

Brussels, 17 November 2025

Dear colleagues,

At our meeting in October, we committed to address Ukraine's pressing financing needs for 2026–2027, including for its military and defence efforts. You invited the Commission to present options for financial support based on an assessment of Ukraine's financing needs, as soon as possible.

The scale of Ukraine's **financing gap** is significant. According to preliminary projections from the International Monetary Fund - assuming the war ends by late 2026 and already accounting for all support pledged by the EU, Member States and international partners - Ukraine will still face a massive shortfall that cannot be bridged without injecting new funding.

With this letter, I would like to outline the **major options** the Commission has identified for providing additional and timely financial support to Ukraine. Combinations or sequenced variations could be envisaged, provided they ensure that assistance is delivered when and how Ukraine needs it most.

The following **key parameters** need to be taken into account:

- Funding must be **rapidly available**, with first disbursements effective by the beginning of the second quarter of 2026.
- Any new financial package must **safeguard Ukraine's debt sustainability**. It should ensure that it does not create an additional fiscal burden for the country.
- Funding must be **flexible** enough to cater for the significant uncertainties of Ukraine's precise financing needs in the years.
- There should be **fair burden sharing with international partners**.

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*Based on these guiding principles, we have identified **three main options**, i.e. support to be financed by Member States via grants, a limited recourse loan funded by the Union borrowing on the financial markets, or a limited recourse loan linked to the cash balances of immobilised assets. These are described in greater detail in the annex to this letter.*

*The different options have different impact on Member States and therefore a **collective commitment** and strong **solidarity** is essential to identify the right way forward.*

*It will now be key to **rapidly reach a clear commitment** on how to ensure that the necessary financing for Ukraine will be agreed at the next European Council meeting in December. Taking this forward will allow us to maintain pressure on Russia, deny it the hope of victory, and lay the foundations for the suspension of hostilities and the groundwork for long-awaited peace negotiations.*

I look forward to discussing this matter with you.

Yours sincerely,



Ursula von der Leyen

Options for financial support to Ukraine

What Europe and its Member States do to support Ukraine for the rest of this decade will also shape the security of our continent for the rest of this century. The urgent need to both speed up and ramp up our efforts and our investment is in line with the acute nature of the threats we face. The bottom line is that Europe needs a sufficiently strong defence posture to credibly deter its adversaries, as well as respond to any aggressions. **An essential and inevitable pillar of this defence posture is the security and the strength of Ukraine.**

This reflects the fact that the complex threat landscape starts with Russia's unprovoked, full-scale military aggression. This is why making Ukraine a '**steel porcupine**' – indigestible to any would-be invaders – is as important for Ukraine's security as it is for Europe's. **Ultimately, what plays out in Ukraine is as fundamental to the country itself, as it is to the future of Europe as a whole.**

This European security case for sustained and significant investment in Ukraine is as clear as the country's needs are urgent. Russia is ramping up its attacks with every passing day. Over the course of one day alone, in the weeks since the last European Council, Russia launched more than 40 ballistic and cruise missiles, and almost 500 drones targeting Ukraine's energy infrastructure. This shows two things. First, that Putin wants to terrorise the people of Ukraine as a weapon of war. Second, he still believes he can outlast Ukraine and all of Europe. **The message we send now must be crystal clear: Europe is standing strong with Ukraine.**

As Russia's aggression continues and the costs of war mount, Ukraine's financial resilience is eroding. Without sustained and scaled-up support in 2026 and beyond, Ukraine seriously risks economic impasse, undermining its capacity to defend itself and maintain essential state functions. **The EU must continue to provide predictable and sustainable support for Ukraine's security and defence.** This is urgently needed to strengthen Ukraine on the battlefield and at the negotiating table.

Stepping up EU financial support for Ukraine's defence industrial base and capabilities, as well as immediate needs, is a **strategic imperative**. To both increase pressure on Russia to end its aggression and lay the groundwork for a sustainable peace. In doing so, it is a key part of the **framework of long-term security guarantees to Ukraine**. This investment also has direct advantages for Europe and its industry, with clear benefits to be drawn from Ukraine's battlefield experience, innovative ingenuity, and increased industrial capacity.

Now is the moment to give new impetus. Responding to these realities, the European Council has committed to address Ukraine's pressing financing needs for 2026-2027, including for its military and defence efforts. It has invited the European Commission to present options for financial support, based on an assessment of Ukraine's financing needs.

