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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Subject:	ANNEX to the Proposal for a Council Implementing Decision approving assistance to Ukraine in implementing the Ukrainian Financing Strategy

Delegations will find attached document COM(2026) 157 annex.

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ANNEX

ANNEX

to the

Proposal for a Council Implementing Decision

approving assistance to Ukraine in implementing the Ukrainian Financing Strategy

ANNEX

Assessment of the Ukrainian Financing Strategy within the framework of the Ukraine Support Loan for 2026 and 2027

Legal context

Regulation (EU) 2026/467 provides that in order to receive financial and economic assistance under the Ukraine Support Loan, Ukraine must submit to the Commission the Ukrainian Financing Strategy. The Ukrainian Financing Strategy provides details on Ukraine's financing needs and financing resources, in principle for the forthcoming 12 months.

In accordance with Article 6 of Regulation (EU) 2026/467, on 24 March 2026, Ukraine submitted the Ukrainian Financing Strategy. On 26 March 2026, it subsequently submitted a revised version of the annexed tables. The Ukrainian Financing Strategy contains all the elements required under Article 6(2) of Regulation (EU) 2026/467.

Article 7(1) of Regulation (EU) 2026/467 requires that the Commission assess the Ukrainian Financing Strategy without undue delay. The respective conditions of the assessment are included in Article 7(2) and (3) of Regulation (EU) 2026/467:

Cooperation with Ukraine

The Commission services, together with the External Action Service, held several meetings with Ukraine's Ministry of Finance and Ministry of Defence ahead of the submission of the Ukrainian Financing Strategy on 24 March 2026 to discuss the preparation of the Ukrainian Financing Strategy, Ukraine's financing and defence needs, commitments from donors and the resulting financing gap.

Completeness, feasibility and coherence of the Ukrainian Financing Strategy with the underlying assumptions

The Ukrainian Financing Strategy meets the requirements of completeness, feasibility and coherence under Article 7(3), point (a) of Regulation (EU) 2026/467.

The Ukrainian Financing Strategy and the accompanying tables and annexes provide the complete set of information required by Article 6(2) of Regulation (EU) 2026/467. The main methodological approaches and assumptions are explained in an annex included in the Ukrainian Financing Strategy.

The Ukrainian Financing Strategy is based on the assumption that the war continues over the course of 2026. The projected macroeconomic variables and budget scenarios are consistent with the State Budget 2026 and the assumption of the Budget Declaration 2026-2028 of war continuing into 2026. The projections assume an exchange rate of EUR 1 = UAH 49.356 for 2026.

The projections for general government expenditure are generally presented in the required detail and appropriately disaggregated by function and sub-sector, including on-budget defence data presented according to its economic classification.

The projections for general government revenue are also presented in the required detail. The Ukrainian Financing Strategy includes information on Ukraine's past and projected financial developments, per quarter and year, including information on the liquidity situation (cash balance) at state level, and debt amortisations, a debt issuance strategy, other debt creating and reducing flows and the stock of payment arrears and its projected developments at general government level.

The Ukrainian Financing Strategy includes information on projected in-kind military assistance needs.

Concerning the gross financing needs, the Ukrainian Financing Strategy provides a good overview of the drivers of financing needs in addition to the headline budget balance, including financial developments such as cash liquidity buffers and the impact of debt related flows and amortisation.

Reported gross financing needs are consistent with the most recent IMF report.

Regarding defence needs specifically, the Ukrainian Financing Strategy contains a complete and coherent breakdown of needs between on-budget needs and in-kind military assistance needs outside the scope of the regular Ukrainian budget. The data and accompanying explanations in the Ukrainian Financing Strategy allow for a sufficient understanding of Ukraine's on and off-budget defence needs.

Finally, the Ukrainian Financing Strategy presents a good overview of projected donor support in 2026 for both on-budget support and in-kind assistance.

