



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR ENLARGEMENT AND EASTERN  
NEIGHBOURHOOD

Background document for the  
3rd Dialogue on the  
Reform and Growth Facility for the Western Balkans  
15 January 2026

## **The Growth Plan for the Western Balkans**

The Growth Plan for the Western Balkans was adopted by the European Commission on 7 November 2023. The plan is based on four pillars:

1. To enhance **economic integration with the European Union's single market**.
2. To boost **economic integration within the Western Balkans** through the Common Regional Market.
3. To accelerate **fundamental reforms**, improving economic growth and strengthening regional stability.
4. This process will be supported through **increased financial assistance** with a new performance-based financing instrument: the EUR 6 billion **Reform and Growth Facility** for the Western Balkans, complementary to the existing Instrument for Pre-accession Assistance (IPA III).

Key achievements under the first two pillars of the plan:

- Albania, Montenegro, North Macedonia and Serbia have joined the Single Euro Payments Area (SEPA) and 32 banks from Albania, Montenegro and North Macedonia became operational under SEPA schemes. Serbia is working towards becoming operational as of May 2026.
- Seven European Digital Innovation Hubs have been established across Albania, Kosovo\*, Montenegro, North Macedonia and Serbia.
- Montenegro joined the Common Transit Convention (CTC) and will start implementing the New Computerised Transit System (NCTS). Albania and Bosnia and Herzegovina preparing to do the same.
- Preparatory steps are being taken for bilateral agreements on roaming enabling Western Balkans integration in the EU's 'Roam Like at Home' area.
- The continued implementation of the Green Lanes roadmap, which includes securing the funding for modernisation of 10 of the busiest EU-WB border crossing points, as well as agreements between several WB partners and EU Member States on the one-way exchange of pre-arrival customs data.
- The Revised Green Agenda for the Western Balkans Action Plan (2025–2030), the Climate Adaptation Roadmap and the Declaration on Western Balkans Six Tourism Branding have been finalised.

## **Reform and Growth Facility for the Western Balkans**

The main aim of the Facility is to support Western Balkan partners' alignment with the EU's values, laws, rules, standards, policies and practices, with a view to future EU membership, as well as their progressive integration into the EU single market and socio-economic convergence with the EU.

Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia have adopted **Reform Agendas**, which set out the reforms the countries plan to undertake in order to achieve the Facility's objectives. The Western Balkan partners also need to reflect on how the measures included

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\* 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.

in the Reform Agendas are expected to contribute to progressive and continuous alignment with the EU's Common Foreign and Security Policy.

After long delays, Bosnia and Herzegovina submitted its adopted Reform Agenda to the Commission on 30 September. Following a positive assessment, the Commission has adopted on 28 November 2025 the Implementing Decision approving Bosnia and Herzegovina Reform Agenda paving the way for the start of its implementation. As communicated to the European Parliament and Council, the envelope of the Reform Agenda already takes into consideration a 10% cut applied in July, thus bringing the new envelope for the country to EUR 976.6 million.

Under the conditions set in the Facility, payments for Bosnia Herzegovina and Kosovo will start once the Loan Agreement and Facility Agreement are ratified.