The options presented in this note are stark – both in their design and in their implications. Clearly, there are no easy options. But this reflects both the scale of the challenge and the historic nature of the responsibilities before Europe at this critical juncture for Ukraine. **Europe cannot afford paralysis, either by hesitation or by the search for perfect or simple**

solutions which do not exist. Because with every day that passes, the urgency and the acute nature of Ukraine’s challenge grows. The Commission is ready to work with Member States and with Ukraine on any of the options presented in this paper.

I. Overall financial needs of Ukraine

In the various scenarios Ukraine is considering, it will face substantial budgetary and military needs for the coming years. Ukraine’s immediate strategic objectives are to stabilise the frontline, combat the Russian attacks at their origin, and continue with the near and medium-term build-up of its Armed Forces. With this, it seeks to defend its population, protect its critical civilian and military infrastructure, both in close combat and with deep-strikes. Of the EUR 103.2 billion of military needs required for 2026, Ukraine can finance half, leaving a gap of EUR 51.6 billion. This gap has to be covered by partners, in addition to the necessary macro-financial support.

According to **preliminary projections of the IMF** that assume an end of the war by end-2026 and taking into account projections of the Ukrainian authorities regarding military support¹, the **total estimated remaining needs for the period 2026-2027** amount to **EUR 135.7 billion²**.

| Estimated financial gap in EUR billion for 2026-2027, assuming the war ends in 2026 | | | |
|--|------------------------------|-----------------------|--------------------|
| Year | Macro-financial needs | Military needs | Total needs |
| 2026 | 20.1 | 51.6 | 71.7 |
| 2027 | 32.2 | 31.8 | 64 |
| Total 2026-2027 | 52.3 | 83.4 | 135.7 |

Figures in EUR converted at 0.86 EUR/USD for comparability

Financing pressures are expected to be **particularly acute in 2026 and 2027**, when Ukraine’s combined uncovered needs could reach over EUR 70 billion and EUR 64 billion respectively. This reflects the ongoing intensity of the war, the declining military in-kind support, the need to sustain core state functions, and the continuous build-up of critical defence and industrial capacity. This substantial residual financing gap also reflects the fact that existing financing commitments from international partners, such as the ERA loans, will largely have been exhausted by that stage.

The IMF projects that Ukraine will continue to face substantial external financing needs **over the medium term**, even under the assumption that the war ends in 2026.

II. Responding to Ukraine’s military needs

A key purpose of the financial support to Ukraine will be to **support the country’s military defence** against the Russian war. Due to a lack of finance, Ukraine has not been able to make full use of its own production capacity. To avoid a disbalance of equipment, it is important to close this financing gap and more broadly, to provide the necessary support.

¹ The Ukrainian authorities assume that they will receive the same level of support for military needs in 2026 as they expect to receive during 2025, with a decrease thereafter on the assumption that the war ends.

² These figures come in addition to already committed official support (EUR 24.8 billion for 2026 and EUR 7.8 billion for 2027).

Major **priority capabilities** identified for and by Ukraine include drones and missiles, air defence capabilities, tactical radars, extended-range artillery ammunition, missile supplies, and fighter jets. Not required as security assistance and covered by Ukraine's own funding and industry are mortars and their rounds, artillery systems, and armoured vehicles.

Recent Russian attacks have heavily targeted the energy infrastructure in Ukraine, while Ukraine's rate of interception has also declined. The key is to urgently increase the effectiveness of **air defence** systems through improving the technology and availability of layered air defences: missile defence systems, including missile and drone interceptors, anti-aircraft guns, radar systems, and aviation programmes.

Coherence of support from **international partners** remains key, as provided through the Ukraine Defence Contact Group and its Comprehensive Ukraine Requirements List. The latter should provide guidance on Ukraine's military requirements and needs, and inform of the support to be provided to Ukraine.

To be successful, the military support to Ukraine must be:

- **immediate**: Ukraine needs to fight now. It must be equipped for the 'fight tonight', not only for medium-term force build-up. Hence, speed is of the essence;
- **flexible** and driven by **Ukraine's needs**: The pace of innovation and technological advancement on the frontlines is high, requiring regular adjustments, as well as a constant direct line of communication with Ukraine;
- **coherent** with wider **international support and force planning**: EU engagement with partners is vital.

