

**ANNEX II**

**to the Commission Implementing Decision approving the Reform Agendas and the multiannual work programme under the Reform and Growth Facility for the Western Balkans**

**Multiannual work programme in respect of the amount of non-repayable financial support under Regulation (EU) 2024/1449**

*On the basis of the objectives set out in Regulation (EU) 2024/1449, and in particular Article 3 thereof, the work programme of the Reform and Growth Facility for the Western Balkans for 2024-2027 contains the action to be financed and the budget breakdown for 2024-2027 as follows:*

**1. AMOUNT**

Total estimated cost: **EUR 1 298 589 465.34**

Total amount of EU budget contribution: **EUR 1 298 589 465.34**

The indicative annual allocation of the EU contribution is:

EUR 325 494 272.51 from the general budget of the European Union for 2024,

EUR 323 881 117.89 from the general budget of the European Union for 2025,

EUR 324 687 695.20 from the general budget of the European Union for 2026 and,

EUR 324 526 379.74 from the general budget of the European Union for 2027,

subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.

**2. LEGAL BASIS**

Regulation (EU) 2024/1449 of the European Parliament and of the Council of 14 May 2024 on establishing the Reform and Growth Facility for the Western Balkans, in particular Article 15 thereof.

**3. BUDGET LINE**

15.030100 Reform and Growth Facility for Western Balkans - Operational expenditure:  
**EUR 1 298 589 465.34**

**4. BENEFICIAR(Y)/(IES) OF THE ACTION**

The work programme shall be carried out for the benefit of the Western Balkans beneficiaries.

The action shall be carried out in the Western Balkans (Albania, Kosovo<sup>\*</sup>, Montenegro, North Macedonia, and Serbia).

Bosnia and Herzegovina has not yet submitted its Reform Agenda. Upon its submission, the decision adopting this work programme may be amended accordingly.

## 5. OBJECTIVES PURSUED

This work programme covers the implementation of the amount of non-repayable financial support under Regulation (EU) 2024/1449 via a multi-country multiannual action plan for the period 2024–2027 in support of the Regional Blending Platform ‘Western Balkans Investment Framework (WBIF)’ in favour of the Western Balkans.

The general objectives of the Instrument established by the Regulation (EU) 2024/1449 are: a) support the enlargement process by accelerating the alignment with Union values, laws, rules, standards, policies and practices (‘acquis’) through the adoption and implementation of reforms with a view to future Union membership; (b) accelerate regional economic integration and progressive integration into the Union single market; (c) accelerate the socio-economic convergence of the beneficiaries’ economies with the Union; (d) foster regional cooperation, good neighbourly relations, reconciliation and the settlement of disputes in the Western Balkans, as well as people-to-people contact.

To achieve the aforementioned objectives and, more generally, the goals of the New Growth Plan for the Western Balkans, special emphasis with respect to investment areas will be placed on sectors that are likely to function as key multipliers for social and economic development: connectivity, including sustainable transport, decarbonisation, energy, green and digital transitions, as well as education and skills development. Infrastructure investments in the aforementioned areas will be implemented through the WBIF. Individual projects or programmes will be submitted to the WBIF Operational Board for its opinion only upon completion of the relevant payment conditions set out in the Reform Agendas.

## 6. IMPLEMENTATION ARRANGEMENTS

### Financing Agreement

To implement this work programme, a Facility Agreement will be concluded with each of the beneficiaries of the Reform and Growth Facility for the Western Balkans. As set out in Article 2(3) of Regulation (EU) 2024/1449, this Facility Agreement constitutes a financing agreement within the meaning of Article 114(2) of Regulation (EU, Euratom) 2024/2509 for the full amount of the present work programme.

### Indicative implementation period

The indicative operational implementation period of this work programme, during which the activities described in this work programme will be carried out and the corresponding contracts and agreements implemented, is 204 months from the entry into force of the respective Facility Agreements.

Extensions of the implementation period may be agreed by the Commission’s responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements in full compliance with Regulation (EU) 2024/1449.

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\* 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.

## Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.<sup>1</sup>

### *Indirect management with a pillar-assessed entity European Western Balkans Joint Fund (EWBJF)*

The funding under this work programme constitutes a contribution to a Regional Blending Platform, the ‘Western Balkans Investment Framework (WBIF)’, and shall be implemented in indirect management in accordance with this Regional Blending Platform’s award procedure.

Accordingly, this work programme may be implemented in indirect management within the meaning of Article 62(1)(c) of Regulation (EU, Euratom) 2024/2509 with the European Western Balkans Joint Fund (EWBJF) Managers (the EIB and the EBRD) through a series of Contribution Arrangement (signed between the Commission, the EBRD and the EIB, as Joint Fund Managers). The entrusted entities, EBRD and the EIB, will be the Managers of the Joint Fund. They will be responsible for the management of the Reform and Growth Facility funds through the Joint Fund and for the same tasks as already identified in the General Conditions of the Joint Fund, in particular:

- Disbursing funds from the Joint Fund to the lead IFIs;
- Channelling funds recovered from lead IFIs;
- Compiling reports on the Joint Fund;

In particular, the entrusted entities shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of Reform and Growth Facility activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme while taking into account the obligations of the beneficiaries under Article 23(2) of Regulation (EU) 2024/1449, and in line with the Facility Agreements and any further requirement under Regulation (EU) 2024/1449.

