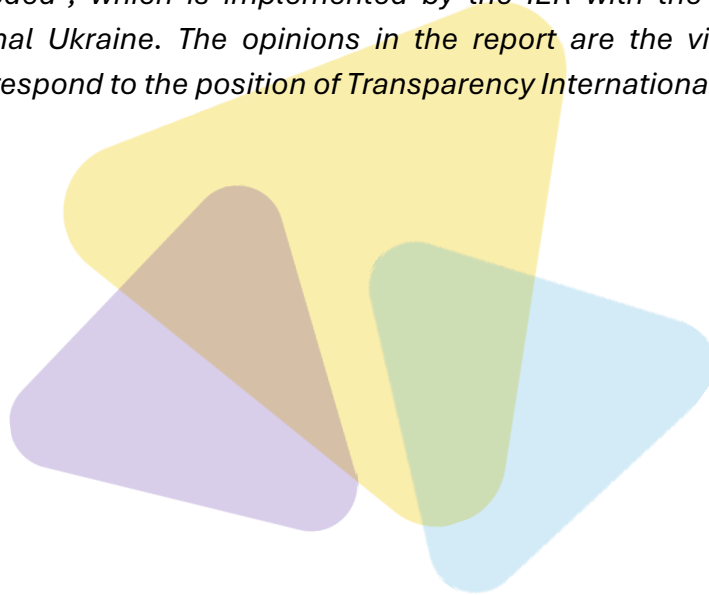
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1. Introduction

According to the World Bank, Ukraine needs more than USD 500 bn to rebuild and recover from the war. A large proportion of this need is related to construction. People often wonder where to get funds for large-scale reconstruction, but just as important is whether the construction sector is ready to carry it out.

In particular, we are talking about the presence of a sufficient number of companies and specialists on the market. But the answer also requires an analysis of the possibility of foreign companies entering the market.

Among the most frequently asked questions is public procurement, because reconstruction and recovery are often funded by public funds. However, there is low competition in public procurement of construction works. Companies are in no hurry to participate in such procurements, and one of the most often cited reasons is pricing issues. The current regulatory framework, particularly the requirements for forming estimates, may not align with current market realities. At the same time, there are reasons to believe that an obstacle to companies' participation in public procurement is a warning about working with budget funds.

At the same time, when it comes to construction legislation, it is necessary to take into account the need to introduce EU law, in particular in the field of the free movement of services. The legislation should allow European companies to enter the market freely.

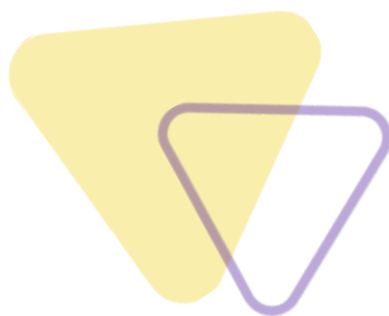
It is worth addressing the sector's challenges now, particularly in large-scale reconstruction. Therefore, the purpose of the study was to assess the current state of the construction market and analyze companies' operations to identify the factors hindering the development of the construction sector and inhibiting the effective use of resources for recovery.

In this report, the authors aim to provide a broad overview of the construction sector and identify the obstacles faced by construction companies in the market. We are talking about most of the stages of the construction process, from obtaining permits to commissioning facilities. It is important to note that it is difficult to disclose all issues in detail within the framework of a single study and report, given the sector's large number of players and complex operating rules. Therefore, this report is rather an attempt to make a comprehensive cross-section of the sector's problems, each of which requires further study, analysis, and correction.

The report is based on an assessment of the sector's development, using available indicators and an analysis of the current legislation. The authors also became familiar with the existing reports and research on the market. To better understand the current situation and challenges, the report's authors conducted 10 in-depth interviews with sector representatives, the Confederation of Builders, and the Business Ombudsman's

Office. But it provides information on the realities of the market, not only on the legislative framework. Interviews were conducted with representatives of small and medium-sized businesses in various segments of the construction market: architecture, engineering bureaus, and construction companies operating in different cities of Ukraine. Another source of information for the report was a focus group discussion with IER grantees who worked on monitoring reconstruction within the framework of the project "[Control of Recovery Costs](#)" (with the support of the EU), as well as their passports and questionnaires. Quotes from interviews are used in the text, but primarily in the relevant section of the Report, to illustrate the existing problems.

The second section of the Report presents the results of the analysis of available statistical data. A description of the key legislative acts that regulate the construction field is provided in Section 3. At the same time, the problems of public procurement and pricing in construction are included in a separate section 4, as this is a broad issue that warrants separate analysis. Chapter 5 briefly outlines the main provisions of EU law in the construction sector. The results of the interview are presented in Chapter 6. The main conclusions and direction of the necessary changes are outlined in the last section of the Report.



2. The role of the construction sector in the economy

2.1. Economic indicators of the industry

Construction has traditionally been one of Ukraine's key sectors, but the war has significantly reduced its contribution to the national GDP.

In 2016-2019, there was a 10-20% increase, reflecting the intensification of infrastructure and housing construction (Figure 1). In 2021 and 2022, road construction accelerated thanks to the Great Construction program, but housing construction slowed, leading to moderate industry growth rates. In 2022, gross value added in construction declined sharply in real terms due to hostilities, destruction of facilities, and reduced investment amid great uncertainty.

The construction industry is one of the most affected by the war.

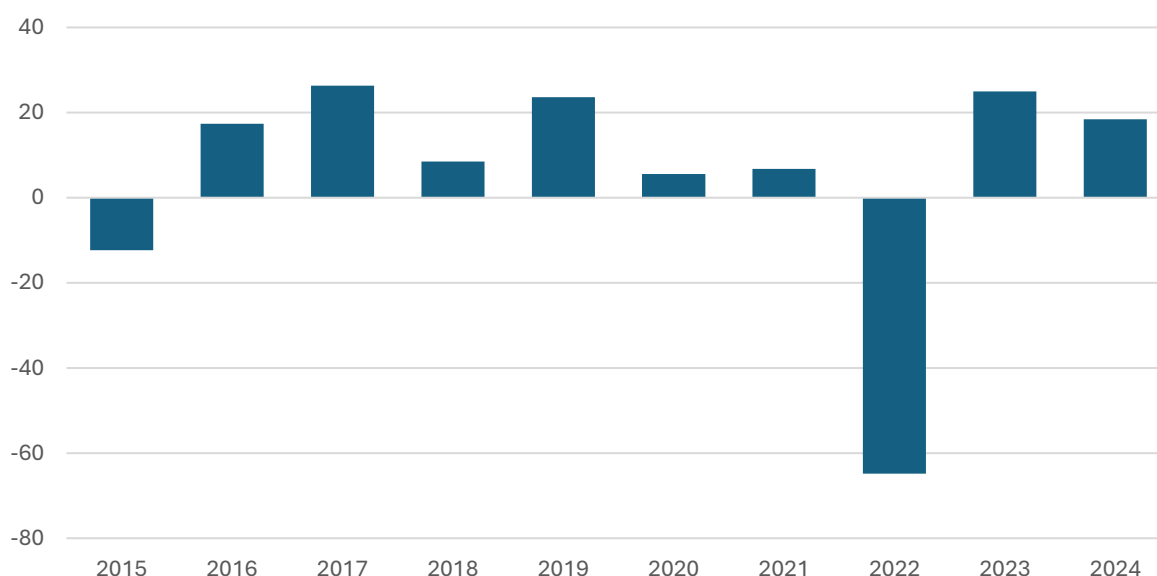
As of November 2024, according to estimates by [the Kyiv School of Economics](#), direct losses in Ukraine's construction industry, including the destruction of residential and commercial facilities, account for a significant share of the USD 14.4 bn in losses across the construction, industrial, and services sectors. The housing stock suffered the most — more than 236,000 buildings were destroyed or damaged, totalling about USD 60 bn in value, including private houses, apartment buildings, and dormitories. Production facilities and social infrastructure were also significantly damaged, directly affecting construction volume. According to the updated [World Bank](#) estimate published in February 2025, about USD 524 bn is needed to restore Ukraine, of which a significant share is for the restoration and new construction of housing, social, and industrial facilities.

Since 2023, the industry has been gradually recovering, despite the challenges of the war and economic instability. The construction industry is one of the most affected by the war.

After a deep recession in the first years of the full-scale invasion, the sector gradually adapted to the new conditions, reorienting its activities toward the restoration of damaged infrastructure, housing, and social infrastructure. In 2024, Ukraine's construction sector showed a notable recovery from the downturn caused by war and economic instability, growing by 18%. In monetary terms, the volume of construction products produced amounted to UAH 210 bn, which was still almost twice as low (by 47.8%) as in 2021.

The recovery was the result of enterprises' adaptation to new economic conditions, the restoration of logistics chains, and the intensification of reconstruction programs at the central and local levels. The relocation of the business also contributed to the resumption of construction. However, an important factor in the growth of construction indicators, especially in 2024 and 2025, was the construction of protective measures at various facilities and fortifications. (Figure 1)

Figure 1. Real gross value added in construction, %



Source: State Statistics Service,

https://www.ukrstat.gov.ua/operativ/menu/menu_u/nac_r.htm,

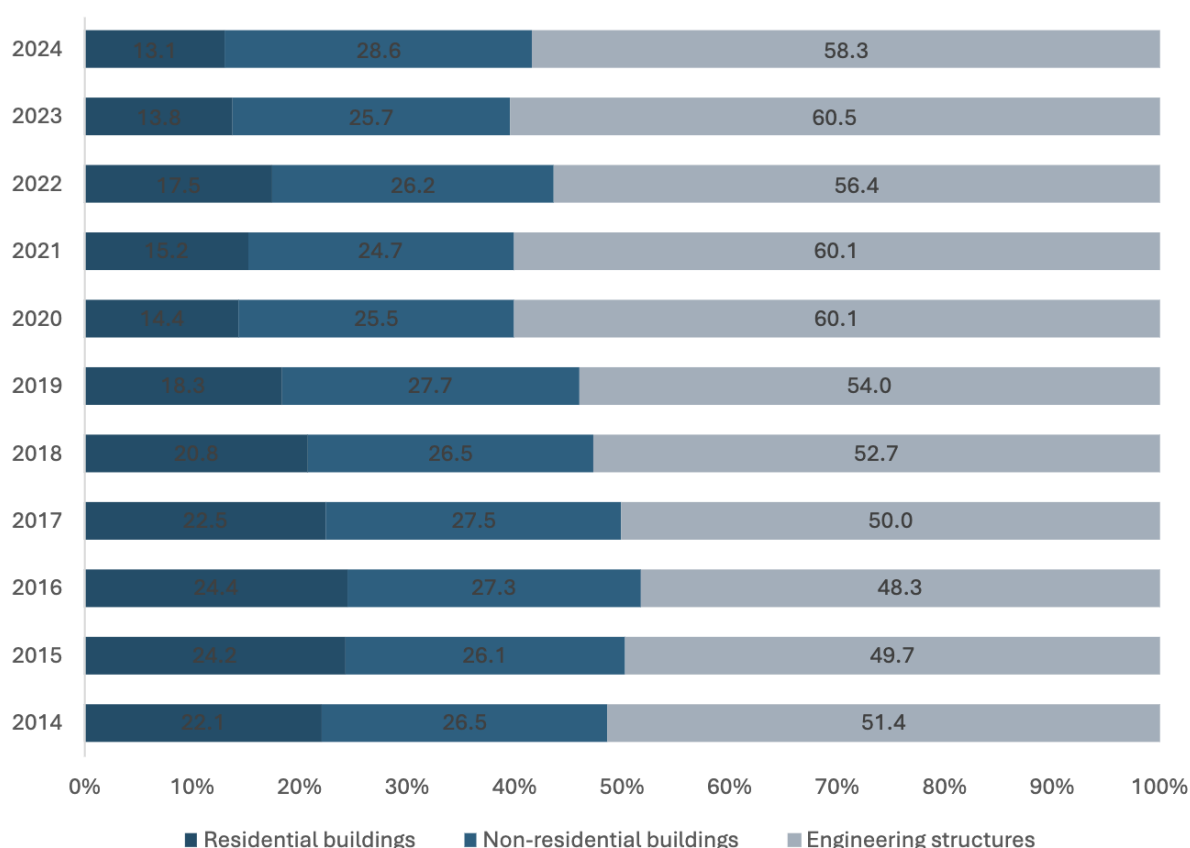
https://www.ukrstat.gov.ua/operativ/operativ2022/vvp/ind_vvp/ivvp_24_ue.xlsx

According to the State Statistics Service, in 2024, the share of construction in total gross value added (GVA) was only 1.9%, significantly lower than the pre-war level in 2021 — 3.2%. The collapse occurred in 2022, when the share of construction fell to 1.5% and the sector's value added fell almost threefold. This fall reflects a profound crisis driven by large-scale destruction, investment declines, and logistical constraints. This crisis is also a consequence of the dramatic increase in the defence sector's role in the economy.

In general, the recovery continues at different rates according to the types of construction, which can be divided into two main types: construction of buildings (residential and non-residential) and engineering structures (transport infrastructure; pipelines, lines of electronic communication networks, and power transmissions; complex structures of industrial facilities; and other engineering structures). In 2024, the structure of manufactured construction products in Ukraine shifted priorities in favour of infrastructure: residential buildings accounted for only 13.1%, non-residential buildings — 28.6%, and engineering structures — 58.3%. Compared to pre-war 2021, when residential buildings accounted for 15.2%, non-residential buildings for 24.7%, and

engineering structures for 60.1%, there is a decrease in the share of residential buildings and an increase in the share of non-residential buildings. Although in 2024 the share of engineering structures remained similar to that of 2021, these works mainly included repairs to infrastructure destroyed by Russian attacks, mining facilities, and fortifications and defensive structures, in contrast to roads, whose construction dominated in 2021. In 2024, compared to 2023, the share of residential buildings decreased by 5.1 pp, while the share of engineering structures decreased by 3.6 pp, and the share of non-residential buildings increased by 11.3 pp.

Figure 2. Volume of manufactured construction products by type, in %



Source: State Statistics Service, https://www.ukrstat.gov.ua/operativ/operativ2014/bud/ovb/ovb_u/ovbp_vyd_u.htm

According to the State [Statistics Service](#), the volume of construction work performed increased by 16.1% yoy to UAH 117.7 bn. The highest growth rate was recorded in non-residential construction, by 36.4%, indicating an intensification of the restoration of industrial, office, and public facilities. In comparison, engineering structures grew by 8%, indicating a gradual modernization of infrastructure. The structure of works is dominated by new construction (43.4%), followed by repair work (29%) and reconstruction and other types (27.6%). These indicators indicate a gradual recovery of investment activity in the sector and the strengthening of construction's role as a driver of economic growth.

