UKRAINE

ONE YEAR ON: THE IMPLICATIONS OF US FOREIGN AID CUTS ON HUMANITARIAN, DEVELOPMENT, AND GOVERNMENT-LED PROGRAMMES

acaps

INTRODUCTION

This report provides an updated analysis of the shifting foreign assistance landscape in Ukraine, with a focus on clarifying known impacts to humanitarian, development, and government programmes nearly one year since the US foreign aid freeze. While the initial funding cuts created an acute shock across all sectors, the longer-term impacts have since become clearer, revealing growing structural risks to Ukraine's immediate response capacity and long-term resilience. Amid the persisting humanitarian crisis resulting from the Russian Federation's full-scale invasion and evolving geopolitical dynamics, the withdrawal of US funding has further constrained humanitarian assistance for immediate war-driven needs, energy security, long-term governance and resilience-building, and wartime fiscal stability. These concurrent risks leave Ukraine increasingly vulnerable as foreign assistance trends also shift globally.

Building on ACAPS' 31 March 2025 report on the impacts of US foreign aid cuts in Ukraine, this analysis examines how reductions to funding – which are unlikely to return to pre-2025 levels in the near-term – have affected both the operational capacity of humanitarian responders and the broader governance, social protection, and public service systems essential for Ukraine's longer-term resilience. The interdependencies between humanitarian operations and these systems underscore how the erosion of governance structures, development programming, and social assistance directly undermines service delivery and localisation efforts and heightens needs.

As Ukraine navigates a critical phase of the war amid shifting diplomatic efforts and a changing donor landscape, this report also assesses the longer-term political and funding uncertainties that may influence future priorities and planning for donors and humanitarian responders, particularly heading into 2026.

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ABOUT THE REPORT

Aim

This report updates ACAPS' previous analysis of the impacts of the US freeze on foreign assistance to Ukraine, clarifying the longer-term structural impacts to humanitarian, development, and government programmes that have emerged nearly one year after the initial suspension of US foreign aid globally. In analysing second-order effects beyond immediate disruptions and anticipating future risks, the report aims to support donor planning and response efforts in Ukraine heading into 2026.

Methodology

The analysis draws on a survey ACAPS conducted to assess the impacts of the US foreign aid suspension, specifically on the humanitarian response in Ukraine. 69 representatives of international, national, and local humanitarian organisations responded to the survey, the insights from which were also supplemented with a secondary data review of publicly available information and key informant interviews with 27 humanitarian and development organisations. Sensitivities in the development and government sectors also limit the information landscape on related impacts, so these sections draw on limited publicly available data.

Limitations

Data on the financial, operational, and programmatic impact of the US foreign aid freeze and subsequent cuts remains fragmented and incomplete. Notably, ACAPS only heard from organisations still operating in Ukraine, meaning insights from organisations that have ceased operations remain a critical gap in the analysis. In combination with a sampling size of 69, this limits the interpretation of survey findings. ACAPS was also unable to reach many development or government responders for key informant interviews given sensitivities around discussing the impacts of the USAID cuts. At the same time, the lack of recent publicly available data makes it difficult to understand which programmes under USAID have continued, resumed, or been terminated following the transfer of all remaining USAID activities and oversight to the US Department of State (DoS) by 1 July 2025. The findings on development and government programmes are thus indicative rather than comprehensive.

Acknowledgements

We are grateful to the organisations that contributed their time, insights, and data for this analysis, whether through key informant interviews or the survey.

KEY FINDINGS (1/2)

- Despite the transfer of some USAID programmes to the DoS by July 2025, the broader US foreign assistance landscape remains uncertain. This includes a lack of clarity around the operational priorities, mandates, and implementation structures under the new arrangements. As a result, **the status of US assistance programmes remains unclear, though a return to pre-2025 funding levels is unlikely in the near-term**.
- The significant reduction in US humanitarian assistance – from 23.8% (USD 640 million) in 2024 to 10.8% (USD 157 million) in 2025 – prompted other donors to step up their contributions in 2025. Still, **overall humanitarian funding decreased, and the abrupt midcycle disruption from the funding cuts has triggered more systemic challenges for the humanitarian sector**.
- **The reprioritisation of the 2025 Ukraine Humanitarian Needs and Response Plan (HNRP) focused resources on the most vulnerable people and frontline areas, with a 20% reduction in intended coverage in 2025 despite high levels of need**. This shift compromised broader coverage, with long-term IDPs and people far from the front line particularly at risk of losing access to critical services. Funding shortfalls also contributed to coverage gaps. For example, at least half of ACAPS survey respondents conducting protection activities noted either a complete loss of funding or severe operational disruption. Combined with an estimated 10–15% decline in operational protection and shelter responders between 2024–2025, as well as WASH providers' estimate that up to one million intended aid recipients did not receive assistance in 2025, this suggests severe operational disruptions resulting from funding cuts. **Continued funding and operational challenges in 2026 are likely to constrain humanitarian delivery and leave millions without assistance, though these challenges vary by geography and sector**.
- **US funding cuts led to a 20% reduction in the number of humanitarian responders active in Ukraine, from 662 in 2024 to 529 in October 2025**. Smaller organisations – which tend to be the primary responders in frontline areas – are particularly vulnerable, facing greater operational constraints and increased reliance on larger organisations. Overall operational gaps are greater in central and western oblasts as humanitarian responders have prioritised frontline areas for assistance. Still, the impacts of operational disruptions are more pronounced in eastern and southern oblasts, where larger numbers of people need immediate assistance. This has implications for both programme reach and rapid-response capacity in meeting both urgent and longer-term needs, including for longer-term IDPs.

20%

reduction in the number of humanitarian partners active in Ukraine between 2024 and 2025

USD 45 BILLION

decrease in reported US Government humanitarian assistance between 2024 and 2025

KEY FINDINGS (2/2)

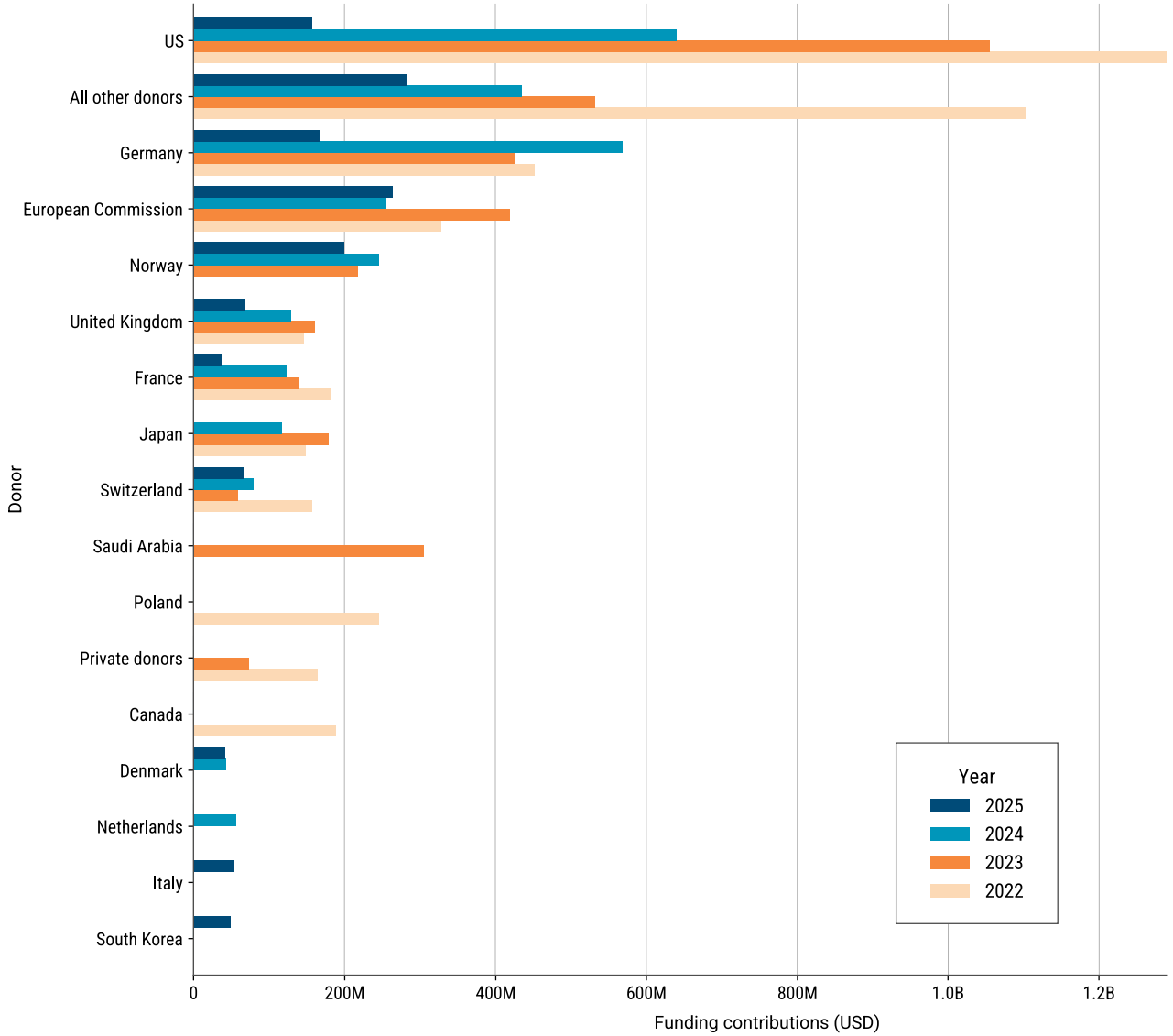
- **Local and national NGOs have borne the brunt of the funding cuts**, with many struggling to maintain programmes and operations amid liquidity challenges and limited donor diversification. Only three national NGOs (NNGOs) reported any funding recovery following the US funding freeze. Additionally, the closure of USAID's governance and resilience programmes, particularly those focused on strengthening civil society, has likely disrupted long-term institutional development and reform efforts. These setbacks compound challenges to humanitarian localisation and undermine Ukraine's broader resilience and recovery prospects.
- **The termination of USAID's Energy Security Project (ESP) presents another key cross-cutting challenge**. The closure of USAID's largest nonhumanitarian programme has likely aggravated Ukraine's energy vulnerabilities, particularly as Russian attacks on energy infrastructure continue to escalate. The loss of critical technical assistance for maintaining power, heating, and water services – especially in frontline and nonfrontline regions facing severe shortages – and challenges with winterisation preparations have likely compounded the risks of energy insecurity and humanitarian needs during Ukraine's current cold season.
- Ukraine's fiscal position has become increasingly difficult, with no new reported US direct budget support (DBS) and a USD 45 billion shortfall for social and civilian spending in 2026. The loss of US financial aid, which previously helped sustain government services – including civil servant salaries and social protections – has exposed Ukraine to longer-term liquidity risks and structural financial challenges. Without an equivalent replacement mechanism, vulnerable people, including long-term IDPs, may lack access to critical services and face acute needs that the humanitarian response may not also be able to meet.
- While alternative mechanisms, such as EU loans and reform-based schemes, may help fill part of the financing gap left by the US withdrawal, these may be less flexible, predictable, and timely. Ukraine's ability to meet the conditions attached to these loans remains uncertain, raising concerns about the continued and timely disbursement of critical funds needed to address both immediate and long-term challenges.
- Ukraine faces growing fiscal unsustainability as the global aid landscape and donor priorities evolve. With the US significantly scaling back contributions and European countries rebalancing budgets, foreign assistance is set to decrease further. This reduction could heighten vulnerabilities across Ukraine's humanitarian, development, and governance sectors, particularly as competing geopolitical concerns influence donor behaviour.
- **The acceleration of US-brokered peace talks involving Ukraine and Russia in late 2025 introduces significant uncertainty for the funding landscape in Ukraine heading into 2026**. Donors may interpret these negotiations as signs of de-escalation and reduce funding prematurely despite Ukraine's continued humanitarian and recovery needs. Drawing on firsthand experience, none of the organisations ACAPS surveyed plan to scale down or exit Ukraine in the next year. Both escalation and de-escalation scenarios present funding risks, with 2026 likely to see heightened uncertainty and short-term commitments that fail to meet Ukraine's evolving needs.

