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COMMISSION STAFF WORKING DOCUMENT

Background analysis per beneficiary country

Accompanying the document

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE
COUNCIL**

on the implementation of macro-financial assistance to third countries in 2025

{COM(2026) 294 final}

LIST OF ABBREVIATIONS

AML	Anti-money laundering
CFT	Counter-financing terrorism
ECF	Extended Credit Facility
EFF	Extended Fund Facility
EU	European Union
EUR	Euro
ERA	Extraordinary revenue acceleration
GANHRI	Global alliance of national human rights institutions
IMF	International Monetary Fund
MFA	Macro-financial assistance
MFF	Multiannual financial framework
MoU	Memorandum of understanding
NABU	National Anti-Corruption Bureau of Ukraine
NCHR	National Council for Human Rights
OECD	Organisation for Economic Cooperation and Development
OJ	Official Journal of the European Union
PFM	Public finance management
PLL	Precautionary and Liquidity Line
PIM	Public investment management
PPP	Public-private partnership
SAPO	Specialised Anti-Corruption Prosecutor's Office
SCPC	State Commission for Prevention of Corruption
SOE	State-owned enterprise
SWD	Staff working document
TFEU	Treaty on the Functioning of the European Union
ULCM	Ukraine Loan Cooperation Mechanism

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INTRODUCTION

This staff working document (SWD) complements the Commission's report to the European Parliament and the Council on the implementation of macro-financial assistance (MFA) to partner countries in 2025¹. The report covers disbursing operations and MFAs newly adopted by the European Parliament and the Council up to the end of 2025.

In 2025, the EU continued its substantial financial support to Ukraine with the objective to finance the country's immediate financing needs arising from Russia's ongoing and unjustified war of aggression and to support its economic resilience. In line with the pledge made by G7 leaders in mid-2024 to mobilise a further EUR 45 billion in financial support, the Commission, on behalf of the EU, provided EUR 18.1 billion through a new exceptional MFA under an Extraordinary Revenue Acceleration initiative (ERA). Disbursed over the course of 2025, this support was linked to policy conditions aimed at strengthening anti-corruption efforts, the rule of law, macroeconomic stability, and other structural reforms set out in the Ukraine Plan. Against the backdrop of Russia's ongoing acts of aggression and the resulting significant and persistent financing and defence needs faced by Ukraine, EU leaders agreed in December 2025 to provide a new limited-recourse support loan of EUR 90 billion for 2026-2027. Building on this political agreement, in January 2026 the Commission adopted a legislative package related to the new support framework, which consists of a combination of instruments, including MFA.

In other partner countries, the EU approved in June 2025 an MFA operation for Egypt of EUR 4 billion in loans to be disbursed in three instalments with the objective to support the country's economic stabilisation and substantive reform agenda. In January 2026, the Commission, on behalf of the EU, made the first instalment of EUR 1 billion under the operation following the implementation of the economic reforms, progress in relation to the political precondition and the International Monetary Fund (IMF) programme remaining on track.

In August 2025, the Commission disbursed the first instalment of EUR 250 million in loans from the EUR 500 million MFA for Jordan that was approved earlier in the year to promote the country's economic stability, sustainable growth, resilience, and reforms. In January 2026, the Commission adopted a proposal for a new EUR 500 million MFA operation to ease external financing pressures, reinforce fiscal discipline, and keep momentum behind Jordan's structural reform agenda.

There was no further progress with the EUR 100 million MFA operation for North Macedonia in 2025. After the disbursement of the first instalment of EUR 50 million in 2024, there was no request for the remaining EUR 50 million. At this stage, the authorities do not meet the conditions for the disbursement. They do not have a disbursing programme with the IMF. Furthermore, some of the policy conditions specified in the Memorandum of Understanding (MoU) related to the MFA are not fulfilled. The operation is set to expire in August 2026.

For each beneficiary country, the report provides more detailed information on: (i) the implementation of the corresponding MFA operations; and (ii) the underlying policy conditionality and progress regarding its implementation.

The annexes include: (i) overview tables on the disbursements of MFA operations since 1990, by date of adoption of the decisions; (ii) tables on MFA commitment and payment amounts

¹ This document is based on information available up to April 2026.

from 2006 to 2025, by year and by region; and (iii) a table indicating outstanding principal amounts at the end of 2025 and the years of first and last repayment by country².

BACKGROUND ANALYSIS OF BENEFICIARIES OF MACRO-FINANCIAL ASSISTANCE

1. UKRAINE

1.1 Implementation of macro-financial assistance

1.1.1 Recent macro-financial assistance operations

Russia's prolonged war of aggression continued to put pressure on Ukraine's financing needs. In this context, in their communication of 14 June 2024, the G7 leaders announced the launch of the Extraordinary Revenue Acceleration (ERA) loans for Ukraine initiative to make available approximately EUR 45 billion of additional funding, to be repaid by the extraordinary revenues from Russia's immobilised sovereign assets. To this end, on 24 October 2024 the European Parliament and the Council adopted Regulation (EU) 2024/2773 (the Ukraine Loan Cooperation Mechanism (ULCM) Regulation), which entered into force on 29 October 2024³, establishing, among other things, an exceptional MFA for Ukraine.

The **ERA MFA** is the EU's contribution to the G7 ERA loan initiative for an amount of EUR 18.1 billion. The MFA was fully disbursed during 2025, with the last disbursement of EUR 4.1 billion taking place on 13 November 2025.

The political precondition continued to be assessed positively throughout the year, based on ongoing evaluations by the Commission and the European External Action Service. However, developments affecting the institutional framework governing the independence of anti-corruption bodies – notably the National Anti-Corruption Bureau of Ukraine (NABU) and the Specialised Anti-Corruption Prosecutor's Office (SAPO) – raised concerns, as they were perceived as a potential step backward in safeguarding the autonomy of key anti-corruption institutions. The Commission engaged closely with the Ukrainian authorities to reverse the situation, restore the independence of NABU and SAPO, and ensure that any risks to institutional independence were adequately addressed ahead of any disbursement under the MFA (with the payment being withheld until the situation was resolved).

In parallel, Ukraine successfully completed eight reviews under the IMF programme, underscoring its continued commitment to advancing reforms despite the country's exceptionally challenging circumstances.

This ERA MFA featured highly concessional terms that reflect the exceptional circumstances. While Ukraine remains formally liable to repay the MFA loan, the repayments are meant to be financed through the extraordinary revenues generated from immobilised Russian assets (covering the principal, interest and any other related costs of the loan), with the first repayment having already taken place on 25 August 2025. Ukraine is, therefore, not expected to use its own resources to directly repay the loan – repayments will instead be managed via the ULCM so that Ukraine can frontload the benefits of these extraordinary revenues while minimising the impact on its public finances. Furthermore, if the extraordinary revenues prove to be insufficient to repay the MFA loan, the highly concessional 45-year period of maturity

² The document and its annexes distinguish between authorised amounts (the amounts made available to the beneficiary country under the MFA decision) and disbursed amounts (the amounts actually paid to the beneficiary country).

³ Regulation (EU) 2024/2773 of the European Parliament and of the Council of 24 October 2024 establishing the Ukraine Loan Cooperation Mechanism and providing exceptional MFA to Ukraine (OJ L, 2024/2773, 28.10.2024, ELI: <http://data.europa.eu/eli/reg/2024/2773/oj>).

and a 10-year grace period before principal repayments fall due provide ample room to ensure the stabilisation of Ukraine's macroeconomic and fiscal situation.

This MFA (in the same way as the MFA+ instrument and the loan support under the Ukraine Facility) is backed by a guarantee from the EU budget's headroom (the gap between the own resources ceiling and the funds required to cover the expenses provided for by the budget). This provides a high degree of protection and reassurance to investors and avoids the need to make provisions for loans or to establish national guarantees. Moreover, it does not require changes to the size of the EU's multiannual financial framework (MFF) or its ceilings. The availability of coverage by the budgetary headroom for financial assistance available in 2024 under Council Regulation (EU, Euratom) 2020/2093 (the MFF Regulation)⁴ meant that the decision on the release of the new MFA loan had to be taken before the end of 2024.

The unique characteristics of the new ERA MFA are due to the exceptional need to provide unprecedented amounts of loans to a war-torn country. In this respect, the ERA MFA does not constitute a precedent for any future MFA operations. These will continue to be guided by the principles set out in the 2013 Joint Declaration, a legally non-binding declaration in which the European Parliament and the Council set out guiding principles for MFA operations.

Going forward, and against the backdrop of Russia's continued war of aggression and the resulting significant and persistent financing and defence needs faced by Ukraine, EU leaders agreed on 18 December 2025 to provide a new limited-recourse support loan of EUR 90 billion for 2026-2027, financed through EU borrowing on capital markets. The loan is to be repaid by Ukraine only in the event that it receives reparations, while the mobilisation of the EU budget guarantee under enhanced cooperation ensures that the financial obligations of certain Member States that opt out of the arrangement are not affected. Building on this political agreement, on 14 January 2026, the Commission adopted a legislative package comprising a proposal establishing the Ukraine Support Loan, together with amendments to the MFF Regulation and the Ukraine Facility Regulation. The Ukraine Support Loan entered into force on 27 February, together with the amended Ukraine Facility Regulation. The amendment to the MFF Regulation, authorising the use of the headroom to guarantee the Ukraine Support Loan, was adopted on 23 April, together with the Council Implementing Decision approving assistance to Ukraine in implementing the Ukrainian Financing Strategy. Work is now ongoing to ensure timely disbursements in line with Ukraine's financing and defence needs. The new support framework is expected to provide substantial budgetary assistance to Ukraine, combining different instruments, including MFA and support channelled through the Ukraine Facility.