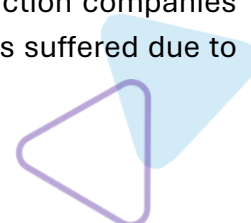
In 2024, the [share of the construction industry](#) in total capital investments amounted to 7.8% (UAH 41.7 bn), reflecting the population's investments in housing construction through construction enterprises. However, investments by other sectors of the economy in construction were quite significant. Capital investments in construction assets amounted to UAH 245 bn or 45.8% of total capital investments in 2024. Capital investments in construction (residential and non-residential buildings, engineering structures) amounted to UAH 268 bn or 50.6% of the total in 2021. As you can see, capital investments in construction approached the figure of 2021 in nominal terms, although, according to the State Statistics Service, the price index for construction work increased by 59% in 2024 compared to 2021. Operational data confirm industry activity: the nominal volume of construction work performed in 2024 increased by 23.5% to UAH 204.7 bn (residential +16.3% yoy; non-residential +35.5%; engineering structures +20%). However, in January-July 2025, the total volume of work increased by 10.0% yoy, and the financing structure shifted towards new construction — 45%, repairs — 30%, and reconstruction — 25%, which may indicate a reallocation of budget and own investments in response to the war.

State and donor support fuels demand for construction work: in 2025, the [eOselia mortgage program](#) has already financed more than UAH 19.7 bn (72% in the primary market/agreements at the construction stage), since the start, UAH 42 bn, which directly strengthens financing for residential developers.

Credit lines from MFIs are important for infrastructure projects. In July 2025, the EIB announced almost EUR 600 m for Ukraine, including EUR 134 m for the rehabilitation of bridges and roads through the Recovery Agency. The EBRD deployed a record EUR 2.4 bn in Ukraine in 2024 and plans to invest at least EUR 1.5 bn in 2025, with a significant part in energy, municipal, and transport infrastructure that generates contracts for builders. In addition, the ["Ukraine Investment Framework"](#) operates under the umbrella of the EU Ukraine Facility for municipal infrastructure, housing, and public buildings. Currently, the primary sources of financing for construction are the business's own funds and budgets (state/local), plus targeted programs (mortgages) and loans from MFIs for public infrastructure projects.

2.2. *Quantitative indicators*

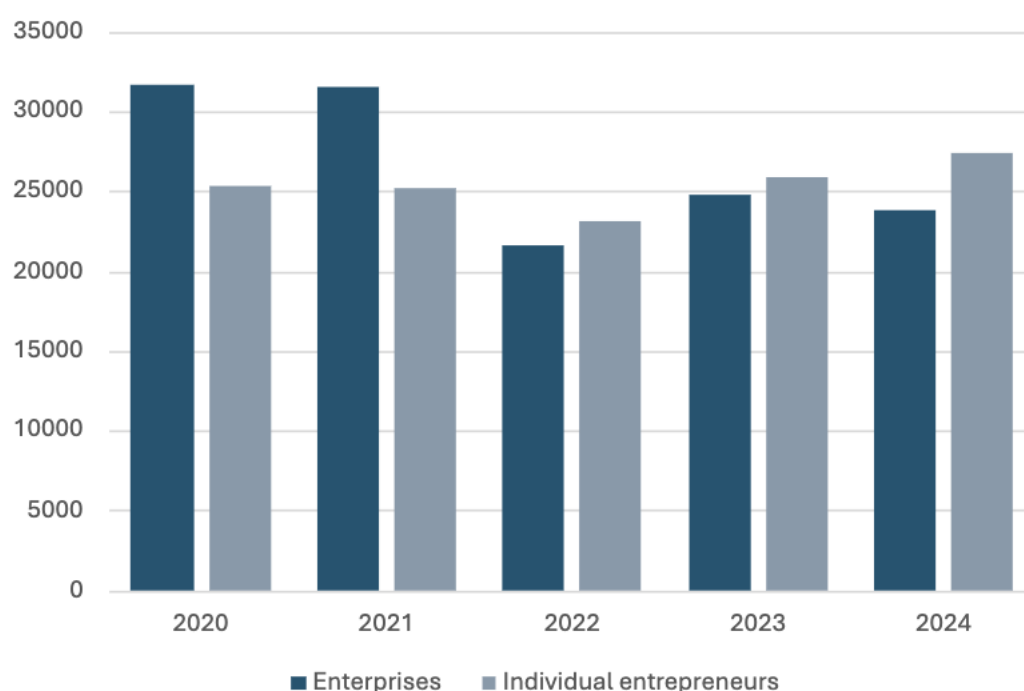
As of 2024, there were 51.2 thousand business entities (enterprises and private entrepreneurs) in Ukraine's construction sector, up 1.1% from 2023. This growth indicates a gradual revival of the market after a sharp decline in the early years of the war. At the same time, compared to pre-war 2021, the number of construction companies decreased by 10.1%, underscoring the scale of losses the industry has suffered due to hostilities, infrastructure destruction, and capital outflows.



Structural changes have also occurred in the distribution between private entrepreneurs and enterprises operating in the sector. Before the start of the war, individual entrepreneurs (FOPs) accounted for 44.4% of the total number of enterprises in the construction sector. After the full-scale invasion began, this figure increased, and in 2023 it had already reached 51%. This high share may indicate a reorientation of the business toward more flexible, less capital-intensive business models.

In the overall structure of the economy, the construction sector accounted for 2.7% of all registered business entities (enterprises and private entrepreneurs) in Ukraine in 2023, maintaining its status as an important but relatively small segment of national business (Figure 3).

Figure 3. Number of enterprises in the construction industry

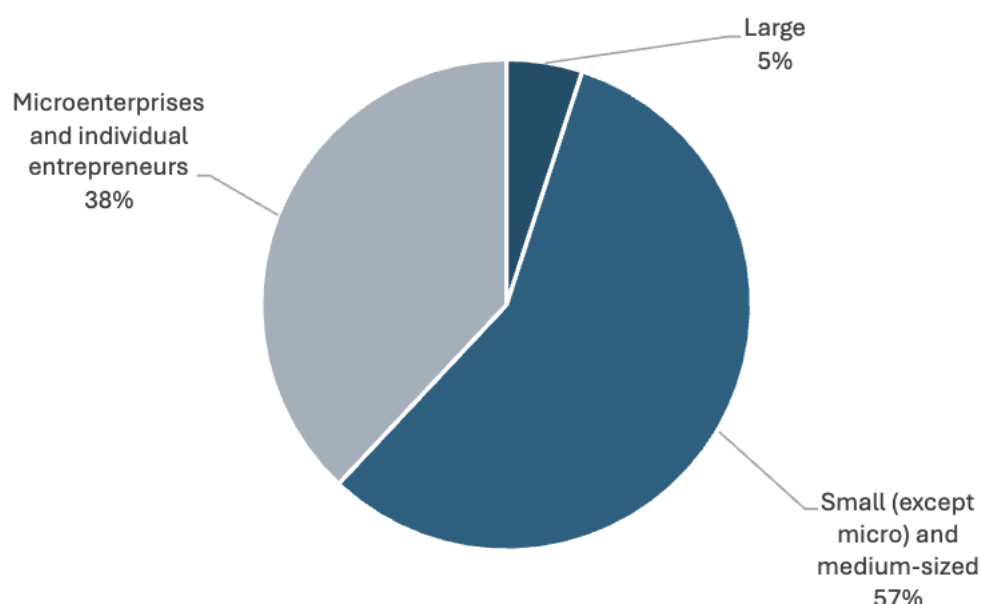


Source: https://www.ukrstat.gov.ua/operativ/operativ2012/fin/osp/ksg/ksg_u/arch_ksg_u.htm

No official statistics on the share of foreign companies in Ukraine's construction sector are publicly available. At the same time, **the presence of foreign businesses in the industry is evident, especially in road construction and infrastructure projects.** Among the well-known examples are the Turkish company Onur Group, which implements large-scale road construction and reconstruction projects in Ukraine, as well as other foreign contractors involved in implementing international and state infrastructure programs. According to the NBU, the balances of foreign direct investment in the construction sector amounted to USD 884 m or 1.5% of the total at the end of 2024.

In 2024, **the structure of enterprises in the construction industry indicates industry fragmentation**. Microenterprises and individual entrepreneurs account for 38% of the sector's employees, indicating that the high level of small businesses in the industry is maintained. Small (except micro) and medium-sized enterprises account for 57%, while the smallest share is occupied by large companies — 5%.¹ Such a distribution indicates the industry's dualistic structure: on the one hand, large players with large-scale projects and resources; on the other, a large segment of microenterprises focused on individual services and local orders. At the same time, medium-sized businesses have relatively modest positions (Figure 4). At the same time, it can also be a sign of structuring (splitting) the company into separate enterprises. In some places, registering as an individual entrepreneur (FOP) can also simplify business operations, particularly for cash withdrawals.

Figure 4. Structure of enterprises in the construction industry in 2024



Source:

https://www.ukrstat.gov.ua/operativ/operativ2022/fin/pssg/kzpsg_vsmm_ek_2010_2021_u.xlsx

Splitting companies into smaller units allows large developers to avoid separate regulatory requirements. Small businesses have simplified requirements for reporting, taxation, and labor accounting, which is sometimes used to optimize costs or hide the real amount of work.

At the same time, as a result of splitting companies, transparency suffers, as does the quality of regulation in general. When state regulatory authorities deal with a large number of legally small companies, it becomes much more challenging to conduct

¹ There were only 8 of them in the industry in 2024.

adequate supervision, risk analysis, or monitoring of the integrity of market participants. Moreover, some of these enterprises are created for a short period exclusively for a specific contract or project, after which they are liquidated. This brief period of existence makes it impossible to hold liable for poor-quality construction, violations of technical standards, or the evasion of warranty obligations. On the other hand, as evidenced by interviews with interested parties, this also reduces the risks associated with opening criminal proceedings by ensuring the presence of a "clean" company for each new project.

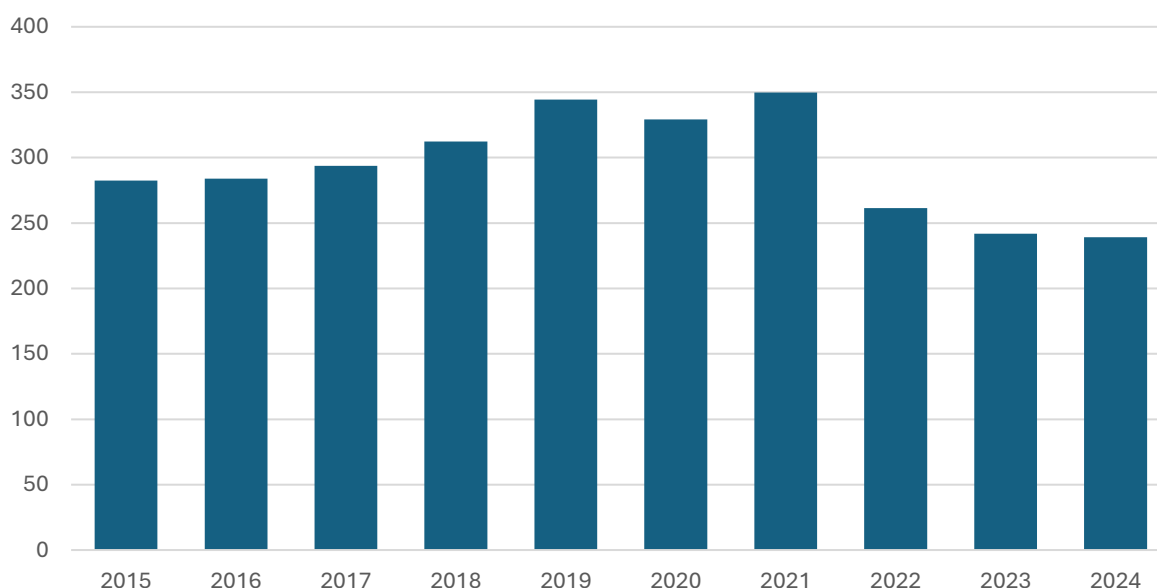
At the same time, such a structure leads to distortions in statistical data, for example, employment indicators, labor productivity, and financial statements. As a result, government policies to support the industry or the design of development strategies are often based on incomplete or distorted information. At the macro level, this also complicates the assessment of the real volume of investment in the sector, the level of competition, and the identification of potential risks of bankruptcies or unfinished projects.

Thus, registering a large number of construction companies as small or micro-entities not only fails to reflect the real market structure but also weakens the effectiveness of state regulation.

2.3. Employment in the sector

The construction sector is essential to the Ukrainian economy not only for value creation, but also for employment. In 2024, 239 thousand people were officially employed in the industry, which is 32% fewer than in 2021. In general, in 2024, the sector employed 3.2% of the total workforce of business entities (excluding those employed in budgetary institutions and government agencies). Job losses became a steady trend with the onset of full-scale war, as the sector traditionally focused on attracting male labor, saw some of that labor mobilized or change its field of activity. For comparison, in pre-war 2021, 350 thousand people worked in construction (or 3.9% of total employees), clearly demonstrating the scale of the loss of human resources (Figure 5). Importantly, the average number of workers per company in the construction sector is fewer than 10, which may also indicate a high level of informal employment in the industry. As a result, employees in the sector may not be socially protected, despite the high occupational risks at construction sites.

Figure 5. Number of people employed in the construction industry, thous.



Source: https://www.ukrstat.gov.ua/operativ/operativ2012/fin/osp/knp/knp_u/arch_knp_u.htm

At the same time, skilled workers mainly work in construction (Figure 6), yet the vocational and higher education system does not keep pace with market needs.

Despite the presence of more than 50 universities that train specialists in construction, less than half of the graduates continue to work in their field, according to a study by EasyBusiness. This discrepancy indicates a structural gap between the content of educational programs and employers' real needs. Vocational education institutions also face a lack of partnership with business and limited opportunities for practical training. The level of formal employment of graduates varies from 13% to 36% depending on the profession. In addition, there are significant regional disparities – in some areas, more than 20 vocational training programs are available, while in others, only one. Despite the emergence of private courses and initiatives such as Volvo's "Iron Women" or Swisscontact's "Career Path", their coverage remains limited.



Figure 6. Composition of employees by occupational groups in 2024, %



Source: State Employment Service (<https://www.dcz.gov.ua/stat/statsurvey>)

After three years of full-scale war, Ukraine's construction industry remains a key driver of economic recovery. Still, an acute shortage of skilled labor limits its potential. According to the study "State and Transformation of the Labor Market of Ukraine during the War" by EasyBusiness, the sector operates at only about 60% of its pre-war capacity. At the same time, the demand for labor significantly exceeds the supply: there are approximately 2.4 vacancies per available employee. To realize the recovery goals by 2032, it is necessary to actually double the number of construction workers. The regional structure of demand remains uneven: the most significant deficit is observed in the western regions, particularly in Lviv, while the eastern and southern regions continue to show limited activity due to the consequences of hostilities. At the same time, a challenge for the sector's development is a relatively high share of employed people aged 60 or older: according to the State Employment Service, it is 11.5%. At the same time, the share of young people (under 25 years old) is only 5.4%.

