IN-DEPTH ANALYSIS

European Parliament

EGOV
ECONOMIC GOVERNANCE AND EMU SCRUTINY UNIT

INTERNATIONAL ECONOMIC DEVELOPMENTS

Multilateral financial assistance to Ukraine - January 2024

This paper provides a snapshot of financial assistance provided to Ukraine since the start of the Russian invasion in February 2022 by a selection of multilateral institutions: the European Union and its bodies (European Investment Bank), international financial institutions (International Monetary Fund, World Bank Group, and European Bank for Reconstruction and Development) and groups of bilateral creditors ("The Group of Creditors of Ukraine"). The paper is occasionally updated and aims to increase understanding and support scrutiny of international financial assistance to Ukraine. The Annex provides information on the conditions attached to EU and IMF loans.

1. INTRODUCTION

Russia's ongoing invasion of Ukraine continues to cause devastating effects on the Ukrainian economy. As of December 2023, around 6.3 million refugees from Ukraine were recorded globally. In 2022, Ukraine's gross domestic product (GDP) fell by 29.1%, while unemployment jumped to 24.5%. The annual consumer price index (CPI) inflation rate was 20.2% in 2022. Since July 2023, Russia exited the Black Sea Grain Initiative and has stepped up attacks on Ukraine's port infrastructure.

Reconstruction and recovery cost estimates are conducted in an effort to express the scale of damage caused by the war. In a joint estimate published in March 2023 and covering the one-year period since the start of the invasion, the Ukrainian government, the World Bank Group, the European Commission, and the United Nations have put the current cost of reconstruction and recovery in Ukraine at USD 411 billion (EUR 383 billion). These estimates are, however, bound to be revised upwards as the war continues. For instance, the damage from the destruction of the Kakhovka Dam that took place on 6 June 2023 is significant, estimated by the Government of Ukraine and the United Nations to amount to USD 14 billion. Focusing on physical damage to infrastructure since the start of the war, the Kiev School of Economics estimates total damage at USD 151.2 billion as of end-August 2023, of which USD 55.9 billion relates to residential housing.

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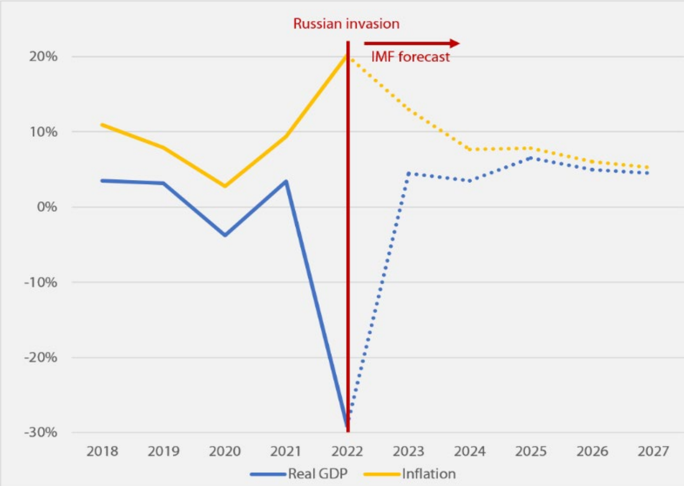
Figure 1: Ukraine, headline inflation and GDP, in %



Source: Own elaboration based on IMF.

Despite the full-scale war that is approaching the end of its second year, Ukraine's economy is showing remarkable resilience and is recovering faster than expected. Following its latest review in November, the International Monetary Fund (IMF) has revised up Ukraine's real GDP forecast for 2023, to 4.5% (from 1-3% in June). However, growth is expected to slow down to 3-4% in 2024, as the war continues and downside risks remain "exceptionally high". In 2023, inflation continued on a downward trend, with the annualised monthly inflation rate for November at 5.1%, after peaking at above 26% in the months between October 2022 and January 2023. The key policy rate of the National Bank of Ukraine (NBU) was increased to 25% in June 2022 and has remained at that level until July 2023 when the NBU started cutting interest rates, arriving to 15% with the latest cut in December 2023. The IMF stresses high uncertainty and downside risks associated with the continuation of the Russian aggression, potential policy slippages and delays or shortfalls in external financing.

At the start of the war, the NBU reacted swiftly and decisively by: i) introducing capital controls, and ii) implementing a fixed exchange rate regime at 29.25 Ukrainian hryvnia/US dollar (UAH/USD). Over time, due to foreign exchange demand, pressure has built up on the NBU to devalue the hryvnia, as the gap between the official and shadow exchange rate grew increasingly wide. The NBU eventually decided to devalue on 21 July 2022 by 25% (to 36.57 UAH/USD). The NBU sold foreign currency in markets to maintain the fixed exchange rate. As a result, the gross international reserves of the NBU fell to USD 22.4 billion by July 2022 (from USD 30.9 billion in January 2022). Since then, international reserves have recovered and even reached a historical peak at USD 41.7 billion in July 2023, driven by international financial assistance. International reserves currently cover 5.2 months of imports.

In October 2023, the NBU decided to abandon the exchange rate peg and successfully transitioned to a managed floating exchange rate regime. The NBU engaged in increased foreign exchange interventions in the first days of the transition. Afterwards, the level of interventions stabilised and the UAH/USD remained within a narrow band of -1.5% to +0.5% throughout this period.[1]

Despite significant efforts to mobilise revenue from domestic sources, Ukraine will continue to be dependent on external financial support. IMF staff baseline estimates from November 2023 suggest that Ukraine's external financing gap in 2024 would amount to USD 41.8 billion, and USD 85.2 billion for the period 2024-2027. In a downside scenario, this amount could climb to USD 103.9 billion. The largest share of financing would need to come from official creditors such as the European Union (EU) and the United States (US).

[1] As of 11 December 2023. Own calculation based on NBU, Official hrivnya exchange rates, USD.

Table 1: Estimated external financing gap, 2024-2027, USD billion

	2024	2025	2026	2027
Baseline scenario	**41.8**	**23.9**	**14.7**	**4.8**
IMF financing	5.4	1.8	2.6	1.3
Other official financing	31.9	18.9	8.5	0
Debt relief	4.6	3.2	3.6	3.5
Downside scenario	**48.3**	**29.7**	**19.5**	**6.4**
IMF financing	5.4	1.8	2.6	1.3
Other official financing	38.4	24.6	13.3	1.6
Debt relief	4.6	3.2	3.6	3.5

Source: IMF, p. 36-38. Note: May not add up due to rounding.

The amount of external aid has, however, been faltering in recent months, with critical aid packages pending adoption in the EU and the US. According to the Kiel Institute for the World Economy, in the period between August and October 2023, external aid commitments (military and financial) have fallen to the lowest level since the start of the Russian invasion, down by 90% compared to the same period last year. However, not only is the amount of aid decreasing, but also the number of donors, with only 20 active donors committing new packages in the last 3 months - the lowest number since the start of the war. In the US, the Biden Administration submitted in October to Congress a supplemental funding request to provide military and financial assistance to Ukraine (and other countries). The package, introduced in the Senate Appropriations Committee in December as an amendment to the National Security and Border Act, 2024 that includes the National Security Supplemental Appropriations Act, 2024 (Division A), is still blocked in the US Senate. In the EU, discussions on the legislative proposal to establish the Ukraine Facility with a budget of up to EUR 50 billion have not yet been concluded (see section 2).

The IMF and others have warned about the effects of possible delays or shortfalls in the provision of external financing to Ukraine. According to the State Budget of Ukraine for 2024 passed by the Verkhovna Rada and signed off by the President in November 2023, external financial support of almost USD 40 billion will be needed in 2024 to cover the large budget deficit. Shortfalls in external financial assistance might compel Ukrainian authorities to restart monetary financing or use the liquidity reserves of the banking system (of about USD 20 billion), at the detriment of macro-financial stability.[2] IMF officials, including the Managing Director, Kristalina Georgieva, have warned about the undesirable economic effects of the failure to provide the required level of financial assistance to Ukraine.[3]

[2] See Monin, D. (2023). "Ukraine's Budget for 2024", Wilson Center blog post, December 12.
[3] See Official Monetary and Financial Institutions Forum (OMFIF). (2023). "The IMF's role in Ukraine's economy and financing", podcast, 12 December and Financial Times. (2023). "Ukraine's economic recovery depends on extra allied aid, warns IMF chief", December 17.

2. EUROPEAN UNION

Macro-financial assistance

- Since 2014 and until the Russian invasion, the EU disbursed EUR 5 billion to Ukraine, making it the largest recipient of MFA financing.
- The MFA+ instrument, with EUR 18 billion disbursed in 2023, provided loans on highly-favourable terms (35-year maturity, 10-year grace period, possibility to subsidise interest and administrative charges from the EU budget).
- The Ukraine Facility proposal foresees up to EUR 50 billion for 2024-2027, and includes three pillars: i) grants and loans, ii) Ukraine Investment Framework, iii) technical assistance.

Between 2014 and February 2022, five macro-financial assistance (MFA) packages were adopted by the EU, with a total disbursed amount of EUR 5 billion. Two MFA loan decisions were implemented in 2014 and 2015: i) MFA I, based on previous decisions from 2002 and 2010, not yet disbursed until then, of EUR 610 million, and ii) MFA II, decided through an emergency procedure by Council in April 2014, of EUR 1 billion. Soon after, with the intensified military conflict in East Ukraine and the deterioration of economic and financial stability, Ukraine had to again turn to international creditors for assistance.

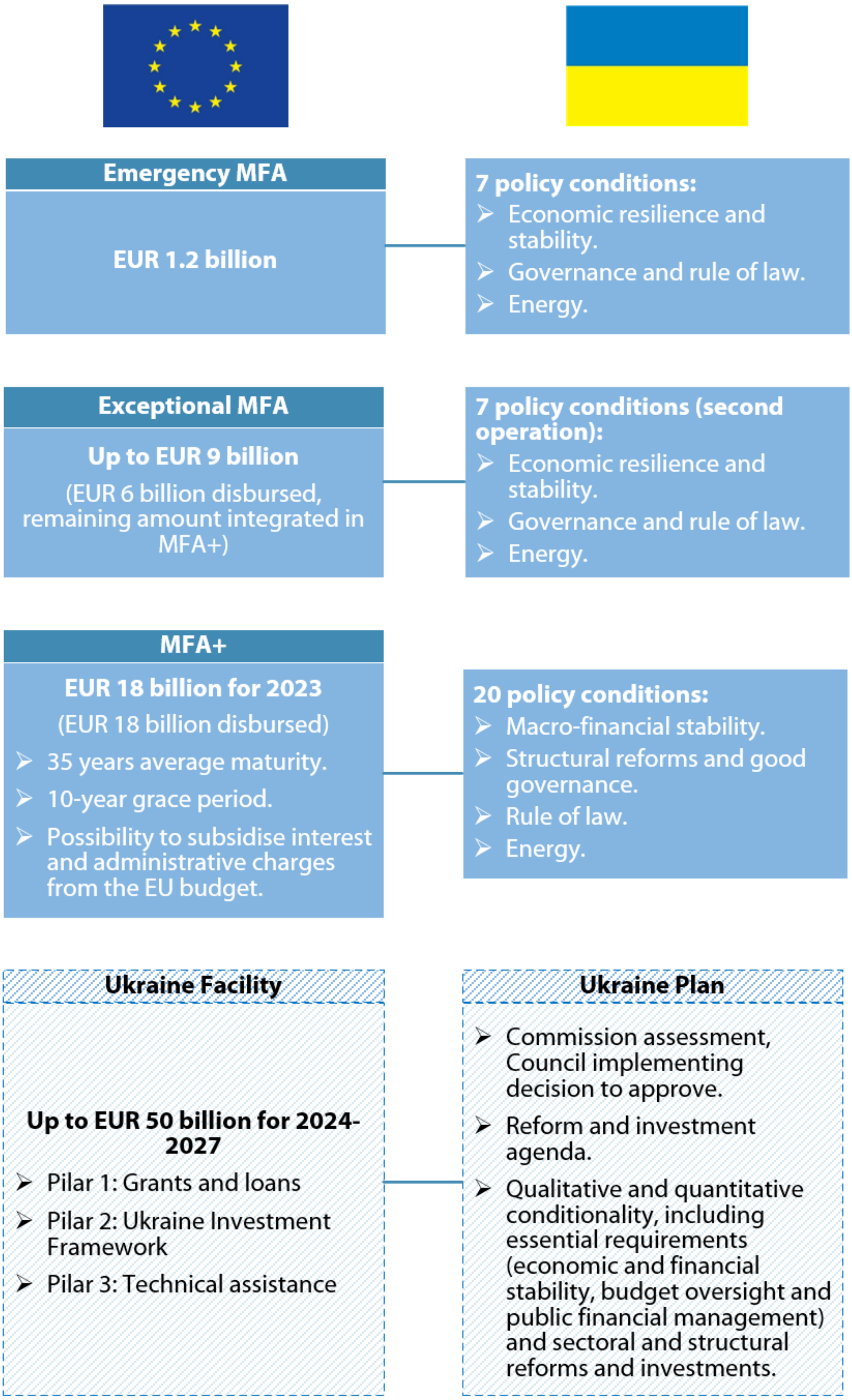
MFA III was adopted in April 2015 for an amount of up to EUR 1.8 billion. Disbursements were supposed to be done in three equal tranches of EUR 600 million. The first was disbursed in July 2015, and the second nearly two years after, in April 2017. The last tranche was subsequently cancelled in January 2018 due to insufficient progress in fulfilling conditionality.[4] In December 2017, at the EU-Ukraine Association Council, the EU *"reaffirmed its support for Ukraine's substantial reform efforts, including financial assistance linked to concrete reform progress"*. Subsequently, MFA IV was adopted in July 2018, with the available amount of EUR 1 billion, disbursed in two tranches of EUR 500 million in November 2018 and May 2020.

