

Macro-financial assistance to Ukraine

2009/0162(COD) - 07/07/2010 - Final act

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.