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OPINION

European Economic and Social Committee

New growth plan and facility for the Western Balkans

New growth plan and Reform and Growth Facility for the Western Balkans

(COM(2023) 691 final and COM(2023) 692 final)

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1. Conclusions and recommendations

- 1.1 The EESC welcomes the renewed commitment to socio-economic convergence and fundamental reforms outlined in the proposed New Growth Plan and the proposal for a Regulation establishing the Reform and Growth Facility for the Western Balkans (RGFWB). The EESC firmly believes that a gradual, predictable and merit-based approach to acquiring increasing benefits during the EU accession process is the best way to proceed towards enlargement of the Union. The European Commission should ensure that the beneficiaries are provided with timely technical assistance for *acquis* alignment and implementation.
- 1.2 The EESC welcomes the robust conditionality approach in the RGFWB, emphasising key reforms in democracy, the rule of law and human rights, including minority rights. The effectiveness of this approach relies on the Commission's assessments being methodical, objective and transparent. The EESC recommends that the Commission issue clear and transparent guidance on how to apply the proposed conditionality package. The EESC also reiterates the importance of ensuring that the EU's focus on stability and geopolitical interests does not come at the expense of the rule of law and democracy.
- 1.3 The Commission should support candidate and potential candidate countries in evaluating both the advantages and drawbacks of early market integration, identifying those that are adversely affected and implementing customised mitigation measures. This will be key to preventing the erosion of public support for EU membership in candidate countries and facilitating their smooth integration into the EU single market. Additionally, the Commission should ensure that, when developing such measures, input from social partners and civil society is sought in a timely manner and duly considered.
- 1.4 The EESC emphasises the need to align the RGFWB mechanism with EU cohesion policy principles and governance rules, promoting territorial and social development in order to prepare the Western Balkans institutions for when they have full access to cohesion policy funding. It also emphasises the importance of aligning support for candidate countries with Member States' financial instruments for a seamless transition to membership. Going forward, pre-accession financial instruments should be streamlined in order to avoid creating administrative bottlenecks.
- 1.5 The Commission should reinforce the gradual integration approach by preparing a proposal to facilitate the candidates' institutional connectivity and access to the work of the EU institutions, including the Commission's various directorates-general, even during the accession process, with the aim of stimulating peer learning, gradually building up candidate countries' administrative capacities and acclimatising them to EU policymaking and legislative processes.
- 1.6 While fully supporting the enhanced conditionality approach in the RGFWB, the EESC emphasises the need for the Commission to provide a transparent methodology and guidance for assessing the satisfactory fulfilment of preconditions and achievement of reforms linked to the disbursement of funds. The EESC calls on the Commission to start assessing progress and membership readiness in the 'Functioning of democratic institutions' sub-area of Cluster 1 in its regular reports, in a transparent, inclusive, consistent and objective manner, as this area forms a

key precondition for Union assistance through the RGFWB. Final impact indicators and related milestones regarding all reforms outlined in the Reform Agendas should be set in the subsequent binding agreements.

- 1.7 The EESC considers that investment in social, economic and territorial cohesion is necessary to achieve economic growth and create jobs in the region. It recommends that the Commission also prioritise the inclusion of human capital-related reforms and investments in the Reform Agendas, in order to address the limited proportion of such investments supported under the Economic and Investment Plan¹. The EESC also recommends setting social and development-based outcome indicators for all measures included in the Reform Agendas.
- 1.8 The EESC recommends that the implementation of the New Growth Plan be closely followed by measures aimed at developing national administrative capacities as well as those of social and economic partners, which are crucial for improving the quality of social and civic dialogue in candidate countries.
- 1.9 In line with the EU partnership principle and the social and economic objectives of the Plan, the EESC insists that social partners and civil society must be involved in developing, implementing, monitoring and evaluating the Reform Agendas in a timely and meaningful manner. The EESC recommends that the Reform Agendas should include a summary of the consultation process outlining how the input of the stakeholders was reflected.
- 1.10 Based on the experience with implementing the Recovery and Resilience Facility (RRF) in the EU Member States, the EESC recommends establishing country monitoring committees aimed at enhancing the Plan's implementation, coordination and monitoring. Such committees should include social partners, as well as specialised civil society organisations (CSOs) from the beneficiary countries.
- 1.11 Considering that at least half² of the funds from the RGFWB would be channelled through the Western Balkans Investment Framework (WBIF), the EESC reiterates the need for meaningful and timely involvement of specialised CSOs in RGFWB governance and stresses the importance of including them in the WBIF³ and in the beneficiaries' National Investment Committees.
- 1.12 The EESC urges the Commission to make Reform Agendas, subsequent agreements and relevant reports publicly available in a timely manner. Furthermore, with a view to enhancing transparency and societal ownership in the region and promoting regular dialogue and public oversight in the Plan's implementation, the EESC recommends establishing a scoreboard for the RGFWB, based on the Recovery and Resilience Scoreboard in the EU.