The skills shortage covers almost all professional groups – from engineers and electricians to bricklayers, crane operators, and armature fitters. According to the EasyBusiness survey, only about half of the qualified workers needed are actually available in the labor market. About 70% of employers cite the lack of practical competencies – the ability to read drawings, use tools, comply with safety standards, and work as part of a team – as a key constraint on their activities. As a result, there are delays in project implementation, rising work costs, additional supervision costs, and reduced productivity, which together slow down the pace of reconstruction and reduce the industry's attractiveness for investment.

Therefore, adult training is becoming essential for the sector. According to [a survey](#) of employers conducted by the State Employment Service, about 21% of enterprises in the industry provided employee training. It was mainly about on-the-job training. At the same time, it was often also a confirmation of professional qualifications in qualification centers. Another approach to solving the issue of labor shortages is the intention of employers to hire women in traditionally male professions, which was reported by 51% of companies in the sector that planned to hire workers in 2025 or hire foreign labor (16.9%, respectively).

Thus, the construction industry in Ukraine in 2024-2025 is at a stage of partial recovery after a deep recession caused by the full-scale war.

Despite the positive dynamics of the volume of work and the increase in the number of enterprises, the sector has not yet reached pre-war indicators. It remains vulnerable to investment and personnel risks. Structural shifts indicate a shift in priorities towards infrastructure and restoration projects with support from the state and international financial institutions. At the same time, the scale of destruction and the need for reconstruction, estimated by the World Bank at hundreds of billions of dollars, create both unprecedented challenges and long-term opportunities for the industry's development.



3. Construction regulation

3.1. Main powers to regulate the sector

The construction sector is characterized by a large number of stakeholders, including central and local authorities, various inspection and control bodies, and numerous companies. This variety makes regulating the sector, and especially changing it, extremely complex, since changes affect players in various ways.

The Ministry for Communities and Territories Development of Ukraine, in accordance with [the regulations](#) governing its activities, is responsible for formulating and implementing state policy in construction. This policy covers construction in general, landscaping, construction regulations, urban planning, territorial spatial planning, architectural and construction control and supervision, technical regulation in construction, and pricing in construction. At the same time, these policies are very complex and include regulations at the legislative level and Cabinet of Ministers resolutions, as well as guidelines and orders issued by the Ministry.

Construction permits are issued by local governments. They are also responsible for changing the purpose of land plots. Both decisions should be based on local master plans and, in the future, on comprehensive spatial development plans (with the entry into force of provisions that have been postponed again). The lack of updated or approved plans at the community level often leads to a manual decision-making process and, at times, to corruption, as companies discuss during interviews.²

In public procurement for construction, the largest buyers are the Agency for Reconstruction and local authorities. The agency was created at the end of 2022 on the basis of Ukravtodor and continues to focus primarily on road construction and repair, but is also responsible for comprehensive reconstruction and restoration projects, as well as the construction of protective measures at energy facilities. Local authorities are responsible for the purchase of construction, reconstruction, and repairs of facilities that are or will be on their balance sheet. At the same time, they often cannot make high-quality purchases or control the quality of prepared projects and work performed due to a shortage of professional engineers and architects.

Important players include professional self-governing organizations and industry associations, higher education institutions, TVET, and advanced training centers that shape human resources and professional standards. In the future, qualification centers will also have a greater impact.

² For the purposes of the project, the IER team conducted more than 10 interviews with companies in the sector. We also got acquainted with numerous discussions related to the construction sector and held over the past year. Therefore, the report uses the results of these discussions and interviews.

The ecosystem of the construction sector also includes control and supervisory bodies (architectural, construction, fire, labor, and environmental), standardization and technical regulation bodies, and dispute resolution bodies. [DIAM](#) — the State Inspectorate of Architecture and Urban Planning of Ukraine – has been implementing state policy in the field of architectural and construction control and supervision over compliance with urban planning legislation since 2020 (replacing the State Architectural and Construction Inspectorate, SACI).

Other stakeholders include developers and investors (public and private), general contractors, subcontractor networks, manufacturers and suppliers of building materials and equipment, laboratories, companies, or more commonly geodesy and geology specialists. Such specialists also include engineering and consulting firms and specialists (project managers, estimators, engineers), technical supervision services, independent experts, and quality and safety auditors. They react differently to changes in standards (energy efficiency, sustainability, safety), localization requirements, public procurement rules, and model contracts.

Also among the interested parties are insurance companies, which, in particular, insure construction objects, and the responsibility of individual specialists, which is required by law, is also essential. Banks' work is important for financing construction. During a full-scale war, reconstruction financing is primarily sourced from funds received from international financial organizations and other donors; they often have their own requirements for transparency, environmental friendliness of projects, and procurement procedures.

Due to so many different players in the construction market, conflicts of interest arise: speed of implementation versus quality and durability; lowest price vs. life cycle value; flexibility of design decisions against the predictability of rules; local development and employment against open competition; short-term expenditures against the requirements of energy efficiency, environmental friendliness, and inclusiveness. Critical deadlines, budget, and risk management are important for customers. In contrast, profitability and risk distribution are important for contractors (due to overregulation, they often do not want to enter public procurement). Professional communities must first of all take into account standards and reputation. Transparency and high-quality infrastructure should be important to communities.

Consequently, the construction sector brings together a large number of stakeholders with different, often conflicting goals and incentives. Therefore, significant regulatory changes inevitably have uneven impacts across various groups, which can lead to resistance to their implementation. Communication of changes and discussion becomes essential to ensure better results of the implemented changes.

3.2. Deregulation

Starting and running a business in the construction industry in Ukraine has long been accompanied by excessive regulatory requirements, formed over decades and often outdated or duplicative. In response to business needs and economic development needs, the government began a process of deep deregulation after the Revolution of Dignity. The results were reflected in improvements to the corresponding Doing Business index, calculated by the World Bank.

Thus, within the framework of deregulation, the redevelopment permit for residential premises was canceled if the work did not involve interference with load-bearing structures or engineering networks. According to the updated List of construction works approved by the Cabinet of Ministers of Ukraine in 2018, such works do not require permits. They are not subject to commissioning, as are non-residential premises. The list includes works on re-equipment and redevelopment of a residential building and residential premises, as well as a non-residential building or structure and premises in them (the implementation of which does not involve interference with enclosing and load-bearing structures and engineering systems of everyday use), which refers to objects according to the classes of consequences CC1 (minor consequences), CC2 (medium) and CC3 (significant). For example, it is possible to redevelop or re-equip (without interfering with the enclosing and load-bearing structures) the trading floors of shopping malls, office premises of business centers, and other objects that belong to CC2 and CC3 in terms of the class of consequences.

Licensing in construction was canceled in 2021, when the State Architectural and Construction Inspectorate (SACI) ceased to exist, and its functions were transferred to new bodies. Since March 18, 2020, the issuance of new licenses has actually stopped, and since 2021, the license conditions themselves have been canceled, as the urban planning sector has been reformed. Now the declarative principle of opening companies actually works, which can be considered a violation of the rule that licensing should apply to sectors with high risks and high responsibility (see below).

After the start of the full-scale war, the government continued its decentralization efforts. A key role in this process is played by [the Interagency Group on the Review of State Regulation Instruments](#), a temporary advisory body established by the Cabinet of Ministers on January 13, 2023, to coordinate the actions of central and local authorities, as well as the involved think tanks and international programs. The main objective of the group's activities is to expedite the review, optimization, and abolition of outdated, excessive, or non-transparent instruments of state regulation of economic activity. Over a year and a half of work, it has reviewed more than 1,300 regulatory instruments, of which more than 450 were recommended for cancellation, with tangible economic effects already evident. In the construction sector, one of the most regulated sectors, the Interagency Group recommended either abolishing or modernizing to a greater extent

almost 75% of the tools under the responsibility of the Ministry of Communities and Territories Development. In particular, it was proposed to simplify or combine the procedures for project documentation, the declaration of readiness of the facility for operation, the certificate of acceptance, the decision to assign an address, and extracts from urban planning documentation and cadastral certificates. Thus, even after the launch of the Unified State Electronic System in the Field of Construction (USESSB), some of the processes remained semi-automated.

In 2025, the government has already simplified several construction procedures. In particular, on February 4, 2025, amendments were [made](#) to the resolutions of the Cabinet of Ministers that regulate:

- the procedure for commissioning completed construction facilities;
- the procedure for performing preparatory and construction works;
- the procedure for maintaining the Unified State Electronic System in the field of construction.

Main innovations:

- automation of document processing: now, documents submitted through the ASC or the electronic cabinet in the USESSB should be automatically processed, not manually. This automation reduces the processing time from 1–10 days to 10–15 minutes;
- fewer errors: the system automatically checks compliance with urban planning conditions, construction passport, and the intended purpose of the land plot;
- Convenience: procedures have become simpler, the number of required paper documents has been reduced, and some processes have been combined and transferred to electronic format.

Despite these initiatives, **the regulatory environment in construction remains fragmented and formally overloaded**. Specialists and market participants still face legal fragmentation, with different regulations duplicating or contradicting each other, and access to certain services of the USESSB during the war period can be unstable.

Overall, while deregulation initiatives look encouraging, their implementation should be accompanied by the introduction of alternative, transparent control mechanisms, including digital registers, risk-based surveillance, and greater openness of information. Otherwise, simplification of procedures can lead to a deterioration in safety, an increase in the number of formal or actual unauthorized constructions, and a loss of confidence in the quality control system.

3.3. Key legislation on activities of construction companies

The legislative framework governing the construction industry in Ukraine is extensive. It comprises several regulations covering various aspects of urban planning, architectural activities, licensing, technical regulation, and public procurement. It is based on three key laws: the Law of Ukraine ["On Regulation of Urban Planning Activities"](#), which determines the rules for the development of territories, the procedure for obtaining a construction passport, urban planning conditions and restrictions, the procedure for starting construction work, as well as the requirements for documentation for the acceptance of the object into operation; The Law of Ukraine ["On Architectural Activity"](#), which establishes the conditions for the provision of architectural services, requirements for the professional qualification of architects, design engineers and persons responsible for technical supervision; and the Law of Ukraine ["On Licensing of Economic Activities"](#), which defines the list of works requiring licensing and requirements for construction companies working with objects of increased complexity.

At the same time, the Law on Licensing of Types of Economic Activity determines that "construction of facilities that according to the class of consequences (liability) belong to objects with medium (CC2) and significant (CC3) consequences" is subject to licensing. The mechanism for classifying consequences is defined in the law on urban planning and specified in the relevant guidelines (Table 1). In fact, CC1 is private houses and garages; CC2 is schools, apartment buildings; CC3 is hospitals, large shopping malls, airports, and dangerous objects. At the same time, in fact, licensing was canceled in 2020. Instead, companies in the construction sector operate under the declarative principle through the electronic construction system.

Table 1: Classes of consequences (liability) of objects

Class of consequences (liability) of the object	Characteristics of the possible consequences of object failure				
	Possible danger, number of people				
	For the health and life of people who are constantly at the facility	For the health and life of people who are periodically at the facility	For the health and life of people who are outside the facility	Amount of possible economic loss, minwage	Termination of the functioning of linear objects of engineering and transport infrastructure, objects of communication, energy, and engineering networks, level
CC3 — significant consequences	More than 400	Over 1,000	More than 50,000	More than 50,000	National
CC2 — average consequences	More than 50 to 400 inclusive	More than 100 to 1000 inclusive	More than 100 to 50000 inclusive	More than 2500 to 50000 inclusive	Regional, local
CC1 — minor consequences	Up to and including 50	Up to and including 100	Up to and including 100	Up to and including 2500	Object

Source: Appendix to DSTU-N B V.1.2-16:2013 ["Determination of the class of consequences \(liability\) and the category of complexity of construction objects"](#)

Box: License conditions until 2020

To obtain a license, the company had to meet several groups of requirements. First of all, its staff had to include specialists with appropriate education and certificates: an architect (in the case of designing objects with a class of consequences CC2, CC3), a certified design engineer (for the development of structural and engineering solutions), a technical supervision engineer (for technical supervision of construction and commissioning of the facility) and, if necessary,, an expert in the technical examination of projects (for the examination of project documentation, the technical condition of buildings, reconstruction, etc.) or a consulting engineer who manages large projects, in particular at the expense of international assistance or at the request of the state. In addition, the company had to have the appropriate equipment, machines, and tools (own or leased), which lease agreements or ownership documents can confirm. The company does not need a long history, but the experience of key personnel must be confirmed. Also, the company should not have had any tax debt, a criminal record among its management, or any open bankruptcy proceedings.

The licenses were valid indefinitely, unless there were grounds for revocation or termination. The decision on issuing a license was to be made within 10 working days of the submission of the complete package of documents.

DIAM was designated as the body responsible for licensing and supervising the implementation of licensing conditions for the construction of facilities of risk classes CC2 and CC3.

Further simplifications were introduced in 2022 [by the decision of the Cabinet of Ministers of Ukraine](#). Thus, during the period of martial law, a simplified procedure for licensing certain activities, in particular in the construction sector, was introduced, requiring only a declaration of economic activity rather than licenses or other permits. And non-residents during martial law, who operate in Ukraine exclusively through permanent representative offices, may acquire the right to carry out economic activities for the construction of facilities with medium (CC2) and significant (CC3) consequences without obtaining a license, by submitting an appropriate declaration. While this could be seen as a victory for deregulation, companies in the market say this approach increases the sector's performance uncertainty.

"Companies that want to enter the market today cannot obtain a license. For them, working without a license is an additional risk. Therefore, they try to acquire companies with market licenses. The value of such companies increased during the full-scale war."

Therefore, to open a construction company in Ukraine, you need to go through the standard procedure of state registration of business, as well as fulfill special conditions provided for work in the field of construction.

The process of launching business can be divided into three main stages:

1. Registration of a legal entity or sole proprietorship. The most common form for a construction company is an LLC (limited liability company). A sole proprietorship is used for small volumes (for example, repair work or design). When opening, you need to choose KVEDs that correspond to the planned types of construction work (almost always 41.20 "Construction of residential and non-residential buildings" and 41.10 "Organization of construction")³. After registration, tax registration is automatically initiated, and the payer's electronic cabinet is opened.
2. Preparation for professional activities in the field of construction: if the construction of CC2 or CC3 facilities is planned, the company must obtain a construction license, ensure the availability of certified specialists, and formalize employment relations or civil law contracts to confirm the actual composition of personnel.
3. Start of commercial activity: to start work, you need to open a bank account for legal entities, register as a VAT payer or for a sole proprietorship — a single tax (depending on the turnover), create an electronic key (QES) for reporting, choose an accountant, or use outsourcing.

Another important document in construction is [the Land Code of Ukraine](#), which determines the procedure for allocating land for construction, changing the purpose of land, use, and lease. The Land Code of Ukraine determines that owners and users of land plots have the right to build if they use the land in accordance with urban planning documentation. Land for residential and public development must be used in accordance with the settlement's general plan and other urban planning documentation, and in compliance with building codes and state standards. However, during martial law and for five years after its end, it is allowed to change the plot's purpose. The application of the master plan requirements is limited and [does not require](#) compliance with the classifier requirements for types of land plots, types of functional purpose of territories, and their relationships.

