



## EU Commission approves disbursement of €600 million in assistance to Ukraine

Brussels, 16 March 2017

**The European Commission, on behalf of the EU, has today adopted the decision to release the second tranche of Macro-Financial Assistance (MFA) to Ukraine, a loan which amounts to €600 million.**

With this disbursement, the total Macro-Financial Assistance that the EU has extended to Ukraine since 2014 will reach €2.81 billion, the largest amount of Macro-Financial Assistance the EU has disbursed to any non-EU country.

Through the MFA programme approved in April 2015 the EU has helped Ukraine to cover its external financing needs at the peak of the country's balance-of-payments crisis. The programme has also supported the implementation of a wide-ranging structural reform agenda.

Ukraine has largely fulfilled the policy commitments agreed with the EU for the release of the second payment of Macro-Financial Assistance. This included taking important measures to step up the fight against corruption, to foster greater transparency in public finance management, to modernise the public administration, to advance the ongoing reforms of the energy and financial sectors, to improve the business environment and to strengthen social safety nets. These structural reforms will benefit Ukraine's citizens – the ultimate aim of the EU's assistance.

**Valdis Dombrovskis**, Commission Vice-President responsible for the Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union, said: *"Ukraine has done a remarkable job of stabilising and reforming its economy, despite the armed conflict unfolding on its soil. We wish to see the positive reform momentum in Ukraine continue. With today's disbursement of the second payment of €600 million to Ukraine, the EU reaffirms its long-standing commitment to support Ukraine in its efforts to maintain stability and ensure economic recovery in the country."*

**Pierre Moscovici**, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: *"This disbursement is further proof of the EU's sustained support for Ukraine and its citizens. It will help promote the country's ongoing reform and stabilisation efforts. We look forward to helping the authorities as they work to implement their strong policy programme for the benefit of all Ukrainians, including those who have been most affected by the ongoing conflict."*

Commission services will now raise the €600 million on international capital markets, in order to then lend the funds on to Ukraine in late March or early April.

The EU will continue to work with the Ukrainian authorities to further the country's reform agenda. This will imply further work on the social assistance to be provided to internally displaced persons in Ukraine – where Ukraine has already taken decisive steps – addressing certain trade-restrictive measures, energy sector reforms and the fight against corruption, among other elements. The Commission will continue to follow developments and monitor implementation closely. The Commission expects that the law on the timber export ban presented to the Ukrainian Parliament will be adopted without delay.

Macro-Financial Assistance has been made available to Ukraine for a period of 2.5 years expiring on 4 January 2018. It is therefore essential that Ukraine implements all policy measures agreed with the EU in a timely manner to ensure that the final disbursement can take place within the foreseen timeframe.

### 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 neighbouring countries experiencing severe balance-of-payments problems. In addition to Macro-Financial Assistance, the EU supports Ukraine through several other instruments, including humanitarian aid and budget support.

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 (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 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.

With the disbursement decided today, Ukraine will have benefitted from a total of €2.81 billion worth of EU 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. Ukraine will be able to benefit from a final €600 million disbursement under the third MFA programme, subject to the successful implementation of the measures specified in the memorandum of understanding jointly agreed by Ukraine and the EU.

## **Further Information**

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[EU Delegation to Ukraine website](#)

[Information on MFA operations, including annual reports](#)[EU investor relations website](#)

IP/17/643

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