










Procedure file

| Basic information | |
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| COD - Ordinary legislative procedure (ex-codecision procedure) 2018/0058(COD) Decision | Procedure completed |
| Further macro-financial assistance to Ukraine See also 2002/0018(CNS) See also 2009/0162(COD) See also 2015/0005(COD) Subject 6.20.07 Macro-financial assistance to third countries Geographical area Ukraine | |

| Key players | | | |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| |  INTA International Trade |  WAŁĘSA Jarosław | 21/03/2018 |
| | | Shadow rapporteur | |
| | |  PIECHA Bolesław G. | |
| | |  VAN BAALEN Johannes Cornelis | |
| | |  HAUTALA Heidi | |
| | |  BEGHIN Tiziana | |
| | Committee for opinion | Rapporteur for opinion | Appointed |
| |  AFET Foreign Affairs |  GAHLER Michael | 20/03/2018 |
| |  BUDG Budgets | The committee decided not to give an opinion. | |
| Council of the European Union | Council configuration | Meeting | Date |
| | General Affairs | 3629 | 26/06/2018 |
| European Commission | Commission DG | Commissioner | |
| | Economic and Financial Affairs | MOSCOVICI Pierre | |

| Key events | | | |
|------------|---------------------------------------------------------|-------------------------------|---------|
| 09/03/2018 | Legislative proposal published | COM(2018)0127 | Summary |
| 15/03/2018 | Committee referral announced in Parliament, 1st reading | | |
| 17/05/2018 | Vote in committee, 1st reading | | |

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|------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|---------|
| 23/05/2018 | Committee report tabled for plenary, 1st reading | A8-0183/2018 | Summary |
| 12/06/2018 | Debate in Parliament | | |
| 13/06/2018 | Results of vote in Parliament |  | |
| 13/06/2018 | Decision by Parliament, 1st reading | T8-0255/2018 | Summary |
| 26/06/2018 | Act adopted by Council after Parliament's 1st reading | | |
| 04/07/2018 | Final act signed | | |
| 04/07/2018 | End of procedure in Parliament | | |
| 06/07/2018 | Final act published in Official Journal | | |

Technical information

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|----------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Procedure reference | 2018/0058(COD) |
| Procedure type | COD - Ordinary legislative procedure (ex-codecision procedure) |
| Procedure subtype | Legislation |
| Legislative instrument | Decision |
| | See also 2002/0018(CNS) See also 2009/0162(COD) See also 2015/0005(COD) |
| Legal basis | Treaty on the Functioning of the EU TFEU 212 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | INTA/8/12477 |

Documentation gateway

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|-----------------------------------------------------------------|-------------|--------------------------------|------------|-----|---------|
| Legislative proposal | | COM(2018)0127 | 09/03/2018 | EC | Summary |
| Document attached to the procedure | | SWD(2018)0066 | 09/03/2018 | EC | |
| Committee draft report | | PE619.285 | 04/04/2018 | EP | |
| Amendments tabled in committee | | PE621.065 | 26/04/2018 | EP | |
| Committee opinion | AFET | PE620.988 | 16/05/2018 | EP | |
| Committee report tabled for plenary, 1st reading/single reading | | A8-0183/2018 | 23/05/2018 | EP | Summary |
| Text adopted by Parliament, 1st reading/single reading | | T8-0255/2018 | 13/06/2018 | EP | Summary |
| Draft final act | | 00027/2018/LEX | 04/07/2018 | CSL | |
| Commission response to text adopted in plenary | | SP(2018)458 | 11/07/2018 | EC | |

Final act

[Decision 2018/947](#)
[OJ L 171 06.07.2018, p. 0011](#) Summary

Further macro-financial assistance to Ukraine

PURPOSE: to provide additional macro-financial assistance to Ukraine to support economic stabilisation and structural reforms.

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

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

BACKGROUND: relations between the European Union and Ukraine continue to develop within the framework of the European Neighbourhood Policy and the Eastern Partnership. An Association Agreement between the Union and Ukraine, including a Deep and Comprehensive Free Trade Area (DCFTA), entered into force on 1 September 2017.

Since spring 2014, Ukraine has embarked on an ambitious reform programme aiming to stabilise its economy and improve the livelihoods of its citizens.