Support could follow a **cascade principle**, focussing on equipment from Ukraine, then from the EU, including also longer-term industrial cooperation between EDTIB and UADTIB. This collaboration could take the form of co-production and joint ventures, including the establishment of Ukrainian production sites in the EU. Priorities for urgent needs that can not be procured from Ukraine or the EU should be sourced from other international partners. Member States engagement is vital in managing large-scale military procurements.

Lastly, it is important to link the support to Ukraine with the **EU's efforts** of strengthening its own **defence readiness**. They are intrinsically linked and mutually reinforcing.

III. Options for providing financial support

The **financial support should meet four key criteria** to sustain Ukraine's war effort and maintain the functioning of the State in the coming year:

1. **It should be timely**. The major decisions on the support need to be taken by the end of 2025, to allow the IMF to bring the new programme for Ukraine to its board in December 2025/January 2026. For this, the IMF requires firm commitments for the financing of Ukraine's macro-financial needs for the next 12 months and reasonable prospects of financing until the end of the next IMF programme (2026-2029). The

estimation of the macro-financial needs is based on the assumption of separate off-budget support for military needs. Concretely, such commitment should take the form of a statement (at the level of leaders or ministers) and must not only confirm that Member States have agreed to fill Ukraine's financial gaps, and describe how to do it. First payments need to be available by the start of Q2 2026. While the IMF programme is expected to bring only limited (if any) net inflows to Ukraine's budget (compared to the repayment of IMF loans which Ukraine undertakes), it remains an important anchor for other donors.

2. **It should be highly concessional (grant or grant-like).** Given the current situation of Ukraine's debt sustainability of Ukraine, further support must be highly concessional. The EU, as the largest creditor of Ukraine, has a keen interest in its debt sustainability. Moreover, before the IMF can approve a programme, it must confirm through a debt sustainability analysis that debt is sustainable at least on a forward-looking basis or can be made sustainable through debt restructuring or concessional financing from other sources.
3. **It should have scale, allow delivery in flexible tranches and ensure respect of necessary conditionalities.** The support should be capable of covering most of the estimated financing gap for the next two years. At the same time, the mechanism should be flexible enough to cater for the significant uncertainties of Ukraine's precise financing needs in the years to come and allow for a step-by-step approach, with support to be delivered in tranches. These tranches could be defined annually to address, in a differentiated manner, the macro-financial and military needs. An approach by tranches means that the actual costs (in terms of budgetary outlays or risk on guarantees) would build up over time and not all at once. The link between the provision of guarantees by Member States and the tranches of the loan requires further examination. Key principles such as Rule of Law or fight against anti-corruption must be strictly respected.
4. There should be **a fair burden sharing** of the necessary support **with international partners**. The EU has repeatedly confirmed its commitment to continue providing Ukraine with regular and predictable financial support. At the same time, it is essential that like-minded partners and allies also ramp up their support to Ukraine. International partners have repeatedly confirmed this spirit of solidarity. In October 2025, the G7 finance ministers committed to take further measures to support Ukraine, including the use, in a coordinated way, of the full value of the Russian sovereign assets immobilised in their jurisdictions.

The Commission has identified **three main options** to provide the urgently needed financial support to Ukraine, as set out below. Each option offers a viable path forward, and their suitability will depend on the collective choices, necessary time needed for the implementation, and contributions of Member States. The options could be pursued individually, in sequence, or in combination. They can also be adapted into more detailed sub-

variants as needed. While different in design, each approach has the same objective: to ensure predictable, timely, and sufficient support for Ukraine.

Option 1: Non-repayable support financed by Member States

The most direct way to provide the necessary financial support would be for **Member States to provide voluntary bilateral contributions** (i.e. grants) to the Union, based on contribution agreements to be approved by Member States in accordance with their national procedures. The Union would then provide non-repayable support to Ukraine subject to appropriate conditionality.

This option **does not entail new joint liabilities** and it does not need **additional guarantees** or indemnities, but it immediately impacts the budgets of Member States.

To limit the short-term fiscal impact on national budgets but still with the objective of ensuring full coverage of Ukraine's financing needs, the contributions to the Union could be **phased in starting from 2026**, with the burden distributed based on the **GNI-key**. This would ensure both transparency and scalability among Member States for 2026 and 2027.

For grant-based support from Member States, a minimum annual target support of EUR 45 billion, i.e. **at least EUR 90 billion for 2026–2027**, appears necessary and is based on the assumption that the war ends in 2026 and that third countries help finance the remaining needs. The respective impact for the Member States, based on their GNI shares, would result in an amount **between 0.16% of GDP and 0.27% of GDP per year**.