The last MFA package (V) before the Russian invasion was adopted in May 2020, as part of a package designed to provide financial support to ten enlargement and neighbourhood countries as they had to deal with the fallout from the COVID-19 pandemic. Ukraine received EUR 1.2 billion in two tranches.

Since the start of the Russian invasion, the EU has provided substantial financial assistance through the MFA instrument. EUR 25.2 billion was committed through several MFA packages adopted in the course of 2022, covering the period until end-2023. Until now, EUR 23.7 billion have been disbursed. The next sections provide details on these MFA operations. In June 2023, the Commission proposed to establish a Ukraine Facility as a framework to provide financial support (grants, loans and guarantees) for the period 2024-2027. This proposal is described in a separate section below.

[4] Ukraine fulfilled 17 out of 21 policy conditions agreed in the MoU.

Figure 2: EU Macro-Financial Assistance since February 2022 and the proposed Ukraine Facility



Source: Own elaboration.

I. Emergency MFA

At the start of the Russian invasion, the EU provided EUR 1.2 billion to Ukraine as part of the emergency MFA adopted by the European Parliament and the Council on 24 February 2022. The related Memorandum of Understanding (MoU) between the EU and Ukraine was signed in March 2022, containing seven policy conditions in three key areas: i) economic resilience and stability, ii) governance and rule of law, and iii) energy (see Table 5 in Annex). Two tranches were disbursed, of EUR 600 million each, in March and May 2022.

II. Exceptional MFA package

The subsequent exceptional MFA package of up to EUR 9 billion was endorsed by the European Council on 23-24 June 2022. Under this package, two MFA operations were approved by the European Parliament and the Council, EUR 1 billion in July 2022 and EUR 5 billion in September 2022. In July 2022, a MoU was signed between the EU and Ukraine on the first MFA operation. This allowed for a full disbursement of EUR 1 billion in two tranches, in August 2022. In October 2022, the second MoU was signed, related to the second operation, again containing seven policy conditions in the following areas: i) economic resilience and stability, ii) governance and rule of law, and iii) energy (see Table 5 in Annex). Three tranches were subsequently disbursed: EUR 2 billion in October, EUR 2.5 billion in November, and EUR 500 million in December. The provision of the remaining part of the exceptional MFA, amounting to EUR 3 billion, was integrated into the MFA+ adopted in December 2022.

III. MFA+

Looking to provide financial support to Ukraine in a more stable and structured manner, the MFA+ Regulation was adopted by the European Parliament and the Council in December 2022. For this purpose, the Commission borrows funds on capital markets[5], backed by guarantees from the EU budget using the available headroom, i.e. the difference between the own resources ceiling and ceilings of the multiannual financial framework (MFF)[6]. The Regulation foresees the possibility of further supporting the activities defined in the MoU through additional voluntary grants from Member States and possible contributions from third countries and parties. The MFA+ instrument is unprecedented in many respects, also in the way that it departs from the previous approach of providing financial assistance only if there is a disbursing IMF programme in place.

Loans provided under the MFA+ instrument are highly-concessional, with long maturities (up to 35 years), and no repayment of principal before 2033. Furthermore, upon request by Ukraine, interest rate and administrative costs under the loan may be subsidised by the EU budget through contributions from Member States in the form of "external assigned revenue" until the end of the current MFF period (2027).

Following the adoption of the Regulation, the EU and Ukraine signed an MoU and a Loan Facility Agreement. In January 2023, the first tranche of EUR 3 billion was disbursed to Ukraine. Further disbursements were conditional on showing satisfactory progress towards implementing a set of 20 policy conditions focused on four key policy areas: i) macro-financial stability, ii) structural reforms and good governance, iii) rule of law, and iv) energy (see Table 5 in Annex). With a final tranche in December 2023, the full amount of EUR 18 billion available under MFA+ has been disbursed to Ukraine.

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5 For MFA-related borrowing, as is the case for other common borrowing programmes such as NextGenerationEU and SURE, the Commission is applying the "unified funding approach". Under this approach, the Commission issues single-branded "EU-Bonds", in contrast to having bonds denominated individually for each programme. The Commission gathers proceeds from bond issuances centrally and then internally allocates funds to the respective programmes.

6 This was made possible by an amendment of Regulation (EU, Euratom) 2020/2093, see Council Regulation (EU, Euratom) 2022/2496.

Ukraine Facility proposal

In June 2023, the European Commission proposed a Regulation to establish a Ukraine Facility. The proposal is now being considered by the co-legislators. The total support under the Facility would amount to up to EUR 50 billion in grants (indicatively EUR 17 billion) and loans (EUR 33 billion) from 2024 to 2027. The proposed Facility is composed of three pillars: i) support through grants and loans, ii) Ukraine Investment Framework, and iii) technical assistance.

Grants would be financed through a new Ukraine Reserve instrument proposed as part of the MFF review[7]. The Ukraine Reserve would also provide an EU budget guarantee for the support in the form of loans. Mobilisation of the Ukraine Reserve, over and above MFF ceilings, would take place as part of the annual budgetary procedure. According to the proposed MFF review, the annual amount of the Ukraine Reserve should not be below EUR 2.5 billion and shall neither exceed EUR 16.7 billion annually nor EUR 50 billion for the whole period until 2027.

Loans under the Ukraine Facility would be provided according to terms similar to the MFA+ instrument. Maximum maturity would be 35 years with no repayment of principal before 2034. Ukraine could ask for an interest rate subsidy and waiver of administrative costs on an annual basis, to be covered by the EU budget (under Pillar III of the proposed Regulation). The Regulation does not set the annual amounts of loans to be provided to Ukraine, but includes an indicative estimate of EUR 8.25 billion per year.

The mix between grants and loans will be an important issue[8]. Section 3 includes a short discussion on Ukraine's debt sustainability. Regardless of how concessional the loans may be, they still need to be repaid and they increase the debtor country's debt level. In addition, the 10-year grace period for the repayment of principal that was necessary might, however, simply postpone debt servicing issues into the future instead of solving them, especially in a scenario where economic growth does not pick up and momentum among donors to provide large external financial assistance abates over time. In addition, in the early 2030s, large debt repayments to the IMF will be due, of about EUR 2.5-3 billion per year (see Figure 3 in section 3). This context would suggest that considerations related to Ukraine's medium-/long-term debt sustainability should be taken into account in the annual budgetary procedure in which the relative shares of grants vs loans will be decided.

The second pillar - the Ukraine Investment Framework - would aim to support Ukraine by providing budgetary guarantees, financial instruments or blending operations in order to mobilise public and private investments. The proposed Regulation would establish the Ukraine Guarantee of EUR 8.9 billion to cover the risks related to the activities financed through the Framework. There would be a possibility for Member States, third countries and third parties to make additional contributions to the Ukraine Guarantee. An operational board composed of representative of the Commission (chair), EU Member States and Ukraine would be set up to provide advice to the Commission on the implementation of the Framework. The Framework would be implemented in indirect management, through international financial institutions.

The proposed regulation requires Ukraine to prepare and submit to the Commission a "Ukraine Plan". The Plan would act as a guiding framework for the implementation of the Facility. For Pillar I, it would be a basis for disbursements of grants and loans. For Pillars II and III, it would guide the support that is provided. The Ukraine Plan plays a central role in the Facility and might act a catalyst for other countries, institutions and third parties to opt in and make additional contributions to the Facility. Following the submission of the

7 Proposal for a Council Regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027, COM(2023) 337 final.

8 For a discussion on the different financing methods, see Haase, D. and Schwarcz, A. (2023). "Ukraine: Financing of reconstruction and the role of the EU budget", European Parliament, Directorate-General for Internal Policies, June.

Plan by Ukraine, the Commission would assess the Plan and make a proposal for a Council implementing decision. At the moment of the submission of the Plan, Ukraine may request a pre-financing of 7%.

Support under Pillar I would be paid out following a quarterly request for payment by Ukraine, subject to a positive assessment of the Commission that relevant conditions have been fulfilled. The Ukraine Plan would include specific qualitative and quantitative conditions related to: i) essential requirements (economic and financial stability, budget oversight and public financial management), and ii) sectoral and structural reforms and investments. Support under the Facility is also subject to a pre-condition: *"that Ukraine continues 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 would continuously monitor the fulfilment of the pre-condition, with the possibility of suspending payments if it is not met.

The Commission could withhold disbursements if satisfactory progress is not made on fulfilling the conditions. The amounts withheld could be disbursed in subsequent payment requests within 12 months if Ukraine shows that is have taken the necessary measures. There are provisions that provide flexibility to take into account exceptional circumstances caused by the war. If the war causes conditions deteriorate to the extent that Ukraine is unable to fulfil the conditions, the Commission could provide exceptional financing to ensure macro-financial stability and support the achievement of the objectives. Furthermore, the proposed Regulation includes an "escape clause" (Article 20) according to which Ukraine could propose an amendment to the Ukraine Plan if the Plan, including its conditions, is *"no longer achievable by Ukraine, either partially or totally, because of objective circumstances."*

The legislative procedure to adopt the Regulation that would establish the Ukraine Facility is still ongoing. The European Parliament adopted its negotiating position already in mid-October. During its meeting on 14-15 December 2023, following a recommendation from the European Commission, the European Council decided to open accession negotiations with Ukraine. However, there was no decision on the Ukraine Facility proposal. The President of the European Council, Charles Michel, stated that the Facility "is firmly supported by 26 Heads of State or Governments" and that the European Council will "revert early next year". In January 2024, the Council adopted a partial negotiating mandate (excluding the overall size of the instrument and the share of grants/loans). This allows for the start of the negotiations between the European Parliament and the Council.

European Investment Bank

- In March 2022, the EIB established the Ukraine Solidarity Urgent Response for 2022-2023, with a EUR 2.3 billion commitment based on repurposing of existing loans.
- In June 2023, the EIB announced the EU for Ukraine Initiative, a temporary scheme in which EU Member States, the Commission and other parties can contribute to. The Initiative also includes technical assistance.
- The EU for Ukraine Fund attracted financial pledges by 20 Member States, with expected contributions currently reaching EUR 415 million.

The European Investment Bank (EIB) has been supporting Ukraine for more than 15 years with a loan portfolio of more than EUR 7 billion, mainly by providing long-term financing on concessional terms to the sovereign for essential infrastructure and support to the real economy. This usually comes with support in project preparation and implementation. The project approach of the EIB is complementary to "budget support" by the European Commission and other donors. It includes detailed project preparation, transparent procurement procedures, and close monitoring and verification. This minimises the risk of misuse of funds and ensures optimal project implementation. Loans to public sector infrastructure account for the majority of the portfolio. Key lending sectors are transport, energy, and municipal infrastructure and education.