THE HUMANITARIAN RESPONSE IN UKRAINE

Update on humanitarian funding

Following the 90-day pause and foreign aid review announced on 20 January 2025, the US Government (USG) cancelled more than 80% of USAID programmes globally. While the USG issued waivers for a limited set of activities that allowed some organisations to continue or resume some projects, particularly life-saving healthcare, food assistance, and shelter, the lack of resumption in large-scale US funding signals a shift away from the acute shock of the initial freeze to a more structural shift in the humanitarian funding environment in Ukraine and globally (DoS 28/01/2025). The dissolution of USAID and absorption of its remaining functions into the DoS by 1 July 2025 suggests evolving US engagement on humanitarian assistance beyond mere administrative reorganisation, bringing longer-term uncertainty for responders in 2026 and likely beyond, particularly on questions of any future US funding and for which aid sectors, activities, and modalities.

Figure 1. Yearly humanitarian funding to Ukraine from major donors



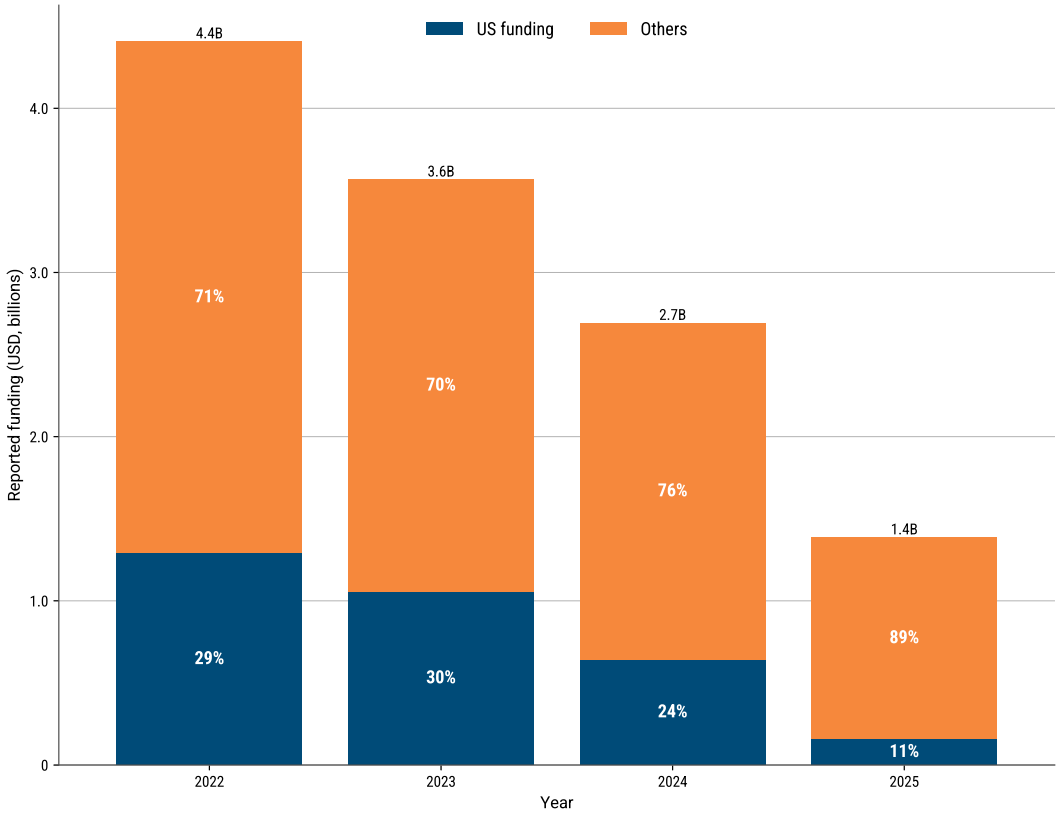
Source: OCHA (accessed 15/12/2025)

Since the initial funding freeze, the USG has cancelled at least nine programmes previously led by the USAID Bureau for Humanitarian Assistance (BHA), valued at USD 208 million, and placed four additional programmes valued at USD 115 million under stop-work orders by 30 June 2025. The nine terminated BHA programmes provided medical care for 3.6 million children and pregnant women and nearly 900,000 more with essential treatment and protection services; the four under stop-work orders provided food, safe shelter, clean water, and building materials to repair war-damaged homes and communal shelters (OIG 14/08/2025). The USG had provided the largest single share of humanitarian aid to Ukraine each year since 2022 but dropped to the fourth-largest donor in 2025, accounting for 10.8% (USD 157 million) of reported humanitarian funding compared to 23.8% (USD 640 million) in 2024. The abrupt decrease in US funding significantly affected humanitarian activities and planning, with funding withdrawn for activities already planned and being implemented and humanitarian responders having no warning that their 2025 funding would be dramatically decreased mid-project cycle (OCHA accessed 15/12/2025). This stands in contrast to the approach donors typically take to funding reductions, which often occurs for new project cycles or through prior official notification and grant/contract amendment.

While the US's humanitarian funding commitment for 2025 remains unknown, some funding gaps likely persisted even as other donors increased contributions in 2025. A small number, including the European Commission, Italy, and South Korea, increased their reported contributions from 2024 by USD 52 million in total. Even so, overall donor funding for the humanitarian response in Ukraine declined significantly, from USD 2.7 billion in 2024 to USD 1.5 billion in 2025 (OCHA accessed 15/12/2025; OIG 14/08/2025).

Humanitarian responders operating in Ukraine have experienced the effects to varying degrees, depending on factors including organisation type, size, and mandate; programmatic sectors of focus; geographic scope and presence; and access to donor funding. According to an ACAPS Ukraine Analysis Hub survey conducted in November, 30 of 69

Figure 2. Total yearly reported humanitarian funding to Ukraine



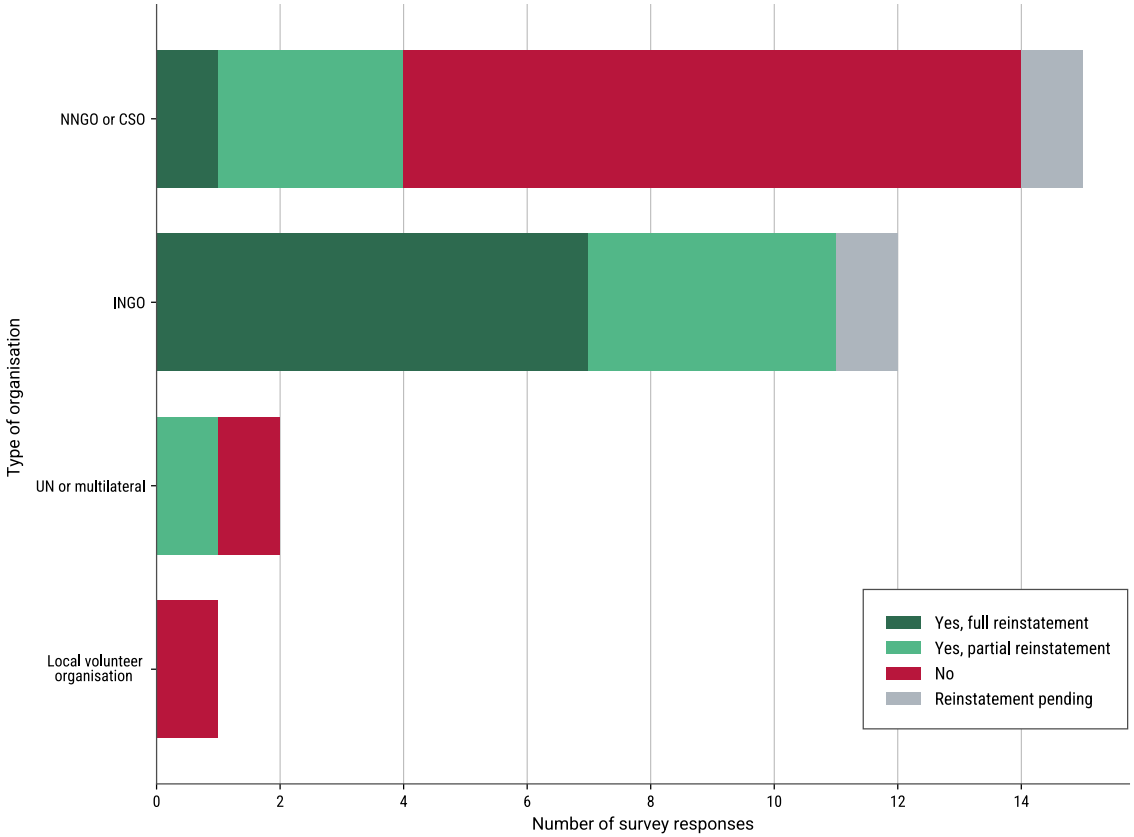
Source: OCHA (accessed 15/12/2025)

responding organisations received stop-work orders and/or experienced funding reductions from the USG at the beginning of 2025. The survey does not capture information from organisations that have ceased operations, and the actual impact may be harsher (ACAPS 24/11/2025). These disruptions directly affected programme implementation and longer-term planning for 2025; in some cases, organisations incurred unanticipated financial costs from the sudden suspension of activities, repatriation of international staff, and payouts to terminated staff. Beyond immediate operational and programmatic disruptions, some respondents noted that these caused reputational damage and degraded trust within the communities where they work, potentially signalling longer-term impacts.

