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2026/0364 (APP)

Proposal for a

COUNCIL REGULATION

amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

This proposal for an amendment of Regulation (EU, Euratom) 2020/2093[1] is presented together with the proposal for [a Regulation establishing the Instrument for Coordinated Support to Ukraine and amending Regulations (EU) 2024/792 establishing the Ukraine Facility and (EU) 2024/2773[2]].

Following the unprovoked and unjustified Russian invasion of Ukraine, the Union has provided substantial support to Ukraine through a series of financial measures. As identified in the Ukrainian Financing Strategy for 2027, proposed by the Commission on 30 October 2026, Ukraine is expected to face a financing gap of EUR 70 billion in 2027 and will therefore require continued assistance. Financial assistance from the Union in the form of loans of up to EUR 45 billion should be delivered under the proposed new Regulation establishing the [Instrument for Coordinated Support to Ukraine].

The amendment of Regulation (EU, Euratom) 2020/2093 will extend the budgetary guarantee currently applied to loans to Ukraine under the MFA+ instrument[3], the Ukraine Facility[4], the MFA to Ukraine under the Ukraine Loan Cooperation Mechanism[5] and the Ukraine Support Loan[6] to cover the further financial assistance to Ukraine. That guarantee should ensure that the necessary resources are always available in time in order to allow the Union to meet all its financial obligations towards its creditors. Accordingly, if the Union has to honour repayment obligations from resources of the Union's budget - in case a beneficiary state fails to provide the due payment on time – the necessary amounts would be mobilised over and above the MFF ceilings up to the limits of the own resources ceiling (from the so called 'headroom').

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

Article 312 TFEU constitutes the legal basis for the adoption of the Multiannual Financial Framework.

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1 Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027, *OJ L 433I, 22.12.2020, p. 11.*

2 Regulation (EU) XXX/XXX of the European Parliament and of the Council of XXX on establishing the Instrument for Coordinated Support to Ukraine (OJ XXX).

3 Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022 establishing an instrument for providing support to Ukraine for 2023 (macro-financial assistance +) (OJ L 322, 16.12.2022, p. 1, ELI: http://data.europa.eu/eli/reg/2022/2463/oj).

4 Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility (OJ L, 2024/792, 29.2.2024, ELI: http://data.europa.eu/eli/reg/2024/792/oj).

5 Regulation (EU) 2024/2773 of the European Parliament and of the Council of 24 October 2024 establishing the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine (OJ L, 2024/2773, 28.10.2024, ELI: http://data.europa.eu/eli/reg/2024/2773/oj).

6 Regulation (EU) 2026/467 of the European Parliament and of the Council of 24 February 2026 implementing enhanced cooperation on the establishment of the Ukraine Support Loan for 2026 and 2027 (OJ L 467, 26.2.2026, ELI: http://data.europa.eu/eli/reg/2026/467/oj)

- **Subsidiarity (for non-exclusive competence)**

The initiative falls under a policy area where the EU has exclusive powers (under Article 312 TFEU). Therefore, the subsidiarity principle does not apply.

- **Proportionality**

The changes are proportionate to the urgent need to establish an instrument for providing support to Ukraine, which can be implemented only once the budgetary coverage to loans to Ukraine has been established.

- **Detailed explanation of the specific provisions of the proposal**

Chapter I – General Provisions

Article 2 – Compliance with the ceilings of the MFF

Under the existing provisions of Article 2(3) of Regulation (EU, Euratom) 2020/2093 amounts needed to honour repayment obligations of the Union under its borrowing operations in case the Union does not receive from the beneficiary state the due payment on time (i.e. the mobilisation of a guarantee for financial assistance to Member States and Ukraine) would be mobilised over and above the MFF ceilings.

The amount mobilised cannot result in exceeding the limits of the own resources ceiling. The provision extending the budgetary coverage from the headroom to the guarantee for further financial assistance to Ukraine in the form of a loan is therefore compatible with paragraphs 1 and 3 of Article 312 TFEU, under which the MFF '*shall ensure that Union expenditure develops in an orderly manner and within the limits of its own resources'*, and '*shall lay down any other provisions required for the annual budgetary procedure to run smoothly'*.

3. BUDGETARY IMPLICATIONS

By extending the mobilisation of a guarantee for financial assistance over and above the MFF ceilings to Ukraine for the proposed financial assistance, the proposal will allow for a more efficient use of the budgetary resources under the MFF ceilings. The possibility to mobilise the guarantee over and above the MFF ceilings would offer full coverage of the financial assistance available to Ukraine in accordance with the [Regulation establishing the Instrument for Coordinated Support to Ukraine] in the next years, in accordance with the principle of sound financial management.

