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.