As immediate adaptive measures to maintain liquidity, humanitarian organisations implemented rapid staffing and activity cuts while seeking interim replacement funding from other donors. In some cases, these measures lasted beyond the immediate shock given the continued funding uncertainty. Of the 30 ACAPS survey respondents reporting loss of funding from USAID, 21 were able to replace a portion through other sources, though only one cited a full replacement – suggesting limited donor ability or appetite to fill funding gaps and continued liquidity challenges for humanitarian responders (ACAPS 24/11/2025). Additionally, some activities cost-shared with the USG were repurposed or cancelled when donors determined that the remaining funding no longer yielded sufficient impact (KII 24/11/2025). With some limited exceptions, the withdrawal of USG funds has reverberated across the donor community, contributing to both direct funding losses and secondary effects, including the cancellation or reprioritisation of programmes by other donors and a broader loss of funding beyond organisations and sectors directly affected by the funding cuts (KII 24/11/2025; OCHA 14/01/2025). One key informant also noted BHA grants' comparative flexibility, allowing their organisation to pivot activities and costs (particularly for capacity-building and training) based on the changing context and needs (KII 19/11/2025 c).

INGOs were more likely to report partial or full USG funding restoration and eventual activity resumption (albeit with delays), possibly thanks to structural advantages, including closer and longer-standing ties with

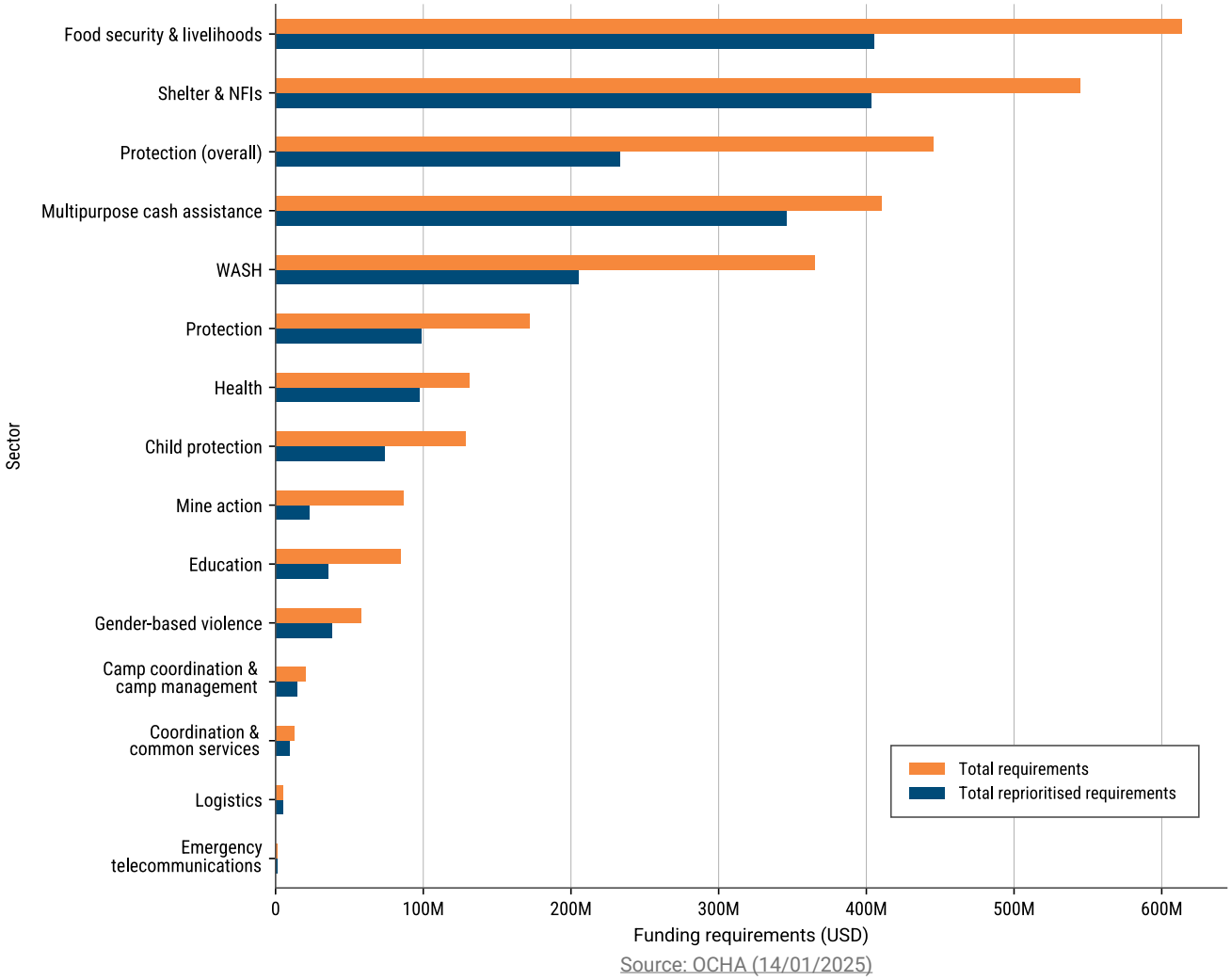
Figure 3. Organisations that received USG funding waivers or reinstatement after the January 2025 cuts



donors across multiple countries, more substantial financial reserves to survive shocks, and greater perceived compliance capacity – suggesting structural inequity in how donors work with international versus local responders. In contrast, local organisations reported significantly lower funding reinstatement rates, with only one NNGO reporting full funding replacement and two reporting an up to 50% funding recovery, while seven out of 12 INGOs and UN agencies reported full reinstatement and two additional respondents reported a more than 50% funding recovery. The survey findings may also understate the severity of impacts to local organisations, as smaller entities and volunteer groups are more likely to cease operations entirely in the face of a sudden and prolonged funding shock (ACAPS 24/11/2025). Available evidence suggests that local organisations have been the most consistently affected by funding disruptions, whether they received USG funding directly or as downstream partners of larger USG-funded organisations, and face significant and persistent financial constraints alongside the increased competition for resources and broader economic challenges brought on by the war (ISAR Ednannia et al. 29/10/2025). This is likely to undermine localisation efforts in Ukraine, covered below in more detail.

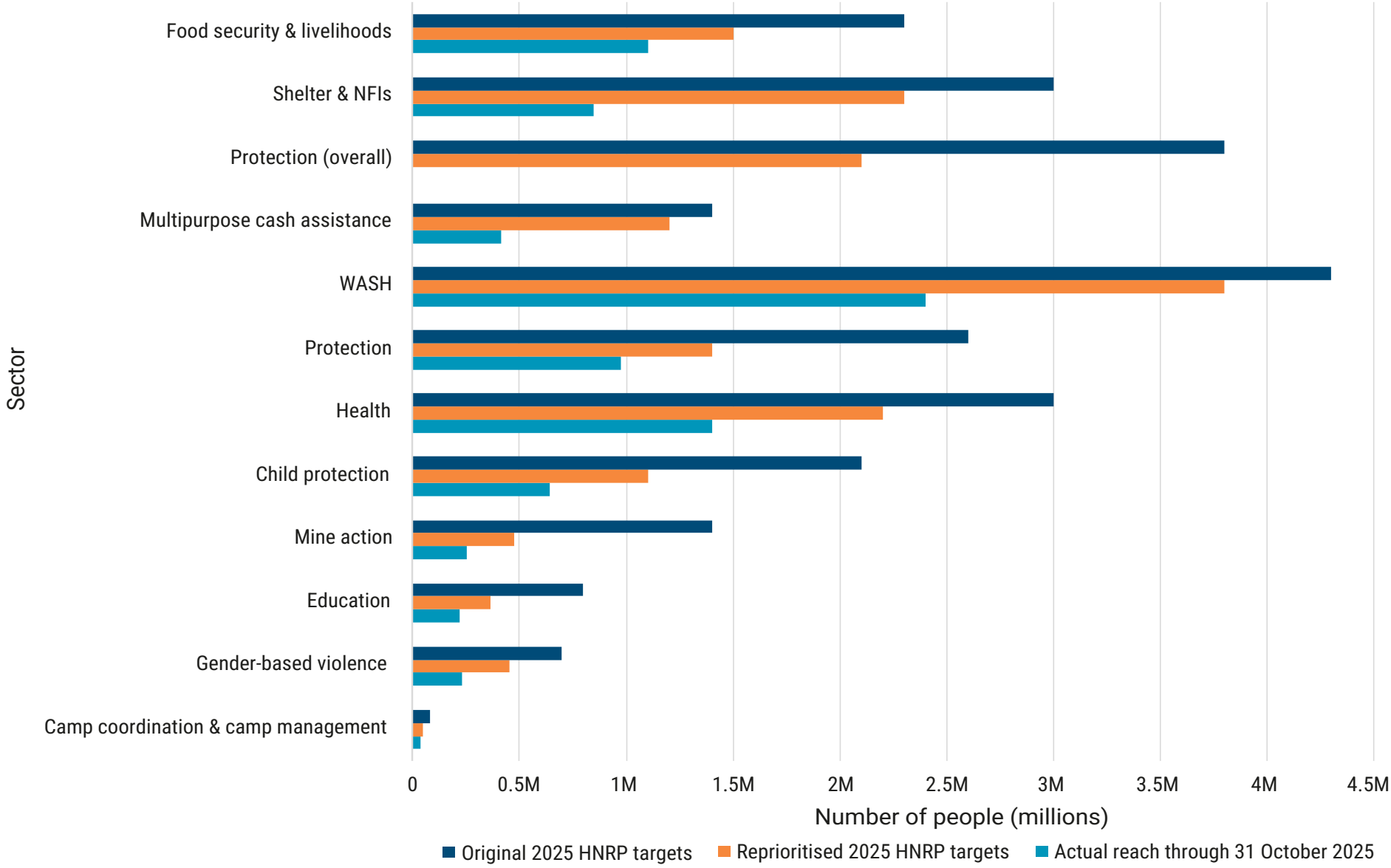
The sudden withdrawal of US-provided humanitarian funding also accelerated discussions around a humanitarian 'reset' – a policy intended to operationalise a more efficient and effective delivery of humanitarian assistance to the most vulnerable people globally. The impact of the US funding withdrawal not only intensified the debate around the reset – particularly affecting humanitarian coordination systems, staffing, and capacity – but also forced a reprioritisation of the 2025 Ukraine HNRP given that the original targets were no longer feasible with the sudden and sharp reduction in available and anticipated funding. That these shifts occurred amid evolving frontline dynamics, particularly in eastern and northern Ukraine, as well as continued Russian attacks on Ukraine's critical infrastructure driving continued acute needs, highlights a key tension between evolving funding dynamics and actual conditions.

Figure 4. Reprioritised financial requirements by sector based on the 2025 Ukraine HNRP



Source: OCHA (14/01/2025)

Figure 5. 2025 HNRP targets (original and reprioritised) and actual reach by sector as of 31 October 2025



Sources: OCHA 30/04/2025; OCHA 19/12/2025

Despite anticipated funding limitations in 2025 given the protracted nature of the crisis, the abrupt and large-scale USG funding reduction forced the Ukraine response to pivot rapidly towards prioritisation in both programming and the people targeted for assistance. Released in April 2025 to take into account humanitarian funding constraints beyond what was initially anticipated, the reprioritised HNRP narrowed the focus to four primary pillars: support for the most vulnerable remaining close to the front line, evacuations, emergency response after strikes, and contributions to the most vulnerable among IDPs, particularly those newly displaced from frontline areas and those in collective centres. It also focused its targeting on the most vulnerable war-affected communities, reducing the planned reach from six million to 4.8 million out of a total of 12.7 million people in need – a 20% decrease despite high levels of need (OCHA 14/01/2025). The humanitarian coordination system shifted accordingly, for example shifting the South area coordination hub from Odesa to Mykolaiv. While the 2026 HNRP will not be published until early 2026, reduced funding is expected to continue, considering both funding trends since 2022 and preliminary signals from donors, resulting in a further 'hyperprioritisation' of humanitarian assistance (OCHA accessed 15/12/2025). While the US announced a USD 2 billion pledge in global humanitarian aid for the UN, it is unclear when or how this money will be allocated to different agencies or humanitarian responses (CNN 29/12/2025).

