



Ministry of  
**Finance**  
of Ukraine

# The process of reforming the Public Investment Management (PIM) system in Ukraine

PEMPAL Thematic Workshop on Capital Budgeting  
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# Public Investment Management (PIM): Strategic and Legal Framework



## Approved:

- Roadmap for Reforming PIM (GoU decision of December 22, 2023) and Action Plan for Its Implementation for 2024-2028 (GoU Decree No. 588-p of June 18, 2024) in line with recommendations of the EC, World Bank and IMF
- GoU Resolution on Establishment of Strategic Investment Council (SIC) to coordinate the priorities of public investment and approve a single project pipeline (GoU Resolution No. 549 of May 14, 2024)
- Procedure for preparation, submission, assessment and determination of criteria for prioritization of concepts of public investment projects for 2025 (GoU Resolution No. 903 of August 9, 2024)
- GoU Resolution on Establishment of Interagency working group on preparation of public investment projects (Resolution No. 10 of January 07, 2025)
- Amendments to the Budget Code of Ukraine regarding the definition of the public investments and key stakeholders, creating a medium-term plan for priority public investment of country, integration of PIM into the budget process at the central and local levels, institutionalization IT systems PIM, including ecosystem DREAM (Law of Ukraine No. 4225-IX of January 16, 2025)
- GoU Resolution on Establishment Interagency Commission, which will deal with the distribution of funds for financing investment projects from the state budget or with state support and introduced a mechanism for distributing funds of the state budget for the preparation and implementation of public investment projects (GoU Resolution No. 232 of February 28, 2025)



## Under development:

- Approval of the National Strategic Planning Concept
- Amendments to the legislation to streamline all investment procedures in line with the unified definition of PIM
- Procedures and methodological framework for PIM

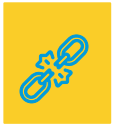
# Public Investment Management (PIM): Reform Scope



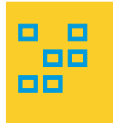
## PIM system 'as is':



No strategic planning of public investments at the state and local level



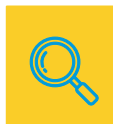
Weak connection between public investments and budget planning



Fragmentation of procedures for preparation, appraisal, selection and implementation of projects depending on the financing mechanisms (18 different investment streams existing) and the existence of opportunities to bypass them



Weak institutional capacity of authorities to prepare, evaluate and implement investment projects



Lack of an effective system for monitoring and evaluating the implementation of public investment projects

## PIM system 'to be':



Unified definition of a public investment project and new improved PIM procedures will be applied to all projects related to recovery, restoration and modernization



Decision-making on public investments will take place within the framework of strategic and medium-term budget planning - medium-term plan of priority public investments will be prepared and approved together with the Budget Declaration



Approaches to the evaluation and selection of public investment projects will be unified regardless of the sources and mechanisms of financing, which will allow the creation of a single project pipeline for obtaining access to financing



To ensure the necessary capacity, an IT ecosystem for public investment management will be created based on updated PIM methodologies, and centers of expertise created

# Public Investment Management (PIM): Institutional Set -Up



**Strategic  
Investment Council  
(SIC)**

**Prime Minister  
Members of the Cabinet  
of Ministers**

Coordination of strategic priorities for public investments  
Approval of a medium-term plan of priority public investments and single project

## Project Preparation Framework

### Ministry of Economy

- Coordinating national strategic planning and PIM methodology, preparation of the medium-term plan of priority public investments and single project pipeline
- Monitoring of implementation of a single project portfolio

### Ministry of Finance

- Defining fiscal framework for public investments including all sources and financing mechanisms and the need to ensure macro-financial stability
- Budgeting of public investments in accordance with strategic goals and objectives and the resource framework
- Assessment of the financial feasibility of investments and proposed sources and financing mechanisms

### Ministry of Development

- Creation of a strategic framework for regional development to guide public investments at the local level
- Development of sectoral strategies in the fields of transport, housing policy, utilities and communal services, energy efficiency, which should guide the investments and construction standards
- Prioritization of projects within their sectors, coordination of preparation and monitoring of their implementation

### Line ministries

- Development of sectoral strategies, prioritization of projects within their sector
- Coordination of preparation and monitoring of their project implementation

