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UKRAINE ECONOMY & INVESTMENT DIGEST



OCTOBER 2026

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Executive summary

October brought further progress in external financing and investment delivery, alongside a weaker macroeconomic outlook. At its 29 October briefing, the NBU raised the policy rate to 16.5% and forecast a 0.4% contraction in real GDP in 2026. The combination points to tighter financing conditions for businesses facing disruption to production and logistics.

The European Commission released EUR 2.9 billion on 2 October and, on 30 October, proposed the allocation of EUR 45 billion under the Ukraine Support Loan for 2027. The latter remained subject to Council adoption. The Ministry of Finance also reported a UK package expected to provide GBP 7 billion in budget and economic support over 2027-2029, largely through World Bank financing backed by guarantees. These instruments differ in their status and financing structure and should not be treated as immediately available cash.

Investment-related developments included a EUR 60 million agreement for western border infrastructure and an EIF guarantee expected to enable up to EUR 143 million in lending through ProCredit Bank Ukraine. The Government also clarified procedures for foreign-credit-financed public projects, while bank privatisation preparations advanced through the appointment of financial advisers.

Key figures

16.5% NBU policy rate announced in October	-0.4% NBU 2026 real GDP forecast
EUR 45bn Proposed EU loan allocation for 2027	EUR 60m Western border loan agreement
Up to EUR 143m SME lending supported by EIF guarantee	NOK 500m Norwegian energy support allocation

1. External financing and fiscal developments

EU releases EUR 2.9 billion

On 2 October, the European Commission disbursed EUR 2.9 billion through the Ukraine Facility. The payment included EUR 800 million channelled through the Facility component of the Ukraine Support Loan. The October milestone was the release of previously authorised funds. The payment converts an approved commitment into resources available to support public administration and budget financing.

Commission proposes EUR 45 billion allocation for 2027

On 30 October, following its assessment of Ukraine's Financing Strategy submitted on 26 October, the Commission proposed a Council implementing decision allocating EUR 45 billion under the Ukraine Support Loan for 2027. Of this, up to EUR 13.3 billion would provide budget

support, divided equally between the Ukraine Facility and macro-financial assistance; EUR 31.7 billion would support defence industrial capacity.

The proposal required Council adoption. It therefore improved visibility over the proposed financing structure without constituting either final authorisation or disbursement. For civilian investment and public-service suppliers, the composition matters: the full headline amount is not general-purpose budget support.

UK support combines guarantees and World Bank financing

In a 29 October update, the Ministry of Finance reported that GBP 7 billion in UK-backed budget and economic support would be available over 2027-2029. The structure includes up to GBP 5.5 billion in sovereign guarantees for World Bank loans and a GBP 0.5 billion contribution to an IDA facility expected to mobilise GBP 1.5 billion for Ukraine.

The grant contribution and the financing it is expected to mobilise should not be added together as independent funding. The package broadens prospective financing channels, but its effect on annual budget liquidity will depend on the underlying operations and disbursement schedules.

Budget advances and healthcare financing reaches the Treasury

On 28 October, the Government confirmed that Parliament had supported the draft 2027 State Budget at first reading. The Government would consider Parliament's budget conclusions and prepare the second-reading text.

Also on 28 October, the Government reported receipt of USD 404.5 million under THRIVE: USD 304.5 million supported by Japan and a USD 100 million IDA loan. The funds had reached the state budget and support improvements in the efficiency, quality and accessibility of healthcare services.

2. Macroeconomic and business environment

NBU tightens policy and revises its outlook

At its 29 October briefing, the NBU raised the policy rate by 0.5 percentage points to 16.5%, citing higher fuel costs, attacks on business and logistics, and deteriorating inflation expectations.

Its October forecasts projected a 0.4% GDP contraction in 2026 and 0.4% growth in 2027, conditional on improved logistics from mid-2027. Year-end inflation forecasts were 12.5% and 7.3%, respectively.

The projected rate path held at 16.5% until the second quarter of 2027, subject to developments. For investors, the assessment implies higher financing costs and greater uncertainty over sales and uninterrupted operations.

Energy security entering the heating season

Underground gas storage reached 16 billion cubic metres by mid-October, according to Naftogaz, the highest level since 2020 and above the Government’s 13.2 billion cubic metre

minimum. Naftogaz had also contracted more than 1 billion cubic metres of imports for delivery from December to March.

Attacks remain the main risk to supply. Naftogaz reported more than 400 attacks on its facilities in 2026, about twice as many as in the previous year. On 8 October, the Government kept preferential household electricity tariffs for the 2026/27 heating season; the decision does not change the higher transmission tariff paid by businesses since August.

3. Investment pipeline and infrastructure

New procedure clarifies foreign-credit-financed public projects

On 8 October, the Ministry of Finance reported approval of a procedure governing preparation and implementation of projects financed by state borrowing from foreign governments and foreign financial institutions. It covers public investment, other priority development projects and tied-aid arrangements.

