This paper provides a snapshot of multilateral financial assistance provided to Ukraine since the start of the Russian invasion in February 2022 by 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 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, which started on 24 February 2022, continues to cause devastating effects on the Ukrainian economy. Ukraine’s gross domestic product (GDP) fell by 29.1% in 2022. Unemployment is estimated to be 20% in the first quarter of 2023. The annual consumer price index (CPI) inflation rate was 20% in 2022. In 2023, inflation continues on a downward trend, with the annualised monthly inflation rate for May at 15.3%, after peaking 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 since.

At the onset 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 increased to USD 37.3 billion as of May 2023, driven by international financial assistance. International reserves currently cover 4.9 months of imports.

The Verkhovna Rada of Ukraine amended Article 54 of the Law of Ukraine on the NBU by temporarily waiving the restriction on monetary financing for the duration of martial law. This allowed the NBU to purchase war bonds issued by the government. The NBU, in agreement with the Ministry of Finance, limited war bond purchases to UAH 400 billion in 2022. The NBU distributed a record amount of its profits, UAH 71.9 billion (EUR 1.8 billion) for 2022, to the state budget.

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). Focusing on physical damage to infrastructure, the Kiev School of Economics estimates total damage at USD 143.8 billion as of March 2023, of which USD 53.6 billion relates to residential housing. Damage and reconstruction cost estimates are, however, bound to be revised upwards as the war continues. For instance, damage from the destruction of the Kakhovka Dam that took place on 6 June 2023 is expected to be significant and still to be estimated.

Despite significant efforts to mobilise revenue from domestic sources, Ukraine will continue to be dependent on external financial support. Tax revenue in 2022 was 9.9% (by about EUR 2.4 billion) higher than in 2021. Nevertheless, external financing gaps remain sizable. IMF staff baseline estimates from March 2023 suggested that Ukraine’s external fiscal financing gap in 2023 would amount to USD 41.9 billion or about 20% of Ukraine’s pre-war GDP, and USD 123.5 billion for the period 2023-2027. In a downside scenario, this amount could climb to USD 148.7 billion.

<table>
<thead>
<tr>
<th>External financing gap</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline scenario</td>
<td>41.9</td>
<td>38.5</td>
<td>23.5</td>
<td>14.4</td>
<td>5.2</td>
</tr>
<tr>
<td>Downside scenario</td>
<td>46.4</td>
<td>45.0</td>
<td>27.7</td>
<td>19.4</td>
<td>10.2</td>
</tr>
</tbody>
</table>


The European Union (EU) and international partners are leading the efforts to provide longer-term financial support for the reconstruction and recovery of Ukraine. Several high-level international conferences were held in 2022. The annual “Ukraine Recovery Conference” (URC) took place on 4-5 July 2022 in Lugano, Switzerland, leading to the adoption of the “Lugano Declaration”. At the URC, the Ukrainian government presented a 10-year, USD 750 billion “Ukraine’s National Recovery Plan”. The “International Expert Conference on the Recovery, Reconstruction and Modernisation of Ukraine” hosted by the German Presidency of the Group of Seven (G7) and the European Commission was organised in Berlin on 25 October 2022. The “International conference in support of the Ukrainian people” took place in Paris on 13 December 2023. The 2023 “Ukraine Recovery Conference” took place in London on 21-22 June 2023.

The international donor/creditor landscape is complex. There are a number of different actors involved (states, European and international institutions and others) providing different types of financial assistance (grants, loans, guarantees, debt relief) through different channels (direct bilateral support, international financial institutions using their own resources, individual countries’ financing channelled through international financial institutions).
Coordination between donors is essential in this context, in particular in the phase when longer-term financial assistance and related conditionalities are discussed. In May 2022, the Commission proposed to establish the “Ukraine Reconstruction Platform”, which would be led jointly by Ukraine and the Commission, and in which the Verkhovna Rada of Ukraine and the European Parliament would participate as observers. On 12 December 2022, however, G7 leaders agreed to establish a “Multi-agency Donor Coordination Platform” to coordinate financial support to Ukraine. The Platform has a Steering Committee comprised of three co-chairs (senior officials from the European Commission, Ukraine and United States), together with representatives of other G7 countries. International financial institutions (IMF, World Bank, EIB, EBRD, OECD and the Council of Europe Development Bank) attend the meetings as “active participants”. After the inaugural meeting on 26 January 2023, three more meetings took place, in April, May and June (during the 2023 URC). There is scarce information about the content of the deliberations in the Platform, apart from statements of the three co-chairing parties.

Contrary to the Commission’s May 2022 proposal, observer status in the Platform has not been granted to any of the relevant parliaments. Parliamentary involvement would increase the democratic legitimacy of the Platform. It could also provide a better link to the citizens and thus help ensure continued public support for Ukraine’s reconstruction. The Platform now has a website where publicly available information is centralised.

The objective of this paper is to provide an overview of multilateral financial assistance provided to Ukraine since the start of the Russian invasion. The focus is only on multilateral financial assistance (including individual countries’ support channelled through international financial institutions), therefore excluding the substantial amount of direct bilateral financial assistance provided by EU Member States, G7 countries and others, as well as humanitarian, military or other types of aid. For a detailed dataset on financial, humanitarian and military aid to Ukraine covering 40 countries, see "The Ukraine Support Tracker" of the Kiel Institute for the World Economy.

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2 See, for the January meeting: EU, Ukraine, US. For the April meeting: EU, Ukraine, US. For the May meeting: EU, Ukraine, US. For the June meeting: EU, Ukraine, US.

3 This issue is also discussed in Peters, T. (2023). “Financing Ukraine’s recovery: Consequences for the EU budget and budgetary control, and principles for success”. EPRS, European Parliament, June.
2. EUROPEAN UNION

Macro-financial assistance

Between 2014 and February 2022, five macro-financial assistance (MFA) packages were adopted by the EU, with a total disbursed amount of EUR 5.01 billion. Before the Russian invasion, 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, totalling EUR 610 million, and ii) MFA II, decided through an emergency procedure by Council in April 2014, totalling EUR 1 billion. The total amount of EUR 1.61 billion was disbursed between May 2014 and April 2015. 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 tranche 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 (Ukraine fulfilled 17 out of 21 policy conditions). 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 after the European Commission had assessed that Ukraine had met all 12 policy conditions.

