
Parliament and Council agree on long-term solution for Ukraine's funding needs

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- Deal reached on €50 billion Ukraine Facility (€33 billion in loans and €17 billion in grants)
 - Focus on transparency, democratic ownership and oversight, and anti-corruption
 - Enhanced role for the Verkhovna Rada
 - Text enshrines principle that Russia must pay for the damages caused to Ukraine
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In talks with EU member states, MEPs have secured key improvements to the "Ukraine Facility", focusing on enhancing transparency and combating corruption.

Following the [breakthrough at the European Council on 1 February](#), negotiators from the European Parliament and the Council of the EU reached a provisional agreement on Monday night on the Ukraine Facility, an exceptional package of €50 billion to aid Ukraine's recovery and modernisation efforts from 2024 to 2027. This deal marks a significant step towards meeting Ukraine's urgent needs and its journey towards EU membership.

Closer involvement of Parliament and the Verkhovna Rada

The establishment of the "Ukraine Facility Dialogue" guarantees the European Parliament's active involvement through regular discussions with the Commission every four months on the progress and implementation of the Facility, fostering greater transparency and democratic oversight.

Parliament has significantly enhanced the democratic legitimacy of the Facility in Ukraine by

strengthening the Verkhovna Rada's involvement in its development and oversight. This process also provides for the engagement of civil society and diverse Ukrainian societal actors, ensuring a comprehensive and inclusive approach to governance.

Budget allocation and financial support

The European Parliament has negotiated more favourable conditions for the budget allocation and financial support within the Ukraine Facility. A substantial 33% of the resources are designated as grants, with at least 20% dedicated to the recovery, reconstruction, and modernisation of Ukraine's sub-national authorities such as regions, cities and local communities. Furthermore, 20% of the Facility's investments will be earmarked for green initiatives, and 15% of support directed towards SMEs.

Paving the way for using frozen Russian assets

The agreement foresees the possibility of including further revenue in the future, with a specific mention, thanks to Parliament's efforts, that Russia must be "held fully accountable and pay for the massive damage caused by its war of aggression against Ukraine". The text underscores the importance of working with international allies towards this goal, based inter alia on the obligation to compensate for the financially assessable damage caused. This includes making progress on how to use immobilised Russian assets to aid Ukraine's recovery and rebuilding efforts.

Increased transparency

Notable progress in transparency has been achieved, including the creation of a web portal for Ukraine's financial operations and the mandatory publication of data on funding recipients exceeding EUR 100 000. The agreement also strengthens anti-corruption measures, and takes resolute steps towards ridding Ukraine of oligarchs.

Quotes

David McAllister (EPP, DE), said: "The facility allows us to support Ukraine until 2027, by giving us maximum flexibility with regard to the annual distribution of loans, grants and guarantees. This agreement is a vital step in our support of Ukraine against the Russian aggressor."

Johan Van Overtveldt (ECR, BE), Chair of the Committee on Budgets, said: "It is important for the European Union to support Ukraine in its fight against Russian aggression. The Ukraine Facility fits into that vision, but we will have to keep evaluating and thinking about funding mechanisms for the future, ultimately including the reconstruction of the country. Meanwhile,

there must be adequate monitoring of the allocation of these resources.”

Michael Gahler (EPP, DE), co-rapporteur for the Committee on Foreign Affairs, said: "We substantially strengthened the role of the Verkhovna Rada and regional authorities, while also ensuring transparency by insisting on a Ukraine Facility Dialogue with the Commission every four months. Contributions from the Ukrainian civil society should be included in the preparation of reconstruction and reform of the country.”

Eider Gardiazabal Rubial (S&D, ES), co-rapporteur for the Committee on Budgets, said: “On Monday, we reached a political agreement on the Ukraine Facility. This is an important political signal to the citizens of Ukraine. With this facility, the EU reaffirms its commitment to supporting the recovery and reconstruction of the country while also sending a strong signal holding Russia accountable for the damage caused by the war against Ukraine.”

Next steps

The provisional political agreement still has to be formally approved by the Council of the EU, and the Parliament. Parliament plans to vote in its 26-29 February plenary session.

Background

On 20 June 2023, the Commission proposed to set up a dedicated “[Ukraine Facility](#)”, with up to €50 billion for the period from 2024 to 2027 in the form of grants and loans.

The facility will replace the bilateral support currently provided by the EU under the [Neighbourhood, Development and International Cooperation Instrument – Global Europe](#) (NDICI) and the €18 billion [MFA+ programme](#), which has run out at the end of 2023. It will integrate the support Ukraine would have received under the [Instrument for Pre-accession Assistance](#) (IPA).

The Ukraine Facility is part of the [revision of the EU’s long-term budget](#) (multiannual financial framework, MFF). The whole package of Ukraine Facility, MFF and the STEP initiative should be integrated also into this year’s annual budget.

Further information

[Committee on Foreign Affairs](#)

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[Procedure file](#)

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