EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ENLARGEMENT AND EASTERN NEIGHBOURHOOD

Background document for the

5th Dialogue on the Reform and Growth Facility for the Western Balkans

5 November 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. They are benefitting from faster transactions, over two thirds within 24 hours and on average up to 94% cheaper.
- Eleven European Digital Innovation Hubs have been established across Albania, Bosnia and Herzegovina, Kosovo[1], Montenegro, North Macedonia and Serbia. The Digital Innovation Hubs can play a key role in the digitalisation of SMEs and the public sector, and in addition they will provide access to advanced technologies and AI expertise. 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. The draft agreement has been shared with all Western Balkan partners and negotiations started on 20 October with the five Western Balkans who have already appointed a chief negotiator (all but BIH).
- The continued implementation of the Green Lanes roadmap, which includes securing the funding for modernisation of ten 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, has already delivered results: EUR 54 million in EU grants for the Green Lane crossing points, real-time waiting-time monitoring at all intra-CEFTA crossings, and 700,000 advance information messages exchanged with EU Member States.
- 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, all the 500 hotspots have been installed in almost 400 municipalities in the Western Balkans. They will cover almost all municipalities in the

[*] 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.

region, including the most rural ones. At the moment they have already reached more than 4 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 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 its 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 formally reported 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 October 2026, the Commission has released EUR 674 million in total under the Facility. The assessment of the fourth reporting round (reform steps due by 30 June 2026) is still ongoing.

Overall, it is possible to see meaningful progress for the five implementing partners (excluding BiH): over 60% of reforms under the first four reporting rounds are expected to be fully met, which represents a substantial increase from 38% by the end of 2025. Albania and Montenegro are expected to achieve close to 80% and 90% of step implementation cumulatively, and North Macedonia for the first time to exceed 50%. Moreover, 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%.

In addition, in line with the performance-based nature of the instrument, the Commission has started working on a potential internal redistribution of funds to reward the top-performing beneficiaries with additional funding linked to the achievement of additional reform steps to be formally included in their amended Reform Agendas. This funding may become available following the expiration of the grace period of reform steps assessed by the Commission as not achieved. The identification of the beneficiaries that may benefit from this additional funding will be based on the assessment of their performance until now, including the outcomes of the ongoing assessment (June 2026 reporting window).