The last MFA package (V) before the Russian invasion of February 2022 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 of loans 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 16.2 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.

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4 Conditions number 5, 6, 17 and 21 from the MoU were not fulfilled.
Figure 1: EU Macro-Financial Assistance since February 2022 and the proposed Ukraine Facility

- **Emergency MFA**
  - EUR 1.2 billion
  - 7 policy conditions:
    - Economic resilience and stability.
    - Governance and rule of law.
    - Energy.

- **Exceptional MFA**
  - Up to EUR 9 billion
    (EUR 6 billion disbursed, remaining amount integrated in MFA+)
  - 7 policy conditions (second operation):
    - Economic resilience and stability.
    - Governance and rule of law.
    - Energy.

- **MFA+**
  - EUR 18 billion for 2023
    (EUR 9 billion disbursed so far)
    - 35 years average maturity.
    - 10-year grace period.
    - Possibility to subsidise interest and administrative charges from the EU budget.
  - 20 policy conditions:
    - Macro-financial stability.
    - Structural reforms and good governance.
    - Rule of law.
    - Energy.

- **Ukraine Facility**
  - Up to EUR 50 billion for 2024-2027
  - Pilar 1: Grants and loans
  - Pilar 2: Ukraine Investment Framework
  - Pilar 3: Technical assistance

- **Ukraine Plan**
  - Commission assessment, Council implementing decision to approve.
  - Reform and investment agenda.
  - Qualitative and quantitative conditionality, including essential requirements (economic and financial stability, budget oversight and public financial management) and sectoral and structural reforms and investments.

Source: Own elaboration.
I. Emergency MFA

At the outbreak of the war, 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 on 3 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 6 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. On 19 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, on 1 and 2 August 2022. On 3 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 6 in Annex). Three tranches were subsequently disbursed: EUR 2 billion on 18 October 2022, EUR 2.5 billion on 22 November 2022, and EUR 500 million on 14 December 2022. 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 on 14 December 2022. For this purpose, the Commission borrows funds on capital markets, 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). 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. On 17 January 2023, the first tranche of EUR 3 billion was disbursed to Ukraine. Further disbursements are 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 6 in Annex). Four additional tranches of 1.5 billion have been disbursed so far, in March, April, May and June 2023, with the total disbursed amount arriving to EUR 9 billion.

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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

On 20 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. 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. 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 6 in section 3).

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 representatives 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

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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.”

European Investment Bank

The European Investment Bank (EIB) pledged to provide EUR 2.26 billion to Ukraine as part of the EIB Ukraine Solidarity Urgent Response for 2022-2023, by repurposing existing loans. In March 2022, the EIB announced it would provide Ukraine with EUR 668 million as immediate financial support. In July 2022, the EIB’s Board of Directors approved a further EUR 1.59 billion package. Both packages come with EU budget guarantees, as provided under the EIB’s External Lending Mandate.

The EIB has so far disbursed around EUR 1.7 billion in several tranches. EUR 668 million was intended for immediate support so EUR 229 million provided were within ten days after the announcement of the assistance, and the remainder was disbursed by end-March 2022. Regarding the second package of EUR 1.59 billion, the EIB paid out the first EUR 500 million on 14 September 2022 and another EUR 550 million on 14 October 2022. 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, the European Council invited the EIB, 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 announced the “EU for Ukraine Initiative” as a temporary scheme until a more permanent EU financial support mechanism is in place. As part of the Initiative, the EIB will establish an
“EU for Ukraine Fund” that will allow EU Member States, the Commission and other countries and donors to provide financial support to Ukraine. The Fund will provide credit enhancement for EIB loans. In addition, EUR 100 million is foreseen as part of the Initiative to provide technical assistance to Ukraine and Moldova. In April 2023, Italy committed EUR 100 million to the Fund. In June 2023, the European Commission contributed to the Initiative by providing a guarantee of up to EUR 100 million for new EIB loans to Ukraine, under the European Fund for Sustainable Investment Plus (EFSD+).

In June 2023, in the margins of the URC 2023 in London, 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.

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

On 26 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”.

On 19 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.”

Canada is currently the only G7 country to adopt and implement rules for seizure and forfeiture of assets belonging to sanctioned Russian individuals and entities. The new provisions were used in two instances. In December 2022, Canada has seized and started the procedure for permanent forfeiture of USD 26 million from a company owned by sanctioned a Russian oligarch. In June 2023, a Russian-registered cargo aircraft currently grounded in Canada was seized and a forfeiture procedure was started. If forfeited, the proceeds from these assets would be used for “reconstruction of Ukraine and compensation to victims of the Putin regime’s illegal and unjustifiable invasion.”

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. One month after, the Commission presented an option to the Council that would entail the creation of a new structure

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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 provide 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 1.5 billion since the start of the war (EUR 821 million in 2022 and EUR 734 million in the first quarter of 2023).
3. INTERNATIONAL MONETARY FUND

| Committed: EUR 16.6 billion (EUR 20.8 billion including Administered Account) |
| Disbursed: EUR 5.7 billion (EUR 9.9 billion including Administered Account) |

- Ukraine had large outstanding obligations towards the IMF at the moment of the invasion.
- Since then, the IMF first provided loans through the Rapid Financing Instrument (RFI).
- An Administered Account was also set up, through which countries can contribute with loans or grants to Ukraine.
- In March 2023, after Ukraine fulfilled all the conditions of the “Program Monitoring with Board involvement”, a 4-year Extended Fund Facility (EFF) of SDR 11.6 billion (EUR 14.1 billion) was approved.
- Ukraine is required to make substantial debt service payments to the IMF in the coming years.
- The IMF assessed Ukraine’s debt as unsustainable without public and private creditors providing debt treatment.

