

# Assessment of Ukraine's investment portfolios for compliance with the EU Taxonomy:

analysis of Public and  
Private Projects



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# 1. Introduction

**Green finance is one of the key instruments of modern economic transformation** aimed at achieving climate and environmental goals, increasing resource efficiency, and reducing long-term risks for society and the economy. Globally, the green segment of financial markets is developing rapidly as a response to the need to mobilize significant investments to transition to low-carbon development models, adapt to climate change, and modernize infrastructure in accordance with the principles of sustainability. Green finance covers a wide range of financial instruments, from green bonds and loans to blended finance mechanisms and government support programs that channel capital into activities with proven positive environmental impact.

At the same time, one of the challenges in green finance remains **the fragmentation and significant differences in the criteria for determining environmentally sustainable economic activities** between financial institutions and support programs. This heterogeneity of approaches complicates the comparability of projects, reduces predictability for investors, and creates the basis for the spread of "greenwashing" practices, when projects are positioned as green without proper confirmation of their real contribution to achieving climate or environmental goals.

That is why the European Union has formed a comprehensive sustainable finance architecture, the centerpiece of which is the **EU Taxonomy**, a system for classifying environmentally sustainable economic activities set out in [Regulation \(EU\) 2020/852](#).

**The EU Taxonomy provides a unified approach to sustainability assessment by establishing clear technical criteria for certain sectors and activities.** It aims to increase the transparency of financial flows, support investments in areas that contribute to the achievement of the European Green Deal goals, and create a common "language" for governments, financial institutions, and businesses. Importantly, the Taxonomy is not limited to assessing the positive contribution of activities, but also **includes requirements to avoid significant harm to other environmental objectives** (the [Do No Significant Harm](#) principle) and to comply with minimum social guarantees.

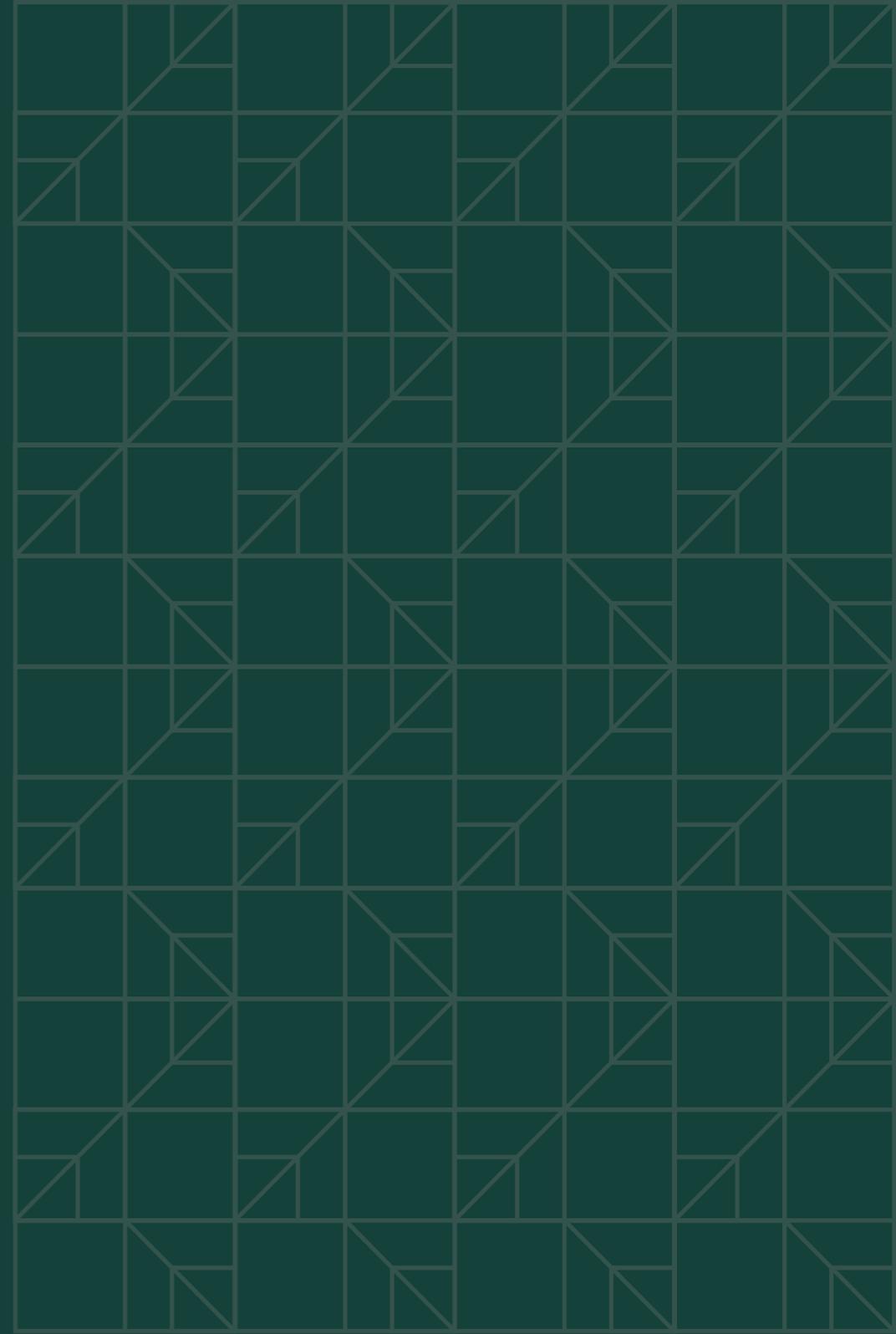
For Ukraine, assessing the environmental sustainability of economic activity is of particular importance, given

- the scale of the destruction, the need to restore and modernize the economy;
- the need to increase energy sustainability during the war;
- the growing need to attract international public and private funding;
- integration into EU policies and markets and the need to align investment decisions with European approaches.

Assessment of investment projects for compliance with the EU Taxonomy criteria allows to improve the quality of the project portfolio, strengthen the trust of international partners and investors, and ensure more efficient allocation of financial resources in areas that support climate resilience, energy security, and long-term competitiveness of the country.



## **2. Assessment methodology**



For the purposes of this study, the analysis is carried out not by determining whether projects meet the requirements of green finance according to the EU Taxonomy, but at the level of **economic activities** underlying project initiatives. This approach is in [line](#) with the official definition of the EU Taxonomy as a system for classifying economic activities that can contribute to climate and environmental goals under certain conditions.

In practice, the term "green project" is often used as a broad communication category and can cover a variety of initiatives with a climate or environmental component. At the same time, the criteria of "greenness" for different institutions, international financial organizations, or programs can differ significantly, which makes it difficult to compare and creates risks of subjective interpretation or greenwashing.

Instead, **environmentally sustainable activity** in the sense of the EU Taxonomy has clearly defined boundaries and criteria. Thus, the study uses an approach where projects are considered through the prism of **what types of economic activities they include** and whether these activities can potentially meet the defined categories and requirements of the EU Taxonomy.

The EU Taxonomy is part of the current sustainable finance policy in the European Union, aimed at creating a unified classification approach for environmentally sustainable activities, increasing transparency and comparability of information for investors and financial institutions, and minimizing the risks of greenwashing through clear technical criteria.

