KSE | Institute

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UKRAINE FINANCIAL SUPPORT TRACKER

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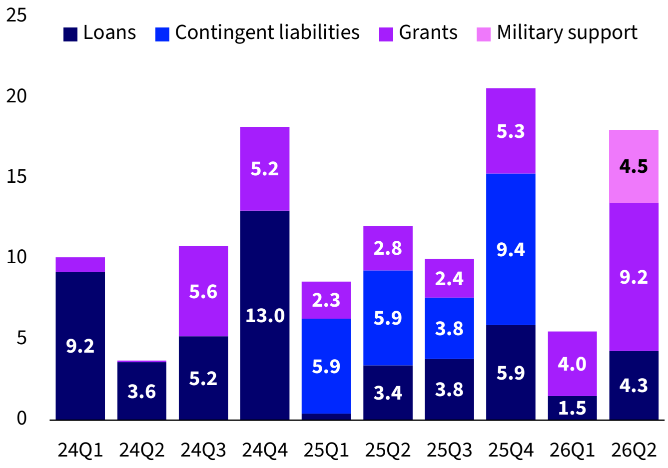
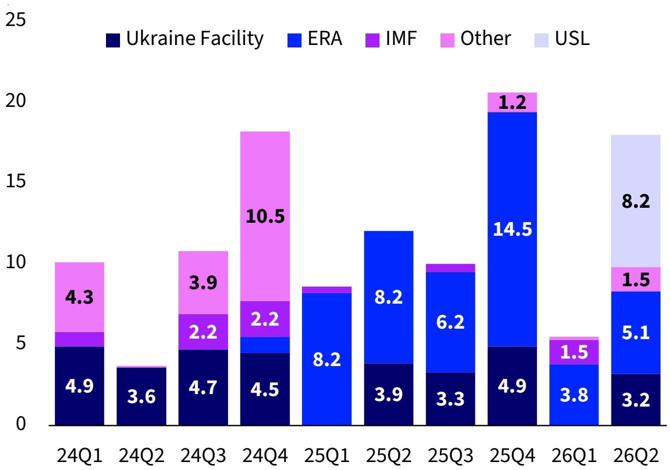
FINANCIAL SUPPORT DASHBOARD

USD 18 bn	USD 76 bn	51.1%	25.0%
Total support in Q2 2026	Expected support in 2026	Share of foreign grants in Q2 2026	Share of USL military support in Q2 2026

