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Financing Ukraine's Local Recovery

Targeted measures can help smaller cities access needed capital

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Executive Summary

Ukraine's international partners have assembled a recovery financing architecture of substantial scale. Whether that architecture reaches the country's small or medium-sized municipalities, however, depends on how the financing is structured. Several factors—how instruments are designed, how lending is denominated against local revenues, what project preparation national systems demand, and how a crowded field of actors is coordinated—determine what a small- or medium-sized municipality can realistically absorb.

This brief analyzes those dynamics, asking where bottlenecks are most acute, and under what conditions smaller municipalities are better positioned to engage with recovery financing. It draws on work conducted through the German Marshall Fund's (GMF) Ukraine Cities Partnership (UCP), including engagement with the UCP pilot city, Korosten, in Zhytomyr Oblast. It also draws on a broader mapping of the international assistance landscape, stakeholder consultations, and published recovery assessments.

The brief's recommendations are addressed to six actor categories: international financial institutions (IFIs) and bilateral donors, the Ukrainian national government, intermediary organizations, municipalities, private sector and institutional investors, and city associations and peer networks.

Recovery financing reaches a municipality through a pathway, not a single transaction. A public investment project must move from concept through preparation, appraisal, and aggregation before it becomes financeable at all, and where that pathway is incomplete, available capital does not convert into implemented outcomes.

The analysis points to several areas where targeted changes would meaningfully improve municipal access:

- **Preparation and implementation capacity.** Strengthening this across staffing, financial management competencies, technical documentation, and institutional support functions is a foundational condition for financing access. Whether a municipality can prepare a bankable project, apply for a grant, or engage substantively with an IFI depends on capacities that many small or medium-sized municipalities currently lack and that existing and emerging programs are only beginning to address systematically. Treating that preparation support as a funded component of recovery programming, rather than as a precondition municipalities must meet before financing becomes accessible, would address the bottleneck at its source.
- **Currency risk.** Even highly concessional loan financing can become financially unmanageable at a small or medium-sized municipal scale when repayments are structured in hard currency against revenues collected in hryvnia. Grant and near-grant instruments, alongside public and private sector de-risking strategies, are under current conditions the realistic means of managing this exposure, whether through grant resources used to absorb currency risk within an otherwise standard loan or dedicated hedging instruments for emerging market currencies.
- **Proportionate project approval.** Smaller municipalities face the same complex, labor-intensive project approval process as larger cities before they can access either public or international financing, since both run under the same public investment management rules, despite having far fewer staff and technical resources. More proportionate requirements would make it easier for small or medium-sized municipalities to move viable projects into the financing pipeline, for instance through a differentiated compliance pathway calibrated to administrative capacity.
- **Intermediary organizations.** They perform a function the current financing system does not consistently recognize or resource. Many municipalities depend on their support to navigate financing systems, prepare public investment projects, interpret technical requirements, and

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maintain engagement with donors and IFIs after passing the mandatory public investment management procedures. Formally embedding these organizations' functions within recovery implementation frameworks, and establishing a unified system that registers international assistance and links donor opportunities to municipal needs, would improve financing access in practice.

- **EU accession.** As the process advances, municipalities will increasingly need support navigating EU procurement and social and environmental compliance requirements that are already shaping access to IFI financing and will become more consequential as EU instruments grow in importance. Without that support embedded now in existing technical assistance structures, the access constraints municipalities face today risk carrying over directly into future EU financing channels.

These conditions also shape the extent to which more complex and innovative financing approaches, including blended finance and public-private partnerships, can realistically operate at smaller, municipal scale. In practice, their viability depends on project preparation, sequencing, and public sector de-risking being in place first. Beyond those preconditions, two specific mechanisms can widen access for small or medium-sized municipalities: aggregating smaller municipal projects into portfolios that reach viable financing scale, and enabling municipalities to pledge tax receipts into dedicated accounts as repayment guarantees where conventional collateral is unavailable.

The access conditions that this brief documents do not affect all municipalities equally. Cities that have already built institutional relationships and project track records enter the financing landscape from a materially different starting point. The brief's recommendations are directed at the policy, financing, and intermediary conditions that determine whether the recovery architecture can function across Ukraine's full geographic and institutional range.

