

Advancing EU Enlargement to the Western Balkans: Aligning Expectations and Realities

by Matteo Bonomi and Luisa Chiodi

Co-organised with



CENTRO PER LA
COOPERAZIONE
INTERNAZIONALE



Ministry of Foreign Affairs
and International Cooperation

ABSTRACT

How can the EU maintain political momentum on enlargement while effectively supporting reforms in candidate countries on the ground? What strategies are needed to foster convergence between the EU and the Western Balkans, and to preserve the credibility of the accession process in the face of potential internal divisions among member states? To explore these pressing questions, the conference "Advancing EU Enlargement: Italy's Role and Strategic Convergence on the Western Balkans' Integration" took place in Rome on 15 April 2025. The conference was organised for the third consecutive year by the Istituto Affari Internazionali (IAI) and the Osservatorio Balcani Caucaso Transeuropa (OBCT), with the support of the Italian Ministry of Foreign Affairs and International Cooperation and the Compagnia di San Paolo Foundation. The conference has served as a platform for Western Balkans actors, European partners and the Italian stakeholders, to discuss various initiatives and to share updates on the European Union's enlargement policy.

European Union | EU enlargement | Western Balkans

keywords

Advancing EU Enlargement to the Western Balkans: Aligning Expectations and Realities

by Matteo Bonomi and Luisa Chiodi*

Introduction

The integration of the Western Balkans returned to the EU agenda as a geostrategic priority in light of the disruptive dynamics triggered by Russia's war of aggression against Ukraine. In response to the war, the European Council has provided new impetus and made important decisions in advancing accession negotiations with EU candidate countries. At the same time, the European Commission has sought to capitalise on the current pro-enlargement momentum by delivering tangible benefits through the launch of the New Growth Plan for the Western Balkans. Yet, important challenges remain, from the difficulties enlargement countries face in implementing domestic reforms and resolving bilateral disputes, to the potential emergence of new divisions among member states and the destabilising influence of third-party actors – all of which could further shape the pace and outcome of future enlargements.

Given these complex dynamics and obstacles, it is clear that achieving a coherent and unified EU strategy for the Western Balkans requires not only sustained support for reform implementation in candidate countries, but also a reinforced internal consensus among member states. This is essential to counter external destabilising influences and to strengthen the credibility of the EU accession perspective. So, how can the EU maintain political momentum on enlargement while effectively supporting reforms in candidate countries on the ground? What strategies are needed to foster convergence between the EU and the Western Balkans, and to preserve the credibility of the accession process in the face of potential internal divisions among member states?

* Matteo Bonomi is Senior Fellow at the Istituto Affari Internazionali (IAI). Luisa Chiodi is Director of the Osservatorio Balcani e Caucaso Transeuropa (OBCT).

Report of the conference "Advancing EU Enlargement: Italy's Role and Strategic Convergence on the Western Balkans' Integration", organised in Rome on 15 April 2025 by the Istituto Affari Internazionali (IAI) and the Osservatorio Balcani e Caucaso Transeuropa, with the organisational and financial support of the Italian Ministry of Foreign Affairs and International Cooperation and the financial support of Compagnia di San Paolo Foundation. The views expressed in this report are solely those of the authors and do not necessarily reflect the views of the Italian Ministry of Foreign Affairs and International Cooperation or the Compagnia di San Paolo Foundation.

To explore these pressing questions, the conference “Advancing EU Enlargement: Italy’s Role and Strategic Convergence on the Western Balkans’ Integration” took place in Rome on 15 April 2025.¹ The event focused on the progress of European integration in the Western Balkans and was organised around two panel discussions. The first panel examined the regional challenges facing enlargement, especially the early implementation of the Growth Plan. This included discussions on national reform agendas, the benefits and limits of performance-based financing, and how the Plan can support both domestic change and regional cooperation. The second panel focused on how the EU is shaping its enlargement strategy, particularly how it is preparing internally by balancing necessary institutional reforms with the geopolitical need for integration.

The conference was organised for the third consecutive year by the Istituto Affari Internazionali (IAI) and the Osservatorio Balcani Caucaso Transeuropa (OBCT), with the support of the Italian Ministry of Foreign Affairs and International Cooperation and the Compagnia di San Paolo Foundation. The conference has served as a platform for Western Balkans actors, European partners and the Italian stakeholders, to discuss various initiatives and to share updates on the European Union’s enlargement policy.