Ukraine joined the IMF on 3 September 1992. Ukraine’s current quota subscription in special drawing rights (SDR) amounts to 2,011.80 million, representing 0.42% of total IMF quotas. Ukraine’s net cumulative SDR allocation is 3.2 billion and, as of 31 May 2023, current holdings amount to SDR 1.7 billion. At the IMF’s Executive Board, Ukraine is in a constituency with 15 other European countries, including 7 EU Member States.

Ukraine has a long history with IMF-supported programmes. Since joining the IMF and until the Russian invasion in February 2022, Ukraine entered into nine Stand-By Arrangements (SBAs) and two Extended Fund Facility (EFF) programmes.

Since the start of the Russian invasion, the IMF provided significant financial 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) EFF programme.

The following sections provide details on these instruments and programmes.

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10 The SDR interest rate is applied to SDR holdings (net SDR charges). If a country’s SDR holdings are above its net cumulative allocation, it gains interest. If its current holdings are below the net cumulative allocation, the country pays charges.
11 Belgium, Bulgaria, Croatia, Cyprus, Luxembourg, Netherlands, and Romania.
14 The applicable SDD/UEUR exchange rate of 29 June is used throughout the document to convert SDR into EUR.
Active 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 30 June 2023, with SDR 9.6 billion (EUR 11.7 billion), Ukraine currently has the third largest amount of debt outstanding among IMF member countries, after Argentina and Egypt. Table 1 shows Ukraine’s outstanding financial obligations at the start of the invasion and as of end-June 2023.

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

<table>
<thead>
<tr>
<th>Programme</th>
<th>Amount approved (SDR million)</th>
<th>Amount drawn (SDR million)</th>
<th>Amount outstanding (SDR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28 Feb 2022</td>
<td>30 June 2023</td>
<td></td>
</tr>
<tr>
<td>Pre-war outstanding obligations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015 EFF</td>
<td>12,348</td>
<td>6,178</td>
<td>4,028</td>
</tr>
<tr>
<td>2018 and 2020 SBAs</td>
<td>6,400</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Approved after 24 February 2022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022 RFIs</td>
<td>2,012</td>
<td>2,012</td>
<td>-</td>
</tr>
<tr>
<td>2023 EFF</td>
<td>11,608</td>
<td>2,676</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: IMF.
Generally, the IMF found that Ukraine’s performance under IMF-supported programmes up to 2020 was uneven: successful in restoring macroeconomic stability, while “generally slow and incomplete” with progress on structural reforms. The 2015 EFF arrangement was approved in March 2015. The total amount approved under the EFF\(^{15}\) was SDR 12.3 billion (EUR 15 billion), representing 900% of Ukraine’s quota at the time, and around half of that amount was eventually drawn (SDR 6.2 billion). As of 30 June 2023, a principal amount of SDR 2.6 billion is outstanding, with the final repayment due in April 2027. In December 2018, the EFF was cancelled and succeeded by a 14-month SBA amounting to SDR 2.8 billion (EUR 3.4 billion), with more narrowly-defined conditionality but some additional measures such as the “monetary policy consultation clause”\(^{16}\). However, the SBA expired in February 2020 with no reviews conducted and only the initial SDR 1 billion disbursement made. In June 2020, in the aftermath of the COVID-19 pandemic, the IMF approved a new 18-month SBA with a total available amount of SDR 3.6 billion (EUR 4.4 billion). An immediate disbursement of SDR 1.5 billion (EUR 1.8 billion) was made, with four reviews foreseen for the remaining amount. In November 2021, the first review was concluded, allowing a further SDR 500 million (EUR 610 million) disbursement. The monetary policy consultation clause, triggered due to high inflation in 2021, was conducted together with the review.

**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”. As an additional safeguard to alleviate financial risk for the IMF, “official bilateral donors and creditors have reaffirmed their recognition of the Fund’s preferred creditor status in respect of the amounts outstanding to Ukraine, including the requested drawing by Ukraine under the new RFI 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\(^{17}\). 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

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\(^{15}\) The Letter of Intent submitted by Ukrainian authorities, with a Memorandum of Economic and Financial Policies and Technical Memorandum of Understanding, detailed a broad set of policy objectives aimed at strong adjustment policies and deep structural reform. The IMF’s ex-post evaluation concluded that “after a promising start and notable achievements in several areas, the implementation of structural reforms largely stalled, and efforts to improve business climate and competitiveness fell short of what was needed to significantly boost medium-term growth. Nevertheless, the program broadly achieved the targeted macro stabilization and helped restore growth.”, while acknowledging that “the program’s structural reform agenda seems to have been overly ambitious, considering Ukraine’s track record under earlier Fund arrangements and the fragility of the program ownership.”

\(^{16}\) If inflation breaches an “outer band” range, a consultation with the IMF’s Executive Board is triggered, focusing on the monetary policy stance, reasons for deviation and possible remedial actions. For smaller deviations outside an “inner band” range, a consultation with IMF staff on the reasons for deviations, and possible policy responses is launched.

\(^{17}\) 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.
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.

**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 7 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)\(^{18}\) 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 8 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 (see Figure 6 below). 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 first review was **concluded** in June 2023. Ukraine fulfilled all structural and quantitative conditions, apart from two indicative targets (see Table 8 in Annex). The positive conclusion of the first review enabled the disbursement of the second tranche of SDR 663.9 million.

**Quantitative conditionality for the first phase is defined by 3 prior actions (PAs) that were fulfilled at the time of the approval of the programme and 19 structural benchmarks (SBs).** Out of these, a majority relates to fiscal policy (2 PAs and 10 SBs). There is a set of conditions aimed at fostering medium-term

\(^{18}\) IMF credit for amounts above 25% of a country’s quota.
budgetary planning\textsuperscript{19}, in particular to prepare and adopt a National Revenue Strategy (2024-2030), a Public 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. Structural conditions that will be included in the second phase of the programme (2025-2027) will be defined at a later stage.

