EIB-funded urban public transport projects in Ukraine

Lessons from Ternopil and Lutsk

Termopil

Executive summary

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.

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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 Ukraine Urban Public Transport had been utilised, with less than 20 per cent of the budget committed for Ukraine Urban Public Transport II.

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 This undermines the efficiency and lifespan of these new vehicles due to their dependence on outdated depots, substations, and contact networks.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 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.

Institutional and procedural bottlenecks

Fragmented coordination between the Ministry for Development of Communities and Territories of Ukraine, the Ministry of Finance of Ukraine, 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.

Introduction

The development of a modern public transport system is a key priority of sustainable urban planning, as it enhances mobility, reduces greenhouse gas emissions, alleviates traffic congestion, and contributes to a higher quality of urban life. However, modernising transport infrastructure requires substantial capital investment, which often exceeds the financial capacity of local budgets. In this context, loan resources from international financial institutions represent an important source of funding.

This is particularly true in Ukraine, where international financial institutions, including the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), play a pivotal role in advancing reforms and fostering infrastructure development.

Over the past decade, with the support of framework loans from the EIB, the Ukrainian government has been implementing the Ukraine Urban Public Transport (2017–2025)[1] and Ukraine Urban Public Transport II (2022–2027)[2] projects. Both projects aim to modernise public transport in medium-sized and large

[1] European Investment Bank, Urban Public Transport Ukraine FL, *European Investment Bank*, accessed 23 October 2025.

[2] European Investment Bank, Ukraine Urban Public Transport FL II, *European Investment Bank*, accessed 23 October 2025.

Ukrainian cities, improving service frequency and sustainability while reducing costs, accidents, emissions, and greenhouse gases through a shift to electric transport.[3,4]

However, these projects do not include key reform components, such as urban transport planning, tariff reforms or additional assessments that could help identify priorities and develop measures to address pressing challenges, including affordability, gender-based violence and harassment and access for low-income and underserved areas.

Modernising urban public transport in Ukrainian cities: EIB projects and legislative alignment

On 16 November 2016, the EIB and the Ukrainian government signed a financial agreement to provide a loan for the implementation of the Ukraine Urban Public Transport project, ratified by Ukrainian national law on 12 April 2017. The aim of the project was to modernise municipal passenger transport fleets through the purchase of new trolleybuses, trams, buses and metro carriages, as well as to support the rehabilitation and expansion of existing urban transport infrastructure.[5]

The total cost of the project amounted to EUR 400 million, including a EUR 200 million loan provided by the EIB. The project was scheduled for implementation from 11 May 2017 to 11 May 2025.[6] Participation in the project was limited to cities meeting the following criteria:

- A population of over 200,000 based on the most recent census;
- A total passenger transport fleet of at least 50 vehicles, including trams, trolleybuses, buses, and metro carriages.[7]

As part of the project, funding was allocated to a range of activities that comply with the EIB's economic and environmental criteria. These include:

- procurement of new public transport vehicles, including trolleybuses, trams, buses and metro carriages;
- comprehensive refurbishment of the existing rolling stock;

[3] European Investment Bank, Urban Public Transport Ukraine FL, *European Investment Bank*, accessed 23 October 2025.

[4] European Investment Bank, Ukraine Urban Public Transport FL II, *European Investment Bank*, accessed 23 October 2025.

[5] Verkhovna Rada of Ukraine, Проект «Міський громадський транспорт України» Фінансова угода між Україною та Європейським інвестиційним банком, *Verkhovna Rada of Ukraine*, 11 November 2016.

[6] European Investment Bank, Ministry of Infrastructure of Ukraine, Міський громадський транспорт України, *Register of IFI Projects,* last updated 9 April 2024.

[7] Verkhovna Rada of Ukraine, Проект «Міський громадський транспорт України» Фінансова угода між Україною та Європейським інвестиційним банком, *Verkhovna Rada of Ukraine*, 11 November 2016.

- rehabilitation and modernisation of infrastructure, including tram tracks, overhead lines, depots and stations;
- construction of new infrastructure, such as tracks, depots and stations, alongside the implementation of information systems and automated fare collection systems;
- provision of planning, design, technical supervision and project monitoring services; and
- delivery of technical assistance to local authorities throughout project implementation.[8]

To access financing under the project, 12 city councils meeting the established selection criteria (see Annex A at the end of this document) submitted requests to the then Ministry of Infrastructure of Ukraine (now the Ministry for Development of Communities and Territories of Ukraine).[9]

On 9 December 2020, the EIB and the Ukrainian government signed a second financial agreement for the implementation of the Ukraine Urban Public Transport II project, ratified by Ukrainian national law on 17 February 2022.[10] The selection criteria for participating cities and the financing priorities under this second project remain consistent with those of the first. The total budget for the second project amounts to EUR 404.5 million, of which approximately EUR 200 million is EIB loan support.[11]

The project is scheduled to be implemented between 19 September 2022 and 19 September 2027. Similar to the first initiative, financing of subprojects covers the acquisition of rolling stock, upgrades to infrastructure and the digitalisation of services. Unlike the first project, however, the second project provides for the procurement of electric buses and excludes the purchase of diesel buses.[12]

According to preliminary data from the Ministry of Finance of Ukraine, funds were planned to be allocated for the purchase of 20 trams, 264 trolleybuses, and 65 electric buses.[13]

The project is expected to cover several cities, including Cherkasy, Bila Tserkva, Kamianske, Dnipro, Lviv, Kremenchuk and Zaporizhzhia. The funding is intended to be distributed among 18 Ukrainian cities in total (see full list in Annex B) to support both the procurement of vehicles and the development of urban transport infrastructure.

