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The Potential of the Growth Plan for the Western Balkans — Recommendations for Its Implementation and the Role of Civil Society



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INTRODUCTION

Background

Since the Thessaloniki promise in 2003, where the European Union (EU) articulated the membership prospects for the Western Balkans (WB), Croatia is the only nation to have successfully acceded to the EU. More than 20 years later, the WB countries are still struggling on their path to the EU. The advancement toward the EU, determined by each country's achievements, has been slowed down or stopped. The 2014 announcement by the then European Commission (EC) President Jean-Claude Juncker that there would be no further enlargement during his term and that the EU should focus on internal reforms negatively affected the motivation of the governments in the region to engage in the process actively. Some even backslid in areas such as the rule of law, freedom of media, fundamental rights, and democracy. The EU's equivocal position regarding the rise of "stabilitocracies" in the region has further hindered the democratic progress of the countries. Additionally, the application of unwarranted vetoes by specific member states towards the next steps in the accession path of some WB countries has sent an adverse message about the benefits of making politically challenging decisions.¹

Moreover, WB economies significantly lag behind the EU member states. Even though the EU and other international actors have been supporting the reforms in the region, it is estimated that the level of convergence between the WB and the EU has not been progressing fast enough. Estimates suggest that GDP per capita in purchasing power parity for WB countries remains below 50% of the EU-27 average, with Kosovo's figure at just 30% of the EU average.² Furthermore, there are indications that the existing convergence gap is likely to expand further unless there is additional funding dedicated to narrowing the gap, conditioned upon tangible advancements in implementing the necessary reforms.³

Nevertheless, the events from February 2022, Russia's aggression against Ukraine, and the prevailing geopolitical circumstances have once again thrust enlargement into the spotlight within the EU.⁴ Even the potential date, the first time after the 2013 enlargement, emerged in the statement by the president of the European Council in Bled at the start of September 2023 when he declared that the EU should be ready by 2030 to embrace new member states.

Recognising the new geopolitical reality in Europe and the current global situation, as well as the need to reiterate the EU's commitment to the WB while anticipating substantial reforms from the countries in the region, European Commission President Ursula von der Leyen introduced the "New Growth Plan for the Western Balkans" (Growth Plan) in October of last year.⁵ Officially adopted by the EC on November 8, 2023, this initiative aims to further support and expedite the WB's accession to the EU. The plan seeks to

1 No more lullabies: The EU needs a renewed enlargement process, available at: <https://cep.org.rs/en/blog/no-more-lullabies-the-eu-needs-a-renewed-enlargement-process-20-years-after-thessaloniki-promise/>

2 Mahdi Ghodsi, Richard Grieveson, Doris Hanzl-Weiss, Mario Holzner, Branimir Jovanović, Stefani Weiss and Zuzana Zavorská, "The long way round: Lessons from EU-CEE for improving integration and development in the Western Balkans," The Vienna Institute for International Economic Studies (wiiw) and Bertelsmann Stiftung, Joint Study No. 2022-06, June 2022, p. 11.

3 Milena Mihajlović, "Reforming the EU's pre-accession funding instrument: Effective membership preparation through the Staged Accession Model", European Policy Centre – CEP, September 2023, p. 3.

4 In December 2023, the EU took the latest pivotal step, marking a definitive turning point for its enlargement strategy. The decision to grant candidate status to Georgia and open accession negotiations talks with Ukraine and Moldova represents a significant milestone.

5 Commission presents a new Growth Plan for the Western Balkans including EUR 6 billion in grants and loans to accelerate economic convergence with the EU, available at: https://neighbourhood-enlargement.ec.europa.eu/news/commission-presents-new-growth-plan-western-balkans-including-eu6-billion-grants-and-loans-2023-11-08_en

promote economic growth, accelerate socio-economic convergence, and reduce the influence of external powers with potentially adverse intentions. The Growth Plan is structured around four interdependent pillars: Enhancing economic integration with the EU's Single Market; Boosting economic integration within the Western Balkans through the Common Regional Market (CRM); Advancing fundamental reforms to speed up accession, improve economic growth and strengthen regional stability; Increasing financial assistance, contingent on implementing reforms, through a new financing instrument: *the Reform and Growth Facility for the Western Balkans*.⁶

The plan facilitates the integration of the WB into various aspects of the single market, including the free movement of goods, services, and workers, the European payment area, and the EU's Digital Market. It encourages the work of establishing a CRM while emphasising the need for necessary reforms. Access to the EU's Single Market is conditional on the WB's countries granting their neighbours access to their own market through CRM.

