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PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

2022 Communication on EU Enlargement Policy

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I. INTRODUCTION

The beginning of 2022 was marked by Russia's unprovoked and unjustified war of aggression against Ukraine – a harsh awakening to a new geopolitical reality. This has once again put EU enlargement to the fore of the European agenda.

Following the **applications for EU membership submitted by Ukraine, the Republic of Moldova and Georgia** in spring 2022, on 17 June the European Commission presented its **opinions**¹ as invited by the Council. The Commission recommended to grant a **European perspective** to Ukraine, Moldova and Georgia and to grant Ukraine and Moldova candidate status on the understanding that steps are taken in a number of areas, and for Georgia once a number of priorities have been addressed. On 23 June, the European Council endorsed the Commission's recommendations, recognising the European perspective of the three applicant countries and granting the status of EU candidate country to Ukraine and Moldova². The Commission will report on the fulfilment of the steps/priorities specified in the Commission's opinions on the respective membership applications as part of its regular enlargement package, in which Ukraine, Moldova and Georgia will be included as of 2023. In addition, by the end of 2022, the Commission will present its assessments on the ability of the three countries in question to assume the obligations of EU membership. The Russian aggression has demonstrated more clearly than ever that the perspective of membership of the European Union is a **strong anchor not only for prosperity, but also for peace and security**.

Against this background, **EU and Western Balkans leaders** met on 23 June ahead of the European Council. Leaders discussed progress on EU integration and the challenges stemming from Russia's aggression against Ukraine. The meeting was also an opportunity to underline the significance of alignment with EU values and the common foreign and security policy (CFSP), an issue that has grown in importance in this new geopolitical context. Particular focus was placed on the integration of the Western Balkans into EU measures to reduce the negative impact of the Russian aggression on Ukraine in terms of food and energy supplies and independence, and measures to support capacity-building for cyber security and the social agenda, notably involving youth in the economy.

The **full and unequivocal commitment to EU membership perspective of the Western Balkans** was reconfirmed by EU leaders on 23-24 June. The European Council called for acceleration of the accession process and for further advancement of the gradual integration between the European Union and the Western Balkans during the enlargement process in a reversible and merit-based manner, based on the revised methodology. The European Council reiterated the importance of reforms, notably in the area of rule of law and in particular in the independence and functioning of the judiciary and the fight against corruption. The European Council reaffirmed the urgency of making tangible progress to resolve outstanding bilateral and regional disputes, particularly the Belgrade-Pristina dialogue on normalisation of relations between Serbia and Kosovo*. The European Council stated it was ready to grant candidate country status to Bosnia and Herzegovina and to that end it invited the Commission to report to the Council

¹ [COM\(2022\) 405 final](#), [COM\(2022\) 406 final](#), [COM\(2022\) 407 final](#)

² <https://www.consilium.europa.eu/media/57442/2022-06-2324-euco-conclusions-en.pdf>

* 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.

without delay on implementation of the 14 key priorities set out in its opinion, with special attention to the priorities that constitute a substantial set of reforms in order for the European Council to revert to decide on the matter.

On 19 July the first intergovernmental conferences on accession negotiations took place with **North Macedonia** and **Albania**, opening a new phase in the EU's enlargement policy. The Commission immediately launched the **analytical examination of the EU *acquis* (screening)** process.

The geopolitical challenges, in particular Russia's aggression against Ukraine, have also brought the **EU and the Western Balkans** closer together and have required **full solidarity** with one another. The EU has integrated the Western Balkans into its own food and energy security initiatives in response to the war. The region is part of the European food security crisis preparedness and response mechanism, and has been invited to participate in the EU's joint gas, liquefied natural gas and hydrogen purchases. Türkiye³ has played a key role in brokering direct negotiations between Russia and Ukraine and the July grain deals. It is a strategic partner when it comes to global food security as a major producer of agriculture products.

Albania, Bosnia and Herzegovina, Kosovo, North Macedonia and Montenegro aligned with **EU restrictive measures** in response to Russia's war of aggression against Ukraine. Serbia, as well as Türkiye have not done so to date.

Türkiye remains a key partner for the European Union and a candidate country. Accession negotiations with Türkiye are at a standstill since 2018. Türkiye has continued to move away from the EU, on account of continuing backsliding in the areas of fundamental rights, the independence of the judiciary, economic management, and the lack of reforms in some sectoral issues. On the Eastern Mediterranean, the European Council in June 2022 expressed deep concern about the recent repeated actions and statements by Türkiye.