This implementation entails supporting the implementation of infrastructure investments to support connectivity, including sustainable transport, decarbonisation, energy, green and digital transitions, as well as education and skills development in the Western Balkans. The envisaged entities have been selected using the following criteria: demonstrated experience in implementing infrastructure projects and length of cooperation under the WBIF.

EIB and EBRD have been long-standing partners in the inception, realisation and implementation of the WBIF. Over the past 15 years of operation of the WBIF, the EIB, and the EBRD, have in partnership with the Commission successfully prepared and / or implemented infrastructure projects and demonstrated the capacity to be entrusted with the implementation of the action.

The entrusted entities will implement the action in close coordination with the lead IFIs of the projects. Currently, EWBJF works with the following entrusted (pillar assessed) international organisations and financial institutions:

- Agence Française de Développement (AFD),

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<sup>1</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- Council of Europe Development Bank (CEB),
- European Investment Bank Group (EIB), European Bank for Reconstruction and Development (EBRD),
- Kreditanstalt für Wiederaufbau (KfW) and,
- World Bank (WB).

Contributions from Reform and Growth Facility funds will also finance the implementation fees paid to IFIs and administration fees to the Managers of the European Western Balkans Joint Fund.

The Commission authorises that the costs incurred may be recognised as eligible as of 25 May 2024, which is prior to the date of adoption of this Decision, because an early engagement by the European Union would be needed to accelerate project implementation under the Reforms and Growth Facility for the Western Balkans.

## **7. EXPECTED RESULTS**

EU funding will contribute to the implementation of infrastructure investments under the Reform and Growth Facility to support connectivity, including sustainable transport, decarbonisation, energy, green and digital transitions, as well as education and skills development in the Western Balkans.

## APPENDIX 1

### The Western Balkans Investment Framework (WBIF)

The Western Balkans Investment Framework **was established in 2009** as a joint initiative of the European Commission, the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). The KfW Development Bank (KfW) and the World Bank Group (WBG) subsequently joined the platform. In December 2018, the Agence Française de Développement (AFD) became a participating organisation in the WBIF. Within the WBIF, the WB Enterprise Development and Innovation Facility (WB EDIF), established in 2012, focuses on supporting the competitiveness of the private sector. In addition, in 2021 the Western Balkans Guarantee Facility (EFSD+ Guarantee) is established in order to leverage additional funds in support to public and private investments in the region.

The WBIF operates a **joint facility**, which pools resources from various sources, namely from IPA and bilateral donors, financial institutions, and the Western Balkans partners. Blending resources are pooled together into a joint fund and used to support operations for which loans are provided by the partner financial institutions. Similarly to blending operations, guarantees are implemented by pillar-assessed entrusted financial institutions which shall use the guarantee to leverage additional funds in support to public and private investments in the region.

The WBIF **scope** is to increase the region capacity to finance projects and programmes in support to the public and private sectors through blending and guarantee instruments in Western Balkans. Investments through WBIF should be in line with the European perspective and investment flagships identified in the Economic and Investment Plan for Western Balkans and the New Growth Plan for the Western Balkans.

WBIF has the **objectives** to enhance overall coordination of assistance and to maximise the impact of grant and guarantee financing by using it to leverage lending by financial institutions.

#### ***WBIF governance***

The WBIF governance is regulated by the Instrument for pre-Accession (IPA) III Regulation, whereas its main elements encompass:

1. **WBIF Strategic Board**, which includes the EU 27 Member States, in addition to the members of its predecessor, the WBIF Steering Committee.
2. **WBIF Operational Board**, which includes the EU 27 Member States, in addition to its predecessor, the members of the WBIF Steering Committee. This Board will formulate **advisory opinions** on blending and guarantee operations.

The **Project Financiers' Group** is the technical arm of the WBIF blending operations for public and private sectors and is composed of representatives of the European Commission, partner financial institutions, development agencies and other bilateral donors. It provides a 'single entry point' for projects and programme requests and is responsible for the process of screening (led by the Commission) and financial appraisal (with contributions by the financial institutions). The Project Financiers' Group recommends positively assessed blending requests to the WBIF Operational Board, which shall formulate opinions on respective applications.

The European Commission proposes to the WBIF Boards the investment windows and investment priorities, based on a ‘policy first’ approach and in line with the policy priorities and investment flagships established by the Economic and Investment Plan for Western Balkans. The European Commission will be responsible for the formal evaluation of proposals.

The WBIF rules of procedure and the general conditions of the European Western Balkans Joint Fund complete the set of rules which regulate the governance of WBIF.

### ***WBIF members***

WBIF members include EU 27 Member States as per 1 January 2021, and following the dispositions of the IPA III Regulation. Entrusted financial institutions shall also be members of WBIF, together with bilateral donors. Beneficiary partners attend as observers.

### ***WBIF Operations***

The WBIF blends grants and loans and provides technical assistance in support strategic investments.

WBIF blending operations are mostly financed through the European Western Balkans Joint Fund (EWBJF). The European Commission entrusts IPA funds and funds from the Reform and Growth Facility to the European Western Balkans Joint Fund Managers (currently EBRD and the EIB) and projects are in general selected through competitive procedures (call for investments proposals, projects or programmes within the framework of WBIF). The European Commission will be responsible for the formal evaluation of proposals.

EU Delegations and Geographical/thematic Units will be consulted through focal points and will participate in the project preparation by screening relevant concept notes and project proposals as well as during the project implementation. In addition, partner Financial Institutions will coordinate with EU Delegations locally and EU Delegations will contribute to the visibility of projects at beneficiary level.