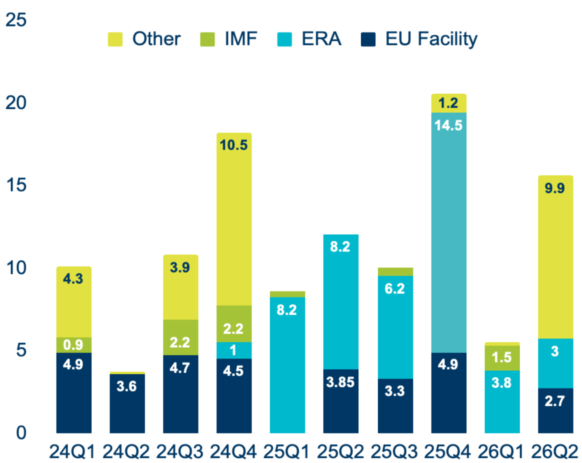
Ukraine Financial Support Tracker | Q2 2026

KSE | Institute

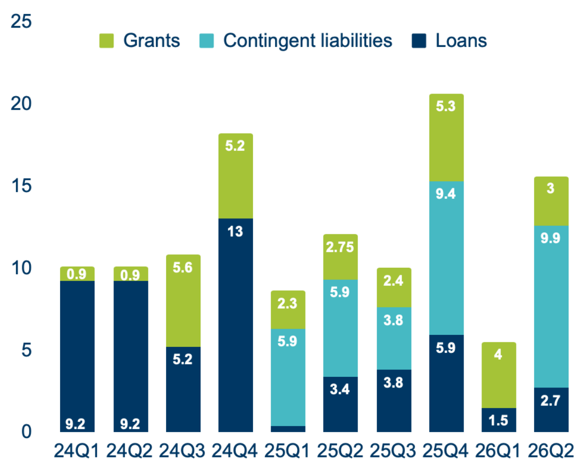
USD 5.5 bn	USD 47.7 bn	72.7%	0.0%
Total support in Q1 2026	Expected support in 2026	Share of foreign grants in Q1 2026	Share of contingent liabilities* in Q1 2026

* Loans structured in a way that the repayment is conditional on the receipt of Russian reparations or other linked events