Construction companies must acquire ownership or use of the land before construction work begins. Construction must comply with local urban planning documentation. In the absence of a zoning plan or a detailed plan of the territory, the transfer of land plots of state or municipal ownership for urban planning needs is prohibited. At the same time, in fact, this is not always the case, or the relevant decisions are made in accordance with old plans or manually.

³ KVED codes for construction (indicated during registration): 41.20 Construction of residential and non-residential buildings, 42.11 – 42.99 Construction of engineering structures (roads, bridges, pipelines), 43.21 – 43.99 Specialized works (electrical installation, plastering, etc.), 71.12 Architectural and engineering activities.

The Civil Code of Ukraine defines the conditions for the conclusion of construction contracts, guarantees, and liability.

The main aspects of the impact of the Civil Code on construction:

- Ownership of the construction object. The owner of the construction object before its transfer to the customer under the contract is the contractor, unless otherwise provided by the contract (Article 876 of the Civil Code of Ukraine). This definition determines the legal status of the object during construction and transfer.
- Unauthorized construction. The Civil Code clearly defines unauthorized construction as construction carried out without the appropriate permit, on a land plot not allocated for this purpose, or with significant violations of construction norms (Article 376 of the Civil Code of Ukraine). A person who has carried out unauthorized construction, as a general rule, does not acquire ownership of such property.
- Legalization of unauthorized construction is possible by a court decision, if the land plot is provided to a person in accordance with the established procedure for already built real estate (Article 376 of the Civil Code).
- The right to build is granted to owners or users of land plots who use the land for its intended purpose and in accordance with urban planning documentation, in compliance with all necessary procedures: obtaining permits, developing and approving project documentation, conducting an examination, performing construction work, and commissioning the object (generalization of court practice).

The Civil Code establishes a legal framework for construction companies to acquire rights to construction objects, to bear liability for unauthorized construction, and to register and legalize real estate, which directly affects their activities and legal security in the construction sector.

Until August 2025, the Commercial Code of Ukraine, which regulated contracting and economic relations in the sector, was of great importance for the construction market. However, it has become invalid.

To start construction, companies need not only to obtain a building permit from local authorities but also to obtain technical specifications from the various bodies and institutions responsible for engineering and infrastructure facilities. Thus, according to the interview, the most challenging aspect is obtaining technical specifications for connecting to power grids and sewerage systems. Connecting to the power grid is often a relatively expensive undertaking and must be included in the project's cost. On the other hand, the technical specifications for drainage are often complicated by the limited

capacity of the relevant infrastructure, especially in large cities, where initial planning did not account for the growth of individual cities.

"Sometimes obtaining technical specifications, especially in the field of drainage, takes weeks, if not months. At that time, we involved local authorities for public procurement projects, and for private projects, we sometimes had to pay informally. And what to do? We need to move faster with the project."

3.4. Standardization

Standardization plays an important role in the construction sector. Unlike most other sectors of the economy, technical regulations in the construction sector, primarily state building codes (DBN), which have the status of mandatory regulatory and technical acts, regulate all stages of the design, construction, reconstruction, overhaul, and operation of buildings and structures. This is a set of documents that defines the requirements for safety, functionality, comfort, energy efficiency, environmental friendliness of facilities, as well as for engineering solutions, such as ventilation, water supply, electricity supply, fire protection, etc. This variety of requirements creates additional complexity for working in the industry.

DBNs are developed and approved by the national body in the field of construction regulation — now the Ministry of Communities and Territories Development of Ukraine (Ministry of Development) — with the participation of specialized technical committees, experts, scientific institutions, and enterprises. The development of new DBNs or amendments to existing ones is carried out in accordance with the defined rationing plan agreed with the Ministry of Economy and the National Standardization Body.

For business, DBN is a regulatory framework used in developing project documentation. Compliance with the requirements of the State Building Code is a prerequisite for a positive pass of the state examination (for objects CC2 and CC3), as well as the basis for accepting the object into operation. For example, suppose the developer has not complied with the standards regarding permissible levels of insolation (illumination of premises by sunlight), the size of evacuation exits, or the height of ceilings. In that case, the project may be rejected or stopped at the implementation stage. Therefore, a violation of the State Building Code entails financial losses, construction delays, and complications in customer interactions.

However, several problems are associated with DBNs. Firstly, a significant part of the norms has not been updated over the years or has been updated in piecemeal fashion, leading to some requirements being outdated or not aligned with modern technologies. For example, the old DBN has so far included norms that do not account for new materials, energy-efficient solutions, or digital technologies in construction.

Secondly, even updated DBNs sometimes conflict with other regulations, in particular, technical regulations and harmonized EU standards. This contradiction creates legal uncertainty: the developer formally complies with the requirements of the Ukrainian State Building Code, but may at the same time violate rules establishing other acts with a higher legal status or that are necessary to enter the European market.

At the same time, the business notes the complication of major repairs in the old premises, as the new DBN begins to operate and cannot be consistently implemented during such maintenance. In particular, we are now often talking about the mandatory availability of shelters at certain objects.

"I cannot overhaul an object that is already working, because I immediately stumble upon new DBN when developing a project for major repairs. In some places, it is unrealistic to perform them on old facilities. Therefore, I have a choice either not to make major repairs or to violate the State Building Code."

In general, weak flexibility is a problem. In many countries, such as the EU, technical regulations are often formulated as objectives or performance-based requirements rather than as well-defined guidelines. Ukrainian DBNs, by contrast, leave little room for engineering innovation or alternative technical solutions, even if they provide an equivalent or higher level of safety. For example, solutions based on BIM (Building Information Modeling) may not be considered during the formal examination if they do not meet the straightforward requirements of the DBN. However, since 2014, construction companies have been able to carry out construction in accordance with the harmonized Eurocodes at the EU level, which, although they establish higher functional requirements, are more flexible and allow the use of machine solutions. In fact, both models are possible; however, it is impossible to mix standards within a single project.

In general, compliance with the DBN project is a critical factor for the successful conduct of the construction business in Ukraine. However, the rationing system itself requires deep reform: from updating content and harmonizing with European standards to introducing more flexible approaches that would allow businesses to invest in innovation and the state to maintain control over quality and safety.

3.5. Professional standards and certification of individual specialists in the field of construction

In Ukraine, not all professional standards for construction specialists have yet been defined. Thus, the [Register of Qualifications](#) does not yet have a professional standard for architects. At the same time, professional standards for engineers have been defined: chief project engineer, technical supervision engineer, consulting engineer, and design engineer. A professional standard for a construction expert has also been adopted. At the

same time, Ukraine's European integration efforts envisage preparing professional standards for other specialists and their adoption. The relevant professional standards should be aligned with the norms of EU law, because after the liberalization of the labor market (free access to the labor market of Ukraine for citizens of EU member states), this will contribute to the involvement, in particular, of architects and design engineers from the EU in the reconstruction of Ukraine. Against the background of a shortage of relevant personnel in Ukraine, this will have a positive impact on the development of the construction sector. In general, uncertainty about the list of regulated professions⁴ delays the introduction of uniform market access requirements, complicates mutual recognition of qualifications, and hinders the involvement of specialists from the EU, as well as the harmonization of professional standards with the European Qualifications Framework. Given that architects and engineers are subject to certification today, there is a high probability that the relevant professions should be regulated (although, again, not all architects and engineers are certified; instead, only those who are willing to take responsibility for projects).

In accordance with the legislation, professional certification in the field of construction in Ukraine is organized by the Ministry of Development through the Attestation Architectural and Construction Commission ([AABC](#)), which is a collegial body, the status and procedure of which is approved by the orders of the Ministry of Development (formerly MinRegion). The basic rules for conducting certification are set out in [the Resolution of the Cabinet of Ministers of Ukraine](#) (No. 554 of 2011 as amended). The register of current certified persons is maintained in the Unified State Electronic System in the Field of Construction (USESSB), which is administered by the DIAM (see paragraph 3.6).

The Resolution of the Cabinet of Ministers of Ukraine No. 554 provides for the Ministry of Development to delegate certain powers to self-regulatory organizations (SROs) in the field of architectural activities to conduct professional certification. Such a mechanism was applied to architects and engineers, provided that SROs met the established criteria and approved the procedures for exercising delegated powers. In the case of delegation, the SRO establishes its own attestation commissions, which are often referred to as AABCs.

In 2016, the Ministry of Regional Development delegated to the National Union of Architects of Ukraine, namely the Architectural Chamber of the National Association of Architects of Ukraine, the powers of professional certification (Order No. 280 of 18.10.2016; the delegation was continued by such acts, in particular, in 2020 by Order

⁴ A regulated profession is a profession, access to which or its exercise by law is associated with the presence of certain professional qualifications confirmed by a competent authority (license/certificate/registration). In EU law, the concept is defined by Directive 2005/36/EC on the recognition of professional qualifications; the state establishes a list of such professions, qualification requirements and bodies confirming them.

No. 102). The Chamber of Architecture accordingly organized training for architects, upon successful completion of which it issued certificates. At the same time, the next delegation expired in 2022 and was not extended. Today, the functions of organizing attestation are performed under the auspices of the Ministry of Development and the AABC, and the NSAU appeals against the termination of the delegation. The training takes place at several higher education institutions across different regional centers of Ukraine.

"One of the possible reasons for the suspension of delegation is the presence of training only in Kyiv by a narrow circle of teachers. Another reason is the presence of problematic objects, which did not result in the revocation of certificates from their architects-authors. At the same time, these issues, it seems, could be resolved with clearer instructions from the Ministry of Development."

At the same time, Natalia Kozlovska, Deputy Minister of Development, emphasized that the delegation of certification to the Chamber of Architects was not extended because certificates issued to architects in the Autonomous Republic of Crimea were automatically extended.

At the same time, the delegation of attestation and certification of design engineers was further delegated. Thus, the authority to conduct professional certification was delegated to the All-Ukrainian SRO "Guild of Designers in Construction" (VUGiP) by the order of the Ministry of Regional Development of Ukraine dated 16.06.2015 No. 137 (with subsequent decisions extending the delegation). VUGiP organizes procedures within its delegated powers, and the AABC decides on the issuance of qualification certificates in accordance with Resolution No. 554. The Guild also provides periodic advanced training (once every five years).

"However, training in the Guild does not meet the needs of today; it is often only formal training without real professional development."

"It is not always possible to quickly access training, which complicates the work of businesses today in the case of the mobilization of design engineers."

For technical supervision engineers, the requirements for certification are established by relevant acts. In practice, the authority to conduct certification is delegated to the SRO "Guild of Technical Supervision Engineers" (GITN), which approved its own Procedure for the implementation of delegated powers with reference to the provisions of the Law "On Architectural Activities", the Resolution of the Cabinet of Ministers of Ukraine No. 554, and the regulations on AABC.

Obtaining a certificate requires specialized higher education, confirmed work experience (from 2 to 5 years, depending on the specialty), passing advanced training courses (often in licensed institutions), passing an exam at the AABC, submitting a portfolio of

implemented projects, and, as a rule, the absence of disciplinary sanctions or convictions in the field of professional activity. Certificates are issued for a period of five years, with the possibility of extension through recertification or confirmation of advanced training. Certificates confirming qualifications are issued by the Attestation Architectural and Construction Commission (AABC) under the Ministry of Communities and Territories Development of Ukraine or by authorized educational institutions (depending on the certification category). The current status of certified persons and the details of certificates are checked in the open register of the Unified State Register [of Municipalities and Territories](#) of Ukraine.

3.6. Examination of projects

Project examinations in Ukraine are conducted by accredited expert organizations (public and private). Customers sign an agreement with such an organization. Formally, the customer for the expertise can be the construction customer or the designer, provided this is specified in the design contract. The examination is mandatory for facilities with medium and significant consequences (CC2–CC3), for all projects financed from the budget, as well as in cases where the law expressly requires the inspection of individual works or components (strength and reliability, estimate part, energy efficiency, fire, technogenic and environmental safety). For CC1, the obligation depends on the situation. The result of the examination is an expert report of the established structure.

The cost of expertise is determined in accordance with [the Guidelines](#) for assessing the cost of design, survey work, and examination of project documentation for construction. The estimated cost of design, scientific and design, survey work is determined: 1) by applying percentage indicators of the cost of design work to the cost of construction work, and for industrial facilities, individual non-production facilities and telecommunications facilities, taking into account the cost Equipment; 2) based on price collections for design, scientific and design, survey works; 3) by the calculation method. It is important that for projects with budget funding, the requirements of the Guidelines are mandatory. For public procurers, the regime of the law on procurement and military "peculiarities" are additionally in force: expertise is procured through ProZorro in compliance with thresholds, deadlines, and transparency requirements, while a private customer engages an expert organization directly within the framework of a civil law contract. At the same time, it is precisely because of the peculiarities of procurement that there are frequent cases in which, during public procurement, expertise is "procured" through direct contracts, creating a risk of conflicts of interest and abuse.

"In fact, experts in Ukraine are not particularly responsible for their activities. Therefore, recently, expertise has become a quick way for individual experts and their employers to earn money. Some experts spend



at least a day or two analyzing the project, but may not even visit the site. And sometimes they just churn out reports of a dozen in one day."

In general, market participants note that one problem with qualitative expertise is the use of low-quality initial data and "raw" estimates, which trigger an avalanche of comments and delays. Sometimes customers try to bypass the complete examination by fragmenting the subject of work or underestimating the class of consequences. There are also shortcomings in coordination with the author and in technical supervision, as the expert organization is expected to "legitimize" changes rather than return them to the project author for correction and subsequent re-examination. Rapid examination is sometimes attributed to a lack of personnel; as a result, high-quality, correct examination can lead to a slowdown in construction and restoration. Here, quality and efficiency should be the priority.

3.7. Author's supervision

Market participants also note the problems of designer supervision. Designer supervision is the continuous control by the project author (or persons authorized by him) over the work's compliance with the approved design documentation (PD) throughout construction. [The Resolution of the Cabinet of Ministers of Ukraine No. 903 "On Author's and Technical Supervision"](#) determines that "author's supervision is carried out by the architect - the author of the project of the architectural object, other developers of the approved project or authorized persons (general designer) in accordance with the contract with the customer (developer) during the entire construction period and provides for control over the compliance of construction and installation works with the project."

For it to work not "for show", the subject in the contract must be clearly demarcated from the adjustment of the project. Therefore, designer supervision should include monitoring the project's implementation, correcting deviations, and issuing mandatory instructions to eliminate them. In general, changes to the project documentation may lead to additional services being procured rather than a direct agreement with the existing project author. Sometimes, however, changes to the PD are not made; instead, they expect the examination to "legitimize" the changes without returning them to the author.

In some places, the author's control is purely formal. At the same time, for quality, it is necessary to include in the terms of reference the minimum number and frequency of visits to the site, the list of control events (critical stages, hidden works), the timing of response to comments, the format of photo and video recording, the structure of reports, as well as the discussion of discrepancies (if any) with the customer and technical supervision. Interaction with a technical supervision engineer, however, is rarely defined.

