Water Recovery Forum 2026

Ukraine’s Water: Government Priorities and Conditions for Private Capital

Presentation by Danish Environmental Agency & Danish Energy Agency

Danish–Ukrainian Strategic Sector Cooperation

Sharing Danish experience to strengthen Ukraine's water sector

- Government-to-government cooperation on governance, EU alignment and sustainable utilities
- Joint work with NEURC and pilot utilities on benchmarking, cost data and incentive-based tariffs
- Goal (long term) : efficiency, fair cost recovery, service quality and investment readiness

Denmark and Ukraine: comparable foundations

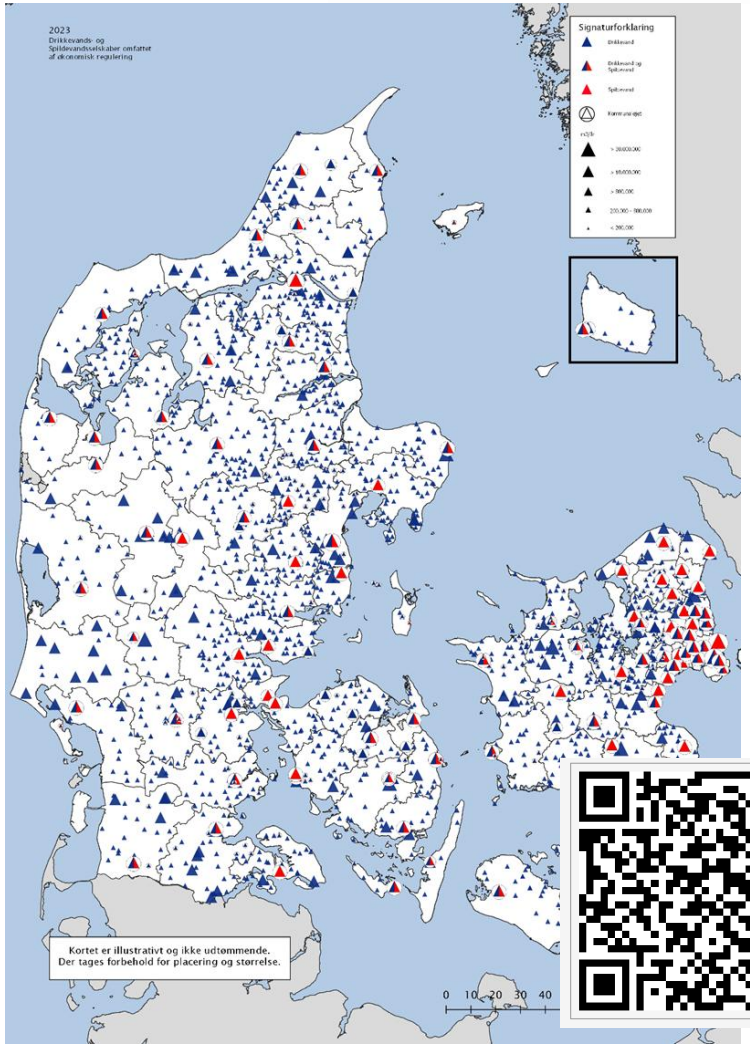
Strategic Sector Cooperation between Ukraine and Denmark on Water

Municipal ownership + national economic regulation

Denmark 2009–10: corporatization strengthened utility autonomy, accounts and accountability while retaining municipal ownership (however not a requirement)

Ukraine: municipally owned utilities and NEURC offer a comparable starting point — but governance and regulatory coverage differ

Danish lesson: corporatization, benchmarking and incentive-based revenue/tariff regulation can drive proffesionlisation, efficiency, fair prices and high service standards



The central proposition

Private finance follows credible institutions

- Transparent and efficient utility economics
- Predictable cash flows
- Fair risk allocation

"Water Utility performance is the result of a system. Regulation, tariffs, management and asset planning are part of that system — not separate from it."
- Danish water utility professional

