



2024/0234(COD)

11.10.2024

BUDGETARY ASSESSMENT

of the Committee on Budgets

for the Committee on International Trade

on the proposal for a regulation of the European Parliament and of the Council establishing the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine (COM(2024)0426 – C10-0106/2024 – 2024/0234(COD))

Rapporteur for budgetary assessment: Janusz Lewandowski

PA_LegEvaluation

BUDGETARY ASSESSMENT

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The Committee on Budgets has carried out a budgetary assessment of the proposal under Rule 58 of the Rules of Procedure and has reached the following conclusions:

- having regard to Council Regulation (EU, Euratom) 2022/2496 of 15 December 2022 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027¹,
- having regard to Council Regulation (EU, Euratom) 2024/765 of 29 February 2024 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027²,
- having regard to Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility³,
- having regard to Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022 establishing an instrument for providing support to Ukraine for 2023 (macro-financial assistance +)⁴,
- having regard to Council Decision (CFSP) 2022/335 of 28 February 2022 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine⁵,
- having regard to Council Decision (CFSP) 2024/577 of 12 February 2024 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine⁶,
- having regard to Council Decision (CFSP) 2024/1470 of 21 May 2024 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine⁷,
- having regard to Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union⁸,
- having regard to the Interinstitutional Agreement of 16 December 2020 between the

¹ OJ L 325, 20.12.2022, p. 11, ELI: <http://data.europa.eu/eli/reg/2022/2496/oj>.

² OJ L, 2024/765, 29.2.2024, ELI: <http://data.europa.eu/eli/reg/2024/765/oj>.

³ OJ L, 2024/792, 29.2.2024, ELI: <http://data.europa.eu/eli/reg/2024/792/oj>.

⁴ OJ L 322, 16.12.2022, p. 1, ELI: <http://data.europa.eu/eli/reg/2022/2463/oj>.

⁵ OJ L 57, 28.2.2022, p. 4, ELI: <http://data.europa.eu/eli/dec/2022/335/oj>.

⁶ OJ L, 2024/577, 14.2.2024, ELI: <http://data.europa.eu/eli/dec/2024/577/oj>.

⁷ OJ L, 2024/1470, 22.5.2024, ELI: <http://data.europa.eu/eli/dec/2024/1470/oj>.

⁸ OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources⁹,

- A. whereas the Commission proposed a draft amendment to Council Regulation (EU, Euratom) 2022/2496 that made it possible to allow contingent liabilities stemming from financial assistance to Ukraine for 2023 and 2024 only to be treated in the same manner as financial assistance for Member States;
- B. whereas there is a need for greater sustained budgetary support to Ukraine;
- C. whereas Ukraine's financing needs are expected to significantly outstrip current IMF projections and total at least USD 38 billion for 2025, making the amounts available under previous rounds of macro-financial assistance (MFA), the Ukraine Facility and the current round of MFA insufficient to ensure the required level of support, particularly for 2026 and 2027;
- D. whereas Council Decision (CFSP) 2024/577 provides rules for allocating extraordinary revenues stemming from immobilised Russian state assets to the Ukraine Peace Facility and the Ukraine Facility, considering that EUR 210 billion of Russian Central Bank assets are currently held by financial institutions in the EU;
- E. whereas the G7 leaders announced the launch of Extraordinary Revenue Acceleration Loans for Ukraine, which would make USD 50 billion available to Ukraine and would be secured through immobilised Russian state assets;
- F. whereas the next tranche of the IMF's loan to Ukraine is also linked to the entry into force of the proposed regulation;
 - 1. Takes note of the proposal for the creation of the new Ukraine Loan Cooperation Mechanism, which will provide non-repayable financial support with a view to assisting Ukraine to repay loans provided for its support and will be endowed mainly by the amounts transferred in accordance with Annex XLI to Council Regulation (EU) 833/2014¹⁰, as well as by any potential amounts stemming from voluntary contributions from Member States, third countries or other sources, for up to EUR 45 billion;
 - 2. Takes note of the conditions and obligations that Ukraine must fulfil in order to receive and use the non-repayable financial support provided by the Ukraine Loan Cooperation Mechanism, particularly the obligation for the repayment of the principal, interest and any other costs of the MFA loan or eligible bilateral loans;
 - 3. Takes note of the proposal for the creation of a new MFA instrument for the benefit of Ukraine, providing support of up to EUR 35 billion, pending other contributions under the G7 agreement on Extraordinary Revenue Acceleration Loans for Ukraine, over a duration of 45 years; takes note of the fact that the Commission's proposal seems to be

⁹ OJ L 433I, 22.12.2020, p. 28, ELI: http://data.europa.eu/eli/agree_interinstit/2020/1222/oj.

