



UKRAINE: FROM WAR TO PEACE AND RECOVERY

Analytical Assessments
March 2026



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I.

NATIONAL SECURITY AND DEFENCE: KEY DEVELOPMENTS, PROCESSES, TRENDS

Throughout March 2026, international attention centred on the US-Israeli military operation against Iran, which rapidly escalated into a regional conflict and raised the prospect of a global security and energy crisis. Developments in the Middle East became a major factor shaping both the course of the Russia-Ukraine war and efforts to settle the conflict, creating additional risks and opportunities for both sides.

The strategic situation on the Russian-Ukrainian battlefield remained largely unchanged compared to previous months, despite Russian attempts to launch a spring-summer offensive campaign.

The lack of progress in the Russian-American-Ukrainian negotiations on ending the war in March stemmed less from the Trump administration's focus on the war against Iran than from the underlying causes of the Russian-Ukrainian conflict.

COMBAT ACTION

As of the end of March 2026, the anticipated Russian [spring-summer offensive campaign](#) had likely not advanced beyond the preparatory phase. Several unsuccessful attempts at relatively large-scale mechanised assaults appeared to be little more than reconnaissance-in-force operations and did not alter the broader positional stalemate. The territorial gains made by Russian forces in March 2026 were minimal (168 km²), while the overall area of occupied territory remained virtually unchanged, as Ukraine's Defence Forces (SOU) lost positions in some sectors of the front while simultaneously regaining ground in others. The average daily number of combat engagements in March (168) was even lower than in previous months (181 in February and 171 in January), although on some days it rose far above the average, reaching 235–286 engagements.

In assessing the prospects for the spring-summer campaign, [most observers](#) point to a defining feature of the current stage of the war: the ability of both sides to maintain fire control at depths of tens and even hundreds of kilometres. The existence of a [20+ km «kill zone»](#) along the contact line, combined with the capability to detect enemy activity deep in the operational rear, has effectively made it impossible to concentrate and deploy the strike formations required for offensive operations at the operational-strategic level.

Throughout March 2026, SOU intensified long-range strikes and broadened the range of targets across Russia's oil processing, transportation and export infrastructure. During the month, [31 strikes targeted 25 strategic objectives](#) on Russian territory. The Ukrainian military did not disclose the number of long-range missiles and drones used during the month, although Russian sources claimed to have intercepted 7,500 Ukrainian drones, which may indicate an average daily launch rate of at least 240. According to [some estimates](#), Ukrainian strikes disrupted roughly 40–43% of Russian oil exports. These operations largely offset the negative consequences for Ukraine arising from the conflict in the Middle East – above all, oil shortages and rising prices, which enabled Russia to earn around [\\$760 million every day](#) and thus provided the Kremlin with additional resources to finance its growing war expenditures. In addition, strikes on [several strategic enterprises](#) within Russia's defence-industrial sector likely disrupted missile production and may have temporarily [reduced the use of ballistic missiles](#), reversing the upward trend seen in previous months.

The month also saw an increase in the number of Russian missile and drone attacks, along with [changes in tactics](#). During the night of 23–24 March and into the following day, Russian forces carried out the largest and longest attack of the war to date, launching nearly

1,000 strike assets, including 948 UAVs and 34 missiles. One [notable feature](#) of this and other attacks in March was russia's move away from predominantly large-scale overnight strikes.

PEACE PROCESS

The stalemate on the battlefield has been mirrored by a deadlock in diplomatic efforts to end the russia-Ukraine war. Already slim prospects for progress in the peace negotiations are now effectively frozen, largely due to President Donald Trump's focus on the situation surrounding Iran. At the same time, this may work to Kyiv's advantage, given the increasingly shared – between the White House and the kremlin – vision of ending the war at Ukraine's expense. Russia continues to insist on its demands, including the complete withdrawal of Ukrainian forces from Donetsk Oblast, while the Trump administration, as President Volodymyr Zelenskyy has [publicly stated](#), continues to pressure Ukraine into accepting russian ultimatums in exchange for vague ceasefire prospects and US security guarantees that appear even less credible in light of the current administration's decisions and statements.

UKRAINIAN GOVERNMENT'S POLICY DECISIONS AND ACTIONS IN THE DEFENCE SECTOR

Ukraine's Ministry of Defence (MoD) has begun implementing a [new model for assessing](#) the SOU's drone needs, aimed at automating procurement decisions «based on real combat data from the frontline, thereby minimising the human factor, subjective influence and corruption risks». The system is expected to enable the procurement of only the most effective UAVs, based on requests from the military specifying the required capabilities and technical characteristics, but without identifying specific models or manufacturers.

The MoD [also announced](#) the creation of a unique platform for «training AI models for drones and autonomous systems using millions of frames from real combat sorties». Access to the platform will be granted not only to Ukrainian companies, but also to Ukraine's international partners. The data are already being integrated into the [DELTA](#) battlefield situational awareness system for the automatic detection of ground and aerial targets.

FOREIGN EVENTS (EXTERNAL FACTORS)

The US-Israeli military campaign against Iran was undoubtedly the key international factor shaping the course of the russia-Ukraine war in March 2026. After a relatively successful start and expectations of a rapid collapse of the regime, the operation soon appeared to be going off script. Despite the devastating impact of the attacks and the elimination of several senior leadership figures, Iran began launching retaliatory strikes of unexpected scale and intensity. In addition to targets in Israel and US military bases, Iranian missiles and drones struck virtually all neighbouring Arab states and blocked the Strait of Hormuz. Within days, the conflict had spread across the entire Persian Gulf region, with consequences quickly felt worldwide.

The war in the Middle East sharply increased tensions between the Trump administration and Washington's Western allies, further [deepening divisions](#) within the Euro-Atlantic community. This not only undermines the credibility of the world's most powerful military-political alliance, but also raises the prospect of its disintegration should Donald Trump follow through on his stated intention to withdraw the United States from NATO.

[As expected](#), the war in the Middle East created additional challenges for Ukraine, diverting international attention as well as military and diplomatic resources, while also increasing demand for military equipment critical to Ukraine's defence – particularly missiles for Patriot air defence systems, shortages of which would leave Ukraine even more vulnerable to russian ballistic attacks. The conflict also created new opportunities for Ukraine to strengthen its position in the market for security goods and services related to countering Iranian-russian UAVs, while also reinforcing Ukraine's international standing and strategic agency. This was evident in both the number and the outcomes of President Volodymyr Zelenskyy's [international meetings](#) during the month.

RUSSIA

So far, there are no signs that the war in the Middle East has had an immediate impact either on the situation on the russia-Ukraine

battlefield or on russia's ability to sustain the war. The [surge in global oil demand and prices](#), combined with the easing of US sanctions on russian oil trade, appears to have reduced pressure on the russian budget, although this is unlikely to reverse the gradual [exhaustion](#) of russia's wartime growth model. At the end of March, during a closed meeting with leading russian business figures, putin [reportedly asked](#) them «to contribute funds to the war in Ukraine», which may indicate growing concern over the regime's ability to continue financing the war without undermining domestic stability.

The month also brought further evidence of mounting difficulties in replenishing the russian army's manpower without declaring either full or partial mobilisation. In addition to existing recruitment mechanisms – coercion, financial incentives, and reliance on specific groups such as conscripts, students, emigrants, foreign mercenaries and prisoners – the kremlin introduced a new measure: [quotas](#) for state-owned and private companies requiring them to «encourage» a certain number of employees to sign military contracts.

Russian officials continue to publicly deny recruitment problems and insist that there are no plans for compulsory mobilisation. On 27 March, deputy chairman of the russian security council dmitry medvedev claimed that more than 80,000 personnel had been recruited since the beginning of 2026 and that the number of contract soldiers remained sufficient to meet operational needs. Even if these figures are accurate, they are 20%

below previously announced recruitment targets and, at best, appear sufficient only to compensate for battlefield losses. However, current estimates suggest that there are still [no signs](#) of a critical depletion of the russian army's manpower pool or of a decline in the authorities' ability to replenish it through a combination of voluntary and coercive measures.

An analysis of the most important events, political statements and decisions leads to the following conclusions:

✓ The US-Israeli military operation against Iran created additional risks and challenges for Ukraine's ability to resist russian aggression, primarily by diverting international attention and triggering broader global economic, energy, political and security repercussions.

✓ The Iranian crisis created opportunities for Ukraine to strengthen its international standing and position itself as a state possessing unique capabilities to counter emerging threats, while also opening prospects for long-term partnerships with countries in the Middle East.

✓ Although developments in the Middle East became a major factor shaping both the course of the russia-Ukraine war and efforts to resolve the conflict, the strategic situation on the battlefield remained largely unchanged. The lack of progress in the russia-US-Ukraine negotiation format continues to stem primarily from the underlying causes of the russia-Ukraine conflict.

II.