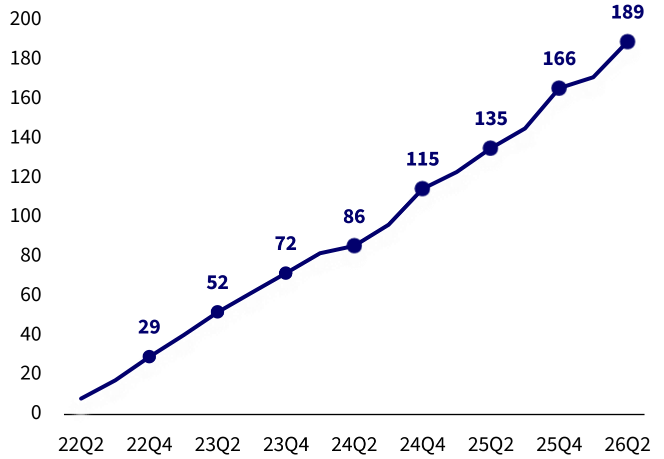
Foreign financing by type, USD bn



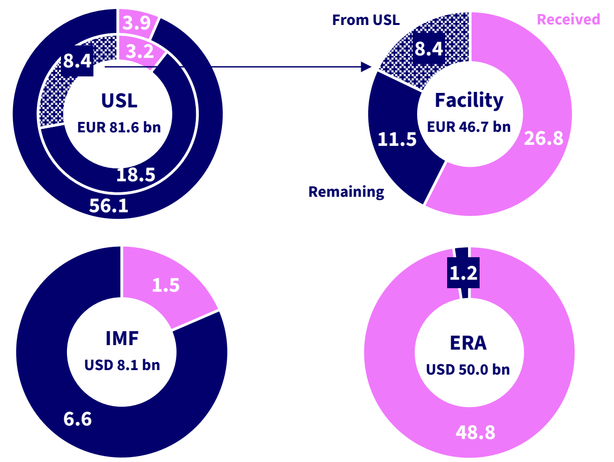
Foreign financing by source, USD bn



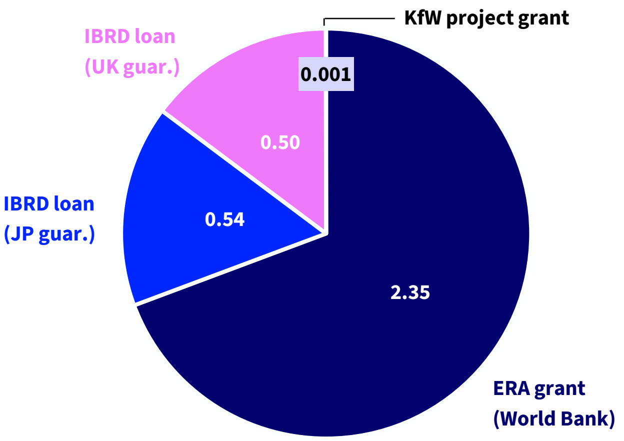
Cumulative net foreign financing, USD bn



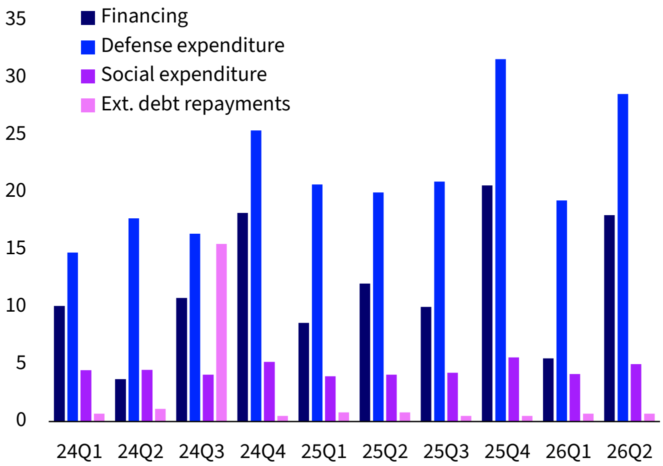
Key support mechanisms, received and remaining



Agreements signed during URC 2026, USD bn



External financing and expenditures, USD bn



Source: Ministry of Finance, KSE Institute

EXECUTIVE SUMMARY

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. The **cut-off date for incorporated events is July 31, 2026**, while the latest available official data on financing from the Ministry of Finance of Ukraine extends to June 30, 2026.

- **The Ukraine Support Loan (USL) became operational in June with up to USD 52.0 billion (EUR 45 billion) expected in 2026, considerably strengthening macro-fiscal stability.** Ukraine has already received USD 3.7 billion (EUR 3.2 billion) in macrofinancial support on June 25 and two tranches from the USL's military component totaling USD 8.5 billion (EUR 7.4 billion) in June–July, which is being channeled through the state budget's special fund. Amendments to the Ukraine Plan under the Ukraine Facility (UF) were also adopted, moving USD 9.6 billion (EUR 8.35 billion) in 2026 USL funds into the Facility's conditionality framework.
- **Ukraine received the seventh tranche under the Ukraine Facility amounting to USD 3.2 billion (EUR 2.8 billion) in June following significant delays, with the disbursement requiring serious concessions regarding the assessment of structural benchmarks by the European Commission.** The adjustment highlights the EU's flexibility in maintaining critical financial support during wartime. The Ukraine Facility remains one of the key sources of external inflows, but further disbursements will depend on the timely fulfillment of reform indicators; otherwise, the receipt of future financing may be jeopardized.
- **Financing under the Extraordinary Revenue Acceleration (ERA) mechanism is now nearing its end.** In Q2 2026, Ukraine received USD 5.1 billion in grants from Japan, the United States, and Canada, alongside USD 1.0 billion from the United Kingdom for defense needs outside of the budget. With only the final USD 1.2 billion Japanese tranche left, due in 2027, the relevance of additional ERA financing is minimal.
- **The IMF made no disbursement in Q2 2026, but the quarter delivered a decisive step toward the tranche that was transferred in July.** IMF staff and Ukrainian authorities reached an agreement on the first review of the Extended Fund Facility (EFF) on June 12, alongside the Article IV consultation, with end-March quantitative performance criteria met although the end-June reserves target was missed. Board approval on July 20 then released USD 690 million (SDR 503 million). However, the review warned that reform implementation had slowed, with several important benchmarks delayed or unmet.
- **The Ukraine Recovery Conference 2026 reinforced near-term financing while expanding the institutional and financial base for reconstruction.** Key outcomes included USD 3.39 billion under the World Bank's First Ukraine Jobs and Private Sector Growth Development Policy Operation, including USD 2.35 billion in grants and more than USD 1 billion in IBRD loans guaranteed by the UK and Japan.