All these aspects of working with designer supervision affect the cost. Thus, according to [the Guidelines](#) for determining the cost of construction, "funds for the implementation of

designer supervision by design organizations are determined according to a reasonable calculation drawn up based on a schedule of visits to the construction site agreed with the customer, the number of specialists, the time of their stay at the site and the agreed indicator of the cost of one person-day for the implementation of design work."

In some cases, to enable the customer to adjust the decision quickly, the design contract provides for the transfer of property rights (in particular, the right to rework/amend), the right to involve other designers, and the procedure for approving changes. At the same time, in this case, it is difficult to involve the project's author in any necessary adjustments.

3.8. Technical supervision

Technical supervision in construction is carried out by certified engineers (individual entrepreneurs) or by companies with which the customer enters into an agreement. [The Resolution of the Cabinet of Ministers of Ukraine No. 903 "On Designer and Technical Supervision"](#) determines that the technical supervision engineer, on behalf of the customer, monitors the compliance of work with design solutions, building codes, and contract terms, participates in the acceptance of hidden works, signs acts, initiates testing of materials, and may require the elimination of violations. In private projects, the customer directly selects and contracts technical supervision; in public projects, the service is purchased through ProZorro in accordance with general law and "military specifics"; that is, so far, it is often carried out under simplified procedures without using an electronic system.

The cost of technical supervision services is determined according to the "Guidelines for determining the cost of construction": funds for technical supervision are calculated as a percentage of the relevant chapters of the consolidated estimate (excluding the cost of technological equipment, furniture, and inventory), and acts of acceptance of technical supervision services are standardized by separate annexes. It is stated that the cost of technical supervision is set at up to 1.5% of the total of chapters 1-9 of the Guidelines. It is also stipulated that, once the contract price is determined, these percentages cannot be adjusted. That is, for public and private customers, the approach is the same: as part of the consolidated estimate, funds are reserved for technical supervision at specified percentages, and payment is made in accordance with the standard acts (annexes to the Guidelines). If necessary (e.g., complex objects, atypical conditions), detailing is allowed by calculating labor and related costs within the framework of the Guideline.

As evidenced by the detailed risk analysis in the [EUACI Report on Risk Assessment in Technical Supervision Processes and proposals for their minimization](#), the key risks in implementing technical supervision include a lack of transparency and competition in selecting the person or institution responsible for technical supervision. Another problem may be poorly written requirements, vague functions, a lack of standardized reporting,

and an absence of periodicity and test scope. If the gradual payment is tied to a percentage of the work accepted by the contractor, then there is a conflict of incentives. There are additional risks of replacing the team declared in the tender after the conclusion of the contract, of formal presence on the site without photo fixation, and of georeference. Other problems may be the breakdown of procurement, as well as favoritism, discriminatory requirements, replacement of personnel, poorly written terms of the contract (undefined tests, unclear functions and responsibilities), and the performance itself (lack of standard reporting, fixation of stay at the facility, linking payment to the contractor's scope of work, etc.). The EUACI report also states that "Foreign companies face difficulties in confirming their compliance with national qualification requirements, which is especially problematic in large projects that require a significant number of certified engineers."

3.9. Digitalization

In parallel with deregulation initiatives, Ukraine has been introducing digital tools into the regulation of the construction industry over the past few years. A key element of this digital transformation is the Unified State Electronic System in the Field of Construction ([USESSS](#)), launched in accordance with the Law of Ukraine "On Regulation of Urban Planning Activities" and the resolutions of the Cabinet of Ministers. The USESSS is designed to ensure transparency, traceability, and a unified electronic record of all procedures related to urban development - from issuing a construction passport, urban development conditions and restrictions, to submitting documents for the start of work and commissioning of facilities.

The system integrates several functional modules, including the customer's electronic cabinet, the register of construction activities, modules for automated approval, exchange with the cadastre and other state registers, a public portal, and an interface for state authorities and local governments. Through the USESSB, you can also apply for licenses, check the availability of certificates from performers, receive extracts from registers, and monitor the status of documents.

In the first quarter of 2025, [more than 7,000](#) new professional users joined the system, bringing the total to about 130,000.

How the USESSB works:

- All processes for registering construction activities have been moved to a digital format and are available through the Diia portal.
- The system automates document review, significantly reducing processing time from several days to several minutes.
- The USESSB ensures transparency and security by recording every step in the process, making corruption impossible.

- Through the system, technical inventories, permits, project documentation, construction passports, urban planning conditions, and restrictions are registered.
- The system is integrated with the DREAM digital platform and the Register of Damaged and Destroyed Property, which contributes to the control and monitoring of the country's reconstruction processes.

The USESSB is an important source of information not only on the state of construction but also on market players. Thus, the Register of Construction Activities posted there as of October 2025 contains the following information about **Certified Persons**:

- design engineers — 17093;
- technical supervision engineers — 9537;
- experts — 5509;
- architects — 4588;
- consulting engineers — 427.

The Table presents quantitative indicators for **construction participants** in the Register of Construction Activities.

Table: Construction participants

	FOP	Company
Licensees	6176	55182
Expert organizations		148
Technical inventories	1620	1596
Project organizations	6005	9548
Performers who may be involved in the inspection of objects with the appropriate class of consequences	1534	2033

Source: [Register](#) of Construction Activities as of October 2025

Despite significant advantages, studies of the practice of using the USESSB reveal certain drawbacks:

- there are technical difficulties and the need to improve the functionality of the system, in particular for better integration of various registers and databases;
- users note the need to improve the interface and simplify some procedures for ease of use;
- further user training and support are needed, especially in regions where digital literacy may be lower;
- In some cases, delays occur due to a technical failure or insufficient system throughput under heavy load.

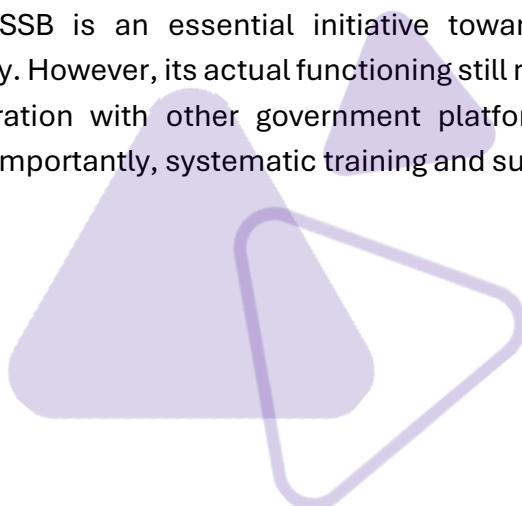
Firstly, not all procedures have been digitized: some still require parallel submission of paper documents, or are duplicated due to local document flows at the community level. Secondly, the system's technical stability is a cause for concern. In the conditions of a full-scale war, some services of the USESSB were [temporarily suspended](#) for security reasons or due to limited access to state registers, and their resumption was not always accompanied by proper information support.

There is also a problem [with the weak integration of the](#) USESSB with the registers of the Ministry of Justice, the State GeoCadastre, and the State Tax Service, which makes it impossible to completely process many procedures seamlessly. For example, when receiving urban planning conditions, the system does not always promptly verify the intended purpose of the land plot or its boundaries, which forces customers to refer to paper extracts.

A separate problem is [the uneven digital readiness of territorial communities](#). In the context of decentralization, it is communities that are responsible for some functions in construction. However, [not all of them](#) have enough IT specialists or technical infrastructure to work with the USESSB fully. As a result, there are delays, registration errors, or even sabotage of the implementation of electronic document management by local authorities.

Finally, businesses often face an unfriendly interface and limited functionality of the electronic cabinet. The system does not always account for the logic of the investor's or contractor's work, does not provide full tracking of document changes, and does not support automatic notification of approval progress. As a result, despite the formal availability of an electronic service, many processes remain obscure or opaque to users.

Thus, through the USESSB and related services/registers of DIAM, construction activity registers, permits, and information on construction participants are available, enhancing transparency and allowing customers and supervisors to check data at the planning, tendering, and execution stages of contracts. It is an important source of data for assessing a contractor's capacity, checking licenses (where required), or facility status. Therefore, the USESSB is an essential initiative towards the digitalization of the construction industry. However, its actual functioning still requires technical refinement, strengthening integration with other government platforms, increasing reliability in wartime, and, most importantly, systematic training and support for both authorities and businesses.



4. Public procurement and pricing in the field of construction

4.1. *Public procurement in construction*

Reconstruction and restoration often take place at the expense of public funds: funds from the state and local budgets (own or attracted from donors). At the same time, the available funds are minimal; therefore, it is crucial to spend them transparently and report on them. This section briefly describes the problems of public procurement in construction, without a detailed discussion of the legislation, as this topic warrants separate research and study.

Public procurement in construction in Ukraine is regulated by the Law "On Public Procurement" (No. 922-VIII), which defines basic procedures and principles. During a full-scale war, there are also "peculiarities" of public procurement in the construction sector, as provided for by Resolution No. 1178 of the Cabinet of Ministers of Ukraine, which remains in effect for the duration of martial law and for an additional 90 days after its termination. In fact, today these are two acts that define the framework for public procurement of all types of work in the field of construction: design and survey work, expertise, construction work itself (new construction, reconstruction, restoration, overhaul), as well as accompanying services, such as technical, designer supervision, consulting engineer, etc.

It is important that during the full-scale war, transparency in public procurement remained high; therefore, public procurement contracts, even if awarded through non-competitive bidding procedures, should be displayed on the Prozorro website. Thus, according to the Resolution of the Cabinet of Ministers of Ukraine, there is a possibility of simplified procurement, which allows buyers to often conclude direct contracts without using the Prozorro electronic system and then submit only the main documents there. However, this is frequently done without design and estimate documentation. In fact, according to Prozorro, only about a third of public procurement in construction was conducted through an electronic system based on open bidding, that is, competitive bidding. At the same time, even in these procurements, most of the time (about 80% of tenders), only one participant participated. The largest number of participants was in competitive tenders for technical supervision and consultants, but even in this case, it is less than three participants.⁵ The low participation of companies and specialists in the construction field in competitive public procurement is due to companies' low interest in participating, driven by risks, and, in some places, the drafting of tender conditions for a specific participant (see Chapter 7). To increase competition in procurement, the

⁵ Technical note "Analysis of procurement and estimates in the construction sector", Oleksandr Tereshchenko, commissioned by IER, [download](#).

government, in April 2024, extended the minimum tender proposal submission deadline to 14 days. From 2022 onward, this period was only seven days, so only "their" companies had time to prepare a quality offer.

To increase transparency in construction procurement, in October 2024, the parliament adopted a requirement to attach price documents for material resources to the contract in machine-readable format ([Law No. 3988-IX](#)). This "transparent construction" will reduce price abuses and facilitate public and professional control. At the same time, the reconstruction monitoring conducted by IER grantees within the framework of the Recovery Cost Control project (funded by the EU) showed that documents in machine-readable format are often no longer available.

Among the important problems that recur in construction procurement is an inaccurate or, at times, manipulative definition of the subject of procurement (dividing the object into several "current repairs" rather than complex works), which leads to the avoidance of open bidding. Thus, the number of public procurements in the field of construction, which have a cost close to the maximum subthreshold value, is quite [anomalous](#). Secondly, understated or inflated expected value due to incorrect application of the Guidelines and "floating" prices for resources. "Transparent Construction" provides verification tools, but the quality of the published documents is not always appropriate, and sometimes the necessary documents are still missing. Thirdly, the "peculiarities" of determining technical specifications and qualification criteria — from requirements for unnecessary licenses/certificates to excessive detail of experience or the availability of equipment, which can be prescribed for a clearly defined company. At the same time, the constant changes to the regulatory framework (Resolution No. 1178 on the peculiarities of public procurement has been amended 35 times over the past three years) lead to procedural errors, especially at the local level. There are also signs of possible collusion and artificial price understatement at auctions, with further increases in value resulting from additional agreements.

These problems actually prevent some companies in the construction sector from participating in public procurement for construction, whether for design or construction work. Another issue is that payment for work is made after the fact, upon completion of the job: the payment plan depends on the type of procurement and the contract, but there are no advances in public procurement. At the same time, as representatives of the sector say, there are often payment delays, debts, and delays in signing acts. Therefore, it is necessary to have commercial contracts and projects to close the liquidity gap arising from the performance of work and the provision of services under public procurement.

Added to this are "military" challenges. Security risks, shortages of materials and personnel, logistics, and currency volatility often prevent the price of long-term projects from being determined without change, and also lead to delays in project implementation.

At the same time, problems with payment for works and services pose a risk of delays, since funds for construction and restoration projects are allocated within the annual budget cycle; funds not spent by the end of the year are "returned" to the budget on the last day of December. Accordingly, next year you need to ensure these funds are allocated to completing projects. This can further delay payments under contracts.

Sometimes the problem is a lack of a high-quality, efficient buyer. Thus, in fact, it is the buyer who is responsible for checking the terms of reference, the concluded contract, the quality of the project, and the quality of the examination report, as well as correctly and efficiently purchasing works and services. Unfortunately, not always, in particular in communities, there is an appropriate capacity, which puts the efficiency of construction and restoration at risk.

In 2025, the government launched an experiment with a centralized procurement organization (CPO) for recovery, managed by the State Agency for Reconstruction and Infrastructure Development. The idea of the CPO is to concentrate typical services and works purchases in a professional center, improving the quality of tender documentation, unifying requirements, and achieving economies of scale. Companies that qualify through the CPO will have simplified access to the Agency's procurement, as well as to other customers who will join. For the construction segment, this may mean better standardization and greater competition, reduced corruption risks for "small" customers, and new requirements for coordinating schedules and design solutions. At the same time, the CPO itself, without changing its pricing approaches (see Section 4.2) or the principles of work of regulatory authorities, will not be able to help achieve the purpose for which it was created.

4.2. Pricing in the construction sector (public sector)

Pricing in construction is quite complex and regulated for construction, reconstruction, overhaul, and design, which are carried out at the expense of budget funds, funds of state and municipal enterprises, or donor funds received under state guarantees. It is important that today there are two parallel pricing systems (general construction and road). Due to separate approaches in the road industry and in general construction, different cost and indexation logic are used, which complicates comparisons, benchmarking, and planning for multi-object reconstruction programs. Below, we are talking about pricing in general construction (not road construction).

To plan and determine the expected cost, the state applies the Guidelines (estimate norms of Ukraine) [for determining the cost of construction](#) (for works) and [the cost of design, scientific and design, survey works, and examination of project documentation for construction](#) (for services). They define the logic of cost composition, the structure of the contract price, and the relationship between project documentation, expertise, and the contract price, including approaches to inflationary and logistics components.

Without reference to these Guidelines, it is challenging to correctly justify the expected cost, because they determine the choice of procedure and the "economy" of bidding. At the same time, in addition to these two Guidelines, the pricing system in construction consists of the Guidelines for the development of resource element estimates, the Guidelines for determining the cost of scientific and scientific-technical works in construction, collections of estimate norms of Ukraine, collections of increased estimate norms, sectoral normative documents on pricing adopted in accordance with the legislation, estimate norms of enterprises, individual estimate norms.