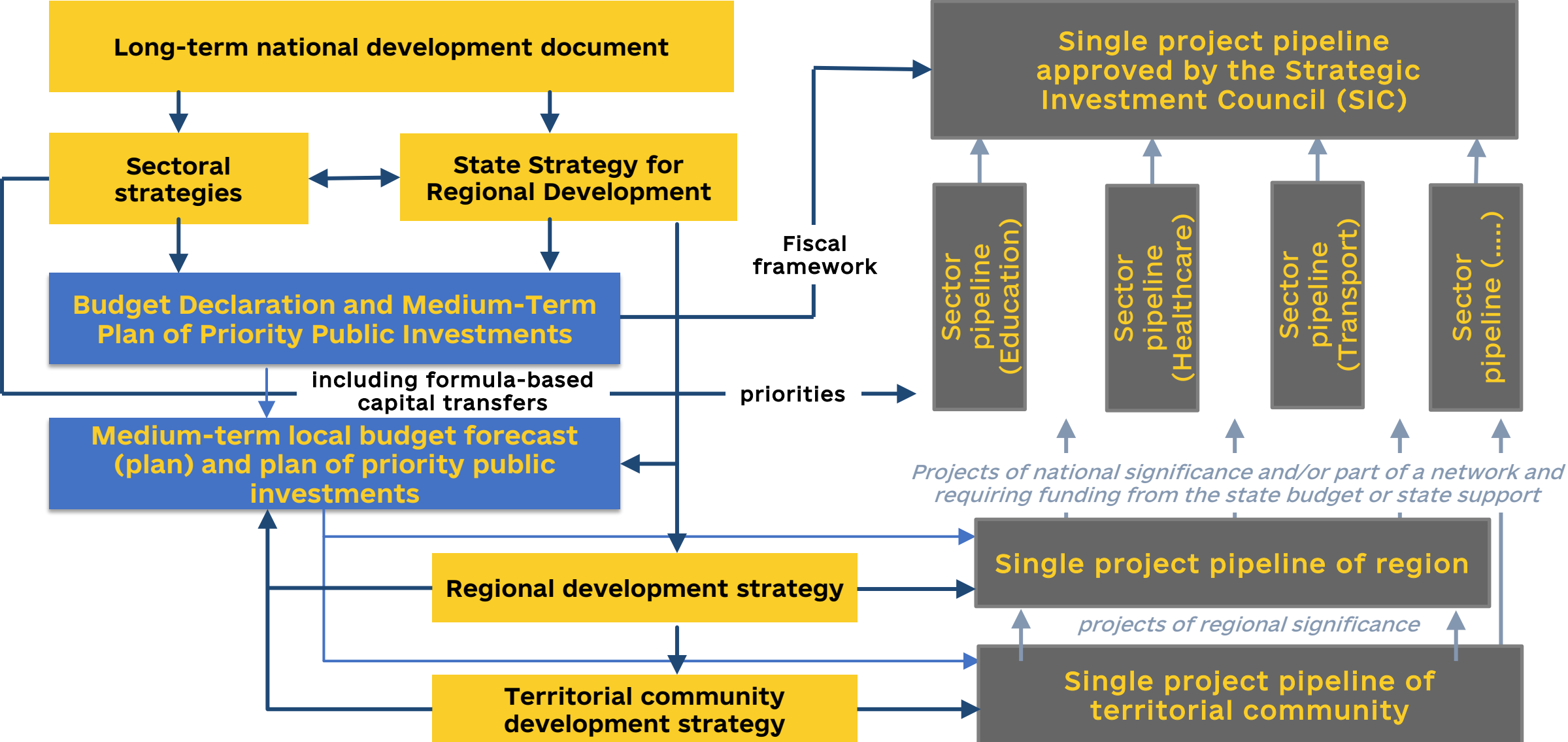
### Agency for Restoration

- Preparation and implementation of large-scale infrastructure projects at the national level
- Providing support in the implementation of investment projects at the local level at the request of local government

### SNGs

- Development of strategies for the restoration and development of relevant territories and single project pipelines based on them
- Preparation, prioritization and implementation of public investment projects at the local level

# Public Investment Management (PIM): Formulation of Single Project Pipeline



# Public Investment Management (PIM): Digitalization



Bank of projects that meet the established requirements, passed evaluation and selection procedures; set of working tools to facilitate preparation and evaluation of projects; monitoring system (IT-ecosystem DREAM)

IT Systems of the Ministry of Finance (planning and monitoring execution of state and local budgets, reflection of projects approved for financing in the budget, IFI project register)

**Digital ecosystem of public investment management (main IT systems)**

Prozorro (planning and implementation of public procurement)

Treasury IT (execution of project financing)

