

Establishing the Ukraine Facility

The Ukraine Facility will support Ukraine, its recovery and its path to EU accession, with up to €50 billion in grants and loans provided in the years 2024 to 2027. On 6 February 2024, the European Parliament and the Council came to a political agreement on the establishment of the Ukraine Facility, following up on the agreement in the European Council on the revision of the EU's multiannual financial framework (MFF). The MFF should finance the grants and guarantee the loans of the Facility. Additional financing is expected to come from frozen Russian assets. The European Parliament managed to secure an enhanced role for the European and Ukrainian Parliaments as well as Ukrainian civil society in scrutinising the use of the Facility.

Background

EU support is [vital](#) for Ukraine, with Russia's full-scale war of aggression having led to a significant economic downturn in the country. Until such time as Ukraine has won the war and restored its territorial integrity, it will need international support to balance its budget. Furthermore, the country needs assistance for its recovery and reconstruction, as well as for capacity-building measures to prepare it for EU accession. The EU and its Member States – together, as 'Team Europe' – have so far committed approximately [€88 billion](#) in support for Ukraine and its people.

European Commission proposal

The [Ukraine Facility](#) should provide stable, predictable and sustainable financial support to the country from 2024 to 2027. It will: provide Ukraine with direct financial support in the form of grants and loans ('Pillar I'); mobilise private investment in Ukraine by providing guarantees and blended finance ('Pillar II'); and develop financial assistance and capacity-building programmes for Ukraine's central, regional and municipal tiers of government and civil society, to help them achieve the EU *acquis* and standards ('Pillar III').

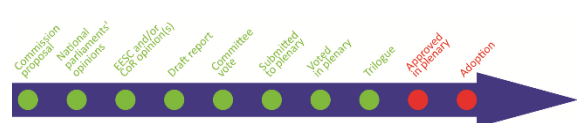
European Parliament position

Parliament adopted a [resolution](#) in plenary on 17 October 2023 that fully and unequivocally supported the Ukraine Facility. The [agreement](#) between Parliament and the Council confirmed the overall amount for the Facility of up to €50 billion for 2024 to 2027 (in current prices). The loans (€33 billion) will be guaranteed by, and the grants (€17 billion) financed through, the [MFF](#). The Facility includes the option of 'bridge financing' to provide swift support to Ukraine before the final adoption of the 'Ukraine Plan'. The Facility allows the possibility to use frozen Russian assets to finance grants, with a specific mention in the recitals (thanks to Parliament's efforts), that Russia must be 'held fully accountable and pay for the massive damage caused by its war of aggression against Ukraine'.

In negotiations with the Council, Parliament managed to secure enhanced democratic scrutiny of the Facility by strengthening the role of the European Parliament as well as of the Verkhovna Rada, Ukraine's parliament, and Ukrainian civil society.

At least 20 % of the grants will be allocated to the recovery, reconstruction, and modernisation of regions and municipalities. Furthermore, 20 % of the Facility's investments will contribute to greening, and 15 % of investment guarantees will be directed towards SMEs.

First-reading report: [2023/0200\(COD\)](#); Committees responsible: AFET and BUDG; Rapporteurs: Michael Gahler (EPP, Germany) and Eider Gardiazabal Rubial (S&D, Spain). For further information, see our 'EU Legislation in progress' [briefing](#).



EPRS | European Parliamentary Research Service

Author: Tim Peters, Members' Research Service
PE 759.582 – February 2024

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2024

epres@ep.europa.eu (contact) <http://www.eprs.ep.parl.union.eu> (intranet) <http://www.europarl.europa.eu/thinktank> (internet) <http://eptthinktank.eu> (blog)

