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

Subject: COMMISSION STAFF WORKING DOCUMENT 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) 425 final.

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COMMISSION STAFF WORKING DOCUMENT
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) 426 final}

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Glossary

<i>Term or acronym</i>	<i>Meaning or definition</i>
BRG	Better Regulation Guidelines
DG ECFIN	Directorate-General for Economic and Financial Affairs
DSA	Debt Sustainability Analysis
EBRD	European Bank for Reconstruction and Development
ECF	Extended Credit Facility
EEAS	European External Action Service
EFF	Extended Fund Facility
EIB	European Investment Bank
EP	European Parliament
ERP	Economic Reform Programmes
EU	European Union
IFIs	International Financial Institutions
IMF	International Monetary Fund
IPA	Pre-Accession Assistance
MFA	Macro-Financial Assistance
MoU	Memorandum of Understanding
PFM	Public Finance Management
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
SIA	Social Impact Analysis
SOE	State-owned Enterprise

SWD

Staff Working Document

TFEU

Treaty on the Functioning of the European Union

ToR

Terms of Reference

WB

World Bank

1. INTRODUCTION

Purpose and scope of the evaluation/fitness check

Macro-Financial Assistance (MFA) is a crisis-response instrument of the European Union (EU) aimed at supporting partner countries facing serious balance-of-payments difficulties. It provides highly concessional financial support, primarily in the form of loans, to help stabilise external accounts and restore macroeconomic stability. MFA is provided in the context of an on-track non-precautionary programme with the International Monetary Fund (IMF), complementing IMF's assistance by covering part of the residual external financing needs. The MFA is disbursed in instalments, and each instalment is conditional on the fulfilment of specific policy measures as well as continued adherence to the political preconditions for MFA, which include respect for democratic principles, the rule of law, and human rights. These economic policy reform measures are agreed between the European Commission, acting on behalf of the EU, and the partner government, and are laid down in a Memorandum of Understanding (MoU). Disbursement decisions are based on a positive assessment by the Commission of compliance with the agreed conditions in the MoU and of continued respect for the political criteria as well as a satisfactory track record with the partner country's IMF programme.

Since the entry into force of the Lisbon Treaty amending the Treaty of the European Union (TEU) and establishing the Treaty on the Functioning of the European Union (TFEU) on 1 December 2009, Article 212 TFEU (and Article 209 TFEU for developing countries) governs MFA. In turn, each MFA operation is approved by the European Parliament (EP) and the Council on the basis of a dedicated Commission proposal, in accordance with the ordinary legislative procedure (in line with Article 294 TFEU). In urgent cases, MFA operations can be approved by the Council alone pursuant to Article 213 TFEU.

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). This was done in accordance with Article 212 TFEU, when the EP and the Council adopted the MFA package of EUR 3 billion to provide support to ten enlargement and neighbourhood partner countries.¹ The COVID-19 pandemic severely disrupted economic and financial stability across the beneficiary partners, pushing economies into deep recessions, causing government revenues to collapse and straining public health systems. While a rapid and substantial fiscal response was critical to mitigate the fallout, many partners had limited room to expand spending and risked losing market access or borrowing only at very high costs.

The EU acted swiftly by adopting Decision (EU) 2020/701 on 25 May 2020, establishing a dedicated COVID-19 MFA package. While using the ordinary legislative procedure, which ensures full involvement of both the EP and the Council, all the institutions employed a range of procedural flexibilities to expedite adoption. Most notably, the Commission proposed a single legislative act covering all ten countries, which was unprecedented in the context of MFA. The urgency procedure under Article 213 TFEU—which would have

¹ [Decision \(EU\) 2020/701](http://data.europa.eu/eli/dec/2020/701/oj) ELI: <http://data.europa.eu/eli/dec/2020/701/oj>

allowed the Council alone to adopt the measure—was deliberately not used, preserving the EP’s role. Instead, for the first time in an MFA context, the Parliament relied on Rule 163 of its Rules of Procedure, which allowed the decision to be tabled and adopted directly in its plenary without prior examination by the Committee on International Trade (INTA).² Additionally, the standard eight-week review period for national parliaments of the Member States, which usually applies to proposed EU legislative acts, was exceptionally waived. This further reduced delays in the scrutiny process. This streamlined approach, combined with accelerated interinstitutional coordination and written procedures, allowed the decision to be adopted within five weeks of the Commission proposal (25 May 2020). The ten partners covered in the COVID-19 package were³:

- *in the Western Balkans*: Albania (EUR 180 million), Bosnia and Herzegovina (EUR 250 million), Kosovo* (EUR 100 million), Montenegro (EUR 60 million), North Macedonia (EUR 160 million);
- *in the Eastern Neighbourhood*⁴: Georgia (EUR 150 million), Republic of Moldova (EUR 100 million), Ukraine (EUR 1.2 billion); and
- *in the Southern Neighbourhood*: Hashemite Kingdom of Jordan (EUR 200 million as a ‘top up’ to an ongoing MFA operation [of EUR 500 million]), Republic of Tunisia (EUR 600 million).⁵

The COVID-19 MFA package, available for a limited 12-month period, was designed as part of the broader EU external response to the pandemic under the “Team Europe” banner, which also included budget support, technical assistance, health-related projects, and emergency interventions. The MFA support took the form of loans disbursed in two instalments. The first instalment was released once the MoU and loan agreement became effective, conditional on meeting general political pre-conditions and having a disbursing IMF arrangement or an emergency IMF funding, such as the Rapid Financing Instrument (RFI) and the Rapid Credit Facility (RCF) (see Box 1). This flexibility allowed countries without an on-track full-fledged IMF programme to still access MFA, provided an external financing gap was confirmed. The second and final instalment was contingent on the partner

* 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.

² Ordinarily, the INTA Committee prepares a detailed report on MFA proposals, and the Committees on Foreign Affairs (AFET) and Budgets (BUDG) may issue opinions, steps that extend the process by several months, especially if interinstitutional negotiations (trilogues) become necessary.

³ The evaluation of the ten MFA operations, both in the external study by ICF and in this Staff Working Document, is structured in three geographical groupings. Within the three groupings, there are EU candidate countries and potential candidates: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, the Republic of North Macedonia, Türkiye, Georgia, the Republic of Moldova, and Ukraine. The status of candidate or potential candidate country is granted by a decision of the European Council.

⁴ The external evaluation by ICF refers to the Eastern European countries as the “Eastern Partnership (EaP)”. However, the EaP is an EU cooperation framework with the Eastern Neighbourhood countries, rather than a geographical designation. In this SWD, the term “Eastern Neighbourhood” is used instead.

⁵ For Jordan, the COVID-19 MFA was a top-up to an ongoing MFA operation of EUR 500 million (Decision 2016/2371).

country fulfilling a mutually agreed set of economic policy reform conditions detailed in the MoU.

The COVID-19 MFA operations featured streamlined conditionality tailored to each country's reform priorities and capacity constraints during the crisis. The number of conditions per operation was moderate compared to previous MFA operations, around nine, on average, and reflected the need for timely disbursement, while maintaining the reform-oriented nature of the instrument. Reform areas varied but consistently prioritised public financial management (PFM), anti-corruption and governance, and to a lesser extent business environment, financial sector reforms, and social and labour market policies. The design of the conditions often built on existing reform commitments under IMF programmes or other EU-supported initiatives, reinforcing policy coherence.

Box 1. IMF anchor for COVID-19 MFA: standard rule vs. Covid-19 flexibility

Under the 2013 Joint Declaration, eligibility for MFA requires the existence of a non-precautionary IMF arrangement, such as the Extended Fund Facility (EFF) or Stand-By Arrangement (SBA) programmes. During implementation, the beneficiary country must maintain a continuous satisfactory track record under that IMF-supported programme. The provision of MFA is therefore closely linked to the IMF's engagement, with the IMF also providing an estimate of the residual external financial needs to which the EU could contribute with an MFA. Additionally, for loan-based MFAs, the IMF's evaluation offers assurances regarding the sustainability of the partner country's debt.

During the exceptional situation of the Covid-19 pandemic, the MFA was extended also along with the IMF emergency financing provided through the Rapid Financing Instrument (RFI) or Rapid Credit Facility (RCF). The RFI and the RCF (provided to low-income countries) are emergency, non-precautionary IMF tools that provide rapid, one-off financial assistance to address urgent balance-of-payments needs. Unlike regular/full-fledged IMF programmes, they do not involve standard review-based conditionality or structural benchmarks. Instead, they rely on limited ex-ante requirements, such as a credible policy framework and a commitment to pursue appropriate macroeconomic policies. A debt assessment is performed by the IMF, as standard for approving any new lending, however, it can be streamlined or rely on the latest full debt sustainability analysis (DSA) from a recent programme or Article IV consultation.

The 10 countries that benefited from COVID-19 MFA had the following arrangements with the IMF:

- *in the Western Balkans*: Albania (RFI, Apr 2020); Bosnia and Herzegovina (EFF 2016-2020; RFI, Apr 2020); Kosovo (RFI, Apr 2020); Montenegro (RFI, Jun 2020); North Macedonia (RFI, Apr 2020).
- *in the Eastern Neighbourhood*: Georgia (EFF 2017–2021); Republic of Moldova (ECF/EFF 2016-2020; RCF/RFI, Apr 2020); Ukraine (SBA 2020–2022).
- *in the Southern Neighbourhood*: Hashemite Kingdom of Jordan (EFF 2016-2020; RFI May 2020; EFF 2020–2023); Republic of Tunisia (EFF, 2016-2020; RFI, Apr 2020).

In line with the requirements set out in the Better Regulation Guidelines (BRG)⁶ and with the corresponding stipulations in the underlying Decisions as adopted by co-legislators, MFA operations are subject to an ex-post evaluation. To this end and in the context of the above-mentioned ten MFA operations, the Directorate-General for Economic and Financial Affairs (DG ECFIN) engaged an external contractor to complete a single independent assessment for all ten interventions combined. A study, which informs the present Staff Working Document (SWD), was undertaken by ICF S.A. during 2024 and 2025, in cooperation with Cambridge Econometrics, and local experts. It was concluded in May 2025⁷. The time coverage of the study and of this SWD spans the period from April 2020, when preparation of the COVID-19 MFA began with the Commission's proposal, to July 2022, when the implementation concluded (Figure 2).

The unprecedented nature of the COVID-19 MFA package, delivered simultaneously to ten partner countries across three regions, called for an equally unprecedented joint evaluation. Unlike most previous ex-post evaluations that focused on individual countries or regions, this evaluation examined the full set of COVID-19 MFA operations as a collective response to a common external shock. It analysed common features, regional variations, and patterns across the interventions, while assessing their overall contribution to macroeconomic stabilisation and structural adjustment. The evaluation criteria of relevance, effectiveness, efficiency, EU added value, and coherence were used to undertake the assessment with a methodology tailored through a two-level analytical approach:

- *Helicopter focus*: A cross-country, high-level assessment drawing on harmonised data (e.g. macroeconomic indicators) to identify common trends across countries. This enabled grouping by region and by type of structural reforms and focused on overarching lessons and cross-cutting issues.
- *Country-specific focus*: Applied selectively, depending on the relevance of the evaluation questions. This allowed for a more flexible and targeted analysis while ensuring consistency across the evaluation.

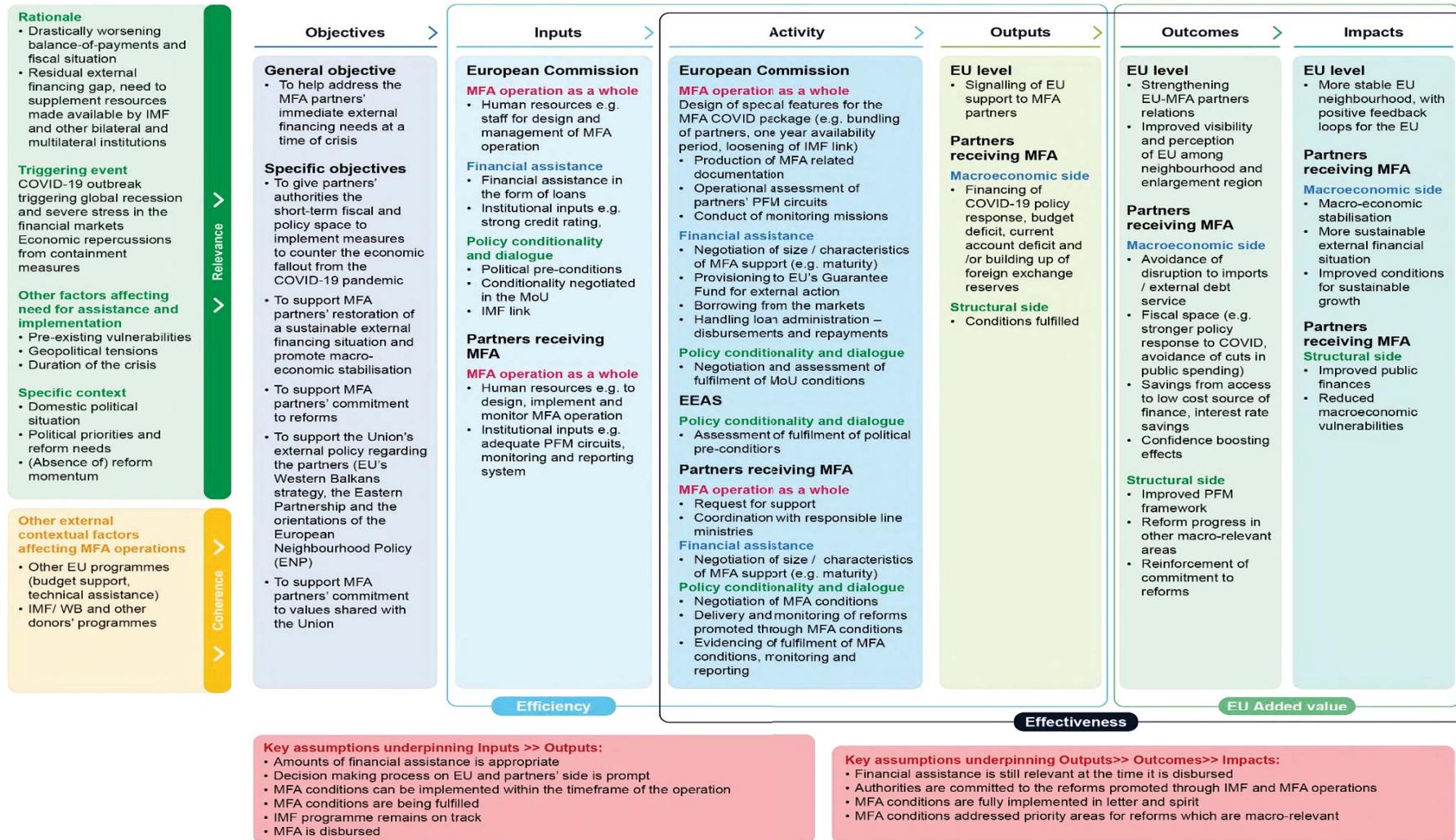
The evaluation also used a series of overarching case studies and reform-specific or regional case studies, each designed to capture different dimensions of MFA implementation. All case studies combined desk research with stakeholder interviews and inputs from local experts to assess both the relevance and impact of MFA conditionality.

