



## EU-Ukraine: Commission proposes €1 billion in new Macro-Financial Assistance

Brussels, 9 March 2018

**The European Commission has adopted a proposal for a new Macro-Financial Assistance (MFA) programme for Ukraine worth up to €1 billion to support economic stabilisation and structural reforms.**

Today's proposal follows a request from the Ukrainian authorities and direct discussions between Commission President Jean-Claude Juncker and Ukraine's President Petro Poroshenko. The new programme seeks to build on the progress made in supporting economic stabilisation and structural reforms under the three previous MFA operations.

The EU has so far pledged €12.8 billion to support the reform process in Ukraine, including €2.8 billion through three MFA programmes, since the onset of the crisis in 2014.

Vice-President Valdis **Dombrovskis**, responsible for the Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union, said: *"Today's proposal on the fourth Macro-Financial Assistance programme of €1 billion shows the EU's commitment to stand with the people of Ukraine. This solidarity must go hand-in-hand with a continued commitment from the Ukrainian authorities to an ambitious reform agenda to ensure a stable and prosperous Ukraine. We are counting on the European Parliament and Member States for their support for this important programme."*

Commissioner Pierre **Moscovici**, responsible for Economic and Financial Affairs, Taxation and Customs, said: *"Ukraine continues to enjoy the political and financial support of the European Union for its reform efforts. Much has been achieved over the past few years, often in the most trying of circumstances. Now I urge the authorities to take forward the reform drive with renewed vigour, to build a fairer, more stable and more prosperous country in the interest of all Ukrainians."*

All disbursements under the proposed programme, including the first, would be conditional on the implementation of reform measures designed to address vulnerabilities identified in the Ukrainian economy. Established in a Memorandum of Understanding, they would take into account measures that remain outstanding from the previous MFA programme and include steps to intensify the fight against corruption.

The Commission recognises the significant reform efforts undertaken by the Ukrainian authorities in recent years, including in crucial sectors such as energy, public administration, social safety nets, public finance management and the judiciary. Since the expiry of the previous MFA programme in January 2018, reform efforts have continued in Ukraine, including on some of the four measures that had remained outstanding and prevented the disbursement of the final tranche of that programme. One of these commitments has now been fulfilled, with the establishment of a central credit registry. On the other outstanding measures from the previous programme, more progress is needed. It is important that the reform momentum be maintained to fight corruption, promote confidence and support a sustainable economic recovery, jobs and growth.

### Background

Macro-financial 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 neighbourhood countries experiencing severe balance-of-payments problems. In addition to MFA, the EU supports Ukraine through several other instruments, including humanitarian aid, budget support, thematic programmes, and technical assistance and blending facilities to support investment.

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 in 2015-2017 as part of a third operation. Ukraine fulfilled 17 of the 21 policy commitments attached to the third tranche of €600 million that could have been made available to Ukraine under the third MFA operation. Although four measures were not implemented by the time the availability period of the assistance expired in January 2018. Under these circumstances, the Commission was not in a position to disburse the last tranche under the third MFA operation.

The Commission proposal for a fourth MFA programme to Ukraine is subject to the approval of the European Parliament and of the Council of the EU under the ordinary legislative procedure.

#### **Further Information**

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