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

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

{SWD(2026) 160 final}

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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the implementation of macro-financial assistance to third countries in 2025¹

1. INTRODUCTION

Macro-financial assistance (MFA) is an EU financial instrument² provided to partner countries experiencing balance-of-payments difficulties. Since its introduction in 1990, MFA has contributed to strengthening macroeconomic and financial stability in countries neighbouring or geographically close to the EU, including candidate countries, while supporting their implementation of structural reforms. Its provision is generally conditional on the existence of a non-precautionary arrangement with the International Monetary Fund (IMF). A political precondition also applies to MFA operations, requiring respect for human rights and effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, complying with the principles and objectives of the external action of the Union laid in Article 21(1) TEU.

MFA is designed to alleviate immediate external financing pressures and to help resolve the underlying causes of balance-of-payments stress. By providing timely and targeted financial assistance, it enables beneficiary countries to increase fiscal space, improve debt sustainability, and advance necessary reforms. By smoothing the macroeconomic adjustment path, MFA operations can mitigate adverse economic and social impacts, thereby allowing partner countries sufficient time to address the root causes of their balance-of-payments crisis.

MFA is mainly provided in the form of long-term concessional loans, although operations may combine loans and grants where appropriate. MFA loans are financed under the EU's diversified funding strategy, whereby the Commission issues single-branded EU bonds and channels the proceeds into a central funding pool that finances multiple EU policy programmes, including MFA. MFA grants are financed directly from the EU budget.

MFA is usually released in instalments, subject to the fulfilment of clearly defined economic policy conditions agreed with the partner country. MFA complements regular EU cooperation assistance and contributes to the EU's broader objectives of safeguarding stability, fostering prosperity, and promoting EU values beyond its borders. This assessment is supported by several independent *ex post* evaluations of MFA operations³, and by the 2023 meta-evaluation covering all MFA operations evaluated between 2010 and 2020⁴.

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

² The legal basis for MFA to third countries other than developing countries is Article 212 of the Treaty on the Functioning of the European Union (TFEU). Article 213 TFEU may be used as a legal basis when the third country requires urgent financial assistance.

³ All *ex post* evaluations are available on the Commission's website: https://ec.europa.eu/info/evaluation-reports-economic-and-financial-affairs-policies-and-spending-activities_en.

⁴ Commission staff working document, Evaluation of macro-financial assistance to third countries (meta-evaluation of operations for 2010-2020), SWD(2023) 16.

In 2025, the MFA instrument continued to demonstrate its capacity to respond swiftly and effectively to exceptional circumstances, while maintaining its core mission of safeguarding macroeconomic stability and promoting structural reforms. In Ukraine, the EU disbursed EUR 18.1 billion in MFA loans as part of the G7 ‘Extraordinary Revenue Acceleration Loans for Ukraine’ (ERA) initiative⁵. Although specific in its features, as for previous MFA operations, this support aimed to address the country’s acute financing needs and support its economic resilience, amid ongoing attacks by Russia resulting in heavy damage to Ukraine’s critical infrastructure and significant macroeconomic repercussions. At the same time, MFA operations for Egypt and Jordan helped stabilise their economies amid heightened challenges arising from the complex and unstable regional situation in the Middle East and the need to accelerate important structural reforms.

The 2025 MFA annual report has been prepared in accordance with the Commission’s reporting obligations under EU law. It is accompanied by a Commission staff working document providing a more detailed assessment of the implementation of individual MFA operations.

2. MACRO-FINANCIAL ASSISTANCE OPERATIONS IN 2025

In 2025, the EU provided macro-financial assistance to Ukraine, Egypt and Jordan.

In the face of Russia’s continued war of aggression, Ukraine remained the biggest MFA recipient, with EUR 18.1 billion disbursed throughout the year as part of the G7 ERA initiative, under which a total of EUR 45 billion in loans were made available, to be repaid from extraordinary revenues from immobilised Russian sovereign assets. In the Southern Neighbourhood, in June 2025 the co-legislators approved a EUR 4 billion MFA operation for Egypt, of which EUR 1 billion was disbursed in January 2026. In addition, in April 2025 the co-legislators approved a EUR 500 million MFA operation for Jordan, with EUR 250 million disbursed in September 2025. In August 2025, the Commission proposed an additional EUR 500 million MFA operation for Jordan. Finally, with respect of the Western Balkans, there was no further progress with the ongoing EUR 100 million MFA operation for North Macedonia.

