

Establishing the Ukraine Facility

2023/0200(COD) - 17/10/2023 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 512 votes to 45, with 63 abstentions, **amendments** to the proposal for a regulation of the European Parliament and of the Council establishing the Ukraine Facility.

The issue was referred back to the relevant committee for interinstitutional negotiations.

Objectives of the Ukraine Facility

Members considered that the general objectives of the Facility should be to support Ukraine to:

- address the social, economic and environmental and psychological consequences of Russia's war of aggression, thereby contributing to the recovery, reconstruction, restoration and modernisation of the country and to the post-war recovery of Ukrainian society;
- foster democratic, social, economic and environmental and territorial cohesion and resilience and progressive integration into the Union and global economy and markets and upward economic, social and environmental convergence towards EU standards;
- improve access to capital, including through advancing the institutional banking and insurance framework, to strengthen entrepreneurial activity and advanced research and development;
- provide additional support for Ukraine in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required, to progressively align to Union rules, values, standards, policies and practices ('acquis') with a view to future Union membership, thereby contributing to mutual stability, security, peace, prosperity and sustainability.

The Facility should, *inter alia*:

- provide temporary payment support, including for recurring expenses, as part of macro-economic assistance to ensure fiscal stability and the continued functioning of the Ukrainian State;
- strengthen cyber security and defence as well as resilience against disinformation, foreign information manipulation and interference;
- foster the transition to a sustainable, climate neutral inclusive economy;
- support culture and cultural heritage ;
- strengthen the rule of law, democracy, the respect of human rights and fundamental freedoms, including through strengthening democratic institutions, in particular the Verkhovna Rada;
- create the conditions for Ukrainian Internally Displaced Persons and persons under temporary protection to come back home and get reintegration into the social and economic life of the country.

The Commission should guarantee that relevant stakeholders, including the **Verkhovna Rada**, local and regional authorities, social partners and civil society organisations, are duly and fairly consulted and have timely access to relevant information to allow them to meaningfully participate in shaping the design, implementation of activities eligible for funding under this Facility.

Precondition for Union support

A precondition for the support to Ukraine under the Facility should be that Ukraine continues to uphold, develop and **respect effective democratic mechanisms**, including a multi-party parliamentary system at all levels of government, which safeguards the rights and prerogatives of a democratic opposition, appropriate checks and balances, such as media freedom, transparent and institutional budget allocation, mechanisms and institutions ensuring the prevention, detection and punishment of fraud, corruption and conflicts of interests, the rule of law, as well as free and fair elections.

Budget

75 % of the resources should be in the form of non-repayable financial support, of which at least 15% to the recovery, reconstruction and modernisation needs of Ukraine's sub-national authorities such as regions, cities and local communities.

Members proposed that the **assets from the Russian Federation** or other entities or individuals directly connected with Russia's war of aggression be used to reconstruct Ukraine. Parliament strengthened the provisions on the fight against **fraud, corruption, conflicts of interest and irregularities** in the use of EU funds in Ukraine. Members also added that companies under oligarchic influence should not be eligible for funding.

Ukraine Plan

The plan should contain, *inter alia*:

- an explanation of how the plan contributes to effectively addressing all or a significant part of the challenges identified in the Commission's Opinion on Ukraine's application for membership of the European Union;
- an indicative timetable and the concrete qualitative and quantitative measures envisaged to be implemented by 31 December 2027, together with measurable and achievable milestones and targets;
- an explanation of the extent to which the measures in Ukraine's plan contribute to the following objectives: (i) climate, biodiversity and environmental objectives the promotion of the rule of law; (ii) social objectives, including the inclusion of vulnerable groups, such as people with disabilities and the elderly, and ensuring the best interests of children; (iii) gender equality.

The plan, in which Ukraine will detail the reforms and investments to be supported by the EU, should be established with Parliament's involvement (via delegated acts).

Transparency

Ukraine should publish up to date data on persons, entities and final beneficiaries receiving amounts of funding exceeding the equivalent of **EUR 100 000** for the implementation of reforms and investments specified in the Ukraine Plan.

Members also amended the proposal to make the Facility more transparent with the creation of a **web portal** on financial operations granted to Ukraine and its objectives, and on the 'milestones' met by the country in order to receive the aid. They also want contributions received from third countries and international organisations to be made public.