While several limitations were experienced during the preparation and completion of the study, they did not affect the robustness or reliability of the evaluation conclusions, which serve as a useful basis for this document and further reflections on the assistance. The limitations and mitigating factors are further detailed in Annex II (Methodology and Analytical models).

⁶ <https://data.consilium.europa.eu/doc/document/ST-14004-2021-INIT/en/pdf>

⁷ Annex I of the present SWD provides the timeline of the evaluation.

Figure 1 - A theory of change for the COVID MFA package



Source: ICF

2. WHAT WAS THE EXPECTED OUTCOME OF THE INTERVENTION?

2.1 Description of the intervention and its objectives

As of 2013⁸, the Joint Declaration adopted by the EP and the Council provides the guiding principles for MFA decisions, detailing the general eligibility criteria and principles related to the conditionality of the instrument. Principle 1 of the Joint Declaration states that MFA is an exceptional financing instrument of untied and undesignated balance-of-payments support to eligible third countries and territories. Its objectives are:

- to restore a sustainable external finance situation for eligible countries and territories facing external financing difficulties.
- to underpin the implementation of a policy programme that contains strong adjustment and structural reform measures designed to improve the balance-of-payments position, in particular over the programme period;⁹ and
- to reinforce the implementation of relevant agreements and programmes with the European Union.

In spring 2020, as the COVID-19 pandemic triggered a sharp deterioration in the macroeconomic conditions of the EU's neighbourhood and enlargement partners, the European Commission prepared an exceptional macro-financial response. The proposal was put forward on April 2020 for a bundled MFA package covering ten partners. The package, unprecedented in scope and size, was swiftly adopted by the EP and Council, providing up to EUR 3 billion in concessional loans. The MFA funds were to be disbursed in two instalments per country over a condensed 12-month availability period (Figure 2). Most first tranches were released between October and December 2020, following the signing and ratification of the MoU and loan agreements. The second tranches were disbursed throughout 2021–2022, contingent on the fulfilment of targeted policy conditions, political pre-conditions, and continued IMF engagement. In two cases only (i.e., Bosnia and Herzegovina and Georgia), the second tranches were not disbursed due to non-compliance or voluntary withdrawal.

At the onset of the COVID-19 pandemic, countries across the Western Balkans, Eastern and Southern Neighbourhood entered the crisis with varying macroeconomic conditions, with many sharing underlying structural vulnerabilities that amplified its economic and fiscal impact. In early 2020, the **Western Balkans** region entered the COVID-19 pandemic with relatively sound macroeconomic fundamentals, but a number of structural weaknesses exposed the region to crisis-related risks. Most countries had made progress

⁸ An initial framework for MFA operations was provided by the so-called "Genval criteria", set by the Council in 1993. Following the entry into force of the Lisbon Treaty in 2009, the "Genval criteria" were replaced by the 2013 Joint Declaration of the Parliament and the Council (*OJ L 218, 14.8.2013, pp. 15–23*), which represents an understanding shared by the co-legislators.

⁹ The evaluation study, conducted by ICF, published alongside this SWD, provides the full list of policy conditions by country and the expected outcomes (Annex 7 Table 10).

in fiscal consolidation over the preceding years, with moderate debt levels and narrowing deficits. However, their economies remained highly vulnerable to external shocks due to limited diversification, a strong reliance on tourism, remittances, and underdeveloped domestic capital markets. The economic impact of COVID-19 was immediate and widespread. All five MFA recipient countries in the region (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, and North Macedonia) experienced sharp economic contractions in 2020, ranging from -4.7% in North Macedonia to over -15% in Montenegro. Fiscal balances deteriorated rapidly due to collapsing revenues and the need for emergency health and social spending. Government deficits in most countries exceeded 5% of GDP in 2020, with public debt rising sharply, particularly in smaller economies with pre-existing vulnerabilities. Balance-of-payments pressures emerged, linked to the collapse of service exports, capital flow volatility, and in some cases, currency depreciation.

Amid this circumstances, all five countries secured emergency IMF assistance through the RFI between April and June 2020, which confirmed the existence of urgent external needs. The EU's MFA complemented these efforts with concessional loans ranging from EUR 60 million (Montenegro) to EUR 250 million (Bosnia and Herzegovina), covering an estimated 42–45% of residual external financing gaps (after excluding IMF support). MFA first tranches were disbursed between October and December 2020, with second tranches following between May and July 2021, except in Bosnia and Herzegovina, where the second tranche was cancelled due to non-fulfilment of conditions. In Bosnia and Herzegovina, the MFA implementation was affected by long-standing political gridlock and institutional fragmentation. Disagreements between the Federation and Republika Srpska entities, coupled with a lack of consensus at the state level, slowed the adoption of key reforms and made the implementation of agreed measures impossible, resulting in the second instalment having to be cancelled.

The **Eastern Neighbourhood** countries entered the COVID-19 pandemic with broadly stable macroeconomic fundamentals but significant external and structural vulnerabilities. Georgia maintained a strong record of prudent macroeconomic management and moderate public debt (about 40% of GDP pre-crisis), while Moldova and Ukraine faced complex challenges. Ukraine was navigating the political fallout of delayed reforms and IMF conditionality. Moldova's fragile fiscal position and weak institutions limited its capacity to respond to shocks. All three countries relied heavily on remittances, external trade, and capital inflows—leaving them exposed to the sudden stop triggered by the global pandemic.

The macro-fiscal impact of COVID-19 was immediate. Georgia's economy shrank by 6.3% in 2020, primarily due to the collapse of tourism and remittances. Moldova and Ukraine experienced significant economic contraction amid lockdowns and global trade disruptions. Fiscal balances deteriorated in 2020 as pandemic spending rose and revenues fell, and public debt ratios increased markedly from pre-crisis levels. External balances deteriorated, and in Ukraine, financial market volatility exacerbated the situation, requiring central bank intervention.

Moldova and Georgia received emergency financing under the RCF in April–May 2020, while Ukraine agreed to a new 18-month Stand-By Arrangement in June 2020. The EU's COVID-19 MFA package helped cover the remaining financing needs. MFA first tranches were disbursed between October and December 2020 – EUR 75 million in Georgia (November), EUR 50 million in Moldova (November), and EUR 600 million in Ukraine (December). Moldova and Ukraine received second tranches in October 2021.

Georgia did not request its second tranche due to better-than-expected recovery and a growing resistance to judicial reform conditions.

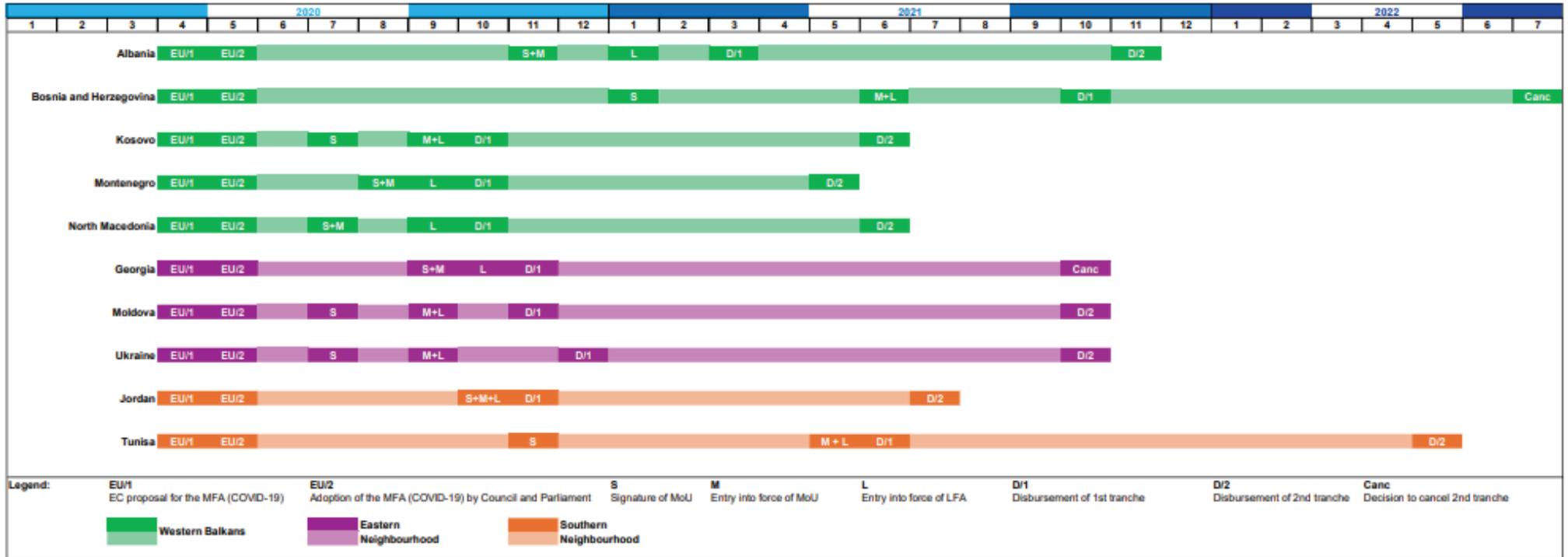
In the **Southern Neighbourhood**, Tunisia and Jordan entered the pandemic with deeply entrenched macro-fiscal vulnerabilities. Both countries faced persistent structural deficits, high debt levels, and limited access to external markets. Tunisia's economy was already stagnating before COVID-19, with public debt approaching 70% of GDP, large off-budget liabilities, and a fragmented political landscape. Jordan, although relatively more stable politically and economically, had public debt above 90% of GDP and limited room for discretionary spending despite its ongoing IMF Extended Fund Facility (EFF).

The pandemic spread rapidly in both Tunisia and Jordan, triggering successive waves of infections and triggered deep economic and fiscal shocks. Tunisia experienced one of the sharpest contractions among MFA beneficiaries, with GDP falling by 9% in 2020. The crisis severely impacted tourism, remittances, and domestic demand. Jordan's contraction (close to 1.6%) was much milder, but the fiscal impact was significant due to the collapse in tourism revenues and increased health-related spending. Both countries saw their fiscal deficits widen considerably, with Tunisia's exceeding 9% of GDP, while debt dynamics worsened sharply.

Jordan entered a new EFF in March 2020, while Tunisia received a single-draw RFI in April 2020. Negotiations for a new Tunisian programme stalled in 2021 amid mounting political uncertainty. The EU's COVID MFA served as an urgent complement. In Jordan, the COVID-19 top-up was disbursed alongside the ongoing MFA III (EUR 150 million in November 2020 and EUR 50 million in July 2021). In Tunisia, political delays meant the MFA agreement only entered into force in mid-2021, with the first tranche (EUR 300 million) disbursed in June 2021 and the second (EUR 300 million) in July 2022.

The EU's COVID MFA was intended to help the ten partners to cover part of their urgent external financing needs in the context of IMF programmes being implemented, reducing in this way their economy's short-term balance of payments vulnerabilities related to the COVID-19 crisis. The assistance was designed to support external stabilisation and provide policy space to the authorities to implement measures to counter the economic fallout from the COVID-19 crisis, while also encouraging the implementation of reforms aimed at improving macroeconomic management, economic governance and transparency, and conditions for renewed sustainable growth. The MFA was in line with the aims of the EU's enlargement and neighbourhood strategies and signalled to the partners that the EU was ready to support them in a time of unprecedented crisis.

Figure 2 - Implementation timetable for COVID MFA



Source: ICF

2.2 Point(s) of comparison

As specified in the Terms of Reference, Article 8(2) of Decision (EU) 2020/701 provides that: *"No later than two years after the expiry of the availability period referred to in Article 1(4), the Commission shall submit to the European Parliament and to the Council an ex-post evaluation report, assessing the results and efficiency of the completed Union's macro- financial assistance and the extent to which it has contributed to the aims of the assistance"*

In line with Article 8(2) of Decision (EU) 2020/701, an external study has assessed the results and the efficiency of the operations, by focusing on (i) the impact of MFA on the economy of the beneficiary countries and on the sustainability of their external position and (ii) the added value of the EU interventions.

By doing so, the study verified (i) whether the ex-ante considerations determining the design and terms of each operation were appropriate, taking due account of the economic, political and institutional context and (ii) whether the outcome of the operations met the objectives set in the legislative Decision.

The points of comparison, against which the MFA operations of 2020-2022 were assessed, refer to the situation in the ten countries (1) prior to the intervention (as detailed above), on the one hand, and (2) during and immediately after the implementation of the operations, on the other. As per the focus of the MFA instrument, particular attention was paid to the external sector and the fiscal situation of the ten countries. In addition to the above-mentioned points, the ex-post evaluation separately addressed the following issues:

- **Health-related social impact analysis**— by tracking MoU measures with a health, labour-market or social-protection focus and integrated social variables when analysing outcomes, recognising that MFA funds (often channelled to the budget) helped cushion households against the pandemic's shock. Interactions with IMF programme measures were considered wherever relevant.
- **Comparative and regional analysis** — by deliberately contrasting results across the three geographic regions to identify common patterns, divergences and lessons, rather than treating the package as ten unrelated operations.

3. HOW HAS THE SITUATION EVOLVED OVER THE EVALUATION PERIOD?

Current state of play

The COVID-19 crisis and its aftermath affected the ten MFA partner countries across the Western Balkans, Eastern and Southern Neighbourhood differently. These differences reflect both how the pandemic spread across the countries, but also their different economic structures and capacity to take effective counteracting measures. The ensuing recovery was also uneven. MFA operations provided stabilisation support through disbursements linked to the fulfilment of political pre-conditions, implementation of associated IMF programmes (or disbursing RFI/RCF), and the fulfilment of structural

reform measures in line with each country's MoU. Political and institutional factors also played a critical role in shaping the pace and effectiveness of MFA implementation, particularly in countries with fragile governance or polarised political contexts. Lastly, Russia's full-scale invasion of Ukraine early 2022 had a massive impact on the country, but with noticeable spillover effects across the three different regions, albeit to different degrees.

