



UKRAINE REFORM SERIES. PRIVATISATION

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EXECUTIVE SUMMARY

In its *Ukraine Reform Series*, KSE Institute provides regular, focused assessments of priority structural reforms critical to the country's resilience and recovery. Each issue examines challenges in a specific sector, progress against policy commitments, and implementation milestones. **This edition focuses on privatisation.**

- **Privatisation is a growth lever, not just a fiscal exercise.** International evidence suggests that privatised firms tend to outperform their state-owned peers on efficiency and profitability, and that privatisation is associated with higher growth, although the effect is likely driven by broader reform packages rather than privatisation alone. Restructuring or selling the weakest part of the state's portfolio is a direct lever on the competitive dynamism the OECD and World Bank both flag as a binding constraint on Ukraine's growth.
- **The state owns one of the largest public-asset portfolios in Europe.** Ukraine's central government directly owns more than 3,000 enterprises and corporate stakes; local authorities separately manage roughly 14,000 communal enterprises across 1,469 territorial communities.
- **Five large-scale sales since 2024 show that the mechanism works.** They closed for a combined EUR 209 million, headlined by the EUR 88 million sale of United Mining and Chemical Company (UMCC)—the largest single privatisation in modern Ukrainian history—and the EUR 54.5 million sale of Hotel Ukraina. Every winning bidder was a Ukrainian-registered company, and every asset stayed operational post-sale. That said, the momentum is modest next to the pipeline. The 2026 budget targets a conservative UAH 2 billion from privatisation, while the government's own stated ambition for 2026 is about UAH 13 billion, against roughly 19 more large assets, over 1,000 small-scale assets, and 1,510 sanctioned assets awaiting sale.
- **International partners are engaged and broadly satisfied, though some reforms are running behind schedule.** The IMF's Extended Fund Facility and the EU's Ukraine Facility both tie disbursements to SOE governance and privatisation-readiness. The IMF's July 2026 review rated performance "broadly satisfactory" and found all quantitative targets met, but flagged delays on a handful of structural reforms, including state-bank board selection; a September mission reportedly found further slippage, and a combined second and third review is now targeted for December 2026. The EU has kept disbursing despite reform shortfalls (EUR 2.9 billion disbursed on 2 October 2026), and accession talks have advanced: two of six clusters are open, and member states agreed on 12 October to open two more.
- **The binding constraint for privatisation is capacity and process, not political will.** What's missing is the institutional throughput to scale it: advisors, supervisory boards, minority-investor protections, and a properly resourced implementing agency. Concretely, SPFU runs on UAH 198 million a year against UAH 1.7 billion returned to the state; the 15 June 2026 advisor deadline passed unmet; ownership is split across roughly 80 ministries; and weak minority-protection rules hold back partial sales.
- **Four recommendations follow** (detailed in Section 7):
 - **Unblock bank privatisation.** Sign the advisor contract for Sense Bank and Ukrgasbank this year and meet the IMF bank-governance benchmarks before the December review.
 - **Resource SPFU.** Match its budget to the UAH 1.7 billion it returns to the state, keep the 2026 auctions on schedule and pass the three pending draft laws.
 - **Legislate minority-stake protections.** Minority-shareholder, golden-share and blocking-stake rules would make stake sales in Ukrenergo, Ukrnafta and Energoatom credible to investors.
 - **Resolve fragmented ownership.** Consolidate functions now split across roughly 80 ministries, possibly in a State Asset Manager, before the next wave of sales.

1. THE CASE FOR PRIVATISATION

The Macroeconomic and Growth Case

The efficiency case for privatisation is well established, but it comes with real conditions. Classic research finds privatised firms typically become more efficient and more profitable than state-owned peers,¹ and IMF cross-country work finds privatisation correlates with growth, though it likely proxies for a wider package of reform rather than acting alone.² In transition economies specifically, the identity and governance quality of the new owner matters as much as the sale itself.³ Ukraine's own evidence backs this up directly: a 2025 NBER/World Bank study of firm-level data over 25 years finds productivity growth fell from 15.2% to 3.7% a year as the four largest manufacturing firms grew their market share from 49% to 53%—with state-owned firms overrepresented among the least productive yet still crowding out more dynamic private entrants.⁴

Investment-climate evidence points the same way—but privatisation is not a costless, automatic fix. The OECD finds Ukraine's investment gap is driven mainly by weak private investment, not public investment, which already sits near OECD peer levels;⁵ its parallel SOE review warns that wartime exemptions from insolvency and state-aid rules risk distorting competition the longer they run without a phase-out plan.⁶ Still, the broader literature is clear that ownership change alone does not guarantee gains without the right regulatory conditions and sequencing,⁷ and Ukraine's own history—insider capture repeatedly derailing sales—is a domestic version of the same warning, discussed further in Section 3. The case, properly stated, is for privatising the right assets through a credible process—not for privatisation as an end in itself.