¹ By December 2023, only 3 of the 59 flagship investments endorsed under the [Economic and Investment Plan for the period 2020-2023](#) were human capital investments.

² At least EUR 3 billion for the period 2024-2027. Between 2009 and 2023, the Commission contributed about EUR 2.94 billion to the WBIF in Instrument for Pre-accession Assistance grants for infrastructure investment.

³ [FINAL DECLARATION - 8th Western Balkans Civil Society Forum](#).

1.13 The EESC reiterates the importance of regional cooperation and good neighbourly relations throughout the EU accession process and welcomes the focus in the Commission's proposal on developing the Common Regional Market (CRM). However, the EESC proposes establishing an objective and transparent monitoring system for implementing commitments, with the involvement of social partners and CSOs and the political will to apply reversibility mechanisms when needed.

2. **New momentum for EU enlargement**

2.1 Triggered by the Russian aggression against Ukraine, the EU has generated new momentum towards enlargement. In December 2023, the European Council agreed to open accession talks with Moldova and Ukraine and to conditionally grant candidate status to Georgia. Geopolitical considerations feature high in these decisions, as the Union seeks to unite the continent around its fundamental values of democracy and rule of law. The EESC also welcomes the decision of the European Council in March 2024 to open accession talks with Bosnia and Herzegovina⁴.

2.2 The Western Balkans, granted the prospect of EU membership in 2003, have faced challenges in the two-decade-long integration process. Despite varying enthusiasm and progress in reforms, including periods of stagnation, the EESC emphasises the need for credible EU membership prospects through a merit-based and predictable accession process.

2.3 The pace and extent of socio-economic convergence between the Western Balkan partners and the EU has fallen short of expectations, holding back their progress towards accession. It is crucial to intensify convergence efforts, especially considering the risk of diminishing public support in the Western Balkans. All partners need to step up their reform efforts to leverage the current enlargement momentum and demonstrate the value of additional EU financial investment in the region's development.

2.4 The Western Balkan nations exhibit diversity in political, economic, social and religious aspects, along with varying attitudes towards EU membership. Despite internal conflicts and susceptibility to external geopolitical influences from outside the EU, the entire region shares common roots and aspirations for accession. Nurturing this commonality is crucial for the region's future, its security and the future of Europe. The EESC emphasises the pivotal role of social partners and CSOs in addressing challenges arising from these differences during the accession process.

2.5 The transition to a democratic society has sometimes led to poorly organised employers' groups and trade unions, particularly at regional level. The EESC contends that it is crucial to assist social partners and other relevant employers' associations, such as chambers of commerce, in the Western Balkans in fostering incentives for strong representation of employers and trade unions. Additionally, encouraging them to participate in European employers' and workers' organisations, drawing on European expertise, training programmes and social practices, is essential.

⁴ [European Council conclusions, 21 and 22 March 2024.](#)

- 2.6 The EESC emphasises the need for the EU to take a proactive stance in addressing bilateral disputes between Member States and candidate countries. These disputes frequently impede progress and adversely affect pro-EU political forces in candidate and potential candidate countries, leading to stagnation or even reversal of EU-oriented reforms.