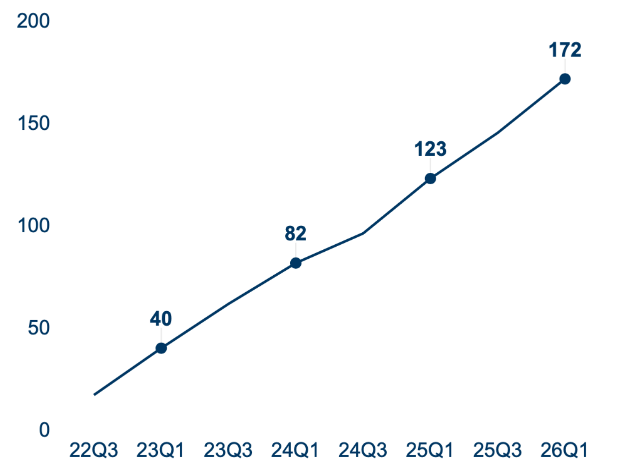
Foreign financing by source, USD bn



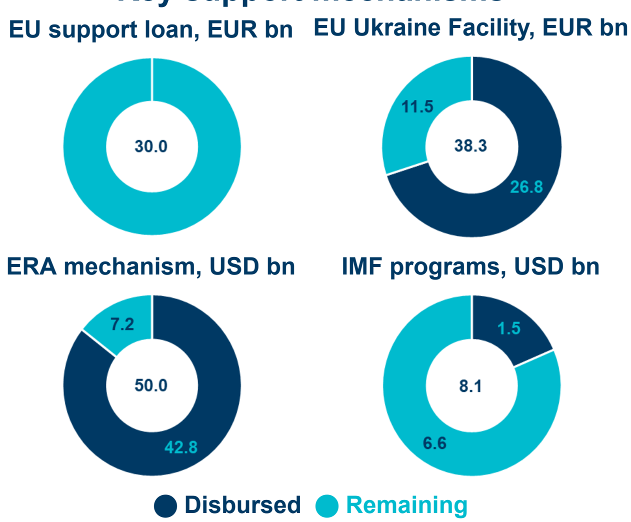
Foreign financing by type, USD bn



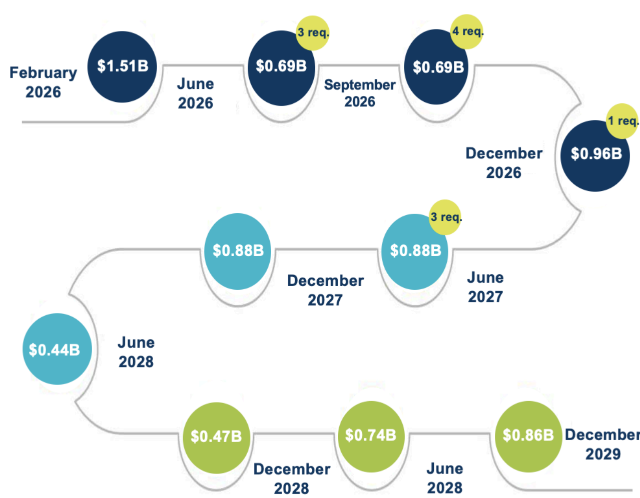
Cumulative net foreign financing, USD bn



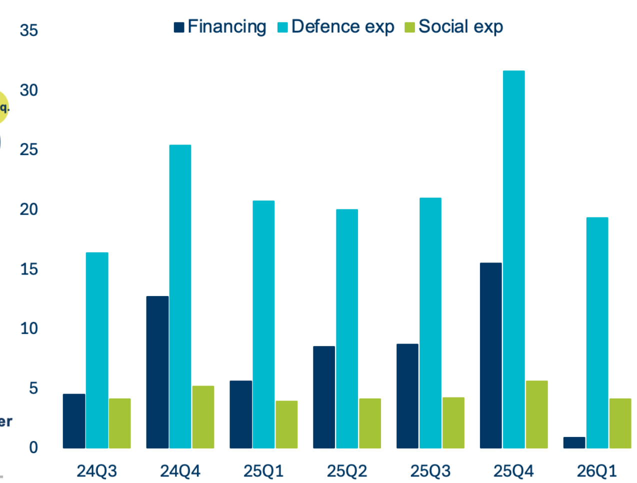
Key support mechanisms



IMF disbursement schedule



Financing and expenditures, USD bn



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By Viktoria Klimchuk, Dmytro Krukovets, Mykhailo Rebryk, Yuliya Markuts, Oleksandra Kharkhun, Benjamin Hilgenstock, and Lucas Risinger

In its quarterly ***Ukraine Financial Support Tracker***, KSE Institute conducts a **regular, comprehensive assessment of Ukraine's external financing landscape**, tracking disbursements across all major support mechanisms, including multilateral, bilateral, and EU-led instruments.

Executive Summary

- The **Extraordinary Revenue Acceleration (ERA)** mechanism continued as the backbone of budget support in Q1, delivering **USD 3.8 bn** in grants from the US, Canada, and Japan. However, its grant component is nearly exhausted, illustrating the structural shift toward loan-dominated financing.
- The **IMF's new four-year Extended Fund Facility** marks a significant milestone. Prior actions were completed by Ukraine or restructured, unlocking an immediate **USD 1.5 bn** disbursement in March and reestablishing a critical policy anchor for broader partner financing commitments. Subject to satisfactory performance, an additional **USD 1.4 bn** is projected to be received in H2 2026.
- The **Ukraine Facility** recorded no disbursements in Q1 2026, the first such quarter since its inception, with 11 indicators from 2025 as well as 6 indicators from Q1 2026 remaining unmet. While reform efforts need to be increased, the complexity of implementing significant measures during the war requires flexible adaptation of the plan, which has been revised only once so far. A **EUR 2.7 bn** disbursement is anticipated in Q2 2026, enabled by the fulfillment of certain previously-missed indicators and EU flexibility regarding the recognition of already completed future indicators.
- The **Ukraine Support Loan (USL)** will transform the external financing architecture, and its activation is now the defining near-term priority. With Hungary's pre-election veto resolved and **EUR 45 bn** secured for 2026, a first disbursement in late May–early June appears increasingly plausible. Any further delay would increase the financing gap up to **USD 10.0 bn** by end-June. The USL's activation also creates a natural opportunity for the European Commission to fundamentally revisit Ukraine Facility benchmarks and reflect on the EU's ability to insulate critical financing from political obstruction.

Methodological note: *Foreign financial support is assessed on a cash basis, meaning it is recorded when disbursed to Ukraine, not when funds are used within the country. This is different from the approach employed by other institutions, such as the IMF. As a result, the numbers shown in this report for foreign support inflows and reserve gains differ from those for budget financing in their temporal distribution.*

Recent Developments: Q1 2026

External financing in Q1 2026 dropped significantly compared to Q4 2025, totaling USD 5.5 bn, and was dominated by multilateral grant support through the ERA mechanism as well as IMF loans. Despite the reduced amount, external financing remained an important source of funding for Ukraine's **defense and security expenditures** (**USD 19.3 bn**) and **social spending** (**USD 2.6 bn**) in Q1 2026. With **USD 4.0 bn** in **grants** and **USD 1.5 bn** in **loans,** the former accounted for 73% of total receipts**.** Ukraine received **69.1%** of **total foreign assistance receipts—**almost all grants in Q1 2026—under the ERA program, including **USD 2.4 bn** from the US in January, and **USD 146 mn** from Canada (the last tranche), **USD 775 mn** from the US, and **USD 544 mn** from Japan (the first tranche) in February.