Scale of State Ownership in Ukraine's Economy

The state's footprint spans the sectors most countries guard most closely. Key facts, drawn from the KSE Institute Handbook on Public Assets are the following:⁸

- A 14 GW nuclear fleet supplying over half of national electricity generation.
- 23,400 km of transmission lines—now synchronised with the European grid.
- 31 bcm of underground gas storage—the largest in Europe.
- Roughly 20,000 km of EU-linked railway.
- Five state banks holding 52% of total banking-system assets.
- More than 3,000 centrally owned enterprises and corporate stakes, plus roughly 14,000 communal enterprises across 1,469 hromadas.

Most of the value sits in a small number of large enterprises. A much larger tail of smaller entities performs specialised commercial, industrial and social functions.

Three pressures are pushing state assets toward the market at the same time. First, governance reform has brought Ukrainian SOE practice closer to OECD and EU norms, and a 2025 corporatisation reform gives state enterprises a legal path into joint-stock form that is easier for investors to buy into. Second, EU accession treats

¹ Megginson, W. L. and Netter, J. M. (2001), "From State to Market: A Survey of Empirical Studies on Privatization," *Journal of Economic Literature*, 39(2), 321–389.

² Davis, J., Ossowski, R., Richardson, T. and Barnett, S. (2000), "Fiscal and Macroeconomic Impact of Privatization," IMF Occasional Paper No. 194.

³ World Bank Research Observer (2018), "Privatization in Developing Countries: What Are the Lessons of Recent Experience?"

⁴ Akcigit, U., Kilic, F., Lall, S. and Shpak, S. (2025), "Engineering Ukraine's Wirtschaftswunder," NBER Working Paper No. 34103.

⁵ OECD, *Economic Surveys: Ukraine 2025* — "Raising investment and exports."

⁶ OECD, *Review of the Corporate Governance of State-Owned Enterprises in Ukraine 2026, Recommendations and Roadmap*.

⁷ World Bank Research Observer (2018), "Privatization in Developing Countries: What Are the Lessons of Recent Experience?"

⁸ KSE Institute, *Handbook on Public Assets in Ukraine* (June 2026).

SOE governance and privatisation-readiness as structural conditionality.⁹ Finally, reconstruction has put a number on the cost of waiting: the energy sector alone needs an estimated EUR 77 billion.¹⁰

But privatisation is not a hard requirement under current programmes—worth stating honestly. Neither the IMF's programme nor the EU's Ukraine Facility formally requires large-scale privatisation, given wartime uncertainty and weak investment demand—even though the European Commission has repeatedly urged Ukraine to move faster. The 2024–2026 acceleration should be read as a real change in trajectory, not an inevitability.

2. HOW THE SYSTEM WORKS TODAY

A single 2018 law underpins the whole system. The Law "On Privatisation of State and Municipal Property" No. 2269-VIII (18 January 2018)¹¹ rests on three choices: a UAH 250 million book-value threshold splitting large-scale from small-scale privatisation (a bill raising it to UAH 1 billion passed its first reading on 12 October); one electronic platform, Prozorro.Sale, used by SPFU and by local councils alike; and a foreign-law option letting sale agreements go to international arbitration—a direct answer to foreign-investor enforceability concerns.

The law excludes property by exception, not by default. Everything state- or communally-owned is privatisable unless it falls under exceptions set out in law—chiefly Article 4 of the Privatisation Law and separate sector legislation—covering security assets, critical infrastructure, natural resources and cultural heritage. Cabinet Resolution No. 83 separately lists 295 enterprises for reference—including the Naftogaz group, Energoatom, Ukrenergo, Ukrzaliznytsia, and postal and defence infrastructure—but appearing on that list does not itself make an enterprise non-privatisable: State Enterprise “Smoly”, for instance, is listed in Resolution 83 yet was successfully privatised in March 2026. It is the statutory exceptions, not the resolution, that determine what can be sold. The five tracks share a platform but differ in who decides and how long it takes.

Table 1: Five privatisation tracks

Track	Assets covered	Decided by	Typical timeline
Large-scale	Major SOEs / large complexes above UAH 250m book value (Bill No. 16011 would raise this to UAH 1bn; passed first reading 12 Oct)	Cabinet of Ministers	4–7 months
Small-scale	Smaller enterprises, real estate, unfinished construction	SPFU or local council	4–8 weeks
Communal	Hromada-owned assets, any value	Local council	4–8 weeks
Bank	State bank share packages (Law No. 3983-IX, 19 Sep 2024)	Cabinet of Ministers + NBU clearance	12–18 months
Sanctioned assets	Property confiscated from Russia-linked persons (Law "On Sanctions" No. 1644-VII)	SPFU, after HACC ruling	4–12 weeks

Source: [KSE Institute, Handbook on Public Assets in Ukraine \(June 2026\)](#)

⁹ European Commission, Ukraine Report 2025, SWD(2025) 759 final, accompanying the 2025 Communication on EU Enlargement Policy (4 November 2025).