The EU taxonomy is enshrined [in Regulation \(EU\) 2020/852](#), as well as in delegated acts that detail criteria for specific sectors and environmental goals, in particular:

- Delegated Regulation (EU) 2021/2139 of 04.06.2021 ([Climate Delegated Act](#)) outlines the list of relevant activities and criteria for contributing to climate goals;
- Delegated Regulation (EU) 2023/2486 of 27.06.2023 ([Environmental Delegated Act](#)) details the criteria for other environmental objectives.

## The EU taxonomy evaluates activities according to 4 general conditions:

### 1. SUBSTANTIAL CONTRIBUTION

(to environmental objectives)

Activities must enhance the achievement of at least one of the environmental goals:

1. Mitigation of climate change.
2. Adaptation to climate change.
3. Sustainable use and protection of water and marine resources.
4. Transition to a circular economy.
5. Prevention and control of pollution.
6. Protection and restoration of biodiversity and ecosystems.



### 2. DO NO SIGNIFICANT HARM

(Do not cause significant harm)

[The principle](#) of Do No Significant Harm means that activities that make a significant contribution to one environmental objective should not cause significant harm to other objectives.



### 3. MINIMUM SOCIAL SAFEGUARDS

Requirement of minimum social guarantees based on international human rights and labor standards.



### 4. Compliance with the technical verification criteria set out in the delegated acts of the Taxonomy.

To ensure that economic activities make a significant contribution to one of the objectives of the Taxonomy without causing significant harm to any of the other objectives, the EU

sets performance criteria (the so-called "technical verification criteria") in the delegated acts.



More details about the EU Taxonomy can be found in other analytical documents of the Green Transition Office [[1](#), [2](#)].

In this analysis, economic activities were assessed using a structured matrix that reflects the logic of the EU Taxonomy. Initially, **the taxonomy-eligibility (TE)** of activities was determined in accordance with the Delegated Acts of the EU Taxonomy. For projects that were identified as taxonomy-eligible, their description was additionally recorded and a preliminary assessment of their potential contribution to the relevant environmental objectives of the EU Taxonomy was made.

**! Taxonomy-eligible economic activity** means an economic activity described in the Climate and Environment Delegated Acts, regardless of whether such economic activity meets any or all the technical selection criteria set out in these delegated acts.

Thus, projects that fall under the taxonomy-eligible economic activities cannot be classified as sustainable under the EU Taxonomy due to insufficient detail in the technical characteristics of the activity. However, the fact that the activities envisaged by the project belong to such types of economic activities indicates a high potential to meet the requirements of the EU Taxonomy and contribute to the achievement of climate and environmental goals.

In particular, for each economic activity, where available information allowed, the compliance with the 6 environmental goals was assessed. Thus, the analysis methodology was based on a combination of taxonomic classification of activities and a thematic assessment of their potential compliance with the six environmental objectives of the EU Taxonomy, without confirming full compliance with all the requirements set out in Article 3 of Regulation 2020/852, including the technical screening criteria.

From the perspective of the climate change mitigation goal, the type of impact of economic activity on the significant contribution to this goal is also an important aspect. According to the definitions provided in the EU Taxonomy, economic activities can make:

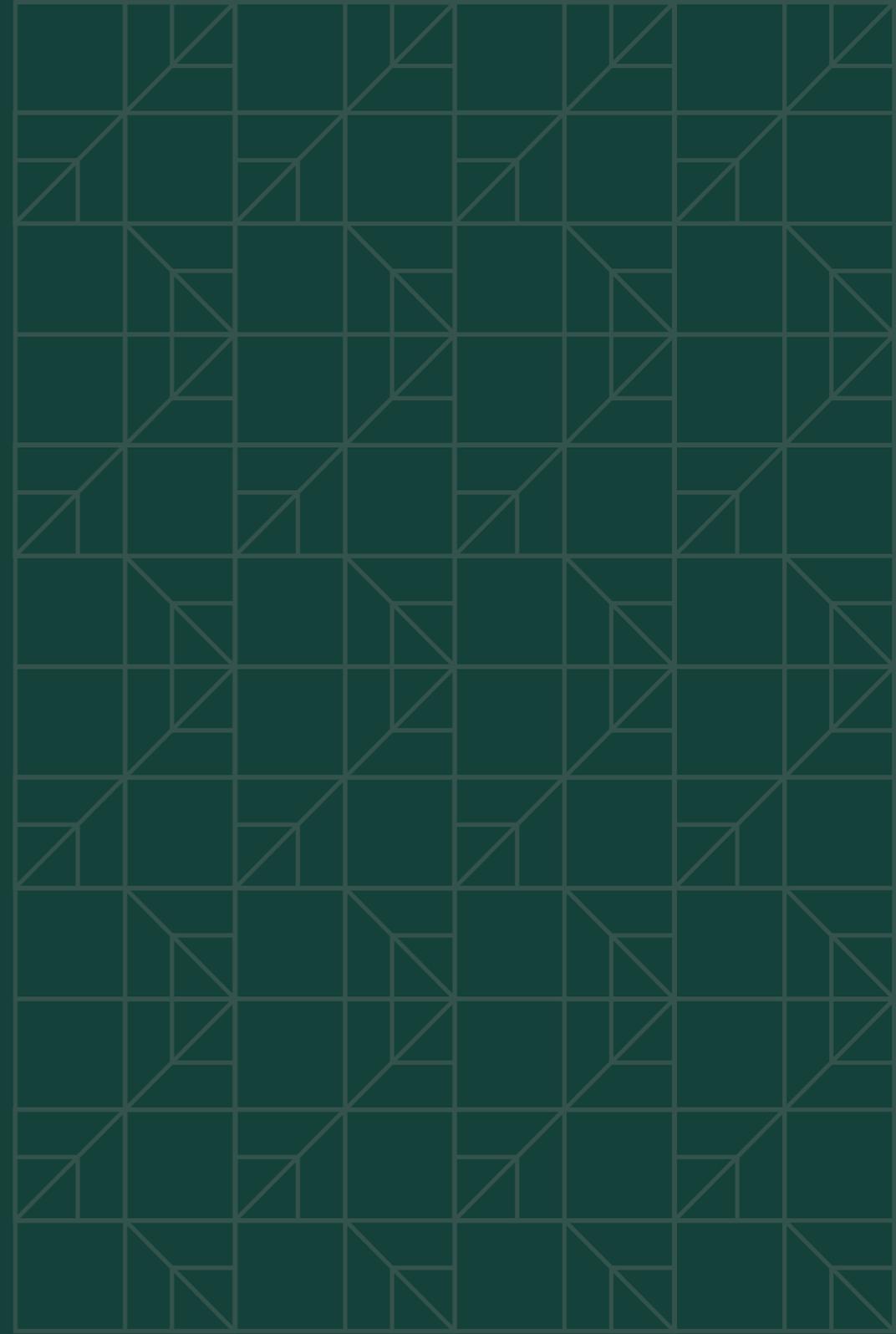
- **Direct contribution to the climate change mitigation goal** - activities directly affecting the reduction of greenhouse gas concentrations in the atmosphere. Such activities do not have a specific designation in the Climate or Environmental Delegated Acts.