Western Balkans

Under the COVID-19 MFA package, the five Western Balkan countries—Albania, Bosnia and Herzegovina, Kosovo, Montenegro, and North Macedonia—were allocated a total of EUR 750 million. In most countries, the MFA disbursements were completed in full by mid-2021, with Albania receiving its second tranche slightly later in November. In Bosnia and Herzegovina, only the first tranche of EUR 125 million was disbursed, the second tranche was not released due to non-fulfilment of the agreed policy conditions.

In the context of the COVID-19 crisis, all five countries received emergency financial assistance under the IMF's RFI, which provided the basis for their eligibility under the COVID MFA package. The RFI approvals were as follows: Albania, Bosnia and Herzegovina, North Macedonia and Kosovo in April 2020 and Montenegro in June 2020. These emergency arrangements allowed the countries to access MFA support under the exceptional flexibility granted for the COVID response, which did not require an on-track full-fledged IMF programme.

The policy conditionality under the COVID MFA was shaped by the short implementation timeline and the emergency nature of the operations. In the Western Balkans, the number of policy conditions ranged from eight to nine per country, in line with the streamlined approach adopted for the package. Conditions focused predominantly on PFM, economic governance, and transparency. In some cases, measures aimed at strengthening fiscal planning, procurement procedures, and audit functions (e.g. adoption of PFM strategies or amendments to budget laws). There were also instances of conditions targeting social protection policies or business environment reforms. Conditionality was designed to align with ongoing EU-processes, notably the Economic Reform Programmes (ERPs), Public Administration Reform strategies, and EU accession frameworks.

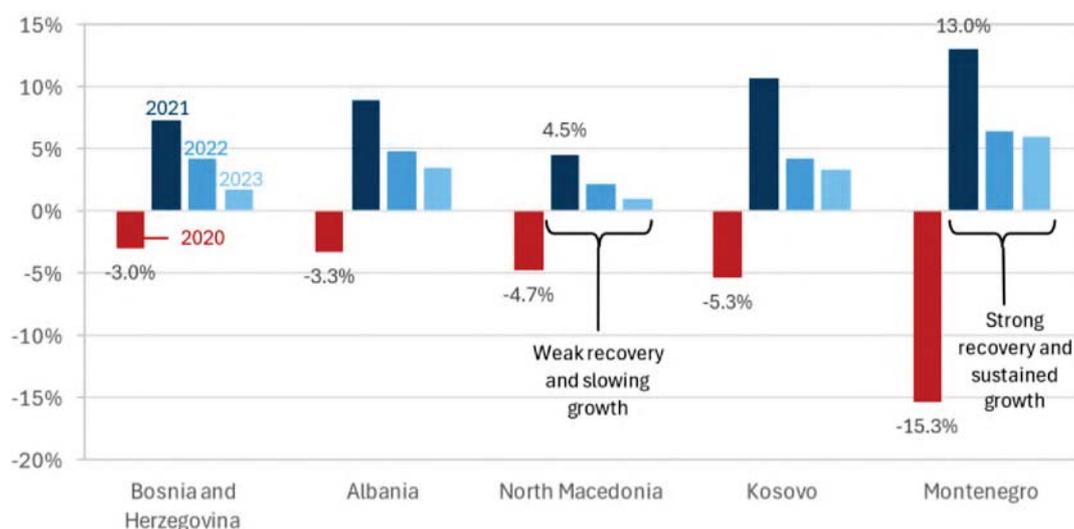
In Bosnia and Herzegovina, the second MFA tranche was not disbursed due to non-fulfilment of several policy conditions. The country's complex institutional setup—involving multiple layers of government across the Federation of Bosnia and Herzegovina, Republika Srpska, and state-level institutions—created significant coordination challenges. Limited progress was recorded across several reform areas, including measures related to public procurement transparency, and financial sector oversight. The fragmented governance structure contributed to delays in the adoption or implementation of agreed reforms, and the absence of unified political commitment hindered a timely compliance with the MoU.

Macroeconomic performance varied across the region (Figure 3). All five countries experienced GDP contractions in 2020, from 3.3% in Albania to 15.3% in Montenegro, a country highly dependent on tourism. By 2022, Albania, Bosnia and Herzegovina, Kosovo, Montenegro and North Macedonia had returned to or slightly exceeded their 2019 GDP levels (North Macedonia by about 1.8%). Inflationary pressures intensified in

2022, primarily driven by global energy and food prices, and exceeding 10% in all countries except Albania.

Public finances came under strain in 2020 due to revenue shortfalls and increased pandemic-related spending. Debt-to-GDP ratios rose across the region, particularly in Montenegro, where the ratio exceeded 100% in 2020. By 2023, debt ratios had declined in Albania, Kosovo, and Montenegro, supported by nominal growth and stronger revenue collection. Fiscal deficits, which had widened sharply in 2020, narrowed over the following two years as most countries undertook efforts to resume fiscal consolidation. On the external side, most countries recorded current account deteriorations in 2020 (except North Macedonia) due to the collapse in tourism and lower export revenues. In 2021–2022, Albania recorded the most sustained recovery in the current account, supported by the recovery of economic activity. Montenegro’s very large 2020 deficit narrowed as growth resumed and tourism reopened, while Bosnia and Herzegovina saw a temporary improvement in 2021 but by end-2022, as Kosovo and North Macedonia, it was running a larger deficit.

Figure 3. Annual GDP growth, Western Balkans, 2020-2023 (% per annum)



Source: ICF; CE analysis of IMF World Economic Outlook, October 2024.

Note: Economies shown in descending order of GDP growth (ascending order of decline) in 2019.

Eastern Neighbourhood

Under the COVID-19 MFA package, three Eastern Neighbourhood countries—Georgia, Moldova, and Ukraine—received a combined EUR 1.45 billion, the largest regional allocation within the package. Disbursements were completed in full by 2021 for Moldova and Ukraine, while in the case of Georgia, the first tranche was disbursed in November 2020 but the second was not requested due to a contentious judiciary reform condition which was not met and would have made the disbursement difficult. The MFA operations were implemented alongside existing or newly agreed IMF arrangements and other international support framework. At the time of the MFA operations, Georgia had an EFF arrangement with the IMF, approved in 2017 and extended through 2021. Moldova accessed emergency IMF financing via the RFI/RCF in 2020, later followed by a full programme under an ECF/EFF approved in December 2021. Ukraine was under a

Stand-by Arrangement (SBA) that had been approved in June 2020, replacing the previous EFF.

MFA conditionality varied in both scope and complexity across the three beneficiary countries. Georgia and Moldova had eight conditions each, while Ukraine's operation, being significantly larger, included eleven conditions, many of which comprised sub-conditions. In Georgia, the focus was on PFM, anti-corruption, and social protection reforms. However, political tensions, particularly surrounding judicial reforms and contested Supreme Court appointments, contributed to the government's decision not to request the second tranche. The authorities cited the improved economic situation as the main reason for the latter, but the limited commitment on judicial reforms had gained high visibility in the media and became a sensitive issue in EU–Georgia relations. Moldova's conditionality also emphasised PFM, budget transparency, and public procurement, with additional focus on governance and energy sector transparency. Although a fragile institutional setting and political instability hindered reform delivery, implementation improved following the appointment of a pro-reform government in 2021. Ukraine's MFA operation featured a comprehensive and ambitious conditionality, covering public governance, rule of law, the business environment, and financial oversight. Several of these conditions built on previous MFA operations, partly due to incomplete implementation. Structural reform efforts in Ukraine were shaped by a challenging environment marked by the ongoing conflict in the eastern regions, recurrent political volatility, and the persistent influence of vested interests. While these factors did not halt progress altogether, they contributed to uneven reform implementation, particularly in sensitive areas such as anti-corruption and governance.

Macroeconomic performance showed differentiated trajectories. In 2020, all three countries experienced GDP contractions: Georgia (-6.3%), Moldova (-8.3%), and Ukraine (-3.8%) (Figure 4). Georgia and Moldova recovered strongly in 2021, supported by increased exports, improved agricultural output, and sustained remittance inflows. Moldova registered one of the fastest post-crisis recoveries among MFA countries. Ukraine's economy remained more constrained, affected by rising political uncertainty and external risks already emerging before Russia's full-scale invasion in early 2022. By 2022, Georgia had exceeded pre-pandemic GDP levels, Moldova's earlier gains were partly reversed due to spillovers from Russia's war of aggression, and Ukraine entered a period of severe economic disruption with GDP contracting by almost 30% following Russia's full-scale invasion. Inflation pressures intensified between 2021 and 2022 in all three countries. Moldova and Ukraine experienced double-digit inflation by 2022, influenced by global food and energy prices and domestic currency depreciation. In Georgia, inflation also rose significantly, although monetary policy responses helped limit second-round effects.

Public finances came under stress in all three countries in 2020 due to pandemic-related expenditure increases and revenue losses. Debt-to-GDP ratios rose, most markedly in Georgia (from 40% in 2019 to 60% in 2020), moderately in Moldova (from 29% to 37%), and significantly in Ukraine (from 51% to 61%). In Georgia, strong growth brought the debt ratio back to pre-crisis levels by 2022, while in Moldova the ratio declined slightly in 2021 but remained above its pre-crisis downward trajectory. In Ukraine, fiscal pressures eased in 2021 but intensified sharply from 2022 onwards due to Russia's full-scale invasion.

The MFA operations were disbursed in coordination with broader international support packages. In Moldova, MFA funds helped ensure continuity in essential public services

and allowed the authorities to maintain budgetary stability at a time of limited market access. In Georgia, the first tranche provided immediate budget financing, helping to sustain health and social expenditures and offset revenue losses from the collapse of tourism. In Ukraine, MFA support in 2020 provided bridge financing to address urgent budgetary needs during a period of rising conflict risks and supported key reforms in public finance, governance, and anti-corruption frameworks.

External positions diverged. Georgia's current account deficit widened as tourism and other private inflows collapsed, while by contrast, sharp import compression led to a temporary improvement in Moldova's and Ukraine's external balances. In 2021–2022, Moldova's current account deficit widened again, driven in part by higher energy import costs, while Georgia's external position improved as tourism and goods exports recovered. Ukraine's current account remained more volatile, affected by energy and commodity price fluctuations and the growing impact of geopolitical instability. Foreign reserves were preserved or increased across the region, supported by continued multilateral and bilateral financial assistance.

By 2023, Georgia and Moldova had broadly stabilised their macroeconomic positions, helped by fiscal consolidation, external support, and economic recovery. In Moldova's case, stabilisation remained fragile given spillovers from Russia's war and the energy-price shock, which kept external financing needs elevated. Consequently, the EU approved a follow-on MFA in 2022, alongside renewed IMF support. Ukraine faced a sharp deterioration in macroeconomic conditions following the full-scale Russian invasion in early 2022, which led to significant economic contraction, displacement, and disruption of public services. The COVID-19 MFA operations, while not designed to address wartime conditions, provided timely support during the pre-invasion period. Subsequently, substantial additional MFA operations were mobilised to help meet wartime financing needs, whilst fostering a continued reform momentum in a much more challenging context.

Southern Neighbourhood

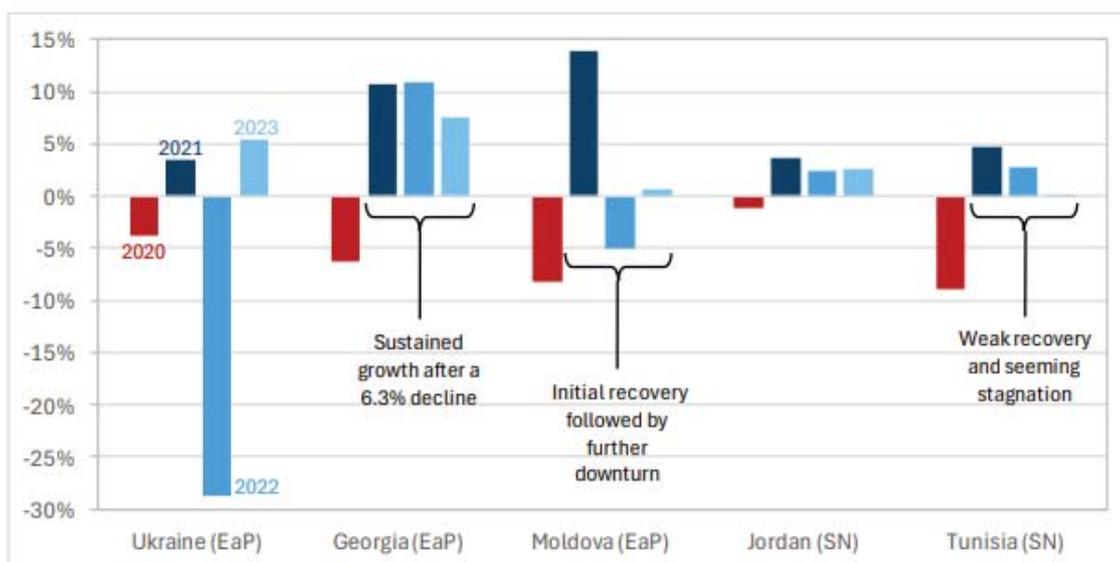
Under the COVID-19 MFA package, Tunisia and Jordan received a combined EUR 800 million in financial assistance. Tunisia was allocated EUR 600 million through a stand-alone operation, while Jordan received EUR 200 million as a top-up to the ongoing MFA III programme, bringing total EU MFA support to Jordan to EUR 700 million. Jordan's Covid-19-linked MFA disbursements were completed in 2021, while Tunisia's second tranche was disbursed in 2022 following delays linked to the fulfilment of conditions and political developments.

Tunisia benefited from emergency financing under the IMF's RFI, which provided short-term liquidity with minimal conditionality. However, discussions on a follow-up IMF programme remained inconclusive during the MFA implementation period. In the absence of a broader IMF framework, the EU had to rely more heavily on its own conditionality to support reforms. Tunisia's MFA thus included 17 policy conditions (the highest among the ten countries) covering public finances, governance and anti-corruption, business environment, and social policies. Several of these conditions were carried over from or building on previous operations. The broad scope of reforms also reflected Tunisia's fragile political context. While the MoU was negotiated under a functioning parliamentary system, implementation coincided with a period of

institutional instability following President Saied’s 2021 power consolidation.¹⁰ This contributed to delays and implementation challenges, although the MFA still supported critical reforms during a time of acute fiscal stress and when compared to other countries, was overall large in size, equivalent to 1.6% of Tunisia’s GDP (compared to an average of 1.3% of GDP for other operations). In contrast, Jordan had an ongoing IMF EFF, approved in March 2020, which guided a medium-term reform agenda. The COVID MFA was provided as a top-up to the existing MFA III operation, under a unified set of conditions aligned with or complementary to the EFF. These focused on PFM, tax and energy sector reform, as well as social protection. They were fewer in number and more targeted, benefiting from stronger policy continuity.