¹⁰ World Bank, Government of Ukraine, European Commission and United Nations (2026), “Ukraine — Fifth Rapid Damage and Needs Assessment (RDNA5): February 2022 – December 2025” (23 February 2026).

¹¹ Verkhovna Rada of Ukraine, Law of Ukraine "On Privatisation of State and Municipal Property" No. 2269-VIII (18 January 2018).

Governance Architecture and the State-Ownership Reform Agenda

A separate ownership policy sits on top of the legal tracks. The State Ownership Policy (29 November 2024) set objectives, classification criteria and a triage list, plus a list of 33 key SOEs to remain state-owned with priority given to corporatisation and majority-independent boards. Law No. 3587-IX (2024) reinforced this by giving supervisory boards real authority over CEO appointment, strategy and budgets.¹²

Fragmented ownership remains the OECD's central concern. Ownership functions are still split across roughly 80 ministries and agencies, with uneven capacity to act as an informed owner; as of mid-2025 many SOEs still lacked basic letters of expectation or strategic plans. The OECD's core recommendation is to make the triage a recurring, technocratic process rather than a one-off.

Agricultural land follows separate rules: state- and communally-owned farmland cannot be sold (only leased, mainly through SPFU's Land Bank), and foreign ownership of agricultural land of any kind remains barred. The 20-year land-sale moratorium ended in July 2021, but state- and communally-owned agricultural land still cannot be sold—only privately-owned farmland can change hands. State/municipal land (SPFU's Land Bank plus community holdings) is lease-only, via Prozorro.Sale. Foreign individuals, foreign-owned companies and stateless persons cannot buy agricultural land of any kind, and a 50 km border ban on foreign ownership is permanent regardless of any future referendum. Investors' entry points are long-term leases or buying into Ukrainian agribusinesses that already hold leasehold portfolios.

SPFU has built in specific protections for foreign bidders:

- **No Ukrainian tax code required**—foreign investors can submit auction documents without one.
- **Payment in foreign currency**—allowed for privatised assets.
- **International arbitration**—including the Arbitration Institute of the Stockholm Chamber of Commerce.
- **"Bona fide acquirer" status**—automatically granted to winning bidders; a completed sale cannot be reversed. This is a meaningful, underpublicised protection against the retroactive-challenge risk seen elsewhere in the region.

Three pending draft laws would close remaining gaps. Draft Law No. 14241 (sanctioned-asset process), No. 14281 (land relations, registration, enforcement), and No. 13435 (auction price as final market price, not subject to revision). None had passed yet and their progress is worth tracking.

Institutions: Who Does What

More than a dozen institutions touch a single privatisation deal. Knowing where each one sits in the decision chain matters as much as knowing the legal timeline. Authority runs in a straight line, with four parallel gatekeepers. For an ordinary deal, authority runs from the legislature to title transfer. Four further bodies act as gatekeepers depending on asset type. Investors deal mainly with SPFU; a handful of other bodies clear specific steps.

¹² VoxUkraine, "White Book of Reforms 2025 — Chapter 11: Privatization and SOE reforms."

Table 2: The decision chain

Verkhovna Rada	Cabinet of Ministers	SPFU	Prozorro.Sale	Notary / Sale
Legislative framework; exclusion list	Strategic decision	Execution & auction	Digital platform	Title registration

Parallel gatekeepers, engage depending on asset type:

NBU + MinFin	AMCU	RNBU	ARMA
Bank privatisation clearance	Competition clearance	Sanctions & security designation	Seized asset management

Source: [KSE Institute, Handbook on Public Assets in Ukraine \(June 2026\)](#)

Table 3: Institution profiles

Institution	Role in the chain	Why it matters to investors
State Property Fund of Ukraine (SPFU)	Sole authorised seller: prepares assets, runs auctions, signs SPAs, monitors compliance	Primary operational counterpart; capacity is stretched relative to the pipeline
Ministry of Economy	Sets privatisation/SOE-governance policy; oversees the PPP framework	Policy-level partner, not a transactional one
Ministry of Finance	Co-decides bank-sale terms with the NBU; sets revenue targets; sits on the Financial Stability Council	Primary counterpart for state-bank privatisation
National Bank of Ukraine (NBU)	Runs fitness-and-propierty review for bank buyers; can reject a winning bidder	Mandatory bank-acquisition clearance; sets capital-control regime
Antimonopoly Committee (AMCU)	Merger-control clearance for large-scale deals	Standard condition precedent; 30–45 days, longer for complex deals
Verkhovna Rada	Adopts the law; maintains the exclusion list; ratifies investment treaties	Removing an asset from the exclusion list is inherently political

Source: [KSE Institute, Handbook on Public Assets in Ukraine \(June 2026\)](#) Note: several narrower, procedural bodies (ARMA, the High Anti-Corruption Court, the Accounting Chamber, Prozorro.Sale and others) are omitted in the table.

