

EXECUTIVE SUMMARY

On 28 February, the United States and Israel launched a joint military offensive against Iran, prompting a regional escalation in the Middle East that has significantly disrupted global commodities markets and supply chains. Ukraine is not party to the Middle East conflict, but it is exposed to the spillover effects through four key dynamics that carry direct humanitarian consequences:

- **Military supply constraints.** The first two weeks of the Middle East conflict saw a depletion of more than double the current annual production capacity of the air defence missile interceptors Ukraine relies on to defend against Russian ballistic missile attacks, at a time when Russia's increased domestic production of ballistic missile is allowing it to sustain strike large-scale attacks. A weakened Ukrainian air defence increases the rate of successful Russian air strikes on critical infrastructure and major population centres, with significant implications for the continuity of essential services such as electricity, heating during the cold season, water, and health.
- **Diplomatic stall and extended conflict risk.** Diplomatic attention is shifting away from Ukraine, while improved Russian fiscal conditions reduce Moscow's incentives to negotiate an end to the war. The absence of an agreement to halt or end hostilities as Russia begins its spring offensive means continued risks to civilians while diplomatic attention and bandwidth are focused elsewhere.
- **Energy system challenges.** Global energy disruptions and price volatility expose Ukraine to increased costs, both through import channels dependent on European countries and domestic energy prices. Combined with continued aerial strikes, these converging factors can undermine Ukraine's critical energy recovery window ahead of the 2026–2027 cold season. Regulated consumer prices mean part of these higher costs may be absorbed by the Ukrainian government and debt-burdened energy sector, while rising energy prices in Europe could also strain donor budgets at a time when Ukraine's external financing needs are increasing.

- **Economic pressures.** Global increases in fertiliser and fuel prices can translate into higher input costs and disruptions during the ongoing planting season, leading to lower agricultural output. This in turn is likely to drive price increases, particularly for food, that further erode people's financial resilience and drive harmful coping strategies.

While a continuation of the Middle East conflict would likely prolong and deepen these effects, even a rapid de-escalation would not fully remove them, as dynamics already set in motion – particularly in military supply chains, diplomatic engagement, energy systems, and economic pressures – are likely to continue shaping conditions in Ukraine in the coming three to six months. Alongside existing domestic challenges driven by Russia's full-scale invasion of Ukraine since February 2022, the effects of the Middle East conflict will compound humanitarian implications across all three [scenarios for Ukraine](#) published by ACAPS on 31 March 2026: continued conflict without resolution, reduced hostilities, and escalating war.

This report analyses these spillover effects of the Middle East conflict and their humanitarian consequences for Ukraine, which are not yet reflected in existing analysis. It draws on secondary data review and three key informant interviews conducted from late March to early April with context, technical, and operational experts focused on security, energy, and food security conditions in Ukraine.

Two limitations are worth noting. First, attributing observed and anticipated impacts in Ukraine directly to the Middle East conflict remains challenging given interactions with domestic and international drivers and the conflict's evolving nature. Second, the analysis relies on early-stage and incomplete data, including a limited number of interviews, which may not fully capture the range of perspectives or emerging developments. This report should be read as an analysis of current dynamics and their implications over the next three to six months based on conditions up to early April 2026 rather than a comprehensive assessment or forecast of outcomes.

TABLE OF CONTENTS

Four key impacts on Ukraine	3
Military and security	3
Diplomacy and the peace process	4
Energy sector	5
Economy and agriculture	6
Implications for humanitarian needs and operations	6
Civilian harm and protection risks	7
Energy system and critical infrastructure impacts	7
Livelihoods and food security	8
External financing and fiscal pressures	8

INTRODUCTION

On 28 February, the US and Israel launched a joint military offensive against Iran, which responded with missile and drone strikes against Israel, the US, and US-allied countries, including Qatar, Saudi Arabia, and the United Arab Emirates. The conflict has significantly constrained commercial shipping traffic through the Strait of Hormuz – a critical maritime corridor for energy flows, particularly for globally traded oil and liquefied natural gas (LNG) – resulting in severe disruptions to global commodity and energy markets and increased energy costs and supply constraints (ACAPS 20/03/2026; IEA accessed 10/04/2026; IEA 12/03/2026).