By the end of December 2025, neither donor funding plans nor the full 2026 HNRP had been published, potentially affecting preparedness, staffing, and operational planning at a time of significant uncertainty and unpredictability in the humanitarian sector. Regardless, the 2025 reprioritisation process and broader global humanitarian funding climate indicate that the current trend in prioritising geographic areas, as well as programming and the people targeted, will likely persist into 2026, suggesting continued challenges for operational planning amid the war. This may result in further reductions in assistance for people such as longer-term IDPs, who face decreasing assistance from humanitarian responders. While the Government of Ukraine (GoU) had announced new services for IDPs, including medical care, housing, firewood for winter, and improved accommodations, the extent to which these can cover the needs of those facing protracted displacement is unclear as Ukraine faces fiscal challenges in 2026, covered more below (Censor.NET 17/09/2025; KMU 24/12/2025; Yulia Svyrydenko | Prime Minister of Ukraine Telegram 17/09/2025). As humanitarian responders prioritise surge capacity near frontline areas, people in central and western Ukraine may also face limited access to assistance. In parallel, fiscal challenges for the GoU may leave people reliant on social protection mechanisms increasingly dependent on humanitarian assistance when it may not be available. This drives a systemic risk of substituting humanitarian interventions for social protection, which is increasingly unsustainable in the current and evolving funding landscape.

Impacts on humanitarian programmes and operations

Almost one year after the initial funding freeze, the longer-term and structural implications for the humanitarian response are becoming clearer. Structural uncertainty has become a defining feature of the funding environment and humanitarian planning, particularly as some short-term output recovery has not compensated for longer-term capacity erosion. For example, the impacts of immediate staffing cuts have lasted beyond the initial shock, as some positions have not been refilled or have been eliminated entirely. While implementation capacity has partially recovered in some sectors after the reinstatement of certain USG funding streams, these disruptions still resulted in losses for aid recipients. For example, organisations conducting cash activities – who faced activity suspensions lasting up to five months – raised monthly targets to make up the difference in assistance delivered, but the pause of new registrations for families relying on the supplemental income affected their ability to purchase food, fuel, and other essential goods given price increases, particularly between April–May (KII 12/11/2025; REACH accessed 24/12/2025).

Amid the funding reduction and subsequent reprioritisation of the humanitarian response, the protection sector has been particularly affected in terms of operational capacity. More than 65% of survey respondents engaged in protection activities reported experiencing at least moderate impacts, with over half indicating either a complete loss of funding or severe operational disruption (ACAPS 24/11/2025).

This severe funding impact may be linked to the perception that protection activities are neither life-saving, as they do not appear in the initial DoS waiver, nor align with current US policy objectives (DoS 28/01/2025). The health, WASH, and early recovery sectors have also reported substantial disruptions, with 40% of survey respondents in each sector reporting negative impacts from the funding cuts (ACAPS 24/11/2025). While some sectors have been more affected than others, all have experienced impacts from the funding reductions – whether because their sector directly received USG funding or relevant organisations did – demonstrating system-wide dependency on USG funding. ACAPS survey responses and OCHA data demonstrate a reduction in all sectors' reach compared to the original 2025 HRNP plans, even though some of the organisations were not funded by the USG (31 out of 69) (ACAPS 24/11/2025; OCHA 19/12/2025). This underscores the extensive scope of USG support across the humanitarian response in Ukraine and the extent to which the lack of such support going forward may shape humanitarian responders' operations and reach in the country.

These adjustments also occurred amid intensified frontline dynamics in the north and east throughout 2025, which in turn drove continued needs and operational challenges. The attendant impacts of these dynamics amid the withdrawal of USG funding are examined in more detail below, covering key themes: the geographic scope of the response, sectoral impacts, localisation, impacts on coordination, and winterisation.

Geographic scope and coverage

The funding cuts decreased the overall operational presence across the country, with a 20% reduction in the number of responders reporting activities between 2024 (662) and October 2025 (529) – pointing to a broader contraction in operational coverage and responsiveness nationwide (OCHA 06/03/2025). Key informants corroborated these findings, noting that in the event of sudden-onset emergencies or rapid response needs, fewer responders are able to mobilise, either given complete withdrawal from certain oblasts or insufficient residual capacity.

While there is a nationwide contraction in operational presence, the revision of the 2025 HNRP has likely heightened geographic variations in operational coverage. Adjusted assistance targeting criteria further concentrated limited resources for people in frontline and near-frontline areas, a trend that began in 2024 (OCHA 30/04/2025 and 03/01/2024). The reprioritisation of the 2025 HNRP triggered by the USG funding cuts highlights two key emergent dimensions of operational coverage.

- In 2024, humanitarian responders increased their presence in the east, north, and south as focus shifted towards acute war-driven needs – a trend that continued following the 2025 reprioritisation – increasing focus on addressing needs where severity is highest. That said, this has deepened the siphoning of operational presence from central and western regions in particular, where organisations have closed offices, minimised their operational capabilities, and cut activities (KII 19/11/2025 b; ACAPS 24/11/2025).
- While overall operational presence gaps are greater in central and western oblasts, the impacts of operational declines and gaps are much more pronounced in eastern and southern oblasts, where the number of people in need is generally higher. So, while eastern and southern oblasts proportionally experience lower operational decreases (39% decrease in people reached between 2024 and October 2025, compared to 59% in central and western oblasts), their larger population bases suggest more people missing assistance: 2.3 million in the eastern and southern regions compared to 749,000 people in the central and western oblasts, including Kyiv city (or less than 500,000 if excluding Kyiv city) (OCHA 19/12/2025 and 06/03/2025). ACAPS survey respondents operating in frontline and near-frontline oblasts most frequently reported the most severe operational impacts of funding cuts, particularly in eastern and southern oblasts (ACAPS 24/11/2025).

In tandem, these two data points may suggest that some humanitarian caseload from western and central oblasts was redirected to maintain high levels of reach within the priority oblasts, particularly after the US funding cuts affected activities in frontline areas (ACAPS 24/11/2025; OCHA 19/12/2025 and 06/03/2025). Through October 2025, the humanitarian response reached the most people in Dnipropetrovska (977,000), Kharkivska (718,000), Mykolaivska (457,000), Zaporizka (366,000), and Sumska (333,000) oblasts, suggesting that areas closer to the hostilities are most prioritised given the large scale of needs. At the same time, Chernihivska (199,000) and Khersonska (196,000) oblasts presented lower figures, which may be linked to comparatively more stable war dynamics in these regions, greater needs elsewhere, more substantial access constraints, or funding gaps in coverage for these oblasts (OCHA 19/12/2025 and 06/03/2025).

Beyond mere operational presence, the funding cuts have also affected logistical capacity. There are approximately 50 fewer operational humanitarian storage facilities in 2025 compared to 2024, with supply chain gaps notable in high-need areas, such as Kharkivska and Mykolaivska oblasts, where a lack of sufficient and readily available equipment and transport could have significant response implications if war dynamics (such as further ground advances in Donetska or Zaporizka oblasts or intensified aerial attacks on urban centres including Kharkiv, Kramatorsk, or Sloviansk cities) drive large-scale movements to these oblasts (KII 26/11/2025). A sustained downward trend in programmatic coverage in lower-priority central and western oblasts suggests the continued purposeful reallocation of resources towards frontline oblasts, potentially at the expense of broader geographic preparedness to shocks and future displacement trends.

Sectoral impacts

Survey respondents consistently reported that the USG funding cuts worsened the challenges in reaching people in need because of insecurity and access constraints, leaving people without assistance across all sectors. Those working in the protection, WASH, shelter, and health sectors most frequently cited the largest numbers of people left without assistance, closely mirroring the reported scale of funding cuts experienced in these sectors (ACAPS 24/11/2025; OCHA 30/04/2025).

Figure 6. People unable to receive humanitarian assistance because of the US funding cuts