The Recovery Financing Architecture

More than four years into Russia's full-scale invasion, Ukraine's international partners have assembled a recovery financing architecture of substantial scale. The fifth World Bank Rapid Damage and Needs Assessment, published in February 2026, estimates recovery and reconstruction needs at US\$587.7 billion over the next decade. The World Bank has mobilized over \$80 billion for Ukraine since 2022; the European Bank for Reconstruction and Development (EBRD) deployed €2.9 billion in 2025 alone and €9.1 billion since 2022; the European Investment Bank (EIB) has mobilized around €4 billion since 2022; and the EU's Ukraine Facility has provided €50 billion in support, with a further €90 billion EU loan agreed for 2026 to 2027.¹ Bilateral donors add further layers. The Kiel Institute's Ukraine Support Tracker documents total bilateral commitments of approximately €545 billion across all tracked donors, with financial commitments from EU institutions alone reaching €187.5 billion.²

Several actor categories shape how this financing reaches the ground. International financial institutions and bilateral donors work primarily with the national government, which translates sovereign commitments into programs and project pipelines. Intermediary organizations connect municipal capacity to financing opportunities where they exist, and the private sector follows where public actors have created the conditions for it to enter.³

This recovery financing architecture is less well-designed to enable available financing to reach the country's smaller municipalities. For the purposes of this brief, small or medium-sized municipalities refer to cities and

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territorial communities with populations of fewer than 100,000 inhabitants, consistent with UN-Habitat's indicative population-based threshold and with the UCP's working range. Korosten, the UCP pilot city, had approximately 56,000 inhabitants as of 2025. These municipalities constitute [the majority of Ukraine's urban systems](#), although most of the urban population lives in larger cities. Many are simultaneously managing wartime service obligations, absorbing displaced populations, attempting to maintain infrastructure under fiscal contraction, and positioning themselves for a reconstruction process that is already underway.

The architecture was assembled primarily around national-level counterparts and therefore reaches smaller municipalities unevenly. The compounding constraints they face are not incidental. They are structural.

Municipal access to recovery financing is conditioned by several intersecting factors that compound one another: the design of financing instruments and the transaction scales at which they operate; the currency structure of available lending against municipal revenue realities; and the project preparation demands embedded in national implementation systems, each of which tends to advantage larger and better-resourced municipalities. A further factor is the capacity of municipalities and the organizations supporting them to navigate a fragmented and rapidly evolving financing landscape that spans staffing, language, financial management competencies, and institutional support.

The financing mix has also shifted materially since 2022. What began as a predominantly grant-based emergency response has evolved toward more complex lending instruments. The move toward instruments with repayment obligations creates demands that many smaller municipalities struggle to absorb. This is not because of limited capacity alone, but because key prerequisites, including sufficient fiscal space and pathways for tariff and regulatory reform, are often not yet in place.

In 2025 the UCP selected Korosten, in Zhytomyr Oblast, as its pilot city and as a reference point for approaches that could inform other smaller municipalities. Korosten is a relatively well-positioned medium-sized municipality, as it is among the top five hromadas (territorial communities) in Zhytomyr Oblast by tax capacity, with seven twinning partnerships and sustained engagement with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), UN Development Programme (UNDP), UNICEF, and the Nordic Green Bank (NEFCO). That capacity makes Korosten an instructive rather than a representative case. It shows the limits of accessibility when robust preparation capacity is in place but structural constraints persist. If a municipality this well-resourced still struggles to move projects through to financing, the binding constraint lies in system design rather than individual municipal weakness, and for municipalities starting from weaker positions barriers to accessing financing are greater still.⁴

Sovereign Financing and Municipal Access Constraints

Ukraine's recovery financing architecture was designed around public investment management reform and public fund administration rules set out in the Budget Code of Ukraine. All national-level public financing, including international financial instruments, is subject to these public investment management rules. IFIs operate through national frameworks and bilateral donors work with line ministries. The World Bank has functioned as the primary mobilization platform for Ukraine's recovery, with a substantial share of all external financing channeled through it.

