




Basic information	
<p>2023/0397(COD)</p> <p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p>	Procedure completed
<p>Establishing the Reform and Growth Facility for the Western Balkans</p> <p>Subject</p> <p>6.30.02 Financial and technical cooperation and assistance 6.40.03 Relations with South-East Europe and the Balkans 8.20.01 Candidate countries 8.20.04 Pre-accession and partnership</p> <p>Geographical area</p> <p>Albania Bosnia and Herzegovina Kosovo under UNSCR 1244/1999 Montenegro, from 06/2006 Republic of North Macedonia Serbia, from 06/2006</p>	

Key players				
European Parliament	Joint committee responsible		Rapporteur	Appointed
	AFET	Foreign Affairs		
	BUDG	Budgets		
			<p>Shadow rapporteur</p> <p>GARDIAZABAL RUBIAL Eider (S&D)</p> <p>KYRTSOS Georgios (Renew)</p> <p>VON CRAMON-TAUBADEL Viola (Greens/EFA)</p> <p>GUERREIRO Francisco (Greens/EFA)</p> <p>DZHAMBAZKI Angel (ECR)</p> <p>PAPADIMOULIS Dimitrios (The Left)</p> <p>KOULOGLOU Stelios (The Left)</p>	
	Committee for opinion		Rapporteur for opinion	Appointed
	INTA	International Trade	SCHOLZ Helmut (The Left)	28/11/2023
	CONT	Budgetary Control	COELHO Carlos (EPP)	07/12/2023

	REGI Regional Development	KYMPOUROPOULOS Stelios (EPP)	10/01/2024
Council of the European Union			
European Commission	Commission DG	Commissioner	
	Neighbourhood and Enlargement Negotiations	VÁRHELYI Olivér	
European Court of Auditors			

Key events			
Date	Event	Reference	Summary
08/11/2023	Legislative proposal published	COM(2023)0692 	Summary
18/01/2024	Committee referral announced in Parliament, 1st reading		
18/01/2024	Referral to joint committee announced in Parliament		
11/03/2024	Vote in committee, 1st reading		
11/03/2024	Committee report tabled for plenary, 1st reading	A9-0085/2024	Summary
11/03/2024	Committee decision to open interinstitutional negotiations with report adopted in committee		
12/03/2024	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
14/03/2024	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
09/04/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE760.968 GEDA/A/(2024)001977	
23/04/2024	Debate in Parliament	CRE link	
24/04/2024	Decision by Parliament, 1st reading	T9-0343/2024	Summary
24/04/2024	Results of vote in Parliament		
07/05/2024	Act adopted by Council after Parliament's 1st reading		
14/05/2024	Final act signed		
24/05/2024	Final act published in Official Journal		

Technical information	
Procedure reference	2023/0397(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Nature of procedure	Legislation
Legislative instrument	Regulation
Legal basis	Rules of Procedure EP 59 Treaty on the Functioning of the EU TFEU 322-p1 Treaty on the Functioning of the EU TFEU 212
Mandatory consultation of other institutions	European Court of Auditors
Stage reached in procedure	Procedure completed

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE758.836	01/02/2024	
Amendments tabled in committee		PE758.976	08/02/2024	
Committee draft report		PE758.888	09/02/2024	
Specific opinion	CONT	PE758.991	15/02/2024	
Amendments tabled in committee		PE759.076	15/02/2024	
Committee opinion	REGI	PE759.038	19/02/2024	
Committee opinion	INTA	PE758.090	20/02/2024	
Committee report tabled for plenary, 1st reading/single reading		A9-0085/2024	11/03/2024	Summary
Text agreed during interinstitutional negotiations		PE760.968	08/04/2024	
Text adopted by Parliament, 1st reading/single reading		T9-0343/2024	24/04/2024	Summary
Council of the EU				
Document type		Reference	Date	Summary
Coreper letter confirming interinstitutional agreement		GEDA/A/(2024)001977	08/04/2024	
Draft final act		00080/2024/LEX	14/05/2024	
European Commission				
Document type		Reference	Date	Summary
Legislative proposal		COM(2023)0692 	08/11/2023	Summary
Commission response to text adopted in plenary		SP(2024)394	08/08/2024	
Other institutions and bodies				
Institution/body	Document type	Reference	Date	Summary
ESC	Economic and Social Committee: opinion, report	CES0176/2024	24/04/2024	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Name	Role	Committee	Date	Interest representatives
PICULA Tonino	Rapporteur	AFET	15/02/2024	Ambassador Agron Bajrami
PICULA Tonino	Rapporteur	AFET	15/02/2024	James O'Brien