FOREIGN POLICY

Throughout March 2026, global political, security and economic tensions continued to escalate, driven primarily by the intensification of hostilities in the Middle East and the ongoing russian aggression against Ukraine. The US-Israeli military operation against Iran sent shockwaves through the global economy, further strained relations among major international actors, and complicated US relations with its European partners. Developments in the Middle East also affected the situation surrounding the war in Ukraine, particularly the course of the peace negotiations. Hungary's continued blocking of critical EU military and financial assistance likewise remained a serious challenge for Ukraine.

These and other developments during March directly or indirectly affected Ukraine's external position and broader geopolitical standing.

INTERNATIONAL PROCESSES AND EVENTS

Negotiations on ending the war in Ukraine.

The trilateral negotiations stalled in March, although bilateral contacts at various levels continued. On 9 March, Donald Trump held a phone conversation with the russian dictator, followed by a visit to Florida by a russian delegation led by kirill dmitriev. Talks between Ukrainian and US delegations were also held in the United States on 21-22 March.

Throughout the month, the American side continued to accuse Kyiv of lacking readiness to conclude a peace agreement, while avoiding any criticism of, or demands toward, the aggressor state.

✓ On 5 March, Donald Trump again **accused** Ukraine of being «unready for negotiations» and described Kyiv as an obstacle to the peace process, while claiming that putin was prepared to conclude a peace agreement.

✓ On 14 March, the US President **stated** that Volodymyr Zelenskyy was unwilling to

pursue a peace agreement: «Tell Zelenskyy to make a deal, because putin is ready for one.» Trump also claimed that negotiating with Zelenskyy was more difficult than negotiating with putin.

✓ Trump **rejected** Ukraine's offer of assistance in countering Iranian drones in the Middle East, stating that «Zelenskyy is the last person we need help from.» He also **dismissed** Ukrainian support for the Gulf states as «political PR».

✓ The United States, together with russia and China, **opposed** a resolution by the IAEA Board of Governors condemning russian attacks on Ukraine's energy infrastructure as a threat to nuclear safety.

✓ The United States temporarily lifted sanctions on purchases of russian oil and seaborne petroleum products, providing additional financial support to the aggressor.

✓ Washington ignored reports of active russian military assistance to Iran. In particular, Pentagon chief Pete Hegseth stated that he was **unconcerned** by reports that Iran was receiving russian intelligence support for strikes against American positions.

In summary, the bilateral contacts in March failed to move the peace talks forward. This pause partly reflects Washington's growing focus on the Middle East, which has likely pushed negotiations on Ukraine down the list of US priorities. At the same time, observers increasingly note that Donald Trump appears to be losing interest in talks that have effectively reached a deadlock.

Several new dynamics in the negotiation process also emerged during the month.

First. The possibility of a US withdrawal from the negotiations. In early March, the President of Ukraine stated in an **interview** that if one of the parties withdrew from the peace talks, Ukraine and its allies would seek alternative formats. On 17 March, President of

the European Council António Costa likewise **warned** that «there may come a time when we will have to replace President Trump’s efforts and make our own efforts to achieve a just and lasting peace in Ukraine».

Second. Public assessment of the US negotiating position. In interviews with foreign media, Volodymyr Zelenskyy, perhaps for the first time, publicly and unequivocally **described** Washington’s approach to the negotiations, stating that the United States was demanding the withdrawal of Ukrainian forces from Donbas in exchange for security guarantees. Kyiv and Washington, he suggested, hold fundamentally different views on russia’s willingness to end the war. In this context, Secretary of State Marco Rubio’s public **denials** of US pressure on Ukraine appear, at best, unconvincing, given Washington’s openly pro-russian stance in the negotiations and its repeated accusations and demands directed at Kyiv. Zelenskyy later **described** the US position even more bluntly: «They [the Americans – ed.] see no other way to stop putin except through the withdrawal of Ukrainian troops from our territory.»

Given Washington’s contradictory and unpredictable foreign policy, as well as its growing focus on the Middle East, a US withdrawal from the negotiations cannot be ruled out. Prolonged US mediation has effectively amounted to little more than fruitless attempts to «persuade» the aggressor state, relay russian ultimatums to Ukraine, ignore the positions of European partners, and pressure Kyiv.

The war in the Middle East: impact and consequences. In March, the US-Israeli military operation against Iran escalated into a large-scale regional war involving the Gulf states. Several aspects of its impact deserve particular attention.

First. The war triggered growing instability in the global economy, particularly on energy markets. Iran’s blockade of the Strait of Hormuz, combined with strikes on energy infrastructure in neighbouring states, pushed Brent crude prices above \$100 per barrel, while European natural gas prices also **surged**. According to IMF **estimates**, the spike in energy prices could accelerate global inflation and slow economic growth. IMF Managing

Director Kristalina Georgieva **warned** that new economic shocks could emerge even after the conflict ends. American economists have likewise **warned** that a prolonged blockade of the Strait of Hormuz could cut global GDP by as much as three percentage points.

Second. The conflict generated dangerous geopolitical turbulence. The Middle East has become destabilised indefinitely, while tensions among major global actors – particularly between the United States and China, as well as between the United States and the EU – have intensified further. Relations between Washington and key partners, including the United Kingdom, Spain and Germany, also became more strained, alongside broader tensions within NATO (discussed further below). The EU, for its part, adopted a notably restrained position toward the US military operation against Iran.

Third. More broadly, Washington’s military operation in the Middle East risks being seen as a carte blanche for authoritarian regimes to use force in pursuit of hegemonic ambitions. In this context, recent US actions – including the seizure of the Venezuelan President, the blockade of Cuba, attempts to annex Greenland, and the attack on Iran – may have contributed to the russian government’s decision on 19 March to submit a **bill** to the State Duma allowing the deployment of troops abroad to protect russian citizens arrested or prosecuted under foreign court rulings.

Fourth. The war in the Middle East has had both direct and indirect implications for Ukraine’s international position. In particular, this includes: a) pushing the issue of russian aggression further down the global agenda; b) redirecting US and allied political, military and financial resources toward the Middle East, thereby increasing the risk of reduced weapons supplies to Ukraine, particularly air defence systems; c) encouraging further escalation of russian aggression and expanding russia’s ability to finance the war amid the crisis on global energy markets. Notably, the outbreak of the war in the Middle East triggered a sharp rise in the share prices of russian oil companies. Following the partial easing of US sanctions, the aggressor **earned** \$7.7 billion for its war budget during the first two weeks of March alone.

Meanwhile, Ukraine's provision of [military assistance](#), at the request of Middle Eastern states – including the UAE, Qatar, Kuwait and Saudi Arabia – in countering Iranian drones may prove strategically important. The involvement of Ukrainian military experts in repelling Iranian air attacks strengthens Ukraine's influence and standing not only in the Middle East, but also in other regions of the world.

The US factor in global affairs. American expansionism in the Middle East has further highlighted the increasingly aggressive, unpredictable and personalised nature of US foreign policy, which is destabilising the international order, increasing geopolitical tensions and reinforcing the «might makes right» approach to international relations. In particular, Donald Trump [stated](#) that the United States could intervene in Cuba «in any form», declaring: «Whether I free it or take it, I think I can do whatever I want with it.»

As noted above, relations between the United States and Europe also deteriorated. The US President made a number of controversial statements directed at European partners over their criticism of the American military operation against Iran. In particular, Trump [stated](#) that he wanted to «cut off all trade with Spain». The sharp rise in anti-NATO rhetoric from Washington has likewise caused concern. Describing NATO as a «paper tiger», Trump warned that the Alliance faced a bleak future and stated that the United States should [reconsider](#) its NATO membership.

The war in the Middle East – which has failed to unfold according to Washington's original plans and whose outcome remains uncertain – has also intensified domestic tensions in the United States. According to [recent polls](#), 61% of Americans oppose US strikes against Iran, while only 35% support them. Trump's approval rating has meanwhile fallen to 36%, down from 47% at the beginning of his term. Only 25% of respondents approve of the President's social policies.

Negative signals for the current administration also came from more than 3,000 «No Kings» [protest rallies](#) held across all US states on 28 March, involving an estimated 8 million participants. Protesters voiced opposition to the concentration of power,

democratic backsliding, migration policy, the war in the Middle East and other issues.

Several high-profile court rulings also attracted attention during the month. The US Court of International Trade [ordered](#) the government to reimburse importers who had paid unlawful tariffs introduced by the President, while a federal court separately [ruled](#) unlawful the decision by the US Agency for Global Media to carry out mass dismissals at Voice of America.

These domestic developments have weakened Republican positions ahead of the upcoming Congressional elections. Seeking to escalate the confrontation with his opponents, Donald Trump made an openly provocative [statement](#): «Now that Iran is dead, America's greatest enemy is the radical left, grossly incompetent Democratic Party.»

Overall, the White House's current policy course is increasing domestic political confrontation and destabilising the situation in the United States, while also damaging the country's international standing and undermining trust with partner states.

