



## Commission proposes stable and predictable support package for Ukraine for 2023 of up to €18 billion

Brussels, 9 November 2022

Following the European Council meeting of 20-21 October 2022, the Commission has today proposed an unprecedented support package for Ukraine of up to €18 billion for 2023. This will come in the form of highly concessional loans, disbursed in regular instalments as of 2023.

This **stable, regular and predictable financial assistance** – averaging €1.5 billion per month – will help cover a significant part of Ukraine's short-term funding needs for 2023, which the Ukrainian authorities and the International Monetary Fund estimate at €3 to €4 billion per month. The support put forward by the EU would need to be matched by similar efforts by other major donors in order to cover all of Ukraine's funding needs for 2023.

Thanks to this package, Ukraine will be able to keep on paying wages and pensions and maintain **essential public services** running, such as hospitals, schools, and housing for relocated people. It will also allow Ukraine to ensure **macroeconomic stability**, and **restore critical infrastructure** destroyed by Russia in its war of aggression, such as energy infrastructure, water systems, transport networks, roads and bridges.

Support under the instrument will be **accompanied by reforms**, to further enhance the rule of law, good governance, anti-fraud and anti-corruption measures in Ukraine. Therefore, while taking into account the evolution on the ground, financial support will be framed by policy conditions, geared towards strengthening Ukraine's institutions and preparing the ground for a successful reconstruction effort, as well as supporting Ukraine on its European path.

### How will this package work?

Building on previous Macro-Financial Assistance packages, this [Macro-Financial Assistance+ \(MFA+\) instrument](#) offers **high flexibility** and **very favourable terms for Ukraine**, catering to the country's current situation and ensuring swift action to support the Ukrainian people.

The funds will be provided through highly concessional loans, to be repaid in the course of maximum 35 years, starting in 2033. In a further expression of solidarity, the EU also proposes to cover Ukraine's interest rate costs, through additional targeted payments by Member States into the EU budget. EU Member States and third countries will also be able to add more funds to the instrument, to be used as grants, should they wish to do so. The funds will then be channelled through the EU budget, allowing Ukraine to receive the support in a coordinated manner.

The MFA+ instrument will be **accompanied by reforms** to help Ukraine advance on its path to becoming a member of the EU. This means that the Ukrainian government will have to complement the financial support with sectoral and institutional reforms, including anti-corruption and judicial reforms, respect of the rule of law, good governance, and modernisation of the national and local institutions. We will check that these reforms have been effectively put in place when paying out the instalments.

### How will the package be financed?

To secure the funds for the loans, the Commission proposes to **borrow on capital markets** using the **diversified funding strategy**. This would enable the Commission to use the full portfolio of funding instruments to secure market funding on the most advantageous terms, when these are needed.

To guarantee this borrowing for Ukraine, the Commission proposes to **use the headroom of the 2021-2027 EU budget** in a targeted manner for Ukraine, limited in time. The headroom is the difference between the own resources ceiling (i.e. the maximum amount of resources that the Commission can ask Member States to contribute in a given year) and the funds that it actually needs to cover the expenses foreseen by the budget. The headroom, which is already used to guarantee the borrowing for financial assistance programmes to Member States, will guarantee bond investors that the amounts lent to the EU to finance Ukrainian loans borrowing will be repaid under

all circumstances.

### **Next steps**

To ensure a smooth delivery of the package, the Commission is putting forward three legislative proposals. These will need approval by the European Parliament and EU Member States in the Council before entering into force.

As always, the Commission will be working hand in hand with all EU institutions concerned for a swift adoption.

### **Background**

Russia's unprovoked and unjustified invasion of Ukraine has inflicted horrific human pain and mass-scale destruction of towns and communities. The European Union and its Member States have shown unwavering solidarity with people fleeing the war. The Union has immediately mobilised support to the Ukrainian government to keep its essential functions going, on top of the emergency and humanitarian assistance, and military aid provided to Ukraine.

Since the start of the war, [Team Europe](#) has mobilised €19.7 billion to support Ukraine, a large part of which comes in the form of macro-financial assistance (MFA). We have already disbursed €4.2 billion in MFA and will disburse further €2.5 billion by the end of the month as second disbursement of EUR 5 billion emergency MFA. Another €620 million in grants as budget support has also been disbursed to help Ukraine cover urgent needs on the ground.