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[8] Ibid.

[9] Ibid.

[10] Verkhovna Rada of Ukraine, Проект «Міський громадський транспорт України II» Фінансова угода між Україною та Європейським інвестиційним банком, *Verkhovna Rada of Ukraine*, 9 December 2020.

[11] IFIs Projects, Міський громадський транспорт України II, *IFIs Projects*, last updated 9 April 2024.

[12] Verkhovna Rada of Ukraine, Проект «Міський громадський транспорт України II» Фінансова угода між Україною та Європейським інвестиційним банком, *Verkhovna Rada of Ukraine*, 9 December 2020.

[13] Ministry of Finance of Ukraine, Мінфін: Україна отримає 200 млн євро на розвиток міського громадського електро транспорту, *Ministry of Finance of Ukraine*, 17 February 2022.

Both projects must comply with the EIB Group's Environmental and Social Standards, as well as with international and EU environmental legislation (to the extent that it has been incorporated into Ukrainian national law). However, subprojects under the Ukraine Urban Public Transport project providing for the procurement of diesel buses in Lviv, Kyiv and Mykolaiv[14] do not comply either with the EIB Group's Environmental and Social Standards[15] or with EU environmental legislation.[16]

Regarding the alignment of both projects with national legislation, it should be noted that since April 2018, the National Transport Strategy of Ukraine[17] – updated in December 2024[18] – has served as the primary national framework governing the transport sector. Although the Ukraine Urban Public Transport project was approved before the adoption of the Strategy, certain subprojects involving the purchase of diesel buses were approved after 2018, and their implementation, including the procurement process, is still ongoing. Therefore, the Ukraine Urban Public Transport project is currently not fully consistent with national transport legislation.

By contrast, the Ukraine Urban Public Transport II project, focusing exclusively on trolleybuses, trams and electric buses, fully aligns with the strategic objectives set out in the original and updated versions of the Strategy, particularly its third strategic objective aimed at achieving safe, people-centred, environmentally friendly and energy-efficient transport in the pursuit of decarbonisation.[19]

Allocation and utilisation of EIB financing for public transport projects in Ukraine

EIB-funded projects aimed at modernising urban public transport in Ukraine are financed through the State Budget under the Development of Urban Passenger Transport in Ukrainian Cities programme (budget code 3101610). Table 1 shows planned budgets versus actual spending under the programme between 2018 and 2025.

[14] According to the EIB's response of 18 July 2025 to our request for information submitted on 1 July 2025.

[15] European Investment Bank, European Investment Bank Environmental and Social Standards, *European Investment Bank,* 3 February 2022.

[16] European Commission, Law and governance, *European Commission*, accessed 23 October 2025.

[17] Cabinet of Ministers of Ukraine, Про схвалення Національної транспортної стратегії України на період до 2030 року, *Vehkhovna Rada of Ukraine, 30 May 2018.*

[18] Cabinet of Ministers of Ukraine, Про схвалення Національної транспортної стратегії України на період до 2030 року та затвердження операційного плану заходів з її реалізації у 2025—2027 роках, *Cabinet of Ministers of Ukraine,* 27 December 2024.

[19] Ibid.

Table 1. Annual planned budgets versus actual spending under the Development of Urban Passenger Transport in Ukrainian Cities programme (2018–2025).[20]

Year	Approved annual budget, including amendments (UAH million)	Adjusted annual spending plan (UAH million)	Actual spending (UAH million)	Implementation rate (%)
2018	0	125	0	0
2019	254.55	254.55	0	0
2020	400	789.4	277.91	35.21
2021	600	900.52	735.5	81.67
2022	1005.92	4650	373.82	8.03
2023	6226.61	6226.60	456.9	7.33
2024	5809.94	5809.94	997.45	17.16
2025	3865.55	3865.55	402.5	10.41

As shown in Table 1, the budget allocated for the programme increased from UAH 125 million in 2018 to just under UAH 3.87 billion in 2025 – an almost 31-fold increase. However, with the exception of 2021, the actual utilisation of funds allocated remained low throughout the period under review.

Implementation insights

To gain more detailed insights into the implementation of urban public transport modernisation projects in Ukraine, we submitted a formal request to the EIB on 1 July 2025. In response, the EIB provided data that enabled us to comprehensively assess how these projects have progressed.[21]

Following a selection process carried out by the then Ministry of Infrastructure of Ukraine in cooperation with the EIB, funding was approved for nine cities under the Ukraine Urban Public Transport project (see Table 2).

[20] Compiled by the author based on data from: Ministry of Finance of Ukraine, Lending to the State Budget, *Open Budget*, accessed 23 October 2025.

[21] According to the EIB's response of 18 July 2025 to our request for information submitted on 1 July 2025.

Table 2. Approved EIB funding allocations by city and subproject under the Ukraine Urban Public Transport project from 2017 up to the first quarter of 2025.