Box 1. Summary of recent past MFA operations to Ukraine

Since the start of Russia's full-scale war of aggression, overall support from the EU and the Member States to Ukraine, and to cater for the needs of Ukrainians fleeing the war, has reached EUR 200.6 billion as of April 2026⁵. In 2022 alone, Ukraine received EUR 7.2 billion in MFA from the EU. **Emergency MFA** loans of EUR 1.2 billion were disbursed in two tranches in March and May 2022, just weeks after the start of the full-scale war. Also in 2022, the EU adopted two exceptional MFA operations in loans for Ukraine of up to EUR 1 billion and an additional one of up to EUR 5 billion; these have been fully disbursed. To protect the EU as a borrower in the capital markets, the two exceptional MFA loans benefited from 70% coverage, composed of paid-in provisioning

⁴ Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433I, 22.12.2020, p. 11).

⁵ [Factsheet: EU solidarity with Ukraine \(europa.eu\)](https://europa.eu).

of 9% and callable guarantees from Member States of 61%. In addition, the legal acts governing the exceptional MFA operations included an option to provide a subsidy to cover the cost of interest on the loans. This would be upon request by the Ukrainian authorities and would make the loans even more favourable. Given Ukraine's timely submission of such a request and the availability of budgetary resources under Regulation (EU) 2021/947, the Commission confirmed to the Ukrainian Minister of Finance on 29 June 2023 that an interest rate subsidy would be granted for the charges due in 2023 and again in 2024. The necessary funds have since been provided through the Ukraine Facility.

On 9 November 2022, the Commission made a formal proposal for a regulation of the European Parliament and of the Council establishing an instrument to provide support to Ukraine in 2023 (MFA+)⁶. On 14 December 2022, the European Parliament and the Council adopted Regulation (EU) 2022/2463, which entered into force on 17 December 2022⁷. The MFA+ instrument ensured more predictable, continuous, orderly and timely financing of EUR 18 billion in highly concessional loans to help Ukraine meet its short-term funding needs in 2023. Policy conditionality and stringent reporting requirements (as reflected in the MoU) continued to apply to the disbursements. The full amount of EUR 18 billion of the MFA+ was disbursed during 2023, with the last payment taking place in December 2023. The Regulation also allowed for an interest rate subsidy at Ukraine's request. The loan was backed by the EU budget's headroom.

Aside from MFA support, Regulation (EU) 2024/792 of the European Parliament and of the Council established the **Ukraine Facility** on 29 February 2024. Between 2024 and 2027, the Facility is expected to provide up to EUR 50 billion to support Ukraine's financing needs and to contribute to its recovery, reconstruction and modernisation. Under its Pillar 1, the Facility is set to deliver up to EUR 38.3 billion in direct budgetary support by 2027, of which EUR 26.8 billion has already been disbursed.

1.1.2 Policy conditionality

Considering the exceptional circumstances, ERA MFA conditionality was structured differently from standard MFA operations. Pursuant to Article 12(2) of the ULCM Regulation, the policy conditions negotiated in the MoU were closely linked to the steps in the Ukraine Plan – Ukraine's medium-term agenda. They served as interim objectives towards their implementation and reinforced the incentives for their timely execution. These steps were designed to be achievable within the short implementation timeframe between the Regulation's entry into force and the end of 2024, which was the final deadline for adopting the decision to release the sole instalment of the MFA. The ERA MFA's policy conditionality therefore focused on a limited set of conditions that were closely aligned with the Ukraine Plan and reflected the policy areas of the previous MFA+ instrument: macro-financial stability, state-owned enterprises, public administration and the rule of law, and energy. Each policy condition was tied to a specific step in the Ukraine Plan, constituting a relevant action towards its fulfilment. Additionally, a condition was introduced to foster cooperation and investment between Ukraine and the EU in the defence sector.

⁶ The Commission package of 9 November 2022 consisted of three elements: (i) a regulation that establishes the MFA+ instrument; (ii) a technical amendment to the Financial Regulation, to allow optimal borrowing for Ukraine through the diversified funding strategy; and (iii) a technical amendment to the MFF Regulation, which extends the use of the headroom to guarantee the MFA+ loans to Ukraine.

⁷ Regulation (EU) 2022/2463 of the European Parliament and of the Council of 15 December 2022 establishing an Instrument for providing support to Ukraine for 2023 (MFA+), OJ L 322, 16 December 2022, p. 1.

On *macro-financial stability*, Ukraine made progress in strengthening the resilience of its financial sector. The National Bank of Ukraine approved the concept for the 2025 resilience assessment of the banking system, marking a return to standard procedures for assessing the quality of assets and conducting stress tests. Additionally, the Ukrainian parliament endorsed in first reading the draft law on the sale of state-owned banks, thereby laying the groundwork for a structured divestment framework aimed at reducing fiscal risks and fostering competition in the banking sector by reducing state ownership.

On *state-owned enterprises (SOEs)*, Ukraine took important steps to enhance corporate governance and transparency. The government approved a list of key SOEs, identifying those where independent supervisory boards would be established in line with international best practices. Additionally, the selection process for the supervisory board of National Power Company Ukrenergo was successfully completed, ensuring that the company's governance complied with OECD standards. To further improve SOE management, Ukraine also submitted a draft plan for the corporatisation of selected key enterprises, paving the way for their transition to joint-stock or limited liability companies. These conditions strengthened oversight, reduced state interference and improved the operational efficiency of Ukraine's SOEs.

Efforts to improve *public administration* focused on enhancing fiscal governance and civil service reform. The Ukrainian parliament approved the 2025 State Budget Law in its first reading. This included a reform of civil service remuneration that introduced a more predictable and transparent salary structure, ensuring fairer compensation that is commensurate with responsibilities. Additionally, Ukraine prepared a draft methodology for calculating the baseline in the framework of medium-term budgeting. This was a crucial step towards implementing spending reviews to enhance fiscal discipline and efficiency in public expenditure. This methodology, which has been developed in collaboration with the IMF, will guide future budget declarations and provide a solid foundation for expenditure planning.

In the *energy sector*, Ukraine took steps to align its regulatory framework with EU standards, advancing market integration and taxation reforms. A working group was established under the Ministry of Energy to prepare the legislative changes necessary for implementing energy-related EU regulations, including adjustments to taxation to facilitate the cross-border electricity trade. Furthermore, the Ministry of Energy shared with the Commission the draft law transposing the electricity integration package, a key milestone in Ukraine's efforts to harmonise its energy legislation with the EU framework. These conditions support Ukraine's energy security and gradual integration into the EU energy system.

On *rule of law and the fight against corruption*, Ukraine advanced reforms to strengthen judicial independence, anti-corruption institutions and digitalisation in the judiciary. The High Council of Justice appointed a majority of disciplinary inspectors to the Disciplinary Inspectors Service, ensuring its operational capacity to address disciplinary cases in the judiciary. The Ukrainian parliament also adopted a law extending the mandate of the Public Council of International Experts so that it can continue to oversee the selection of judges for the High Anti-Corruption Court. Additionally, Ukraine developed a roadmap for the digitalisation of the judicial system, following an IT audit and extensive stakeholder consultations. This initiative aimed at modernising court operations and improving access to justice. Lastly, a roadmap for the development of the next anti-corruption strategy (2026-2030) was submitted to the Commission. This contained a structured plan to enhance anti-corruption efforts beyond 2025.

For the *defence industry*, Ukraine committed itself to closer cooperation with the EU on the recovery, reconstruction and modernisation of its defence sector. In particular, Ukraine made a commitment to: 'promote cooperation with the Union on the recovery, reconstruction and modernisation of Ukraine's defence industry, in line with the objectives of Union programmes

aiming at the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base and other relevant Union programmes, and commit to take steps towards integration into the EU Single Market, notably through cooperation with the European Defence Industry Programme once established.’

In December 2024, the Commission concluded that Ukraine met all the policy conditions agreed in the MoU.

ERA MFA to Ukraine (Entry into force 28 October 2024 – end of availability period 31 December 2024, with disbursements possible until 31 December 2025)	
Regulation (EU) 2024/2773	Sole instalment
Loan amount (EUR million)	EUR 18 115 million
Implementation	Sole instalment released on 18 December 2024. First disbursement on 10 January 2025 for an amount of EUR 3 000 million, following by monthly disbursements of EUR 1 billion from March 2025 until including September 2025. Last two disbursements took place in October 2025 (EUR 4 billion) and November (EUR 4.1 billion)
Macro-financial stability	<u>Action 1:</u> Approval of the concept for the 2025 resilience assessment of the banking system. Fulfilled <u>Action 2:</u> Endorsement by the Ukrainian parliament in first reading of the draft law on the sale of state-owned banks. Fulfilled
State-owned enterprises	<u>Action 3:</u> Sharing with the Commission the list of SOEs (from among those identified as top key SOEs by the Cabinet of Ministers of Ukraine) for which supervisory boards with a majority of independent members will be appointed, as submitted to the Cabinet of Ministers. Fulfilled <u>Action 4:</u> Selection by the nomination committee of the supervisory board of National Power Company Ukrenergo. Fulfilled <u>Action 5:</u> Submission to the Cabinet of Ministers of Ukraine of a draft plan for corporatising SOEs from the list of top key SOEs. Fulfilled
Public administration	<u>Action 6:</u> Endorsement by the Ukrainian parliament in first reading of the State Budget Law for 2025, which enacts the reform of civil service remuneration. Fulfilled <u>Action 7:</u> Preparation and sharing with the Commission of the draft methodology for the calculation of the baseline in the framework of medium-term budgeting which will be used during the spending reviews. Fulfilled
Energy	<u>Action 8:</u> Creation of a working group to develop the legislative changes to implement the relevant EU legislation regarding the energy sector, including on energy-related taxation. Fulfilled <u>Action 9:</u> Sharing with the Commission the draft law transposing the electricity integration package. Fulfilled
Rule of law and fight against corruption	<u>Action 10:</u> Appointment of at least 50% (or majority) of disciplinary inspectors of the Disciplinary Inspectors Service by the High Council of Justice. Fulfilled <u>Action 11:</u> Adoption of a law extending the mandate of the Public Council of International Experts to ensure its effective participation in the ongoing selection of 25 additional judges for the High Anti-Corruption Court. Fulfilled <u>Action 12:</u> Preparation of a roadmap for the development of IT solutions in the judicial system, following inclusive consultations with stakeholders and the public, and completion of an IT audit. Fulfilled