In addition to its political support, the Union pledged over EUR 11 billion financial package in March 2014 to support economic stabilisation and reform implementation in Ukraine, including 1.6 billion of macro-financial assistance pursuant to [Council Decision 2002/639/EC](#), [Decision No 646/2010/EU](#) of the European Parliament and of the Council and pursuant to Council Decision 2014/215/EU.

In view of Ukraine's substantial external financing needs, an additional EUR 1.8 billion of macro-financial assistance (MFA) was made available to the country in April 2015 pursuant to [Decision \(EU\) 2015/601](#) of the European Parliament and of the Council.

Since May 2014, Ukraine has received EUR 2.81 billion of macro-financial assistance from the Union, including EUR 1.2 billion out of the EUR 1.8 billion available under Decision (EU) 2015/601.

Ukraine fulfilled 17 of the 21 policy commitments attached to the third tranche of EUR 600 million that could have been made available to Ukraine under the third MFA operation. Although four measures were not implemented by the time the availability period of the assistance expired in January 2018. Under these circumstances, the Commission was not in a position to disburse the last tranche under the third MFA operation.

Given that a residual external financing gap remains in Ukraine's balance of payments over and above the resources provided by the IMF and other multilateral institutions, the Union macro-financial assistance to be provided to Ukraine is, under the current exceptional circumstances, considered to be an appropriate response to Ukraine's request for support to its economic stabilisation, in conjunction with the IMF programme.

The Union's macro-financial assistance would support the economic stabilisation and the structural reform agenda of Ukraine, supplementing resources made available under the IMF's financial arrangement.

CONTENT: under the proposed Decision, the European Union shall make MFA available to Ukraine for a total amount of up to EUR 1 billion, provided in the form of medium- to long-term loans.

The objective of the proposed AMF is to:

- help Ukraine cover part of its additional external financing needs in 2018-2019, reducing the economy's short-term balance-of-payment and fiscal vulnerabilities;
- provide incentives to step up Ukraine's reform efforts by agreeing with the Ukrainian authorities a Memorandum of Understanding setting out an appropriate package of measures supporting economic adjustment and structural reforms.

The assistance is planned to be disbursed in two loan instalments. Provided the policy measures attached to each tranche have been implemented in a timely manner, the first instalment is expected to be disbursed in the second half of 2018, while the second instalment could be released in the first half of 2019.

All disbursements under the proposed programme, including the first, would be conditional on the implementation of reform measures designed to address vulnerabilities identified in the Ukrainian economy. These reforms, established in a Memorandum of Understanding, will have to take into account the measures of the previous MFA operation that have not yet been implemented, namely the establishment of a system for verifying asset declarations of public officials and a verification of data to be provided by companies on their beneficial owners. The issue wood export ban shall also be examined.

The MFA may only be completed if major reforms in the fight against corruption and governance are well implemented.

In addition, the Memorandum for the new programme will also include other measures to be implemented by Ukraine in order to receive the first and second disbursement. These will comprise actions in the area of public finance management.

BUDGETARY IMPLICATION: the planned assistance would be provided in the form of loans and should be financed through borrowing operations 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 loan disbursements will be made in 2018 for a total amount of EUR 500 million and the second loan disbursement in 2019 for the amount of EUR 500 million, and according to the rules governing the guarantee fund mechanism, the provisioning will take place in the budgets for 2020 (EUR 45 million) and 2021 (EUR 45 million).

The total impact on expenditure is estimated at EUR 90.997 million for the period 2017-2021.

Further macro-financial assistance to Ukraine

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

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission proposal.

The amended text is changed back to the wording of the previous Decisions of the European Parliament and of the Council on providing macro-financial assistance, specifying that where the conditions set out in the proposed decision are not met, the Commission shall temporarily suspend or cancel the disbursement of the Union's macro-financial assistance.