On 8 April, the US and Iran agreed to a conditional two-week ceasefire, but it has not translated into broader de-escalation or stabilisation. On that same day, Israel carried out strikes on more than 100 sites across Lebanon, while US–Iran talks in Islamabad on 11 April failed to reach a longer-term agreement and subsequent talks have not occurred as of writing. The Strait of Hormuz also remains under blockade by both the US and Iran, with Iran seizing two ships on 22 April – underscoring the absence of a meaningful ceasefire and risks of further escalation (NYT accessed 22/04/2026). Uncertainty remains high regarding the durability of the ceasefire, prospects for a sustained diplomatic resolution, and the implications for global commodity market conditions in the coming weeks and months (AJ 08/04/2026; BBC accessed 15/04/2026; BBC 14/04/2026; Reuters 13/04/2026).

In Ukraine, the Middle East conflict is already shaping the war and humanitarian conditions through four key dynamics: military, diplomatic, energy, and economic. While not exhaustive, these interlinked dynamics – described in more detail below – reflect the most immediate and consequential humanitarian pressures on Ukraine, including increased civilian exposure to large-scale aerial strikes and continued war, greater disruption to electricity, water, and health services driven by energy system strain, and rising food and fuel prices reducing people’s and the Ukrainian government’s financial resilience.

FOUR KEY IMPACTS ON UKRAINE

Military and security

The most direct consequence of the Middle East conflict on Ukraine is a further depletion of the advanced air defence missile interceptors it relies on. Ukraine's defence against Russian missile strikes depends heavily on interceptors used in advanced air defence systems, particularly the US-made Patriot Advanced Capability-3 (PAC-3) interceptors, which are currently its most reliable defensive measure for countering a growing number of ballistic missiles launched by Russia (WSJ 08/03/2025; Ministry of Defence of Ukraine 13/03/2026).¹ More than double the current annual production capacity of PAC-3 interceptors was used by the US and its allies in the first days of the Middle East conflict. Additionally, pre-existing supply-side constraints, including production limitations and slow replacement timelines, limit the ability to replace these interceptors quickly and to meet growing demand. As a result, inventories are being drawn down faster than they can be restored, widening the gap between supply and demand. This in turn is likely to aggravate existing interceptor shortages for Ukraine at a time when Russia's production of ballistic missiles has increased domestically, which makes it less vulnerable to the effects of the Middle East conflict. This imbalance is likely to erode Ukraine's ability to intercept incoming Russian ballistic missile strikes in the medium term, increasing the risk of successful attacks on civilians and critical infrastructure.

To protect its regional assets from Iranian drone and missile attacks, the US and its allies used nearly 1,300 PAC-3 interceptors in the first 16 days of the Middle East conflict (TKI 05/03/2026; NYT 13/03/2026; WSJ 07/03/2026; RUSI 24/03/2026). By comparison, Ukraine has received approximately 600 PAC-3 missiles since the start of Russia's full-scale invasion in 2022 (NYT 09/03/2026). At the same time, Russia's use of ballistic missiles against Ukraine has increased, supported by expanding domestic production capacity that is comparatively insulated from the impact of the Middle East conflict. While exact figures cannot be independently verified, available estimates suggest Russia now produces approximately 70–85 ballistic missiles per month, including Iskander-M and Kinzhal systems, up from an estimated 50–65 per

month in 2024 (Euromaidan Press 03/03/2026; TKI 03/06/2025; TNV 03/12/2025). Estimates also indicate that around 900 of the more than 1,900 missiles launched against Ukraine in 2025 were ballistic missiles (RBC-Ukraine 17/03/2026; ISW 31/12/2025; Euromaidan Press 25/03/2026). In contrast, in 2024, Russian forces launched around 1,300 ballistic and cruise missiles against Ukraine; of these, 194 were ballistic missiles as of 23 November 2024 (ISW 31/12/2024; Militarnyi 24/11/2024).