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

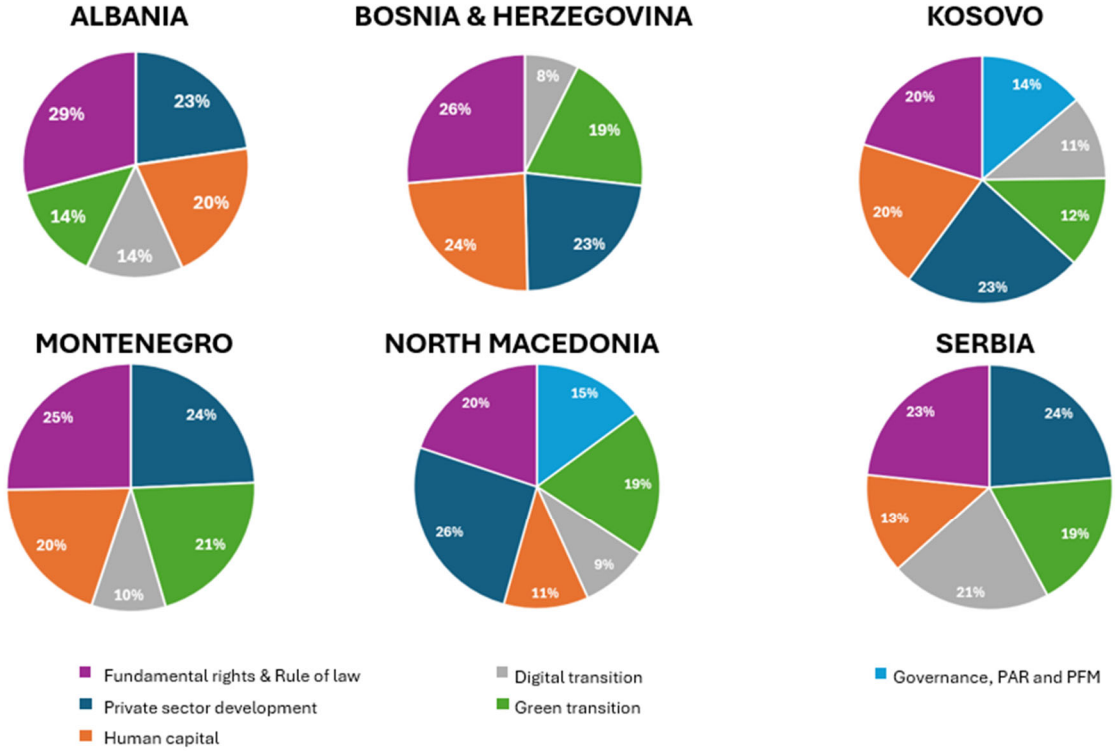


Table 2: Overall release of funds by October 2026 (the figures are net of prefinancing)

WB partner	**Total Amount released**	**Out of which** **Prefinancing**	**Out of which** **First, second and third releases**
Albania	**213 million**	**65 million**	**148 million**

Bosnia and Herzegovina	**0***	**0***	**N/A** *Formal reporting not submitted*
Kosovo	**62 million**	**62 million**	**N/A** *Formal reporting not submitted*
Montenegro	**89 million**	**27 million**	**62 million**
North Macedonia	**142 million**	**52 million**	**90 million**
Serbia	**168 million**	**111 million**	**57 million for the first release only** *Assessment of the second and third release requests is ongoing*
Total	**674 million**	**317 million**	**357 million**

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

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, Kosovo, Montenegro, North Macedonia and Serbia. Bosnia and Herzegovina still has to ratify its FA and LA.

Payment requests

In line with the reporting deadlines set out in the Reform Agendas, Albania, Kosovo, Montenegro, North Macedonia and Serbia have submitted requests for the release of funds until the June 2026 reporting window. Work is also ongoing on the steps due by December 2026, including those expiring then, and the Commission is monitoring their implementation.

As regards the June 2026 window:

- Albania

Albania has reported on the reform steps due until June 2026. While the assessment of the July 2026 reporting window by the Commission has not been finalised yet, the following general progress can be acknowledged.

Albania reported full achievement on a proportionately higher number of reform steps than in the previous reporting rounds. The Commission expects the overall implementation rate for Albania to increase considerably, up to 80% from previously 45%. This is a welcome development and a confirmation of good overall progress. Albania made particular effort in completing the reforms for which the grace period was expiring in June 2026 to avoid any loss of funds.

The achievement was equally spread among the five policy areas (rule of law, green transition, digital transition, human capital and business environment and private sector development) and therefore there is no 'lagging' policy field; progress is relatively uniform. Of particular note is the progress made in aligning Albanian legislation with the EU acquis in areas such as food safety, electronic freight transport and digital identity. Moreover, Albania also made notable progress with measures on vocational education and training and on developing further renewable sources of energy.

The Commission also noted ongoing work on all the pending reform steps, including those that could not be fully achieved by the June 2026 deadline. For some of these steps there is an ongoing consultation with the Commission's technical services. The Commission expects many of these reforms to be achieved in the next reporting round.

As a result of the Commission's previous assessments, **a gross amount of EUR 159 million in grants and loans (out of which a net amount of EUR 148 million)** has been released until now.

- Kosovo

Following the delayed entry into force of the Facility and Loan Agreements in early 2026, Kosovo submitted its first formal reporting package and request for release of funds in July 2026, covering all steps originally due in December 2024, June 2025, December 2025 and June 2026. This marks an important milestone in the operationalisation of the Reform Agenda.

The assessment by the Commission is still ongoing. Kosovo's reporting includes 13 reform steps originally due in June 2025, for which the grace period expired at the time of reporting. The combined value of these steps is EUR 91 million, and the funds related to any of these steps not assessed as achieved will be lost. Meanwhile, another important deadline is approaching at the end of December 2026, when the grace period for a further 27 steps, with a combined financial allocation of approximately EUR 165 million, will expire.

With all institutions in place, the Commission counts on Kosovo to accelerate its implementation of the Reform Agenda and to make up for lost time. The focus should be firmly on delivering results and fulfilling the commitments undertaken.

- Montenegro

Montenegro has reported on the reform steps due until June 2026. While the assessment of the July 2026 reporting window by the Commission has not been finalised yet, the following general progress can be acknowledged.