	<u>Action 13</u> : Sharing with the Commission a plan/roadmap for the development of the new anti-corruption strategy. Fulfilled
Defence industry	<u>Action 14</u> : Issuing a declaration that commits the Ukrainian authorities to promoting cooperation with the EU on the recovery, reconstruction and modernisation of Ukraine’s defence industry, in line with the objectives of EU programmes aiming at the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base and other relevant EU programmes; and making a commitment to take steps towards integration into the EU’s single market, notably through cooperation with the European Defence Industry Programme (once it has been established). Fulfilled

2. EGYPT

2.1 Implementation of macro-financial assistance

2.1.1 Recent macro-financial assistance operations

In 2025, the second MFA operation of EUR 4 billion for Egypt was approved as part of the EUR 5 billion MFA package underpinning the Strategic and Comprehensive Partnership with this country. It was adopted by the European Parliament and the Council in June 2025. The MoU, which was subject to the opinion of the Member States committee, was signed in July 2025. Following a positive assessment of the implementation of the 13 policy measures linked to the first instalment of this MFA, progress on the implementation by Egypt of the concrete and credible steps required by the political precondition, and with the IMF’s programme remaining on track, the first instalment of EUR 1 billion was disbursed in January 2026. The second and third instalments from the MFA operation, amounting to EUR 1.5 billion each, are planned to be disbursed in mid-2026 and at the end of 2026/early 2027 respectively, subject to a positive assessment should all the conditions be in place.

Egypt is implementing a four-year Extended Fund Facility (EFF) with the IMF, adopted in December 2022 and valid until December 2026. The initial amount of the EFF was USD 3 billion, later increased to USD 8 billion. In March 2025, the IMF Board also approved a loan of USD 1.2 billion under the Resilience and Sustainability Facility (RSF), lifting the total envelope of IMF support to Egypt to USD 9.2 billion. Following some delays in the implementation of key policy measures, the combined fifth and sixth review under the EFF and the first review under the RSF was concluded by a staff-level agreement in December 2025. This agreement was approved by the IMF Board in February 2026, enabling the disbursement of around USD 2.3 billion, and bringing total IMF disbursements under the EFF and RSF to approximately USD 5.2 billion.

Box 2. Summary of the previous MFA operation to Egypt

The EU and Egypt have agreed to deepen their relationship and develop a strategic and comprehensive partnership for shared prosperity, stability and security, which covers specific areas of cooperation. Underpinning the partnership is a financial package of up to EUR 7.4 billion, consisting of short- and long-term support for the implementation of Egypt’s macro-fiscal and socioeconomic reform agenda. In the past years, Egypt has faced significant economic challenges, including high inflation, vulnerabilities in the foreign exchange market, and spillovers from the conflict in the Gaza Strip (particularly through lower Suez Canal revenues due to continued Houthi attacks on Red Sea maritime transport). These developments have undermined Egypt’s economic stability, put pressure on its external and fiscal positions and increased the country’s overall

vulnerability to external shocks. In this context, the Egyptian authorities requested support through MFA from the EU in March 2024.

Given Egypt's critical economic and financial situation and its role as an important stabilising factor in an increasingly volatile region, the Commission proposed in March 2024 to support Egypt with an MFA of up to EUR 5 billion in highly concessional long-term loans, as a key component of the financial package underpinning the Strategic and Comprehensive Partnership. The MFA package was divided into a proposal for a short-term MFA operation of EUR 1 billion (exceptionally based on Article 213 TFEU) and a proposal for a regular MFA operation of up to EUR 4 billion (based on Article 212 TFEU). The use of Article 213 TFEU allowed full disbursement in a single instalment already in 2024 and was necessary in view of Egypt's urgent financing needs and the European Parliament's recess due to the elections in June 2024. The Council adopted the short-term MFA decision in April 2024. The short-term MFA was underpinned by an MoU, which set out 16 economic policy measures. In line with the Council Decision and the MoU, the disbursement of the support was also subject to the implementation of concrete and credible steps towards respecting effective democratic mechanisms. Following a positive assessment of the implementation of these measures and with the IMF's programme remaining on track, the single instalment was fully disbursed in December 2024.

2.1.2 Policy conditionality

The economic policy measures agreed in the MoU underpinning the EUR 4 billion MFA aim to address key weaknesses in the Egyptian economy, and to mitigate the economic and social impacts stemming from the regional conflicts. They are building on reforms under the previous MFA operation, the findings of the 2024 Operational Assessment, and close engagement with partners including the IMF, OECD and the World Bank. They include reforms structured along three main pillars: (i) macroeconomic stability and resilience; (ii) competitiveness and the business environment; and (iii) the green transition. The policy measures were selected on the basis of their relevance and feasibility. The comprehensive set of reforms includes 62 measures in the MoU focusing on the following areas. They are devised in full complementarity with actions implemented in the context of the Neighbourhood, Development and International Cooperation Instrument. For instance, the EU is supporting the implementation of reforms underpinning the MFA operation through targeted bilateral actions to help improve public finance management and to mitigate potential impacts of reforms on vulnerable populations, including those arising from subsidy reforms.

Pillar 1 of the policy conditionality covers reforms of the public finance and social sectors, under the headline of macroeconomic stability and resilience. On *revenues*, the authorities will prepare amendments to the income law, enhance the use of electronic payroll tax and reform real estate taxation. In the area of *public financial management*, the Ministry of Finance will prepare a new methodology for the compilation of general government data and prepare reports on this basis. The authorities will enhance programme and performance budgeting and strengthen the Ministry of Finance's fiscal risk management, especially the quantification and authorisation of sovereign guarantees. Implementation of the medium-term budget will also be advanced, in particular by preparing a fiscal strategy paper with key macro-fiscal projections over the multiannual horizon, and through improved coordination of a common macroeconomic framework. Further actions under this pillar include improving public debt management, strengthening fiscal transparency by improving publicly available information on public debt and budget statistics, as well as strengthening the internal audit

function in the Ministry of Finance. Building on OECD and IMF Public Investment Management Assessment recommendations, follow-up actions to strengthen public investment management will be carried out. The Central Bank of Egypt will provide information on exchange rate flexibility and foreign exchange market efficiency.

On *social protection*, the authorities will enhance the scope of their cash transfer and microcredit programmes and will conduct a new household survey including a poverty estimate. On employment, the new national employment strategy will be prepared, and a comprehensive labour market IT platform for jobseekers, employers and institutions will be launched. In the area of health, a review of universal healthcare insurance will be carried out to improve access for women and informal workers.

Under Pillar 2, Egypt will advance reforms to enhance *competitiveness* and the *business environment*. One of the priorities is to facilitate investment and FDI in the country, with measures including the creation of an online platform that simplifies the licensing and approval procedure for investments, publishing a negative list of FDI restrictions, and regular updating of a list of regulations impacting foreign investment. The authorities will also introduce competitive bidding in the process of allocation and sale of industrial land. As regards governance of SOEs, the authorities will conclude a review process of 60 major enterprises and establish a SOE database with their financial data. To enhance the independence of the Egyptian Competition Authority, the relevant law will be amended and executive regulations will be issued. Further measures under this pillar aim at cutting customs clearance times, improving the transparency of export and import procedures, and advancing public procurement reform.

Pillar 3 includes reforms related to the *green transition*. One of priorities is improved management of scarce water resources, which includes the adoption of the National Water Strategy, adopting some by-laws related to water management, introducing a fee for water extracted from wells for non-agricultural uses, and approving guidelines for licensing groundwater well drilling. In the area of energy, the authorities will approve the National Energy Efficiency Action Plan, improve energy efficiency planning and revise the tariff paid to investors in waste-to-energy projects (waste treatment that creates electricity or heat). Another important measure will be preparing a roadmap to gradually open up the electricity market. The authorities will also prepare a comprehensive climate-compatible trade competitiveness study. Finally, the Red Sea marine ecosystem will become a protected area.

2.1.3 Political preconditions

Decision EU 2025/1267 of the European Parliament and of the Council of 24 June 2025 on the provision of EUR 4 billion of MFA to Egypt requires Egypt to ‘continue to make concrete and credible steps towards respecting effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guaranteeing respect for human rights’ (Article 2).

The Egyptian authorities have continued to demonstrate increased openness in engaging with the EU, and a continuing commitment to discussing developments in the areas of democracy, rule of law and human rights, within established bilateral frameworks and dialogues (notably in the context of the Political Subcommittee in May 2025, the Association Committee in September 2025, and the Leaders’ Summit in October 2025). Furthermore, the Egyptian authorities have engaged in dialogues with the European Parliament both in Cairo and in

⁸ This assessment was prepared by the European External Action Service.

Brussels over numerous visits. In addition, the EU has welcomed Egypt's consistent and regular engagement with the EU Special Representative for Human Rights. The Egyptian authorities have also continued to engage with the United Nations.

In 2025, Egypt continued to implement its political reform agenda underpinned by a range of commitments, including those in the country's National Human Rights Strategy, and the national dialogue outcomes and recommendations in the context of the 2025 Universal Periodic Review.

Domestically, several legislative reforms were undertaken. The Presidency returned the draft Code of Criminal Procedures to parliament for review in light of local and international demands to reconsider some provisions, leading to its adoption on 16 October 2025 and presidential assent on 12 November 2025. Consultations on the by-laws of the Asylum law, adopted in December 2024, also advanced, including through the National Council for Human Rights (NCHR). Deliberations on a new Personal Status law for Christians have commenced. The development of the executive regulations for the May 2025 Labour Law is also ongoing, improving alignment with international labour rights standards (International Labour Organization conventions). In addition, several announcements were made concerning the release of criminal and political detainees (estimated at 13 463 in total), including some in pre-trial detention (approximately 6 000). Most notably, on 22 September 2025 the Presidency granted pardons and released prisoners as recommended by the NCHR. Finally, the authorities submitted the fourth annual implementation report of the National Human Rights Strategy (2021-2026) on 30 September, covering the period September 2024 - August 2025, thereby continuing the reporting cycle under the strategy.

