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NOTE

From:	General Secretariat of the Council
To:	Council
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Subject:	Regulation establishing an Instrument for providing support to Ukraine for 2023 (macro-financial assistance +) (1st reading) - Statement from the Commission

Delegations will find in the ANNEX a statement from the Commission to be included in the minutes of the Economic and Financial Affairs Council on 6 December 2022.

**Commission declaration on the contribution by Member States to the interest rate subsidy for
the MFA+ loans to Ukraine**

In order to provide sufficient assurances to Ukraine on the availability of the interest rate subsidy in the period from 1 January 2023 to 31 December 2027 for the loans under the MFA+ Instrument, the Commission expects the Member States to enter at the latest by 30 June 2023 into contribution agreements which include the following features:

- (a)* The contributions shall be irrevocable, unconditional and on-demand. They shall be transferred to the Commission in line with the terms and conditions of the contribution agreement, upon written demand by the Commission.
- (b)* The contributions shall only cover the interest rate subsidy and not the administrative costs related to the borrowing and lending operations.
- (c)* The contributions requested from the Member States by the European Commission shall be calculated on the basis of the gross national income (GNI) key set out in Article 5(1) of the MFA+ Instrument of the amount of the costs and expressed in euro.
- (d)* The interest rate subsidy to be covered through contributions shall be calculated and invoiced on the basis of a cost allocation methodology adopted by the Commission covering the borrowing used to finance the loans under the MFA+ Instrument.

(e) The contribution agreements shall enter into force upon signature by the Commission, and by the Member States, subject to approval in accordance with their national procedures, if applicable.

(f) The contribution agreements shall apply to the interests (costs of funding and costs of liquidity management) incurred in the period from 1 January 2023 to 31 December 2027 and related to the borrowing and lending, with the exception of costs related to early repayment of the loans, in respect of the loans under the MFA+ Instrument.

(g) The additional support under Article 4(2) of the MFA+ Instrument by Member States' contributions is to be provided on the understanding that it will be subject to the political precondition laid down in Article 6 of the MFA+ Regulation.

In the context of the annual budgetary procedure, the Commission will examine the availabilities under the budget within the limits of available resources while ensuring the need to maintain sufficient margins and flexibilities to cope with unexpected events in the course of the financial year. Following conclusion of the annual budgetary procedure, the Commission will communicate the estimated amounts to be called from Member States in the following year. The amounts to be called from Member States may differ from these estimates given that some of the relevant costs will still be subject to change at the time of communication.

In order to facilitate national preparations for the signature of the contribution agreements, the Commission will provide indicative estimates of interest rate costs that may be expected over the years 2023-2027. The aggregate figures will be broken down on the basis of most recent GNI key per Member State. They will be accompanied by explanations on the invoicing schedule for calls for Member State contributions from Q1 2024 onwards.