Quantitative conditionality includes 3 quantitative performance criteria (QPC), 2 continuous performance criteria (CPC) and 4 indicative targets (ITs). The QPCs relate to the government cash primary balance, tax revenue and international reserves. The two CPCs focus on external debt payment arrears and publicly-guaranteed debt. 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\textsuperscript{20}; (iii) conclude bilateral payments agreements that are inconsistent with Article VIII\textsuperscript{21}; and (iv) impose or intensify import restrictions for balance of payments reasons.”

The IMF has assessed Ukraine’s debt to be unsustainable both in the baseline and downside scenarios without additional highly-concessional financial support, and private and public creditors providing debt relief or restructuring. Besides these commitments and assurances, Ukraine’s post-programme (2027-2033) debt sustainability will also be conditional on: a) containing gross financing needs\textsuperscript{22} to 8-9% of GDP, and b) reducing the public debt-to-GDP ratio to 60-65%. IMF’s medium-term risk analysis without debt restructuring provides estimates of the two variables, as shown in Figure 3. This confirms both the importance and necessity of debt restructuring and the uncertainty surrounding these projections (as suggested by the debt-to-GDP fan chart width and gross financing needs stress scenarios).

**Figure 3**: IMF pre-restructuring medium-term risk analysis

**A. Baseline scenario**: debt-to-GDP ratio (left side) and gross financing needs, as % of GDP (right side)

\textsuperscript{19} For a discussion on the conditions related to the budget process, see Betly, O. (2023). "Ukraine is implementing IMF structural benchmarks and returning to useful budgeting practices", VoxUkraine, 21 June.

\textsuperscript{20} Different kind of currency transactions carried out at different exchange rates.

\textsuperscript{21} IMF Articles of Agreement, Article VIII on restrictions on currency payments.

\textsuperscript{22} Overall new borrowing requirement plus debt maturing during the year.
B. Downside scenario: debt-to-GDP ratio (left side) and gross financing needs, as % of GDP (right side)

Source: IMF.

Another important element is that the vast majority of Ukraine’s debt is denominated in foreign currency. Currently, Ukraine has fixed exchange rate regime that was implemented in February 2022, with one devaluation done in 2022. With the move to a more flexible exchange rate regime, it is possible that debt becomes more expensive, if the hryvnia depreciates. Even after the 25% devaluation in July 2022, the gap between the official exchange rate and the banks’ cash rate kept widening, until the end of September, indicating further devaluation pressure. Since then, however, the gap has been steadily decreasing (see Figure 5).

Figure 4: Ukraine government debt, by currency, % of GDP

Source: IMF, Ukraine: Public Debt Structure Indicators under Pre-restructuring Baseline Scenario, p. 82.

Figure 5: UAH/USD exchange rate, official rate (left-hand side) and spread with cash rate (right-hand side)
Ukraine is required to make substantial debt repayments to the IMF in the coming years. For 2023, external debt servicing payments are estimated to amount to around EUR 3.1 billion, of which EUR 2.9 billion (EUR 1.6 billion principal and EUR 1.3 billion interest) are debt repayments to international financial institutions. Table 1 shows that since the start of the Russian invasion until 31 May 2023, Ukraine paid back more than SDR 2 billion (EUR 2.4 billion) to the IMF, as a result of pre-war programmes. By looking at overall repayments due and scheduled disbursements from the EFF, Figure 6 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 tranches.

**Figure 6:** Ukraine’s projected payments to and disbursements from the IMF, 2023-2033 (in EUR billions)

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% 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”,23 AND COULD AMOUNT TO 300 BPS. ALTOGETHER, THIS WOULD IMPLY AN INTEREST RATE OF 8%.

23 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.
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). Financial support from Germany and Belgium through the Administered Account was in the form of grants.

4. THE GROUP OF CREDITORS OF UKRAINE

On 20 July 2022, six official bilateral creditors’ members of the G7 and the Paris Club (“The Group of Creditors of Ukraine”) announced a suspension of Ukraine’s debt service payments applicable from 1 August 2022 until the end of 2023, with the possibility of extension for one additional year. On 14 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 through a consent solicitation procedure.

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 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.

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 in early 2024.

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24 The IMF reports on financial transactions in its administered account in Quarterly Reports on IMF Finances. At the time of writing, the quarterly report covering the period up to January 2023 is available.
25 SDR interest rate + margin decided on an annual basis by the Executive Board (currently 1%).
26 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.
27 Source: IMF, p. 86.
5. WORLD BANK GROUP

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”.

Apart from the joint IMF-WBG statement issued on 1 March 2022, the President of the World Bank Group stated immediately on 24 February 2022 that “[W]e are a long-standing partner of Ukraine and stand with its people at this critical moment.” Since 2014 and Russia’s illegal annexation of Crimea and military hostilities in the Donbas region, the WBG was not approved any new loans or investments to Russia and, from mid-2020, to Belarus. Following the 2022 Russian invasion of Ukraine, the WBG has stopped all programmes in Russia and Belarus “with immediate effect”.

On 12 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 7: MRII for Ukraine Facility, World Bank Group**

<table>
<thead>
<tr>
<th>Partnership Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRll Facility</td>
</tr>
</tbody>
</table>

- World Bank - Ukraine Relief, Recovery, Reconstruction, and Reform TF (URTF)
- World Bank - Peace Co-Financing MDTFs and Guarantees
- IFC - Economic Resilience Program (ERA)
- MIGA - Support for Ukraine’s Reconstruction and Economy TF (SURE)

**Committed:** EUR 34.8 billion (only IBRD and IDA)
**Disbursed:** EUR 21 billion (only IBRD and IDA)
- 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 with USD 19.25 billion (all in grants), followed by the UK (USD 1.5 billion) and Japan (USD 1.1 billion).
- The IFC and MIGA provided targeted support to Ukraine through financing of private sector projects and providing guarantees to investors and lenders.

