EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ENLARGEMENT AND EASTERN NEIGHBOURHOOD

Background document for the

4th Dialogue on the Reform and Growth Facility for the Western Balkans

14 July 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 is 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 50 banks from Albania, Montenegro, North Macedonia and Serbia became operational under SEPA schemes.
- Eleven European Digital Innovation Hubs have been established across Albania, Bosnia and Herzegovina, 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 are preparing to do the same.
- The negotiating directives for bilateral agreements on roaming, enabling Western Balkans integration in the EU's 'Roam Like at Home' area, have been adopted by the Council on 4 June 2026, ahead of the EU-WB summit. Negotiations are due to start in the near future.
- 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 (2021–2030), the WB6 Climate Adaptation Roadmap and the Declaration on Western Balkans Six Tourism Branding have been finalised.
- Under the WiFi4WB initiative, by the end of summer, there will be 500 hotspots in place in 394 municipalities in the Western Balkans. They will cover almost all municipalities in the region, including the most rural ones. It is estimated they will reach more than half a million people, contributing to improved connectivity and the region's digital transition.

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. All

[*] 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.

Western Balkans partners have adopted Reform Agendas, which set out the reforms the countries plan to undertake in order to achieve the Facility's objectives. However, due to the delays in the submission and adoption of the Reform Agenda by Bosnia and Herzegovina, the Commission has decided to reduce the initial envelope by 10%, to ensure a homogeneous, orderly, and credible implementation of the budget associated with the instrument within a short time window, in line with the principles of sound financial management. The Western Balkans partners also need to reflect on how the measures included in the Reform Agendas are expected to contribute to progressive and continuous alignment with the EU's Common Foreign and Security Policy.

Albania, Montenegro, North Macedonia and Serbia have started implementing the reforms and to formally report to the Commission since December 2024. Following the entry into force of the Facility and Loan Agreements in February and March 2026, respectively, Kosovo will also be entitled to formally report on the fulfilled steps for the first time in July 2026. Bosnia and Herzegovina has yet to ratify the Facility and Loan Agreements. Once the agreements are in force, Bosnia and Herzegovina will also be able to formally report on the fulfilled steps.

By May 2026, the Commission has released EUR 674 million in total under the Facility (see Figure 3 below). This amount includes the pre-financing released to Kosovo following the entry into force of the Facility and Loan Agreements and the confirmation on the fulfilment of the applicable conditions. Following the start-up phase, there is now some genuine progress. So far, partners delivered 90 reforms out of the total 303 that have been due.

Looking at the next reporting deadline of 15 July 2026, the total proportion of steps achieved over the first four reporting periods is expected to rise to 57%; the proportion of steps that are either achieved or for which work is ongoing to ensure full implementation within the grace period is expected to reach 91% (see Figure 4).

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.

Table 1: Overall envelope for 2024-2027

	Indicative allocation (MEUR)
Albania	922.1
Bosnia and Herzegovina	976.6
Kosovo	882.6
Montenegro	383.5
North Macedonia	750.4
Serbia	1 586.4