Number	City	Subproject	Actual financing (EUR million)
1	Lviv	Purchase of 10 new trams	17.2
		Purchase of 48 diesel buses[22]	12
		Construction of bus depot	3.5
		Major overhaul of tramcars[23]	3
	Total for Lviv		35.7
2	Kyiv	Purchase of 20 new trams	24.9
		Purchase of 85 new buses	18.6
	Total for Kyiv		43.5
3	Lutsk	Purchase of 29 new trolleybuses	4.36
4	Sumy	Purchase of 19 new trolleybuses	4
5	Odesa	Purchase of 13 new trams	19.82
6	Zaporizhzhia	Purchase of 10 new trolleybuses with autonomous running capability	10.84[24]
7	Kharkiv	Purchase of 27 new trolleybuses	9.9
8	Ivano-Frankivsk	Purchase of 9 new trolleybuses with autonomous running capability	3.615[25]
9	Mykolaiv	Purchase of 26 new buses	4.5[26]
	Total		**136.235**

Source: Compiled from data provided by the EIB in response to our request for information submitted on 1 July 2025.

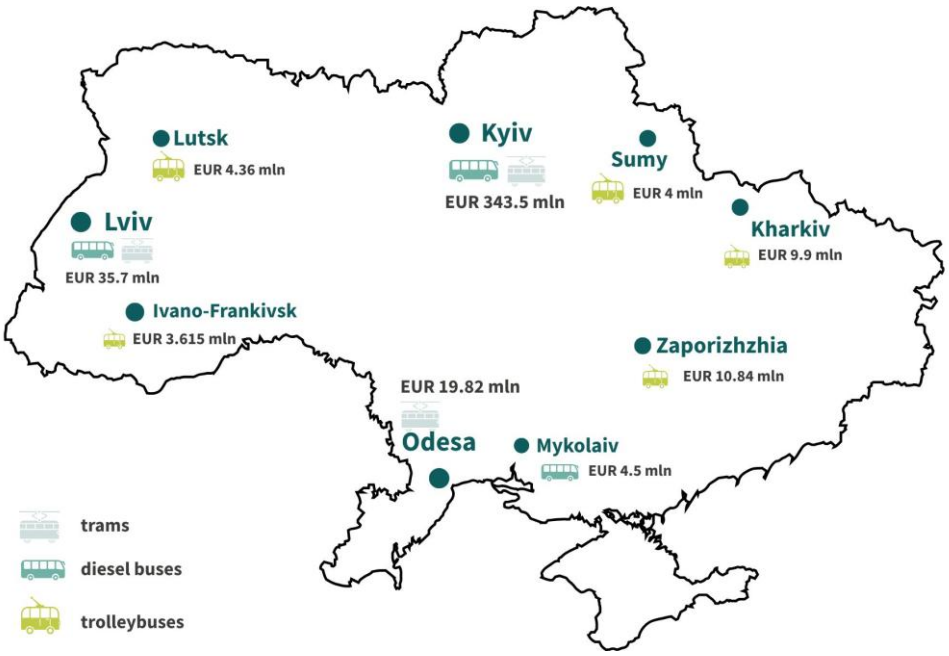
[22] The negotiation procedure is currently ongoing. During the opening of tender bids, 48 buses were announced.

[23] The subproject was cancelled by the beneficiary. Submission of a request to the EIB regarding the possible reallocation of funds to the subproject entitled Overhead Contact Line and Power Cables has not been ruled out.

[24] A EUR 3 million grant from the European Commission will be added to this figure (the EIB loan amounts to EUR 10.825 million).

[25] A EUR 615 000 grant from the European Commission will be added to this figure (the EIB loan amounts to EUR 3 million).

[26] The EIB loan amounts to EUR 4.5 million, with additional grant financing of EUR 449 000 provided.



According to Table 2, during the implementation of the Ukraine Urban Public Transport project, EUR 136.235 million was disbursed, representing 68.6 per cent of the total EIB loan of EUR 198.53 million. Under the Lviv subproject, tendering and negotiation procedures for procurement of the 48 diesel buses and bus depot construction are still ongoing.[27]

In addition, out of 296 units of rolling stock financed by the EIB, 159 (53.7 per cent) are buses operating on conventional diesel fuel (see Table 3).

Table 3. Specifications of buses procured under the EIB's Ukraine Urban Public Transport project.

Number	City	Manufacturer/bus model	Type of fuel	Compliance with Euro 6
1	Kyiv	Anadolu Isuzu Citiport 12[28]	Standard diesel[29]	Yes
2	Lviv	Electron A18501[30]	Standard diesel[31]	Yes
3	Mykolaiv	Anadolu Isuzu Citibus[32]	Standard diesel[33]	Yes

[27] Sofia Turko, Львів закупить 48 нових автобусів «Електрон» за кредит ЄІБ, *Zaxid.net*, 10 September 2025.

[28] InforCar News, Київ придбає 85 автобусів за кошти ЄІБ, *InfoCar News*, 6 April 2024.

[29] Auto 24 News, До Києва мають прибути турецькі автобуси Isuzu Citiport 12, *Auto 24 News*, 11 July 2025.

[30] Liga.Net, Львів уклав контракт на придбання 48 автобусів Електрон за 700 млн грн, *Liga.Net*, 10 September 2025.

[31] Wikipedia, Електрон А18501, *Wikipedia*, accessed 23 October 2025.

[32] Alltransua, Тендер на автобуси для Миколаєва за кошти ЄІБ виграла Anadolu Isuzu, *Alltransua*, 15 June 2024.

[33] Isuzu, Isuzu Citibus, *Isuzu*, accessed 23 October 2025.