While the rate of PAC-3 interceptor use in the Middle East has slowed since the early days of the conflict, stockpiles are unlikely to be replenished quickly primarily due to pre-existing constraints such as limited production capacity. The US currently produces around 600–650 PAC-3 interceptors per year, with its main producer Lockheed Martin producing 620 interceptors in 2025 (The Defense Post 07/01/2026; The Guardian 08/07/2025; Reuters 06/01/2026). In January 2026, the US Government and Lockheed Martin signed an agreement aiming to raise production to 2,000 PAC-3 interceptors annually, but that capacity will not be reached until at least 2030 (The Defense Post 07/01/2026). Production remains constrained by reliance on specialised inputs – such as minerals limited by Chinese export controls – and manufacturing processes that are difficult to scale rapidly, as well as US defence procurement and funding limitations (Reuters 07/01/2026; FPRI 16/03/2026; CSIS 05/12/2026). **PAC-3 production also operates on multi-year timelines; each interceptor is estimated to take between 34 months and three years to deliver, with current production capacity leading to backlogs for existing orders** (United24 Media 09/07/2025; House of Saud 11/04/2026).

At the same time, **Ukraine has very few alternatives to the PAC-3 interceptors.** The closest equivalent to the PAC-3 is the European-made Aster 30 interceptor; however, it remains unclear whether it can match the performance of Patriot interceptors or fully replace them in military operations. In addition, Ukraine has already depleted its existing stock of Aster 30 (Ukrainska Pravda 15/03/2025; CSIS 23/03/2026; TKI 26/05/2025). While it expects to receive newer Aster 30 interceptors in 2026, current production remains limited, with a larger increase in output not expected until 2028 (Militarnyi 17/04/2026; Norsk Luftvern 02/01/2026).

¹ Ukraine currently faces a range of Russian aerial threats, including drones, cruise missiles, and ballistic missiles. Ukraine's air defence includes the US-origin Patriot and the Franco-Italian SAMP/T systems. Both are designed to intercept different types of threats, including aircraft and missiles, using advanced interceptors. Ballistic missiles are among the most difficult threats to intercept and require more advanced capabilities. Systems such as Patriot, using interceptors like PAC-3 (including newer variants such as the PAC-3 MSE), and SAMP/T, which uses the Aster 30, therefore play an important role in defending against ballistic missiles.

Beyond the production constraints detailed above, Ukraine's continued access to PAC-3 interceptors is also dependent on US decision-making, which is shaped by Washington's own political and security priorities. Additional US weapons deliveries to Ukraine through NATO mechanisms may be constrained by ongoing frictions between the US and NATO, while already limited PAC-3 stocks in European countries may also restrict the scale of further transfers (CSIS 23/03/2026; RBC-Ukraine 10/03/2026). A shortfall in PAC-3 stocks would likely leave Ukraine's critical energy infrastructure increasingly exposed to Russian ballistic missile strikes, particularly as the country is entering a critical recovery period ahead of the next cold season beginning in October.

Diplomacy and the peace process

The Middle East conflict is likely to delay peace negotiation progress in the Russia-Ukraine war by diverting US diplomatic attention and directly disrupting the conditions required to convene talks. This slowdown coincides with Russia beginning its spring offensive, reducing pressure on Moscow to engage or compromise in peace negotiations with Ukraine. Combined with global energy supply disruptions and potential fiscal relief for Russia, these dynamics could reduce immediate diplomatic and economic constraints on Moscow as it seeks to achieve further military gains in Ukraine. Estimated additional budget revenues of between USD 45–151 billion generated by boosted energy prices – which could erase Russia's estimated 2025 fiscal deficit of USD 72 billion – would strengthen its short-term financial position despite domestic economic pressures and reduce incentives to negotiate, even if there are constraints on longer-term revenue generation (KSE 20/03/2026; UNN 26/03/2026; OSW 09/12/2025; Reuters 19/01/2026).