Reacting to the Russian invasion of Ukraine, the EIB contributed strongly to the EU response to financially assist Ukraine during 2022. The Bank committed relief support by repurposing existing loan operations for a total amount of EUR 2.3 billion, of which EUR 1.7 billion were disbursed in 2022 (EUR 668 million shortly after the Russian invasion, and the remainder in September/October). The EIB indicated that the exact timing of the remaining disbursements, of around EUR 540 million, will depend on the state of advancement of underlying projects. The projects will cover energy, energy efficiency, roads, transport, education, infrastructure, and reconstruction and recovery programmes. In December 2022 and again in June 2023, the European Council recognised the important EIB contribution by inviting the Bank, in cooperation with the Commission and international financial institutions, to "step up its support for Ukraine's most urgent infrastructure needs".

In March 2023, the EIB adopted the "EU for Ukraine Initiative" (EU4U) as a temporary scheme until a more permanent financial support mechanism based on the EU budget is in place. As part of the Initiative, in Q4 2023 the EIB established an "EU for Ukraine Fund" that allows EU Member States, the Commission and other countries and donors to provide financial support to Ukraine. The Fund provides credit enhancement for EIB loans along with interest rate subsidies to lower the borrowing costs for Ukrainian counterparts. In addition, it finances high-risk-high-impact financial instruments such as equity and direct lending to corporates. The EU4U Initiative also includes a EUR 100 million EU4U Advisory Programme financed from EIB funds and additional lending under NDICI-Global Europe IW1 from the EU Budget (EUR 100 million under EFSD+).

In total, more than 20 EU Member States have pledged to contribute to the EU for Ukraine Fund. The expected amount of contributions to the EU4U Fund has reached almost EUR 415 million, with new contributions still coming in. The first project under the Fund, a EUR 25 million investment in Ukraine's equity growth fund aimed at strengthening SMEs in Ukraine and Moldova, has been approved in December 2023.

At the margins of the Ukraine Recovery Conference (URC) 2023 in London in June 2023, the European Commission signed three agreements with the EIB to provide financial support and mobilise private investment. First, through the "EU4Business Guarantee for Micro Small and Medium Sized Enterprises", EU guarantees of EUR 30 million will be provided for EIB loans for small and micro-entrepreneurs in Ukraine. Second, an adjustment of the existing risk-sharing programme funded by the EU and implemented by the EIB Group (Facility for SMEs – Deep and Comprehensive Free Trade Area - DCFTA) will enable EUR 125 million in new loans for SMEs from Ukrainian banks. Third, an additional EU guarantee contribution of EUR 100 million to the "EU for Ukraine initiative" will be provided for fast recovery loans.

The EIB also inaugurated a Regional Hub in Kyiv. On 27 November, at the occasion of the visit to Ukraine of EIB President Werner Hoyer and Vice-President Teresa Czerwińska, the Regional Hub for Eastern Europe was opened in Kyiv. The Hub is hosted by the EU Delegation to Ukraine.

Possible use of frozen Russian assets to pay for damage inflicted on Ukraine

In February 2022, the European Commission, France, Germany, Italy, the United Kingdom, Canada, and the United States issued a joint statement concerning Russian Central Bank assets. The statement expressed a commitment to "imposing restrictive measures that will prevent the Russian Central Bank from deploying its international reserves in ways that undermine the impact of our sanctions".

In May 2023, the G7 Leaders adopted a statement on Ukraine. The statement included the following: "[w]e are taking steps to fully map holdings of Russia's sovereign assets immobilized in our jurisdictions. We reaffirm that, consistent with our respective legal systems, Russia's sovereign assets in our jurisdictions will remain immobilized until Russia pays for the damage it has caused to Ukraine."

In the US Congress, a bipartisan bill was introduced in June 2023 that would enable confiscation and repurposing Russian state assets. If enacted into law, it would give the US President authority to confiscate Russian assets frozen in the US and to provide compensation to Ukraine. The bill also proposes to establish an international compensation mechanism, the "Common Ukraine Fund", in order to coordinate the efforts around the use of confiscated Russian assets among international partners. Around USD 300 billion of Russian state assets are frozen in the EU and G7 countries as a result of sanctions, with the vast majority located within the EU, in Belgium in particular.

In October 2022, the European Council requested the Commission to present options, in line with EU and international law, to use frozen Russian assets to support Ukraine's reconstruction[9]. One month after, the Commission presented an option to the Council that would entail the creation of a new structure to manage frozen and immobilised public Russian assets. According to this option, immobilised assets would be actively managed and proceeds from these investments would be used to provided financial assistance to Ukraine. In the longer-term, the frozen assets would be returned or offset against war reparations as part of a future peace agreement. Since February 2023, a working group set up at the initiative of the Swedish Presidency has been working on mapping where Russian state-owned assets are located and their total value. The European Parliament, in its resolutions from February and June 2023, called for the establishment of a legal basis that would allow confiscation of Russian state assets to finance Ukraine's reconstruction and compensate the victims of the Russian aggression.

In her speech during the URC 2023 in London, European Commission President, Ursula von der Leyen, stated that the Commission will come with a proposal on the use of proceeds from immobilised Russian assets for the reconstruction of Ukraine before the summer. The Ukraine Facility proposal also makes reference to additional funding from revenue generated on immobilised Russian assets. The 29-30 June 2023 European Council conclusions stated that "the European Council took stock of the work done regarding Russia's immobilised assets, and invites the Council, the High Representative and the Commission to take work forward, in accordance with EU and international law, and in coordination with partners". Following the meeting, the Commission President indicated that the focus is on windfall profits from immobilised Russian assets.

International central securities depositories (ICSDs) are complying with the sanctions against Russia by blocking the transfer of coupon payments and redemptions on Russian-owned assets to sanctioned Russian entities. In line with standard practice, accumulated cash is then reinvested, generating interest income for ICSDs. It is reported that around EUR 196 billion of sanctioned Russian assets are blocked at Brussels-based Euroclear, out of which EUR 180 billion of assets belong to the Central Bank of Russia. Euroclear has recorded significant windfall gains as a result of the sanctions, with interest income generated from Russian-owned assets amounting to more than EUR 3.8 billion since the start of the war (EUR 821 million in 2022 and EUR 3 billion in the first three quarters of 2023).

Despite no concrete progress with legislation, there is an active discussion at the international level. In October, at the Eurogroup meeting in Luxembourg, US Secretary of the Treasury, Janet L. Yellen,

9 For a more detailed overview of different options and perspectives on using confiscating immobilised Russian state assets, see Haase, D. and Schwarcz, A. (2023). "Ukraine: Financing of reconstruction and the role of the EU budget", European Parliament, Directorate-General for Internal Policies, June; Peters, T. (2023). "Financing Ukraine's recovery: Consequences for the EU budget and budgetary control, and principles for success". EPRS, European Parliament, June.

expressed support to the use of windfall proceeds of immobilised Russian assets at ICSDs to support Ukraine. The December 2023 G7 Leaders' Statement as well as the European Council conclusions of 14-15 December 2023 both call for "decisive progress" in this regard. Reportedly, the European Commission has made proposals to use extraordinary revenues from immobilised Russian assets to support Ukraine, which the European Council "took note of".

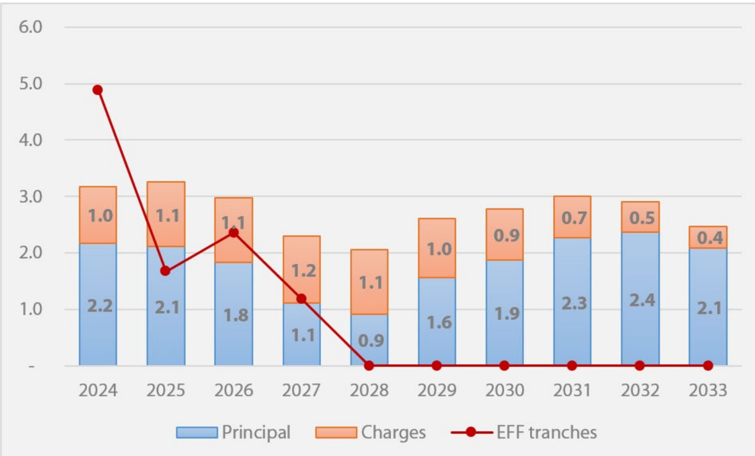
3. INTERNATIONAL MONETARY FUND

- Ukraine had large outstanding obligations towards the IMF at the moment of the invasion.
- Since then, the IMF provided significant financial and technical assistance to Ukraine, including through the landmark 4-year Extended Fund Facility (EFF). Two reviews under the EFF have been were concluded so far.

Ukraine joined the IMF on 3 September 1992. At the IMF's Executive Board, Ukraine is in a constituency with 15 other European countries, including 7 EU Member States[10]. Since joining the IMF and until the Russian invasion in February 2022, Ukraine entered into nine Stand-By Arrangements (SBAs)[11] and two Extended Fund Facility (EFF) programmes.[12]

Since the start of the Russian invasion, the IMF provided significant financial and technical support to Ukraine. On 1 March 2022, the IMF Managing Director and World Bank Group President issued a joint statement pledging financial and policy support to Ukraine following Russia's invasion. As a first response, the IMF used its Rapid Financing Instrument (RFI) to provide financial assistance to Ukraine (see below for further details). In addition, in April 2022, the IMF opened a special multi-donor "Administered Account" for Ukraine, allowing individual donor countries to channel financial support. In December 2022, Ukraine entered into a 4-month Program Monitoring with Board Involvement (PMB), as a first step towards a full-fledged IMF programme. After having fulfilled all the conditions under the PMB, and following an amendment of the Fund's financing assurances policy, the IMF's Executive Board approved on 31 March 2023 a new, 4-year SDR 11.6 billion (EUR 14.1 billion[13]) EFF programme. Two reviews were concluded so far under the EFF.

Figure 3: Ukraine's projected payments to and disbursements from the IMF, 2024-2033 (in EUR billions)



Source: Author's calculation based on IMF, Table 9 and Table 10.
Note: SDR/EUR exchange rate of 8 January 2024 is used.

Ukraine is due to make substantial debt repayments to the IMF in the coming years. For 2024, external debt payments are estimated to amount to around EUR 10.2 billion, of which EUR 4.7 billion (EUR 2.8 billion principal and EUR 1.9 billion interest) are debt repayments to international financial institutions. Figure 3 shows that net disbursements will turn negative from 2025, meaning that Ukraine will be paying more to the IMF than it will be receiving through disbursements of EFF

[10] Belgium, Bulgaria, Croatia, Cyprus, Luxembourg, Netherlands, and Romania.

[11] 1995-1996, 1996-1997, 1997-1998, 2004-2005, 2008-2010, 2010-2012, 2014-2015, 2018-2020, and 2020-2022.

[12] 1998-2002, and 2015-2018.