On February 26, 2026, the IMF Executive Board approved a new 48-month EFF arrangement for Ukraine totaling **SDR 5.9 bn** (~USD 8.1 bn). The program will be monitored through a series of structural benchmarks covering key objectives, with twelve such benchmarks scheduled for 2026 and quarterly reviews governing disbursements. Ukraine has already received the **first tranche** of **USD 1.5 bn**. To unlock it, a number of prior actions were fulfilled, including approval of the 2026 State Budget in line with program parameters, adoption of a Cabinet of Ministers resolution ensuring equal conditions for VAT payers in competitive public procurement procedures, and submission to Parliament of a draft new Labour Code incorporating changes to the definition of "employment" in line with international best practices. Subject to satisfactory performance, Ukraine is projected to receive an additional **USD 1.4 bn** in 2026 (USD 686 mn in June and September, following reviews). In March, the state budget also received a **USD 200 mn** grant from Norway under the World Bank's PEACE in Ukraine (Support for State Expenditures to Ensure Resilient Public Administration) program.

In Q1 2026, Ukraine did not receive any payments under the Ukraine Facility. According to the established schedule, Ukraine was expected to receive **EUR 2.9 bn**. However, this inflow was delayed due to challenges in fulfilling reform requirements. 11 indicators from 2025 and 6 indicators from Q1 2026 remain unmet, which has weakened partners' confidence in the government's ability to implement reforms. The absence of Ukraine Facility inflows in Q1 2026 materially increased risks to macrofinancial stability, already challenged by the difficult winter and the Iran war. The complexity of sustaining a comprehensive agenda under active war conditions demands a flexible and regularly revised conditionality framework.

Lower-than-usual official financing put pressure on Ukraine's reserves amid a structurally large trade deficit (USD 17.4 bn in Q1 2026), driven by wartime import needs and constrained export capacity. Official transfers and concessional loans offset a substantial share of the external gap, playing a crucial role not only in fiscal stabilization but also in maintaining external resilience. The lighter Q1 disbursement profile placed greater pressure on the reserve buffer than in preceding quarters: gross international reserves declined by **USD 5.3 bn** to USD 52.0 bn. However, they remained comfortably above adequacy benchmarks, covering 5.2 months of imports. The hryvnia depreciated moderately, with UAH/USD reaching 43.3 on average in Q1 2026; thus, depreciation remained orderly considering the scale of the external imbalance. Due to exchange rate fluctuations, the total amount of state and state-guaranteed debt increased by 2.1% in hryvnia terms, whereas in U.S. dollar terms, it declined by 1.2% to USD 210.8 bn

Outlook and Risks

Substantial inflows of external financing are projected for the remainder of 2026, underpinned by commitments from international donors and multilateral institutions. While political disagreements in Europe had delayed disbursements under the **USL**, an agreement has since been reached, securing **EUR 45 bn** in funding for 2026. The first tranches of this facility are expected in the second quarter. Furthermore, Ukraine is set to receive a **EUR 2.7 bn package under the Ukraine Facility**. Ukraine has partially met its commitments to international partners, completing 9 out of 17 required indicators. Recognizing the critical need for funding, the EU has shown flexibility by updating its disbursement rules. This change allows Ukraine to receive the tranche by counting four additional indicators that have already been fulfilled ahead of their 2026 schedule. We expect further indicators to be fulfilled, leading to several tranches in 2026.

The activation of the USL remains the defining development shaping financing dynamics in 2026. With Hungary's parliamentary elections concluded and the veto issue resolved, a first disbursement in late May–early June 2026 appears increasingly plausible. Once operational, the USL will substantially reshape the external financing architecture: of the **EUR 30 bn macro-financial component**, EUR 16.7 bn is expected to reach the budget in 2026, alongside EUR 9.7 bn channeled through the budget from the **EUR 60 bn defense-industrial component**. On May 8, the Chairperson of the Committee on Budget of the Verkhovna Rada, Roksolana Pidlasa, indicated that Parliament is considering channeling a substantially larger share (~EUR 28 bn) through the budget, suggesting that the USL's disbursement architecture remains unsettled weeks before the anticipated first tranche. Its non-interest-bearing structure and repayments conditioned on Russian reparations mean it does not materially add to Ukraine's medium-term debt service burden. Any further delay beyond early June would increase the **financing gap** up to **USD 10 bn** by the end of June, with no comparable substitute available in the near term, forcing difficult expenditure prioritization.