2.1 Eastern Neighbourhood

- **Ukraine**

Amid the severe destruction caused to human and physical capital since Russia’s full-scale invasion in 2022, Ukraine’s economy has continued to demonstrate notable resilience, although growth has slowed markedly in recent quarters. After a 3.5% increase in 2024, real GDP growth weakened in 2025 to 1.8% owing to intensified attacks on energy infrastructure, labour shortages and continued capacity constraints. The economy has continued to rely heavily on the functioning of export corridors through the Black Sea and the Danube, as well as sustained international financial assistance, including support

⁵ 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 macro-financial assistance to Ukraine, OJ L, 2024/2773, 28.10.2024.

under the EU's ERA MFA and Ukraine Facility. Inflation accelerated during early 2025 amid energy disruptions, food price pressures and strong wage growth, but has since eased considerably, reaching 7.4% in January 2026. This was partly the result of the National Bank of Ukraine's tight monetary stance throughout 2025, which was relaxed only recently with the key policy rate lowered to 15% in January 2026. The external position remains fragile, with the current account deficit still sizeable at an estimated 14.5% of GDP in 2025, reflecting high import demand related to defence needs, energy and reconstruction, and the gradual reduction of grant financing. Public finances remain under intense pressure, with the state budget deficit standing at 19.5% of GDP, reflecting sustained wartime spending and reconstruction needs, despite new tax measures that aim to strengthen revenues. The banking sector has so far remained stable and well capitalised, supported by prudent regulation and strong liquidity, despite the extremely challenging operating environment. Looking ahead, economic prospects remain highly uncertain and are constrained by the continued destruction of energy and productive infrastructure, labour shortages, and the unpredictable course of the war. Against this background, sustained and predictable international financial support remains essential to preserve macroeconomic stability and enable Ukraine to continue resisting Russia's war of aggression.

Following successive MFA operations, which had disbursed a total of EUR 25.2 billion from the start of Russia's full-scale war of aggression until end 2023, the war continued to place significant pressure on Ukraine's public finances. As a result, additional financing was required in 2025 to address the country's financing gap.

Against this background, at their June 2024 summit in Apulia, Italy, G7 leaders committed to provide Ukraine with EUR 45 billion in ERA loans, to be repaid using future extraordinary revenues generated by immobilised Russian sovereign assets held in the EU and other relevant jurisdictions. Building on this commitment, the European Parliament and the Council adopted Regulation (EU) 2024/2773 on 24 October 2024, which entered into force on 29 October 2024. Following confirmation of G7 partners' contributions at the G7 Finance Ministers' meeting of 25 October 2024, the EU confirmed an MFA loan of EUR 18.1 billion to Ukraine, to be disbursed in a single instalment. The Commission adopted the Decision authorising the release of the sole instalment on 18 December 2024, following its assessment that the policy conditions attached to the instalment had been fulfilled⁶. These conditions covered key reform areas, including macro-financial stability, state-owned enterprises, public administration, energy, the rule of law and anti-corruption, and defence. They were designed as interim steps towards the implementation of broader measures under the Ukraine Plan.

The full MFA amount was disbursed in 2025 in tranches, with an initial disbursement of EUR 3 billion in January. No disbursement was made in February due to this partial front-loading. Thereafter, disbursements followed a stable schedule, with tranches of EUR 1 billion extended between March and September 2025. As frontline hostilities intensified, Ukraine's military financing needs in Q4-2025 exceeded earlier estimates. The flexibility embedded in the disbursement schedule enabled a tranche of EUR 6.1 billion,

⁶ The ERA MFA loan was guaranteed by the EU budget headroom. Given the headroom availability period, for the loan to benefit from this guarantee the release decision for the sole instalment had to be adopted by 24 December 2024.

originally planned for December 2025, to be frontloaded and top up the regular October and November 2025 disbursements. Consequently, disbursements amounted to EUR 4 billion in October 2025 and EUR 4.1 billion in November 2025.

The political precondition continued to be assessed positively throughout the year, based on ongoing evaluations by the Commission services and the European External Action Service. However, developments in July 2025 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; they were perceived as a potential significant step backwards 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 several reviews under the IMF’s 2023 Extended Fund Facility arrangement, underscoring its continued commitment to advancing reforms despite exceptionally challenging circumstances.

2.2 Southern Neighbourhood

- **Egypt**

Egypt experienced challenging macroeconomic conditions at the beginning of the current decade amid multiple external shocks, such as the COVID-19 pandemic, the war in Gaza and the attacks on ships in the Red Sea. Slow progress on economic reforms created uncertainty and deterred foreign investment. Egypt’s real GDP growth reached 4.4% in the fiscal year from July 2024 to June 2025 (FY 2024-25) and accelerated further to 5.3% year-on-year in H2-2025. With advances in the management of macroeconomic policies, the impact of the liberalisation of the exchange rate in 2024 and some improvements in the business environment, the situation started to improve. Growth was primarily driven by private consumption and private investment, while public investment diminished. The contribution of net exports of goods and services remained negative. The unemployment rate decreased to 6.2% in Q4-2025, from 6.4% a year before. Inflation has stabilised at around 12% in H2-2025, down from 28.5% in 2024. The general government deficit stood at 7.2% of GDP in FY 2024/25, with interest payments on government debt surpassing 10% of GDP. Public debt declined to 84% of GDP. The current account deficit narrowed to 4.2% of GDP in FY 2024-25, with increased remittances from work abroad and receipts from tourism partially offsetting the widening merchandise trade deficit. Foreign direct investment amounted to 3.3% of GDP in FY 2024-25. The central bank’s net foreign currency reserves reached USD 53 billion at the end of April 2026, equivalent to six months’ goods and services imports, an increase compared with the USD 48.1 billion registered a year before. However, given its dependence on imported oil and gas, tourism and remittances the country remains vulnerable to external shocks, such as the recent Middle East conflict, even if the reform efforts undertaken make Egypt better prepared than in the previous energy crisis.

