

EIB in Ukraine: Recovery funds slow to reach communities



The European Investment Bank (EIB) has become one of the key sources of financing for Ukraine's recovery. Yet what matters most is no longer how many agreements are signed, but whether they translate into completed facilities, accessible services and measurable climate outcomes. A EUR 2.2 billion undisbursed balance in the EIB's sovereign loan portfolio, shortcomings found by an official audit of the Bank's Ukraine Early Recovery Programme, and the slow start of new operations show why signed loans and progress on the ground need to be tracked separately.

On 18 April 2024, Ukraine and the EIB established a 10-year cooperation framework, covering faster delivery of ongoing projects, new national and local investments, support for the private sector and advisory services, including on public investment management reform.¹ In March 2025, an EU guarantee enabled the EIB to invest at least EUR 2 billion in recovery under the Ukraine Facility, the EU's EUR 50 billion support programme for Ukraine between 2024 and 2027.²

¹ Government of Ukraine, European Investment Bank, [Меморандум про взаєморозуміння щодо співробітництва у державному та приватному секторах економіки України між Україною та Європейським інвестиційним банком](#), Articles 2 and 8, 18 April 2024.

² European Investment Bank, [European Commission and EIB Group sign €2 billion guarantee under Ukraine Facility to support country's reconstruction and resilience](#), 6 March 2025.

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Alongside this financing, Joint Assistance to Support Projects in European Regions (JASPERS), an advisory programme run by the EIB and the European Commission, and Ukraine FIRST, a project preparation facility set up by the EIB, the Commission and the European Bank for Reconstruction and Development, are strengthening project preparation.³ This shows how the EIB's role is changing: the Bank increasingly shapes not only financing but also how investments are prepared, selected and implemented.

Use of EIB recovery financing

According to the Ministry of Finance's monthly report, at the start of September 2026 the EIB was financing 28 active sovereign loan projects worth EUR 4.77 billion, 25 of them at the implementation stage. Approximately 54% of the loan amount had been disbursed, leaving roughly EUR 2.2 billion still to be drawn (Table 1). This balance is not all available for immediate use: for some loans, the deadline for drawing funds is near or has already passed, and some funds may be reallocated.⁴

Table 1. Loan portfolio growing faster than project implementation.⁵

Indicator	As of 1 September 2026
Active sovereign loan projects	28 / EUR 4.77 billion
Aggregate portfolio disbursement*	≈54%
Undisbursed balance	≈EUR 2.2 billion
Three recovery programmes: loans/disbursements	EUR 740 million / EUR 274.6 million (37.1%)
Five new projects (2024–2025): loans/drawdown	EUR 474 million / EUR 15 million (≈3.2%)

*Disbursement here means loan funds transferred to Ukraine, not funds spent on subprojects.

The start of new operations looks particularly weak: for five projects signed between 2024 and 2025, only approximately 3.2% of the agreed financing had been disbursed by September 2026. This does not mean no work has started, but it points to a systemic bottleneck between signing an agreement and full-scale implementation.⁶

Ukraine Recovery Programme III is a case in point. In 2025, UAH 1 billion was allocated to 122 subprojects under the programme, but only UAH 40.05 million was actually spent – approximately 4% of the plan. The

³ Ministry of Economy, Environment and Agriculture of Ukraine, [Україна та ЄІБ підписали угоду в межах програми JASPERS для прискорення реалізації інвестиційних проєктів](#), 6 March 2025; European Investment Bank, [Ukraine to get EIB guidance on advancing priority infrastructure projects in areas such as roads, railways and energy](#), 28 April 2026.

⁴ Ministry of Finance of Ukraine, [Співробітництво з Європейським інвестиційним банком](#), 1 September 2026.

⁵ Ibid.; percentages calculated by the author.

⁶ Ibid.

Ministry for Development of Communities and Territories attributed the delay to lengthy steps: EIB approval of subprojects and of how funds are allocated among them, fund-transfer agreements, procurement, contracting and construction permits.⁷

In 2025, the Accounting Chamber, Ukraine's supreme audit institution, audited the Early Recovery Programme. It identified problems with how subprojects were selected, prepared and implemented. Of the EUR 200 million available, EUR 108.2 million was actually used between 2017 and 2024; of 240 subprojects implemented between 2019 and 2024, only 76 had been completed and commissioned, while another 33 had been completed without commissioning. The findings of one programme's audit cannot simply be applied to the EIB's entire portfolio, but they show the risks of poorly prepared projects and drawn-out subproject implementation.⁸

The response to these shortcomings is also a concern: as of June 2026, only 2 of the Accounting Chamber's 18 recommendations to the Ministry of Finance, the Ministry for Development and local authorities had been fully implemented. This strengthens the case for changing how EIB programmes are implemented, rather than fixing problems one subproject at a time.⁹

For EIB programmes that finance many smaller subprojects, such as the recovery programmes, at least four stages of implementation need to be tracked separately: signing a loan agreement, disbursement of a tranche to Ukraine, allocation of budget funds among subprojects, and the actual payment to a contractor. Whether the facility has been built and put into service should be tracked separately.

