

Position Paper on Ukraine Facility

European Enterprise Alliance, Union of Entrepreneurs and Employers (ZPP) and Union of Ukrainian Entrepreneurs (SUP) express our support for the Ukraine Facility, an innovative and strategic initiative that holds the key to shaping the economic recovery and modernization of Ukraine. Rooted in our commitment to fostering stability, democracy, and prosperity, we endorse this facility, recognizing its critical role in supporting Ukraine's reform efforts and fostering its path toward potential EU accession.

Background

The European Commission's proposal for the Ukraine Facility, presented in June 2023 addresses the urgent need for a comprehensive strategy to assist Ukraine in overcoming the multifaceted challenges it faces. The facility encompasses a series of actions within various pillars, commitments, and measures designed to provide financial assistance, promote stability, and foster Ukraine's integration with the European Union. Following, Ukraine's government has also presented an initial draft of the reform plan for the Ukraine Facility program to the European Commission, outlining the earmarking of €50 billion for Ukraine in November 2023.

The draft consists of 4 main blocks:

- macroeconomic scenarios;
- basic reforms;
- economic reforms;
- key sectors of the economy that will help Ukraine grow now and in the future.

“This is a preliminary plan to start consultations with our European colleagues. Work on the plan will continue with international partners, civil society and Ukrainian business,” said Prime Minister of Ukraine Denys Shmyhal.

Main points to be addressed on the Ukraine Facility:

Financial Assistance and Budget Adaptations:

At the heart of the Ukraine Facility is the provision of financial support and the necessity for adaptations to the EU budget. The proposed allocation of up to €50 billion for 2024 to 2027, with a focus on a balanced mix of loans and grants, reflects a thoughtful approach to addressing Ukraine's macro-financial stability. The proposed establishment of the 'Ukraine Reserve' as a new special instrument ensures flexibility and compliance with its own resources ceiling. The European Parliament's call to keep the budget at a maximum of €50 billion and assign 8% to Pillar III demonstrates a commitment to future-proofing the facility's impact¹. We support the proposed allocation and advocate for a comprehensive strategy that ensures the effective utilization of funds to enhance Ukraine's economic resilience.

Legislative Process and Oversight:

The legislative process for the Ukraine Facility involves the approval of two key acts: the Ukraine Facility regulation and the mid-term revision of the Multiannual Financial Framework (MFF) for 2021 to 2027². The European Parliament, as a crucial part of the budgetary authority, insists on being kept informed and involved in key decision-making steps. The establishment of advisory committees, such as the European Committee of the Regions and the European Economic and Social Committee, highlights the commitment to democratic legitimacy and regional involvement³.

Transparency, Audit, and Control:

The proposed framework for transparency, audit, and control within the Ukraine Facility ensures accountability and responsible use of funds. The European Court of Auditors' recommendations for effective control arrangements and incontestable audit rights are crucial for the success of all three pillars⁴. The emphasis on establishing an independent audit board adds an extra layer of accountability to the implementation process. We underscore the importance of robust control mechanisms to guarantee the efficient use of resources, promoting trust in the facility's objectives.

¹ Pari, Marianna, and Tim Peters. Establishing the Ukraine Facility. European Parliament, 2023, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753954/EPRS_BRI\(2023\)753954_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753954/EPRS_BRI(2023)753954_EN.pdf)

² The legislative process for the Ukraine Facility involves the approval of two key acts: the Ukraine Facility regulation and the mid-term revision of the Multiannual Financial Framework (MFF) for 2021 to 2027.

³ Pari, Marianna, and Tim Peters. Establishing the Ukraine Facility. European Parliament, 2023, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753954/EPRS_BRI\(2023\)753954_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753954/EPRS_BRI(2023)753954_EN.pdf)

⁴ "Ukraine Facility" and "Cyber Solidarity Act": EU Auditors Give Their Opinions on European Commission's Recent Proposals." European Court of Auditors, 5 Oct. 2023, www.eca.europa.eu/en/news/NEWS-OP-2023-02-03. Accessed 14 Dec. 2023.

Conclusion

The European Enterprise Alliance, Union of Entrepreneurs and Employers (ZPP) and Union of Ukrainian Entrepreneurs (SUP) stand firmly behind the Ukraine Facility. Our endorsement is not only a gesture of support but a commitment to a transformative strategy that aligns with our vision for a stable, democratic, and prosperous Europe. We call for a swift and collaborative implementation of the Ukraine Facility, urging policymakers, member states, and civil society to work together to ensure the success of this pivotal initiative for Ukraine's future.

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