Establishing the Ukraine Facility

On 20 June 2023, the European Commission adopted a draft Regulation on establishing the Ukraine Facility. That proposal formed part of a larger package of proposals, which were adopted by the Commission on the same day in the framework of a revision of the multiannual financial framework (MFF) from 2021 to 2027.

The overall amount envisaged for the new facility is €50 billion from 2024 to 2027 with €17 billion in grants and €33 billion in loans. The final amounts of payments will be determined annually by Parliament and Council as budgetary authority. A new special instrument, the 'Ukraine Reserve', is designed to finance the grants. The establishment of that new instrument necessitated an amendment of the MFF Regulation. The loans will be guaranteed through the EU budget's headroom, which equally necessitated an amendment of the MFF Regulation.

The Ukraine Facility has three main objectives:

1. provide direct financial support to Ukraine in the form of grants and loans (‘Pillar I’, €5.27 billion in grants and €33 billion in loans),
2. mobilise private investments in Ukraine by providing guarantees and blended finance (‘Pillar II’, €6.97 billion in grants),
3. finance assistance and capacity building programmes for Ukraine’s central, regional and municipal government and civil society to help them achieve the EU acquis and standards (‘Pillar III’, €4.42 billion in grants).

Parliament’s co-rapporteurs Michael Gahler (EPP, Germany) and Eider Gardiazabal Rubial (S&D, Spain) presented their draft report on 20 July 2023. On 17 October 2023, Parliament adopted a mandate to enter into negotiations with the Council. On 1 February 2024, the European Council agreed on a revision of the MFF and the proposal on a Ukraine Facility.

On 6 February 2024, the European Parliament and the Council reached a political agreement on the Ukraine Facility. On 27 February 2024, the European Parliament adopted the agreed proposal. Council followed one day later. On 1 March 2024, the Regulation entered into force. On 18 March 2024 the Ukrainian government adopted a 'Ukraine Plan', which is the first step for regular payments under the Facility. A first tranche of exceptional bridge financing (Article 25) is already supposed to be disbursed by the EU in the last week of March 2024 in order to ensure the country's liquidity.
Significant achievements of the European Parliament in the legislative process are inter alia:

- **strengthened transparency and information flow for the European Parliament** on par with the Council, and a Ukraine Facility Dialogue every 4 months.
- **increased democratic scrutiny in Ukraine** through strengthened role of the Verkhovna Rada, Ukraine's parliament, fostering Ukraine's multi-party democracy,
- **increased transparency** through a systematic involvement of Ukraine's civil society and through the publication of large recipients of EU funds,
- **possibility to use frozen Russian assets** to finance grants under the Facility,
- **streamlining of most of the EU financial support for Ukraine** in the Ukraine Facility,
- **temporary and retroactive bridge financing for Ukraine** for up to 6 months,
- **systemic deoligarchisation**,
- **strengthened control, audit and investigation rights** of the European Court of Auditors, the European Public Prosecutor's Office and Ukrainian bodies,
  - a stronger role for Ukraine's regions and municipalities, inter alia by earmarking funds for them,
  - earmarking funds for **greening** and for **small and medium-sized enterprises (SMEs)**.

- EP Legislative Observatory, *Establishing the Ukraine Facility*, 2023/0200 (COD)

Further reading:

Ministry of Economy of Ukraine, Government approves plan to implement Ukraine Facility programme, 18 March 2024.


Political agreement of the Ukraine Facility between the European Parliament and the Council, 6 February 2024.


European Parliament, EPRS, Parliament's consent to the revision of the 2021-2027 MFF, February 2024.
– Conclusions


European Court of Auditors, Opinion 03/2023 concerning the proposal for a Regulation of the European Parliament and of the Council on establishing the Ukraine Facility, October 2023

Authors: Tim Peters and Jakub Przetacznik, Members’ Research Service, legislative-train@europarl.europa.eu

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