At the same time, market participants note problems in pricing, which are also a reason for the low interest of companies and specialists in participating in public procurement in construction. To address these problems and promote more efficient pricing in construction, the Ministry of Development has established a working group to develop changes that address existing challenges.

According to the Guidelines, the estimated cost of design, scientific and design, and survey work is determined:

- on the application of percentage indicators of the cost of design works to the cost of construction works, and for industrial facilities, individual non-production facilities, and telecommunications facilities, taking into account the cost of equipment;
- based on price collections for design, scientific and design, and survey work;
- by the calculation method.

At the same time, the first method of determining the cost is often used — a percentage indicator — which, in some cases, can lead to expensive solutions in projects that may be impractical.⁶ The idea is that the examination should reveal the relevant facts and, accordingly, reduce the cost, but this is not always the case.

Remuneration. According to the Guidelines, the estimated salary, used to determine the construction cost, is set by the Ministry of Development. Thus, according to the Order of the Ministry ([No. 281 of 2016](#)), *"the amount of estimated wages that are taken into account when preparing the investor's estimate documentation (at the stage of development of project documentation) is determined by the customer (investor) as part of the initial design data for normal construction conditions by the category of complexity of work 3.8, but not lower than the average monthly salary in construction"*, according to the State Statistics Service⁷, indexed to consumer inflation. And although the Order states that the salary should not be lower than the official one, according to the State

⁶ Position Paper "From Project to Commissioning: A Practitioner's Point of View", Serhiy Skliarenko commissioned by the IER, September 2025 — [download](#).

⁷ At the same time, the level of average monthly wages for employees of the design organization is taken according to the 7th category of complexity of work in construction.

Statistics Service, in fact, the above-mentioned minimum value is most often used in the draft. At the same time, due to the relatively high share of shadow employment and informal wage payments in the construction sector, official wages lag significantly behind the market wage.

Cost of materials. Today, there is no price register for building materials yet. Therefore, when designing, there is a free choice of which material prices to include in the design and estimate documentation (DKD). The price base for building materials (<https://prices.nidi.org.ua/sum/>) is not mandatory to use and, in any case, does not contain all prices. The designer can determine where to get prices, but the customer legally agrees to them by signing. The cost of materials in the design department (sometimes in volumes) can be "sewn up" with labor costs, which are not fully included in employees' salaries, either because the average wage is underestimated or because employees are informally employed in construction.

Profitability. According to the Guidelines, "when calculating the cost of design, research and design work, survey work on construction objects, which is carried out with the involvement of budget funds, funds of state and municipal enterprises, institutions and organizations, loans provided under state guarantees, the estimated profit is up to 10%." At the same time, the amount of profit depends on the type of construction and its complexity, the class of consequences, the timing of implementation, and financing.

Suppose we are talking about the profit of construction companies. In that case, the relevant Guideline states: "The bid price of the bidder of the procurement procedure (contract price) takes into account the economically justified profit that is planned to be received from the performance of work at the construction site, which cannot exceed 15% of the amount of direct and general production costs." At the same time, although 15% looks like a relatively high margin, in fact, this is not always the case. For example, a single "ceiling" of 15% does not distinguish simple current repairs from complex reconstruction with non-standard technical solutions, where the premium for market risk should be higher. Jumps in the price of building materials also eat into profits. At the same time, companies in the market note that a single fixed margin does not motivate them to invest in technology and quality.

Other expenses. According to the Guidelines, the bid price of the winner of the procurement procedure is contractual, and it can be set: 1) fixed (determined based on a firm estimate); 2) approximate/dynamic (determined based on an approximate estimate). The offer price may include funds to cover additional costs associated with inflationary processes, intended to compensate for increases in the cost of labor and materials caused by inflation that may occur during the performance of the relevant work. At the same time, a fixed price is most often used in procurement. As a result, when certain risks materialize, they begin to revise the project and increase procurement costs through additional agreements (most often by modifying the list of functions).

5. Key provisions of EU law in the construction sector

Eurocodes are harmonized construction standards at the EU level. Formally, they are voluntary for implementation, and each country may also have its own national construction standards. However, projects developed in accordance with Eurocodes are necessarily accepted in public procurement for construction works across all EU countries. In practice, they are mandatory for implementation due to national standardization. The updated edition of the Eurocodes is currently being finalized and is scheduled for official publication on March 30, 2027.⁸ As we mentioned above, Eurocodes are used alongside national standards in Ukraine. It is envisaged that, over time, national standards will be canceled, but the date of their cancellation has not yet been determined.

At the end of 2024, the EU approved a new version of the Regulation, developed by the European Commission as part of the Green New Deal. However, some provisions of Regulation 305/2011 will remain in force until 2040, and some provisions of the new regulation will come into force in 2026 and 2027. At the same time, since 2022, during martial law in Ukraine, the import of construction products with declarations of conformity issued in accordance with Regulation 305/2011 has been allowed. And from 2023, the Law "On the Provision of Construction Products" and several related by-laws that implement Regulation 305/2011 into the legislation of Ukraine.⁹

The Services Directive (2006/123/EC). There is currently no specialised EU legislation on construction services (works). The provisions of the General Services Directive apply to services for which there is no separate regulation (or to those regulated exclusively at the national level). This Directive is primarily aimed at creating a single market for services within the EU and, accordingly, at removing barriers to the provision of services by EU enterprises in all EU countries. The directive also defines a "ceiling" for regulating the provision of services, including construction services, by EU countries, in particular by prohibiting the establishment of overly burdensome conditions or requirements without proper justification. At the same time, the directive does not require the establishment of such a regulation for any type of service covered by it. Therefore, the specific rules for the construction sector remain at the national level and differ significantly in the EU countries.¹⁰ Currently, the requirements for work in the construction sector in Ukraine, in particular for work with high-risk facilities, do not exceed the restrictions set out in the

⁸ <https://eurocodes.jrc.ec.europa.eu/en-eurocodes/about-en-eurocodes>

⁹ <http://data.europa.eu/eli/reg/2011/305> and <http://data.europa.eu/eli/reg/2024/3110> came into force. <https://dcs.dsns.gov.ua/upload/2/1/2/9/1/reglament-jes-305-1.docx>

¹⁰ <http://data.europa.eu/eli/dir/2006/123>

Directive on the regulation of services. For example, the validity period of licenses is unlimited, the period for consideration of documents for obtaining a license is clearly defined, and the issuance of licenses is not a stipulated requirement prohibited by the Directive.

Directive on the Recognition of Professional Qualifications (2005/36/EC). The Directive defines general principles for mutual access to regulated professions between countries. It establishes specific requirements for the training of architects whose qualifications will be recognized by EU countries. For other construction professions, there are no special requirements, so the general rules of the Directive apply. Among other things, this concerns the recognition of formal qualifications issued by one EU country in another, the possibility of requiring an adaptation period or an examination in cases of national-specific professional requirements, or requirements for knowledge of national legislation for access to the profession. The Directive also requires the recognition of work experience in other EU countries for a certain number of years¹¹ as sufficient confirmation of professional experience, if required by the country.

In turn, the requirements for architects are more detailed. Specifically, either five years of university training, four years at university supplemented by two years of on-the-job training, or seven years of professional experience in architecture, part-time study, and a professional university examination are required. Training courses should cover 11 key competencies, including creating architectural designs, understanding art in the context of architectural design, and mastering construction technology. A special annex to the directive lists all national qualifications for architects and architect training institutions recognized at the EU level. In EU countries, an architect's qualification is mainly confirmed by an educational diploma from the listed institutions. In most EU countries, proof of fulfillment of the qualification requirements is also required from a self-governing organization of architects (or a wider professional organization). However, in several EU countries, qualifications are confirmed by state authorities (e.g., France and Italy). In contrast, in others, a diploma from an educational institution is sufficient (Spain, Sweden, Finland, Estonia, Luxembourg, Denmark). Consequently, the minimum requirements for architect training are harmonized at the EU level, and qualified architects with a diploma from any EU country can work in all EU countries. In Ukraine, according to the updated classification of specialties, architects receive education in the G17 specialty of architecture and urban planning, which requires at least a bachelor's degree. This requirement complies with EU rules. The higher education standard in the specialty "Architecture and Urban Planning" seems to meet the requirements of the EU directive. However, after accession, Ukraine will need to submit to the European Commission the proposed amendments to the relevant annex of the directive, which will determine the

¹¹ The number of years depends on the position held or the status of self-employment and the direction of work.

list of universities and specialties subject to recognition within the EU. This recognition will most likely require confirmation that the education of architects complies with EU rules not only at the level of standards, but also in practice.¹²

The Secondment of Workers Directive (96/71/EC)¹³ aims to ensure adequate social standards for seconded workers and to limit the possibility of circumventing a country's social standards for employees by seconding workers from other EU countries. As a rule, it requires workers to travel abroad for business. This directive was significantly updated in 2018. It will become relevant for Ukraine after joining the EU. In addition, its effect will depend on the transitional provisions on the freedom of movement of persons. For many countries that joined the EU earlier, the freedom of movement of persons began with a delay from the date of accession.

Finally, the provision of construction services/works in the context **of public procurement** is regulated by EU acts in the field of public procurement, which often contain specific provisions for construction works.¹⁴ We will discuss this in more detail in the following subsection.



¹² <https://eur-lex.europa.eu/eli/dir/2005/36> <https://mon.gov.ua/static-objects/mon/sites/1/vyshcha/standarty/2020/06/17/191-Arkitekt.mistobud-bakalavr-VO-zatv.stand.01.11.pdf>

¹³ <http://data.europa.eu/eli/dir/1996/71>

¹⁴ https://single-market-economy.ec.europa.eu/single-market/public-procurement_en

6. Problems of the construction sector: the view of market participants

6.1. Main obstacles to activities

This section presents the results of the authors' qualitative study for the project. The authors of the report conducted 10 in-depth interviews with representatives of the sector, the Confederation of Builders, the Business Ombudsman's Office, the Architectural Chamber, and the Chairman of the Verkhovna Rada Committee on Urban Planning. Of course, such a qualitative study cannot be considered representative, but it provides valuable information about the realities of the market, and not just the legislative framework. Interviews were conducted with representatives of small and medium-sized businesses in various segments of the construction market: architecture, engineering bureaus, and construction companies operating in different cities of Ukraine. Another source of information was a focus group discussion with IER grantees who worked on monitoring reconstruction within the grant competition, within the framework of the project "[Control of Recovery Costs](#)" (with the support of the EU), as well as their passports and questionnaires. In this section, the authors present the results of qualitative research and provide apt quotes from interviews that describe the problems.

According to interviews and focus groups, obstacles in the construction sector are comprehensive and systemic, encompassing personnel, financial, regulatory, and corruption issues.

Main obstacles faced by the construction sector

- 1. Personnel shortage and consequences of the war.** An acute shortage of qualified personnel, from workers to engineers and designers, is caused by the mobilization and departure of specialists abroad. At the same time, some men refuse to travel to distant sites if they have problems with their military documents. Sometimes the TCC mobilizes entire teams from construction sites. This leads to reduced work volume, significant increases in their cost, and delays. Therefore, it is becoming more common for builders to live on site as well as in the protected area. At the same time, this situation partially leads to the de-shadowing of the construction sector: companies begin to apply for criticality status or to reserve employees, for which they formalize employees and increase the official part of wages.

"Simple math: 70 employees passed through a small facility. 35 were mobilized."

"We are forced to refuse businesses that want to relocate from Sumy because there are simply not enough employees."



"We are thinking more and more about importing foreigners to work as builders. It is more difficult to cover the shortage of architects and engineers: you need to learn from it and know our standards and realities."

2. **Pressure from law enforcement agencies and corruption.** Companies, especially those working with budget funds, face constant pressure and inspections from the police, the ESBU, and other regulatory authorities. This pressure is often used to obtain informal payments and to create grounds for criminal proceedings, since law enforcement officers are aware of the law's weaknesses. In general, many companies involved in public procurement have open criminal cases (but not proven).

"We have as many facilities, so many cases have been opened... We just provide documents. For one of the projects, we have not yet received letters from the customer, but the National Police requires them to provide them with a document."

"Builders, as a rule, are not criminal elements... But, as a rule, public services, government officials push them to do this, because they want kickbacks from them and put them in ugly conditions."

3. **Imperfection of pricing regulation.** The current state methodology for calculating wages in estimates is underestimated and does not reflect market realities, forcing companies to "pay employees extra from other items of the estimate"; in particular, this can increase the volume of required materials or their cost. This also creates a high risk of criminal proceedings or high-profile anti-corruption investigations. In addition, companies avoid tenders due to the lack of an advance, which forces them to finance the work at their own expense, and also due to frequent delays in state payments. At the same time, the share of allowed profit is extremely low, which does not allow for risk coverage, and the inclusion of risks in estimates is also limited.

"There is a methodology by which salaries should look like in the estimate are calculated. This formula has long been out of line with market reality."

"For example, last year, if the recommended price for public procurement of construction works and services was 13 thousand hryvnias, then in the market, this category of people receives from 40 to 60 thousand real wages. For less money, the company simply will not find people who will work."

4. **Bureaucratic obstacles and the "human factor".** Permitting procedures, especially obtaining initial data, urban planning conditions and restrictions, as well as connection to utility networks, are bureaucratized and lengthy, dependent on the decisions of officials and utility companies. These procedures often create conditions for corruption.

"Three years since the site was found, and the funds are available for it. We have funds, we can buy a plot, but it usually takes three years before the first bucket into the ground, so to speak."

"Urban planning conditions and restrictions: Today, it is the most corrupt document that can be in the construction industry... And any foreign company without an agreement with the relevant officials will never receive a city building permit. That is, it is simply impossible."

Below is more information about the problems companies in the construction sector face.

6.2. Frames

Regarding the sufficiency of design engineers and architects in Ukraine, sources indicate a significant shortage of these specialists in the market, especially on the eve of and during future reconstruction. The Ukrainian market has an acute shortage of qualified designers and architects. The problem concerns not only the quantity, but also the quality of personnel training, as well as a complex certification system.

Main causes of deficiency

A significant number of specialists, especially male engineers, have been mobilized or gone abroad. A particularly acute shortage is felt among plumbing engineers, heating, ventilation, water supply, and sewerage engineers, since students have not applied for these specialties for many years.

"There is a significant shortage of qualified personnel, especially designers, in the market. This problem applies to all construction specialties. The reasons are mobilisation, the departure of specialists abroad, and the general consequences of the war."

"A huge number of skilled workers, engineers, and designers is now at the front or have died, and was forced to leave the country. This is the main problem that holds back any growth."

The professions of architecture and engineering are underappreciated, and their salaries do not reflect the significant administrative and criminal responsibilities they entail. This forces graduates to choose more lucrative fields. At the same time, many architects do not want to obtain certification, as it requires additional funds, and salaries do not increase significantly, while the responsibility for signed projects is high.