Global destabilisation and rising conflict. Alongside the continuing war in Ukraine, the conflict in the Middle East is fuelling broader instability and geopolitical turbulence across multiple regions. Russia's hybrid aggression against Europe has also continued in March, including airspace violations in the Baltic states, a [cyberattack](#) on Poland's National Centre for Nuclear Research, and a terrorist attack on a military facility in Czechia. Armed clashes between Afghanistan and Pakistan also continued to escalate, while the Pakistani army launched Operation Wrath for Truth against Taliban forces.

These developments are accelerating global militarisation. Previous monitoring reports have already highlighted the ongoing military build-up among the world's leading powers. In March, the Pentagon requested an additional \$200 billion in defence spending, while North Korea tested strategic cruise missiles. President Emmanuel Macron [announced](#) plans to expand France's nuclear arsenal and raised the possibility of extending nuclear deterrence capabilities to European

allies – effectively proposing the creation of a European «nuclear umbrella», an idea that has attracted interest among several European states. Finland’s Ministry of Defence likewise proposed legislative changes that would allow nuclear weapons to be stationed on Finnish territory.

Closer coordination among authoritarian states has also continued to intensify. Russia continues to provide political and military support to the Iranian regime. On 25 March, Belarusian dictator Aleksandr Lukashenko paid his first visit to North Korea, where he signed a friendship treaty and several intergovernmental agreements with Kim Jong Un.

FOREIGN POLICY ACTIVITIES OF UKRAINIAN GOVERNMENT

The new geopolitical realities have also shaped Ukraine’s foreign policy activity. Ukrainian diplomacy had to focus on limiting the negative impact of the war in the Middle East, preserving military assistance and allied support, and keeping the war in Ukraine high on the international agenda. Kyiv also sought to sustain the negotiation process or at least maintain a productive dialogue with the United States. Attention was also directed toward Europe amid difficulties surrounding the provision of an EU loan and the increasingly hostile anti-Ukrainian policy pursued by Viktor Orbán’s government ahead of Hungary’s parliamentary elections. Ukraine also stepped up its military-political partnership with the Gulf states.

Political dialogue with foreign partners.

In March, Ukraine continued its active dialogue with foreign partners across multiple formats, including at the presidential, governmental and parliamentary levels, as well as on international platforms. Public diplomacy efforts also continued. Key engagements included the following.

Ukraine held another series of consultations with European leaders and EU officials, including the Presidents of the European Commission and the European Council, the Chancellor of Germany, the President of France, and the Prime Ministers of Italy and Portugal, among others. Of particular importance was the 8 March visit to Kyiv by newly appointed Dutch Prime Minister Rob Jetten, during which the parties signed

the [Joint Statement](#) of Ukraine and the Kingdom of the Netherlands. The Ukrainian delegation’s European tour, which included visits to Romania, France and the United Kingdom, also proved productive. In Bucharest, the Presidents of Ukraine and Romania signed [agreements](#) on strategic partnership, cooperation in the energy sector, and joint weapons production. In London, the first meeting under the strategic dialogue format took place, resulting in the adoption of a Declaration on Enhanced Cooperation in Security and Defence Industry. On 18 March, Spanish Prime Minister Pedro Sánchez visited Ukraine, where the parties signed [five bilateral cooperation agreements](#) covering various sectors. On 30 March in Kyiv, President Zelenskyy and Bulgarian Prime Minister Asen Vasilev signed a long-term security cooperation agreement between Ukraine and Bulgaria, to remain in force for at least ten years.

Ukraine also stepped up contacts with Middle Eastern states. Early in the month, high-level talks and consultations were held with the President of the UAE, the Emir of Qatar, the Crown Prince of Kuwait, the King of Bahrain, the King of Jordan, the Crown Prince of Saudi Arabia and other regional leaders. On 27-29 March, a high-level Ukrainian delegation [visited](#) Saudi Arabia, Qatar, the UAE and Jordan. The talks resulted in the signing of security cooperation agreements. Overall, the deepening of military-political cooperation with Middle Eastern states – driven by the war and strong demand for Ukraine’s combat experience – carries important long-term potential for advancing Ukrainian interests both regionally and globally.

Diplomatic contacts in March were by no means limited to these areas. Ukraine also held talks with the Presidents of Türkiye and Mozambique, the President of the Bundestag, as well as senior officials and government delegations from other countries.

Promotion of Ukrainian interests and initiatives globally.

Several developments in March also highlighted Ukraine’s efforts to strengthen its international position. These included steps to reinforce the legal and political foundations of partnership with EU states such as Romania, Spain and the Netherlands, as well as efforts to deepen security cooperation with several Middle Eastern countries.

Ukraine's participation in the Joint Expeditionary Force (JEF) Summit in Helsinki on 26 March was also strategically important. During the summit, Kyiv [expressed](#) its intention to become a full member of the JEF, a British-led multilateral defence cooperation framework uniting ten Northern European countries.

Important legal developments also emerged during the 61st session of the UN Human Rights Council, where the UN Independent International Commission of Inquiry on Ukraine [recognised](#) russia's forced transfer and deportation of Ukrainian children as crimes against humanity. The Commission documented at least 1,205 cases of child abduction by the occupying state.

Ukraine also continued refining its foreign policy strategy in several regions. An inter-agency coordination meeting organised by the Office of the President [approved](#) a draft strategic vision for developing relations with African states, aimed at strengthening Kyiv's Africa policy and expanding Ukraine's influence and presence on the continent.

UKRAINE'S STEPS TOWARDS THE EU

Throughout the month, developments on the European track reflected both positive and negative trends. Several important steps forward were made in Ukraine's European integration process. Ukraine continued aligning its legislation with EU standards. On 10 March, the Verkhovna Rada adopted a [bill](#) on Ukraine's accession to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. President Zelenskyy also signed the law ratifying the agreement between Ukraine and the EU on participation in the Employment and Social Innovation (EaSI) strand of the European Social Fund.

On 16 March, the ninth meeting of the EU-Ukraine [Association Committee](#) focused on preparations for opening negotiation clusters, implementing reform roadmaps, and bringing Ukrainian legislation further into line with EU acquis. The same day, the Office of the Deputy Prime Minister for European and Euro-Atlantic Integration published its [annual report](#) on implementation of the EU-Ukraine Association Agreement in 2025. According to the report, Ukraine's

implementation rate rose from 81% in 2024 to 84% in 2025, with the strongest progress recorded in the financial sector, social policy and labour relations, and agriculture.

Another important step in Ukraine's European integration came on 17 March, when the European Commission [handed](#) Ukraine the benchmarks for closing negotiation clusters No. 3 «Competitiveness and Inclusive Growth», No. 4 «Green Agenda and Sustainable Connectivity», and No. 5 «Resources, Agriculture and Cohesion». Ukraine has therefore now received the full set of negotiation benchmarks for six clusters under the EU accession frontloading process.

Another important gesture of solidarity with Ukraine was the [special meeting](#) of EU foreign ministers held in Kyiv on 31 March to mark the fourth anniversary of the mass crimes committed by russian occupying forces in Bucha.

Hungary's blocking of the EU's €90 billion loan package for Ukraine for 2026–2027 nevertheless remained a critical problem. During the EU summit on 19 March, member states failed to persuade Viktor Orbán to lift his veto. The summit [declaration](#) in support of Ukraine was signed by 25 countries, with Hungary and Slovakia refusing to join. The EU's 20th sanctions package against russia also remains blocked. Despite assurances from the President of the European Commission that the loan will ultimately be approved, the issue remains unresolved, and observers continue to [warn](#) of a potentially serious wartime funding shortfall for Ukraine in the coming months.

The dispute over the blocked EU loan exposed a number of serious problems on the European track. Ahead of Hungary's parliamentary elections, Viktor Orbán's regime – reportedly with the [involvement](#) of russian intelligence services – launched an aggressive anti-Ukrainian campaign. One element of this campaign was what Ukraine described as an act of state terrorism: the 6 March detention in Hungary of Ukrainian Oschadbank cash-in-transit employees and the seizure of the money and valuables they were transporting.

Brussels, however, chose not to react publicly to the incident, maintaining an overall detached position so as not to «provoke»

Orbán ahead of the elections. Moreover, EU officials criticised Volodymyr Zelenskyy over his sharp statements about the Hungarian Prime Minister and urged Ukraine, as a compromise, to restore the Druzhba pipeline for Russian oil supplies as quickly as possible. For now, Brussels remains in a wait-and-see mode, hoping for positive political changes in Hungary. This position looks weak against the backdrop of open support for Orbán from European far-right forces and official Washington.