PICULA Tonino	Rapporteur	AFET	14/02/2024	Prime minister of North Macedonia Talat XHAFERI
RESSLER Karlo	Rapporteur	BUDG	14/02/2024	Embassy of Montenegro to the EU
RESSLER Karlo	Rapporteur	BUDG	14/02/2024	United States Mission to the European Union
RESSLER Karlo	Rapporteur	BUDG	08/02/2024	European Bank for Reconstruction and Development
PICULA Tonino	Rapporteur	AFET	07/02/2024	Ambassador Dr. Thomas Oberreiter
RESSLER Karlo	Rapporteur	BUDG	30/01/2024	Permanent Mission of the Republic of Macedonia to the EU
RESSLER Karlo	Rapporteur	BUDG	30/01/2024	Embassy of Montenegro to the EU
PICULA Tonino	Rapporteur	AFET	18/01/2024	Meeting with the Commissioner Oliver Varhelyi
PICULA Tonino	Rapporteur	AFET	17/01/2024	Ambassador Willem van de Voord
PICULA Tonino	Rapporteur	AFET	16/01/2024	Director General of DG NEAR, Gert-Jan Koopman

Final act
Regulation 2024/1449 OJ OJ L 24.05.2024 Summary

Establishing the Reform and Growth Facility for the Western Balkans

2023/0397(COD) - 24/05/2024 - Final act

PURPOSE: to establish the reform and growth facility for the Western Balkans, a new instrument to support EU-related reforms and economic growth in the region.

LEGISLATIVE ACT: Regulation (EU) 2024/1449 of the European Parliament and of the Council on establishing the Reform and Growth Facility for the Western Balkans.

CONTENT: this Regulation establishes the Reform and Growth Facility for the Western Balkans.

Facility's objective

The Facility will:

- **support the enlargement process** by helping to accelerate alignment with the Union's values, legislation, rules, standards, policies and practices ("acquis") with a view to accession, regional economic integration and gradual integration with the Union's single market, as well as the socio-economic convergence of the Western Balkan economies with the Union;

- promote **regional cooperation**, good neighbourly relations, reconciliation and the settlement of disputes.

In addition to boosting socio-economic convergence, the Facility should also:

- **accelerate reforms related to fundamentals of the enlargement process** including rule of law, fundamental rights, inter alia, the rights of persons belonging to minorities, including national minorities and Roma, as well as the rights of lesbian, gay, bisexual, transgender and intersex (LGBTI) persons;

- **improve the functioning of democratic institutions** and public administrations; public procurement, State aid control and public finance management; the fight against all forms of corruption and organised crime; quality education and training as well as employment policies; the region's green transition, climate and environmental objectives.

Preconditions for Union support

Preconditions for the support under the Facility should be that:

- the beneficiaries uphold and respect **effective democratic mechanisms**, including a multi-party parliamentary system, free and fair elections, pluralistic media, an independent judiciary and the rule of law, and guarantee respect for all human rights obligations, including the rights of persons belonging to minorities;

- as regards **Serbia and Kosovo**, they engage constructively with measurable progress and tangible results in the normalisation of their relations and engage in negotiations on the Comprehensive Agreement on normalisation of relations.

Budget

The resources to be made available through the Facility will not exceed **EUR 6 billion** for the period from 2024 to 2027. The financial envelope for the implementation of the Facility will be EUR 2 billion for the period from 1 January 2024 to 31 December 2027.

Payments will be made twice a year, provided that the partners meet the qualitative and quantitative steps set out in their respective Reform Agendas. Where the preconditions for support are not met or are no longer met, the EU may decide to withhold the release of funds.