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The World Bank (IBRD and IDA)

Since February 2022, the World Bank has mobilised USD 37.9 billion in financial support to Ukraine, of which more than USD 22.9 billion have been disbursed until now. In early March 2022, the initial response of the World Bank’s Board of Directors included approving a budget support package entitled the
“Financing of Recovery from Economic Emergency in Ukraine” (“FREE Ukraine”) and setting up a multi-donor trust fund (MDTF) to help channel transfers from international donors to Ukraine. In June 2022, the World Bank introduced the “Public Expenditures for Administrative Capacity Endurance” (“PEACE”) programme to support the provision of public services in Ukraine. In December 2022, the World Bank announced the setting up of a new multi-donor trust fund, the “Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF)”, offering a longer-term approach to financing the recovery and reconstruction efforts (10-year period). Also, in December 2022, the World Bank announced the “Health Enhancement and Life-saving” (“HEAL Ukraine”) project with an initial funding of USD 110 million to support access to health care. Table 3 shows more details on specific elements of the World Bank’s support for Ukraine.

Table 3: Financial support mobilised by the World Bank (IBRD and IDA) and IFC, in USD million

<table>
<thead>
<tr>
<th>Programme</th>
<th>USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financing of Recovery from Economic Emergency (FREE)</strong></td>
<td>2,252</td>
</tr>
<tr>
<td>Supplemental Budget Support (FREE SDLP) (IBRD Commitment)</td>
<td>350</td>
</tr>
<tr>
<td>Bilateral Guarantees (IBRD Commitment)</td>
<td>134</td>
</tr>
<tr>
<td>Bilateral Grant Financing to FREE Multi Donor Trust Fund</td>
<td>1,168</td>
</tr>
<tr>
<td>Japan Parallel Budget Support Linked World Bank FREE SDPL</td>
<td>600</td>
</tr>
<tr>
<td><strong>Public Expenditures for Administrative Capacity Endurance (PEACE)</strong></td>
<td>19,244</td>
</tr>
<tr>
<td>Emergency Public Service Support IPF (PEACE) (IDA Commitment)</td>
<td>1,000</td>
</tr>
<tr>
<td>Bilateral guarantees to PEACE IPF (IBRD Commitment)</td>
<td>1,521</td>
</tr>
<tr>
<td>Bilateral Grant Financing to PEACE MDTF</td>
<td>16,723</td>
</tr>
<tr>
<td><strong>Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF)</strong></td>
<td>1,113</td>
</tr>
<tr>
<td><strong>Contributions to Health Enhancement and Lifesaving (HEAL) Project</strong></td>
<td>114</td>
</tr>
<tr>
<td>Special Transfer through US Single Donor Trust Fund</td>
<td>1,700</td>
</tr>
<tr>
<td>Other World Bank Lending (Restructurings &amp; Current Portfolio)</td>
<td>810</td>
</tr>
<tr>
<td>IFC</td>
<td>340</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>25,573</td>
</tr>
<tr>
<td><strong>SUPPORT UNDER PREPARATION</strong></td>
<td>12,311</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT MOBILISED</strong></td>
<td>37,884</td>
</tr>
<tr>
<td>(DISBURSED)</td>
<td>(22,921)</td>
</tr>
</tbody>
</table>


**World Bank financial support to Ukraine has been driven by member countries’ contributions, most notably from the US (75.3% of total World Bank support until now, all in form of grants).** Overall, 18 countries have provided support through the MDTF (see Table 4 for an overview of type of support provided by individual member countries). Besides the sizeable US support of USD 19.25 billion, the UK (with USD 1.5 billion) and Japan (with USD 1.1 billion) are second and third largest contributors, respectively. EU countries provided USD 717 million altogether in form of grants and guarantees.
Table 4: Individual countries’ contributions channelled through the World Bank, in USD million

<table>
<thead>
<tr>
<th>Source</th>
<th>Grants</th>
<th>Guarantees</th>
<th>Loans</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>19,250</td>
<td>-</td>
<td>-</td>
<td>19,250</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>92</td>
<td>1,450</td>
<td>-</td>
<td>1,542</td>
</tr>
<tr>
<td>Japan</td>
<td>471</td>
<td>-</td>
<td>600</td>
<td>1,071</td>
</tr>
<tr>
<td>Netherlands</td>
<td>160</td>
<td>105</td>
<td>-</td>
<td>265</td>
</tr>
<tr>
<td>Spain</td>
<td>50</td>
<td>104</td>
<td>-</td>
<td>154</td>
</tr>
<tr>
<td>Norway</td>
<td>321</td>
<td>-</td>
<td>-</td>
<td>321</td>
</tr>
<tr>
<td>Canada</td>
<td>86</td>
<td>-</td>
<td>-</td>
<td>86</td>
</tr>
<tr>
<td>Switzerland</td>
<td>68</td>
<td>-</td>
<td>-</td>
<td>68</td>
</tr>
<tr>
<td>Sweden</td>
<td>14</td>
<td>50</td>
<td>-</td>
<td>64</td>
</tr>
<tr>
<td>Denmark</td>
<td>22</td>
<td>30</td>
<td>-</td>
<td>52</td>
</tr>
<tr>
<td>Germany</td>
<td>52</td>
<td>-</td>
<td>-</td>
<td>52</td>
</tr>
<tr>
<td>Finland</td>
<td>35</td>
<td>-</td>
<td>-</td>
<td>35</td>
</tr>
<tr>
<td>Austria</td>
<td>32</td>
<td>-</td>
<td>-</td>
<td>32</td>
</tr>
<tr>
<td>Ireland</td>
<td>21</td>
<td>-</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>Lithuania</td>
<td>11</td>
<td>10</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>Latvia</td>
<td>8</td>
<td>10</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Iceland</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Belgium</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>20,705</strong></td>
<td><strong>1,759</strong></td>
<td><strong>600</strong></td>
<td><strong>23,064</strong></td>
</tr>
</tbody>
</table>

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 75% of the total. Apart from grants, IBRD loans amounting to USD 1.5 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 1.45 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 usually reserved for the world’s poorest countries. These loans will have a 6-year grace period and final maturity of 10 years.

