

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Decision 2015/0005(COD)	Procedure completed
Macro-financial assistance to Ukraine See also 2018/0058(COD)	
Subject 6.20.07 Macro-financial assistance to third countries	
Geographical area Ukraine	
Legislative priorities EU support to Ukraine	

Key players			
European Parliament	Committee responsible  INTA International Trade	Rapporteur  LANDSBERGIS Gabrielius Shadow rapporteur  BOȘTINARU Victor  PIECHA Bolesław G.  VAN BAALEN Johannes Cornelis  JADOT Yannick	Appointed 21/01/2015
	Committee for opinion  AFET Foreign Affairs	Rapporteur for opinion  SARYUSZ-WOLSKI Jacek	Appointed 26/01/2015
	 BUDG Budgets	The committee decided not to give an opinion.	
Council of the European Union European Commission	Commission DG Trade	Commissioner MALMSTRÖM Cecilia	

Key events			
08/01/2015	Legislative proposal published	COM(2015)0005	Summary
15/01/2015	Committee referral announced in Parliament, 1st reading		
19/03/2015	Vote in committee, 1st reading		
19/03/2015	Committee report tabled for plenary, 1st reading	A8-0056/2015	Summary
25/03/2015	Results of vote in Parliament		
25/03/2015	Debate in Parliament		
25/03/2015	Decision by Parliament, 1st reading	T8-0088/2015	Summary
31/03/2015	Act adopted by Council after Parliament's 1st reading		
31/03/2015	End of procedure in Parliament		
15/04/2015	Final act signed		
17/04/2015	Final act published in Official Journal		

Technical information	
Procedure reference	2015/0005(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
	See also 2018/0058(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 212
Stage reached in procedure	Procedure completed
Committee dossier	INTA/8/02513

Documentation gateway					
Legislative proposal		COM(2015)0005	08/01/2015	EC	Summary
Document attached to the procedure		SWD(2015)0001	08/01/2015	EC	
Committee draft report		PE549.093	03/02/2015	EP	
Amendments tabled in committee		PE549.400	26/02/2015	EP	
Committee opinion	AFET	PE549.224	12/03/2015	EP	
Committee report tabled for plenary, 1st reading/single reading		A8-0056/2015	19/03/2015	EP	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0088/2015	25/03/2015	EP	Summary
Draft final act		00010/2015/LEX	15/04/2015	CSL	
Follow-up document		COM(2021)0169	09/04/2021	EC	
Follow-up document		SWD(2021)0073	09/04/2021	EC	

Macro-financial assistance to Ukraine

PURPOSE: to grant macro-financial assistance (MFA) to Ukraine of a maximum amount of EUR 1.8 billion.

PROPOSED ACT: Decision of the European Parliament and the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in line with the ordinary legislative procedure on an equal footing with the Council.

BACKGROUND: the EU is seeking an increasingly close relationship with Ukraine that goes beyond mere bilateral cooperation, encompassing gradual political association and economic integration.

The EU signed a Partnership and Cooperation Agreement (PCA) with Ukraine in 1998 that outlines the framework of cooperation in all key areas of reform and continues to be the legal basis of relations between the two parties. Relations were further reinforced in November 2009 when the EU-Ukraine Association Agenda was adopted, which was updated in 2011 (endorsed by the EU-Ukraine Cooperation Council in June 2013).

On 21 March and 27 June 2014, the EU and Ukraine signed an Association Agreement, which will establish a deep political association and economic integration between the EU and Ukraine.

The Ukrainian economy is experiencing a deep recession that is the result of long-standing macroeconomic imbalances and structural problems. The eruption of an armed conflict in the East aggravated the situation through sizable losses of productive capacity and reduced confidence which had a heavy toll on the economy.

The new government appointed in Ukraine following the political change in February 2014 envisaged the implementation of an ambitious reform Action Plan. These efforts have been seriously complicated, however, by the armed conflict in the East, growing trade restrictions from Russia, and the escalation of a natural gas dispute between the two countries.