A joint statement by the Parliament, the Council and the Commission specifies the following:

- a pre-condition for granting macro-financial assistance is that the beneficiary country respects effective democratic mechanisms including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights;
- fulfilment of this precondition will be monitored throughout the life-cycle of the Union's macro-financial assistance;
- the economic policy and financial conditions of the Memorandum of Understanding to be agreed between the European Union and Ukraine shall include *inter alia* obligations to strengthen the governance, the administrative capacities and the institutional set-up in particular for the fight against corruption as well as conditions on combating money laundering and tax avoidance;
- the Commission shall keep Parliament and the Council regularly informed of developments relating to assistance and provide them with the relevant documents;
- the draft Commission Implementing Decision approving the Memorandum of Understanding with an analysis of the expected social impact of the macro-financial assistance. This analysis will be submitted to the Member State Committee and shall be made available to the Parliament and the Council through the register of committee proceedings.

Further macro-financial assistance to Ukraine

The European Parliament adopted by 527 votes to 124 with 29 abstentions a legislative resolution on the proposal for a decision of the European Parliament and of the Council providing further macro-financial assistance to Ukraine.

Parliament's position adopted at first reading under the ordinary legislative procedure approved the European Commission's proposal for macro-financial assistance to Ukraine of up to EUR 1 billion to facilitate the stabilisation of its economy and the implementation of a comprehensive reform program. Union assistance will be paid to Ukraine in two tranches over two and a half years, in the form of loans with a maximum average duration of 15 years.

A joint statement by Parliament, the Council and the Commission annexed to the resolution specifies the political conditions that Ukraine must fulfil:

- a pre-condition for granting macro-financial assistance 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;
- the economic policy and financial conditions of the Memorandum of Understanding to be agreed between the European Union and Ukraine, which shall include, *inter alia*, obligations to strengthen the governance, the administrative capacities and the institutional set-up in particular for the fight against corruption, notably regarding a well-functioning specialised anti-corruption court and conditions on combating money laundering and tax avoidance. Where the conditions are not met, the Commission shall temporarily suspend or cancel the disbursement of the macro-financial assistance;
- the Commission shall regularly inform the European Parliament and the Council of developments relating to the assistance and providing them with relevant documents.

The statement recalled that this macro-financial assistance to Ukraine shall contribute to values shared with the European Union, including sustainable and socially responsible development leading to employment creation and poverty reduction, and a commitment to a strong civil society.

Further macro-financial assistance to Ukraine

PURPOSE: to provide additional macro-financial assistance to Ukraine to support economic stabilisation and structural reforms.

LEGISLATIVE ACT: Decision (EU) 2018/947 of the European Parliament and of the Council providing further macro-financial assistance to Ukraine.

CONTENT: under this Decision, the Union shall make available to Ukraine macro-financial assistance (MFA) of a maximum overall amount of EUR 1 billion in the form of medium and long-term loans to facilitate the stabilisation of its economy and the implementation of a comprehensive reform programme. The assistance shall supplement resources provided by the International Monetary Fund (IMF) and other donors.

In spring 2014, Ukraine embarked on an ambitious reform programme with the aim of stabilising its economy and improving the livelihoods of its citizens. Ukraine and the Union have jointly defined a reform agenda (the Association Agenda, which was last updated in March 2015). The fight against corruption as well as constitutional, electoral and judicial reforms are among the top priorities on the agenda.

This is the third package of macro-financial assistance for Ukraine since 2014. The EU pledged EUR 1.6 billion in 2014 and EUR 1.8 billion in 2015, of which Ukraine received EUR 2.81 billion. A EUR 600 million instalment was cancelled in January 2018 due to incomplete compliance with the conditions set as regards the fight against corruption.

The decision provides that disbursements shall be subject to economic policy and financial conditions, focusing on structural reforms and sound public finances and including a timeframe for their fulfilment. The conditions will be laid down in a memorandum of understanding between Ukraine and the Commission.

The European Parliament, the Council and the Commission issued a joint statement specifying the following points:

- a pre-condition for granting macro-financial assistance 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 Services shall monitor the fulfilment of this pre-condition throughout the life-cycle of the Union's macro-financial assistance;
- the economic policy and financial conditions of the Memorandum of Understanding to be agreed between the European Union and Ukraine, which shall include, inter alia, obligations to strengthen the governance, in particular for the fight against corruption, notably regarding a well-functioning specialised anti-corruption court and conditions on combating money laundering and tax avoidance. Where the conditions are not met, the Commission shall temporarily suspend or cancel the disbursement of the macro-financial assistance.

The Commission shall be responsible for the disbursement of the macro-financial assistance.

ENTRY INTO FORCE: 9.7.2018.