"The shortage concerns certified architects. If, according to our research, there are a maximum of 2-3 thousand certified architects working on the market, then this does not even come close to satisfying the demand in the industry for reconstruction after the war."

The bureaucratized system for obtaining certificates, especially for design engineers (CC1–CC3), takes up to 6 years, making it impossible to attract new specialists quickly.

Market participants must note that in some places, advanced training is rather formal. Not all architects and engineers want to receive certificates because they do not want to sign projects and be responsible. At the same time, the general designer's liability insurance is also rather formal.

"For us to get a designer or engineer for heating, ventilation, and air conditioning who can be involved in the work, it is necessary that six years pass from the moment he graduates to the moment he receives a certificate... So, will we postpone reconstruction? Let's say: "Oh, we have begun reconstruction, now let's wait six years until our specialists grow up"?"

It is important to shorten the time required to obtain a CC3 certificate for qualified engineers so they can work on large projects, and to introduce a policy to popularize construction specialties.

At the same time, it is necessary to change the state order and educational programs.

"Although universities produce many architects, there are few really working architects."

"We do not have enough technologists. Just 20 people, total, 20 people for the entire KNUBA... Qualification... Well, it is clear that this is "material" that needs to be finalized."

"The shortage concerns not only the number, but also the quality of specialists. There is a "huge gap" between the "old school" of Soviet design and the talented youth. In addition, most graduates do not see prospects in construction."

"A lot of architects immediately retrain as 3D modelers. Their ability to model something for IT specialists is much better paid than real construction."

6.3. Permits

According to market participants, problems with permits and procedures in Ukraine's construction sector are systemic, bureaucratized, and sometimes corrupt, significantly hindering the start and completion of construction, especially for new players and foreign investors.

Problems that can be attributed to permits:

1. Urban planning conditions and restrictions (MOU) are a "corruption barrier", while this document is the most critical one that the developer needs.

"Today, this is the most corrupt document that can be in the construction industry... And any foreign company without an agreement with conditional officials will never receive a city building. That is, it is simply impossible."

"Three years from the moment the site was found and the funds were available for it... As a rule, it takes three years" before the start of construction, as permitting procedures are delayed."

2. Delayed, unpredictable deadlines: all processes depend on city authorities, deputies, and utility companies.

"An official can write a reply that "something does not correspond there", and the developer goes around in circles without receiving a document."

"The first step that blocks even at the stage of, one might say, a preliminary design, is permits. This completely blocks the idea of construction from the investor or customer."

3. Lack of modern urban planning documentation: Problems with MUO stem from the absence or obsolescence of key spatial planning documents at the local level, which makes permit issuance manual.

For example, Kyiv is still working according to the master plan, which began to be done in the 90s. Because of this, any decision to issue a permit can be challenged in court, creating "legal uncertainty and risks."

4. The complexity of connecting to utility networks is a significant problem at both the initial data collection (technical conditions) and commissioning stages.

"The greatest difficulties arise in working with energy and utility suppliers. It is very difficult to obtain Technical Specifications from DTEK, gas supply companies, and water utilities."

"The issue of sewerage is an incredible issue." The capacities of sewerage networks, for example, in Kyiv, did not keep pace with residential development.

Even when the technical conditions are received, monopolists (municipal or private) "will drink these juices from you, they will demand a bribe in order to connect you."

5. Bureaucracy in permit issuance and the "human factor": the process of obtaining a permit to carry out construction work remains dependent on individual officials.

"A particular official is already sitting, and it is he who decides whether to give permission or not to give permission. And he can find some flea there for you, he can say there that he does not correspond to some DBN."

6. Licensing problems: construction licenses are not currently issued (the temporary declaratory principle applies).

The current situation has led to the emergence of a "market for the sale of empty companies with licenses", the price of which has increased. Foreign companies are forced to buy such firms to gain access to the market.

7. Problems with the certification of specialists: certification of design engineers (GIPs) — the system is bureaucratized, especially due to the sequential receipt of three certification levels (CC1, CC2, CC3).

"Due to the mobilization and departure of personnel, companies cannot quickly replace a certified specialist, since "it may take six months to get a certificate for another."

"There is a monopoly of the "guild" on the certification of engineers, which creates corruption risks."

8. Problems with commissioning facilities: Commissioning is often delayed, even after facilities are already in use. The reasons include:

- unfinished work: general construction work could have been performed, but the connection to the networks was not completed;
- extortion of bribes: the problem of commissioning is associated with the extortion of "funds";
- educational work: many customers (balance holders) do not understand at all "why put into operation?" and what consequences negligence can have;
- Technical supervision: quality is low. Its remuneration depends on the cost of the work, which creates a conflict of interest.

"If they do not change the approach and legislative framework, then, I think, they [foreign companies] will have even bigger problems than we have. We are already used to these problems, but they are not."

"Even I can see mistakes in my projects, but they [private expertise] don't see them."

"And you, as a customer, are in such a state: you hired a certified architect, paid..., and you are still sitting, and in general, these brains are still soaring when you are put into operation."

6.4. Design

According to interviews and focus groups, the most significant problems at the design stage are systemic, deeply rooted in outdated regulations, a personnel crisis, and corruption schemes, which lead to low-quality project documentation, overestimation of the cost of work, and legal vulnerability of all participants in the process.

The biggest problems at the design stage:

1. **There is an acute shortage of qualified design engineers, architects, and surveyors** caused by the war, mobilization, and the failure of the education system.

"The education of a full-fledged engineer takes not a few months, but about 9 years. Therefore, during mobilization, we are left, in fact, without the ability to find a specialist quickly."

"We have a complete failure in terms of designers; we have a complete failure in research. Currently, there are two more or less experienced geologists left for the entire Poltava region."

"The profession of an architect is "very underestimated" and the level of salary does not correspond to "huge administrative and criminal responsibility".

"There is a 'huge gap' between the 'old school' of Soviet design and talented youth."

"The problem of certification of engineers: to obtain a CC3 certificate (for complex objects) it takes 6 years after graduation, which creates a "problem of a shortage of builders."

2. Numerous **outdated and contradictory DBN and DSTU documents** that do not keep pace with technology, creating legal uncertainty and making it impossible to deliver a project that meets all requirements.

"It is impossible to make a project that will meet all the standards" due to the fact that "there are so many regulations, and they often contradict each other."

3. **The underestimated cost of work, especially in remuneration**, forces designers to deliberately inflate material prices to create a "gap" to cover real costs, a practice that is a source of corruption. Designer supervision (performed by the designer/architect) is unreasonably limited to 0.4% of the cost of construction and installation work. It is often seen as an attempt by designers to "earn extra money".

4. **Delayed and corrupt procedures for** obtaining initial data (especially urban planning conditions and restrictions) and for connecting to communications, as well as the difficulty of making changes to project documentation.

"The corruption component lies in the design of what will not be built."

5. **The advantage of the lowest price in design tenders** leads to dumping and the creation of project documentation "for a blunder" or "on the stream".

"Sometimes tenders are won not by specialists and companies with experience, but by those who offered the lowest price. Sometimes in the hope of adjustment."

6. DKD is often done **with minimal effort**, necessitating constant adjustments to additional budget funds due to low-quality projects.

"Sometimes designers make a project in advance, and then too short terms are prescribed in the tender documentation. And... the "right" people come in, who, after a month and a half, take out a fully finished project and say: "But we did it."

"I have the impression that they do it on purpose, create low-quality projects to adjust them more than once. And budget funds in very large amounts are used for this."

"They make design and estimate documentation for one institution, and the address of another institution is registered there. They just copy documents."

6.5. Examination

Problems related to the examination of project documentation in the construction sector are significant, systemic, and corrupt, and negatively affect the quality of construction and the efficient use of funds.

Private expert organizations sometimes conduct an examination formally, ignoring significant errors in projects.

"In fact, the examination has turned into a 'certificate sales store' or 'seal trade'."

"We have expert companies that conduct, for example, expertise by experts who are not experts, for example, in the road sector. That is, they do not have such a certificate there at all, but they do. And they conduct an examination... There are three people working there, and they can spend a day there, well, I don't know, well, 20 examinations, 15."

"The examination does not see anything. Even I can see mistakes in my projects, but they don't see them."

"The problem is that there is no responsibility. If you are not responsible for anything, or are responsible for only 170 hryvnias, you will sign any document. We have expert companies, they still receive accreditation through the Ministry of Regional Development, and we have expert companies..."

Previously, state expertise helped designers by pointing out mistakes and teaching, but now private expertise does not do this.

Due to the relatively low payment for expertise for complex objects, experts do not read into the documentation, and their responsibility is minimal or absent.

"If the project is large, and "the examination costs 20-30 thousand hryvnias, then no high-quality examination for that kind of money is possible."

"But there are also questions about the state examination, if the project is worth several million hryvnias, and the examination costs 20-30 thousand hryvnias, then no high-quality examination for that kind of money is possible."

1. The legislation requires a repeated, comprehensive examination of the entire project (and not just the estimated portion) even with minor cost changes, which delays the process, creates new risks, and increases costs.
2. The certification system for experts, consulting engineers, and technical supervision needs to be changed.

"Certification is a monopolized so-called 'guild', which leads to corruption and abuse, since only this organization allows specialists into the market."

6.6. Public procurement and pricing

Market players in the construction sector often deliberately avoid participating in public procurement (tenders), as this area is burdened with high financial, legal, bureaucratic, and corruption risks.

The main reasons for the reluctance of companies to participate in government tenders

The existing state methodology for calculating the estimated cost, especially regarding **remuneration, does not reflect market realities**. Accordingly, state estimates may provide for remuneration at UAH 13 thousand, while the market salary for skilled workers is UAH 40-60 thousand.

"It is much easier to justify wages in an estimate that corresponds to the official one than the market one. Therefore, such a salary is placed there more often. Otherwise, questions arise in the SASU and other bodies."

"For example, last year, if the recommended price for public procurement of construction works and services was 13 thousand hryvnias, then in the market, this category of people receives from 40 to 60 thousand real wages."

"Because, for example, the executive committee of the city council decided that the salary in the estimates, when repair or construction work is purchased for budget funds, should be 13,800 hryvnias. There are no such salaries on the market, and you will not officially hire anyone."

"Everyone who cooperates with the budget, do they make money on what? On materials. On materials, when prices are inflated there. Because there is no other way for organizations."

To attract workers, companies are forced to "pay extra" from other budget line items (for example, by inflating material prices or increasing volumes), which creates a risk of criminal proceedings by law enforcement agencies. At the same time, the discrepancy between budget estimates and market prices is a source of corruption at the design and construction stages, as designers must balance reality and legislation.



"Designers increase the cost even at the stage of investor documentation" for materials to give the builder a gap to compensate for low wages, "because sometimes the gap is 3-4 times."

"Designers can deliberately include expensive and irrational solutions in the project to artificially increase the cost of construction work, and therefore the project itself."

Estimates are calculated according to outdated, often still Soviet, norms (ENiFrames) that do not reflect current labor costs and technologies.

The problem of cash on delivery and the lack of advance payment make it difficult for individual companies to participate in public procurement. Thus, the state rarely provides advances, forcing contractors to finance construction at their own expense. This financing can be afforded by companies that have commercial projects. At the same time, delaying payment means the project takes longer to implement, materials become more expensive, and wages increase, leading to losses.



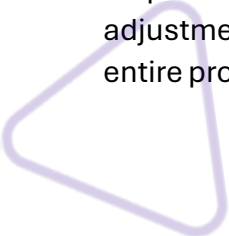
"For example, at the water utility, where we are starting construction, we still need to purchase insurance... We haven't started building anything yet, but we already need to freeze several million by the end of construction. And who will come? No one will start building on such conditions."

"That is, if we are talking about participation in budget contracts, then the problem here is that they mainly pay only after the fact, that is, there are no advances..."

"Often, after the completion of work, payment from the state is delayed indefinitely or does not arrive at all, which creates a financial burden and freezes the working capital of companies."

"Delaying payment leads to the fact that inflation "eats up" profits. In addition, when building at public expense (for example, housing), the company can be exempt from VAT at the final stage, but at the same time pays VAT on materials, which leads to losses of about 20%."

Companies most often work under fixed contract prices, which do not allow them to respond quickly to rising material and service prices. A change in cost requires a complex adjustment process, which often involves a repeated comprehensive examination of the entire project, not just the estimate, which delays the process and creates new problems.



"If he can somehow compensate for building materials somewhere, but, again, not higher than the agreed price that he declared, then the real dynamic price is very bad for him."

Regulatory and bureaucratic rules are essential barriers. Companies also note excessive pressure from regulatory and law enforcement agencies. In general, the power bloc is considered a systemic factor of economic pressure, and its activities often exhibit signs

of racketeering rather than control. System checks. Companies working with budget funds face constant pressure (the Police, the ESBU, the Security Service of Ukraine), and transparent companies are easier to check.

"Pressure is often used not to return funds to the state, but to "knock out" money (bribes) from builders."

The opening of criminal proceedings is becoming almost a tradition for construction companies. This development prevents companies from participating in projects funded by MFIs. Therefore, in some places, companies open separate legal entities for new projects.

"We have as many facilities, as many criminal cases have been opened... We just provide documents. We have not yet received letters on the construction of the water utility, but the national police demand to provide them with documents."

"I have come to the conclusion more than once that the more transparent a company works, the easier it is to check it, put pressure on it, and put forward some demands."

The mandatory presence of "acts of work performed" is a Ukrainian specificity incomprehensible to foreign companies, and their signing is often a complex, lengthy process. This, again, delays the commissioning of the object and the receipt of payment. At the same time, the customer (e.g., a hospital or school) often lacks a qualified specialist to sign documents, creating a "cascade" of unsigned documents.

Sometimes companies do not want to participate in public procurement because they have lost out due to prescribing conditions for "theirs" – specific contractors with excessive requirements for licenses, equipment, or experience. Therefore, it is often seen as a waste of time. Reconstruction objects (roads, repairs) are artificially divided into small parts (less than UAH 1.5 million or EUR 200 thousand) to avoid tender procedures and secure "your" contractor, using loopholes in the legislation.

"Tender documents often contain discriminatory requirements (for example, about certificates that only one company has) in order to knock out potential competitors."

"There is information circulating on the market that participation in state tenders requires the payment of a "commission fee" in the amount of 10-20% of the contract value as a condition for entering the community."

"This is manual work, because it is impossible to do this by a competitive procedure for the tasks set by the city council, for the budget process, for the reconstruction that the city council must perform."

To be competitive in public procurement, and more generally in the market, companies use semi-gray or shadow remuneration schemes (through sole proprietorships or cash),

since formal employment makes them more expensive and less competitive. At the same time, there has been a recent shift towards de-shadowing, as companies try to retain at least some of their employees.

"If I start paying all wages in white, then I will lose competition, because I will have to increase the cost by at least 20%."

6.7. Technical supervision

The problems with technical supervision in Ukraine's construction sector are significant and multifaceted. They include issues of qualification, responsibility, corruption, and bureaucracy, which degrade construction quality and complicate facility commissioning.