Capacity Constraints at Implementing Agencies: The View from the Inside

SPFU's own audit shows an agency stretched far beyond its resources. In April 2026, SPFU's newly installed leadership under Chairman Dmytro Natalukha published a candid "first 100 days" retrospective on the portfolio it inherited:¹³

- 70% illiquid, 74% not reporting—of 2,219 legal entities under SPFU management, roughly 70% were assessed illiquid or in occupied territory, and 74% filed no financial reporting at all.
- The presentation's own diagnosis is blunt—state property described as "managing air": "not a portfolio, but a fiction," out of control, inefficient, opaque.

The numbers show a stark mismatch between budget and output. SPFU's annual operating budget is around UAH 198 million, against UAH 1.736 billion it generated for the state budget over the same period—roughly a

¹³ State Property Fund of Ukraine (SPFU), "100 Days of the New Fund Team", Report by Chairman Dmytro Natalukha, April 2026.

tenfold gap. A typical case officer, earning USD 350–700 a month, may oversee sales of assets worth up to USD 100 million. Whatever the internal politics behind this presentation, the figures are striking primary-source evidence for the resourcing gap this article's recommendations (Section 7) argue needs closing.

3. BOTTLENECKS: WHY PRIVATISATION IS SLOW

Ukraine's framework works on paper; execution has repeatedly stalled in practice. There is a consistent set of structural bottlenecks which explain why privatisation has been slower than planned.¹⁴

- **Opposition from vested interests.** Insider resistance has derailed or delayed marquee sales for years: UMCC and Odesa Portside Plant were stalled for over a decade. A 2021 sale of the First Kyiv Machine-Building Plant went through and remains valid but was marred by anti-competitive bidding behaviour linked to the buyer. A pre-2015 case shows the mechanism clearly: the state held 60% of Ukrnafta, but the Privat Group—a minority shareholder—controlled the company outright until corporate-governance law closed the loophole.
- **Reduced public support.** The 1990s–2000s privatisation wave delivered few visible gains for ordinary Ukrainians, which weakened public backing for further reform and raised its political cost.
- **Complicated bureaucratic procedure.** Even now, an estimated 95% of small-scale and sanctioned assets require real-estate registration and documentation clean-up before a starting price can even be set—a paperwork bottleneck that delays sales regardless of buyer interest.
- **Weak minority-shareholder protection.** Ukrainian corporate law has historically given minority shareholders limited recourse against a controlling owner, discouraging the kind of partial-stake sales the state increasingly wants to use (Section 4).
- **An underdeveloped "golden share" mechanism.** Many countries let the state keep a veto over specific strategic decisions—mergers, asset sales, relocation—in an otherwise privatised company through a "golden share." Ukraine has no comparable, well-tested legal tool, which makes full privatisation of strategically sensitive assets politically harder than it should be.
- **Ineffective blocking-stake mechanisms.** Statutory blocking votes exist in principle but are not consistently enforced or clearly defined in practice, leaving minority co-investors with weaker guarantees than in more developed markets.
- **Insufficient use of partial-privatisation mechanisms.** Full sale-or-nothing has long been the default, even where a minority-stake sale could bring in capital and market discipline while letting the state keep control of a strategic asset. This is now changing—see Sections 4 and 5.
- **An underdeveloped securities market.** Ukraine's small, illiquid stock market limits how investors can enter or exit a position, which in turn limits the pool of capital willing to buy in at all—a constraint the 2018 privatisation law partly addressed by dropping a requirement to pre-sell shares on the open market.

¹⁴ VoxUkraine, "White Book of Reforms 2025 — Chapter 11: Privatization and SOE reforms."

4. OVERCOMING THE BOTTLENECKS

Each bottleneck discussed above has a largely known, if not yet fully implemented, fix. These fixes are standard practices elsewhere and several are already, partially, underway in Ukraine.

