

Establishing the Ukraine Facility

2023/0200(COD) - 27/02/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 536 votes to 40, with 39 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on establishing the Ukraine Facility.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

Ukraine Facility

The proposed Regulation establishes the Ukraine Facility for the period 2024 to 2027 which will provide support to Ukraine under the following three pillars:

- (a) **Pillar I:** financial support provided to Ukraine for the delivery of reforms and investments to implement the Ukraine Plan as well as to maintain the macro-financial stability of the country, as set out in Chapter III;
- (b) **Pillar II:** a specific Ukraine Investment Framework to support investments and provide access to finance as set out in Chapter IV;
- (c) **Pillar III:** technical assistance and related support to Ukraine to design and implement Union accession-related reforms and to foster Ukraine's administrative capacity, borrowing costs subsidies and provisioning, as well as other relevant activities.

Objectives of the Facility

The general objectives of the Facility should be to support Ukraine to:

- (a) **address the social, economic and environmental consequences of Russia's war of aggression**, thereby contributing to the peaceful recovery, reconstruction, restoration and modernisation of the country and to the post-war recovery of Ukrainian society, including by creating the social and economic conditions for internally displaced persons and persons under temporary protection to return;
- (b) **foster social and territorial cohesion, democratic, economic, environmental resilience**, progressive integration into the Union and global economy and markets and upward economic, social and environmental convergence towards Union standards;
- (c) **adopt and implement the political, institutional, legal, administrative, social and economic reforms** required to align to Union values and to progressively align to Union rules, standards, policies and practices ('acquis') with a view to future Union membership, thereby contributing to mutual stability, security, peace, prosperity and sustainability.

Activities under the Facility shall comply, to the extent possible in a war-torn country, with the climate and environmental standards of the Union.

Budget

The resources for the implementation of the Facility should be available through the **Ukraine Reserve** to be mobilised in the framework of the annual budgetary procedure, with the following indicative distribution:

- (a) 31 % in the form of non-repayable financial support pursuant to Chapter III (Ukraine Plan);
- (b) 41 % for expenditure pursuant to Chapter IV (Ukraine Investment Framework);
- (c) 26 % for expenditure pursuant to Chapter V (Union accession assistance and related support measures);
- (d) 2 % for expenditure carried out under technical assistance which may be increased in exceptional circumstances but shall not in any event exceed 2.5 %.

The sum of the resources made available should not exceed **EUR 50 billion – EUR 17 billion in grants and EUR 33 billion in loans**.

Content of the Ukraine Plan

The Ukraine Plan should be prepared by the Government of Ukraine with due involvement of the **Verkhovna Rada** in accordance with the constitutional order of Ukraine and be implemented in consultation with regional, local, urban and other public authorities, as well as with social partners and civil society organisations, in accordance with the multi-level governance principle.

The Ukraine Plan should in particular set out the following elements, which shall be duly reasoned and substantiated:

- structural reforms and measures to promote convergence with the Union, to strengthen the rule of law, democracy and respect of human rights and fundamental freedoms, as well as the application of the conditions referred to in Article 16(2), so that the Ukraine Plan as a whole raises the growth rate of the Ukrainian economy, reduces economic and social inequalities and ensures progress of Ukraine towards the Union's social, economic, and environmental standards;
- an explanation of how the Ukraine Plan contributes to and is consistent with addressing the relevant challenges identified in the context of Ukraine's accession path;
- an explanation of the extent to which the measures under the Ukraine Plan are expected to contribute to:
 - (i) climate and environmental objectives, including biodiversity conservation, in particular those measures related to relevant initiatives and reforms, and how compatibility with the principle of 'do no significant harm' is ensured to the extent possible in a context of war or post-war recovery and reconstruction;
 - (ii) the promotion of the rule of law;
 - (iii) social objectives, including the inclusion of groups in vulnerable situations, and ensuring the best interests of children; and
 - (iv) gender equality and the empowerment of women and girls, and promotion of women and girls' rights;
- a detailed explanation of Ukraine's system and planned measures to effectively prevent, detect and correct irregularities, fraud, all forms of corruption, including high-level corruption, or any other illegal activity affecting the financial interests of the Union.

Ukraine Guarantee

The Ukraine Guarantee of **EUR 7 800 000 000** in current prices should be established to guarantee operations supporting the objectives of the Facility.

Russian accountability

The Regulation foresees the possibility of including further revenue in the future, with a specific mention, thanks to Parliament's efforts, that Russia must be "held fully accountable and pay for the massive damage caused by its war of aggression against Ukraine".

The text underscores the importance of working with international allies towards this goal, based inter alia on the obligation to compensate for the financially assessable damage caused. This includes making progress on how to use immobilised Russian assets to aid Ukraine's recovery and rebuilding efforts.

Transparency

Ukraine should publish up-to-date data on persons and entities, including contractors, receiving amounts of funding exceeding the equivalent of **EUR 100 000** cumulatively over the period of four years for the implementation of reforms and investments specified in the Ukraine Plan.