

## Further macro-financial assistance to Ukraine

The European Parliament is expected to vote in June 2018 on the Commission's proposal for further macro-financial assistance (MFA) to Ukraine. Future disbursements of MFA will depend on the country's progress in the fight against corruption, among other preconditions.

### Background

The EU's MFA is an emergency instrument aimed at easing financial difficulties in third countries. Ukraine is a priority country under the EU's Eastern Partnership. An Association Agreement between the EU and Ukraine, including a Deep and Comprehensive Free Trade Area, entered into force on 1 September 2017.

### European Commission proposal

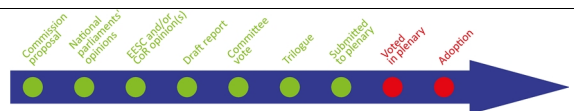
In March 2018, following a request from Kyiv, against the backdrop of Ukraine's continued economic vulnerability, the European Commission [proposed](#) a new macro-financial assistance (MFA) programme to Ukraine, amounting to up to €1 billion. It is the fourth time that the Commission has proposed an MFA operation for Ukraine since the Euromaidan revolution in 2013-2014 and Russia's illegal annexation of Crimea in March 2014: the EU pledged €1.6 billion of MFA in 2014 and €1.8 billion in 2015, of which Ukraine received €2.81 billion. In January 2018, the EU cancelled the third and final tranche of €600 million, because Kyiv failed to meet certain conditions, including [implementing](#) all the measures required to fight corruption. The proposed further €1 billion – to be provided in the form of medium- to long-term loans in two tranches – should cover Ukraine's financing needs in 2018-2019. The aim is to provide incentives to step up Ukraine's reform efforts, as well as to boost economic stabilisation and a programme of structural reforms, complementing resources provided by the International Monetary Fund (IMF) and the World Bank. The Commission and the European External Action Service will monitor the fulfilment of the conditions.

### European Parliament position

European Parliament's Committee on International Trade (INTA) adopted its [report](#) on the proposal on 17 May 2018. Given the concerns regarding the pace of reforms and the fight against corruption in Ukraine, it insisted that the Parliament, the Council and the Commission issue a joint statement on certain preconditions, against the backdrop of the unfulfilled conditions and the cancellation of the third instalment of the previous programme. According to the agreed [statement](#), further MFA will be conditional on progress in the fight against corruption, as well as progress of the IMF programme. A Memorandum of Understanding (MoU), to be agreed between the EU and Ukraine, will include obligations to strengthen governance, administrative capacities and the institutional set-up to fight against corruption in Ukraine, including a verification system for asset declarations. The MoU also includes a well-functioning specialised anti-corruption court in line with the 2017 [recommendations](#) of the Venice Commission of the Council of Europe (European commission for democracy through law). If Ukraine does not meet the conditions, the Commission shall temporarily suspend or cancel the disbursement of the MFA.

The text [agreed](#) between Parliament and Council negotiators has been endorsed for the latter by the Permanent Representatives Committee, and in the EP by the INTA committee. It now needs to be formally approved by the Parliament as a whole (scheduled for the June plenary session) and by the Council.

First reading report: [2018/0058\(COD\)](#); Committee responsible: INTA; Rapporteur: Jarosław Wałęsa (EPP, Poland).



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