Whereas under current legislation it is legally not possible to support loans to third countries by the EU budget headroom, it is possible that the **headroom backs loans to Member States** (as explained also further under options 2 and 3). Member States interested in the loans, mainly as Union financing could be less costly than own debt issuance, could use this funding to on-lend the loans to Ukraine. Such an approach would not however fulfil the requirement of the support to Ukraine being grant or grant-like.

In the alternative, the Member States could use the Union loan to fund **grant or grant-like support** to Ukraine. Such a loan would need to be fully repaid by the Member States, i.e. the principal and the interest costs. It would add to the national debt of Member States. The provision of grant or grant-like support to Ukraine would very likely be counted as national expenditure.

Both alternatives **risk being considered a circumvention** of the fact that current legislation does not permit EU headroom to back loans for third countries.

As another alternative and provided it could be argued that the support is indispensable to safeguard the financial stability of the euro area, the **European Stability Mechanism (ESM)**³ could, subject to conditionality, provide loans to euro area Member States which

³ The mandate of the ESM is to provide stability support under strict conditionality, appropriate to the financial assistance instrument chosen, to the benefit of ESM Members which are experiencing, or are threatened by,

could then provide support to Ukraine. Direct liability and the interest costs of any such loans or financing would be borne by the Member States. This would require changing the current ESM Treaty and the creation of a new instrument. The support to be provided by non-euro area Member States would need to be designed separately. Regarding statistical treatment, the borrowing from the ESM would count also as national debt. The provision of grant or grant-like support to Ukraine would very likely also be counted as national expenditure.

In this option, the cash balances of central securities depositories holding immobilised Russian assets would remain invested with the ECB and continue to earn interest. The mechanism **repaying the ERA loans would continue as before**, as the after-tax windfall profits of central securities depositories would remain available for servicing the ERA debt. No additional guarantees or indemnities would be required.

While this approach entails a direct budgetary commitment for national treasuries - recorded as government expenditure in national accounts and potentially requiring fiscal adjustments in some Member States - it also represents a **credible, and administratively straightforward** mechanism.

This option does, of course, not preclude Member States from providing **voluntary contributions** to Ukraine to fill the gap, but without a European framework around it to ensure fair burden sharing and EU coordination of the effort.

Option 2: Union borrowing not linked to the cash balances of financial institutions

An alternative approach, not relying on Member States grants and without adding to Ukraine's debt sustainability concerns, could be for the Union to provide a limited recourse loan funded by the **Union borrowing on the financial markets**. Whilst the loan would only to be repaid by Ukraine when it receives compensation from Russia for the damage it has caused to Ukraine, the main difference to the Reparations Loan (option 3) would be that the loan **would not draw from the cash balances of financial institutions** holding immobilised Russian assets.

To support the borrowing for the loan, **Member States would need to provide** legally binding, unconditional, irrevocable and on-demand **guarantees**, distributed amongst Member States according to the GNI key to cover the situation where the borrowing needs to be repaid to investors in the absence of repayment by Ukraine. The guarantees would stay in place unless they are taken over by the headroom of the EU budget.

The loan would be funded by borrowing on the markets. This means that **interest costs** will incur per year for as long as the loan is outstanding. The interest costs would have **to be borne by the Member States** in proportion to the GNI key, as they could not be passed to Ukraine. In the spirit of burden-sharing, **should one or more Member States decide not to**

severe financing problems, if indispensable to safeguard the financial stability of the euro area as a whole and of its Member States.

contribute towards the coverage of the interest, all other Member States would need to increase their contributions proportionally to ensure that 100% of the interest is covered.

Alternatively, EU borrowing could be **backed by the EU budget headroom**. However, the current MFF Regulation does not allow borrowing for a third country. Using the headroom would only be possible if the current rules are amended, which requires unanimity. Should the option of the EU budget headroom guarantee be pursued, an amount of EUR 90 billion would be authorised as liability in the MFF Regulation. The MFF Regulation amendment should also include coverage of interest costs from the EU budget. For the period after 2027, the adequate headroom coverage and coverage of interest costs should be integrated into the next MFF.

As this option would involve the Union borrowing from markets at an already extremely busy period, the manner in which the funds are raised will need to be carefully managed to limit any impact on the **rate** that the **Union will** generally **pay** on its borrowing including for other programmes financed by capital market borrowing (NGEU, SAFE, etc.).