In March 2024, the EU and Egypt concluded a strategic and comprehensive partnership for shared prosperity, stability and security, underpinned by a financial package of up to EUR 7.4 billion in short- and longer-term support. Given Egypt's difficult economic and financial situation and its role as an important stabilising factor in an increasingly volatile region, the Commission proposed to support Egypt with two MFA operations of up to EUR 5 billion, divided into (i) a short-term MFA operation of EUR 1 billion, and (ii) a regular MFA operation of up to EUR 4 billion. The short-term MFA of EUR 1 billion was approved by the Council in April 2024⁷ and fully disbursed in a single instalment in December 2024.

The follow-up operation of EUR 4 billion was approved by the European Parliament and the Council in June 2025⁸. The Memorandum of Understanding (MoU), which was subject to the opinion of the Member States committee, was signed in July 2025. The first instalment of EUR 1 billion was disbursed in January 2026 following a positive assessment of the implementation of the 13 policy measures linked to the first instalment (focusing on strengthening public finances, improving social protection and labour market policies, enhancing competitiveness and the business environment, and supporting the green transition), progress on the implementation by Egypt of the concrete and credible steps required under the political precondition, and the IMF programme remaining on track. The second and third MFA instalments, amounting to EUR 1.5 billion each, are also planned to be disbursed in 2026, subject to a positive assessment of the conditions.

The fourth review of the IMF's USD 8 billion Extended Fund Facility was concluded by the Executive Board in March 2025. Owing to delays in policy implementation, the fifth review was merged with the sixth review and took place in December 2025. It was approved by the IMF Executive Board in February 2026. The IMF programme is set to expire in December 2026.

- **Jordan**

Jordan's economy and outlook continue to be weighed down by persistent regional uncertainties, despite broadly resilient macroeconomic performance. Jordan's real GDP growth accelerated to 2.7% in Q1-Q3-2025, from 2.4% in the same period of 2024. Growth in 2025 was broad-based, reflecting continued improvement in agriculture, manufacturing, and transport services, while mining contracted slightly. Disruptions to air travel linked to heightened regional tensions over the summer were short-lived and appear to have had limited repercussions on tourism and trade. Average inflation stood at 1.8% in 2025. In September 2025, the Central Bank of Jordan (CBJ) cut its policy rate by 25 basis points (bps) to 6.25%, its first reduction since December 2024, broadly aligning with US monetary easing given the dinar's peg to the US dollar.

The current account deficit narrowed to 7.4% of GDP in H1-2025, from 8.3% of GDP a year earlier. This improvement was driven by stronger exports of goods and services, which more than offset import growth. Trade in goods recorded a deficit of 25.7% of GDP, which was partly cushioned by robust tourism receipts. Foreign direct investment

⁷ Council Decision (EU) 2024/1144 of 12 April 2024 providing short-term macro-financial assistance to the Arab Republic of Egypt, OJ L, 2024/1144, 15.4.2024.

⁸ Decision (EU) 2025/1267 of the European Parliament and of the Council of 24 June 2025 providing macro-financial assistance to the Arab Republic of Egypt, OJ L, 2025/1267, 27.6.2025.

increased to 4.0% of GDP in H1-2025 (compared to 3.1% of GDP in 2024). The CBJ's gross foreign reserves remained high, amounting to USD 24.6 billion at the end of November 2025, which covers around 8.8 months of goods and services imports. The overall central government deficit is projected to narrow from around 5.3% of GDP in 2025 to around 4.8% of GDP in 2026 (4.3% of GDP in 2027), reflecting expected continued revenue mobilisation and expenditure discipline. Public and publicly guaranteed debt remained elevated at 108.6% of GDP at the end of 2025 (83.4% of GDP net of Social Security Corporation's holdings), with 42.2% of GDP external debt. In 2025, credit rating agencies have maintained Jordan's sovereign credit rating at speculative grade.

The outbreak of the war in Gaza in October 2023 generated significant spillovers, increasing pressure on Jordan's security and testing its economic resilience. Against this background, the Jordanian authorities requested a new MFA operation in October 2023. The co-legislators approved the 'MFA IV' operation in April 2025 for EUR 500 million in loans⁹, and a first disbursement of EUR 250 million followed in September 2025. This first disbursement was conditional on fulfilment of the preconditions, i.e. the political precondition and a satisfactory track record under the IMF programme. The operation was front-loaded in order to help Jordan meet urgent external financing needs amid heightened regional instability, while partly compensating for the unusually long delay between the October 2023 request and the April 2025 adoption. Part of this delay was linked to the 2024 European Parliament elections and the subsequent constituent process.