3. **Gradual integration between the EU and the Western Balkans**

- 3.1 Since the European Council conclusions were published in June 2022⁵, gradual integration of EU candidate countries during the accession process has been acknowledged as an effective approach in the EU enlargement policy. This allows candidates to observe and practise fulfilling EU membership obligations early on, helping them to better prepare for their post-accession responsibilities. Additionally, increasing financial assistance gradually aids in closing the socio-economic convergence gap between these countries and the EU average.
- 3.2 The EESC appreciates the gradual approach outlined in various proposals, such as 'Staged accession to the EU'⁶ and 'Frontloading cohesion into EU enlargement'⁷, which are consistent with the revised enlargement methodology and are reflected to a certain degree in the approach behind the Commission's New Growth Plan for the Western Balkans. These proposals, originating from CSOs and think-tanks, should serve as inspiration for the Commission's future actions. The end goal should be a reformed enlargement policy along with other EU policy reviews, based on past experience yet fit for current challenges.
- 3.3 The EESC applauds the increasing involvement of CSOs and think-tanks in this process, highlighting the Commission's growing interest in seeking their input when formulating proposals. However, the EESC strongly emphasises the need for all parties, including the EU, to conduct social dialogue based on the partnership principle⁸.

4. **A credible and predictable process, with a focus on fundamentals**

- 4.1 The EESC welcomes the fact that the New Growth Plan introduces much-needed predictability into the relationship between reforms and funding. However, the EESC points out that predictability is still largely missing in the overall EU accession process. This is mainly due to the exclusive use of unanimity in Member States' decision-making on all enlargement matters, as well as their reluctance to invoke reversibility mechanisms in the event of backsliding. This directly affects the accession progress and the way that the people in the Western Balkans perceive it. The EESC reiterates the importance of ensuring that the EU's focus on stability and geopolitical interests does not come at the expense of the rule of law and democracy.

⁵ European Council meeting (23 and 24 June 2022) – [Conclusions](#), Brussels, 24 June 2022, EUCO 24/22.

⁶ Mihajlovic, M. et al, "[Template 2.0 for Staged Accession to the EU](#)", European Policy Centre (CEP) and Centre for European Policy Studies (CEPS), August 2023.

⁷ "[Conditionality and Solidarity: Frontloading Cohesion into EU Enlargement to Southeast Europe 6](#)", Cooperation and Development Institute (CDI), April 2023.

⁸ In accordance with the letter and spirit of Article 152 TFEU, which stresses the need to simultaneously respect the independence and diversity of social partners.

- 4.2 The EESC emphasises the importance of the 'fundamentals first' approach and calls for rigorous, objective reform assessments by the Commission to ensure that the enlargement process is credible. The EESC notes that the 'Functioning of democratic institutions' area is the only one where the Commission is still failing to provide assessments of progress and preparedness.
- 4.3 The EESC supports the robust conditionality approach taken in the RGFWB, emphasising key reforms in democracy, the rule of law and human rights, including minority rights. The effectiveness of this approach relies on the Commission's assessments being methodical, objective and transparent.
- 4.4 The EESC welcomes the Commission proposals' strong focus on the Belgrade-Pristina dialogue, which is one of the preconditions for Union support under the RGFWB. Continued progress towards eventual full normalisation of relations between Serbia and Kosovo⁹ is paramount for the functioning of the Common Regional Market (CRM) and its impact on the population. The EESC points out that full alignment of the Western Balkans with the EU's Common Foreign and Security Policy (CFSP) remains a cornerstone of the EU's conditionality provisions, as underlined in the latest EU-Western Balkans Summit Declaration of 2023¹⁰.

