EU completes approval of €90 billion loan to Ukraine

European Commission President von der Leyen, President Zelenskyy, and European Council President Costa in Cyprus today.

Today the Council of the EU adopted the final key piece of legislation required for the EU's €90 billion loan to Ukraine, which was agreed by the European Council in December 2025. The Commission will begin disbursements as soon as possible in the second quarter of 2026.

The loan will help cover Ukraine's most urgent budgetary and defense needs in 2026 and 2027. The amendments to the EU regulation on the Multiannual Financial Framework adopted today confirm that the Ukraine support loan will be financed through the EU borrowing on the capital markets and will be backed by the EU budget headroom. The loan will be repaid by reparations to be paid to Ukraine by Russia. The loan was agreed under the enhanced cooperation procedure with the participation of 24 of the 27 member states – all but Hungary, Slovakia, and the Czech Republic.

The loan includes €30 billion for macroeconomic support through macro-financial assistance or through the Ukraine Facility, and €60 billion for investment in defense industrial capacity, including procurement of defense products. The funding will provide Ukraine the capacity to obtain products from the defense industries in Ukraine, the EU, EEA-EFTA countries, and other countries. Also, targeted derogations may apply should Ukraine's military needs require urgent delivery of a defense product not available from those countries. Disbursements will be made accessible in line with Ukraine's financing needs, determined by a financing strategy prepared by Ukraine.

The Council's implementing decision today states that €45 billion should be made available to Ukraine to assist in implementing the Ukraine Financing Strategy in 2026, with the following distribution: €28.3 billion to support Ukraine's defense industrial capacities; €8.35 billion through macro-financial assistance; and €8.35 billion through the Ukraine Facility. (The Ukraine Facility is a €50 billion EU program that provides stable, predictable and flexible financial aid for Ukraine's recovery, reconstruction, and modernization. It consists of €33 billion in loans and €5.27 billion in grants for the state budget, plus a €9.5 billion investment fund. The Facility is managed by the Commission and supports the reforms needed for EU accession.)

Today, the heads of state or government of the member states are meeting in the first day of a two-day informal meeting in Cyprus. They were joined at today's meeting by President Zelenskyy.

David R. Cameron
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