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COMMISSION IMPLEMENTING DECISION

of 23.10.2024

**approving the Reform Agendas and the multiannual work programme under the
Reform and Growth Facility for the Western Balkans***

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{SWD(2024) 244 final} - {SWD(2024) 245 final}

**When detached from annexes III to VII, not SENSITIVE/Quand détaché des annexes III à VII, pas SENSITIVE*

COMMISSION IMPLEMENTING DECISION

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approving the Reform Agendas and the multiannual work programme under the Reform and Growth Facility for the Western Balkans*

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) 2024/2509¹ of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union, and in particular Article 110 thereof,

Having regard to Regulation (EU) 2024/1449² of the European Parliament and of the Council of 14 May 2024 establishing the Reform and Growth Facility for the Western Balkans, and in particular Article 15(1) thereof,

Whereas:

- (1) Regulation (EU) 2024/1449 establishes support of up to EUR 6 billion to Western Balkan beneficiaries, namely Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia and Serbia, for the period 2024-2027 in the form of non-repayable support (EUR 2 billion) and loans (EUR 4 billion), to be channelled through the treasuries of the beneficiaries as well as through the Western Balkans Investment Framework (WBIF). The implementation of the Facility is to be underpinned by a coherent and prioritised set of targeted reforms and investments in each beneficiary (the 'Reform Agenda'), providing a framework for boosting inclusive sustainable socio-economic growth, clearly articulated and aligned with Union accession requirements and the fundamentals of the enlargement process. The Reform Agendas will serve as an overarching framework to achieve the objectives of the Facility. Disbursement of Union support is to be conditional on compliance with the payment conditions and on measurable progress in the implementation of reforms set out in the Reform Agendas.
- (2) Pursuant to Article 6(5) of Regulation (EU) 2024/1449, at least 50% (EUR 3 billion) of the overall amount of the support is to be channelled through the WBIF. As a result, and after deduction of the amount of the provisioning and of the amount of the technical and administrative assistance, the major part of the financial envelope (EUR 1.61 billion) should be channelled through the WBIF. In addition, the beneficiaries should channel through the WBIF 34.75% (EUR 1.39 billion) of the loan support that they receive under the Facility.
- (3) Pursuant to Article 11 of Regulation (EU) 2024/1449, each beneficiary is to submit a Reform Agenda for the period 2024-2027, based on the structural reforms part of the

¹ OJ L 239, 26.9.2024.

² OJ L, 24.5.2024, p. 1.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

latest Economic Reform Programme and the related Joint Policy Guidance agreed at the Economic and Financial Dialogue in May 2023, its growth strategy where applicable, the enlargement policy framework and the Economic and Investment Plan for the Western Balkans.

- (4) The Reform Agendas are to provide an overarching framework to achieve the general and specific objectives of the Facility set out in Article 3 of Regulation (EU) 2024/1449, setting out the reforms to be undertaken by the beneficiary, as well as investment areas, an indicative timetable and the envisaged payment conditions in the form of measurable qualitative and quantitative steps.
- (5) Pursuant to Article 13 of Regulation (EU) 2024/1449, the final implementation date of 31 December 2027 set out in the Reform Agendas for the fulfilment of the payment conditions related to the final set of measures should include the time necessary for the Commission to evaluate the successful fulfilment of the payment conditions concerned and to adopt the subsequent release decisions. Accordingly, and as prescribed by Article 13(1), point (i) of Regulation (EU) 2024/1449, each beneficiary is to implement the agreed qualitative and quantitative steps by 31 August 2027 at the latest, and submit a duly justified request for the release of funds in respect of fulfilled payment conditions related to the relevant quantitative and qualitative steps without delay and at the latest by 30 September 2027. The Facility Agreement should include provisions to that effect.
- (6) Pursuant to Articles 14 and 15 of Regulation (EU) 2024/1449, the Commission is to assess the relevance, comprehensiveness and appropriateness of each Reform Agenda and, in case of positive assessment, approve them by way of an implementing decision. This decision is to set out the reforms to be implemented by the beneficiaries, the investment areas to be supported and the payment conditions stemming from the Reform Agendas, including an indicative timetable for fulfilling these payment conditions as well as the elements listed in Article 15(3) of Regulation (EU) 2024/1449.
- (7) Pursuant to Article 11(1) of Regulation (EU) 2024/1449, Albania, Kosovo, Montenegro, North Macedonia and Serbia, submitted their Reform Agendas for the period 2024-2027.
- (8) Pursuant to Article 11(7) of Regulation (EU) 2024/1449, a copy of these Reform Agendas was provided to the Council and the European Parliament in July 2024.
- (9) The Commission has assessed the relevance, comprehensiveness and appropriateness of the Reform Agendas submitted by Albania, Kosovo, Montenegro, North Macedonia and Serbia, on the basis of the requirements set out in Article 13 and in accordance with Article 14 of Regulation (EU) 2024/1449. In carrying out this assessment, the Commission acted in cooperation with the Western Balkan beneficiaries and other international partners.
- (10) In line with Article 14, paragraph 4, point (a) of Regulation (EU) 2024/1449, the Reform Agendas submitted by the beneficiaries are to be relevant, comprehensive and appropriate to fulfil the objectives of the Facility established in Article 3 of Regulation (EU) 2024/1449 and elements set out in Article 13.
- (11) In line with Article 14, paragraph 4, point (b) of Regulation (EU) 2024/1449, the Reform Agendas and the measures thereby included are to be consistent with the general principles of the Facility as well as with the principles, strategies, plans and programmes referred to in Articles 4 and 11 of that Regulation. In line with Article 14,

