REPORT TO CONGRESS ON THE INTERNATIONAL MONETARY FUND'S LOAN TO UKRAINE

A Report to Congress

consistent with

Section 1501 of the
Dodd-Frank Wall Street Reform and Consumer Protection Act, 2010

United States Department of the Treasury

November 2026

Introduction

This report provides an assessment of the likelihood that Ukraine will repay its loans to the International Monetary Fund (IMF) in full. This report is required by section 1501 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*.[1] Ukraine meets the reporting criteria specified in the legislation: that it received a loan at a time when the most recent data established that its public debt-to-gross domestic product (GDP) ratio was greater than 100 percent, and it was not eligible for assistance from the International Development Association (IDA), the arm of the World Bank that provides concessional development finance, at the time of program approval. All data points are sourced from official IMF publications, unless otherwise noted.[2]

As directed by section 1501, and consistent with its longstanding practice with respect to all loans, the Office of the United States Executive Director (OUSED) at the IMF, in close coordination with the Department of the Treasury (Treasury), conducted a careful and thorough evaluation of the proposed program for Ukraine when it was submitted to the IMF Executive Board. OUSED and Treasury continue to carefully monitor its progress.

UKRAINE

Russia's full-scale invasion caused Ukraine's economy to contract by approximately 29 percent in 2022 while driving up public spending. Since 2023, Ukraine's defense spending has comprised approximately half of total expenditures and more than 100 percent of domestic tax revenue.[3] The general government fiscal deficit (excluding grants) rose to 26 percent of GDP in 2023, from 4 percent of GDP in 2021. Bilateral partners and the international financial institutions (IFIs) responded by providing Ukraine with external financing to help sustain basic government operations during the war and address urgent recovery and humanitarian needs. In March 2023, the IMF Executive Board approved a four-year Extended Fund Facility (EFF) of $15.5 billion that aimed to stabilize Ukraine's economy, catalyze additional external financing, and lay the groundwork for Ukraine's reconstruction. At the time of approval, public debt totaled 81.7 percent of GDP.[4] Given the exceptionally high uncertainty over Ukraine's macroeconomic outlook amid the war, Ukraine's official bilateral creditors, acting through the Group of Creditors of Ukraine (GCU, which includes the G7), adopted a two-stage debt treatment that provided a suspension of debt service for the duration of the IMF program as well as a commitment to negotiate a definitive debt treatment prior to the end of the program or when the exceptionally high uncertainty abates. Ukraine also instituted a temporary debt service

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[1] P.L. 111-203; codified at 22 U.S.C. § 286tt(b) (section 68(b) of the Bretton Woods Agreements Act): "Within 30 days after the Board of Executive Directors of the Fund approves a proposal [to make a loan to a country whose public debt exceeds gross domestic product and is not eligible for assistance from the International Development Association], and annually thereafter by June 30, for the duration of any program approved under such proposals, the Secretary of the Treasury shall report in writing . . . assessing the likelihood that loans made pursuant to such proposals will be repaid in full, including—(1) the borrowing country's current debt status, including, to the extent possible, its maturity structure, whether it has fixed or floating rates, whether it is indexed, and by whom it is held; (2) the borrowing country's external and internal vulnerabilities that could potentially affect its ability to repay; and (3) the borrowing country's debt management strategy."

[2] *See:* IMF (March 2023) and IMF (February 2026).

[3] *See:* Ministry of Finance of Ukraine (2023-2025 state budget data).

[4] Because the public debt ratio was below 100 percent of GDP at the time the 2023 program was approved, Ukraine did not meet the criteria for this annual report from 2023-2025.

moratorium on its sovereign and sovereign-guaranteed Eurobonds with a goal of eventually restructuring the claims while preserving comparability of treatment with official bilateral creditors.

With the war in its fifth year and Ukraine's balance-of-payments problems persisting, the Ukrainian authorities requested to cancel the 2023 EFF and establish a new IMF arrangement that could address the challenges from a more protracted war. In February 2026, the IMF Executive Board approved a new four-year EFF totaling $8.1 billion.[5] The GCU, now expanded from the G7 to include new official bilateral creditor countries that had extended financing to Ukraine since 2022 (Italy, the Netherlands, and South Korea), also agreed to extend the debt service standstill and reaffirmed their commitment to negotiate a definitive debt treatment before the end of the program or when the exceptionally high uncertainty abates. Under the program's revised baseline scenario, Ukraine's debt-to-GDP ratio would climb from 109 percent of GDP in 2025 to 123 percent of GDP in 2026. Ukraine was not eligible to receive assistance from IDA at the time of program approval.[6]

Ukraine's engagement with the IMF has promoted macroeconomic stability and progress on structural reform implementation. The government successfully completed eight reviews under the 2023 EFF, consistently meeting quantitative performance criteria and indicative targets as well as implementing more than forty structural benchmarks. Under the 2023 EFF, Ukraine transitioned from a fixed exchange rate regime to a managed flexible framework, ceased monetary financing of the deficit, which helped bring down headline inflation from its December 2022 peak of 27 percent to 8 percent in December 2025, and rebuilt gross international reserve levels to over $57 billion by end-2025.[7] The first review of the new EFF was completed in July 2026, with Ukraine meeting all end-March quantitative performance criteria. Ukraine's reform agenda under both programs has focused on domestic revenue mobilization, public financial management, anti-corruption, state-owned enterprise governance, monetary and exchange rate policy, and financial sector stability.