As a result, the economic recession in Ukraine has become more severe than initially expected by international donors. In the current situation, Ukraine does not have access to international debt markets and is not expected to regain it in the short term.

This is why the Ukrainian authorities requested MFA from the EU of EUR 2 billion on 9 September 2014.

The European Commission is submitting to the European Parliament and the Council a proposal to grant MFA to Ukraine of maximum EUR 1.8 billion in the form of medium-term loans.

CONTENT: the proposal aims to grant MFA to Ukraine of a maximum amount of EUR 1.8 billion, with a view to supporting Ukraine's economic stabilisation and a substantive reform agenda. The assistance will contribute to cover Ukraine's residual external financing needs in 2015-16, as identified by the Commission based on the estimates of the IMF.

The assistance shall be made available for a period of two and a half years, starting from the first day after the entry into force of the Memorandum of Understanding foreseen by the proposal.

Conditions for granting the assistance: the Commission and the Ukrainian authorities would agree on a Memorandum of Understanding setting out the structural reform measures associated with the proposed MFA operation, including aspects of timing and sequencing.

These measures will support the authorities reform agenda, including relevant elements of the aforementioned forthcoming National Reform Strategy for 2015-17, and the implementation of the EU-Ukraine Association Agreement, as well as complementing the programmes agreed with the IMF, the World Bank and other multilateral and bilateral donors.

A pre-condition for granting the assistance shall be that Ukraine respects effective democratic mechanisms - including a multi-party parliamentary system - and the rule of law, and guarantees respect for human rights.

Reform strategy: the Commission will seek consensus with the Ukrainian authorities on the expected National Reform Strategy, so as to facilitate smooth implementation also of the conditionality to be agreed in the proposed Memorandum of Understanding.

These policy conditions should address some of the fundamental weaknesses accumulated over the years by the Ukrainian economy. Possible areas of conditionality could in principle include:

- public finance management;
- anti-corruption;
- tax administration;
- reforms in the energy sector;
- financial sector reforms;
- and measures to improve the business environment.

Aid instalments: the assistance will be disbursed in three loan instalments:

- the 1st instalment is expected to take place in the middle of 2015;

- the 2nd instalment could be disbursed in the 4th quarter of 2015;
- the 3rd and last instalment could be made available towards the end of the 1st quarter of 2016.

The disbursements would inter alia be conditional on satisfactory reviews under the IMF programme and the continued drawing by Ukraine on IMF funds.

Management of the assistance: the assistance will be managed by the Commission. Specific provisions on the prevention of fraud and other irregularities, consistent with the Financial Regulation, are applicable.

Where the circumstances permit, and if Ukraine so requests, the Commission may:

- take the steps necessary to ensure that an early repayment clause is included in the loan terms and conditions and the inclusion of a corresponding clause in the conditions of the borrowing operations;
- decide to refinance all or part of its initial borrowings or may restructure the corresponding financial conditions.

Implementing powers: implementing powers shall be conferred on the Commission in line with [\(EU\) No 182/2011 of the European Parliament and the Council](#). The fact that the assistance is of a substantial amount and therefore has a potentially significant impact, justifies the use of the examination procedure, in this context.

Report: by 30 June of each year, the Commission shall submit to the European Parliament and to the Council a report on the implementation of this Decision in the preceding year, examining the progress made in implementing the Union's macro-financial assistance, the economic situation and prospects of Ukraine, as well as progress made in implementing the policy measures, indicating the connection between the economic policy conditions 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 Union's macro-financial assistance.

BUDGETARY IMPLICATION: the MFA would be provided in the form of a loan and should be financed through a borrowing operation that the Commission will conduct on behalf of the EU. The budgetary costs of the assistance will correspond to the provisioning, at a rate of 9%, of the amounts disbursed into the guarantee fund for external lending of the EU from budget line 01 03 06 (Provisioning of the Guarantee Fund).

Assuming that the first and second loan disbursements will be made in 2015 for a total amount of EUR 1,200 million and the third loan disbursement in 2016 for the amount of EUR 600 million, the provisioning will take place in the budgets for 2017 (for EUR 108 million) and 2018 (EUR 54 million).