Based on the information submitted, needs for defence support amounting to EUR 28.3 billion and for budget assistance amounting to EUR 16.7 billion are presented in a coherent and logical manner.

Consistency of the information in the Ukrainian Financing Strategy with external sources, including any recent reviews of the International Monetary Fund (IMF) and information from the Ukraine Donor Platform and the Ukraine Defence Contact Group

The Ukrainian Financing Strategy is consistent with the external sources available as required by Article 7(3), point (b) of Regulation (EU) 2026/467.

It is consistent with the central scenario and external financing needs that underpin the new IMF Extended Fund Facility, approved by the IMF Board on 26 February 2026. The outcome of consultations with the IMF also found that the relevant elements of the Ukrainian Financing Strategy were consistent with IMF data.

Regarding quarterly disbursements under the budget assistance, the Ukrainian Financing Strategy and its accompanying tables rely on conservative assumptions for payments under the Ukraine Facility in the second and third quarters of 2026.

The information on other donor funding is consistent with information collected via the Ukraine Donor Platform (UDP) and with the budget data that is regularly presented at UDP meetings, as well as with the outcome of the consultations on the Ukrainian Financing Strategy with the UDP.

The information on defence needs and existing sources of assistance is also consistent with the information shared via the Ukraine Defence Contact Group (UDCG), as well as with the outcome of the consultations on the Ukrainian Financing Strategy with the UDCG.

Consistency of the expected external financing gap with the indicative distribution of the Ukraine Support Loan

The figures are consistent with the indicative allocations of the Ukraine Support Loan established in Article 7(3), point (c) of Regulation (EU) 2026/467. They imply a slight frontloading of the support given that the requested amount for 2026 of EUR 45 billion represents half of the available assistance of EUR 90 billion to be used in the remaining three quarters of the year, with EUR 45 billion remaining available for the entirety of 2027. This is consistent with a scenario of the war continuing in 2026 – the baseline scenario of both the Budget Declaration 2026-2028 and the IMF EFF programme.

In line with the Commission's assessment of the completeness, feasibility and coherence of the Ukrainian Financing Strategy, a total amount of support of up to EUR 45 billion, of which up to EUR 16.7 billion of budget support assistance and up to EUR 28.3 billion of defense support, should be made available to Ukraine for 2026.

Regarding the allocation of the budget assistance between the Ukraine Facility and Chapter III of the Regulation (EU) 2026/467, EUR 8.35 billion should be provided in the form of loans implemented pursuant to Chapter III of Regulation (EU) 2024/792¹ and EUR 8.35 billion as macro-financial assistance granted under Chapter III of Regulation (EU) 2026/467. This is based on an assessment of the appropriate financing modalities, taking into account the nature and urgency of the financing needs. In assessing the proposed schedule of payments under the budget assistance, the Commission takes into account the various sources of funding available to the Government of Ukraine. When implementing the detailed schedule of the Ukraine Support Loan in 2026, the Commission might need to adjust quarterly instalments depending on the evolution of the actual liquidity position of the Government of Ukraine. The maximum number of instalments for macro-financial assistance in 2026 in accordance with Chapter III of Regulation (EU) 2026/467 is three. The indicative value of those instalments is EUR 3.2 billion, EUR 3.7 billion and EUR 1.45 billion for the first, second and third instalments respectively.

Compliance with the precondition set out in Article 5(1) of Regulation (EU) 2026/467

The Ukrainian Financing Strategy complies with the precondition set out in Article 5(1) of Regulation (EU) 2026/467. In particular, Ukraine continues to uphold and respect effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities.

¹ Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility PE/10/2024/REV/1 (OJ L, 2024/792, 29.2.2024, ELI: <http://data.europa.eu/eli/reg/2024/792/oj>).

Upholding and respecting the rule of law includes the fight against corruption. The detailed assessment has been carried out for submission to the competent bodies of the European Parliament and of the Council in accordance with Article 5(2) of Regulation (EU) 2026/467.