Macroeconomic performance in both countries was shaped by pre-existing vulnerabilities (Figure 4). Tunisia’s economy contracted by close to 9% in 2020, among the largest declines across all MFA recipients, driven by a sharp fall in investment, a collapse in tourism revenues, and stringent lockdown measures. Jordan’s contraction was much milder at 1.1%, supported by a more targeted and phased policy response. Both countries resumed positive growth in 2021. By 2023, Jordan had returned to its pre-pandemic GDP level, while Tunisia remained below its 2019 output, reflecting ongoing political uncertainty and structural rigidities. Inflation pressures increased notably in 2022, particularly in Tunisia, where food and energy prices rose amid global commodity volatility and exchange rate pressures. Inflation in Jordan also picked up, although more moderately, and remained below regional peers.

Figure 4. Annual GDP growth, Eastern and Southern Neighbourhood, 2020-2023 (% per annum)



Source: IFC; CE analysis of IMF World Economic Outlook, October 2024.

Note: Partners grouped by region (Eastern Neighbourhood then Southern Neighbourhood: and SN, respectively), then shown in descending order of GDP growth (ascending order of decline) in 2019.

¹⁰ In July 2021, President Kais Saied dismissed the Prime Minister, suspended parliament, and later assumed executive and legislative powers by decree. These actions marked a departure from the democratic gains made since the 2011 revolution and raised concerns over the erosion of democratic checks and balances. The consolidation of presidential power and prolonged institutional uncertainty complicated policy dialogue delayed the implementation of structural reforms under the MFA, and effectively put the countries relationship with the IMF on pause.

Public finances in both countries deteriorated in 2020 due to pandemic-related spending and revenue losses. Tunisia's fiscal deficit widened, and the public debt ratio increased substantially. This tightened room for discretionary policy during the recovery. In Jordan, fiscal performance remained constrained, but continued IMF engagement helped anchor fiscal discipline and access to external financing. MFA disbursements in both countries were used as budget support to help meet immediate financing needs and mitigate the impact of the crisis on public service delivery. On the external side, Jordan's current account deficit widened in 2020 as exports and tourism receipts fell, with donor inflows and official financing helping cushion the shock. By 2022 Jordan's current account had broadly stabilised. Tunisia's current account narrowed in 2020 but widened again in 2021–2022, reflecting higher energy import costs and a slow tourism recovery. Foreign-exchange reserves were generally preserved, supported by multilateral and bilateral financing.

The COVID MFA operations contributed to bridging short-term financing gaps and supporting macroeconomic stability during a period of heightened vulnerability. In both countries, MFA was closely coordinated with IMF programmes and broader EU assistance, including budget support and technical assistance under the Neighbourhood framework. In Tunisia, MFA helped sustain liquidity and basic public functions while IMF negotiations remained incomplete. In Jordan, the MFA top-up supported continued fiscal reforms.

4. EVALUATION FINDINGS (ANALYTICAL PART)

4.1. To what extent was the intervention successful and why?

Effectiveness of the MFA Intervention

The COVID-19 MFA provided essential liquidity to partner countries, helping stabilise economies, maintain external confidence, and support counter-cyclical fiscal responses. While early IMF projections anticipated severe economic contractions, most countries fared better than expected due to a global rebound in trade and remittances and coordinated policy support. Regional differences reflected varying pre-crisis fundamentals and institutional strength. Most Western Balkans countries, with sounder macroeconomic positions and IMF/EU support, generally saw milder downturns and faster recoveries. Eastern countries initially rebounded well, though progress was later disrupted in Ukraine and Moldova by Russia's aggression. Southern Neighbourhood countries faced more persistent stress due to structural weaknesses and fragile fiscal positions.

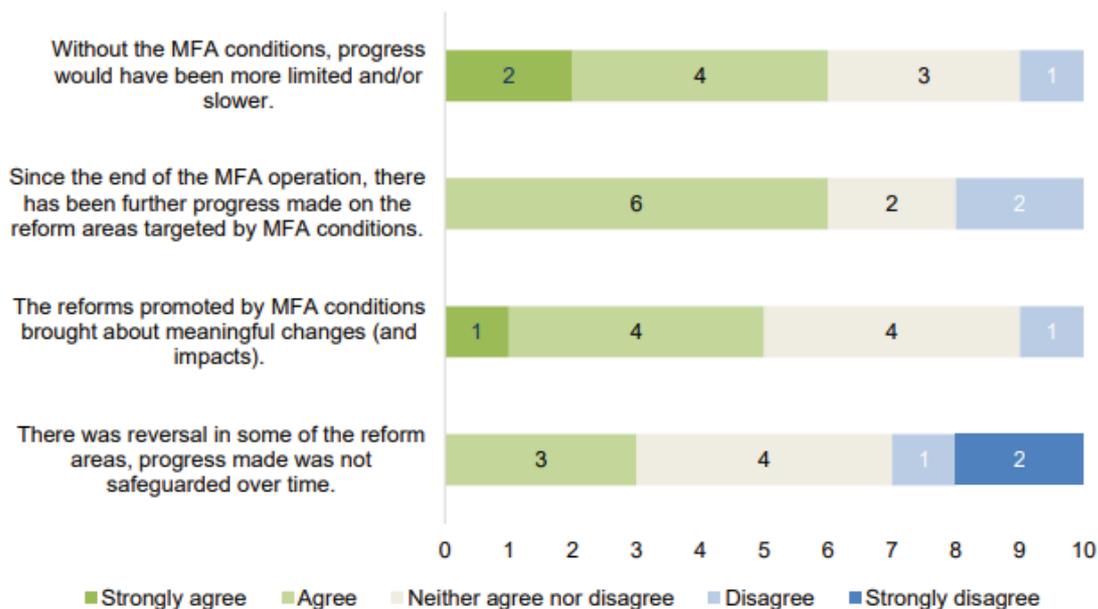
MFA helped partner countries deliver a swift fiscal response to the COVID crisis. As public revenues dropped sharply and health and social protection needs surged, MFA provided concessional financing that allowed countries to maintain essential public spending. Across all countries, the MFA funds were channelled directly into state budgets (in some cases also to the Central Bank to strengthen foreign reserves), enabling timely pandemic-related stimulus, healthcare responses, and emergency income support. The relative importance of MFA varied by country, depending on pre-existing conditions, including fiscal buffers, and access to alternative financing sources (e.g. market borrowing or donor funding). The fiscal packages across most Western Balkans were relatively larger as most countries had stronger pre-COVID fundamentals and

market access that made easier to mobilize sizeable counter-cyclical spending. Consequently, MFA made up a relatively smaller share of their overall COVID-19 package. In fiscally constrained economies such as Moldova, Jordan, Tunisia, and Albania, MFA represented a comparably larger share of domestic COVID-response packages, providing timely budget financing that would otherwise have been costlier or harder to mobilise quickly. However, fiscal responses were limited in several countries due to higher fiscal constraints amid the severity of the crisis (e.g. Tunisia, Moldova), or low effectiveness stemming from shortcomings in policy design, administrative capacity, and political obstacles to implementation (e.g. Bosnia and Herzegovina, Moldova).

Reform progress under the MFA was noteworthy, especially considering the emergency context and tight implementation timeline. Overall, 70% of the structural policy conditions across the ten countries were assessed as fully met, rising to 90% when including those that were broadly fulfilled¹¹. The design of the policy conditions was key to this success. For example, in politically fragile countries such as Montenegro and Kosovo, conditionality focused on strategy adoption, transparency measures, or non-legislative actions that could be delivered even in the absence of stable parliamentary majorities. Efforts also focused on ensuring political will and ownership, notably by aligning policy conditions with governments' own reform agendas and prioritising measures that were politically feasible and structurally impactful. Conditionality thus served as a lever to advance reforms that might have otherwise stalled. In a survey conducted during the external study, six out of ten partner countries agreed or strongly agreed that MFA conditionality helped catalyse action on longstanding structural issues (Figure 5). Respondents noted that, in the absence of MFA, progress would likely have been slower or more limited.

Figure 5. Survey: Please indicate to what extent you would agree with the following statements

¹¹ The non-fulfilled conditions correspond to the two MFA operations that were not fully disbursed, and the two waivers granted for the operations in Moldova and Jordan. Under the 2013 Joint Declaration, each MFA instalment is released subject to the "satisfactory fulfilment" of MoU conditions. More generally, the Commission considers that a condition is "broadly fulfilled" when, despite some outstanding technical steps, the reform's core objective has been effectively achieved and there is no justification to delay the associated MFA disbursement. This flexibility allows to attend to situations where a condition involves multi-step processes or actions outside the executive's direct control, provided there is credible evidence of substantial implementation, and the policy objective is effectively achieved.



Source: ICF survey of coordinating ministries (n=10).

Waivers¹² were granted for two conditions across all operations, following consultation with Member States, to avoid penalising good-faith efforts in the midst of administrative or political delays.¹³ This included a condition for Jordan, where delays in launching the e-invoicing system were due to a failed tender but were addressed in a condition in a subsequent instalment in the ongoing MFA operation that the COVID one was topping up. In Moldova, although asset recovery results were limited, the waiver was granted based on demonstrated efforts and political commitment by the new government. At the same time, the enforcement of conditionality remained credible. In Bosnia and Herzegovina, only two out of nine conditions were met, largely due to structural governance challenges, weak coordination, and political fragmentation, so the second instalment was therefore not disbursed due to expiry of the availability period of the MFA. In Georgia, the operation was formally cancelled after the authorities failed to deliver on a key judicial reform condition (despite earlier commitments) and subsequently chose not to request the second tranche. One issue highlighted by the external study regarding the conditionality was that, in some cases, measures taken were sufficient to trigger disbursement, but reform momentum weakened thereafter, particularly in politically

¹² Waivers are applied in exceptional circumstances when one or more MoU conditions are only partially, or not at all, fulfilled, yet the overall implementation record remains satisfactory, and the policy objectives of the programme are broadly achieved. As a waiver de facto amends the conditionality of the MoU, its approval follows the same procedural safeguards as any MoU modification, including consultation of the Member States' Committee on MFA. Waivers thus provide a limited and case-by-case flexibility tool, ensuring that disbursements can proceed where the partner's overall reform performance justifies it, even if a small number of measures remain pending.

¹³ Another waiver was granted for one policy condition under the third instalment of Jordan's MFA III, after consultation with Member States, which the COVID-19 MFA complemented as a top-up. The condition concerned amendments to the Illicit Gain Law which, although not fully addressing all elements of the condition, were deemed to represent a meaningful legal enhancement.

complex contexts.¹⁴ This implies that compliance was sometimes limited to formal steps, with little follow-up or substantive implementation. This underscores the importance of continued reform engagement and domestic ownership beyond the MFA timeframe, even if ensuring long-term impact lies outside the scope of the MFA, which is a short-term crisis instrument.

While MFA is not designed as a social protection instrument, it helped partner countries mitigate the health and social fallout of the COVID-19 pandemic through both indirect and targeted measures. The primary channel of social impact was indirect. By providing liquidity, MFA allowed governments to avoid severe austerity or social spending cuts during the crisis. This was especially important for maintaining essential health, education, and welfare services. Some MFA-linked reforms also had more direct social objectives, although overall health or social-related policy conditions were limited across the ten MFAs. In Jordan, for instance, MFA support facilitated the expansion and digitalisation of the *Takaful* social assistance programme, improving targeting and enabling faster emergency responses. In Georgia, pension reforms introduced a rules-based indexation system linking annual pension adjustments to inflation and, for individuals over 70, partly to GDP growth, raising pension adequacy and enhancing income security for retirees. Some MFA conditions aimed at fiscal consolidation, such as subsidy or wage bill reforms, which raised concerns about potential short-term social impacts. While intended to support fiscal sustainability, their implementation during the crisis was sensitive. In most cases, these measures were either broadly fulfilled (e.g., Tunisia’s automatic fuel price adjustment where ad-hoc increases were made but monthly indexation was not systematically applied), or the MoU deliberately required initial steps only, which were completed while the broader reform was deferred (e.g., Kosovo’s veterans’ pensions on establishing the reclassification commission and approving its working rules, although a full reclassification was not pursued due to the political context). In Ukraine, the condition to move toward market-reflective gas tariffs progressed, but the authorities temporarily re-introduced prices caps to cushion households during the crisis, so the condition was assessed as “broadly fulfilled”.

Efficiency

The EU demonstrated remarkable agility in adopting the COVID-19 MFA packages. The entire EUR 3 billion COVID-19 MFA package was proposed in April 2020 and adopted by the European Parliament and Council in May 2020—an exceptionally short timeframe. A major innovation was the bundling of assistance to ten partner countries under a single legislative package, which streamlined EU-level decision-making and significantly accelerated adoption. Although the Ordinary Legislative Procedure was retained, the EU institutions made exceptional use of procedural flexibilities: the European Parliament applied Rule 163 to approve the proposal directly in plenary, without going through the preliminary INTA Committee review; the Council fast-tracked approval through COREPER; and the eight-week period for national parliamentary scrutiny by Member States was exceptionally waived. These steps enabled adoption in

¹⁴ For instance, in Kosovo, the establishment of the fiscal council was formally completed but reform momentum stalled thereafter, with limited progress in ensuring its effective functioning (ICF, section 3.2.1 “Effectiveness”, pp. 107–111.)

less than two months, compared to an average of 11 months for previous MFA operations. This rapid mobilisation reflected strong political consensus across EU institutions on the need for a coordinated external response to the pandemic and allowed first disbursements to begin as early as October 2020. For many partner countries, this was among the first major financial pledges announced by an official donor. While procedures on the EU side accelerated markedly, the speed of implementation at partner level varied, largely reflecting national processes and political contexts.

The first tranches had no policy conditions attached and were disbursed, on average, within two months of entry into force, which is faster than in previous MFA operations. While the negotiation and ratification process were relatively swift overall, it remained country-specific. The average ratification period for the COVID MFA operations (measured as the time between MoU signature and the entry into force of the MoU and loan agreement) was reduced to two months, compared to three months in pre-COVID operations. This acceleration reflected the political urgency of the pandemic response and a high level of administrative prioritisation. Nevertheless, significant delays occurred in countries with complex institutional arrangements or political disruptions. In Tunisia, a government transition in mid-2020 along with coordination needed for the high number of policy conditions prolonged the process before signature, with eventual ratification in May 2021 only. In Bosnia and Herzegovina, constitutional complexity, coordination issues, and political disputes delayed entry into force until June 2021. At the other end of the spectrum, some countries, such as Jordan, ratification was completed almost immediately.