International Finance Corporation (IFC)

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.

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.

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28 Eligibility is currently defined as GNI per capita below USD 1,255.
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. In September 2022, the IFC provided a USD 30 million loan to the Horizon Capital Growth Fund IV (HCGF IV) as part of a USD 125 million support alongside several institutional partners, including the EBRD, to support export-oriented technology firms in Ukraine. Furthermore, the IFC has mobilised EUR 50 million from EU funds into grants, with EUR 25 million announced in October 2022 to support the renovation of municipal buildings for internally-displaced people. The project will pilot in Lviv. In addition, in November, a new agreement between IFC and Ukraine’s Energy Efficiency Fund will channel up to EUR 25 million in EU funds to help homeowners’ associations restore war-damaged residential buildings.

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.

Multilateral Investment Guarantee Agency (MIGA)

Since February 2022, the MIGA provided support to Ukraine through several initiatives. In September 2022, the Ukrainian Ministry of Finance agreed with MIGA to launch a USD 30 million pilot programme to provide an investment insurance mechanism. The disbursement of this USD 30 million programme was finalised by October, and the Prime Minister of Ukraine, Denys Shmyhal, stated that “MIGA has successful cases in countries that were facing terror attacks. The Agency has disbursed USD 30 million to Ukraine for the implementation of a pilot project on investment insurance. We will continue and build on this activity with all insurance agencies in Europe and the world.” In December 2022, the MIGA decided to provide a EUR 100 million guarantee to Raiffeisen Bank International AG (RBI) for their equity investments into its subsidiary Raiffeisen Bank Joint Stock Company (RBUA) in Ukraine. Also in December 2022, the MIGA and the EBRD entered into a partnership. The MIGA will provide a guarantee of up to EUR 200 million to the EBRD over a period of up to 6 years. This guarantee relates to the risk of non-payment to the EBRD by three state-owned Ukrainian banks under the EBRD’s Trade Facilitation Programme.

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. The agency hopes that the donors’ contributions to the SURE TF will eventually grow to USD 300 million. With the SURE TF, the MIGA will blend donor financing with own risk exposure to provide guarantees to the private sector in Ukraine. The MIGA will provide 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

Committed: EUR 3 billion  
Disbursed: EUR 1.7 billion (as of December 2023)
- To provide support to Ukraine, the EBRD leveraged substantial funds provided by donor countries, more than EUR 1.2 billion (about 40% from the US).
- The EBRD approved 25 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 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. In addition, on 9 April 2022, the EBRD Board of Governors decided to exclude the Russian Federation and Belarus from receiving funding for projects.

Based on the most recent EBRD report, which refers to data only as of January 2023, the Bank deployed EUR 1.7 billion in 2022 to assist Ukraine, while partner financial institutions mobilised EUR 200 million. The EBRD remains the largest institutional investor in Ukraine, and as of December 2022, its overall portfolio was around EUR 4.7 billion, focusing mainly on sustainable infrastructure and industry, commerce, and agribusiness.

The EBRD leveraged donor funds to assist Ukraine, with about 50% of EBRD financing risk-shared with donor resources via the EBRD Crisis Response Fund, the primary vehicle to channel donors’ financial support. The EBRD’s support to Ukraine incorporated a wide number of financial instruments, such as funded guarantees and capital expenditure grants, unfunded guarantees, and technical cooperation grants for policy and expertise. Figure 2 presents the funds provided by the main donors, surpassing EUR 1.2 billion as of December 2022. The US provided by far the largest share of these donor funds (EUR 485.6 million). France, Germany and the Netherlands provided EUR 109.1 million, EUR 81.3 million and EUR 74.5 million, respectively. EU budget guarantees were provided for EUR 66.8 million.

Table 5: Country donor contributions to the EBRD, as of December 2022

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount, EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>485.6</td>
</tr>
<tr>
<td>Norway</td>
<td>193.4</td>
</tr>
<tr>
<td>France</td>
<td>109.1</td>
</tr>
<tr>
<td>Germany</td>
<td>81.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>74.5</td>
</tr>
<tr>
<td>EU</td>
<td>66.8</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>49.0</td>
</tr>
<tr>
<td>Canada</td>
<td>39.5</td>
</tr>
<tr>
<td>Austria</td>
<td>10.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>9.5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>7.1</td>
</tr>
<tr>
<td>Others*</td>
<td>105.8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,231.6</strong></td>
</tr>
</tbody>
</table>

Source: EBRD.  
Notes: * "Others" include Denmark, EBRD, Finland, Ireland, Italy, Japan, South Korea and Taiwan.
Since February 2022, the EBRD has approved and signed more than 25 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.

EU budget guarantees to EBRD are provided for under the European Fund for Sustainable Development Plus (EFSD+) instrument. EU guarantees were used for three EBRD-supported projects, totalling EUR 66.8 million: i) unfunded EUR 35.6 million guarantees to support Ukrenegro, ii) unfunded EUR 8.9 million guarantees to support, Farmak, one of Ukraine’s leading pharmaceutical companies, to continue its production and supply of medicines, and iii) unfunded EUR 22.25 million guarantees to provide emergency liquidity financing to the state-owned railway operator, Ukrainian Railways. Naftogaz received an additional grant of EUR 195 million from Norway via the EBRD.

