

Implementing enhanced cooperation on the establishment of the Ukraine Support Loan for 2026 and 2027

2026/0008(COD) - 14/01/2026 - Legislative proposal

PURPOSE: to implement enhanced cooperation on the establishment of the Ukraine Support Loan for 2026 and 2027.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Russia's intensified aggression has increased Ukraine's financing needs and calls for urgent investment in the Ukrainian Defence Technological and Industrial Base. It is now clear that **additional sources of funding both from the EU and the international community are necessary**. Ukraine's financing needs for 2026 and 2027 are set to surpass existing projections by the International Monetary Fund (IMF).

On 9 September 2025, Ukraine has submitted an official request for a new IMF programme to cover additional financing needs from 2026 to 2029. The IMF's ability to proceed with this programme is contingent upon receiving sufficient financing assurances from partners, including the Union.

On 18 December 2025, the European Council has agreed to provide a loan to Ukraine of EUR 90 billion for the years 2026-2027 based on EU borrowing on the capital markets backed by the EU budget headroom. The European Council also agreed that by means of enhanced cooperation (Article 20 TEU) in respect of the instrument based on Article 212 of the Treaty on European Union, any mobilisation of resources of the Union's budget as a guarantee for this loan will not have an impact on the financial obligations of the Czech Republic, Hungary and Slovakia.

On the same date, 25 Member States have agreed that this loan would be repaid by Ukraine only once reparations are received and that until then, Russian Central Bank assets will remain immobilised and the Union reserves its right to make use of them to repay the loan, in full accordance with EU and international law.

Those Member States underlined the importance of the following elements in relation to the loan: (a) strengthening of the European and Ukrainian defence industries; (b) Ukraine continuing to uphold the rule of law, including the fight against corruption; and (c) the specific character of the security and defence policy of certain Member States and the security and defence interests of all Member States.

The Council also intends to adopt a decision authorising enhanced cooperation between Belgium, Bulgaria, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Croatia, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Finland and Sweden on the establishment of a Loan for Ukraine.

Given the financing position of Ukraine, the criticality that Ukraine has the resources to counter Russia's aggression and, where possible, reconstruct, it is appropriate that the Union provide additional support to address Ukraine's urgent financing requirements and facilitate the implementation of the IMF programme.

CONTENT: in the context of Ukraine's difficult debt dynamics due to ongoing Russian aggression and the financial challenges facing Member States, the Commission proposes the **creation of a new support instrument in the form of a loan of up to EUR 90 billion for 2026-2027**. This loan would be financed by EU borrowing on the markets and would **only be repaid by Ukraine after it receives reparations from Russia**, in accordance with international law. Until then, Russian Central Bank assets will remain immobilised and the Union reserves its right to make use of them to repay the loan, in full accordance with EU and international law.

This proposal provides for a Ukraine Support Loan that will be delivered in a predictable, continuous, orderly, flexible and timely manner with a view to **supporting Ukraine in covering its financing and defence needs in 2026 and 2027**, in particular those resulting from Russia's war of aggression. Specifically, the Ukraine Support Loan should support **macro financial stability** in Ukraine and ease its external financing constraints, whether driven by war or by reconstruction, and support Ukraine's defence industrial capacities through economic, financial and technical cooperation.

The proposal creates multiple options via which the funds can be channelled to support Ukraine, where **support would be able to be provided through macro-financial assistance and through the Ukraine Facility**. Under both instruments, disbursements will be linked to preconditions and policy conditions. For macro-financial assistance, those conditions would be set out in a memorandum of understanding (MoU) between the Commission and Ukraine including conditions to strengthen revenue mobilisation, tackle root causes of corruption, improving the sustainability and quality of public expenditure and enhance the efficiency, transparency and accountability of the public finance management systems.

To support Ukraine's defence industrial capacities through economic, financial and technical cooperation, the proposal provides for assistance that aims at enabling Ukraine to carry out urgent and **major public investments in support of the Ukrainian defence industry** and its integration into the European defence industry in response to and following the current crisis situation.

The financial and economic assistance available under the Ukraine Support Loan will be made accessible to Ukraine in line with its financing needs. To that end, Ukraine will submit a **Ukrainian Financing Strategy** on Ukraine's financing needs and sources. Upon assessment of the Commission, the Council would approve that assessment and determine the amount of assistance to be made accessible to Ukraine to assist in the implementation of the Ukrainian financing strategy.