

# Providing macro-financial assistance to Ukraine

2022/0026(COD) - 16/02/2022 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 598 votes to 55, with 41 abstentions, a legislative resolution on the proposal for a European Parliament and Council decision providing macro-financial assistance to Ukraine.

Parliament adopted its position at first reading under the ordinary legislative procedure by taking over the Commission's proposal.

The Ukrainian economy has been affected by the 2020 recession caused by the COVID-19 pandemic and by the persistent security threats on the country's border with Russia. The continuous build-up of uncertainty has resulted in a recent loss of confidence, negatively affecting the economic outlook, and, since mid-January 2022, in the loss of access to international capital markets.

Under the proposed decision, the EU will make available to Ukraine **macro-financial assistance (MFA) of up to EUR 1.2 billion** with a view to facilitating the stabilisation of its economy and the implementation of a comprehensive reform programme.

The Commission will make available the EU MFA in two equal instalments, each in the form of a loan. The loans will have a maximum average maturity of 15 years.

The provision of EU macro-financial assistance will be subject to the pre-condition that Ukraine respects effective democratic mechanisms, including parliamentary pluralism, and the rule of law, and that it ensures respect for human rights.

The Union's macro-financial assistance will be subject to clearly defined **economic policy and financial conditions** set out in a Memorandum of Understanding to which the Union's macro-financial assistance will be attached.

The specific objectives of EU macro-financial assistance should be to enhance the effectiveness, transparency and accountability of public finance management systems and to promote structural reforms in support of sustainable and inclusive growth, decent employment creation and fiscal consolidation.

The Commission and the European External Action Service will monitor regularly both the fulfilment of the above precondition and the achievement of these objectives. The Commission may temporarily suspend or cancel the disbursement of the Union's macro-financial assistance if the conditions are not met. In such cases, it will inform the European Parliament and the Council of the reasons for the suspension or cancellation.

In order to ensure effective protection of the Union's financial interests, Ukraine will have to take appropriate measures to prevent and combat fraud, corruption and any other irregularities linked to this assistance.