RESILIENCE OF EASTERN NEIGHBOURHOOD & WESTERN BALKAN COUNTRIES TO SOCIO-ECONOMIC THREATS

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CONTENTS

EXECUTIVE SUMMARY

This Working Paper assesses the socio-economic resilience of the Eastern Neighbourhood Three (EN3) and Western Balkan Six (WB6) countries. The paper defines *socio-economic resilience* as a country's ability to withstand socio-economic shocks, cope with socio-economic threats and recover in a sustainable manner, including with the EU's assistance. The assessment first analyses the socio-economic structures and vulnerabilities of the WB6 and EN3 countries; then reviews the EU's toolbox for resilience building and finally evaluates their resilience against mapped socio-economic threats. Using a three-tiered framework (low, medium, high resilience), the paper categorises the resilience of each of the WB6 and EN3 countries per threat instrument employed by third states, including the weaponisation of economic interdependencies, irregular migration, and fuelling corruption.

The analysis is based on both quantitative and qualitative assessments. The quantitative assessment covers key economic indicators that reflect the level of socio-economic resilience in the EN3 and WB6 countries. The qualitative assessment combines desk research with stakeholder consultations, incorporating insights from interviews and focus groups conducted during fieldwork in the EN3 and WB6 countries.

Overall, the analysis highlights that the EN3 and WB6 countries display varying degrees of resilience. Many remain exposed to external threats that can undermine their socio-economic stability and EU integration. Across both regions, a combination of energy dependence, foreign strategic investments, and corruption remains a persistent and significant threat to resilience. Among the WB6, Montenegro, and among EN3, Georgia, exhibit low resilience across all identified threat instruments, while other countries also show medium and high resilience against the mapped socio-economic threats. EU tools – such as financial support, easing Single Market access, and help in building energy autonomy –play an essential role in bolstering resilience, especially during crisis. However, the temporary nature of some of the EU's support instruments and the lack of proper domestic socio-economic policies across the EN3 and WB6 undermine the lasting effects of resilience building. Concerns remain around the absorption capacity of EU support, particularly in the WB6, and the application of conditionality of the newly launched Facilities.

1. INTRODUCTION, CONCEPTS AND METHODOLOGY

This Working Paper examines socio-economic resilience in the Eastern Neighbourhood Three (EN3) and Western Balkan Six (WB6) countries, collectively referred to as the EU's Candidate Countries (CC). [1]

To define socio-economic resilience, this paper integrates the conceptual framework established under the REUNIR project with insights from socio-economic literature. In particular, the REUNIR framework defines resilience from political, security, and socio-economic perspectives as the capacity not only to withstand and cope with challenges but also to undergo sustainable, fair, and democratic transitions (Bressan, et al. 2024). From a socio-economic standpoint, resilience is broadly understood as an economy's ability to absorb and recover from shocks while minimising welfare losses (Hallegatte, 2014). Following this approach, the paper first maps the socio-economic structures and vulnerabilities of EN3 and WB6 countries, highlighting their capacity to withstand socio-economic challenges and shocks. Moreover, building on the findings of previous work (D4.1), this paper also considers the ability of the EN3 and WB6 countries to cope with the socio-economic threats identified in the previous Working Paper and examines whether these countries can not only endure shocks but also recover swiftly and sustainably, including with support from the EU's resilience-building tools. Aligned with the REUNIR project's objective of evaluating the EU's neighbourhood and enlargement toolboxes for addressing socio-economic threats in the CC, this assessment also provides an overview of the EU's instruments for strengthening socio-economic resilience in the CC.

Integrating all definitions together, this paper defines *socio-economic resilience* as a country's ability to withstand socio-economic shocks, cope with the socio-economic threats and recover in a sustainable manner, including with the EU's assistance.

This paper employs a three-tiered assessment framework to evaluate socio-economic resilience:

- **Low Resilience**: A country exhibits high socio-economic vulnerabilities, limited capacity to cope with socio-economic threats, and limited potential of recovering swiftly and sustainably from socio-economic shocks, even with the EU's support.
- **Medium Resilience**: A country faces moderate socio-economic vulnerabilities, demonstrates some capacity to cope with socio-economic threats, and possesses partial potential to recover relatively quickly and sustainably, including with EU support.
- **High Resilience**: A country has low socio-economic vulnerabilities, strong capacity to cope with socio-economic threats, and high potential to recover swiftly and sustainably, benefiting from EU assistance where needed.

As defined in the previous Working Paper, socio-economic vulnerabilities incorporate factors and structures that create exposure to exogenous shocks, potentially hampering socio-economic development and economic growth (Akhvlediani et al., 2025, see also Briguglio, 1995, 2003). Such socio-economic vulnerabilities may include unsustainable economic structures, unsustainable public debts, budget, trade or current account deficits, high inflation, trade, investment, energy or remittance dependencies, as well as

[1] This list also includes Kosovo which is currently a potential candidate country. This study omits Türkiye which formally holds the candidate status but its accession negotiation shave been in standstill since 2018.

high unemployment and poverty rates, lack of social programmes and safety nets. 'Socio-economic threats' describe a set of capabilities and intent from external geopolitical actors to exploit socio-economic vulnerabilities that negatively impact the socio-economic stability and development of the EN3 and WB6 countries, while also posing challenges to their European integration efforts (Akhvlediani et al., 2025; Bressan et al., 2024).

Moreover, this paper examines a series of threat instruments that foreign actors could weaponize, posing significant risks to socio-economic development and European integration of the EN3 and WB6 countries. These threats are grouped into three categories: economic dependencies, migration and population, and financial corruption. Economic dependencies include energy reliance, trade embargoes, remittance dependencies, growing debt burdens, and reliance on foreign investments in strategic sectors and critical infrastructure. Migration and population threats encompass the manipulation of migration and diaspora, passportisation, borderisation, the influx of foreign nationals and money transfers, as well as the displacement of economically active populations. Financial corruption covers corruption schemes, non-transparent tenders, and the circumvention of public procurement processes (Akhvlediani et al., 2025).

As found in the previous Working Paper, there are different threat instruments used by different external actors across the EN3 and WB6 countries. In the EN3, socio-economic threats predominantly encompass energy dependencies, trade embargoes, passportisation, borderisation, corruption schemes, and the weaponisation of remittances and migration, including the forced displacement of the population. In the WB6, such threats are primarily characterised by investments in strategic sectors and critical infrastructure, unsustainable loans, and exacerbating corruption through non-transparent tenders. Russia emerges as the key malign actor in the EN3, already driving high-impact and high-likelihood socio-economic threats in the short term. In the WB6, Türkiye, China and some of the Gulf states (notably the UAE) are associated with socio-economic threats that are more likely to manifest over the long term, bringing significant negative socio-economic consequences.

Table 1 Socio-economic threat instruments and sources across the EN3 and the WB6

Category	Threat Instrument
Economic Dependencies	Energy Dependence
	Trade Dependence
	Remittance Dependence
	Growing Debt Dependence
	Investments in Strategic Sectors and Infrastructure
Migration & Population	Manipulation of Migration and Diaspora
	Borderisation & Fuelling of Ethnic Conflicts
	Influx of Nationals & Capital
Financial Corruption	Fuelling Corruption
	Non-transparent Tenders & Public Procurement Circumvention

Source: the authors.

The analysis is based on both quantitative and qualitative assessments. The quantitative assessment evaluates key economic indicators that reflect the level of socio-economic structures and vulnerabilities in the EN3 and WB6 countries. The list of indicators includes economic indicators such as economic structures, GDP per capita and GDP growth, inflation, trade and financial openness, budget and current account deficits and public debt. Social indicators include measures of inequality, unemployment and poverty rates, and the existence of social programmes and safety nets. The qualitative assessment combines desk research with stakeholder consultations, incorporating insights from interviews and focus groups conducted in these countries.

Following this approach, the analysis relies on a combination of primary and secondary sources. Primary sources include stakeholder interviews, focus group discussions, and the study of official documents, which provide critical insights into official assessments and strategic priorities. Secondary sources consist of policy reports, academic papers, news articles, media coverage, statistical data, and public perceptions, offering a broader contextual understanding of socio-economic challenges and their implications. To ensure analytical rigour, dedicated country-specific resilience reports for each EN3 and WB6 country are included in the annexes.

The final resilience assessment is based on the expert judgment of the authors of the paper. However, this approach has inherent limitations. While grounded in qualitative and quantitative evidence, evaluations may be influenced by individual biases, the availability or interpretation of information. Moreover, the three-point scale, though effective for comparative purposes, may not fully capture the nuances of resilience levels. Variability in primary and secondary sources, including statistical data, across the countries can result in analytical gaps or inconsistencies. Additionally, rapid shifts in socio-economic and geopolitical dynamics may render resilience assessments outdated over time.

To mitigate the potential for individual bias and the limitations inherent in the availability or interpretation of information, the study systematically triangulates findings with insights from fieldwork interviews and focus groups. These qualitative sources serve to validate and enrich the conclusions drawn from desk research, resilience assessments, and quantitative data. To avoid any speculative forecasts, the paper focuses on the assessment of the actual quantitative data and qualitative data gathered through the fieldwork.

This methodology provides a structured framework for cross-country comparisons, helping to inform targeted policy responses. Future iterations could benefit from more granular data, advanced modelling techniques, and a broader range of stakeholder inputs to further enhance accuracy and applicability. By applying this structured approach, the paper provides a comprehensive evaluation of the socio-economic resilience of EN3 and WB6 countries, offering insights for the EU's enlargement policy with the focus on the EU's toolbox in strengthening resilience across the EN3 and WB6 countries.

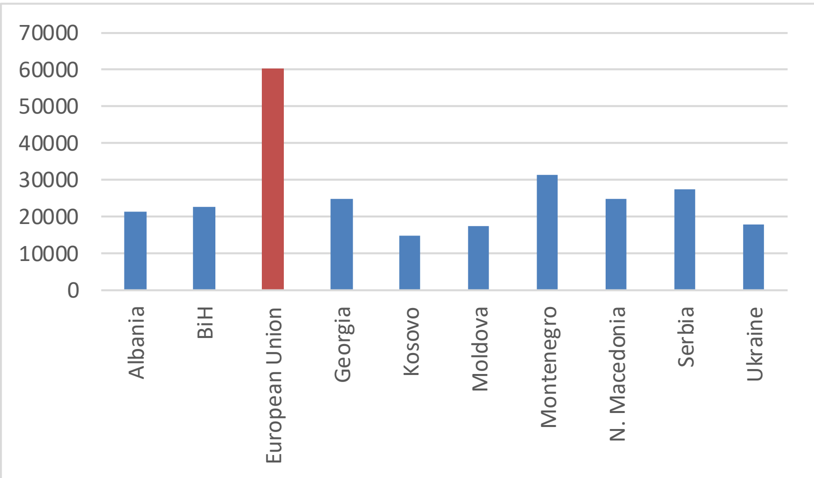
The paper is structured as follows: Section 2 presents a quantitative and qualitative overview of socio-economic resilience in the EN3 and WB6 countries. Section 3 examines the EU's toolbox for resilience building in these regions, followed by an assessment of resilience per country and per threat instrument in Section 4. Section 5 concludes with key policy recommendations. Annexes provide dedicated resilience reports for each EN3 and WB6 country.

2. SOCIO-ECONOMIC VULNERABILITIES OF EASTERN NEIGHBOURHOOD & WESTERN BALKAN COUNTRIES

2.1. Economic vulnerabilities

The EN3 and WB6 countries remain economically poorer compared to the EU, with GDP per capita averaging roughly half of the EU's average. This requires sustained dynamic growth to begin converging with the EU's average. Both EN3 and WB6 countries show much higher growth rates (except North Macedonia and Bosnia and Herzegovina (BiH) which show lower growth rates than the rest of the CC) than the one observed in the EU, but this is because the base (as also illustrated by GDP per capita) is low requiring high growth rates to catch up with the EU. This growth however is often driven by spikes in consumption rather than increases in production capacity, raising questions about long-term sustainable growth in the two regions.

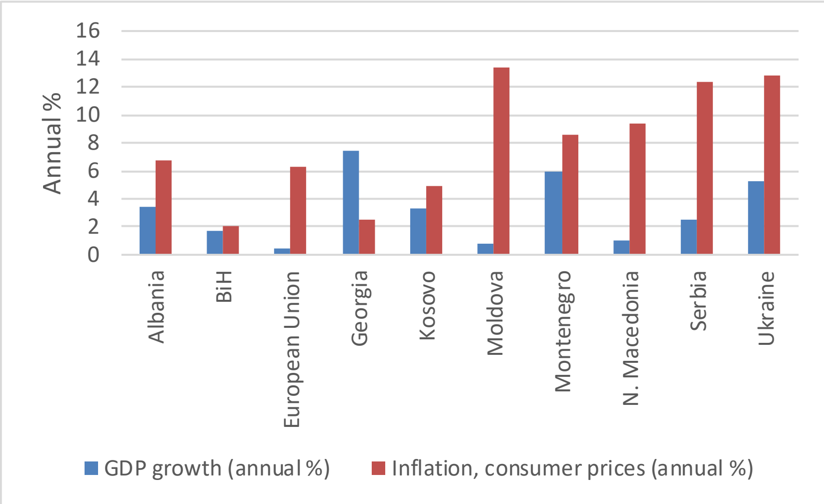
Figure 1: GDP per capita, PPP (current international $)



Source: *World Development Indicators, World Bank.*

Inflation has been a persistent issue across the EU and the CC, a problem exacerbated by global crises such as the COVID-19 pandemic and, more recently, Russia's full-scale invasion of Ukraine. These events have led to significant surges in energy and food prices, hitting lower-income households hardest and worsening poverty and inequality, particularly in the regions and conflict-affected areas across the EN3 and WB6. Georgia and BiH have currently lower levels of inflation than the other CC, but inflation is still burdensome in these countries. The rapid increase in living costs has not been met with equivalent increases in wages or production capacity, making inflation a compounding factor in deepening socio-economic challenges. This leads to reduced purchasing power for households, forcing many to cut back on essential goods such as food, healthcare, and education, which in turn exacerbates poverty, inequality, and social unrest.

Figure 2 GDP Growth and inflation, %, 2023



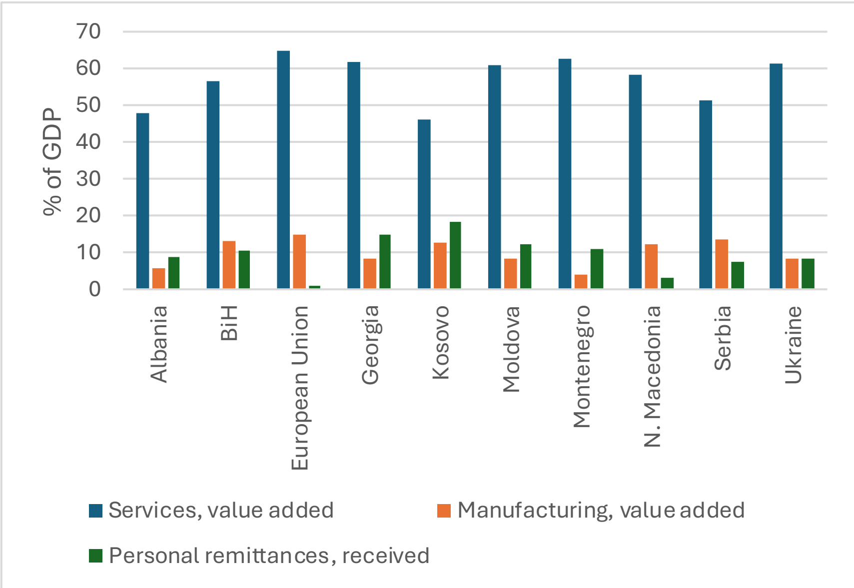
Source: *World Development Indicators, World Bank.*

Structurally, the economies of the EN3 and WB6 countries are predominantly service-based, with relatively small manufacturing sectors. Tourism, in particular for Albania, Montenegro and Georgia (World Bank, 2024; OECD Western Balkans Competitiveness Data Hub, 2025) plays a crucial role in driving economic activities, making the economies heavily dominated by services rather than goods. While tourism has been a critical source of revenue, this service-led model makes these economies highly dependent on external consumption patterns and vulnerable to disruptions in the global travel and service industries. Remittances have become a critical lifeline for many households, often providing essential financial support that helps cover basic living expenses, healthcare, and education costs. As a result, remittances play a vital role in stabilising these economies, contributing to consumption levels that would otherwise be unsustainable given the limited domestic production capacity. In fact, the added value of remittances often compares or even exceeds that of key sectors like manufacturing. However, this heavy dependence on remittances also exposes these nations to vulnerabilities; any disruption in the flow of funds—whether due to geopolitical tensions, economic downturns in host countries, or changes in immigration policies—could have severe repercussions.

While they help offset trade imbalances, they also reveal structural economic weaknesses, notably in Moldova (though progressively declining), Kosovo and Georgia. Georgia's growth in 2024-2025 has been largely driven by remittances and non-resident spending, mostly coming from Russians, who have arrived in mass after the start of the full-scale invasion of Ukraine, but whose resettlement may only be temporary. In a similar vein, Montenegro relies heavily on tourism and capital from Russia, making it vulnerable to a sudden withdrawal. To this end, remittances do not constitute a stable base for the country's sustainable growth and do not address the market's fragilities[2]. While they can provide a useful tool to cope with certain shocks, they themselves create a structural economic shortcoming for sustainable economic growth. Dependence on remittances could also be weaponised by the source country during geopolitical tensions. To this end, remittances from Russia to the EN3 and WB6 countries could be seen as a threat instrument.

[2] Interview GE51

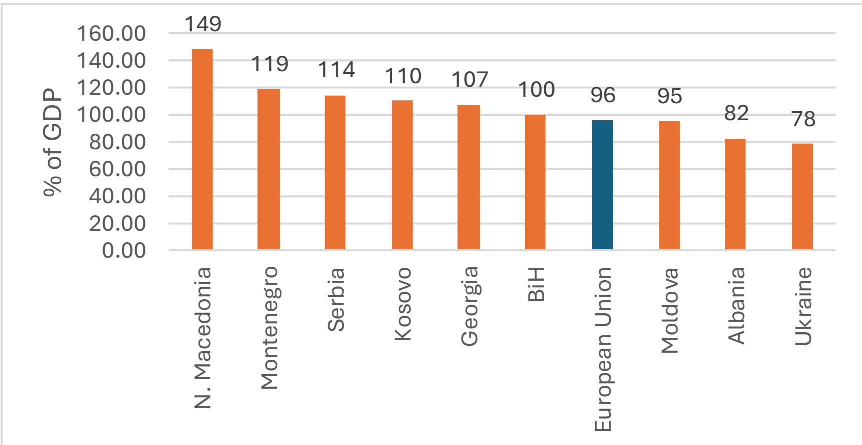
Figure 3: Added value of services, manufacturing and remittances, % GDP, 2023



Source: *World Development Indicators, World Bank.*

The trade of goods, by contrast, is characterised by persistent trade deficits, highlighting the reliance of these countries on affordable imports and the absence of a robust domestic manufacturing base. This is well reflected in the data on trade openness, where trade exceeds the GDP of most of the CC. This makes both EN3 and WB6 countries particularly vulnerable to external shocks in global supply chains and trade dynamics.

Figure 4: Trade % of GDP, 2023

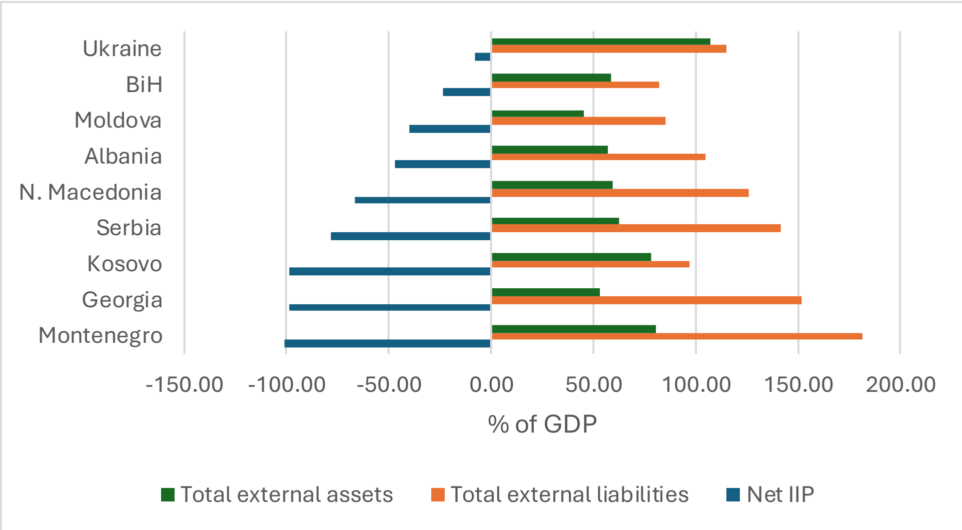


Source: World Development Indicators, World Bank.