Another problem is that even a likely change of government in Hungary after the 12 April elections would not resolve the EU's chronic problem of veto abuse and the lack of effective mechanisms to counter internal obstruction. If the opposition Tisza party comes to power, the future course of official Budapest remains uncertain. Slovakia's Robert Fico, meanwhile, could emerge as Orbán's successor in obstructing EU policy, having recently issued a series of threats and accusations against Ukraine while openly expressing solidarity with Budapest. This situation leaves both further EU enlargement and the European Union's broader international position vulnerable.

Ukraine's public calls for the EU to officially designate 2027 as the target date for accession are also adding tension to relations between Kyiv and Brussels. There is currently no consensus among member states on this issue, including because of the interests of other candidate countries. Kyiv's insistence on a fixed accession date may ultimately produce the opposite effect.

Assessing developments in March 2026, it is clear that the war in the Middle East intensified geopolitical turbulence and economic instability worldwide, creating additional risks and challenges for Ukraine and affecting its international position. These events temporarily redirected the attention and, to some extent, the resources of partner states toward the Middle East, deepened tensions between the United States and Europe, and effectively stalled the peace negotiations. The likelihood of a US withdrawal from – or suspension of participation in – negotiations on ending the war in Ukraine has therefore increased. Hungary's continued blocking of a critically important EU loan package has added further uncertainty for Kyiv.

In these circumstances, Ukrainian diplomacy faces several key tasks: preserving political solidarity and military-financial support from European allies, maintaining a productive dialogue with Washington, and avoiding unnecessary confrontation with the United States. Closer security cooperation with Middle Eastern states is also gaining strategic importance for Kyiv.

Other major priorities include unblocking EU financial assistance and gradually normalising relations with Hungary, particularly in the event of an opposition victory in the parliamentary elections. Progress on the European track will likewise depend on Ukraine's ability to implement effective reforms within the framework of accession negotiations across all six clusters currently open to Ukraine.

III. ECONOMY

March traditionally brings the publication and assessment of economic results for the previous year. As reported earlier, preliminary estimates indicate that Ukraine's economy grew by 1.8% in 2025. In mid-March, the National Bank of Ukraine (NBU) [released](#) its assessment of the country's economic performance. Although growth slowed compared with 2024 (3.2%), the economy expanded for a third consecutive year. The main drivers included domestic demand, business adaptability and the government's supportive fiscal policy.

The NBU noted that resilient [domestic demand](#) remained the main source of growth. Private consumption made the largest contribution to GDP growth (+4.7 percentage points), with household spending rising by 7.5%. Government consumption increased by 5.7%, adding another 2.1 percentage points to GDP growth.

Investment activity also remained positive, with gross fixed capital formation increasing by 10.9%. Investment was directed primarily toward the defence sector and agricultural processing.

External trade remained more problematic, with the negative contribution of net exports to GDP growth widening to 7.9 percentage points.

Economic performance varied significantly across sectors. Construction recorded the strongest growth in the production sector (+11.6%), driven by the reconstruction of housing, logistics and energy infrastructure. In the social sphere, education led growth (+12.7%), largely due to additional payments for teachers and higher student stipends. As repeatedly noted in previous monitoring reports, raising wages in science and education remains important for preserving human capital.

The NBU expects the recovery to continue in 2026, with real GDP projected to grow by another 1.8%. Growth is expected to be supported by better harvests, continued

investment in reconstruction and defence, as well as ongoing European integration and continued international support.

Unfortunately, the economic start to 2026 has raised growing concerns. According to some expert [estimates](#), Ukraine's real GDP declined by 1.5% year-on-year in February 2026, largely due to damage to energy, railway and other critical infrastructure caused by Russian drone and missile attacks. Experts later [revised](#) their January estimate upward, with the decline now assessed at 1.0% instead of the previously reported 1.4%.

The energy sector saw the steepest decline in the first months of the year, where electricity generation and gas distribution fell by 14% following extensive infrastructure damage. The decline in manufacturing was less severe, at 7%. Contributing factors included ongoing attacks, electricity supply problems, and the suspension of operations at several major enterprises, including ArcelorMittal, due to high electricity prices and the introduction of the EU's Carbon Border Adjustment Mechanism (CBAM).

Renewed inflationary pressure is also becoming a growing concern. According to the [State Statistics Service](#), the producer price index – a macroeconomic indicator reflecting changes in prices at the factory gate before goods reach retail markets – jumped by 22.3% in February compared with January. In annual terms (compared with February 2025), industrial inflation reached 34.5%. Ukrainian industry has not seen such a sharp monthly increase in more than three decades, since January 1995.

The main [catalyst](#) was an administrative decision by the National Energy and Utilities Regulatory Commission (NEURC). As a result, prices for electricity, gas, steam and cooling services supplied to industrial consumers surged by 53.1% in a single month.

Such a price shock will not only accelerate inflation, but also make wage increases far

more difficult, as businesses will be forced to spend more on energy and other resources. This could also have a negative impact on public finances. The State Tax Service [reports](#) that personal income tax (PIT) remains one of the main sources of budget revenue in Ukraine. In January–February 2026, PIT revenues rose by 14.8% year-on-year, increasing from UAH 88.5 billion to UAH 101.6 billion.

Traditionally, the largest share of tax revenues came from the capital and the country's industrial regions, including Kyiv (UAH 24.4 billion) and Dnipropetrovsk Oblast (UAH 9.9 billion).

Despite current difficulties, Ukraine is continuing attempts to stabilise the economy while gradually expanding economic stimulus measures that could positively affect the country's development both during and after the war.

In particular, the Cabinet of Ministers [approved](#) the inclusion of the new «Staleva Kyivshchyna» industrial park in the Register of Industrial Parks. The complex covers nearly 12 hectares in the Bila Tserkva community of Kyiv region and is focused on developing a metal-processing cluster with planned investment of around UAH 3.5 billion. The project could create approximately 400 new jobs in manufacturing. The Register of Industrial Parks currently includes more than 114 facilities.

Overall, attitudes toward industrial parks in Ukraine appear to be improving. They are increasingly seen as a practical tool for boosting industrial efficiency and accelerating economic development. The state is adjusting its support mechanisms accordingly.

Given the military threats and destruction caused by Russian aggression, the government has [decided](#) to cover up to 80% of infrastructure restoration costs for industrial parks, capped at UAH 200 million per park. The preferential 80/20 co-financing [mechanism](#) is also being expanded geographically. Previously available only to de-occupied communities, it will now apply to frontline areas as well.

Such measures are particularly important for stimulating investment activity, which

continued to grow throughout 2025. The State Statistics Service [reports](#) that capital investment in Ukraine reached UAH 669.3 billion in January–December 2025, up 25.2% year-on-year.

Domestic resources remain the main driver of investment. Most projects continue to be financed directly by companies: 71.2% from the own funds of enterprises and organisations, 7.0% from the state budget, and 6.4% from local budgets. Bank lending remains weak, with bank loans accounting for only slightly more than 5% of total investment.

The largest volumes of capital investment were directed toward strategically [important sectors](#). Industry remained the clear leader, attracting UAH 259.1 billion, or 38.7% of total investment, while the transport and logistics sector received UAH 72.3 billion (10.8%).

The accelerated recovery of industry is becoming increasingly important as the agricultural sector's position in external markets weakens. [According](#) to the Ukrainian Agribusiness Club association, Ukraine's sunflower oil exports in the 2025/26 marketing year are expected to decline by 14% to 4.1 million tonnes. Ukraine nevertheless remains a [net exporter](#) of sunflower oil, which generated the country's largest export revenues among all agricultural products in 2025.

Production is also expected to decline in the 2025/26 marketing year, falling to 4.3 million tonnes – 13.1% below the previous marketing year and 22.2% below the five-year average.

The main reasons for the decline include a reduction in the area planted with sunflower crops and unfavourable weather: in the 2025/26 marketing year, the total sunflower cultivation area fell to 5.2 million hectares, down 2.6% from the previous year, while insufficient rainfall caused sunflower yields to decline by nearly 11%.

Sunflower oil production has also been trending downward. In the 2024/25 marketing year, Ukraine produced 5.0 million tonnes of sunflower oil, 23.9% less than a year earlier.

However, this sharp relative decline was largely due to exceptionally high production volumes in the 2023/24 marketing year,

when large sunflower seed stocks had accumulated because of export restrictions and the inability to freely export sunflower oil early in the war.

Despite lower sunflower yields and reduced processing volumes, sunflower oil remains one of Ukraine's key export commodities on international markets, particularly in the EU, the Middle East and Asia.

Ukraine's export capacity also remains important for the stability of the domestic financial environment.

The Mind agency published its [updated annual ranking](#) of the reliability of Ukrainian banks based on 2025 data. The year was marked by financial market stability and another record financial result for the banking sector.

Citibank retained the highest rating of 4.5 stars under the five-star system. Another ten banks received a strong rating of four stars, again reflecting overall market stability. They included Crédit Agricole, Ukrsibbank, ProCredit Bank, OTP Bank, Idea Bank, PrivatBank, Kredobank, Raiffeisen Bank, Ukrgasbank and Oschadbank.

