

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Decision 2022/0281(COD)	Procedure completed
Exceptional macro-financial assistance to Ukraine; reinforcement of the Common Provisioning Fund Amending Decision 2022/1201 2022/0213(COD) Subject 6.20.07 Macro-financial assistance to third countries 8.70 Budget of the Union Geographical area Ukraine Legislative priorities EU support to Ukraine	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	INTA International Trade		
Council of the European Union			

Key events			
05/09/2022	Decision by committee, without report		
07/09/2022	Legislative proposal published	COM(2022)0557	
12/09/2022	Committee referral announced in Parliament, 1st reading		
15/09/2022	Decision by Parliament, 1st reading	T9-0323/2022	Summary
16/09/2022	Act adopted by Council after Parliament's 1st reading		
20/09/2022	Final act signed		
22/09/2022	Final act published in Official Journal		

Technical information	
Procedure reference	2022/0281(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
	Amending Decision 2022/1201 2022/0213(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 212; Rules of Procedure EP 163
Stage reached in procedure	Procedure completed
Committee dossier	INTA/9/10029

Documentation gateway					
Legislative proposal		COM(2022)0557	07/09/2022	EC	
Text adopted by Parliament, 1st reading/single reading		T9-0323/2022	15/09/2022	EP	Summary
Draft final act		00049/2022/LEX	20/09/2022	CSL	

Final act					
Decision 2022/1628 OJ L 245 22.09.2022, p. 0001					

Exceptional macro-financial assistance to Ukraine; reinforcement of the Common Provisioning Fund

The European Parliament adopted by 534 votes in favour, 30 against and 26 abstentions a legislative resolution on the proposal for a decision of the European Parliament and of the Council providing exceptional macro-financial assistance to Ukraine, reinforcing the Common Provisioning Fund by guarantees by the Member States and by specific provisioning for some financial liabilities related to Ukraine guaranteed under Decision No 466/2014/EU, and amending Decision (EU) 2022/1201.

The European Parliament adopted its position at first reading in accordance with the ordinary legislative procedure, taking over the Commission proposal.

Exceptional macro-financial assistance from the Union

The proposal aims at allowing the EU to provide Ukraine with an additional exceptional macro-financial assistance (MFA) of EUR 5 billion in the form of highly concessional loans with a view to supporting Ukraine's macro-financial stability. The funds for this exceptional MFA will be borrowed on the capital markets and then lent to Ukraine. This assistance will complement the EUR 1 billion exceptional MFA granted to Ukraine under Decision (EU) 2022/1201.

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 expenditure to address the humanitarian situation and to maintain the continuity of State services has increased markedly. In that very uncertain and volatile situation, the best estimates of Ukraine's funding needs by the International Monetary Fund (IMF) point to an extraordinary financing gap of around USD 39 billion in 2022.

A precondition for granting the Union's exceptional 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 ongoing war, and in particular the current state of martial law, should not encroach on those principles, despite the concentration of power in the executive branch.

The Union's exceptional macro-financial assistance should be linked to stringent reporting requirements and policy conditions, to be set out in a memorandum of understanding (the MoU). Those stringent reporting requirements should aim, under the current war circumstances, to ensure that the funds are used in an efficient, transparent and accountable manner. The policy conditions should aim to strengthen the immediate resilience of Ukraine and its longer-term debt sustainability, thereby reducing risks linked to the repayment of its outstanding and future financial obligations.

The proposal sets out the Commission's reporting requirements to the European Parliament and the Council during the implementation of the exceptional MFA to Ukraine and provides details on the evaluation of the implementation of the exceptional MFA.

Strengthening of the common provisioning fund

To protect the EU budget, the two exceptional MFA loans of an overall amount of up to EUR 6 billion to Ukraine should benefit from a 70% coverage composed by paid-in provisioning of 9% and callable guarantees from Member States of 61%. The required paid-in provisioning (at a rate of 9% of the External Action Guarantee) will be earmarked under Regulation (EU) 2021/947 (Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI-GE)), for a total amount of EUR 540 million.

The overall coverage would thus benefit from a first loss protection with paid-in provisioning of 9% of the EUR 6 billion, followed by complementary guarantees by Member States covering exposures up to EUR 3.66 billion, or 61% of the EUR 6 billion of MFA loans and in line with the applicable legislation, any residual amounts would be covered by the Union budget as a contingent liability.

The proposal provides details of the guarantee agreements that the Commission will conclude with the Member States.

By 30 June each year, the Commission will send to the European Parliament and the Council, as part of its annual report, an assessment of the implementation of MFA in the preceding year, including an evaluation of that implementation.