The remaining instalments of EUR 150 million and EUR 100 million are scheduled for 2026 and 2027, subject to fulfilment of the preconditions and the policy conditions agreed in the MoU, which focus on strengthening public finances, enhancing governance and anti-corruption, improving social protection and labour market policies, and supporting the green transition and a more dynamic business environment.

Jordan's close relationship with the IMF is anchored in a four-year Extended Fund Facility arrangement approved in January 2024 with total access equivalent to around USD 1.3 billion, and a Resilience and Sustainability Facility arrangement approved in June 2025, with access equivalent to around USD 700 million. The most recent review under the two facilities took place in April 2026, when the IMF reached a staff-level agreement with the authorities; it highlighted the strong programme performance despite an increasingly challenging external environment resulting from the latest war in the Middle East. The IMF assessed Jordan's fiscal performance as remaining in line with programme targets, supported by robust revenue collection and disciplined current spending. The authorities are committed to sustaining a gradual fiscal consolidation to set the public debt ratio on a downward path, anchored in the Medium-Term Revenue Strategy and improvements in public utility finances, while preserving space for essential social and public investment spending.

Given a challenging economic situation and sizeable unmet financing needs, Jordan requested an additional EUR 500 million 'MFA V' operation in January 2025. The request

⁹ Decision (EU) 2025/793 of the European Parliament and of the Council of 14 April 2025 providing macro-financial assistance to the Hashemite Kingdom of Jordan, OJ L, 2025/793, 22.4.2025.

pointed to a deteriorating economic and political environment, with regional turmoil intensifying throughout 2024 against an already uncertain global backdrop. The co-legislators approved the new operation in January 2026¹⁰, with disbursements planned over 2026-2027 in parallel with MFA IV. Negotiations on the MoU are ongoing. Both MFA IV and V are part of the broad framework of the EU-Jordan Strategic and Comprehensive Partnership initiated in January 2025.

2.3 Western Balkans

- **North Macedonia**

GDP growth accelerated from 3% in 2024 to 3.5% in 2025, largely driven by investment as works on public road projects gathered pace. Private investment also increased, supported by government-subsidised loans. Household consumption growth remained at the same level as one year earlier (2.2% year-on-year), underpinned by rising real disposable incomes due to increases in pensions and wages amid temporarily easing inflation, as well as by robust credit expansion. A further contribution to growth came from public consumption (+5.3%), mainly reflecting strong public-sector wage increases. Exports recovered in 2025 (+6.1%), after declining, in real terms, in 2024. However, with investment and export production depending heavily on imported inputs, the annual increase in imports was more substantial (+6.8%). Overall, the contribution of net exports to GDP growth remained negative. Average annual consumer price inflation accelerated to 4.1% in 2025, from 3.5% in 2024, driven by food prices despite the government's temporary price controls, and on the domestic front by rising wage costs, which impacted services. The central bank maintained a cautious policy stance, raising reserve requirements and bolstering its macroprudential instruments. In December 2025, it adjusted its monetary policy framework to improve liquidity management and policy transmission. The current account deficit widened in 2025 by 2.1 percentage points year-on-year to 4.3% of GDP, mainly due to a lower surplus in the secondary income balance and in the services balance. Net foreign direct investment inflows decreased from an exceptionally high level in 2024 (6.6%) to 2.2% of GDP in 2025, as a result of large outflows of intercompany lending rather than a decline in greenfield investments. Fiscal policy remained expansionary. The general government deficit declined by 0.5 percentage points in annual terms to 4% of GDP in 2025, as targeted by the government. A mid-year budget rebalancing cut capital expenditure to fund new spending commitments, in particular for public-sector wages and pensions. At the end of 2025, North Macedonia's public debt level was some 10 percentage points above its pre-pandemic level (2019), amounting to 59.6% of GDP, with general government debt having risen by 11.3 percentage points to 51.8% in this period.

In February 2023, the Commission adopted a proposal to provide MFA to North Macedonia of up to EUR 100 million in loans, to be disbursed in two equal instalments.

¹⁰ Decision (EU) 2026/188 of the European Parliament and of the Council of 20 January 2026 providing macro-financial assistance to the Hashemite Kingdom of Jordan, OJ L, 2026/188, 23.1.2026.

The co-legislators approved the operation in July 2023¹¹, and the Commission and the North Macedonian authorities signed the MoU in January 2024. The MoU contains 20 policy conditions (eight of which relate to the first instalment) in the following areas: public finance, business environment, education and labour market, energy, judiciary, good governance and the fight against corruption. The Commission disbursed the first instalment of EUR 50 million in April 2024, after assessing that all related conditions were met.

To date, the second instalment of EUR 50 million has not been disbursed as the authorities have not requested the funds, and have therefore not submitted a compliance statement for the implementation of the policy reforms attached to it. Following the expiry of the Precautionary and Liquidity Line arrangement with the IMF in November 2024, North Macedonia has not agreed on a new disbursing programme with the IMF, which is among the preconditions for the release of an MFA instalment. The availability period of the MFA operation ends in August 2026.

