

Establishing the Reform and Growth Facility for the Western Balkans

The Reform and Growth Facility for the Western Balkans has been designed to support internal reforms in the Western Balkan countries, by providing certain benefits of EU membership even before EU accession. The Facility will provide up to €6 billion over the 2024-2027 period. Parliament is scheduled to vote on the agreed text, resulting from interinstitutional negotiations, during its April II 2024 plenary session.

Background

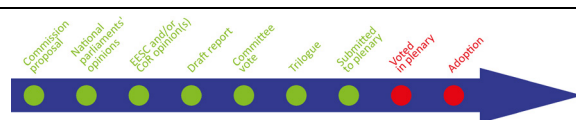
Socio-economic convergence is at the heart of European integration and of the Western Balkan countries' accession process. Following the endorsement of the 'gradual integration approach' in 2022, new initiatives, such as the Reform and Growth Facility for the Western Balkans, seek to support internal reforms by offering certain benefits of EU membership, in particular the 'four freedoms' of goods, capital, services and people, ahead of EU accession. Proposed by the European Commission on 8 November 2023, the Facility will provide up to €6 billion over the 2024-2027 period alongside other EU instruments, such as the [Instrument for Pre-accession Assistance](#) (IPA III) with its €14.2 billion allocation.

[Commission President](#) Ursula von der Leyen has said that the Facility 'could double the economy of the Western Balkans in the next 10 years'. The [proposal](#) combines reforms and investments, which will allow the Western Balkan countries to benefit from key areas of the single market. The Facility will complement the [Instrument for Pre-accession Assistance](#) (IPA III) thematic allocation approach, by focusing on specific drivers of social and economic growth. While IPA III follows a performance-based programming process, the Facility's payment mechanism will be based on [ex-ante conditionality](#), mixing grants and loans. Each beneficiary country will prepare a reform agenda, which will set out the key measures it intends to undertake during the 2024-2027 period to accelerate socio-economic convergence with the EU. The resources allocated could total €6 billion for all types of support, of which up to €2 billion will be in non-repayable support, and €4 billion in concessional loans provided by the EU. Payments will be subject to strict conditions in terms of achievement of the reforms set out in each partner's agreed reform agenda.

European Parliament position

The Parliament and the Council examined the proposal for the Facility, as part of the mid-term review of the multiannual financial framework, under the ordinary legislative procedure. On 11 March 2024, the Committee on Foreign Affairs (AFET) and the Committee on Budgets (BUDG) [adopted](#) a joint committee [report](#). The report called for clear progress indicators and for more safeguards for the 'fundamentals-first approach', strengthening the focus on rule of law and conditionality. It expressed concern that the Facility should not overlap with the IPA III instrument, and recommended enhancing the Facility's governance, by means of stronger parliamentary oversight and transparency. On 4 April, Parliament's President Roberta Metsola [announced](#) the successful conclusion of interinstitutional negotiations on the Facility. Parliament is scheduled to vote on the text agreed during its April II 2024 plenary session.

First-reading report: [2023/0397\(COD\)](#); Committees responsible: AFET and BUDG (Rule 58); Rapporteurs: Tonino Picula (S&D, Croatia) and Karlo Ressler (EPP, Croatia).



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Author: Branislav Stanicek, Members' Research Service
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eprs@ep.europa.eu (contact) <http://www.eprs.ep.parl.union.eu> (intranet) <http://www.europarl.europa.eu/thinktank> (internet) <http://epthinktank.eu> (blog)