The EN3 and WB6 countries face significant financial vulnerabilities due to their negative Net International Investment Position (NIIP). This metric, which reflects the difference between total external assets (including equity assets, FDI assets, debt assets, financial derivatives, and foreign exchange reserves) and total external liabilities (such as equity liabilities, FDI liabilities, debt liabilities, financial derivatives, and foreign exchange reserves), indicates a heavy reliance on external financing.

A negative NIIP means these countries hold more liabilities than assets, making them financially exposed to external economic shocks, currency fluctuations, and investor confidence shifts. This dependency not only weakens their economic sovereignty but also increases their vulnerability to foreign influence and external pressure, particularly in times of financial crises. Reducing these risks requires enhancing domestic investment, diversifying financial inflows, and strengthening economic resilience to mitigate the impact of external financial instability.

Figure 5: Financial Openness, % GDP, 2023



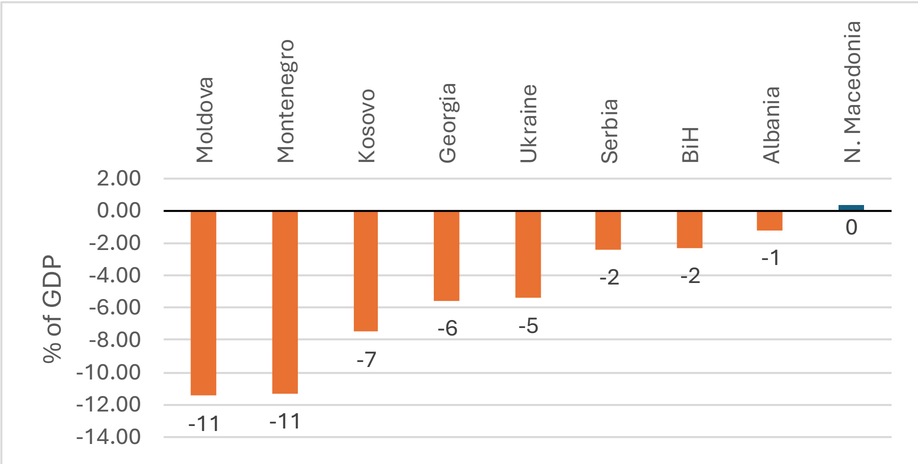
Source: *The External Wealth of Nations.*

In the WB6, foreign investment dependency is high, with Türkiye occupying a significant and growing place as a partner, notably in Albania, North Macedonia and Kosovo (Szpala 2022). China's growing involvement in critical sectors across the region is progressively fostering new dependencies, with Albania standing as an exception[3]. Although EU investments in the CC are not considered a threat as such, and rather help them counterbalance other foreign influences, they can also be a source of vulnerabilities – particularly when EU funds are suspended and countries lack the capacity to substitute them, as seen in Kosovo and Georgia. Likewise, having an economy structurally tied to the EU – like BiH, which relies heavily on trade and remittances from the EU and has its currency pegged to the euro – creates exposure to economic shocks. As for Ukraine, foreign investment, particularly in the defence sector, has become a crucial component of the country's resistance to Russia.

The heavy reliance on foreign capital and persistent trade deficits are reflected in the negative current account balance, across the EN3 and WB6 countries. The negative current account balance reaches as high as 11 % of GDP in Moldova and Montenegro, while North Macedonia is the only country that maintained a positive balance in 2023. This shows a high dependence on foreign borrowing or investment to sustain their economic activities. Such an imbalance can have serious repercussions, including rising debt levels that may become unsustainable, particularly if foreign investors lose confidence in these countries' ability to repay. Additionally, a large deficit puts pressure on the exchange rate, heightening the risk of currency depreciation for non-euro countries such as Moldova or Georgia, which in turn makes imports more expensive and fuels inflation.

[3] Interview AL62.

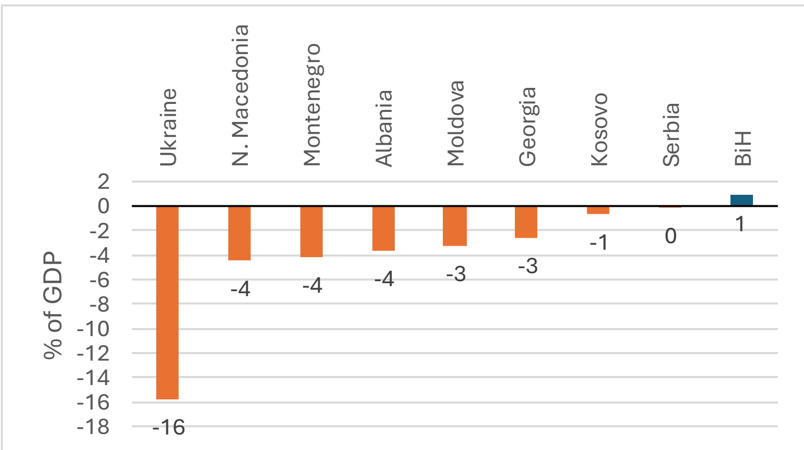
Figure 6: Current Account Balance 2023



Source: World Development Indicators, World Bank.

The data further illustrates fiscal imbalances across the EN3 and WB6 countries, half of which are characterized by a budget deficit of around 4 %. This level of deficit exceeds the EU's Stability and Growth Pact (SGP) limit, which stipulates that member states should aim for a budget deficit no greater than 3 % of GDP. In 2023, only Serbia, Kosovo, and BiH would meet the criteria, while Georgia and Moldova would be on the verge of meeting the target, being very close to the threshold. Ukraine stands as an exception, as its economy, currently at war, has unsurprisingly experienced a larger budget deficit since 2022. Systemic budget deficit exceeding 4 % of GDP may increase the burden on future budgets and may limit the ability to respond to economic shocks. Over time, this situation can lead to higher public debt levels, creating a vicious cycle of borrowing to cover deficits.

Figure 7: Public Budget Deficit, % GDP, 2023[4]



Source: A Cross-Country Database of Fiscal Space, World Bank.

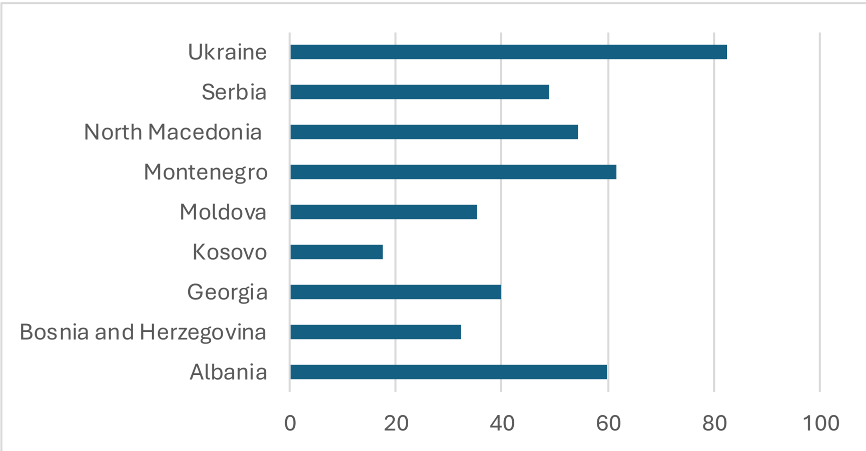
The data on general government debt reveals varying levels of debt across the EN3 and WB6 countries, with two notable exceptions: Kosovo and Ukraine. Kosovo's low debt levels, while seemingly a positive, may actually pose a vulnerability, as this could limit the country's ability to invest in economic growth and critical

[4] Due to data unavailability for 2023, data from 2022 was used as an approximation.

infrastructure. Moreover, Kosovo may face higher risks of market scepticism and increased borrowing costs if its economic conditions worsen, in times of regional or global economic shocks. On the other hand, Ukraine's debt level exceeds 80 %, primarily driven by the ongoing war and wartime spending. The conflict has led to significant budget, current account, and trade deficits, along with accelerating inflation. It has also damaged Ukraine's infrastructure and reduced trade openness (The Global Economy 2023; Trading Economics, 2025b).

Countries such as BiH, Moldova, and Georgia fall within the 30 % to 40 % range, suggesting manageable debt levels that provide some room for fiscal flexibility. Albania, Serbia, Montenegro, and North Macedonia have debt levels between 50 % and 60 %, which indicates a moderate level of debt relative to their economic output. While this level of debt suggests these countries have some fiscal space to navigate economic challenges, they may face constraints during periods of economic shocks, requiring prudent management to ensure continued economic resilience.

Figure 8: General Government Debt, % GDP, 2023.



Source: IMF, data on Georgia comes from the Ministry of Foreign Affairs of Georgia.

In both the WB6 and the EN3 countries, the lack of diversification of energy sources remains an important socio-economic vulnerability. Both country groups suffer from insufficient autonomous and balanced energy generation, energy imports and infrastructure dependencies that could be easily weaponised, mostly by Russia. Despite notable progress in decoupling from the Russian market, Moldova remains exposed to economic shocks, with persistent dependencies and infrastructural weaknesses, particularly in the field of energy. Transnistria stands as the most exposed, relying heavily on Russian gas, even after the energy crisis in January 2025. Moldova's broader economic diversification is also hindered by gaps in quality control standards and laboratory capacities, thereby limiting its export opportunities. Ukraine, on the other hand, despite the continued vulnerability of its energy system, which remains reliant on external assistance, has managed to decouple from Russian gas transit, which stopped in January 2025 (Thorpe & Gozzi 2025). The lack of diversification and substitutes to Russian energy supplies constitutes a fragility in the WB6, noted particularly in Serbia, BiH and North Macedonia (Akhvlediani et al., 2025). Kosovo also harbours vulnerabilities related to energy as its northern energy grid remains partially dependent on Serbia. The country, in general, is not well integrated into regional energy markets and has not invested sufficiently in renewable energy (Rand Corporation 2023, Balkan Green Foundation 2023). This infrastructural dependence and limited access to regional markets extend beyond the energy sector and constitute a broader vulnerability for the country.

2.2. Social vulnerabilities

Poor socio-economic integration and persistent inequalities also undermine the resilience of candidate countries, whether strongly gender-based, as in Kosovo, or affecting particularly rural areas, as in Georgia[5]. These conditions lead to economic exclusion, low socio-economic cohesion, and hindered development. For instance, Northern Kosovo's poor socio-economic integration undermines investor confidence and the development of an industrial base[6]. Insufficient investments in healthcare and education, limited employment opportunities, along with underdeveloped social support mechanisms, further entrench inequalities and hamper economic development in the candidate countries, as underlined in the case of North Macedonia, Serbia and Moldova.

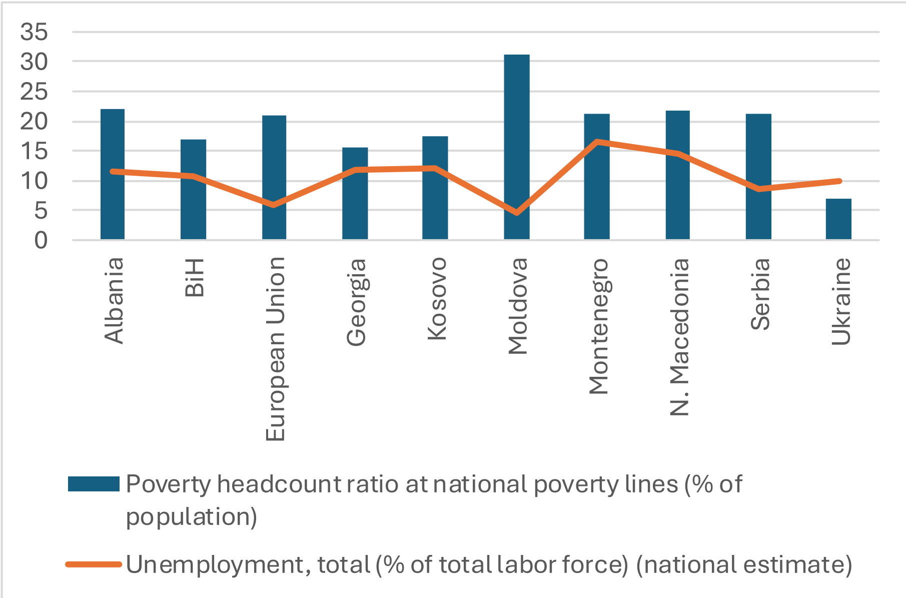
Poverty and unemployment remain significant socio-economic vulnerabilities across the EN3 and WB6 countries, with approximately one in five individuals in these countries living in poverty or unemployed. Poverty is highest in Moldova, where around one third of the population lives under the poverty line. These socio-economic hardships are driving emigration, particularly among skilled workers, leading to a brain drain that weakens the long-term economic potential of the region. As highlighted in the interviews, this, in turn, creates labour mismatches and engenders a reliance on migrant workers – often originating from Southeast Asia in the Western Balkans, notably in Kosovo and North Macedonia. In this regard, Moldova faces difficulties in attracting and integrating foreign labour. In the case of Ukraine, one of the many consequences of the full-scale war has been the large-scale forced displacement of populations including the labour force (Akhvlediani, et al. 2025).A significant increase in poverty has reversed the downward trend observed prior to 2022. Despite decreasing unemployment, income levels remain insufficient, with access to bank loans limited (Khmelyarchuk 2024, Samoiliuk 2025, World Bank 2023). Emigration flows also result in increasing the dependence of these countries on remittances, which on its turn compromises the sustainable growth of these economies.[7]

[5] Interview GE55

[6] Interview conducted during the fieldwork in Pristina.

[7] The data on Ukraine may not be fully representative since the outbreak of the full-scale invasion of Ukraine. The methodology of calculating unemployment rates in Moldova has been recently changed and the data record lower levels of unemployment compared to the previous methodology.

Figure 9 Poverty and unemployment, %, 2023

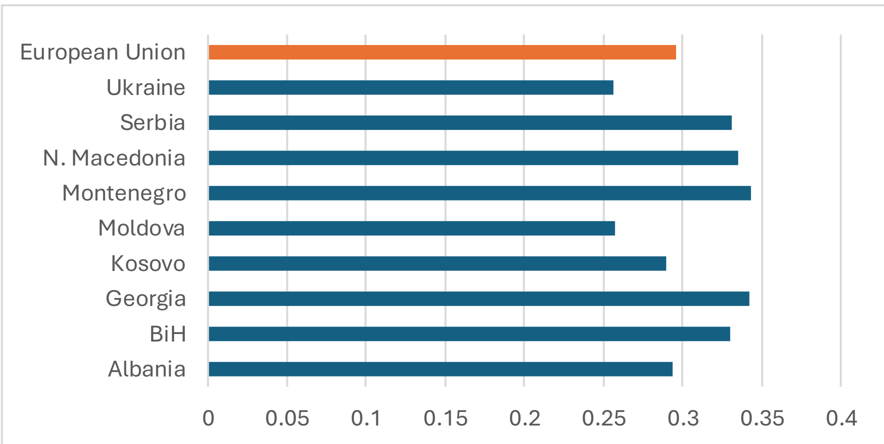


Source: World Development Indicators, World Bank.

Note: Data on the EU come from Eurostat (2024).

According to the Gini Index, which shows the equality in the distribution of income of consumption among individuals or households within an economy, the EU as well as the CC score towards low to medium in income inequality. The Gini Index may not provide a wholistic overview however given that wages in the CC are relatively lower than in the EU, with far less social programmes available than in the EU.

Figure 10: Inequality measured by Gini Index (0=perfect equality, 1=perfect inequality), 2023



Source: *World Development Indicators, World Bank.*

Note: Data on the EU comes from Eurostat (2025).

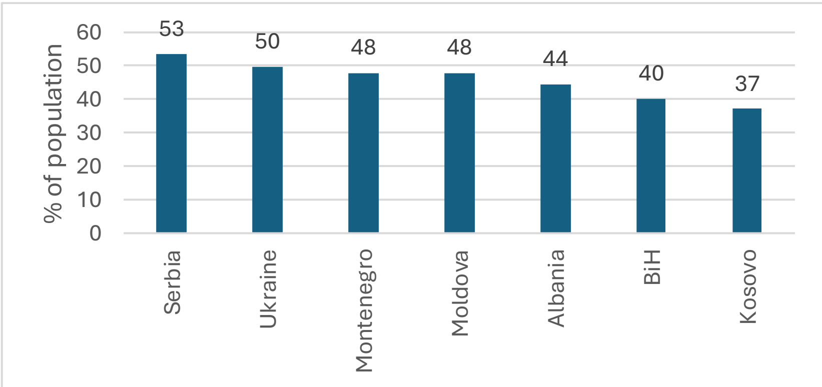
For instance, the data on social insurance coverage in the EN3 and WB6 countries highlight significant gaps in access to essential social welfare programmes. Nearly half of the population in these regions lacks access to pensions, social security, and health insurance benefits[8], leaving them financially vulnerable. The situation

[8] This includes people with disabilities, occupational injury benefits, paid sick leave, maternity and other social insurance.

is particularly concerning in Kosovo and Bosnia and Herzegovina, where social programmes cover less than 40 % of the population. Such weak social protections coverage not only restricts economic opportunities but also heightens the socio-economic vulnerability of the population to economic shocks. This can directly hit income levels, purchasing power, and unemployment.

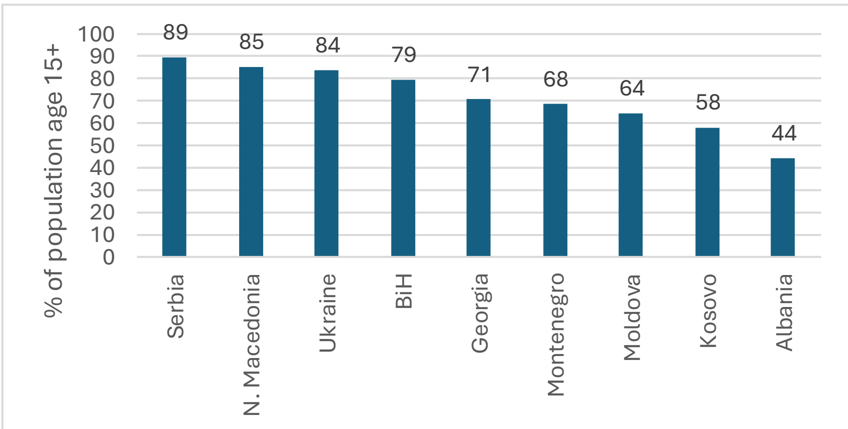
Moreover, financial inclusion remains limited. In Albania, Kosovo, Moldova, and Montenegro, only about one-third of the population reports access to formal financial systems, such as bank accounts or mobile money services[9]. Altogether such weak financial and social exclusion creates grounds for corrupt practices, including vote-buying schemes, particularly during elections, where economic hardship can be exploited for political gain.

Figure 11: Coverage of social insurance programmes 2023[10]



Source: *World Development Indicators, World Bank.*

Figure 12: Account ownership at a financial institution, in 2021[11]



Source: *World Development Indicators, World Bank.*

[9] This includes the population of age 15 and older.

[10] Due to data unavailability, the most recent available data was used for each country.

[11] Due to data unavailability for 2023, data from 2021 were used. For Georgia, North Macedonia and the EU the database did not include the information, therefore they are omitted from this illustration.

2.3. Corruption, governance and sustainable development

According to the latest release of Corruption Perception Index, most CC score below 50, reflecting persistent concerns about public sector integrity. Bosnia and Herzegovina ranks the lowest, preceded by Ukraine and Serbia that still rank low despite reform efforts. Georgia leads the group with a score of 53, but this is based on the reforms implemented in years prior to the country's drastic democratic backsliding. Compared to 2018, the country's rank has deteriorated by 12 units. Overall, the data underscores the urgent need for deeper institutional reforms to advance these countries on their EU paths.

Table 2 Corruption Perception Index, 2024.

Country	CPI score	CPI rank
Georgia	53	53
Montenegro	46	65
Kosovo	44	73
Moldova	43	76
Albania	42	80
North Macedonia	40	88
Serbia	35	105
Ukraine	35	105
Bosnia and Herzegovina	33	114

Source: authors' compilation based on the CPI (2024).

Through the data gathered during fieldwork on the socio-economic environment in the EN3 and WB6, corruption emerges as a major concern, increasing exposure to external threats. State capture, lack of transparency, and weak administrative and enforcement capacities to combat corruption all contribute to undermining CC resilience. Political and financial corruption at the domestic level is further reinforced by the influence of external actors such as China or the UAE, which are often involved in opaque financial dealings. Corruption, as a major vulnerability, appears particularly acute in the WB6 countries. In the EN3 countries, it remains a significant concern in Moldova. Despite earlier progress, Ukraine's anti-corruption efforts appear to have lost momentum in 2024 (Corruption Perceptions Index 2024, see above). As for Georgia, the climate of authoritarian practices and state capture leaves room for high-level corruption, despite past successes in combating it – especially at the lower and middle level.

Governance weaknesses and overcentralisation hinder the development of adaptive capacities within pluralistic governance structures that include diverse stakeholders. This constrains reform processes aiming for sustainable and inclusive socio-economic outcomes. This concern is particularly severe in Georgia, where it is compounded by politicised institutions and weak regulatory enforcement, and is also evident in other candidate countries, notably in Serbia. Another fragile aspect in Georgia is its vertical model, with a highly centralised system to channel external funding, leaving little space for independent oversight or broader civic engagement[12]. BiH, though different in form, also exhibits governance fragility due to its deeply fragmented and complex structure, marred by persistent political and ethnic divisions.