The Ukraine Facility and the ERA will remain important pillars of budget support through 2026, although both face constraints. The ERA's grant component is nearly exhausted and will not continue much further. The Ukraine Facility carries compounding conditionality risks as the pipeline of required measures builds up and overwhelms the system's capacity to adopt and implement them. The mechanism may be revised in the upcoming quarters to align with actual wartime reform needs. Meanwhile, the USL's activation creates a natural opportunity for the European Commission to revisit benchmarks that are no longer relevant

The new IMF Extended Fund Facility provides a critical policy anchor. Beyond the **USD 1.5 bn already disbursed**, Ukraine is projected to receive upcoming tranches, contingent on benchmark compliance. The EFF's role extends beyond its direct financing contribution: an active IMF program materially underpins broader partner financing commitments, making reform performance a systemic rather than bilateral risk.

Over the 2026–29 horizon, KSE Institute assesses that the combined financing envelope—anchored by the USL, the new IMF program, continued ERA and Ukraine Facility disbursements, and future EU MFF funds—is sufficient to cover Ukraine's budgetary needs if the war ends in late-2026. Total financing needs over this period are estimated at approximately **USD 121.4 bn** (USD 132.3 bn excluding grants), against identified committed or likely financing of USD 121.0 bn, approximately 87% of which is external, leaving only a minor residual gap. From 2027 onward, financing is assumed to gradually broaden, with a return to the **Eurobond market** (**~EUR 9.0 bn**) and meaningful **non-resident investment in domestically issued sovereign debt** (**~USD 6.5 bn**) beginning to supplement official bilateral and multilateral flows.

The principal risks to this outlook are threefold. *First*, the concentration of the financing structure in a small number of large instruments means any single delay—particularly of the USL in H1 2026—has outsized consequences for cash flow management. *Second*, reform conditionality across the IMF, Ukraine Facility, and USL frameworks creates compounding vulnerability: slippage on any front simultaneously jeopardizes disbursements and erodes the credibility signal that underpins partner commitments. *Third*, escalation of hostilities remains a persistent fiscal risk. A further intensification would require additional budget expenditures (as occurred twice in 2025), pushing defense spending above planned levels and widening the financing gap, while attacks on energy infrastructure would compound the effect on both expenditures and revenues. Continuation of the war in 2027 will further increase financing needs. Moreover, geopolitical tensions and the escalation of the war in Iran may distract partners' attention and resources from support for Ukraine.

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Appendix: Table with Foreign Support by Source, in bn USD

Years	2024					2025					2026			
Indicators	**I**	**II**	**III**	**IV**	**Total**	**I**	**II**	**III**	**IV**	**Total**	**I**	**II**	**H2***	**Total**
Loans	9.2	3.6	5.2	13.0	31.0	6.3	9.3	7.6	15.3	38.5	1.5	12.6	24.7	38.8
ERA						**5.9**	**5.9**	**3.8**	**9.4**	**25.0**			**1.5**	**1.5**
EU						4.2	3.2	3.8	9.4	20.6				
Canada						1.7	1.7			3.4				
UK							1.0			1.0			1.5	1.5
Ukraine Facility	**4.9**	**3.6**	**3.0**	**2.8**	**14.3**		**3.4**	**3.3**	**4.7**	**11.4**		**2.7**	**2.2**	**4.9**
IMF	**0.9**		**2.2**	**2.2**	**5.3**	**0.4**		**0.5**		**0.9**	**1.5**		**1.4**	**2.9**
USL												**9.9**	**19.6**	**29.5**
World Bank				4.8	4.8				1.2	1.2			**2.4**	**2.4**
Canada	1.4			0.3	1.7									
Japan	1.5			1.8	3.3									
South Korea				0.1	0.1									
UK	0.5			0.5	1.0									
US				0.5	0.5									
Grants	0.9	0.1	5.6	5.2	11.8	2.3	2.8	2.4	5.3	12.8	4.0	3.0	1.9	8.9
ERA				**1.0**	**1.0**	**2.3**	**2.3**	**2.4**	**5.1**	**12.1**	**3.8**	**3.0**	**0.4**	**7.2**
Ukraine Facility			**1.7**	**1.7**	**3.4**		**0.5**		**0.2**	**0.7**			**1.5**	**1.5**
EU (x/ UF)				0.2	0.2									
Japan	0.6	0.1			0.7									
Norway	0.3				0.3						0.2			**0.2**
US			3.9	1.9	5.8									
Other				0.4	0.4									

* The breakdown between Q3 and Q4 2026 is not presented due to the extensive volatility of the future disbursements. They are merged into the second half of 2026 and represent analytical expectations