- **Contribution to the climate change mitigation goal as "enabling"** – activities do not lead to the blocking of assets that undermine long-term environmental goals, taking into account the economic life of these assets and have a significant positive impact on the environment based on life cycle considerations. Such activities are determined in accordance with Article 16 of Regulation 2020/852 and are specifically designated in the delegated acts.
- **Contribution to the climate change mitigation goal as "transitional"** – activities for which there is no technologically and economically feasible low-carbon alternative are considered to contribute significantly to climate change mitigation if they support the transition to a climate-neutral economy consistent with the pathway of limiting the temperature increase to 1.5 °C above pre-industrial levels. Such activities should have greenhouse gas emissions levels that are consistent with the best practices in the sector or industry, not impede the development and implementation of low-carbon alternatives, and not lead to the entrenchment of carbon-intensive assets, taking into account the economic life of these assets.

Such activities are determined in accordance with Article 10(2)(2) of Regulation 2020/852 and are specifically designated in delegated acts.

To ensure the correct classification and unified comparison of project activities with taxonomic categories, the analysis used the [EU Taxonomy Compass](#) tool developed by the European Commission.

### **3. Data sources and information base of the analysis**



The information base of this analysis is formed on the basis of a combination of data from the state public investment management system and investment resources focused on attracting private capital. This approach allows us to cover both **the portfolio of public investment projects** and the broader investment context within which sustainable and green financing approaches are applied.

The key source of data for the analysis is the information generated by the Public Investment Management (PIM) reform, which is being implemented in Ukraine to improve the efficiency, transparency, and strategic coherence of public investment. One of the important areas of this reform is **the gradual integration of climate and environmental aspects into the planning, selection, and preparation of investment projects.**

The central element of the information base for the analysis is the **Single Project Pipeline for Public Investment** (SPP), a single portfolio of investment projects formed within the public investment management system. The SPP serves as a tool for strategic planning and project prioritization, ensuring their structured presentation and comparability.

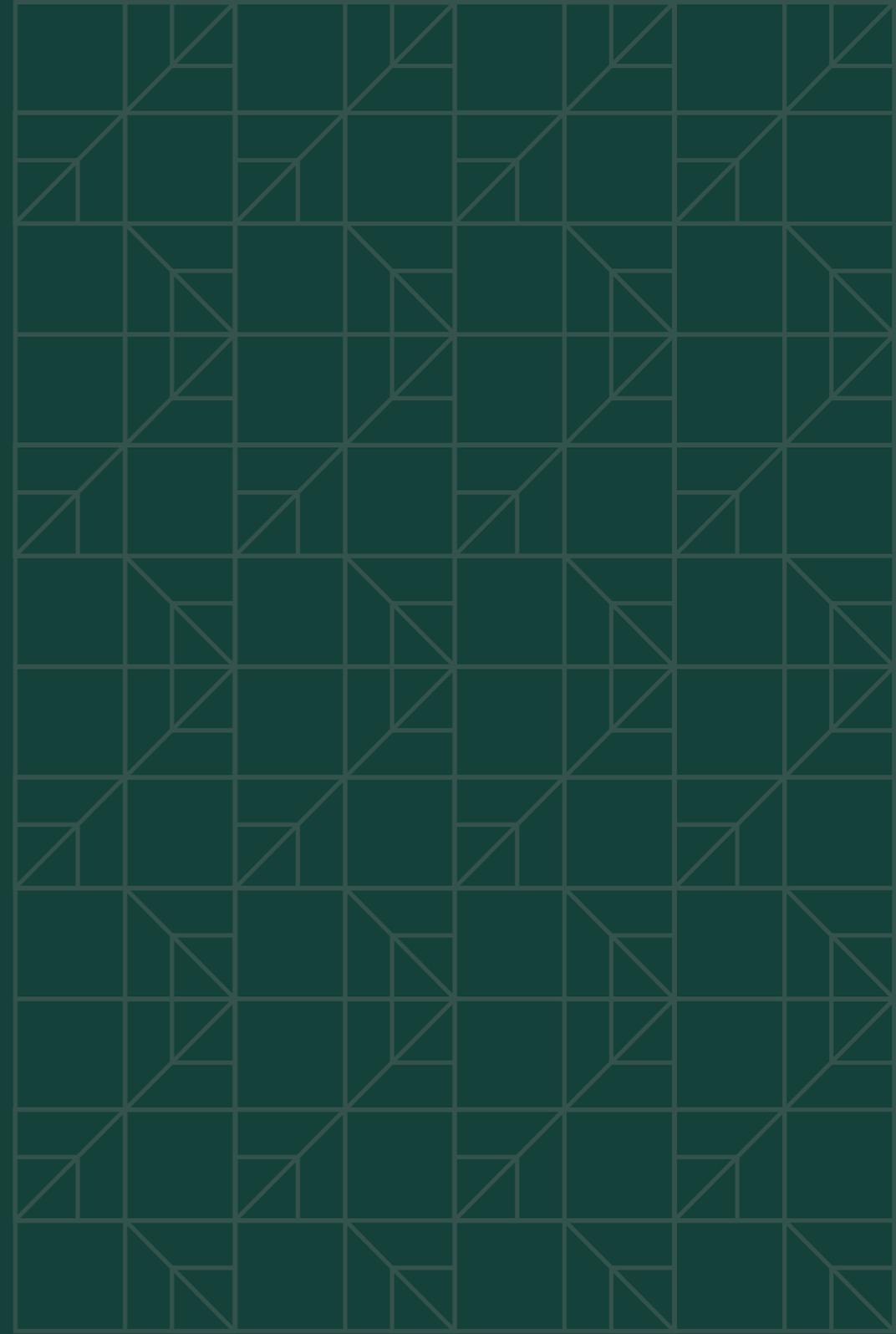
The Single Project Pipeline is formed on a multi-level basis and includes **national, regional, and local project portfolios** prepared by the relevant authorities within their respective mandates. For the purposes of this study, the analysis is focused exclusively on **the state segment**, as it is directly related to budget planning at the national level, PIM reform, and the fulfillment of Ukraine's international obligations.

An additional source of information for the analysis is the **Investment Portal** - a digital database of investment projects focused primarily on attracting investment in the private sector. The portal was created by KSE Institute as a tool for presenting Ukraine's investment potential to international investors, financial institutions, and partners.

The database of the Investment Portal is used, in particular, to create **Investment Guides**, which are presented at high-level international events, including the Ukraine Recovery Conference (URC). Accordingly, the projects presented on the Invest Portal are mostly investment rather than budgetary in nature, and are focused on private or mixed capital.



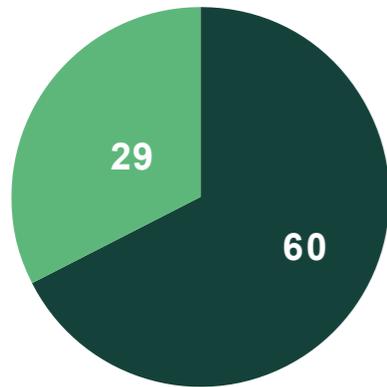
## **4. Project analysis**



## 4.1. Single project portfolio of public investment

The analysis considered 89 projects of the state SPP. Based on the results of the initial screening, **60 projects (67%) were identified as taxonomy-eligible (TE)**, i.e. those that include economic activities provided for in the EU Taxonomy Delegated Acts and may potentially be subject to further taxonomy-alignment assessment. The remaining **29 projects (32.6%) were not classified as taxonomy-eligible (N)** in this analysis.