Reform agendas

In order to receive support under the facility, each partner in the region must prepare a Reform Agenda, setting out the reforms it plans to undertake in order to achieve the facility's objectives. Disbursement of Union support should be conditional on compliance with the payment conditions and on measurable progress in the implementation of reforms set out in the Reform Agendas assessed and formally approved by the Commission.

The Reform Agendas should include, *inter alia*:

- an explanation of the beneficiary's system to effectively prevent, detect and correct irregularities, corruption, including high-level corruption, fraud and conflicts of interest, when using the funds provided under the Facility, and the arrangements to avoid double funding from the Facility and other Union programmes as well as other donors.

The reform programmes should include, *inter alia*:

- an explanation of how the measures are expected to further strengthen the fundamentals of the enlargement process, including the rule of law, fundamental rights and the fight against corruption;

- an indicative list of investment projects and programmes intended for financing under the WBIF, including respective overall investment volumes and envisaged timelines for implementation;

- an explanation of the extent to which the measures are expected to: (i) contribute to climate and environmental objectives and their compatibility with the principle 'do no significant harm'; (ii) contribute to digital transformation;

(iii) contribute to education, training, employment and social objectives; (iv) contribute to gender equality; (v) contribute to a progressive and continuous alignment with the CFSP, including Union restrictive measures.

Transparency

To increase transparency, the Western Balkan partners will be required to set up a web portal for publishing up-to-date data on final recipients receiving more than **EUR 50 000** in total over the period of four years under this facility.

ENTRY INTO FORCE: 25.5.2024.

Establishing the Reform and Growth Facility for the Western Balkans

2023/0397(COD) - 11/03/2024 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Foreign Affairs and the Committee on Budgets jointly adopted the report presented by Tonino PICULA (S&D, HR) and Karlo RESSLER (EPP, HR) on the proposal for a regulation of the European Parliament and of the Council on establishing the Reform and Growth Facility for the Western Balkans.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Objective

The Facility should complement Regulation (EU) 2021/1529 to provide assistance to the Western Balkans for the delivery of inclusive and sustainable socio-economic reforms aligned with Union values and investments to implement their respective Reform Agendas. The Facility should also contribute to fighting poverty and tackling unemployment and lead to quality job creation.

The general objectives of the Facility should be to:

(a) accelerate regional economic integration and promote balanced regional development through strengthening social and territorial cohesion and progressive integration with the Union single market;

(b) accelerate the socio-economic convergence of Beneficiaries' economies, including decarbonisation of their economies, and of societies with the Union;

(c) in line with the general objectives of IPA III, accelerate alignment with Union values, laws, rules, standards, policies and practices through the adoption and implementation of reforms with a view to future Union membership

Preconditions for Union support

Preconditions for the support under the Facility should be that the Beneficiaries: (i) improve, uphold and respect effective democratic mechanisms; (ii) safeguard free and pluralistic media and fight against disinformation, foreign information manipulation and interference; (iii) uphold the rule of law and guarantee protection and respect for all human rights including the rights of persons belonging to all minorities and communities.

Another precondition should be alignment with the Union's common foreign and security policy.

Budget

The resources to be made available through the Facility should not exceed **EUR 6 billion for the period from 2024 to 2027**. The financial envelope for the implementation of the Facility shall be EUR 2 billion for the period from 1 January 2024 to 31 December 2027, of which: (a) 98.5% in the form of non-repayable financial support to the Beneficiaries for the implementation of the Reform Agendas; (b) 1.5% for expenditure under the technical assistance heading.

Framework Agreement

The Commission should conclude a Framework Agreement with each Beneficiary for the implementation of the Facility setting out specific arrangements for the management, control, supervision, monitoring, evaluation, reporting and audit of funds under the Facility, as well as to prevent, detect, investigate and correct irregularities, fraud, corruption and conflicts of interest. The Framework Agreement should all be preceded by a public consultation and a positive assessment of the respective national parliament.

Reform programmes

The reform programmes should set out specific **targets and milestones** for each priority area, for example energy efficiency, the uptake of renewable energy, the development of digital infrastructure, judicial reform and anti-corruption measures. The Commission should forward the beneficiaries' reform programmes to the European Parliament and the Council as soon as they are available.