Whereas long-term, sustainable growth would strengthen the candidate countries' socio-economic resilience, many of them encounter difficulties in this regard. Development prospects are hampered in Kosovo by the ongoing dispute over its territorial integrity, a lack of industrial production and low integration into regional markets (International Crisis Group 2022). BiH's ongoing political crisis, driven by the secessionist leadership of Republika Srpska, fuels instability and economic uncertainty, deterring investment and constraining development in an economy substantially reliant on the public sector. Moldova suffers from underdeveloped productive sectors. The Moldovan government has not sufficiently funded investment projects that could have positively impacted its growth, instead prioritising loan-based financing for social programmes (Lupusor et al., 2025). In Serbia as well, public spending has increased without fostering productivity. The government has artificially maintained an overappreciated exchange rate, masking deeper economic weaknesses. Montenegro's growth and development are hampered by significant infrastructure gaps, and the country's economy suffers from an acute trade deficit. As for Ukraine, it represents a particular case due to the war context, which severely impacts its economy despite the country's demonstrated capacity to adapt. The conflict has led to significant budget, current account, and trade deficits, along with accelerating inflation. It has also damaged Ukraine's infrastructure and reduced trade openness (The Global Economy 2023, Trading Economics 2025b).

[12] Interview GE48.

3. EU'S TOOLBOX FOR RESILIENCE BUILDING

3.1. Review of the toolbox and its evolution for resilience building

The EU's toolbox for resilience building in the WB6 and EN3 countries reflects three decades of policy response as well as institutional and financial preparedness in the face of complex economic, political, social and security threats. Developed and adapted over time, this set of instruments contributes to candidate countries' socio-economic resilience and ability to counterbalance malign interferences. This section provides a brief overview of these instruments.

Stabilisation and Association Agreements

Stabilisation and Association Agreements (SAAs) are legally binding agreements under the EU's Stabilisation and Association Process (SAP), implemented between the EU and the WB6 countries. SAA signatories agree to lay the groundwork towards EU accession through comprehensive alignment with the EU *acquis*, as well as political and economic stabilisation and economic development through progressive integration into the Single Market. For Resilience building, multiple working areas are embedded in SAA provisions, such as the strengthening of institutions and democratic principles, harmonising political views – through dialogue – on external security and stability, including post-conflict. Working areas also include eliminating duties and non-tariff restrictions to bilateral trade, improving workers mobility and the movement of capital, and many other aspects of cooperation and reform. The SAAs' gradual, progress-based implementation is supervised, including through regular reporting and assessments (EUR-Lex, 2014).

On the economic side, SAAs are shown to have strongly contributed to the increase of foreign direct investment from the EU into the WB6 countries, to a level comparable to states having already joined the EU (Grieveson, Holzner and Vukšić, 2020.) They have also contributed to increased trade exchanges, with mixed impacts on regional economies. Over the 2007-17 period, imports from the WB6 to the EU more than doubled (EUR 9 to 20 billion), while EU exports to the region increased from EUR 18 to 29 billion (Eurostat, 2018.) The EU remains the region's largest trading partner, but there are persistent trade imbalances in favour of the EU, possibly due to the low competitiveness of local products on EU market (Leka and Jusufi, 2024.) To this end, increasing domestic supply of goods and services, investment into public projects and strong FDI inflows are instrumental for strengthening economic resilience of the WB6 (World Bank, 2025b).

Overall, the impact of SAAs on EU-WB6 trade and investment relations is positive, but the effects on economic resilience depend on the WB6 own domestic economic policies. Manufacturing economies among WB6 such as North Macedonia, BiH and Serbia maintain significant export volumes to the EU, which contribute to a large portion of national GDPs (European Western Balkans, 2025). The effect of SAAs on trades in services, which are increasingly important for WB6 economies, has not been as widely assessed. However, it appears that the services sector, unlike trade, was the main driver for growth in all WB6 countries in 2024 – with balance improvements for Albania, Kosovo and North Macedonia (World Bank, 2025). EU-WB6 services trade has increased at a slower pace than goods since 2006, though it has overcome the global downturn after the Covid-19 pandemic (ERPS and GlobalStat, 2023).

Association Agreements

The Association Agreements (AAs), including the Deep and Comprehensive Free Trade Areas (DCFTAs), with Georgia, Moldova and Ukraine respectively, aim to integrate these countries into the EU Single Market in selected sectors. This instrument and its resilience benefits operate over the long-term as DCFTA countries engage in regulatory alignment with EU legislation and gradual reciprocal market opening. Over the last decade, the EN3's trade patterns have shifted, reoriented away from Russia and towards the EU among others (Emerson and Kovziridze, 2018), increasing the economic resilience of DCFTA states.

DCFTAs have been shown to have the potential to contribute significantly to trade diversification in the EN3 and, by extension, to reducing their trade dependence on Russia. Trade with the EU in both Ukraine and Moldova increased remarkably following the entry into force of the DCFTAs in 2016: between 2016-2019, EU-Ukraine and EU-Moldova trade increased by 48 % and 50 %, respectively (Mirel, 2021). At the same time, Russia's exports to Ukraine fell from 24 % to 9 % (ibid), the sharpest decline in the EN3. However, the role of DCFTAs as resilience tools must be qualified by the existence of preferential trade regimes between the EU and its eastern neighbours already in the previous decades (i.e. the Generalised System of Preferences and Autonomous Trade Preferences). These led to a significant increase in trade between the EU and EN3 before DCFTA negotiations started. In 2005 Russia and the EU were on a par in terms of their share in trade with the EN3, but by 2019 the three countries were cumulatively trading approximately four times more with the EU than with Russia (Akhvlediani et al 2020). When DCFTA negotiations began in 2011, Georgia's exports to the EU were already at their peak, having increased by 29 % that year (Kovziridze, 2025).

In addition, the reorientation of trade in the EN3 from Russia to the EU was to a large extent a function of Russia's punitive trade policies. Georgia had already successfully managed to build up resilience in the face of Russian trade embargoes and diversify its trade prior to the start of DCFTA negotiations. By 2011, the EU was Georgia's largest trade partner (27 %) with Russia accounting for only 2 % of Georgia's exports (Kovziridze, 2025). In Moldova's case as well, the diversification of trade away from Russia has been predominantly determined by external shocks (i.e. Russia's 2006 and 2013 wine and 2014 fruit embargoes; the 2014 economic recession in Ukraine) and, to a lesser degree, by the diversification opportunities provided by the DCFTA (Soloviova, 2023). In Ukraine's case, the shift towards trade with the EU was triggered by Russia's annexation of Crimea. If in 2012, Russia accounted for 25.7 % of Ukrainian exports, by 2018 this figure had dropped significantly to 7.7 %, while the EU's share increased from 24.9 % to 42.6 % during the same time (Zachmann et al, 2020).

Third, reducing trade dependence on Russia must be driven by strong political will. This has largely sustained Ukraine and Moldova's efforts over the past decade, but Georgia's gradual democratic erosion and the weak political commitment to European integration have sapped the potential of the DCFTA to reduce dependence on trade with Russia. Despite almost a decade since the entry into force of the country's DCFTA with the EU, Georgia's trade with the bloc has increased only marginally. In the period 2014-2023, Georgia's exports to the EU only increased by 1 % annually, significantly below the levels of trade with the EU seen before the signing of the DCFTA (Kovziridze, 2025). Ironically, the entry into force of the DCFTA coincided with a gradual increase in Georgia's exports to Russia, triggered by the latter's lifting of its trade embargo. Instead of a deepening of the impact of the DCFTA ten years on, by 2023 Georgia's economic dependence on Russia had grown steadily, with Georgian exports to Russia reaching 11 % (Akhvlediani, 2024).

Overall, DCFTAs can be important instruments for promoting trade growth and diversification. Research shows that, quite apart from all the other factors pushing Moldova and Ukraine away from trade with Russia, the existence of DCFTAs has had an independent effect on trade diversification. At the same time, the effectiveness of DCFTAs is dependent on healthy economic and political environments. They are not a 'panacea or a transformative solution for economic development' (Kovziridze, 2025). While the DCFTA had the potential to deliver long-term economic benefits for Georgia, this would have required an economic and trade policy focused on sustainable growth and improved economic governance; a commitment to deepening trade and economic ties with the West; and sustained rule of law reforms (ibid.; Akhvlediani 2024). In Moldova, the implementation of the DCFTA has underperformed in terms of its expected macroeconomic, budgetary and trade impact. This is somewhat unsurprising given the multiple and grave crises that Moldova has experienced since 2014 (the Moldovan bank fraud scandal; the banking crisis; Covid-19; the deterioration of regional security since 2014). These have undermined foreign investments and thus the ability of businesses to capitalise on the potential of the DCFTA (Soloviova, 2023).

EU trade and humanitarian measures in response to Russia's full-scale invasion of Ukraine

Russia's full-scale invasion of Ukraine resulted in a large number of displaced Ukrainians seeking international protection. In response, and for the first time, the EU activated its Temporary Protection Directive, enabling Ukrainian citizens to receive temporary residence status along with access to healthcare, jobs, and education across the EU. To date, over 4 million Ukrainians have benefited from this mechanism (Akhvlediani and Movchan, 2024).

To support Ukrainian trade and economic performances, the EU implemented EU-Ukraine Solidarity Lanes and Autonomous Trade Measures (ATMs) as complementary instruments for wartime trade-based resilience in Ukraine. By providing Ukraine with urgent logistical solutions for its agricultural exports despite Russia's blockades of Ukrainian ports, Solidarity Lanes enabled continued income for Ukraine's economy and trade. In the medium term, the resulting integration of EU and Ukrainian supply chains and infrastructure paved the way for stronger transport connectivity and economic resilience (European Commission, 2024).

ATMs, which entail the temporary suspension of import duties and quotas on all Ukrainian goods since 2022 on the basis of yearly renewal, are unprecedented adaptive trade liberalisation measures. They contributed to preserving Ukraine's role in global value chains (Akhvlediani and Movchan, 2024) despite the war, supporting trade-based resilience in both countries, deeper integration into the EU market, and counteracting Russian economic coercion. Although ATMs have played a vital role in maintaining Ukrainian exports to the EU, their temporary nature is not ideal for business planning. In fact, the renewal of the ATMs has been currently suspended as of June 6, 2025, marking the first departure from the post-invasion policy of tariff-free trade introduced in response to Russia's full-scale invasion of Ukraine. ATMs will remain in place until the end of 2025, providing more liberal access than Ukraine had under the pre-2022 rules. The Council has also adopted a regulation extending the suspension of EU safeguard measures on iron and steel (Council of the European Union and European Parliament, 2025). However, unless a new deal is reached, full tariffs are scheduled to return in 2026. At the time of writing, negotiations are ongoing to reach an agreement on long-term trade arrangements, which may involve updating the EU–Ukraine DCFTA—the framework that governed bilateral trade prior to the introduction of the ATMs.

According to estimates by the Ukrainian Agribusiness Club, Ukraine could face a loss of up to EUR 1.1 billion in 2025 under the transitional trade measures. If a new agreement is not secured, this figure could rise to EUR 3.3 billion in 2026 (UCAB, 2025). To this end, establishing systemic and long-term mechanisms for liberalising Ukraine's access to the EU market would offer greater predictability for Ukrainian businesses and support the country's broader economic resilience.

EU's toolbox for resilience in energy sector

The Energy Community aims to effectively integrate the EN3 and WB6 into the EU's energy market, through the adoption and implementation of EU energy regulations and the strengthening of energy cooperation with EU Member States. The amendment of national legislation and adoption of EU regulations related to the functioning of the gas and electricity markets in Ukraine and Moldova have contributed to the liberalisation of their energy markets and have made them more resilient to Russian coercive tactics. For instance, the adoption by both Ukraine and Moldova of the EU's Regulation on Wholesale Energy Market Integrity and Transparency prohibits insider trading and the abuse of market power, while the amendment of Moldova's Law on Natural Gas has contributed to enhanced security of gas supply and storage (Kardaś, 2024). In the gas sector, Ukraine and Moldova have both made great strides in achieving independence from Russian gas supplies, a development made possible to a considerable extent through cooperation with and financial support from the EU and EU Member States, but also European financial institutions such as the EBRD (Kardaś 2024). At the same time, as in the case of trade diversification, it is important to acknowledge that Ukraine and Moldova's journey to energy independence would not have been possible in the absence of decisive political leadership to reduce their countries' dependence on Russian energy.

The electrical grid synchronisation of Ukraine and Moldova with the Continental Europe Synchronous Area (CESA) managed by the European Network of Transmission System Operators for Electricity (ENTSO-E), rather than with the Russian-controlled grid in March 2022, played an important role in boosting energy resilience of the two countries. ENTSO-E synchronisation illustrates the growing importance of energy security measures to counterbalance Russia's weaponisation of energy supply and infrastructure. Both countries were able to import electricity and stabilise their grids within weeks, all in the midst of war.

Besides the immediate benefits, Ukraine and Moldova are made more resilient by this tool through the gradual increase in power exchange and integration with the European grid, strategic diversification of supply and, over the long term, EU energy market access and integration. This also allows for candidate countries to focus on energy sector development, for example towards decarbonisation and reduced costs for consumers (MoE Moldova, 2025). The Baltic states' ENTSO-E synchronisation in February 2025, accelerated by Russia's sustained war in Ukraine, further demonstrate that the EU can shape interconnectedness into resilience.

While attempting to reduce both its own and candidate countries' dependency on Russian energy, the EU employs tools to offset related energy price shocks and volatility, such as humanitarian assistance and subsidies to mitigate the impact on consumers and the joint procurement of natural gas. These financial solidarity measures are also implemented in candidate countries, creating a buffer against energy poverty, related social unrest and political instability (Frey, 2024). To this end, the 2022 energy support package for the Western Balkans included EUR 500 million to help vulnerable households and small and medium-sized enterprises (SMEs) deal with energy price increases. Meanwhile, the EU's assistance to Ukraine and

Moldova's purchasing of gas allows for the continuation of basic services throughout severe wintertime energy crises with dire socio-economic consequences. Between 2021 and 2024, the EU has provided Moldova with EUR 240 million to directly support its energy system, with an extra EUR 30 million proposed for 2025 (European Commission, 2025a). While the EU has demonstrated that it can step in quickly to support Moldova offset higher electricity prices resulting from imports from alternative sources, the new Comprehensive Strategy for Energy Independence and Resilience of Moldova still requires more details to ensure the country's long-term energy independence, not least in light of uncertainty regarding US funding for the Moldova Connected Initiative (Ditrych, 2025).

The Energy Community has also been key to helping WB6 states to align with the EU and is a crucial instrument for advancing green reforms in the region. However, most of the Western Balkan countries have struggled to meet the requirements of the Energy Community's so-called 'first energy transition', in particular the directives on the gas and electricity internal markets, including the requirements for the 'unbundling' of infrastructure from energy production and supply aimed at liberalising the energy market. While North Macedonia and Kosovo are good examples of how 'unbundling' works in practice, many national authorities – particularly in Serbia and Bosnia and Herzegovina – have been slow to adopt the EU acquis (Bechev 2023). When it comes to the Monitoring, Reporting, Verification and Accreditation (MRVA) package adopted by the Energy Community in 2022, most Western Balkans countries are still far from meeting their obligations, due in part to a lack of political will, but also because of broader structural weaknesses in institutional and operational capacity (Egenhofer and Dizdarević 2025).

Serbia's example illustrates the limits of EU resilience tools and support mechanisms when the political will to move away from Russian energy supplies is absent. Despite agreeing to import additional gas from Azerbaijan in 2023, Serbia – also a member of the Energy Community – remains heavily dependent on Russian gas and is intent on extending a 2022 deal with Gazprom on what Vučić termed 'favourable conditions' (Bajic 2025) Bosnia and Herzegovina, for its part, has been locked in a political stalemate over the construction of the Southern Interconnection gas pipeline, which has the potential to enhance the country's energy security and reduce its dependence on Russian gas. For more than a decade, the project was at a standstill due to Bosnian Croat parties repeatedly blocking its adoption in parliament and Bosnian Serb politicians threatening to derail it unless their demands for the construction of another gas pipeline financed and built by Russia are met (Kurasinska, 2025). The Law on Southern Interconnection was eventually adopted in January 2025 as a result of mounting US pressure (Agence France Presse 2025).

Financial Assistance

MFAs

Macro-Financial Assistance (MFA) programmes are financial aid instruments provided by the EU to stabilise economies experiencing a balance of payments crisis due to severe external shocks and exposed economic vulnerabilities. MFAs contribute to the resilience of recipient countries by addressing immediate external financing needs and supporting economic policy reforms that are crucial for strengthening macroeconomic stability and overall resilience. They can also provide vital financial resources to cover immediate needs and allow countries to withstand shocks, such as a global pandemic or a sudden economic crisis. Candidate and neighbouring countries benefit from this instrument in the form of medium/long-term loans and/or grants, tied to conditionalities and disbursed in tranches over time. Both WB6 and EN3 countries received such support following the 2008 global financial crisis, which proved crucial for stabilising their economies (European Commission, 2010, 2011).

MFA packages also include country-specific conditions of broader economic, governance, fiscal and regulatory reforms in alignment with EU standards. They are therefore an instrument for the EU to strengthen long-term institutional resilience among candidate and neighbouring countries, shaped by its own political agenda and control power. Given their conditionality mechanisms, MFAs also pave the way for deeper European integration.

MFA is a tool that has proven to be efficient in both fostering macroeconomic stabilisation and promoting structural reforms (Pleeck and Gavas, 2023). For instance, alongside support from the IMF and the World Bank, EU MFA played a key role in helping the Serbian economy avoid a full-fledged debt crisis and recover from the recession during 2010–2011, proving effective in limiting broader macroeconomic damage and reducing the risk of a major crisis (European Commission, 2013). The EU's MFA also played a constructive role in supporting the recovery of the Moldovan economy following the 2009 crisis, by enabling a more gradual and sustainable fiscal adjustment trajectory from 2009 onward—an approach that would likely have been unattainable in the absence of external support. Model-based analysis further indicates that MFA had a significant positive impact on economic growth, particularly in the immediate aftermath of the crisis (European Commission, 2013a). The European Financial Assistance (EFA) to Kosovo contributed to strengthening Kosovo's financial position and encouraged more prudent government spending, with the first EFA tranche disbursed in 2010 playing a role in stabilising balances after a sharp decline in 2009–2010.[13] While regular MFAs promote economic stabilisation and resilience through medium-term financial aid tied to structural, reform-focused conditionalities, emergency MFAs provide fast-tracked disbursements to meet urgent liquidity needs and provide macro-economic stability in response to crises such as the Covid-19 pandemic or Russia's continued war on Ukraine.

The effectiveness of MFAs as resilience-building tools can be limited by factors related both to the EU and the recipient countries. One issue that has been a recurring challenge is the lengthy disbursement timeline of MFAs due to complex EU decision-making processes. This stands in clear tension with its core objective of providing timely anti-crisis support. Here emergency MFAs are useful tools with their flexibility and the faster track of the adoption. Emergency MFAs, designed to be responsive to the EU and its neighbourhood's geopolitical evolution, are faster to deploy, benefitting from an expedited legislative process in urgent situations (European Commission, 2024). Focusing on providing rapid macroeconomic stabilisation, their conditionality is limited. However, these conditions are not necessarily at the expense of long-term resilience for candidate countries. To this end, emergency MFAs are often complementary to other resilience tools, including longer-term MFAs.

In the context of the Covid-19 pandemic, emergency MFA to the WB6 provided tangible proof of solidarity against the background of China's attempts at establishing itself as a responsible global leader assisting the region at a time of crisis. While EU emergency financial assistance provided the WB6 with an indispensable lifeline, the belatedness of the financial package allowed China to shape the narrative underpinning health diplomacy in the region in the early stages of the coronavirus pandemic, through an instrumental 'politics of generosity' and the spread of disinformation about the pandemic (Aspen Institute Germany, 2020).

Following Russia's unjustified war against Ukraine, 2022 highlighted the EU's MFA as a vital and adaptable tool, enabling substantial short-term support for Ukraine and aiding other heavily affected neighbouring countries (European Commission 2023a). The EU progressively increased financial support to Ukraine in 2022, aligning it with evolving needs on the ground. This resulted in three MFA operations: an emergency package, followed by two exceptional operations, all of which have played a crucial role in supporting Ukraine's economy, maintaining essential services, and facilitating infrastructure reconstruction, thereby enhancing the country's resilience in the face of ongoing aggression. At the same time, policy conditionality, a core strength of macro-financial assistance, has been limited to targeted, feasible measures likely to be implemented quickly and reliably (European Commission, 2023a). MFA+, unique to Ukraine, stands out on account of the amount disbursed over one year (EUR 18 billion in 2023), released under the EU's unified funding approach through the issuing of EU Bonds (European Commission, 2024).