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

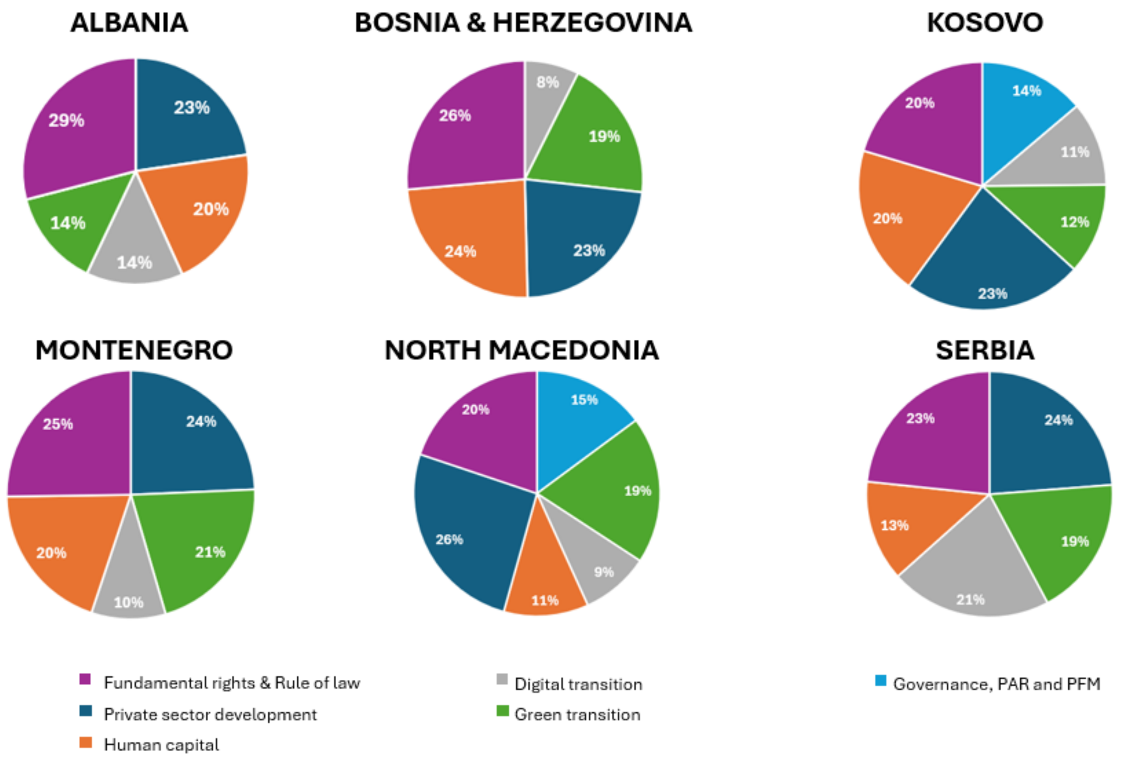


Table 2: Overall release of funds (the figures are net of prefinancing)

WB partner	Total Amount released	Out of which Prefinancing	Out of which First and second release	Out of which Third release
Albania	**213 million**	**65 million**	**99 million**	**49 million**
Bosnia and Herzegovina	**0***	**0***	**N/A** *Formal reporting not submitted*	**N/A** *Formal reporting not submitted*
Kosovo	**62 million**	**62 million**	**N/A** *Formal reporting not submitted*	**N/A** *Formal reporting not submitted*
Montenegro	**89 million**	**27 million**	**18 million**	**44 million**
North Macedonia	**142 million**	**52 million**	**24 million**	**66 million**
Serbia	**168 million**	**111 million**	**57 million for the first release only** *Assessment of the second release is ongoing*	**N/A** *Assessment of the third release is ongoing*
Total	**674 million**	**317 million**	**198 million**	**159 million**

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

Table 3: Results of the first three reporting periods

Beneficiary	Steps achieved for the first three reporting periods	Amounts released (gross of prefinancing)	
Albania	33 out of 66	EUR 159 million out of a maximum of EUR 356 million	**45%**
Montenegro	32 out of 57	EUR 67 million out of a maximum of EUR 136 million	**49%**
North Macedonia	22 out of 53[1]	EUR 96 million out of a maximum of EUR 248 million	**39%**
Serbia	3 out of 37 (second and third release requests currently under assessment)	EUR 61 million out of a maximum of EUR 540 million foreseen under the first three reporting periods	**11%**

Table 4: Expected progress following the submission of the 4th reporting on 15 July (based on ongoing monitoring)

Beneficiaries	Proportion of steps expected to be achieved in the first four reporting periods	Proportion of steps achieved + expected to be achieved within the grace period
Montenegro	83%	99%
Albania	73%	99%
North Macedonia	58%	95%
Serbia*	38%	85%
Kosovo**	16%	74%
Total	**57%**	**91%**
*Bosnia and Herzegovina****	*19%*	*63%*

* Assessment of Serbia´s second and third release requests is ongoing
** The first formal submission by Kosovo is expected in July 2026.
*** No formal reporting has been submitted by Bosnia and Herzegovina, as the ratification of the Facility and Loan Agreements is still pending.