A fourth round of peace talks, planned for early March in Abu Dhabi, did not proceed, primarily because Iranian missile and drone strikes on the United Arab Emirates and the resulting security environment made it an unsafe venue for the talks (Ukrainska Pravda 28/02/2026; Reuters 01/03/2026). The disruption to the trilateral negotiations reflects a major shift in diplomatic attention; with the US, the primary broker in current talks between Ukraine and Russia, focused on the Middle East, momentum could slow significantly at a time when this process is already impeded by entrenched divergences on critical issues related to Ukraine's territory and security guarantees (RBC-Ukraine 26/01/2026; Reuters 18/02/2026). Bilateral US-Ukraine

discussions continued in early March, suggesting that limited channels remain open, but there are no indications yet that trilateral talks including Russia will resume in the short-term (TKI 22/03/2026). At the same time, no alternative third-party broker, such as China, the EU, or Türkiye, has emerged to play a comparable and active role in facilitating negotiations involving both Russia and Ukraine.

The global market disruptions and price volatility resulting from the Middle East conflict are also likely to translate into at least a short-term fiscal improvement for Russia that reduces Moscow's incentives to negotiate an end to its war on Ukraine

(Bloomberg 03/04/2026; TE accessed 07/04/2026; Reuters 11/03/2026). Around one-fifth of global oil and LNG trade passes through the Strait of Hormuz; its blockade has driven sharp increases in global prices for these goods (Bruegel 02/03/2026). Russia is a major global energy producer and exporter, with oil and natural gas revenues accounting for 22–25% of its federal budget, and it benefits from increased global prices and supply disruptions despite sanctions on its energy exports (OIES 26/02/2026). Russia's 2026 budget was built on the assumption of a per-barrel Urals crude oil price of USD 59, estimates indicate it traded at USD 40.94 on 27 February and rose to USD 114.65 on 19 April, reflecting the immediate impacts of global oil market volatility after the start of the Middle East conflict on 28 February (Bloomberg 07/04/2026 and 03/04/2026; TE accessed 19/04/2026). As a result of higher global prices, Russian oil export revenues nearly doubled in March (IEA 14/04/2026).

Similarly, Russia's natural gas revenues also increased in the aftermath of conflict escalation in the Middle East. Russian natural gas exports to the EU reached record levels in March 2026 as from Qatar suspended LNG production after Iranian strikes hit its natural gas facilities, increasing demand for alternative sources (Reuters 04/03/2026). Imports from Russia's Yamal LNG facility rose by 17% in the first quarter of 2026 compared to the previous year (Reuters 01/04/2026). EU member states spent approximately EUR 2.88 billion (USD 3.38 billion) on gas from the Yamal facility in the first three months of 2026, driven by higher global LNG prices since the Middle East conflict began (TE accessed 17/04/2026; RBC-Ukraine 10/04/2026). While Russia's revenue gains from higher global energy prices are likely to be limited by factors such as the length of supply disruptions, discounted oil sales to a small number of buyers, ongoing production risks, and only limited sanctions relief, these constraints are unlikely to fully offset short-term fiscal benefits (AP 18/04/2026 and 14/03/2026; Reuters 08/04/2026, 02/04/2026, and 06/03/2026; NYT 07/04/2026).

As detailed in ACAPS' 2026 Ukraine scenarios, an end to the Ukraine–Russia war is unlikely in 2026, but **delays in peace talks may further slow preliminary ceasefire negotiations at a time when Russia's spring offensive is set to increase immediate risks for civilians**. Continued fighting is likely to sustain pressure on civilians in eastern oblasts, where the Russian offensive remains concentrated, while large-scale aerial strikes – particularly targeting Ukraine's power and heating systems – continue to pose a nationwide threat.

Energy sector

Ukraine's energy sector faces a convergence of risks during a critical repair window ahead of the 2026–2027 cold season, which lasts from October to March. Air defence constraints increase the likelihood of successful strikes on energy infrastructure, while higher natural gas prices in Europe raise the cost of gas imports that Ukraine relies on for heating, electricity generation, and industrial activity. These dual pressures may slow repairs while also increasing the cost of keeping the energy system operational. Even if the Middle East conflict de-escalates, import prices may decline only gradually rather than returning rapidly to previous levels – increasing financial strain on domestic suppliers (KII 06/04/2026). At the same time, rising fuel prices make it more expensive to operate back-up generators, which critical services in Ukraine increasingly depend on during power outages.