The data in Table 3 indicate that all buses procured for Kyiv, Lviv and Mykolaiv under the Ukraine Urban Public Transport project operate on conventional diesel fuel, with no provision for biodiesel use. Although all buses comply with the Euro 6 standard, the significant procurement of such vehicles in the context of an urban transport modernisation project highlights insufficient environmental sustainability, as it does not promote cleaner energy alternatives or a substantial reduction in greenhouse gas emissions.

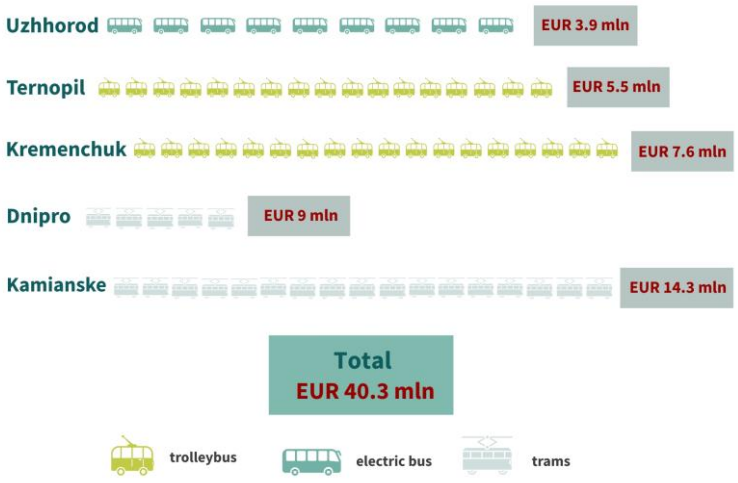
Furthermore, the vast majority of the loan – EUR 129.735 million (95.22 per cent) – was allocated to the acquisition of rolling stock, whereas funding for the modernisation of public transport infrastructure – EUR 6.5 million, or 4.78 per cent – remains largely unused.

Regarding implementation of the Ukraine Urban Public Transport II project, we obtained the following data on contractual obligations for successfully completed tenders (Table 4).[34]

Table 4. Confirmed EIB financing amounts for completed tenders under the Ukraine Urban Public Transport II project.

Number	Beneficiary	New trolleybuses with autonomous drive	New trams (units)	New electric buses (units)	EIB funding (EUR million)
1	Ternopil	17			5.5
2	Uzhhorod			9	3.9
3	Dnipro		5		9
4	Kremenchuk	18			7.6
5	Kamianske		17		14.3
Total		35	22	9	40.3

Source: Compiled from data provided by the EIB in response to our request for information submitted on 1 July 2025.



[34] According to the EIB's response of 18 July 2025 to our 1 July 2025 request for information.

According to Table 4, EUR 40.3 million has been confirmed for completed tenders under the Ukraine Urban Public Transport II project after almost three years of implementation, representing approximately 20 per cent of the total planned EIB loan amount of nearly EUR 200 million.

In light of the low utilisation of funds from EIB-financed urban public transport modernisation projects in Ukrainian cities, consultations were held with representatives of Ukrainian municipalities – the main beneficiaries of the subprojects – as well as with transport experts. These discussions enabled us to identify the key factors limiting the effective use of project funds, including:

- **Complex and lengthy procedures for channelling funds from the EIB to Ukraine**: For example, the financial agreement between Ukraine and the EIB for the Ukraine Urban Public Transport II project was signed on 9 December 2020, but only ratified by Ukrainian law on 17 February 2022.
- **Complicated mechanisms for transferring funds to the final beneficiary**: First, the local self-government authority (city council) submits a request to the Ministry for Development of Communities and Territories of Ukraine. Second, this request is forwarded to the Ministry of Finance of Ukraine. Third, the relevant document package is sent to the State Export–Import Bank of Ukraine, the financial institution authorised to act as the financial intermediary for the implementation of subprojects under the given EIB project.
- **Prolonged tender procedures**: The slow review and processing of tender documentation at the Ministry for Development of Communities and Territories of Ukraine results in significant delays.

We also analysed the reasons why EIB-funded projects tend to prioritise the renewal of rolling stock over infrastructure components, such as lines, traction substations, depots, and overhead contact networks. The key factors are categorised below:

1. Financial and institutional factors

- **Easier implementation**: Procuring vehicles is a more straightforward, quick, and controllable process with regard to tenders, delivery, and commissioning.
- **Higher costs and risks for infrastructure projects**: Reconstruction of lines and substations requires significant capital investment, complex design and cost-estimation work, approvals from local authorities, and land-related considerations.[35]

[35] Deutsche Gesellschaft für Internationale Zusammenarbeit, Urban Mobility in Ukraine: The 13 billion Euro gap, *Deutsche Gesellschaft für Internationale Zusammenarbeit*, 5, April 2014.

- **Technical complexity and regulatory constraints**: The legal and regulatory framework for electric public transport is based on outdated Soviet-era standards, which often complicates the implementation of modern solutions.[36]
- **Limited credit lines**: EIB project financing typically amounts to around EUR 200 million, which is sufficient for procuring hundreds of vehicles but insufficient for large-scale infrastructure modernisation across multiple cities simultaneously.

2. Political and social considerations

- **Immediate and visible public impact**: New buses and trolleybuses immediately improve passenger comfort and create a perception of positive change, which also carries political benefits.