The Reform and Growth Facility (pillar iv.) operationalises the entire Growth Plan. It supports the other three pillars, offering financial support of up to EUR 6 billion in current prices for the period 2024–2027.⁷ A distinguishing feature of this proposal is its conditional nature, with benefits accessible only upon tangible progress toward specific reform targets, contributing to the CRM and maintaining good neighbourly relations. Aligned with Next Generation EU principles, payments are contingent upon the timely fulfilment of necessary reforms. Each Western Balkan partner will prepare a Reform Agenda with a set of priority reforms based on existing recommendations, including the annual Enlargement Package and the countries' Economic Reform Programmes (ERP).⁸

The announcement of this plan, coupled with a willingness for deeper engagement with the region, sends a positive political signal that the EU is ready to invest in the “future member states” in the WB. While the establishment of the Reform and Growth Facility is still pending approval from the European Parliament and unanimous voting from the Council, Western Balkan countries have already commenced the preparation of their Reform Agendas. Some countries, like Montenegro, have done so transparently, making their draft Reform Agendas publicly available⁹. Others, such as Serbia, are maintaining secrecy, citing EC approval as the reason.

This insight takes a closer look at civil society's role in developing and monitoring the implementation of the Growth Plan and its four pillars. It argues that civil society should not only be consulted during the preparation of national reform agendas but should also be involved in independent monitoring of their implementation. It argues that civil society can significantly contribute to this process by monitoring reform implementation, offering insights for progress assessments, advocating for specific reforms, and holding the government accountable for the achieved outcomes.

6 Ibid

7 This includes EUR 2 billion in non-repayable grants and EUR 4 billion in concessional loans provided by the EU. The grants are funded through a top-up of the current MFF, complementing the financial assistance under IPA III.

Proposal for a Regulation of the European Parliament and of the Council on Establishing the Reform and Growth Facility for the Western Balkans, COM(2023) 692 final, 2023/0397 (COD), available at: https://neighbourhood-enlargement.ec.europa.eu/2023-regulation-proposal-reform-and-growth-facility-western-balkans_en

8 The Economic Reform Programme (ERP) was introduced in the Enlargement Strategy in 2014 as an instrument for the coordination of macroeconomic and fiscal policies of the WB countries, and the EU focused on planning and implementation of structural reforms which should lead to the fulfilment of economic criteria for the EU membership. It served to prepare candidates and potential candidates for participation in the process of monitoring economic and fiscal policies in member states (European Semester).

9 Available at: <https://www.gov.me/dokumenta/a91d6f1d-5ec0-4e8e-b1ed-7a458341610d>

Why civil society organisations?

Civil society organisations (CSOs) in the WB countries are considered the key drivers and the biggest supporters and promoters of EU integration. Many different awareness-raising campaigns on the benefits and impacts of the EU accession were delivered by CSOs in all the countries in the region. Also, CSOs scrutinise the delivery of the reforms in different areas on the path to the EU across the WB. In North Macedonia, CSOs gathered around Network 23 work actively in the areas of rule of law, judiciary, and fundamental rights. In Serbia, the National Convention on the EU assembles CSOs active in all policy areas covered by the EU accession negotiations, which divided working groups corresponding to negotiation chapters, provide their inputs to government policies, and monitor the implementation of the reforms. Regional networks of think tanks, such as the Think for Europe Network (TEN), have been involved in monitoring the implementation of the public administration reform (PAR) since 2015, contributing to more transparent, open, accountable, citizen-centric and thus more EU-compliant administrations in the WB region. These and many other examples demonstrate that the independent CSOs' monitoring of the reforms resulted in more inclusive policies and tangible results. Also, the involvement of civil society in developing specific policies at the beginning of the process results in more inclusive documents adjusted to the real needs of the countries.

CSOs in the WB have demonstrated significant capabilities to develop innovative policy solutions that could support their countries and the region in EU accession, and the expertise the civil sector can provide can be used to deliver different reforms. CSOs from the region designed, together with the renewed think tank from Brussels (CEPS), the staged accession model, a widely discussed proposal for further reform of the EU enlargement policy. Also, the Thematic Working Group (TWG) on Access to Single Market organised in the scope of Civil Society Forum in Tirana, under the Berlin Process, and whose work was facilitated by EPI, called for gradual integration to the EU and immediate access to the Single Market for WB economies. TWG also urged for an increase in EU funding for the region and stressed the importance of linking these funds to conditions, particularly in the area of the rule of law. Both of these recommendations were considered in the formulation of the new Growth Plan, and the proposals regarding access to the Single Market and increased funding tied to conditionality were incorporated into the plan.¹⁰ The other examples¹¹ of CSOs' policy recommendations and solutions should also be highlighted. They all provide innovative approaches CSOs can offer and encompass different elements that inspired the growth plan and its pillars.

Recent research¹², however, indicates that effective and organised engagement of civil society and stakeholders in shaping economic governance policies in the EU accession process is a significant challenge throughout the WB. Even though there are some positive examples of CSOs' involvement in the development and implementation of ERP, a notable absence of a systematic approach is evident. Considering that the national reform agendas under the Growth Plan will take over structural reforms from ERP, these findings become quite important. They should be used to improve the engagement of external stakeholders, such as CSOs, chambers of commerce, social partners, and other interested parties, in the Growth Plan from its outset.

