

Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation 2022/0371(COD)</p>	Procedure completed
<p>Instrument for providing support to Ukraine for 2023 (macro-financial assistance +)</p>	
<p>Subject 6.20.07 Macro-financial assistance to third countries</p>	
<p>Geographical area Ukraine</p>	
<p>Legislative priorities EU support to Ukraine</p>	

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

Key events			
09/11/2022	Legislative proposal published	COM(2022)0597	Summary
15/11/2022	Decision by committee, without report		
21/11/2022	Committee referral announced in Parliament, 1st reading		
23/11/2022	Debate in Parliament		
24/11/2022	Results of vote in Parliament		
24/11/2022	Decision by Parliament, 1st reading	T9-0412/2022	Summary
09/12/2022	Council position published	15727/1/2022	
12/12/2022	Committee referral announced in Parliament, 2nd reading		
13/12/2022	Decision by committee, without report		
14/12/2022	Decision by Parliament, 2nd reading	T9-0439/2022	Summary
14/12/2022	Final act signed		

16/12/2022	Final act published in Official Journal		
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Technical information	
Procedure reference	2022/0371(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Rules of Procedure EP 163; Treaty on the Functioning of the EU TFEU 212
Stage reached in procedure	Procedure completed
Committee dossier	INTA/9/10901

Documentation gateway					
Legislative proposal		COM(2022)0597	09/11/2022	EC	
Text adopted by Parliament, 1st reading/single reading		T9-0412/2022	24/11/2022	EP	Summary
Council position		15727/1/2022	10/12/2022	CSL	
Commission communication on Council's position		COM(2022)0738	12/12/2022	EC	
Text adopted by Parliament, 2nd reading		T9-0439/2022	14/12/2022	EP	Summary
Draft final act		00071/2022/LEX	14/12/2022	CSL	

Final act
Regulation 2022/2463 OJ L 322 16.12.2022, p. 0001 Summary

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

PURPOSE: to establish an Instrument for providing support to Ukraine for 2023 (macro-financial assistance +).

PROPOSED ACT: Regulation 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: in a Team Europe approach, the EU, its Member States and European financial institutions have since the beginning of Russias war of aggression mobilised EUR 19.7 billion for Ukraines economic, social and financial resilience. This combines the support from the Union budget (EUR 12.4 billion), including macro-financial assistance, support from the European Investment Bank and the European Bank for Reconstruction and Development, fully or partially guaranteed by the EU budget, as well as further financial support by Member States (EUR 7.3 billion).

The Unions macro-financial assistance to Ukraine in 2022 has been generous and effective.

Yet, so far assistance has been provided on an ad-hoc basis, covering a few months at a time. It has required significant provisioning from the EU budget and national guarantees. Therefore, a more structural and efficient approach to the Unions support to Ukraine in 2023 should be considered.

The coming months will be decisive to agree on additional support. This short-term support will require a coordinated international effort and close cooperation among international partners. Due to Russias ongoing war, the short-term funding needs of Ukraine for 2023 are expected to be significant. The Ukrainian authorities and the International Monetary Fund (IMF) estimate that there will be a continuous financing gap of between EUR 3 and 4 billion per month in 2023.

CONTENT: the Commission proposes to create an instrument to provide support to Ukraine (macro-financial assistance +) for 2023 which will help alleviate Ukraine's short-term financing needs in 2023, given the current exceptional circumstances.

Support programme

The instrument will provide short-term financial relief in the form of highly concessional loans in a predictable, continuous, orderly and timely

manner, financing immediate needs, rehabilitation of critical infrastructure and initial support towards sustainable post-war reconstruction, with a view to supporting Ukraine on its path towards European integration.

Support under the instrument will require Ukraine to further enhance rule of law, good governance, anti-fraud and anti-corruption measures. Therefore, while taking into account the evolution on the ground, financial support should be framed by policy conditions, increasingly geared towards strengthening Ukraines institutions and preparing the ground for a successful reconstruction effort as well as supporting Ukraines efforts on its European path.

Financing

An overall envelope of up to EUR 18 billion in loans will be provided for a period of 12 months, corresponding to EUR 1.5 billion on average per month. This amount comes on top of the assistance provided via existing instruments.

Additional amounts stemming from specific voluntary contributions from Member States (as external assigned revenue) would be used for the following purposes:

- support to loans interest costs no target volume can be set in advance as these costs will depend on the actual interest on the loans;
- non-repayable support for activities covered by the Memorandum of Understanding of the Instrument or;
- to be channelled to the Neighbourhood, Development and International Cooperation Instrument Global Europe (NDICI) and/or Humanitarian Aid for activities benefitting Ukraine.

Moreover, third countries and parties may make available extra resources as external assigned revenue to contribute to the Memorandum of Understanding of the Instrument or to be channelled to NDICI and/or Humanitarian Aid for activities benefitting Ukraine.

The Commission intends to grant the loans under the Instrument with long maturities (with a maximum duration of 35 years) and with no repayment of principal before 2033. Disbursements can be organised flexibly and swiftly in response to the needs of the Ukrainian authorities in the course of the year 2023.