5. Enhancing socio-economic convergence with the EU

- 5.1 While stronger socio-economic development is one of the key consequences of EU membership, it is also paramount to support this in the pre-accession process in order to improve the quality of life in candidate countries and support their transition to membership. The EESC welcomes the Commission's emphasis on promoting the socio-economic convergence of the Western Balkans with the EU. These economies have been lagging behind, currently standing at 27% - 50% of the EU average and will likely take decades to reach this average. The difference between EU support to the Western Balkans and to neighbouring new EU Member States contributes to the growing divergence.
- 5.2 By bringing convergence into focus and supporting it financially, the New Growth Plan has the potential to directly contribute to local development factors. By applying EU governance standards based on conditionality and solidarity, its impact on the ground may go well beyond an increased EU financial injection and contribute to the EU's credibility, as well as to this plan's legitimacy and visibility of outcomes.

6. Increasing benefits during the accession process

- 6.1 The EESC backs the enhanced economic integration of Western Balkan countries with the EU single market as outlined in the New Growth Plan. The Commission rightly highlights the benefits of deeper market integration, contingent on candidate countries' progress in adopting the relevant Union *acquis*. The EESC emphasises the need to assist governments in all reforms needed for accessing the Single Market elements specified in the Plan.

⁹ 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.

¹⁰ [Brussels Declaration](#), 13 December 2023.

- 6.2 The EESC underscores the fact that while market integration brings benefits, it may also create risks and losses for candidate countries' economies. Potential adverse effects of market integration to socio-economic development should be carefully monitored and mitigated. The EESC emphasises the importance of social and civic dialogue in identifying and mitigating such risks. Therefore, it is crucial to aid governments in conducting analyses, identifying potential 'losers,' and, in cooperation with social and business partners and CSOs, implementing tailored support measures promptly, to facilitate preparations for the market pressures of the Single Market.
- 6.3 The EESC welcomes the Commission's proposal to increase financial assistance to candidate countries through the RGFWB. This is crucial for socio-economic development and for securing political commitment to the reforms these countries need on their path to EU membership. The proposed package combines grants and loans, mimicking the synergies between the structural funds and the RRF available to Member States. The EESC emphasises the importance of gradually aligning support for candidate countries with Member States' financial instruments for a seamless transition to membership.
- 6.4 The EESC notes that the revised enlargement methodology mentions the possibility of candidate countries 'participating as observers in key European Union meetings on matters of substantial importance to them'¹¹. However, the New Growth Plan only mentions the 'fullest-possible participation in Commission-led expert groups', leaving out other possible forms of candidate country institutional participation. The EESC points out that it is the first EU body to allow representatives of candidate countries to participate in its daily work before accession.

7. Regional cooperation and completion of the Common Regional Market (CRM)

- 7.1 The EESC reiterates the importance of regional cooperation and good neighbourly relations throughout the EU accession process and welcomes the focus in the Commission's proposal on the development of the CRM. However, there is a strong need for objective monitoring of the implementation of commitments and the political will to apply reversibility mechanisms when needed.
- 7.2 The EESC supports the Western Balkans' economic integration into the EU single market as a strategic development priority. To this end, it recognises that the Berlin Process provides the much-needed political will for enlargement, by focusing on the creation, implementation and completion of the CRM as a stepping stone to the single market¹². The strong conditionality of the New Growth Plan is the main indicator of that development. While fully based on EU standards, progress towards the CRM will be a suitable litmus test for Western Balkan partners' capabilities to adopt the single market *acquis*.

¹¹ Enhancing the accession process – A credible EU perspective for the Western Balkans, Brussels, 5.2.2020, COM(2020) 57 final.

¹² [Conclusions and Agreements - Berlin Process Summit 2023 in Tirana.](#)