Municipalities engage with recovery financing directly through the public investment management framework, which provides the only pathway, except in emergency cases that are strictly regulated. Fixed appraisal, due diligence, and supervision costs do not decline proportionally with public investment project size, creating minimum transaction thresholds below which direct IFI engagement may become unviable regardless of project

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quality. Within national prioritization systems, competition has intensified sharply. Practitioners describe the first 2023 budget facility for conflict-affected communities funding roughly one project in two, while under one more recent IFI program the ratio is closer to one in seven. The concentration and centralization of national financing allocations reflect what those systems prioritize under the national-level Medium-Term Plan of Prioritized Public Investments. Transport, education and science, energy, and healthcare together account for more than 80% of priority investment resources, leaving municipal infrastructure and related sectors competing for a relatively limited share.⁵

Tax capacity has emerged as a significant prioritization criterion—one that tends to favor municipalities with stronger prewar economic bases and the presence of viable businesses. This is because in Ukraine, personal income tax on salaries is paid by the employer at its place of registration rather than where its employees live, so revenue concentrates in the municipalities that host registered businesses. This fiscal imbalance is further exacerbated by the centralization of the personal income tax paid from the salaries and other remuneration of military personnel. The municipalities that rank highest on tax capacity do not always correspond to those with the greatest recovery needs. A structured mapping of the international assistance landscape reinforces this pattern. Large IFIs and bilateral donors have concentrated support predominantly on regional capitals and larger cities, while smaller communities access financing primarily through specialized programs of multilateral organizations or targeted bilateral initiatives.⁶

Financing flows through national systems that smaller municipalities engage with only indirectly. The technical requirements of successfully receiving and managing that financing create further difficulties for resource-constrained municipalities, including labor-intensive procurement systems, environmental and social governance frameworks, and project reporting. A senior World Bank practitioner consulted for this brief estimated Ukraine's annual absorption capacity for recovery financing at roughly five to ten billion US dollars, reflecting demand-side limits on what existing institutional systems can process.⁷ Where financing systems, preparation requirements, and municipal implementation realities are poorly aligned, financing commitments do not automatically translate into implemented projects.

Currency risk shapes the financing calculus in ways that headline lending rates do not capture. Loan financing to Ukraine's water and wastewater sector has reportedly been made available at rates below 1% per year, though these instruments remain difficult for small or medium-sized municipalities to take on. Repayment is structured in hard currency, meaning euros or dollars, while municipal revenues are denominated entirely in hryvnias, Ukraine's national currency, with no readily available hedging mechanism at the scale at which smaller municipalities operate.⁸

Ukraine's EU accession trajectory adds a further dimension that the current system has not yet fully addressed. EU financing instruments, including pre-accession financial support and the EU Ukraine Facility, represent a growing financing channel, with alignment requirements that are already shaping current financing conditions.⁹ These requirements, including environmental harm avoidance and EU-aligned procurement, are operative conditions for accessing significant European financing instruments as the country's EU accession progresses; they are not aspirational benchmarks for the future. Without targeted preparation support, the access constraints that currently operate at IFI instrument level risk replicating themselves as EU instruments grow in importance.

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Recommendations

For IFIs and Bilateral Donors:

Under current wartime fiscal and currency conditions, grant and near-grant instruments (highly concessional loans on terms close to those of a grant) remain the realistic option for small or medium-sized municipalities. Municipal revenues are entirely in hryvnias. Loan instruments are denominated in euros or dollars and no de-risking or hedging mechanism exists at the scale of smaller municipalities. A concessional foreign currency loan is not necessarily cheaper than a grant in local currency once exchange rate risk over a ten-year repayment horizon is accounted for. Any transition toward more complex lending instruments requires that tariff reform pathways, fiscal space, and municipal-scale currency risk mechanisms be in place first.

Two concrete mechanisms apply directly to the Ukrainian context. The first is the use of grant resources to absorb currency risk within an otherwise standard loan structure, leaving the loan terms intact. The second is dedicated currency hedging instruments for emerging market currencies, such as the Currency Exchange Fund (TCX), founded by a group of development finance institutions and operational across emerging and frontier market currencies.¹⁰

Where project sizes fall below viable IFI engagement thresholds, aggregation mechanisms that bundle¹¹ smaller municipal projects into portfolios of sufficient scale can bridge the gap between project quality and financing access.

As EU accession instruments become a more significant financing channel, preparation support covering environmental compliance and EU procurement requirements is most effective when built into existing technical assistance structures now, so that it can be sustained and scaled as accession progresses.¹²

For the Ukrainian National Government:

Enabling local governments to pledge tax receipts into dedicated special accounts as repayment guarantees offers a practical security mechanism for lenders where traditional collateral is unavailable.¹³

Local Investment Readiness and Preparation

For a small or medium-sized municipality to convert a recovery need into a financeable project, it must pass through multiple stages of the public investment management (PIM) framework, Ukraine's system for identifying, appraising, and vetting public investment projects. The PIM reform represents genuine progress: as of early 2026, all 24 regions and more than 895 hromadas have approved medium-term plans for prioritized public investments, and the DREAM digital platform now provides the infrastructure through which public investment projects and programs are registered and submitted for appraisal.¹⁴

As currently structured, however, the framework does not yet differentiate by preparation capacity. A large urban municipality with a dedicated project management unit and a smaller hromada with limited staff and outdated planning documentation move through the same process. Any investment with a capital component must pass through the full cycle regardless of scale.