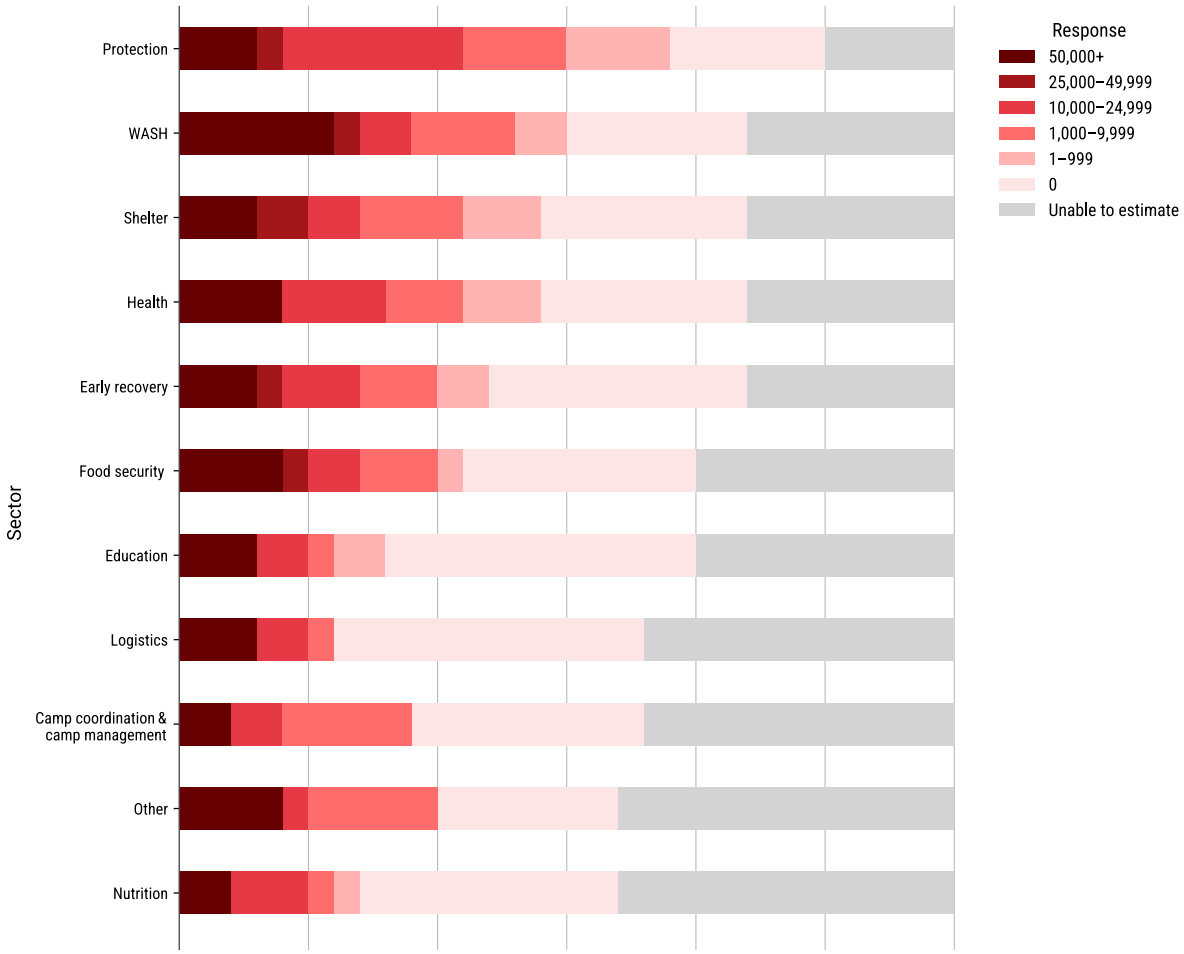
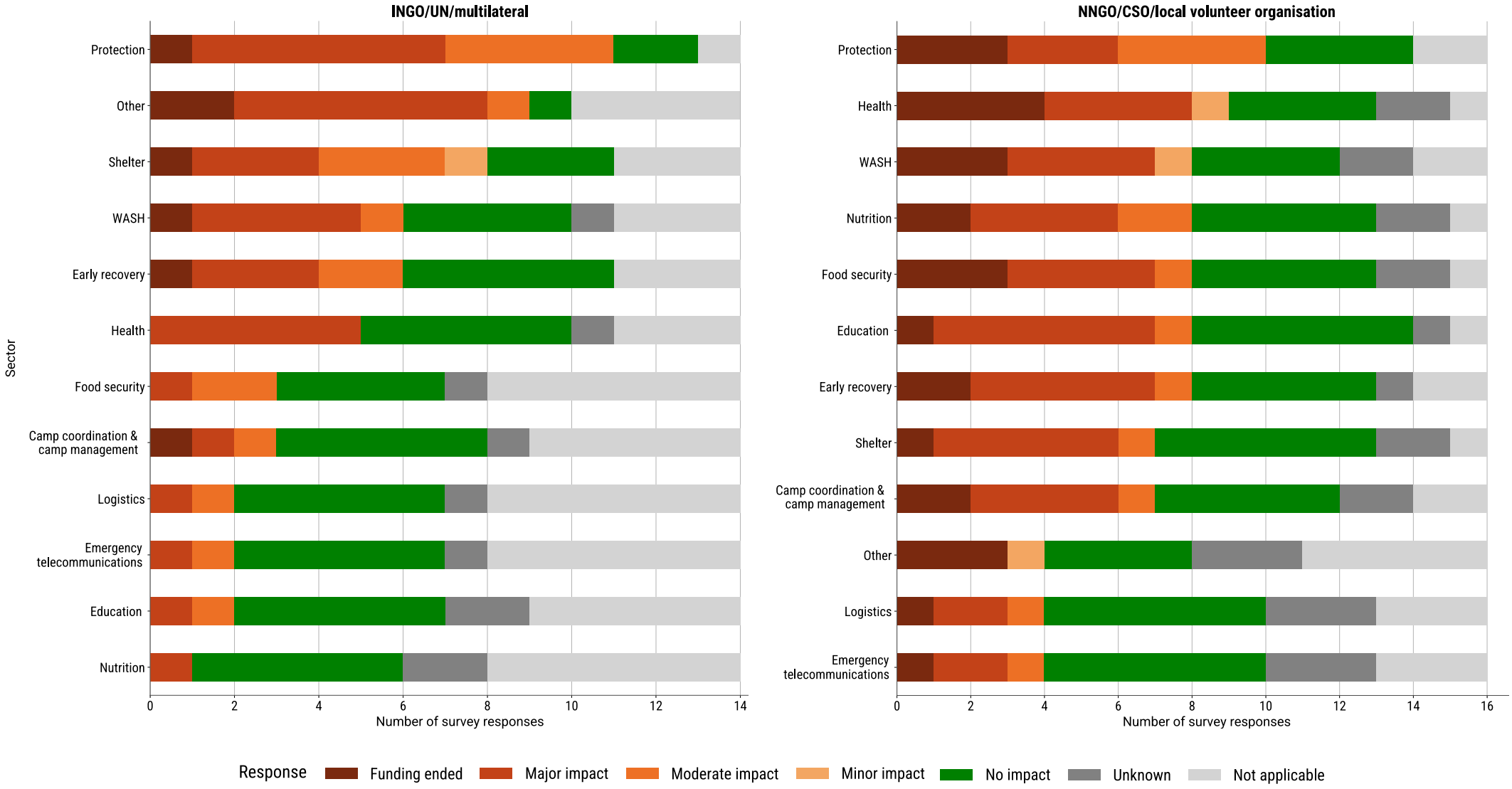


Figure 7. Reported sectoral impact of US funding cuts by organisation type



Protection

Protection Cluster data shows the number of reporting responders in Ukraine decreasing by 10% between 2024–2025, while key informants estimate a 15% decrease (Protection Cluster 2025 and 2024; KII 21/11/2025). Funding for the sector fell to roughly 43% of the requirement. While some activities, such as gender-based violence response, reached a substantial portion of its targets (64% of its original planned reach in 2025), key gaps also emerged (KII 21/11/2025; Protection Cluster accessed 24/12/2025; OCHA accessed 24/12/2025). The HNRP reprioritisation may have also heightened protection coverage gaps in central and western regions, particularly for people displaced longer than six months (KII 21/11/2025). To mitigate these gaps, responders have relied on referral mechanisms to transfer caseloads where possible, although the number of organisational referral mechanisms operating has also decreased, suggesting some caseloads may be unresolved (KII 21/11/2025; KII 17/11/2025).

Unlike other sectors, protection funding has not rebounded to comparable levels following partial reinstatements owing to evolving USG policies, which may have implications for 2026 funding levels for protection work globally. This has impacted information dissemination, community outreach, capacity-building initiatives, and support activities in Ukraine – potentially resulting in fewer people accessing protection assistance.

WASH

Within the WASH sector, key informants estimate that up to one million intended aid recipients did not receive assistance through 2025 (KII 20/11/2025 a). Funding is reported to be approximately half of 2024 levels, with data indicating an 18% reduction in active operational responders. These constraints have translated into measurable declines in key activities, including hygiene kit distribution, emergency water provision, and water and sanitation infrastructure repairs. This also means significantly fewer people reached through water and waste-water system operations and with emergency water supply in particular, notably in all frontline regions except Dnipropetrovska oblast (KII 20/11/2025 a; WASH Cluster 2025 and 2024). Support for district heating systems has also substantially decreased, with significant implications for winterisation planning and response during the 2025–2026 cold season. 2025 district heating activities exhibit a 32% lower reach than in 2024, which has implications for health and protection needs as well (WASH Cluster 2025 and 2024). Given the extensive damage to energy and heating systems resulting from attacks to Ukraine's critical infrastructure, reduced WASH and heating response capacity represents a critical gap for both winterisation preparations and response (KII 20/11/2025 a).

18%

reduction in active WASH implementing partners compared to last year

32%

lower reach of district heating activities in 2025 compared to 2024

Shelter

In the shelter sector, key informants estimate that 10–15% of responders ceased activities entirely in 2025, while an additional 15% experienced funding reductions exceeding two-thirds of their expected budgets, pointing to capacity challenges (KII 19/11/2025 b). While camp coordination and management activities are being downsized and consolidated with other clusters, including shelter, it is unclear if this addresses capacity or response gaps in the Shelter Cluster (CCCM Cluster 2025).

Shelter response gaps have been most pronounced in areas located 20–50km from the front line, which sustain high levels of attacks and damage but are accessible to humanitarian responders, while some longer-term development-oriented shelter initiatives continue in central and western oblasts (KII 19/11/2025 b). At the same time, strikes have increased the scale and complexity of required repairs, from predominantly small- and medium-scale interventions to medium and heavy repairs, which necessitate more resources and longer implementation timelines (KII 19/11/2025 b; KII 05/11/2025; KII 11/11/2025). In this context, so-called invincibility points (locations that guarantee consistent access to electricity, water, shelter, and other services and a critical component of early response efforts during the full-scale invasion) have been deprioritised owing to funding constraints despite growing relevance amid widespread shelter and energy infrastructure damage (KII 19/11/2025 b; Onova accessed 15/12/2025). The lack of these service points could create protection and preparedness risks for community members, who otherwise may lack electricity, heat, and water for long periods amid cold weather conditions.

Health

Health responders have been similarly affected, particularly during the first half of 2025, with several large organisations reporting delays in restarting USG-funded activities until the fourth quarter of the year (ACAPS 24/11/2025). These resumptions also have not led to full recovery; for example, the closure of Atlas Logistics, a key provider for the transport and storage of medical supplies and equipment in areas close to the frontline, further disrupted health service delivery and operational capacity (KII 14/11/2025). While storage spaces still exist, the greatest capacity is currently located in Dnipropetrovksa, Kyivska, and Odeska oblasts, leaving a gap in Kharkivska and Mykolaivska oblasts previously filled by Atlas and its direct supply chains to frontline areas (Logistics Cluster 15/07/2025). Continued attacks on health facilities and challenges with winter preparedness further compound operational challenges for health responders amid funding shocks and logistical constraints, posing a key risk to healthcare delivery in 2026. Already, requests for assistance submitted through health coordination mechanisms exceed the collective response capacity of humanitarian responders, underscoring a gap between needs and available capacity (KII 26/11/2025; KII 14/11/2025).

Other sectors

Responders in other sectors also reported reductions in programming capacity, though many experienced higher rates of full or significant funding resumption or stabilisation than those in the sectors discussed above (ACAPS 24/11/2025). It is unclear how these dynamics will play out in 2026, given that donors have yet to announce allocations and priorities.

- Cash-based interventions faced prolonged pauses earlier in the year but did not generate significant unresolved caseloads, largely thanks to the timing of programming cycles that left few recipients expecting cash during the pause, many of whom were transferred to other cash activities. This is notable since similar pauses elsewhere in the calendar year could have led to more substantial impacts on both activities and community trust.

  The primary challenge for cash responders has since shifted towards rapidly scaling monthly disbursements to ensure full use of funds before project closure, although cash responders expect no-cost extensions in 2026, which extend programme deadlines without a promise of additional funding and allow organisations to disburse their budget over a longer period (KII 20/11/2025 b; KII 12/11/2025).

- The closure of Atlas Logistics has significantly reduced delivery and storage capacity in eastern and southern oblasts. While the Logistics Cluster has absorbed most coordination responsibilities and engaged additional responders to account for these gaps, overall storage capacity remains reduced (KII 26/11/2025).