The speed of disbursement of the second tranches, however, was more varied, as it depended on reform progress and political developments. In some cases (Moldova, and Tunisia), delays were due to slower-than-anticipated reform implementation. In Ukraine, progress was also closely tied to the performance under the parallel IMF programme, which experienced setbacks. Nonetheless, while in some countries the second tranche arrived after the peak of fiscal pressure such as in Albania, Kosovo, and Georgia, where disbursements occurred in mid to late 2021, it still played a valuable role in supporting recovery and macro-fiscal stability. Besides, through 2020–2021, credit ratings remained broadly stable for most partners (except Tunisia), and market access was preserved, as illustrated by several partners placing Eurobonds in 2020, reflecting how the MFA, alongside IMF support, acted as a confidence anchor for investors.

In total, eight of the ten operations reached completion with both tranches disbursed. In three cases the second tranche was either cancelled (Bosnia and Herzegovina, Georgia) or delayed (Tunisia). In Bosnia and Herzegovina, delays in the MoU ratification and lack of reform progress led to expiry of the programme before the second tranche could be disbursed. Georgia's second disbursement was at risk due to a likely non-fulfilment of a key judicial reform condition, a decision reinforced by the Georgian authorities' own request to never request the funds. In the case of Tunisia, while MoU policy conditions were met, there were concerns regarding the fulfilment of the political pre-condition specifically, the risk of democratic backsliding following the President's assumption of extraordinary powers in July 2021 (see Section 3). These concerns were addressed through the submission of a political commitment letter from the Tunisian authorities, which enabled disbursement shortly before the programme's expiry.

The efficiency of the COVID-19 MFA package is also reflected in the strong balance between the size of the envelope and the results achieved. Despite being deployed under severe time pressure, the EUR 3 billion package generated substantial benefits relative to

its cost, providing highly concessional financing that materially supported fiscal space at a critical moment, helped maintain market access, and enabled partners to sustain essential spending during the crisis. With eight out of ten operations fully completed and most reform conditions met or broadly met, the magnitude of the MFA support was commensurate with its implementation achievements, delivering a high return in terms of stabilisation and reform momentum in relation to the resources mobilised.

One important factor affecting implementation was the alignment between MFA and other international support mechanisms, particularly IMF programmes. The Commission built on IMF frameworks to assess external financing needs, debt sustainability, track policy implementation (in countries where IMF-EFF was active), and anchor reform efforts and the disbursement timeline. In all cases, MFA disbursement was explicitly tied to the presence of a disbursing IMF programme (i.e., a Stand-By Arrangement, EFF, or, reflecting the exceptional nature during the ongoing health crisis, linking an MFA to a temporary support like RFI/RCF). This linkage was particularly important to maintain, as IMF programmes served as an anchor to sound macroeconomic policies and confirmed the size of external financing needs, thereby contributing to calibrate the EU support through the MFA. Moreover, IMF programmes provide reassurances on public debt sustainability, which is critical for the impact it may have on EU as a creditor given that MFA were provided in the form of loans. Coordination at the EU-level was also exceptionally strong amid the urgency. DG ECFIN led programme design, while EEAS and line DGs contributed to shaping conditionalities and assessing feasibility. These implementation dynamics were further shaped by the COVID context, which required remote negotiations and monitoring, which were initially challenging but ultimately effective in most cases thanks to fluid communication and support from EU Delegations.

Monitoring and coordination mechanisms were generally fit for purpose. The Commission closely monitored progress through regular dialogue with national authorities and EU Delegations. In parallel, IMF reviews and donor coordination mechanisms provided complementary oversight. However, limited capacity in line ministries and coordination gaps between executive and legislative branches sometimes slowed fulfilment of conditions and/or reviews. Political transitions also played a significant role: in Moldova, for example, the government elected in July 2021 delivered a concentrated set of reforms within months, demonstrating how political alignment can accelerate implementation. In other cases, such as Kosovo and Montenegro, the presence of caretaker governments or weak parliamentary majorities required the Commission to design conditionality that could realistically be implemented through executive action alone. The Commission applied a balanced approach: waivers were rare and duly justified (e.g. Jordan, Moldova), and a certain degree of flexibility was applied, albeit only in cases where reforms were ambitious and credible efforts were underway.

Despite communication efforts notably through EU Delegations and the use of press releases, visibility of the MFA programme was limited, with awareness largely confined to government authorities and a small group of experts. The nature of MFA, providing un earmarked financial support, makes it inherently less visible to the public compared to project-based assistance. While EU Delegations have played a stronger role in recent years, broader outreach remains a challenge, particularly in contexts where MFA's loan format intersects with domestic debates on debt or sovereignty, making it important that terms and conditions are clearly explained to avoid misrepresentation. More generally, no public acceptance issues were identified during the evaluation and the (few) potentially

controversial conditions did not enter the public sphere, at least as directly associated with the MFA.¹⁵

Coherence

The COVID-19 MFA operations demonstrated strong coherence with broader EU external action and were effectively integrated into the “Team Europe” approach, ensuring coordinated efforts across EU institutions, Member States and national development banks, the EIB, and EBRD.¹⁶ The Commission aligned MFA objectives with long-standing policy frameworks such as the European Neighbourhood Policy and the enlargement process, ensuring consistency with the EU’s geographic and strategic priorities.

The MFA conditionality was closely linked to the EU’s pre-existing policy dialogue and reform commitments with each partner. In countries like Albania and Tunisia, the MFA supported reforms in public financial management, justice, and social protection that were already being pursued through earlier EU budget support programmes and the new, Covid-19 related, budget support programmes (so-called resilience contracts) initiated in six of the 10 MFA countries. In Moldova, MFA conditionality included complex reforms such as the revision of the Customs Code, which required substantial technical assistance from the EU to ensure alignment with the EU *acquis*. Similarly, in Jordan and Ukraine, MFA operations reinforced and deepened existing reform trajectories supported by earlier EU MFA programmes and EU budget support.

Thematic coherence was also strong. MFA operations focused on areas such as fiscal governance, anti-corruption, social protection, and economic resilience, many of which was also present in other EU instruments. Although MFA was not intended to directly fund pandemic-specific health responses, it complemented other emergency support provided by the Commission. One area where coherence could have been stronger was transparency in pandemic-related spending. Only the MFA operations for the five Western Balkans included a common condition on COVID-19 spending transparency. Stakeholder feedback pointed to this as a missed opportunity to enhance accountability. At the geographic level, the COVID MFA operations were consistent with EU external priorities across the three regions. To accelerate disbursement during the pandemic, existing budget support programmes were, in some cases, frontloaded by disbursing fixed tranches (conditional on eligibility only) early or converting variable tranches, (contingent on meeting performance indicators), into fixed tranches. This flexible use of grants, combined with the MFA loans, enabled the EU to deliver a coherent and balanced crisis response, while advancing structural reforms. Coordination with the EEAS and EU Delegations helped to align conditionality with political and operational priorities on the

¹⁵ For example, in Tunisia the politically sensitive fuel price adjustments that were then pursued in 2022 (including beyond the MFA availability period) were commonly framed in public communication and media coverage as part of IMF-related discussions and as a IMF-long standing reform recommendation, rather than associated with the EU’s MFA. <https://africanmanager.com/les-prix-des-carburants-ont-augmente-de-159-depuis-debut-2022/>

¹⁶ See “Fast-Track Assessment of the EU Initial Response to the COVID-19 Crisis in Partner Countries and Regions (2020)” for an overview of the EU initial response to the COVID-19 in partner countries and regions and assessment.

ground. Cross-DG cooperation allowed for a relatively consistent application of reform benchmarks and macroeconomic assessments, often supported by shared input from IMF and World Bank sources.

Coordination with the IMF was a core principle in the design and implementation of the COVID MFA package. Disbursement of MFA funds was conditional on an active IMF arrangement, which was translated by either a satisfactory track record of a IMF EFF programme or an IMF emergency financing, RFI/RCF. Conditionality under the MFA was generally designed to align with the macroeconomic and structural reform objectives set out in the IMF arrangements where such programmes were ongoing, while also reflecting EU-specific priorities in areas such as public financial management, and anti-corruption.

4.2. How did the EU intervention make a difference and to whom?

The COVID-19 MFA package delivered substantial financial and non-financial added value to the ten partner countries. A key driver of this value is the EU's strong credit rating (rated AAA by most rating agencies), which enables the Commission to borrow at low cost and extend these favourable terms to partners.¹⁷ The assistance was therefore in highly concessional terms with MFAs characterised by low average interest rates (ranging from 0.125% to 0.250%) and long maturities (typically 14–15 years). The variation in interest rates and maturities reflected differences in disbursement timing, prevailing market conditions at the time of issuance, and the specific structure of each bond used to finance the loans. These conditions made MFA loans significantly more favourable than market alternatives, particularly for countries like Ukraine, Tunisia, and Moldova, where borrowing costs were either prohibitive or access was severely constrained. The grant element of the loans, an indicator of concessionality, averaged between 47% and 51% across most countries, with some variation linked to timing and market conditions.¹⁸

MFA loans consistently offered more favourable terms than IMF lending and played a particularly important complementary role. On average, MFA loans carried an interest rate of 0.19% and negligible fees (approximately 0.03%, on average). By contrast, IMF lending terms averaged between 1.05% and 3.30% in interest, with shorter maturities (typically 3.25–10 years) and higher associated fees (0.33–0.50%). Importantly, several partners had already approached or exceeded the IMF's 187.5% quota limit, limiting their ability to access further (concessional) IMF financing. In this context, MFA served as a critical complementary instrument, offering more flexible and less onerous terms at a time of acute need.

The added financial value of the MFA was also on the broader effect on investor and donor confidence. The MFA operations, in complementary with the IMF programmes, served as a “seal of approval” that reassured markets and other international partners. Notably, five partners receiving MFA support (Albania, Montenegro, North Macedonia, Ukraine, and Jordan) issued Eurobonds in 2020. In countries such as Jordan and Albania,

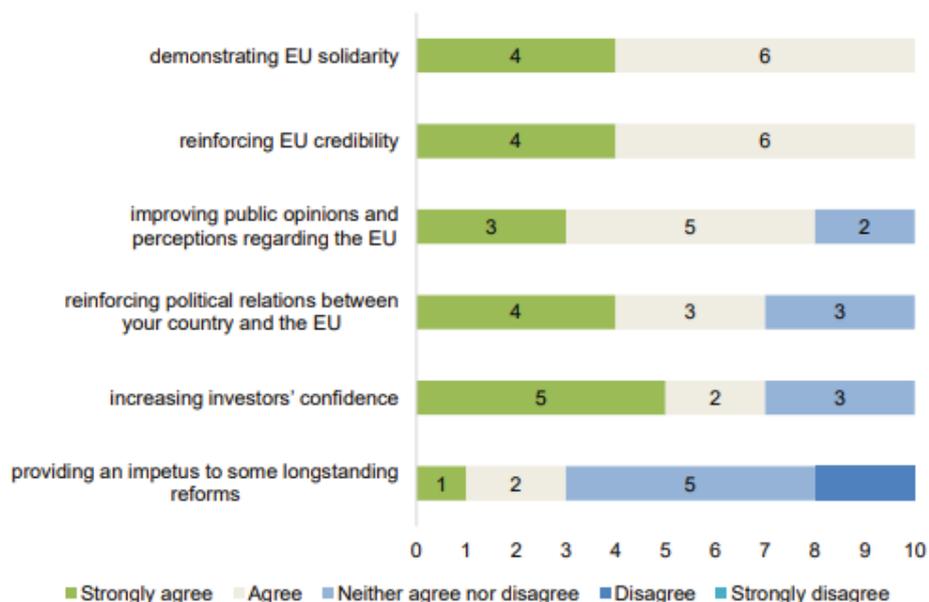
¹⁷ Funds raised through bond issuances are on-lent to partner countries on a back-to-back basis, meaning that the terms offered to beneficiaries mirror the EU's own borrowing costs. From January 2021, the Commission transitioned to a diversified funding strategy (DFS)

¹⁸ The estimated grant element gives an indication of the relative generosity of the MFA loans (principally, in interest and maturity), compared to a benchmark case, using IMF/OECD methodology.

the presence of an MFA operation signalled reform commitment and macroeconomic discipline. Consultations with government officials, international partners, and credit rating agencies carried out in the context of the external study confirmed that the existence of an EU-supported MFA operation was seen as enhancing the country's creditworthiness and stability.¹⁹ Except for Ukraine and Tunisia, which were downgraded (Ukraine due to the war; Tunisia amid governance risks, fiscal deterioration and subdued growth), most countries saw either stable or improved credit ratings between 2020 and 2024, including upgrades for Jordan, Albania, reflecting post-crisis recovery, economic resilience, and improved fiscal outlooks.

Beyond its financial dimension, the MFA also brought substantial non-financial added value. Interviews undertaken highlighted that the COVID-19 MFA package was widely recognised by partner countries as a key instrument of EU solidarity, reinforced the EU's image as a reliable partner and reinforced trust in the EU ability to act quickly in times of crisis (Figure 6). For some countries, it also had a strong political symbolism, especially in the Western Balkans, where it helped counter growing scepticism about EU accession. In Moldova and Ukraine, MFA support was viewed as reinforcing ties and trust, even before Russia's war of aggression, while in Tunisia and Jordan, it underlined the EU's economic and political commitment. Ministries also saw the MFA as a catalyst for broader engagement with the EU. Although public awareness focused more generally on EU financial assistance, perception surveys indicated broad support: 46–84% of citizens in the Eastern and Southern Neighbourhood considered EU financial support effective.

Figure 6. Survey: 'Please indicate to what extent you would agree with the following statements: MFA financing added value in terms of...'



Source: ICF survey of coordinating ministries (n=10).

¹⁹ The study provides the example of Eurobond issuances by Albania, Montenegro, North Macedonia, Ukraine, and Jordan in 2020, which benefited from the signalling effect of EU and IMF support. Interviews with credit rating agencies, in particular, pointed to MFA's role (alongside other support) in helping maintain countries' credit ratings during the crisis period (ICF, Section 3.3.1.2, pp. 163–165)

4.3. Is the intervention still relevant?

The COVID MFA package represented an exceptional EU response to a unique crisis. The shock created by the COVID-19 pandemic was unprecedented in both scope and severity. All partner countries faced an abrupt halt to economic activity, triggered by lockdowns, international travel restrictions, and collapsing demand. Pre-existing vulnerabilities, including reliance on tourism, remittances, and reduced private capital inflows (including foreign direct investment), were amplified, particularly in regions like the Western Balkans and the Southern Neighbourhood. Countries such as Montenegro and Tunisia experienced deeper and more prolonged contractions than in previous crises, with significant social and fiscal implications. While the overarching objective of the MFA operations was to help partners navigate the economic fallout of COVID, some operations also supported other specific national circumstances. For example, Albania's MFA also responded to the aftermath of the devastating earthquake of November 2019, and Jordan's operation served as a top-up to MFA III, which already targeted fiscal pressures stemming from the Syrian refugee crisis. The scale and suddenness of the shock also created a climate of high uncertainty, reflected in the sharp downward revisions of IMF forecasts in early 2020. The IMF's October 2020 projections painted a particularly pessimistic view, with anticipated GDP declines and delayed recoveries across the board. Even though some countries ultimately fared better than initially expected, this was partly due to the international support they received, including from the EU.