- 7.3 The EESC reiterates that increased intraregional economic cooperation and trade, based on EU standards, will unleash the untapped economic potential of the region, make companies more competitive by fostering cross-border production chains and leveraging regional comparative advantages, create new jobs, generate benefits for consumers and attract investors, who can benefit from a bigger market.
- 7.4 The Commission's proposal includes a clause to the effect that, if a country obstructs regional cooperation, its actions cannot block its neighbours, but only itself. The EESC welcomes this new approach, which has the potential to generate a more constructive relationship among Western Balkan countries and prevent new bilateral disputes from emerging. At the same time, the EESC points out the lack of detail regarding the implementation of such an approach in practice, especially in terms of the functioning of the CRM.
- 7.5 With the current CRM action plan expiring at the end of 2024, the EESC welcomes the emphasis in the New Growth Plan on the need to develop an ambitious new plan beyond 2024, facilitating gradual access to the single market. The EESC expresses its support for the stakeholders supporting the development of the CRM, in particular the Regional Cooperation Council (RCC) and the Central European Free Trade Agreement (CEFTA).
- 7.6 The EESC stresses the need for transparency and involvement of civil society and social partners in the development, monitoring and evaluation of the effects of the CRM.
- 7.7 The EESC believes that establishing centralised online portals that offer comprehensive and easy-to-obtain information for intraregional trading could facilitate faster regional integration and help businesses and individuals deal with diverging legal practices and costly regulation.
- 7.8 The EESC considers it important to develop a harmonised legal framework regulating EU quality systems, especially for geographical indications. The RGFWB and the CRM action plan should support certification of products and the promotion of the local characteristics of these products on the single market as well as in third countries.

8. Inclusive governance and implementation of the RGFWB

- 8.1 The EESC is concerned that the proposal for the RGFWB regulation lacks public consultation and an impact assessment, crucial for substantiating the positive effects on regional economies claimed by the Commission. This becomes particularly important considering that a mid-term evaluation of the Instrument for Pre-accession Assistance (IPA III) is currently not available, making it impossible to assess the impact of reforms and investments made so far under the Economic and Investment Plan. The EESC expresses disappointment at the lack of inclusion of social partners and civil society in the development of the Plan. Including social partners in drafting, carrying out and assessing reforms – especially when it comes to the labour market, the green transition, youth and skills development – will ensure that they have the intended impact.
- 8.2 The EESC emphasises the need for aligning the RGFWB mechanism with EU cohesion policy principles and governance rules, promoting territorial and social development. This alignment

prepares Western Balkans institutions for when they have full access to cohesion policy funding.

- 8.3 To achieve the Plan's social and economic convergence objectives, the EESC emphasises the need to promote and support social reforms and projects under the RGFWB, mirroring the prioritisation approach outlined for climate action¹³. The EESC stresses the importance of setting social and development-based indicators, so that they can be used for reporting on progress and for the purpose of monitoring and evaluating the Facility. The EESC underlines that the enlargement process should promote and strengthen European values, as well as increase social standards, the quality of work and the quality of life in the region.
- 8.4 The EESC considers that a multi-level governance system for RGFWB implementation, including clear allocation of responsibilities, is needed to ensure that strong conditionality is applied at every step. The EESC suggests establishing country RGFWB Monitoring Committees, with the participation of social partners, to enhance local and regional involvement. This will offset the low level of involvement of local and regional authorities, of social partners and of CSOs in the budget support dialogue in the Western Balkans, as well as their absence from the National Investment Committees.
- 8.5 Ensuring a sense of ownership of the RGFWB in the beneficiary countries is key to underpinning successful implementation and a lasting impact at national level. The EESC emphasises the need for meaningful and timely involvement of specialised CSOs in RGFWB governance and stresses the importance of their inclusion in the Western Balkans Investment Framework (WBIF)¹⁴ on a par with that of the business sector, and in the National Investment Committees.
- 8.6 The EESC notes the existing practice of having a Recovery and Resilience Scoreboard in the EU, which serves as a basis for the recovery and resilience dialogue and ensures its transparency and inclusiveness. Establishing a scoreboard for the RGFWB will support its sound implementation and clear complementarity with ongoing IPA III support.
- 8.7 The EESC calls for public and timely availability of all key RGFWB documents and assessment reports, as well as dedicated websites in local languages for Western Balkans Scoreboards, to facilitate civil society participation and monitoring.

Brussels, 25 April 2024.

The President of the European Economic and Social Committee
Oliver RÖPKE

¹³ At least 37% of the non-repayable financial support channeled through the WBIF should account to climate objectives.

¹⁴ [FINAL DECLARATION - 8th Western Balkans Civil Society Forum.](#)