The funds borrowed for financing the loan to Ukraine are expected to give rise to borrowing costs, invoiced as of 2028. The coverage of these costs will be addressed under the MFF 2028-2034 and beyond, as appropriate.

The present proposal does not impact the MFF ceilings.

2026/0364 (APP)

Proposal for a

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amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 312 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament[6],

Acting in accordance with a special legislative procedure,

Whereas:

(1) Following Russia's unprovoked and unjustified war of aggression against Ukraine, the Union has been supporting Ukraine with a series of financial measures.

(2) In light of a worsening economic situation and developments on the battlefield, the Ukrainian Financing Strategy for 2027 identified an uncovered gap of EUR 70 billion for 2027. Ukraine will therefore require continued financial and economic assistance provided in a predictable, continuous, orderly, concessional, flexible and timely manner in order to cover its financing needs, resulting from Russia's war of aggression.

(3) To that end, a new instrument under Regulation (EU) XXX/XXX [establishing the Instrument for Coordinated Support to Ukraine] of the European Parliament and of the Council should provide Union support in 2027. Under that instrument, the envisaged financial assistance is to be provided in the form of loans of up to EUR 45 000 000 000.

(4) The Union budget guarantee should be extended to cover further financial assistance in the form of loans to Ukraine in addition to the existing budget guarantee covering the MFA+ instrument, based on Regulation (EU) 2022/2463 of the European Parliament and of the Council[7], the Ukraine Facility, established by Regulation (EU) 2024/792 of the European Parliament and of the Council[8], the MFA to Ukraine under the Ukraine Loan Cooperation Mechanism, established by Regulation (EU) 2024/2773

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7 Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022 establishing an instrument for providing support to Ukraine for 2023 (macro-financial assistance +) (OJ L 322, 16.12.2022, p. 1, ELI: http://data.europa.eu/eli/reg/2022/2463/oj).

8 Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility (OJ L, 2024/792, 29.2.2024, ELI: http://data.europa.eu/eli/reg/2024/792/oj).

of the European Parliament and of the Council[9] and the Ukraine Support Loan, established by Regulation (EU) 2026/467 of the European Parliament and of the Council[10]. That Union budget guarantee should ensure that the necessary resources are always available in time in order to allow the Union to meet all of its financial obligations towards its creditors. It should be possible to mobilise the necessary appropriations for that guarantee in the Union budget over and above the ceilings of the multiannual financial framework for additional financial assistance to Ukraine. That possibility should be without prejudice to the obligation to respect the own resources ceiling laid down in Article 3(1) of Council Decision (EU, Euratom) 2020/2053.

(5) With a view to providing support to Ukraine on a highly concessional basis, the Union may decide to provide a subsidy for the costs in respect of the funds borrowed in capital markets for loans to Ukraine. These costs are expected to start being invoiced as of the next multiannual financial framework, starting in 2028, and should be financed over and above the MFF ceilings through a dedicated special instrument.

(6) In view of the urgency entailed by the exceptional needs of Ukraine in the context of Russia's unprovoked and unjustified war of aggression, it is considered to be appropriate to invoke the exception to the eight-week period provided for in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union, to the TFEU and to the Treaty establishing the European Atomic Energy Community.

(7) Regulation (EU, Euratom) 2020/2093 should therefore be amended accordingly.

(8) In light of the situation in Ukraine and in order to allow for the prompt application of the measures provided for in this Regulation, it should enter into force as a matter of urgency on the day following that of its publication in the Official Journal of the European Union,

HAS ADOPTED THIS REGULATION:

Article 1

In Article 2, paragraph 3, Regulation (EU, Euratom) 2020/2093, the following subparagraph is added:

'Where it is necessary to mobilise a guarantee for further financial assistance in the form of a loan to Ukraine and authorised in accordance with Article 223(1) of Regulation (EU, Euratom) 2024/2509 of the European Parliament and Council, the necessary amount shall be mobilised over and above the MFF ceilings.'

[9] Regulation (EU) 2024/2773 of the European Parliament and of the Council of 24 October 2024 establishing the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine (OJ L, 2024/2773, 28.10.2024, ELI: http://data.europa.eu/eli/reg/2024/2773/oj).

[10] Regulation (EU) 2026/467 of the European Parliament and of the Council of 24 February 2026 implementing enhanced cooperation on the establishment of the Ukraine Support Loan for 2026 and 2027 (OJ L 467, 26.2.2026, ELI: http://data.europa.eu/eli/reg/2026/467/oj).

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President