The design of the COVID MFA package was also largely appropriate and responsive to the urgency of the crisis. The total envelope of EUR 3 billion was the largest package ever approved for MFA operations at that time. The final envelope size was based on a bottom-up assessment of residual external financing needs, drawing on IMF estimates and calibrated relative to GDP and the partner's ability to attract alternative sources of funding. Crucially, the package covered ten partner countries, including five Western Balkan states (which benefited from IMF RFI programmes). This was the first time for more than a decade that the MFA instrument had been reactivated for enlargement countries, reaffirming their political proximity to the EU and ensuring they were not left behind. While the bundling of ten operations under a single legislative act was partly a procedural innovation aimed at speeding up adoption, it also sent a strong political signal of unity and equal treatment.

The MFA package made use of several design flexibilities that enhanced its responsiveness and relevance, as described in previous sections. This included the bundling of assistance to ten partner countries under a single legislative package, the exceptional use of procedural flexibilities, and the temporary relaxation of the requirement for an on-track full-fledged IMF programme. The latter broadened access to countries such as those in the Western Balkans, Tunisia, and Moldova, which did not have had a fully-fledged IMF programme at the time but were nonetheless facing urgent balance-of-payments needs as confirmed by the support through the RFI. While deemed appropriate in the exceptional context of the COVID-19 crisis, interviews with EU and international stakeholders highlighted that such flexibility should remain limited to extraordinary circumstances, since an IMF programme typically serves as a macroeconomic policy anchor with the partner country's debt vetted as sustainable, providing structured conditionality, monitoring, and credibility, while also facilitating donor coordination and burden-sharing.

Another particularity of the COVID-19 MFA package was that the availability period was shortened to one year (compared to the standard two and a half years), reflecting the urgency and temporary nature of the crisis. First instalments were disbursed without policy conditions, which is not an established MFA practice although also used in a few previous MFAs, and this allowed for rapid disbursements starting in October 2020, roughly five months after the decision's adoption. While policy conditions were attached to the second instalments, their number (about nine on average) and scope were designed to balance reform continuity with emergency constraints (also considering the 12-month implementation period) and capacity limitations amid the pandemic. Retaining sufficient conditions in the MFA (even though IMF RFI support did not require them) was important to safeguard the performance-based nature of the MFA instrument, also noting that crisis situations can offer a window for advancing needed reforms.

At the level of individual operations, the COVID MFA was proportional to the size of partners' economies, with countries receiving, on average, a support representing 1.22% of their GDP, and amounts ranging from 0.52% (Jordan, COVID MFA only) and 0.87% of GDP (Ukraine) to 1.60% of GDP (Tunisia). The MFA amounts were of the same order of magnitude as previous MFA operations for countries that had already benefited from it in the past. They were higher in tourism-dependent countries like Tunisia and Georgia, which were hit hard by the pandemic. MFA operations contributed meaningfully to covering the external financing gaps. In the Western Balkans and Eastern Neighbourhood, MFA covered 42% and 45% of the residual gap not financed by the IMF, respectively. In the Southern Neighbourhood, the share was smaller (around 16%), reflecting the presence of other donor support, including GCC budget grants (Jordan) and loans from multilateral banks (Tunisia).

The conditionality under the COVID MFA operations was designed to strike a balance between urgency and impact, focusing on reforms that were both critical for macroeconomic stability and realistically achievable in a period of 12 months. Most programmes included around nine conditions (significantly fewer than under previous MFA operations), reflecting a deliberate effort to prioritise essential reforms within a shortened implementation period. Ukraine and Tunisia MFAs included a higher number of sub-conditions, making them relatively more complex. In Tunisia, this reflected an attempt to cover the space of the IMF and support macroeconomic stabilisation at a time when discussions on a new fully-fledged IMF programme were still ongoing. It was also commensurate to the relatively larger size of the MFA. In Ukraine, conditionality reflected a long-standing and deep engagement with the EU, including ongoing reform dialogue and previous MFA programmes. Stakeholders (national government and international financial institutions (IFIs)) interviewed generally viewed the conditionality as relevant, balanced, and in line with Ukraine's existing reform trajectory.

Conditions were tailored to national contexts and fell broadly into two categories: technical actions that could be completed relatively quickly (such as launching diagnostics and/or publishing data), and broader reform steps such as preparing or adopting legislation or reforming institutions. Most countries featured a mix of both, with a consistent emphasis on feasibility and alignment with existing national policy agendas or ongoing EU dialogue. Several MFA operations also built on previous or ongoing reform efforts (e.g. Moldova's MFA II, Jordan MFA III) or ongoing EU policy dialogue, such as the Economic Reform Programmes in the Western Balkans. In the Western Balkans, conditionality fitted more on the first category and focused on preparatory actions or strategy development. This reflected a combination of factors: fewer pre-crisis

macroeconomic vulnerabilities, the existence of parallel EU support through the Instrument for Pre-Accession Assistance (IPA), and political instability in several countries. In Kosovo, for example, the lack of a functioning legislature at the time led the Commission to design conditions that avoided the need for parliamentary approval, focusing instead on government-level reforms.

The reform focus of the COVID MFA operations remained largely structural in nature. Most measures concentrated on public finance management (PFM), governance and anti-corruption, with additional reforms addressing the business environment, labour market, and sector-specific policies. While the MFA aimed to remain focused and deliverable, it also supported continuity in long-standing reform agendas. Some efforts were made to incorporate health- and digitalisation-related measures, particularly in Tunisia, Moldova, and Jordan, and the five Western Balkan MoUs included a common condition on transparency of COVID emergency spending. However, such pandemic-related reforms were not applied systematically across the regions. Most COVID-specific support (particularly in the health and social sectors) was in fact channelled through complementary EU instruments, such as budget support and targeted project assistance. MFA operations maintained their primary role as a macro-fiscal stabilisation tool, and their conditions were not earmarked to specific expenditure lines, in line with the instrument's fungible nature.

5. WHAT ARE THE CONCLUSIONS AND LESSONS LEARNED?

5.1. Conclusions

The COVID-19 MFA package constituted an unprecedented and timely EU intervention in response to a shared and systemic external shock. Delivered under exceptional circumstances, the EUR 3 billion package extended fast-disbursing financial assistance in highly concessional terms to ten partner countries across the Western Balkans, Eastern Neighbourhood, and Southern Neighbourhood. It helped them address the sharp deterioration in their external balances and fiscal positions caused by the COVID-19 pandemic, providing critical budget support at a time of revenue collapse, rising social needs, and limited access to international financial markets.

The decision to bundle the ten MFA operations into a single legislative proposal, while retaining the ordinary legislative procedure, allowed the Commission and EU co-legislators to act with exceptional speed. The use of procedural flexibilities permitted the exceptionally rapid adoption of the legislative package demonstrating political consensus and room for institutional agility. This rapid mobilisation ensured that the first disbursements started reaching partner countries in October 2020. MFA served as a vital complement to IMF resources and filled financing gaps that may otherwise have resulted in a weaker response to the pandemic or macroeconomic instability. The economic fallout of the pandemic was severe overall. Nonetheless, there were marked regional differences. Western Balkan countries weathered the crisis relatively well, aided by remittances and a faster economic recovery. Eastern Neighbourhood economies also rebounded strongly before being disrupted by the subsequent full-scale invasion of Ukraine by Russia, or the spillovers thereof. By contrast, Southern Neighbourhood partners, which entered the crisis with weaker macro-economic fundamentals and higher structural vulnerabilities, faced greater stress and slower recovery trajectories.

The design of the MFA package successfully balanced urgency with policy impact. While first tranches were disbursed without policy conditions, second tranches remained conditional on the implementation of targeted structural reforms. The design of the conditions prioritized macro-criticality, feasibility over a short period of time, and alignment with national reform priorities and EU strategic objectives. A horizontal review of the ten MoUs reveals that the scope and complexity of conditionality varied by region. In the Western Balkans, MFA conditionality was generally more limited in scope and often focused on procedural or preparatory actions. This reflected a combination of factors, including political instability in some countries, fewer acute macro-financial imbalances, and parallel EU support under the IPA. Where IMF programmes were in place, MFA measures often reinforced existing frameworks rather than introducing new structural reforms. By contrast, the Southern and Eastern Neighbourhood countries faced more entrenched structural weaknesses and higher debt vulnerabilities, which warranted more substantive policy conditionality. Conditionality was often designed to complement broader IMF-supported programmes or to sustain national reform strategies. In countries like Tunisia and Ukraine, the inclusion of multiple sub-conditions reflected a need to revitalise stalled reforms or consolidate past efforts, with the MFA serving as a tool to reinforce commitments in governance, transparency, and fiscal accountability.

Importantly, conditionality was used not only to promote compliance, but also to foster reform ownership and ensure progress of the implementation thereof. Some governments used the MFA MoUs to advance politically sensitive reforms in public finances, governance, and anti-corruption. Overall compliance with policy conditions was high, with 70% fully met and 90% fully or broadly met. Nevertheless, some conditions were met primarily through formal or procedural steps that triggered disbursement but lacked sustained implementation. In a few complex settings, such as Tunisia or Moldova, difficult reforms were approached incrementally to reflect feasibility and, when justified, the Commission applied flexibility in assessing conditions as broadly fulfilled. More broadly, the relatively low number of conditions (9 per operation on average) helped ensure that second tranches could be disbursed in most cases over the 12-month implementation period. Enforcement of conditionality remained credible. Second tranches were not disbursed in Bosnia and Herzegovina and Georgia due to political backtracking or lack of progress on agreed reforms, highlighting the Commission's consistent application of conditionality even during a crisis. At the same time, the Commission applied justified flexibility in interpreting conditions as broadly fulfilled in cases where objectives were ambitious, and evidence of progress existed.

From a financial perspective, the added value of MFA was significant. MFA loans were provided at exceptionally favourable terms, with very low interest rates and long maturities, thanks to the EU's strong credit rating and unified financing strategy. Compared to IMF resources, MFA carried longer maturities and negligible fees, while compared to market borrowing, the cost savings were even more substantial. For countries with no access to external financial markets or with high-risk premia, these terms, which were highly concessional, translated into concrete fiscal savings. In addition, the presence of an MFA operation was viewed by stakeholders and credit rating agencies as a confidence signal that supported external financing and investor sentiment, which alongside the IMF programmes, helped maintain sovereign credit ratings and sustained market access during the pandemic.

Beyond financial terms, which is similarly important, the MFA also ensured high non-financial added value. National authorities widely regarded the COVID MFA as a

symbol of EU solidarity during a critical period, while supporting the pursuit of the relevant reforms. In some enlargement countries, the package helped re-anchor EU engagement and was viewed as reaffirming the EU's long-term commitment. Although public visibility of the MFA remained limited due to its non-earmarked nature, its symbolic and political value was well understood by senior policymakers and international partners.

Taken together, the COVID-19 MFA package demonstrated the EU's ability to deliver rapid, coordinated, and policy-relevant financial assistance in the face of a large-scale external shock. It re-affirmed the strategic value of the MFA instrument as a cornerstone of EU external economic support, capable of bridging urgent liquidity needs, catalysing reform, and reinforcing macroeconomic stability in neighbouring countries.

5.2. Lessons learned

The COVID-19 MFA package demonstrated how the instrument can be adapted to respond rapidly and effectively to a systemic external shock affecting multiple countries simultaneously without compromising the quality of MFA intervention, progress on the reforms and important policy conditionality. The experience showed that the bundling of assistance under a single legislative act and the use of procedural flexibilities proved highly effective in accelerating decision-making. This approach enabled faster deployment without compromising institutional accountability. The temporary relaxation of the existence of an on-track full-fledged IMF programme requirement broadened the reach of MFA and ensured that support could be extended to countries with urgent needs even in the absence of an on-track full-fledged Fund arrangement. This flexibility could be retained as an option in future situations, provided that IMF engagement via emergency instruments (RFI/RCF) or an on-track full-fledged IMF programme, continues to anchor macroeconomic policy frameworks and coordinating donor efforts.

In terms of conditionality, experience showed that a focused and pragmatic design supports effective implementation. Conditions calibrated for feasibility within the compressed timeline (fewer and more procedural where appropriate) and that are politically feasible and aligned with national priorities, enhanced ownership and traction. While operations were not comparable across all countries and regions in terms of the number of conditions, complexity, or even thematic focus, this mostly reflected differing pre-existing vulnerabilities, political and institutional constraints, and the presence (or lack) of parallel support and linked reform processes from international financial institutions, notably the IMF. This underlines the importance given to calibrating ambition and scope to national context. In some cases, MFA conditionality was designed to complement existing IMF programmes, while in others, it served as a standalone anchor for key reforms. Some operations incorporated transparency or social protection elements linked to the pandemic, while others remained more narrowly focused on macro-fiscal and structural governance issues. At the same time, the lack of a cross-cutting, crisis-relevant "anchor" condition (for example, on transparency of COVID-related spending) across all MoUs represented a missed opportunity to enhance coherence in conditionality, even as designs were appropriately tailored to country-specific contexts. Experience with the two operations that did not proceed to a second disbursement also highlight that political feasibility and institutional capacity (e.g., administrative strength to execute and sustain reforms) are as critical as technical readiness, which is a key lesson when assessing future design of conditions.

Finally, the visibility of MFA remained limited. Despite the scale and impact of EU support, awareness of MFA among the general public and civil society was generally low. This reduced the EU's ability to capitalise politically on its assistance and to promote broader understanding of its role as a crisis responder and reform partner. While communication should remain secondary to the speed and policy impact of the instrument, ensuring that EU support is well understood and not misrepresented can reinforce the EU's image as a reliable and responsive partner.

ANNEX I: PROCEDURAL INFORMATION

This evaluation covers Decision (EU) 2020/701 of the European Parliament and of the Council of 25 May 2020 on providing MFA to enlargement and neighbourhood partners in the context of the COVID pandemic. The intent of the evaluation is to assess the results and the efficiency of the operations, by focusing on (i) the impact of MFA on the economy of the beneficiary countries and, in particular, on the sustainability of their external position and (ii) the added value of the EU interventions.

By looking at the relevance, effectiveness, efficiency, coherence and EU added value of the operations, the evaluation verifies:

- whether the ex-ante considerations determining the design and terms of each operation were appropriate, taking due account of the economic, political and institutional context;
- and whether the outcome met the objectives set in the Decisions.