- **Reduce vested-interest capture through judicial reform and open procedure.** Continued judicial reform, transparent electronic auctions, and consistent anti-corruption enforcement remove the discretion insiders have historically exploited.
- **Rebuild public support with visible, well-communicated wins.** SPFU's own "100 days" case studies—auctions selling many multiples over the starting price—are exactly the kind of concrete, public evidence that can shift opinion, if actively publicised rather than left in an internal deck.¹⁵
- **Keep simplifying procedure.** SPFU's move toward a unified asset-passport standard, and a proposed early-response monitoring system point the right direction; extending this to close the 95%-of-assets registration bottleneck should be a near-term priority.
- **Strengthen minority-shareholder protections in law.** Clearer statutory rights for minority shareholders—modelled on the post-Ukrnafta corporate-governance fixes—are a precondition for partial-stake sales to attract serious institutional investors.
- **Develop a credible golden-share mechanism.** A clearly defined, narrowly scoped golden-share tool would let the state retain a veto over genuinely strategic decisions without having to keep full ownership—making full privatisation politically viable for more assets.
- **Clarify and strengthen blocking-stake rules.** Well-defined, reliably enforced blocking votes give minority co-investors real protection, which is what makes them willing to buy a minority stake in the first place.
- **Introduce structured mechanisms for partial privatisation.** This is the single highest-leverage fix, and it is already beginning: SPFU's 2026 pipeline includes minority-stake sales in Ukrenerg, Ukrnafta, Energoatom, Ukr Energy Machines, DSO and UkrPoshta, and the Ministry of Economy's proposed State Asset Manager is explicitly designed to prepare SOEs for future IPOs and partial privatisation (more below). What is missing is a standardised legal mechanism—minimum stake thresholds, standard minority-protection terms, clear golden-share and blocking-vote rules—that makes every future minority-stake sale predictable to an investor, rather than a bespoke negotiation each time.
- **Deepen the securities market.** The PrivatBank “people’s IPO” has been discussed publicly, but as of this drafting there is no confirmed implementation timeline; more concrete near-term progress sits with the National Securities and Stock Market Commission (NSSMC), which is implementing a new capital-markets law (No. 3585-IX, in force since January 2026)—though the OECD’s own 2026 assessment flags real implementation gaps, including delayed supervisory and enforcement powers and calls from the IMF and EU for greater NSSMC independence from political influence¹⁶—and building toward a Ukrainian Exchange listing for state-linked assets, as Romania did with Fondul Proprietatea after 2011, would widen the investor base and improve liquidity over time.

Partial privatisation only works if it's paired with the fixes above. Selling a 25% stake without credible minority protections simply relocates the bottleneck rather than removing it.

¹⁵ State Property Fund of Ukraine (SPFU), "100 Days of the New Fund Team", Report by Chairman Dmytro Natalukha, April 2026.

¹⁶ OECD (2026), "Stronger Financial Markets and Institutions for Ukraine's Recovery" — Ukraine's corporate governance framework.

A further option under active discussion: In May 2026 the Ministry of Economy (under the previous government) proposed consolidating state ownership into a centralised State Asset Manager—modelled on Singapore’s Temasek or Romania’s Fondul Proprietatea—paired with a separate regulatory body to enforce governance compliance. The Ministry’s own baseline costing—UAH 278 million a year for a team of about 35—already exceeds SPFU’s entire current annual budget, underscoring how under-resourced the existing machinery is, whichever vehicle Ukraine eventually chooses.¹⁷ The proposal remains under discussion, not yet adopted. Its status under the cabinet formed in July 2026 has not been confirmed.

5. STATE OF PLAY: THE PRIVATISATION PIPELINE

Prozorro.Sale has processed hundreds of thousands of auctions since 2018. More than 850,000 auctions across all instruments have generated over UAH 133 billion in direct proceeds (excluding VAT and ongoing lease/rental income), per Prozorro.Sale’s own analytics module. In 2024, all-instrument revenue reached EUR 395 million (EUR 130 million from large privatisation, EUR 80 million from small); in 2025 the platform ran ~28,700 auctions worth EUR 325 million.¹⁸ SPFU separately reported UAH 938 million raised in Q1 2026 from 71 successful auctions out of 159 listed.¹⁹ Against this, the 2026 budget targets a conservative UAH 2 billion from privatisation, while the government’s own stated ambition for 2026 is about UAH 13 billion (roughly US\$295 million).²⁰

Small-scale privatisation adds over 1,000 more assets to the pipeline. Just over 1,000 assets sit across six categories, the largest being 657 lots of separate property and 265 unified property complexes, including seventeen Ukrspirt distilleries.

Six deals since 2020 (five of them since 2024) show the mechanism works. The largest were the EUR 88 million sale of United Mining and Chemical Company (2024)—the biggest single privatisation in modern Ukrainian history—and the EUR 54.5 million sale of Hotel Ukraina; every winning bidder was Ukrainian-registered, foreign capital also participated (notably NEQSOL Holding), and every asset stayed operational post-sale.

A parallel, faster channel sells confiscated assets. SPFU’s April 2026 figures: 1,510 assets across 15 pools, with UAH 205 million already transferred to the Fund for the Liquidation of Consequences of Armed Aggression. A January 2026 Cabinet resolution streamlined the procedure, removing a bureaucratic deadlock. Two further sanctioned assets are scheduled for auction on 20 October 2026: Demurinsky GZK (starting price UAH 1.82 billion) and MotorDetal-Konotop (UAH 415.5 million), with proceeds again going to the Fund.^{21, 22}

¹⁷ InVenture, “Ukraine to Accelerate Privatization in 2026: Which State Assets May Be Put Up for Sale” (23 May 2026).

