

# Establishing the Ukraine Facility

2023/0200(COD) - 29/02/2024 - Final act

PURPOSE: to establish the Ukraine Facility.

LEGISLATIVE ACT: Regulation (EU) 2024/792 of the European Parliament and of the Council establishing the Ukraine Facility.

CONTENT: the Regulation establishes the Ukraine Facility the period 2024 to 2027 providing a balance between flexibility and programmability of the Union's response to address Ukraine's financing gap and recovery, reconstruction and modernisation needs, while at the same time supporting Ukraine's reforms effort as part of its accession path to the Union.

The Ukraine Facility will be structured in 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. The government of Ukraine will prepare a 'Ukraine Plan', setting out its intentions for the recovery, reconstruction and modernisation of the country and the reforms it plans to undertake as part of its EU accession process. Financial support in the form of grants and loans to the state of Ukraine would be provided based on the implementation of the Ukraine Plan, which will be underpinned by a set of conditions and a timeline for disbursements.

**(b) Pillar II: a specific Ukraine Investment Framework** to support investments and provide access to finance. The EU will provide support in the form of budgetary guarantees and a blend of grants and loans from public and private institutions. A Ukraine Guarantee would cover the risks of loans, guarantees, capital market instruments and other forms of funding supporting the objectives of the Facility.

**(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 will 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.

Activities under the Facility will comply, to the extent possible in a war-torn country, with the **climate and environmental standards of the Union**. Those activities will mainstream climate change mitigation and adaptation, environmental protection and biodiversity conservation, human rights, democracy, gender equality and non-discrimination, where relevant, disaster risk reduction and energy infrastructure safety, and will support progress towards the United Nations Sustainable Development Goals.

### *Financing aspects*

The total budget of **EUR 50 billion** for the Ukraine Facility will be split between **EUR 33 billion in loans in EUR 17 billion in grants**. Ukraine may request, as part of the Ukraine Plan, a pre-financing payment of an amount of up to 7% of Facility.

At least **20 %** of the overall amount corresponding to support under the Ukraine Investment Framework and to investments under the Ukraine Plan will contribute, to the extent possible in a war-torn country, to climate change mitigation and adaptation, environmental protection, including biodiversity conservation, and to the green transition. To facilitate private investment and the development of small and medium businesses, it is necessary to dedicate at least 15 % of the guarantees provided by the Ukraine Guarantee to micro, small and medium-sized enterprises (SMEs).

The Regulation provides for possible **bridge financing** in order to make sure that funds reach Ukraine as soon as possible.

A precondition for the support to Ukraine under the Facility will be that Ukraine continues 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, including the rights of persons belonging to minorities.

### *Ukraine Plan*

The Regulation ensures that the **Ukrainian Parliament** (the Verkhovna Rada) and civil society organisations in Ukraine are duly informed and consulted on the design and implementation of Ukraine's plan. The plan will set out Ukraine's reform and investment programme, integrated into an economic and fiscal policy framework, with a view to achieving the Facility's general and specific objectives.

### *Ukraine Facility Dialogue*

A Ukraine Facility Dialogue will give the opportunity for the **European Parliament** to invite the Commission to discuss at least every four months the implementation of the Plan.

In order to evaluate the implementation of the plan, the regulation will include a **scoreboard** that will help to easily monitor progress of various qualitative and quantitative steps, including an overview of the social, economic and environmental elements in the Ukraine Plan.

### *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.

ENTRY INTO FORCE: 1.3.2024.