Moreover, Moldova is currently benefitting from additional and emergency MFA, both of these being part of broader Commission support packages to help the country overcome the fallouts of the 2022/23 and 2025 energy crises. The packages have been key to helping Moldova tackle its energy security crisis, reduce reliance on Russian gas, and integrate into the European electricity network.

In some cases, however the speedy process of the emergency MFA could be delayed by the recipient countries themselves, mainly due to difficult domestic political conditions, as the case of BiH illustrates (European Commission, 2015). The COVID-19 MFA package for BiH was the last one to enter into force, due to substantial delays caused by the political stalemate between the state authorities and the entities. In addition, the second tranche was not disbursed due to the policy conditions of the MFA not having been sufficiently implemented, with seven out of nine reforms in key areas such as economic governance and institution building, governance and anti-corruption, and economic recovery and employment remaining unfulfilled (European Commission, 2023a).

IPA and NDICI

The Instrument for Pre-Accession Assistance (IPA, IPAII, IPAIII) is the main instrument through which the EU has been supporting reforms in the WB6 countries through financial and technical assistance, with an estimate of EUR 12.2 billion for 2021-2027 (Rubio, et al. 2025). Designated as pre-accession funds, they aim to enhance stability and foster sustainable socio-economic development through standards development and alignment with the EU, preparing target countries for membership (European Commission, n.d.). Critical assessments have pointed out the low level of funding allocated to this tool for the Western Balkan countries, which has decreased in terms of purchasing power in a consecutive manner for all three IPA iterations (Reljić, 2021). Türkiye received a large share of IPA I and IPA II envelopes (more than EUR 4 million in both cases) while Western Balkan countries, including Croatia for IPA I, shared the rest unevenly (European Commission, n.d.).

In tandem with the volume itself, a structural issue identified with the IPA is that it targets institutional reforms in a region significantly less economically developed than the EU, and therefore less resilient in the face of crises (Bonomi and Reljić, 2017.) It is also inferred by Reljić that given the EU's drawing of resources from the Western Balkans – through the latter's trade deficit with the EU, financial returns to the EU from its FDIs, as well as the movement of human capital from the region to the EU – the EU's IPA envelopes are far from being a proportional tool for the sound socio-economic development of the Western Balkans. The instrument's combination with poor domestic governance has not resulted in more economic resilience and convergence with the EU, despite deepening economic ties with the EU (Reljić, 2021).

For the EN3, the EU initially employed the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI – GE). This instrument centralises, since 2021, the external financing instruments for all third countries – with the exception of candidate countries that benefit from tailored pre-accession support. NDICI-GE financing includes grants, blending and guarantees, disbursed over the EU's multi-annual financial framework period (currently 2021-2027). For EN3 countries these priorities include good governance, democracy, rule of law and human rights, but also economic development for stabilisation, security, migration and mobility. This is part of a new agenda for stronger economic, connectivity and social resilience in addition to improved governance. The European Commission's own 2024 mid-term assessment found the instrument to be fit for purpose in responding to crises (Covid-19, Russia's war in Ukraine, migration) over the period in the region (European Commission, 2024.) However, the instrument had limited capacity to face them, as much of the planned 'cushion' of unallocated funds for international partners was used in EN3 – mostly in Ukraine – in the first three years. This led to the launch of a Ukraine Facility in 2024, separating the country's needs from those of others (Hauck, Sabourin and Jones, 2024). NDICI-GE support to Moldova was found to be relevant and responsive (Schweighöfer et al., 2024). In Georgia, progress was noted in NDICI-GE-supported areas including institutional capacity building, though gaps were identified in human rights and gender equality frameworks (European Commission, 2024).

Apart from EN3, under NDICI-GE, Western Balkans countries have benefited from guarantees from the European Fund for Sustainable Development Plus (ESFD+) to support investments and resilience in the priority sectors of renewable energy and digital connectivity (European Commission, 2023). The EU has put forward dedicated facilities for all the WB6 and EN3 countries except Georgia, support toward which still runs under the NDICI-GE.

New Facilities for the candidate countries

The EUR 6 billion Growth Plan for the Western Balkans, announced in November 2023 by the EU and its Member States in consultation with the WB6, provided a fresh instrument to boost multi-sectoral investment into enlargement countries' peace, security, stability and prosperity and their integration with the EU.

The Reform and Growth Facility was put forward by the European Commission, citing the need to "bring them closer to the EU and to accelerate their accession process" (European Commission, 2023). With an aim to support the WB6's socio-economic development and economic convergence with the EU, the Facility provides EUR 2 billion as non-repayable support and EUR 4 billion in the form of concessional loans.

The funding provided under the Growth Facility for the Western Balkans should facilitate access to the EU Single Market and economic integration through the Common Regional Market, accelerating fundamental reforms and increasing financial assistance through a dedicated facility adopted in May 2024. According to the European Commission, the Facility, said to have potential to double regional economic growth over the next decade, incorporates seven priority areas for accelerating the integration of the WB6 into the EU's Single Market. These are the free movement of goods, services and labour; integration into the SEPA;

support to transport connectivity; climate; energy; the Digital Single Market; and industrial supply chains. A social (people-to-people, capacity building) dimension of EU integration and resilience is included, as well as a focus on alignment with EU policy on justice and perceived threats (irregular migration, terrorism, organised crime) (Council of the European Union, 2024). The Facility is tied to conditionalities including a national commitment to a Reform Agenda, performance-based funding and gradual market access based on compliance and reform. With this, the new Facility for WB6 comes with a stronger conditionality mechanism. In addition, the Facility sets two key preconditions for receiving EU support: upholding democratic standards and fundamental EU values, and for Serbia and Kosovo, making measurable progress in normalising relations. It includes a reversibility mechanism—if reform commitments are not met on time, funds can be withheld or redistributed to other WB countries. After 12 months (or 24 months in the first year), the Commission may reduce and reallocate funding to other beneficiaries. Failure to meet the two core preconditions can also lead to suspension or redistribution of payments (Rubio, et.al. 2025).

From the EN3, Ukraine and Moldova also benefit from the newly launched Facilities. The Ukraine Facility was proposed by the European Commission in June 2023. The Facility aims to support the country's resilience, recovery, reconstruction and modernisation (European Commission, 2022). It provides EUR 50 billion, two-thirds in loans (EUR 33 billion) and one-third in non-repayable support (EUR 17 billion), replacing existing EU bilateral support under NDICI. The EU also continues to support Ukraine through MFA and MFA+ packages on top of the new Facility. As in the case of the Western Balkan Facility, the disbursement of EU funds is conditioned on the implementation of the Ukraine Plan. The disbursement of payments is foreseen with a quarterly schedule but flexibility provisions apply. This allows exceptional financing to be disbursed under duly justified exceptional circumstances, for instance if Ukraine cannot fulfil the Plan requirements due to wartime conditions (Rubio, et. al. 2025).

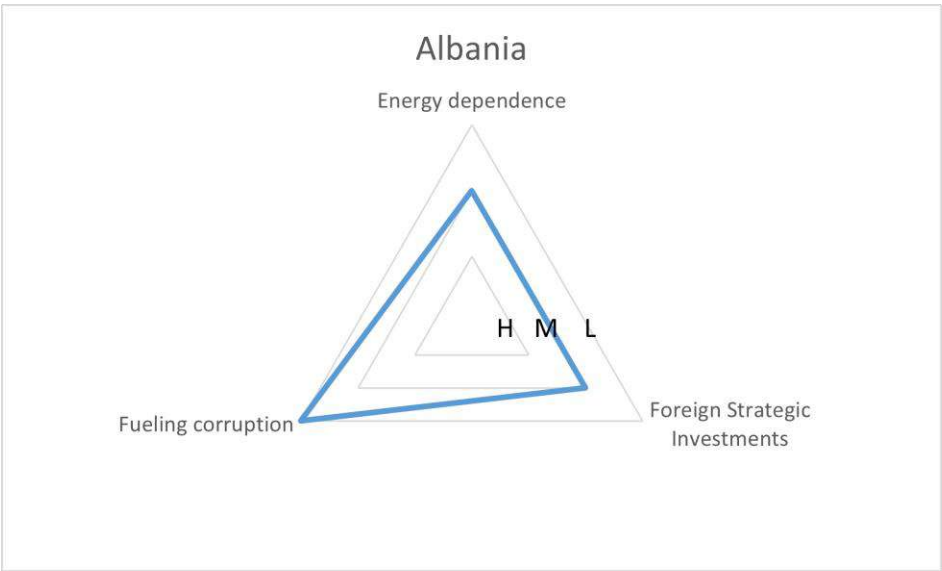
The Reform and Growth Facility for Moldova provides EUR 1.9 billion to support the country's EU integration and economic development. The Facility is foreseen to provide EUR 385 million in grants and EUR 1.5 billion in highly concessional loans. As in the case of the other Facilities for WB6 and Ukraine, the Facility for Moldova is also conditioned on Moldova's progress on the reforms as outlined in the Reform Agenda (European Commission, 2025b).

For all the facilities, questions and doubts remain regarding the application of the conditionality mechanisms. Ukrainian civil society organisations have criticised the EU for adopting an overly lenient approach, disbursing funds prior to the implementation of required reforms. These concerns were amplified by perceptions that President Volodymyr Zelenskyy was consolidating power and curtailing democratic freedoms to a degree that exceeded the necessities imposed by martial law (Youngs et al., 2025). Similar concerns have been voiced in Moldova, where the ruling Action and Solidarity party (PAS) has been criticised domestically for the slow pace of anti-corruption reforms, even as the Commission President Ursula Von der Leyen praised Moldova's progress on judicial reforms as she presented the Growth Facility for Moldova in Chisinau in October 2024 (Necsutu, 2024). While conditionality is structurally embedded in both Facilities for Ukraine and Moldova, it would be politically difficult for the EU to withhold assistance even if reforms did not advance as expected.

The Facility for WB6 has been criticised for its speedy adoption in the absence of an impact assessment and meaningful public consultations, but also over its lack of clarity over how an instrument focused on GDP growth will lead to fundamental reforms, its vague and inadequate priorities, lax monitoring and enforcement procedures and, importantly, the excessively concessional terms that may encourage irresponsible borrowing (Gallop, 2024). Having been adopted just over one year ago, the Facility's effects can hardly be comprehensively assessed. However, concerns have been raised over the EU's over-reliance on the recipient countries' own assessment of their performance in order to unlock a payment (Kacarska, 2025).

4. SOCIO-ECONOMIC RESILIENCE OF EASTERN NEIGHBOURHOOD & WESTERN BALKAN COUNTRIES

4.1. Albania



Source: *authors' assessment.*

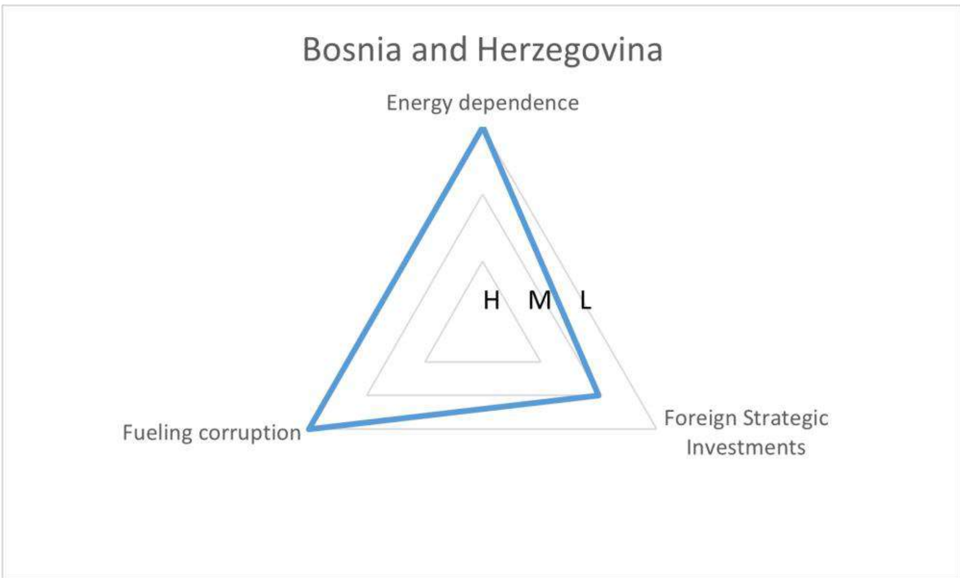
Albania's socio-economic resilience to external threats reflects a complex interplay between its structural vulnerabilities, institutional capacities, and alignment with EU norms. Thanks to its diversified energy sources and minimal reliance on Russian supplies, Albania exhibits low vulnerability in the energy dependence domain. While domestic policy tools remain limited, EU support mechanisms help maintain a moderate coping capacity and recovery potential, enabling Albania to manage and rebound from energy-related disruptions reasonably well.

Foreign investments in strategic sectors - particularly from Türkiye and China - pose a significant resilience challenge. These investments, while addressing infrastructure needs, may introduce long-term dependencies and open avenues for external leverage. Albania's resilience here is medium, reflecting high vulnerability and only moderate capacities to mitigate and recover from potential coercive pressures. Without stronger investment screening mechanisms and institutional safeguards, Albania remains at risk of external influence.

Corruption remains a persistent weakness that undermines Albania's resilience. With high vulnerability and limited capacity to counter foreign-fuelled political interference, mainly from Russia, Albania's resilience to this instrument is low. While ongoing judicial reforms offer some promise, the institutional fragility, elite capture, and weak oversight mechanisms continue to pose serious risks to sustainable recovery and EU accession progress.

Other structural vulnerabilities of Albanian economy include trade openness and reliance on remittances, although none of these represent a current socio-economic threat to the country. In terms of trade exposures, the country's trade is relatively diversified and oriented toward the EU, yet the economy remains sensitive to fluctuations in external markets. Past experiences show Albania can manage external shocks without significant structural damage, though limited institutional strength still constrains a more robust recovery. Remittances represent an important share of the country's GDP. While Albania benefits from strong diaspora ties, this is not a substitute for structural reform, leaving the country exposed to external economic shifts. However, this does not represent a threat as most of the remittances originate from the EU.

4.2. Bosnia and Herzegovina



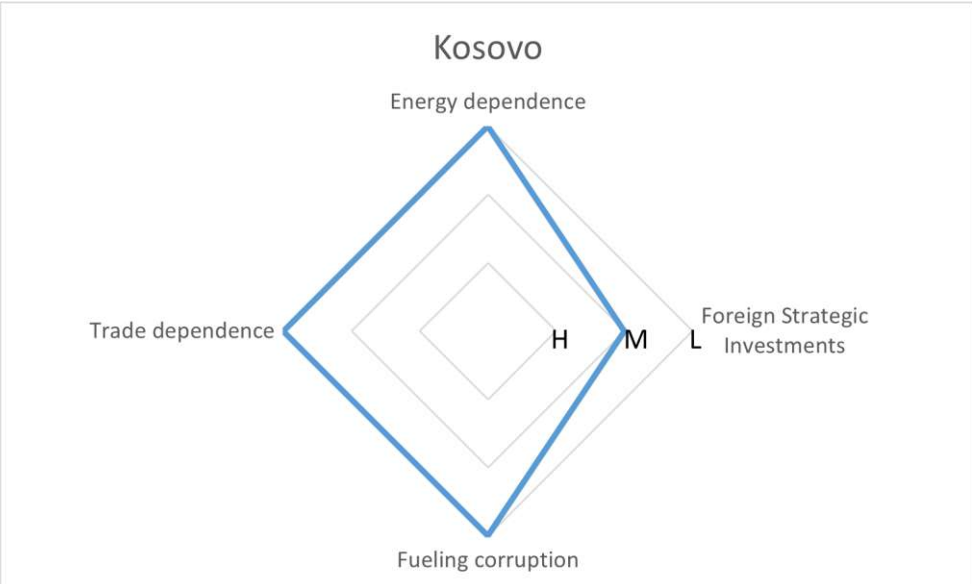
Source: *authors' assessment.*

Bosnia and Herzegovina exhibits a complex and uneven resilience profile shaped by internal political fragmentation, limited institutional capacity, and a heavy dependence on external actors. One of the vulnerabilities is energy dependence, particularly on Russian oil and gas. Although gas comprises only about 3 % of the country's energy mix, BiH lacks gas storage. This left it dependent on Serbian reserves during a 2023 supply disruption via Turkish Stream. In addition, the Republic of Srpska (RS) still holds significant energy infrastructure ties with Russian companies, including full ownership of both BiH oil refineries and a prominent petrol station network. This translates into a high vulnerability in the energy sector, especially given the political alignment between the RS leadership and Moscow. Coping capacity at the national level is limited due to fragmented governance and an underdeveloped energy diversification strategy. As a result, BiH's resilience to energy dependence on Russia is low, particularly in the medium to long term.

Strategic foreign investment, especially from China, represents another key pressure point. China has invested heavily in infrastructure in BiH, particularly in RS, often via opaque contracts and unsustainable financing arrangements. This increases BiH's vulnerability to coercive leverage, particularly if China weaponizes its economic footprint. Many Chinese-backed projects have stalled, underperformed, or bypassed EU transparency norms, indicating significant risk exposure. The country's capacity to cope is constrained by weak institutional oversight and limited legal tools to screen or challenge foreign investments. Although immediate economic disruptions are unlikely, the recovery potential is low due to debt entrapment and governance weaknesses, particularly in RS. This leads to a medium resilience to threats stemming from the strategic investments of China.

Despite these vulnerabilities, BiH is less exposed to trade or remittances shocks from malign actors, as the majority of its external trade and foreign direct investment (FDI) is with the EU, and remittances largely come from diaspora communities in Western Europe and the US. These patterns buffer the country against external economic coercion. However, socio-economic challenges persist domestically. The country suffers from weak social protection coverage - fewer than 40 % of citizens have access to pensions or insurance - and limited financial inclusion. These factors reduce BiH's coping capacity and deepen systemic vulnerabilities to external manipulation through poverty and disinformation. Furthermore, corruption is widespread and undercuts both state legitimacy and reform capacity, undermining BiH's resilience to foreign-fuelled corruption to a low level.

4.3. Kosovo



Source: *authors' assessment.*

Kosovo's socio-economic resilience is shaped by persistent external threats, governance limitations, and structural economic weaknesses. Some of the most significant threats stem from Serbia's economic pressure instruments, including trade blockades and control over segments of the energy grid. These instruments undermine Kosovo's socio-economic resilience in both the trade and energy domains. Although the country has managed some degree of short-term coping through diversification of trade routes and energy imports, its limited infrastructure and energy independence constrain long-term resilience. As such, Kosovo's resilience to energy and trade coercion from Serbia is low.

Foreign investment, especially from Türkiye, plays a central role in Kosovo's infrastructure and service sectors. While Türkiye currently supports Kosovo's Euro-Atlantic orientation, its growing economic footprint in critical areas such as energy and telecommunications raises concerns about potential leverage. Kosovo lacks effective screening and regulatory mechanisms, which contributes to high vulnerability and low capacity to counter strategic pressure, should Türkiye's posture shift. Thus, Kosovo's resilience to foreign investment in strategic sectors is medium.

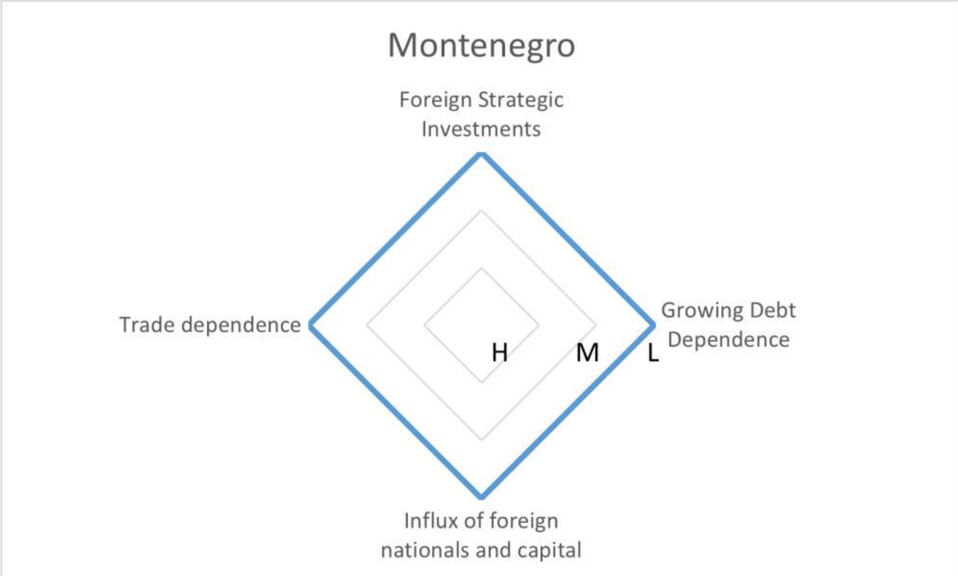
A particularly acute issue is Kosovo's vulnerability to corruption and illicit political financing, facilitated by weak campaign finance regulations and limited transparency in public procurement. These gaps create significant opportunities for foreign actors to exert covert influence, particularly through support to EU-sceptical figures. With low capacity to detect or mitigate such interference, Kosovo's resilience to foreign-fuelled corruption is low.