Denmark: reform principles, not a blueprint

Corporatisation clarified management and accounts

- Municipal ownership retained, however not required
- Economic regulation introduced, first in the form of price caps
- Benchmarking of total costs and revenue caps followed

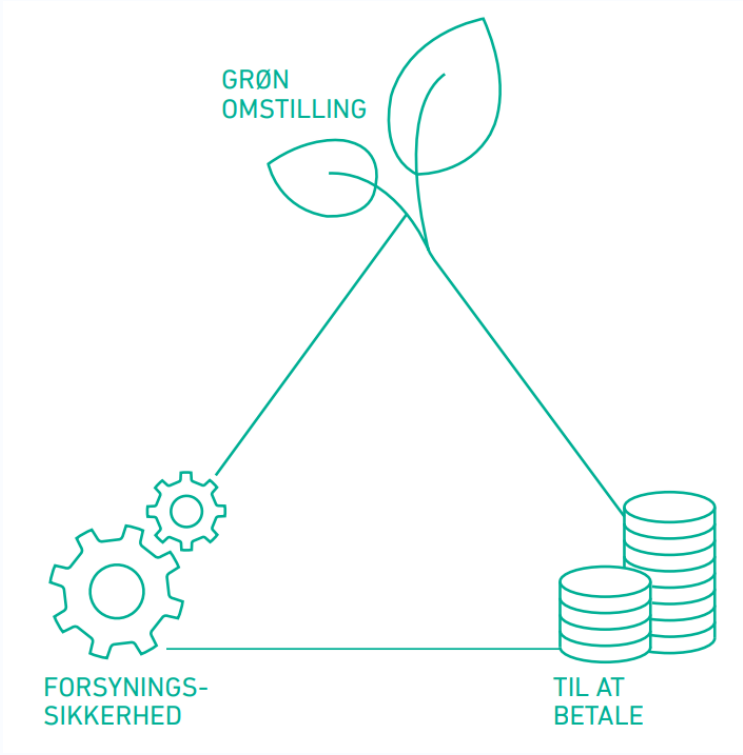
Syntesis: Enabeling Environment for Private Capital

1. Credible utility identity and governance
2. Verifiable cost base and asset register
3. Predictable revenue and lawful cost recovery
4. Efficiency incentives with investment protection
5. Bankable contracts and risk allocation
6. A credible pipeline and capable counterparties

Regulation can drive modernisation

Audited data → Benchmarking → Multi-year revenue framework

Reward efficiency while protecting justified investment, service quality and environmental compliance



Ukraine: a phased transition

Establish cost, assets and governance baselines

- Danish SSC works with pilot utilities in order to:
  - Establish cost base
  - Construction of necessay revenue
- Scale incentives and financing as capacity improves

Public policy priorities

Clear roles for NEURC, ministries, municipalities and utilities

- Explicit affordability support
- CAPEX protection
- Standard reporting
- Risk-sharing
- Transparent procurement

A practical investment entry point

Finance individual large pumps and pumping units

Test operational leasing with energy baselines, savings verification, clear payment obligations and legal due diligence

Concluding propositions

Strategic Sector Cooperation between Ukraine and Denmark on Water

Regulatory decision will unlock investor confidence

Central questions for continued analisis:

- How should tariff support, war risk and currency risk be shared?

- What minimum data and governance are needed to enabel investments?

Background materials:

Financial Regulation Danish Model

Corporatization of WSS Enterprises experiences from Denmark

Information on UASSC:

Ukraine/water - The Danish Environmental Protection Agency

Thank you for your attention

Contact information:

Dorte Lindegaard Madsen
Chief Advisor| International Cooperation & Sustainable Development
+ 45 21 57 76 99 | + 45 21 57 76 99 dolim@mst.dk

Ministry of Environment Denmark
Environmental Protection Agency | Lerchesgade 35 | 5000 Odense C | Tlf. +45 72 54 40 00 | mst@mst.dk | www.mst.dk