

Establishing the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine

2024/0234(COD) - 28/10/2024 - Final act

PURPOSE: to establish the Ukraine Loan Cooperation Mechanism and provide exceptional macro-financial assistance to Ukraine with a view to supporting it in covering its financing needs as a result of the intensification of Russia's aggression against Ukraine.

LEGISLATIVE ACT: Regulation (EU) 2024/2773 of the European Parliament and of the Council establishing the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine.

CONTENT: the regulation includes an **exceptional macro-financial assistance (MFA) loan** of up to EUR 35 billion and a **loan cooperation mechanism** that will support Ukraine in repaying loans for up to **EUR 45 billion** provided by the EU and G7 partners.

The exceptional MFA will contribute to covering Ukraine's financing gap, thereby supporting macro-financial stability in Ukraine and easing Ukraine's external financial constraints.

The exceptional MFA loan and eligible bilateral loans from G7 partners under the 'Extraordinary Revenue Acceleration (ERA) Loans for Ukraine' initiative will be repaid by future flows of extraordinary profits accruing to central securities depositories in the EU as a result of the implementation of the **immobilisation of Russian sovereign assets**.

The Ukraine loan cooperation mechanism will disburse these funds in the form of financial support to Ukraine, to assist it in servicing and repaying all G7 loans.

The up to EUR 35 billion MFA loan is the EU's contribution to the G7 loan of up to EUR 45 billion. EU borrowing to fund the extraordinary MFA loan to Ukraine will be guaranteed by the EU budget headroom.

The MFA Loan will be available until 31 December 2024. It will be made available by the Commission in one instalment, which may be disbursed in one or more tranches. The disbursement of all such tranches shall take place by 31 December 2025.

The MFA Loan will have a maximum duration of 45 years.

A precondition for granting the MFA Loan will be that Ukraine continue 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. The Commission will agree with Ukraine on policy conditions to which the MFA Loan is to be linked. Those policy conditions will be set out in a memorandum of understanding (MoU).

According to new rules, 95% of the proceeds that have been generated by central securities depositories (CSDs) in the EU as a result of their implementation of the immobilisation of Russian sovereign assets and that have been transferred to the Union will be allocated to the EU budget and will now be used for the Ukraine Loan Cooperation Mechanism (ULCM), which will disburse these funds in the form of financial support to Ukraine, to assist it in servicing and repaying the loans.

ENTRY INTO FORCE: 29.10.2024.