Montenegro reported full achievement on a proportionately higher number of reform steps than in the previous reporting rounds. The Commission expects the overall implementation rate for Montenegro to increase considerably, above 90% from previously 50%. This is a welcome development and a confirmation of good overall progress. Out of 41 steps, Montenegro reported 34 as achieved, including steps carried over from the grace period and those due in June 2026, and anticipated the achievement of a further six steps. Montenegro made particular effort in completing the reforms for which the grace period was expiring in June 2026 to avoid any loss of funds.

Across the four key policy areas of the Reform Agenda, the fourth tranche delivers again tangible results for citizens and contributes to the progress made by Montenegro in its EU accession path.

In the digital sector, 34% of Montenegro's primary and secondary schools have been equipped with 76 state-funded laboratories for technology-based learning (EdTech hubs). These laboratories provide students with access to laptops, robotics kits, Micro devices and 3D printers, helping them develop the digital skills they will need in the future. In human capital development, over 5,000 unemployed women received individual career counselling or took part in group workshops to help them identify job opportunities and improve their employability. Montenegro also developed five programmes specifically for women, offering support through employment incentives, help to start a business, and education and training to address barriers such as long-term unemployment, lack of work experience and limited access to training. In business environment, the adoption of the Law on the Governance of State-Owned Enterprises introduces open, independent and merit-based procedures for appointing board members, promoting more transparent and accountable management of public companies.

In the rule of law area, the Special Prosecution Office was granted access to databases held by the Revenue and Customs Administration and other state bodies, strengthening its capacity to investigate cases and supporting the fight against organised crime and corruption. Montenegro has also adopted constitutional amendments aimed at strengthening judicial independence, supporting a more impartial and accountable justice system in line with EU standards.

As a result of the Commission's previous assessments, **a gross amount of EUR 67 million in grants and loans (out of which a net amount of EUR 62 million)** has been released until now.

- North Macedonia

North Macedonia has reported on the reform steps due until June 2026. While the assessment of the July 2026 reporting window by the Commission has not been finalised yet, the following general progress can be acknowledged.

North Macedonia reported on ten out of the 20 steps scheduled for implementation by the end of June 2026. In addition, North Macedonia reported on 12 steps in the grace period. The Commission expects the overall implementation rate for North Macedonia to reach 50% (from previously 43%). This is a welcome development and a confirmation of increased engagement of the Government. In addition, North Macedonia strived to complete the reforms for which the grace period was expiring in June 2026 to avoid any loss of funds.

More specifically, in this round, North Macedonia has made notable progress in implementing reforms, with a marked increase in efforts, namely in the areas of Private Sector Development, Rule of Law, Digitalisation and Energy. For example, North Macedonia revised important pieces of legislation in the area of rule of law aimed at improving the functioning of the Judicial Council and

aligning with the EU classification of weapons. In addition, the increase of resources at the Agency for Management of Confiscated Property would help trace, manage and recover criminal assets more effectively.

North Macedonia adopted key legislation to improve the framework for state ownership and the governance of state-owned companies, and established a public register of state-owned enterprises and companies with state participation. To help small businesses, North Macedonia also reviewed the regulatory framework to make leasing a more viable financing option for SMEs as well as to enable the use of intangible assets as collateral. North Macedonia has also progressed on green transition, by completing the transposition of the electricity integration package, and on digitalisation, by continuing implementation of cybersecurity legislation and strengthening relevant institutions.

As a result of the Commission's previous assessments, **a gross amount of EUR 96 million in grants and loans (out of which a net amount of EUR 90 million)** has been released until now.

- Serbia

Serbia has reported on the reform steps due until June 2026. While the assessment of the second (reform steps due in June 2025), third (reform steps due in December 2025) and fourth (reform steps due in June 2026) payment requests is still ongoing, Serbia's focus should be on continuing to accelerate efforts towards the implementation of their Reform Agenda steps. While the grace period for the June 2025 steps expired for ten steps in June 2026, the upcoming December deadline sees the deadline for a further 24 steps to expire. Serbia needs to continue efforts to meet the respective deadlines, particularly in the area of the fundamentals.

The reforms which are part of Serbia's Reform Agenda are also part of the accession process and if achieved, should strengthen the fight against corruption, ensure the independence of the judiciary, accountability of institutions and transparent public procurement, promote media freedom and pluralism and improve electoral conditions. They should also ensure an enabling environment for civil society and build resilience against disinformation and information manipulation.