As regards the statistical classification, measures involving guarantees from Member States are more likely to **impact the national debt and deficit**. Moreover, in addition to the treatment of the borrowing, the interest costs to be covered by Member States as their contributions would directly affect their deficit and debt. By contrast, if the loan were backed by the EU budget headroom, no such impact would be expected. As for Ukraine, with the repayment only being requested when Russia pays reparations to them, it should allow the IMF to treat the loan as a contingent liability in its assessment of Ukraine's debt sustainability.

As an additional option, a **Special Purpose Vehicle (SPV)** could be created to borrow on the market and provide the support to Ukraine, drawing inspiration from successful past instruments such as the European Financial Stability Facility (EFSF). The borrowing of such SPV would also need to be guaranteed by Member States who would need to contribute paid-in and callable capital in amounts capable of covering the costs. International partners could be invited to provide guarantees alongside Member States, noting that EUR 42 billion of cash linked to Russian sovereign assets have been immobilised also in non-EU G7 jurisdictions. Other like-minded countries with a willingness to further support Ukraine could also join (e.g. Norway). The SPV would have to be managed in full coordination with existing donor coordination mechanisms, such as the Multi-Agency Donor Coordination Platform for Ukraine launched in 2023.

Unless there is a very significant level of over-guarantees, the **funding costs** of this sub-option would be higher than if the Union borrowed on the financial markets. As is the case with the EFSF, the borrowing of the SPV would count as **national debt**. The provision of grant or grant-like support to Ukraine would very likely be counted as national expenditure (identical to option 1). Whilst contributions from third countries are desirable, it is not necessary to create an SPV for this.

As in option 1, the cash balances of central securities depositories holding immobilised Russian assets would remain invested with the ECB and continue to earn interest. The UCLM

mechanism, **repaying the ERA loans would continue as before**, as the after-tax windfall revenues of central securities depositories would remain available for servicing the ERA debt.

Similar to option 1, as this option does not affect the risk for central securities depositories or Member States linked to the immobilisation, there would be **no need for an indemnity beyond the guarantees covering the borrowing of the Union**.

Option 3: The Reparations Loan initiative

The Reparations Loan initiative is described in the **non-papers from the Commission services** that were circulated on 25 September 2025 and 16 October 2025. This option combines financial and legal innovation with political determination, as it enables delivering the scale of support Ukraine needs today, while anchoring repayment in future reparations from Russia.

In this third option, the Union would provide a **loan to Ukraine**, funded by cash resulting from the immobilised assets. This would only be repaid by Ukraine when it receives reparations from Russia for the damage caused. This option does not require any direct Union borrowing from capital markets to finance the loan to Ukraine.

To fund the Reparations Loan, the Union would engage in a compulsory tailor-made debt **contract with central securities depositories** holding immobilised Russian assets in different Member States at zero interest. As such, **support is mobilised at the scale necessary** without immediate budgetary outlays, unless the guarantees were to be triggered.

In addition to **central security depositories**, it would be possible to expand the initiative to the cash balances associated with Russian sovereign assets held by **other financial institutions** in the Union, such as commercial banks but to the exclusion of central banks. It is estimated that these cash balances amount up to EUR 25 billion. This approach is expected to be taken in the UK. As such, other financial institutions normally own interest to the Russian Central Bank for investments or cash, those interests will still be due and would have to be covered.

To ensure that the Union is always able to repay central security depositories and financial institutions without receiving any countervailing payments from Ukraine, **Member States would provide** legally binding, unconditional, irrevocable and on demand **guarantees** to the Union, based on the GNI-key. The guarantees would remain in place unless risks are taken over by the headroom under the MFF in respect of the legal and financial constraints.

For guarantees by Member States to the Reparation Loan, the **required amounts** depend on the scope selected, on the political choice whether to cover the entire amounts in one or several steps, and the design of the instrument as marketable or non-marketable. Covering Central Securities Depositories would allow an amount of up to EUR 185 billion, whereas extending coverage to all financial institutions holding Russian sovereign assets would increase the total maximum to roughly EUR 210 billion. Whilst the amounts disbursed to Ukraine in 2026 and 2027 would not be higher than in other options, a guarantee for the full

amount would allow a medium-term framework to cover Ukraine's needs, notably for the off-budget military needs, to be established.