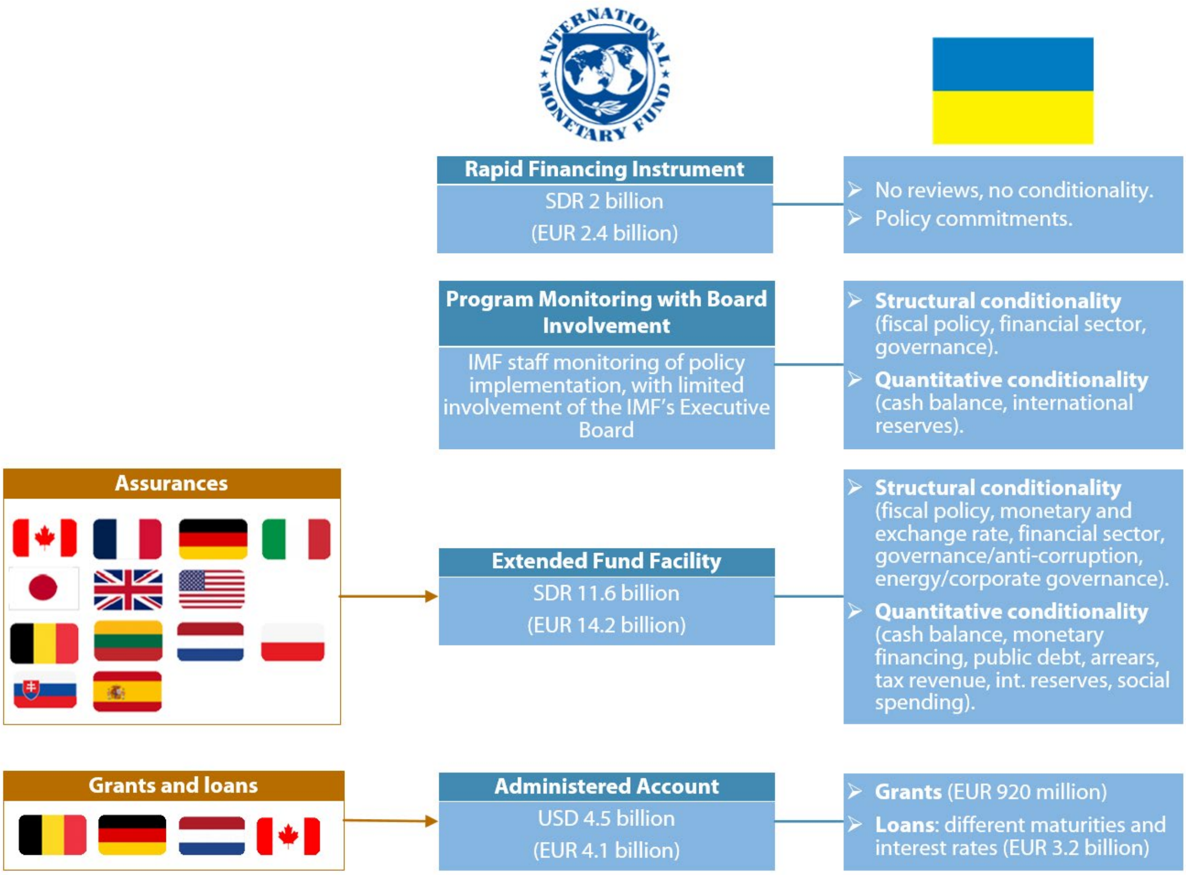
[13] The applicable SDR/EUR exchange rate of 8 January 2024 is used throughout the document to convert SDR into EUR.

tranches. It is worth noting that the IMF has a *de facto* "super senior" or "preferred creditor status" (even relative to EU loans) and its loans are excluded from debt restructuring procedures.

IMF lending is quite expensive for Ukraine. Basic charges applied to borrowing under the General Resources Account (GRA) (includes EFF, SBA, and RFI, among others) are calculated by adding 100 basis points (bps) to the SDR rate (the basis for interest/charges on SDR holdings, increased from 0.2% to 4.1% since the start of the Russian invasion due to monetary policy tightening by major central banks). Outstanding debt under the GRA is also subject to additional interest payments designed to dis-incentivise over-borrowing and incentivise early repayment. These are referred to as "IMF surcharges",[14] and could amount to 300 bps. Altogether, this would imply an interest rate exceeding 8%.

As part of the 2nd EFF review, the IMF has assessed that Ukraine's debt continues to be unsustainable both in the baseline and downside scenarios without debt restructuring, financing on appropriate terms and fiscal adjustment. Ukraine's post-programme (2027-2033) debt sustainability will be conditional on: a) containing gross financing needs[15] to an average of 8% of GDP, and b) reducing the public debt-to-GDP ratio to 82% by 2028 and 65% by 2033.

Figure 4: IMF support to Ukraine since February 2022



Source: Own elaboration.

[14] IMF surcharges are used to discourage unduly high borrowing and to incentivise early repayment. Surcharges are applied only for lending under the GRA and not for concessional lending through the Poverty Reduction and Growth Trust (PRGT). There are two types of IMF surcharges:

i. Level-based: additional charge of 200 bps on outstanding amounts above 187.5% of quota.

ii. Time-based: additional charge of 100 bps when outstanding credit remains above 187.5% percent of quota for more than 36 months (or more than 51 months in the case of EFF).

In December 2022, the IMF's Executive Board broadly discussed the role of surcharges and potential temporary surcharge relief but decided against exploring such options further at that stage.

[15] Overall new borrowing requirement plus debt maturing during the year.

IMF programmes from before the war

At the moment of the Russian invasion, Ukraine had outstanding financial obligations towards the Fund under its 4-year Extended Fund Facility (EFF) arrangement (2015) and two Stand-By Arrangements (SBAs) (2018 and 2020) amounting to SDR 7 billion (EUR 8.5 billion). As of January 2024, with SDR 9 billion (EUR 11 billion), Ukraine currently has the third largest amount of debt outstanding among IMF member countries, after Argentina and Egypt. Table 2 shows Ukraine's outstanding financial obligations at the start of the invasion and at end-December 2023. Since the start of the war, Ukraine has repaid around SDR 3.4 billion (EUR 4.1 billion) to the IMF for pre-war loans.

Table 2: Ukraine's outstanding financial obligations to the IMF

	Programme	Amount approved (SDR million)	Amount drawn (SDR million)	Amount outstanding (SDR million)	
				28 Feb 2022	31 Dec 2023
Pre-war outstanding obligations	2015 EFF	12,348	6,178	4,028	2,066
	2018 and 2020 SBAs	6,400	3,000	3,000	1,625
Approved after 24 February 2022	2022 RFIs	2,012	2,012	-	2,012
	2023 EFF	11,608	3,340	-	3,340

Source: IMF.

Rapid Financing Instrument (RFI)

In February 2022, as a result of the dramatically-changed circumstances in Ukraine following the Russian invasion, the authorities were compelled to cancel the 2020 SBA, and, at the same time, to request two loans under the RFI. The RFI provides rapid but limited financial assistance to countries experiencing urgent balance of payment issues. In March 2022, the IMF's Executive Board approved the first SDR 1 billion (EUR 1.2 billion) disbursement to cushion the economic impact of the war and address immediate financing needs. In October 2022, the second SDR 1 billion disbursement was approved, this time as part of the newly-created "food shock window". Financing under the RFI is not subject to reviews or ex-post conditionality, but Ukraine has made some commitments in line with standard requirements under the RFI[16]. The total amounts were disbursed into Ukraine's SDR holdings account immediately following the Executive Board's approval in March and October 2022, respectively.

Program Monitoring with Board involvement (PMB)

In December 2022, as preparation for a fully-fledged IMF programme, Ukrainian authorities and the IMF agreed on a 4-month Program Monitoring with Board involvement (PMB). PMBs were introduced in October 2022 as a new type of Staff-Monitored Programs (SMPs). SMPs are informal agreements between the IMF and national authorities, where IMF staff monitors the implementation of economic policy programmes of countries that requested. PMBs additionally foresee limited involvement of the IMF's Executive Board in assessing the robustness of member countries' economic policies and their implementation.

[16] E.g. in the October 2022 Letter of Intent, Ukraine commits: i) not to *"introduce or intensify exchange and trade restrictions and other measures or policies that would compound Ukraine's balance of payments difficulties"*, ii) to gradually remove existing restrictions once the situation normalises, iii) to undergo a new safeguards assessment (review of the governance and control framework) of the NBU, and iv) to provide a recently-completed NBU's external audit report to Fund staff and authorise discussions between external auditors and IMF staff. Additionally, the March 2022 Letter of Intent specifies a return to an inflation targeting framework and floating exchange rate, along with ceasing monetary financing as soon as the situation stabilises.

As part of the PMB, Ukraine committed to a set of policy actions and conditionalities. This includes 5 structural benchmarks, 2 quantitative targets, and 2 indicative targets (see Table 6 in Annex). By March 2023, all conditions (structural and quantitative) have been met.

Extended Fund Facility (EFF)

Initially, Ukraine was not in a position to access a full-fledged, "upper credit tranche" (UCT)[17] IMF programme. According to the IMF's pre-existing framework, access to a UCT programme could only be provided if the Fund could assume with confidence that i) the country's balance of payments issues would be resolved, while achieving medium-term external viability, and ii) that the country would be able to repay the IMF. In Ukraine's situation, such assumptions could not be credibly made due to the exceptionally high uncertainty posed by the war. In order to be able to provide a UCT programme to Ukraine (but also other countries in similar situations in the future), the IMF revised its financial assurances policy by making two main modifications. First, it would allow for an upfront commitment by the creditors to debt relief, with a contingent second-stage element, to restore debt sustainability. Second, a "capacity-to-repay" assurance from a significant group of official bilateral creditors/donors could be used as a safeguard for the Fund's financial resources.

In the case of Ukraine's EFF, the two conditions under the revised financial assurances policy were fulfilled. The necessary assurances were provided by 13 countries: Belgium, Canada, France, Germany, Italy, Japan, Lithuania, the Netherlands, Poland, Spain, Slovakia, the UK and the US. Together with the successful fulfilment of the conditions under the PMB, these modifications of IMF rules and assurances given by some member countries paved the way for the approval of an EFF programme.

On 31 March 2023, the IMF's Executive Board approved a 4-year SDR 11.6 billion (EUR 14.2 billion) EFF programme. The EFF programme is divided in two phases: i) 2023-2024 where the focus will be on fiscal, price, exchange rate and financial stability, and on continuing governance and anti-corruption reform, and ii) 2025-2027 where "more ambitious structural reforms" will underpin the reconstruction phase, including in the context of Ukraine's EU accession process. The Memorandum on Economic and Financial Policy defines structural and quantitative conditionalities to be fulfilled by Ukraine (see Table 7 in Annex). Disbursements to Ukraine under the EFF are frontloaded and most of the amount foreseen is due to be paid out in 2023 and 2024: SDR 7.3 billion. Eleven reviews are foreseen by the IMF staff and Ukrainian authorities, with more frequent reviews in the beginning of the programme (three in 2023 and four in 2024) and then a semi-annual frequency starting in 2025.

The EFF includes a set of (currently 35) structural conditions. See Table 7 in Annex for the full list along with details about implementation. Out of these, a majority relates to fiscal policy. There is a set of conditions aimed at fostering medium-term budgetary planning[18], in particular to prepare and adopt a National Revenue Strategy (2024-2030) by December 2023 (adopted), a Medium-Term Debt Management Strategy and to present "projections for major revenue and spending categories and sources of deficit financing for 2025-2026" in the 2024 budget. Another important condition is to lift the 3% (of planned revenue) ceiling for state guarantees for those guarantees coming from international financial institutions. There is a set of conditions related to governance/anti-corruption, related to, for instance, asset declarations of public officials. Three structural benchmarks are related to bank supervision and one required a "conditions-based strategy" for the NBU to move back to a flexible exchange rate-inflation targeting regime and to ease capital controls. The list of structural conditions is evolving with each programme review.

[17] IMF credit for amounts above 25% of a country's quota.

[18] For a discussion on the conditions related to the budget process, see Betliy, O. (2023). "Ukraine is implementing IMF structural benchmarks and returning to useful budgeting practices", VoxUkraine, 21 June.

Quantitative conditionality includes 4 quantitative performance criteria (QPC), 1 continuous performance criteria (CPC) and 4 indicative targets (ITs). The QPCs relate to the government cash primary balance, tax revenue, international reserves and publicly-guaranteed debt. The CPC focuses on external debt payment arrears. There are four ITs, including a floor on social spending and restriction on monetary financing by the NBU. In addition, throughout the duration of the EFF, Ukraine commits not to: "*i) impose or intensify restrictions on the making of payments and transfers for current international transactions; (ii) introduce or modify multiple currency practices*[19]*; (iii) conclude bilateral payments agreements that are inconsistent with Article VIII*[20]*; and (iv) impose or intensify import restrictions for balance of payments reasons.*"

After two reviews, Ukraine continues to successfully implement EFF conditionality. The first review was concluded in June 2023. Ukraine fulfilled all structural and quantitative conditions, apart from two indicative targets (see Table 7 in Annex). One structural condition[21] was postponed, and later considered met (with a delay) as part of the second review. The positive conclusion of the first review enabled the disbursement of the second tranche of SDR 663.9 million. The second review was successfully completed in December 2023, enabling a third tranche of SDR 663.9 million to be disbursed. All structural conditions were met (two with delay and one was postponed), while all quantitative conditions were met in the period from June to September 2023. The next review is scheduled for end-February 2024.