¹⁰ Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ L 229, 31.7.2014, p. 1, ELI: <http://data.europa.eu/eli/reg/2014/833/oj>).

based on the assumption that the Russian state assets will remain immobilised for 45 years and on various assumptions regarding the future flows of extraordinary revenues stemming from the immobilisation of Russian sovereign assets held in the EU;

4. Takes note of the fact that there is no grace period for the repayment of the principal or interest for the MFA instrument;
5. Takes note of the fact that the MFA instrument, unlike previous instruments, does not give Ukraine the option to request interest rate subsidies covered by Member States;
6. Takes note of the preconditions for support, such as effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and respect for human rights, including for those of minorities, and takes note of the consequences of not meeting, or no longer meeting, these preconditions;
7. Takes note of the future negotiation between the Commission and Ukraine on the Memorandum of Understanding containing the guidelines that will underpin all future disbursements to Ukraine and must be consistent with the qualitative and quantitative steps contained in the Annex to Council Implementing Decision (EU) 2024/1447 of 14 May 2024 on the approval of the assessment of the Ukraine Plan¹¹ and any amendments thereto; takes note of the fact that the assessment criteria for the funds allocated through the Ukraine Loan Cooperation Mechanism are aligned with the assessment criteria established in Article 18 of Regulation (EU) 2024/792 in order to guarantee effective support and optimal use of resources for Ukraine's recovery and development; calls on the Commission to pay particular attention to consulting the Verkhovna Rada and involving relevant stakeholders, including civil society organisations;
8. Takes note of the derogation from Article 31(3), second sentence, of Regulation (EU) 2021/947¹², which implies that the External Action Guarantee will not be used to guarantee the borrowing of the amounts to be lent in the framework of this MFA and that, therefore, the guarantees for this MFA will be provisioned by the headroom; calls for caution in extending borrowing without a clear guarantee mechanism, with a view to ensuring that any additional borrowing does not jeopardise the Union's financial stability;
9. Takes note of the derogation from Article 214(1) of Regulation (EU) 2024/2509, preventing the establishment of a provisioning rate, because of the use of the headroom for the provisioning of guarantees;
10. Recalls all the mandatory provisions to be included in the MFA Loan Agreement, particularly those related to the early repayment of the amounts borrowed should it be recognised that Ukraine has engaged in any act of fraud, corruption or any other illegal

¹¹ OJ L, 2024/1447, 24.5.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/1447/oj.

¹² Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/947/oj>).

activity detrimental to the financial interests of the Union;

11. Takes note of the repayment arrangements, and particularly of the waterfall structure to be established in the MFA Loan Agreement and the potential implications for the EU budget;
12. Takes note of the provisions on the transmission of information to Parliament and the Council, as laid down in the Interinstitutional Agreement on good interinstitutional cooperation and governance and specifically within the framework of the annual budgetary procedure, ensuring full accountability and oversight of how funds are managed and disbursed; acknowledges the urgent need to implement the proposed regulation and calls for the relevant draft amending budget to include only the changes arising from the entry into force of the proposed regulation; expects the proposal to provide an update on the borrowing plan as per Article 52(1)(d)(iii), third indent, of Regulation (EU, Euratom) 2024/2509; expects to be informed, in a timely manner, of the implementation of borrowing as per Article 223(4)(b) of Regulation (EU, Euratom) 2024/2509, including of any potential early repayments and the construction of a buffer, if applicable;
13. Takes note of the fact that, according to the financial legislative statement, the implementation of the proposal does not require any additional human resources or administrative expenditure; reiterates its understanding that new policy priorities or tasks must be accompanied by adequate resources and staff to properly implement them;
14. Regrets the proposal's lack of clarity about whether the Union budget has final liability, particularly in the framework of a loan guaranteed solely by the headroom, independently of the support from the Ukraine Loan Mechanism, for example in the event of significant changes to the sanctions regime underwriting the mechanism;
15. Requests that the Commission clarify the potential interplay and complementarity in the funding provided by the Ukraine Facility, in particular under Pillar I for 2025, and by the MFA, and explain how the latter will be linked to relevant political and reform-related conditions that are consistent with and support the conditionality under the Ukraine Facility, in particular the Ukraine Plan;
16. Requests that the Commission provide the budgetary authority with details of the aggregation of liabilities to the headroom, contingent on borrowing and lending operations;
17. Recalls that a further amendment to the MFF, adopted by unanimity in the Council, would be required in order to extend the ability of the Union to treat the financial assistance to Ukraine in the same manner as financial assistance to Member States until the end of the current MFF;
18. Regrets the urgency of this proposal, stemming partly from the lack of flexibility granted by the Commission proposal on the amendment of the MFF, and the subsequent Council decision pressuring Parliament to co-legislate in a very limited time frame;
19. Calls on the Committee on International Trade, as the committee responsible, to