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, TaiwanBusiness-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. Such a facility 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.”
## ANNEXES

### Table 6: MFA to Ukraine, overview

<table>
<thead>
<tr>
<th>MFA of concern</th>
<th>Emergency MFA</th>
<th>Exceptional MFA (1st package)</th>
<th>Exceptional MFA (2nd package)</th>
<th>MFA+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted</td>
<td>24 February 2022</td>
<td>12 July 2022</td>
<td>20 September 2022</td>
<td>14 December 2022</td>
</tr>
<tr>
<td>MoU signed</td>
<td>3 March 2022</td>
<td>19 July 2022</td>
<td>3 October 2022</td>
<td>16 January 2023</td>
</tr>
<tr>
<td>Amount committed</td>
<td>EUR 1.2 billion</td>
<td>EUR 1 billion</td>
<td>EUR 5 billion</td>
<td>EUR 18 billion</td>
</tr>
<tr>
<td>Amount disbursed</td>
<td>EUR 1.2 billion</td>
<td>EUR 1 billion</td>
<td>EUR 5 billion</td>
<td>EUR 9 billion</td>
</tr>
<tr>
<td>Max average maturity</td>
<td>15 years</td>
<td>25 years</td>
<td>25 years</td>
<td>35 years (with 10 year-grace period)</td>
</tr>
<tr>
<td>Precondition</td>
<td>Ukraine respects effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guarantees respect for human rights.</td>
<td>Ukraine respect effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guarantee respect for human rights.</td>
<td>Ukraine respect effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guarantee respect for human rights.</td>
<td>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.</td>
</tr>
<tr>
<td>Policy conditions</td>
<td><strong>1. Economic resilience and stability</strong>&lt;br&gt;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.</td>
<td>N/A</td>
<td><strong>1. Economic resilience and stability</strong>&lt;br&gt;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.</td>
<td><strong>1. Macro-financial stability</strong>&lt;br&gt;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).</td>
</tr>
<tr>
<td>1b.</td>
<td>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.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b.</td>
<td>Develop an action plan on identification of the crucial obstacles for SME development.</td>
<td></td>
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</tbody>
</table>
| 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).

**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.

**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.

### 2. Structural reforms and good governance

**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.

**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 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.** Advancing the customs administration reform, including improvement in IT systems, HR management and anti-corruption measures (Q4 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.

**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.

**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).

**3e.** Aligning the legislation with the requirements of the Law of Ukraine “On Administrative Procedure” (Q3 2023).

**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 (Q2 2023);
   ii. Taking measures necessary for the certification of the gas storage operator in compliance with the Regulation (EU) No. 715/2009 (Q1 2023);
   iii. Launching corporate restructuring of the Gas Transmission System Operator in line with the agreed target model (Q2 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).
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>4. Rule of law</th>
</tr>
</thead>
<tbody>
<tr>
<td>4a.</td>
<td>Finalising the selection [Q1 2023] and appointment [Q2 2023] of the new Head of the National Anti-corruption Bureau of Ukraine (NABU).</td>
<td></td>
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</tr>
<tr>
<td>4b.</td>
<td>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].</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4c.</td>
<td>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].</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4d.</td>
<td>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].</td>
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<tr>
<td>4e.</td>
<td>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].</td>
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<td></td>
<td><strong>4f.</strong> 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].</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>4g.</strong> 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].</td>
<td></td>
</tr>
</tbody>
</table>

Source: Own elaboration, based on European Commission.
### Table 7: IMF’s PMB: conditions

<table>
<thead>
<tr>
<th>Structural benchmark</th>
<th>Area</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Develop an action plan to prevent and clear arrears over the course of the 2023 Budget and beyond.</td>
<td>Fiscal</td>
<td>End-January 2023</td>
</tr>
<tr>
<td>2. To support efforts to enhance tax revenues, submit to Parliament three draft laws:</td>
<td>Fiscal</td>
<td>End-January 2023</td>
</tr>
<tr>
<td>- on cancelling the moratoria on tax audits (effective 1 July 2023);</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 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,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 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).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td>Fiscal</td>
<td>End-January 2023</td>
</tr>
<tr>
<td>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.</td>
<td>Financial sector</td>
<td>End-January 2023</td>
</tr>
<tr>
<td>5. Appoint and make fully operational the supervisory board of Naftogaz based on transparent and competitive selection procedures.</td>
<td>Governance</td>
<td>End-January 2023</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quantitative conditionality</th>
<th>December 2022 (test date)</th>
<th>March 2023 (indicative target)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quantitative targets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Floor on the non-defense cash primary balance of the general government, excluding grants (- implies a deficit)</td>
<td>86,950</td>
<td>-8,240</td>
</tr>
<tr>
<td>2. Floor on net international reserves (in millions of U.S. dollars)</td>
<td>15,000</td>
<td>11,500</td>
</tr>
<tr>
<td><strong>Indicative targets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Floor on the overall cash balance of the general government, excluding grants (- implies a deficit)</td>
<td>-1,425,762</td>
<td>-506,476</td>
</tr>
<tr>
<td>2. Ceiling on general government borrowing from the NBU</td>
<td>388,500</td>
<td>-7,600</td>
</tr>
</tbody>
</table>

**Table 8: IMF’s EFF: conditions and reviews**

<table>
<thead>
<tr>
<th>Approval of the EFF (SDR 2,011.83 million)</th>
<th>31 March 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA-1 Appointment of the National Anti-Corruption Bureau of Ukraine (NABU) Head following an open, credible, and transparent process consistent with the law.</td>
<td>Prior action</td>
</tr>
<tr>
<td>PA-2 The Cabinet of Ministers of Ukraine (CMU) to approve a second supplementary budget, and submit it to Parliament.</td>
<td>Prior action</td>
</tr>
<tr>
<td>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).</td>
<td>Prior action</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1st review (SDR 663.90 million)</th>
<th>15 June 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB-1 Enact the second supplementary Budget 2023.</td>
<td>End-April 2023</td>
</tr>
<tr>
<td>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.</td>
<td>End-May 2023</td>
</tr>
<tr>
<td>SB-6 Prepare an action plan, including to address the weaknesses identified in taxpayers’ perception survey, as an input into National Revenue Strategy roadmap.</td>
<td>End-May 2023</td>
</tr>
<tr>
<td>SB-7 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).</td>
<td>End-May 2023</td>
</tr>
<tr>
<td>SB-8 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</td>
<td>End-May 2023</td>
</tr>
<tr>
<td>SB-3 Adopt the draft law on tax policy and administration prepared under the PMB.</td>
<td>End-June 2023</td>
</tr>
<tr>
<td>SB-11 Prepare a conditions-based strategy to move to a more flexible exchange rate, ease FX controls and transition to inflation targeting.</td>
<td>End-June 2023</td>
</tr>
</tbody>
</table>