Completing that process is a necessary but not a sufficient condition for funding. The system functions as a vetting mechanism, not an allocation one. Even public investment projects that pass every stage enter a national pipeline competing for financing resources totaling far less than the aggregate value of eligible projects, with allocation decisions made separately against constrained national budgets.

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The bottlenecks that shape this process operate at multiple levels. Financial management competencies, English-language technical engagement, staffing, and access to institutional support all determine whether a municipality can engage effectively with preparation requirements, not only whether it has identified a project worth financing. The challenge is less the absence of any single capability than a misalignment across planning, procurement, preparation, and financing systems that operate on different timelines and with different technical requirements. Korosten's experience illustrates what this means in practice. Its Municipal Energy Plan identifies a portfolio of energy public investment projects totaling approximately \$32 million. Many remain out of reach because the upstream conditions that financing instruments require are not yet in place, including verified energy baselines, technical feasibility studies, and updated planning documentation.¹⁵

Korosten experienced a decline in municipal revenues of over 20% in 2024, which reduced fiscal space for project preparation precisely as recovery financing processes became more technically demanding.¹⁶ A planned second industrial park illustrates the financing gap this creates. The city is pursuing eco-industrial park designation under Ukraine's national standards, and the siting of a national aid redistribution center at the new park is under discussion.¹⁷ However, the infrastructure investment required to make the park fully operational sits between municipal and national responsibility, with no clear financing structure currently in place to bridge the space.¹⁸

Municipal projects submitted to investment-facing platforms frequently lack financial models, delivery structures, and feasibility studies. Municipalities that formally qualify for concessional borrowing, including those carrying no existing debt obligations, often find that the binding constraint is staff preparation capacity rather than financial standing.¹⁹

The World Bank's [I CAN program](#), developed with the government of Ukraine and the Kyiv School of Economics, trains civil servants and municipal staff to manage internationally financed projects, covering project and public investment management. Targeting 6,000 specialists across government, it is one of the few initiatives purpose-built for increasing the capacity that financing access requires, and it shows that targeted capacity-building can be pursued at scale.

Environmental, social, and governance (ESG) compliance and non-financial reporting requirements, which IFIs and EU-aligned instruments increasingly expect, represent a further preparation layer that municipalities and many regional businesses are not yet equipped to meet.

Recommendations

For IFIs and Bilateral Donors:

Project preparation is the most consistently documented barrier to municipal financing access, yet in the current sequence it sits ahead of financing rather than alongside it. Municipalities are expected to meet preparation requirements before financing becomes accessible, when the binding constraint is the very capacity and resources needed to meet them. This sequencing is not dictated by the public investment management framework itself; it reflects design choices that IFIs and donors can choose to make differently. Treating preparation support including staffing, technical documentation, verified baselines, and spatial planning as funded components of recovery programming rather than as preconditions would address this sequencing problem where it lies.

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For the Ukrainian National Government:

Introducing a differentiated PIM compliance pathway for smaller municipalities, with requirements calibrated to administrative capacity, would enable the framework to function as the gateway to investment planning it is designed to be rather than as a further barrier for municipalities with limited project preparation capacity.

For Municipalities:

Strengthening municipal implementation and preparation capacity across staffing, English-language technical engagement, financial management competencies, and institutional support functions is a foundational condition for financing access. Existing programs such as the World Bank's I_CAN initiative demonstrate that targeted support can make a concrete difference. The challenge is to extend and deepen that reach systematically rather than leave coverage uneven and dependent on where individual donor programs are active.

Long-term planning continuity and interdepartmental coordination are foundational to investor confidence and project bankability. Municipal finance and treasury functions need to be involved from the project development stage rather than appearing only at the approval point, as their late engagement is a consistent barrier to closing financing arrangements.²⁰

For cities where building direct engagement capacity with international partners is not feasible independently, a shared liaison function at the regional level covering multiple municipalities is a more realistic and cost-effective model.