Under Ukraine Recovery Programme III, funds transferred directly from the project account to a supplier or contractor may be treated for budgetary purposes as a subvention to the relevant local budget. This means that data on allocated subventions do not on their own demonstrate that funds have been spent in the community.¹⁰

These stages are currently recorded in different datasets. Ukraine manages reconstruction through a single state digital system, the Digital Restoration Ecosystem for Accountable Management (DREAM), but it does not yet bring together the payments, physical progress and results of EIB subprojects.¹¹ This lack of joined-up data complicates both portfolio management and public oversight within the public investment management system.

Delays also affect programmes that have yet to start. One is the Just Transition and Just Resilience for Ukraine programme, which is intended to channel EUR 19.6 million from the German government, through

⁷ Ministry for Development of Communities and Territories of Ukraine, [Інформація про досягнення запланованої мети, завдань та результативних показників бюджетних програм, а також цілей державної політики за результатами 2025 року](#), 22–23, 3 March 2026.

⁸ Accounting Chamber of Ukraine, [Звіт про результати аудиту діяльності \(ефективності\) на тему «Надзвичайна кредитна програма: шлях до відновлення соціальної та критичної інфраструктури територіальних громад»](#), 6, 22, 11 November 2025.

⁹ Accounting Chamber of Ukraine, [Посилено контроль за реалізацією проєктів відновлення коштом європейських партнерів](#), 12 June 2026.

¹⁰ Ministry for Development of Communities and Territories of Ukraine, [Керівні принципи імплементації Програми відновлення України III \(ПВУ III\)](#), 20, 27–33, 2024.

¹¹ Accounting Chamber of Ukraine, [Звіт про результати аудиту діяльності \(ефективності\) на тему «Надзвичайна кредитна програма: шлях до відновлення соціальної та критичної інфраструктури територіальних громад»](#), 12, 26, 11 November 2025.

the EIB, to Ukraine's coal-dependent regions.¹² It was announced at the Ukraine Recovery Conference in Rome on 10 July 2025, but by late July 2026, more than a year later, it had still not been launched.¹³

Is the climate bank delivering?

The EIB formally became the EU climate bank in November 2019.¹⁴ However, climate requirements for its projects existed long before then: since at least 2015, they had been set out in a dedicated EIB climate strategy.¹⁵ Phase 2 of the Climate Bank Roadmap, covering 2026 to 2030, maintains the EIB Group's commitment to direct more than 50% of its annual financing towards climate action and environmental sustainability, and to align new operations with the Paris Agreement. This is a Group-wide target, not a quota for Ukraine.¹⁶

Some subprojects financed under EIB programmes include renewable energy and energy-efficiency measures that help reduce energy consumption and greenhouse gas emissions or improve climate resilience. But without baseline and target indicators and data collected after completion, financing such subprojects does not in itself show that environmental and climate benefits were achieved.

The EIB has financed two urban transport projects in Ukraine. In 2025, CEE Bankwatch Network analysed the first of these – Ukraine Urban Public Transport – and found that it had financed the purchase of 296 urban transport vehicles, of which 159 (53.7%) were diesel buses.¹⁷ These purchases are not consistent with the EIB's climate and environmental principles or with Ukraine's National Transport Strategy, updated in 2024.

Environmental and social oversight

The United Nations Development Programme (UNDP) contributes to monitoring subprojects under EIB-financed programmes. Through technical assistance, the UNDP helps project implementers, communities and final beneficiaries prepare and implement subprojects in line with EIB requirements, national law and good management practice.

Initially, the UNDP monitored recovery subprojects under the EIB's Early Recovery Programme and Ukraine Recovery Programme. Since cooperation was expanded in October 2025, it has been working on three

¹² European Investment Bank, [EU expands support for Ukraine with new financing of almost €600 million for energy, transport and business resilience](#), 10 July 2025.

¹³ Yuliia Huzii, «Справедлива трансформація потрібна вже зараз»: Костянтин Криницький про майбутнє вугільних громад, International Renaissance Foundation, 28 July 2026.

¹⁴ European Investment Bank, [EU Bank launches ambitious new climate strategy and Energy Lending Policy](#), 14 November 2019.

¹⁵ European Investment Bank, [EIB Climate Strategy: Mobilising finance for the transition to a low-carbon and climate-resilient economy](#), 22 September 2015.

¹⁶ European Investment Bank, [Climate Bank Roadmap Phase 2](#), 17, 3 October 2025.