Administered Account for Ukraine

In April 2022, the IMF opened a special Administered Account for Ukraine so that individual donor countries can channel financial support (loans or grants) through the Fund. The IMF does not regularly report on contributions to the Administered Account. From what could be deduced from available information, four countries have disbursed funds through the Administered Account, amounting to more than USD 4.5 billion (Canada USD 3.3 billion, Germany USD 1 billion, Netherlands USD 212 million, and Belgium USD 5 million). The government of Canada made three disbursements in loans (10 years maturity, 1.69% interest rate) through the Administered Account in the course of 2022, including in December 2022 when it disbursed Canadian dollar (CAD) 500 million of proceeds from the issuance of "Ukraine Sovereignty Bonds". In March 2023, the Canadian government decided to provide another loan of around USD 1.8 billion. Netherlands also provided a loan (10 years maturity, 4.5-year grace period, the interest rate applicable: IMF's basic rate of charge[22]). Financial support from Germany and Belgium through the Administered Account was in the form of grants.

4. THE GROUP OF CREDITORS OF UKRAINE

In July 2022, six official bilateral creditors' members of the G7 and the Paris Club ("The Group of Creditors of Ukraine")[23] announced a suspension of Ukraine's debt service payments applicable from 1 August 2022 until the end of 2023. In September 2022, the Group and the government of Ukraine signed a MoU to implement the debt suspension. In addition, large private holders of Ukraine's debt have also agreed to temporarily (for a period of two years) suspend debt service payments.

[19] Different kind of currency transactions carried out at different exchange rates.

[20] IMF Articles of Agreement, Article VIII on restrictions on currency payments.

[21] Adoption of a draft law on tax policy and administration.

[22] SDR interest rate + margin decided on an annual basis by the Executive Board (currently 1%).

[23] The Group includes Canada, France, Germany, Japan, United Kingdom, and United States. Observers include Australia, Austria, Belgium, Brazil, Denmark, Finland, Ireland, Israel, Italy, Korea, the Netherlands, Norway, Spain, Sweden, and Switzerland.

Following the approval of the IMF's 4-year EFF in March 2023, and as part of the financial assurances given to the IMF, the Group of Creditors of Ukraine have agreed on a two-step approach. First, the standstill is extended for the duration of the IMF programme (until March 2027). Second, there will be an additional debt treatment to restore Ukraine's debt sustainability before the expiry of the IMF programme. This is subject to private creditors delivering a debt treatment that is at least as favourable. According to the IMF, bilateral creditors' debt stock currently amounts to USD 4.6 billion, thus much less significant than the debt stock that is a result of loans from the EU and international financial institutions[24].

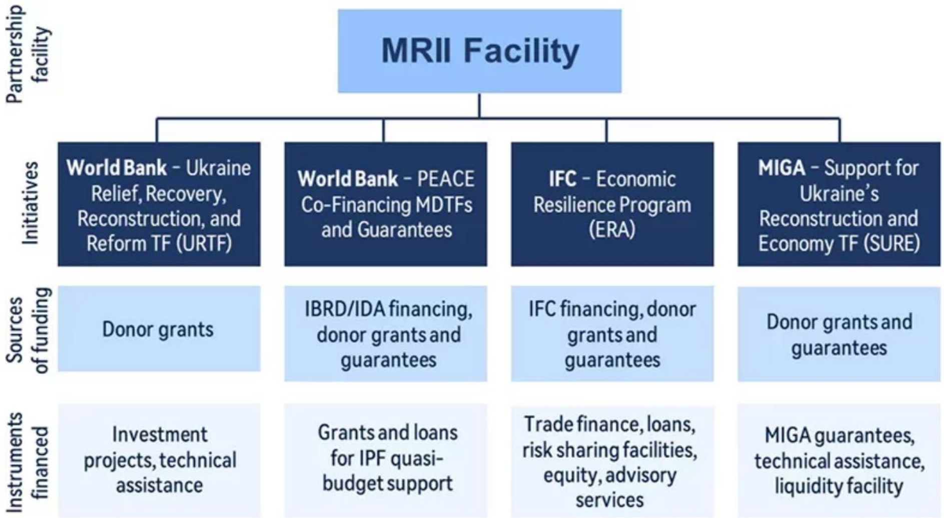
As required by the IMF programme, Ukrainian authorities have also committed to engage with private creditors to seek debt treatment. In view of the expiry of the private creditors' standstill in August 2024, Ukraine will seek to engage with private creditors by mid-2024.

5. WORLD BANK GROUP

- The World Bank (IBRD and IDA) mobilised financing for Ukraine mostly based on grants from member countries.
- The US has been by far the largest individual donor through the World Bank, followed by the UK and Japan.
- The IFC and MIGA provided targeted support to Ukraine through financing of private sector projects and providing guarantees to investors and lenders.

The World Bank Group (WBG) is composed of five organisations: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and International Centre for Settlement of Investment Disputes (ICSID). IBRD and IDA are jointly referred to as "The World Bank". In April 2022, the WBG published a roadmap on "World Bank Group Response to Global Impacts of the War in Ukraine". The roadmap outlines the initial, short-term response of the WBG and the medium-term approach for the next 15 months (until June 2023). At the level of the Group, a "Multi-Donor Resources for Institutions and Infrastructure (MRII) for Ukraine Facility" was established to coordinate support from the World Bank, the IFC and the MIGA.

Figure 5: MRII for Ukraine Facility, World Bank Group



Source: World Bank Group.

[24] Source: IMF, p. 86.

Since February 2022, the World Bank Group has mobilised USD 38.2 billion in financial support to Ukraine, of which more than USD 30 billion have been disbursed until now. Table 3 shows more details on specific elements of the World Bank Group's financial support for Ukraine.

Table 3: Financial support mobilised by the World Bank Group, in USD million

Programme	USD million
Financing of Recovery from Economic Emergency (FREE)	**2,252**
Supplemental Budget Support (FREE SDLP) (IBRD Commitment)	350
Bilateral Guarantees (IBRD Commitment)	134
Bilateral Grant Financing to FREE Multi Donor Trust Fund	1,168
Japan Parallel Budget Support Linked World Bank FREE SDPL	600
Public Expenditures for Administrative Capacity Endurance (PEACE)	**23,426**
Emergency Public Service Support IPF (PEACE) (IDA Commitment)	1,008
Bilateral guarantees to PEACE IPF (IBRD Commitment)	2,021
Bilateral Grant Financing to PEACE MDTF	20,397
Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF)	**1,145**
Contributions to Health Enhancement and Lifesaving (HEAL) Project	**114**
Special Transfer through US Single Donor Trust Fund	**1,700**
Ukraine Relief and Recovery Development Policy Loan (DPL)	**1,500**
Investing in Social Protection for Inclusion, Resilience, and Efficiency (INSPIRE) Project	**1,200**
Other World Bank lending (Restructurings & Current Portfolio)	**939**
IFC	**608**
MIGA	**64**
TOTAL	**32,948**
SUPPORT UNDER PREPARATION	**5,240**
TOTAL SUPPORT MOBILISED	**38,188**
(DISBURSED)	**(30,042)**

Source: World Bank.

World Bank financial support to Ukraine has been driven by member countries' contributions, most notably from the US. Overall, 20 countries have so far provided support through the multi-donor trust fund (see Table 4 below for an overview of type of support provided by individual member countries). Besides the sizeable US support of USD 22.9 billion, the UK (with USD 2 billion) and Japan (with USD 1.1 billion) are second and third largest contributors, respectively. EU countries provided USD 738 million altogether in form of grants and guarantees, with the largest contributions from Netherlands and Spain.

Table 4: Individual countries' contributions channelled through the World Bank, in USD million

Source	Grants	Guarantees	Loans	TOTAL
United States	22,900	-	-	22,900
United Kingdom	92	1,950	-	2,042
Japan	473	-	600	1,073
Norway	318	-	-	318
Netherlands	160	105	-	265
Spain	50	104	-	154
Switzerland	90	-	-	90
Canada	86	-	-	86
Sweden	13	50	-	63
Denmark	22	30	-	52
Germany	52	-	-	52
Austria	42	-	-	42
Finland	37	-	-	37
Ireland	28	-	-	28
Lithuania	11	10	-	21
Latvia	8	10	-	18
South Korea	10	-	-	10
Iceland	9	-	-	9
Belgium	6	-	-	6
Indonesia	5	-	-	5
TOTAL	**24,412**	**2,259**	**600**	**27,271**

Source: Own elaboration based on World Bank.

The PEACE programme is the largest element in the World Bank's financial support to Ukraine, accounting for more than 70% of the total. Apart from grants, IBRD loans amounting to USD 2 billion were provided as part of the PEACE programme, supported by bilateral guarantees and, in most part, with a maturity of 18 years and a 5-year grace period. The largest share of guarantees for the loans were provided by the UK (USD 1.95 billion). Denmark (USD 30 million), Netherlands (USD 21 million), Lithuania, and Latvia (USD 10 million each) provided the rest. The IDA loan component amounting to USD 1 billion of loans was approved in April 2022, giving Ukraine exceptional access to non-concessional IDA lending on IBRD terms. IDA financing is normally reserved for the world's poorest countries[25]. These loans will have a 6-year grace period and final maturity of 10 years.

The IFC has established a framework to provide financial and technical support to Ukraine: the Economic Resilience Action (ERA) for Ukraine. Under the ERA, the IFC will provide private sector financing in two phases, focusing on resilience during the duration of the Russian invasion, and recovery and reconstruction in the post-war phase. The International Finance Corporation (IFC), or as it is considered, *"[t]he private sector arm of the World Bank Group"*, provides financial support for private sector projects in developing countries. Although the IFC coordinates its activities with the other institutions of the WBG, it is legally and financially independent.

In December 2022, the IFC announced the commitment of a USD 2 billion for the ERA programme. This amount will be deployed over a two-year period and will be based on IFC's own resources and guarantees provided by donors. This new funding commitment complements existing IFC projects in Ukraine.

[25] Eligibility is currently defined as GNI per capita below USD 1,255.

In the margins of the URC 2023 in London, the European Commission signed two agreements with the IFC to provide financial support and mobilise private investment. The first agreement relates to the IFC's Small Loan Guarantee Programme through which up to EUR 200 million would be provided to small business, with a focus on the agri-sector and women-owned enterprises. The second agreement relates to financing for the renovation of municipal buildings that would be used to accommodate internally displaced Ukrainians. As part of the agreement, EUR 1.1 million in EU grants will be provided through the IFC to Kremenchuk City Council for this purpose. The IFC concluded several other agreements with international partners during the URC 2023 conference, including the agreement with the MIGA, the British International Investment (BII) and the US International Development Finance Corporation (DFC), to increase the IFC's Global Trade Finance Program in Ukraine from USD 200 million to almost USD 300 million.

Since February 2022, MIGA provided support to Ukraine through several initiatives. MIGA's strategic approach to facilitating private sector engagement in Ukraine is divided in two phases. During the war and initial reconstruction, the focus will be on the provision of trade finance guarantees. In the post-war period, MIGA intends to deploy the full scope of its products, including political risk insurance guarantees on a larger scale.

In February 2023, the MIGA has set up a Support for Ukraine's Reconstruction and Economy Trust Fund (SURE TF). Japan provided the first contribution of USD 23 million to the SURE TF. Subsequently, the UK, Norway and Belgium joined as donors. The agency hopes that the donors' contributions to the SURE TF will eventually grow to USD 300 million. With the SURE TF, the MIGA blends donor financing with own risk exposure to provide guarantees to the private sector in Ukraine. The MIGA provides trade finance guarantees, political risk insurance and support liquidity and working capital of SMEs. In June 2023, a first project was financed through the SURE TF.

6. EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

- To provide support to Ukraine, the EBRD leveraged substantial funds provided by donor countries.
- The EBRD approved a series of new projects in Ukraine since the start of the Russian invasion, with the largest ones being loans to Naftogaz and Ukrenergo, of EUR 300 million each.
- EBRD is also working with international partners to develop solutions for war risk insurance.

The European Bank for Reconstruction and Development (EBRD) has committed up to EUR 3 billion in 2022-23 to support Ukraine. On 9 March 2022, the EBRD announced its initial financial support to Ukraine and the introduction of the Resilience and Livelihoods Framework focusing on payment deferrals, trade finance, emergency liquidity finance, and emergency reform support.

Since February 2022, the EBRD has engaged in a number of new projects in Ukraine, collaborating both with public and private partners. Most of these programmes focus on energy, infrastructure, and the resilience of the banking system. The most significant projects were the EUR 300 million loan to Naftogaz, the state-owned gas company, and the EUR 300 million loan to Ukrenegro, the state-owned electricity transmission system operator.