| 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 |
| QPC-2 Floor on net international reserves: USD 15,500 million | April 2023 | Quantitative performance criteria |
| QPC-3 Floor on tax revenues (excluding Social Security Contributions): UAH 451,700 million | April 2023 | Quantitative performance criteria |
| CPC-1 Ceiling on non-accumulation of new external debt payments arrears by the general government: UAH 0 | April 2023 | Continuous performance criteria |
| CPC-2 Ceiling on publicly guaranteed debt: UAH 20,000 million | April 2023 | Continuous performance criteria |
| IT-1 Floor on the overall cash balance of the general government, excluding budget support grants: UAH -356,500 million | April 2023 | Indicative target |
| IT-2 Ceiling on general government borrowing from the National Bank of Ukraine (NBU): UAH -2,551 million | April 2023 | Indicative target |
| IT-3 Ceiling on general government arrears: UAH 6,000 million | April 2023 | Indicative target |
| IT-4 Floor on social spending: UAH 187,000 million | April 2023 | Indicative target |
## Multilateral financial assistance to Ukraine

### SB-12
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

### SB-13
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

### SB-4
Update and publish the Medium-Term Debt Management Strategy to align it with the program objectives.

End-September 2023

Fiscal

### SB-5
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

### SB-14
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

### SB-17
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

### QPC-1
Floor on the non-defense cash primary balance of the general government, excluding budget support grants: **UAH 318,502 million**

June 2023

Quantitative performance criteria

### QPC-2
Floor on net international reserves: **USD 15,500 million**

June 2023

Quantitative performance criteria

### QPC-3
Floor on tax revenues (excluding Social Security Contributions): **UAH 696,400 million**

June 2023

Quantitative performance criteria

### CPC-1
Ceiling on non-accumulation of new external debt payments arrears by the general government: **UAH 0**

June 2023

Continuous performance criteria

### CPC-2
Ceiling on publicly guaranteed debt: **UAH 37,000 million**

June 2023

Continuous performance criteria

### IT-1
Floor on the overall cash balance of the general government, excluding budget support grants: **UAH 638,300 million**

June 2023

Indicative target

### IT-2
Ceiling on general government borrowing from the NBU: **UAH -2,573 million**

June 2023

Indicative target

### IT-3
Ceiling on general government arrears: **UAH 4,500 million**

June 2023

Indicative target

### IT-4
Floor on social spending: **UAH 258,100 million**

June 2023

Indicative target

### QPC-1
Floor on the non-defense cash primary balance of the general government, excluding budget support grants: **UAH 337,998 million**

Sep 2023

Indicative target

### QPC-2
Floor on net international reserves: **USD 15,500 million**

Sep 2023

Indicative target

### QPC-3
Floor on tax revenues (excluding Social Security Contributions): **UAH 696,400 million**

Sep 2023

Indicative target

### CPC-1
Ceiling on non-accumulation of new external debt payments arrears by the general government: **UAH 0**

Sep 2023

Indicative target

### CPC-2
Ceiling on publicly guaranteed debt: **UAH 37,000 million**

Sep 2023

Indicative target

### IT-1
Floor on the overall cash balance of the general government, excluding budget support grants: **UAH 1,046,000 million**

Sep 2023

Indicative target

### IT-2
Ceiling on general government borrowing from the NBU: **UAH -1,153 million**

Sep 2023

Indicative target

### IT-3
Ceiling on general government arrears: **UAH 3,000 million**

Sep 2023

Indicative target

### IT-4
Floor on social spending: **UAH 372,600 million**

Sep 2023

Indicative target
### 3rd review (SDR 663.90 million)  
**SB-15**  
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

**SB-9**  
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-10**  
Adopt National Revenue Strategy by the end of 2023.  
End-December 2023  
Fiscal

**SB-16**  
Legislation will be adopted to enhance the institutional autonomy of the Specialized Anti-Corruption Prosecutor’s Office (SAPO), specifically, on the selection procedures, capacity to regulate organizational activities, and mechanisms for discipline and accountability.  
End-December 2023  
Governance/ Anti Corruption

| QPC-1  
Floor on the non-defense cash primary balance of the general government, excluding budget support grants: **UAH 96,737 million** | December 2023  
Quantitative performance criteria
| QPC-2  
Floor on net international reserves: **USD 15,500 million** | December 2023  
Quantitative performance criteria
| QPC-3  
Floor on tax revenues (excluding Social Security Contributions): **UAH 1,679,170 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
| CPC-2  
Ceiling on publicly guaranteed debt: **UAH 37,000 million** | 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** | 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** | 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)  
**SB-18**  
Prepare a bank rehabilitation framework in consultation with the Deposit Guarantee Fund (DGF) and IMF staff.  
End-March 2024  
Financial Sector

### 5th review (SDR 834.88 million)  
**SB-19**  
Implement a supervisory risk assessment methodology to inform supervisory engagement priorities.  
End-June 2024  
Financial Sector

### 6th review (SDR 834.88 million)  
1 December 2024

### 7th review (SDR 684.02 million)  
1 March 2025

### 8th review (SDR 684.02 million)  
31 August 2025

### 9th review (SDR 965.68 million)  
1 March 2026
### Multilateral financial assistance to Ukraine

<table>
<thead>
<tr>
<th>Review</th>
<th>Amount (SDR)</th>
<th>Date</th>
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<tr>
<td>10th</td>
<td>965.68 million</td>
<td>31 August 2026</td>
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<tr>
<td>11th</td>
<td>965.75 million</td>
<td>10 March 2027</td>
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Source: Own elaboration based on IMF.

Notes: SB = structural benchmark, QPC = quantitative performance criteria, CPC = continuous performance criteria, IT = indicative target. Colour coding of conditions: green indicates conditions fulfilled in past reviews, red conditions missed in past reviews and yellow conditions “in progress”, subject to future review. Some hyperlinks are provided when there is a public announcement related to the fulfilment of conditions.

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