Number of state SPP projects in accordance with the EU Taxonomy



- Taxonomy-eligible - (TE)
- Non taxonomy-eligible (N)

Source: based on SPP analysis

Among the taxonomy-eligible projects, **the most common are those that potentially make a significant contribution to the goals of "Climate Change Mitigation" and "Climate Change Adaptation"**, according to the classification of sustainable types of economic activities in accordance with the delegated acts of the EU Taxonomy. At the same time, none of the projects contributes to the achievement of the objectives "Prevention and control of pollution" and "Protection and restoration of biodiversity and ecosystems". It is important to note that a type of economic activity can potentially contribute to more than one environmental goal under the EU Taxonomy.

The analysis shows that taxonomy-eligible state SPP projects are concentrated mainly in a few key infrastructure sectors.

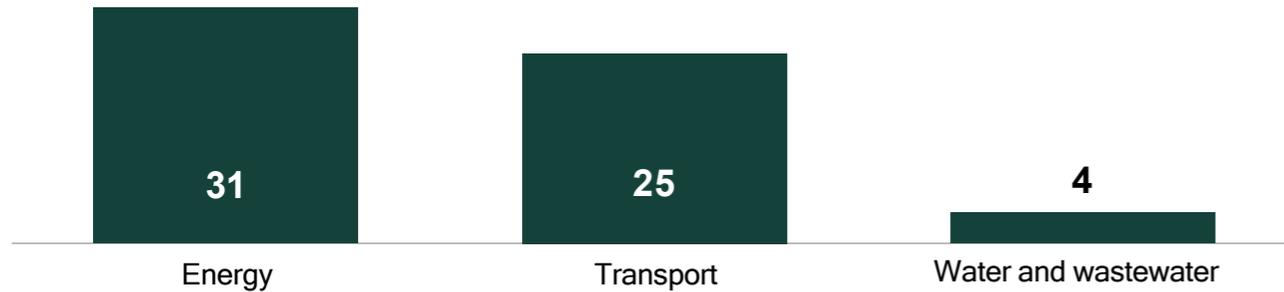
**The largest share is in the energy sector, which includes 31 taxonomy-eligible projects (52% of all taxonomy-eligible projects).** It includes activities related to the production of electricity from hydropower, solar photovoltaic energy, nuclear energy (both at existing facilities and within new projects), as well as electricity production from gaseous fossil fuels within taxonomically permissible categories.

In addition to generation, a significant part of the projects relates to electricity transmission and distribution, development of grid infrastructure and electricity storage systems. This structure reflects the strategic focus of public investment on ensuring the resilience of the energy system and its preparation for further integration with the EU energy market.

**The second largest sector is the transportation sector, which includes 25 taxonomy-eligible projects (42%).** This group includes projects for the development of railway infrastructure, intercity passenger and freight rail transportation, urban and suburban public transport, as well as infrastructure supporting road, sea, and public transportation. Projects for the maintenance and modernization of roads and highways are presented separately. The high share of transport projects in the SPP indicates the priority of restoring logistics corridors, population mobility, and Ukraine's transport integration with European networks.

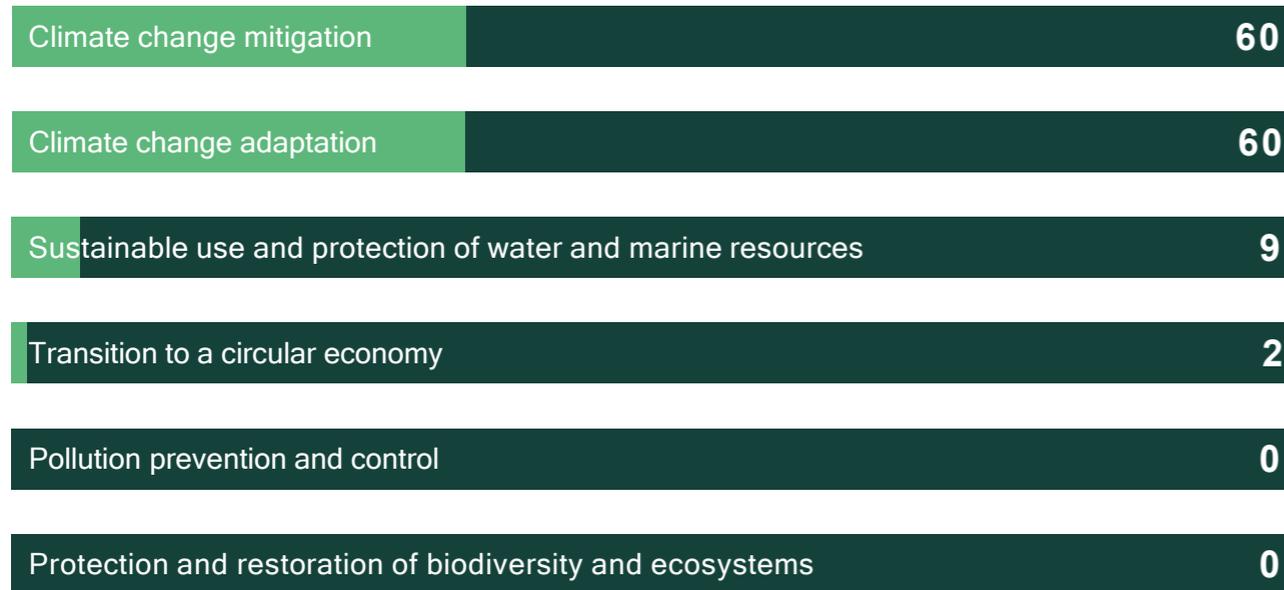
**The water and wastewater sector is represented by 4 taxonomy-eligible projects (6%),** which cover the construction, expansion, modernization, and renewal of water intake, treatment, and supply systems, as well as wastewater collection and treatment systems. The presence of these projects in the state SPP emphasizes the importance of restoring critical utility infrastructure, which is directly linked to the goals of climate change adaptation, environmental protection, and the provision of basic services to the population.

### Sectoral distribution of SPP projects



Source: based on SPP analysis

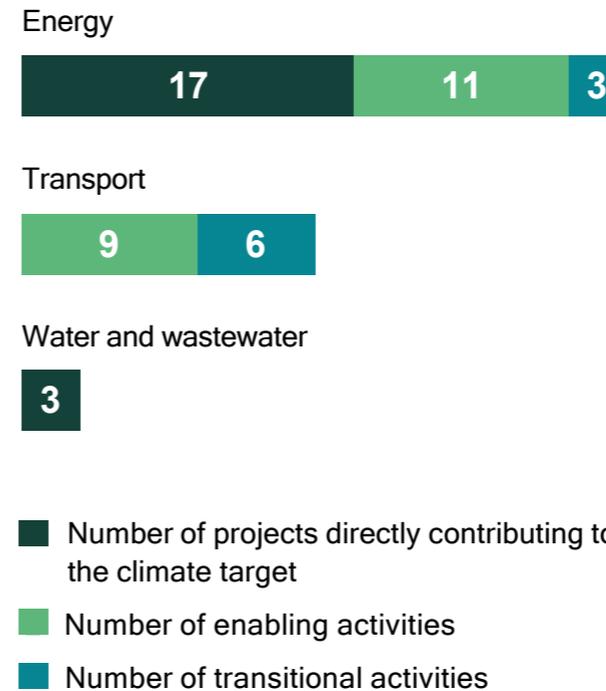
### Number of state SPP projects by contribution to the objectives of the EU Taxonomy



Source: based on SPP analysis

The distribution of taxonomy-eligible projects related to the climate change mitigation goal shows a clear sectoral differentiation between energy, transport, and water infrastructure.