The EUR 3 billion financing target was attained in October 2023. The EBRD remains the largest institutional investor in Ukraine, its current project portfolio of around EUR 4.8 billion, focusing mainly on sustainable infrastructure, industry, commerce and agribusiness.

Through a 50:50 risk-sharing partnership with donors, the EBRD received donor funds of about EUR 1.5 billion to assist Ukraine, with the largest total contribution from the US. The primary vehicle to channel donor's financial contributions was the Crisis Response Fund (CRSF), set up in July 2022.

At the URC 2023 in London, the EBRD signed a statement of intent with international partners to explore possibilities to cooperate on relaunching the private insurance market in Ukraine. In addition to the EBRD, the statement of intent was signed by the European Commission, Norway, Switzerland, Taiwan Business - EBRD Technical Cooperation Fund and Ukraine. The signatories will engage in exploratory work that could lead to the establishment of a Ukraine Recovery Guarantee Facility, in partnership with the private sector. This could facilitate the provision of private-sector war-related insurance. In addition, the partners will explore "leveraging donor support to re-engage Ukraine domestic insurance and reinsurance industries and their global counterparts, as well as creating a platform for dialogue among key public and private insurance market stakeholders."

To enable continued support to Ukraine, on 19 December 2023, the EBRD shareholders have approved a EUR 4 billion (13.3%) increase of the Bank's paid-in capital. The EBRD intends to rely fully on its own balance sheet to provide investment in Ukraine of around EUR 1.5 billion per year during wartime, and then to increase to EUR 3 billion in the reconstruction phase. While the first capital subscriptions are expected in early 2024, the increase is expected to be operational from early 2025 when the payments are due to start.

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ANNEXES

Table 5: MFA to Ukraine, overview

	Emergency MFA	Exceptional MFA (1st package)	Exceptional MFA (2nd package)	MFA+
Adopted	24 February 2022	12 July 2022	20 September 2022	14 December 2022
MoU signed	3 March 2022	19 July 2022	3 October 2022	16 January 2023
Amount committed	**EUR 1.2 billion**	**EUR 1 billion**	**EUR 5 billion**	**EUR 18 billion**
Amount disbursed	**EUR 1.2 billion**	**EUR 1 billion**	**EUR 5 billion**	**EUR 9 billion**
Tranches	1st (March 2022): EUR 600 million 2nd (May 2022): EUR 600 million	1st (August 2022): EUR 500 million 2nd (August 2022): EUR 500 million	1st (October 2022): EUR 2 billion 2nd (November 2022): EUR 2.5 billion 3rd (December 2022): EUR 500 million	1st (January 2023): EUR 3 billion 2nd (March 2023): EUR 1.5 billion 3rd (April 2023): EUR 1.5 billion 4th (May 2023): EUR 1.5 billion 5th (June 2023): EUR 1.5 billion
Max average maturity	15 years	25 years	25 years	35 years (with 10 year-grace period)
Precondition	Ukraine respects effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guarantees respect for human rights.	Ukraine respect effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guarantee respect for human rights.	Ukraine respect effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guarantee respect for human rights.	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.
Policy conditions	**1. Economic resilience and stability** **1a**. Ensure the reappointment or transparent and merit-based selection of high-quality independent professionals as members of the Supervisory Boards of the state-owned banks (SOBs) by the end of June 2022.	**N/A**	**1. Economic resilience and stability** **1a**. Prepare a roadmap for phasing out the temporary emergency measures in the area of economic and financial policy that have been imposed for the duration of the war, especially with regard to the monetary policy and exchange rate framework, financial stability, corporate governance of state-owned banks and enterprises, freedom of capital movements, and the tax and trade excise regimes.	**1. Macro-financial stability** **1a**. Implementation of the roadmap for phasing out of the temporary emergency measures adopted after the start of the war in the area of tax policy, in a well-sequenced manner, duly accounting for security and its impact on the economic situation. (Q1-Q2 2023].

	1b. To this end, the SOB Nomination Commission, together with the participating International Financial Institutions and other international partners, should agree on and implement a joint methodology for the selection process (compliance assessment, merit ranking, deliberations and voting) and seek consensus among voting and non-voting members of the Commission.		**1b.** Develop an action plan on identification of the crucial obstacles for SME development.	**1b**. Measures to support the stability of the banking system: i. Implementation of the agreed methodology on state-owned bank supervisory board successions [Q1 2023]; ii. Preparing for launching of commercial banks' asset assessment [Q3 2023].
	1c. The Cabinet of Ministers of Ukraine will continue to work on the corporate governance reform of state-owned enterprises (SOEs) in line with the OECD Guidelines, in particular: i. will improve the procedure for selection of members of supervisory boards and heads of economic entities in the public sector by amending the Procedure for selecting heads and independent members of their supervisory boards as well as the Procedure for determining and appointment of representatives of the state to the supervisory boards of economic entities in the public sector. ii. will continue the work of the Nomination Committee of SOEs and select members of supervisory boards, among others in the following SOEs: SE AMPU, JSC Ukrposhta, SE Boryspil International Airport, PJSC Ukrhydroenergo and NNEGC Energoatom.			**1c**. Improving the regimes of bankruptcy of legal entities (corporate bankruptcy) and insolvency of individuals by preparing legislation allowing individuals a full discharge of debt in line with the main principles of Directive EU 2019/1023 on preventive restructuring frameworks, and by adopting a roadmap for capacity building activities to support the implementation of the bankruptcy code [Q3 2023].
	1d. Develop an action plan on identification of the crucial obstacles for SME development.			**1d**. Measure to strengthen the insurance system: verification by the National Bank of Ukraine of the ownership structures of insurers and of their compliance with legislative prudential requirements in order to build a transparent and competitive insurance market [Q3 2023].

	2. Governance and rule of law **2a**. Take all efforts in order to finalise the integrity vetting of the High Council of Justice (HCJ) members by the Ethics Council and finalise the selection of candidates to establish the High Qualification Commission of Judges of Ukraine (HQCJ).		**2. Governance and rule of law** **2a.** Approve the methodology and criteria for evaluating candidates for the positions of independent members of the supervisory boards of state owned banks (SOBs). Continue cooperation through the SOB Nomination Commission with the participating International Financial Institutions and other international partners, implementing jointly agreed methodology (compliance assessment, merit ranking, deliberations and voting) and seeking consensus among voting and non-voting members of the Commission, to ensure transparent and professional merit-based selection of high-quality independent professionals to the supervisory boards of the SOBs.	**2. Structural reforms and good governance** **2a**. Initiate the implementation of the Action Plan to deregulate economic activity and improve the business climate, including deregulation of the licensing and permit system (end February), improving the e-construction portal [QI 2023], simplification of temporary constructions for business activities [Q2 2023], abolition of outdated provisions (Q3 2023], and digitalisation of issuing oflicences [Q4 2023].
	2b. Complete the selection of a new head of the Specialized Anticorruption Prosecutor's Office (SAPO) by certifying the identified winner of the competition and ensure his subsequent appointment.		**2b.** Make a good progress in the integrity vetting of candidates to the vacant High Council of Justice (HCJ) positions by the Ethics Council and the selection of candidates to the High Qualification Commission of Judges of Ukraine (HQCJ) following a transparent and meritocratic process, including access to all relevant data and adequate external oversight by the civil society.	**2b**. Further developing the system of public procurement with a view to its alignment with the EU acquis to ensure transparent and competitive procurement, including for the post-war reconstruction of Ukraine in the post-war period and, regarding medical procurement, preserving the SOE Medical Procurement of Ukraine as the sole national procurer of medical equipment, medicines and vaccines at central level.
			2c. To increase institutional independence and operational effectiveness of the Specialized Anti-Corruption Prosecutor's Office (SAPO), conduct necessary administrative procedures to restore and further reinforce SAPO's professional staff.	**2c**. Advancing the customs administration reform, including improvement in IT systems, HR management and anti-corruption measures [Q4 2023].

				2d. Strengthening the selection process of independent members of the supervisory boards and management boards for the largest of state-owned enterprises [Q4 2023].
				2e. Aligning the legislation with the requirements of the Law of Ukraine "On Administrative Procedure" [Q3 2023].
	3. Energy **3a**. Finalise the appointment of the Supervisory Board of NJSC Naftogaz, which shall approve a plan for gas purchases and storage to prepare for the 2022/23 heating season, including identification of sources for gas and the necessary financing.		**3. Energy** **3a.** Develop a plan for gas purchases and storage to prepare for the 2022/23 heating season, including identification of sources for gas and the necessary financing.	**3. Energy** **3a**. Strengthen the legal and administrative framework to ensure the use of high energy performance standards, aiming for the application of international best practice as regards energy efficiency and circular economy, for newly built and rehabilitated buildings [Q2 2023].
	3b. The energy regulator (NEURC) should increase and keep the tariff for electricity transmission services at the level of full recovery of all economically justified costs of the Transmission System Operator, including the costs to ensure timely payments to producers of electricity from renewable sources.		**3b.** The energy regulator (NEURC) should develop a plan of gradual measures to ensure settlements with producers of electricity from renewable energy sources, as well as gradually adjust electricity transmission tariff to the level that will cover all economically justified costs of the Transmission System Operator.	**3b**. Improve the functioning of the gas system through: i. Selection of the supervisory board of Naftogaz [QI 2023]; ii. Taking measures necessary for the certification of the gas storage operator in compliance with the Regulation (EU) No. 715/2009 [QI 2023]; iii. Launching corporate restructuring of the Gas Transmission System Operator in line with the agreed target model [Q2 2023].
				3c. Preparation of the Action Plan for the restoration of the energy infrastructure of Ukraine destroyed as a result of the military aggression of the Russian Federation, anchored to the objectives of green transition and build-back better, where possible [Q2 2023].
				3d. Make progress in implementation of a roadmap for electricity market integration after synchronisation [Q4 2023].

				4. Rule of law **4a**. Finalising the selection [Q1 2023] and appointment [Q2 2023] of the new Head of the National Anti-corruption Bureau of Ukraine (NABU).
				4b. Re-establish the High Council of Justice and the High Qualification Commission of Judges (HQCJ) based on the current work of the Ethics Council and the Selection Commission [Q3 2023].
				4c. Development and adoption of an overarching strategic plan for the reform of the entire law enforcement sector as part of Ukraine's security environment [Q3 2023].
				4d. Improving the selection of judges: (a) making efforts to streamline the stages of selection and rearrange their sequencing; (b) review of the length of the mandatory judicial training period; (c) approval and publication by the renewed HQCJ of regulations on the selection of judges, including on clear assessment criteria and scoring methodology [Q2/Q3 2023]; and launching the procedure of selection of judges based on the improved framework [Q4 2023].
				4e. Improving the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regulatory framework by developing relevant secondary legislation and making progress in developing institutional capacities related to beneficial ownership [Q3 2023].

				4f. Adopting and starting to implement relevant legislation aimed at criminalising large-scale smuggling of all goods, foreseeing effective prison sentences for each damage to the state budget above a defined threshold [Q4 2023].
				4g. Further strengthening the capacity of the Specialized Anti-Corruption Prosecutor's Office (SAPO), inter alia through introducing performance evaluation, improving the selection of its management and other measures targeted to ensure its accountability and independence [Q4 2023].

Source: Own elaboration, based on European Commission.

Table 6: IMF's PMB: conditions

	Structural benchmark	Area	Timing
1	Develop an action plan to prevent and clear arrears over the course of the 2023 Budget and beyond.	Fiscal	End-January 2023
2	To support efforts to enhance tax revenues, submit to Parliament three draft laws: • on cancelling the moratoria on tax audits (effective 1 July 2023); • on removing idiosyncrasies of the application of the simplified tax regime by taxpayers under the single tax of 2%, and restoring the pre-war regime for these taxpayers (effective 1 July 2023); and, • on ensuring full-scale enforcement of the usage of cash registers in retail outlets (and associated settlement and payment infrastructure), including restoring liability for violations (1 July 2023).	Fiscal	End-January 2023
3	Prepare a concept note on how to approach reforms to the social safety net to achieve targeted, adequate, and efficiently delivered social assistance to the population, including newly emerging categories of vulnerable groups, while safeguarding fiscal sustainability.	Fiscal	End-January 2023
4	Prepare a Terms of Reference in consultation with IMF staff describing the methodology and processes of bank diagnostics necessary to assess bank capital adequacy and identify non-performing loan (NPL) resolution priorities.	Financial sector	End-January 2023
5	Appoint and make fully operational the supervisory board of Naftogaz based on transparent and competitive selection procedures.	Governance	End-January 2023
	Quantitative conditionality	December 2022 (test date)	March 2023 (indicative target)
	Quantitative targets		
1	Floor on the non-defense cash primary balance of the general government, excluding grants (- implies a deficit)	86,950	-8,240
2	Floor on net international reserves (in millions of U.S. dollars)	15,000	11,500
	Indicative targets		
1	Floor on the overall cash balance of the general government, excluding grants (- implies a deficit)	-1,425,762	-506,476
2	Ceiling on general government borrowing from the NBU	388,500	-7,600

Source: Ukraine Program Monitoring with Board involvement, Letter of Intent, Attachment 1: Memorandum of Economic and Financial Policies.