Ukraine's economic outlook continues to be subject to exceptionally high uncertainty given the ongoing war. Russia's attacks on critical energy infrastructure pose significant downside risks to inflation, economic activity and fiscal and external balances. Under the IMF's baseline scenario, the new program estimates a real GDP growth range of 1.8 to 2.5 percent in 2026 with post-war medium-term growth trending at 3.5 percent. Ukraine continues to heavily rely on concessional external financing from bilateral partners and the IFIs to meet its financing needs. At the time of program approval in February 2026, the IMF estimated that Ukraine's cumulative financing gap for the duration of the 2026 EFF would total $136 billion, $125 billion of which will be filled

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[5] Disbursements under the old EFF totaled $10.7 billion prior to its cancelation. Therefore, net additional financing under the new program totaled $3.3 billion.

[6] Ukraine is not IDA-eligible, but on an exceptional basis, Ukraine is able to receive non-concessional loans on standard International Bank of Reconstruction and Development (IBRD) terms from IDA's Crisis Facility Special Program for Ukraine Recovery (SPUR). SPUR, which is funded by donors, leverages IDA's balance sheet to supplement the IBRD's resources for Ukraine. IDA Governors authorized SPUR for the period of July 2023 through June 2025. In June 2026, IDA Governors approved a second package of additional resources under SPUR 2.0 through June 2028, but this occurred after program approval in February 2026.

[7] *See:* National Bank of Ukraine (macroeconomic indicators) and National Bank of Ukraine (international reserves data).

with official financing from bilateral partners, $8.1 billion of which will be filled with IMF financing, and $2.8 billion of which will be filled via debt relief from the GCU standstill. Cumulative financing needs are likely to be revised over the course of the program if the war continues.

Indicators of Ukraine's capacity to repay the IMF are adequate, although subject to downside risks. Under the IMF's baseline scenario, Ukraine's total stock of outstanding IMF credit will peak at 7 percent of GDP in 2026 while repayments to the IMF will also peak in 2026 at 1.3 percent of GDP. Risks to the program are mitigated by conservative design features (e.g., incorporation of a downside scenario, access limits, financing assurances, and safeguards assessments of the central bank), Ukraine's demonstrated track record under the previous EFF, and strong international donor support. In 2025, Ukraine received $52.4 billion in new external financing, only $912 million of which was IMF financing from the 2023 EFF.[8] Strong inflows of grants and other concessional loans from a wide variety of partners have supported reserves and allowed Ukraine to continue its strong historical track record of servicing IMF obligations despite the challenges of the war.

Debt Status

Ukraine's debt outlook incorporates ongoing debt service standstills, completed debt restructurings with its external commercial creditors, and the expected treatment of remaining eligible claims. Under the IMF's pre-restructuring baseline scenario in which outstanding claims remain untreated, the IMF projects the general government debt-to-GDP ratio to peak at 137 percent in 2027 and remain above 100 percent until 2035. Gross financing needs will reach 29.3 percent of GDP in 2027 before falling to 9.1 percent at the end of the program in 2030. Ukraine's debt is predominantly concentrated in concessional external financing sources as well as domestic debt. As of May 2026, Ukraine's public and publicly guaranteed debt is composed of $46 billion in domestic debt and $164 billion in external debt, and around 80 percent of total public debt is denominated in foreign currency, namely euros and U.S. dollars.[9] More than 70 percent of public debt carries a fixed interest rate, which helps to limit exposure to interest rate volatility and ensure predictable debt servicing cost, while the average maturity is 5.4 years for domestic debt and 15.4 years for external debt.[10] Domestic debt repayments (some of which are euro- and dollar-denominated bond placements) comprise the majority of state debt service in 2026 and 2027, reaching $15.7 billion and $14.9 billion, respectively.[11] External debt repayments are expected to total $5.8 billion in 2026 and $7.4 billion in 2027 before peaking in 2030 at $9.5 billion.[12]

Certain claims are excluded from Ukraine's debt stock and debt sustainability targets. Contingent liabilities comprise approximately $4 billion in disputed Russian claims and $4.65 billion in cancelable economic assistance owed to the United States.[13] The G7's $50 billion

