PUBLIC-PRIVATE PARTNERSHIP

Modernization tool
water supply and sewerage
Farms

Attracting investments • infrastructure renewal • quality services

ME "Vodokanal of Uzhgorod"

HCG: critical infrastructure under pressure

The environmental safety of the country and the health of the population depend on the state of water supply and sanitation.

60–70%

deterioration of networks

>40%

water losses in individual networks

BILLIONS

Need for investment

Obsolete structures

The treatment plants of many cities are physically and morally obsolete.

Limited budgets

Martial law and post-war recovery exacerbate the deficit of budget resources.

Natural monopoly

Full privatization creates a risk of losing control over a strategic object.

PPP — a compromise between investment and control

Community

Retains ownership of strategic infrastructure and defines public goals.

Private Partner

Attracts capital, technology and management expertise on the terms of the contract.

Joint result

Modernized water utility, better quality of services and controlled performance indicators.

PPP is a long-term cooperation between a utility company and a private investor for the reconstruction of networks, equipment, technologies and treatment facilities.

Key features of partnership in the field of ECG

15–30+ years

Long-term contracts due to capital intensity and long-term payback.

Risk sharing

Construction and technological risks — to the private partner; the public party provides predictable rules.

Communal property

The objects remain in the ownership of the community; the investor receives them for management for the term of the contract.

KPIs and quality

Not only profit is assessed, but also accident rate, energy efficiency, water quality and wastewater treatment.

The main models of PPP for water utilities

CONCESSION

Comprehensive management and investment of a private operator. After the completion of the contract, the modernized facility is returned to the community.

20–40 years

MANAGEMENT AGREEMENT

A private company optimizes management, costs and quality of services for a fixed fee or performance remuneration.

Management

RENT

The investor leases facilities, performs routine repairs and assumes operational risks.

Operating model

BOT

A private partner builds a separate facility, operates it, and then transfers it to the public party.

Build–Operate–Transfer

Updated rules: what's changing

Law of Ukraine No. 4510-IX "On Public-Private Partnership"

19.06.2025 — accepted • 31.10.2025 — entered into force

Resolution of the Cabinet of Ministers of Ukraine No. 1051 of 13.08.2026

A party to the contract	A utility company can act as an initiator and party to the project together with the city council.
Public initiative	The community determines the objects and announces a transparent competition.
MEAT	Assessment at the optimal price-quality ratio, taking into account environmental friendliness and energy efficiency.
Simplification and digitalization	For some small projects, simplification is provided; projects can include SCADA, smart meters, and monitoring.

Tariff is a key risk for an investor

The prolonged containment of economically justified tariffs in 2022-2026 has led to:

Working capital deficit

The tariffs did not cover the increase in the cost of electricity, reagents and salaries.

Stop Modernization

Investment programs are being reduced, repairs are going into emergency mode.

Debt burden

Debts to suppliers and the need for financial support from the budget are growing.

Possible contractual compensators

Tariff formula

Long-term formula taking into account electricity and inflation.

Accessibility fees

Compensation from the budget if the tariff for the population is lower than the cost.

Challenges to consider

1. **Military-political** — Physical damage to sewage treatment plants and water intakes; the need for war risk insurance mechanisms.

2. **Institutional capacity** — Lack of specialists in communities to prepare high-quality tender documentation; international technical assistance is important.

3. **Solvency of the population** — The risk of increasing utility debt and the impact on the project's financial model.

Practical case: Municipal Enterprise "Vodokanal of Uzhhorod"

The company is involved in the preparation of a potential PPP infrastructure project in the field of water supply and sewerage with the assistance of the Ministry of Development and the support of international partners.

Project 1 · st. Yenkivska

Construction of a new line of treatment facilities in Uzhhorod.

Project 2 · Waste and energy

Construction of a plant for the processing of solid waste and the production of heat and electricity from alternative fuels.

Preparation of the concept of sewage treatment plants

01

Technical, environmental, economic and legal aspects

02

UNICEF provides free professional support within the framework of technical assistance

03

UTA processed the initial data and proposed several technical scenarios

04

The Vodokanal team chooses the most effective option

Conclusions: Partnership for Sustainable Infrastructure

PPP is not a transfer of responsibility to business, but a strategic alliance between the community and the private sector.

ПРОЗОРИЙ TTRANSPARENT ТАРИФФАРИФ

Predictable financial model and compensation mechanisms.

QUALITY CONTROL

Clear KPIs, environmental requirements, and public oversight.

TECHNOLOGY AND EXPERTISE

Investments, modern equipment and professional management.

The goal is high-quality drinking water, reliable drainage and environmental protection.

THANK YOU FOR ATTENTION!

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