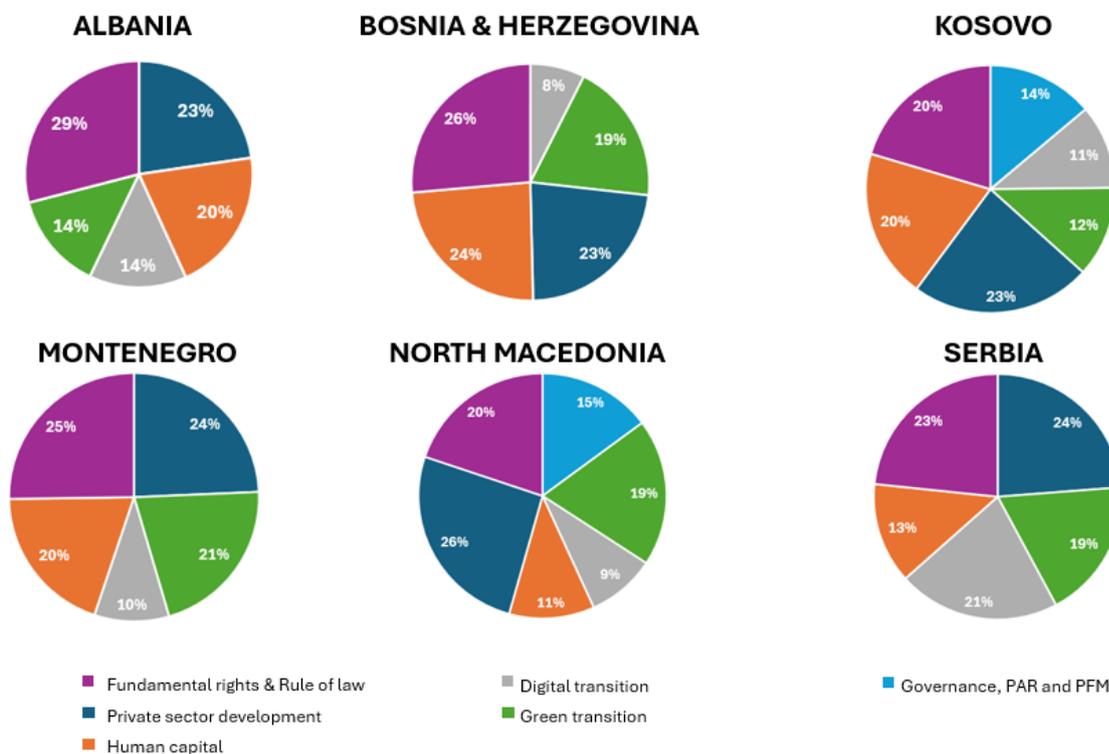
### Legal Basis

- **Regulation 2024/1449** establishing the Reform and Growth Facility (14 May 2024).
- Commission Implementing Decision **approving** the Reform Agendas for Albania, Kosovo, Montenegro, North Macedonia and Serbia (23 October 2024) and Commission Implementing Decision approving Bosnia and Herzegovina's Reform Agenda adopted on 28 November 2025.
- **Facility and Loan Agreements** concluded between the European Union and each beneficiary.

### Overall envelope for 2024-2027

	<b>Indicative allocation (MEUR)</b>
<b>Albania</b>	922.1
<b>Bosnia and Herzegovina</b>	976.6
<b>Kosovo</b>	882.6
<b>Montenegro</b>	383.5
<b>North Macedonia</b>	750.4
<b>Serbia</b>	1586.4

## Financial allocation (%) of Reform Agenda steps by policy area



## Overall release of funds (the figures are net of prefinancing)

WB partner	Total Amount released	Out of which Prefinancing	Out of which First tranche	Out of which Second tranche
Albania	164 million	65 million	N/A <i>Formal reporting submitted only under 2<sup>nd</sup> tranche</i>	99 million
Bosnia and Herzegovina	0*	0*	N/A <i>Formal reporting not submitted</i>	N/A <i>Formal reporting not submitted</i>
Kosovo	0*	0*	N/A <i>Formal reporting not submitted</i>	N/A <i>Formal reporting not submitted</i>
Montenegro	45 million	27 million	10 million	8 million
North Macedonia	76 million	52 million	8 million	16 million
Serbia	168 million	111 million	57 million <i>Decision on the first release to be adopted in mid-January 2026</i>	N/A <i>Decision not yet adopted</i>
<b>Total</b>	<b>453 million</b>	<b>255 million</b>	<b>75 million</b>	<b>123 million</b>

\*Pre-financing will be released upon the entry into force of the Facility and Loan agreements

## Results of the first two reporting periods

Beneficiary	Steps achieved for the first two reporting periods	Amounts released (net of prefinancing)	
Albania	21 out of 41	EUR 99 million out of a maximum of EUR 224 million	<b>44%</b>
Montenegro	12 out of 25	EUR 18 million out of a maximum of EUR 68 million	<b>38%</b>
North Macedonia	6 out of 21	EUR 24 million out of a maximum of EUR 91 million	<b>29%</b>
Serbia	3 out of 18 (Decision on the first release to be adopted in mid-January 2026; second release request currently under assessment)	EUR 57 million out of a maximum of EUR 269 million foreseen under the first two reporting periods	<b>21%</b> (to be updated following assessment on the second release)

## Progress in the first two reporting rounds (achieved vs. ongoing unmet steps)

Beneficiaries	Proportion of steps achieved in the first two rounds	Proportion of achieved + unmet steps for which work is ongoing to ensure full implementation within the grace period.
Montenegro	48%	88%
Albania	51%	97%
North Macedonia	29%	62%
Serbia	17%	83%
<b>Total</b>	<b>40%</b>	<b>85%</b>
<i>Kosovo*</i>	<i>N/A</i>	<i>70%</i>
<i>Bosnia and Herzegovina**</i>	<i>N/A</i>	<i>13%</i>

\* No formal reporting has been submitted for Kosovo.