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[8] *See:* Ministry of Finance of Ukraine (December 2025).
[9] *See:* Ministry of Finance of Ukraine (May 2026).
[10] Ministry of Finance of Ukraine, Monthly Report Wartime Edition (May 2026).
[11] *Ibid.*
[12] *Ibid.*
[13] In April 2024, Congress authorized $9.5 billion in economic assistance to Ukraine, of which $9.4 billion was deemed to be repayable by Ukraine. The first half ($4.65 billion) was canceled in November 2024. Under the

Extraordinary Revenue Acceleration (ERA) Loan and the European Union's €90 billion Ukraine Support Loan (USL) are included as part of Ukraine's debt stock as contingent liabilities, but the IMF ultimately considers them neutral for the assessment of debt sustainability targets. As limited recourse instruments, Ukraine would only be obliged to repay the ERA Loan and the USL if it receives reparations from Russia as part of a peace settlement.

Debt Management Strategy

The IMF's debt sustainability targets for Ukraine require: (1) reducing public debt (excluding ERA and USL) to 68 percent of GDP by 2035; (2) maintaining average gross financing needs of no more than 7 percent of GDP in the post-program period (2030-2035); and (3) keeping debt service payments to external creditors (excluding the IFIs) below $1 billion per year between 2026-2028. With fiscal adjustment, debt restructuring, and continued concessional financing, Ukraine can reach these targets and restore debt sustainability. Ukraine's medium term debt strategy aligns with these objectives by prioritizing the mobilization of long-term concessional financing and maximizing the share of grants in official support.[14] The Ukrainian authorities remain committed to restoring debt sustainability, implementing the external debt treatment strategy, upholding compliance of comparability of treatment, and facilitating a gradual return to international capital markets.

Ukraine's fiscal adjustment measures involve both expenditure prioritization as well as domestic revenue mobilization. In 2025, tax revenue was approximately 75 percent higher than pre-war levels, due to improved customs and tax administration as well as increased personal income and excise tax rates.[15] Under the new IMF program, Ukraine has committed to implementing additional structural reforms, such as removing value-added tax exemptions and closing other simplified tax regime loopholes. Over the medium-term, Ukraine aims to return to sustained primary surpluses once wartime conditions pass, thereby placing public debt on a firmly declining path.

In addition to working with the GCU to secure an ongoing and expanded suspension of debt service for the duration of the IMF program, Ukraine has also made significant progress in restoring debt sustainability by successfully restructuring most of its private external debt. In September 2024, Ukraine restructured $20.5 billion in sovereign Eurobonds, reducing the stock of public debt by nearly $9 billion, extending maturities, and providing significant cash flow relief. In December 2025, the authorities also completed the restructuring of approximately $2.6 billion in GDP-linked warrants, eliminating a significant contingent liability and converting them into conventional Eurobonds. Both of these commercial debt restructurings preserve comparability of treatment with official bilateral creditors. The restructured instruments include provisions requiring private creditors to participate in a contingent second-stage restructuring if a downside scenario materializes and additional debt relief is needed to restore debt sustainability.

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pursuant legislation, the President may cancel the remaining indebtedness any time after January 1, 2026, subject to a congressional review period. Specifically, the President must notify Congress of the proposed cancellation, and Congress may seek to block the cancellation through a joint resolution of disapproval. The President of the United States has the ability to veto any joint resolution of disapproval. *See:* Public Law 118-50 (April 2024).

[14] *See:* Ministry of Finance of Ukraine (September 2026).

[15] *See:* Ministry of Finance of Ukraine (2021-2025 state budget data).

The authorities are now focused on resolving the remaining outstanding commercial claims and recently concluded the restructuring of an $825 million state-guaranteed Eurobond.

Vulnerabilities

Key risks to restoring debt sustainability include uncertainty around the duration and intensity of the war with Russia, the continued availability of concessional financing, persistently high gross financing needs, lagging reform momentum, and a slower post-war recovery. However, these vulnerabilities are mitigated by the IMF program's design, which incorporates a downside scenario that preserves a credible path to restoring debt sustainability and medium-term external viability through additional financing and contingent debt treatment. The authorities also continue to demonstrate a strong track record of program implementation and are making substantial progress in the execution of their debt management strategy.

Overall Assessment

Despite the challenging environment, Ukraine's capacity to repay the IMF in full is adequate, especially given the IMF's status as a preferred creditor. While the country's debt outlook remains highly vulnerable to downside risks, the IMF program provides a credible framework for restoring debt sustainability and medium-term external viability under both a baseline and downside scenario. The authorities have demonstrated commitment to the program, completed major debt restructuring operations with both official and private external creditors, and continue to benefit from robust concessional financing from bilateral partners as well as the IFIs.