### Number of state SPP projects by type of contribution to the climate change mitigation goal



Source: based on SPP analysis

The largest concentration of activities is observed in the energy sector, where 17 projects that directly contribute to the climate goal have been identified, as well as 11 enabling activities that ensure the operation or development of low-carbon solutions, and 3 transitional activities. This structure indicates the dominance of investments related to the development of low-carbon generation, network infrastructure, and electricity balancing systems.

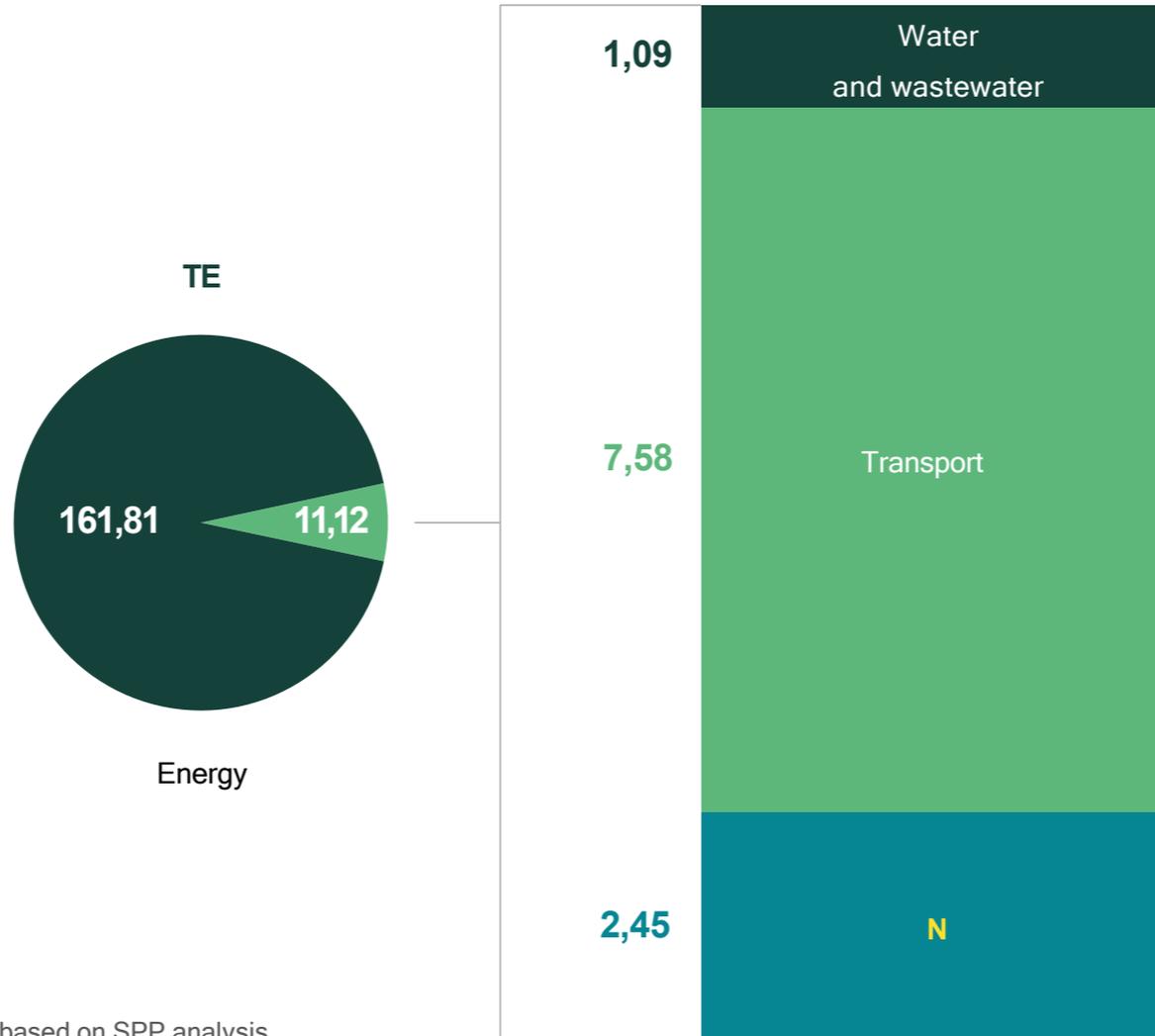
In the transport sector, the contribution to climate mitigation is formed mainly by enabling activities, which number 9, as well as 6 transitional activities, while there are practically no activities directly classified as making a significant contribution. This reflects the nature of infrastructure transport investments, which in most cases follow the transitional logic of the EU Taxonomy and contribute to the gradual decarbonization of transport systems.

In the water and wastewater sector, the number of climate mitigation-related activities is much smaller, amounting to 3 significant contribution activities, which corresponds to the somewhat smaller role of this sector in directly reducing greenhouse gas emissions compared to energy and transport.

In addition, all taxonomy-eligible projects have a potential link to climate change adaptation goals, reflecting the potential of investments to increase the resilience of infrastructure systems to physical climate risks, including extreme weather events, infrastructure damage, water and energy supply disruptions, and increased pressure on transportation systems. This result is also partly due to the fact that a significant portion of public investment is aimed at restoring and modernizing critical infrastructure, which can be considered as activities related to climate resilience according to the EU Taxonomy methodology.

The estimated total financing need for taxonomy-eligible (TE) projects of the state Single Project Pipeline is about USD 170.48 billion. This indicates a high concentration of investments in sectors potentially relevant to the EU's sustainable finance framework.

Estimated need for investment in SPP projects, billion USD



Source: based on SPP analysis

The energy sector accounts for the largest share of the financial need - USD 161.81 billion. This reflects the scale of the required investments in the restoration, modernization and development of generation, network infrastructure and energy resilience.

Significantly smaller amounts of investment are envisaged in the transportation sector – USD 7.58 billion. USD 7.58 billion, as well as in the water supply and sewerage sector – USD 1.09 billion. These are additional but strategically important areas of infrastructure modernization.

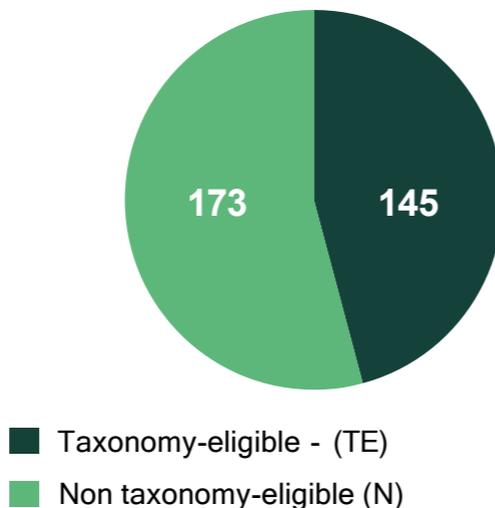
At the same time, the estimated need for financing projects that were not classified as tax-eligible (N) is USD 2.45 billion. This is an insignificant share of the overall portfolio structure and confirms that the vast majority of the investment needs of the state SPP are already potentially aligned with the EU Taxonomy framework.

## 4.2. Investment portal projects

The analysis considered 318 investment projects presented in the Invest Portal database, which mainly contains private and mixed investment initiatives.

According to the results of the initial screening, 145 projects (45%) were identified as taxonomy-eligible, while 173 projects (55%) do not belong to activities covered by the EU Taxonomy Delegated Acts. Compared to the state-owned Single Project Pipeline, where the share of taxonomy-eligible projects is much higher, the structure of the Invest Portal reflects a broader investment spectrum, including commercial, industrial and market-oriented initiatives that do not always have a direct climate or environmental focus.