# Public Investment Management (PIM): Results Achieved and Next Steps



## Transitional Model Implemented:

- Strategic Investment Council (SIC) chaired by the Prime Minister established to play the central role in defining and communicating public investment priorities
- PIM units established at the Ministry of Finance and the Ministry of Economy and staffed
- 787 project concepts screened by Ministry of Economy, Ministry of Finance and Ministry of Development for strategic relevance, socio-economic, financial and technical feasibility and pilot SPP for 2025 approved by SIC to serve as main source of projects for domestic and external financing, including Pillar II of Ukraine Facility
- Development of Project Preparation Framework (PPF) launched together with EC, World Bank and other development partners
- Adopted by Parliament of amendments to the Budget Code for reform system PIM
- Some interagency groups and new mechanisms to reform the system PIM was established

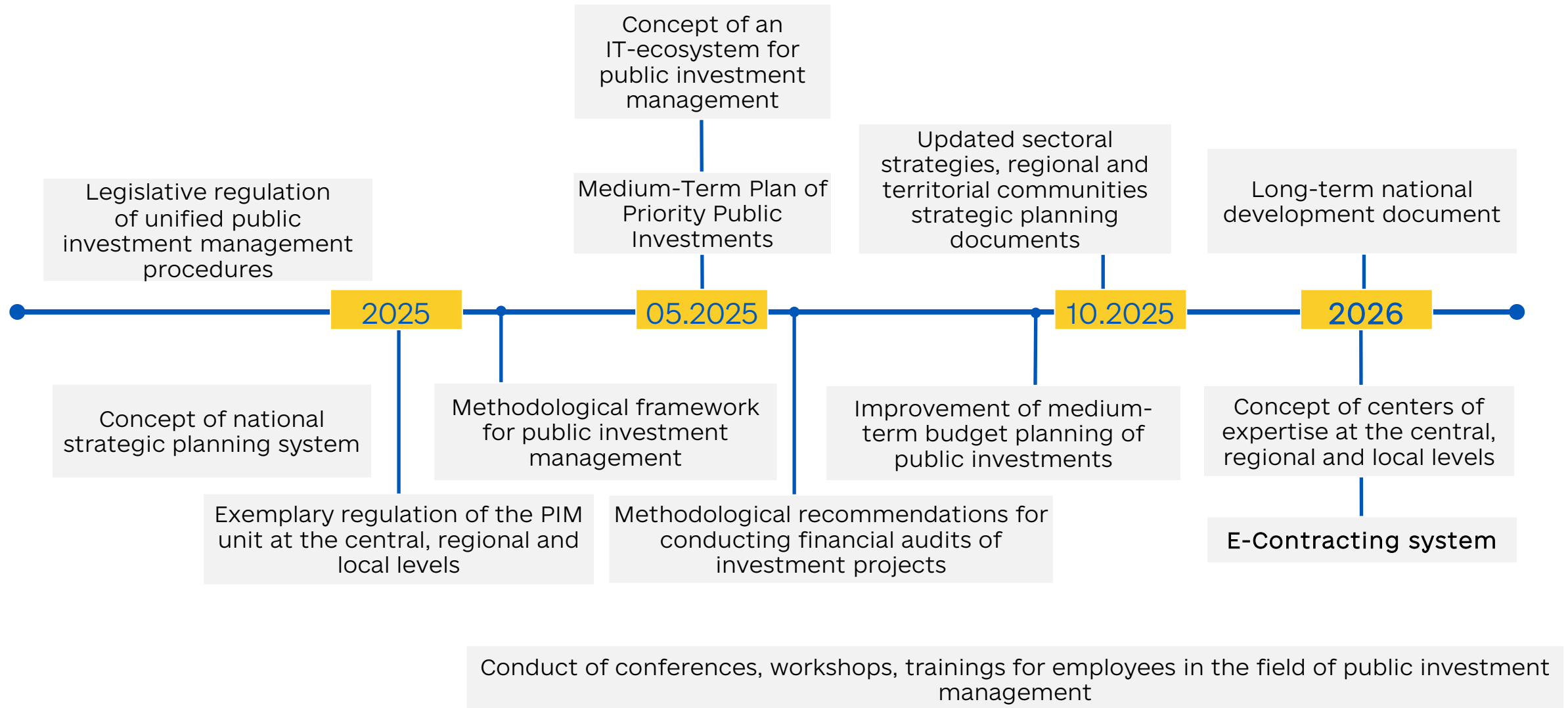


## Next Steps:

- Approval of the Concept for national strategic planning
- Approval other laws on establishment of PIM system
- Approval of procedures and methodological framework for PIM at the national and local level
- Preparation and approval of the Medium-Term Plan of Priority Public Investments together with the Budget Declaration



# Public Investment Management (PIM): Key milestones in PIM reform implementation





Thank you for your attention



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