Commission presents a new Growth Plan for the Western Balkans including €6 billion in grants and loans to accelerate economic convergence with the EU

Brussels, 8 November 2023

Today, the European Commission adopted a new Growth Plan for the Western Balkans, with the aim of bringing some of the benefits of membership to the region in advance of accession, boost economic growth and accelerate much needed socio-economic convergence. The objective should be to enable partners to step up reforms and investments to significantly accelerate the speed of the enlargement process and the growth of their economies. For this, a new €6 billion Reform and Growth Facility for the Western Balkans has been proposed for the period 2024-2027. Payments will happen only after the fulfilment of agreed reforms.

The new Growth Plan for the Western Balkans is based on four pillars, aimed at:

1. **Enhancing economic integration with the European Union’s single market**, subject to the Western Balkans aligning with single market rules and opening the relevant sectors and areas to all their neighbours at the same time, in line with the Common Regional Market. Seven priority actions are suggested:
   1. Free movement of goods;
   2. Free movement of services and workers;
   3. Access to the Single Euro Payments Area (SEPA);
   4. Facilitation of Road transport;
   5. Integration and de-carbonisation of Energy markets;
   6. Digital Single Market;
   7. Integration into industrial supply chains

2. **Boosting economic integration within the Western Balkans through the Common Regional Market**, based on EU rules and standards, which could potentially add 10% to their economies;

3. **Accelerating fundamental reforms**, including on the fundamentals cluster, supporting the Western Balkans' path towards EU membership, improving sustainable economic growth including through attracting foreign investments and strengthening regional stability;

4. **Increasing financial assistance to support the reforms through a Reform and Growth Facility for the Western Balkans for the period 2024-2027**, a proposal for a new instrument worth €6 billion, consisting of €2 billion in grants and €4 billion in concessional loans, with payment conditioned on the Western Balkans’ partners fulfilling specific socio-economic and fundamental reforms.

As part of the Growth Plan, every Western Balkan partner will be invited to prepare a Reform Agenda based on existing recommendations including from the annual Enlargement Package and the countries’ Economic Reform Programmes (ERP). This Reform Agenda will be consulted with, assessed and adopted by the Commission.

European Commission President Ursula von der Leyen said: “With today’s adoption of the new €6 billion Growth Plan for the Western Balkans, we are bringing the Western Balkans economies closer to the EU. The potential of this Growth Plan is extraordinary. This Growth Plan could double the economy of the Western Balkans in the next 10 years. With its combination of reforms and investments, it will allow the Western Balkan to benefit soon from key areas of our single market,
including free movement of goods, services and workers, the single euro payments area, transport, energy and the digital single market.”

Next steps

It is now for the European Parliament and the Council to examine the proposal for the Facility in the framework of the MFF mid-term review package. Once adopted, the six Western Balkans partners will be invited to submit their individual reform agendas laying out the socio-economic and fundamental reforms they will undertake to spur growth and convergence under the Growth Plan during the period of 2024-2027. Serbia and Kosovo need engage to constructively in the EU-facilitated Dialogue on normalisation of relations, led by the High Representative, as necessary pre-condition.

Background

Economic convergence is an essential element in getting the Western Balkan countries closer to the EU. Currently, the level of convergence between the Western Balkan partners and the EU is not progressing fast enough, with average GDP per capita in purchasing power for our Western Balkan partners standing at between 30% and 50% of the EU average.

Integration with the EU’s single market has been the main driver of economic growth for all countries that joined the EU. The positive impact on a country’s GDP and income levels that arise from the integration with the EU’s single market, has been clearly demonstrated in the past.

For more information

Commission’s Communication on the new Growth Plan

Q&A press memo

Factsheet – A new Growth Plan for the Western Balkans

2023 Regulation proposal Reform and Growth Facility Western Balkans

Remarks by Commissioner Várhelyi at the press conference on the New Growth Plan

Remarks by Commissioner Várhelyi in AFET to present the New Growth Plan

Quotes:

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Ursula von der Leyen, President of the European Commission

The new Growth Plan for the Western Balkans is an important offer to our partners, providing an incentive for achieving progress on relevant fundamental and socio-economic reforms. This offer can also accelerate progress on the path to normalisation of relations between Kosovo and Serbia through the EU-facilitated Dialogue. Each and every one of our partners in the Western Balkans has an opportunity to boost economic growth and eventually gain access to the European Single Market even before enlargement. This is also in the interest of the EU as a whole.

High Representative/Vice-President Josep Borrell

The new Western Balkans Growth Plan and the new Reform and Growth Facility build on the €30 billion Economic and Investment Plan (EIP) launched successfully back in 2020. Our new €6 billion Growth Plan is a unique catalyst to accelerate the real socio-economic integration in the region. As we accelerate the implementation of fundamental reforms, we will open our Single Market to the Western Balkans. This will decrease the economic divide between the European Union and our partners, and prepare them for the competition on the EU Single Market so they can reap the benefits of their EU membership from the first moment.

Olivér Várhelyi, Commissioner for Neighbourhood and Enlargement

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Read-out of the weekly meeting of the von der Leyen Commission by Ursula von der Leyen, President of the European Commission, and Olivér Várhelyi, European Commissioner, on the 2023 Enlargement package and the new Growth Plan for the Western Balkans