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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

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To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

Subject: COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE EVALUATION of the Decision (EU) 2020/701 by the European Parliament and the Council Providing COVID Macro Financial Assistance operations to 10 partners (2020-2022)

Delegations will find attached document SWD(2025) 426 final.

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**COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE EVALUATION**

of the

**Decision (EU) 2020/701
by the European Parliament and the Council**

Providing COVID Macro Financial Assistance operations to 10 partners (2020-2022)

{SWD(2025) 425 final}

Purpose and scope of the evaluation

In response to the unprecedented and highly unpredictable economic and social disruptions caused by the COVID-19 pandemic, the European Union (EU) adopted in May 2020 an exceptional package of Macro-Financial Assistance (MFA) totalling EUR 3 billion. This package was unprecedented in its context, scale, and geographic scope, marking the largest and most wide-ranging deployment of MFA at that time. The COVID-19 MFA package aimed to support ten enlargement and neighbourhood partners experiencing acute balance-of-payments and fiscal pressures as a result of the evolving global health pandemic. These included five Western Balkan partners (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, and North Macedonia), three Eastern Neighbourhood countries (Georgia, Moldova, and Ukraine), and two Southern Neighbourhood countries (Jordan and Tunisia). The decision was informed by a bottom-up assessment of each country's external financing needs, scaled to their economic size, and the anticipated impact of the pandemic shock, while also taking into account support expected from other international partners.

An independent study of the COVID-19 MFA package was carried out by ICF in collaboration with Cambridge Econometrics and local experts. It covered all ten operations under a joint analytical framework, using a mix of documentary review, macroeconomic analysis, semi-structured interviews, expert surveys, and country case studies. The analysis assessed the relevance, effectiveness, efficiency, coherence, and EU added value of the MFA interventions, capturing both common patterns and region-specific differences. Five deep-dive case studies (Ukraine, Moldova, Tunisia, Jordan, and COVID-spending transparency in the Western Balkans) provided additional insight into conditionality design, reform traction, and implementation challenges.

COVID-19 MFA operations description and objectives

The COVID-19 MFA operations were designed to provide swift, highly concessional liquidity to governments struggling with the immediate macro-fiscal effects of the pandemic, including collapsing revenues, increased public health expenditures, disrupted access to international capital markets, and heightened vulnerability. As with all MFA operations, disbursements remained conditional on the continued respect for democratic principles, the rule of law, and human rights. Given the exceptional circumstances, the usual requirement for a satisfactory track record with the partner country's IMF programme was temporarily relaxed. This allowed countries receiving emergency IMF support, such as through the Rapid Financing Instrument (RFI) or Rapid Credit Facility (RCF), notably Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Moldova, Tunisia, and Jordan, or whose IMF programmes were expiring soon or not fully on track, notably Georgia and Ukraine, to qualify for this atypical MFA. This temporary flexibility enabled the EU to respond to urgent needs, while preserving the IMF's anchoring role, including reassurances on debt sustainability.

The MFA funds were disbursed in two instalments. The first tranche was provided without ex-ante policy conditionality, ensuring a rapid disbursement to deliver timely financial relief. The second tranche was linked to the implementation of a focused set of structural policy measures, agreed with each partner country and formalised in a Memorandum of Understanding (MoU). Reflecting the urgency of the crisis, the overall availability period was shortened to 12 months, compared to the standard 2.5-year MFA horizon. The operations were carried out in parallel with IMF programmes and

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

complemented by other EU instruments, including budget support, Instrument for Pre-accession Assistance (IPA) for candidate countries, and emergency COVID-related funding mobilised under the Team Europe framework.

Main conclusions of the evaluation (concerning relevance, effectiveness, efficiency, coherence, and EU added value)

Overall, the COVID-19 MFA package was a *relevant* and timely EU response to a common external shock. The MFA provided essential liquidity to partner countries, helping stabilise economies, boost external confidence, and support counter-cyclical fiscal responses. The design of the package struck a careful balance between urgency and reform credibility. Notably, the bundling of the ten operations under a single legislative act allowed the Commission to streamline the legislative proposal, while retaining the ordinary legislative procedure, thus ensuring full involvement of the European Parliament (EP). The Decision was adopted within just five weeks of the Commission's proposal in May 2020, which was a remarkably swift timeline made possible by the exceptional and first-time use of a number of procedural flexibilities and an illustration of the political importance attached by both co-legislators to a timely delivery of EU support to our partner countries. This enabled first disbursements to start by October 2020 (counting with the completion of required domestic procedures by partner country governments), which was only eight months after the onset of the pandemic.

MFA funds played a *stabilising role* for all partner countries. They supported macroeconomic resilience and mitigated the depth of the economic contraction by helping governments maintain essential services and adopt counter-cyclical fiscal policies during a period of heightened fiscal stress. The concessional nature of the loans, including low interest rates and long maturities, were particularly welcome, including for countries with high-risk premia or with no or limited access to international financial markets. In the *Western Balkans*, MFA accounted for approximately 42% of residual external financing needs after IMF support. The assistance helped cushion the fiscal shock and allowed governments to maintain core public services and implement targeted support measures. Benefiting from relatively moderate debt levels and shorter-lasting economic contractions, most countries in the region—such as Albania, North Macedonia, and Kosovo—enjoyed an economic recovery already by 2021. In the *Eastern Neighbourhood*, MFA played a vital role in stabilising public finances and maintaining investor confidence during the pandemic. It helped cover substantial shares of partners' external financing gaps (up to 45% on average after IMF support) and enabled governments to sustain essential expenditures amid sharp revenue losses. This contributed to a strong, though uneven, economic rebound in 2021, which was later severely disrupted by Russia's full-scale invasion of Ukraine and its spillover effects also in the region. In the *Southern Neighbourhood*, although MFA represented a smaller share of residual financing needs (around 16%) due to the availability of complementary sources such as Gulf Cooperation Council grants and multilateral loans, it enabled Tunisia and Jordan, which faced constrained or very costly market access on the back of persistent structural fiscal and external vulnerabilities, to benefit from the financial relief provided by MFA.