10 TWG on Access to the Single Market at the CSF in Tirana (Berlin Process), Stefan Ristovski and Simonida Kacarska, with contributions from Silvana Mojsovska, Matteo Bonomi and Zlatko Veterovski, "Unlocking Progress: The European Future of the Western Balkans", available at: <https://wb-csf.eu/publications-csf/key-recommendations-of-the-thematic-working-group-on-access-to-european-single-market>

11 Think for Europe Network and CEPS: "The Enlargement Impasse and the Necessity for its Transformation"; Cooperation and Development Institute: "Conditionality and solidarity: Frontloading cohesion into EU enlargement to Southeast Europe 6"; German Institute for International and Security Affairs: "The EU and the Western Balkans: So Near and Yet So Far"

12 Stefan Ristovski et al., "Institutional set-up and external consultations for the preparation of the Economic Reform Programmes in the Western Balkans", European Policy Institute (EPI), 2023.

What does the European Union say?

In its communication to the European Parliament (EP), the Council, the European Economic and Social Committee, and the Committee of the Regions on New Growth Plan for the Western Balkans,¹³ the EC did not outline any specific role of civil society. The same was reiterated in the Proposal for a Regulation of the EP and of the Council on establishing the Reform and Growth Facility for the Western Balkans. Despite the absence of a specified role for civil society in the Communication of the New Growth Plan for the Western Balkans and the Proposal for the Reform and Growth Facility, practical experience in collaboration between the EC and governments in the region in developing and implementing various documents, such as the ERP and IPA III programmes suggests that the EC is likely to emphasise the involvement of CSOs and other stakeholders during the process itself. There is a clear need to ensure a participatory process and engage civil society in developing and designing the reform agendas. The implementation of the activities which will be envisaged under the Reform and Growth Facility definitely exists.

The EP recognised this need in the draft report on the proposal for regulating the EP and the Council on establishing the Reform and Growth Facility for the Western Balkans.¹⁴ In the amendments proposed for the abovementioned regulation proposal, the EP has stressed several times the urge to include civil society in the process. Thus, this draft report envisages the engagement of the CSOs in both the design and implementation of the activities under the Reform and Growth Facility and in the creation of national reform agendas. If adopted as official EP amendments, the EC and the national governments will be obliged to ensure that the CSOs are properly and timely consulted.

13 Available at: https://neighbourhood-enlargement.ec.europa.eu/2023-communication-new-growth-plan-western-balkans_en

14 Available at: https://www.europarl.europa.eu/doceo/document/CJ15-PR-758888_EN.pdf

CONCLUSIONS AND RECOMMENDATIONS

The Growth Plan is a clear and sincere message from the EU to WB countries, signalling a robust and unwavering commitment to the enlargement process and the region. Furthermore, it embodies additional financial incentives to countries in the region as they progress on their path to EU membership. This approach has been advocated by civil society for many years. The Growth Plan, along with its financial instrument, the Reform and Growth Facility, not only supplements the existing IPA III allocations but also acts as a new impetus for countries in the region. This serves as political encouragement for WB economies to undertake essential reforms, with disbursements to national budgets contingent upon the successful implementation of these reforms (conditionality). As funds will be directed to national budgets upon the successful implementation of reforms and additional favourable loans provided for significant infrastructure projects, citizens of WB economies can anticipate tangible benefits.

The engagement of CSOs in the development and monitoring of various components of the Growth Plan, particularly the national reform agendas and the Reform and Growth Facility, can play a pivotal role in enhancing this process. CSOs can offer valuable insights for progress assessments, advocate for specific reforms, and hold the government accountable for the outcomes achieved. This active involvement would further contribute to a participatory approach, inclusiveness, and transparency in implementing the Growth Plan and the associated reforms.

Several actions could be taken to ensure meaningful and systematic involvement of civil society in the design and implementation of reforms under the Growth Plan.

Adoption and Implementation of EP Amendments

Adopting and fully implementing proposals for amendments from the EP on the regulation establishing the Reform and Growth Facility is crucial. This process should involve consulting and engaging CSOs from the beginning, particularly when selecting reforms based on clear criteria and designing activities under the Reform and Growth Facility.

Institutionalisation of Civil Society's Role in the Growth Plan

Civil society's role in the development and monitoring of the Growth Plan's implementation in all WB economies should be institutionalised. This can be achieved through the adoption of official government acts that clearly define how and when civil society should be included in the process.

Strengthening Existing Mechanisms

Where possible, strengthen and transform existing mechanisms for civil society involvement in economic governance processes. Since the structural reforms from ERP are to be transferred to national reform agendas and, at the same time, the scope of documents additionally broadened to emphasise fundamental reforms and the rule of law, the structures established in the past for the purposes of similar processes should reflect new developments. In countries lacking systematic civil society involvement in previous processes, new mechanisms should be developed and supported.

Conditionality and Annual Reports

Integrate cooperation with CSOs in the development and implementation of reforms under the Growth Plan into the conditionality framework. Assessments of this collaboration should be included in annual reports prepared by the EC, which trigger payments under the Reform and Growth Facility.

EC support through Calls for Proposals

The EC should actively support civil society engagement by designing and implementing specific calls for proposals targeting CSOs. These proposals should focus on monitoring the implementation of national Reform Agendas and the Reform and Growth Facility.