Kosovo's economic model relies heavily on diaspora remittances, which provide an important shock absorber during crises. This contributes to moderate coping capacity in the short term but also points to high structural vulnerability and limited recovery potential, given the absence of a robust industrial base and sustainable employment generation. Consequently, remittance dependencies boost the country's resilience for absorbing short-term shocks, but at the same time illustrate systemic vulnerabilities over the long-term and for sustainable socio-economic development. As most of the remittances in Kosovo come from EU countries followed by Switzerland and the US though, Kosovo's reliance on remittances is not considered as a socio-economic threat.

Kosovo also faces a number of social vulnerabilities stemming from deep-rooted structural challenges and persistent inequalities. Gender-based disparities, including pay gaps and limited employment access for women—especially in rural areas—reflect broader issues of exclusion and weak institutional support. Inadequate public infrastructure and poorly tailored social protection systems further hinder progress. Despite some improvements in unemployment rates, labour market mismatches and reliance on foreign workers expose the fragility of Kosovo's social fabric. Reliance on migrant workers particularly in the low-skilled sectors, couple with a lack of skilled workers and a brain drain undermines the country's socio-economic resilience.

Kosovo's socio-economic resilience is closely tied to the continuity of EU support, making the suspension of aid in 2023 a significant vulnerability. As the EU is Kosovo's largest donor, disruptions in funding exposes the country's socio-economic vulnerabilities and underscores the fragility of Kosovo's resilience.

4.4. Montenegro



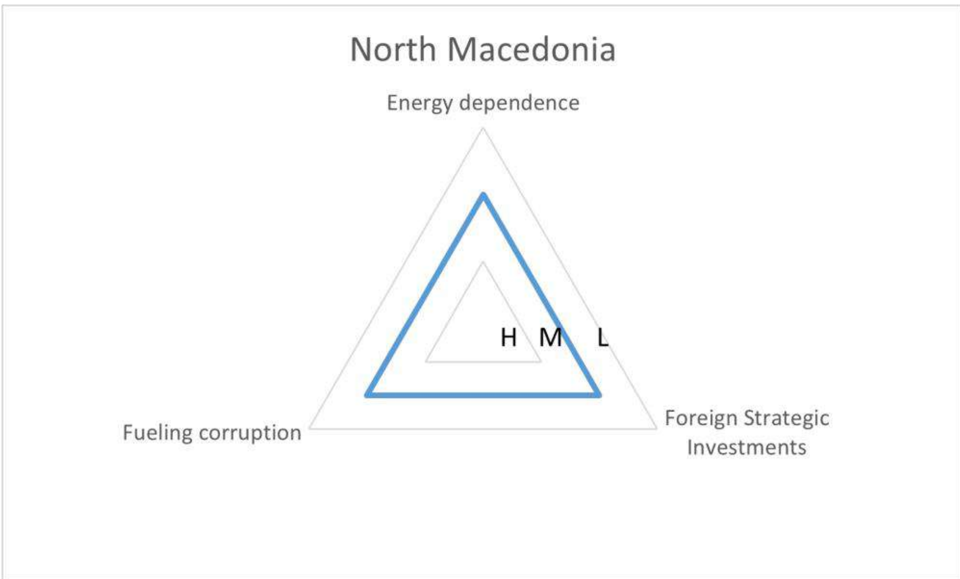
Source: *authors' assessment.*

Montenegro's socio-economic resilience is constrained by its economic overexposure to external actors, particularly Russia and China, combined with weak domestic buffers such as limited export capacity and high dependence on tourism. One of the most acute threats stems from Russia, whose citizens hold a significant footprint in Montenegro's real estate, tourism, and business sectors. Russians accounted for around 25 % of all overnight tourist stays in 2023 and owned roughly one-third of all active foreign-owned companies in the country. Additionally, in 2023 over 10 % of the Montenegrin population consisted of Russian residents (Akhvlediani et al. 2025). This profound economic embeddedness results in high vulnerability that could be weaponised during geopolitical shocks or sudden withdrawal of Russian capital or tourism. The coping capacity is limited due to Montenegro's small economic base and reliance on external income. Likewise, the recovery potential is modest, as Montenegro lacks the economic diversification and institutional strength to offset large-scale withdrawals. Therefore, resilience to Russian economic influence is low.

China also represents a significant socio-economic threat to Montenegro's resilience, primarily through strategic infrastructure investments financed under opaque terms. One prominent example is the Bar–Boljare highway project, funded through Chinese loans, which has significantly increased Montenegro's external debt burden. This exposes the country's high vulnerability related to growing debt dependency. The limited transparency and accountability associated with these projects raises threats of elite capture and loss of infrastructure sovereignty in times of political or economic strain. The coping capacity remains weak, as repayment of loans strains public finances, and recovery potential is low given the lack of domestic investment alternatives and high fiscal costs. This results in low resilience against growing strategic investments and indebtedness with China.

Montenegro's economic structure itself adds to its vulnerability. The country runs a persistent trade deficit - exports make up only about 20 % of imports - which signals structural economic weakness. The heavy reliance on tourism and limited production base restricts its ability to adjust to external shocks. To this end the country's resilience regarding trade dependences is low. Remittances play a role in sustaining domestic demand but are not sufficient to meaningfully reduce structural vulnerability or improve recovery prospects. Public debt is also high, further limiting fiscal space for counter-cyclical policy responses.

4.5. North Macedonia



Source: *authors' assessment.*

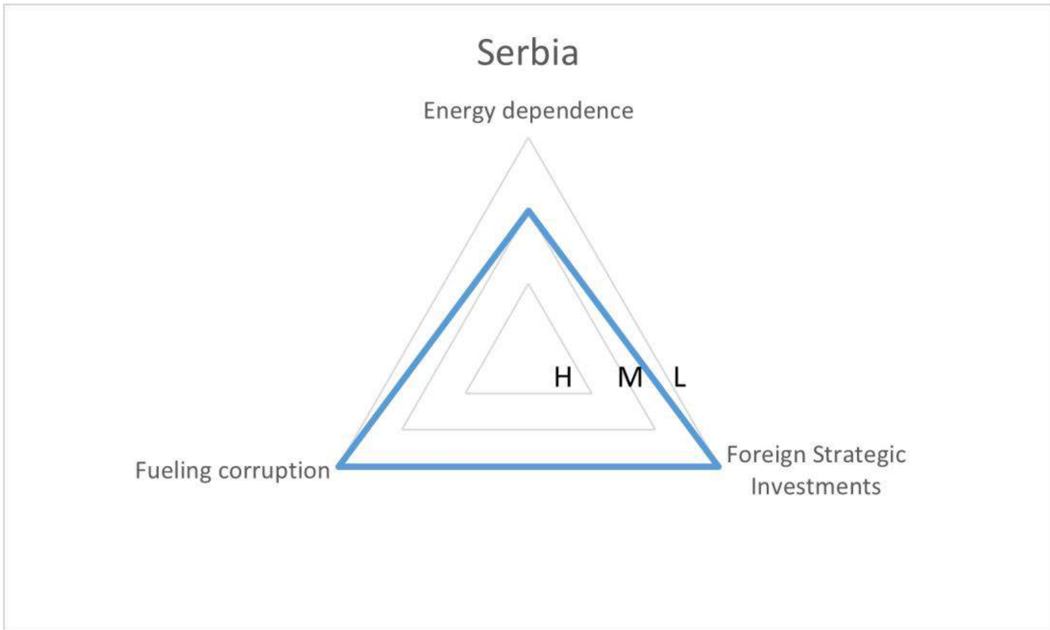
North Macedonia's socio-economic resilience varies significantly across different threat instruments, with notable progress in some areas counterbalanced by enduring vulnerabilities. Russia's influence manifests most acutely in the energy sector, as the country has historically depended on Russian natural gas for over 90 % of its supply. This heavy reliance creates high vulnerability and low coping capacity, especially given infrastructure gaps and incomplete diversification. However, measures are underway to improve resilience, including the Greece–North Macedonia interconnector and renewable investments. Consequently, while short-term resilience against energy threats from Russia is low, long-term recovery potential is improving, bringing resilience to medium.

Chinese investments in strategic infrastructure, through the Belt and Road Initiative, introduces corruption risks and governance vulnerabilities. Chinese FDI is relatively small in scale but concentrated in symbolic and critical sectors. North Macedonia's exposure is worsened by past scandals and governance gaps, yet public scepticism and government disengagement from new Chinese projects improve prospects. These dynamics yield moderate coping, and high recovery potential, resulting in medium resilience against socio-economic threats coming from China.

Türkiye also exerts an economic presence in North Macedonia, including in strategic sectors such as banking and infrastructure. While current investments align with shared goals, especially around EU integration, Ankara's influence could become coercive if North Macedonia's EU path stalls. The country's vulnerability is moderate, and while its institutions have shown some capacity to resist undue pressure, long-term resilience depends on preserving democratic safeguards. Thus, resilience to the threats stemming from Turkish strategic investments is medium.

Domestically, North Macedonia faces serious structural issues: high unemployment, underperforming public services, and demographic pressures from emigration. These factors constrain resilience across all vectors. Public sector weakness and limited reform implementation are reflected in low to moderate coping capacity overall. Still, EU support - including pre-accession instruments, Growth Plan and sectoral investments - offers external buffers. Nonetheless North Macedonia remains highly sensitive to political and institutional backsliding, which weakens its absorption capacity of EU funds.

4.6. Serbia



Source: *authors' assessment.*

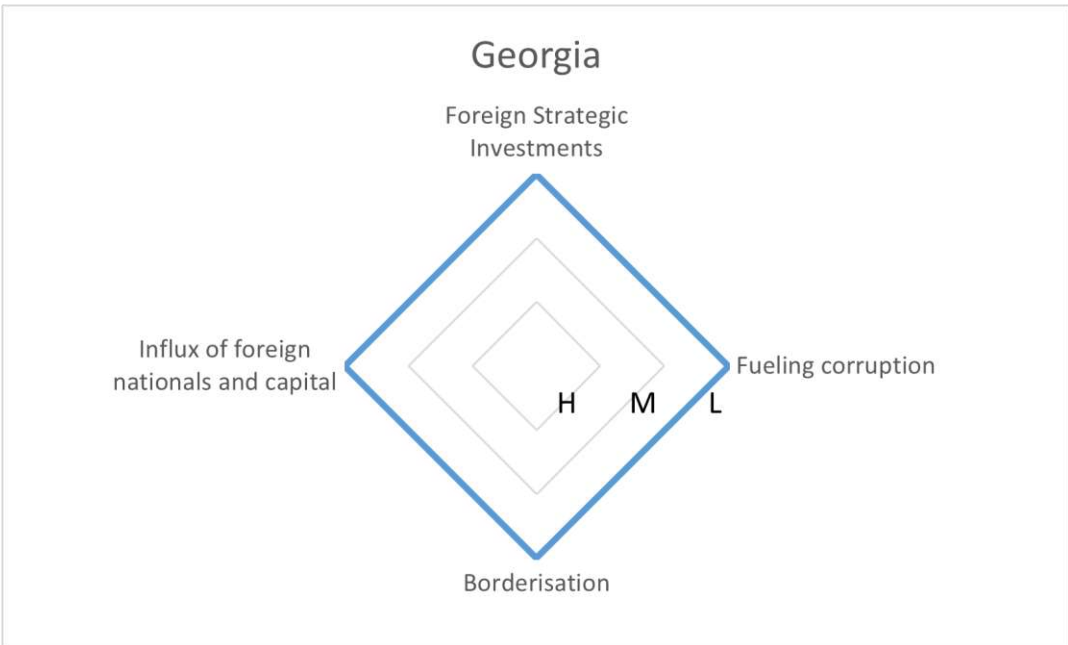
Serbia's socio-economic resilience reflects its delicate geopolitical balancing act, involving substantial engagement with both the EU and non-Western actors, particularly Russia, China, and the UAE. Russia's economic leverage in Serbia is primarily through energy supplies, where Serbia remains reliant on Russian gas imports and long-term contracts. Although this makes Serbia highly vulnerable in the short term, the government has been exploring diversification, including LNG and renewable sources. Coping capacity is modest due to existing infrastructure limitations, but the recovery potential improves slightly in the medium term with EU support and European integration incentives. Overall, Serbia's resilience to Russian energy influence is medium.

China's influence in Serbia is robust and growing, particularly in mining, infrastructure, and digital surveillance. Chinese investments have recently surpassed those of the EU, with Serbia's debt to China rising twelvefold in the last decade. These investments are often associated with opaque procurement, low environmental and labour standards, and elite capture. Vulnerability is high, as China has deeply embedded itself in strategic sectors. While Serbia enjoys the immediate benefits of Chinese loans and infrastructure, coping capacity is weak, and the recovery potential is constrained by long-term debt obligations and regulatory erosion. Thus, resilience to Chinese influence is low.

The UAE's presence, though smaller in scale, is concentrated in politically sensitive projects that lack transparency. These include investments and infrastructure ventures promoted during election cycles. Such investments often bypass public procurement processes and foster corruption. With low accountability mechanisms in place, Serbia is highly vulnerable to these investments. Given the limited coping mechanisms and poor governance safeguards, resilience to UAE influence is also low.

Overall, corruption and politicised institutions continue to hamper reform efforts. Regulatory frameworks are selectively enforced, making it easy for foreign actors to exploit loopholes. This contributes to high vulnerability and low coping capacity in resisting foreign-fuelled corruption, resulting in low resilience in this area as well. Serbia benefits from strong trade and investment ties with the EU, which remains its largest partner. However, the EU's credibility in Serbia has been eroded by the EU's support for controversial projects like lithium mining in the Jadar Valley despite public opposition, Serbia's poor governance and environmental record, and by the tolerance of opaque state-to-state deals involving EU Member States such as France, Spain, and Hungary. While the EU's new Growth Plan introduces welcome conditionality, its financial incentives for Serbia remain limited and overly dependent on co-financing, reducing its appeal and effectiveness.

4.7. Georgia



Source: *authors' assessment.*

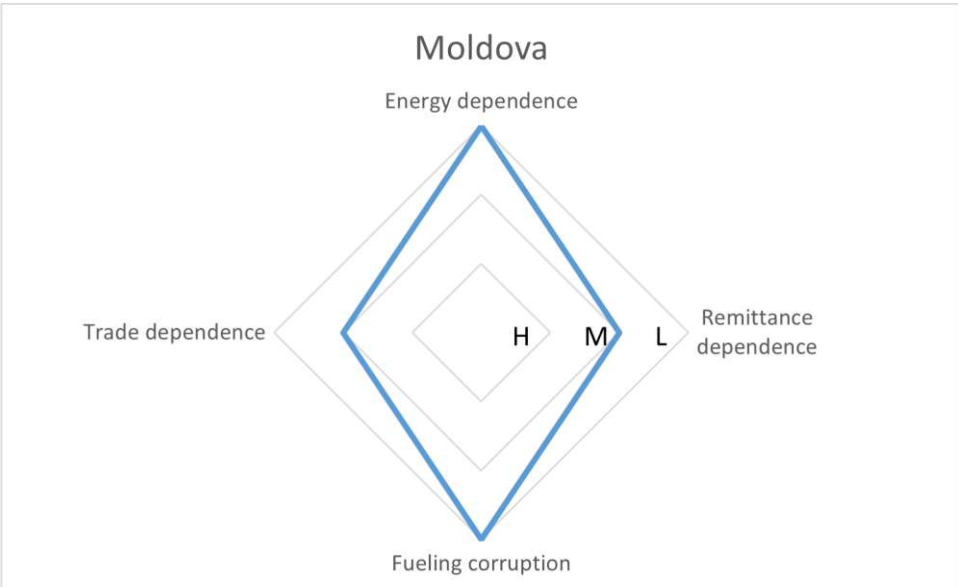
Georgia's socio-economic resilience is shaped by both external threats - particularly from Russia and China - and persistent internal governance shortcomings. Russia continues to exert substantial economic and hybrid pressure through borderisation and passportisation in occupied territories, real estate purchases by Russian nationals, and political interference via elite corruption. This multifaceted strategy results in high vulnerability and low coping capacity, particularly given Georgia's politicised institutions and weak enforcement mechanisms. While civil society and public support for Euro-Atlantic integration remain strong, the potential to recover sustainably is constrained by limited state capacity and selective EU engagement. As a result, Georgia's resilience to Russian economic threats is low.

China poses another significant resilience challenge. Strategic investments in ports, land, and banking through opaque debt-financed projects introduce high vulnerability. While China's footprint is not as extensive as Russia's, concerns around debt dependence and elite capture are growing. Georgia has limited institutional tools to screen or regulate these investments effectively, reducing its coping capacity. The recovery potential is further undermined by governance gaps and weak policy independence, particularly in the face of geopolitical competition. Therefore, Georgia's overall resilience to Chinese influence is low.

Georgia's growing dependence on volatile external capital inflows - particularly from Russian migrants and entrepreneurs - also represents a major vulnerability. Real estate markets and consumption-driven growth are increasingly tied to temporary or geopolitically sensitive inflows, meaning a reversal could create significant shocks. With weak financial oversight and limited economic diversification, Georgia's resilience to sudden capital flight is low, especially in terms of structural recovery.

Moreover, Georgia's broader socio-economic vulnerabilities, including weak local governance, underfunded civil society, and democratic backsliding, further erode its ability to implement inclusive reforms or resist foreign interference. Although the EU remains Georgia's key partner, the effectiveness of its support is diminished by a state-led implementation model that sidelines non-governmental actors. Consequently, while Georgia possesses some buffers through public sentiment and international frameworks, its ability to withstand and recover from socio-economic threats remains constrained.

4.8. Moldova



Source: *authors' assessment.*

Moldova's socio-economic resilience remains medium to low overall, primarily due to sustained vulnerabilities in energy dependence, trade exposure, remittance reliance, and corruption. Russia is the dominant external actor exploiting these weaknesses through multiple channels. In the energy sector, Moldova has made recent progress through its synchronisation with the ENTSO-E grid and EU financial support (e.g., EUR 250 million to ease energy burdens), which has improved its short-term coping capacity. However, Moldova continues to face high vulnerability due to structural dependence on subsidised Russian gas - especially in the Transnistrian region - and limited recovery potential due to a weak domestic energy infrastructure. As a result, energy resilience is assessed as low, although thanks to EU support the country is improving in this area. This may lead to medium resilience in the medium to long-term.

Russia's continued use of trade coercion - including embargoes on Moldovan agricultural exports - poses a high risk, especially to rural producers. Nevertheless, Moldova has benefited from a moderate reorientation toward EU markets via the Deep and Comprehensive Free Trade Area (DCFTA), which reduces vulnerability and improves coping capacity. Structural issues, such as poor-quality control systems and infrastructure gaps, limit the recovery potential, yielding medium resilience to trade-related threats from Russia.

Remittance dependence remains a double-edged sword. Moldova continues to rely heavily on diaspora remittances to buffer against structural trade imbalances, but the origin of these flows is shifting from Russia to more stable EU economies. This shift lowers Moldova's vulnerability and enhances short-term stability. Nonetheless, remittances do not contribute to long-term economic transformation, and recovery potential remains limited. As such, resilience to remittance-related threats from Russia is medium.

Foreign-fuelled corruption, particularly from Russia, continues to deeply erode Moldova's institutional integrity. Despite declared justice reforms, anti-corruption institutions remain weak and often politicised. The vulnerability to elite capture is high, coping mechanisms are underdeveloped, and the recovery trajectory is slow. Accordingly, Moldova's resilience to corruption is low.

Moldova's demographic decline and continued emigration represent additional socio-economic vulnerabilities. Emigration weakens the labour market and contributes to a reliance on external capital, while institutional gaps hinder Moldova's ability to attract or integrate foreign labour. This reduces its capacity to adapt and recover. The resilience building against demographic decline and emigration is low, although as most of the diaspora groups are located in the EU countries, migration trends currently do not represent a threat instrument.

Moldova's economic transformation—from a low-cost, low value-added model to one driven by higher value creation—largely hinges on the new Growth Plan put forward by the EU. However, the key challenge lies in generating quality projects swiftly and strengthening institutional capacity to absorb and implement the substantial funding within a limited timeframe.

4.9. Ukraine

Source: *authors' assessment.*

Ukraine's socio-economic resilience is fundamentally shaped by the ongoing full-scale war with Russia, which has created unprecedented vulnerabilities while also catalysing structural transformations and external support mechanisms. The Russian invasion constitutes the primary threat vector, targeting Ukraine through military aggression, demographic manipulation (such as forced deportations), and the destruction of infrastructure. These factors have exacerbated and exposed the country's socio-economic vulnerabilities and have severely impaired the state's coping capacity, especially in regions under occupation. However, recovery potential is bolstered by Ukraine's strong societal resilience, extensive international support - particularly from the EU - and robust reform momentum, resulting in medium resilience in the face of Russia's hybrid warfare.

