

Exceptional macro-financial assistance to Ukraine

2022/0213(COD) - 07/07/2022 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 522 votes to 17, with 25 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council providing exceptional macro-financial assistance (MFA) to Ukraine.

The European Parliament adopted its position at first reading under the ordinary legislative procedure by taking the Commission's proposal.

Russia's unprovoked and unjustified war of aggression against Ukraine since 24 February 2022 has caused Ukraine a loss of market access and a drastic drop in public revenues, while public expenditures to address the humanitarian situation and to maintain the continuity of State services have increased markedly.

The present proposal for MFA to Ukraine follows Decision (EU) 2022/313 providing a EUR 1.2 billion MFA to Ukraine in the form of loans, fully disbursed in two tranches in March and May 2022. In order to address Ukraine's immediate and most pressing financing needs, the proposed decision aims at **providing Ukraine with an additional MFA of up to EUR 1 billion** in the form of a highly concessional long-term loan to support Ukraine's macro-financial stability and strengthen the country's resilience.

This additional MFA, which is the **first step** in the implementation of the planned exceptional MFA of up to EUR 9 billion, is considered, under the current exceptional circumstances, as an appropriate short-term response to Ukraine's most pressing immediate financing needs and to the considerable risks to the country's macro-financial stability.

The proposed EUR 1 billion disbursement should be supported by provisions available in the EU budget for the external action guarantee established under the Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI-GE). In view of recent developments in Ukraine, the provisioning rate of 9% usually applied to countries facing a balance of payments crisis is not adequate in this case. The present proposal provides for a **coverage rate of 70%**, through provisions in the EU budget.

A precondition for granting the Union's macro-financial assistance should be that Ukraine **respect effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law**, and guarantee respect for human rights. The Commission and the European External Action Service should monitor compliance with this condition throughout the duration of the MFA, also taking into account the circumstances in Ukraine and the consequences of the application of martial law.

The Commission should agree with Ukraine on clearly defined **reporting requirements** to which the Union's macro-financial assistance is to be linked. The reporting requirements should be set out in a Memorandum of Understanding. The reporting requirements should ensure, in particular, that the Union's macro-financial assistance is used in an efficient, transparent and accountable manner. The Commission should regularly monitor the implementation of those reporting requirements. The detailed financial terms of the Union's macro-financial assistance should be laid down in a loan agreement to be concluded between the Commission and Ukraine.

By 30 June each year at the latest, the Commission should submit to the European Parliament and the Council, as part of its annual report, an evaluation of the implementation of this Decision in the previous

year, including an assessment of such implementation. No later than two years after the end of the period of availability, the Commission should send the European Parliament and the Council an ex-post evaluation report.