1. Regional challenges ahead of enlargement

Following Russia’s 2022 invasion of Ukraine and the ensuing war of aggression, the EU regained a strategic sense of urgency of further enlargement. While candidate status was granted to Ukraine, Moldova and Georgia, the renewed geopolitical context also placed the Western Balkans back in the EU’s agenda. In response, the European Commission proposed the Growth Plan for the Western Balkans in 2023, aiming to accelerate the region’s economic convergence with the EU and incentivise key reforms. With 6 billion euros (grants and loans) in planned funding between 2024 and 2027, the Growth Plan ties financial support to measurable progress, drawing inspiration from the logic and mechanisms of the EU’s post-pandemic recovery tool, Next Generation EU.²

The Growth Plan is structured around four pillars: gradual access to the EU single market, strengthened regional economic cooperation, support for governance and rule of law reforms, and a financial incentive package. By linking funding to performance, the Plan seeks to trigger domestic transformation in areas such as the business environment, public administration, green and digital transition, the judiciary and anti-corruption. Each Western Balkan country had to develop a tailored reform agenda aligned with these priorities, and for the first time, they are subject to performance-based disbursements that mimic the system used with EU

¹ See IAI website: <https://www.iai.it/en/node/19841>.

² European Commission, *New Growth Plan for the Western Balkans* (COM/2023/691), 8 November 2023, <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex:52023DC0691>.

member states under the Recovery and Resilience Facility.

According to the discussions in the first session, the region's response has generally been positive, especially in comparison to the limitations of the previous Instrument for Pre-Accession Assistance (IPA) framework. Countries have embraced the Plan as a preparatory exercise for managing EU funds in the future. Reform implementation has, however, faced political and institutional constraints. Governments in the region were pressed to finalise their reform plans quickly, leading to initial criticism over the lack of consultation with civil society and other stakeholders during the drafting process. There is now growing emphasis on involving non-state actors in the monitoring phase, not only to ensure transparency but also because many targets depend on cooperation beyond the public sector alone.

Despite time pressures, most Western Balkan governments managed to submit their reform agendas by the end of 2024 and the Commission expressed favourable opinion. Nevertheless, the initial disbursements, expected in October 2024, were delayed until March 2025. The delays were largely attributed to election cycles and domestic political bottlenecks. Kosovo was unable to ratify its agreement in time and therefore missed out on its 7 per cent pre-financing tranche.³ Bosnia and Herzegovina faced the most serious setbacks due to deep internal political divisions, Sarajevo has yet to receive approval for its final reform agenda, which is necessary for the disbursement of the first tranche of funds.⁴ Still, most countries managed to catch up, with only minor extensions, demonstrating a basic administrative capacity to deliver under pressure. Montenegro was the only country to publish its first implementation report by mid-March 2025, showing a degree of political confidence in the process, whereas other governments submitted reports without making them public. The European Commission has 90 days to assess compliance before releasing the next tranche of funding for each six-month cycle.

A tangible achievement highlighted in the first session was the region's accession to the Single Euro Payments Area (SEPA), a key step in fostering economic integration. SEPA, launched by the EU in 2008, simplifies cross-border electronic payments and reduces transaction costs. For the Western Balkans, SEPA is crucial: it enables seamless online transactions, particularly for small businesses, given that until now the cost of cross-border transfers often exceeded the value of the product itself. As of May 2025, Serbia joined Albania, Montenegro, North Macedonia and Moldova in SEPA, marking a major regional milestone.

The full implementation of SEPA is expected to benefit not only EU-Western Balkans economic exchange but also intra-regional cooperation. It will help develop digital

³ Dušica Radeka Đorđević, "Growth Plan and Kosovo: No First Payment without New Assembly; Dialogue under Scrutiny", in *Kosovo Online*, 29 April 2025, <https://www.kosovo-online.com/en/node/161970>.