Technical supervision is sometimes formal in nature and is considered by participants in the construction process only as an official who assists in preparing the contractor's accompanying documentation. At the same time, the quality of technical supervision directly affects issues related to the closure of acts and the commissioning of facilities. However, it is often the result of a professional customer hiring or engaging a technical supervision engineer.

"The question of documentary confirmation (sometimes the problem is that there is no specialist who can sign and confirm technical supervision)... And without a signature there is no other signature... — that's why we need money for professional technical supervision..."

In commercial projects with international funding (e.g., from European funds), good practice is to make the customer, technical supervision (consulting engineer), and operations "mandatory for success". At facilities financed by foreign funds, there may be several technical inspections from different companies that work in dialogue with the contractor and monitor the quality."

In some places, the quality of control is low, since "technical supervision engineers may not 'rise above the third floor' at facilities." At the same time, the responsibility is low, and therefore, if the contractor does not correct the architect's comments (who carries out designer supervision), "no one is liable".

"It's like making money on 'seals': Signing any act can cost '300 bucks'". A technical supervision engineer can "strongly advise" replacing additional windows or installing an air conditioner that is not provided for by the project, since construction companies, in his opinion, "already earn significant money."

"A specialist from the customer (for example, from a hospital) may not be qualified enough and is "afraid" to sign, understanding what it threatens, which leads to the lack of the necessary chain of signatures. In such cases,

the customer should hire mandatory professional technical supervision from specialized companies."

The remuneration of a technical supervision engineer "depends on the cost of all construction work performed." This situation means that "the more concrete you pour, the more the consulting engineer makes money", which is a big problem for the public sector. This system creates incentives for overestimating the scope of work.

Market participants sometimes spoke of imperfect regulation and the duplication of functions, which complicate the effective functioning of technical supervision. The functions of the consulting engineer and technical supervision are duplicated. At the same time, technical supervision is forced to rely on "outdated, standard regulatory documents" that have exhausted themselves, but the construction business cannot provide them.

6.8. Commissioning

Problems with commissioning facilities in the construction sector are multifaceted and include financial, bureaucratic, personnel, and corruption factors. These problems pose significant risks to contractors and customers, and can also lead to the freezing of facilities or the opening of criminal proceedings.

Problems noted by market participants

Bureaucracy and the "Human Factor" in the signing of acts. The commissioning process remains bureaucratized, which requires complex procedures and signing "acts of completed work", which is a unique Ukrainian specificity. In commissioning, there is a significant problem with the lack of professional customer and technical supervision.

"When commissioning facilities, what problems arise? Well, I won't answer that question. Well, here, you know what commissioning is. What are the problems? Funds. Here are the problems. I will continue to remain silent."

"Often, the customer (especially in municipal or budgetary institutions, such as hospitals or schools) does not have a qualified specialist who can accept the work and sign acts, which causes a 'cascade' of unsigned documents."

"This is when you receive a certificate that everything is ready for commissioning, and then you attach it all. And there may be nuances here."

The process of commissioning facilities and connecting to utility networks may involve the extortion of "funds" (bribes). At the same time, the State Emergency Service may actually conduct a re-examination at the stage of commissioning of the facility, refusing to sign acts, even if the project has passed a preliminary examination and is completed in accordance with the project.

"Even after the completion of construction, the State Emergency Service of Ukraine (State Emergency Service of Ukraine) can act as a separate 'kingdom' and conduct a re-examination at the stage of putting the facility into operation, unreasonably refusing to sign acts."

"When the State Emergency Service comes already at the stage of commissioning, opens the project documentation and actually begins a re-examination, comparing it with the project, and says: 'It was a fool who designed you, that it was he who laid down such a decision, and not this. We will not sign this, we will not accept this.' Attempts to challenge such requirements, referring to the draft and the conclusion of the examination, are often ignored, since the State Emergency Service acts as a 'separate kingdom'."

Unfinished work and network issues. Delivery is delayed if not all work has been completed or if there are difficulties connecting to external engineering networks (for example, sewerage or electricity supply), which are costly and bureaucratized.

In some cases, facilities (e.g., schools) are already in use. However, official commissioning permits have not yet been obtained or are being issued "retroactively" to avoid violating the deadlines promised to the community.

"The problem may be that 'some work could not be done stupidly', for example, general construction work was completed, but the connection to the networks was not completed."

"Some balance holders of objects (for example, social infrastructure) may not understand, 'why put into operation?', which requires constant educational work on their part."

"In cases where an object (for example, a school) needs to be quickly launched for a PR campaign, it can be opened without completion of work (for example, without ventilation) and without obtaining permits, which are then issued 'retroactively', although this does not coincide with the opening date."

6.9. Entry of foreign companies and specialists into the market

The construction sector in Ukraine is currently not fully prepared for a large-scale event of foreign construction companies and investments. While foreign companies, especially from Poland, Turkey, Slovakia, and other countries, are expected to be interested in rebuilding, significant systemic, bureaucratic, and personnel barriers could deter or complicate their operations.

Foreign companies already considering the Ukrainian market are seeking partnerships with Ukrainian businesses to adapt to local conditions.

The main obstacles and challenges that, according to the surveyed players, foreign companies will face when trying to enter the Ukrainian market

- Although there is now a simplified (declarative) approach to licensing, it is temporary (for the period of martial law and 6 months after). This creates uncertainty, which is why foreign companies are already trying to buy existing Ukrainian companies with old licenses, the price of which has increased.
- The difference in standards can also be an obstacle. Although the Ukrainian DBN is partially harmonized with European standards, a Ukrainian partner is needed to work in accordance with Eurocodes, since construction standards vary across countries. Therefore, Ukrainian companies see an opportunity for partnership. The most likely model of cooperation is for foreign companies to serve as general contractors/project managers, with Ukrainian firms as subcontractors. Ukrainian business is ready for such collaboration.
- Excessive bureaucracy and pressure from regulatory authorities are considered one of the biggest obstacles. Thus, foreign companies that will work with public funds will face constant pressure from law enforcement agencies (police, ESBU). Ukrainian companies have already come to terms with this, but for foreigners, it may be incomprehensible and unacceptable.
- A significant obstacle is the bureaucratic process for obtaining urban planning conditions and restrictions, which can take up to 3 years, even if funding is available. A foreign company "will never receive a city without an agreement with local officials." All permitting processes, including connections to utility networks (especially sewerage and power grids), depend on officials' decisions, creating a wide field for corruption.
- Foreign companies do not understand the requirement of "acts of work performed", which is purely a Ukrainian specificity. There is also a high risk of delays in payment or non-payment by the state, which forces companies to finance work at their own expense, which foreign players are usually not ready for.
- It is expected that Ukrainian specialists will definitely not be enough for large-scale reconstruction. Although many Ukrainians study abroad, this can serve as a bridge to attract international companies, but there are obstacles. At the same time, Ukrainian businesses are afraid that foreign companies will not create high-quality architecture but will develop significant funds, and Ukrainian specialists will perform only auxiliary functions. At the same time, amid the existing personnel shortage in the market, competition will intensify further. At the same time, Ukrainian companies believe that designers from the EU will be helpful, as they can bring modern standards, new technologies, and "calculate" projects, avoiding Soviet "margins of safety".

"Foreigners will hire Ukrainian workers and equipment, and their main advantage will only be that 'foreigners will not be prosecuted'."

Therefore, the readiness of the Ukrainian construction sector for the arrival of foreign companies depends mainly on the speed and success of dismantling the existing corruption and bureaucratic "barriers", as well as ensuring a level playing field.

7. Conclusions and recommendations

The construction market is gradually recovering, but a full-fledged "restart" has not taken place. The volume of work is growing mainly due to infrastructure projects and reconstruction, but investment appetite is limited by uncertainty, cost of capital, and personnel shortages. Companies often operate below capacity, and lengthy approval cycles and network delays increase transaction costs and delay the implementation of facilities.

The regulatory environment remains fragmented. Although the abolition of licensing could be considered a success of deregulation, it was not. The norms of state construction standards and European standards coexist, which creates discrepancies. Digital infrastructure also works unevenly: integrations between the system in construction and adjacent state registers do not ensure the "seamlessness" of processes.

Public procurement and pricing are major bottlenecks. Outdated approaches to estimates, incomplete indexation, and limited use of non-financial criteria limit competition. Customers and contractors lack predictable mechanisms for price adjustments in long-term contracts, which, combined with war risks, often deter potential participants.

The system of qualifications and responsibilities of market participants has "gray zones". None of the professional standards for construction workers has been developed and approved. At the same time, it has not yet been determined which professions will be regulated. This task would be necessary for implementing changes in the field of free movement of labor within the framework of European integration.

In general, European integration sets the vector for the adaptation of construction regulations. The new generation of Eurocodes and the updated procedure for confirming conformity for construction products will require a planned transition with transparent transition periods, digital declarations, reduced conflicts with national regulations, and a shift to more "functional" requirements that describe the result rather than how to achieve it.

The personnel shortage is systemic and covers the entire chain — from blue-collar professions to engineers, estimators, and supervision specialists. Without adult training programs, simplified recognition of qualifications, and the development of engineering and consulting roles, the market will not be able to achieve higher productivity and ensure quality at the required scale.



Recommendations

1. It is essential to change pricing approaches, as this solves a significant layer of problems in the construction industry. That is why a strong signal is the Ministry of Development's readiness to make appropriate changes to the legislation, for which a working group was created that regularly develops comprehensive, systemic changes to pricing. This is an important approach because point changes will not help radically change the system. We need a single online catalog of estimate norms with regular indexation and clear rules for adjusting the price during unforeseen events. The register of prices for materials will also reduce abuse in the field of design and overestimation of material costs, but at the same time, it is necessary to change approaches to determining remuneration. It is worth considering scaling up financial discipline instruments, such as performance guarantees and escrowed payments, to reduce the risk of unfair execution or delays.
2. Further digitalization is an essential condition for the transparency and accountability of players in the sector. Therefore, it is crucial to further integrate the central state registers with the construction system so that inspections of land rights, land boundaries, encumbrances, and tax status are conducted automatically and consistently. It is worth launching a public panel with basic indicators: the average time to complete stages, the failure rate, and failure points.
3. Further promotion of transparency should enhance accountability, as envisaged in the reform of the public investment management system. Thus, the minimum public data set should include the base price, the calendar of construction and installation works, changes to the contract, technical supervision conclusions, and key control points. This information will allow public control and auditors to quickly identify deviations without "manually" collecting information.
4. It is essential to update the rules of public procurement for construction for reconstruction projects. It is advisable to approve standard terms and conditions for contracts in accordance with FIDIC international practice (unified contract forms that clearly define roles, risks, and dispute-resolution procedures), so that customers and contractors work according to clear rules. In such contracts, it is necessary to provide for price indexation and a mechanism for adjusting force majeure so that long contracts do not collapse due to inflation or exchange rate fluctuations. It is crucial to determine that price is not the only parameter for choosing a winner, and to introduce rules on abnormally low price offers to avoid dumping, which is then "made up" by additional deals or quality reductions.
5. It is important to introduce the "Life-Cycle Costing" approach as a standard for evaluating offers for objects with a long service life. This means that when choosing the winner, the customer considers not only the initial construction cost but also

operating costs, energy efficiency, repair frequency and cost, and end-of-service-life disposal. This approach aligns with the current reform of the public investment management system.

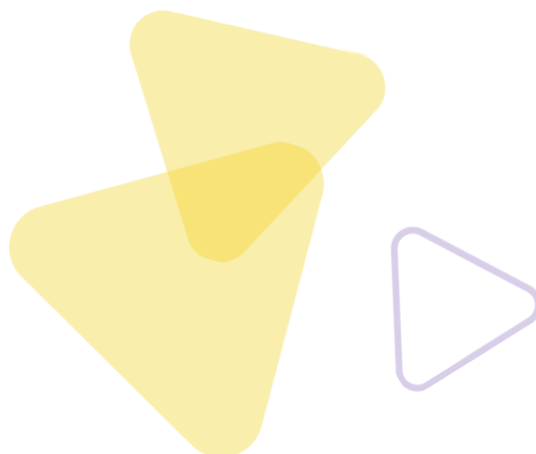
6. To reduce personnel shortages, it is worth launching adult training programs for in-demand skills: working specialties (masons, fitters, electricians), estimating engineers, technical supervision specialists, and BIM modeling. It is worth using vouchers or co-financing, linking programs to real contracts, and providing mini-modules to meet donor project requirements. Here, it is crucial to consider attracting women to these professions, as well as the possibility of separate training programs and, accordingly, professions to attract people with limited mobility, who are often excluded from the labor market.
7. Harmonization of qualifications with the European Qualifications Framework and the introduction of norms on the free movement of labor from the EU within the framework of European integration processes will simplify access to the Ukrainian market, in particular for architects and design engineers from EU countries (although standards will still need to be adapted for this). It is also important to consider opportunities to attract labor from third countries.
8. In general, European integration is critical, so roadmaps for implementing changes across various clusters should be published in the near future. It is vital to understand this map of the transition to European standards in the construction field, as different provisions will apply to different clusters and sections. A document containing dates, responsible authorities, transitional provisions, and a list of national regulations being abolished or modernized is required to avoid "double bookkeeping" in the design.
9. One of the changes market participants discussed is the need to update building codes, with an emphasis on functional requirements. Where possible, it is necessary to move away from the "micro-regulations" of the execution method toward a description of the result's parameters (strength, energy efficiency, fire safety, etc.). This simplifies integration with European standards, opens the door to innovative materials and solutions, and reduces the number of exceptions.
10. Market participants also propose to return a clear system of responsibility for complex objects of classes CC2-CC3 in a "light" digital form. It is advisable to establish transparent criteria for the admission of companies and certification of key specialists, to maintain an open register of violations and defects. This is not about "more certificates", but about predictability and trust, in particular for foreign players.
11. It is imperative to strengthen the communities' capacity as customers. It is worth deploying standard terms of reference for standard objects, short guides on the most



common errors in estimates and expertise, and regional "back offices" with engineering support for weaker customers.

12. Before Ukraine becomes a member of the EU (and preferably earlier), it is necessary to complete the transition to the new generation of European standards and digital procedures for confirming product conformity. This includes eliminating conflicts with national regulations, introducing digital product passports, and unifying expertise using BIM models. At the same time, unified data exchange formats should be introduced for the customer, designer, expert, and technical supervision.
13. Professional liability insurance for architects and engineers, an electronic "trail" of changes in the project (audit trail), a public register of conflict of interest prevention for officials, as well as transparent requirements and ratings for technical oversight services, will create institutional safeguards against errors and abuses.

Therefore, the fastest progress will be achieved through a combination of three waves: updating pricing approaches and further digitalization, increasing customer capacity and modernizing construction standards, and adapting legislation to EU law. This will actually be a phased implementation of changes, and here the prioritization of efforts is overwhelming. The result of reforms and changes should be reduced transaction costs, increased competition, and greater responsibility for quality. In fact, this should make reconstruction predictable for all players — communities, businesses, and international partners.





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