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 differs 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. Euro-denominated amounts are reported in USD with the original amount in parentheses, converted at USD 1.155 per euro, the rate implied by the June 2026 USL disbursements; rounded USD components may not sum exactly to rounded USD totals.*

RECENT DEVELOPMENTS

June marked a turning point for external financing in 2026, as several major support programs were unblocked after a weak start to the year. In H1 2026, Ukraine received USD 23.5 billion in external financing, 13.8% more than in H1 2025. The majority of this financing, USD 18.0 billion (76.6%), was received in Q2 2026. Financing in 2026 also saw a notable shift toward grants, driven primarily by continued disbursements under the grant component of the ERA mechanism and the ultimately chosen quasi-grant structure of USL financing. In Q2 2026, Ukraine received USD 4.3 billion in loans and USD 9.2 billion in grants, alongside USD 4.5 billion in military support provided under the USL. External financing remained an important source of funding for Ukraine's defense and security expenditures (USD 47.8 billion) and social sector spending (USD 9.1 billion) in H1 2026. The main sources of inflows were the USL, the ERA mechanism, the Ukraine Facility, and World Bank financing.

Ukraine received the first disbursements under the USL in June, easing financing pressures accumulated during the first half of the year and strengthening the predictability of external support. On June 25, Ukraine received the first tranche of USD 3.7 billion (EUR 3.2 billion) in macrofinancial assistance. Ukraine also received two tranches of USD 4.5 billion (EUR 3.9 billion) and USD 4 billion (EUR 3.5 billion) transferred to the special fund of the state budget for defense expenditures. Ukraine is set to have access to up to USD 52.0 billion (EUR 45 billion) in 2026 as part of the USD 104 billion (EUR 90 billion) support package for 2026–27, with USD 34.7 billion (EUR 30 billion) allocated to macrofinancial and budgetary support and USD 69.3 billion (EUR 60 billion) to defense needs, including investment in Ukraine's defense-industrial capacity and defense procurement. In 2026, Ukraine is expected to receive USD 19.3 billion (EUR 16.7 billion) in financial (i.e., non-military) support, half of which is to be provided directly to the budget as macrofinancial assistance, with the remainder channeled through the Ukraine Facility. On June 11, the Cabinet of Ministers approved amendments to the Ukraine Plan under the Facility, aimed at creating the conditions to mobilize USD 9.6 billion (EUR 8.35 billion) in USL funds through this mechanism.

Despite its name and earlier expectations, financing under the Ukraine Support Loan was ultimately received and recorded in the state budget as revenues or, specifically, grants. The receipt of USL financing in grant form, instead of the originally anticipated loan structure, has been critical to debt sustainability, as the program is unlikely to generate any debt repayment burden—except in the case of Russia making reparations payments when the received funds would materialize as sovereign debt obligations. The USL non-interest bearing nature also reduces the budgetary burden from interest payments on a large principal. Altogether, the USL's setup contributed to a notable shift in the composition of external financing from loans toward grants.

Ukraine received the seventh tranche of USD 3.2 billion (EUR 2.8 billion) under the Ukraine Facility in June. This amount included USD 2.8 billion (EUR 2.4 billion) in loans and USD 0.5 billion (EUR 0.4 billion) in grants. The disbursement had been approved by the European Commission in April following methodological revisions and certain concessions regarding the assessment of the implementation of Ukraine's reform commitments. In particular, the revised approach allowed the Commission to count four indicators that had already been fulfilled ahead of their originally scheduled deadlines for 2026. This adjustment enabled the EU to recognize progress achieved by Ukraine while easing the immediate conditionality constraints that had delayed the disbursement.