¹⁸ Prozorro.Sale, public analytics module (accessed October 2026).

¹⁹ State Property Fund of Ukraine (SPFU), news release on privatisation results for the first quarter of 2026 (April 2026).

²⁰ InVenture, “Ukraine to Accelerate Privatization in 2026: Which State Assets May Be Put Up for Sale” (23 May 2026).

²¹ Cabinet of Ministers of Ukraine, “The government approved the privatisation conditions for four large enterprises: October auctions of state and sanctioned assets” (30 July 2026).

²² Ministry of Economy of Ukraine, news release on the privatisation conditions and starting prices for the Odesa Port Plant, Demurinsky and MotorDetal-Konotop (17 July 2026).

Table 4: Nine profiled large-scale assets: what SPFU is actually selling

Asset	Sector / product	Share for sale	Starting price	Window
Odesa Portside Plant	Nitrogen fertiliser + deep-water port transshipment	99.6%	UAH 4.31bn (~\$100m)	19 Oct 2026 (bids by 18 Oct)
Sumykhimprom	Fertilisers and TiO ₂ pigment; large chemical complex	99.99%	~\$24m	13 Oct 2026 auction did not take place (no bidders); repeat date TBC
Mykolaiv Alumina Refinery	Alumina refining; largest non-ferrous plant in Ukraine	100%	~\$140m	Q1 2027
Zaporizhzhia Titanium-Magnesium Combine	Titanium sponge; Europe's only producer	TBC	~\$24m	Q1–Q2 2027
Demurinsky Mining and Processing Plant	Titanium-zircon mining (ilmenite, rutile, zircon)	100%	~\$37.8m	20 Oct 2026 (sanctioned-asset auction)
Motordetal-Konotop	Cylinder liners; Tier-1 OEM supplier	100%	~\$5.5m	20 Oct 2026 (sanctioned-asset auction)
Ocean Plaza	Kyiv mall, 156,100 m ² GBA, 300+ tenants	66.65%	~\$100m	Nov–Dec 2026; no auction date set
Kharkivenergozbut	Regional electricity retail, 1.2m+ customers	65%	~\$130.6m	Q4 2026
Indar	Full-cycle insulin manufacturer	70.7%	~\$15–24m	2027

Source: [KSE Institute, Handbook on Public Assets in Ukraine \(June 2026\)](#)]; InVenture, “Ukraine to Accelerate Privatization in 2026” (23 May 2026); Cabinet of Ministers of Ukraine, announcement of the October 2026 auctions.

Bank Privatisation

Banking is the most state-heavy segment. Five banks (PrivatBank, Oschadbank, Ukreximbank, Ukrgasbank, Sense Bank) hold 52% of system assets; PrivatBank alone is ~EUR 18 billion, a 23% market share. The Financial Stability Council approved Sense Bank and Ukrgasbank privatisation in August 2025, the Cabinet followed in October 2025.

SPFU's own materials show real movement since the IMF's Q1 2026 review found no advisor in place. The Ministry of Finance issued a call for a single advisor to handle both bank sales, applications due 15 June 2026, engagement expected through 1 March 2029—covering structuring, outreach, execution and post-sale monitoring. A multi-year mandate suggests both SPFU and the Ministry expect closure well after 2026, consistent with the Handbook's own view that closure before 2027 is unlikely. Longer-term plans for Oschadbank and PrivatBank remain aspirational; meanwhile a "people's IPO" would offer 7% of PrivatBank to retail investors via Diya, at UAH

300/share with a UAH 400,000 cap.²³ Under the cabinet formed on 16 July 2026, the Ministry of Finance was tasked in August with accelerating the Sense Bank sale; no advisor had been publicly named at the time of writing.²⁴

Sense Bank's own governance has come under significant strain in parallel. Since May 2026, Ukrainian media have published recordings—the so-called “Mindich tapes”, tied to a wider NABU investigation into an alleged kickback scheme at Energoatom—that allegedly capture a presidential-orbit intermediary discussing specific candidates for Sense Bank's supervisory board shortly after the bank's nationalisation. The board's chairman voluntarily stood aside in May 2026 pending review; the National Bank of Ukraine later sought his formal removal and opened qualification reviews of other supervisory-board members, and in August 2026 the bank's chief executive was dismissed over a separate alleged bail-laundering scheme, with the NBU also examining possible interference with the bank's operating systems.²⁵ Sense Bank's own internal audit found no evidence that the individuals named in the recordings received preferential treatment as clients. For a bank sitting in the middle of the privatisation pipeline discussed in this section, the episode is a live illustration of exactly the governance-capture risk this article treats as a structural bottleneck (Section 3)—and a genuine, current due-diligence consideration for any prospective buyer.