Ukraine enters spring 2026 following its most severe cold season in over a decade, while sustained Russian attacks targeting critical energy infrastructure caused further damage to the already strained energy system. **The period between the end of the 2025–2026 cold season in April and the start of the next cold season in October 2026 is a crucial recovery window for Ukraine, when lower electricity demand and more favourable weather conditions create better conditions for repairs**. That said, the impacts of the Middle East conflict may narrow this recovery window. Russia has regularly used ballistic missiles to target Ukraine's energy infrastructure, including power plants, transmission systems, and natural gas production and storage facilities. **The Middle East conflict may intensify this vulnerability by reducing the availability of Patriot PAC-3 interceptors needed to protect these energy sites** (please refer to the section on military and security dynamics above for more information). Ukraine is already prioritising which assets to defend, thereby

accepting exposure elsewhere, particularly outside major urban centres. **This raises the risk of geographically uneven power outages and prolonged disruption in less protected regions** (KAS 05/08/2026; KII 06/04/2026).

In addition, the period from April to October is also a critical time for Ukraine to inject a minimum 13.2 billion cubic metres of natural gas into its underground storage facilities, to be used for heating during the next cold season (Ministry of Energy of Ukraine 09/04/2026). As noted above, the Middle East conflict has led to a sharp increase in the global price of natural gas, including in Europe, where it rose from EUR 31.96 (USD 37.72) on 27 February to EUR 61.85 (USD 70.90) on 19 March (TE accessed 17/04/2026; RBC-Ukraine 10/04/2026). **Given that Ukraine depends on European markets to meet part of its minimum target for natural gas, rising European prices are already leading to a more expensive gas injection season and contributing to lower imports** (KII 06/04/2026; UEEX 30/03/2026; ExPro Consulting 01/04/2026). This creates a potential trade-off for Ukraine between paying significantly more for imported gas or entering winter with underfilled reserves, particularly if domestic production cannot fully offset reduced imports, for example because of continued Russian attacks on gas infrastructure. This would have direct implications for electricity generation and heating provision during the 2026–2027 cold season.

Domestic pricing regulations add further pressure on gas suppliers, electricity producers, and industrial consumers (Green Deal Ukraïna 10/2025; DiXi Group 15/04/2026; KII 06/04/2026). Natural gas suppliers are required to sell gas to households and heating providers at fixed, low rates, even though they must often buy that same gas at much higher international market prices. At the same time, delays in signing new supply contracts may force Ukraine to buy gas later in the injection season at even higher prices (KII 06/04/2026). While households remain partially protected through regulated tariffs and other measures that limit cost shifting to consumers, **electricity producers and some industrial consumers are absorbing rising costs, which could reduce output, weaken system stability, and further contribute to supplier-driven daytime power outages** (UNIAN 18/08/2022; ExPro Consulting 04/03/2026; DiXi Group 08/04/2026; KII 06/04/2026).

To cope with power outages, households and critical services such as hospitals, water utility stations, and district heating facilities, rely on fuel-based electricity generators. As Ukraine depends heavily on fuel imports, it is vulnerable to global

fuel price volatility. **Although a physical fuel shortage in Ukraine is not considered likely in the next three to six months, market volatility resulting from the conflict in the Middle East has contributed to an increase in domestic fuel prices, with diesel prices jumping by 16% within the first two weeks of the conflict**, from UAH 61.60 (USD 1.42) per litre on 27 February to UAH 71.60 (USD 1.63) on 9 March (KII 06/04/2026; TKI 09/03/2026). As a result, maintaining essential services becomes more expensive and may force authorities and service providers to prioritise certain services over others in order to manage costs, particularly during periods of high demand.