In 2025, the [net profit](#) of all solvent banks reached UAH 127 billion, up by UAH 36 billion, or 39.4%, compared with 2024. The banking sector therefore once again improved its financial performance, reaching the highest result in its history. However, banks paid profit tax at a rate of 25% in 2025, compared with 50% in 2024, making the jump in profits particularly noticeable. In December 2025, the Verkhovna Rada again raised the bank profit tax rate to 50%, meaning financial results are likely to weaken going forward.

The resilience of the Ukrainian banking sector remains one of its defining features. The sector appears to have adapted to wartime conditions and remains capable of operating steadily even under extremely adverse circumstances.

Financial stability is likely to face growing pressure in 2026. Ukraine's foreign exchange market has seen a sharp increase in the foreign currency [deficit](#), accompanied by record demand in both the interbank and cash segments. Despite the regulator's efforts to stabilise the exchange rate, net demand on the interbank market increased by one-third, reaching historically high levels.

Several key factors are driving this surge. The first is the energy factor and the war in Iran: continued increases in fuel and gas prices following attacks on infrastructure are forcing importers to purchase resources at current prices out of concern over further price rises. Another factor is expectations of additional price revisions, as foreign suppliers warn counterparties about upcoming price increases. Devaluation expectations are also playing a role, with recent exchange-rate movements and accelerating domestic inflation sustaining strong demand for foreign currency.

The situation in the cash segment has also deteriorated. The cash-market deficit increased by 28% to \$58 million per day – the highest level since late 2024.

Preliminary estimates for March also remain discouraging. Total [currency interventions](#) during the month may reach \$4.5 billion, exceeding December 2025 levels and approaching the historic peak recorded in December 2024 (\$5.2 billion).

IV.

ENERGY SECTOR

ENERGY BALANCE

During the reporting period, Ukraine's Integrated Power System (IPS) operated with a small electricity deficit of around 1 GW during peak consumption hours. As a result, scheduled hourly outages affecting 0.5-1.5 consumer groups were introduced in some regions, mainly between 17:00 and 21:00, alongside power restrictions for businesses. Emergency outages were imposed on four occasions – following two large-scale Russian attacks on 7 and 14 March, as well as after protection systems were triggered on 18 and 23 March. Nevertheless, increased generation from renewable energy sources allowed Ukrenergo to restore a fragile balance between electricity production and consumption by the end of the month.

In March, the base capacity of Ukraine's IPS was provided by seven nuclear units, generating up to 5.7 GW. Two reactors remained under maintenance. This year's maintenance campaign began on 7 March. Manoeuvrable capacity was provided by 7-9 units at TPPs and CHPPs, as well as HPPs and PSPPs, with a combined output of up to 2.4-2.8 GW. Renewable energy facilities produced 1.8-2.0 GW.

Spring flooding increased generation at Ukrhydroenergo facilities to 1.0-1.2 GW. Hydropower supplies were directed primarily toward peak consumption hours. Water levels in the Dnipro and Dniester reservoirs remained in line with operating regimes approved by the interagency commission under the State Water Resources Agency of Ukraine.

Nuclear power plants accounted for around half of total generation in the energy balance. The share of TPPs and CHPPs did not exceed 15%, while renewables accounted for 14-16% and HPPs for 8-10% of generation. Overall, Ukraine produced 11-12 GW of electricity per hour against demand of 13-14 GW (compared with up to 18 GW during the same period in 2021).

As average air temperatures rose, state-owned companies were no longer required to purchase electricity imports. The obligation was therefore lifted on 13 March, reducing import volumes from the six-year high of 1.2 million MWh to 0.9 million MWh (averaging 28 GWh per day and up to 2 GW during peak hours). Most imports came from Hungary and Slovakia. Imported electricity accounted for 7-8% of consumption, compared with up to 12% at the beginning of March.

Emergency assistance involving transfers of surplus electricity to Poland was used on four occasions between 3 and 6 March.

There were no commercial electricity exports in March, although incorrect data entered by Moldova periodically generated such information in the ENTSO-E information system. In reality, no electricity exports have taken place since 11 November 2025.

At the initiative of the Slovak side, reciprocal emergency assistance between SESP and NEC Ukrenergo will be discontinued from 1 May 2026 (the last such operation took place on 23 January). Commercial operations will remain unaffected.

Thermal coal reserves declined to 1.9 million tonnes in March (-5% month-on-month). As damaged units at TPP and CHPPs remained largely unavailable, existing reserves are sufficient for the off-season period.

Warmer weather reduced daily gas consumption in Ukraine from 100 mcm to 60-65 mcm. No supply shortages were observed thanks to the recovery of domestic production (44-46 mcm/day) and imports from Poland, Hungary and Slovakia (21-23 mcm/day, or 700 mcm over the month).

Gas withdrawals from underground storage remained minimal in March (5-10 mcm/day during the first ten days of the month). As a result, 4.8 bcm remained available at the end of March, down 2% from 28 February, excluding 4.1 bcm classified as long-term

storage and 0.6 bcm formally reclassified as buffer gas. This figure exceeds last year's level by 4 bcm, although it remains 15% below the levels recorded in 2015-2018.

Although the gas injection season has yet to begin, storage volumes have in fact been increasing by around 9 mcm/day since 11 March. However, the process could become more complicated after the Hungarian government, citing a «state of emergency in the energy sector», prohibited the local operator FGSZ from holding capacity-booking auctions for gas supplies to Ukraine for July-October 2026.

Despite elevated fuel prices and widespread [misinterpretation](#) of the President's statement that «90% of the deficit we could face would be diesel», no shortages of petroleum products have been observed or are expected. [According](#) to the Energy Minister, «supplies are coming from more than ten countries, so the current resource situation remains under control.»

PROBLEMS AND SOLUTIONS

Ukraine's heating season has ended. Reporting to the Verkhovna Rada, the First Deputy Prime Minister [stated](#) that the state now faces «six key challenges in the energy sector».

1. *Fuel availability.* To avoid a repeat of the situation seen in spring 2022, the government plans to hold talks with partners on additional fuel supplies. Three priority consumer groups have been identified:

✓ the Defence Forces, which must be fully supplied with fuel under all circumstances;

✓ agricultural producers, which have already begun spring field operations but currently have «fuel reserves purchased or contracted for several weeks»;

✓ businesses and the retail sector, where «problems were observed at the beginning of the month».

The government considers the situation manageable, as supplies are arriving from more than ten countries, primarily Poland, Lithuania, Romania and Greece. During the first ten days of March, Ukraine imported 250,000 tonnes of fuel, while reserves increased to 200,000 tonnes of petrol and diesel fuel.

However, under the [law](#) on minimum oil and petroleum product reserves, domestic consumers should have had permanent [access](#) since 2025 to 300,000 tonnes of petrol and diesel fuel – equivalent to 3% of petroleum products placed on the market in 2024. On 16 January, the government [claimed](#) that «we currently have more than 20 days of fuel reserves», but it later emerged that «as of 1 February this year, reserves [stood](#) at 64,000 tonnes of petrol and 83,000 tonnes of diesel».

2. *Situation in the power system.* Despite continued russian attempts to destroy Ukraine's generation, transmission and distribution capacity, the situation has «largely stabilised», while outages have been reduced to a minimum. Unlike the previous month, electricity deficits were observed only during evening peak hours and did not exceed 1 GW. This made it possible to begin the maintenance campaign at Ukrainian NPP power units on 7 March.

3. *Restoration of energy infrastructure.* The government has already restored 3.5 GW of thermal and hydropower generation capacity. Another 4 GW is expected to come back online during the off-season, including 2 GW as early as May. Once these works are completed, it will become possible to place all NPP power units into scheduled maintenance in line with the approved timetable.

The commissioning of 0.9 GW of new distributed generation capacity is also expected to support the system. [According](#) to the First Deputy Prime Minister: «Our ambitious goal for 2026 is to launch another 1.5 GW of distributed generation capacity», including 392 MW by Naftogaz Group companies and 92 MW by GTS Operator of Ukraine. The government says the necessary conditions are already in place: grid and system connection procedures have been «maximally» simplified, while state preferential lending [programmes](#) are available for businesses, citizens and condominium associations.

As of 5 March 2026, 617 applications had been [submitted](#) for 0% loans to purchase energy equipment, with a total value of UAH 835 million. Under the «Affordable Loans 5-7-9» programme, 154 businesses [received](#) UAH 2.2 billion for the construction of new generation capacity. Another 932 apartment buildings [received](#) financing

totalling UAH 240 million under the «SvitloDIM» programme.

The National Bank of Ukraine reported that 20 domestic financial institutions helped finance the restoration of 1.4 GW of generation capacity and the construction of 0.6 GW of energy storage and heat-generation facilities. Since June 2024, energy infrastructure restoration projects in 21 regions of Ukraine have received total financing of UAH 38.7 billion.