The procedure addresses lender selection, financing terms, loan documentation, onward lending or transfer of funds to beneficiaries, disbursement and implementation oversight. For project promoters, the practical issue is alignment between the financing agreement, the beneficiary's obligations and the arrangements for delivery.

October discussions identify project preparation priorities

At a 21 October meeting with the EIB, the Ministry of Economy and Environment reported that eight projects had been selected under Ukraine FIRST and another 15 submitted for consideration under the Project Preparation Facility. It identified waste management and affordable housing among cooperation priorities and discussed support to strengthen ministries' project delivery capacity through GROUND.

The meeting also discussed an EU FDI programme with EUR 250 million under the Ukraine Investment Framework, expected to attract an additional EUR 750 million for large projects by European companies. Implementation was identified as a priority for 2027.

EUR 60 million agreement targets western border crossings

On 21 October, the EIB announced a EUR 60 million loan agreement for upgrading Ukraine's border-crossing infrastructure with the EU and Moldova. Eligible works include terminals, access roads, service facilities and customs-control equipment and software. EU backing is provided under the Ukraine Investment Framework.

The investment targets bottlenecks that affect freight costs and the movement of people. For businesses, the potential benefit is more reliable overland connectivity; the timing of that benefit will depend on procurement, construction and commissioning.

4. Business finance and sector developments

EIF guarantee supports up to EUR 143 million in SME lending

On 21 October, the EIB Group announced an EIF guarantee for ProCredit Bank Ukraine intended to enable up to EUR 143 million in financing for SMEs. The operation could reach as many as 715 businesses, with a focus on war-affected companies, veteran-led businesses, and women and young entrepreneurs.

The guarantee covers part of the bank's lending risk and is expected to support better terms, including lower collateral requirements and longer maturities. Much of the financing is projected to be in hryvnia. The EUR 143 million is the potential lending volume supported by the arrangement, not the guarantee amount or a grant allocation.

Norway announces NOK 500 million for energy support

On 28 October, Norway announced an allocation of NOK 500 million to support Ukraine's energy sector. The two countries also signed an updated energy partnership memorandum addressing generation, decentralised energy, storage, grid resilience and gas-sector cooperation. Project preparation and investment mobilisation formed part of the discussions.

The allocation and memorandum indicate continued support for energy resilience. Access to support will depend on the relevant delivery mechanisms, equipment priorities and project arrangements.

5. Regulatory and institutional developments

Advisers appointed for Ukrgasbank and Sense Bank privatisation

On 23 October, the Ministry of Finance, Ukrgasbank, Sense Bank and N. M. Rothschild & Sons signed agreements for financial advisory services to prepare the sale of state-owned stakes in the two banks. Rothschild & Co will work with Ukrainian investment banking adviser FinPoint.

The mandate includes due diligence, assessment of the starting sale price, investor materials, international marketing and support for organising the sale competition. This moves the process into a more concrete transaction preparation stage. For potential investors, the relevant next steps are the scope of the offered stakes, the transaction timetable, access to due diligence information and the terms of the competitive process.

Government approves sustainability reporting implementation plan

On 30 October, the Government approved the 2027-2030 operational plan for implementing corporate sustainability reporting. It sets measures, deadlines and responsibilities for aligning Ukraine's reporting framework with European standards. Planned work includes a regulatory basis for ESRS, a single electronic reporting format, publication procedures, assurance requirements and quality control.

The decision advances implementation planning; it does not mean that all enterprises became subject to a new reporting obligation in October. Applicability and timing will depend on the relevant legislation and implementing rules.

For companies seeking international capital, the direction is nevertheless material. Environmental and social information, governance arrangements and the ability to substantiate disclosures will increasingly form part of investment preparation and due diligence. Establishing reliable internal data collection can reduce the work required when specific obligations and investor requests arise.

6. Risks and issues to monitor

October's developments combine additional financing channels with tighter monetary conditions and continuing implementation risks. The following issues determine how the month's proposals, agreements and policy decisions may translate into investment activity.

Risk or issue	What to monitor	Business implication
Sovereign financing	Council decision on the proposed 2027 EU allocation and the schedules of UK-backed operations.	A proposal or guarantee does not establish when cash will be available for public expenditure.
Inflation and borrowing costs	The NBU’s October rate decision and the assumptions behind its revised forecast.	Higher debt-service costs and operating uncertainty raise the threshold for investment.
Infrastructure delivery	Procurement and implementation of the western border loan; the delivery channels for Norwegian energy support.	Benefits depend on completed infrastructure and installed equipment.
Access to SME finance	ProCredit facility eligibility, loan terms, collateral and the volume of actual lending.	Guarantee support can improve access while repayment and project risks remain with borrowers.
Preparation and compliance	Application of the foreign-credit procedure and further sustainability reporting rules.	Documentation, delivery arrangements and reliable business data become more consequential.

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