3. ENSURING PROPER USE OF MFA FUNDS: OPERATIONAL ASSESSMENTS AND *EX POST* EVALUATIONS

3.1 Operational assessments

In line with the requirements of Regulation (EU, Euratom) 2024/2509¹² (the ‘Financial Regulation’), the Commission carries out operational assessments with the help of external consultants to obtain reasonable assurances on the functioning of administrative procedures and financial circuits in beneficiary countries.

Operational assessments examine public financial management (PFM) systems, in particular the institutional set-up and procedures of ministries of finance and central banks, and more specifically the management of accounts receiving EU financial assistance. Special attention is also paid to the functioning, independence and work programmes of external audit institutions, and to the effectiveness of their controls. In addition, central-level public procurement procedures are reviewed.

An operational assessment of Ukraine’s administrative and financial circuits was carried out in 2022, preceding the exceptional MFA support (2022), the MFA+ (2023), and the ERA MFA (2024-2025). It concluded that considerable progress had been made in strengthening PFM systems and other financial circuits since the previous assessment in 2018. It also highlighted the Ukrainian authorities’ ongoing commitment to continuous improvement. The assessment emphasised prioritising PFM reforms in key areas and recommended further action once security improves, given the significant reconstruction efforts ahead.

¹¹ 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.

¹² Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union, OJ L, 2024/2509, 26.9.2024.

In early 2026, in view of the expected launch of a new MFA operation for Ukraine, the Commission initiated a new operational assessment of the country's administrative and financial circuits. The assessment concluded that Ukraine's PFM systems and other financial circuits had improved considerably since the assessment in 2022. On the one hand, it praised the government's sustained focus and commitment despite the protracted war and deteriorating conditions in the country, and noted ample evidence to suggest that several reforms to improve crucial regulatory issues, systems and processes have been implemented or are ongoing. On the other hand, the assessment highlighted that many of the regulatory reforms would need to be tested in practice and stressed that several critical areas would require the authorities' attention once normality was restored in Ukraine.

In 2023, an operational assessment of North Macedonia was carried out ahead of the MFA operation. The assessment found that the country's financial circuits and procedures were satisfactory and deemed the PFM systems generally sound, noting significant recent progress.

As regards Egypt and Jordan, operational assessments were carried out in 2024 in preparation for their respective MFA operations. In Egypt, the assessment established that the authorities had made significant progress, including introducing new legislation governing PFM and banking operations, and concluded that the PFM framework and financial circuits were adequate for MFA, if reform momentum was maintained.

The operational assessment for Jordan was the second since 2020 and confirmed progress in improving PFM systems and public spending efficiency. However, it also identified some challenges, such as limited independence and transparency of the Audit Bureau, underutilisation of the Procurement Complaints Review Committee, and a shallow secondary market for government securities. Despite these issues, the assessment concluded that Jordan's administrative and financial circuits provided a strong foundation for the implementation of MFA operations. Some of the identified weaknesses were reflected in the policy conditionality of the respective operations¹³.

3.2 Evaluations

In line with the Financial Regulation and the respective MFA decisions, the Commission systematically carries out *ex post* evaluations after the completion of MFA operations. The purpose of these evaluations is to analyse the impact of MFA on the beneficiary country's economy, in particular the sustainability of its external position, and to assess the added value of the EU's intervention.

In January 2025, the Commission published the joint *ex post* evaluation of MFA operations in three Eastern Neighbourhood countries (Moldova, Georgia and Ukraine) between 2017 and 2020. For all three countries, the evaluation concluded that the operations had a positive impact on debt sustainability and on the country's macroeconomic stabilisation. This was particularly significant for Ukraine, given the larger scale of the operation and the country's challenging economic situation. The evaluation also concluded that the three

¹³ For Jordan's MFA IV MoU, the operational assessment helped shape several measures, including: (i) requiring an annual procurement report to summarise procurement-related complaints and dispute-resolution outcomes; (ii) strengthening the Audit Bureau's independence by gradually withdrawing from *ex ante* audit activities in internal control units; and (iii) significantly expanding the scope of the Audit Bureau's annual report, starting with the edition covering 2025 activities.

operations successfully fostered positive change in several key reform areas, including governance and anti-corruption, and that they were consistent with the broader EU policy framework, aligning with the authorities' reform agendas and other donors' programmes.

In December 2025, the Commission published the *ex post* evaluation of the COVID-19 MFA operations for 10 partner countries (2020-2022). The evaluation assessed the EUR 3 billion MFA package provided in 2020 to partners across the Eastern Neighbourhood, Western Balkans and Southern Neighbourhood regions to mitigate the economic impact of the COVID-19 pandemic. The evaluation concluded that the package was a timely, well-targeted and highly relevant response to the unprecedented economic shock triggered by the COVID-19 pandemic. The instrument was capable of providing a rapid and effective response to a systemic external shock affecting multiple countries simultaneously without compromising the quality of MFA intervention, progress on the reforms to improve macroeconomic management, or economic governance and transparency. It also fostered sustainable growth and related policy conditionality.