4. *Security of energy sector.* The Ministry of Energy reports that all «priority facilities» have already been equipped with first-level engineering protection designed to protect against debris and submunitions. Work on second-level protection – against drone strikes, debris and the blast waves of cruise and ballistic missiles – has been completed or remains underway at 84 substations and 134 critical facilities. However, at least UAH 35 billion more is needed to provide full engineering protection for energy infrastructure.

5. *Resources for next winter.* The government aims to ensure that underground storage facilities contain at least 13 bcm of natural gas by 1 November 2026. As of 31 March, storage facilities held 9.5 bcm, including 4.1 bcm in long-term storage and 0.6 bcm reclassified as buffer gas. This means the target could be reached even without imports, provided Ukrainian gas production and the gas transmission system remain adequately protected.

6. *Finances and cooperation with partners.* During the off-season, including within the framework of the «Energy Ramstein» format, the Cabinet of Ministers plans to:

- ✓ attract €5 billion for the restoration, protection and modernisation of Ukraine's energy sector, while allocating UAH 278 billion to finance regional and municipal energy resilience plans (including UAH 62 billion for Kyiv);

- ✓ create a threefold strategic reserve of particularly vulnerable equipment, with available funding already reaching €197 million;

- ✓ increase the maximum cross-border transmission capacity from the current 2.45 GW (for Ukraine and Moldova) to 3.5 GW;

- ✓ use decommissioned and dismantled units from six European CHPPs in Ukraine.

Among the measures taken in March to achieve the government's goals, the following deserve particular attention:

- ✓ adoption of the law aimed at improving competitive conditions for electricity generation from renewable sources. The document proposes introducing a support mechanism until 31 December 2029 for winners of renewable energy support quota auctions in the form of a «net» premium instead of contracts for difference; allowing financial security to be provided directly to the Guaranteed Buyer as an alternative to a bank guarantee; extending the validity of renewable energy support quota auctions until 31 December 2034; reducing the financial burden on auction participants by lowering the bank guarantee from €15 to €10/kW prior to concluding a contract with the Guaranteed Buyer, and from €30 to €10/kW when extending the construction and commissioning period of a project; allowing a deviation of up to 10% between the actual installed capacity of a project and the capacity for which support was awarded, while limiting support under the market premium mechanism to the awarded capacity; facilitating the recognition of Ukrainian guarantees of origin in the EU; and enabling the connection of energy storage facilities to the grid under the cable pooling mechanism.

- ✓ in the electricity market, a return to previous price-cap levels took effect on 1 April 2026 under an NEURC resolution following a period of temporary increases. From 17 January to 1 April, price caps – particularly during evening peak hours – had been raised to UAH 15,000/MWh in order to create economic incentives for electricity imports amid the winter deficit. The restoration of lower caps during other periods of the day reduced the commercial attractiveness of imports and, accordingly, led to lower import volumes. On the day-ahead and intraday markets, the following maximum price caps have applied since 1 April 2026: UAH 5,600/MWh from 00:00 to 07:00 and from 11:00 to 17:00; UAH 6,900/MWh from 07:00 to 11:00 and from 23:00 to 24:00; and UAH 15,000/MWh from 17:00 to 23:00.

- ✓ establishment of a Coordination Centre for implementing comprehensive resilience

plans for regions and individual cities. Its priority areas of work include: protecting critical infrastructure, including through engineering protection measures; developing distributed generation; ensuring uninterrupted heat supply, water supply and wastewater services; and creating conditions for greater business involvement in implementing regional resilience plans, including through simplified procedures and relevant regulatory decisions.

launch of a two-year pilot for the construction and/or installation of independent backup power systems in apartment buildings in Kyiv. The government defines such systems as sets of equipment «(inverters, hybrid battery energy storage systems and/or liquid- or gas-fuelled generators, as well as other equipment and installations) designed to ensure guaranteed backup power supply for essential apartment-building systems». The systems will be installed in buildings: higher than nine storeys, where essential systems cannot operate without electricity supply; where the technical feasibility of participation in the project has been confirmed; and where participation has been approved by general meetings and/or co-owners. Naftogaz Bioenergy-A has been designated as the project operator, with financing to be provided from the state budget;

allocation of UAH 3.46 billion and UAH 9.40 billion from the state budget reserve fund to the State Agency for Restoration and regional administrations respectively for construction, reconstruction, major repairs and other protective measures for facilities included in regional and municipal resilience plans under the pilot project aimed at preventing man-made emergencies;

✓ extension of fixed gas prices for household consumers and budgetary institutions until 30 September 2026 at UAH 7,420 and UAH 16,390/1,000 m³ respectively (without consultations with the Energy Community Secretariat). Including transmission and distribution tariffs, the retail gas price offered by Naftogaz of Ukraine to households will remain unchanged at UAH 7.96 per cubic metre at least until the end of the off-season;

✓ extension until 30 September 2026 of fixed natural gas prices for newly built TPPs, CHPPs, gas turbine and gas piston units commissioned after 1 December 2025 in Chernihiv, Sumy, Kharkiv, Dnipropetrovsk,

Donetsk, Zaporizhzhia, Kherson, Mykolaiv and Odesa oblasts at UAH 19,000/1,000 m³ (including VAT);

✓ imposition of public service obligations on Ukrnafta to purchase imported gas in the event of a crisis situation during 2026 using borrowed funds «for subsequent sale at a price ensuring full reimbursement to Ukrnafta of costs associated with the purchase of imported natural gas»;

expansion of the list of eligible economic activities for recipients of one-off financial assistance aimed at strengthening the energy independence of small businesses by adding five additional KVED activity codes: water abstraction, treatment and supply; retail trade in hardware, construction materials and sanitary equipment in specialised stores; retail trade in sporting equipment in specialised stores; retail trade in flowers, plants, seeds, fertilisers, pets and pet food in specialised stores; and support activities for education;

extension in 2026 of one-off financial assistance of UAH 6,500 for the 2025-2026 winter period to children under guardianship or care; children with disabilities living in family-type orphanages and foster families; internally displaced children and persons with Group I disabilities; as well as single pensioners who became eligible for one-off financial assistance in 2025 but did not receive it during that year;

measures to ensure the effective functioning of the mechanism for implementing the pilot project on involving business entities – legal persons – in the formation of air defence groups.

CONCLUSIONS AND RECOMMENDATIONS

Formulating the first of ten «lessons Ukraine has learned while strengthening its energy system» during the 2025-2026 heating season, experts from the International Energy Agency noted that, although the measures taken by the Cabinet of Ministers demonstrated that «daily life can be maintained even during energy shortages», in many cases they «were improvised rather than the result of long-term planning».

Unlike energy-sector specialists, who re-stored electricity supplies after each russian

attack according to pre-developed response algorithms, government actions often appeared inconsistent. Instead of developing a coherent policy framework – including through the creation of legal mechanisms to address existing problems – the Cabinet of Ministers frequently relied on ad hoc decisions, numerous directives and multiple coordination headquarters that interacted poorly with one another.

In the final days of the heating season, the Ministry of Energy [reported](#) that «we endured, we held out, and the energy system remained operational». The state now faces «six challenges, each with its own action plan, responsible executors and deadlines».

Unfortunately, the loss of half of Ukraine's available generation capacity before the beginning of 2026, unfulfilled plans for the construction of new capacity and its engineering protection, the substantial deficit in the Ukraine Energy Support Fund, and the government's contradictory [actions](#) during the fuel crisis leave little room for optimism regarding such statements.

Efforts to implement the course announced in 2023 to transform the architecture of Ukraine's energy system have once again been reduced to meetings of numerous headquarters and coordination bodies, which rarely produce formally adopted decisions. Deadlines for commissioning, grid connection and the protection of equipment – much of it purchased with international partner funding – continue to slip. Decisions on many issues remain pending for months, including on:

- ✓ developing distributed generation capable of operating both when connected to distribution systems and in isolated emergency mode;

- ✓ transferring responsibility for the reliability, flexibility and balancing of distribution networks to distribution system operators, together with introducing interaction protocols between them and the transmission system operator;

- ✓ introducing application-based connection to distribution networks;

- ✓ ensuring the institutional and operational independence of NEURC;

- opening domestic energy markets to foreign investment and electricity trading across all market segments;

- ✓ ensuring Ukraine's full participation in ENTSO-E and ENTSO-G, alongside further development of joint crisis-response mechanisms;

- ✓ encouraging end consumers and producers of non-guaranteed generation to participate in frequency-regulation mechanisms;

- ✓ ensuring that non-guaranteed generation complies with declared production volumes and supply schedules;

- ✓ balancing supply and demand exclusively through market-based mechanisms;

- ✓ creating strategic and reserve gas stocks and organising exchange-based gas trading;

- ✓ creating and maintaining decentralised petroleum product reserves sufficient to overcome possible supply crises;

- ✓ maintaining strict payment discipline in energy markets;

- ✓ ensuring exclusively monetary settlements between consumers and energy suppliers;

- ✓ reducing the list of protected consumers, two-thirds of which are not critical infrastructure enterprises;

- ✓ encouraging rational energy consumption and greater consumer energy autonomy rather than mass purchases of photovoltaic panels and «energy separatism».