\*\*There are no steps in Bosnia and Herzegovina's Reform Agenda falling under the first 2 reporting rounds (with deadline in December 2024 or June 2025).

## Western Balkans Investment Framework (WBIF)

As illustrated in Annex 1, slightly more than half of the RGF support will eventually be channelled to the Western Balkans Investment Framework (WBIF), to fund investments projects in infrastructure and connectivity, including transport, energy, the digital transition and human capital.

## Pre-financing

The 7% pre-financing can be disbursed to the beneficiaries after the entry into force of both the Facility Agreement (FA) and Loan Agreement (LA) and the positive assessment by the Commission of the pre-conditions and general conditions. The Commission has so far disbursed the loan component of the pre-financing to Albania, Montenegro, North Macedonia and Serbia. Kosovo and Bosnia and Herzegovina still have to ratify their FAs and LAs.

## First payment requests

In line with the reporting deadlines set out in the Reform Agendas, Albania, Montenegro, North Macedonia and Serbia have submitted the requests for the release of funds for the December 2024 and June 2025 reporting windows. In particular:

### ➤ Albania

In July 2025, Albania reported on the reform steps due in December 2024 and June 2025<sup>1</sup>, as well as on some steps due in December 2025<sup>2</sup>. As a result of the Commission's assessment, 21 reform steps were considered as achieved, corresponding to **a gross amount of EUR 107 million in grants and loans (out of which a net amount of EUR 99 million)**.

In particular, Albania made important progress in aligning its regulatory framework with the EU *acquis* in a number of areas. This includes, for example, the legislation on animal and plant health as well as on concessions and public-private partnerships. Albania also adopted the Medium-Term Revenue Strategy and Action Plan for 2024-2027 setting the country on a path to sustained public revenue increases. On the rule of law, Albania notably adopted the National Strategy on prevention of Money Laundering and Countering Terrorism Financing and achieved further progress in the judicial follow up of vetting cases with suspicion of criminal elements.

### ➤ Montenegro

Montenegro has reported on the reform steps due in December 2024 and June 2025 in two reporting tranches. As a result of the Commission's assessment, 12 reform steps were considered as achieved, corresponding to **a gross amount of EUR 19.7 million in grants and loans (out of which a net amount of EUR 18 million)**.

Key achievements include the revision of public procurement processes, the adoption and implementation of Energy Law and energy efficiency legislation, alignment with the EU's NIS2 Directive, and the appointment of the Supreme Court President. Montenegro has also initiated reforms to strengthen human capital development by taking the first steps toward improving the social and child protection system. On the rule of law, progress has been made on the appointment of the Supreme Court President.

### ➤ North Macedonia

North Macedonia reported on the reform steps due in December 2024 and June 2025 in two reporting tranches. As a result of the Commission's assessment, six reform steps were considered as achieved,

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<sup>1</sup> Albania submitted the first progress report on the reforms as scheduled but failed to complete its request for release of funds. Albania was then invited to report on both December 2024 and June 2025 steps in a single submission in the July reporting window.

<sup>2</sup> The Commission implementing guidance provides for a possibility to assess a step achieved early (at least one semester before the foreseen deadline) and, if the assessment is positive, to pay the corresponding fund in that payment window. However, the Commission reserves the right to review this practice if it puts the achievement of the general objectives of the Facility at risk.

corresponding to a **gross amount of EUR 25.7 million in grants and loans (out of which a net amount of EUR 24 million)**.