Financing partners engage more substantively with municipalities that can articulate a coherent economic trajectory, drawing on industrial assets, transport connectivity, EU integration pathways, and population return scenarios, rather than presenting primarily damage documentation.

Fragmented Coordination and Lack of Intermediaries

Over 160 institutions from more than 30 countries and 20 multilateral organizations are engaged in support initiatives for Ukrainian communities, each operating through different programs, eligibility criteria, compliance systems, and institutional counterparts.²¹ The information demands this creates are substantial even for well-resourced organizations. For smaller municipalities without dedicated staff or sustained donor relationships, navigating this landscape is an added burden, and one that does not necessarily reflect the quality of their projects or their strategic vision. Many lack a clear understanding of which programs are open to them, how to identify support suited to their needs, or what concrete steps to take to mobilize funding.²²

Bilateral grant programs, often among the more accessible instruments for smaller municipalities, can carry nationality-of-company requirements and co-financing conditions that differ from one donor to another. Navigating such differences without dedicated advice can be a substantial and underappreciated burden at the city level.

Practitioners with direct experience across Ukrainian central and local government consistently identify a function that is critical for effective engagement with recovery financing yet is not systematically recognized or resourced. It covers navigation and translation between municipal and financing systems, together with project preparation and bankability support. Where this capacity is present, municipalities can access instruments that would otherwise stay out of reach, aggregate projects to viable transaction scales, translate compliance requirements into operational terms, and sustain engagement with IFIs and bilateral donors. Where it is absent, municipalities struggle to convert financing opportunities into implementable projects. This function remains

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among the least explicitly resourced components of the recovery architecture, with significant consequences for delivery.

Recommendations

For IFIs and Bilateral Donors:

IFIs and bilateral donors should formally recognize and resource the intermediary function within the design of recovery programs, rather than leaving it to emerge informally and unevenly. These functions connect the quality of municipal projects to financing opportunities in ways municipalities cannot achieve on their own. Establishing a unified system that registers international assistance and links donor opportunities to municipal needs would also close information asymmetries that no individual intermediary can resolve alone—a coordination gap that persists in the current architecture.²²

For Intermediary Organizations:

An underdeveloped dimension of this function is helping municipalities, and the businesses they seek to attract, to structure projects that meet investor and IFI requirements. Among these are financial modeling, ESG compliance, and political and war-risk requirements, including how capital can be deployed and recovered under volatile security conditions. Organizations with existing training infrastructure and reach across both municipal and business audiences are well placed to build this capability, working jointly with municipalities and the private sector.

For City Associations and Peer Networks:

Individual small or medium-sized municipalities are not well placed to advocate on their own for the instrument design changes, regulatory reforms, and capacity support documented here. City associations and peer networks can aggregate and document recurring access challenges across many municipalities, including those tied to PIM thresholds, preparation support gaps, currency risk, and access conditions for emerging EU financing channels, and carry that evidence into national and international recovery discussions. Patterns documented across multiple cities carry institutional weight that isolated municipal experiences do not, particularly at moments such as the Ukraine Recovery Conference, when decisions about the financing architecture are actively being shaped.²³

Sequencing Public Reconstruction Financing and Private Capital

Private-sector engagement in Ukraine's recovery is already underway through corporate partnerships, sector-specific investments, risk-sharing instruments, and International Finance Corporation (IFC)-supported public-private partnerships. Analysis included in the World Bank's RDNA5 suggests that, under appropriate enabling reforms and targeted interventions, the private sector could cover up to 40% of total reconstruction needs over a decade, although this potential varies significantly by sector.²⁴ An analysis by the Citi Institute projects foreign direct investment alone could reach between \$87 billion and \$145 billion over a decade, representing 15% to 25% of reconstruction needs, with IFIs potentially mobilizing a further €20 billion to 50 billion in private co-investment.²⁵ That potential is concentrated in productive sectors such as agriculture, manufacturing, and commerce.

The question for smaller municipalities is under what conditions private capital can extend beyond the

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commercially most attractive sectors and larger cities. Private capital follows a bankable project pipeline rather than leading it.²⁶ The enabling conditions, including public sector de-risking, institutional coordination, and credible long-term recovery frameworks, need to be in place before private capital can meaningfully enter at municipal scale.