Apart from identifying areas of improvement for similar on-going or future possible interventions, the evaluation also aims at ensuring better transparency and accountability of the Commission's activities. In order to ensure validity, the analysis and conclusions are based on the evidence obtained using several evaluation methods (documentary review, macroeconomic data analysis, targeted stakeholder interviews, expert survey, case studies, focus groups, comparative assessment and regional analysis, a debt sustainability analysis and a social impact analysis). Despite overall good participation in the surveys, some gaps remained in the engagement of national authorities. Montenegro presented a particular case of non-response, with national authorities neither completing the survey, participating in an interview nor providing reform owner contacts. Engagement from Bosnia and Herzegovina was also only limited to two responses received to the Ministry survey.

The lead DG to carry out and manage this evaluation has been DG ECFIN. DG ECFIN chaired the Inter Service Steering Group (ISG) that was set up to manage an external study that constituted the key input for the Commission evaluation. Apart from DG ECFIN, the ISG comprised of representatives of other Commission services (the Secretariat General (SG) and the Directorate-General for Neighbourhood and Enlargement Negotiations (NEAR/MENA)) and the European External Action Service (EEAS).

The ISG had the responsibility to:

- a. Establish the evaluation roadmap for the external study;
- b. Establish the Terms of Reference;
- c. Facilitate the evaluator's access to the information needed;
- d. Advise, monitor and comment on the work undertaken by the external contractor.

In the context of the framework contract for the provision of evaluation services related to MFA operations, in July 2024 the Commission awarded the specific contract to undertake the external study to ICF S.A., in cooperation with Cambridge Econometrics and local experts. A kick-off meeting between the Inter-Service Group (ISG) and the external contractor took place in July 2024, where deliverables and evaluation methods

were discussed. The evaluation included stakeholder consultations and interviews, complemented by a call for evidence, which ran from 28 January - 25 February 2025.²⁰ and desk research. Meetings with the external evaluators were held throughout the process, including during the inception, interim, and draft final phases. The draft final report was submitted in March 2025, and following minor updates, the final report was concluded in May 2025. The quality of the final report was assessed as good by the ISG. The final report is available on DG ECFIN's website.

ANNEX II. METHODOLOGY AND ANALYTICAL MODELS USED

This annex presents the methodological approach to the joint evaluation study of the COVID-19 MFA operations to ten partner countries, implemented during 2020–2022. It outlines the design of the methodology, the tools used for data and information gathering, and the results obtained. It also highlights the main limitations encountered during the study and the mitigation strategies adopted.

Evaluation design

The evaluation was commissioned by DG ECFIN and implemented under the framework contract for the provision of evaluation services related to MFA operations. The external contractor, ICF S.A., carried out the study between 2024 and 2025, in cooperation with Cambridge Econometrics and local experts across the ten countries. The methodological design was developed to respond to the evaluation questions set out in the Terms of Reference and to meet the Better Regulation Guidelines evaluation criteria. It employed a mixed-methods approach based on three core pillars:

Tools for information gathering and results obtained

The evaluation followed a mixed-methods and theory-based approach, designed to address the evaluation questions and criteria set out in the Terms of Reference. The methodological pillars were:

- A theory-based approach, using an explicit theory of change to test how and to what extent the MFA contributed to results.
- Triangulation, to validate findings through multiple sources and methods.
- Mixed methods, combining quantitative and qualitative tools to capture a comprehensive evidence base.
- Cross-country and reform-specific perspectives, allowing both a “helicopter view” and a deep dive into selected themes and conditions. The helicopter focus provided a top-down, cross-country perspective, allowing to synthesise evidence from all ten MFA beneficiaries and identify overarching patterns in the design, implementation and effects of the COVID-19 MFA package. It offered a bird’s-eye view of how the MFA package functioned as a collective crisis instrument and supported the formulation of system-level conclusions and lessons.

²⁰ [EU financial aid to 10 partner countries \(COVID-19 macro-financial assistance package\) – evaluation](#)

To support evidence gathering and validation, the following tools and activities were used:

- **Document and data review**, including over 150 documents such as MoUs, disbursement notes, Commission proposals, IMF and World Bank reports, and national reform documentation.
- **Macroeconomic data analysis**, drawing on IMF, World Bank, and national statistics to assess fiscal and external indicators over the pre-, during-, and post-COVID periods.
- **Targeted surveys** of coordinating ministries in all ten countries, followed by **semi-structured interviews** with national authorities, EU Delegations, IFIs, civil society, and other donors.
- **Focus groups and bilateral calls** with national stakeholders and local experts, structured around reform themes. In total, bilateral consultations were held in seven countries, while group sessions were possible in four.
- **Case studies**, including four country-specific reform case studies (Ukraine, Moldova, Jordan, Tunisia) and one regional case study on COVID spending transparency in the Western Balkans. These case studies allowed the evaluation to examine selected reform areas in greater depth, assessing not only formal compliance with MFA conditions but also the underlying policy processes, institutional constraints and drivers of reform.
- **Health-related Social Impact Analysis (SIA)**, focusing on reforms to centralised procurement systems in Moldova and Ukraine, and digital health cards in Tunisia. The SIA combined administrative data analysis with reform-specific logic modelling.

The evaluation faced a number of challenges:

- **Access to stakeholders and institutional memory**: Conducted in 2024–2025, the evaluation relied on the recall of stakeholders about operations negotiated between 2020 and 2022. This was mitigated by targeting former staff, leveraging internal Commission documentation, and providing structured briefings before interviews.
- **Low visibility of MFA**: Particularly in the Western Balkans, MFA was not widely known, making outreach to civil society and media actors more difficult. Communication was adapted to refer to “EU support” and “EU-promoted reforms” rather than “MFA.”
- **Stakeholder engagement**: In some cases (e.g. Montenegro), partner authorities did not respond to surveys or interview requests. Reform-owner interviews were incomplete in Tunisia and North Macedonia. The data collection phase had to be extended to February 2025 to mitigate gaps.
- **Social Impact Analysis limitations**: Data availability was a major constraint. Many indicators were only available for short timeframes or lacked the granularity needed for reform-specific assessment. Attribution was also difficult due to COVID-related disruptions and long lag times in health outcomes.

Despite these limitations, the evaluation was able to collect a substantial volume of data and deliver a balanced analysis across all ten operations. Where data gaps limited the depth of condition-by-condition assessment, the evaluation maintained a valid helicopter view supported by triangulated evidence from multiple sources.

ANNEX III. EVALUATION MATRIX AND, WHERE RELEVANT, DETAILS ON ANSWERS TO THE EVALUATION QUESTIONS (BY CRITERION)

This annex provides a more detailed overview of the evaluation matrix used for the evaluation study. It was developed by the external contractor, as a framework for the independent assessment. The matrix assigns each evaluation question outlined in the ToR to the relevant evaluation criteria and serves as general framework for the applied methodology.

Evaluation Question on **Relevance**: *Was the intervention relevant?*

Judgment criteria	Quantitative analysis	Qualitative analysis	Source of information	Key findings
<p>There was a clear need for financial assistance across partners</p> <p>i) Objectives of the programme were aligned with the economic conditions and challenges facing recipient countries</p> <p>(ii) Recipient countries lacked own monetary or liquidity/market access to counter the economic fallout from the COVID pandemic, and mount a sustainable recovery</p> <p>(iii) Programme objectives were perceived to be relevant by key stakeholders</p>	<p>Analysis of trends in key indicators e.g. COVID stringency index, changes in output, employment, public spending, fiscal deficit, exchange rates, capital flows etc.</p>	<ul style="list-style-type: none"> Economic weaknesses and vulnerabilities Perceived relevance of programme objectives by different stakeholder groups 	<ul style="list-style-type: none"> Review of MFA documentation Macroeconomic data sourced from international sources of data Review of existing reports on the fallout of the pandemic Inputs from local experts Survey – MoF Interviews <ul style="list-style-type: none"> EC officials: DG ECFIN IMF wider stakeholder groups e.g. CRAs 	<p>The MFA COVID package responded to acute external and fiscal financing needs across all 10 partner countries, triggered by the pandemic-induced global shock. Given limited fiscal and monetary policy space, especially in the Southern Neighbourhood, and reduced access to international capital markets, EU assistance was perceived as both timely and necessary. Across regions, stakeholders confirmed that the programme's overarching objectives were</p>

COVID MFA design specificities, applicable to the package as a whole, were adequate given the context.

- Desk review of design specificities, comparison with practices of other IFIs/donors
- Stakeholder views on design specificities including: loans only operation, one year availability period, loosened IMF link, 1st disbursement with no condition /2nd with limited condition)

- Review of MFA documentation
- Targeted survey of partner MoFs
- Semi-structured interviews:
 - EC officials: DG ECFIN, DG NEAR, EEAS
 - National Authorities;
 - IMF/ WB officials

relevant and well aligned with country-specific macroeconomic vulnerabilities and pandemic-related challenges.

The design features of the COVID MFA operations were broadly appropriate in light of the emergency context. The loans-only format was acceptable given concessional terms; the upfront disbursement without conditions ensured timely delivery of funds. The loosened link with the IMF and shortened availability period were justified by the need for speed and predictability. Stakeholders generally supported these design adaptations.

The volume of MFA provided was broadly in line with external and budgetary financing needs as estimated by

In determining the size of MFA operation by country, Commission took account of the following factors: timing

- Estimated external financing needs and budgetary shortfalls of the recipient
- Economic conditions and vulnerabilities
- Access to other sources e.g. markets,
- Review of MFA documentation
- Targeted survey of partner MoFs
- Semi-structured interviews:
 - EC officials: DG ECFIN,

<p>and severity of the shock hitting each country; countries' different initial conditions, varied vulnerability to the shock; scale of financing needs; country's access to other sources to meet financing needs, including access to international markets, IMF financing as well as from other official sources</p> <p>The size of the MFA was adequate relative to needs and based on above considerations.</p>	<ul style="list-style-type: none"> • countries • Size of the MFA vs GDP • Size of the MFA vs BoP/ budgetary financing needs • Size of the MFA vs IMF assistance • Correlation between MFA amounts and scale of crisis and financing needs across 10 countries 	<ul style="list-style-type: none"> • official assistance • Size of financial assistance vs expectations; • Degree of consensus among key stakeholders regarding the relevance and importance of the MFA (in absolute and relative terms) 	<ul style="list-style-type: none"> • DG NEAR, EEAS ○ National Authorities; ○ IMF/ WB officials 	<p>the IMF, though generally lower than requested. The operations contributed significantly to closing financing gaps—covering 42–45% of post-IMF needs in the Western Balkans and Eastern Neighbourhood, and a lower share (16%) in the Southern Neighbourhood. The allocation per country reflected differences in pre-existing vulnerabilities, financing access, and debt sustainability.</p>
<p>MFA conditions were consistent with and relevant to the partners needs and realistic given the nature of the instrument and context of the COVID pandemic;</p>	<ul style="list-style-type: none"> • Number of conditions: number of reform conditions attached to the MFA assistance (relative to past MFAs) • Analysis of condition by type. <p>Implementation rate: percentage of reform conditions implemented within the agreed</p>	<ul style="list-style-type: none"> • Examination of whether the ambition level appropriate given the COVID context and the local context • Extent to which the conditionality was in line with the core objectives of the operation and EU priorities 	<ul style="list-style-type: none"> • Documentary and data analysis: • Review of MFA documentation • Other reports / needs assessments (PEFA reports) • Various Indexes e.g. The Open Budget Index, Transparency International index • Semi-structured interviews: <ul style="list-style-type: none"> ○ EC officials: DG ECFIN, DG NEAR ○ EEAS / EU Delegation 	<p>Overall, conditionality was considered broadly relevant and aligned with EU priorities and country reform agendas. The number of conditions was limited compared to standard MFA operations, which was consistent with the intent to reduce complexity in the context of crisis.</p>

Evaluation Question on **Coherence**: *To what extent was the MFA operation in line with key principles, objectives and measures taken in other EU external actions across the three regions?*

Judgment criteria	Quantitative analysis	Qualitative analysis	Source of information	Key findings
			<ul style="list-style-type: none"> ○ Partner Authorities; ○ IMF/ WB officials ● Focus Groups on reforms ● Case studies 	

<p>MFA was fully in line with key policy framework and principles (EU's Western Balkans strategy, the Eastern Neighbourhood and the orientations of the European Neighbourhood Policy (ENP))</p>	<p>Review of key milestones in EU – MFA beneficiaries' relations (Association Agreements; Deep and Comprehensive Free Trade Areas; Visa liberalisation; Candidate Status)</p>	<ul style="list-style-type: none"> • Document and data review • MFA documentation - Identification of relevant programs/ actions and quick review of their documentation (e.g. EU budget support programmes; IMF / WB and other programmes) - Annual reports on the implementation of the EU instruments for financing external actions; EU Budget support, Trends and Results reports • Semi-structured interviews <ul style="list-style-type: none"> - EC officials: DG ECFIN, DG NEAR, - EEAS. - EU Delegation - National authorities 	<p>The COVID MFA operations were fully coherent with the broader EU policy frameworks guiding relations with the three regions. The operations were aligned with relevant bilateral agreements and the EU's strategic priorities—such as economic stability, good governance, and alignment with EU norms—under the Enlargement Process and the Eastern and Southern Neighbourhood Policies. This alignment helped ensure policy consistency and continuity with other EU instruments, including pre-accession assistance and association agreements.</p>
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MFA reinforced action deployed as part of the EU external response to COVID and via other EU instruments

MFA was consistent with and relevant to other donors' programmes

- Size of the MFA vs total EU external assistance and vs EU assistance deployed as budget support

- Mapping of key elements of EU external response to COVID in partner countries
- Mapping of MFA conditions vs conditions of preceding MFA operations
- High level overview of assistance provided under other EU instruments (in terms of form, focus area)
- High level overview of assistance provided by the IMF / WB / other programme(s)
- Stakeholders' assessment of potential synergies

- Key representatives of Member States
- IMF / WB and other donors
- Focus Groups on reforms
- Case studies

The MFA package formed a central pillar of the EU's external response to the COVID-19 crisis, complementing EU budget support, humanitarian aid, and bilateral cooperation. Disbursements under the MFA were among the largest single sources of emergency macro-financial assistance, helping to provide immediate liquidity for crisis response. The timing and focus of MFA operations were broadly coordinated with other EU instruments, and the conditionality was generally consistent with, and complementary to, support provided by other donors, notably the IMF and World Bank. In several cases, MFA conditions were co-designed or sequenced with IMF structural reform benchmarks, contributing to a coherent and mutually reinforcing external assistance framework. While some variation in timelines and conditionality scope was observed, stakeholders

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- Mapping of key elements of EU external response to COVID in partner countries
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- High level overview of assistance provided under other EU instruments (in terms of form, focus area)
- High level overview of assistance provided by the IMF / WB / other programme(s)
- Stakeholders' assessment of potential synergies

- Document and data review
- MFA documentation
- Identification of relevant programs/ actions and quick review of their documentation (e.g. EU budget support programmes; IMF / WB and other programmes)
- Annual reports on the implementation of the EU instruments for financing external actions; EU Budget support, Trends and Results reports
- Semi-structured interviews
 - EC officials: DG ECFIN, DG NEAR,
 - EEAS.
 - EU Delegation
 - National authorities
 - Key representatives of Member States
 - IMF / WB and other donors
- Focus Groups on reforms
- Case studies

The MFA COVID operations complemented the EU's broader external response to the pandemic, both in terms of financial volume and timing. MFA disbursements were significant compared to total EU external assistance and budget support, often constituting the largest share of direct macro-financial crisis response in partner countries. The MFA was deployed in parallel with other EU instruments targeting health systems, social protection, and economic recovery, offering a coordinated and multi-pronged approach. At the same time, MFA programmes were broadly consistent with the support provided by other international donors, notably the IMF and World Bank. Conditionality was often aligned with that of IMF programmes, and in some cases co-designed to ensure complementarity. This alignment contributed to a coherent policy response and reinforced key

Framework for answering Evaluation Question on **Effectiveness**: *To what extent have the objectives of the MFA operation been achieved?*

Judgment criteria	Quantitative analysis	Qualitative analysis	Source of information	Key findings
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Macroeconomic stabilisation

There has been improvement in macroeconomic performance in the aftermath of MFA. MFA is widely perceived to play a role in stabilising/improving the economic situation.