Conditionality under the COVID MFA operations was focused, streamlined, and adjusted to national contexts. Coordination with the EEAS and EU Delegations helped to align conditionality with political and operational priorities on the ground. The number of conditions was substantially lower (nine on average per MoU) than in previous MFA operations, to facilitate implementation during the pandemic context and over the shortened 12-month period. The conditions were typically grouped into public financial management, anti-corruption and governance, business environment, social and labour market policies, as well as sectoral reforms (e.g., energy). In the *Western Balkans*, conditionality featured more procedural or preparatory actions, often reflecting political instability (particularly in

Bosnia and Herzegovina and Kosovo), fewer acute macro-financial vulnerabilities, and the presence of parallel EU support under the IPA. In contrast, the *Southern and Eastern Neighbourhood* operations involved more substantive policy conditions (such as legislative reforms in public procurement, governance of state-owned enterprises (SOE), and anti-corruption frameworks), reflecting longer-standing structural weaknesses and in many cases broader reform engagement building on previous MFAs. Notably, the MoUs for Tunisia and Ukraine included multiple sub-conditions, reflecting persistent governance weaknesses, significant fiscal vulnerabilities, and consistent with the relatively larger size of the MFA support. In both cases, the MFA provided leverage to reinforce reform momentum in areas where progress had been uneven or stalled. This included the carry-over or adaptation of unfulfilled or partially implemented conditions from earlier MFA programmes, particularly in areas like SOE oversight, budget transparency, and public sector governance.

While MFA is not a thematic or earmarked instrument, the experience showed that targeted crisis-relevant elements (e.g. social protection, procurement transparency) can be incorporated where appropriate to enhance relevance. All Western Balkan countries shared a common condition on COVID spending transparency, but such pandemic-specific provisions were inconsistently applied in other regions. Georgia and Montenegro included pensions or social elements, while Jordan's MoU supported social safety net digitalisation.

Partner authorities confirmed in interviews and surveys carried out by the external study that MFA conditionality supported domestic reform coordination and unlocked progress on politically sensitive measures. Overall across the ten countries, 70% of conditions were fully met and 90% broadly met, demonstrating a *high rate of implementation* despite the emergency setting. There were examples of cases where the fulfilment of the MFA condition in itself led to notable achievements such as the adoption of the Customs Code in Moldova, judicial reforms in Ukraine, and labour market reforms in Jordan. In some countries, implementation of some policy conditions was limited to formal or procedural steps sufficient to trigger disbursement, without sustained follow-through. While this is partly attributable to political fragmentation or administrative capacity constraints, it also reflects the short-term nature of the MFA instrument, which cannot by itself guarantee medium- or long-term reform sustainability.

Two of the ten MFA operations were not fully completed; notably Bosnia and Herzegovina (BiH) and Georgia. In BiH, this was due to only 2 out of 9 conditions being met, reflecting persistent political fragmentation and limited ability for coordination. In Georgia, the authorities chose not to request the second instalment after a political controversy around a judicial reform condition. In Tunisia, disbursement of the second tranche was delayed and followed a formal political reassurance letter after the MoU conditions were met amid concerns over democratic backsliding. These cases confirmed that even in crisis settings, the enforcement of conditionality was credible and linked to meaningful progress. Two waivers were issued (in Moldova and Jordan), justified by documented efforts and contextual constraints, such as procurement delays or partial legal reforms, thus referring to a minor part of the overall reform commitment only.

In terms of *coherence*, the MFA operations were well integrated into the broader EU policy framework and national reform agendas. Coordination with the IMF was close and effective, facilitated by shared monitoring, and reform assessments for those countries with full-fledged IMF programmes. This alignment was particularly visible where MFA complemented the more far-reaching IMF Extended Fund Facilities (e.g. Jordan, Ukraine and Georgia). The Commission coordinated internally across DGs and with EU Delegations, while country-level administrative bottlenecks occasionally slowed implementation. Donor burden-sharing was visible, with MFA

complementing IMF support and, in some cases, World Bank or bilateral loans. Nonetheless, MFA visibility remained low due to its loan modality and fungible nature. The instrument was more visible to senior policymakers than the general public, although some reforms (e.g. digitalised social assistance in Jordan or pension indexation in Georgia) had wider recognition.

Conclusion

In conclusion, the COVID-19 MFA package effectively achieved its objectives. It provided swift, highly concessional financial support to ten partner countries facing crisis conditions and contributed to their ability to safeguard macroeconomic stability. The assistance helped prevent sharper economic contractions, supported the continuity of essential public services, and support reform momentum. The operations were broadly effective, with high rates of conditionality fulfilment and strong alignment with national priorities. The MFA operation also reinforced the EU's standing as a reliable and responsive partner, and in several countries, was seen as a signal of the EU's continued commitment to deeper engagement and integration. The package also demonstrated that MFA can be rapidly mobilised under exceptional procedures, without compromising reform credibility or coordination with international partners. Its flexibility, speed, and complementarity with IMF and EU budget support instruments were key to its success. The experience demonstrated that the MFA is a crisis instrument that can be flexibly adapted to deliver timely and impactful support simultaneously across multiple countries even under extraordinary circumstances, such as a global pandemic.