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, **a gross amount of EUR 61 million in grants and loans (out of which a net amount of EUR 57 million)** has been released.

The Commission is continuously assessing whether the relevant conditions for support under the EU's financial instruments are met. This includes the pre-condition that the beneficiaries uphold and respect effective democratic and rule of law mechanisms as well as the pre-condition related to the Belgrade-Pristina Dialogue. In the meantime, the Commission's assessment of the second, third and fourth payment requests is still ongoing.

- Other beneficiaries (Bosnia and Herzegovina)

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.

Audit and control

The Reform and Growth Facility is a results-based instrument where funds are released only following a positive assessment of the satisfactory fulfilment of the relevant payment conditions. Its control strategy combines checks on the achievement of results with scrutiny of the systems beneficiaries use to implement the Facility. These include:

- Ex ante controls, before each release of funds, to verify that the relevant payment conditions have been met.
- Review controls throughout implementation, to assess progress towards more effective and efficient management and control systems.
- Ex post controls, to assess the proper functioning of the preceding controls and identify weaknesses requiring corrective action.

The ongoing system audits are a key component of this approach, as they examine the effectiveness of each beneficiary's internal control systems against internationally recognised standards, as applied by the Commission. They complement checks on individual payment conditions by assessing whether the underlying systems provide adequate assurance for the implementation of the Facility.

The Commission also takes account of findings from the European Court of Auditors, OLAF and its Internal Audit Service. For funds channelled through the Western Balkans Investment Framework, the applicable framework also provides for ex post controls under the General Conditions of the European Western Balkans Joint Fund.

Communication and visibility

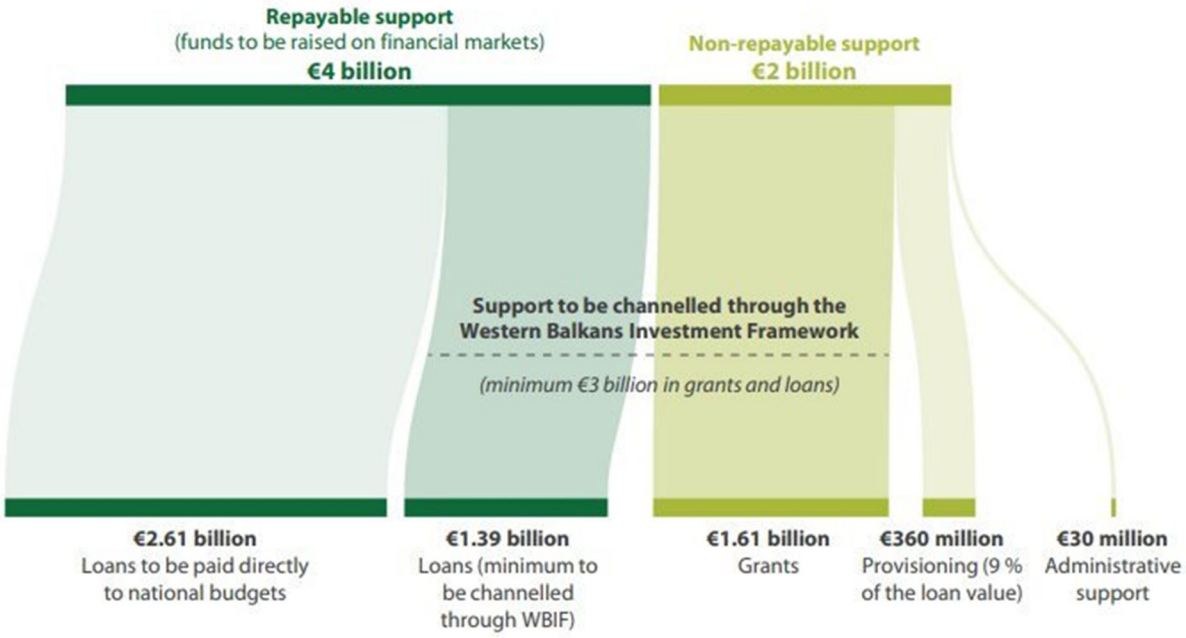
Effective communication remains a key commitment under the Growth Plan for the Western Balkans. Communication should not be limited only to the Facility but should also extend to all four pillars of the Growth Plan, ensuring a coherent and integrated approach. The beneficiaries have submitted their communication 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.