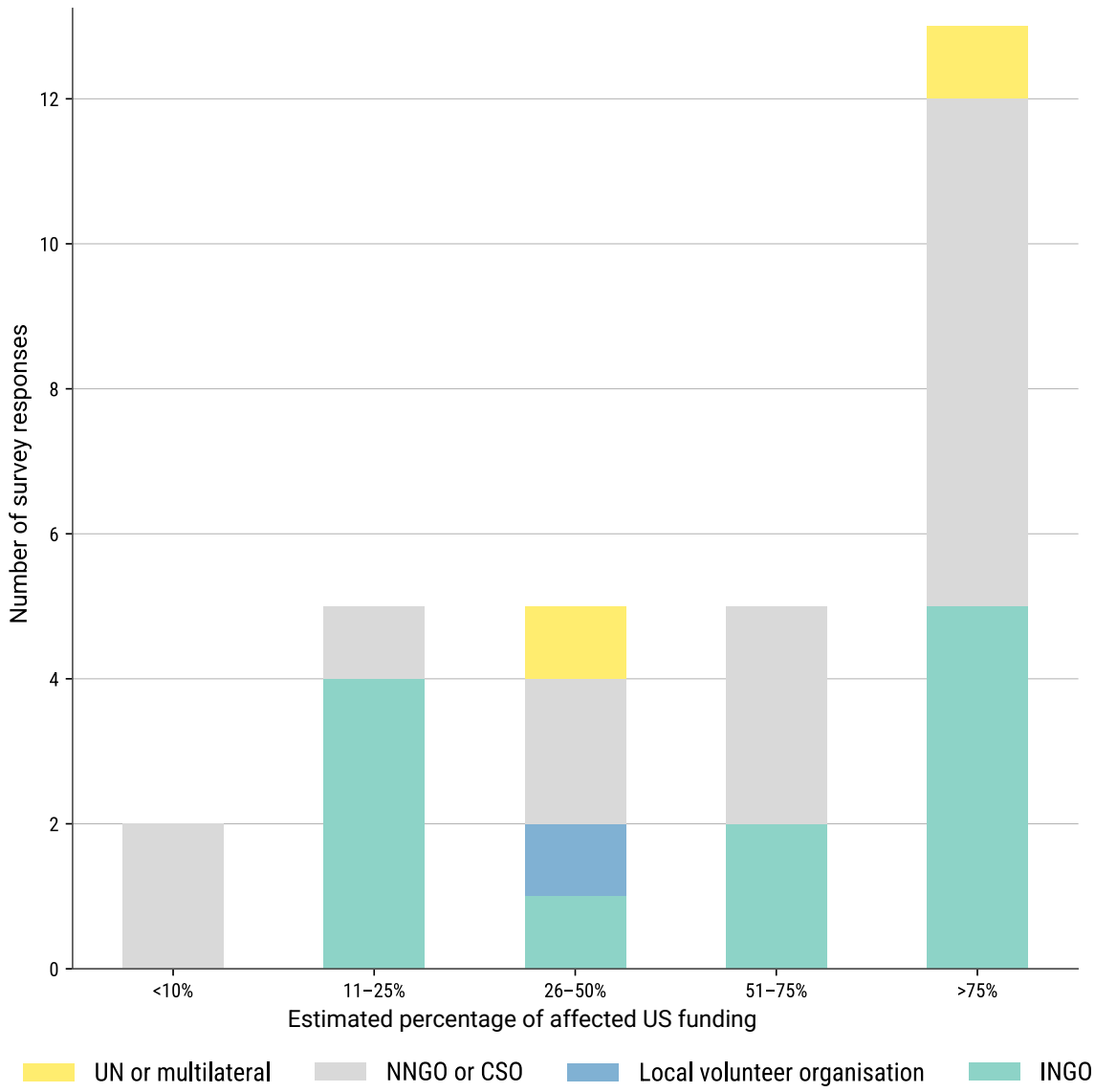
- Food security and livelihoods activities were cancelled in some locations, though these did not result in substantial deviations from aggregate reach targets (KII 18/11/2025 b). Notably, responder presence declined most sharply in Chernihivska, Odeska, and Sumska oblasts, reflecting a broader reallocation of constrained resources towards eastern and southern frontline areas given more significant livelihood gaps and considerably more people facing needs in these regions (FSC accessed 15/12/2025; KII 18/11/2025 b).

Localisation

According to the ACAPS survey, both international and local organisations experienced immediate operational impacts following the USG funding cuts (ACAPS 24/11/2025). Overall, international organisations demonstrated relatively greater ability to survive short- or longer-term funding losses, particularly as they were more likely to report receiving waivers or authorisation to continue activities than local NGOs, as discussed above. Key informants also highlighted the increased reliance of local organisations – typically the primarily responders in immediate frontline areas – on larger organisations. The latter were more likely to retain the required surge and rapid response capabilities – particularly as front lines remained active throughout 2025 – but potentially at the expense of local organisations' flexibility (KII 12/11/2025).

Smaller organisations – particularly those with five or fewer staff members – were especially vulnerable to major impacts to their ability to continue operations and activities, as their funding streams, partnerships, and programmatic portfolios were typically less diversified, suggesting more structural challenges for smaller organisations (NGORC 04/12/2025). The precise number of small organisations that ceased operations entirely is difficult to determine, as they are not reflected in the survey data, potentially underestimating localisation losses. That said, attrition among these responders has likely widened service delivery gaps, particularly in areas where international organisations and larger national responders may have limited physical presence or are unwilling to operate given insecurity or access constraints. While other organisations may have expanded into these areas, it is plausible that assistance to the most vulnerable people has nevertheless been affected. Local organisations report financial difficulties as a key reason for priority revisions, explicitly highlighting the termination of USAID funding in some regions. These organisations also report increased competition for new grants since the USAID closure (ISAR Ednannia et al. 29/10/2025).

Figure 8. Estimated impact of the US funding cuts/stop-work orders



In contrast, larger civil society organisations and NNGOs, particularly those employing more than 60 staff, reported operational impacts but were less likely to face complete closure (NGORC 04/12/2025). In several cases, these organisations were able to adapt by expanding programmatic scope or geographic coverage in response to newly emerging gaps in the humanitarian response (KII 20/11/2025 c). Such expansion may have been possible from January–May, when the status of programming waivers remained uncertain and several INGOs and smaller NNGOs had scaled back or suspended activities. At the same time, staffing reductions across both INGOs and NNGOs affected institutional knowledge and disrupted coordination and communication channels with local responders – necessitating additional investments in repeated training, capacity-building efforts, and relationship-building to establish strong communication (KII 17/11/2025).

Affected communities' engagement in shaping humanitarian priorities also declined compared to 2024 but remains a relative strength of the localisation effort, suggesting that funding and other contextual changes through 2025 have not had a huge impact on the inclusion of aid recipient communities (NGORC 04/12/2025). This engagement continues to be driven primarily by NNGOs and other local organisations, which maintain closer ties to communities and stronger contextual understanding of their needs. While the contraction of the smallest local organisations may have contributed to reduced levels of community participation, particularly engagement with specific vulnerable groups or small communities, the expansion of larger NNGOs and sustained presence of INGOs appear to have mitigated more significant reductions in this area, particularly for emergency response programming (KII 12/11/2025; NGORC 04/12/2025).

There are, however, continued limitations and challenges in ensuring the participation of local organisations. Funding constraints affected several critical enabling functions, including vernacular communication and translation/interpretation, the use of complaints and feedback mechanisms, and national staff positions within clusters, working groups, and affiliated organisations. These reductions have weakened direct linkages between humanitarian responders and affected people, increasing the risk that programming decisions are driven by organisational capacity rather than community-identified needs (KII 17/11/2025). Cuts to translation services have also constrained meaningful and equitable participation for non-English speakers in coordination forums and limited the effective dissemination of information back to communities (NGORC 04/12/2025; KII 17/11/2025). While these challenges predate the USG funding cuts, with some aid recipients reporting mismatches between assistance modalities and actual needs – e.g. fuel provisions when recipients need cash for utility bill payments – the further decrease in resources stemming from the USG funding cuts has likely worsened them (REACH 17/06/2025).

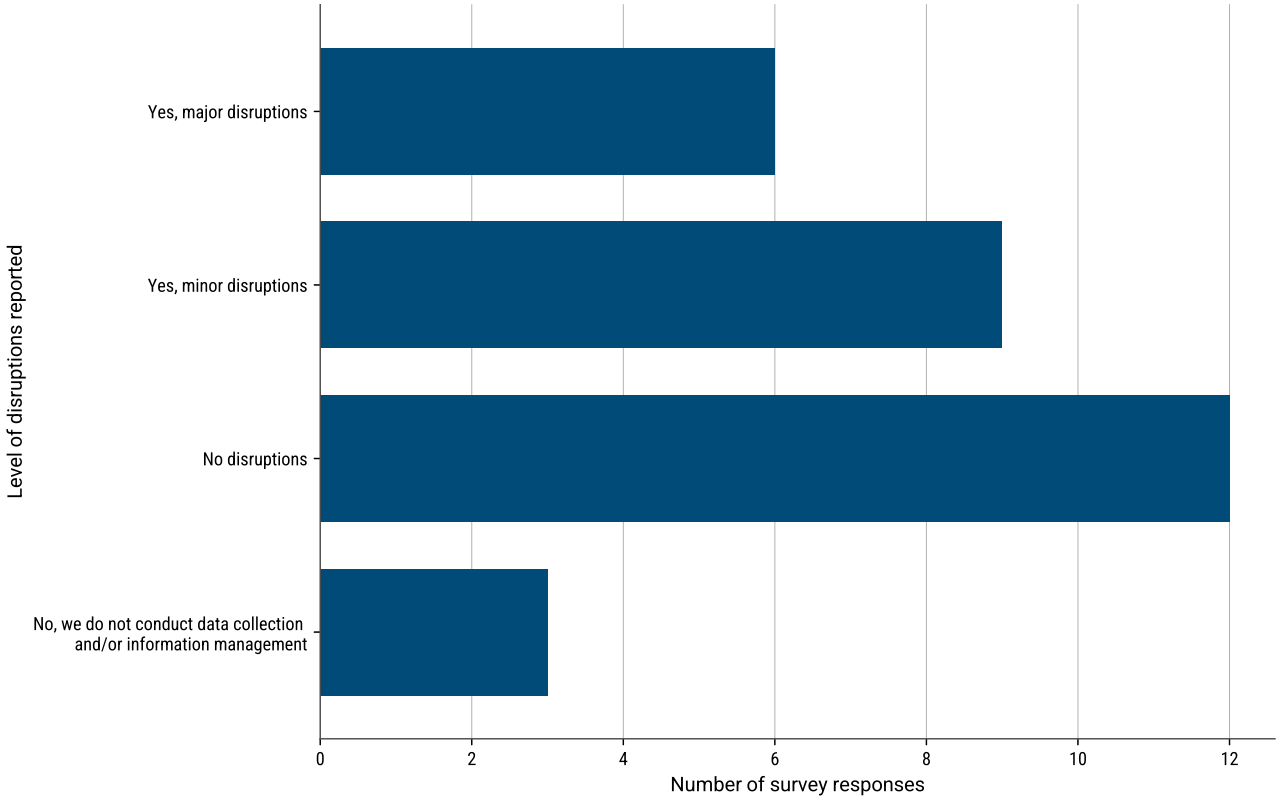
Impacts on humanitarian coordination

The humanitarian response in Ukraine benefits from a robust information ecosystem, making it one of the most data-rich responses to date. Considering this, more than half of the survey respondents who experienced funding cuts reported disruptions to their data collection and information management (IM) capacities (ACAPS 24/11/2025). Funding reductions have had particularly pronounced effects on institutional analytical capacity at the cluster level, with several IM positions permanently eliminated. In many cases, one or two IM officers have had to assume responsibilities previously distributed across larger teams, resulting in increased workloads and burnout, contracting analytical timeliness and capacity, and risking data quality (KII 20/11/2025 a; KII 19/11/2025 b). This shift has limited opportunities for data innovation, in-depth analysis, and the generation of actionable insights to inform response planning. These staffing reductions are reflected in changes in published outputs; notably, ReliefWeb data indicates a 33% decline in the number of humanitarian publications and analytical reports published through 29 December 2025 (1,503) compared to all of 2024 (2,232). This suggests that reduced IM and analytical resourcing across coordination structures, international and national NGOs, and UN agencies has translated directly into fewer publicly available products and a less informed response, though reporting needs, sufficient information access, or other factors may have also contributed (ReliefWeb accessed 15/12/2025).