3. Allocation of responsibilities

- **Rolling stock**: The mechanism for transferring vehicles to municipal enterprises for balance-sheet registration is relatively straightforward.
- **Infrastructure**: Power systems, lines, and depots are typically owned by a mix of city authorities, municipal enterprises, and private contractors, which complicates modernisation efforts under international credit programmes.

Key conclusions

- **Insufficient absorption of EIB financing and slow project implementation**: Protracted tendering and negotiation procedures have critically undermined the timely implementation of both projects. Deadlines have been repeatedly missed, execution remains sluggish, and Ukrainian cities are not reaping the expected benefits of improved public transport. These systemic failures in project management and procurement require urgent institutional reforms, particularly through the introduction of capacity-building measures.
- **Imbalance in expenditure structure**: Over 95 per cent of the allocated resources have been channelled into rolling stock procurement, while infrastructure modernisation has received no funding. This lack of investment in depots, power supply systems, and related infrastructure reduces the efficiency and life cycle of the newly acquired vehicles, limiting the overall impact on Ukraine's urban transport systems.
- **Environmental and strategic concerns**: A significant share of EIB financing under the Ukraine Urban Public Transport project (53.7 per cent) has been allocated to diesel-bus procurement,

[36] Victor Zagreba, Anton Hagen, Порівняльний аналіз законодавчих та технічних норм щодо електричного громадського транспорту в Україні та державах ЄС, SCO Vision Zero, 2025.

contradicting the key provisions of Ukraine's National Transport Strategy. In particular, this approach undermines the Strategy's third strategic objective aimed at achieving safe, people-centred, environmentally friendly and energy-efficient transport in the pursuit of decarbonisation. While all procured buses comply with Euro 6 standards, heavy reliance on diesel vehicles is environmentally unsustainable and slows the transition to clean electric transport in Ukrainian cities.

To gain a deeper understanding of how projects under the EIB's overall public transport modernisation programme in Ukraine are implemented, we examined examples of subprojects aimed at renewing urban passenger transport in the western cities of Ternopil and Lutsk.

Modernisation of urban public transport in Ternopil

The city of Ternopil is participating in two subprojects dedicated to public transport modernisation under the EIB's Ukraine Urban Public Transport projects: Renewal of Ternopil Municipal Enterprise Miskavtotrans' Bus Fleet (Ukraine Urban Public Transport)[37] and Modernisation of Ternopil's Electric Transport (Ukraine Urban Public Transport II).

Although the planned measures have yet to be implemented, the projected expenditures for both subprojects align with Ternopil's 2018–2020 [38] and 2021–2023 [39] Passenger Transport Development Programmes. The public transport subprojects implemented under both EIB Ukraine Urban Public Transport Projects are also incorporated into, and form part of, the city's Passenger Transport Development Programmes. The development and approval of these Programmes are mandatory under the National Transport Strategy until 2030.[40]

Additionally, Ternopil is currently implementing the latest iteration of its Passenger Transport Development Programme (2024–2026).[41] Also, in accordance with EIB requirements set out in the financial agreements for the Ukraine Urban Public Transport and Ukraine Urban Public Transport II projects, final beneficiaries are obliged to develop and approve a sustainable urban mobility plan.[42,43] Ternopil City Council started developing its plan in spring 2021, but it remains incomplete.

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[37] Our Day, У Тернополі планують придбати 15 нових автобусів за 2 мільйони євро, *Our Day*, 23 December 2019.

[38] Ternopil City Ciuncil, Програма розвитку пасажирського транспорту на 2018-2020 роки, *Ternopil City Council,* last updated 27 November 2020.

[39] Ternopil City Council, Програма розвитку пасажирського транспорту на 2021-2023 роки, *Ternopil City Council,* last updated 15 December 2023.

[40] Cabinet of Ministers of Ukraine, Про схвалення Національної транспортної стратегії України на період до 2030 року, *Vehkhovna Rada of Ukraine,* 30 May 2018.

[41] Ternopil City Council, Програма розвитку пасажирського транспорту на 2024-2026 роки, *Ternopil City Council*, last updated 28 February 2025.

[42] Verkhovna Rada of Ukraine, Проект «Міський громадський транспорт України» Фінансова угода між Україною та Європейським інвестиційним банком, *Verkhovna Rada of Ukraine*, 11 November 2016.

[43] Verkhovna Rada of Ukraine, Проект «Міський громадський транспорт України II» Фінансова угода між Україною та Європейським інвестиційним банком, *Verkhovna Rada of Ukraine*, 9 December 2020.

At the time of adopting the 2018–2020 Passenger Transport Development Programme, Ternopil's public transport fleet consisted of 56 trolleybuses with an average age of 25 years, and 197 buses with an average age of 7 years. Despite the outdated condition of the city's electric transport fleet, no funding was allocated for purchasing of new trolleybuses, but only for the acquisition of six used ones under the 2018–2020 Passenger Transport Development Programme.[44]

The city authorities implemented a subproject with a focus on renewing bus fleet, with the municipal enterprise Miskavtotrans[45] serving as the implementing entity. This subproject was also included in the 2018–2020 Passenger Transport Development Programme,[46] which outlines all planned transport activities for the city. Under this subproject, Miskavtotrans made plans to purchase 15 new and used buses intended for transporting passengers with reduced mobility, with a total value of approximately UAH 54.8 million.[47] However, this measure was not implemented between 2018 and 2020 due to a lack of financing (see Table 5).[48]

Table 5. Renewal of passenger transport in Ternopil City between 2018 and 2023.