paragraph 4, point (c) of Regulation (EU) 2024/1449, the Reform Agendas are to be expected to accelerate progress towards bridging the socio-economic gap between the beneficiary and the Union, enhancing their economic, social and environmental development and supporting the convergence towards the Union's standards, reduces inequalities and reinforces social cohesion. In line with Article 14, paragraph 4, point (d) and (e) of Regulation (EU) 2024/1449, the Commission is to assess the contribution of the Reform Agenda to further strengthen the fundamentals of the enlargement process, to accelerate the transition of the beneficiaries towards sustainable, climate-neutral and climate resilient and inclusive economies by improving regional connectivity, making progress on the twin transition of green and digital, including biodiversity, reducing strategic dependencies and boosting research and innovation, education, training, employment and skills and the wider labour market, with particular attention on youth. In line with Article 14, paragraph 4, point (f) and (g) of Regulation (EU) 2024/1449, the measures included in the Reform Agenda are to be compatible with the principles of 'do no significant harm' and of 'leaving no one behind', and must appropriately address potential risks in compliance with preconditions and payment conditions. In line with Article 14, paragraph, point (h) of Regulation (EU) 2024/1449, the payment conditions proposed by the beneficiaries must be appropriate and ambitious, consistent with the enlargement policy framework, as well as sufficiently meaningful and clear to allow for the corresponding release of funds in case of their fulfilment that the proposed reporting indicators must be appropriate and sufficient to monitor and report on the progress made towards the overall objectives. In line with Article 14, paragraph 4, point (i) of Regulation (EU) 2024/1449, the arrangements proposed by the beneficiaries in the Reform Agenda are to be expected to effectively prevent, detect and correct irregularities, fraud, corruption and conflicts of interest, organised crime and money laundering as well as to effectively investigate and prosecute criminal offences affecting the funds under the Facility, and ensure that there is no double funding from the Facility and other Union programmes, as well as other donors. Finally, in line with Article 14, paragraph 4, point (j) of Regulation (EU) 2024/1449, main stakeholders are to have been duly consulted and the Reform Agendas are to effectively reflect the input of relevant stakeholders, including beneficiaries' parliaments, local and regional representative bodies and authorities, social partners and civil society organisations.