In parallel, approximately half the organisations in the ACAPS survey experienced reduced coordination capacity or participation in clusters and working groups, suggesting structural equity gaps in humanitarian coordination (ACAPS 24/11/2025).

Several coordination fora reported declines in meeting

Figure 9. Organisations experiencing disruptions to data collection and information management capacities as a result of US funding cuts



attendance and reporting rates in 2025 compared to previous years, meaning less influence in these structures. In some instances, organisations that lost sector-specific funding or suspended activities were no longer able to participate meaningfully in corresponding coordination mechanisms (KII 20/11/2025 b; KII 17/11/2025; KII 14/11/2025). It is also likely that the full extent of the impact on coordination is systemically underrepresented in available data, as the organisations that have ceased operations altogether are inherently difficult to identify.

While USG funding had previously supported part of coordination capacity, other donors or funding streams have preserved staffing for much of this capacity (KII 17/11/2025). That said, resource constraints have had tangible impacts on staffing. In a limited number of cases, clusters and working groups reported either downgrading coordination roles or releasing senior coordination staff towards the end of 2025 given budgetary pressures (KII 20/11/2025 a; KII 19/11/2025 a). These adjustments risk weakening strategic coordination, information flow, and interagency alignment at a time when operational complexity and needs remain high.

Winterisation

Winterisation preparations, including key planning meetings and analysis, in Ukraine typically begin as early as May – meaning the immediate shock of USG funding cuts unfolded alongside winter response planning (REACH 10/06/2025). While it is difficult to establish a causal link between the USG funding cuts and its impacts to winterisation preparations, key informants reported delays in both planning and the procurement of winterisation supplies and equipment, driven by funding uncertainty in 2025 and into early 2026, meaning that implementation timelines narrowly aligned with or missed the onset of the cold season (KII 18/11/2025 a; KII 14/11/2025). By November 2025, the 2025–2026 winterisation response had reached 67% of its target reach (1.1 million of 1.7 million) and 66% of the required funding (USD 182 million of USD 278 million) (OCHA accessed 26/12/2025).

Despite sustained and widespread attacks on Ukraine's energy infrastructure since the onset of the current cold season, winterisation activities have not been consistently prioritised within available donor funding and are significantly reduced (KII 18/11/2025 a, KII 14/11/2025, KII 20/11/2025 a). The impacts are expected to be most acute among older people, displaced people, and people with chronic health conditions, increasing their exposure to protection, food security, and health risks during the cold months, particularly in Donetska, Kharkivska, and Sumska oblasts, where the highest-risk raions are located (REACH 10/06/2025; OCHA 17/07/2025).

Resources allocated to district heating support have declined markedly. The scale of heating assistance delivered in 2025 decreased by at least a third (around 400,000 people) compared to 2024, though key informants suggest the drop may be even more severe (WASH Cluster 2025 and 2024; KII 19/11/2025 b). At the same time, invincibility points, which played a critical role earlier in the response by providing heated safe spaces and essential services, have been deprioritised and currently receive minimal funding for continuation (KII 19/11/2025 b). This reduction comes despite growing relevance considering sustained damage to shelter and energy infrastructure, further aggravating cold-weather-related vulnerabilities.

67%

of target needs met in 2025-2026 winterisation response, as of November 2025

400,000

fewer people receiving heating assistance from 2024, as of November 2025

DEVELOPMENT AND GOVERNMENT PROGRAMMES

Beyond humanitarian assistance through BHA, beginning in 2022, the US channelled more than USD 45 billion through six USG organisations, including USAID, for development projects and government-run social programmes in Ukraine, with more than half providing DBS, covered in the next section (OIG 14/08/2025). US assistance supported numerous sectors, including peace and security; democracy, human rights, and governance (including support for civil society and media); health; education and social services; and economic growth, including for the agriculture sector (OIG 14/08/2025; Verkhovna Rada of Ukraine 06/08/2024).

Of USAID's nonhumanitarian operations, ten valued at more than USD 688 million remained active, while five valued at more than USD 678 million were under stop-work orders by 30 June. They have since been transferred to the DoS, though additional continuations, resumptions, or terminations are unknown (OIG 14/08/2025). The pause or closure of 21 nonhumanitarian USAID programmes – including ones active before February 2022 – suggests disruptions to long-term system strengthening and reform efforts beyond US-provided wartime support (Euronews 19/06/2025; IMI 05/06/2025; CSM 22/07/2025; Peace Insight 09/09/2025; Think Global Health 17/04/2025; Open Space Works Ukraine et al. 12/04/2025; ISAR Ednannia et al. 29/10/2025).

Among the most significant terminations is the ESP, USAID's largest nonhumanitarian programme with a lifetime value of USD 920 million since 2018. The ESP provided critical support for Ukraine's energy sector, including equipment, materials, and technical assistance to maintain electricity, heat, and water services as the Russian Federation targeted Ukraine's critical infrastructure during the full-scale invasion. Coupled with attacks on the energy grid and other energy sector vulnerabilities, as well as the cancellation of a USD 75 million grant for a separate Ukraine Energy Support Fund, the termination of the ESP has potentially undermined Ukraine's preparations for the 2025–2026 cold season (NV 23/04/2025).

Russian attacks on the energy grid have intensified since September 2025 with the onset of cold weather conditions, pushing Ukraine to reduce its electricity exports and rely almost exclusively on imported electricity since November. It has also introduced almost-daily power cuts nationwide, with an average 400,000 people lacking electricity daily, mainly in border and frontline regions (Energy Map accessed 23/12/2025; CES accessed 23/12/2025; OHCHR 09/12/2025; DiXi Group 15/12/2025; ME Telegram 17/12/2025). While border and frontline regions are the most vulnerable to cold season risks, central and western regions face the most severe energy shortages, and many Ukrainians are likely struggling to access power, heating, and adequate shelter in these regions as well (ME Telegram 17/12/2025; REACH 10/06/2025).

Taken together, the termination of these multiyear USAID programmes – including those predating the full-scale invasion – suggests at least a near-term reduction in US long-term institutional investment across key areas of development and governance, including anticorruption and judicial reform, technical assistance and capacity-building, and local governance and civil society (USAID 22/04/2024; OIG 14/08/2025). European donors also provide such assistance, though prioritisation towards EU membership criteria may leave key sectoral gaps formerly filled by USAID. The cumulative impact of these programme terminations and emergent gaps can potentially slow progress on governance reform and introduce risks of increased corruption and weakened oversight and accountability – which could hinder not only existing service delivery but also effective recovery and reconstruction in the longer term.

USD 45 BILLION

provided for development and government projects in Ukraine since 2022

USD 920 MILLION

the lifetime value of the Energy Security Project since 2018

DIRECT BUDGET SUPPORT TO THE UKRAINIAN GOVERNMENT

USAID also managed more than USD 30 billion in DBS to the GoU, accounting for around 25% of disbursed budget support to Ukraine through October 2025 (Kiel Institut accessed 24/12/2025). These funds, primarily disbursed through multiple World Bank mechanisms, including the Public Expenditures for Administrative Capacity Endurance (PEACE) project, supported assistance for Ukraine's substantial nonmilitary expenditure as the war has significantly strained the state budget (OIG 05/09/2024; WB 30/11/2025).[1] This includes support for IDPs and low-income families; salaries for civil servants, first responders, medical workers, and school employees; disability aid; and housing and utility subsidies (Ukraine Oversight accessed 19/12/2025; GAO 31/07/2024).

By 1 July, oversight of DBS, formerly administered by USAID, had been transferred to the DoS. A lack of updated data has also affected further analysis of the funding picture, as the reorganisation of USAID has disrupted key functions, including fiduciary oversight (OIG 14/08/2025). However, available data suggests a de facto cessation of DBS to Ukraine. The final disbursement of such support worth USD 3.4 billion took place in 2024 under the last Supplemental Act for Ukraine issued by the US Congress; no additional such legislation appears to be in the works as of writing (UST 30/12/2024; GAO 24/09/2025; TKI 05/11/2025; Kiel Institut accessed 15/12/2025). For money already obligated but not disbursed, the pace of disbursements and amounts available through existing mechanisms, such as the PEACE fund, are also unclear. In sum, there has been no large-scale return of US-funded DBS, potentially indicating a break in US fiscal engagement in Ukraine. Without a similar funding channel in place, Ukraine has lost a long-term pipeline for reimbursing its state costs, including at lower levels of government.

Further complicating the financial picture, Ukraine faces significant fiscal pressures heading into 2026. The GoU approved its 2026 budget on 3 December 2025, with 100% of state revenues directed to defence and security. That said, it continues to operate at a growing deficit and will need over USD 45 billion in 2026 to cover social and civilian spending and more regionalised support, including in frontline areas (Reuters 03/12/2025; CES 23/09/2025; KSE 30/09/2022; KMU 03/12/2025). Debates within the EU over potential funding mechanisms, whether through a reparations loan funded by immobilised Russian assets or additional EU lending, reflect the urgency over Ukraine's fiscal situation and ability to provide continued services and functions heading into 2026. On 19 December, the EU announced a EUR 90 billion (USD 105 billion) loan to Ukraine over the next two years that provides immediate liquidity, though it will still not cover all of Ukraine's needs per IMF estimates (DoS 18/06/2025; UNN 18/03/2025; BBC 19/12/2025; ECFR 19/12/2025). Ukraine's budgetary needs are also subject to significant uncertainty, depending on the trajectory of the war and its impacts on Ukraine's economy, including inflationary pressures (KMU 03/12/2025).