Energy resilience, once a point of weakness, has improved significantly since Ukraine's emergency synchronisation with the ENTSO-E grid in 2022. This has reduced reliance on Russia and enhanced Ukraine's ability to manage power distribution and energy shocks, aided by EU humanitarian and technical support. These developments raise Ukraine's coping capacity and long-term recovery prospects, resulting in medium resilience in the energy domain.

Trade resilience has also improved through the implementation of EU measures such as Solidarity Lanes and ATMs, which enabled Ukraine to export agricultural products despite Russian port blockades. These instruments have ensured vital economic income and increased Ukraine's integration with EU supply chains. While the EU's support has markedly strengthened Ukraine's trade resilience, the EU's decision not to renew the ATMs as of 6 June 2025, raises important questions about the country's capacity to sustain export levels under renewed trade restrictions. A transitional regime offering partial liberalisation is in place until the end of 2025, but it remains uncertain whether a comprehensive, long-term trade liberalisation framework—potentially including an updated EU–Ukraine DCFTA—will be agreed from 2026 onwards. While, Ukraine has demonstrated remarkable resilience in sustaining trade during full-scale war, the withdrawal of some of the

EU’s support instruments could constrain its economic adaptability. Given this evolving context, Ukraine’s overall trade resilience can be assessed as medium.

Russia’s full-scale invasion has also significantly altered the demographic structure of the occupied territories through forced displacement, deportation of Ukrainian civilians and children, and the relocation of Russian nationals into these areas. While millions of Ukrainians have fled or been unlawfully transferred to Russia, estimates suggest large-scale demographic shifts, including the forced relocation of up to 1 million Russians into Crimea alone and the deportation of over 19 500 Ukrainian children. Simultaneously, Russia restricts the departure of Ukrainians from occupied zones through filtration and bureaucratic barriers. These practices, which the Council of Europe has recognised as genocide, pose long-term threats to Ukraine’s socio-economic stability and complicate future reintegration of the occupied territories. The country’s resilience to this threat amidst the ongoing war is currently low.

China and Türkiye have expanded their strategic investments in Ukraine, especially in infrastructure and defence sectors. While such investments offer necessary reconstruction support, they may also introduce high-impact threats in the long run if regulatory frameworks remain weak. Ukraine has limited screening mechanisms to assess these risks. However, the current benefit outweighs the threat, particularly with Türkiye's alignment on defence cooperation. As a result, overall resilience to foreign strategic investment is medium, with future outcomes dependent on institutional oversight.

Ukraine’s institutional resilience is improving, bolstered by EU conditionalities under the Ukraine Facility (2024–2027) and massive financial packages like MFA+ (EUR 18 billion in 2023). However, these gains are contingent on sustained reform implementation and accountability. Persistent challenges include corruption, judicial inefficiencies, and uneven decentralization. In this area, vulnerability remains high, and despite increasing external support, coping capacity and recovery remain fragile, leading to low resilience.

5. CONCLUSIONS

The key economic vulnerabilities observed across the EN3 and WB6 countries are of a structural nature because the states are mostly service-based economies, with a limited manufacturing base and heavy reliance on remittances, external borrowing, and imports. This economic structure is not resilient, as it makes these countries highly dependent on external factors and vulnerable to economic shocks. Large trade deficits and persistent budget shortfalls further strain economic stability, while growing levels of public debt may limit fiscal flexibility in times of regional or global economic shocks. Both country groups remain significantly poorer than the EU, with GDP per capita at about half the EU average. While most are growing faster than the EU, this is largely due to their lower starting point. However, much of this growth is consumption-led rather than driven by productivity gains, raising concerns about its long-term sustainability.

Unemployment and widespread poverty remain systemic social vulnerabilities across the EN3 and WB6 countries. These regions face persistent challenges in building social resilience due to weak social safety nets and limited financial inclusion. Large segments of the population lack access to essential social protection programmes such as pensions, social security, and health insurance, leaving them highly vulnerable to economic shocks. Financial exclusion further exacerbates these risks, as many individuals remain outside the formal banking system, limiting their economic opportunities and increasing their exposure to corruption and political manipulation. Gender issues remain persistent when it comes to the labour market participation rate, employment and payment distribution.

These socio-economic vulnerabilities set the ground for foreign interferences resulting in varied resilience against mapped socio-economic threats. While the analysis does not provide a uniform picture of socio-economic resilience, certain regional patterns and country-specific aspects stand out.

Across both regions, a mixture of energy dependence, foreign strategic investments and fuelling corruption are shown to be potent and persistent threats, exposing socio-economic vulnerabilities of both the WB6 and the EN3 countries.

Energy dependence emerges as the critical socio-economic threat instrument that yields low resilience across most of the CC. This particularly applies to Serbia, BiH, Moldova and Kosovo where historical reliance on Russian energy sources or Russian-owned infrastructure persist. Meanwhile, Albania and North Macedonia emerge as more resilient due to their energy sources diversification and relatively lower dependence on Russian supplies. Ukraine and Moldova remain highly vulnerable to the energy threats stemmed from Russia, but thanks to EU support, including through the electricity grid integration, they are strengthening resilience in this area.

Almost all countries across the WB6 and EN3 countries face low resilience against fuelled corruption from external actors. For the EN3 countries this is mostly from Russia, and for the WB6 countries, mostly from China.

Among the EN3, Georgia's resilience is further undermined by borderisation and passportisation, and the influx of Russian capital and citizens. Coping strategies are undermined by weak institutional safeguards, politicised and fragmented governance and drastic democratic backsliding. Ukraine stands out for its resilience despite full-scale hybrid aggression from Russia. However, resilience is low against the forced displacement of the population, including the labour force, and fuelling corruption. For both Moldova and

Ukraine, the EU's support in strengthening resilience against energy and trade dependences on Russia has proven to be important. Amongst the EN3, Georgia yields low resilience against all identified threat instruments, while Moldova and Ukraine are also characterised with medium resilience across various threat instruments. Across the EN3, socio-economic resilience against external threats is lowest in Georgia.

Amongst the WB6 countries, Montenegro faces low resilience across all identified socio-economic threat instruments. Montenegro's resilience is the lowest due to cumulative exposure to foreign threats and acute vulnerabilities sourced as a result of its large trade deficits and economic dependence on tourism and remittances. Like Montenegro, Serbia also shows low resilience against socio-economic threats stemmed from China, Russia and the UAE, worsened by the opacity of investment deals, unsustainable debt and fuelling corruption. Kosovo and BiH face the highest constraints in countering socio-economic threats. For Kosovo, this mainly refers to the limitations of bypassing economic dependencies on Serbia, and for BiH its institutional fragmentation.

Diaspora-related dynamics and remittance dependence present a mixed picture for the socio-economic resilience of the EN3 and WB6 countries. While diaspora networks and remittance flows can act as buffers during economic shocks and offset the lack of foreign investment—especially in countries like Kosovo—heavy reliance on remittances remains a structural vulnerability. This dependence is more stable and is not perceived as a threat instrument when remittances originate from EU countries, as is largely the case for the WB6. However, when sourced from countries like Russia—as in the EN3 countries —remittances can become a threat and could be weaponized during periods of heightened geopolitical tension.

The EU's toolbox plays a critical role in strengthening the resilience of the EN3 and WB6, especially during crises. Financial support through flexible and fast-tracked instruments, such as emergency MFAs, proved vital during both the COVID-19 pandemic and Russia's full-scale invasion of Ukraine. Opening the Single Market by reducing tariff and non-tariff barriers has been instrumental in helping EN3 countries, and Ukraine in particular, reduce trade dependencies on Russia. Additionally, triggering the Temporary Protection Directive for the first time has been instrumental in allowing Ukrainian refugees to reside and work in the EU, while having access to the healthcare and social services. The EU's support in strengthening energy resilience, particularly for Moldova and Ukraine, proved to be very important.

While EU support remains essential for strengthening economic resilience, it must be complemented by coherent domestic socio-economic policies to ensure a lasting impact beyond short-term crisis response. The temporary nature of certain EU instruments—such as the recent non-renewal of the ATMs for Ukraine—risks disrupting trade and economic performance in candidate countries and undermining long-term resilience gains. At the same time, the absence of well-designed domestic socio-economic policies across the EN3 and WB6 limits the effectiveness of EU assistance in fostering long-term resilience. Additionally, persistent concerns over the absorption capacity of EU funds—particularly in the WB6—as well as the consistent application of conditionality under the newly introduced Facilities, further challenge the overall effectiveness of the EU's support framework.

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ANNEXES

Albania

Albania's socio-economic resilience is assessed as medium: the economy absorbs shocks reasonably well thanks to Albania's trade with a variety of neighbouring and EU countries, diversified, mostly private FDI, and diaspora remittances. Its resilience is strengthened by rapid post-crisis rebounds and by justice-sector reforms that gradually close elite-capture channels, as mentioned by interviewees. Yet pervasive corruption (CPI rank 98/180) and non-competitive concessions leave enduring entry points for foreign manipulation and reduce Albania's resilience.

Albania's socio-economic resilience, defined as its capacity to cope with the socio-economic threats and recover in a sustainable manner is however tested by external influences aimed at undermining its integration into European structures. In this context, Albania faces three particularly distinct threats: China's public outreach designed to cultivate a pro-Chinese economic elite; Türkiye's strategic investments in critical infrastructure that aim to secure long-term political leverage; and Russia's covert manipulation of political elites through corruption and disinformation.

China's influence in Albania operates through a combination of elite engagement and selected economic ventures. Chinese foreign direct investment accounts for around 2.3 % of Albania's total but has included stakes in energy, transport hubs, and telecommunications. Beijing also offers Albanian media outlets free or low-cost content while funding cultural programmes, scholarships, and local Confucius Institutes, which help in shaping China as a reliable business partner and ally. Interviewees mentioned an absence of large-scale Chinese infrastructure projects, contrasting sharply with other Western Balkan nations where China holds key strategic assets (Interview 3). This limited stake in Albanian critical sectors mitigates the scope for China to impose immediate costs or threaten abrupt withdrawal of capital. However, Albania's resilience regarding China's potential long-term influence rests on the ability to prevent elite capture through corruption or concerted lobbying efforts. State-level vigilance has been weakened by governance gaps, particularly in the regulation of foreign media ownership and foreign funding of political activities. Should China expand its investments in future years, deeper economic entanglements could render Albania more susceptible to diplomatic or financial pressure. However, interviews suggest that, given a pro-EU public majority, Chinese leverage would materialise only if Albania's EU prospects stagnated (Interview 1; Interview 3). Overall, Albania demonstrates medium resilience towards socio-economic threats stemming from China.

Türkiye maintains a historically and culturally significant position in Albania, bolstered by religious ties and extensive development cooperation (Interview 2). Economically, Turkish foreign direct investment reached a peak of nearly 15 % of all FDI in Albania during selected years. Albania's second-largest bank, BKT, is Turkish-owned, while other sectors—such as energy, heavy industry, and telecommunications—have previously drawn substantial Turkish capital. According to multiple interviewees, these investments fulfil urgent infrastructural needs yet could also constitute leverage if Ankara adopts a more assertive stance (Interview 2; Interview 3). Interviews show that while successive governments maintain a "special friendship" with Ankara, they also recognise that EU membership constitutes Albania's overriding strategic priority. As a result, Albanian officials appear willing to push back if Turkish initiatives visibly undermine the EU reform track. Türkiye's cultural appeal and sizable footprint in strategic sectors could translate into sharper influence if tensions with the EU were to rise or if Albanian reform momentum were to stall. Given this, Albania's resilience to socio-economic threats stemming from Türkiye is medium.

Resilience towards socio-economic threats stemming from Russia is mostly high, with the exception of fuelling corruption. Moscow has minimal economic stakes in Albania, lacks historical or cultural connections, and has garnered little sympathy among Albanian citizens, who predominantly favour Albania's NATO and EU integration over closer alignment to Russia. In practice, Russian interference attempts appear to revolve around covert financing of political elites, disinformation campaigns, and occasional espionage. The alleged Russian funding for an Albanian opposition party in 2017 exemplified the vulnerability of local campaign finance oversight. The Albanian government expelled Russian diplomats for suspected espionage, strongly condemned Russia's invasion of Ukraine, and has aligned with EU sanctions. Interviews indicate negligible public enthusiasm for Russian positions, limiting their disruptive impact. Nonetheless, concerns about corruption and vulnerabilities to cyberattacks persist, hinting that vigilance against malign activities remains crucial.

Overall, Albania demonstrates a medium level of resilience towards socio-economic threats stemming from China and Türkiye, whereas its resilience to Russian interference rates higher. Interviewees stress that the government's drive to meet EU expectations helps counterbalance foreign influence. However, institutional inertia, underfunded media outlets, and the lure of fast, condition-free capital from external powers, such as China, mean that sustained efforts are necessary to ensure Albania remains firmly anchored on its path toward EU membership.

Bosnia and Herzegovina

Bosnia and Herzegovina's (BiH) economy is highly vulnerable due to its deeply fragmented and politically complex governance structure, characterised by overlapping jurisdictions, numerous veto players, and slow, multi-layered decision-making procedures. Political and ethnic divisions routinely spill over into the economic sphere, where short-term, reactive decision-making prevails over strategic planning, and public enterprises and administration are often led by unqualified, party-affiliated personnel (Interviews BA106, BA107). Endemic corruption further undermines efficiency and investor confidence. The prolonged political crisis, particularly driven by the leadership of Republic Srpska—under sanctions by several Western countries—has created an atmosphere of chronic instability. This has deterred investment and compounded economic uncertainty. At the same time, widespread emigration, including entire families leaving for EU countries, is accelerating demographic decline and causing severe labour shortages, while the economy remains unsustainably reliant on an oversized public sector. Over 50 % of BiH citizens live abroad and remittances exceed 10 % of GDP annually, compensating for the trade deficit and sustaining domestic consumption (Interview BA81, Figure 3 in section 2). Informal networks fill gaps left by dysfunctional formal institutions and boost apparent living standards by 30 % or more, masking official data on poverty (Interview BA81). Despite its rich natural resources, Bosnia risks long-term stagnation unless it addresses these interlinked structural and political challenges.

BiH's energy sector shows low resilience to Russian influence, particularly due to Russian ownership of both BiH oil refineries and a prominent petrol station network and BiH's reliance on Russian gas. Although gas comprises only about 3 % of the country's energy mix, BiH lacks gas storage, which left it dependent on Serbian reserves during a 2023 supply disruption via Turkish Stream. The coping capacity at the national level is limited due to fragmented governance and an underdeveloped energy diversification strategy. Political divisions have stalled key diversification efforts. While the EU and US back a southern interconnection to bring Azerbaijani gas to the Federation, Republic Srpska's leadership promotes an eastern route tied to Russian supplies and political alignment with Moscow. The delayed adoption of the Law on the Southern Interconnection (January 2025) and competing entity and ethnic interests have allowed Russia to exploit internal rifts, risking deeper dependence and further fragmentation of BiH's energy system. As a result, BiH's resilience to energy dependence on Russia is low, particularly in the medium to long term.

BiH demonstrates medium resilience to China's socioeconomic influence, particularly through strategic infrastructure investments concentrated in Republika Srpska (RS). Many of these projects—such as highways and energy facilities—are based on non-transparent agreements, often stalled or flawed, and expose the country to long-term debt entrapment. While immediate disruptions are unlikely, RS's growing reliance on Chinese funding—especially as an alternative to Western conditional loans—raises corruption risks and may undermine BiH's economic integration with the EU. Weak institutional oversight, lack of legal safeguards, and contracts that grant Chinese companies extended control (e.g., 30-year toll concessions) further exacerbate this vulnerability. As China's role expands, particularly in the absence of EU-aligned reforms, the economic leverage could become a coercive tool, heightening risks over the medium and long term.

The EU exerts significant structural and financial influence over BiH's economy, primarily through the currency board system that pegs the Bosnian Convertible Mark (BAM) to the euro, dominance of EU-based banks, and extensive trade ties—most of BiH's exports and imports are with the EU. Substantial remittance from the BiH diaspora in EU Member States further deepens this dependency, rendering this country highly sensitive to economic shocks in the EU that transfer almost immediately to BiH (financial crises, COVID-19, inflation; Interview BA81). However, the EU's political influence is marked by ambivalence and inconsistency. It has often failed to adapt its demands to the complex local context, setting ambitious reform benchmarks without providing tailored support, and accession negotiations have been hindered by a lack of trust and clarity on both sides. Bosnia remains the only Western Balkan candidate that has not managed to produce a Reform Agenda under the new EU Growth Plan. In Republika Srpska, the EU has suspended EUR 600 million worth of projects since 2021 due to secessionist rhetoric, with Germany halting bilateral projects as well—only for Hungary to fill part of the vacuum, exposing intra-EU divisions (Interview BA83). Nonetheless, initiatives like integration into the Single Euro Payments Area (SEPA) and gradual alignment of the banking sector could offer potential avenues for more meaningful and sustainable EU-BiH engagement.

Overall, BiH faces persistent socioeconomic vulnerability stemming from a combination of internal political fragmentation, institutional weakness, external dependencies and demographic decline. Externally, BiH also shows low resilience to Russian energy influence, given its dependence on gas via Serbia and stalled diversification projects due to political deadlock. Its resilience against China's growing economic footprint, particularly through opaque infrastructure deals in Republic Srpska, is medium. On the other hand, the country is highly exposed to EU market fluctuations, with its economy structurally tied to the euro through a currency board, EU-dominated banking, and trade dependence. However, the EU's political leverage to boost needed reforms against institutional deadlock is weakened by inconsistent engagement and internal divisions.

Kosovo

Since Kosovo's 2008 declaration of independence, Serbia maintains a policy of non-recognition and regularly employs various trade restrictions and non-tariff barriers to hinder Kosovo's access to regional markets (International Crisis Group, 2022), with alternative trade routes remaining underdeveloped (Bertelsmann Stiftung, 2022). Kosovo has displayed some degree of coping capacity through retaliatory trade measures, and partial diversification of transport routes via Albania and North Macedonia. However, its infrastructural dependence and limited regional market access reduce its dynamic resilience. Regarding energy, the Kosovo Energy Corporation (KEK) remains unable to guarantee a year-round supply, and Kosovo's northern energy grid remains partially dependent on Serbian infrastructure (Rand Corporation, 2023), leaving the door open to potential manipulation by Serbia. Kosovo's short-term coping strategies - such as energy import agreements - suggest a degree of short-term resilience. However, long-term adaptation remains limited due to low investment in renewable energy and limited integration in regional energy markets (Balkan Green Foundation, 2023). Overall, Kosovo's resilience against Serbia's trade and energy leverage is low.

Another problem is the poor socio-economic integration of Northern Kosovo. Because of this and the ongoing dispute around Kosovo's sovereignty, interviewees lamented low investor confidence, which contributes to Kosovo's continuing lack of an industrial basis[14]. Growth in Kosovo is primarily driven by public investment in infrastructure and by diaspora remittances. The latter provide a degree of short-term resilience against crises, as they can help Kosovars cope with economic shocks. However, the remittance-dependence of Kosovo also points to its economic structural weaknesses and a lack of industrial production in the country.

Türkiye has emerged as one of Kosovo's key economic partners, contributing around 8 % of total FDI in 2023, with significant stakes in energy (Calik Holding's ownership of KEDS), transportation (Limak-Aéroports de Lyon), and construction. While these investments address Kosovo's capital shortages and contribute to infrastructure modernization, concerns have arisen over procurement transparency and the long-term implications of concentrated foreign ownership in strategic sectors. Although Türkiye currently supports Kosovo's sovereignty and Euro-Atlantic orientation, future shifts in Ankara's foreign policy could convert economic leverage into political pressure. Given this, Kosovo's resilience to threats emerging from Türkiye's investments in strategic sectors is medium.

Furthermore, interviewees reported that corruption remains a central concern, especially regarding public procurement and judicial enforcement (fieldwork interviews). Kosovo's resilience is further compromised by its vulnerability to illicit political financing. Campaign finance regulation remains weak, particularly at the municipal level, where individual candidates are not consistently required to disclose expenditures (NDI, 2023). This opens avenues for foreign actors to covertly fund political parties or candidates aligned with their strategic interests. While legislative improvements have been made recently, civil society organisations have raised alarms about the risk of elite capture in infrastructure, telecommunications, and land-use policy (GLPS, 2023). To this end, Kosovo's resilience against fuelled corruption is low.

Kosovo's social resilience remains at a low level, with several structural challenges undermining inclusive and sustainable development. Fieldwork interviews revealed persistent gender pay gaps and broader gender-

[14] Interview conducted during the fieldwork in Pristina.

based inequalities. Femicide and limited access to employment opportunities for women, particularly in rural areas, are among the most pressing issues. In many rural communities, inadequate public transportation infrastructure further limits women's ability to access jobs, contributing to their economic exclusion. While social support mechanisms such as the reservation wage system exist to provide unemployment benefits, they remain insufficiently tailored to address the actual needs of vulnerable populations. Although the overall unemployment rate has shown a decreasing trend, the labour market continues to face significant mismatches, especially in sectors requiring low-skilled labour. This has led to a reliance on migrant workers, particularly from Southeast Asia, highlighting the need for more targeted employment and training policies to improve domestic labour market integration and resilience.