Macro-financial assistance to Ukraine

The Committee on International Trade adopted the report by Gabrielius LANDSBERGIS (EPP, LT) on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to Ukraine.

In its most recent [resolution of 15 January 2015](#) on the situation in Ukraine, the European Parliament welcomed the proposal by the Commission to extend an additional EUR 1.8 billion in macro-financial assistance to Ukraine and called for a development of a major assistance plan for Ukraine.

In the current extremely difficult situation in which Ukraine finds itself, Members considered that the timely approval of the Commission proposal for macro-financial assistance to Ukraine is important to enable two of the three tranches (of EUR 600 million each) to be disbursed before the end of 2015. Such an approval would prove that the EU can act swiftly, decisively and commensurate with its political commitments.

It is for this reason that Members recommended the European Parliament to adopt its position at first reading following the ordinary legislative procedure, taking over the Commission proposal.

Macro-financial assistance to Ukraine

The European Parliament adopted by 492 votes to 107, with 13 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to Ukraine.

Parliament adopted its position at first reading following the ordinary legislative procedure without making amendments to the Commission proposal.

Under this Decision, the Union shall make macro-financial assistance available to Ukraine of a maximum amount of EUR 1.8 billion, with a view to supporting Ukraine's economic stabilisation and a substantive reform agenda. The assistance shall contribute to covering Ukraine's balance of payments needs as identified in the IMF programme.

The full amount of the Union's macro-financial assistance shall be provided to Ukraine in the form of loans. The Commission shall be empowered on behalf of the Union to borrow the necessary funds on the capital markets or from financial institutions and to on-lend them to Ukraine. The loans shall have a maximum maturity of 15 years. The Union's macro-financial assistance shall be made available by the Commission in three loan instalments.

A pre-condition for granting the Union's macro-financial assistance shall be that Ukraine respects effective democratic mechanisms including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights.

The Commission shall regularly inform the European Parliament and the Council of developments regarding the Union's macro-financial assistance and shall provide those institutions with the relevant documents in due time.

Macro-financial assistance to Ukraine

PURPOSE: to grant macro-financial assistance to Ukraine (MFA) in order to support the new Ukrainian authorities in achieving their aims of stabilising the situation and pursuing the course of reforms.

LEGISLATIVE ACT: Decision (EU) 2015/601 of the European Parliament and of the Council providing macro-financial assistance to Ukraine.

CONTENT: the Decision provides that the Union shall make macro-financial assistance available to Ukraine of a maximum amount of EUR 1.8 billion, with a view to supporting Ukraine's economic stabilisation and a substantive reform agenda. The assistance shall contribute to covering Ukraine's balance of payments needs as identified in the International Monetary Fund (IMF) programme.

Form of assistance: the full amount of the Union's macro-financial assistance shall be provided to Ukraine in the form of loans. The Commission shall be empowered on behalf of the Union to borrow the necessary funds on the capital markets or from financial institutions and to on-lend them to Ukraine. The loans shall have a maximum maturity of 15 years.

Reform strategy: the Commission shall agree with the Ukrainian authorities on clearly defined economic policy and financial conditions, focusing on structural reforms and sound public finances, to which the Union's macro-financial assistance is to be subject. These conditions shall be laid down in a Memorandum of Understanding, which shall include a timeframe for the fulfilment of those conditions.

Conditions for granting the assistance: the assistance will be disbursed in three loan instalments. The provision of MFA is subject to the following:

- a pre-condition that Ukraine respects effective democratic mechanisms including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights. The Commission and the European External Action Service shall monitor the fulfilment of this pre-condition throughout the life-cycle of the Union's macro-financial assistance;
- a continuous satisfactory track record of Ukraine implementing a policy programme that contains strong adjustment and structural reform measures supported by a non-precautionary IMF credit arrangement; and
- the implementation of the economic policy and financial conditions agreed in the Memorandum of Understanding within a specific time-frame.

The Commission should regularly inform the European Parliament and the Council of developments relating to the assistance and provide them with relevant documents.

ENTRY INTO FORCE: 20.4.2015.