Type of rolling stock	2018–2020 Passenger Transport Development Programme[49]		2021–2023 Passenger Transport Development Programme[50]	
	Local budget	EIB Ukraine Urban Public Transport Projects	Local budget	EIB Ukraine Urban Public Transport Projects
Trolleybuses (units)	6 (used)	Not included within the scope of the Ukraine Urban Public Transport project	5 (used)	The procurement of 17 trolleybuses has been announced, with tender proposals currently under evaluation within the framework of the Ukraine Urban

[44] Ternopil City Council, Програма розвитку пасажирського транспорту на 2018-2020 роки, *Ternopil City Council,* last updated 27 November 2020.

[45] Ibid.

[46] Ibid.

[47] Ternopil City Council, Програма розвитку пасажирського транспорту на 2018-2020 роки, *Ternopil City Council,* last updated 27 November 2020.

[48] Ternopil City Council, Інформація про виконання Програми розвитку пасажирського транспорту на 2018-2020 роки, *Ternopil City Council*, 5 March 2021.

[49] Ibid.

[50] Ternopil City Council, Інформація про виконання Програми розвитку пасажирського транспорту на 2021-2023 роки, *Ternopil City Council*, 30 January 2024.

				Public Transport II project
Buses (units)	21 used buses and 20 MAZ buses under leasing	The acquisition of 15 new and used buses was planned; however, this initiative did not receive funding	35 new buses have been purchased	Procurement procedures under the Ukraine Urban Public Transport project are ongoing. The purchase of buses is not envisaged under the Ukraine Urban Public Transport II project

As of the adoption of the 2021–2023 Passenger Transport Development Programme, the technical condition of the city's trolleybus fleet had further deteriorated, with 52 trolleybuses in operation and an average age of 26 years. By comparison, the bus fleet comprised 218 vehicles, with an unchanged average age of 7 years. [51] Overall, the Programme had sustainability component. However, at the same time was contradictory, for example, with promoting automobile transport.

In response, the 2021–2023 Passenger Transport Development Programme included the purchase of 30 new 12-metre trolleybuses under the Modernisation of Ternopil's Electric Transport subproject, financed through the Ukraine Urban Public Transport II project.[52] By the end of 2024, a contract worth EUR 5.5 million had been signed with ElectronMash LLC for the delivery of the first 17 units in 2025 (for trolleybus details, see Annex C).[53]

In addition to co2021–2023 Passenger Transport Development Programme identified the development of road transport as one of its key priorities. To this end, 35 buses were purchased using local budget resources between 2021 and 2023, including 20 MAZ buses and 15 Etalon A08128 Troianda buses.[54] The planned acquisition of 15 new and pre-owned buses under Ternopil's electric transport modernisation subproject was not implemented.[55]

[51] Ternopil City Council, Програма розвитку пасажирського транспорту на 2021-2023 роки, *Ternopil City Council*, last updated 15 December 2023.

[52] Ibid.

[53] Response from Ternopil City Council dated 26 June 2025 to our request for information submitted on 4 April 2025.

[54] Ternopil City Council, Інформація про виконання Програми розвитку пасажирського транспорту на 2021-2023 роки, *Ternopil City Council*, 30 January 2024.

[55] Ibid.

Overview of subprojects in Ternopil

The EIB's modernisation of public transport in Ternopil reveals a systemic underestimation of the need to renew the city's electric transport system. Despite the critically poor condition of the trolleybus fleet, local budget funds were primarily directed towards acquiring buses.

And although the city's electric transport modernisation subproject includes provisions for purchasing new trolleybuses, no funding was allocated for the modernisation of transport infrastructure, such as power lines, traction substations, depots or contact networks. In addition, Ternopil has not complied with the EIB's requirement to develop and approve a sustainable urban mobility plan.

Modernisation of urban public transport in Lutsk

Lutsk City Council, in partnership with the EIB, is implementing two subprojects: Modernisation of Lutsk's Electric Transport Infrastructure (Ukraine Urban Public Transport project) and Renewal of the Lutsk Trolleybus Fleet (Ukraine Urban Public Transport II project). During the implementation of both projects, Lutsk City Council approved the 2020–2024 Comprehensive Programme for the Development of Urban Passenger Transport. At present, the following policy documents are guiding the development of the city's transport sector. These include:

- the 2025–2027 Comprehensive Programme for the Development of Urban Passenger Transport;
- Lutsk Municipal Territorial Community's 2023–2027 Public Transport Development Programme; and
- Lutsk Municipal Territorial Community's 2025–2030 Programme for Supporting the Operation of Information Boards at Public Transport Stops.[56]

Funding for activities under both subprojects is being planned and implemented within the framework of the Lutsk Municipal Territorial Community's 2023–2027 Public Transport Development Programme.[57] However, the city has yet to develop a sustainable urban mobility plan.