At the institutional level, the NCHR maintained its 'A status' given by the Global Alliance of National Human Rights Institutions (GANHRI), backed by the authorities' commitment towards reinforcing its capacity and independence in line with GANHRI recommendations and with the standards promoted under EU cooperation. The NCHR has made increasing use of its mandate to address national authorities, notably regarding individual cases, and to issue direct appeals to the Presidency for the exercise of presidential clemency, as well as to issue recommendations to state authorities.

At international level, Egypt has engaged with various regional and international human rights mechanisms, including Geneva-based UN agencies. It underwent its fourth cycle of the Universal Periodic Review in 2025 and submitted its report on 13 June 2025, supporting 82% of the recommendations from UN Member States, a significant improvement compared to previous years. Egypt has complied with its reporting requirements to the UN agencies in line with the international treaties it has acceded to, with the last report to the Committee on the Elimination of Racial Discrimination submitted on 12 June 2025. In addition, the election of Egypt to the Human Rights Council for the 2026-2028 term provides an opportunity for renewed engagement at the multilateral level.

Despite these notable advancements and renewed commitments, Egypt continued to face challenges in the areas of democracy, rule of law and respect for human rights with persisting restrictions on civic space, freedom of expression, peaceful assembly and association as well as media freedom. These challenges underscore the need for continued commitment, dialogue and cooperation with Egypt on human rights, democracy and rule of law and – in the spirit of partnership – the need to continue working with Egypt on its path to achieving its national commitments in these areas in the period 2025-2027.

In conclusion, the overall trend continued to remain positive and was conducive to permitting the disbursement of the first instalment of the MFA support, as concrete and credible steps in line with Article 2.1 of Decision (EU) 2025/1267 had been taken.

MFA FOR EGYPT	
(Entry into force 1 December 2025 - end of availability period 1 June 2028)	
Council Decision (EU) 2025/1267	Three instalments
Amount	EUR 4 000 million (loan)
Implementation	Disbursement of the first instalment on 15 January 2026
Policy conditions	13 (first instalment)
Pillar 1: Macroeconomic stability and resilience	
Exchange rate flexibility and foreign exchange market efficiency	Share of relevant indicators to monitor exchange rate flexibility and foreign exchange market efficiency. Fulfilled
Revenue mobilisation	Abolish Deemed basis tax returns. Broadly fulfilled
Public finance management	Develop a guide on the methodology for procedures for the preparation and compilation of general government data, including transmission of financial information between the economic authorities and the Ministry of Finance. Fulfilled
Medium-term budgetary framework	a) Prepare an assessment report on the initial stage of the medium-term budgetary framework, b) Publish a fiscal strategy paper with key macro-fiscal projections over the multiannual horizon, c) Operationalise of a task force to ensure the consistency of a common macroeconomic framework. Fulfilled
Programme and performance budgeting	Advance the implementation of programme and performance budgeting by developing a roadmap for its implementation. Fulfilled
Fiscal risk management	Enhance fiscal risk management by issuing a ministerial decree to organise the Fiscal Risk Management Department. Fulfilled
Public investment management	Strengthening public investment management by conducting a stocktaking of the OECD and IMF (Public Investment Management Assessment) recommendations to identify and prioritise relevant follow-up actions. Fulfilled
Pillar 2: Competitiveness and business environment	

Competitive bidding for industrial land allocation	Apply competitive bidding on pricing for the allocation and sale of industrial land. Broadly fulfilled
Online investment licensing platform	Launch an online investment licensing platform and setting up a roadmap for the gradual expansion of this platform towards obtaining and paying most licences, permits, and related services. Fulfilled
Pillar 3: Green transition	
Management of water resources	a) Issue a decree specifying a fee in exchange for every cubic meter of water extracted from wells for non-agricultural uses, b) Approve of guidelines and procedures for licensing groundwater well drilling and operations. Fulfilled
Feed-in tariff for waste-to-energy	Approve of a revised feed-in tariff for waste-to-energy projects. Broadly fulfilled
National Energy Efficiency Plan	Expand the mandate of the Cabinet’s Energy Planning Unit to include strategic energy efficiency planning. Fulfilled
Safeguarding the Red Sea’s natural capital	Declare the Red Sea marine ecosystem a protected area in view of its importance to ensuring a sustainable tourism industry. Broadly fulfilled

3. JORDAN

3.1 Implementation of macro-financial assistance

3.1.1 Recent macro-financial assistance operation

In 2025, the Jordan MFA IV was adopted by the co-legislators and started to be disbursed against a backdrop of financing pressures and compounding regional shocks. The request from the Jordanian authorities for MFA IV operation came in October 2023, reflecting the country's continued and sizeable financing needs and the persistent challenges weighing on Jordan’s economy. These stemmed from a prolonged sequence of external shocks, including the war in neighbouring Syria and the influx of refugees that followed, alongside Russia’s full-scale war of aggression against Ukraine, which were heightened by the outbreak of the war in Gaza in October 2023. This has heightened uncertainty across the region, weighing on consumer sentiment and the tourism sector in Jordan. At the same time, sustained Houthi attacks on cargo and energy vessels in the Red Sea significantly disrupted shipping routes to Asia, affecting Jordan's trade flows. Following Jordan’s request, the Commission tabled its proposal on 8 April 2024 (COM/2024/159) and the co-legislators adopted the programme on 14 April 2025 (Decision (EU) 2025/793). Under MFA IV, the first disbursement of EUR 250 million was made on 17 September 2025, after the relevant pre-requirements were assessed as fulfilled, notably: (i) fulfilment of the political precondition, including the respect of effective democratic mechanisms, the rule of law and human rights, which was positively assessed by the European External Action Service (EEAS); and (ii) a continuous satisfactory track record on the implementation of the IMF EFF programme, which was assessed positively by the Commission (three positive programme reviews at the time of disbursement). The second and third disbursements are planned to take place in 2026 and

2027, subject to fulfilment of the agreed policy measures as set out in the MFA IV MoU, in addition to the pre-conditions applicable to the first disbursement.

Box 3. Summary of past MFA operations in Jordan

Given the succession of external shocks to which Jordan has been exposed over the past decades, and its role as a cornerstone of regional stability, the country has been the recipient of substantial and multifaceted support from international partners, notably through MFA. From 2014 to 2023, Jordan benefited from three MFA programmes (MFA I: EUR 180 million; MFA II: EUR 200 million; MFA III: EUR 500 million), with MFA III complemented by a EUR 200 million COVID-19 top-up under the EU's EUR 3 billion MFA COVID-19 emergency package for 10 enlargement and neighbourhood partners.

All three MFA programmes were disbursed in tranches conditional on the satisfactory implementation of IMF-supported adjustment programmes and the fulfilment of specific policy conditions agreed with the Commission, covering areas such as public financial management, governance and anti-corruption, social protection, and the business environment. Programme implementation was broadly satisfactory across all three operations, with conditions largely met within agreed timeframes, though some delays occurred in the context of the COVID-19 pandemic and the associated disruptions to the momentum of reform. Overall, these operations have provided EUR 1.08 billion in loans to Jordan since 2014.

Before the Commission proposal for MFA IV, Jordan made a second request, in January 2025 for an additional MFA V. The request reflected Jordan's continued and pressing financing needs, against a backdrop of persistent fiscal pressures, an elevated level of public debt, and ongoing current account deficits. The prolonged impact of the Gaza war, including reduced tourism receipts, weakened trade flows due to the Red Sea crisis, and heightened security costs, continued to strain public finances and limit Jordan's ability to meet its external financing requirements without additional international support. The Commission submitted its proposal on 5 August 2025 (COM(2025) 456) and the co-legislators adopted the programme on 20 January 2026 (Decision (EU) 2026/188). The MoU and Loan Facility Agreement are expected to be signed over the summer in 2026, with disbursements planned during 2026-2027. MFA IV and V are both part of the EU-Jordan Strategic and Comprehensive Partnership 2025-2027.

Jordan is implementing the EFF arrangement with the IMF, which was approved in January 2024 and amounts to USD 1.2 billion for the period 2024-2027. This programme replaced the previous four-year EFF, which had been set to expire in March 2024, but was ended early as most funds had already been disbursed. A new arrangement was deemed necessary to sustain the momentum of reform and address heightened regional and economic uncertainties. The ongoing EFF supports continued fiscal consolidation to put public debt on a downward trajectory to below 80% of GDP by 2028, while safeguarding monetary and financial stability and accelerating structural reforms to foster growth and job creation.

On 12 December 2025, the IMF Executive Board completed the 4th review under the EFF and reported that the programme remains firmly on track. The decision provided immediate access to around USD 130 million and brought total purchases under the EFF to SDR 535.238 million (around USD 733 million). In addition to the EFF programme, on 25 June 2025, the IMF also made available around USD 700 million in loans to Jordan under the

RSF to support policy reforms that reduce macro-critical balance of payments risks associated with climate change and pandemic preparedness. At the same board meeting on 12 December 2025, the IMF also completed the 1st RSF review, allowing a disbursement of SDR 79.182 million (about USD 110 million). A staff-level agreement for the 5th review was made in April 2026.

3.1.2 Policy conditionality

Building on reforms under previous MFA operations, the findings of the 2024 Operational Assessment, and close engagement with partners including the IMF and the World Bank (among other stakeholders), the MoU of Jordan MFA IV sets out a sequenced reform agenda across five pillars. This reform agenda is complementary to the policy matrices underpinning budget support operations by the European Commission in Jordan and builds on related capacity development activities accordingly. Policy conditionality under MFA IV is linked exclusively to the second and third disbursements, expected in 2026 and 2027. At the time of drafting this report, the second and third disbursements have not yet been requested by Jordan.