6. MILESTONES TO WATCH

This tracker maps commitments across three external anchors. The IMF EFF, the EU's Ukraine Facility, and the European Commission's enlargement reporting, with status as of mid-October 2026. Full citations are in the reference list. Separately, EU disbursements have continued despite acknowledged shortfalls: the seventh Ukraine Facility tranche (~EUR 2.8 billion, approved 28 May 2026) went ahead after Ukraine completed 11 of 20 required steps, under a Commission methodology that lets early-completed reforms offset delayed ones; the eighth payment (~EUR 3 billion, approved 24 September 2026, with EUR 2.9 billion disbursed on 2 October) followed after ten more targets were met, bringing completed steps to 84 of 95 (about 88%) and cumulative support above EUR 32 billion, with about EUR 800 million of it, for the first time, a loan; and the Council added a further EUR 8.3 billion to the Ukraine Plan on 30 July 2026, with new rule-of-law and anti-corruption steps attached.^{26, 27}

The external backdrop has shifted since mid-2026. Accession talks now have momentum: Cluster 1 (Fundamentals) opened in June after Hungary and Ukraine agreed on minority rights, and Cluster 6 (External Relations) followed on 14 July, leaving two of six clusters open. On 12 October the Rada passed the minority-schooling law that Hungary had demanded (Bill No. 16119) and the President signed it, and member states agreed the same day to open Clusters 2 and 3; the formal opening is still to come. The new government aims to open all clusters and conclude negotiations by end-2027, although Enlargement Commissioner Kos has said accession on 1 January 2027 is not feasible under the present methodology. On the IMF side, the programme now points to a combined second and third review by December 2026, and the 2027 external financing need is estimated at about US\$52.6 billion, of which the EU is expected to cover roughly US\$17.5 billion. Both creditors' conditionality will therefore stay binding while the privatisation pipeline is being executed.

²³ [Mind.ua](#), “Pilot sale of 7 per cent of PrivatBank's shares: how the state plans to attract 5 million investors”, based on an internal presentation by the Cabinet of Ministers (January 2026).

²⁴ [Government of Ukraine](#), “Funds from the sale of Sense Bank will be directed to the needs of the Defense Forces” (20 August 2026).

²⁵ [Euromaidan Press](#), “Ukraine fires state bank chair after alleged \$3.3 million bail-laundering scheme” (25 August 2026).

²⁶ [Council of the EU](#), “Ukraine Facility: Council approves seventh payment of nearly €2.8 billion to Kyiv” (28 May 2026); [Council amendment adding €8.3 billion to the Ukraine Plan](#) (30 July 2026).

²⁷ [Council of the EU](#), “Council approves nearly €3 billion payment to Ukraine and welcomes Norway's contribution” (24 September 2026).

Table 5: Reform milestones to watch

Reform milestone	Instrument / source	Deadline	Status (as of mid-Oct.)
Adopt State Ownership Policy, 33-key-SOE list and privatisation triage	State Ownership Policy (CMU, 29 Nov 2024); OECD SOE Review 2026	29 Nov 2024 (adopted); institutionalisation ongoing	Adopted; OECD recommends institutionalising the triage as a recurring process
Revise selection procedure for supervisory boards of state-owned banks	IMF EFF structural benchmark	End-March 2026	Delayed—draft laws submitted but not yet adopted by the Verkhovna Rada; the IMF's July 2026 review still rated overall programme performance “broadly satisfactory”. The September IMF mission reportedly found further benchmarks missed, including the Cabinet strategy for public-sector banks
Appoint international financial advisor for bank privatisation (Sense Bank, Ukrgasbank)	IMF EFF; Cabinet privatisation decision, Oct 2025	Call for applicants Apr 2026; applications due 15 Jun 2026; engagement to 1 Mar 2029	In progress—a formal single-advisor tender for both banks launched April 2026, applications due 15 June 2026; no signed engagement confirmed as of this drafting. Separately, Sense Bank's own governance has come under scrutiny since May 2026 over supervisory-board appointment allegations (see Section 5), a live due-diligence consideration for this sale
Majority-independent supervisory boards at key SOEs	EU Ukraine Facility reform indicator	June 2026	Partial—implementation uneven; board independence weakest in energy-sector SOEs
Update the Cabinet "Strategic Directions for Public-Sector Banks"	IMF EFF structural benchmark	End-June 2026	Missed as of the September IMF mission
Further corporatisation of state/municipal enterprises into commercial joint-stock companies	EU Ukraine Facility reform indicator; 2025 corporatisation reform	September 2026	Underway—legal pathway created by the 2025 reform
Open EU negotiating Clusters 2 (Internal Market) and 3 (Competitiveness and Inclusive Growth)	EU Council; Hungarian condition: minority-schooling Bill No. 16119	12 Oct 2026 (agreed); formal opening pending	Member states agreed to open Clusters 2 and 3 after Ukraine passed the minority-education law; formal opening pending