The reform programmes should include measures relating to **justice and the fight against corruption, fraud and organised crime**. They should also include an explanation of the extent to which the measures are expected to contribute to:

- reinforcing democratic institutions, good governance, public administration and capacity building, media freedom and civil society;
- international justice, good neighbourly relations and reconciliation;
- decentralisation and local development;
- climate, biodiversity and environmental objectives, in particular through convergence with Union climate and environmental standards and compatibility with the principle of 'do no significant harm';
- social cohesion, including progress towards Union social and economic standards, reduction of inequality, equality and the inclusion of vulnerable groups;
- the digital transformation, innovation, education, training and employment;
- gender equality and the empowerment of women and girls;
- non-discrimination, tolerance and the respect for the rights of persons belonging to all minorities, including ethnic and religious minorities and the LGBTI community.

The reform programmes should explain how the beneficiaries ensure the effective participation and consultation of regional and local authorities and civil society organisations in the preparation and implementation of the reform programmes. They should also explain how they contribute to improving public participation and public access to information, including access to environmental information.

Protection of financial interests

The Commission should ensure that the financial interests of the Union are effectively protected under the Facility. To this end, an **independent Audit Board** should be set up to provide the Commission with information on possible mismanagement of funds and guarantee that a declaration of assurance is obtained through an independent external audit. The Audit Board should be subject to the reporting obligations to European Public Prosecutor's Office (EPPO).

The Commission and OLAF should provide an evaluation of said fraud prevention systems and offer recommendations for upgrades or fixes to the Beneficiaries in line with the EU *acquis* in case of deficiencies. The Commission should also receive the information on beneficial owners of legal entities benefiting from the Facility and publish a list of persons and legal entities receiving more than EUR 50 000 cumulatively from the Facility.

Establishing the Reform and Growth Facility for the Western Balkans

2023/0397(COD) - 08/11/2023 - Legislative proposal

PURPOSE: to establish the reform and growth facility for the Western Balkans.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: it is in the common interest of the Union and its Western Balkans partners to advance the efforts to reform political, legal and economic systems of the latter with a view to their future Union membership. The prospect of Union membership has a powerful transformative effect, embedding positive democratic, political, economic and societal change.

There is a need to bring forward some of the advantages of Union membership before accession. Economic convergence is at the heart of these benefits. Currently, the convergence of Western Balkans in terms of GDP per capita expressed in purchasing power standards remains low at between 30% and 50% of the Union average and is not progressing fast enough.

CONTENT: to reduce this disparity, the Commission drafted this proposal establishes the Reform and Growth Facility for the Western Balkans (the Facility). The proposal lays down the Facility's objectives, its financing, the budget for the period 2024-2027, the forms of Union funding under it and the rules for providing such funding.

The general objectives of the Facility should be to accelerate regional economic integration, progressive integration with the Union single market, socio-economic convergence of Western Balkans economies and alignment with Union laws, rules, standards, policies and practices with a view to Union membership. The Facility should also help accelerate reforms related to fundamentals of the enlargement process, including rule of law, public procurement and State aid control, public finance management and fight against corruption. These objectives should be pursued in a mutually reinforcing manner.

Reform agendas

Every Western Balkan partner will be invited to prepare a Reform Agenda which should contain reforms and investment areas to be financed by the Facility, and the systems to prevent, detect and correct irregularities, fraud, corruption and conflicts of interests, when using the funds provided under the Facility.

Funding

The overall maximum amount for the Union support through the Facility should be **EUR 6 billion** in current prices for the period from 2024 to 2027, of which up to **EUR 2 billion in non-repayable support and EUR 4 billion in concessional financial-assistance loans** provided by the Union and provisioned from the EUR 2 billion. At least half of the total amount should be allocated through the Western Balkans Investment Framework (WBIF), including the entire amount of the non-repayable support, less 1.5% of technical assistance and the amounts necessary for provisioning of the loans.

The current financial assistance to the Western Balkans and Türkiye under the Instrument for Pre-Accession (IPA III), will continue in its current form and target the increasing alignment of national legislation and public administration to the EU *acquis* and EU standards with a view to future Union membership.

The new Facility will therefore complement the IPA III approach by focussing on the specific determinants for social and economic growth.