Number of projects on the Invest Portal in accordance with the EU Taxonomy



Source: based on the analysis of [Investment Portal](#) projects

The sectoral structure of Invest Portal projects demonstrates a more diversified investment portfolio compared to the state-owned Single Project Pipeline (SPP), which focuses mainly on large infrastructure investments.

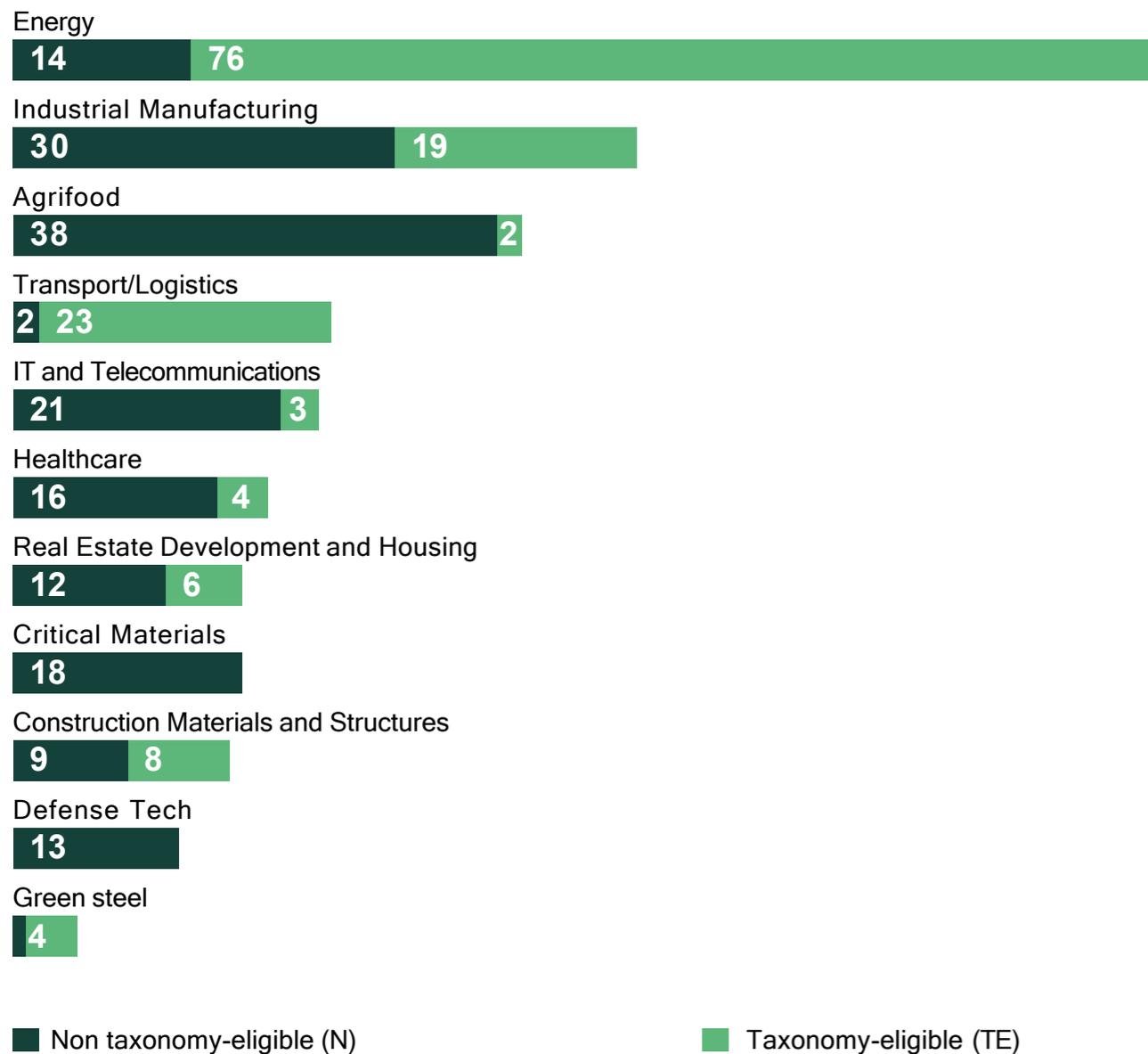
The largest number of Invest Portal projects is formed in the energy sector - 90 projects, of which 76 (about 84%) are taxonomy-eligible. A significant number of initiatives are also concentrated in industrial production (49 projects), agriculture and food (40), and transport and logistics (25), where the share of taxonomy-eligible projects is relatively high (23 out of 25), indicating a significant decarbonization potential in this sector.

At the same time, a number of sectors, such as IT and telecommunications, healthcare, critical materials, real estate development and housing, and agriculture, are dominated by projects that are not classified as taxonomy-eligible, reflecting their commercial or technological focus without a direct link to activities defined by the EU Taxonomy Delegated Acts. **The analysis emphasizes that the private investment portfolio, unlike the public SPP, contains a wider range of economic sectors, not all of which directly fall under the sustainable finance framework.**



1 The study does not take into account preliminary proposals for a possible extension of the EU Taxonomy Regulation (in particular, to cover critical minerals), as the relevant changes have not yet been finalized and [are still](#) under consultation.

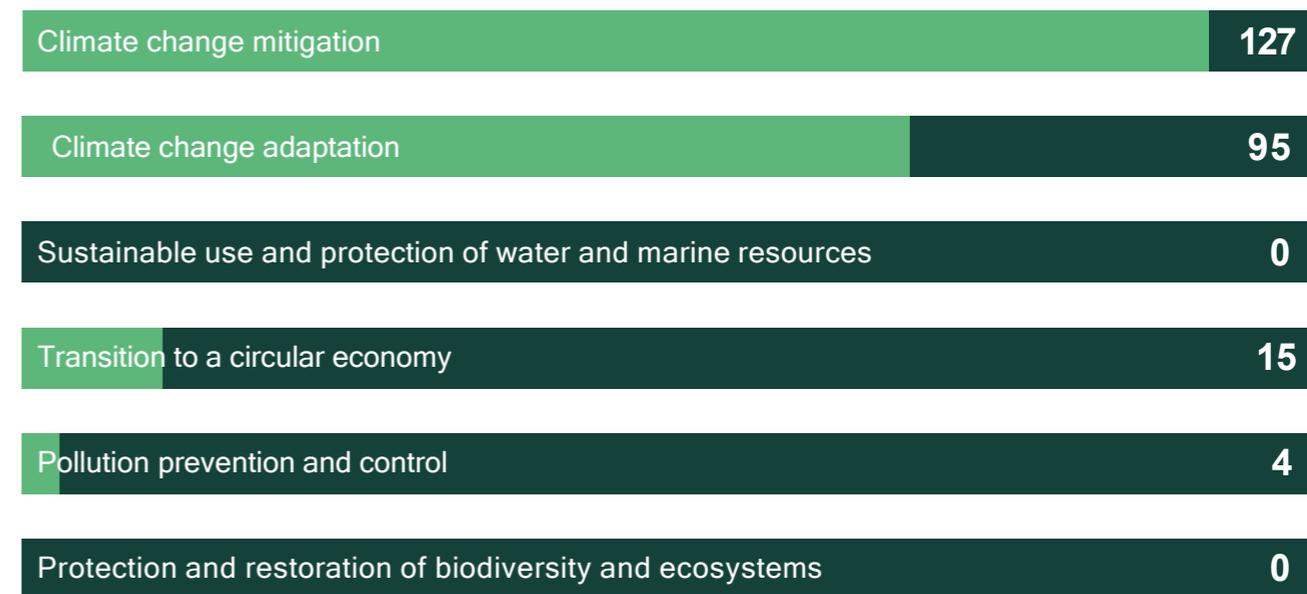
### Sectoral distribution of Investment Portal projects



Source: based on the analysis of [Investment Portal](#) projects

The distribution of Investment Portal projects by contribution to the goals of the EU Taxonomy shows that the largest share of initiatives is aimed at **climate change mitigation (127 projects)** and **climate change adaptation (95 projects)**, while projects in the field of **circular economy (15)** and **pollution prevention (4)** are much less represented.

