

Instrument for providing support to Ukraine for 2023 (macro-financial assistance +)

2022/0371(COD) - 24/11/2022 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 507 votes to 38, with 26 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council establishing an Instrument for providing support to Ukraine for 2023 (macro-financial assistance +).

Parliament adopted its position at first reading under the ordinary legislative procedure by taking over the Commission proposal.

This Regulation establishes an instrument for providing Union support to Ukraine (**macro-financial assistance +**) in the form of loans, non-repayable support and an interest rate subsidy.

Objectives of the Instrument

The general objective of the Instrument should be to provide short-term financial relief to Ukraine in a predictable, continuous, orderly and timely manner, financing of rehabilitation and initial support towards post-war reconstruction, where appropriate, with a view to supporting Ukraine on its path towards European integration.

To reach the general objective, the main specific objectives should in particular be to support:

- macro-financial stability, and to ease Ukraine's external and internal financing constraints;
- a reform agenda gearing towards the early preparatory phase of the pre-accession process, as appropriate, including strengthening Ukraine's institutions, reforming and reinforcing the effectiveness of public administration as well as transparency, structural reforms and good governance at all levels;
- rehabilitation of critical functions and infrastructure and relief for people in need.

Areas of support

To achieve its objectives, the Instrument should support notably the following:

- the financing of Ukraine's funding needs, with a view to maintaining the macro-financial stability of the country;
- rehabilitation, for instance in restoring critical infrastructure, such as energy infrastructure, water systems, transport networks, internal roads or bridges, or in strategic economic sectors and social infrastructure, such as healthcare facilities, schools, and housing for relocated persons, including temporary and social housing;
- sectoral and institutional reforms, including anti-corruption and judicial reforms, respect for the rule of law, good governance, and modernisation of the national and local institutions;
- preparation for the reconstruction of Ukraine;

- support for the alignment of the regulatory framework of Ukraine to that of the Union and Ukraine's integration into the single market, as well as strengthening economic development and improving competitiveness;

- the strengthening of Ukraine's administrative capacity through appropriate means, including the use of technical assistance.

Available support under the Instrument

The support under the Instrument in the form of loans, should be available for an amount of up to **EUR 18 billion** for the period from 1 January 2023 to 31 December 2023 with possible disbursement until 31 March 2024. Support under the instrument will be made available by the Commission in tranches.

This Regulation should provide the possibility for the Member States to make available additional resources, as external assigned revenue, to be implemented under the memorandum of understanding (MoU) of the Instrument. Such a possibility for additional contribution should also be made for interested third countries and parties as external assigned revenues, in accordance with the Financial Regulation). Voluntary contributions from Member States will be irrevocable, unconditional and on demand.

In order to finance the support granted under the Instrument in the form of loans, the Commission will be empowered, on behalf of the Union, to borrow the necessary funds on the capital markets or from financial institutions.

Conditions for support under the Instrument

A precondition for granting the support under the Instrument is that Ukraine continue to uphold and respect effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and to guarantee respect for human rights. The Commission and the European External Action Service should monitor the fulfilment of the precondition throughout the period of the support provided under the Instrument.

Support under the Instrument should be linked to the policy conditions set out in a Memorandum of Understanding (MoU) with Ukraine. These conditions should also include commitments to strengthen the country's economic performance and resilience, the business environment, facilitate critical reconstruction and address challenges in the energy sector.