In 2025, the Commission launched an *ex post* evaluation of the four MFA operations provided to Ukraine from 2022 to 2023 as a sizeable contribution to the financing of the country's immediate funding needs in the face of Russia's war of aggression (Emergency MFA, Exceptional MFA I and II, and MFA+, of EUR 1.2, 6 and 18 billion respectively). The evaluation will consider the exceptional context of a country defending itself against a war of aggression and the urgency of the financing needs, as well as the resulting design specificities of the operations.

4. GENERAL DEVELOPMENTS RELATED TO THE MFA INSTRUMENT

4.1 Functioning of the MFA instrument

The 2013 Joint Declaration of the European Parliament and of the Council on MFA¹⁴ frames the assistance as macroeconomic and financial in nature and states that its aim is 'to restore a sustainable external finance situation for eligible countries and territories facing external financing difficulties'. As an emergency instrument, MFA must therefore be mobilised effectively and in a timely manner. Decision-making involving the ordinary legislative procedure has often been identified as fairly time-consuming, which constitutes a significant constraint for a crisis tool intended to provide a swift response to a balance-of-payments crisis.

However, in exceptional circumstances related to the COVID-19 crisis and Russia's war of aggression against Ukraine, the relevant MFA packages were adopted rapidly, as all institutions made full use of available procedural flexibilities. In these cases, the European Parliament and the Council agreed to apply existing urgency procedures, enabling adoption within one month of the Commission's proposals. The European Parliament invoked Rule 163 of its Rules of Procedure to swiftly proceed with the legislative proposal and adopt it directly in plenary, streamlining the consultation of committees.

¹⁴ Decision No 778/2013/EU of the European Parliament and the Council of 12 August 2013 providing further macro-financial assistance to Georgia, OJ L 218, 14.8.2013, p. 15.

The Rules of Procedure of both the European Parliament and the Council provide for urgency procedures enabling swift adoption in exceptional cases. The standard procedure is considerably lengthier, as illustrated by the Commission's 'MFA IV' proposal for Jordan, proposed by the Commission in April 2024 and adopted by the co-legislators in April 2025. This timeframe was partly the result of the June 2024 European Parliament elections and the subsequent reconstitution of its committees. By contrast, the 'MFA V' for Jordan was adopted much more quickly, with the Commission's proposal in August 2025 and approval by the co-legislators in January 2026. In Egypt's case, the urgent need to deliver support in the second half of 2024 led the Commission to exceptionally propose in March 2024 a first urgent short-term MFA operation under Article 213 TFEU (applicable in cases where urgent financial assistance is needed, and requiring adoption by the Council only). However, the Commission proposed to provide the bulk of the support via a second and more medium-term MFA operation following the normal procedure under Article 212 TFEU (involving both co-legislators).

In this regard, it is important to note that the simplified procedure for the adoption of a European Parliament decision has been amended. In contrast to the urgent procedure, the simplified procedure does not require a request from the President to treat the proposal as urgent and streamlines the adoption process by requiring fewer steps for approval than the standard procedure. This procedure has not yet been used for ongoing MFAs, but could fit well with the emergency nature of MFA; it is a welcome step towards potentially increasing the effectiveness of regular operations.

4.2 MFA in the 2021-2027 multiannual financial framework

The current multiannual financial framework (MFF) period has been characterised by multiple crises, extremely high geopolitical tensions and uncertainty that have hit the EU's partner countries and exacerbated their structural economic vulnerabilities. In chronological order these include the economic consequences of the COVID-19 pandemic, Russia's war of aggression against Ukraine and, more recently, the escalating conflicts in the Middle East. Against this background, MFA has been in high demand in recent years, proving to be a major pillar of the EU's response to address macroeconomic instability in its neighbourhood (including candidate countries), complementing the EU's external policies and helping partner countries implement critical reforms. Given the continued challenging global outlook, the need for the EU to provide MFA is likely to remain high in the years to come.

MFA loans are guaranteed by the External Action Guarantee under Regulation (EU) 2021/947¹⁵ (the 'NDICI_GE Regulation') at a provisioning rate of 9% at portfolio level, as was the case for previous MFFs. Recognising the exceptional situation of lending to a country at war, initially without the backing of a disbursing IMF programme, provisioning to Ukraine has been set at 70%, starting with the exceptional MFA in 2022.

The total budget initially earmarked for the provisioning of MFA loans was fixed at around EUR 1 billion in the current MFF, which translates into a loan volume of EUR 11 billion.