Table 7: IMF's EFF: conditions and reviews

Approval of the EFF (SDR 2,011.83 million)		**31 Mar 2023**	**APPROVED**	
PA-1	Appointment of the National Anti-Corruption Bureau of Ukraine (NABU) Head following an open, credible, and transparent process consistent with the law.	Prior action	Governance/Anti-corruption	✓ **MET**
PA-2	The Cabinet of Ministers of Ukraine (CMU) to approve a second supplementary budget, and submit it to Parliament.	Prior action	Fiscal	✓ **MET**
PA-3	The CMU to adopt a decision tasking the Ministry of Finance (MoF) to start the preparation of the National Revenue Strategy (NRS) (2024-2030).	Prior action	Fiscal	✓ **MET**

1st review (SDR 663.90 million)		**15 Jun 2023**	**APPROVED**	
SB-1	Enact the second supplementary Budget 2023.	End-April 2023	Fiscal	✓ **MET**
SB-2	Submit to Parliament a draft law to restore and strengthen Article 52 of the Budget Code to minimize ad hoc amendments to the budget law.	End-May 2023	Fiscal	✓ **MET**
SB-3	Prepare an action plan, including to address the weaknesses identified in taxpayers' perception survey, as an input into National Revenue Strategy roadmap.	End-May 2023	Fiscal	✓ **MET**
SB-4	Submit to Parliament a draft law which will re-instate articles of Budget Code that establish limits on issuance of public guarantee with clear criteria for such provision (including for priority sectors).	End-May 2023	Fiscal	✓ **MET**
SB-5	Enact amendments to the Budget Code and related regulatory framework to enhance transparency and accountability of the special accounts and consolidate them within general government as a special fund of the State Budget	End-May 2023	Fiscal	✓ **MET**
SB-6	Adopt the draft law on tax policy and administration prepared under the PMB.	~~End-June 2023~~ End-July 2023	Fiscal	→ **POSTPONED**
SB-7	Prepare a conditions-based strategy to move to a more flexible exchange rate, ease FX controls and transition to inflation targeting.	End-June 2023	Monetary and Exchange rate	✓ **MET**

QPC-1	Floor on the non-defense cash primary balance of the general government, excluding budget support grants **UAH 258,352 million**	April 2023	Quantitative performance criteria	✓ **MET** UAH 353,024 million
QPC-2	Floor on net international reserves **USD 15,500 million**	April 2023	Quantitative performance criteria	✓ **MET** USD 23,762 million
QPC-3	Floor on tax revenues (excluding Social Security Contributions) **UAH 451,700 million**	April 2023	Quantitative performance criteria	✓ **MET** UAH 472,689 million
CPC-1	Ceiling on non-accumulation of new external debt payments arrears by the general government **UAH 0**	April 2023	Continuous performance criteria	✓ **MET** UAH 0
CPC-2	Ceiling on publicly guaranteed debt **UAH 20,000 million**	April 2023	Continuous performance criteria	✓ **MET** UAH 0

IT-1	Floor on the overall cash balance of the general government, excluding budget support grants **UAH -356,500 million**	April 2023	Indicative target	✗ **NOT MET** UAH -364,580 million (higher-than-expected defense-related spending)
IT-2	Ceiling on general government borrowing from the National Bank of Ukraine (NBU) **UAH -2,551 million**	April 2023	Indicative target	✓ **MET** UAH -2,551 million
IT-3	Ceiling on general government arrears **UAH 6,000 million**	April 2023	Indicative target	✓ **MET** UAH 1,757 million
IT-4	Floor on social spending **UAH 187,000 million**	April 2023	Indicative target	✗ **NOT MET** UAH 182,321 million (method. changes)

2nd review (SDR 663.90 million)		**13 Oct 2023**		**APPROVED**
SB-6	Postponed from 1st review: Adopt the draft law on tax policy and administration prepared under the PMB.	~~End-June 2023~~ End-July 2023	Fiscal	✓ **MET WITH DELAY**
SB-8	Transfer the Gas Transmission System Operator (GTSO) shareholding directly to the Ministry of Energy and adopt the new charter.	End-July 2023	Energy/Corporate governance	✓ **MET WITH DELAY**
SB-9	Enact the law to restore asset declaration of public officials not directly involved in the mobilization and war efforts and reinstating the National Agency for Corruption Prevention (NACP)'s function to examine and verify them.	End-July 2023	Governance/Anti-corruption	✓ **MET WITH DELAY**
SB-10	Added (1st review): Enact the articles of the Budget Code that allow preparation of the medium-term budget framework, elaboration of the debt strategy, and ringfencing risks from guarantees.	End-September 2023	Fiscal	✓ **MET**
SB-11	Present in the 2024 budget declaration projections for major revenue and spending categories and sources of deficit financing for 2025-2026, and a fiscal risks statement including details on energy and critical infrastructure State-Owned Enterprises (SOEs).	End-September 2023	Fiscal	✓ **MET**
SB-12	Added (1st review): Develop a concept note on the 5-7-9 program with proposals to target small and medium enterprises by phasing out the eligibility of large companies, enhance monitoring, and maintain adequate safeguards	~~End-September 2023~~ End-March 2024	Fiscal	→ **POSTPONED**
SB-13	Amend the AML/CFT Law to re-establish enhanced due diligence measures on politically exposed persons consistent with the risk based approach consistent with the Financial Action Task Force (FATF) standards.	End-September 2023	Governance/Anti-corruption	✓ **MET WITH DELAY**
SB-14	Strengthen bank governance and oversight by: (i) separating the related-parties-unit from banking supervision; (ii) implementing "supervisory panels" as a consulting body to the Supervisory Committee; and (iii) resume scheduled inspections for both banking and non-banking institutions, while ensuring NBU discretion on matters related to staff safety.	End-September 2023	Financial sector	✓ **MET**
SB-15	Added (1st review): Ministry of Finance, with State Tax Service (STS) and State Customs Service (SCS), to prepare action plans including short-term and medium-term measures covering key reform areas identified by the upcoming diagnostic, that would feed into broader National Revenue Strategy (NRS).	End-October 2023	Fiscal	✓ **MET**

SB-16	Update and publish the Medium-Term Debt Management Strategy to align it with the program objectives.	~~End-September 2023~~ End-October 2023	Fiscal	✓ **MET**
SB-17	Simplify the asset declaration system through linking with other databases and registers consistent with the public officials' legal obligations to make truthful and timely submissions.	End-October 2023	Governance/Anti-corruption	✓ **MET**

QPC-1	Floor on the non-defense cash primary balance of the general government, excluding budget support grants ~~UAH 318,502 million~~ **UAH 213,000 million** (1st review)	June 2023	Quantitative performance criteria	✓ **MET** UAH 278,872 million
QPC-2	Floor on net international reserves ~~USD 15,500 million~~ ~~USD 16,500 million (1st review)~~ **USD 16,437 million** (2nd review)	June 2023	Quantitative performance criteria	✓ **MET** USD 26,284 million
QPC-3	Floor on tax revenues (excluding Social Security Contributions) **UAH 696,400 million**	June 2023	Quantitative performance criteria	✓ **MET** UAH 747,986 million
QPC-4	Change from CPC to QPC (1st review): Ceiling on publicly guaranteed debt ~~UAH 37,000 million~~ **UAH 48,917 million** (2nd review)	June 2023	Quantitative performance criteria	✓ **MET** UAH 17,731 million
CPC-1	Ceiling on non-accumulation of new external debt payments arrears by the general government **UAH 0**	June 2023	Continuous performance criteria	✓ **MET** UAH 0
IT-1	Floor on the overall cash balance of the general government, excluding budget support grants ~~UAH -638,300 million~~ **UAH -730,000 million** (1st review)	June 2023	Indicative target	✓ **MET** UAH -660,336 million
IT-2	Ceiling on general government borrowing from the NBU **UAH -2,573 million**	June 2023	Indicative target	✓ **MET** UAH -2,573 million
IT-3	Ceiling on general government arrears **UAH 4,500 million**	June 2023	Indicative target	✓ **MET** UAH 1,620 million
IT-4	Floor on social spending **UAH 258,100 million**	June 2023	Indicative target	✓ **MET** UAH 276,051 million
QPC-1	Floor on the non-defense cash primary balance of the general government, excluding budget support grants ~~UAH 337,998 million~~ **UAH 242,900 million** (1st review)	September 2023	Indicative target	✓ **MET** UAH 404,895 million
QPC-2	Floor on net international reserves ~~USD 15,500 million~~ ~~USD 16,500 million (1st review)~~ **USD 14,525 million** (2nd review)	September 2023	Indicative target	✓ **MET** USD 28,138 million
QPC-3	Floor on tax revenues (excluding Social Security Contributions) **UAH 1,094,700 million**	September 2023	Indicative target	✓ **MET** UAH 1,187,653 million
QPC-4	Added (1st review): Ceiling on publicly guaranteed debt ~~UAH 37,000 million~~ **UAH 48,917 million** (2nd review)	September 2023	Indicative target	✓ **MET** UAH 19,571 million
CPC-1	Ceiling on non-accumulation of new external debt payments arrears by the general government **UAH 0**	September 2023	Indicative target	✓ **MET** UAH 0
IT-1	Floor on the overall cash balance of the general government, excluding budget support grants ~~UAH -1,046,000 million~~ **UAH -1,141,100 million** (1st review)	September 2023	Indicative target	✓ **MET** UAH -1,027,513 million
IT-2	Ceiling on general government borrowing from the NBU **UAH -1,153 million**	September 2023	Indicative target	✓ **MET** UAH -1,153 million

IT-3	Ceiling on general government arrears **UAH 3,000 million**	September 2023	Indicative target	✓ **MET** UAH 1,690 million
IT-4	Floor on social spending ~~UAH 372,600 million~~ **UAH 359,600 million** (1st review)	September 2023	Indicative target	✓ **MET** UAH 402,556 million

3rd review (SDR 663.90 million)		**29 Feb 2024**		
SB-19	Review the current public investment management (PIM) procedures and develop a roadmap of measures so that: (i) all public investment projects follow unified PIM approaches, including public-private partnerships (PPPs); (ii) investment projects are selected on a competitive basis, with transparent selection criteria, and consistent with the medium-term budget framework; (iii) stronger powers are provided to MoF, including a clear gatekeeping role during the different stages of the investment project cycle.	End-December 2023	Fiscal	
SB-20	Adopt National Revenue Strategy by the end of 2023.	End-December 2023	Fiscal	
SB-21	Adopt legislation to enhance the institutional autonomy of the SAPO, specifically, on the selection procedures, capacity to regulate organizational activities, and mechanisms for discipline and accountability.	End-December 2023	Governance/Anti-corruption	
SB-22	Added (2nd review): Based on findings of the revenue working group, prepare short-term revenue measures (tax and non-tax) with yields of at least 0.5 percent of GDP ready to be included in budget 2024.	End-February 2024	Fiscal	
SB-30	Added (2nd review): All banks with majority public ownership remain under the shareholder management at the Ministry of Finance and any nationalised non-systemic banks will be transferred to the Deposit Guarantee Fund for resolution.	Continuous	Financial sector	

