

## Macro-financial assistance for Ukraine in 2023

On 9 November 2022, the European Commission presented an €18 billion Ukraine support package for 2023, in the form of highly concessional loans backed by the EU budget. Three acts must be passed for disbursement to begin in early January. If plenary approves use of the urgent procedure (Rule 163), the three proposals will be voted directly during the November II session.

### Commission proposal

Since Russia's war began, the EU, its Member States and its financial institutions have [mobilised](#) over €19 billion to [support Ukraine](#), in macro-financial assistance, budget support, emergency and humanitarian assistance, crisis response and in-kind assistance under the EU civil protection mechanism. Military assistance worth a further €3.1 billion has been provided through the [European Peace Facility](#), outside the EU budget. On 9 November 2022, the Commission presented a Ukraine support [package](#) for 2023 of up to €18 billion, in the form of highly concessional loans, through a new [macro-financial assistance instrument](#) (MFA+). The support will be disbursed monthly and cover Ukraine's financial needs for 2023, with possible disbursement until 31 March 2024. It contains three legislative acts: a [proposal](#) for a regulation establishing an instrument for providing support to Ukraine for 2023 (MFA+); a [proposal](#) to amend the Financial Regulation; and a [proposal](#) to amend the 2021-2027 Multiannual Financial Framework (MFF) Regulation.

The EU's assistance will help Ukraine cover short-term funding needs, and will support essential state functions and public services, maintain macro-financial stability and rehabilitate critical infrastructure destroyed by Russia's attacks. It would be paid in instalments of an average of €1.5 billion per month throughout 2023, covering a substantial part of the needs (estimated by the International Monetary Fund and Ukrainian authorities at around €3 to €4 billion monthly). The support will be conditional on progress on reform, in areas such as judicial independence, anti-corruption measures and the rule of law. Repayment will start only after 2033, over a maximum of 35 years. Member States will cover the interest costs of the loans, by means of external assigned revenue to the EU budget. Other donors, such as third countries, will be able to provide additional voluntary contributions in the form of grants, through the same instrument.

The proposed mechanism will use 'headroom' under the [2021-2027 MFF](#) – the difference between own resources and the payments ceiling – as a guarantee for the loans. Acting on behalf of the Union, the Commission will be empowered to borrow the necessary funds on the capital markets or from financial institutions, applying a diversified funding strategy that allows use of a mix of different funding instruments and techniques. The [amendment to the Financial Regulation](#) aims to establish the diversified funding strategy as a general borrowing strategy, securing loans for Ukraine on the most advantageous terms.

### Committees responsible

The Committees on Budgets (BUDG) and on International Trade (INTA) are responsible for the files. Commissioner Johannes Hahn [presented](#) the support package to BUDG on 17 November 2022. During the debate, Members were in favour of providing Ukraine with the necessary funding, but insisted on the need for Parliament to be more closely involved in future implementation and scrutiny of the instrument.

### Urgent procedure

The two committees have requested application of the urgent procedure ([Rule 163](#)). If plenary agrees, the proposals will be submitted directly to a plenary vote during the November II plenary session.

Committees responsible: BUDG, [2022/0370\(COD\)](#) ordinary legislative procedure and [2022/0369\(APP\)](#) consent procedure; INTA, [2022/0371\(COD\)](#) ordinary legislative procedure .

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Author: Marianna Pari, Members' Research Service  
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[eprs@ep.europa.eu](mailto:eprs@ep.europa.eu) (contact) <http://www.eprs.ep.parl.union.eu> (intranet) <http://www.europarl.europa.eu/thinktank> (internet) <http://epthinktank.eu> (blog)