In the area of digitalisation, North Macedonia implemented a national cybersecurity legislative framework, which, coupled with a comprehensive cybersecurity strategy, will bolster the country's defences against cyber threats while ensuring a secure and trustworthy digital environment for all citizens and businesses. Additionally, North Macedonia aligned its national legislation with the new regulations for digital electronic identity, along with the adoption of a legislative framework establishing a national platform for e-archiving and record management across all public sector institutions. North Macedonia has also achieved reforms aimed at addressing the informal economy, reforming the governance of state-owned enterprises (SOEs), and strengthening the control on public finances.

➤ Serbia

Serbia reported on the reform steps due in December 2024 and June 2025, as well as one step due in December 2025, in two reporting tranches. A first decision on steps due in December 2024 will be published by the Commission by mid-January 2026; as a result of the Commission's assessment, three reform steps were considered as achieved, corresponding to a **gross amount of EUR 61.1 million in grants and loans (out of which a net amount of EUR 57 million)**.

In particular, Serbia has made progress in implementing commitments under the Electricity Integration Package step, and in the area of digitalisation, Serbia transposed the EU's Toolbox for 5G Security by adopting the decree laying down measures to reduce the security risks associated with the deployment of fifth generation mobile networks. In the rule of law policy area, Serbia aligned with the EU's visa regime by abolishing the visa exemptions for Qatar, Kuwait, Oman and Mongolia nationals.

The second release request (reform steps due in June 2025) is currently under assessment.

➤ Other beneficiaries (Bosnia and Herzegovina, Kosovo)

Although the Facility and Loan Agreements are not yet in force, Kosovo has informally reported on reform steps due in December 2024 and June 2025 in two reporting tranches. The formal assessment of these reform steps will take place once the agreements enter into force.

Considering that the Reform Agenda for Bosnia and Herzegovina was only adopted in September 2025 and by the Commission in November 2025, the beneficiary has not yet reported on any of the reform steps.

### ***Monitoring and reporting***

Besides the semi-annual reports linked to the request for release of funds, the beneficiaries have to submit an annual report that focuses on the contribution of the Reform Agenda (steps and investments) towards the achievement of the general and specific objectives of the Reform and Growth Facility.

The annual report submitted in March 2025 served as a basis for discussion in the monitoring committee meetings set up under the RGF. The composition of these committees (one per beneficiary) includes representatives from national authorities, private sector, civil society, international organisations and International Financial Institutions. So far, the first monitoring committee meetings have taken place in countries with a ratified Facility and Loan Agreements, thus in Albania, Montenegro, North Macedonia and Serbia.

In addition, as foreseen in the RGF regulation, the Commission has set up a dedicated IT webtool (the “[Scoreboard](#)”) that displays the state of implementation of the Facility. This is based on the information stemming from the Commission decisions on payment releases and the annual report submitted by the beneficiaries.

### ***Communication and visibility***

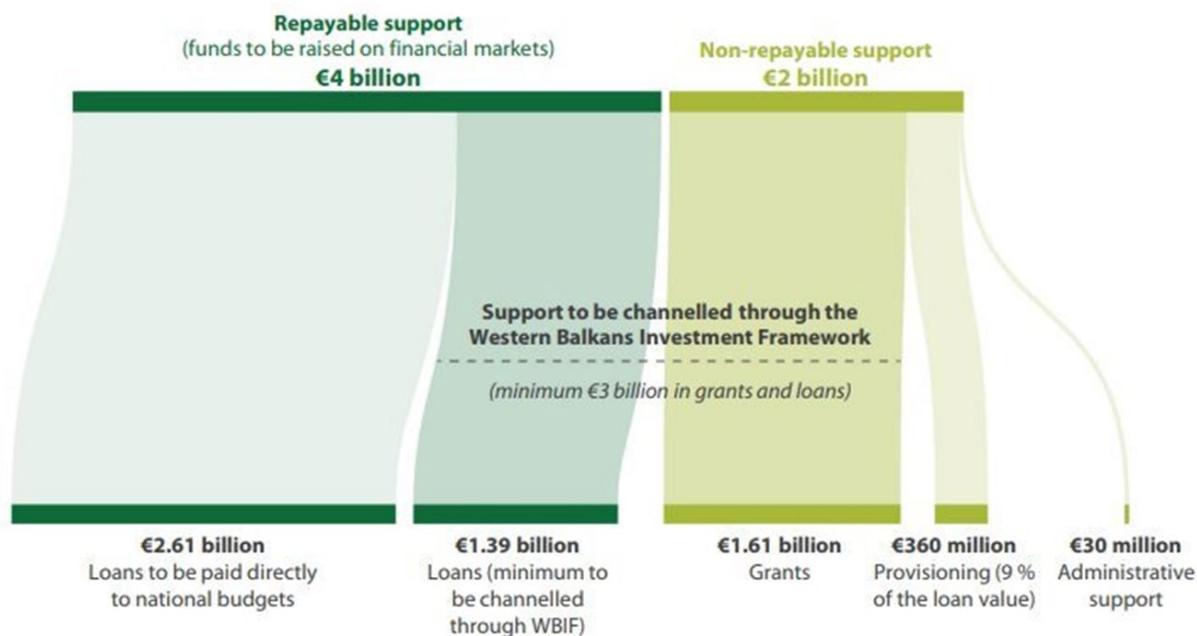
Effective communication remains a key commitment under the Growth Plan for the Western Balkans. Communication should not be limited only to the Facility but should also extend to all four pillars of the Growth Plan, ensuring a coherent and integrated approach. The beneficiaries have submitted their communication and visibility plans, with the exception of Bosnia and Herzegovina that is expected to submit it ahead of the first request for the release of funds. The Commission has encouraged the Western Balkan partners to strengthen transparency and outreach by implementing their plans and allocating adequate budgets to support communication activities.