A key objective of both subprojects is to cut emissions in the city centre by gradually phasing out private vehicles with internal combustion engines in favour of clean electric transport. Another priority is to reduce congestion in central Lutsk by replacing the excessive number of private minibuses and buses with high-capacity trolleybuses. The renewal of the trolleybus fleet was an urgent necessity, as at the outset of the

[56] Lutsk City Council. Програма економічного, соціального та культурного розвитку Луцької міської територіальної громади на 2025 рік, *Lutsk City Council,* 18 December 2024.
[57] Lutsk City Council, Про внесення змін до Програми розвитку громадського транспорту Луцької міської територіальної громади на 2023-2027 роки, *Lutsk City Council*, 18 December 2024.

electric transport infrastructure modernisation subproject, the average age of the city's vehicles stood at approximately 30 years.

According to Lutsk City Council, the Modernisation of the Electric Transport Infrastructure of Lutsk, Volyn Region subproject, for which a loan agreement was signed in late 2018, has now reached its final stage of implementation. Between 2020 and 2022, the procurement of 29 new trolleybuses (for details, see Annex D) was successfully completed, together with the acquisition of components, spare parts and maintenance equipment, amounting to a total investment of EUR 5.23 million. In addition, the utilisation of a EUR 155 000 grant from the European Commission earmarked for the modernisation of Lutsk's electric transport infrastructure – including the city's overhead contact network and switch points – is scheduled to be completed by the end of 2025.

The procurement of new rolling stock under the electric transport infrastructure modernisation subproject has significantly improved the quality of electric transport in Lutsk: the average age of the trolleybus fleet has decreased to 16 years, which has in turn reduced operating costs and enhanced the reliability of services.

The second subproject, dedicated to the renewal of Lutsk's trolleybus fleet is currently being implemented at a total project cost of EUR 7.596 million. Of this total, EUR 6.33 million is being provide by an EIB loan, with the remaining EUR 1.266 million in co-financing from the local budget (including VAT). The project provides for the procurement of 30 new modern low-floor trolleybuses, including:

- 24 trolleybuses without autonomous operation; and
- 6 trolleybuses with full autonomous operation within a range of at least 10 kilometres.

The subproject aims to result in a comprehensive improvement of Lutsk's passenger transport system by providing residents with high-quality, comfortable and environmentally sustainable services. Its objectives include easing pressure on the city centre, reducing the number of buses powered by internal combustion engines, alleviating traffic congestion, and improving environmental conditions through a reduction in carbon emissions.[58]

Currently, the tender procedure for the procurement of 30 trolleybuses remains ongoing, while EIB funds for the implementation of activities under the subproject have yet to be allocated. As with previous projects, implementation delays are slowing the progress of the activities planned.

[58] Lutsk City Council, Оновлення тролейбусного парку міста Луцька (спільно з Європейським інвестиційним банком), *Lutsk City Council*, accessed 23 October 2025.

Overview of subprojects in Lutsk

Both subprojects aimed at modernising public transport in Lutsk seek to renew the trolleybus fleet, improve the quality and reliability of passenger services, and reduce the environmental impact of transport through the gradual introduction of modern electric vehicles. However, under the first subtproject, which focuses on modernising electric transport infrastructure, only a small share (3.4 per cent) of funds was allocated to infrastructure upgrades, and their implementation is still ongoing. Under the second subproject, focusing solely on the renewal of rolling stock, no funding has been allocated for infrastructure. Additionally, Lutsk only partially complies with the EIB's requirements regarding the development and approval of a sustainable urban mobility plan.

Key results: EIB subprojects aimed at modernising urban public transport in Ternopil and Lutsk

The modernisation of public transport in Ternopil and Lutsk highlights systemic issues with the renewal of electric transport and the upgrading of transport infrastructure. In Ternopil, budgetary funds were primarily directed towards bus acquisitions. The city's first subproject provided for the purchase of diesel buses, which has still not been implemented, while the second subproject focuses on trolleybuses but lacks funding for accompanying infrastructure measures.

In both of Lutsk's subprojects, the primary focus is on renewing the trolleybus fleet: the city's first subproject allocates only minimal funding for infrastructure modernisation, and the second provides none at all. Implementation of the subprojects in both cities has been further complicated by significant delays in negotiations, tendering and procurement procedures, as well as non-compliance with EIB requirements to develop and approve respective sustainable urban mobility plans. As a result, the subprojects are being implemented solely in accordance with national legislation.

Recommendations for more effective EIB urban public transport modernisation projects in Ukrainian cities

Recommendations for the EIB

- Review and amend the loan agreements for subprojects under the Ukraine Urban Public Transport project that provide for the procurement of diesel buses, reducing their number to the minimum necessary and replacing these measures with the purchase of trolleybuses as a more environmentally friendly, energy-efficient, and cost-effective solution.
- Enhance monitoring to ensure that beneficiaries in the public transport sector possess the full set of local strategic documents required by the Bank for both ongoing and future subprojects under

public transport modernisation initiatives, with particular emphasis on the development and formal approval of sustainable urban mobility plans.

- Promote comprehensive investment in the 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.

Recommendations for the Ministry for Development of Communities and Territories of Ukraine and the Ministry of Finance of Ukraine

- Ensure adherence to project timelines by reinforcing requirements for regular monitoring and reporting, including quarterly oversight of the implementation of each subproject.
- Streamline procedures by simplifying inter-agency coordination among key project stakeholders – the EIB, the Ministry for Development of Communities and Territories of Ukraine, the Ministry of Finance of Ukraine, Ukreximbank, and local authorities – to shorten document review periods and accelerate approval processes.
- Introduce a mandatory requirement for the development and approval of sustainable urban mobility plans, replacing their current status as merely 'recommended' under Ukrainian legislation.
- 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.

