


# Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Decision	2009/0162(COD) Procedure completed
Macro-financial assistance to Ukraine See also <a href="#">2018/0058(COD)</a>	
Subject 6.20.07 Macro-financial assistance to third countries 6.40.02 Relations with central and eastern Europe 6.40.15 European neighbourhood policy	
Geographical area Ukraine	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>INTA</b> International Trade	S&D <a href="#">MOREIRA Vital</a>	10/11/2009
		Shadow rapporteur PPE <a href="#">WINKLER Iuliu</a> ALDE <a href="#">KAZAK Metin</a> ECR <a href="#">ZAHRADIL Jan</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>AFET</b> Foreign Affairs		26/01/2010
	<b>BUDG</b> Budgets	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3025</a>	29/06/2010
European Commission	Commission DG	Commissioner	
	<a href="#">Economic and Financial Affairs</a>	REHN Olli	

Key events			
29/10/2009	Legislative proposal published	<a href="#">COM(2009)0580</a>	Summary
24/11/2009	Committee referral announced in Parliament, 1st reading		
02/12/2009	Additional information		Summary
17/03/2010	Vote in committee, 1st reading		Summary
23/03/2010	Committee report tabled for plenary, 1st reading	<a href="#">A7-0058/2010</a>	
18/05/2010	Results of vote in Parliament		

18/05/2010	Decision by Parliament, 1st reading	<a href="#">T7-0169/2010</a>	Summary
29/06/2010	Act adopted by Council after Parliament's 1st reading		
07/07/2010	Final act signed		
07/07/2010	End of procedure in Parliament		
14/07/2010	Final act published in Official Journal		

### Technical information

Procedure reference	2009/0162(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
	See also <a href="#">2018/0058(COD)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 212
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	INTA/7/01481

### Documentation gateway

Document attached to the procedure		<a href="#">SEC(2009)1428</a>	29/10/2009	EC	
Legislative proposal		<a href="#">COM(2009)0580</a>	29/10/2009	EC	Summary
Committee draft report		<a href="#">PE438.155</a>	14/01/2010	EP	
Committee opinion	AFET	<a href="#">PE439.128</a>	22/03/2010	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A7-0058/2010</a>	23/03/2010	EP	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T7-0169/2010</a>	18/05/2010	EP	Summary
Commission response to text adopted in plenary		SP(2010)3805	24/06/2010	EC	
Draft final act		<a href="#">00020/2010/LEX</a>	07/07/2010	CSL	
Follow-up document		SWD(2018)0390	23/07/2018	EC	
Follow-up document		SWD(2018)0391	23/07/2018	EC	

### Additional information

National parliaments	<a href="#">IPEX</a>
European Commission	<a href="#">EUR-Lex</a>

### Final act

[Decision 2010/388](#)  
[OJ L 179 14.07.2010, p. 0001](#) Summary

## Macro-financial assistance to Ukraine

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**PURPOSE:** to provide macro-financial assistance of 7500 million to Ukraine in the form of a loan.

**PROPOSED ACT:** Council Decision.

**BACKGROUND:** since the onset of the global crisis, the economic situation of the country has deteriorated dramatically. In 2008, Ukraine's real GDP growth was just 2.5%, and, in the first quarter of 2009, GDP is estimated to have contracted by around 20% year-on-year. The latest IMF projections for the current year point to a drop of real GDP by as much as 14%.

At the same time, even though the current account balance is projected to achieve a small surplus in 2009, Ukraine has suffered a capital account deficit: a loss of confidence meant capital flight, reversal of capital inflows and a reduction in foreign direct investment. Strong pressures on the capital account produced strong pressures on international reserves that could only be kept at an appropriate level due to the financing provided by the IMF under the Stand-By Arrangement (SBA). The slowdown in economic activity is also resulting in a significant shortfall in fiscal revenue resulting in the widening budget deficit.

The two-year IMF programme is considerably frontloaded. A large part of the loan (USD 1.9 billion) was channelled directly to the budget to help Ukraine meet its external debt obligations. This is why Ukraine has requested macro-financial assistance from the Community, the subject of this proposal for a Decision.

**IMPACT ASSESSMENT:** macro-financial assistance will have an immediate impact on Ukraine's balance of payments and the State budget and will in this way contribute to the alleviation of financial constraints on the implementation of the authorities' economic programme. Macro-financial assistance will further support the general objectives of the stabilisation programme agreed with the IMF.

**CONTENT:** the Commission is proposing the Community makes available macro-financial assistance (MFA) in the form of a loan facility with a maximum principal amount of EUR 500 million with a view to supporting Ukraine's balance of payments and external budgetary needs. It will also support the authorities' stabilisation programme with a view to ensuring sustainable fiscal and external accounts, and will thus help Ukraine address the consequences of the global financial crisis.