Western Balkans Investment Framework (WBIF)

[1] This figure includes three anticipated steps

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, Kosovo, Montenegro, North Macedonia and Serbia. Bosnia and Herzegovina still has to ratify its FAs and LAs.

Payment requests

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

- <u>Albania</u>

Albania has reported on the reform steps due in December 2024, June 2025 and December 2025. As a result of the Commission's assessment, 33 reform steps were considered as achieved, corresponding to **a gross amount of EUR 159 million in grants and loans (out of which a net amount of EUR 148 million)**, while implementation of further 32 steps, worth EUR 191 million, was ongoing.

One of the key achievements in this period concerns the adoption of an important piece of legislation concerning concessions and public private partnership (PPP), with which Albania aligned its legal framework in this area with the EU *acquis* and EU best practices. The law is essential for closing infrastructure gaps while managing fiscal risks and improving public services. It also provides the necessary framework to attract private investment for complex projects.

Albania also put in place regulatory and other measures to boost innovation and further strengthen access to finance for innovative businesses. The new legal framework concerning start-ups regulates the innovation ecosystem and promotes green and digital innovation amongst other, aligning further with relevant EU practices.

In the area of education, in view of updating the curricula in primary and secondary education curriculum, in this period Albania has introduced Professional Development Programmes for 50% of updated Subject Programmes (SPs) that will be implemented according to the STEM (Science, Technology, Engineering, and Mathematics) approach.

In the area of business development, in the reporting period, Albania adopted an export promotion and facilitation programme to ensure the promotion of export and internationalisation of enterprises, as part of a reform designed to ensure the facilitation of exports and trade, and value chain support to selected industries with growth potential.

- <u>Montenegro</u>

Montenegro has reported on the reform steps due in December 2024, June 2025 and December 2025. As a result of the Commission's assessment, 32 reform steps were considered as achieved, corresponding to **a gross amount of EUR 67 million in grants and loans (out of which a net amount of EUR 62 million)**, while implementation of further 24 steps, worth EUR 64 million, was ongoing.

One of the key achievements in this period include the renovation of over 60.000 square meters of private and public buildings, enabling Montenegro to deliver warmer homes, lower energy bills and more efficient public facilities such as primary and secondary schools, student dormitories, health centres, hospitals, and social care institutions. Together with the adoption of a Long-Term Renovation Strategy, these steps unlocked EUR 7 million, helped reducing energy poverty and improved quality of life for citizens. In general, the achievement of the energy-related reforms is supporting progress in the negotiations to close chapter 15 (Energy) with Montenegro.

In the area of research and innovation, Montenegro has increased the number of funded actors – researchers, innovators, research institutions, companies, clusters, and non-governmental organizations – by 67% compared to 2023, which is more than 50% required by the Reform Agenda. This is creating more opportunities for scientists and businesses to develop innovative products, services and processes that strengthen the country's competitiveness.

To support education and employment choices, Montenegro has established a new career guidance system. The new model focuses on improving career guidance and education through several key actions: training 30 trainers and 800 career counsellors, introducing a cross-curricular interdisciplinary approach with supporting teacher training, adding a new subject for 8th and 9th grades, creating a "Career Path" platform to track student development, and conducting student assessments to guide their interests and abilities. With trained counsellors and stronger links to employers, young people and jobseekers can now access opportunities, develop relevant skills, and transition more easily into quality jobs.