The EU is Kosovo's largest donor and key partner for economic and institutional development, providing funding through the Instrument for Pre-Accession Assistance (IPA), Growth Plan for WB, sectoral budget support, and technical assistance. However, the imposition of EU sanctions in 2023 - due to perceived failures in Kosovo's crisis management in the north - has strained this relationship. Fieldwork interviews revealed disappointment and uncertainty about the EU's consistency and strategic orientation (Interview Notes). Concerns were raised that Serbia continues to benefit from EU engagement despite its obstructionism, while Kosovo faces punitive measures.

This is relevant in the context of socio-economic resilience as Kosovo's resilience is highly contingent on the continuity and predictability of EU support. While the country has benefited from donor financing in times of crisis, it lacks the fiscal and institutional capacity to substitute for suspended EU funds. As such, Kosovo's coping capacity is closely tied to its geopolitical alignment. Its dynamic resilience, in the REUNIR framework, will depend on whether it can diversify support channels and develop internal fiscal space over time.

Kosovo's socio-economic resilience in the face of foreign threats remains limited but not negligible. The country demonstrates a moderate capacity to absorb shocks through diaspora remittances, donor support, and informal social networks. However, persistent governance weaknesses, trade and energy dependencies on Serbia and disputed sovereignty constrain Kosovo's capacity for transformative recovery. The country's resilience against Türkiye's expanding economic footprint and openness to illicit (foreign) political financing is also medium to low.

North Macedonia

In general, North Macedonia faces persistent socio-economic vulnerabilities, shaped by skilled labour shortages, sustained emigration, and underperforming public services. Fieldwork interviews confirm that even minimal wage differentials drive migration, while labour gaps are filled by poorly integrated workers from South and Southeast Asia, hindered by racism, language barriers, and lack of targeted skills. Education and healthcare remain underfunded, with investment skewed toward construction rather than human capital, limiting productivity growth. Corruption and weak administrative capacity undermine reform delivery. Although EU support is substantial, interviewees mentioned that around one-third of IPA funds are returned annually due to institutional limitations. While external support mechanisms are in place, the domestic ability to implement, adapt, and sustain reforms is inconsistent and undermined by governance and demographic decline. These structural weaknesses constrain the country's socio-economic resilience.

North Macedonia's relatively small economy relies significantly on services and manufacturing and is vulnerable to varying degrees of external influence from China, Türkiye, and Russia. China's infrastructure-driven approach, Türkiye's expanding economic footprint, and Russia's gas leverage each test the country's ability to absorb short-term disruptions and maintain stable recovery trajectories in the longer run.

China's footprint in North Macedonia is primarily infrastructural and financial. While the overall share of Chinese FDI is limited – approximately 2 % of total FDI stock – Beijing's influence manifests through strategic infrastructure projects under the Belt and Road Initiative. While the economic impact of a sudden Chinese divestment would be modest due to the small investment base, the risk lies in debt entrapment and systemic governance erosion. Fieldwork interviews confirm that China is perceived less as a political actor and more as a vehicle of corruption. "Corruption is the entry gate for all malign influence," one focus group participant noted, with Chinese deals seen as bypassing public accountability mechanisms. At the moment the economy shows moderate resilience to Chinese pressure. North Macedonia can absorb a sudden halt in Chinese engagement without collapse due to the marginal role China plays in trade and investment compared to the EU. However, the embeddedness of Chinese contractors in critical unfinished infrastructure creates points of technical and legal dependency. More acutely, corruption scandals tied to Chinese investment have politically destabilised past governments. Dynamically, North Macedonia displays high resilience. Public and institutional learning from past Chinese involvement has increased regulatory scrutiny. The government no longer renews BRI memoranda, and public opinion is largely sceptical of further deepening ties. As noted in interviews, "China's economic presence is low and not expected to rise".

Türkiye's influence differs in that it builds on historical, cultural, and religious affinity. It has grown into one of North Macedonia's top economic partners and accounts for a rising share of FDI, particularly in infrastructure, banking, and energy. Türkiye also operates a dense network of cultural and religious institutions, such as the Yunus Emre Institutes and the Directorate of Religious Affairs, which built the largest mosque in the country. While this influence is often framed as benign, it becomes politically salient where Turkish interests intersect with North Macedonia's sovereignty. While divestment or a trade war could significantly hurt North Macedonia, the current relationship is economically diversified and beneficial for both. Neither trade nor investment are concentrated enough for Türkiye to harm North Macedonia decisively or blackmail the government for political concessions. While Türkiye supports EU integration, its deepening cultural and economic links could evolve into forms of dependency if governance standards are compromised. Although any abrupt withdrawal of Turkish capital is unlikely under current political dynamics, an overreliance on a single foreign investment partner can, in the medium term, weaken the state's ability to resist coercive demands. It can also open the door to corruption, as one focus group participant warned that state capture can be facilitated not only by malign actors but also by allies, if the rule of law is circumvented. As such, North Macedonia's resilience vis-à-vis socio-economic threats stemming from Türkiye is assessed as medium.

Russia presents the most serious immediate challenge to North Macedonia's resilience. Moscow's direct economic presence is minimal, but its leverage arises through energy dependence. Natural gas imports from Russia constituted between 90 to 100 % of North Macedonia's supply for most of the past decade, exposing the country to potential supply disruptions. While natural gas accounts for only 11.7 % of the energy mix, short-term disruption could nevertheless be detrimental. This means that the resilience to Russian energy coercion remains low in short-term. In the event of a supply cut, heating systems and industrial output would suffer severe disruptions, and emergency substitutes are limited. The Greece-North Macedonia interconnector remains under construction, and LNG access via Greece remains unreliable. The 2022 energy crisis following the Ukraine invasion increased electricity costs by 18 % in North Macedonia, illustrating how external shocks can rapidly destabilise economic conditions.

However, in the medium to long-term North Macedonia's resilience to Russia is strengthening. North Macedonia has expelled Russian diplomats, aligned fully with EU sanctions, and donated military equipment to Ukraine. The completion of the Greece interconnector will end Gazprom's monopoly, EU support via the Economic and Investment Plan is funding further diversification, and investments in renewable energy are underway. Interviewees emphasised the role of EU funding in stabilising energy and upgrading human capital through dual education programmes. Therefore, the resilience of North Macedonia towards Russia interference is assessed as medium.

In conclusion, North Macedonia exhibits differentiated resilience profiles across the three threats. North Macedonia displays medium resilience against threats stemming from China due to the strategic decoupling and governance learning; moderate against Türkiye; and medium against Russia, where critical infrastructure reforms, investments in renewable energy and European alignment will mitigate - but not eliminate - structural vulnerabilities. EU engagement remains decisive: it provides not only financial support but also the normative and institutional incentive for Northern Macedonia to counter foreign threats.

Montenegro

Montenegro is a small coastal state on the Adriatic Sea with a population of 633 158 and a GDP of USD 7.4 billion in 2023. The country's economy relies largely on the tourism and hospitality sectors, both of which show low resilience against external shocks (i.e. COVID-19 pandemic in 2020-21). Montenegro's growth and development are hindered by significant infrastructure gaps, which necessitate substantial investment to ensure long-term sustainability and resilience, and embeddedness in the European economic structures. Montenegro's international trade reflects its economic fragility, with its exports typically covering only 20 % of its imports, resulting in a pronounced trade deficit. The country's macroeconomic governance is closely linked to the Eurozone, with the limited capacity to influence its monetary policy, due to its unilateral adoption of the euro as the official currency in 2022.

These inherent economic vulnerabilities have left Montenegro susceptible to external threats, particularly from Russia and China. Struck by the COVID-19 pandemic, Montenegro could not service its debt to China and tried to fill gaps by applying its 'investor citizenship' programme, mostly used for Russians. The slow pace of its EU accession process and concerns over the rule of law have weakened its resilience in the previous period. Political instability has also emerged as a growing challenge, but its NATO membership and EU integration remain undisputed. EU negotiations have accelerated since 2024, which could boost the country's resilience towards other third actors. However, this process might also have attracted the increasing presence of Turkish immigrants in various sectors (insights from several interviews and expert focus groups), and did not discourage the new government from entering into opaque deals with United Arab Emirates in the spring of 2025 (CdM, 2025).

Montenegro has exhibited low resilience to Chinese influence, primarily manifested through strategic infrastructure loans negotiated under opaque and unfavourable terms. A striking example of this is the Bar–Boljare highway project, which has bound the country to China for two decades (2014-2035). One of the most contentious clauses in the loan agreement grants the Chinese bank the right to seize portions of the Bar port if Montenegro fails to meet its debt obligations. This alarming scenario nearly materialised in 2021 when Montenegro was unable to make its first repayment instalment. Initially, the EU was reluctant to provide assistance. Only through the intervention of Western banks, who facilitated the renegotiation of the loan's interest rate, was the country able to avoid a default. This highlights Montenegro's ongoing struggle to disentangle itself from potentially exploitative foreign investments while striving for greater economic stability.

Russian citizens have established a prominent presence in Montenegro's real estate, tourism, and business sectors, contributing significantly to the country's economic landscape. By mid-2024, more than a thousand Russian nationals had acquired Montenegrin citizenship, further embedding their influence. Russians accounted for approximately 25 % of all overnight tourist stays in 2023 and own roughly one-third of all foreign-owned active companies in Montenegro. This substantial ownership and the high number of Russian residents, relative to Montenegro's small population, amplify their socioeconomic influence across various sectors. This deep economic entanglement also leaves Montenegro highly vulnerable, particularly to geopolitical shocks or a sudden withdrawal of Russian capital or tourists. Montenegro's limited economic base and heavy dependence on external income sources hinder its capacity to effectively manage such vulnerabilities. As a result, Montenegro's resilience to the influx of nationals and capital from Russia is low, particularly in the short term.

Montenegro is accelerating its accession negotiations with the EU, yet experts remain dissatisfied with the quality of the process and reforms taken, particularly in the area of rule of law (Expert Focus Group). The questions also remain as to whether the country will be prepared to compete effectively within the single market. To this end, Montenegro expects the EU to assist in building a sustainable economy capable of withstanding the pressures of the Single Market, as well as developing the human and institutional capacities needed to manage EU membership (Interview ME70).

The EU is Montenegro's primary trade partner, but the country already faces the largest trade imbalance with the EU in absolute terms, amounting to – EUR 1.5 billion in 2023. With significant emigration already taking place, this situation could deteriorate further if Montenegro becomes an EU member without substantial readiness in the economic sphere. Additionally, the country has demonstrated insufficient capacity to absorb EU funds, which could pose a similar challenge in managing cohesion funds post-accession (Interview ME70).

Assistance from the EU is particularly crucial in sectors such as transport and energy. If the EU does not provide sufficient engagement in these areas, Montenegro has sought alternatives, some of which could undermine its EU integration. Moreover, the country's small market size and the prevalent perception of corruption act as deterrents for large EU investors (Interview ME74). The EU should step up to fill in the gap if third actors such as Russia or China withdraw. While the EU's Growth Plan for the Western Balkans is a step in the right direction, it has been criticised for being inefficient, overly slow, and burdened by administrative obstacles. Some assessments suggest that Montenegro would require between EUR 2 to 5 billion to bring its economic sector up to the EU's average standards (Interview ME70).

Serbia

Serbia's resilience to external influences and dependencies remains low, particularly in the areas of energy, strategic investments, and corruption. Its resilience to energy dependence on Russia is assessed as low to medium, as the country continues to rely heavily on Russian gas supplies while struggling to diversify its sources. Similarly, Serbia's resilience to the increasing economic footprint of China is low, with growing investments and loans exacerbating vulnerabilities in the absence of strong regulatory enforcement. The UAE's influence, particularly in fuelling corruption through opaque deals, further weakens Serbia's institutional capacity to resist external pressures and make necessary reforms on its EU integration path. The EU's role is crucial to building resilience, offering clear and consistent decision-making, political messaging, and ambitious financial assistance, all conditioned on the rule of law.

Serbia faces significant internal socioeconomic vulnerabilities, primarily driven by state capture and corruption, which remain the country's most pressing challenges. While foreign investors are courted through incentives, many have left once subsidies expired, especially as labour costs rise alongside inflation, leading to the import of cheap labour. This environment has been marked by non-transparent deals, even with EU Member States, which often circumvent public procurement processes. Government spending has increased but remains unproductive, particularly in the real-estate sector where low-quality developments are sold at inflated prices, further deepening socioeconomic inequalities. The country also grapples with demographic decline, a poverty-stricken population, and an education system that fails to address growing needs. Additionally, the Serbian government has artificially maintained an overappreciated exchange rate, masking deeper economic weaknesses. While public debt is growing, it is still considered manageable compared to other countries in the region. However, the country's systemic vulnerabilities remain a major concern, hindering long-term sustainable development.

Serbia's energy sector remains heavily reliant on Russian oil and gas, with its resilience to Russian influence assessed as low to medium. Although some measures have been implemented to ensure both short- and long-term sustainability of supply following the geopolitical shifts triggered by Russia's aggression in Ukraine, the Serbian government remains keen to maintain strong ties with the Kremlin. Coal remains the dominant source of electricity in the country, contributing to rising pollution, while Russian gas has been labelled as a transitional fuel. Gas, nearly all sourced from Russia and supplied via the Turkish Stream, accounts for 14.4 % of Serbia's energy mix, with oil comprising up to 27 %. To ensure short-term energy security in the event of a supply disruption, in April 2025 Serbia has started works on expanding its gas storage in Banatski Dvor (majority owned by Russian Gazprom) to 1.5 billion cubic metres by the end of 2026. In recent years, Serbia has also leased gas storage in neighbouring Hungary.

In the long term, with the EU's support and insistence, the Serbian government has pursued diversification of its energy sources, particularly in oil and gas. The EU funded the construction of a gas interconnector with Bulgaria, which has been operational since December 2023, enabling the import of gas from Azerbaijan. Under a Memorandum signed with Romania in August 2024, another interconnector will be completed by 2027 to link the two countries. Serbia has also worked to intensify energy cooperation with both the EU and the US, though part of its foreign policy strategy remains balancing these relationships with strong ties to Russia. In this context, the Serbian government has signed an agreement with Azerbaijan to receive up to 400 million cubic metres of gas annually by 2026, though this will cover only 13 % of Serbia's annual consumption, which exceeds three billion cubic metres. Meanwhile, Serbian officials are negotiating a new three-year gas supply agreement with Russia, set to begin after the current agreement expires in May 2025.

Furthermore, Russia's dominance in Serbia's energy sector persists through the Serbian Oil Industry (NIS), where Russian companies hold majority shares. NIS plays a crucial role in the Serbian economy, employing 5 000 people and contributing significantly to the national budget— EUR 2.1 billion, or 13 % of total revenue, was paid in 2023 alone (Ćulibrk, 2025). Following the addition of NIS to the US Treasury Department's list of sanctioned entities in January 2025, the Serbian government has been working to divest Russian shares. However, the implementation of these sanctions has been delayed three times, most recently until late June 2025. The government is buying time to develop short-term sustainability options in case the sanctions are enforced, but uncertainty remains as no long-term solution has yet been identified.

Serbia's resilience to the negative consequences of Chinese influence is low, as the country continues to attract increasing Chinese investments, loans, merchandise, technology, and construction companies. This trend is further accelerated by a free trade agreement that came into effect in July 2024, along with 30 bilateral cooperation agreements signed in the same year. By the end of 2024, China had overtaken Germany as Serbia's largest source of imports, although the EU as a whole remains Serbia's largest external trade partner. Serbia's trade deficit with China is expanding, as is its foreign debt. China exploits the country's raw materials (such as copper) and its access to the EU Single Market, as well as its weak rule of law and lax environmental standards. This has contributed to regulatory erosion, environmental degradation, and high levels of corruption, all of which jeopardise Serbia's European integration.

Similar to its vulnerability to Chinese influence, Serbia's resilience against the influence of the UAE is also low. Key deals are often made behind closed doors at the highest political levels, with little transparency or oversight. Between 2014 and 2022, Serbia borrowed approximately EUR 2.24 billion from the UAE, accounting for roughly one-tenth of the country's total foreign debt. Moreover, Serbia has already requested a postponement of repayment, indicating the growing financial strain these arrangements may place on the country.

The EU remains Serbia's largest foreign economic partner, yet there are significant concerns regarding the trustworthiness of Serbian companies and projects in the eyes of EU business partners. Interviewees often highlighted the scepticism surrounding Serbia's balancing foreign policy, particularly its close ties with the Kremlin, which has raised doubts among EU stakeholders. On the other hand, double standards have arisen from the EU side, particularly in light of the EU's support for the controversial lithium mining project in the Jadar Valley, which persists despite widespread public resistance and Serbia's poor track record in rule of law and environmental protection.

Furthermore, the EU's inability to curb non-transparent, state-to-state agreements on major infrastructure projects—similar to those practiced by China—by certain Member States such as France, Spain or Germany, as well as the political influence exerted by rogue members like Hungary, undermines the EU's credibility. Not only has the EU been unable to substantially improve public procurement system in Serbia within its enlargement policy; its Member States have also adapted to local negative practices, while the government is suspected of securing foreign political support through bilateral economic partnerships. Although the EU's Growth Plan for the Western Balkans, with its conditionality on the fundamentals, presents a positive step, its financial incentives for Serbia remain insufficient, especially as they primarily rely on co-financing.

Georgia

Georgia's socio-economic resilience appears low. The country demonstrates short-term coping capacities through elevated capital and the influx of arrivals from Russia, interim real-estate booms, and partial legislative alignment with EU standards. However, governance weaknesses persist, particularly around donor fund distribution and civil-society engagement. Social vulnerabilities stem from high unemployment and poverty, together with social hurdles caused by borderisation. All these socio-economic vulnerabilities are amplified by pro-Russian economic ties and the potential for an authoritarian drift, which could hamper Georgia's ability to adapt beyond immediate shocks. Overall, Georgia exhibits *low* resilience to socio-economic threats: capable of absorbing near-term pressures through external financial sources, but not yet ready to consolidate structural reforms for long-term and sustainable socio-economic development.

Russian state and private capital continue to expand their reach in Georgia's economy, while pro-Russian narratives persist with minimal official scrutiny. Georgia's resilience is undermined by politicised institutions, weak regulatory enforcement, and economic overexposure to Russian capital. Georgia's real-estate boom and rising consumption are heavily dependent on external demand—mainly driven by recent Russian arrivals. World Bank data (2024) reveal a sharp increase in newly registered businesses founded by Russian nationals following 2022, bringing fresh capital into Georgia's urban areas. However, interviewees caution that this influx could reverse suddenly if tensions with Russia escalate or if external sanctions tighten, potentially undermining real-estate markets. Such a downturn would pose liquidity challenges for local financial institutions that have sizable exposures in real-estate lending (Interview 54). Much of the real GDP expansion is driven by remittances and non-resident spending — especially from Russian nationals who have settled or temporarily relocated in Georgia (Interview 51). A sudden reversal in these inflows would risk laying bare the country's underlying market fragilities (Interview 51); World Bank (2024).

Georgia's resilience to the ongoing process of borderisation is very low, exposing its vulnerability to severe socio-economic threats. This limited capacity to counteract or mitigate borderisation stems from several interconnected factors. Firstly, the borderisation process is actively driven and enforced by Russian military forces stationed within the occupied Georgian territories of Abkhazia and South Ossetia. Consequently, Georgia lacks a credible military deterrent against these unilateral actions. Any attempt by Tbilisi to physically oppose the erection of fences, barriers, or monitoring infrastructure could provoke a military escalation with the Russian Federation, a risk Georgia cannot afford (Inkstick Media, 2023). The European Union Monitoring Mission (EUMM), while present along the Administrative Boundary Line (ABL), operates with a mandate largely restricted to monitoring and reporting and is denied access to the occupied territories, limiting its ability to fully implement its mandate or physically prevent borderisation activities (Eurasianet, 2018). Although it plays a role in stabilisation and confidence-building, its capacity to halt the physical process of borderisation is inherently constrained (Kakachia, 2018).

Secondly, the response of the Georgian Dream (GD) government, in power since 2012, has been characterised by a policy of normalisation or what some describe as a prudent policy towards Russia

(Heinrich Böll Stiftung, 2025). While condemning borderisation, the government has often been seen as adopting a more reserved public stance to avoid confrontation, a policy that critics argue has not deterred Russia's creeping occupation (Myth Detector, 2024). This approach, aimed at preventing further conflict, has nonetheless coincided with the continuation and intensification of borderisation activities throughout their tenure.

Georgia exhibits a low level of resilience to Russia's enduring passportisation policy in the breakaway regions of Abkhazia and South Ossetia. This vulnerability is primarily rooted in Georgia's lack of effective governance or control over these territories, where Russia has, for years, unilaterally distributed its citizenship as a strategic tool—often linking it to tangible socio-economic benefits such as pensions. Tbilisi lacks the administrative capacity to impede this practice within the separatist regions and is similarly constrained in its ability to offer countervailing incentives that might dissuade local populations from accepting Russian citizenship. This structural incapacity to exert influence within these areas or shape the decisions of their inhabitants significantly undermines Georgia's ability to counter this form of Russian influence, which serves as a key mechanism in reinforcing the de facto separation of these regions from the Georgian state.