Economy and agriculture

Agriculture remains a critical sector in Ukraine, comprising 7.1% of its gross domestic product (GDP) in 2024 and employing about 14% of the workforce as of 2021, underscoring its economic and livelihood importance (WB accessed 22/04/2026). As such, shocks that impact Ukraine's agriculture may cause wider economic effects. Despite the fact that Ukraine does not import fertiliser directly from the Persian Gulf, higher global costs of fertiliser and fuel – two key inputs in agriculture – are raising production costs for Ukrainian farmers during the critical spring planting season, with the potential for lower crop yields and higher food prices (Reuters 27/03/2026).

The conflict in the Middle East has caused a sharp rise in global fertiliser prices, mainly due to the blockade of the Strait of Hormuz, through which approximately one third of global fertiliser exports pass, and also due to rising natural gas prices, a critical input for fertilisers (FAO 26/03/2026; S&P Global 13/03/2026; FAO 19/03/2026). The global price of urea – a widely used global benchmark for nitrogen fertilisers – rose by approximately 50% since the Middle East conflict began (TE accessed 20/04/2026; CNBC 25/03/2026; IFPRI 01/04/2026). While some assessments indicate that existing fertiliser volumes in Ukraine may be sufficient to meet baseline demand for the current agricultural sowing season from early March to mid-May, others suggest that stocks are already limited, with deficits estimated at 220,000 metric tonnes (KII 07/04/2026; TKI 09/03/2026). Ukraine may struggle to import enough fertiliser at current high global prices, reinforcing reliance on domestic supplies that are also increasing in price and limited in quantity (UNN 05/03/2026). Domestic fertiliser prices rose sharply within the first three weeks of the Middle East conflict: urea increased by 43% and ammonium nitrate by 37% compared to the previous year (Euromaidan Press 18/03/2026; Ukrainian Agribusiness Club Facebook 17/03/2026). As a coping mechanism, **farmers may**

either reduce fertiliser application – potentially leading to an estimated 15–20% loss in yields – or shift to producing less input-intensive crops (Ukrainian Agribusiness Club Facebook 17/03/2026; TKI 26/03/2026). In turn, price increases or shortages are likely to be most severe for fertiliser-intensive crops such as maize and wheat, which are also important for livestock and poultry feed (CES 16/04/2026). **These impacts are also likely to be passed on to consumers more broadly through higher overall food prices** (Interfax 19/03/2026; FEWS NET accessed 20/04/2026).

Rising fuel prices linked to the Middle East conflict (please refer to the energy section above) **are also increasing financial pressure on Ukraine's economy**. While prices have somewhat eased, they remain above prices before the Middle East conflict began; for example, the price of diesel in Ukraine was UAH 88.38 (USD 1.99) per litre on 22 April compared to UAH 61.60 (USD 1.42) on 27 February (MinFin accessed 09/04/2026). By increasing the expense of planting, harvesting, and transporting goods to market, higher diesel prices are further exacerbating input costs for farmers, many of whom are already facing higher fertiliser prices. They are also increasing household spending more broadly through higher transport and consumer costs. In March, inflation rose from 7.6% the previous month to 7.9%, driven in part by volatility in fuel markets (TNV 10/04/2026; NBU 10/04/2026; CES 16/04/2026).

IMPLICATIONS FOR HUMANITARIAN NEEDS AND OPERATIONS

The four dynamics examined in this report – military and security, diplomacy, energy, and economy – operate not as isolated effects but as a set of compounding and mutually reinforcing pressures for Ukraine. The Middle East conflict has not created these pressures individually but is amplifying them through the dynamics highlighted in this report and their interaction with pre-existing challenges in Ukraine.