¹⁷ Kateryna Melnyk, [EIB-funded urban public transport projects in Ukraine: Lessons from Ternopil and Lutsk](#), CEE Bankwatch Network, 2, 9, 30 October 2025.

recovery programmes and a district heating programme. The aim is to support more than 500 projects in over 150 communities, backed by more than EUR 9 million.¹⁸

The UNDP's monitoring work, which continues under the expanded cooperation, covers five areas: engineering and construction; procurement and finance; anti-corruption; social management and stakeholder engagement; and capacity development.¹⁹ Identifying and assessing social and environmental impacts and risks of subprojects, as well as monitoring compliance with the EIB's Environmental and Social Standards, fall under the social management and stakeholder engagement component.

The UNDP conducts environmental, social and climate assessments of subprojects using the EIB's Environmental and Social Standards, in particular Standard 1 (Environmental and Social Impacts and Risks), Standard 3 (Resource Efficiency and Pollution Prevention), Standard 4 (Biodiversity and Ecosystems), and Standard 5 (Climate Change), which requires subprojects to account for greenhouse gas emissions and physical climate risks.²⁰ The assessment's level of detail depends on the nature and risks of the subproject.

The UNDP also applies its own project-level Social and Environmental Standards, namely Standard 1 (Biodiversity Conservation and Sustainable Natural Resource Management), Standard 2 (Climate Change and Disaster Risks), and Standard 8 (Pollution Prevention and Resource Efficiency).²¹ This comprehensive due diligence reflects the EIB's approach of assessing, managing and monitoring the environmental, climate and social impacts and risks throughout the project cycle.

In Ukraine, the environmental, climate and social aspects of public investment projects are assessed in DREAM during project preparation, in accordance with the Ministry of Economy's methodological recommendations.²² The Ministry's order recommends assessing impacts over the entire implementation period, taking into account the life cycle of products and services.

However, forecasting impacts over the full life cycle is not the same as actually monitoring them throughout that period. Nor does the Ministry's order set up a comparable risk management system: Ukraine's public investment management system focuses mainly on preliminary impact assessment, compliance with legislation and planned results, whereas the EIB also identifies, verifies and mitigates environmental and social risks during implementation.

Recommendations for the EIB

Shift the focus from expanding the portfolio to project readiness: The EIB should only agree large new loan programmes once it has verified that enough well-prepared projects are available. Financing should

¹⁸ European Investment Bank, [EIB and UNDP strengthen cooperation to accelerate Ukraine's recovery](#), 15 October 2025.

¹⁹ United Nations Development Programme in Ukraine, [EU-UNDP Technical Assistance to the Final Beneficiaries of the EIB Early Recovery and Ukraine Recovery Programmes](#), accessed 21 October 2026.

²⁰ European Investment Bank, [Environmental and Social Standards](#), 1–11, 19–37, 2 February 2022.

²¹ United Nations Development Programme, [Social and Environmental Standards](#), 14–24, 57–61, 1 January 2021.

²² Ministry of Economy, Environment and Agriculture of Ukraine, [Про затвердження Методичних рекомендацій щодо проведення аналізу екологічних наслідків та впливу реалізації публічного інвестиційного проєкту на навколишнє природне середовище та аналізу дотримання вимог щодо інклюзивності та безбар'єрності, а також щодо відповідності Цілям сталого розвитку під час підготовки публічного інвестиційного проєкту на державному, регіональному та місцевому рівні](#), 10, 28 August 2025.

not outpace the system's capacity to use it. Projects with low readiness should first receive project preparation support and only then be included in a financing package.

Move from checking procedures to measuring results: The EIB should make sure that monitoring of its projects covers not only the use of funds but also actual social and climate outcomes: the number of facilities commissioned, new or restored services, energy and water savings, reductions in losses and emissions, and improvements in the accessibility and resilience of infrastructure.

Improve public transparency of the EIB portfolio in Ukraine: The EIB should set up a single public web page or dashboard containing data on all active EIB sovereign programmes and subprojects. It should enable people, communities and oversight bodies to see not only announced amounts but also actual progress, payments, procurement, timelines, results and reasons for delays.

Shorten and standardise project procedures: The EIB should work with the government to audit the full subproject cycle – from the project initiator's application to the first payment – and eliminate duplicate checks. Standard forms, model agreements, terms of reference and defined approval deadlines for each stage should be used for routine operations.

Align Ukrainian environmental and climate requirements with those of the EIB: The EIB should work with the Ukrainian authorities and the UNDP to ensure that DREAM methodologies and EIB and UNDP procedures are aligned as far as possible, and that project initiators and implementing bodies do not face two separate assessments using different approaches. The results of environmental, social and climate assessments should be available in the project record and used in investment decision-making.