Overall, Ukraine faces a critical liquidity risk, particularly because the GoU depends on donors to maintain basic services and operations during wartime, and alternative mechanisms to fill the gaps left by USAID's closure may not be equivalent in timing, predictability, flexibility, or scale (DoS 18/06/2025). While US-provided DBS had been decreasing since 2022 and did not match overall EU financial aid contributions, USAID's grant-focused financial assistance provided critical and predictable financial stability for Ukraine amid high wartime expenditure and economic contraction (DoS 18/06/2025; EUNEIGHBOURS east 22/12/2025; Pindyuk 11/2024). By comparison, some estimates suggest that as much as 90% of EU financial assistance is provided as loans, compared to approximately 40% of US financial support (EEAS 11/12/2025; EUNEIGHBOURS east 22/12/2025; NV 20/02/2025; BBC 27/02/2025; European Parliament 07/11/2025).[2]

Ukraine has access to other DBS support through alternative mechanisms to ensure liquidity, but these are loan-based commitments tied to economic and governance reforms that, if Ukraine struggles to fulfill, potentially delay disbursement when Ukraine urgently needs

1 Please see the earlier ACAPS report on this subject, published on 31 March 2025, for more detailed information on USAID support for government programmes.

2 One exception is a USD 20 billion loan using revenues earned from immobilised Russian assets guaranteed by USAID and administered through the World Bank. Oversight of this loan, at least USD 15 billion of which is intended for DBS, has been transferred to the DoS; by July 2025, the World Bank had disbursed USD 4.6 billion (GAO 24/09/2025).

liquidity and flexibility (MOF 18/11/2025; TKI 05/11/2025).3 And while support through these mechanisms could cover the majority of Ukraine's needs, high levels of uncertainty about how the context in Ukraine will evolve in 2026 and Ukraine's fiscal stability may push donors away from stable, longer-term commitments, further compounding fiscal uncertainty.

LOOKING AHEAD

As the fifth year of Russia's full-scale invasion approaches, Ukraine faces an increasingly protracted humanitarian crisis, with nearly 3.7 million people internally displaced by September 2025 and deepening economic pressures (IOM accessed 19/12/2025). Ukraine was already likely to face reduced foreign nonmilitary assistance in 2026, likely compounded by the sudden and significant decline of US funding, which is unlikely to return to pre-2025 levels. Year-over-year humanitarian allocations to Ukraine had already begun to drop (see Figure 2), a common trend in protracted crises as donor fatigue sets in, while US-provided DBS had also been declining each year since 2022 (OCHA accessed 19/12/2025; DoS 18/06/2025). This shift signals a looming aid cliff in Ukraine, as reductions in funding from key donors set the stage for a broader contraction in the availability of humanitarian and civilian assistance.

Shifting donor priorities – driven both by the evolving war and broader global trends – and peace talks may also influence how donors assess Ukraine's needs in the coming year (ODI 04/07/2025). Europe is the largest donor to Ukraine, but the global aid architecture is changing dramatically. While total funding for 2026 remains uncertain, Ukraine is likely to encounter a more constrained financing environment going forward, compounded by the risk that donors overestimate the progress of peace talks and prematurely reduce or redirect funding based on assumptions of de-escalation. Financing Ukraine has also become a growing political issue in European countries, as shown by the lack of unanimous support for the latest EU loan announced on 19 December. With key elections, including in France and Germany, scheduled for 2027, Ukraine's funding will likely emerge as a prominent issue in European election campaigns in 2026 (Interfax 19/12/2025; Reuters 19/12/2025).

This stands in contrast with realities on the ground, however. Front lines remain active and unpredictable despite peace talks, with slow territorial changes driven by attritional fighting, while the Russian Federation continues to destabilise Ukraine's energy grid. Of the 30 ACAPS survey respondents affected by USG funding cuts, 63% reported expecting USG humanitarian funding to decrease in 2026, with 19 organisations reporting that funding will decrease or end completely (ACAPS 24/11/2025). At the same time, none of the organisations surveyed plan to scale down or exit Ukraine in the next year, underscoring that acute humanitarian needs are inelastic to political signalling, will persist as long as the conflict remains active or escalates, and could continue beyond any conclusion of a peace deal.

Amid these challenges, the humanitarian response is likely to further prioritise assistance in 2026, potentially aggravating a geographic blind spot for people further away from frontline areas. At the same time, government capacities and services may be overstretched given the impacts of USG funding cuts to DBS and nonhumanitarian assistance initiatives. Taken together, these dynamics raise the risk that, while the humanitarian sector prioritises immediate emergency needs in frontline and near-frontline areas, people facing longer-term needs – such as protracted IDPs – may be systemically overlooked, even by other responders facing resourcing constraints. These groups, often distant from the hostilities, may struggle to access essential services, especially as nonhumanitarian and government programmes also face financial and service delivery challenges.

The interdependency between humanitarian and development programmes, particularly in sectors such as energy, also means that decreased US funding could continue to widen existing gaps, deepen vulnerabilities, and weaken resilience across sectors. With governance and civil society strengthening programmes also affected, this could undermine the resilience of Ukrainian civil society, further complicating localisation

3 The Group of Seven Extraordinary Revenue Acceleration scheme provides Ukraine around USD 50 billion (EUR 45 billion) in loans to be repaid from revenues generated by immobilised Russian sovereign assets. The Ukraine Facility provides EUR 50 billion (USD 58.9 billion) in financial assistance for DBS (about EUR 38 billion or USD 44.7 billion), investment, and technical support tied to basic, economic, and sectoral reforms (Ukrainiska Pravda 01/10/2025; ME accessed 19/12/2025). In November 2025, the GoU also reached an agreement with the IMF on a new USD 8.1 billion Extended Fund Facility extension tied to reforms (IMF 26/11/2025).

efforts in the humanitarian response and longer-term recovery, transition, and accountability. Without foreign assistance for these initiatives, as the GoU is unable to sustain them during wartime, Ukraine's nonmilitary safety net becomes further eroded, potentially complicating emergency support and postwar recovery and stabilisation through 2026 and beyond, particularly as budgetary and other constraints significantly limit the GoU's ability to substitute for reduced humanitarian scope. This risks driving people into needs that the evolving humanitarian response may not be equipped to meet.

In summary, Ukraine faces a dual challenge at a critical juncture: it faces a protracted crisis and complex peace negotiations amid an evolving global aid system. These dynamics create a perception risk for donors, potentially shaping their behaviour in ways that may reduce the perceived urgency of Ukraine's situation. As peace talks progress and the focus shifts towards long-term political solutions, donors may assume the crisis is winding down, even when needs persist and sustained support for Ukrainian civilians and the country's overall resilience remains critical.

Global foreign aid shifts

The closure of USAID operations and the broader shift in US foreign policy have further reshaped European donor behaviour at a time when global aid spending is already under strain amid structural pressures facing the global aid system (Puri and O'Sullivan 13/11/2025; CGD 12/06/2025). At the same time, fiscal constraints and political pressures – including from the US – are pushing donor governments to rebalance their budgets, often at the expense of foreign aid spending. For instance, in February 2025, the UK announced cuts to its aid spending from 0.5% to 0.3% of gross national income (GNI) in 2027 to fund increased defence investment, the lowest level since 1999. Similarly, Germany aims to more than double its defence spending by 2029 and cut foreign assistance from 0.67% to 0.5% of the GNI (DW 24/06/2025; SEEK Development 04/07/2025). Other donors, including France and Switzerland, have also announced foreign aid reductions. While domestic priorities vary per country and these examples may not fully represent all European donors, they do illustrate a broader trend of making financial trade-offs for defence and other spending at the cost of civilian aid.

These shifts may signal a wider trend: many donor countries are cutting or restructuring foreign assistance – including to multilateral institutions, such as the UN – instead prioritising defence and other domestic needs (OECD 26/06/2025). Multilateral organisations have historically played a crucial role in providing predictable aid, funding, and coordination in humanitarian responses. Reduced resources will likely diminish their capacity to act as stabilisers, undermining their ability to maintain consistent support in crisis zones. The impacts of funding cuts to multilateral institutions are not yet fully apparent, but reduced response capacity and further gaps are likely in 2026.

As US support contracts sharply and Europe reduces foreign assistance, no single entity – not the EU, the UK, or multilateral institutions – seems able to compensate for the structural financial gap aggravated by the US withdrawal. As key donors redirect their budgets towards defence, the global pool for humanitarian, development, and other civilian assistance shrinks further, including for Ukraine. This creates a significant challenge: as foreign aid budgets narrow, funding for Ukraine's needs across humanitarian, development, and government sectors becomes more vulnerable to shifting donor priorities – often driven by domestic politics, security agendas, and broader foreign policy concerns, including migration and regional stability. As donors face competing pressures, decisions on foreign assistance will likely be shaped by these wider priorities, further increasing Ukraine's vulnerability to changes in donor behaviour.

Peace talks

In late 2025, US-brokered peace talks involving Ukraine and the Russian Federation accelerated. Although the status and outcome of these talks remain unclear, they introduce significant uncertainty heading into 2026, both in terms of the evolving context and the future of humanitarian and civilian financing in Ukraine. Regardless of their outcomes, the mere occurrence of talks could shape donors' risk assessment, potentially affecting policy and financing decisions on foreign assistance to Ukraine. While the EU has contested negotiations, with the bloc largely sidelined in these and prior talks despite its member states' central political and funding role in Ukraine, limited influence over the process could affect member states' willingness or ability to sustain long-term financing, including postwar support.

Looking ahead, the trajectory of peace talks could significantly influence European donor perceptions of risk, fiscal sustainability, and political necessity. While Europe currently provides the majority of foreign aid to Ukraine, domestic and global political and economic pressures – as well as peace talk progress – could influence how and to what extent European countries provide aid to Ukraine beyond 2025. Any recalibration is unlikely to be uniform across European donors, giv-

en differences in political exposure, proximity to the war, and strategic interests. If negotiations appear to be progressing, some donor governments – especially those facing domestic political pressures – could view it as an opportunity to reassess or reduce spending seen as fiscally or politically costly, whether by pivoting more towards different types of assistance, shifting to more conditional forms of foreign aid provision (such as loans or investment instruments), or potentially disengaging from foreign assistance provision altogether. While such changes may still preserve aggregate financial engagement, they also carry risks for the continuity of humanitarian funding, which often declines rapidly following perceived de-escalation, even when civilian needs remain acute.

Negotiations remain highly dynamic and fluid. Ukraine continues to reject compromises on issues of sovereignty or territorial integrity without long-term security guarantees from its Western partners, while the Russian Federation may also be using the talks to make tactical gains on the ground or undermine Western resolve. This introduces a critical risk: peace talks could be misinterpreted as de-escalation, potentially leading to premature assumptions about an end to active fighting. Such misinterpretations could inadvertently drive early funding contraction across the humanitarian, development, and government sectors, leaving civilians more exposed to risks even as Ukraine's immediate and long-term needs persist or even increase in the event of a cessation of hostilities.