Under *public finance management*, the MFA IV MoU targets two bottlenecks weighing on fiscal sustainability: weak domestic revenue mobilisation and uneven accountability for public resources. On revenues, the Income and Sales Tax Department will institutionalise risk-based compliance by creating a Risk Management Directorate and the Ministry of Finance will adopt a Medium-Term Revenue Strategy (with IMF coordination) (2nd disbursement), followed by the launch of the Integrated Tax Administration System upgrade to enable more data-driven compliance (3rd disbursement). On accountability, the Audit Bureau will roll out a system to track the implementation of audit recommendations (2nd disbursement). Finally, for the third disbursement, procurement and audit transparency will be strengthened through annual procurement reports by the government tender and procurement departments (procurement and tender departments), the Audit Bureau's phased withdrawal from *ex ante* controls, and expanded coverage and follow-up reporting in its annual report.

Under the *governance* pillar, the MoU focuses on strengthening prevention and the enforcement of anti-corruption/integrity rules by renewing the strategic framework and making reporting channels clearer and more usable. In particular, Jordan will develop and approve a new National Integrity and Anti-Corruption Strategy 2026-2030, developed with OECD support (2nd disbursement). In parallel, to reduce fragmentation in reporting and improve trust in whistleblowing, the Jordan Integrity and Anti-Corruption Commission will review the existing reporting channels and issue an operational guideline clarifying mandates, while boosting the visibility of Bekhedmetkom (Jordan's government e-services portal) online platform as a primary external reporting channel (3rd disbursement).

Under *social and labour market policies*, the MoU targets the primary constraints behind low participation in employment and persistent mismatches: a technical and vocational education and training system that is still insufficiently aligned with employers' needs, and weak labour-market diagnostics and enforcement. To address this, the authorities will develop and approve a new national vocational education strategy with structured private-sector involvement (2nd disbursement) and strengthen the evidence base by publishing more granular data on informal employment through an upgraded Labour Force Survey module (2nd disbursement). Implementation capacity will be reinforced through measures to improve the electronic labour inspection system (2nd and 3rd disbursements) and to operationalise a labour market information system via data-sharing arrangements and a validation phase (2nd and 3rd disbursements). Finally, to broaden social security coverage and support the sustainability of the system, the authorities will advance social security reforms, including to extend coverage

to flexible/non-standard work, and will monitor implementation through regular and publicly available reporting on progress (2nd and 3rd disbursements).

Under the *energy pillar*, the MoU targets two constraints that weigh on affordability and resilience: still-high energy and resource consumption (especially in buildings and the public sector) and skills and institutional gaps that slow the energy transition. To strengthen governance and the capacity to implement policies, the Ministry of Energy and Mineral Resources will establish an Energy Efficiency and Climate Change Department to drive forward policies and programmes to rationalise consumption and support decarbonisation planning (2nd disbursement). Implementation will be reinforced through practical and scalable measures: (i) updating and mainstreaming curricula on energy efficiency, solar energy and e-vehicle charging (via the Energy Academy, and shared with universities) (3rd disbursement); (ii) conducting energy audits for three government buildings aligned with internationally recognised Excellence in Design for Greater Efficiencies (EDGE) standards (3rd disbursement); and (iii) installing solar panels in 50% of Jordan’s municipalities by end-2026 to reduce municipal electricity costs and strengthen energy security (3rd disbursement).

Under the *business environment*, the MoU targets a key bottleneck to investment and new business entry: lengthy, fragmented and largely paper-based administrative procedures, which raise costs, create delays, and discourage new projects. To improve investment competitiveness and streamline market entry, the Ministry of Investment will digitise all investor-facing services (98 services, including licensing, registration and investor permits) by end-2026, laying the operational foundation for a one-stop ‘investor journey’ portal (3rd disbursement).

4. NORTH MACEDONIA

4.1 Implementation of macro-financial assistance

4.1.1 Recent macro-financial assistance operation

In response to North Macedonia’s high gross external financing needs in 2023 and uncertainties as to the availability and costs of external market financing, in February 2023 the Commission adopted a proposal for an MFA decision of up to EUR 100 million in the form of loans, which was adopted by the European Parliament and the Council in July 2023⁹. The MFA operation aimed to address North Macedonia’s short-term balance of payments needs and fiscal vulnerabilities. Following an agreement with North Macedonia on the policy conditions to underpin the new MFA, the MoU entered into force in February 2024.

The disbursement was expected to be made in two instalments of EUR 50 million each, with the release of each instalment conditional on: (i) North Macedonia making progress on implementing a number of policy conditions agreed between the Commission and the authorities and listed in an MoU; and (ii) a satisfactory track record in implementing the IMF programme. The policy conditions aimed to address some of the most important economic weaknesses of North Macedonia. Following the completion of the agreed policy conditions, and after the relevant pre-requirements were assessed as fulfilled (notably the political precondition and a satisfactory track record under the IMF programme), the first disbursement of EUR 50 million was made in May 2024.

Progress in implementing the MFA conditions attached to the second and final instalment of EUR 50 million has stalled, however, although the country made some progress in implementing the respective measures. This included the adoption of several laws by North

⁹ Decision (EU) 2023/1461 of the European Parliament and of the Council of 12 July 2023 providing macro-financial assistance to the Republic of North Macedonia, OJ L 180, 17.7.2023, p. 1.

Macedonia's parliament. The authorities have not submitted a compliance statement as they have made no request for the second instalment and thus there has been no formal assessment by the European Commission. In addition, the IMF's Precautionary and Liquidity Line (PLL) expired in November 2024 without the second review taking place, which means that one essential precondition for disbursements under the EU's MFA operation is no longer fulfilled. Under these circumstances, it is unlikely that the Commission will disburse the second instalment. The availability period of the MFA operation ends in August 2026.

Box 4. Summary of recent past MFA operations to North Macedonia

In 2020-2021, North Macedonia benefited from MFA support under the EU's EUR 3 billion package to ten enlargement and neighbourhood countries (the so-called 'COVID-19 MFA'). Following a request from the authorities in April 2020, the Commission submitted a proposal for a decision providing MFA of up to EUR 160 million in loans. The European Parliament and the Council adopted this decision in May 2020¹⁰. The assistance was provided in two equal instalments of EUR 80 million, dependent on the fulfilment of nine policy conditions laid down in an MoU signed by the two sides, which aimed at mitigating key weaknesses of the economy of North Macedonia and the economic and social impact of the COVID-19 pandemic. The policy conditions focused on the following thematic areas: public finance management, financial stability, good governance and the fight against corruption, the business environment and social policy.

Against a backdrop of tighter global financial conditions, higher energy prices and higher-than-expected losses by the state-owned electricity producer, North Macedonia requested a new MFA in April 2022. The Commission considered North Macedonia's relative economic resilience and assessed whether the country had alternative financing options. In October 2022, the authorities renewed their request. At the same time, the government secured a 24-month PLL with the IMF of up to EUR 530 million that was officially approved in November 2022. Upon approval of the PLL, North Macedonia received approximately EUR 110 million. An additional EUR 155 million was disbursed following the completion of the first review in January 2024.

4.1.2 Policy conditionality

The policy conditions laid down in the MoU for the MFA operation build on the 2020 MFA and contain 20 policy measures that focus on reforms addressing fiscal governance, tax policy, the management of public investments, public-private partnerships, the business environment, education and the labour market, renewable energy sources and energy efficiency, reform of the judiciary, and the fight against corruption.

In the area of *fiscal governance*, in line with the conditions agreed under the MFA ahead of the first disbursement, the new Fiscal Council provided for in the 2022 Organic Budget Law was established in 2023. The North Macedonian parliament appointed the Council's six members, and the Fiscal Council's rulebook and statutes were approved. As required by the conditions for the second instalment, the Fiscal Council prepared an independent analysis of the 2025-2029 Fiscal Strategy. However, the Fiscal Council is facing substantial challenges

¹⁰ Decision (EU) 2020/701 of the European Parliament and of the Council of 25 May 2020 on providing macro-financial assistance to enlargement and neighbourhood partners in the context of the COVID-19 pandemic. OJ L167, 27.5.2020, p. 31.

in ensuring that it is fully staffed. In addition, its legal position is not sufficiently clear to guarantee its operational independence.

As also required for the first instalment, the government increased the staff of the new Department for Public Investment Management (PIM) within the Ministry of Finance to ensure centralised oversight of public sector investment (including by public enterprises) with the aim of improving the management of public investment. In line with the conditionality for the second instalment, the Ministry of Finance incorporated guidelines on the appraisal of projects into the PIM Decree adopted in April 2025. IMF and World Bank recommendations have been included. However, implementation of the PIM Decree critically hinges on the setting up of an integrated financial management and information system, which is lagging. The government has still not adopted the draft law on public-private partnerships (PPP), which would provide for a better monitoring of fiscal risks arising from PPPs.

Regarding the *business environment*, the new Small and Medium-sized Enterprise Strategy 2025-2030, based on the Small Business Act, was adopted in July 2025. The Ministry of Economy and Labour has started with the implementation of measures deriving from the new act.

A key milestone in the government's efforts to improve energy efficiency was the amendment of the Law on the Development Bank to enable the establishment of the Energy Efficiency Fund, as required in the MoU conditions for the first instalment. The Energy Efficiency Fund will support public sector investments in energy efficiency through a sustainable financial model, thus reducing dependence on grants and promoting cost-saving mechanisms. However, while the rules of procedure of the Energy Efficiency Fund have been drafted, the corresponding Energy Efficiency Committee that had to adopt the rules has not yet been established. In September 2025, the parliament adopted amendments to the Energy Efficiency Law, in compliance with the EU Energy Efficiency Directive 2018/2002 and in line with the opinion given by the Energy Community. Already in 2024, the government implemented the complete unbundling and certification of the gas transmission system operator NOMAGAS, as required by the third energy package.