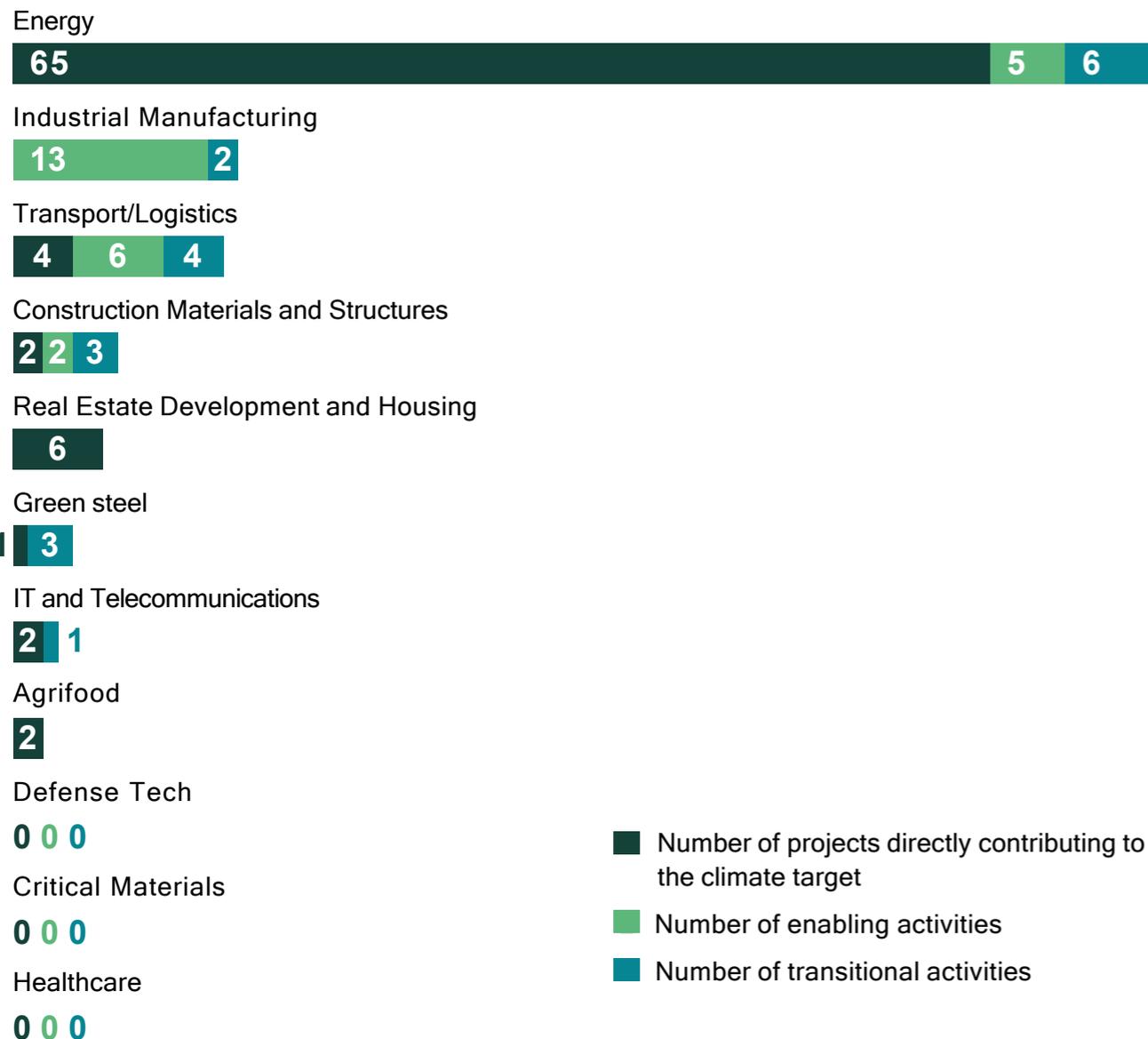
### Number of Investment Portal projects by contribution to the EU Taxonomy objectives



Source: based on the analysis of [Investment Portal](#) projects

The sectoral breakdown of taxonomy-eligible projects by type of activity shows that the largest number of initiatives that **directly contribute to climate goals** is concentrated in **the energy sector (65 projects)**. While projects in **the industrial production (13)** and **transport and logistics (6)** sectors have the majority of enabling activities. In other sectors, projects are represented by single initiatives or are absent, indicating limited sectoral diversification of climate-friendly investments.

### Number of Investment Portal projects by type of contribution to the Climate Change Mitigation goal



- Number of projects directly contributing to the climate target
- Number of enabling activities
- Number of transitional activities

Source: based on the analysis of [Investment Portal](#) projects

At the same time, the analysis of the need for financing of the Investment Portal projects shows that the total investment portfolio is about USD 58.46 billion. USD, of which USD 31.49 billion (half of the portfolio). USD 31.49 billion (more than half of the portfolio) is accounted for by taxonomy-eligible (TE) projects. This indicates a significant potential for attracting sustainable financing in the private investment segment represented on the Invest Portal.



### Estimated need for investment in the projects of the Investment Portal, mIn USD

Energy	20 956	<div style="width: 100%; height: 10px; background-color: #1a3d2d;"></div>
	12 556	<div style="width: 60%; height: 10px; background-color: #4caf50;"></div>
Real Estate Development and Housing	1 327	<div style="width: 10%; height: 10px; background-color: #1a3d2d;"></div>
	5 179	<div style="width: 30%; height: 10px; background-color: #4caf50;"></div>
Transport/Logistics	5 032	<div style="width: 25%; height: 10px; background-color: #1a3d2d;"></div>
	392	<div style="width: 2%; height: 10px; background-color: #4caf50;"></div>
Critical Materials	3 724	<div style="width: 15%; height: 10px; background-color: #4caf50;"></div>
Green steel	3 017	<div style="width: 15%; height: 10px; background-color: #1a3d2d;"></div>
	130	<div style="width: 1%; height: 10px; background-color: #4caf50;"></div>
Agrifood	129	<div style="width: 1%; height: 10px; background-color: #1a3d2d;"></div>
	1570	<div style="width: 8%; height: 10px; background-color: #4caf50;"></div>
Industrial Manufacturing	401	<div style="width: 2%; height: 10px; background-color: #1a3d2d;"></div>
	970	<div style="width: 5%; height: 10px; background-color: #4caf50;"></div>
Construction Materials and Structures	213	<div style="width: 1%; height: 10px; background-color: #1a3d2d;"></div>
	913	<div style="width: 5%; height: 10px; background-color: #4caf50;"></div>
IT and Telecommunications	27	<div style="width: 0.1%; height: 10px; background-color: #1a3d2d;"></div>
	933	<div style="width: 5%; height: 10px; background-color: #4caf50;"></div>
Healthcare	384	<div style="width: 2%; height: 10px; background-color: #1a3d2d;"></div>
	441	<div style="width: 2.5%; height: 10px; background-color: #4caf50;"></div>
Defense Tech	165	<div style="width: 1%; height: 10px; background-color: #4caf50;"></div>