Recommendations for municipalities and subproject beneficiaries

- Enhance transparency, accountability and public participation by regularly publishing detailed reports on project progress.
- Add an infrastructure component to current and future modernisation subprojects.

Annex A. Indicative investments by category and city council under the Ukraine Urban Public Transport.[59]

Category	City council	Estimated amount (EUR million)
Procurement of new rolling stock (trolleybuses, trams, metro carriages and buses)	Lviv, Bila Tserkva, Ternopil, Kharkiv, Lutsk, Sumy, Ivano-Frankivsk, Kremenchuk, Chernihiv, Kyiv, Zaporizhia, Odesa	278
Overhaul of rolling stock	Bila Tserkva	2
Infrastructure modernisation – tracks, overhead contact lines, depots, stations	Lviv, Bila Tserkva, Kharkiv, Sumy, Kremenchuk, Odesa, Kyiv, Chernihiv	20
Infrastructure development – construction of new tram tracks, overhead contact lines, depots, and stations, along with the supply and installation of passenger information and fare collection systems	Lviv, Bila Tserkva, Lutsk, Ivano-Frankivsk, Kremenchuk, Kyiv, Mykolaiv	82
Total		**382**

[59] Verkhovna Rada of Ukraine, Проект «Міський громадський транспорт України» Фінансова угода між Україною та Європейським інвестиційним банком, *Verkhovna Rada of Ukraine*, 11 November 2016.

Annex B. Planned rolling stock procurement and infrastructure measures under the Ukraine Urban Public Transport II project.

Number	City	Planned procurements and activities
1	Severodonetsk	4 trolleybuses, 10 electric buses
2	Vinnytsia	40 trolleybuses , 10 electric buses, 5 charging stations
3	Uzhhorod	5 electric buses with charging stations
4	Cherkasy	45 trolleybuses
5	Kremenchuk	10 trolleybuses, construction of a new trolleybus line
6	Bila Tserkva	25 trolleybuses, repair and modernisation of the trolleybus line and traction substations
7	Melitopol	10 electric buses, 5 charging stations
8	Kamianske	10 trams
9	Khmelnytskyi	50 trolleybuses without autonomous driving capability, 10 with autonomous driving capability
10	Ternopil	30 trolleybuses
11	Kryvyi Rih	10 trams
12	Dnipro	Reconstruction of the tram line, depot modernisation, and tram procurement
13	Lutsk	30 trolleybuses (24 without autonomous driving capability, 6 with autonomous driving capability)
14	Zaporizhzhia	Reconstruction of contact network and tram tracks
15	Lviv	Overhaul of tramcars and reconstruction of the tram line
16	Poltava	Modernisation of the electric public transport system, comprehensive overhaul of six traction substations, and acquisition of 20 trolleybuses with autonomous driving capability
17	Odesa	30 electric buses
18	Chernivtsi	20 trolleybuses with autonomous driving capability

Annex C. Technical specifications of trolleybuses planned for procurement in 2025 under the Modernisation of Ternopil City Electric Transport subproject.

Trolleybus manufacturer	LLC ElectronMash Plant
Trolleybus model	T 19102 Electron
Year of manufacture	2025
Overall dimensions (length/width/height)	12,100 mm / 2,550 mm / 3,750 mm
Empty vehicle weight	12,060 kg
Maximum permissible weight	19,000 kg
Total passenger capacity, including:	102 passengers
Number of seats	37 passengers
Maximum speed	65 km/h
Maximum slope	120%
Autonomous operation and range	Not available
Traction motor	AD-903 U1
Motor type	Asynchronous AC motor
Electricity recuperation	Not available
Air conditioning (passenger/driver cabin)	Available/availiable
Front suspension	Independent, pneumatic
Drive axle suspension	Dependent, pneumatic
Presence and number of signal buttons	13 units
Presence and number of foldable ramps for wheelchair access	1 foldable ramp for a wheelchair
Presence and number of specially designed seats with safety belts for wheelchair fixation	Not available
Pneumatic kneeling system	Available

Annex D. Key technical characteristics of trolleybuses procured between 2020 and 2022 under the Modernisation of Electric Transport Infrastructure in the City of Lutsk, Volyn Region subproject.[60]

Trolleybus manufacturer	SE ASZ No.1 JSC AC Bogdan Motors
Trolleybus model	T70117
Year of manufacture	2020–2021
Overall dimensions (length/width/height)	11,960 / 2,550 / 3,800 mm (excluding mirrors and current collectors)
Empty vehicle weight	12,510 kg
Maximum permissible weight	18,900 kg
Passenger capacity	127 (34 seated, 93 standing)
Maximum speed	60 km/h
Maximum slope	120
Autonomous operation and range	500 m
Traction motor	6DTA.002 U2 (Riga Electric Machine-Building Plant)
Motor type	Asynchronous AC motor, 180 kW
Electricity recuperation	Available
Air conditioning (passenger/driver cabin)	Available/available
Front suspension	Independent, pneumatic (manufacturer – ZF, Germany)
Drive axle suspension	Dependent, controlled, portal (manufacturer – ZF, Germany)

[60] Lutsk City Council, Проєкт «Оновлення інфраструктури електротранспорту міста Луцька Волинської області» (в рамках Проєкту «Міський громадський транспорт України» спільно з Європейським інвестиційним банком), *Lutsk City Council*, accessed 23 October 2025.