⁴ "Kos Congratulates Bosnia and Herzegovina on Adopting the Reform Agenda", in *European Western Balkans*, 27 June 2025, <https://europeanwesternbalkans.com/?p=53019>.

services and support small and medium-sized enterprises that currently face barriers in selling across borders. In parallel, the Bank of Italy signed an agreement in early 2025 to provide the region with a version of the EU's instant payment system (TARGET Instant Payment Settlement – TIPS). This interim solution will allow the Western Balkans to build an integrated real-time payment infrastructure while they await full integration into the EU's financial architecture.⁵

The Growth Plan's focus on economic convergence is built on the belief that fragmented national markets in the region need to be unified before entering the EU single market. The Plan reiterates that significant access to the EU market will only be possible if the region demonstrates real progress in regional cooperation. This reflects the traditional EU logic that sees regional integration not just as an economic goal but as a political one, meant to foster coexistence and shared governance before accession. Indeed, the region's weak and uneven economies struggle to compete on EU markets, but by reducing fragmentation and building a common regional market (CRM), the Western Balkans could become more competitive, more attractive to investors and better equipped to counter labour emigration.

However, despite strong rhetorical support, the session also emphasised that regional cooperation remains uneven. Progress in establishing the CRM has been slow. Meanwhile, opportunities risk being lost due to institutional inertia and the rapidly shifting global context. One such example is the EU's Readiness 2030 defence programme,⁶ which could have offered the Western Balkans a strategic opportunity to revitalise their industrial base, especially in the defence sector. Another weakness of the Plan lies in the weak synergy between its first two pillars: gradual integration into the EU market and regional cooperation. These two dimensions are interdependent, yet policy coordination between them remains limited. Panel discussions on the Growth Plan emphasised the need to align these agendas more closely, using coordinated institutional instruments and incentives to ensure that regional cooperation truly supports broader EU integration.

While the Growth Plan provides a financial boost to a region in need, it is not enough. The discussion highlighted the urgency for the Western Balkans to access other EU instruments, such as the Just Transition Fund. The green agenda alone will require over 30 billion euros, including the closure of more than ten coal-fired power plants. Financial resources are critical, but so is the governance framework in which they are deployed. There is growing recognition that support for the Western Balkans must be coupled with stronger demands for democratic accountability and the rule of law. In the current international context, marked by

⁵ Bank of Italy, *Agreement for the Creation of an Instant Payment Systems in the Western Balkans*, 10 January 2025, <https://www.bancaditalia.it/media/notizia/agreement-for-the-creation-of-an-instant-payment-systems-in-the-western-balkans>.

⁶ European Commission, *White Paper for European Defence Readiness 2030*, 19 March 2025, <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=celex:52025JC0120>.

rapid shifts, the EU continues to rely on tools designed for more stable conditions than those currently in the Western Balkans.

Participants noted that the window of opportunity opened by the war in Ukraine revived the enlargement narrative, but political momentum has since faded. Public trust in the process is also weakening. In Serbia, protests since November 2024 have highlighted public frustration with entrenched political elites and a perceived failure of the EU to support genuine democratisation. Although this has spurred new demands for reform, the EU has struggled to respond meaningfully. As a result, public faith in EU integration is eroding. The 2025 Balkan Barometer shows a nearly 5 per cent drop in trust in the EU project compared to 2023, with only 54 per cent of respondents still expressing support. In North Macedonia, public confidence is particularly low: 30 per cent of citizens now believe their country will never join the EU.⁷

Nevertheless, some positive momentum remains. Albania and Montenegro have emerged as the frontrunners in the accession process. Albania, in particular, has moved swiftly. Between October 2024 and May 2025, it opened four negotiating clusters, including fundamentals, internal market, competitiveness and external relations. The fourth Inter-Governmental Conference with the EU was held in December 2024,⁸ and public administration has been mobilised to complete the necessary screening reports.

In sum, the Growth Plan represents a significant attempt to align the Western Balkans with EU standards through financial incentives, structured reforms and partial integration. But as highlighted throughout the first session of the conference, its success will depend not only on institutional design, but on sustained political will, both in the region and in EU capitals. Without a renewed commitment to democratisation, public trust and strategic coherence, the promise of EU integration may once again fall short.

2. Which enlargement is the EU working on?

The second panel explored how the European Union is shaping its current enlargement agenda, focusing on both candidate countries and the evolving accession framework. A central theme was how the EU is preparing internally, balancing necessary institutional reforms with the geopolitical imperative of integration. Italy, along with other key partners, has played a leading role in promoting a more structured and gradual approach. This strategy aims to deliver

⁷ Regional Cooperation Council (RCC), *Balkan Barometer 2024 Public Opinion*, 2025, p. 12-14, https://www.rcc.int/balkanbarometer/key_findings_2024/2/public.