Georgia also demonstrates low resilience in its response to the significant influx of Russian citizens since 2022. Key factors for this include an apparent unpreparedness to manage such sudden and diverse demographic shifts, alongside insufficient state capacity for robust screening, the formulation of effective integration strategies, or adequate economic shock absorption. This low resilience is further compounded by a fractured political consensus and lack of policy coherence among elites regarding the migrant influx, which has led to a 'contested securitisation of migration' (Kakachia et al., 2025), reflecting a diminished ability to formulate and implement a unified national response. Consequently, geopolitical risks, including potential Kremlin exploitation and espionage, alongside severe socio-economic strains—such as consumption-driven inflation impacting the cost of living, and an increased economic dependency on Russian-registered entities (Transparency International Georgia, 2024)—can manifest more acutely, profoundly challenging Georgia's national security framework and societal cohesion.

Georgia also exhibits low resilience to fuelling corruption. This is largely attributed to the incumbent regime's Russia-accommodating policies (Lebanidze & Kakachia, 2023) and persistent institutional fragilities. Such fragilities are evident in insufficient accountability mechanisms, concerns over judicial independence, and limited political will to robustly counter malign financial and political influence. These factors are critical determinants of the country's currently low resilience against state capture and fuelling corruption efforts.

Chinese investments also pose threats as these are mostly targeted in strategic sectors such as ports, land and banking which could be weaponised in times of geopolitical tensions and could undermine Georgia's economic security. As Georgia lacks strong institutional mechanisms to screen or regulate such investments, such investments could amplify country's exposure and inability to respond. These risks are compounded by governance shortcomings and foreign policy shifts steering the country towards autocratic states away from the EU and the Western allies. This overall translates into Georgia's low resilience towards the strategic investments from China.

While the EU aims to support Georgia's resilience through institutional and economic reforms, the practical impact is constrained by weak domestic implementation and political backsliding. In addition, structural weaknesses in the EU's own aid architecture—particularly its preference for government intermediaries—

have partly constrained its effectiveness in building durable socio-economic and democratic resilience in Georgia. Civil-society representatives express concern that the EU funding is frequently channelled through government ministries, effectively sidelining local NGOs and private consultancies (Interview 48). This "vertical" model, they argue, consolidates influence in central agencies, limiting the diversity of stakeholders capable of implementing capacity-building or community-level initiatives. As a result, local actors, especially in rural areas, often remain unaware of, or lack access to, direct EU funds (Interview 48). Interviews further indicate that local civil society—particularly in rural areas—remains under-resourced, undermining socio-economic cohesion and broader civic participation.

Consequently, although the EU provides critical frameworks and financial resources, its contribution to effective resilience-building remains limited under current governance conditions.

Besides, the partial suspension of EU budget support, triggered by concerns over Georgia's democratic trajectory, has prompted the government to seek alternative funding avenues, including from non-EU sources. Analysts warn that such diversification, while pragmatic in the near term, could shift Georgia's external alliances in ways that reduce its reliance on, and accountability to, Euro-Atlantic partners (Interview 51).

Moldova

On a socio-economic level, Moldova faces several threats that may undermine its resilience, as discussed in REUNIR Working Paper 4.1. These threats include persistent and increasingly intense disinformation campaigns originating primarily from Russia, especially during election periods; and economic pressure combined with exploitation of the Transnistrian conflict, amplified by leveraging sentiments linked to Russian culture and ethnic minority issues. Additionally, political corruption, insufficient institutional capacity, limited economic diversification, and inadequate quality of infrastructure necessary for generating economic added value collectively constrain Moldova's ability to strengthen its socio-economic resilience. And while EU tools offered potential for enhancing Moldova's socio-economic resilience, the interviews with the stakeholders noted suboptimal utilisation of some of these instruments (Lupușor, 2025). Moldova demonstrates low to medium resilience regarding energy coercion from Russia. The synchronisation with ENTSO-E significantly improved the country's short term coping capacity, as demonstrated by the successful management of energy supplies despite regional instability. The EU's EUR 250 million support package has positively contributed to reducing the financial burden on citizens and ensuring continuity in critical infrastructure projects (De La Feld, 2025). However, Moldova's medium to long term energy resilience continues to be undermined by persistent dependency risks, infrastructure vulnerabilities, and susceptibility to energy price shocks. While Moldova has made progress in renewable energy, gaps remain in balancing generation capacity. Furthermore, there have been limited efforts to develop autonomous energy generation capacities. Concerning the Transnistrian region, the energy crisis of January 2025 did little to reduce the region's dependence on subsidised Russian gas.

Primarily due to sustained integration into the EU market through the Deep and Comprehensive Free Trade Area (DCFTA), part of Moldova's 2014 Association Agreement with the EU, Moldova demonstrates medium resilience against trade embargo threats (Radio Moldova, 2024). According to stakeholder interviews, the DCFTA has contributed to a more balanced and diversified trade relationship with the EU, notably by increasing exports of agri-food products. Over the past decade, Moldova has progressively decoupled from the Russian market, substantially reducing its medium-term vulnerability to Russian economic pressures. Nevertheless, Russia continues to exert some influence over local business environment. A recent example is the restriction imposed at the end of March 2025 (Ziarul de Gardă, 2025), whereby carriers from Moldova will no longer be permitted entry into the Russian Federation, not even for transit purposes. The only viable option remains the route through Belarus, with which Moldova has a permit free transport regime. Overall Moldova's trade resilience remains partially constrained by persistent infrastructural limitations. Gaps in quality control standards and laboratory capacities continue to restrict export opportunities, particularly for animal origin products, thereby hindering broader economic diversification and diminishing overall trade resilience.

Moldova demonstrates medium resilience with regard to exploitation of remittance dependence by Russia. Remittances have long served as a critical buffer for the country's chronic trade imbalance, which reached a new record in 2024. Despite a gradual decline in their share of GDP, the Moldovan economy still relies on this financial support from the diaspora. A notable positive development is the geographic shift in remittance sources: flows from EU countries have increased, while transfers from Russia and the wider CIS region have declined. This shift toward more stable and predictable economies enhances Moldova's short-term financial security, reducing the risk of sudden disruptions. Nonetheless, continued reliance on remittances reflects structural weaknesses in the domestic economy, including limited employment opportunities and underdeveloped productive sectors. While EU-based remittances may be more stable, they do little to stimulate qualitative long term economic growth.

Despite justice sector reform being a declared top priority in recent years, Moldova continues to demonstrate low resilience to foreign interferences that fuel political and financial corruption. Institutions mandated to combat grand and political corruption have fallen short of expectations, even following the largescale vote buying operations reported during the 2024 presidential elections and the referendum on European integration (Radio Free Europe Moldova, 2024). These failures have raised concerns about the effectiveness and independence of Moldova's anti-corruption framework. The lack of dialogue and minimal consensus among political actors regarding a long-term vision for justice sector reform leave the judiciary vulnerable to electoral cycles and ad hoc interventions, further deepening its politicisation.

Demographic decline and continuous emigration significantly undermine Moldova's social and economic resilience, which can be classified as low. Field interviews highlighted that EU integration, while beneficial in many respects, may further accelerate labour migration, exacerbating workforce shortages in the medium term and increasing the need to attract foreign labour. This challenge is compounded by a persistent mismatch between the education system and labour market demands. Moldova's short-term response has included adjustments to social benefit schemes aimed at incentivising employment, as well as incremental efforts to improve childcare services and support women's economic participation. However, there has been little visible progress in attracting and integrating foreign labour, which represents an essential step to mitigating productivity losses and sustaining economic development. As a result, public expenditure continues to prioritize social spending, often financed through loans, rather than investment-oriented projects that could generate economic growth (Lupusor, 2025)

The greatest expectations for shifting Moldova's economic paradigm from a model of cheap labour and low value-added activities to higher value-added policies and projects rest on the Moldova Growth Plan, approved by the European Union. However, the main challenge remains the efficient and timely generation of projects and strengthening institutional capacity to fully absorb and execute these substantial financial resources in a rather short period. Structural weaknesses have led the government to rely heavily on loan-based financing for social programmes, while allocating less funding to investment projects with economic multiplier potential. This trend is reflected in the worrying downward projections for capital investment in the state budget for 2025 and 2026, largely due to persistent difficulties in project preparedness and limited administrative capacity to manage and absorb available funds effectively (Ministry of Finance, 2025).

Overall, Moldova shows limited capacity to absorb socio-economic shocks. While the EU's financial and political support act as key pillars for building this emerging resilience, ongoing governance weaknesses, poor economic performance and persistent demographic challenges continue to act as significant obstacles to progress.

Ukraine

In terms of socio-economic vulnerabilities and threats, the Ukrainian situation is largely defined by the full-scale Russian invasion. However, Ukraine's ability to withstand the challenges, cope with them and recover swiftly and sustainably can be proven by a number of indicators. Ukraine's GDP per capita was recorded at USD 15 885 in 2023, when adjusted by purchasing power parity (PPP), which is equivalent to 89 % of the world's average, according to World Bank data (Trading Economics, 2025a). It should also be noted that though Ukraine's economy shrank by more than 30 % in 2022, the country still managed to maintain a functional economy despite the full-scale war. This indicates that Ukraine's socio-economic resilience can be ranked as medium.

Ukraine's projected budget deficit for 2025 is equivalent to 18.9 % of GDP, down from 20.4 % in 2023 (Centre for Economic Strategy, 2025), and slightly over 17.6 % in 2024 (Trading Economics, 2025b) and because of its dependence on foreign aid and support, generally Ukraine's macro-financial stability remains very vulnerable. From the beginning of 2025, the current account balance of Ukraine has experienced significant fluctuations, caused by economic challenges and external factors. In January 2025, Ukraine recorded an account deficit of USD 2.3 billion, compared to a surplus of USD 464 million in December 2024. It should also be noted that international grants and assistance decreased compared to the previous year and its impact shows the vulnerability of Ukraine's finances and the growing debt dependence, to which Ukraine's resilience can be assessed as medium.

The International Monetary Fund (IMF) projects that Ukraine's current account deficit will widen further to 14.3 % of GDP in 2025, up from 8.1 % in 2024 and 5.4 % in 2023, and the tendency of the deficit to increase makes Ukraine vulnerable to the strengthening of the foreign (malign) influence both via direct foreign investments and via financial aid.

Russian aggression in 2014 and the full-scale invasion in 2022 caused an economic disruption to Ukraine. Aside from all the damages caused to Ukraine's infrastructure by direct military actions, Russia has been continuously employing extensive trade restrictions on Ukraine, imposing blockades aimed at cutting

Ukraine from its access to regional and global markets. Trade openness of Ukraine (the sum of exports and imports of goods and services as % of GDP), stood at 78.1 % in 2023, which is a 9.3 % decline from 87.4 % in 2022; the average of trade openness for Ukraine (from 1989 to 2023) is 89.03 % (The Global Economy, 2023). Thus, the decrease of 9.3 % at a time of full-scale war reflects the challenges Ukraine faces in maintaining its trade levels but also indicates the country's adaptability to the harsh circumstances of war. The recovery potential of Ukraine is bolstered by its strong societal resilience and by the continuing international support - particularly from the EU - and robust reform momentum, resulting in low to medium resilience in the face of Russia's hybrid warfare in spite of all the challenges. In terms of trade, Ukraine has demonstrated its coping capacity by reorienting its trade toward the EU, increasing the use of overland routes via Poland and Romania, and a general institutional alignment with Western partners. Trade resilience has also improved through the implementation of EU measures such as Solidarity Lanes and ATMs, which enabled Ukraine to export agricultural products despite Russian port blockades.

Considering this, the EU's current decision not to renew the ATMs beyond their expiration on 6 June 2025 will have a significant impact on Ukraine's trade performance and, by extension, its overall economic resilience. The reintroduction of tariffs and quotas will reduce the competitiveness of Ukrainian exports in the EU market. Without a long-term trade liberalisation framework in place, the loss of preferential access will weaken export revenues, create uncertainty for businesses, and disrupt the positive momentum of Ukraine's integration into EU supply chains.

Energy products account for a significant share of Ukraine's trade. In 2024, Ukraine imported USD 8.9 billion worth of fuel and energy products, which is 14.2 % less than in 2023. As DixiGroup indicates, in 2024, energy resource imports mainly consisted of oil and petroleum products. These accounted for 76.6 % of the total value in monetary terms, with smaller shares taken by electricity and petroleum gases (7.5 % each) and coal (4.5 %) (DiXi Group, 2024). In pre-war 2021, the structure of imports was completely different: the share of oil and petroleum products was 37.6 % (half as much as in 2024), petroleum gases 33.4 % (four times more), coal 16.7 % (almost four times more), and electricity only 0.6 % (13 times less). It shows that Ukraine's energy system is very vulnerable to military threats and relies significantly on external assistance, though Ukraine's energy resilience has improved significantly since Ukraine's emergency synchronisation with the ENTSO-E grid in 2022. This reduced reliance on Russia and enhanced Ukraine's ability to manage power distribution and energy shocks. However, Ukraine's resilience to energy threats is significantly undermined by infrastructure vulnerability.

It is noteworthy that, despite all the circumstances, Ukraine managed to terminate the Russian gas transit in January 2025 (Thorpe & Gozzi, 2025) though the oil transit to Hungary and Slovakia continues. These countries' dependence on Russian oil not only makes them vulnerable but also provides leverage to Russia to pressure Ukraine and blackmail the EU.

Russia's war on Ukraine affects FDI inflows in Ukraine (CEIC, 2025). Even though the warfare is limited to a part of Ukraine's territory, Russian missiles and drones can cause damage to the whole of Ukraine. To mitigate this vulnerability, constant improvement and investment in Ukraine's air defence are needed. In general, Ukraine's overall resilience to foreign strategic investment (taking into account that China and Türkiye expanded their strategic investments in Ukraine, especially in infrastructure and defence sectors) is medium, with future outcomes dependent on institutional oversight.

Russia's full-scale invasion has also significantly altered the demographic structure of the occupied territories through forced displacement, deportation of Ukrainian civilians and children, and the relocation of Russian nationals into these areas. While millions of Ukrainians have fled or been unlawfully transferred to Russia, estimates suggest large-scale demographic shifts, including the forced relocation of up to 1 million Russians into Crimea alone and the deportation of over 19 500 Ukrainian children. Simultaneously, Russia restricts the departure of Ukrainians from occupied zones through filtration and bureaucratic barriers. These practices, which the Council of Europe has recognised as genocide, pose long-term threats to Ukraine's socio-economic stability and complicate future reintegration of the occupied territories. The country's resilience to this threat amidst the ongoing war is currently low.

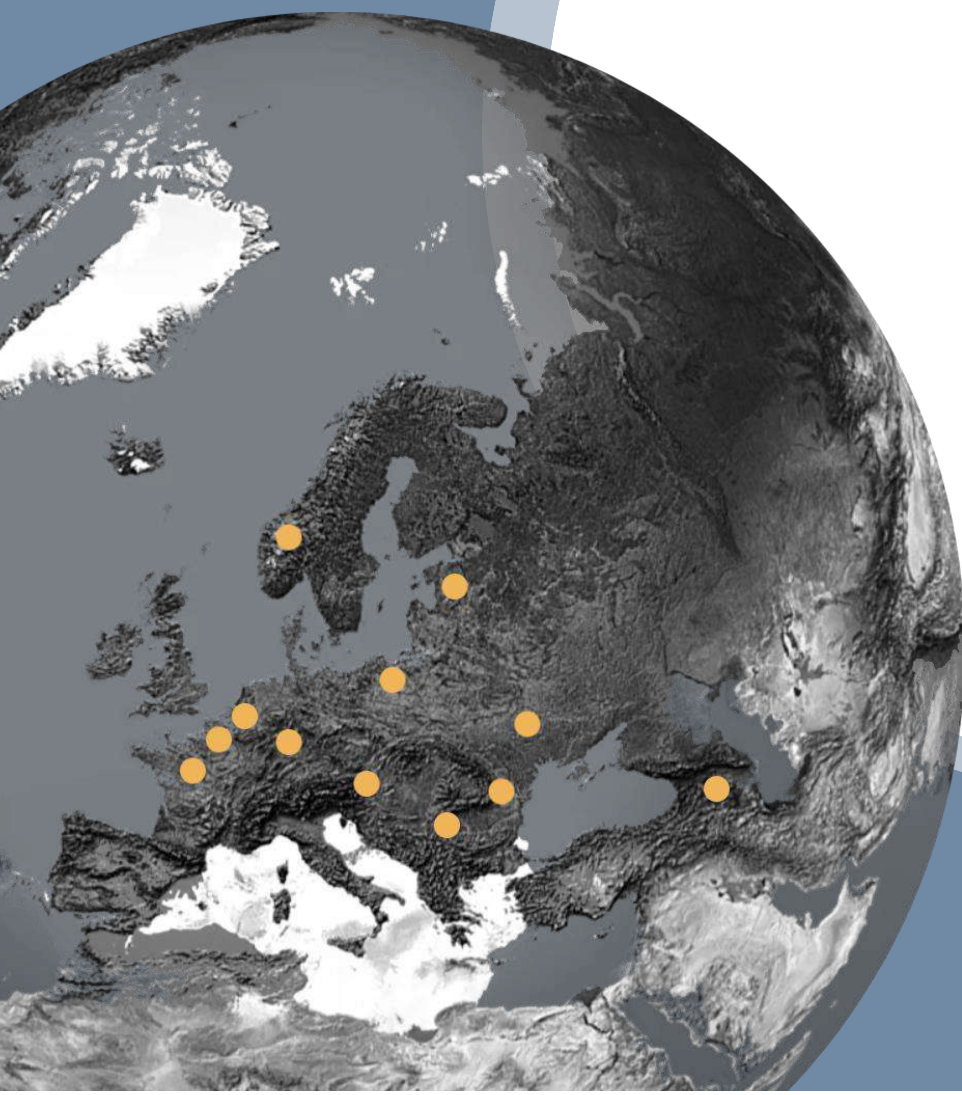
The flow of remittances to Ukraine surpassed USD 14 billion in 2021, making up almost 7 % of Ukraine's GDP and representing the "equivalent to 2.1 times the size of foreign direct investment in the same year" (European Commission, 2022). In 2022, Ukraine was ranked 29th in the world by remittances-to-GDP ratio, and as Ukrainian's remittances have proven to be resilient, as the National Bank of Ukraine notes, the "decline [in remittances] after the full-scale war was much lower than that observed after Russian armed aggression in 2014 and the crisis in 2009" (Tucha, 2023). This means that Ukraine's dependence on remittances yields high resilience.

Ukraine entered a full-scale war with consumer inflation at 10 % year-on-year (y-o-y). While February 2022, prices for consumer goods and services were 10 % higher than in February 2021, the Russian invasion caused a significant acceleration, with inflation peaking in October 2022 at 26.6 % y-o-y. Despite the fact that at the end of 2022 and throughout 2023 inflation was brought under control, it accelerated again in 2024. In March 2025 inflation rose further to 14.6 % y-o-y because of higher prices for raw and processed food amid last year's poor harvests and elevated business costs, particularly with regard to labour and energy expenses, pointing again at Ukraine's socio-economic vulnerability being high when it comes to price volatility.

As for coverage by banking products, interest rates on new bank credits in national currency for households in Ukraine during 2021–2023 remained practically unchanged at very high levels (29–28 %), which obviously limits their availability for the Ukrainian population. Interest rates on new loans to non-financial corporations in national currency increased significantly, from 9.7 % in 2021 to 19.4 % in 2023. This situation is one of the most important reasons for limited access to bank loans, which has had a negative impact on Ukraine's economy, especially during wartime (Khmelyarchuk, 2025).

In terms of social vulnerabilities, as World Bank indicates, poverty in Ukraine is estimated to have increased from 5.5 % in 2021 to 24.1 % in 2022, "pushing more than 7 million people into poverty, setting back 15 years of progress" (World Bank, 2023). According to data from Info Sapiens research agency, in March 2025 the unemployment rate in Ukraine fell to 12.1 % — the lowest level since the start of the full-scale war. A proxy indicator of poverty however — the share of respondents forced to save on food — rose to 24.7 % in March (Samoiliuk, 2025). This indicates that having a job in war-torn Ukraine does not guarantee a sufficient level of income, which, again, indicates that Ukraine's general socio-economic resilience in times of war can be ranked as low to medium.

Ukraine scored 35 out of 100 points (the same as Serbia) on the 2024 Corruption Perceptions Index (CPI) and it ranks 105th out of 180 countries, after a significant increase of three points in 2023. Ukraine lost some of its position in the anti-corruption fight in 2024. As TI also notes, "the main drivers of change continue to be reforms aimed at European integration and the fulfilment of international obligations" (Transparency International Ukraine, 2025). In general, corruption, as well as judicial inefficiencies and uneven decentralisation, challenge Ukraine's institutional resilience. In this area, vulnerability remains high, and despite increasing external support, coping capacity and recovery remain fragile, leading to low resilience.



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