QPC-1	Floor on the non-defense cash primary balance of the general government, excluding budget support grants ~~UAH 96,737 million~~ **UAH 105,000 million** (2nd review)	December 2023	Quantitative performance criteria	
QPC-2	Floor on net international reserves ~~USD 15,500 million~~ ~~USD 16,500 million (1st review)~~ **USD 24,900 million** (2nd review)	December 2023	Quantitative performance criteria	
QPC-3	Floor on tax revenues (excluding Social Security Contributions) ~~UAH 1,679,170 million~~ **UAH 1,653,992 million** (2nd review)	December 2023	Quantitative performance criteria	
QPC-4	Added (1st review): Ceiling on publicly guaranteed debt **UAH 37,000 million**	December 2023	Quantitative performance criteria	
CPC-1	Ceiling on non-accumulation of new external debt payments arrears by the general government **UAH 0**	December 2023	Continuous performance criteria	
IT-1	Floor on the overall cash balance of the general government, excluding budget support grants ~~UAH -1,708,700 million~~ ~~UAH -1,674,500 million (1st review)~~ **UAH -1,744,668 million** (2nd review)	December 2023	Indicative target	
IT-2	Ceiling on general government borrowing from the NBU **UAH -704 million**	December 2023	Indicative target	
IT-3	Ceiling on general government arrears ~~UAH 1,600 million~~ **UAH 2,000 million** (2nd review)	December 2023	Indicative target	

IT-4	Floor on social spending **UAH 499,600 million**	December 2023	Indicative target	

4th review (SDR 1,669.82 million)		**15 Jun 2024**		
SB-12	Postponed from 2nd review: Develop a concept note on the 5-7-9 program with proposals to target small and medium enterprises by phasing out the eligibility of large companies, enhance monitoring, and maintain adequate safeguards	End-March 2024	Fiscal	
SB-30	Added (2nd review): All banks with majority public ownership remain under the shareholder management at the Ministry of Finance and any nationalised non-systemic banks will be transferred to the Deposit Guarantee Fund for resolution.	Continuous	Financial sector	
SB-32	Added (2nd review): Enact amendments to the procedural code to rationalize matters or issues to be heard at the first instance by one anti-corruption judge or by a panel of three anti-corruption judges.	End-March 2024	Governance/Anti-corruption	
QPC-1	Added (1st review): Floor on the non-defense cash primary balance of the general government, excluding budget support grants ~~UAH 100,000 million~~ **UAH 140,715 million** (2nd review)	March 2024	Indicative target	
QPC-2	Added (1st review): Floor on net international reserves ~~USD 16,500 million~~ **USD 25,400 million** (2nd review)	March 2024	Indicative target	
QPC-3	Added (1st review): Floor on tax revenues (excluding Social Security Contributions) ~~UAH 420,000 million~~ **UAH 426,300 million** (2nd review)	March 2024	Indicative target	
QPC-4	Added (1st review): Ceiling on publicly guaranteed debt ~~UAH 46,000 million~~ **UAH 47,900 million** (2nd review)	March 2024	Indicative target	
CPC-1	Ceiling on non-accumulation of new external debt payments arrears by the general government **UAH 0**	March 2024	Indicative target	
IT-1	Added (1st review): Floor on the overall cash balance of the general government, excluding budget support grants ~~UAH -354,000 million~~ **UAH -344,485** (2nd review)	March 2024	Indicative target	
IT-2	Added (1st review): Ceiling on general government borrowing from the NBU **UAH -9,500 million**	March 2024	Indicative target	
IT-3	Added (1st review): Ceiling on general government arrears ~~UAH 1,600 million~~ **UAH 2,000 million** (2nd review)	March 2024	Indicative target	
IT-4	Added (1st review): Floor on social spending ~~UAH 172,000 million~~ **UAH 130,000 million** (2nd review)	March 2024	Indicative target	

5th review (SDR 834.88 million)		**1 Sep 2024**		
SB-23	Added (2nd review): Adopt a new law (consistent with ¶25 of the Memorandum of Economic and Financial Policies) on the Economic Security Bureau of Ukraine (ESBU) that has a clear mandate and scope for investigative powers consistent with good practice by focusing on major economic crimes; establishing legal basis for operation of the ESBU in terms of the selection of management and staff. The law will respect the existing delineation between the investigative powers of the ESBU and the National Anti-corruption Bureau of Ukraine (NABU).	End-June 2024	Fiscal	

SB-24	Prepare a bank rehabilitation framework in consultation with the Deposit Guarantee Fund (DGF) and IMF staff.	~~End-March 2024~~ End-June 2024	Financial sector	
SB-25	Added (2nd review): Prepare an assessment of the effectiveness of tax privileges, including their cost to the budget, in order to have a unified reform approach.	End-July 2024	Fiscal	
SB-26	Implement a supervisory risk assessment methodology to inform supervisory engagement priorities.	End-June 2024	Financial sector	
SB-30	Added (2nd review): All banks with majority public ownership remain under the shareholder management at the Ministry of Finance and any nationalised non-systemic banks will be transferred to the Deposit Guarantee Fund for resolution.	Continuous	Financial sector	
SB-31	Added (2nd review): Determine the stock of arrears and assess financial conditions of District Heating Companies (DHCs) through a desk review by a reputable audit firm, including by separating arrears until and after February 2022.	End-June 2024	Energy	
SB-34	Added (2nd review): Enact a law to establish a new court that will hear administrative cases against national state agencies (e.g., NBU, NABU, NACP) by judges who have been properly vetted for professional competence and integrity.	End-July 2024	Governance/Anti-corruption	
SB-35	Added (2nd review): Produce a State-Owned Enterprise (SOE) state ownership policy, dividend policy and privatization strategy.	End-August 2024	SOE corporate governance	
QPC-1	Added (1st review): Floor on the non-defense cash primary balance of the general government, excluding budget support grants ~~UAH 150,000 million~~ **UAH 257,184 million** (2nd review)	June 2024	Indicative target	
QPC-2	Added (1st review): Floor on net international reserves ~~USD 16,500 million~~ **USD 25,300 million** (2nd review)	June 2024	Indicative target	
QPC-3	Added (1st review): Floor on tax revenues (excluding Social Security Contributions) ~~UAH 835,000 million~~ **UAH 880,400 million** (2nd review)	June 2024	Indicative target	
QPC-4	Added (1st review): Ceiling on publicly guaranteed debt ~~UAH 46,000 million~~ **UAH 47,900 million** (2nd review)	June 2024	Indicative target	
CPC-1	Ceiling on non-accumulation of new external debt payments arrears by the general government **UAH 0**	June 2024	Indicative target	
IT-1	Added (1st review): Floor on the overall cash balance of the general government, excluding budget support grants ~~UAH -750,000 million~~ **UAH -725,996 million** (2nd review)	June 2024	Indicative target	
IT-2	Added (1st review): Ceiling on general government borrowing from the NBU **UAH -2,884 million**	June 2024	Indicative target	
IT-3	Added (1st review): Ceiling on general government arrears ~~UAH 1,600 million~~ **UAH 2,000 million** (2nd review)	June 2024	Indicative target	
IT-4	Added (1st review): Floor on social spending ~~UAH 270,000 million~~ **UAH 262,500 million** (2nd review)	June 2024	Indicative target	

	6th review (SDR 834.88 million)	**1 Dec 2024**		
SB-27	Added (2nd review): With the help of IMF technical assistance, produce a diagnostic review of pre-war MTBF policies and practices relative to best practices to identify key weaknesses and work	End-October 2024	Fiscal	

	towards strengthening strategic budgeting, leveraging bottom-up public financial management processes to capture more detailed spending needs and costing of new public services.			
SB-28	Added (2nd review): Identify major public companies severely affected by the war and prepare a review of potential fiscal and quasi-fiscal costs.	End-September 2024	Fiscal	
SB-30	Added (2nd review): All banks with majority public ownership remain under the shareholder management at the Ministry of Finance and any nationalised non-systemic banks will be transferred to the Deposit Guarantee Fund for resolution.	Continuous	Financial sector	
SB-33	Added (2nd review): Complete an external audit of the National Anti-Corruption Bureau of Ukraine's effectiveness with participation of three independent experts with international experience and publish its report.	End-September 2024	Governance/Anti-corruption	
QPC-1	Added (2nd review): Floor on the non-defense cash primary balance of the general government, excluding budget support grants **UAH 368,313 million**	September 2024	Indicative target	
QPC-2	Added (2nd review): Floor on net international reserves **USD 25,400 million**	September 2024	Indicative target	
QPC-3	Added (2nd review): Floor on tax revenues (excluding Social Security Contributions) **UAH 1,398,600 million**	September 2024	Indicative target	
QPC-4	Added (2nd review): Ceiling on publicly guaranteed debt **UAH 47,900 million**	September 2024	Indicative target	
CPC-1	Ceiling on non-accumulation of new external debt payments arrears by the general government **UAH 0**	September 2024	Indicative target	
IT-1	Added (2nd review): Floor on the overall cash balance of the general government, excluding budget support grants **UAH -1,123,107 million**	September 2024	Indicative target	
IT-2	Added (2nd review): Ceiling on general government borrowing from the NBU **UAH -1,153 million**	September 2024	Indicative target	
IT-3	Added (2nd review): Ceiling on general government arrears **UAH 1,800 million**	September 2024	Indicative target	
IT-4	Added (2nd review): Floor on social spending **UAH 390,000 million**	September 2024	Indicative target	

7th review (SDR 684.02 million)		**1 Mar 2025**		
SB-29	Added (2nd review): Based on the outcomes of a roadmap on development of public investment managment procedures, adopt a government decree with an action plan and timeline that provides clear linkages between Medium-Term Budget Framework (MTBF) and capital expenditures, including reconstruction priorities, and specifying the gatekeeper role of the Ministry of Finance.	End-December 2024	Fiscal	
SB-30	Added (2nd review): All banks with majority public ownership remain under the shareholder management at the Ministry of Finance and any nationalised non-systemic banks will be transferred to the Deposit Guarantee Fund for resolution.	Continuous	Financial sector	
QPC-1	Added (2nd review): Floor on the non-defense cash primary balance of the general government, excluding budget support grants **UAH 415,410 million**	December 2024	Indicative target	

QPC-2	Added (2nd review): Floor on net international reserves **USD 23,000 million**	December 2024	Indicative target	
QPC-3	Added (2nd review): Floor on tax revenues (excluding Social Security Contributions) **UAH 2,042,250 million**	December 2024	Indicative target	
QPC-4	Added (2nd review): Ceiling on publicly guaranteed debt **UAH 47,900 million**	December 2024	Indicative target	
CPC-1	Ceiling on non-accumulation of new external debt payments arrears by the general government **UAH 0**	December 2024	Indicative target	
IT-1	Added (2nd review): Floor on the overall cash balance of the general government, excluding budget support grants **UAH -1,557,208 million**	December 2024	Indicative target	
IT-2	Added (2nd review): Ceiling on general government borrowing from the NBU **UAH -704 million**	December 2024	Indicative target	
IT-3	Added (2nd review): Ceiling on general government arrears **UAH 1,600 million**	December 2024	Indicative target	
IT-4	Added (2nd review): Floor on social spending **UAH 537,800 million**	December 2024	Indicative target	
	8th review (SDR 684.02 million)	**31 Aug 2025**		
SB-30	Added (2nd review): All banks with majority public ownership remain under the shareholder management at the Ministry of Finance and any nationalised non-systemic banks will be transferred to the Deposit Guarantee Fund for resolution.	Continuous	Financial sector	
	9th review (SDR 965.68 million)	**1 Mar 2026**		
SB-30	Added (2nd review): All banks with majority public ownership remain under the shareholder management at the Ministry of Finance and any nationalised non-systemic banks will be transferred to the Deposit Guarantee Fund for resolution.	Continuous	Financial sector	
	10th review (SDR 965.68 million)	**31 Aug 2026**		
SB-30	Added (2nd review): All banks with majority public ownership remain under the shareholder management at the Ministry of Finance and any nationalised non-systemic banks will be transferred to the Deposit Guarantee Fund for resolution.	Continuous	Financial sector	
	11th review (SDR 965.75 million)	**10 Mar 2027**		
SB-30	Added (2nd review): All banks with majority public ownership remain under the shareholder management at the Ministry of Finance and any nationalised non-systemic banks will be transferred to the Deposit Guarantee Fund for resolution.	Continuous	Financial sector	

Source: Own elaboration based on IMF.

Notes: SB = structural benchmark, QPC = quantitative performance criteria, CPC = continuous performance criteria, IT = indicative target. Colour coding: green indicates conditions met, red conditions not met, yellow conditions met with delay, and grey indicates conditions subject to future review