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

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 Ukraines external and internal financing constraints;
- a reform agenda gearing towards the early preparatory phase of the pre-accession process, as appropriate, including strengthening Ukraines 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 Ukraines 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 Ukraines integration into the single market, as well as strengthening economic development and improving competitiveness;
- the strengthening of Ukraines 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.

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

The European Parliament adopted a legislative resolution approving the Council position at first reading with a view to the adoption of a regulation of the European Parliament and of the Council establishing an instrument for providing support to Ukraine for 2023 (macro-financial assistance +).

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

Objective of the Instrument

The general objective of the Instrument is 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.

Areas of support

To achieve its objectives, the Instrument will 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 will 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.

Additional support under the Instrument for the period from 1 January 2023 to 31 December 2027 will also be available for covering the expenditure concerning interest rate subsidies. This additional support may be available beyond 31 December 2027.

Member States' contributions in the form of guarantees

Member States will be able to contribute by providing guarantees up to a total amount of EUR 18 billion as regards support under the Instrument in the form of loans. The relative share of the Member States' contribution will correspond to the relative share of that Member State in the total GNI of the Union. The Regulation sets out the main features of the guarantee agreements to be concluded between the Commission and the Member States.

The Regulation provides for the possibility for Member States to make available additional resources in the form of external assigned revenue, the implementation of which will be covered by the instrument's Memorandum of Understanding. This possibility of additional contribution will also be granted to third countries and interested third parties in the form of external assigned revenue.

Conditions of support

The availability of support under the Instrument is subject to the precondition that Ukraine continues to respect effective democratic mechanisms and institutions, including parliamentary pluralism, and the rule of law, and that it ensures respect for human rights.

Support should be linked to political conditions set out in a Memorandum of Understanding. These conditions should also include commitments to strengthen the country's economic performance and resilience, improve the business environment, facilitate the reconstruction of critical infrastructure and address challenges in the energy sector.

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

PURPOSE: to provide EUR 18 billion in assistance to Ukraine.

LEGISLATIVE ACT: Regulation (EU) 2022/2463 of the European Parliament and of the Council establishing an instrument for providing support to Ukraine for 2023 (macro-financial assistance +).

CONTENT: Russia's war of aggression against Ukraine since 24 February 2022 has led to a loss of market access for Ukraine and a massive drop in public revenues, while public expenditure to address the humanitarian situation and ensure the continuity of public services has increased significantly. Since the beginning of Russia's war against Ukraine, the EU, its Member States and the European financial institutions have mobilised EUR 19.7 billion to support Ukraine's economic, social and financial resilience.

The European Council of 23 June 2022 decided to grant the status of candidate country to Ukraine. Ongoing strong support to Ukraine is a key priority for the Union. As the damage from Russia's war of aggression to the Ukrainian economy, citizens and businesses is tremendous, ongoing strong support to Ukraine requires an organised collective approach as set out in the instrument for providing Union support to Ukraine (macro-financial assistance +) established by this Regulation.

Objective of the Instrument

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.

The objective of the Instrument is 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.

Areas of support

In order to achieve the overall objective of the instrument, assistance will be provided with a view to fostering macro-financial stability in Ukraine and alleviating Ukraine's external financing constraints.

The provision of rehabilitation support, repair, and maintenance of critical functions and infrastructure as well as relief for people in need and for most affected areas in terms of material and social support, temporary housing, residential and infrastructural construction should also count among the main areas of support under the Instrument.

The Instrument will also support the strengthening of the capacity of Ukrainian authorities to prepare for the future post-war reconstruction and for the early preparatory phase of the pre-accession process, as appropriate, including the strengthening of Ukraine's institutions, reforming and reinforcing the effectiveness of public administration as well as transparency, structural reforms and good governance at all levels.

Available support under the Instrument

The support under the Instrument in the form of loans will 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. Loans provided to Ukraine will be on highly concessional terms with a maximum duration of 35 years and to not start the repayment of the principal before 2033.

Additional support under the Instrument for the period from 1 January 2023 to 31 December 2027 will also be available for covering the expenditure concerning interest rate subsidies. This additional support may be available beyond 31 December 2027.

Member States' contributions in the form of guarantees

Member States will be able to contribute by providing guarantees up to a total amount of EUR 18 billion as regards support under the Instrument in the form of loans. The relative share of the Member States' contribution will correspond to the relative share of that Member State in the total GNI of the Union. The Regulation sets out the main features of the guarantee agreements to be concluded between the Commission and the Member States.

The Regulation provides for the possibility for Member States to make available additional resources in the form of external assigned revenue, the implementation of which will be covered by the instrument's Memorandum of Understanding. This possibility of additional contribution will also be granted to third countries and interested third parties in the form of external assigned revenue.

Conditions of support

The availability of support under the Instrument is subject to the precondition that Ukraine continues to respect effective democratic mechanisms and institutions, including parliamentary pluralism, and the rule of law, and that it ensures respect for human rights.

Support should be linked to political conditions set out in a Memorandum of Understanding. These conditions should also include commitments to strengthen the country's economic performance and resilience, improve the business environment, facilitate the reconstruction of critical infrastructure and address challenges in the energy sector.

ENTRY INTO FORCE: 17.12.2022.