The length of the Middle East conflict is the main variable determining how severe these impacts will be in Ukraine. For example, if the conflict resolves soon, then the temporary price volatility will ease sooner, allowing a partial stabilisation of energy markets. A prolonged conflict, however, would allow the pressures described above to continue to worsen simultaneously: sustained gaps in air defence supply, diverted diplomatic attention from Ukraine's peace negotiations, constrained energy sector recovery ahead of the next cold season, and persistently high fertiliser and fuel costs lowering agricultural yields. Regardless, major disruptions to global systems

and markets are unlikely to be fully resolved or ease quickly, meaning that **many of the humanitarian implications for Ukraine of the Middle East conflict are already set in motion and are likely to worsen over the next three to six months even if the conflict ends in the short-term.**

Civilian harm and protection risks

The most immediate implications of reduced interceptor availability concern civilian protection. A decline in the supply of Patriot interceptors would further constrain Ukraine's air defence capacity, increasing the likelihood that Russian ballistic missiles penetrate Ukrainian defences and reach their targets. **This raises the risk of civilian harm in two related ways: direct casualties from strikes in populated areas, and indirect harm resulting from damage to critical infrastructure and the disruption of essential services.**

Ukraine already has limited Patriot systems it can deploy, and it already prioritises which areas or facilities to protect, focusing on major urban centres, critical energy infrastructure, and key military assets, meaning some areas and infrastructure are better covered than others. As interceptor stocks decline, these disparities are likely to widen, with air defence increasingly concentrated around a smaller set of priority targets while the Ukrainian government will face increasingly difficult decisions about what to protect. The 2026 Ukraine Humanitarian Needs and Response Plan (HNRP) estimates that 2.74 million people in Ukraine are in need of post-strike emergency support (OCHA 13/01/2026). However, if more Russian airstrikes are able to penetrate through Ukraine's diminished air defence, humanitarian needs for post-strike emergency shelter, cash assistance, food, and psychosocial support will increase. **Repeated or particularly severe strikes on infrastructure and major population centres may also contribute to short-term displacement, as people temporarily relocate in response to sustained insecurity or the loss of essential services.**

Energy system and critical infrastructure impacts

Disruptions during the critical energy recovery window (April–October) – whether from continued Russian strikes on energy infrastructure, delays in repairs, or constraints on natural gas imports – can reduce system readiness ahead of the cold

season (October–March), when both demand and vulnerability are at their highest.

In addition to the risks from Russian aerial strikes on critical energy infrastructure described in the previous section, sustained high costs may place additional financial burdens on utility and service providers, potentially reducing their capacity to afford natural gas during the gas injection period. As a result, they will be increasingly forced to make difficult trade-offs in how services are managed. **Higher operating costs could lead to reduced electricity supply, particularly while some power generation facilities are already offline for repairs and maintenance. While this may not cause an immediate nationwide system failure, it increases the risk of repeated localised power outages, which can negatively impact healthcare, water supply, education, food systems, and industrial activity.**

At the same time, Ukraine's growing reliance on distributed and backup generation – particularly diesel- and fuel-based generators used by hospitals, water utilities, and district heating systems – creates a direct link between global energy prices and service delivery. These systems provide a critical buffer during power outages, allowing services to continue at reduced capacity rather than failing entirely. However, higher fuel costs make sustained operation more expensive, particularly for service providers, as well as government and humanitarian responders facing limited budgets. As such, **services reliant on backup generation could reduce their operating hours, prioritise of critical functions, or temporarily suspend less urgent services, especially during periods of peak demand or price spikes.**

Seasonal factors further shape these risks. **During the summer**, extreme heat can increase electricity demand for cooling while maintenance-related outages temporarily reduce system capacity. **These pressures can disrupt water pumping, refrigeration of medical supplies, and livestock cooling in rural areas.** However, **the most severe impacts are likely to materialise during the cold season, when disruptions to electricity and heating systems can more directly translate into health and WASH risks, particularly for older people and people with pre-existing health conditions who face prolonged cold exposure** (ACAPS 28/08/2025). If financial constraints deepen or repair delays accumulate over the summer, system resilience may weaken ahead of the cold season, when infrastructure damage, reduced coping capacity, and peak seasonal demand would significantly increase the scale, duration, and impact of energy disruptions.

