

# EIB urban transport projects in Ukraine

## Lessons from Ternopil and Lutsk

Over the past decade, the European Investment Bank (EIB) has provided significant financial support for the modernisation of Ukraine's urban transport systems through two major projects: Ukraine Urban Public Transport (2017–2025) and Ukraine Urban Public Transport II (2022–2027).

Focusing on medium-sized and large Ukrainian cities, both projects aim to improve service frequency and sustainability while reducing costs, accidents, emissions and greenhouse gases through a shift to electric transport. However, meeting these strategic objectives has been held back by systemic implementation challenges and limited progress on environmental protections.

### Low fund utilisation and major delays

Between 2018 and 2025, national allocations for urban transport development grew 30-fold from UAH 125 million to UAH 3.9 billion. However, during this period, most of the actual annual disbursements remained below 20 per cent. By mid-2025, only 68.6 per cent of the EIB loan for the first project had been utilised, with less than 20 per cent of the second project's budget committed.

Complicating matters, implementation has been significantly delayed by the Ministry for Development of Communities and Territories of Ukraine's protracted ratification, fund transfer and tendering procedures.

### Focus on rolling stock over infrastructure

A fundamental imbalance in investment priorities raises serious sustainability concerns: while over 95 per cent of the funds disbursed by the EIB were spent on vehicle procurement, just 4.8 per cent were allocated to modernising infrastructure. This undermines the efficiency and lifespan of these new vehicles due to their dependence on outdated depots, substations, and contact networks.

### Environmentally inconsistent procurement

Of the 296 vehicles financed under the first project, 159 (53.7 per cent) were diesel buses, purchased for Kyiv, Lviv and Mykolaiv. And while these buses meet Euro-6 standards, this substantial outlay directly contradicts the EIB's Environmental and

For more information

**Kateryna Melnyk**

National Coordinator

CEE Bankwatch Network

Ecoaction

[kateryna.melnyk@bankwatch.org](mailto:kateryna.melnyk@bankwatch.org)

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Social Standards as well as Ukraine's 2018 National Transport Strategy (last updated in 2024), which prioritises decarbonisation and the transition to electric mobility. The continued investment in diesel fleets further delays the country's progress towards achieving its national and EU climate goals.

## Inadequate local strategic planning

Although Ukrainian cities are formally required to develop sustainable urban mobility plans, most – including Ternopil and Lutsk – have yet to do so. Consequently, implementation has mainly proceeded under national programme frameworks, whose restricted scope limits strategic alignment with the EIB's Environmental and Social Standards.

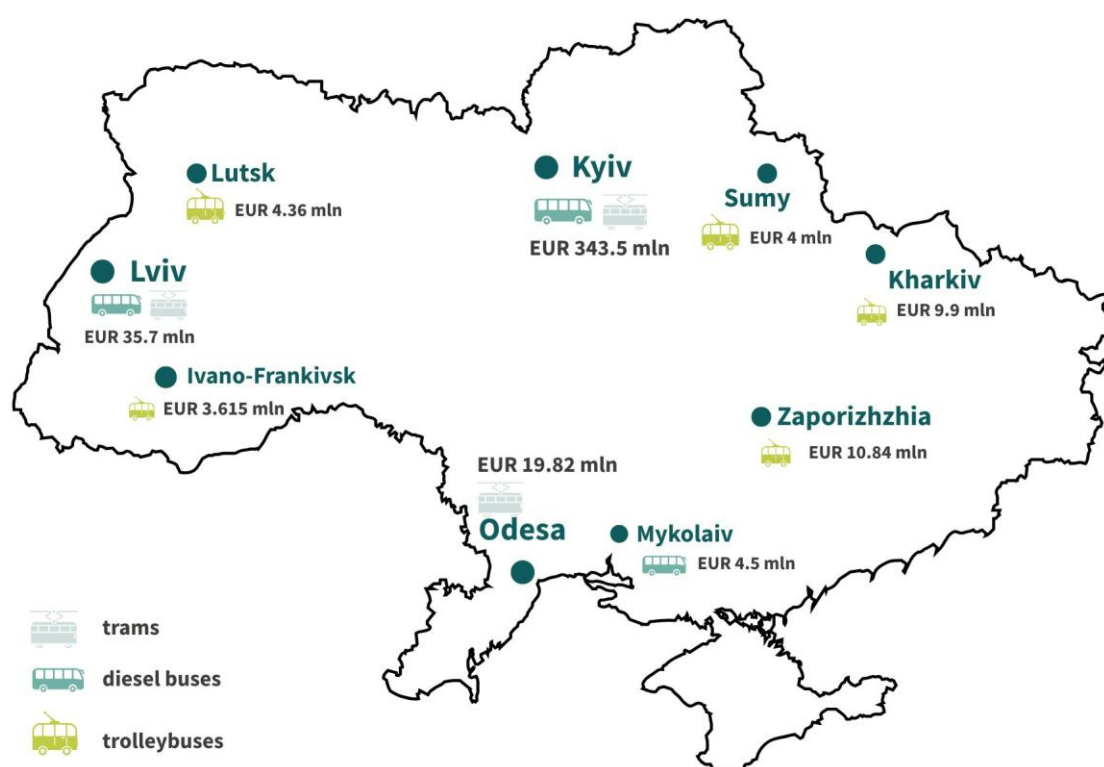
## City-level contrasts illustrate systemic flaws

Lutsk has made tangible progress, completing the purchase of 29 new trolleybuses and launching a second project for 30 more. However, infrastructure upgrades account for only 3.4 per cent of project costs, and tendering processes remain delayed.

