

Basic information

2009/0162(COD)

COD - Ordinary legislative procedure (ex-codecision procedure)
Decision

Procedure completed

Macro-financial assistance to Ukraine

See also [2018/0058\(COD\)](#)

Subject

6.20.07 Macro-financial assistance to third countries
6.40.02 Relations with central and eastern Europe
6.40.15 European neighbourhood policy

Geographical area

Ukraine

Key players

European
Parliament

Committee responsible

INTA

International Trade

Rapporteur

MOREIRA Vital (S&D)

Appointed

10/11/2009

Shadow rapporteur

WINKLER Iuliu (PPE)

KAZAK Metin (ALDE)

ZAHRADIL Jan (ECR)

Committee for opinion

AFET

Foreign Affairs

Rapporteur for opinion

LEGUTKO Ryszard Antoni
(ECR)

Appointed

26/01/2010

BUDG

Budgets

The committee decided not
to give an opinion.

Council of the
European Union

Council configuration

Agriculture and Fisheries

Meetings

3025

Date

2010-06-29

European
Commission

Commission DG

Economic and Financial Affairs

Commissioner

REHN Olli

Key events			
Date	Event	Reference	Summary
29/10/2009	Legislative proposal published	COM(2009)0580 	Summary
24/11/2009	Committee referral announced in Parliament, 1st reading		
02/12/2009	Additional information		Summary
17/03/2010	Vote in committee, 1st reading		Summary
23/03/2010	Committee report tabled for plenary, 1st reading	A7-0058/2010	
18/05/2010	Decision by Parliament, 1st reading	T7-0169/2010	Summary
18/05/2010	Results of vote in Parliament		
29/06/2010	Act adopted by Council after Parliament's 1st reading		
07/07/2010	Final act signed		
07/07/2010	End of procedure in Parliament		
14/07/2010	Final act published in Official Journal		

Technical information	
Procedure reference	2009/0162(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	See also 2018/0058(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 212
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	INTA/7/01481

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE438.155	14/01/2010	
Committee opinion	AFET	PE439.128	22/03/2010	
Committee report tabled for plenary, 1st reading/single reading		A7-0058/2010	23/03/2010	
Text adopted by Parliament, 1st reading/single reading		T7-0169/2010	18/05/2010	Summary
Council of the EU				

Document type	Reference	Date	Summary
Draft final act	00020/2010/LEX	07/07/2010	
European Commission			
Document type	Reference	Date	Summary
Legislative proposal	COM(2009)0580 	29/10/2009	Summary
Document attached to the procedure	SEC(2009)1428 	29/10/2009	
Commission response to text adopted in plenary	SP(2010)3805	24/06/2010	
Follow-up document	SWD(2018)0390	23/07/2018	
Follow-up document	SWD(2018)0391	23/07/2018	

Additional information		
Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act	
Decision 2010/0388 OJ L 179 14.07.2010, p. 0001	Summary

Macro-financial assistance to Ukraine

2009/0162(COD) - 18/05/2010 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 604 votes to 37 with 16 abstentions a resolution setting out its position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure) on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to Ukraine. Following agreement with the Council, it made some amendments:

Conditions of assistance: Parliament stressed that the Commission will manage the assistance not only in a manner consistent with the agreements reached between the IMF and Ukraine but also with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda. The Commission shall regularly inform the European Parliament and the Economic and Financial Committee of the developments in the management of the assistance and provide them with the relevant documents.. There must be a timeframe for the fulfilment of the conditions in the Memorandum of Understanding. Those conditions shall be consistent with the agreements or understandings reached between the IMF and Ukraine and with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda .These principles and objectives aim at strengthening the efficiency, transparency and accountability of the assistance, including in particular public finance management systems in Ukraine. Progress in attaining these objectives will be regularly monitored by the Commission. .

Ex post evaluation: Members add that no later than two years after the expiry of the availability period (2 years after entry into force of the Memorandum of Understanding) the Commission shall submit to the European Parliament and to the Council an ex post evaluation report.

Availability of assistance: the Union financial assistance shall be made available for two years and six months starting from the first day after the entry into force of the Memorandum of Understanding

Parliament added in the recitals that Union macro-financial assistance should not merely supplement programmes and resources from the IMF and the World Bank but should ensure the added value of EU involvement. The Commission should ensure that Union macro-financial assistance is legally and substantially in line with the measures taken within the different areas of external action and other relevant Union policies. Union macro-financial assistance can only contribute to economic stabilisation if the main political forces in Ukraine ensure political stability and establish a broad consensus on a rigorous implementation of the necessary structural reforms.

Macro-financial assistance to Ukraine

2009/0162(COD) - 29/10/2009 - Legislative proposal

PURPOSE: to provide macro-financial assistance of €500 million to Ukraine in the form of a loan.

PROPOSED ACT: Council Decision.

BACKGROUND: since the onset of the global crisis, the economic situation of the country has deteriorated dramatically. In 2008, Ukraine's real GDP growth was just 2.5%, and, in the first quarter of 2009, GDP is estimated to have contracted by around 20% year-on-year. The latest IMF projections for the current year point to a drop of real GDP by as much as 14%.

At the same time, even though the current account balance is projected to achieve a small surplus in 2009, Ukraine has suffered a capital account deficit: a loss of confidence meant capital flight, reversal of capital inflows and a reduction in foreign direct investment. Strong pressures on the capital account produced strong pressures on international reserves that could only be kept at an appropriate level due to the financing provided by the IMF under the Stand-By Arrangement (SBA). The slowdown in economic activity is also resulting in a significant shortfall in fiscal revenue resulting in the widening budget deficit.