⁸ European Union and Albania, *EU-Albania Intergovernmental Conference*, December 2024, 17 December 2024, <https://newsroom.consilium.europa.eu/events/20241217-eu-albania-intergovernmental-conference-december-2024>.

tangible benefits to candidate countries while allowing the Union to adapt and reform at its own pace, preserving the effectiveness of its internal functioning.

One of the main challenges ahead is the management of common EU resources and the upcoming negotiations for the next Multiannual Financial Framework, which will support all Union activities starting in 2028. These discussions must define the financial and policy instruments that will sustain EU priorities and ensure appropriate space for the potential accession of new member states, along with their participation in EU policies and programmes. Particular attention has been given by the panel to the integration of the Western Balkans into key EU policies such as the Common Agricultural Policy and the Cohesion Policy, which are essential for reducing disparities between current and future member states.

Indeed, current socioeconomic trends in the Western Balkans point to divergence rather than convergence, as noted by participants. To reverse this trend, gradual integration into the EU single market must be supported by stronger financial instruments that can boost competitiveness in the region. Through targeted investment and policy support, the region has the potential to transform from a perceived burden into a valuable contributor to the Union.

The Western Balkans can also enhance the EU's strategic autonomy by contributing to supply chain resilience, energy diversification and regional stability. However, caution is needed regarding the impact of initiatives imposed from above, which may fail without strong local governance structures. It is essential to ensure genuine participation, social and environmental standards, and alignment with the objectives of local interests and populations. A case in point is the lithium mining projects in Serbia, which currently serve as a negative example⁹ – highlighting the challenge the EU faces in proving whether it can deliver regarding the task of supporting sustainable and inclusive development in the region.

A recurring theme in the discussion was the need to move away from the outdated “donor-beneficiary” model of enlargement. There is a growing call to return a sense of agency to the candidate countries – something that has long been advocated by nations in the Global South (but also in the Western Balkans, through “policy ownership”). In this context, the idea of staged or gradual accession was highlighted as a promising strategy to “phase in” into EU policies even before full membership. This approach seeks to rebalance the relationship, promoting integration based on mutual interest rather than conditionality alone.¹⁰ This model can help recognise the strengths of candidate countries and integrate them into EU structures on a more equal footing. However, for now, this approach has often

⁹ Melanie Müller, Lea Maria Strack and Marina Vulović, “The EU's Raw Materials Diplomacy: Serbia as a Test Case”, in *SWP Comments*, No. 2025/10 (March 2025), <https://doi.org/10.18449/2025C10>.

¹⁰ Maria Giulia Amadio Viceré and Matteo Bonomi, “External Differentiation as a Strategy of System Maintenance: EU Enlargement towards the Western Balkans”, in *West European Politics*, Vol. 48, No. 5 (2025), p. 1159-1185, DOI 10.1080/01402382.2024.2401298.

remained theoretical.

Another key point that was highlighted is the broader point that internal reform of the Union should address decision-making rules. Without it, an enlarged EU would struggle to make effective political decisions. At the same time, there is a shared understanding that most candidate countries are not yet ready to fully assume the responsibilities of membership.

Many participants noted that the current accession process is overly burdensome and lacks credibility. Even when countries meet the formal criteria, there is no guarantee they will be welcomed into the Union. Instead of fostering reform, the process appears stalled – trapped in political considerations. In fact, the EU integration process, once expected to contain Balkan nationalism, now seems to require approval from nationalist actors within the EU itself, which have often acted as key veto players due to domestic politics.

This erosion of credibility risks turning EU enlargement into a never-ending transition. The fear is that the shift from full membership to staged accession could result in yet another lost decade, as candidate countries remain stuck in intermediate phases. Meanwhile, the enlargement agenda – for long considered as one of the EU's most successful policies – has faded from public discourse in member states, with little political effort to build public support for accepting new members.

To address growing scepticism among EU governments and publics, the panel recalled the historical precedent set by former Commission President Jacques Delors, who, 40 years ago, offered Austria, Finland, Sweden and Norway access to the single market prior to full membership. Building on this example, it was suggested to revive the idea of interim integration into the single market through their accession to the European Economic Area, as a pragmatic step forward. This approach would grant candidate countries access to the benefits of the single market without immediate voting rights, thereby reducing political resistance within the Union. Once all accession criteria, including those related to the rule of law, are fully met, a swifter path to full membership could be reopened.