- (12) On the basis of the elements set out in Article 14, paragraph 4 of Regulation (EU) 2024/1449, the Commission assessed the Reform Agenda of Albania and concluded that it is in line with the policy objectives and general principles of Regulation (EU) 2024/1449 as it is designed to support the enlargement process by accelerating the alignment with Union values, laws, rules, standards, policies and practices through reforms in the framework of its future Union membership, including in the fundamental sectors. It will accelerate economic integration and foster progressive integration into the Union and especially socio-economic convergence with the EU and the EU single market and will support Albania's transformation into a competitive economy, with transparent governance, efficient infrastructure, and a robust legal framework aligned with EU best practices.
- (13) On the basis of the elements set out in Article 14, paragraph 4 of Regulation (EU) 2024/1449, the Commission assessed the Reform Agenda of Kosovo and concluded that it is in line with the policy objectives and general principles of the Facility, and the steps foreseen are expected to accelerate progress towards bridging the socio-economic gap between Kosovo and the Union. The Commission assessed positively the contribution of the Reform Agenda to further strengthen the fundamentals of the

enlargement process, to accelerate the transition of the beneficiaries towards sustainable, climate-neutral and climate resilient and inclusive economies by improving regional connectivity, making progress on the twin transition of green and digital, boosting research and innovation, education, training, employment and skills and the wider labour market, with particular attention on youth, improving gender equality, and enhancing private sector development and the business environment.

- (14) On the basis of the elements set out in Article 14, paragraph 4 of Regulation (EU) 2024/1449, the Commission assessed the Reform Agenda of Montenegro and concluded that it is in line with the policy objectives and general principles of the Regulation and with the EU policy framework. It will reinforce political and institutional stability, guarantee the rule of law, increase competitiveness, improve the country's socio-economic resilience and sustainability and implement future-oriented human capital and social policies. In doing so, it will also support the enlargement process by accelerating the alignment with Union values, laws, rules, standards, policies and practices, and will accelerate progressive integration into the Union and especially socio-economic convergence with the EU and the EU single market.
- (15) On the basis of the elements set out in Article 14, paragraph 4 of Regulation (EU) 2024/1449, the Commission assessed the Reform Agenda of North Macedonia and concluded that it is in line with the policy objectives and general principles of the Regulation and is also in line with the broad EU policy framework. It will address structural changes and undertake reforms required to modernize the economy, especially by boosting green and digital transition, modernising the labour market, the business environment, and in parallel with reforms that will foster good governance and enforce the fundamentals of enlargement. It will also enhance the ability of North Macedonia to take on the obligations of membership, and increase its capacity to effectively implement the rules, standards and policies of the EU acquis.
- (16) On the basis of the elements set out in Article 14, paragraph 4 of Regulation (EU) 2024/1449, the Commission assessed the Reform Agenda of Serbia and concluded that it is in line with the policy objectives and general principles of the Regulation. It will increase the stability of institutions guaranteeing democracy, the rule of law, and human rights. By accelerating socio-economic convergence, it will also contribute to developing a functioning market economy and to Serbia's ability to cope with competitive pressure and market forces within the EU. The Agenda is in line with the general EU policy framework: reforms in the area of the business environment, human capital development, digital transition and green transition will contribute to Serbia's advancement in complying with the economic criteria of the accession process. Reforms in the area of the fundamentals will consolidate Serbia's efforts to meet the political criteria. Reforms under the business environment related to public investment management and public procurement will contribute to make progress on public administration reform.
- (17) The Commission assessed the arrangements proposed by the beneficiaries to effectively prevent, detect and correct irregularities, fraud, corruption and conflicts of interest, organised crime and money laundering as well as to effectively investigate and prosecute criminal offences affecting the funds under the Facility, and ensure that there is no double funding from the Facility and other Union programmes as well as from other donors, , including under Regulation (EU) 2021/1529. On that basis, the Commission concludes that the criterion under Article 14(4)(i) of Regulation (EU) 2024/1449 is met. In addition, beneficiaries should comply with their obligations stemming from Article 23(2)(c) of the Regulation (EU) 2024/1449.

- (18) Therefore, in line with Article 15(1) of Regulation (EU) 2024/1449, the Commission should approve the Reform Agendas submitted by Albania, Kosovo, Montenegro, North Macedonia and Serbia.
- (19) Bosnia and Herzegovina has not yet submitted its Reform Agenda. Upon its submission, this decision may be amended in order to include the assessment and the approval of that Reform Agenda and to adjust accordingly the work programme and the amount of loan support set under the Facility.
- (20) Pursuant to Article 20 of Regulation (EU) 2024/1449, a pre-financing of up to 7% of the total amount foreseen under the Facility may be released to the beneficiaries upon request, subject to the adoption of the Commission implementing decision approving the Reform Agenda and the entry into force of the respective Facility and loan agreements, and subject to the respect of the preconditions set out in Article 5 of that Regulation. Pre-financing should be cleared in accordance with the rules set out in the Facility and loan agreements.
- (21) This decision should set out the maximum amount of pre-financing that each beneficiary may request based upon the share of the total amount foreseen under the Facility that is allocated to it, as well as the breakdown of this maximum amount between loan support and non-repayable financial support. It should also set out the share of this amount that should be made available through the WBIF.
- (22) This decision should at the same time constitute the multiannual work programme for 2024-2027 within the meaning of Article 110(2) of Regulation (EU, Euratom) 2024/2509 in respect of the amount of non-repayable financial support under Regulation (EU) 2024/1449.
- (23) The envisaged assistance should comply with the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU³.
- (24) Article 18 of Regulation (EU) 2024/1449 indicates that the provisioning for the loans shall be constituted at the rate of 9%. The provisioning is constituted from the non-repayable financial support.
- (25) Pursuant to Article 19(5) of Regulation (EU) 2024/1449, the amount of non-repayable financial support, after deduction of the amount for provisioning, should be implemented in indirect management within the framework of the WBIF.
- (26) Pursuant to Article 7(1) of Regulation (EU) 2024/1449, indirect management may be used for the implementation of the non-repayable financial support under Regulation (EU) 2024/1449.
- (27) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 157(3) of Regulation (EU, Euratom) 2024/2509. To that end, such entities and persons are to be subject to an assessment of their systems and procedures in accordance with Article 157(4) of Regulation (EU, Euratom) 2024/2509 and, if necessary, to appropriate supervisory measures in accordance with Article 157(5) of Regulation (EU, Euratom) 2024/2509 before a contribution agreement can be signed.

³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- (28) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2024/2509.
- (29) The support to be provided in the form of loans is to be financed from the borrowing by the Commission on behalf of the Union on the basis of Article 17(1) of Regulation (EU) 2024/1449.
- (30) In order to allow for flexibility in the implementation of the Reform Agendas and of the work programme, it is appropriate to determine the changes which should not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2024/2509.
- (31) Pursuant to Article 31 of Regulation (EU) 2024/1449, the measure provided for in this Decision is in accordance with the opinion of the IPA III Committee established under Article 17 of Regulation (EU) 2021/1529,

HAS DECIDED AS FOLLOWS:

Article 1
Approval of the Reform Agendas

The Reform Agendas for Albania, Kosovo, Montenegro, North Macedonia, and Serbia and, in relation to each Reform Agenda, the requirements set out in Article 15, paragraphs 2 and 3 of Regulation (EU) 2024/1449 as listed in Annex I, are approved.

The Reform Agendas are annexed:

- Annex III: Reform Agenda for Albania
- Annex IV: Reform Agenda for Kosovo
- Annex V: Reform Agenda for Montenegro
- Annex VI: Reform Agenda for North Macedonia
- Annex VII: Reform Agenda for Serbia

As set out in part 2 of the Reform Agendas, the final implementation date of 31 December 2027 for the fulfilment of the payment conditions related to the final set of measures includes the time necessary for the Commission to evaluate the successful fulfilment of the payment conditions concerned and to adopt the subsequent release decisions. Accordingly, each beneficiary shall implement the agreed qualitative and quantitative steps by 31 August 2027 at the latest, and submit a duly justified request for the release of funds in respect of fulfilled payment conditions related to these quantitative and qualitative steps without delay and at the latest by 30 September 2027.

Article 2
Adoption of the work programme

The multiannual financing decision, constituting the multiannual work programme in respect of the amount of non-repayable financial support under Regulation (EU) 2024/1449, as set out in Annex II, is adopted.

Article 3
Union contribution

The maximum Union contribution in the form of non-repayable financial support under Regulation (EU) 2024/1449 for Albania, Kosovo, Montenegro, North Macedonia, and Serbia

for 2024-2027 is set at EUR 1 298 589 465.34 (out of which EUR 325 494 272.51 for year 2024, EUR 323 881 117.89 for year 2025, EUR 324 687 695.20 for year 2026, and EUR 324 526 379.74 for year 2027), and shall be financed from the appropriations entered in budget line 15 03 01 of the general budget of the Union. The breakdown of the indicative annual allocation of the EU contribution is also set out in Annex I to this Decision. The appropriations provided for in the first paragraph may also cover interest due for late payment.

This multiannual work programme is to be implemented through annual instalments in accordance with Article 10(4) of Regulation (EU) 2024/1449 and Articles 112(2) of Regulation (EU, Euratom) 2024/2509.

The implementation of this Decision is subject to the availability of the appropriations provided for in the general budget of the Union for 2025, 2026 and 2027 following the adoption of those budgets by the Budgetary Authority, or as provided for in the system of provisional twelfths.

Article 4 *Loan support*

The maximum Union contribution in the form of loan support for 2024-2027 for Albania, Kosovo, Montenegro, North Macedonia, and Serbia is set at EUR 3 226 309 230.66 and shall be made available to the beneficiaries in instalments.

Out of this amount, the beneficiaries shall channel EUR 1 121 142 457.65 to the WBIF in accordance with the facility and the loan agreements provided for in Articles 9 and 17 of Regulation (EU) 2024/1449 to be concluded between the Union and the beneficiaries.

The share of these amounts allocated to Albania, Kosovo, Montenegro, North Macedonia and Serbia is set out in Annex I to this Decision.

Article 5 *Pre-financing and further instalments*

The pre-financing and instalments shall be disbursed by the Commission in one or several tranches, subject to the fulfilment of all the applicable conditions. The size of the tranches shall be subject to the availability of funding.

Upon the request of the beneficiary, the Commission shall decide on the release of a pre-financing for an amount representing up to 7% of their indicative allocations.

The pre-financing shall be released, to the extent possible, within three months of the entry into force of and in accordance with the facility and the loan agreements. This release shall also be conditional on available funding and on a decision by the Commission in accordance with Article 21(3), first sentence of Regulation (EU) 2024/1449, and shall be subject to the respect of the preconditions set out in Article 5 of this Regulation.

The pre-financing shall be cleared in accordance with the rules set out in the facility agreements and in the loan agreements.

Annex I to this Decision sets out the maximum amount of pre-financing that Albania, Kosovo, Montenegro, North Macedonia and Serbia may request, and the breakdown of this amount between loan support and non-repayable financial support, as well the share of this amount to be made available through the WBIF.

The release of further instalments in accordance with the facility agreements and the loan agreements shall be conditional on available funding and on a decision by the Commission, taken in accordance with Article 21(3) of Regulation (EU) 2024/1449, that Albania, Kosovo, Montenegro, North Macedonia and Serbia have met the preconditions and the principles for financing set out in respectively Articles 5 and 12(3) of that Regulation, and have satisfactorily fulfilled the relevant qualitative and quantitative steps identified in relation to the implementation of their Reform Agendas following a positive assessment by the Commission.

Article 6
Provisioning for the loan support

The maximum Union contribution for the provisioning of the Common Provisioning Fund for Albania, Kosovo, Montenegro, North Macedonia, and Serbia for 2024-2027 is set at EUR 290 367 830.76 (out of which EUR 72 591 957.69 for year 2024, EUR 72 591 957.69 for year 2025, EUR 72 591 957.69 for year 2026, and EUR 72 591 957.69 for year 2027) and shall be financed from the appropriations entered in budget line 15 03 02 of the general budget of the Union.

The implementation of this Decision is subject to the availability of the appropriations provided for in the general budget of the Union for 2025, 2026 and 2027 following the adoption of those budgets by the Budgetary Authority, or as provided for in the system of provisional twelfths.

Article 7
Methods of implementation and entrusted entities or persons

The implementation of the actions carried out by way of indirect management, as set out in Annex II, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in point 6 of that Annex.

Article 8
Flexibility clause

Extensions of the implementation period set out in the work programme in Annex II shall not be considered to be substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2024/2509, where those changes do not significantly affect the nature of the Reform Agenda and the objectives of the work programme.

The authorising officer responsible may apply the changes referred to in the first paragraph. Those changes shall be applied in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 23.10.2024

For the Commission
Olivér VÁRHELYI
Member of the Commission
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Member of the Commission