The proposed Community macro-financial assistance will complement support from the IMF foreseen under the SBA agreed by the IMF board in November 2008. It will also complement Community macro-financial assistance to Ukraine of up to EUR 110 million granted by the Council in 2002 which has not yet been implemented (see [Council Decision 2002/639/EC](#)).

Community MFA will be exceptional and limited in time (15 years), and will be conditional, in particular, on progress in the implementation of the current IMF programme and on the successful fulfilment of economic policy conditions that will be attached to this assistance. To this end, the Commission shall be empowered to borrow the relevant amount on the capital markets or from financial institutions.

The assistance will be provided in two tranches and will be managed by the Commission which shall agree with the authorities the specific economic policy and financial conditions attached to the payment of the loan instalments. Specific provisions on the prevention of fraud and other irregularities, consistent with the Financial Regulation, will be duly taken into account. As regards specific economic policy conditions attached to the disbursement of the loan instalments, the Commission intends to focus on a limited number of areas including public finance management and social safety net reforms related to energy sector reforms.

**FINANCIAL IMPACT:** in line with the Guarantee Fund Regulation, the provisioning of the Guarantee Fund is expected to take place in 2012 and to amount to a maximum of EUR 45 million. This corresponds to 9% of the EUR 500 million loan expected to be disbursed in 2010.

## Macro-financial assistance to Ukraine

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The Lisbon Treaty, which entered into force on 1 December 2009, amended the EU's two core treaties, the Treaty on European Union (TEU) and the Treaty establishing the European Community (EC Treaty). The latter was renamed the Treaty on the Functioning of the European Union (TFEU).

These changes had various consequences for many ongoing procedures. First of all, the articles of the TEU and of the old EC Treaty that constitute the legal basis of all the proposals founded on those Treaties were renumbered in accordance with the table of equivalences mentioned in Article 5 of the Lisbon Treaty.

In addition, some proposals underwent a change to their legal basis going beyond a mere change to their numbering, and this resulted in changes to the type of procedure.

The Lisbon Treaty also introduced new concepts of decision-making procedure. The old "codecision procedure" was extended to new areas and renamed the "ordinary legislative procedure". A new "consent procedure" replaced the old "assent procedure". New interinstitutional procedures were also set up for the adoption of certain non-legislative acts, for example the conclusion of some international agreements.

The ongoing proposals concerned by these changes were formally modified by the Commission in a Communication published on 2 December 2009 ([COM\(2009\)0665](#)).

In the case of the proposal for a Council Decision providing macro-financial assistance to Ukraine, the entry into force of the Lisbon Treaty had the following impacts:

- the old legal basis - Treaty/EC/ Art. 308 ? became Art. 212 (2) of the TFEU. Please note that the numbering of the old legal basis corresponds to the consolidated version of the Treaty that was applicable immediately before the entry into force of the Lisbon Treaty, and may differ from the references in the original Commission proposal;
- the proposal, which had previously fallen under the old consultation procedure (CNS), was classified as an ordinary legislative procedure (COD).

## Macro-financial assistance to Ukraine

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The Committee International Trade adopted the report on drawn up by Vital MOREIRA (S&D, PT) on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to Ukraine.

It recommended that the European Parliament's position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure) should be to amend the Commission proposal as follows:

Conditions of assistance: the committee stressed that the Commission will manage the assistance not only in a manner consistent with the agreements reached between the IMF and Ukraine but also with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda. The Commission shall regularly inform the European Parliament of the proceedings of the Economic and Financial Committee, and provide it with the relevant documents. There must be a timeframe for the fulfilment of the conditions in the Memorandum of Understanding. Those conditions shall include specific objectives with a view to strengthening the efficiency, transparency and accountability of the assistance, including in particular public finance management systems in Ukraine. Real progress in attaining those objectives shall provide the basis for disbursing the instalments of the assistance.

Ex post evaluation: Members add that no later than two years after the expiry of the availability period (2 years after entry into force of the Memorandum of Understanding) the Commission shall submit to the European Parliament and to the Council an ex post evaluation report.

The committee added in the recitals that Union macro-financial assistance should not merely supplement programmes and resources from the IMF and the World Bank but should ensure the added value of EU involvement. The Commission should ensure that Union macro-financial assistance is legally and substantially in line with the measures taken within the different areas of external action and other relevant Union policies.