To strengthen the response to gender-based violence, Montenegro's Prosecutor's Office and Supreme Court have issued guidelines on processing domestic and family violence cases in line with the highest international standards. The Prosecutor's Office has also established a system to monitor their implementation of this guidance. Strong enforcement of the Criminal Code in cases of gender-based violence is essential to ensure effective protection for women and girls across the country. In addition to unlocking a EUR 3.2 million payment, this reform step contributes towards establishing a credible track record on combating gender-based violence, a deliverable under Chapter 23 (Judiciary and Fundamental Rights).

- North Macedonia

North Macedonia reported on the reform steps due in December 2024, June 2025 and December 2025, as well as additional steps due in June 2026, December 2026 and December 2027. As a result of the Commission's assessment, 22 reform steps were considered as achieved, corresponding to **a gross amount of EUR 96 million in grants and loans (out of which a net amount of EUR 90 million)**, while implementation of further 29 steps, worth EUR 64 million, was ongoing.

One of the key achievements in this period include the strengthening of its digital infrastructure by adopting a national cybersecurity framework and strategy, while aligning digital identity regulations with EU standards and launching a national e-archiving platform for public institutions. Reforms have also tackled the informal economy, improved state-owned enterprise (SOE) governance, and strengthened public financial oversight.

In education, a revised funding model now ensures fairer resource allocation for primary and secondary schools, while 160 primary schools (nearly half) have been equipped with internet access and IT tools to support modern teaching and learning. To enhance financial transparency, North Macedonia introduced stricter spending controls, including a new IT system for tracking public expenditure, mandatory audits, and risk management plans to curb corruption, alongside reduced reliance on auction-based tenders.

To aid small businesses, a matchmaking system now facilitates access to EU funding, particularly in smart agriculture and technology, while expanded loan guarantees improve financing opportunities. The country has also advanced its green transition, continuing implementation of its Just Transition Roadmap and launching a three-year renovation plan for government buildings to improve energy efficiency.

- Serbia

Serbia reported on the reform steps due in December 2024, June 2025 and December 2025. A first decision on steps due in December 2024 was published by the Commission in 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)**, while implementation of further 28 steps, worth EUR 363 million, was likely to be considered completed or ongoing.

One of the key achievements in this period include 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 assessment on the second (reform steps due in June 2025) and third (reform steps due in December 2025) reporting request is ongoing.

- Other beneficiaries (Bosnia and Herzegovina, Kosovo)

The Facility and Loan Agreements for Kosovo entered into force in February and March 2026 respectively. Therefore, the first official request for the release of funds for all four payment requests will be submitted by the beneficiary in the next available reporting window (i.e. July 2026). Until now, Kosovo has informally reported on reform steps due in December 2024, June 2025 and December 2025. The formal assessment of these reform steps will follow the first official submission.

The Reform Agenda for Bosnia and Herzegovina was adopted in September 2025 and by the Commission in November 2025. The beneficiary has not yet reported on any of the reform steps as the entry into force of the Facility and Loan Agreements is a pre-condition for receiving funding under the Facility and for submitting formal request for the release of funds.

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 2026 serve 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, monitoring committee meetings have taken place in the beneficiaries with a ratified Facility and Loan Agreements, thus in Albania, Kosovo, 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

