

# EU/Ukraine: From Emergency Support to Reconstruction

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**Four years after Russia’s full-scale invasion of Ukraine, the EU’s support is shaping into a long-term and structural commitment beyond crisis response. Brussels is now running three tracks in parallel:**

1. Sustaining Ukraine’s state and defence effort through multi-year finance.
2. Tightening economic pressure on Russia while managing internal EU political friction.
3. Accelerating Ukraine’s integration into EU markets, particularly in energy, aiming at both resilience and strategic re-anchoring.

This week’s discussions in Brussels reflected that shift. On 3 March, Teneo convened its third annual Ukraine-focused event in Brussels, bringing together EU officials, EU Member States’ representatives, including the Irish Representative to the EU’s Political and Security Committee, Ambassador Luke Feeney, Ukrainian voices, including the Head of Mission of Ukraine to the EU, Ambassador Vsevolod Chentsov, and industry leaders to stress-test what “delivery at pace” could look like in 2026-2027.

The conversation moved beyond expressions of solidarity and focused instead on operational realities: sustaining energy systems under continued attack while rebuilding to EU standards; mobilising private capital in an environment where war-risk is structural rather than hypothetical; and ensuring that multi-year support frameworks remain durable despite unanimity requirements and political linkage pressures within the EU.

## Agreeing to a 20<sup>th</sup> Sanctions Package as an Immediate Priority

The European Commission's 20th sanctions package proposal is designed to further erode Russia's energy income and constrain its financial and trade channels. The Commission has framed it explicitly as pressure to force Russia to the negotiating table.

But the immediate challenge is political. In late February, Hungary blocked agreement on the next sanctions package, tying its position to a dispute around oil transit via the Druzhba pipeline and domestic political dynamics.

The result is a familiar EU risk pattern: sanctions and Ukraine support remain strategically central, yet periodically vulnerable to veto leverage and linkage politics at moments when Brussels seeks to demonstrate unity.

## The €90 Billion Question Regarding Ukraine Financing

Immobilised Russian central bank assets remain the most politically sensitive financial lever, with Euroclear at the centre of the debate. For now, policymakers have focused on using windfall profits rather than confiscating principal, to limit legal and systemic risk. Euroclear has warned of exposure and potential retaliation, and Russia has launched legal challenges related to the asset freeze.

In January, the Commission presented a €90 billion support package for Ukraine for 2026-2027 as a backup option, structured as an EU borrowing-backed loan and linked to the Ukraine Facility for delivery. The Commission has been clear that this is intended to secure continuity and avoid a stop-start cycle in support.

In Brussels, the package is widely understood as necessary. The political and procedural reality is more complex. As the debate moves toward the next European pluriannual budget, Member States are increasingly weighing long-term Ukraine commitments against financial headroom, borrowing costs and the post-2027 fiscal architecture.

Ukraine's reconstruction is increasingly seen as an execution challenge rather than a funding gap. The European Investment Bank, working with the European Commission, is structuring lending under EU-backed guarantees, including the Ukraine Investment Framework (UIF), to translate political commitments into bankable infrastructure and private sector projects.

## Ukraine's Energy Integration

Energy has become the most direct interface between wartime resilience and long-term integration. Cross-border flows, market coupling logic and regulatory convergence are now operational priorities tied to physical security and winter survival.

The Commission's current framing increasingly treats Ukraine support as part of Europe's own strategic resilience and security. That narrative has gained traction in EU-level commentary over the past weeks. This is also where reconstruction, humanitarian stability and security converge.

Energy infrastructure is targeted because it is foundational. Repair cycles, distributed generation, gas supply resilience and cross-border integration are not separate debates.

## What to Watch Next

Three fault lines will shape the EU-Ukraine agenda through the spring:

1. Whether the EU can restore momentum on the 20th sanctions package and sustain enforcement credibility amid internal political bargaining.
2. Whether Ukraine's 2026-2027 financing architecture can be made sufficiently predictable to support implementation planning, rather than periodic cliff edges.
3. Whether Euroclear and the immobilised assets debate remains contained to windfall profits or shifts toward more aggressive instruments as legal pressure and political impatience rise.

The question for Brussels now is operational discipline: turning pressure, financing and integration into outcomes that hold through the next winter and beyond.

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