The guarantees would also relate to **risks** stemming from bilateral investment treaties that are linked to the immobilisation of the Russian sovereign assets, and also after the immobilisation of assets has been lifted. The precise extent of the risk coverage would have to be defined in order to ensure the necessary protection of exposed Member States, as well as sufficient certainty for other Member States providing voluntary guarantees.

Safeguards have been put in place **to minimise such risks**, e.g. a prohibition to enforce arbitral awards linked to the immobilisation of Russian assets within the Union. Additional legal safeguards should be envisaged to further reduce the risks.

As risks cannot be fully eliminated, remaining **residual risks should be shared** amongst Member States. In view of the necessary solidarity amongst Member States, the guarantees might also have to cover the costs and financial consequences arising from arbitral awards or other judicial decisions or proceedings against a Member State stemming from the immobilisation of Russian sovereign assets.

Whether supported by national guarantees or the headroom, there is an open question on **how long the sharing** of the risk amongst Member States **should last**. It is the Commission's view that Member States should withdraw from the relevant bilateral investment treaties. A possible approach could be to provide a sharing of the risk for arbitration cases that start within the time where investments would still be protected, assuming withdrawal at the time of the entry into force of the Reparations Loan legislation. An alternative approach could be that the risk-sharing lasts forever. In any case, the guarantees shall remain in place even after the sanctions have been lifted.

The Reparations Loan should be designed in a manner that preserves the **financial stability of financial institutions holding the immobilised assets**. Appropriate safeguards should be designed to mitigate risks for such financial institutions. The design of these safeguards must ensure that the international role of the euro is not impacted.

As this option would be a financially and legally innovative solution, it cannot be discounted that there are **potential knock-on effects**, including for financial markets. Although the design of this option will ensure full compliance with international law under all scenarios, there is a risk of such knock-on effects if the Reparations Loan is incorrectly perceived by others as a confiscation. A concerted effort by the Union, and possibly international partners, to counteract such perception would need to be made. The risk can also be further reduced if international partners take similar measures to the Reparations loan.

Using the cash balance linked to the Russian Central Bank's assets requires their **continued immobilisation**. This requirement applies to the Reparations Loan, but it also impacts the financial architecture of the ERA loans - currently funded through the windfall profits generated by the immobilised assets. At present, the continued immobilisation of these assets depends on a unanimous decision of the Council every six months. If the immobilisation is not renewed, Russia could reclaim its assets held by central securities depositories and financial institutions. In such a scenario, any loan guarantees would have to be called upon to

cover for loan disbursements. A longer immobilisation would thus be preferable, ideally until Russia has ceased its aggression and paid reparations, as referred to in the conclusions of the European Council.

Where financial institutions are legally obliged to repay the Russian Central Bank and, due to the Reparations Loan, do not have access to the cash anymore, the **necessary liquidity** will have to be ensured in a considerate manner.

In case this option is chosen for the full amount of the accumulated cash, a **mechanism would need to be put in place to address the ERA exposures** as described in the non-paper of the Commission services (*“Design principles for the Reparations Loan initiative”*). For example, a contribution agreement with Ukraine could require it to repay an amount equal to the returns that would have been earned had the EUR 185 billion remained on deposit with the ECB. The agreement can be structured so G7 partners face no additional risk, with part of the Reparations Loan reserved for this purpose.

As regards the statistical treatment, it is expected that the borrowing would be classified as EU borrowing and that the **guarantees would be classified as a contingent liability of Member States** and as such not be considered as adding to national debt. This would need to be confirmed with Eurostat based on a concrete legal proposal. For Ukraine, the Reparations Loan would be seen as a contingent liability in the preparation of a new IMF programme.

Combination of options

The three options are not mutually exclusive. They can be combined or sequenced, provided they meet the described key criteria (at the necessary speed, concessionality, and scale) essential to sustain Ukraine’s war effort and to maintain the functioning of the State in the coming years.

Given the urgency of the situation, varying complexity of the options, and the need to start disbursements by the second quarter of 2026, any selected option could be designed as transitional and time limited, calibrated according to its speed of implementation, fiscal impact and effectiveness.

For example, options 1 and 2 could serve as bridging solutions until the new MFF is adopted, freeing up headroom for guarantees to Union-funded limited recourse loans. Options could also be in place until the required legislative adjustments or the creation of new instruments (such as the ESM or an SPV) are completed.

The Commission invites Member States to carefully assess the advantages and implications of each approach and stands ready, based on political guidance, to further refine and combine these options supported by concrete commitments from Member States and international partners.