In addition, Member States have shown unprecedented solidarity by welcoming millions of people fleeing the war in Ukraine. To support these efforts, the EU has activated the [Temporary Protection Directive](#), granting access to jobs, housing, education and healthcare across the EU to over 4 million people fleeing the war.

The Commission is also coordinating its largest ever operation under the [EU Civil Protection Mechanism](#) for a wide array of support measures for Ukrainian citizens, including in the health, energy, food and agriculture sectors, and providing shelters, machinery as well as vital medical and energy equipment and evacuations.

Furthermore, the Commission, together with the Member States and the Energy Community, has been providing support for the Ukrainian energy system since this spring, and stepped up its efforts following the targeted shelling of vital energy infrastructure. The EU's Civil Protection Mechanism has facilitated the shipment of generators, transformers and cables, among others. Under the Ukraine Energy Support Fund established by the Energy Community at the request of the European Commission, €25.5 million have been made available to cover the immediate needs in the energy sector. The Commission also delivered more than €40 million worth Chemical, Biological, Radiological and Nuclear threat countermeasures and equipment from the EU reserves and allocated €13 million for the restoration of laboratories damaged by the Russian occupiers at Chernobyl.

To support Ukraine, the Commission has also put forward measures to facilitate trade, notably the [suspension of import duties](#) on Ukrainian exports, and to establish [solidarity lanes](#) to help Ukraine export agricultural goods.

In addition, military assistance measures amounting to €3.1 billion have been provided under the [European Peace Facility](#). This will be used to reimburse Member States for their in-kind military support to Ukraine.

The EU's efforts to support Ukraine come on top of the comprehensive set of actions put forward to tackle the dramatic consequences of Russia's war of aggression. The invasion has led to the ramping up of energy prices and of the overall cost of living for citizens in the EU. In this context, both the EU and Member States have been taking concrete measures to support businesses and households, especially vulnerable ones, in their ability to pay their energy bills and to ensure access to energy supplies.

### **For More Information**

[Macro-Financial Assistance + instrument](#)

[Questions and Answers: Commission proposes a support package of up to €18 billion for Ukraine for 2023](#)

[Communication of 18 May 2022 on Ukraine relief and reconstruction](#)

[Macro-Financial Assistance to Ukraine](#)

[EU Delegation to Ukraine](#)

[Ukraine: International Expert Conference hosted by the Commission and G7 Presidency reaffirms unwavering commitment to support Ukraine's recovery](#)

[European Council conclusions, 20-21 October 2022](#)

[Proposal for an amendment to the Regulation on the Multiannual Financial Framework](#)

[Regulation on the current financial framework](#)

[Proposal for an amendment to the Financial Regulation](#)

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Members of the college said:

The EU continues to stand in solidarity with Ukraine. Today, we propose an 18 billion euros support package for 2023. This will ensure the Ukrainian state can keep on functioning, citizens can receive essential public services, and critical infrastructure destroyed by Russia can be rebuilt. The package comes on top of all existing EU support – welcoming over 4 million refugees, humanitarian aid, civil protection, trade facilitation, and military assistance. We will ensure Ukraine emerges from this war as a prosperous country, on the path to European integration. We will stand by Ukraine for as long as it takes.

We are presenting this new financial package for Ukraine at a time of acute needs for the country, as Russia's relentless attacks continue to batter key infrastructure. Our financial assistance must be stable, structured and predictable. This is why we are proposing an €18 billion package for 2023 consisting of long-term loans on highly favourable terms. This emergency funding will help cover the country's urgent financial needs. There is no time to lose, so we hope to secure final approval with co-legislators still this year so that we can make the first disbursement in January. We also will continue to work closely with international partners and institutions to coordinate all our financing efforts.

With this package of proposals, the EU can use its financial standing in capital markets to deliver substantial financial support to Ukraine in a structured and predictable format. The diversified funding strategy is a winning formula and the template for all future EU issuance programmes.

The European Commission has stood by Ukraine since the beginning of Russia's brutal war of aggression. We will remain unwavering in our solidarity come what may. Today we are proposing to provide up to €18 billion in highly concessional loans to support Ukraine through what will be another immensely challenging year. This financing will help Ukraine to keep funding essential services, as well as repairing critical infrastructure and beginning the task of reconstruction. And may every euro provided to Ukraine mark another step along its road to EU membership.

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 [EU/Ukraine Summit, 12-13/07/2017](#)