Ternopil is participating in both EIB projects, but has yet to renew its trolleybus fleet. Under the second project, the city plans to procure 30 trolleybuses, with a contract for 17 already signed. However, no infrastructure upgrades are envisaged.

Neither city has developed a sustainable urban mobility plan, limiting the alignment of local transport strategies with the EIB's Environmental and Social Standards. Both cases highlight a systemic focus on short-term, visible outcomes over long-term resilience, strategic planning, and emission reductions.

### Approved EIB funding allocations and focus areas under the 'Ukraine Urban Public Transport' Project



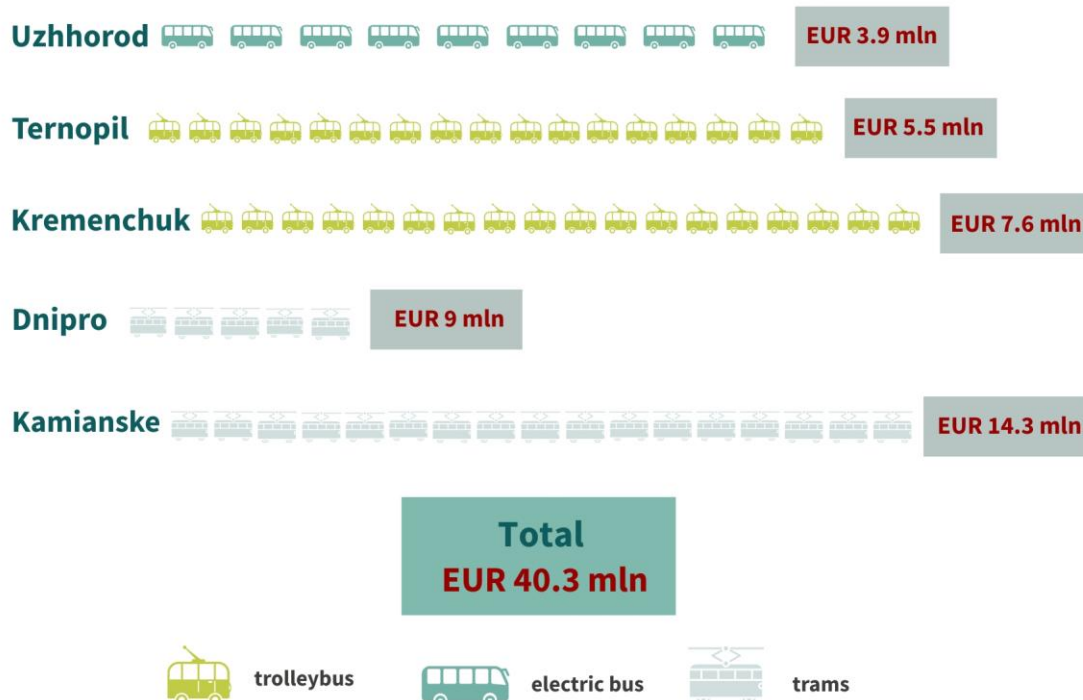
## Institutional and procedural bottlenecks

Fragmented coordination between the Ministry for Development of Communities and Territories, the Ministry of Finance, the State Export-Import Bank of Ukraine, and Ukrainian municipalities has prolonged approval and payment cycles.

The completion of tender evaluations and contract approvals has typically lagged several months behind schedule. Additionally, outdated regulatory and technical standards are complicating infrastructure modernisation efforts and discouraging the integration of complex components into subprojects.

Collectively, these factors have constrained the timely achievement of both projects' objectives, diluted their environmental impacts, and limited their contribution to building resilient, low-carbon urban transport systems in Ukraine.

### Confirmed EIB financing amounts for completed tenders under the Ukraine Urban Public Transport II project



## Recommendations for the EIB

To enhance the effectiveness, environmental integrity and social impact of ongoing and future urban transport modernisation projects in Ukraine, we recommend that the EIB take the following actions:

- Review the subproject portfolio under the first project that provides for the procurement of diesel buses, with the aim of minimising their use and replacing them with trolleybuses – a more environmentally friendly, energy-efficient, and cost-effective option.

- Enhance monitoring to ensure that beneficiaries in the public transport sector possess the full set of local strategic documents the EIB requires for both ongoing and future public transport modernisation subprojects, with particular emphasis on the development and formal approval of sustainable urban mobility plans.
- Promote comprehensive investment in Ukraine's public transport system, encompassing not only rolling stock but also the modernisation of supporting infrastructure, including traction substations, overhead lines, depots, dispatch systems and digital services.

**Read the full report [EIB-funded urban public transport projects in Ukraine: Lessons from Ternopil and Lutsk.](#)**