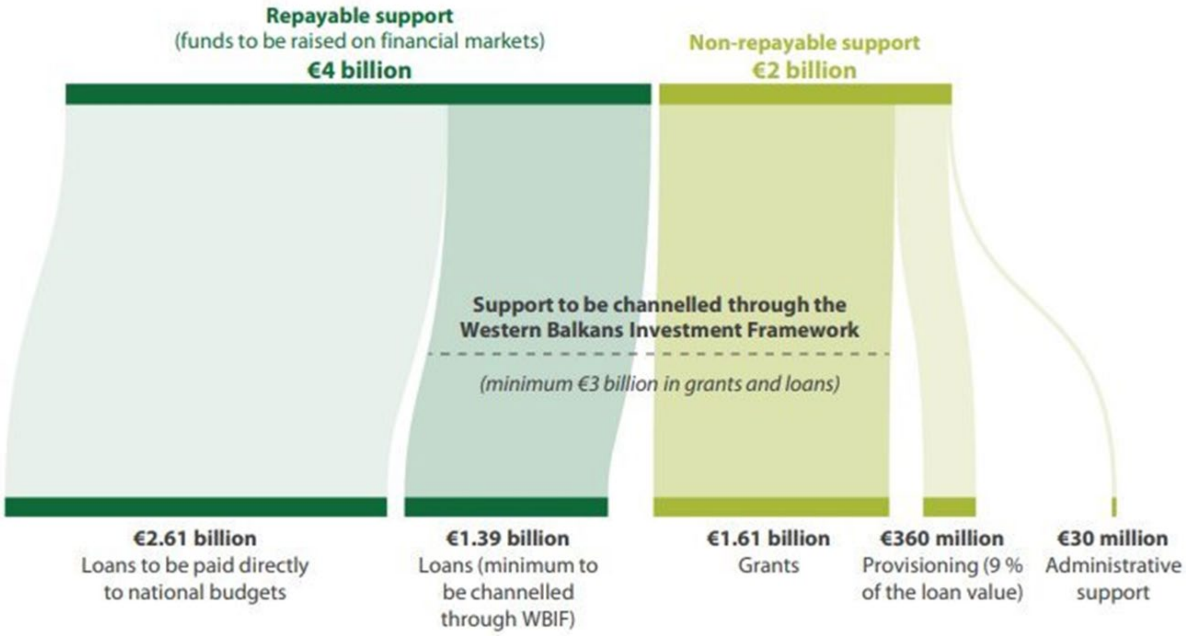
Effective communication remains a key commitment under the Growth Plan for the Western Balkans. Communication should not be limited only to the Facility but should also extend to all four pillars of the Growth Plan, ensuring a coherent and integrated approach. The beneficiaries have submitted their communication 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 communicates extensively on the implementation of the Growth Plan, including new initiatives and the disbursement of funds linked to the delivery of reforms. Communication is conducted in parallel at the political level, emphasising the need to advance reform efforts, and at the public level, targeting citizens and highlighting concrete benefits. These activities are carried out both from Brussels and locally through the EU Delegations (EUDs). High-level communication opportunities include official visits to the region, Western Balkans Leaders' Summits, and the EU–Western Balkans Summit. Communication towards citizens takes the form of press materials, media outreach, and social media content published both centrally from Brussels and locally by the EUDs. In addition, the Growth Plan and Reform and Growth Facility websites are regularly updated, including the live scoreboard that tracks disbursements made to beneficiaries.

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

		WBIF			
	Loan to treasuries	**Loan**	**Grant**	**Total indicative**	**Provisioning for loans**
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
Total	**2559.5**	**1363.1**	**1578.9**	**5501.5**	**353**

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
Albania	65	30	16	19
Bosnia and Herzegovina	68	32	17	19
Kosovo	62	29	15	18
Montenegro	27	12	7	8
North Macedonia	52	24	13	15
Serbia	111	52	27	32
Total	**385**	**179**	**95**	**111**

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 respect of fundamental 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.

Implementation of the steps

FEB 2025	JUNE 2025	DEC 2025	JUNE 2026	DEC 2026	JUNE 2027	AUG 2027

Reporting of the steps

15 MAR 2025	15 JULY 2025	15 JAN 2026	15 JULY 2026	15 JAN 2027	15 JULY 2027	30 SEP 2027

Expected release of funds

AUG 2025	NOV 2025	MAY 2026	NOV 2026	APR 2026	NOV 2027	DEC 2027

COM assessment of the steps

COM assessment within 3 months (following the receipt from the Beneficiary of a request for the release of funds) with possibility to suspend when the Commission asks for supplementary information or carries out checks and on-the-spot controls