## Macro-financial assistance to Ukraine

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The European Parliament adopted by 604 votes to 37 with 16 abstentions a resolution setting out its position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure) on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to Ukraine. Following agreement with the Council, it made some amendments:

Conditions of assistance: Parliament stressed that the Commission will manage the assistance not only in a manner consistent with the agreements reached between the IMF and Ukraine but also with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda. The Commission shall regularly inform the European Parliament and the Economic and Financial Committee of the developments in the management of the assistance and provide them with the relevant documents.. There must be a timeframe for the fulfilment of the conditions in the Memorandum of Understanding. Those conditions shall be consistent with the agreements or understandings reached between the IMF and Ukraine and with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda .These principles and objectives aim at strengthening the efficiency, transparency and accountability of the assistance, including in particular public finance management systems in Ukraine. Progress in attaining these objectives will be regularly monitored by the Commission. .

Ex post evaluation: Members add that no later than two years after the expiry of the availability period (2 years after entry into force of the Memorandum of Understanding) the Commission shall submit to the European Parliament and to the Council an ex post evaluation report.

Availability of assistance: the Union financial assistance shall be made available for two years and six months starting from the first day after the entry into force of the Memorandum of Understanding

Parliament added in the recitals that Union macro-financial assistance should not merely supplement programmes and resources from the IMF and the World Bank but should ensure the added value of EU involvement. The Commission should ensure that Union macro-financial assistance is legally and substantially in line with the measures taken within the different areas of external action and other relevant Union policies. Union macro-financial assistance can only contribute to economic stabilisation if the main political forces in Ukraine ensure political stability and establish a broad consensus on a rigorous implementation of the necessary structural reforms.

## Macro-financial assistance to Ukraine

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**PURPOSE:** to make available to Ukraine macrofinancial assistance in the form of a loan facility in the sum of EUR 500 million.

**LEGISLATIVE ACT:** Decision No 388/2010/EU of the European Parliament and of the Council providing macrofinancial assistance to Ukraine

**CONTENT:** this Decision provides that the Union shall make available to Ukraine macrofinancial assistance in the form of a loan facility with a maximum principal amount of EUR 500 million and a maximum average maturity of 15 years. The assistance is aimed at supporting Ukraine's economic stabilisation and alleviating its balance of payments and budgetary needs, as identified in the current programme of the International Monetary Fund (IMF). The Commission will verify at regular intervals that Ukraine's economic policies are in accordance with the objectives of the EU assistance and that the agreed economic policy conditions are being satisfactorily fulfilled.

The main provisions are as follows:

**IMF agreements:** the release of the Union macrofinancial assistance shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Ukraine and with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda. The Commission shall regularly inform the European Parliament and the Economic and Financial Committee of developments in the management of the assistance and provide them with relevant documents.

**Memorandum of Understanding:** the Commission is empowered to agree with the Ukrainian authorities on the economic policy conditions attached to the Union macrofinancial assistance, to be laid down in a Memorandum of Understanding which shall include a timeframe for their fulfilment. The conditions shall be consistent with the agreements or understandings reached between the IMF and Ukraine and with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda. These principles and objectives aim at

strengthening the efficiency, transparency and accountability of the assistance, including public finance management systems in Ukraine. Progress in attaining these objectives shall be regularly monitored by the Commission. The detailed financial terms of the assistance shall be laid down in a Loan Agreement to be agreed between the Commission and the Ukrainian authorities.

Verification: the Commission shall verify at regular intervals that Ukraine's economic policies are in accordance with the objectives of the Union macrofinancial assistance and that the agreed economic policy conditions are being satisfactorily fulfilled. In doing so, the Commission shall coordinate closely with the IMF and the World Bank, and, when required, with the Economic and Financial Committee.

Availability period: the Union macrofinancial assistance shall be made available for two years and six months starting from the first day after the entry into force of the Memorandum of Understanding.

Loan instalments: the Union macrofinancial assistance to Ukraine shall be made available by the Commission in two loan instalments. The size of each instalment shall be laid down in the Memorandum of Understanding.

Fight against fraud: the Memorandum of Understanding and the Loan Agreement shall provide for specific measures to be implemented by Ukraine in relation to the prevention of, and the fight against, fraud, corruption and other irregularities affecting the assistance.

Report: the Commission shall submit to the European Parliament and to the Council:

- by 31 August of each year, a report on the implementation of this Decision in the preceding year, including an evaluation thereof. The report shall indicate the connection between the policy conditions as laid down in the Memorandum of Understanding, Ukraine's on-going economic and fiscal performance and the Commission's decisions to release the instalments of the assistance;
- no later than two years after the expiry of the availability period (see above), an ex post evaluation report.

ENTRY INTO FORCE: 14/07/2010.