Private-sector participation is already emerging across energy, telecoms, logistics, agribusiness, and strategic industry, and selective opportunities are beginning to reach municipal scale where enabling conditions exist, including industrial parks and revenue-generating infrastructure. It remains concentrated, however, in areas with clearer revenue models, stronger guarantee structures, or established IFI involvement. Many of the recovery priorities that matter most to small or medium-sized municipalities, including water, heating, waste management, and social infrastructure, are more difficult to structure into commercially investable opportunities and are not where investor interest is currently strongest.²⁷

In practice, innovative finance in municipal recovery depends less on creating new instruments such as blended finance or Public-Private Partnerships (PPPs) than on the ability to structure, aggregate, and sequence projects so that smaller municipalities can engage with the instruments already in operation and with new mechanisms as they develop.

Investment supply and reconstruction demand are also geographically misaligned, with private investment concentrated in western Ukraine while needs are most acute in frontline oblasts.²⁸ A comparable skew runs through the broader assistance landscape, which has favored regional capitals and larger cities. This is concentration along a different axis—settlement size rather than geography—and the two compound one another.²⁹ The implication is that private capital will not reach frontline and smaller municipalities on its own. Its entry there requires deeper IFI engagement, investment readiness in municipal project pipelines, and sector-specific enabling reforms.

One of Ukraine's most advanced social infrastructure PPPs to date, the IFC-supported Zhytomyr City Hospital project, illustrates the enabling conditions currently needed before flagship PPP models can become replicable in small or medium-sized cities. Structured at regional capital scale around a 23-year availability payment, the project is designed to rely on donor grants and blended finance.³⁰ This shows how far current conditions remain from commercially self-sustaining municipal infrastructure investment. A recent greenfield industrial park in Ukraine had secured €60 million in equity and was seeking a matching loan, but found no financial institution prepared to engage on the security terms required. The obstacle was not the project's viability but the absence of public guarantee mechanisms adequate to the conflict context.³¹ For municipalities and businesses operating below the scale of large sovereign instruments, smaller-scale vehicles focused on direct company and project investments represent a more accessible near-term entry point.

Financing decisions at the level of IFIs and donors are shaped not only by immediate infrastructure needs but also by assessments of longer-term economic viability. Municipalities that can articulate a credible economic trajectory are more likely to unlock financing opportunities that infrastructure need alone may not secure. Korosten's industrial assets, transport connectivity, and network of international partners position it well to make such a case, including through cross-border environmental framing, relevance to transport corridors, and alignment with EU accession priorities.³²

The longer-term sustainability of municipal service systems depends on a shift in the underlying financing logic that is not always explicit in current recovery discussions. During the war, service deficits have largely been absorbed within a broader envelope of external financing. After the war, as concessional financing becomes more limited, the financial viability of municipal utility enterprises will become a more immediate consideration for blended or private participation. A phased approach linking progress to cost-reflective tariff reforms with visible

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improvements in service quality, and incorporating income-tested household protections, is widely regarded by practitioners as both technically feasible and necessary for long-term sustainability.³³

Recommendations

For IFIs and Bilateral Donors:

Public sector de-risking and credible long-term recovery frameworks are preconditions, not complements, to private capital engagement at municipal scale, and should be put in place ahead of it rather than expected to follow.

Establishing public guarantee mechanisms suited to the conflict context would address the gap that currently prevents otherwise viable projects from securing finance, as the greenfield industrial park's inability to attract a matching loan illustrates.³⁴

The geographic concentration of private investment in western Ukraine reflects prevailing risk conditions. Targeted public de-risking and co-investment mechanisms can begin to shift that pattern for municipalities outside that range.³⁵

For Private Sector and Institutional Investors:

For investors currently active in Ukraine, smaller-scale direct investments are often better matched to current conditions in most sectors than instruments designed for national-level transactions.³¹

For the Ukrainian National Government:

Implementing tariff reform on a phased basis, explicitly linking cost increases to measurable improvements in service quality and building in household income protections, is a prerequisite for the long-term sustainability of municipal utility financing.

This brief draws on a full analytical report produced under the Ukraine Cities Partnership: Sylvia Scheurer, Municipal Access to Finance for Ukraine's Recovery, German Marshall Fund of the United States, 2026.

The views expressed here are those of the author alone. GMF as an institution does not take positions.

Endnotes

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- ¹¹ Bundling refers to combining multiple smaller projects, within a municipality or across a cluster of municipalities, into a larger financing package that can achieve the scale and transaction efficiency often required by IFIs and other financiers.
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