Such a model would allow the EU to extend meaningful incentives to candidates, while safeguarding its institutional integrity and easing concerns among member states. Yet, one may ask whether offering market access without political rights truly reflects the spirit of integration, or merely postpones difficult decisions under the guise of pragmatism. Moreover, while shielding the Union from internal political volatility, this approach may overrate market access as a sufficient incentive for Balkan societies to pursue deep reforms.

From an economic standpoint, the financial cost of enlargement was presented as manageable. In 2022, the combined GDP of Ukraine, Moldova, Georgia and the Western Balkans totalled 323 billion euros – less than that of Denmark. According to estimates from the Jacques Delors Centre, full membership for Ukraine, Moldova

and the Western Balkans would cost around 19 billion euros annually, or just over 10 per cent of the EU budget.¹¹ However, if agricultural funds are excluded, the cost drops to roughly 9 billion euros – less than what Poland currently receives under cohesion funding, and even less than current aid to Ukraine.

Finally, the panel emphasised the geopolitical dimension of the current enlargement wave. Security considerations – particularly the growing influence of Russia, China and Turkey in the Balkans – make enlargement more urgent than ever. Given the uncertainty surrounding future US engagement in the region, panellists argued that the EU must reduce its dependency on transatlantic support and take greater ownership of regional stability. The ongoing EU-facilitated dialogue between Kosovo and Serbia was cited as a key opportunity for the Union to assert its leadership in shaping the region's future.

Updated 17 July 2025

¹¹ Johannes Lindner, Thu Nguyen and Romy Hansum, "What Does It Cost? Financial Implications of the Next Enlargement", in *Jacques Delors Centre Policy Papers*, 14 December 2024, <https://www.delorscentre.eu/en/publications/financial-implications-of-the-next-enlargement>.

Istituto Affari Internazionali (IAI)

The Istituto Affari Internazionali (IAI) is a private, independent non-profit think tank, founded in 1965 on the initiative of Altiero Spinelli. IAI seeks to promote awareness of international politics and to contribute to the advancement of European integration and multilateral cooperation. Its focus embraces topics of strategic relevance such as European integration, security and defence, international economics and global governance, energy, climate and Italian foreign policy; as well as the dynamics of cooperation and conflict in key geographical regions such as the Mediterranean and Middle East, Asia, Eurasia, Africa and the Americas. IAI publishes an English-language quarterly (*The International Spectator*), an online webzine (*AffarInternazionali*), two book series (*Trends and Perspectives in International Politics* and *IAI Research Studies*) and some papers' series related to IAI research projects (*Documenti IAI*, *IAI Papers*, etc.).

Via dei Montecatini, 17 - I-00186 Rome, Italy
T +39 06 6976831
www.iai.it

Latest DOCUMENTI IAI

Director: Alessandro Marrone (a.marrone@iai.it)

- 25 | 08 Matteo Bonomi and Luisa Chiodi, *Advancing EU Enlargement to the Western Balkans: Aligning Expectations and Realities*
- 25 | 07 Alessandro Marrone, *NATO and European Defence during the Trump Administration: A Stocktaking*
- 25 | 06 Federico Castiglioni, *European Competitiveness at Stake: Industrial and Technological Challenges*
- 25 | 05 Alessandro Marrone e Michele Nones, *La nuova partnership tra Italia, Regno Unito e Giappone sul Global Combat Air Programme (Gcap)*
- 25 | 04 Marianna Lunardini and Matteo Bursi, *The Role of the Private Sector in the Global Health Agenda*
- 25 | 03 Alessandro Marrone (ed.), *The New Partnership among Italy, Japan and the UK on the Global Combat Air Programme (GCAP)*
- 25 | 02 Alessandro Marrone, *Il Programma per l'industria europea della difesa: rilevanza, sfide e opportunità per l'Italia*
- 25 | 01 Leo Goretti and Filippo Simonelli, *Italy's Foreign Policy in the 'Super-election Year' 2024*
- 24 | 13e Political and Social Analysis Laboratory (LAPS) and IAI, *Italians and Development Cooperation*
- 24 | 13 Laboratorio di Analisi e Politiche Sociali (LAPS) e IAI, *Gli italiani e la cooperazione allo sviluppo*