recommend the approval of the proposal for a regulation of the European Parliament and of the Council establishing the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine.

**ANNEX: ENTITIES OR PERSONS
FROM WHOM THE RAPPORTEUR FOR BUDGETARY ASSESSMENT HAS
RECEIVED INPUT**

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur for budgetary assessment declares that he received input from the following entities or persons in the preparation of the budgetary assessment, prior to the adoption thereof in committee:

Entity and/or person
Permanent Ambassador Plenipotentiary and Permanent Representative, Representation of Hungary to the EU

The list is drawn up under the exclusive responsibility of the rapporteur for budgetary assessment.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur for budgetary assessment declares that he has submitted to the natural persons concerned the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.

PROCEDURE – COMMITTEE ASKED FOR BUDGETARY ASSESSMENT

Title	Establishing the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine
References	COM(2024)0426 – C10-0106/2024 – 2024/0234(COD)
Committee(s) responsible	INTA
Date announced in plenary	BUDG
Rapporteur for budgetary assessment Date appointed	Janusz Lewandowski 23.9.2024
Date adopted	7.10.2024
Result of final vote	+: 31 –: 6 0: 0
Members present for the final vote	Georgios Aftias, Isabel Benjumea Benjumea, Olivier Chastel, Nikolas Farantouris, Angéline Furet, Jens Geier, Thomas Geisel, Jean-Marc Germain, Andrzej Halicki, Alexander Jungbluth, Fabienne Keller, Janusz Lewandowski, Giuseppe Lupo, Ignazio Roberto Marino, Siegfried Mureşan, Fernando Navarrete Rojas, Victor Negrescu, Danuše Nerudová, João Oliveira, Ruggero Razza, Karlo Ressler, Bogdan Rzońca, Julien Sanchez, Lukas Sieper, Joachim Streit, Nils Ušakovs, Lucia Yar, Auke Zijlstra
Substitutes present for the final vote	Mohammed Chahim, Jonás Fernández, Niclas Herbst, Rasmus Nordqvist, Michele Picaro, Jussi Saramo, Kai Tegethoff
Members under Rule 216(7) present for the final vote	Tobias Cremer, Paulo Do Nascimento Cabral

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

31	+
ECR	Michele Picaro, Ruggero Razza, Bogdan Rzońca
NI	Lukas Sieper
PPE	Georgios Aftias, Isabel Benjumea Benjumea, Paulo Do Nascimento Cabral, Andrzej Halicki, Niclas Herbst, Janusz Lewandowski, Siegfried Mureşan, Fernando Navarrete Rojas, Danuše Nerudová, Karlo Ressler
Renew	Olivier Chastel, Fabienne Keller, Joachim Streit, Lucia Yar
S&D	Mohammed Chahim, Tobias Cremer, Jonás Fernández, Jens Geier, Jean-Marc Germain, Giuseppe Lupo, Victor Negrescu, Nils Ušakovs
The Left	Nikolas Farantouris, Jussi Saramo
Verts/ALE	Ignazio Roberto Marino, Rasmus Nordqvist, Kai Tegethoff

6	-
ESN	Alexander Jungbluth
NI	Thomas Geisel
PfE	Angéline Furet, Julien Sanchez, Auke Zijlstra
The Left	João Oliveira

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention