

THE EU GROWTH PLAN FOR THE WESTERN BALKANS: ONE YEAR AFTER

Insight paper

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1. Introduction

In 2024, the European Commission (EC) introduced a new financial instrument for the Southeast European (SEE6)¹ countries, known as the EU Growth Plan (GP). This plan aims to support the implementation of reforms in SEE6 countries and gradually integrate them into the EU Single Market. Through the Reform and Growth Facility (RGF), these countries will implement reform agendas approved by the EC, with funding from the RGF tied to the pace of reform implementation.

Aiming to bring the SEE6 countries closer to the EU and support regional convergence, proposed reforms under RGF are clustered into five priorities:

- (i) Governance, Public Administration Reform, and Public Financial Management;
- (ii) Private sector development and business environment;
- (iii) Energy and Green Transition - Digitalisation,
- (iv) Human Capital and
- (v) Fundamentals and Rule of Law.

With **five reform agendas** adopted by the EC (with Bosnia and Herzegovina as the exception) and implementation about to start, this insight paper explores the current developments of this new instrument and provides recommendations for its effective implementation.

2. About the EU Growth Plan

The EU GP is a financial instrument built around **four pillars**. The first pillar aims to **'enhance economic integration with the EU's single market'** and contains seven priority actions such as market liberalisation, elimination of trade and non-trade barriers, access to single euro payment area (SEPA), etc. The second pillar, called **'boosting integration within the SEE region'**, focuses on the Common Regional Market (CRM). The third pillar supports the **'accelerating fundamental reforms'** adopted by each SEE6 country and is necessary for EU accession. The fourth pillar **'increases financial assistance to the region'**, through €6 billion (€2 billion in grants and €4 billion in loans) earmarked as part of the Reform and Growth Facility.

A defining feature of the Growth Plan is its robust, multi-layer conditionality. EU funding will depend on (i) **pre-conditions** that must be fulfilled at all times (related to fundamentals - democracy, rule of law and human rights); and (ii) **general conditions** (related to microfinance stability, sound public financial management, transparency and oversight of the budget).

Additionally, there are **specific conditionalities** for each country (related to the planned reforms and timelines) foreseen as part of the Reform and Growth Facility assessed on a semi-annual basis². The EC will monitor these conditions and review the progress of SEE6 countries before any funds are disbursed³.

¹ SEE6 refers to the geographic area that includes like Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

² Email communication with DG NEAR, 28 August 2024.

³ Ibid.

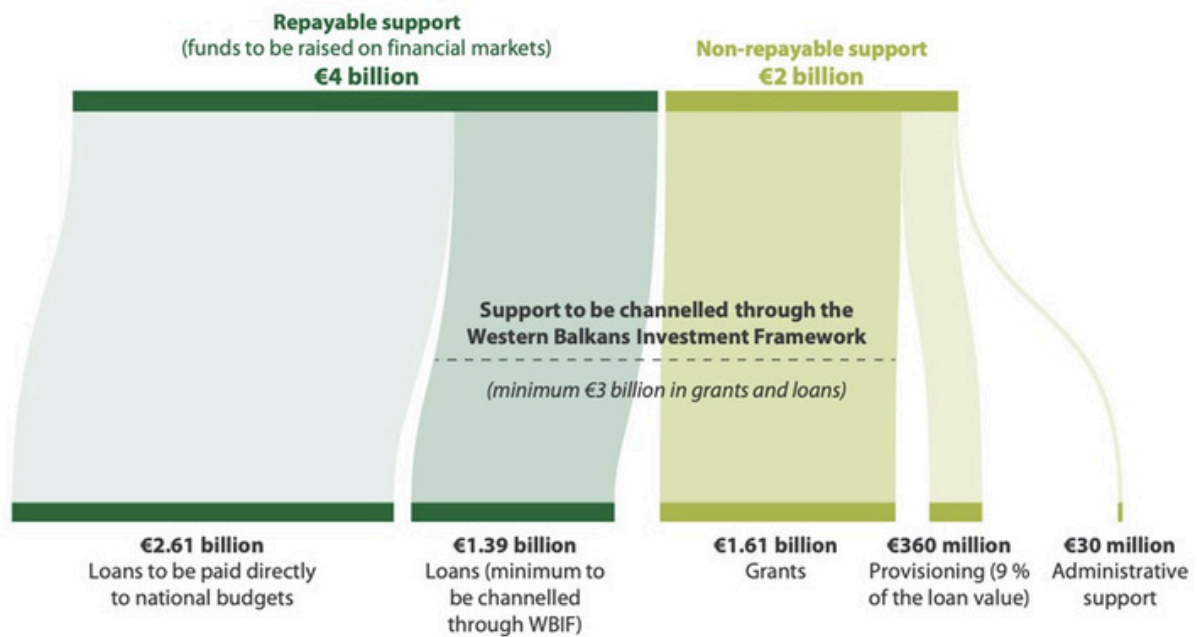


Figure 1: Budget for the Reform and Growth Facility
(Source: European Court of Auditors)

The RGF instrument differs from IPA in its payment mechanism and embedded conditionality. In all SEE6 countries, disbursements are contingent upon successful reform completion.

Additionally, for Kosovo and Serbia, access to Growth Plan funds is additionally conditioned by the normalisation of the relations between the two countries and by the implementation of the obligations stemming from the Agreement on the Path to Normalisation and its Implementation Annex and all past Dialogue Agreements (including engagement in negotiations on the Comprehensive Agreement on normalisation of relations).

The importance of GP has been acknowledged by SEE6 countries, CSOs, and other relevant actors in the EU and the region. However, the instrument has also received significant criticism. Primarily, the GP has been largely criticised for lacking a well-defined implementation vision. Although the implementation of the instrument and the reforms is foreseen for a three-year period (2024 - 2027), it does not clearly prioritise a specific reform or policy area. This could lead to confusion in prioritizing between EU fundamental reforms and those aimed at gradual inclusion in the EU Single Market. Additionally, given previous slow and challenging experiences, it remains uncertain how some of the extensive reforms will be accomplished within the three-year timeframe.

The GP faced criticism for its lack of strategic vision in linking the instrument with the EU accession process. While it is intended to accelerate this process, the mechanisms driving such acceleration remain somewhat unclear.

Suggestions have been made to explicitly link the GP with the accession process by connecting the successful implementation of the reforms with the closing or opening of relevant accession chapters. This approach would encourage the countries in the region to implement the foreseen reforms, mobilise the local political will, and yield tangible benefits.

A further criticism of the GP concerns the financial envelope allocated under this instrument. The GP offers only limited additional funding for the region, with a grant component totalling circa €500 million per year for the six countries, which corresponds to just 0.3 - 0.4% of the region's annual GDP. The Cooperation and Development Institute has argued that this scale of EU financial assistance is not adapted to the development needs of the region nor its convergence needs with the EU.

Additionally, there is uncertainty regarding the criteria the EC will use to determine the “satisfactory fulfilment” of payment conditions. Recognizing this, the European Court of Auditors recommended that the EC develop guidelines for assessing the satisfactory fulfilment of the payment conditions, including also any potential reversal of the conditions previously fulfilled. Additionally, The Court also advised that the EC should apply insights from monitoring the Recovery and Resilience Facility to the RGF, ensuring milestones and targets are detailed enough to prevent countries from claiming success without meaningful impact assessment, ensuring that milestones and targets are detailed enough to prevent countries from claiming success without meaningful impact assessment.

Finally, clear guidelines and monitoring plans for the RGF implementation by SEE6 countries would be beneficial, along with systemic collaboration with specialised CSOs in the region during the monitoring process.

3. State of Affairs

The reform agendas for 5 SEE countries have now been adopted. Regarding their design and development, the reform agendas were foreseen to be consulted. Summarized reports from the CSO community on the consultation process reveal that:

- In Serbia, CSOs lacked access to the reform list.
- In Albania, the government submitted the reform list to the EU before the public consultation deadline. Only a limited summary of the titles of reforms, excluding full details like milestones, indicators, and costs, was made available for consultation.
- In Bosnia and Herzegovina, the draft reform was unavailable due to intergovernmental disagreements over its content.
- In Kosovo and Montenegro, consultations with CSOs were completed with minimal engagement.
- In North Macedonia, no formal consultation with CSOs occurred. Instead, expert-level superficial consultations with selected CSOs and academia were conducted.

Overall, the process was generally reported as non-transparent and non-inclusive. This was justified by both the EU and SEE6 countries alike on the basis that there was not enough time to conduct an extensive consultation process. It remains unclear if CSO recommendations were incorporated into the final reform agendas, as no comprehensive report on civil society feedback is available. However, CSOs are expected to participate in monitoring and evaluating the implementation of these reforms.

The EC [published the final reform agendas](#) as country-specific tables, omitting detailed information on essential elements for monitoring and deferring to each country's internal transparency practices. The chosen format, however, enabled us to compare the reforms and spot any changes between the draft and final versions.

3.1 Albania

Albania sent its consolidated list of reforms to DG NEAR in July 2024. The consultations were made available on the [official consultation portal](#) on June 14, 2024, and the civil society was invited to provide their comments in writing within July 12.

The draft reform agenda in Albania contained a total of 30 reforms proposed. The draft included significant reforms regarding the creation of a more competitive and transparent business climate by updating the tax system, improving public services related to land use, and promoting exports through modernised business services and intelligent transportation systems.

In the field of green and digital transition, Albania intends to develop renewable energy sources, reduce energy poverty, advance its digital infrastructure and strengthen its cybersecurity.

Bridging the skills gap and aligning labor market demands with the education system, especially through vocational training focused on green and digital sectors, addresses the human capital aspect.

In terms of the rule of law, Albania aims to enhance the independence and efficiency of the judiciary while tackling high-level corruption and organized crime. Promoting freedom of speech, particularly regarding media freedom and expression in the digital realm, further supports reforms in fundamental rights.

After the EC interservice consultation and the relevant negotiations with the country, the final version of the reform agenda shows no significant differences. Overall, the adopted version presents a few reforms and measures in a more concrete or quantified manner.

Most importantly, the final version of the reform agenda has one more reform than the draft. Notably, the final version includes one additional reform compared to the draft, increasing the total to 31 reforms. For instance, in this final version, Albania aligned with the other SEE6 countries by incorporating a new reform concerning visa policy.

Albania is scheduled to receive a total of €922,085,888.00 (€428,991,830.25 Loans Treasury; €228,466,913.43 Loans WBIF and €264,627,144.33 Grants WBIF), subject to successful achievement of targets and milestones of reforms.

3.2 Bosnia and Herzegovina (BiH)

Due to internal disagreements within the country's political structures, the BiH reform agenda was not agreed upon, and hence, the draft [has not been sent for review](#) at the EC as per the agreed timeline. While there is no clear statement of the reasons why BiH is facing this bottleneck, it may be speculated that the delay is due to disagreement among the governing bodies while negotiating the reform agenda. First, the President of Republika Srpska [objected to activities](#) related to the appointment of two judges to the Central Constitutional Court and the recognition of the Court's decision. Second, the representatives of the four cantons of the Federation of Bosnia and Herzegovina [disagreed with the reforms](#)⁴ proposed, claiming that they do not reflect the needs of the Bosnian majority cantons. Recently, it was reported that the draft [has been sent](#) to the EC. However, this decision has raised [many discussions](#) in the country due to the disagreement on whether the consent of the cantons on the Reform Agenda was required before sending it.

The reform agenda in BiH has not yet been consulted with the CSOs, but it somehow ended up [leaked online](#). Up to now, there is no official information on how the adoption of the Reform Agenda in BiH will unfold. However, reports indicate that failure to adopt the reform agendas could prevent BiH from [accessing approximately €70 million](#) from its first instalment.

The leaked draft reform agenda for BiH emphasizes a robust commitment to green and digital transitions. With a focus on decarbonisation, including the alignment with the EU climate legislation, BiH aims to increase the share of renewable energy, especially solar and wind sources. Under digital transformation, BiH plans to enhance the digital infrastructure by rolling out the 5G network and setting up a comprehensive cybersecurity framework.

To enhance the business environment, the country will simplify and harmonise the administrative requirements for business registration, aiming to boost governance, efficiency, and transparency of publicly-owned enterprises. Additional reforms concerning the free movement of goods and services are also included in this policy area.

Regarding Human Capital, BiH is focusing on increasing the enrollment of children in education and improving the quality of education at primary and secondary levels by closing the skills gap and aligning it with the needs of the labour market, and enhancing the link between vocational schools and the private sector.

⁴ Central Bosnia, Tuzla, Zenica-Doboj, and Una-Sana

On the fundamentals, the BiH is planning necessary reforms to enhance the functioning of the judiciary system by applying integrity checks in line with European standards and adopting new laws. Reforms to strengthen cooperation and institutional framework among institutions fighting corruption are planned as well. Reforms to protect fundamental rights are planned with a special focus on gender equality, ensuring the rights of minority groups and non-discrimination.

3.3 Kosovo

Kosovo completed the consultation with civil society in April 2024. Next, the government continued to incorporate the inter-institutional consultation feedback comments from the EC and worked on the final draft of the reform agenda. The draft reform agenda was not available publicly, but it was supplied by the government for this insight paper. The government of Kosovo adopted the final reform agenda on the 9th of October, 2024.

As part of the draft reform agenda, which includes 30 reforms, Kosovo focuses on enhancing public administration by improving administrative capacities, reducing vacancies, and finalizing the legal and institutional framework for public procurement to meet EU standards. This involves adopting new Public Procurement laws, upgrading the e-procurement platform, expanding online public services, bolstering cybersecurity in line with EU regulations, and further integrating Kosovo's energy market with the EU.

In addition, the draft reform agenda seeks to accelerate private sector growth by fostering innovation, assisting Small and Medium Enterprises (SMEs) and improving the governance of Publicly Owned Enterprises (POEs).

Reforms in education focus on the digitalisation of the education system, increasing early childhood education enrollment, and better alignment of vocation training with labour market needs.

Regarding the rule of law and fundamental rights, Kosovo plans to improve the efficiency and integrity of the judiciary, enhance its anti-corruption efforts and intensify the fight against organised crime. Reforms on reinforcement of legislative framework against domestic and gender-based violence and ensuring the rights of non-majority populations complete the overall reform list.

Like Albania, Kosovo's final reform agenda does not seem to have any drastic changes. Similarly, the final one has more concrete targets and milestones of the reforms but no major changes. The final reform agenda has added one additional reform related to visa policy, bringing the total number of planned reforms to 31. Kosovo is scheduled to receive a total of €882,609,009.00 (€410,625,581.73 Loans Treasury; €218,685,654.64 Loans WBIF and €253,297,772.64 Grants WBIF), subject to successful achievement of targets and milestones of reforms.

⁵ Email exchange with the Office of the Prime Minister of Kosovo on 12 of August 2024.

3.4 Montenegro

Montenegro has completed its consultation process with civil society organizations and shared a draft version of the reform agenda for feedback. However, representatives of CSO observed a lack of transparency and restricted space for participation.⁶ The government adopted the GP reform agenda on the 27th of September 2024.

Montenegro's draft reforms aim to enhance the business environment by revising the legal framework governing state-owned enterprises (SOEs) to improve governance, efficiency, and accountability. The reforms also seek to align public procurement policies with EU standards and digitalize the business registration system. Additionally, Montenegro plans to implement the EU's energy integration package, expand renewable energy capacity, digitalize public services, and strengthen its cybersecurity framework.

To address the skills gap, the country will focus on education, support vocational training, promote digital learning, and increase the number of educators, particularly trained teachers. In terms of the rule of law, Montenegro intends to bolster the independence, accountability, and professionalism of the judiciary and prosecution; introduce measures to combat high-level corruption and organized crime; enhance investigation and judicial processes; and improve transparency in public office appointments. Moreover, the country aims to establish a new legal framework for elections, strengthen efforts against domestic violence and discrimination, and ensure the effective enforcement of equality protection laws.

Similar to Albania and Kosovo, Montenegro's final reform agenda was only upgraded to include concrete targets and milestones. However, unlike Kosovo and Albania, Montenegro already had the visa policy planned in the draft reform; therefore, the number of reforms remains the same as in the draft reform agenda - **32 reforms total**.

Montenegro is scheduled to receive a total of **€383,494,217.00** (€178,417,095.61 Loans Treasury; €95,019,066.24 Loans WBIF and €110,058,055.15 Grants WBIF), subject to successful achievement of targets and milestones of reforms.

3.5 North Macedonia

North Macedonia did not conduct any consultations with the CSOs. In May, a draft of the reforms was presented to different stakeholders but not consulted.⁷ The draft presented to them was significantly less developed than the draft submitted to DG NEAR and analysed in this paper. Some consultations were conducted with individual CSOs and academia at the expert level as a way to support the development of the reform agenda. However, there is no concrete information regarding the outcome of these expert-level consultations.⁸

⁶ Communication with representatives of Institute for Strategic Studies and Prognoses

⁷ Communication with representatives of European Policy Institute Skopje.

⁸ Ibid

As a result of the [change of Government in North Macedonia](#), the finalisation of the reform agendas was delayed, and the negotiation with the EC was prolonged. Nonetheless, the [mid- September](#) date that was given as an indicative date for the ratification of the Reform Agenda was postponed. The government has yet to adopt the GP reform agenda.

The draft reform of North Macedonia on public administration focuses on strengthening internal financial controls, reforms in public procurement law, fully implementing the Organic Budget law, introducing a unified salary system and ensuring merit-based recruitment.

It further incorporates reforms related to increasing renewables capacity, integration into the EU electricity market, and improving energy efficiency in public buildings and public infrastructure. Regarding digitalisation, the reforms are oriented towards the expansion of digital public services, the strengthening of the cybersecurity framework, and the fostering of innovation and growth in SMEs.

Regarding the rule of law, North Macedonia reforms aim to enhance judicial integrity, combat corruption and improve case management systems. Reforms are also planned to strengthen anti-discrimination laws and improve the protection of vulnerable groups as part of fundamental rights.

The final reform agenda of North Macedonia has the same number of reforms as proposed in the draft reforms - a total of 37 reforms. Same as with other SEE6 countries, the final reform has been upgraded and become more detailed. Generally, it is worth noting that North Macedonia has the highest number of reforms of all SEE6 countries.

North Macedonia is scheduled to receive a total of €750,354,553.00 (€349,095,433.75 Lonas Treasury; €185,916,725.25 Loans WBIF and €215,342,394.00 Grants WBIF), subject to successful achievement of targets and milestones of reforms.

3.6 Serbia

The Serbian government [announced](#) the 10th of August 2024 as a target date for adopting the reform agenda; however this has been postponed due to inter-service consultation processes at the EC level. The process of consultations with the CSOs was largely criticised for not being transparent. [Acknowledged by the Serbian government](#), it was justified by the limited time to finalise the process and send the draft reform agenda to the EC. Ultimately, the government [adopted the reform agenda](#) on the 3rd of October, 2024.

The draft reform agenda contains 28 reforms. In the area of business environment, Serbia plans to implement the Law on the Management of Companies Owned by the Republic of Serbia to increase transparency in public investments and intergovernmental contracts. Relevant reforms to increase the capacity for renewable energy, integrate the electricity market with the EU, and increase their cybersecurity framework are also included.

In terms of human capital, Serbia will improve its labour market, increase the skills of youth and underrepresented groups, and expand dual education as well as vocational education and training programs.

On the rule of law and fundamentals, Serbia will enhance the efficiency and independence of the judiciary system, implement measures to fight corruption more effectively by adopting a new anti-corruption strategy and action plan, strengthen measures against organised crime, terrorism and human trafficking, align visa regime with the EU, and adopt a comprehensive approach to managing migration and security risks.

Initially, as part of the draft reform agenda, Serbia had the lowest number of reforms planned under the Growth Plan. However, the final reform agenda of Serbia has been adjusted and the final number of reforms reached to 32. Reforms related to increasing the cybersecurity, introduction of a digital wallet and regulation of artificial intelligence were added in the final version. Serbia is scheduled to receive a total of €1,586,355,029.00 (€738,036,831.67 Loans Treasury; €393,054,098.09 Loans WBIF and €455,264,099.23 Grants WBIF), subject to successful achievement of targets and milestones of reforms.

4. A Comparative Assessment of the Reform Agendas

The planned reforms across the SEE6 region demonstrate both shared priorities as well as distinct local focuses that reflect their unique political, economic and social context. While the reform agendas of each country converge on key areas such as green and digital transformation and the development of human capital (with an emphasis on addressing skill reforms related to public administration and financial management. Notably, the countries have proposed a comparable number of reforms and corresponding measures (see Figure 2). There were no significant changes in the number of reforms between the draft and final agendas; however, Albania, Kosovo, and Serbia introduced additional reforms.

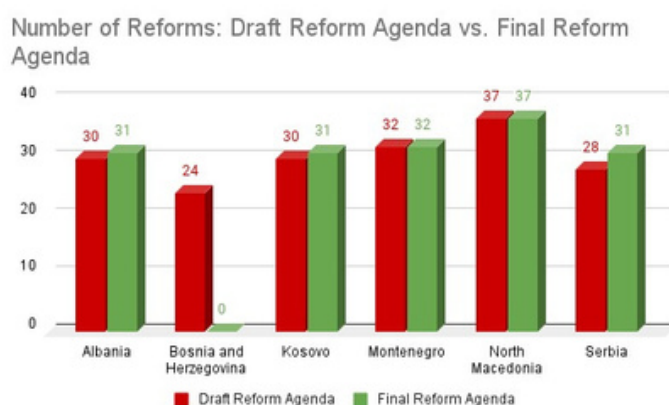


Figure 2: Number of Reforms in Draft Reform Agendas vs. Final Reform Agenda per each SEE6 Country (Source: own creation; Based on Draft Reform Agendas and Final Reform Agendas published by EC)

The main outlier is in the area of “Governance, Public Administration Reform and Public Financial Management”, where only Kosovo and North Macedonia have proposed reforms.

Reforms related to public administration and financial management

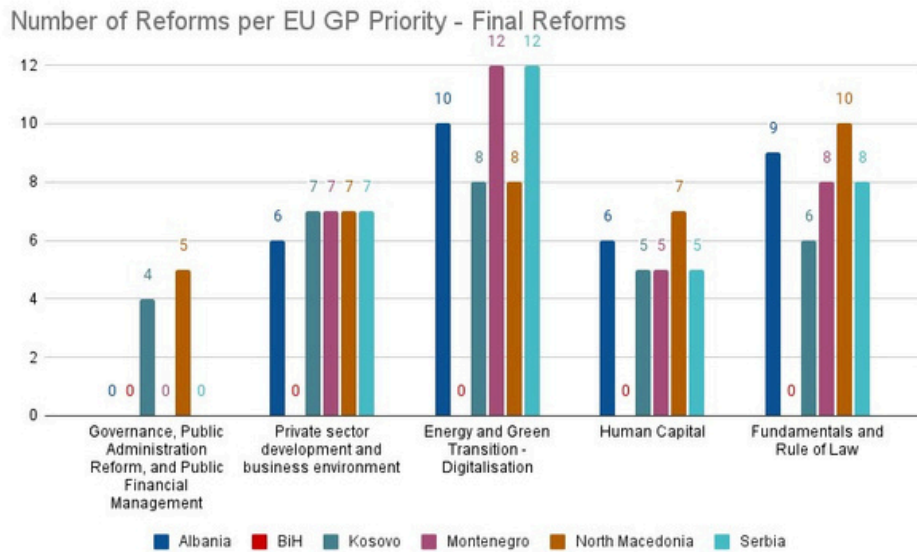


Figure 3: Number of Reforms per EU Growth Plan Priorities
(Source: own creation; Based on Final Reform Agendas)

The need for reforms in public administration has been a prominent topic of discussion across the region for the past 20 years, making it only natural for these reforms to be planned for all countries involved. Both Kosovo and North Macedonia strongly focus on enhancing accountability and transparency with a significant number of planned reforms in public procurement and the legal framework of public investments. Meanwhile, the other countries in the region are prioritizing improvements in the service delivery capabilities, especially through the digitalisation process, thereby incorporating public administration reforms in other GP policy areas like digitalisation.

However, the implementation of these reforms has been characterized by slow progress and numerous challenges. The European Commission consistently highlights the inadequate capacity within the public administrations of these countries to carry out the necessary reforms, which is expected to have implications for governance and public policy reforms as well.

Green and Digitalisation Reforms

The regulation that establishes the Reform and Growth Facility for the Western Balkans emphasizes the significance of reforms in these areas. All countries in the region have prioritized energy transition (decarbonisation of economies) and the diversification of energy sources, with renewable resources playing a crucial role in this process. While their approaches to these reforms are largely similar, there are differences in their levels of ambition. Nevertheless, the challenges are substantial. According to the [World Bank SEE6 Country Climate and Development Report](#), approximately €34,9 billion is needed to address the climate change risks of the region. Currently, the [lack of funds adds](#) an additional complexity layer to the implementation plans.

Human Capital Development

Countries in the region primarily concentrate on bridging skill gaps in the labor market through education. They plan to implement reforms in early and secondary education, along with vocational education and training. The findings of OECD's SEE [Competitiveness Outlook 2024](#) show that the SEE6 region struggles to deliver quality education, and has a low number of adults participating in lifelong learning (20% lower than that of the EU), etc. The skills gap results in labour shortage and suffers from the ongoing brain drain. Young professionals are mainly [interested in leaving the region](#) for a better life and work conditions in the EU, leaving the region in a dire situation. Pull factors such as [different programmes and bilateral agreements](#) signed between EU member states and SEE6 countries - Germany being a key player in this domain - exacerbate this situation.

The reforms outlined in the Growth Plan are essential for tackling this issue by closing skill gaps in the market and aligning local education with this objective. When paired with the [mobility agreements](#), these reforms could enhance professional mobility and elevate human capital in the region.

Market Reforms

These reforms remain some of the key reforms necessary for the region to gain access to the EU Single Market. The reform agendas demonstrate that the SEE6 countries are making substantial efforts to improve market efficiency, promote a competitive business environment, and align their markets more closely with EU standards. In addition to direct reforms in this policy area, other planned reforms in different sectors also contribute indirectly.

For instance, reforms in public administration and financial management are closely linked to market reforms, as they foster a more transparent, stable, and efficient environment for both local and international businesses. Similarly, reforms in the energy sector aim for full integration into the EU's electricity market, primarily through the adaptation of the [Electricity Integration Package](#). Furthermore, the reforms related to the digitalisation of public services also directly impact the market as they will allow easier access to public services, especially in the case of businesses, therefore reducing the barriers to trade and business activities. An easier access and streamlined processes within public administration are also expected to attract foreign investment.

Public administration reforms contribute to the economic convergence of the region, particularly through initiatives focused on anti-corruption, transparency, etc. As such they engage directly to the objective of the Common Regional Market (CRM) in creating a more stable and transparent business environment. This is also an integral part of the new Action Plan 2025 - 2028 for the CRM. For instance, the necessary reforms in public procurement and alignment of public procurement laws reduce the barriers to cross-border business activities. Similarly, the reforms planned for digitalisation also contribute to the CRM's goal - enhancing the digital infrastructure in the region.

⁹ Article 11.4 states "The Reform Agendas shall be consistent with and support the reform priorities identified in the context of the beneficiary's accession path, and in other relevant documents, such as the Stabilisation and Association Agreement, the Energy and Climate Plan, the Nationally Determined Contribution under the Paris Agreement and the ambition to reach climate neutrality by 2050 at the latest"

In terms of human capital, the reforms planned directly contribute to CRM's aim of aligning education qualifications and recognising professional skills - in line with the mobility agreements. It is crucial that in the context of mobility agreements these reforms should also reflect a regional approach and be designed to allow for an easier way to recognise qualifications and skills across the region. RCC is playing a crucial role in facilitating this process.

While GP reforms are linked to the CRM and aid in its implementation, it's important to recognize that these reforms are developed independently by each government. Therefore, they lack a regional dimension regarding their scope, pace and level of engagement. In general, while the CRM is regionally-owned and driven, the reforms planned under the GP are country-based. Both the bilateral and regional economic integration processes should be consistently and systematically monitored to ensure they align with national and regional agendas.

Additionally, the gradual integration into the EU Single Market requires adequate balancing measures to help less-developed economies of the region adjust to the EU market and mitigate any eventual negative externalities. Both SEE6 governments and the EC should take this phenomenon into account and plan accordingly. The preparation of the new EU Cohesion Policy, different policy-making proposals, and the preparation of the new MFF 2028 - 2034 offer a window of opportunity.¹⁰ Similar suggestions were also provided to the Commission of the European Communities in 1987 when the European Community enlarged to include Spain and Portugal!¹¹

Reforms in EU Fundamentals, Rule of Law and Judiciary

These reforms are crucial to the Growth Plan, as they are tied to the EU's funding conditionalities (pre-conditions). All countries in the region have planned such reforms and address different issues. Kosovo and North Macedonia both focus on the implementation of a case management information system in the judiciary, the verification of assets declaration by judges and prosecutors, and other reforms related to reducing case backlogs. Serbia is focusing on enhancing independence and accountability in the judiciary.

Montenegro is also focusing on increasing the efficiency of its judiciary and prosecution. Albania, similarly to North Macedonia, focuses on reducing case backlogs, and similarly to the rest of SEE6 countries, in improving the accountability of judges and prosecutors.

In the case of reforms related to organised crime and corruption, all countries have placed significant importance on them. Reforms addressing organized crime and corruption are also high priorities across the region, with each country committed to strengthening law enforcement capacities and institutional cooperation. Broader anti-corruption and transparency measures are underway, as these are critical for EU integration.

¹⁰ For more info see: "Much more than a Market" (2024), Enrico Letta, and "Conditionality and Solidarity: Frontloading Cohesion into EU Enlargement into SEE6", (2023). A. Hackaj and K. Hackaj. CDI

¹¹ For more info see 'Efficiency, Stability and Equity: A Strategy for the Evolution of the Economic System of the European Community'. (1987). T. Padoa-Schioppa.

These reforms hold particular importance for SEE6 countries as the EU [constantly flags](#) the issue of fundamentals, rules for law, and corruption in the region, pressing for reforms. According to a [recent report published by Transparency International](#), Kosovo, Albania, and North Macedonia have shown efforts in strengthening their institutions to address issues of corruption, whereas Serbia's efforts were considered as overshadowed due to the ongoing process of weakening democratic institutions.

Bosnia and Herzegovina has shown progress, but remains hindered by governance complexities and internal divisions. Similarly, while Montenegro has pursued reforms, political instability and government changes over the past three years have posed challenges.

5. Conclusions

The EU Growth Plan represents an important initiative for SEE6 countries in their path towards EU integration, supporting to advance the necessary reforms foreseen in the accession process. This plan is highly regarded for its ambition and the potential transformative impact it could have on each SEE6 country.

However, several challenges may hinder its success. First, while the financial support is significant, it remains insufficient to fully address the extensive structural reforms required in the SEE6. Much of the funding comes in the form of loans rather than grants, and the amount falls short of the region's development and economic convergence needs.

Secondly, the implementation timeline is ambitious, and there is doubt as to whether SEE6 countries can realistically meet it. Delays in adopting reforms, signing grant and loan facility agreements, establishing governance mechanisms, and disbursing the first installment indicate that the initial milestones may not be achieved and/or reported within the planned timeline.

Third, there is significant concern whether the administrative capacities of SEE6 countries can match the ambition of SEE6 countries to implement the reform agendas. Limited administrative resources often hinder progress. Strengthening these capacities will be essential to maintaining the Enlargement momentum.

Fourth, aligning national reforms with regional objectives is also important. A regional approach would enable the reforms to better contribute to the Common Regional Market commitments and foster economic convergence. Although the EC has made some efforts to align reforms across SEE6 countries, a detailed analysis to identify further points for convergence would be beneficial.

Fifth, a well-defined monitoring and evaluation framework should be developed, focusing on key policy areas of the reform agendas, including impacts and outcomes. Drawing on lessons from the Recovery and Resilience Facility, the EC should establish clear guidelines for assessing reform milestones.

Sixth, the findings show that the involvement of civil society in the development of reform agendas has been conducted hastily and quite limited throughout the region, with reports of it being non-transparent and non-inclusive. Although SEE6 governments cited time constraints as a reason, it's important to adhere to the EU Growth Plan's regulation that requires civil society engagement in all phases.

Transparency and accountability are crucial for the lasting impact of reforms. Therefore, CSOs and other key societal actors should be empowered to play a consistent role in implementation, monitoring, and evaluation.

Seventh, as countries prepare to appoint Growth Plan Coordinators and establish the Facility's institutional governance, we recommend enhancing this instrument by incorporating best practices and methods from Structural Funds.

While IPA and the Reform and Growth Facility remain the only available instruments until 2027 - both top-down ones - the RFG has the potential to improve governance practices and capabilities in the region. By shaping the composition of the Growth Plan Monitoring Committee based on the partnership principle and best practices for similar Cohesion multi-level governance structures, the EU Growth Plan could become a transformative tool in preparing the region for post-2027 instruments.

