













Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2023/0397(COD)</p>	Awaiting Council's 1st reading position
<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>Kosovo under UNSCR 1244/1999 Serbia, from 06/2006 Republic of North Macedonia Albania Bosnia and Herzegovina Montenegro, from 06/2006</p>	

Key players			
European Parliament	Joint Committee Responsible	Rapporteur	Appointed
	 Budgets		17/01/2024
	Foreign Affairs	 RESSLER Karlo	17/01/2024
		 PICULA Tonino	
		Shadow rapporteur	
		 ZOVKO Željana	
		 GARDIAZABAL RUBIAL Eider	
		 KELLER Fabienne	
		 KYRTSOS Georgios	
		 GUERREIRO Francisco	
		 VON CRAMON-TAUBADEL Viola	
		 DZHAMBAZKI Angel	
	 RZOŃCA Bogdan		
	 KOULOGLOU Stelios		

BUDG [Budgets](#)

[Foreign Affairs](#)

Committee for opinion

Rapporteur for opinion

Appointed

INTA [International Trade](#)

28/11/2023

CONT [Budgetary Control](#)

07/12/2023

REGI [Regional Development](#)

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			
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		

Technical information	
Procedure reference	2023/0397(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the EU TFEU 322-p1; Treaty on the Functioning of the EU TFEU 212; Rules of Procedure EP 58
Mandatory consultation of other institutions	European Court of Auditors
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	CJ15/9/13992

Documentation gateway					
Legislative proposal		COM(2023)0692	08/11/2023	EC	Summary
Committee draft report		PE758.888	09/02/2024	EP	
Amendments tabled in committee		PE759.076	15/02/2024	EP	
Specific opinion	CONT	PE758.991	15/02/2024	EP	
Committee opinion	REGI	PE759.038	19/02/2024	EP	
Committee opinion	INTA	PE758.090	20/02/2024	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0085/2024	11/03/2024	EP	Summary
Coreper letter confirming interinstitutional agreement		GEDA/A/(2024)001977	08/04/2024	CSL	
Text agreed during interinstitutional negotiations		PE760.968	08/04/2024	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0343/2024	24/04/2024	EP	

Establishing the Reform and Growth Facility for the Western Balkans

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

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 Unions 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.

Transparency					
PICULA Tonino	Rapporteur	AFET	15/02/2024	James O'Brien	
PICULA Tonino	Rapporteur	AFET	15/02/2024	Ambassador Agron Bajrami	
RESSLER Karlo	Rapporteur	BUDG	14/02/2024	United States Mission to the European Union	
RESSLER Karlo	Rapporteur	BUDG	14/02/2024	Embassy of Montenegro to the EU	
PICULA Tonino	Rapporteur	AFET	14/02/2024	Prime minister of North Macedonia Talat XHAFERI	
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	