Livelihoods and food security

In the agricultural sector, the groups most exposed to rising fertiliser and fuel prices are commercial farms and subsistence growers with limited ability to absorb higher input costs during the planting season. **The rising costs will directly shape production decisions, with some farmers reducing fertiliser use or shifting towards crops that require fewer inputs, which may reduce the yield of key crops, particularly maize and wheat.**

The impact on livelihoods is also significant, given that agriculture accounts for about 14% of total employment in Ukraine as of 2021 (WB accessed 22/04/2026). For these households, farming helps protect against food insecurity, but higher costs and lower yields are likely to reduce agricultural income and weaken their ability to meet basic food needs. Higher input prices are also likely to increase farmers' reliance on credit, but limited access to affordable financing may further reduce their ability to sustain production during the planting season, particularly for farmers in frontline areas, where insecurity limits crop and livestock activity.

At the same time, lower agricultural output can reduce domestic food supply and result in higher food prices. For consumers, these pressures are compounded by ongoing inflation and can further erode incomes and savings, particularly among rural and low-income households, frontline communities, IDPs, and women-headed households. Notably, **livelihoods and economic concerns are a key factor shaping displacement decisions** (REACH 19/01/2026 and 23/12/2025). **Even moderate increases in staple food prices can weaken household financial resilience or push them toward negative coping strategies, particularly for frontline, low-income, and rural households, as well as IDPs** (FEWS NET accessed 20/04/2026). More than 75% of households surveyed by FAO in July 2025 reported already relying on coping mechanisms to manage financial hardship, such as spending savings, borrowing money, or cutting essential expenditures, including healthcare and education (FAO 16/03/2026).

Beyond price effects, supply chain and market disruptions may also limit the physical availability of food items in certain regions, particularly those affected by insecurity or already weakened supply chains. These dynamics in turn increase demand for food assistance and cash-based support, which are already insufficient for the scale of food needs, particularly in conflict-affected areas, due to funding shortfalls and ongoing access and security conditions (FEWS NET accessed 20/04/2026).

This could increase the number of people needing humanitarian support, especially in rural areas where many households depend on farming and markets, and in urban centres hosting IDPs.

External financing and fiscal pressures

Ukraine faces its own internal fiscal pressure linked to the Middle East conflict. **Continued reliance on regulated tariffs and price caps for household utilities means that higher energy prices are only partially passed on to consumers, with the difference absorbed by the Ukrainian government directly or by the energy sector, which already faces significant debt burdens** (KII 06/04/2026). Targeted mitigation measures such as fuel cashback programmes designed to offset rising transport and energy costs for consumers, further add to budgetary pressures (UNN 20/03/2026). At the same time, Ukraine depends heavily on agricultural exports as an important source of foreign currency and economic stability, exporting around 80% of its crops. In 2025, Ukraine's agricultural earnings, including sales to Gulf countries, accounted for 10% of its GDP (TKI 26/03/2026). **Disruptions to agricultural production caused by higher input costs and lower yields can therefore also reduce export revenues, weakening domestic fiscal buffers at a time when wartime spending needs remain high** (ACAPS 31/12/2025).

Higher energy costs in European countries would similarly place additional burdens on the national budgets of EU donor countries as they will need to spend more on social protection measures to alleviate the impact of rising prices on their own citizens, while Ukraine's funding needs and reliance on external financial support is also increasing (UNN 06/04/2026; Reuters 09/04/2026; NYT 19/03/2026). Ukraine is projected to face a budget deficit of USD 41.5 billion in 2026, and foreign financing only covered only 59% of its needs in the first quarter of 2026 as defence spending rises (CES 23/09/2025; CES accessed 21/04/2026). The more likely impact would not be an immediate reduction in overall commitments from European donors, but rather increased competition with the domestic priorities of donor countries. This is particularly significant given Ukraine's total financing requirements of approximately USD 52 billion in 2026 (Bloomberg 27/03/2026). While political support for Ukraine among key partners remains strong and is unlikely to reverse in the near term, donor countries facing rising domestic budgetary pressures could delay new or approved funding, particularly if the Middle East crisis persists. The main risk then is Ukraine's ability to finance its defence also provide public services and social protections that the humanitarian response cannot cover.