The two-year IMF programme is considerably frontloaded. A large part of the loan (USD 1.9 billion) was channelled directly to the budget to help Ukraine meet its external debt obligations. This is why Ukraine has requested macro-financial assistance from the Community, the subject of this proposal for a Decision.

IMPACT ASSESSMENT: macro-financial assistance will have an immediate impact on Ukraine's balance of payments and the State budget and will in this way contribute to the alleviation of financial constraints on the implementation of the authorities' economic programme. Macro-financial assistance will further support the general objectives of the stabilisation programme agreed with the IMF.

CONTENT: the Commission is proposing the Community makes available **macro-financial assistance (MFA) in the form of a loan facility with a maximum principal amount of EUR 500 million** with a view to supporting Ukraine's balance of payments and external budgetary needs. It will also support the authorities' stabilisation programme with a view to ensuring sustainable fiscal and external accounts, and will thus help Ukraine address the consequences of the global financial crisis.

The proposed Community macro-financial assistance will complement support from the IMF foreseen under the SBA agreed by the IMF board in November 2008. It will also complement Community macro-financial assistance to Ukraine of up to EUR 110 million granted by the Council in 2002 which has not yet been implemented (see [Council Decision 2002/639/EC](#)).

Community MFA will be **exceptional and limited in time** (15 years), and will be conditional, in particular, on progress in the implementation of the current IMF programme and on the successful fulfilment of economic policy conditions that will be attached to this assistance. To this end, the Commission shall be empowered to borrow the relevant amount on the capital markets or from financial institutions.

The assistance will be provided in two tranches and will be managed by the Commission which shall agree with the authorities the specific economic policy and financial conditions attached to the payment of the loan instalments. Specific provisions on the prevention of fraud and other irregularities, consistent with the Financial Regulation, will be duly taken into account. As regards specific economic policy conditions attached to the disbursement of the loan instalments, the Commission intends to focus on a limited number of areas including public finance management and social safety net reforms related to energy sector reforms.

FINANCIAL IMPACT: in line with the Guarantee Fund Regulation, the provisioning of the Guarantee Fund is expected to take place in 2012 and to amount to a maximum of EUR 45 million. This corresponds to 9% of the EUR 500 million loan expected to be disbursed in 2010.

Macro-financial assistance to Ukraine

2009/0162(COD) - 07/07/2010 - Final act

PURPOSE: to make available to Ukraine macrofinancial assistance in the form of a loan facility in the sum of EUR 500 million.

LEGISLATIVE ACT: Decision No 388/2010/EU of the European Parliament and of the Council providing macrofinancial assistance to Ukraine

CONTENT: this Decision provides that the Union shall make available to Ukraine macrofinancial assistance in the form of a loan facility with a maximum principal amount of EUR 500 million and a maximum average maturity of 15 years. The assistance is aimed at supporting Ukraine's economic stabilisation and alleviating its balance of payments and budgetary needs, as identified in the current programme of the International Monetary Fund (IMF). The Commission will verify at regular intervals that Ukraine's economic policies are in accordance with the objectives of the EU assistance and that the agreed economic policy conditions are being satisfactorily fulfilled.

The main provisions are as follows:

IMF agreements: the release of the Union macrofinancial assistance shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Ukraine and with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda. The Commission shall regularly inform the European Parliament and the Economic and Financial Committee of developments in the management of the assistance and provide them with relevant documents.

Memorandum of Understanding: the Commission is empowered to agree with the Ukrainian authorities on the economic policy conditions attached to the Union macrofinancial assistance, to be laid down in a Memorandum of Understanding which shall include a timeframe for their fulfilment. The conditions shall be consistent with the agreements or understandings reached between the IMF and Ukraine and with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda. These principles and objectives aim at strengthening the efficiency, transparency and accountability of the assistance, including public finance management systems in Ukraine. Progress in attaining these objectives shall be regularly monitored by the Commission. The detailed financial terms of the assistance shall be laid down in a Loan Agreement to be agreed between the Commission and the Ukrainian authorities.

Verification: the Commission shall verify at regular intervals that Ukraine's economic policies are in accordance with the objectives of the Union macrofinancial assistance and that the agreed economic policy conditions are being satisfactorily fulfilled. In doing so, the Commission shall coordinate closely with the IMF and the World Bank, and, when required, with the Economic and Financial Committee.

Availability period: the Union macrofinancial assistance shall be made available for two years and six months starting from the first day after the entry into force of the Memorandum of Understanding.

Loan instalments: the Union macrofinancial assistance to Ukraine shall be made available by the Commission in two loan instalments. The size of each instalment shall be laid down in the Memorandum of Understanding.

Fight against fraud: the Memorandum of Understanding and the Loan Agreement shall provide for specific measures to be implemented by Ukraine in relation to the prevention of, and the fight against, fraud, corruption and other irregularities affecting the assistance.

Report: the Commission shall submit to the European Parliament and to the Council:

- by 31 August of each year, a report on the implementation of this Decision in the preceding year, including an evaluation thereof. The report shall indicate the connection between the policy conditions as laid down in the Memorandum of Understanding, Ukraine's on-going economic and fiscal performance and the Commission's decisions to release the instalments of the assistance;
- no later than two years after the expiry of the availability period (see above), an ex post evaluation report.

ENTRY INTO FORCE: 14/07/2010.