¹⁵ Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe ; OJ L 209, 14.6.2021, pp. 1–78

Given the EU's sizeable support to Ukraine via MFA in 2022, its higher provisioning rate, and increasing tensions in the Middle East, more than two thirds of the earmarked provisioning had been used by the end of 2023. In the context of the MFF mid-term revision, it was decided to reinforce the budget for the provisioning of MFA loans by EUR 180 million. This enabled the mobilisation of sufficient resources to fund a short-term MFA to Egypt of up to EUR 1 billion, and a regular MFA operation for Egypt of up to EUR 4 billion, adopted in April 2025 by the co-legislators, while leaving some room for other MFA operations until the end of 2027 (see Section 5 for a list of MFA operations funded from 2021 to 2027).

As crises are unpredictable by nature, it is essential to keep a sufficiently large budget for potential future MFA operations in the two remaining years of this MFF (2026-2027). The budget available at the reporting date could cover up to EUR 2.2 billion of loans at the standard 9% provisioning rate. Loans granted to Ukraine as part of the MFA+ programme, and the ERA MFA loan (EUR 18 billion and EUR 18.1 billion respectively) are backed by the headroom under the own resources ceiling and not provisioned *ex ante*. They are backstopped by the possibility of calling on additional own resources from Member States after having exhausted all other possibilities within the existing budgetary framework. In the case of the ERA MFA operation, loan repayments (including interest and any other costs related to the loan) from the extraordinary revenues arising from the immobilised Russian central bank assets provide significant financial backing.

4.3 MFA as proposed in the next multiannual financial framework 2028-2034 Commission's proposal

The Commission presented its proposals for the next Multiannual Financial Framework (MFF) on 16 July and 3 September 2025, including the one for Global Europe¹⁶, the main financing instrument for external action. With a proposed budget of EUR 200 billion, the objective of Global Europe is to support EU enlargement, neighbourhood, international partnerships and humanitarian aid. In addition, to underpin the EU's unwavering support for Ukraine, additional EUR 100 billion may be mobilised for Ukraine over 2028-2034.

Global Europe includes expanded use of financial instruments, budgetary guarantees and loans backed by the EU budget to increase leverage in financing actions in partner countries. On the basis of the proposal, the provisioning for MFA loans would be sourced from Global Europe budget, although the governance of MFA operations would remain specific, as is currently the case under the NDICI Regulation. This would preserve the current interinstitutional balance on decision-making for MFA, in line with the 2013 Joint Declaration by the European Parliament and the Council. MFA would remain available alongside the proposed policy-based loans as a complementary instrument within the external financing toolbox, enabling the EU to continue responding to balance-of-payments crises in partner countries, hand in hand with the IMF.

Negotiations on the next MFF have started, and the European Parliament and the Council are establishing their positions.

¹⁶ Proposal for a Regulation of the European Parliament and of the Council establishing Global Europe, COM/2025/551 final

5 LOOKING AHEAD – MFA OPERATIONS AND THE BUDGETARY SITUATION IN 2026

Considering the non-programmable, crisis-driven nature of MFA, it is difficult to provide an accurate prediction of future operations for the remainder of the current MFF. This section therefore focuses on operations already approved in 2026 and points to potential future operations, highlighting the rapidly changing geopolitical environment.

In the Eastern Neighbourhood, Russia's war of aggression against Ukraine continues to have a significant economic impact on the region. Ukraine and Moldova are most exposed. Both countries remain reliant on substantial international aid, with the EU playing a key role in this respect.

In view 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 2025¹⁷ to provide a new limited-recourse support loan of EUR 90 billion for 2026-2027, financed through EU borrowing on capital markets, backed by the EU headroom. The loan will be repayable only once reparations are received by Ukraine, while mobilisation of the EU budget guarantee under enhanced cooperation ensures that the financial obligations of non-participating Member States (Czechia, Hungary and Slovakia) remain unaffected.

Building on this political agreement, on 14 January 2026 the Commission adopted a legislative package comprising a proposal establishing the Ukraine Support Loan (USL) and amendments to the Multiannual Financial Framework Regulation and the Ukraine Facility Regulation. The co-legislators adopted the USL package between February and April 2026¹⁸. The new support framework will deliver substantial budgetary assistance of about one third of the USL through a combination of instruments, including MFA and funding channelled via the Ukraine Facility and via the defence leg of the USL.

The MFA component will focus on conditions strengthening domestic revenue mobilisation as well as the sustainability and quality of public expenditure. It will seek complementarity with the new IMF programme and will try to address the root causes of corruption in public finances. Beyond MFA, the EU's EUR 50 billion Ukraine Facility (2024-2027), which aims to support key structural reforms in Ukraine's path to EU accession, will be topped up via the USL.

In addition, Moldova's Growth Plan of up to EUR 1.9 billion in 2025 to 2027 aims to support the country's economic convergence with the EU and help bring the country closer to EU membership by accelerating reforms and improving Moldova's access to the EU's single market.

In the Southern Neighbourhood, in November 2022 Tunisia requested MFA of EUR 1.2 billion to support its financing needs against the background of the worsened global environment and high international commodity prices. This followed a staff-level

¹⁷ European Council conclusions, 18 December 2025.