In the policy area of *judiciary reform and anti-corruption measures*, on 29 December 2025, the parliament adopted a revised legal framework on the Judicial Council, the Law on the Judicial Council. It is deemed, however, not to be fully in line with the recommendations of the respective Peer Review Mission. The new framework is expected to further enhance the transparency and independence of the Council, including its members. In line with the requirements for the first disbursement, the government had adopted a new strategy on judicial reform (2023-2027) in 2024, which incorporated lessons from the previous strategy and feedback from the Commission. This strategic framework aims to strengthen judicial independence, efficiency and compliance with EU standards, reinforcing the rule of law.

Regarding the MoU's condition on the State Commission for the Prevention of Corruption (SCPC), in February 2024 a new President and new members of the SCPC were appointed. In July 2025, the President of the SCPC resigned after being indicted for disclosing official secrets and falsifying an exam to obtain a security certificate. In December 2025, a new President of the SCPC was appointed by parliament. In January 2025 a commissioner resigned following the opening of two cases against her for conflict of interests. These events have called into question the credibility of the SCPC. No new specialised staff has been recruited.

Another MoU requirement for disbursement of the second instalment has not been met: strengthening the human and financial resources of the Office of the Basic Public Prosecutor for Organised Crime and Corruption by recruiting at least five public prosecutors and ten

financial experts, creating specialised units, and increasing the number of proactive investigations.

Furthermore, the MoU requires the government to adopt legislation to implement the new law on anti-money laundering and the fight against terrorism (AML/CFT law), including a by-law on virtual asset service providers. Subordinate/implementing acts (by-laws, decisions) have been in effect since late 2024, which derive from the AML/CFT law. The National Bank's implementing 'Decision on the manner of implementing the measures for prevention of money laundering and financing of terrorism' is one such act already in force. However, there is no clear evidence that a comprehensive, specific implementing regulation on virtual asset service providers was adopted in 2025, or that all the anticipated regulatory details (licensing, technical standards, detailed compliance rules) are finalised and in force. The MONEYVAL follow-up report indicates progress, but also notes that some deficiencies in technical compliance remain, especially relating to the supervision and regulation of newer sectors (e.g. virtual assets, financial sector regulation). The fact that some technical compliance gaps remain (per MONEYVAL) suggests that implementation is still evolving.

Efforts to reduce the informal economy made progress with the adoption of the 2023-2027 strategy and action plan in 2023, which focused on raising awareness, reducing administrative burdens and improving monitoring mechanisms. However, their implementation has stalled, and inspections have been scaled back. Additionally, as a requirement for the disbursement of the first instalment, the government adopted a smart specialisation strategy, which targets key sectors such as agriculture, ICT and sustainable materials, while fostering cooperation between academia and industry.

Also in line with the conditions for the first instalment, in the area of education, the government adopted new laws on vocational education, secondary education and adult education with the aim of improving alignment with the needs of the labour market. The reforms emphasise work-based learning, skills development, and regional vocational education and training centres to address labour market mismatches and enhance employment prospects.

MFA FOR NORTH MACEDONIA	
(Entry into force 17 July 2023 - end of availability period 2 August 2026)	
Decision (EU) 2020/701	First instalment
Amount (EUR million)	Up to EUR 50 million
Implementation	8 May 2024
Policy conditions	First instalment
Public finance	<p>Make the Fiscal Council fully operational by appointing all its members and by adopting its statutes and rulebook, fully taking into account the Commission's comments. Recruit at least 50% of the staff of the Council's secretariat. Fulfilled</p> <p>Strengthen the newly established Public Investment Department in the Ministry of Finance by recruiting at least 50% of the staff (7 members of staff). Fulfilled</p>

	The parliament is to adopt the solidarity tax law as well as amendments to the VAT law and the profit tax law with a view to reducing tax exemptions. Fulfilled
Business environment	The government is to adopt a new strategy on the formalisation of the informal economy (2023-2027), along with an action plan for 2023-2025. Fulfilled The government is to adopt the smart specialisation strategy and a related action plan. Fulfilled
Education and the labour market	The government is to adopt the new law on vocational education and training, the law on secondary education and the law on adult education; and submit them to the parliament. Fulfilled
Energy	The parliament is to adopt amendments to the Law on the Development Bank to set up the Energy Efficiency Fund aimed at investments in the public sector. Fulfilled
Judiciary, good governance, and the fight against corruption	The government is to adopt the new strategy on judicial reform (2023-2027), taking into account the lessons drawn from implementing the 2017-2022 strategy, in line with the Commission comments. Fulfilled

Annex 2: Status of disbursements made by date of decision at the end of December 2025

<u>Country</u>	Authorisations			Disbursements		<u>Totals disbursed</u>	<u>Undisbursed</u>
	<u>Date of Decision</u>	<u>Reference of Decision</u>	<u>Maximum amount</u>	<u>Dates of disbursements</u>	<u>Amounts of disbursements</u>		
Hungary (Loan)	22.02.90	90/83/EC	870	Apr. 1990 Feb. 1991	350 260	610	260
Czech and Slovak Federal Republic	25.02.91	91/106/EC	375	Mar. 1991 Mar. 1992	185 190	375	
Hungary (Loan)	24.06.91	91/310/EC	180	Aug. 1991 Jan. 1993	100 80	180	
Bulgaria (Loan)	24.06.91	91/311/EC	290	Aug. 1991 Mar. 1992	150 140	290	
Romania (Loan)	22.07.91	91/384/EC	375	Jan. 1992 Apr. 1992	190 185	375	
Israel (Loan)	22.07.91	91/408/EC	187.5	Mar. 1992	187.5	187.5	
Algeria (Loan)	23.09.91	91/510/EC	400	Jan. 1992 Aug. 1994	250 150	400	
Albania (Grant)	28.09.92	92/482/EC	70	Dec. 1992 Aug. 1993	35 35	70	
Bulgaria (Loan)	19.10.92	92/511/EC	110	Dec. 1994 Aug. 1996	70 40	110	
Baltics (Loans); of which:	23.11.92	92/542/EC	220			135	85
Estonia			(40)	Mar. 1993	20	(20)	(20)
Latvia			(80)	Mar. 1993	40	(40)	(40)
Lithuania			(100)	July 1993 Aug. 1995	50 25	(75)	(25)
Romania (Loan)	27.11.92	92/551/EC	80	Feb. 1993	80	80	
Moldova (Loan)	13.06.94	94/346/EC	45	Dec. 1994 Aug. 1995	25 20	45	
Romania (Loan)	20.06.94	94/369/EC	125	Nov. 1995 Sep. 1997 Dec. 1997	55 40 30	125	
Albania (Grant)	28.11.94	94/773/EC	35	June 1995 Oct. 1996	15 20	35	
Algeria (Loan)	22.12.94	94/938/EC	200	Nov. 1995	100	100	100

Slovakia (Loan)	22.12.94	94/939/EC	130	July 1996		130	
Ukraine (Loan)	22.12.94	94/940/EC	85	Dec. 1995	85	85	
Belarus (Loan)	10.04.95	95/132/EC	55	Dec. 1995	30	30	25
Ukraine (Loan)	23.10.95	95/442/EC	200	Aug. 1996 Oct. 1996 Sep. 1997	50 50 100	200	
Moldova (Loan)	25.03.96	96/242/EC	15	Dec. 1996	15	15	
Former Yugoslav Republic of Macedonia (Loan)	22.07.97	97/471/EC	40	Sep. 1997 Feb. 1998	25 15	40	
Bulgaria (Loan)	22.07.97	97/472/EC	250	Feb. 1998 Dec. 1998	125 125	250	
Armenia, Georgia and Tajikistan (Loans and Grants) Agreed amounts with the recipient countries:	17.11.97 amended by 28.3.00	97/787/EC 00/244/EC	375 328			294.5 294.5	33.5
Armenia (Loan and Grant)			58	Dec. 1998 (Loan) Dec. 1998 (Grant) Dec. 1999 (Grant) Feb. 2002 (Grant) Dec. 2002 (Grant) June 2004 (Grant) Dec. 2005 (Grant)	28 8 4 5.5 5.5 5.5 1.5	58	
Georgia (Loan and Grant)			175	Jul. 1998 (Loan) Aug. 1998 (Grant) Sep. 1999 (Grant) Dec. 2001 (Grant) Dec. 2004 (Grant)	110 10 9 6 6.5	141.5	33.5
Tajikistan (Loan and Grant)			95	Mar. 2001 (Loan) Mar. 2001 (Grant) Dec. 2001 (Grant) Feb. 2003 (Grant) May. 2005 (Grant) Oct. 2007 (Grant)	60 7 7 7 7 7	95	
Ukraine (Loan)	15.10.98 12.07.02	98/592/EC 02/639/EC	150	July 1999	58	58	92