The off-season is an ideal period for rebuilding trust within the «government-business-community» triangle and jointly strengthening the country's energy security. Ukraine must not simply repair what has been damaged by the aggressor, but – guided by the Build Back Better principle – become a self-sufficient and independent state no longer reliant on any single supplier.

TRANSFORMATION OF THE TEMPORARY PROTECTION REGIME FOR UKRAINIANS IN THE EU

The discussion over the possible non-extension of temporary protection for Ukrainian citizens in the European Union reflects a gradual shift in European migration policy from emergency response to long-term migration management. At the centre of the debate is how to adapt the legal status of millions of Ukrainians to the realities of a prolonged war and the changing priorities of EU member states. The EU is therefore increasingly discussing transitions to other residence statuses and the future role of the Ukrainian diaspora. Statements by European politicians point to a [growing reassessment](#) of the mechanism introduced after Russia's full-scale invasion of Ukraine. For example, European Commission Special Envoy Ylva Johansson [stated](#) that the temporary protection regime for Ukrainians is unlikely to continue beyond five years.

The temporary protection regime, activated under the Temporary Protection Directive (2001/55/EC), was originally conceived as a short-term emergency instrument. Its main functions included:

- ✓ rapidly granting basic rights, including housing, access to the labour market, education and healthcare;
- ✓ reducing pressure on national asylum systems;
- ✓ coordinating the distribution of refugees among EU member states.

However, as the war has continued, the mechanism has gradually evolved into a de facto long-term residence framework. According to European Commission estimates, millions of Ukrainians have already integrated into the economic and social systems of host countries, creating institutional imbalances. This has highlighted the growing contradiction between the temporary nature of the mechanism and its actual duration.

Johansson's statement that «five years is enough for a temporary measure» reflects the view among part of the European political

elite that exceptional legal regimes should not be extended indefinitely. Discussions continue about preserving protection for new refugee flows in a more selective form, for example only for people arriving from high-risk regions of Ukraine.

The main trend now is the gradual transition of Ukrainians from temporary protection into national legal frameworks. Several alternatives are currently being considered:

1. Long-term residence permits issued by national governments;
2. Labour migration – integration into labour markets under general rules;
3. Educational pathways – transition to student visas;
4. Asylum systems – for vulnerable categories.

This approach reflects broader efforts to reform European migration policy by making migration flows more manageable and reducing fiscal pressure on host countries. The European Commission is also developing [voluntary return programmes](#) focused on investment in Ukrainian local communities rather than direct payments to returnees.

As a result, a hybrid model is beginning to take shape, combining elements of integration and reintegration and reflecting a broader strategy of «circular mobility».

POLAND: DISMANTLING THE SPECIAL REGIME AND UNIFYING THE RULES

Poland, one of the main host countries for Ukrainian refugees, is showing the [clearest institutional shift](#) toward a new model. The expiry of the [special law on 5 March 2026](#) means:

- ✓ ending the exclusive legal status granted to Ukrainians;
- ✓ moving to a unified temporary protection system for all foreigners;
- ✓ tightening legalisation requirements, including mandatory PESEL UKR registration within 30 days.

Basic instruments such as digital identification and access to the labour market will remain in place, but they are gradually being incorporated into the broader migration framework. An important part of this transition is the transformation of social policy through:

- ✓ shifting toward insurance-based healthcare;

- ✓ limiting free services;

- ✓ targeting social assistance toward vulnerable groups.

Particular attention should also be paid to the new accommodation model, which differentiates between short-term crisis accommodation and long-term residence. This reflects a broader shift from mass humanitarian support toward a more targeted social policy model.

GERMANY: TIGHTENING SOCIAL POLICY AND ACTIVATING THE LABOUR MARKET

Reform of Germany's social assistance system reflects a similar trend. The abolition of Bürgergeld in its previous form and the transition to a new model of basic support mean:

- ✓ tighter conditions for receiving social benefits;

- ✓ stricter sanctions for non-participation in employment programmes;

- ✓ greater consideration of recipients' financial circumstances.

Against the backdrop of a growing share of migrants among social assistance recipients, including Ukrainians, Germany is reassessing the balance between social protection and incentives for employment. According to 2025 data, Ukrainians constitute the largest group of Bürgergeld recipients, accounting for around **13% of all beneficiaries**, which has increased political and public pressure for reform of the system.

Another important factor is the differentiation of legal statuses. Ukrainians arriving after April 2025 are being transferred to the less generous support system for asylum seekers, creating a «two-tier» model of social integration.

Alongside Poland and Germany, a number of other EU states are also gradually adjusting their support policies for Ukrainians toward more selective, conditional and fiscally constrained models:

CZECHIA

- ✓ Transitioning from universal benefits to targeted assistance, with humanitarian aid now linked to household income and composition;

- ✓ Reducing the period of free accommodation, with most refugees required to cover costs independently after 150 days;

- ✓ Tightening requirements for economic self-sufficiency, with employment increasingly treated as a condition for access to assistance.

THE NETHERLANDS

- ✓ Reducing monthly payments for Ukrainians living in municipal accommodation;

- ✓ Introducing or expanding co-financing requirements for accommodation, particularly for employed persons;

- ✓ Focusing on reducing «double support», where individuals simultaneously receive employment income and social benefits.

IRELAND

- ✓ Sharply reducing social payments for newly arrived Ukrainians, from standard welfare levels to substantially lower rates;

- ✓ Introducing time limits for free state accommodation;

- ✓ Shifting toward a model that clearly separates short-term humanitarian assistance from long-term support linked to labour market participation.

AUSTRIA

- ✓ Tightening controls over compliance with means-testing criteria;

- ✓ Restricting access to the full range of social benefits without proof of integration efforts, including language training and job searches;

- ✓ Discussing the alignment of support for Ukrainians with general rules for asylum seekers.

DENMARK

- ✓ Cutting assistance levels by almost half;
- ✓ Applying the «temporariness» principle, under which social support is linked to the expectation of return;
- ✓ Maintaining comparatively low baseline support levels relative to other EU countries;
- ✓ Pursuing an active employment-oriented policy («job-first approach»).

NORWAY

- ✓ Reducing cash assistance for newly arrived refugees;
- ✓ Tightening requirements for participation in integration programmes as a condition for receiving support;
- ✓ Discussing restrictions on internal mobility in order to reduce pressure on individual municipalities.

SWITZERLAND

- ✓ Introducing partial self-financing requirements, including the use of personal assets;
- ✓ Discussing reductions in support standards for persons holding S status (the Swiss equivalent of temporary protection).

SOCIO-ECONOMIC CONSEQUENCES FOR THE EU

The transformation of temporary protection policy is being driven by several structural factors:

- ✓ increasing pressure on labour markets, where despite high employment levels among Ukrainians, job segmentation and underutilisation of qualifications persist;
- ✓ growing strain on social systems due to rising spending on housing, assistance and education;
- ✓ housing shortages in certain EU countries;
- ✓ political risks linked to rising populist sentiment around migration issues.

Under these conditions, EU member states are seeking to move from universal support measures toward more selective and economically sustainable instruments.

IMPLICATIONS FOR UKRAINE

For Ukraine, the possible rollback of the temporary protection regime carries ambivalent implications.

Positive effects	Potential challenges
<ul style="list-style-type: none"> ✓ return of part of the working-age population; ✓ growth in human capital; ✓ support for post-war recovery 	<ul style="list-style-type: none"> ✓ pressure on social infrastructure; ✓ limited reintegration capacity while wartime threats persist; ✓ increased pressure on the labour market and unemployment levels.

State policy on repatriation is becoming particularly important in this context. The European approach, focused on investment in local communities, could provide a basis for coordination with Ukraine’s recovery strategy.

Current trends allow several broader conclusions to be drawn:

1. The temporary protection regime in the EU is gradually being scaled back or transformed.
2. European migration policy is shifting from crisis response toward more institutionally sustainable governance models.
3. National approaches increasingly reflect unified rules and tighter access to social support.
4. A new regulatory architecture is emerging, combining integration, selective protection and incentives for return.
5. For Ukraine, the key challenge will be managing possible migration flows amid economic recovery and the continuing war.

In strategic terms, the debate over the future of temporary protection for Ukrainians reflects a broader shift in European policy – from humanitarian mobilisation toward a more rationalised and economically driven model of migration management, where the balance between solidarity and sustainability is becoming the central priority.

VI.

