Rebuild Ukraine 2026. Water Recovery Forum

Prof. Iryna Zapatrina, Academy of Public-Private Partnership

АКАДЕМІЯ
ПУБЛІЧНО-ПРИВАТНОГО
ПАРТНЕРСТВА
www.appp.com.ua

Scaling Up Investment in the Water Sector: New Approaches

Water Forward, EU Blue Deal, EU Water Resilience Strategy

- ❑ **Improve Water Security and Resilience**
- ❑ **Build a Water-Smart Economy:**
  - Integrate water considerations into industrial policy and spatial planning. Industrial development should reflect the availability of water resources and the capacity to treat and reuse water. Investments in water infrastructure should anticipate and support future development plans.
  - Reduce water demand across all economic sectors by promoting sustainable water use and consumption, water-saving practices, efficiency improvements, and water reuse.
  - Promote win-win localisation of water-intensive industries (e.g. battery manufacturing, semiconductors, microchips, hydrogen production, and data centres) in areas where water resources are available and sustainable water management can be ensured.
- ❑ **Mobilise Investment in Water Infrastructure:**
  - Use guarantees, blended finance, and risk-sharing instruments to crowd in private capital alongside public funding .

Making Water a Priority in Ukraine's Recovery and Mobilising Investment

1. Integrate Water Considerations into Ukraine's Recovery Planning

- the availability of water resources and the potential for developing water infrastructure should be key considerations in shaping Ukraine's post-war recovery
- mainstream the water dimension into infrastructure development and recovery programs at both national and local levels.
- align investments in water infrastructure with future demand, taking into account the needs of urban populations, industry, and economic development.

2. Mobilise Private Capital for Water Infrastructure Development

Create favourable conditions for greater private sector participation in the development of water infrastructure through:

- clear, transparent and predictable PPP procedures, ensuring a common understanding of the requirements and processes for project preparation, tendering and implementation.
- reducing risks for private investors through blended finance mechanisms - concessional loans, grants, and state/municipal co-financing should be integrated into the project financing package and clearly defined in the tender documentation, allowing bidders to factor in public support when preparing their proposals

Key Recommendations for Scaling Up Water Resilience Investments in Ukraine

Strengths

- **Flexible legal framework**: PPP and concession legislation allows for innovative approaches to structuring and financing PPP projects.
- **Long-term public commitments and diverse support mechanisms**: the public partner's ability to undertake long-term budget commitments, particularly at the local level, combined with a broad range of PPP support instruments, including grants and concessional loans, helps mitigate project risks and enhance their attractiveness to private investors, even in the context of an imperfect tariff-setting environment.

Key Challenges

- Significant **implementation and financing gaps** remain, limiting the practical application and scale-up of PPP projects.
- Complex PPP and concession legislation requires specialised legal, financial and technical **advisers** to prepare and launch projects, particularly at the local level.
- **Overly complex and sometimes conflicting secondary legislation** creates additional administrative burdens and significantly complicates project development, especially in small and medium-sized communities.
- **Operational mechanisms for PPP support remain underdeveloped**. Clear and practical procedures are needed to determine and provide such a support, taking into account the available support instruments, project-specific characteristics and the needs of different territories.

1. Make water availability a cornerstone of recovery planning

Assessments of water resources should become a key consideration in the development of Ukraine's recovery programs and municipal investment project pipelines. Investments in water infrastructure must be guided by projections of future water demand, taking into account the needs of households, industry and economic development.

2. Simplify PPP regulation and ensure transparent rule-making

Avoid unnecessary regulatory complexity. The development of secondary legislation governing PPPs should be transparent and involve meaningful consultations with market participants. Rules should not be imposed without consulting those expected to implement them. Any regulatory requirements or restrictions must be clearly justified, proportionate and explained.

3. Unlock the potential of local advisers in PPP project preparation

Broaden the involvement of qualified advisers in preparing PPP projects and make better use of existing local expertise. There is a persistent contradiction: the lack of qualified PPP specialists is frequently cited as a barrier, while local advisory capacity remains underutilised. Current efforts focus predominantly on engaging international consultants for large-scale projects, leaving small and medium-sized communities with limited access to professional support. Local expertise should be actively developed and integrated into project preparation.

4. Strengthen the capacity of communities and water utilities to commission and manage water resilience investments

Communities and water utilities may not have the to prepare complex investment projects independently. However, they must be able to clearly define their needs and requirements, develop appropriate terms of reference for advisers, assess the quality of their work, and make informed decisions.

EU Water Academy and **National Ukrainian Water Academy** can help address skills gaps in the water sector and foster public-private partnerships, innovation and technology transfer