- Economic performance before, during and after pandemic and the MFA
- Comparison of actual trends in key indicators (as above) vs economic forecasts made at the time when the assistance was proposed.

Fiscal policy

MFA financing was preferable, compared to alternative scenarios (alternative sources of financing or cuts in public expenditure).

MFA provided fiscal liquidity to counter the economic fallout from the COVID pandemic, and mount a sustainable recovery.

Countries re-orientated public spending toward crisis-mitigation efforts.

- Evolution of key indicators relating to unemployment, health, poverty, etc.
- Calculation of fiscal savings from MFA, when compared with a market-based alternative
- Size of the fiscal response

- Factors affecting economic performance e.g. monetary policy, IMF support
- Stakeholders views on the role and relative contribution of MFA to observed economic performance
- Mapping of partners' fiscal response to the COVID pandemic
- Stakeholder views on extent to which MFA (and other support) helped boost the response

- Document and data review:
 - Macroeconomic data sourced from IMF/WB
 - MFA documentation
 - IMF reviews and country reports;
 - Credit rating agency reports (e.g. Moody's)
- Targeted survey of partner MoFs
- Semi-structured interviews:
 - EC officials: DG ECFIN;
 - IMF/ WB officials;
 - National authorities
 - EU Delegation
 - Other donors.
- Inputs from local experts

In most countries, macroeconomic indicators (such as fiscal balances, reserves, and growth trajectories) improved following the disbursement of MFA, though outcomes were influenced by multiple factors, including IMF programmes and the global recovery. Stakeholders generally acknowledged the role of MFA in supporting short-term stabilisation and confidence in financial markets. While attribution remains complex, the timing and concessionality of MFA were perceived as supporting the broader stabilisation effort.

The MFA contributed to liquidity by offering concessional financing at a time when market-based alternatives were either unavailable or expensive. In several countries, it

MFA had a positive social impact. There were no / limited unintended negative effects from the assistance

- Evolution of key indicators over time (e.g. PEFA indicators, Transparency International indicators)
- Stakeholders' assessment of direct social impact from MFA conditions
- Mapping of partners' fiscal response to the COVID pandemic and stakeholder views on extent to which MFA helped boost the response
- Health related data (sourced by local experts if needed)
- Social Impact Analysis
- Semi-structured interviews:
 - EC officials: DG ECFIN; National authorities
- Focus group on reforms
- Inputs from local experts
- Case studies

While MFA operations were not explicitly designed to target social sectors, the liquidity they created indirectly supported pandemic-related social expenditure. In some cases, reforms under the conditionality framework also aimed to improve governance or transparency in social spending. Stakeholders generally did not report negative social consequences from the operations, and in a few cases, noted positive contributions to public service delivery and institutional resilience.

Structural reforms: There is evidence of progress with reforms. There is evidence to suggest that MFA accelerated, reinforced or promoted reform in certain areas. MFA reinforced the authorities' call for reform. There were no / limited unintended negative effects from the promoted reforms

- Evolution of key indicators over time (e.g. PEFA indicators, Transparency International indicators)
- Desk review of conditions and progress made
- Mapping of available information on COVID spending
- Stakeholders' assessment of reform progress and contribution of MFA

Extent to which MFA conditions were 'owned by the public' and used in the public debate to push certain reform agendas

The MFA contributed to progress in structural reforms, especially in areas related to public financial management, governance, and transparency. In several countries, it helped accelerate or maintain reform momentum during a politically and economically difficult period. Reforms were sometimes used by local authorities as leverage to overcome domestic resistance. While not all measures were fully implemented or sustained, there was no evidence of significant negative side effects arising from the supported reforms.

Framework for answering Evaluation Question on **Efficiency**: EQ1: Was the disbursement of the financial assistance appropriate in the context of the prevailing economic and financial conditions in the beneficiary country?; EQ2: In what way has the design of the MFA assistance conditioned the performance of the operation in respect to its cost and its objectives? To what extent did the MFA operation design enable the intervention to be carried out efficiently?

Judgment criteria	Quantitative analysis	Qualitative analysis	Source of information	Key findings
MFA disbursements were timely given the financing needs	Timing of adoption, signature and disbursement vs. peak COVID-19 financing needs; comparison with IMF emergency disbursements.	Assessment of causes of delays (political pre-conditions, ratification, administrative capacity) and perceptions of timeliness by authorities and partners.	MFA documents; IMF/WB data; interviews with EC, IFIs, authorities and EU Delegations.	MFA was adopted exceptionally quickly and first tranches were broadly timely relative to crisis needs. Some second tranches came after peak pressures or were delayed by domestic factors. Overall, disbursements were appropriate to prevailing economic conditions.

<p>There were favourable entry conditions for the MFA operation e.g. political commitment; public buy-in, capacity to implement reform; There was effective dialogue between the European Commission and the national authorities; The design of the MFA operation was flexible, and it adjusted to changes in context and/or feedback mechanisms; There was effective monitoring of the MFA operation; The MFA operation was well perceived in the beneficiary country</p>	<p>Number/type of conditions, fulfilment rates, waivers, ratification timelines.</p>	<p>Assessment of ownership, capacity, quality of dialogue, adaptability of MFA design, monitoring arrangements, and perceptions among stakeholders.</p>	<p>MFA documentation; macro-institutional data; interviews with EC, IFIs, authorities, EU Delegations.</p>	<p>Entry conditions varied but were generally sufficient; dialogue was consistently effective. MFA design proved flexible (relaxed IMF link, simplified conditionality) and monitoring remained robust. Authorities viewed MFA positively for concessionality and credibility, though visibility remained limited. Overall design enabled efficient implementation despite context-driven constraints. Entry conditions varied but were generally sufficient; dialogue was consistently effective. MFA design proved flexible (relaxed IMF link, simplified conditionality) and monitoring remained robust. Authorities viewed MFA positively for concessionality and credibility, though visibility remained limited. Overall design enabled efficient implementation despite context-driven constraints.</p>
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Framework for answering the Evaluation Question on **Added Value**: *How did the EU intervention make a difference and to whom?*

Judgment criteria	Quantitative analysis	Qualitative analysis	Source of information	Key findings
There is a clear rationale	Extent to which		<ul style="list-style-type: none"> Document and data review 	The EU-level

for an intervention at EU level

MFA support could have been provided at MS level (size and form)

Stakeholders' views on rationale for an intervention at EU level

including MFA documentation

MFA intervention was justified by the scale of financing needed, the regional nature of the crisis, and the political weight carried by EU support. In many partner countries, Member States would not have been in a position to provide financing of comparable size, concessionality, or policy leverage. The MFA also reinforced EU foreign policy objectives and institutional engagement in the region, which bilateral programmes alone could not have achieved. MFA loans were highly concessional compared to alternative financing options available to partner countries at the time. The cost savings, favourable terms, and absence of market risk were widely appreciated by recipients.

- Semi-structured interviews: EC officials: DG ECFIN, DG NEAR; EEAS partner authorities IMF and other donors;

There is clear financial added value of EU support

- Comparison of the size / terms and conditions of MFA vs other forms of financial support provided by other bilateral/multilateral donors , notably IMF
- Calculation of the 'concessionality element as per standard IMF

- Document and data review including: Review of the documentation of relevant programs/ actions (e.g. IMF, WB, other programmes)
- Macro-economic data analysis Assessment of

<p>methodology</p> <ul style="list-style-type: none"> • Calculation cost and benefits associated to MFA vs alternative sources of finance (IMF, domestic, international), from the perspective of partner countries 	<p>costs and benefits</p>	<p>Compared to multilateral support from the IMF or WB, the MFA's conditionality was lighter and more flexible, allowing faster disbursement in crisis conditions. The MFA thus delivered financial added value both in terms of cost and flexibility, particularly at the height of market stress.</p>
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ANNEX IV. OVERVIEW OF BENEFITS AND COSTS [AND, WHERE RELEVANT, TABLE ON SIMPLIFICATION AND BURDEN REDUCTION]

The typology of costs in the Better Regulation toolbox (defined as compliance, enforcement and other indirect costs) is impossible to apply in the context of MFA operations as such costs are not incurred here. As indicated in the Legislative Financial Statement accompanying Commission's proposals for MFA, the budgetary impact at the level of the EU is limited to some administrative costs related to human resources and outsourcing of operational assessments and ex-post evaluations.

The typology of benefits (improved welfare, market efficiency and wider economic effects) can seem to be more relevant. However, as shown in past country ex-post evaluations, which tried to quantify the macroeconomic effects of the MFA assistance, either by counterfactual modelling or by other more qualitative methods, it is almost impossible to disentangle the effects of MFA from IMF assistance (both disbursed at a comparable period of time) and from other macroeconomic events.

The Guidelines for carrying out ex-post evaluations of MFA operations of June 2015, acknowledged the problem and stated that:

[...] EU added value may be the results of different factors: coordination gains, legal certainty, greater effectiveness or efficiency, complementarities etc. In all cases, concluding on the continued need for the intervention at EU level may be difficult as measuring EU added value is challenging. The analysis of EU added value is often limited to the qualitative, given the stated difficulties to identify a counterfactual.

More specifically in the field of ex-post evaluation of MFA, challenges can arise which cannot be easily discarded and should be taken into consideration:

- The nature of the instrument: MFA is not earmarked in any way. It is an instrument complementing an IMF programme. It cannot be linked directly to identifiable outputs as in the case of programme or project-linked aid;
- Objectives of MFA operations can be implicit for political reasons and when they are explicitly presented in an MoU, they can sometimes be not specific in nature;
- The size of the assistance: MFA grants/loans are provided in addition to the provision of an IMF loan and may represent a small proportion of the total funds accorded to the recipient country. Thus, the financial components of both instruments cannot usually be easily or indeed meaningfully disassociated.

The consequence of these challenges is that:

- A classic assessment of efficiency (i.e. cost-effectiveness) is not feasible, though an examination of the suitability of the blend of grants and loans making up the assistance and other questions about its design and implementation and consequences for the achievement of objectives are pertinent issues.
- Effects on macroeconomic variables over time cannot be uniquely attributed to MFA, requiring that analyses consider the global package of which the assistance is a part.

Past country ex-post evaluations have taken this guidance into account and have come with an evaluation methodology suited for the MFA instrument. This methodology used for this ex-post evaluation and the accompanying analysis is presented in Annex 2 of Study supporting the Ex-post evaluation of Macro-Financial Assistance operations of the COVID-19 MFA (2020-2021), Final Report annexes.

ANNEX V. STAKEHOLDERS CONSULTATION - SYNOPSIS REPORT

This annex provides an overview of the stakeholder consultation activities carried out for the evaluation of the COVID-19 MFA package, which covered ten partner countries across three regions. These activities formed an essential pillar of the evaluation's evidence base and contributed to both the helicopter-level assessment and country-specific insights.

In total, **more than 80 stakeholders** were consulted between **September 2024 and February 2025**. Consultations were conducted across four main stakeholder categories:

1. **EU institutions**, including DG ECFIN, DG NEAR, the EEAS, EU Delegations, and other thematic DGs involved in conditionality design and implementation;
2. **Partner country authorities**, especially Ministries of Finance, line ministries, and reform-implementing agencies;
3. **International Financial Institutions (IFIs)** such as the IMF, World Bank, and EBRD;
4. **Civil society organisations, private sector actors, and independent experts**, particularly in selected focus countries.

The interviews followed **semi-structured questionnaires** adapted to the role and profile of each stakeholder group. The aim was to gather insights on the design and implementation of MFA conditionality, the coordination mechanisms in place, national ownership and political traction, the perceived added value of MFA, and the broader reform and macroeconomic impacts of the operations.

In addition to bilateral interviews, **country-specific group consultations** were held with local experts, civil society organisations, and other national stakeholders. These sessions—organised in at least four of the ten countries—were designed to complement the institutional perspective with external views on MFA visibility, reform traction, and EU credibility. The evaluation also deployed a **targeted survey** to all ten Ministries of Finance coordinating the MFA, with a high response rate. The survey gathered structured views on conditionality relevance, implementation feasibility, macroeconomic and political impact, and the role of MFA relative to other EU and international support.

Finally, the evaluation developed five **thematic or country-specific case studies**—including on Ukraine, Moldova, Tunisia, Jordan, and a regional case on COVID-19 spending transparency in the Western Balkans. These case studies integrated further stakeholder consultations focused on the rationale for selecting particular conditions, obstacles to implementation, the credibility of reform commitments, and the medium- to long-term contributions of MFA-supported measures. In the Moldova and Ukraine case studies, this included interviews on the impact of reforms to procurement systems and public financial management. In Jordan and Tunisia, casework explored energy and social protection reforms and their political economy dynamics. Despite some limitations—such as limited participation in Montenegro, and incomplete access to reform owners in Tunisia and North Macedonia—the consultation process generated a substantial and diverse evidence base. These stakeholder insights were critical in triangulating the desk-based analysis and informing the evaluation’s findings on effectiveness, coherence, and added value.

A synthesis of the main messages from the interviews, survey responses, group consultations, and validation workshop is presented in Annex IV of the ICF report.