Albania (Loan)	22.04.99	99/282/EC	20				20
Bosnia (Loan and Grant)	10.05.99 amended by 10.12.01	99/325/EC 01/899/EC	60	Dec. 1999 (Grant) Dec. 1999 (Loan) Dec. 2000 (Grant) Dec. 2000 (Loan) Dec. 2001 (Grant)	15 10 10 10 15		60
Bulgaria (Loan)	08.11.99	99/731/EC	100	Dec. 1999 Sep. 2000	40 60		100
Former Yugoslav Republic of Macedonia (Loan and Grant)	08.11.99 amended by 10.12.01	99/733/EC 01/900/EC	80 18	Dec. 2000 (Grant) Dec. 2000 (Loan) Dec. 2001 (Loan) Dec. 2001 (Grant) May 2003 (Grant) June 2003 (Loan) Dec. 2003 (Loan) Dec. 2003 (Grant)	20 10 12 10 10 10 18 8		98
Romania (Loan)	08.11.99	99/732/EC	200	June 2000 July 2003	100 50		150 50
Kosovo (Grant)	19.02.00	00/140/EC	35	Mar. 2000 Aug. 2000	20 15		35
Montenegro (Grant)	22.05.00	00/355/EC	20	Aug. 2000 Dec. 2000	7 13		20
Moldova (Loan)	10.07.00 19.12.02	00/452/EC 02/1006/EC	15				15
Kosovo (Grant)	27.06.01	01/511/EC	30	Sep. 2001 Dec. 2002	15 15		30
Serbia and Montenegro (ex FRY) (Loan and Grant)	16.07.01 amended by 10.12.01	01/549/EC 01/901/EC	345	Oct. 2001 (Loan) Oct. 2001 (Grant) Jan. 2002 (Grant) Aug. 2002 (Grant)	225 35 40 45		345
Ukraine (Loan) Amendment of Decision 98/592/EC	12.07.02	02/639/EC	110	May. 2014 Nov. 2014	100 10		110
Serbia and Montenegro (ex FRY) (Loan and Grant)	05.11.02	02/882/EC	130	Dec. 2002 (Grant) Feb. 2003 (Loan) Aug. 2003 (Grant) Aug. 2003 (Loan)	30 10 35 30		105 25
Bosnia (Loan and Grant)	05.11.02	02/883/EC	60	Feb. 2003 (Grant) Dec. 2003 (Grant)	15 10		25 the rest was paid under 04/861/EC
Moldova (Grant)	19.12.02	02/1006/EC	15				15
Serbia and Montenegro (ex FRY) Amendment of Decision 02/882/EC (Grant)	25.11.03	03/825/EC	70	Dec. 2004	10		10 20 the rest was paid under 04/862/EC
Albania (Loan and Grant)	29.04.04	04/580/EC	25	Nov. 2005 (Grant) Mar. 2006 (Loan) July 2006 (Grant)	3 9 13		25

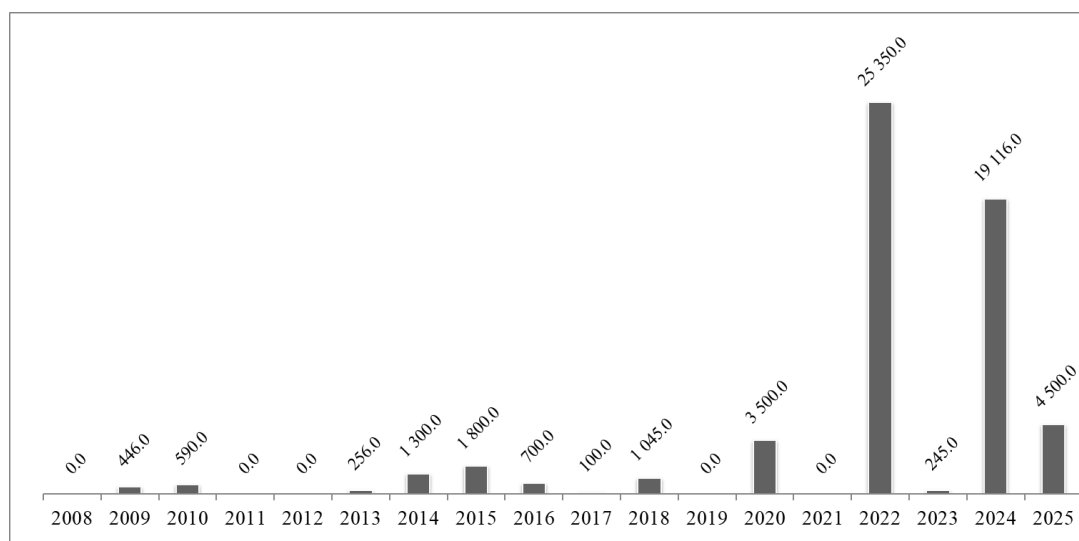
Bosnia Amendment of Decision 02/883/EC (Loan and Grant)	07.12.2004	04/861/EC	the balance of 02/883/EC	Dec. 2004 (Loan) June 2005 (Grant) Feb. 2006 (Loan)	10 15 10	35		
Serbia and Montenegro (ex FRY) Amendment of Decision 02/882/EC (Loan and Grant)	07.12.2004	04/862/EC	the balance of 03/825/EC	Apr. 2005 (Loan) Dec. 2005 (Grant)	15 25	40		
Georgia (Grant)	24.01.06	06/41/EC	33.5	Aug. 2006 Dec. 2006	11 11	22	11.5	
Kosovo (Grant)	30.11.06	06/880/EC	50	Sep. 2010	30	30	20	
Moldova (Grant)	16.04.07	07/259/EC	45	Oct. 2007 Jun. 2008 Dec. 2008	20 10 15	45		
Lebanon (Loan and Grant)	10.12.07	07/860/EC	80	Dec. 2008 (Grant) June 2009 (Loan)	15 25	40	40	
Georgia (Grant)	30.11.09	09/889/EC	46	Dec. 2009 Jan. 2010 Aug. 2010	15.3 7.7 23	46		
Armenia (Loan and Grant)	30.11.09	09/890/EC	100	June 2011 (Grant) July 2011 (Loan) Dec. 2011 (Grant) Feb. 2012 (Loan)	14 26 21 39	100		
Bosnia and Herzegovina (Loan)	30.11.09	09/891/EC	100	Feb. 2013 Oct. 2013	50 50	100		
Serbia (Loan)	30.11.09	09/892/EC	200	July 2011	100	100	100	
Ukraine (Loan)	29.06.10	646/2010/EU	500	Nov. 2014 Apr. 2015	250 250	500		
Moldova (Grant)	20.10.10	938/2010/EU	90	Dec. 2010 Sep. 2011 Apr. 2012	40 20 30	90		
Georgia (Loan and Grant)	12.08.13	778/2013/EU	46	Jan. 2015 (Grant) Apr. 2015 (Loan) May 2017 (Grant) May 2017 (Loan)	13 10 10 13	46		
Kyrgyz Republic (Loan and Grant)	22.10.13	1025/2013/EU	30	Jun. 2015 (Grant) Oct. 2015 (Loan) Feb. 2016 (Grant) Apr. 2016 (Loan)	10 5 5 10	30		
Jordan (Loan)	11.12.13	1351/2013/EU	180	Feb. 2015 Oct. 2015	100 80	180		
Tunisia (Loan)	15.5.14	534/2014/EU	300	May 2015 Dec. 2015 July 2017	100 100 100	300		
Ukraine (Loan)	14.04.14	2014/215/EU	1 000.0	June 2014 Dec. 2014	500 500	1 000.0		
Ukraine (Loan)	15.04.15	2015/601/EU	1 800.0	July 2015 Apr. 2017	600 600	1 200.0	600.0	
Tunisia (Loan)	06.07.16	2016/1112/EU	500.0	Oct. 2017 June 2019 Oct. 2019	200 150 150	500.0		
Jordan (Loan)	14.12.16	2016/2371/EU	200.0	Oct. 2017 July 2019	100 100	200.0		
Moldova (Loan and Grant)	13.09.17	2017/1565/EU	100.0	Oct. 2019 July 2020	30 30	60.0	40.0	

Georgia (Loan and Grant)	18.04.2018	2018/598/EU	45.0	Dec. 2018 Nov. 2020	20 25	45.0	
Ukraine (Loan)	04.07.2018	2018/947/EU	1 000.0	Dec. 2018 May. 2020	500 500	1 000.0	
Jordan (Loan)	17.01.2020	2020/33/EU	500.0	Nov. 2020 Jul. 2021 May 2023	100 200 200	500.0	
Jordan (Loan)	25.05.2020	2020/701/EU	200.0	Nov. 2020 Jul. 2021	150 50	200.0	
Tunisia (Loan)	25.05.2020	2020/701/EU	600.0	Ju. 2021 May 2022	300 300	600.0	
Georgia (Loan)	25.05.2020	2020/701/EU	150.0	Nov. 2020	75	75.0	75.0 (cancelled)
Moldova (Loan)	25.05.2020	2020/701/EU	100.0	Nov. 2020 Oct. 2021	50 50	100.0	
Ukraine (Loan)	25.05.2020	2020/701/EU	1 200.0	Dec. 2020 Oct. 2021	600 600	1 200.0	
Albania (Loan)	25.05.2020	2020/701/EU	180.0	Mar. 2021 Nov. 2021	90 90	180.0	
Bosnia and Herzegovina (Loan)	25.05.2020	2020/701/EU	250.0	Oct. 2021	125	125.0	125.0 (cancelled)
Kosovo (Loan)	25.05.2020	2020/701/EU	100.0	Oct. 2020 Jun. 2021	50 50	100.0	
Montenegro (Loan)	25.05.2020	2020/701/EU	60.0	Oct. 2020 Jun. 2021	30 30	60.0	
North Macedonia (Loan)	25.05.2020	2020/701/EU	160.0	Oct. 2020 Jun. 2021	80 80	160.0	
Moldova (Loan and Grant)	06.04.22	2022/563/EU	150.0	Aug 2022 May 2023 Dec 2024	50 50 50	150.0	
Moldova (Loan and Grant)	14.06.23	2023/1165/EU	145.0	Oct 2023 Jul 2024	72.5 72.5	145.0	145.0
North Macedonia (Loan)	12.07.23	2023/1461/EU	100.0	May 2024	50	50.0	50.0
Egypt (Loan)	12.04.24	2024/1144/EU	1 000.0	Dec 2024	1000	1 000.0	
Ukraine (Loan)	28.02.2022	2022/313/EU	1 200.0	Mar. 2022 May 2022	600 600	1 200.0	
Ukraine (Loan)	12.07.2022	2022/1201/EU	1 000.0	Aug. 2022	1000	1 000.0	
Ukraine (Loan)	20.09.2022	2022/1628/EU	5 000.0	Oct. 2022 Nov. 2022 Dec. 2022	2000 2500 500	5 000.0	
Ukraine (Loan)	14.12.2022	2022/2463/EU	18 000.0	Jan 2023 Mar 2023 Apr 2023 May 2023 Jun 2023 Jul 2023 Aug 2023 Sep 2023 Oct 2023 Nov 2023 Dec 2023	3000 1500 1500 1500 1500 1500 1500 1500 1500 1500 1500	18 000.0	
Ukraine (Loan)	28.10.24	2024/2733/EU	18 116.0	Jan 2025 Mar 2025 Apr 2025 May 2025 Jun 2025 Jul 2025 Aug 2025 Sep 2025 Oct 2025 Nov 2025	3000 1000 1000 1000 1000 1000 1000 1000 4000 4116	18 116.0	
Jordan (Loan)	14.04.2025	2025/793/EU	500.0	Sept. 2025	250	250.0	
Egypt (Loan)	24.06.2025	2025/1267/EU	4 000.0	-	-	-	4 000.0

