

UDC 336.1(477:061.1EU):341.232.2 DOI:10.5281/zenodo.11921621

O.L. Totska, Dr. of Econ. Sciences, Prof. (*VNU L. Ukrainka, Lutsk*)

V.O. Onysiuk, main specialist of the department of operations with financial resources of the office of budget revenues and operations with financial resources (*Main Department of the State Treasury Service of Ukraine in the Volyn oblast, Lutsk*)

ECONOMIC SUPPORT PROGRAM OF UKRAINE FROM THE EUROPEAN UNION «UKRAINE FACILITY»

During the three years of the full-scale invasion of the Russian Federation on the territory of Ukraine, the expenditures of the State Budget of Ukraine (hereinafter – SBU) exceeded the revenues by two times. In 2024, the revenues of the SBU are set at the level of 1.7 trillion hryvnias, expenses at 3.3 trillion hryvnias. This means that, as in the two previous years of the war, Ukraine will be able to finance only half of the budget with its own funds. Ukraine hopes to get the rest from international partners. And they fundamentally do not finance war expenditures. Therefore, everything that Ukraine itself earns will go to defense [1].

On February 1, 2024, during a meeting of the European Council, all 27 leaders of the European Union (hereinafter – EU) reached a consensus regarding the adoption of a decision on the Ukraine Facility (hereinafter – UF) in the multi-year EU budget for 2024–2027 in the amount of 50 billion euros. On February 26, the European Parliament supported the decision on UF. On February 28, the Council of the European Union approved the launch of the UF Instrument with a total amount of 50 billion euros for 2024–2027 [2].

On March 18, the Cabinet of Ministers of Ukraine (hereinafter – CMU) approved the Plan for UF (hereinafter – the Plan), which will become the basis for the implementation of the program of financial support of Ukraine from the EU during 2024–2027. After approval by the CMU, the text of the Plan will be directed to the evaluation of the European Commission and approval by the committee of EU member states, after which the UF program will finally enter into force [3].

On May 22, the First Deputy Prime Minister - the Minister of Economy of Ukraine, Yuliia Svyrydenko, and the EU Commissioner for European Neighborhood Policy and Enlargement Negotiations, Oliver Varhelyi, signed the Framework Agreement (hereinafter - the Agreement) on EU funding within the framework of UF implementation. The Agreement defines the practical parameters of financial support within the framework of

the UF - it is an instruction according to which coordination, monitoring, reporting and much more will be carried out. For the most part, it reflects procedures that will be aimed at efficient, transparent and accountable use of financial resources, which is a necessary condition for further European integration. According to the Agreement, Ukraine undertakes to ensure a high level of transparency and control in the use of funds provided by the EU and the protection of its financial interests. This includes the introduction of a management and control system, regular reporting, compliance with EU sanction requirements, and the fight against corruption. The National Coordinator, namely the Ministry of Economy, will be the key body of interaction with the European Commission and will ensure effective management and monitoring of the use of funds provided by the EU.

The plan envisages the implementation of structural reforms in the public sector, the implementation of a number of economic reforms aimed at the development of the business climate and entrepreneurship, as well as steps for the development of priority sectors that can ensure rapid economic growth. The implementation of the Plan will contribute to the European integration of Ukraine and the further sustainable development of the economy [4].

The total amount of UF is 50 billion euros, 33 billion euros will be provided to Ukraine in the form of loans, 17 billion euros – in the form of grants. 38,2 billion euros will be directed to direct support of the SBU (soft loans and grants), 7,0 billion euros – to the investment fund (a special investment instrument to stimulate the attraction of investments in priority sectors), and 4,8 billion euros – to technical and administrative support (synchronization of legislation with the EU, structural reforms). UF will be implemented in partnership with EU member states, European financial institutions and other international financial organizations and in cooperation with the multi-agency coordination platform of donors.

UF is provided with a reliable audit and control system, a special independent audit commission will carefully check the use of funds.

Structure of the UF plan:

1. Support for the implementation of the Ukraine Plan:

- EU support for the implementation of the Ukraine Plan through grants and loans;
- support for reforms necessary for EU accession, recovery, reconstruction and modernization, as well as provision of urgent financial needs.

2. Investment policy in Ukraine:

– a risk reduction mechanism available to investors through international financial organizations to increase investment and attract new investors;

– support of the private sector in Ukraine.

3. Assistance programs:

– technical assistance to the Government of Ukraine (EU legislation, structural reforms);

– capacity building of authorities at the national, regional and local levels;

– support of civil society [5].

In the conditions of russian aggression, external financial support for Ukraine means survival, preservation of statehood and territorial integrity. The EU remains unwavering in its support for Ukraine and seeks to help confront the unprovoked and unjustified aggression of the russian federation and play an important role in the recovery, reconstruction and modernization of Ukraine. The reforms proposed by the Plan will help both to overcome the devastating consequences of the war and to eliminate the chronic problems of the Ukrainian economy:

– corruption;

– burdensome, unwieldy tax system;

– weak judicial system;

– insufficient protection of property rights.

References

1. About the State Budget of Ukraine for 2024: The Law of Ukraine dated November 9 2023. URL: <https://zakon.rada.gov.ua/laws/show/3460-20#Text>

2. The Council of the EU approved the Ukraine Facility instrument in the amount of 50 billion euros for 2024–2027. URL: <https://eu-ua.kmu.gov.ua/news/rada-yes-zatverdyla-instrument-ukraine-facility-obsyagom-50-mlrd-yevro-na-2024-2027-roky/>

3. The Government approved the Plan for the implementation of the Ukraine Facility program. *Government portal*: The only web portal of executive authorities of Ukraine. URL: <https://www.kmu.gov.ua/news/uriad-zatverdyyv-plan-dlia-realizatsii-prohramy-ukraine-facility>

4. Ukraine and the EU concluded a Framework Agreement for financing within the Ukraine Facility. URL: <https://www.ukrinform.ua/rubric-economy/3866676-ukraina-i-es-uklali-ramkovu-ugodu-dla-finansuvanna-v-mezah-ukraine-facility.html>

5. Plan for the implementation Ukraine Facility. URL: <https://www.ukrainefacility.me.gov.ua>