

European Commission ready to consider further Macro-Financial Assistance to Ukraine, provided reform momentum is stepped up

The EU has supported Ukraine in many ways, particularly in view of the conflict that began in 2014 and at the peak of its balance-of-payments crisis. In addition to political support, the EU has pledged a **€12.8 billion support package** to support the reform process including through unprecedented disbursements via the EU's Macro-Financial Assistance (MFA) instrument to help the country cover its external financing needs. Ukraine is – and will remain – one of the EU's key partners. As such, the EU will continue to stand by Ukraine and its citizens as the country further progresses with its reforms and economic adjustment.

A primary instrument in the EU's overall strategy vis-a-vis Ukraine was to provide €1.8 billion in MFA via the programme approved in April 2015, from which €1.2 billion have already been disbursed in two tranches. The MFA programme has also fostered the implementation of a wide-ranging structural reform agenda that has sought to tackle key challenges, in line with Ukraine's own domestic reform programme and the objectives set out in the Association Agreement, including the Deep and Comprehensive Free Trade Area. The availability of this current MFA programme expires at the beginning of January 2018.

As regards the third and final tranche of MFA, Ukraine has fulfilled a large share of the policy commitments agreed with the EU. This includes important measures to increase transparency in public finance management; to launch public administration, judicial and governance reform; to advance ongoing reforms of the energy sectors, improve the business environment and reinforce social safety nets. These structural reforms will benefit Ukraine's citizens, which is the ultimate objective of the EU's assistance.

Four of the measures linked to the third and final tranche of this MFA currently remain outstanding. Against this background, the Commission is not in a position to disburse the last tranche of the current MFA programme. We encourage Ukraine to maintain the reform momentum in the many areas that have progressed well, and complete the measures outstanding under the current programme, with the support of all stakeholders.

At a meeting between European Commission Jean-Claude **Juncker** and President of Ukraine Petro Poroshenko in the margins of the Eastern Partnership Summit, which took place in Brussels on 24 November 2017, President Poroshenko expressed an interest in further MFA from the EU. President Juncker expressed his openness in this regard. From Ukraine's side, reinforcing the reform momentum and resisting internal pressures for policy reversals on important reforms will be crucial, particularly over the coming months.

The Commission stands ready to assess the relevance of a successor MFA operation and, if judged warranted, to present a proposal for a new MFA operation in early 2018. An economic assessment, including of external financing needs, will have to be conducted and the details of this proposal would have to be worked out. Moreover, it will be important to ensure that the country's IMF programme remains on track. Any proposal would be subject to the approval of the European Parliament and of the Council of the EU, as per normal legislative practice.

Background

Macrofinancial assistance (MFA) operations are part of the EU's wider engagement with neighbouring countries and are intended as an exceptional EU crisis response instrument. They are available to EU neighbour countries experiencing severe balance-of-payments problems. In addition to MFA, the EU supports Ukraine through several other instruments, including humanitarian aid, budget support, technical assistance and blending facilities to support investment.

Following Ukraine's request in late 2014 for additional financial assistance as a result of the deterioration of its macroeconomic situation, the Commission proposed an MFA operation of up to €1.8 billion on 8 January 2015 with the objective of alleviating the country's external financing needs. The Commission proposal was adopted by the co-legislators on 15 April 2015. The Memorandum of Understanding and Loan Facility Agreement attached to the third EU MFA programme were signed by Ukraine and the EU on 22 May 2015 in Riga. The two documents were ratified by the Ukrainian Parliament on 18 June 2015 and entered into force on 3 July 2015. The first tranche under this new programme (€600 million) was disbursed on 22 July 2015, while the second tranche (also €600 million) was released on 4 April 2017.

Ukraine has so far benefitted from a total of €2.81 billion worth of EU MFA loans since the onset of the crisis in early 2014. This includes €1.61 billion disbursed in 2014-2015 as part of two earlier MFA operations, and €1.2 billion as part of the third, ongoing operation.

Further Information

[European Commission support for Ukraine](#)

[EU-Ukraine relations](#)

[EU Delegation to Ukraine website](#)

[Information on MFA operations, including annual reports](#)

[EU investor relations website](#)