Beat: News

Assistance to Ukraine

EU Commission disburses €600 million

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USPA NEWS - The European Commission, on behalf of the EU, today disbursed a loan of €600 million to Ukraine. This corresponds to the first instalment under the new Macro-Financial Assistance (MFA) programme for Ukraine, which amounts to a total of €1.8 billion.

Through this programme, the EU contributes to cover the urgent financing needs faced by Ukraine, while supporting the country's economic stabilisation. In addition, the EU's MFA package will assist the Ukrainian authorities in implementing important reforms in the areas of public finance management, governance and transparency, the energy sector, social safety nets, the business environment and the financial sector. By supporting the Ukrainian government's reform agenda in those areas, the EU intends to help Ukraine lay the ground for a durable return to economic growth.

Valdis Dombrovskis, the European Commission Vice-Presidentresponsible for the Euro and Social Dialogue, stated: "Today's disbursement reflects the EU's unfailing determination to stand by Ukraine in these challenging times. Through this financial assistance, the EU is proud to support the courageous reform agenda pursued by the government. I am confident that the implementation of those ambitious reforms will help Ukraine exploit its many assets to the full, so as to foster strong and sustainable economic growth for the benefit of all Ukrainian citizens."

Pierre Moscovici, European Commissioner for Economic and Financial Affairs, Taxation and Customs declared: "The €600 million in macro-financial assistance disbursed today adds to the €1.6 billion already provided by the EU since the beginning of the crisis in Ukraine. In addition, the Commission envisages disbursing another €1.2 billion in the coming months subject to successful implementation of the economic and structural reforms agreed between the EU and Ukraine. This is more than the assistance extended by any other bilateral partner of Ukraine. Through the scope and magnitude of our assistance to Ukraine, we want to assure all Ukrainian citizens that they can count on the full support from their European neighbours."

Macrofinancial assistance (MFA) operations are part of the EU's wider engagement with neighbouring countries and are designed as an exceptional EU crisis response instrument available to EU neighbouring countries experiencing severe balance of payments problems. In addition to macro-financial assistance, the EU supports Ukraine through trade preferences, humanitarian assistance development aid and budget support for reforms.

Background
Macro-financial assistance to Ukraine
Since the onset of the crisis in early 2014, Ukraine has benefitted from EU loans totalling € 2.21 billion: €610 million were disbursed as part of the first MFA operation, while €1 billion were released as part of the second programme for the country. Following today´s disbursement, Ukraine will still be able to benefit from up to €1.2 billion from the existing programme, subject to the successful implementation of reforms.

Following Ukraine's request in late 2014 for additional financial assistance as a result of the deterioration of its macroeconomic situation, the Commission proposed a third MFA operation of € 1.8 billion on 8 January 2015with the objective of alleviating the country´s external financing needs. The Commission proposal was adopted by the co-legislators on 15 April. The Memorandum of Understanding (MoU) and Loan Facility Agreement (LFA) attached to the third EU macro-financial assistance programme were signed by Ukraine and the EU on 22 May 2015 in Riga.

The two documents were then ratified by the Ukrainian Parliament on 18 June 2015 and entered into force on 3 July. The European Commission adopted a decision to initiate a process towards the disbursement of €600 million to Ukraine in the form of a loan on 7 July. The funding for today's disbursement was raised by the European Commission on the financial markets on 15 July 2015, when a €600 million bond was issued.

Together with the previous two MFA operations and additional assistance being provided by the EU (the State-Building Contract of up

to € 355 million in grants, new lending by the European Investment Bank of up to € 3 billion for 2014-2016, a Euratom loan of € 300 million, the EU SURE programme "" EU Support to Re-launch the Economy "" of up to € 55 million, the DCFTA Facility for SMEs and humanitarian assistance, among others), this constitutes the largest EU financial assistance package ever granted to a non-EU country in such a short time.

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