Furthermore, each beneficiary will also create a webpage to publish data on final recipients who receive cumulative funding exceeding the equivalence of EUR 50,000 over a four-year period for the implementation of investments financed through the WBIF.

The Commission itself communicates comprehensively on Growth Plan implementation, including on new initiatives and releases of funds against delivery of reforms. Social media posts, on top of updated information on the [website](#) dedicated to Growth Plan/RGF, have been promoted to audiences both in EU Member States and WB6.

## Annex 1 – Background information

### Overview of split between grants and loans:



Source: ECA, based on the legislative proposal on establishing the Reform and Growth Facility for the Western Balkans

	Loan to treasuries	WBIF		Total indicative	Provisioning for loans
		Loan	Grant		
Albania	429	228.5	264.6	922.1	59.2
Bosnia and Herzegovina	454.3	242	280.3	976.6	62.7
Kosovo	410.6	218.7	253.3	882.6	56.6
Montenegro	178.4	95	110.1	383.5	24.6
North Macedonia	349.1	185.9	215.3	750.4	48.2
Serbia	738	393.1	455.3	1586.4	101.8
<b>Total</b>	<b>2559.5</b>	<b>1363.1</b>	<b>1578.9</b>	<b>5501.5</b>	<b>353</b>

**Capital investments** via the Western Balkans Investment Framework (WBIF): **at least EUR 3 billion** (EUR 1.6 billion in non-refundable grants + EUR 1.4 billion in concessional loans).

- WBIF has well-established financial control systems and provides a singular cooperation framework.
- Targets sectors that are key multipliers for socio-economic development: connectivity, including transport, energy, green and digital transitions, education and skills development.

The remaining funds (EUR 2.6 billion) will be **concessional loans as direct support** to the national budgets of the Western Balkan partners.

### Details on the *pre-financing* split (WBIF vs treasury) in million EUR

	Total value	Loans - treasury	Loans - WBIF	Grants - WBIF
<b>Albania</b>	65	30	16	19
<b>Bosnia and Herzegovina</b>	68	32	17	19
<b>Kosovo</b>	62	29	15	18
<b>Montenegro</b>	27	12	7	8
<b>North Macedonia</b>	52	24	13	15
<b>Serbia</b>	111	52	27	32
<b>Total</b>	<b>385</b>	<b>179</b>	<b>95</b>	<b>111</b>

### Overview of the reporting and assessment schedule

Funds under the Facility are released according to a fixed **semi-annual schedule composed of seven instalments** – based on a request for the release of funds – and following the EC verification of the fulfilment of:

- Preconditions: beneficiaries uphold democratic principles and human rights. For Serbia and Kosovo additional preconditions related to the Belgrade-Pristina Dialogue;
- General conditions (related to macro-financial assistance, sound public financial management, transparency and the oversight of the budget);
- and the relevant payment conditions related to the achievement of steps.