Financing under the ERA mechanism continued to play a critical role in supporting Ukraine's fiscal stability in 2026, although the available envelope is now nearing exhaustion. In Q2 2026, Ukraine received USD 5.1 billion in grants under the mechanism from Japan, the United States, and Canada, while a further USD 1.0 billion was provided by the United Kingdom under the ERA framework for defense needs outside of the budget. The final USD 1.2 billion tranche from Japan is expected to be disbursed in 2027. Altogether, close to 98% of ERA funds have been delivered.

The Ukraine Recovery Conference reinforced near-term financing while strengthening Ukraine's institutional capacity to mobilize additional EU and reconstruction funding. Key outcomes included two agreements with the World Bank under the First Ukraine Jobs and Private Sector Growth Development Policy Operation (DPO) totaling USD 3.39 billion, comprising a USD 1.04 billion loan from the International Bank for Reconstruction and Development, including USD 500 million backed by a UK guarantee and USD 540 million backed by a Japanese guarantee, and USD 2.35 billion in grants under the G7 ERA mechanism (specifically, the US). The funds are directed toward the budget. In addition, KfW provided a EUR 0.78 million grant under the Strengthening Development Conditions and Financing for Reconstruction in Ukraine project, supporting advisory assistance, preparation for the EU Pillar Assessment, and further integration of the institution into the EU financial instruments framework.

Ukraine received substantial support from the World Bank during 2026, totaling approximately USD 1.5 billion in loans. This included additional financing under the Support for State Expenditures to Ensure Resilient Public Administration (PEACE) project, the First Ukraine Jobs and Private Sector Growth Development Policy Operation, the Social Protection for Inclusion, Resilience, Innovation, and Transformation (SPIRIT) project, additional financing under the Supporting Reconstruction through Smart Fiscal Governance (SURGE) program, and the Investing in Social Protection for Increased Coverage, Efficiency, and Equity (INSPIRE) project. The World Bank's support remained an important part of Ukraine's external financing, helping sustain essential public expenditures while supporting reforms in public financial management, private sector development, social protection, and reconstruction.

The IMF completed the first review of the new four-year Extended Fund Facility and Ukraine received USD 690 million (SDR 503 million) as part of the program's second tranche in July. Program performance has been broadly satisfactory. All end-March quantitative performance criteria and indicative targets were met, but the end-June target on net international reserves was missed, partly due to the impact of the war in the Middle East. Reform implementation has slowed, however, with several structural benchmarks completed with a delay or missed. The authorities have agreed to corrective actions and revised timelines for key reforms. However, further delays or insufficient progress in reform implementation could put future disbursements at risk.

Reserves finished the Q2 almost unchanged compared to the end-Q1 value, but the path within the quarter shows how much depends on the timing of external support disbursements. Gross international reserves fell to USD 48.2 billion in April and to USD 45.7 billion in May, before late-June inflows lifted them by 12.1% in a single month to USD 51.3 billion, a net decline of only USD 0.7 billion over the quarter. That outcome was achieved despite USD 11.9 billion in NBU interventions in the foreign currency market, up 3% q-o-q, and was possible only because partner financing arrived before the end of the quarter. The external gap continued to widen, with goods imports up 27% y-o-y in January–May against export growth of 3%. The hryvnia maintained its managed crawl, with USD/UAH averaging 44.2 in Q2 against 43.3 in Q1 and spiking to about 45.1 in June before easing to 44.5 by mid-July; the June episode was largely fiscal in origin, as State Treasury liquidity injections of UAH 656 billion in Q2 (+64% y-o-y) met a thinner supply side, prompting NBU sales of USD 5.1 billion in June, the largest monthly volume since December 2024. State and state-guaranteed debt reached UAH 9.49 trillion (USD 211.6 billion) at end-June, up 5% in hryvnia terms since end-2025 but down USD 1.7 billion in dollar terms on exchange rate effects.

OUTLOOK AND RISKS

The composition of support is shifting and the committed level leaves a significant gap in 2027 and beyond. External financing is expected to increase substantially in H2 compared with H1, reflecting the acceleration of major disbursements under key international support mechanisms. According to KSE Institute's Q3 2026 Ukraine Macroeconomic Handbook, external financial support is projected to reach USD 76.0 billion in 2026 and USD 61.4 billion in 2027, with the USL expected to become the largest source of external budget support as its defense part was re-classified to non-tax revenues. KSE Institute projects USD 19.3 billion in USL macrofinancial support in 2026 (including USD 9.6 billion delivered through the Ukraine Facility) and USD 16.0 billion in 2027 , alongside USD 32.5