Table 5: Reform milestones to watch

Reform milestone	Instrument / source	Deadline	Status (as of mid-Oct.)
Auctions of Sumykhimprom, OPP, Demurinsky GZK and MotorDetal-Konotop	SPFU auction notices	13–20 October 2026	Sumykhimprom (13 Oct) did not take place: no bidders. OPP (19 Oct), Demurinsky and Motordetal-Konotop (20 Oct) pending
Combined second and third IMF EFF review	IMF Executive Board; financing assurances for 2027	By December 2026	Pending—roughly US\$1.6bn in combined disbursements expected, conditional on benchmarks and financing assurances
Sell priority large-scale assets (19-asset SPFU pipeline incl. OPP, Sumykhimprom, Demurinsky MPP, Ocean Plaza, Mykolaiv Alumina, Kharkivenergozbut, Indar and others)	SPFU 2026 privatisation schedule	Q2 2026–Q2 2027 (phased)	In preparation/auction stage; Mykolaiv Alumina now Q1 2027, Ocean Plaza Nov–Dec 2026; other windows still TBC
Three pending draft laws (Nos. 14241, 14281, 13435)—sanctioned-asset process, land relations, and auction-price finality	SPFU legislative proposal	Pending Verkhovna Rada action	Draft submitted; not yet adopted as of this drafting

Source: [KSE Institute, Handbook on Public Assets in Ukraine \(June 2026\)](#); OECD, Review of the Corporate Governance of State-Owned Enterprises in Ukraine 2026; European Commission, Ukraine Report 2025; IMF, Press Release No. 26/254 (20 July 2026).

7. POLICY RECOMMENDATIONS

In the short term, three actions matter. The 15 June 2026 deadline for appointing a bank-privatisation advisor has already passed without a signed engagement; the new government's August 2026 directive to accelerate the process should be converted into an actual signed contract this year, given the valuation gap between official and market price expectations that has stalled earlier attempts. The delayed IMF supervisory-board benchmark still needs to be completed, together with the missed Cabinet strategy for public-sector banks, ahead of the combined second and third IMF review targeted for December 2026. And the pipeline's scheduled 2026 auctions should stay on their published timelines, alongside adoption of the three pending SPFU draft laws (Nos. 14241, 14281, 13435).

Over the medium term, 2026–2027, the reform agenda should deepen. The SOE triage should become a recurring, criteria-based process rather than a one-off exercise. The supervisory-board independence gap should close ahead of the EU Ukraine Facility's June and September 2026 indicators. War-risk de-risking instruments should extend to privatisation buyers of frontline-adjacent assets, not only new energy build. And the minority-shareholder, golden-share and blocking-stake fixes discussed in Section 4 need to be legislated, so that the

minority-stake model already on the table for Ukrenergo, Ukrnafta, Energoatom and UkrPoshta becomes credible to investors rather than merely announced.

Structurally, three deeper fixes are overdue. The fragmentation of SOE ownership across roughly 80 ministries and agencies should be resolved before further large-scale sales proceed. The privatisation law should be aligned with the EU acquis as accession progresses, and the PrivatBank “people's IPO” should be treated as a genuine complement to, not a substitute for, a credible strategic-investor process. And SPFU's documented capacity gap needs direct attention—a UAH 198 million annual budget against UAH 1.7 billion generated, with case officers paid USD 350–700 a month overseeing sales worth up to USD 100 million—since no legal or governance reform closes a pipeline the implementing agency is structurally under-resourced to execute.

8. CONCLUSION

The mechanism works; the constraint is throughput, not consensus. Five large-scale sales since 2024 closed transparently, kept businesses operating, and were won predominantly by Ukrainian-registered companies alongside foreign capital. What's binding for 2026–2027 is institutional throughput—advisors, supervisory boards, minority-investor protections, and a properly resourced implementing agency—not appetite to sell. The IMF's July 2026 review—broadly satisfactory overall, but with a handful of structural reforms still delayed and a combined second and third review now targeted for December 2026—and the EU's June/September 2026 Ukraine Facility indicators send, in effect, a consistent message from two different creditors: closing the capacity gap, not building political consensus, will determine whether the 2026 pipeline lands on schedule or slips into 2027 the way bank privatisation already has.

Three concrete steps would close that gap fastest: converting the bank-privatisation advisor tender into a signed engagement without further slippage; giving the implementing agency a budget that matches the roughly UAH 1.7 billion it already returns to the state, rather than the UAH 198 million it currently runs on; and legislating the minority-shareholder and golden-share protections that would make the emerging minority-stake model for Ukrenergo, Ukrnafta and Energoatom credible to outside investors rather than merely announced.