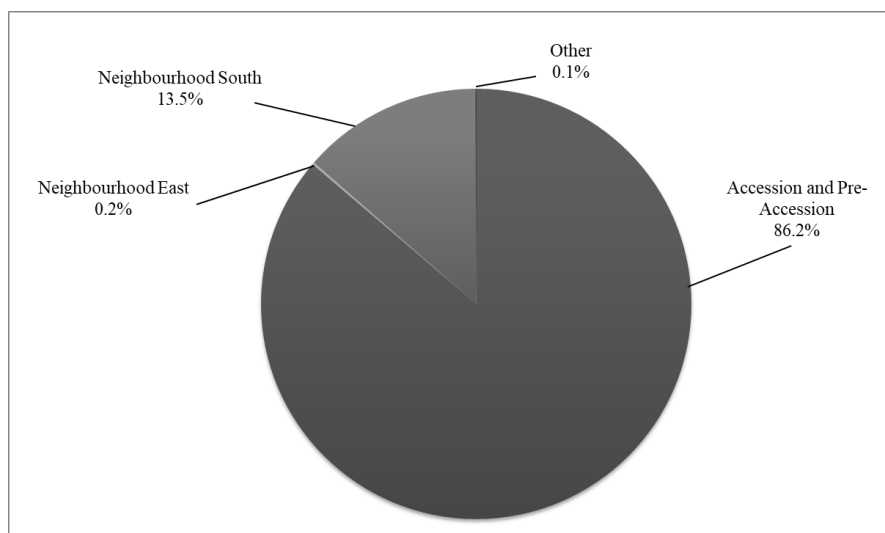
Annex 3: MFA amounts authorised¹² by year, 2008-2025 (EUR million)¹³

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
By region																			
Accession and Pre-Accession		346.0	590.0			46.0	1 000.0	1 800.0		100.0	1 045.0		2 200.0		25 350.0	245.0	18 116.0		50 838.0
Neighbourhood East		100.0																	100.0
Neighbourhood South						180.0	300.0		700.0				1 300.0				1 000.0	4 500.0	7 980.0
Other						30.0													30.0
Total amounts authorised	0.0	446.0	590.0	0.0	0.0	256.0	1 300.0	1 800.0	700.0	100.0	1 045.0	0.0	3 500.0	0.0	25 350.0	245.0	19 116.0	4 500.0	58 948.0
Loans	0.0	365.0	500.0			218.0	1 300.0	1 800.0	700.0	60.0	1 035.0		3 500.0		25 320.0	200.0	19 116.0	4 500.0	58 614.0
Grants	0.0	81.0	90.0			38.0				40.0	10.0		0.0		30.0	45.0			334.0

MFA amounts authorised by year, 2008-2025 (EUR million)



MFA amounts authorised by region, 2008-2025 (%)



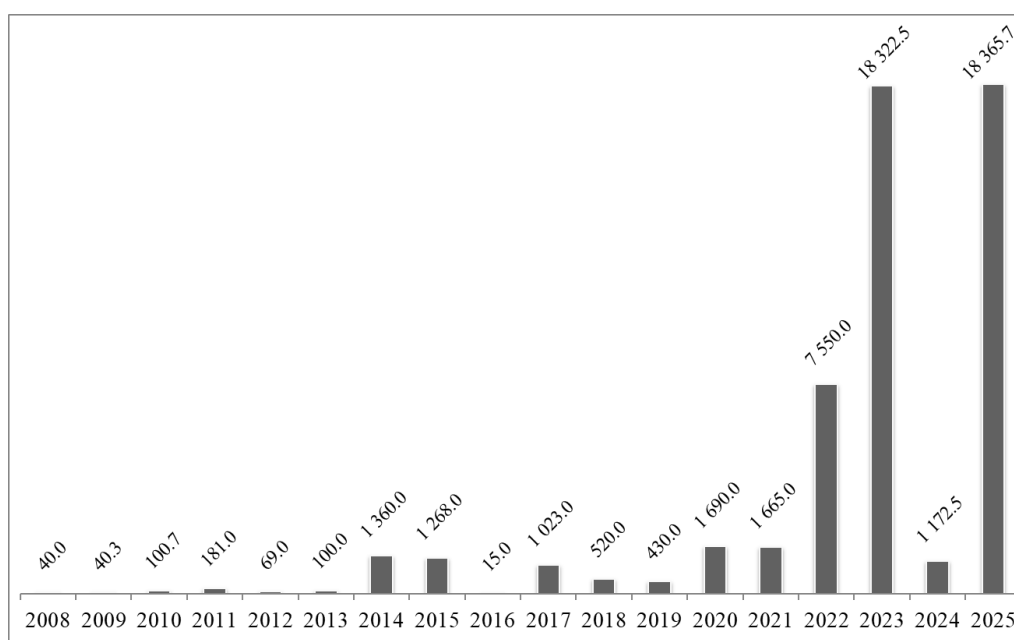
¹² Authorised amounts refer to the amounts agreed to in the MFA Decisions, which may differ from the amounts disbursed (Annex 4).

¹³ MFA+ is included for 2022.

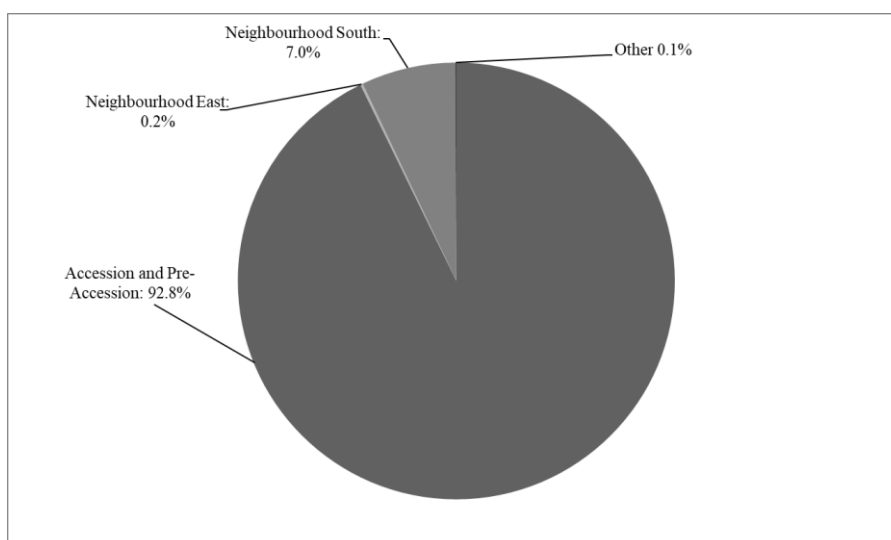
Annex 4: MFA amounts disbursed by year, 2008-2025 (EUR million)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	
By region																				
Accession and Pre-Accession	25.0	15.3	100.7	120.0	30.0	100.0	1 360.0	873.0		623.0	520.0	30.0	1 440.0	1 115.0	7 250.0	18 122.5	172.5	18 115.7	50 012.7	
Neighbourhood East				61.0	39.0															100.0
Neighbourhood South	15.0	25.0						380.0		400.0		400.0	250.0	550.0	300.0	200.0	1 000.0	250.0	3 770.0	
Other								15.0	15.0										30.0	
Total amounts disbursed	40.0	40.3	100.7	181.0	69.0	100.0	1 360.0	1 268.0	15.0	1 023.0	520.0	430.0	1 690.0	1 665.0	7 550.0	18 322.5	1 172.5	18 365.7	53 912.7	
Loans	0.0	25.0	0.0	126.0	39.0	100.0	1 360.0	1 245.0	10.0	1 013.0	515.0	420.0	1 170.0	1 665.0	7 535.0	18 290.0	1 145.0	250.0	34 908.0	
Grants	40.0	15.3	100.7	55.0	30.0			23.0	5.0	10.0	5.0	10.0	15.0	0.0	15.0	32.5	27.5	0.0	384.0	

MFA amounts disbursed by year, 2008-2025 (EUR million)



MFA amounts disbursed by region, 2008-2025 (%)



Annex 5: MFA outstanding principal amounts at the end of December 2025, and year of first and last repayment, by country (EUR million)

Country	Outstanding principal amount (EUR million), end of 2025	Year of first repayment	Year of last repayment
Albania	180.0	2035	2036
Armenia	65.0	2026	2026
Bosnia and Herzegovina	125.0	2036	-
Egypt	1 000.0	2036	2060
Georgia	133.0	2026	2035
Jordan	1 310.0	2025	2060
Kyrgyzstan	15.0	2029	2031
Moldova	360.0	2034	2039
Montenegro	60.0	2035	2036
N. Macedonia	210.0	2035	2038
Tunisia	1 400.0	2027	2037
Kosovo	100.0	2035	2036
Ukraine	47 125.7	2026	2071
-UA MFA before 2023	11 010.0	2026	2053
-MFA+	18 000.0	2034	2054
-ERA MFA	18 115.7	2037	2071