billion and USD 37.5 billion of defense funding channeled through the special fund of the budget. Loan financing of the budget therefore rests on a much narrower base, with the Ukraine Facility (USD 9.8 billion excluding USL funds for 2026-27), the new IMF EFF program (USD 4.8 billion), and other loans including World Bank support (USD 5.4 billion) as the main sources this year and next. The ERA mechanism will contribute USD 8.9 billion in 2026 and USD 1.2 billion in 2027 before being used up. This support still leaves a gap of USD 19.5 billion in 2026–27 in KSE Institute's assessment, with USD 4.0 billion of overfinancing carried over from 2026. The position deteriorates afterwards: most committed support, including ERA and the Ukraine Facility, will be fully disbursed by end-2027; thus, only USD 34.4 billion in foreign loan financing is available in 2028–29, of which USD 32.0 billion depends on the EU's 2028–34 Multiannual Financing Framework (MFF), which has not yet been fully adopted. The resulting gap is USD 47.9 billion over 2028–29, USD 27.1 billion of it in 2028 and USD 20.7 billion in 2029. The key driver of the financing gap is the assumption that the full-scale war will last into H2 2027, resulting in sharply higher defense needs, lower tax revenues, and lower market financing. **Securing additional external assistance will therefore remain critical to maintaining fiscal stability and covering Ukraine's budgetary needs as the war continues.**

The slowing pace of reform implementation has emerged as a key risk to Ukraine's external financing outlook. The IMF highlighted a slowdown in structural reforms, with several benchmarks under the new EFF completed with delays or unmet. Ukraine also faces the risk of losing a significant share of financing under the Ukraine Facility. While the European Commission has already demonstrated flexibility by adjusting the methodology to facilitate the latest disbursement, the backlog of unmet indicators continues to grow, and reform requirements are becoming increasingly demanding as additional financing has been linked to new conditionality. The risks stemming from limited reform implementation capacity and the consequences of lower financing are comprehensively described in the Ukraine Risk Matrix Q2 2026 and will be updated in the Q3 2026 edition.

APPENDIX. FINANCING TABLE 2025–26, USD BILLION

	2025					2026			
	I	II	III	IV	Total	I	II	III-IV*	Total
LOANS	**6.3**	**9.3**	**7.6**	**15.3**	**38.5**	**1.5**	**4.3**	**7.8**	**13.6**
ERA	**5.9**	**5.9**	**3.8**	**9.4**	**25.0**	…	…	…	…
o/w EU	*4.2*	*3.2*	*3.8*	*9.4*	*20.6*	…	…	…	…
o/w Canada	*1.7*	*1.7*	…	…	*3.4*	…	…	…	…
o/w UK	…	*1.0*	…	…	*1.0*	…	…	…	…
Ukraine Facility	**…**	**3.4**	**3.3**	**4.7**	**11.4**	**…**	**2.8**	**5.4**	**8.2**
IMF	**0.4**	**…**	**0.5**	**…**	**0.9**	**1.5**	**…**	**1.4**	**2.9**
World Bank	…	…	…	1.2	1.2	…	…	1.0	1.0
IBRD	…	…	…	…	…	…	1.5	…	1.5
GRANTS	**2.3**	**2.8**	**2.4**	**5.3**	**12.8**	**4.0**	**9.2**	**16.7**	**29.9**
USL (macrofin.)	**…**	**…**	**…**	**…**	**…**	**…**	**3.7**	**6.0**	**9.7**
ERA	**2.3**	**2.3**	**2.4**	**5.1**	**12.1**	**3.8**	**5.1**	**…**	**8.9**
Ukraine Facility	**…**	**0.5**	**…**	**0.2**	**0.7**	**…**	**0.4**	**10.7**	**11.1**
Norway	…	…	…	…	…	0.2	…	…	0.2
MILITARY USL	**…**	**…**	**…**	**…**	**…**	**…**	**4.5**	**28.0**	**32.5**
TOTAL	**8.6**	**12.1**	**10.0**	**20.6**	**51.3**	**5.5**	**18.0**	**52.5**	**76.0**

*Source: Ministry of Finance, KSE Institute *The breakdown between Q3 and Q4 2026 is not presented due to the extensive volatility of future disbursements. The projected numbers are merged into a total for H2 2026 and represent analytical expectations.*