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## EU agrees on new support mechanism for Ukraine

# The Ukraine Facility will pool the EU's budget to Ukraine providing support for the period 2024-27 to Ukraine, adapted to the unprecedented challenges of a country at war.

On the 6th of February 2024 the Council and Parliament reached a provisional agreement on setting up a new single dedicated instrument to support Ukraine's recovery, reconstruction and modernisation, while supporting its efforts to carry out reforms as part of its accession path to the EU. The Ukraine Facility will have a total budget of €50 billion.

The Ukraine Facility will pool the EU's budget support to Ukraine into one single instrument, providing coherent, predictable and flexible support for the period 2024-2027 to Ukraine, adapted to the unprecedented challenges of supporting a country at war.

"The EU is prepared to support Ukraine as long as needed. The Ukraine Facility will allow us to channel consistent and predictable support to Ukraine to help its people rebuild their country in the midst of the unprecedented challenges brought by Russia's war of aggression. At the same time the support will help Ukraine take forward the reforms and modernisation efforts needed for it to advance on its path towards future EU membership."

- Vincent van Peteghem, Belgian Minister of Finance

## A structure in three pillars

The Ukraine Facility will be structured in three pillars:

Pillar I: The government of Ukraine will prepare a 'Ukraine Plan', setting out its intentions for the recovery, reconstruction and modernisation of the country and the reforms it plans to undertake as part of its EU accession process. Financial support in the form of grants and loans to the state of Ukraine would be provided based on the implementation of the Ukraine Plan, which will be underpinned by a set of conditions and a timeline for disbursements.

Pillar II: Under the Ukraine investment Framework, the EU will provide support in the form of budgetary guarantees and a blend of grants and loans from public and private institutions. A Ukraine Guarantee would cover the risks of loans, guarantees, capital market instruments and other forms of funding supporting the objectives of the Facility

pillar III: Union accession assistance and other supporting measures helping Ukraine align with EU laws and carrying out structural reforms on its path to future EU membership.

## Financing aspects

The total budget of €50 billion for the Ukraine Facility will be split between €33 billion in loans in €17 billion in grants.

Grants will be mobilised through a new special instrument, proposed in the context of the Multiannual Financial Framework (MFF) mid-term review. The loans will be guaranteed through the own resources headroom, similar to the current financing under the Macro Financial Assistance 'Plus' (MFA+).

Ukraine may request, as part of the Ukraine Plan, a pre-financing payment of an amount of up to 7% of Facility.

A significant share of the investment part of the Ukraine Plan and the Ukraine investment Framework will be earmarked for green investments and a part in the Ukraine investment Framework will be reserved for SMEs. The Plan will also be geared towards supporting national authorities.

The text provides for possible bridge financing in order to make sure that funds reach Ukraine as soon as possible.

There will be some flexibility regarding in the budget management given that Ukraine is a country at war.

A precondition for the support to Ukraine under the Facility will be 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.

Furthermore, the regulation will ensure that the Ukrainian Parliament and civil society organisations in Ukraine are duly informed and consulted on the design and implementation of the Ukraine Plan.

A Ukraine Facility Dialogue will give the opportunity for the European Parliament to invite the Commission to discuss at least every four months the implementation of the Plan.

In order to evaluate the implementation of the plan, the regulation will include a scoreboard that will help to easily monitor progress of various qualitative and quantitative steps, including an overview of the social, economic and environmental elements in the Ukraine Plan.

### Next steps

Building on the success of this provisional agreement, negotiators will now continue working on the broader revision of the multiannual financial framework (MFF) 2021-2027, which the Ukraine Facility and the Strategic Technologies for Europe Platform (STEP) are part of, in view of reaching an agreement as swiftly as possible.

The provisional agreement is subject to approval by the Council and Parliament before the text can go through the formal adoption procedure. Once adopted it will be published in the EU's Official Journal and enter into force on the next day. The regulation will apply immediately after entry into force.

### Background

On 20 June 2023, the Commission adopted a proposal for the revision of the multiannual financial framework (MFF) 2021-2027, together with two proposals for regulations setting up a Ukraine Facility and a Strategic Technologies for Europe Platform (STEP).

Find more information [here](#)