European Commission disburses first €3 billion of its part of G7 loan to Ukraine

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On 10 January, the European Commission disbursed the first €3 billion tranche of its exceptional Macro-Financial Assistance (MFA) loan for Ukraine, which will be repaid with proceeds from immobilised Russian State assets in the EU.

This loan, amounting up to €18.1 billion, represents the EU's contribution to the G7-led Extraordinary Revenue Acceleration (ERA) loans initiative, which collectively aims to provide approximately €45 billion in financial support to Ukraine.

The loan aims to ensure macroeconomic stability and restore critical infrastructure destroyed by Russia, such as energy infrastructure, water systems, transport networks, roads and bridges. The loan can be used by Ukraine to directly support its military expenses. At the same time, by stabilising public finances, this assistance will also enable Ukraine to allocate resources to other priority expenditures, including military defence infrastructure against Russian aggression.

The MFA instrument offers high flexibility and very favourable terms to Ukraine, with very long maturities which can extend to up to 45 years. Importantly, Ukraine is not expected to directly repay the loan from its own resources. Instead, the repayment will be ensured through the extraordinary profits from immobilised Russian assets collected from the Ukraine Loan Cooperation Mechanism (ULCM)

“Almost three years into Russia’s war of aggression, Ukraine can keep counting on its friends and partners,” European Commission President Ursula von der Leyen said. *“We give Ukraine the financial power to continue fighting for its freedom – and prevail. Europe has provided nearly €134 billion of support to Ukraine so far. And more will come.”*

Future payments to Ukraine under the MFA instrument are expected to continue between March and November, with €1 billion per month, with the remaining €6.1 billion allocated for December.