Release of funds

Funds under the Facility will be released semi-annually upon presentation by the Beneficiaries of requests justifying the fulfilment of the payment conditions and confirming legality and regularity of any underlying transactions, accompanied by a report on the follow-up of cases of mismanagement of related funding. The Commission will make funds available based on its assessment of the requests. Funds may be released as whole amounts, reduced amounts, or completely withheld, depending on the level of fulfilment of payment conditions, by type. **Withheld funds may be redistributed among the other Beneficiaries** in the subsequent years.

Establishing the Reform and Growth Facility for the Western Balkans

2023/0397(COD) - 24/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 517 votes to 56, with 30 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on establishing the Reform and Growth Facility for the Western Balkans.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

Facility's objective

The amended text stated that Russia's war of aggression against Ukraine further showed that enlargement is a geo-strategic investment in peace, security and stability. The Western Balkan partners' path to EU membership must be based on tangible progress in reforms.

The Facility should **support the enlargement process** by helping to accelerate alignment with the Union's values, legislation, rules, standards, policies and practices ("*acquis*") with a view to accession, regional economic integration and gradual integration with the Union's single market, as well as the socio-economic convergence of the Western Balkan economies with the Union. The facility will also promote **regional cooperation**, good neighbourly relations, reconciliation and the settlement of disputes.

In addition to boosting socio-economic convergence, the Facility should also:

- help accelerate **reforms related to fundamentals** of the enlargement process including rule of law, fundamental rights, inter alia, the rights of persons belonging to minorities, including national minorities and Roma, as well as the rights of lesbian, gay, bisexual, transgender and intersex (LGBTI) persons;
- improve the functioning of **democratic institutions** and public administrations; public procurement, State aid control and public finance management; the fight against all forms of corruption and organised crime; quality education and training as well as employment policies; the region's green transition, climate and environmental objectives;
- support **investment and reforms** that promote the beneficiaries' path to the digital transformation of the economy and society in line with the Union vision for 2030;
- boost **innovation**, research, and cooperation between academic institutions and industry in support of the green and digital transitions, promoting local industries with a particular emphasis on locally based micro, small and medium- sized enterprises and start-ups.

Cooperation under the Facility should be needs-based and should promote the development effectiveness principles, namely **ownership of development priorities by the beneficiaries**, a focus on clear conditionality and tangible results, inclusive partnerships, transparency and mutual accountability. The Facility should strive to ensure an appropriate geographical balance of investment projects.

The Facility should promote the development of effectiveness principles, respecting **additionality to and complementarity** with the support provided under other Union programmes and instruments and striving to avoid duplication and ensure synergies between assistance under this Regulation and other assistance.

The Commission should strive to ensure that relevant **stakeholders** in the beneficiaries, including beneficiaries' parliaments, local and regional authorities, social partners and civil society organisations are duly consulted and have timely access to relevant information to allow them to play a meaningful role during the design and implementation of programmes and the related monitoring processes.

Preconditions for Union support

Preconditions for the support under the Facility should be that:

(a) the beneficiaries uphold and respect **effective democratic mechanisms**, including a multi-party parliamentary system, free and fair elections, pluralistic media, an independent judiciary and the rule of law, and guarantee respect for all human rights obligations, including the rights of persons belonging to minorities;

(b) as regards **Serbia and Kosovo**, they engage constructively with measurable progress and tangible results in the normalisation of their relations and engage in negotiations on the Comprehensive Agreement on normalisation of relations.

Budget

The overall maximum amount for the Union support through the Facility should be **EUR 6 billion** in current prices for the period from 2024 to 2027, of which up to EUR 2 billion in the form of non-repayable support and EUR 4 billion in concessional financial-assistance loans provided by the Union and provisioned from the EUR 2 billion.

Reform Agendas

The Reform Agendas should be results-based and include indicators for assessing progress towards the achievement of general and specific objectives of the Facility set out in this Regulation. Those indicators should be based on internationally agreed indicators. Indicators should also, to the extent possible, be coherent with the key performance indicators included in the IPA III Results Framework, in the EFSD+ Results Measurement Framework and in the WBIF. The indicators should be relevant, accepted, credible, easy, and robust.