¹⁸ Regulation (EU) 2026/467 of the European Parliament and of the Council of 24 February 2026 implementing enhanced cooperation on the establishment of the Ukraine Support Loan for 2026 and 2027, OJ L, 2026/467, 26.2.2026; Regulation (EU) 2026/468 of the European Parliament and of the Council of 24 February 2026 amending Regulation (EU) 2024/792 establishing the Ukraine Facility, OJ L, 2026/468, 26.2.2026; Council Regulation (EU) 2026/469 of 23 April 2026 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027, OJ L, 2026/469, 23.4.2026.

agreement reached with the IMF in October 2022 for a new Extended Fund Facility (four years, USD 1.9 billion). However, the IMF Board did not adopt the programme owing to Tunisia's inability to implement prior actions, notably a fuel subsidy reform. After the Tunisian President voiced his opposition to an IMF programme in March 2023, contact with the IMF was reduced to a minimum, with Article IV surveillance also discontinued. In the meantime, buoyant tourism and steady remittances have temporarily eased the external financing pressure on Tunisia. Subject to a careful assessment of MFA preconditions and Tunisia's external financing needs, the Commission stands ready to prepare a proposal for a new MFA once an IMF programme is in place confirming the country's willingness to address the root causes of its external financing pressures. This was also confirmed as part of the comprehensive partnership between the EU and Tunisia agreed in July 2023; however, it was noted that substantial and forceful implementation of additional reforms would be required.

In April 2022, Lebanon reached a staff-level agreement with the IMF (four years, USD 3 billion), but so far, it has made only limited progress on its long list of prior actions. GDP has since continued to shrink, while many public institutions have stopped functioning and the currency has dramatically lost value, leading to broad-based dollarisation of the Lebanese economy. In January 2025, the Lebanese Parliament elected a president, and a new prime minister was appointed a few days later, ending more than five years of political deadlock and creating the conditions for a new push for reforms and re-engagement with the IMF. In March 2025, the new government officially requested a new IMF programme, a potential positive step in addressing the economic crisis through international assistance and comprehensive reforms. Since then, the government has made some progress on crucial reforms, including by adopting legislation that would partially resolve the banking sector crisis. Such reforms are a precondition for a new IMF programme. However, as of April 2026, key laws had either not yet been adopted by the parliament or needed to be reopened as IMF core demands had not been fully met. While the postponement by two years of the next elections may be conducive to further progress on these laws, the recent resurgence of conflicts in the country and the region represents an additional challenge for economic reforms. The Commission stands ready to support a comprehensive reform agenda with an MFA operation once the preconditions (including an updated on-track disbursing IMF programme) are fulfilled.

The Commission stands ready to consider future requests for MFA and will, if appropriate, propose new and/or follow-up MFA operations to eligible partners.

Table 1 provides an overview of commitments and payments of MFA grants and the disbursement of MFA loans for 2023, 2024, 2025 and (tentatively) 2026.

Table 1: Commitments and payments for MFA grants and disbursements of MFA loans 2023-2026 (EUR)¹⁹

	2023	2024	2025	2026
Commitment appropriations for grants in the budget	45 423 330	57 367 177	59 267 773	61 511 946
Operational assessments, <i>ex post</i> evaluations	350 000	619 440	331 775	750 000
Other possible MFA operations	45 073 330	56 747 737	58 935 998	60 761 946
Commitments, total	45 423 330	57 367 177	59 267 773	-
Payment appropriations for grants in the budget	39 880 000	57 367 177	59 267 773	61 511 946
Operational assessments, <i>ex post</i> evaluations	329 765	749 270	331 775	750 000
MFA Moldova (Decision (EU) 2022/563) (completed)	10 000 000	5 000 000	-	-
MFA Moldova (top-up) (Decision (EU) 2023/1165) (completed)	22 500 000	22 500 000	-	-
Other possible MFA operations	-	-	-	60 761 946
Payments, total	32 829 765	28 249 270	331 775	61 511 946
Unused allocations for grants payments	7 050 235	29 117 907	58 935 998	-
Disbursements of MFA loans		-	-	-
MFA Jordan III (completed)	200 000 000	-	-	-
MFA Moldova (completed)	40 000 000	45 000 000	-	-
Emergency MFA Ukraine (completed)	-	-	-	-
Exceptional MFA Ukraine (completed)	-	-	-	-
MFA Moldova top-up (completed)	50 000 000	50 000 000	-	-
MFA+ Ukraine (completed)	18 000 000 000	-	-	-
MFA North Macedonia	-	50 000 000	-	-
MFA Egypt short-term (completed)	-	1 000 000 000	-	-
MFA Egypt – regular	-	-	-	1 000 000 000
MFA ERA Ukraine (completed)	-	-	18 115 700 000	-
MFA Jordan IV	-	-	250 000 000	-
Disbursements of all MFA loans, total	18 290 000 000	1 145 000 000	18 365 700 000	1 000 000 000

¹⁹ This table does not take into account any proposal for new MFA operations after December 2025.