■ Investment need in taxonomy-eligible projects (TE)

■ Investment need in projects not classified as taxonomy-eligible (N)

Source: based on the analysis of [Investment Portal](#) projects

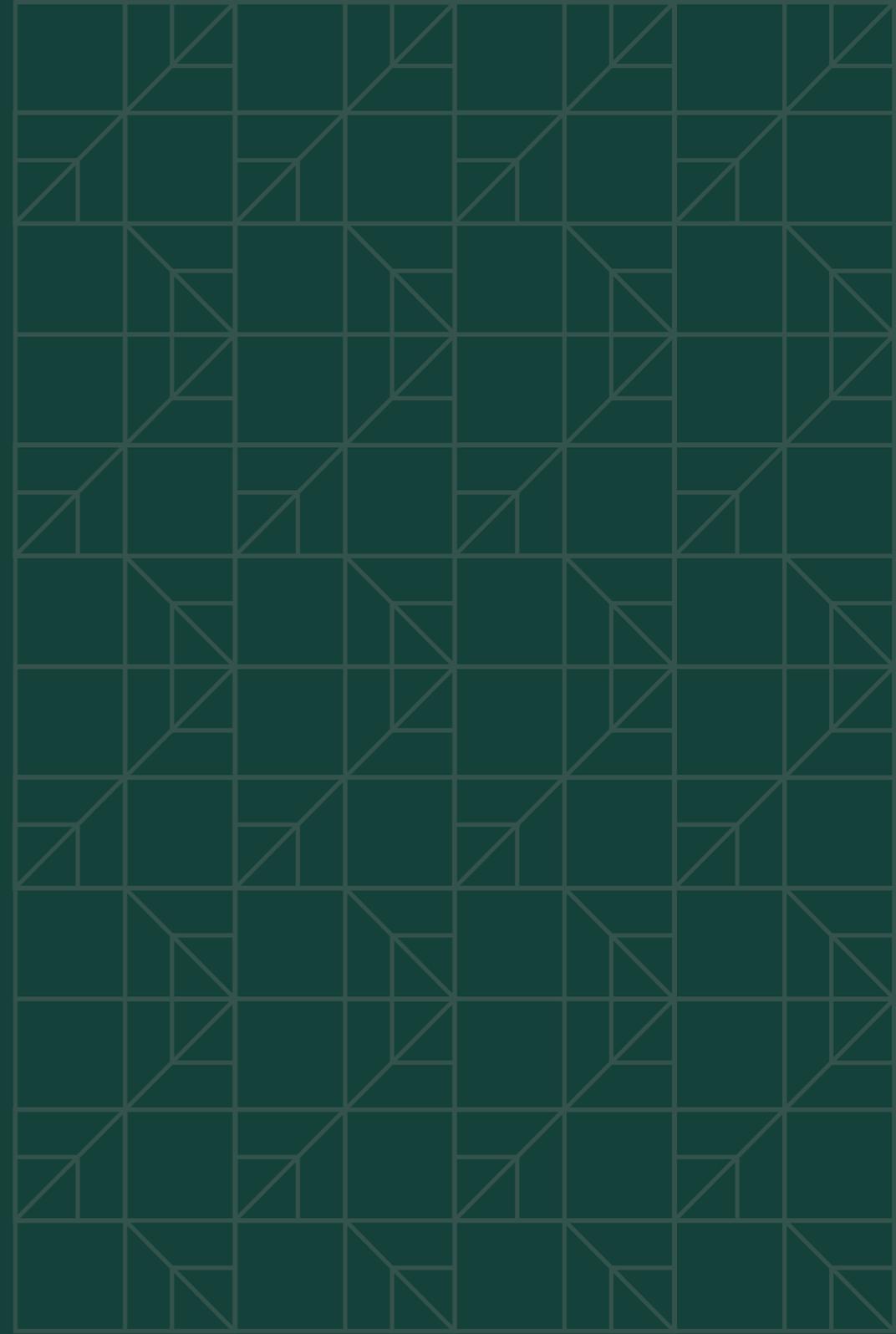
The largest volume of investments is concentrated in the energy sector, where the total financing need is about USD 33.5 billion. USD, of which more than USD 20.9 billion is tax-eligible. Of this amount, more than USD 20.9 billion is tax-eligible.

High volumes of financing are also characteristic of the real estate development and housing construction sectors (approximately USD 6.5 billion, of which USD 1.33 billion is for TE), transportation and logistics (approximately USD 5.42 billion, of which USD 5.03 billion is for TE), and green metallurgy (over USD 3.1 billion, mostly taxonomy-eligible).

In general, the structure of Invest Portal financing demonstrates that the greatest opportunities for scaling up green financing are associated with energy, transport infrastructure, and low- carbon industrial technologies, which form the basis of Ukraine's climate-oriented investment portfolio.



## 5. Conclusions



The analysis of the state portfolio of public investments and the projects of the Investment Portal allows us to conclude that **Ukraine's investment portfolio already contains a significant share of activities potentially relevant to the European Union's sustainable finance framework.** According to the results of the initial screening, most of the projects in the state portfolio (67.4%) are identified as taxonomy-eligible, and their total financing needs exceed USD 170 billion. This indicates a large-scale potential for integrating public investment into European green finance mechanisms.

**The sectoral structure of the SPP demonstrates a high concentration of tax-eligible investments in key infrastructure sectors, including energy, transportation, and water infrastructure.** The dominance of energy projects, as well as the high share of investments in grid infrastructure, low-carbon generation, and transport modernization, form the basis for further decarbonization of the economy and Ukraine's integration into European energy and transport markets. At the same time, the results of the analysis show that the portfolio has a pronounced climate orientation, as almost all tax-eligible projects are related to climate change adaptation goals, and the vast majority also contribute to climate change mitigation goals.

**The analysis of the Investment Portal's projects shows a more diversified structure of private investment, where the share of taxonomy-eligible projects is lower in number but remains significant in terms of funding.** About half of the portal's investment portfolio (more than USD 31 billion) potentially corresponds to activities defined by the EU Taxonomy, which indicates that there is a significant potential for scaling up sustainable financing in the private sector. At the same time, the largest opportunities for attracting green investments are concentrated in the energy, transport, and low-carbon industries, while a number of sectors, including agriculture, IT, manufacturing, and critical materials, still have significant room for further integration of environmental criteria into investment project preparation processes.

**In general, the results of the analysis confirm that the application of the EU Taxonomy approaches to structuring Ukraine's investment portfolios creates a systematic framework for increasing the investment attractiveness of projects, improving access to international financial resources, and forming a coherent approach to green economic recovery.** Further development of the taxonomic screening practice, integration of environmental criteria into project preparation processes, and expansion of the range of sectors that meet the principles of sustainable finance can significantly strengthen Ukraine's readiness to attract large-scale climate-oriented investments under European and international financial instruments and mechanisms.





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