CITIZENS' OPINIONS ABOUT CURRENT ISSUES¹

HOW POSITIVE OR NEGATIVE IS YOUR ATTITUDE TOWARD THE FOLLOWING COUNTRY OR GROUP OF COUNTRIES? % of respondents						
	Very positive	Mostly positive	Mostly negative	Very negative	Hard to say	Attitude balance*
United Kingdom	47.9	48.1	0.9	0.8	2.3	94.3
Canada	46.9	48.3	2.2	0.7	1.9	92.3
France	34.6	58.2	4.2	1.1	1.9	87.5
Germany	32.0	58.2	5.4	1.3	3.1	83.5
European Union (EU)	28.8	59.2	6.6	1.9	3.5	79.5
NATO	19.3	49.1	20.2	3.2	8.1	45.0
United States	13.2	47.8	27.9	3.8	7.3	29.3
China	5.7	14.8	37.1	34.4	8.0	-51.0
russia	0.2	0.5	1.7	97.1	0.5	-98.1

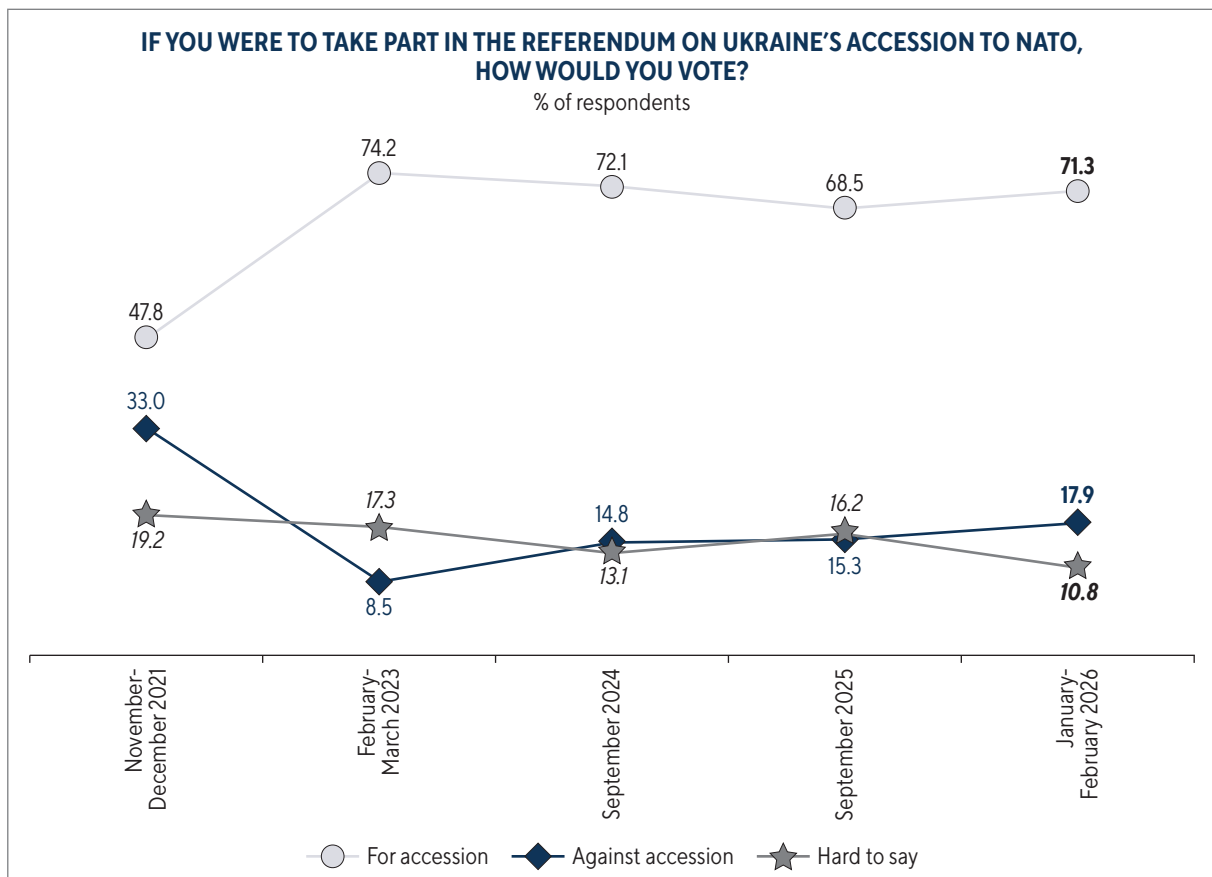
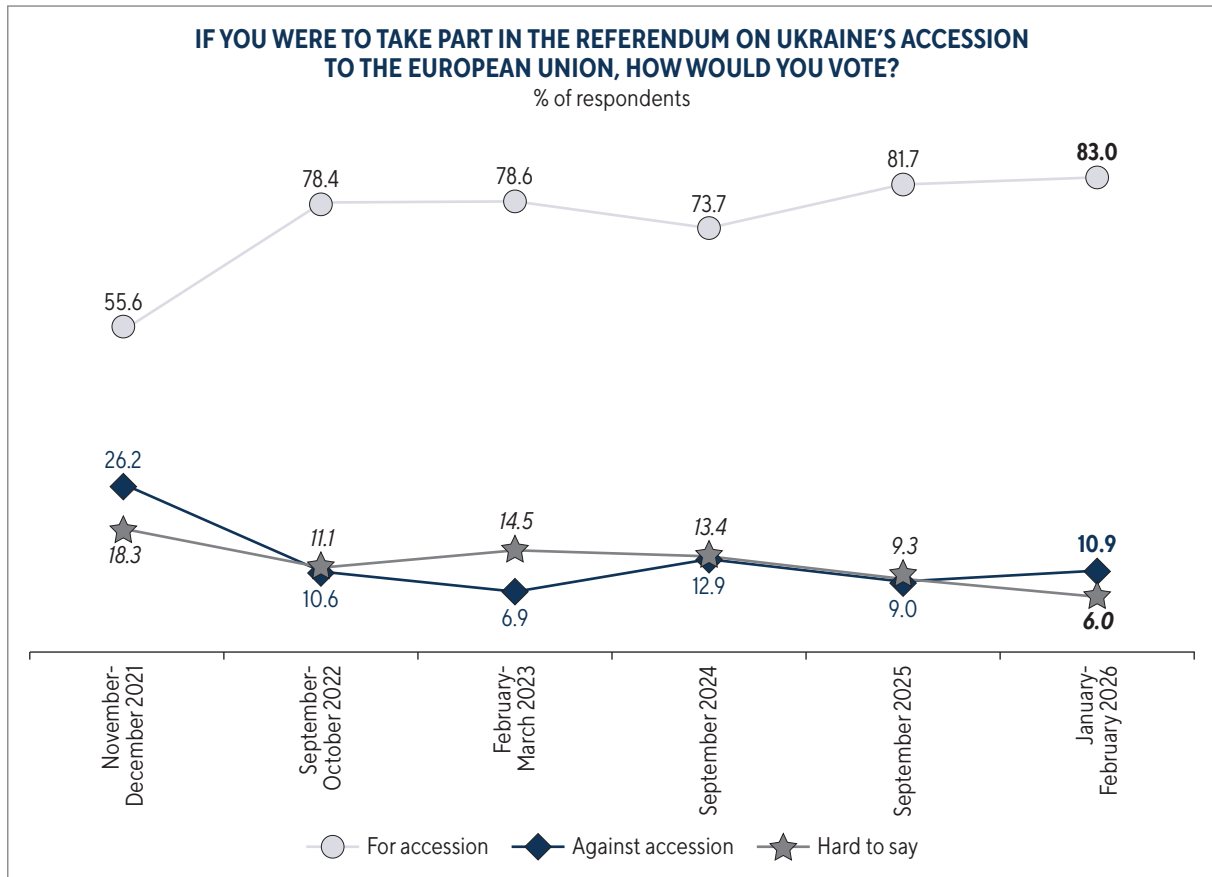
* Difference between the share of respondents with a very or mostly positive attitude and the share of those with a very or mostly negative attitude.

¹ Results of a sociological survey conducted by the Razumkov Centre's sociological service in cooperation with the Kyiv Security Forum from 31 January to 4 February 2026 using telephone interviews. A total of 1,003 respondents aged 18+ were surveyed across all regions of Ukraine (excluding the Autonomous Republic of Crimea). Interviews were conducted with respondents residing in government-controlled areas of Ukraine covered by Ukrainian mobile network operators.

The sample structure reproduces the demographic structure of the adult population in the surveyed areas as of the beginning of 2022 (by macro-region, age, gender and type of settlement).

The theoretical sampling error does not exceed 3.2%. Additional systematic sampling deviations may arise due to the consequences of Russian aggression, in particular, the forced evacuation of millions of citizens.

The results of this survey are compared with findings from other surveys conducted by the Razumkov Centre's Sociological Service.



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