In June 2022, the European Council held a strategic discussion on the European Union's relations with its partners in Europe. On 6 October 2022, the first meeting of a broader format of European countries, the so-called European Political Community, took place in Prague. More than forty leaders of European countries debated energy, security, climate and the economic situation in Europe. The future direction of the platform was also discussed and a decision was taken to hold the next meeting in Moldova. This informal framework will **not replace existing EU policies and instruments, notably enlargement**, and will fully respect the European Union's decision-making autonomy.

Overview of key developments

Russia's war of aggression against Ukraine has upended energy markets, triggering heightened price volatility and energy insecurity impacting the EU and its immediate neighbourhood. The rise in energy prices is also having an impact on other sectors such as transport (rise of fuel prices) and industry (rise of feedstock and fertiliser prices). Besides energy, the crisis has had a major impact

³ In line with the request of the Republic of Türkiye regarding the use of the country's new official name in English, this document uses the name "Türkiye" instead of "Turkey" in English. This administrative change is limited to the nomenclature used in EU documents, does not have a retroactive effect, and entails no legal consequences. This approach is without prejudice to the nomenclature used by Member States.

on the agri-food sector and other markets, notably on the availability and affordability of food, cereals, some raw materials and the prices of other commodities. There is large untapped potential for building sustainable and responsible strategic partnerships in the area of critical raw materials, while it is important to integrate the Western Balkans into EU supply chains.

The EU has associated the Western Balkans with its efforts to mitigate the impact of the war and of the COVID-19 pandemic.

Much is being done to **accelerate the integration of the Western Balkans**, given their status as candidate countries and potential candidates. This is being done through participation in EU programmes and agencies, but also through the implementation of the Stabilisation and Association Agreements (SAAs), the Economic and Investment Plan⁴ (EIP), inclusive regional cooperation frameworks like the EU strategy for the Adriatic-Ionian region and the EU strategy for the Danube region, and potentially through regional economic integration. The EU has been steadily enhancing its policy engagement with the Western Balkans, focusing on areas of joint interest such as justice and home affairs, the economy and the single market, energy, transport and digital policy, civil protection, social policy, education, and research and innovation, as well as on foreign affairs, security and defence. Engagement in the latter fields includes support to strengthen cyber and defence capacities. The stabilisation and association process already provides for considerable integration in advance of the date of accession. Beyond the opportunities under the SAA, other regional agreements notably on the **Transport Community** and the **Energy Community** offer considerable scope for integration. Through the **Energy Community**, the EU is also opening its **electricity market** to the Western Balkans, subject to regulatory reforms. In this context, advancing the electricity market integration agenda in the region and with the EU is critical, including the adopting of a common methodology for transmission capacity calculation. Green transition is Europe's best chance of **becoming more energy independent** and also contributing to **slowing down climate change** and improving people's lives. The **REPowerEU Plan**⁵, supported by the EU external energy engagement in a changing world⁶, both launched by the European Commission in May 2022 will help to reduce the EU's and the Western Balkans' dependence on Russian gas. The Western Balkans are expected to fully align with EU legislation and policy priorities under this plan. The new EU Energy Platform will help pool demand, coordinate infrastructure use, negotiate with international partners and prepare for **joint gas, hydrogen and liquefied natural gas purchases**. REPowerEU also encourages energy diversification as part of enhancing energy security, including diversifying the supply of natural gas. While short-term measures can help mitigate the effects of this situation, the crisis is clearly showing the **urgent need to embrace the green and digital transitions** as drivers for sustained growth and diversification.

Cooperation in these fields is supported by increased participation of the Western Balkans in **informal councils** and regular **high-level contacts**. **EU leaders** continued to engage with their counterparts in the Western Balkans, including at **summit level**, most recently during the EU and Western Balkans leaders' meeting of June 2022. Following the May 2022 Foreign Affairs Council, EU foreign ministers held, for the first time, an informal exchange of views with all six Western

⁴ [COM\(2020\) 641 final](#)

⁵ [COM\(2022\) 230 final](#)

⁶ JOIN/2022/23 final

Balkans counterparts. Since the commitments taken at the Brdo Summit, Western Balkans partners have been invited to contribute in writing to Foreign Affairs Council meetings and are subsequently debriefed. They are also participating in the pilot phase of the European Diplomatic Academy. In December 2021, in Brdo pri Kranju, the annual **EU-Western Balkans Ministerial Forum on Justice and Home Affairs** was an opportunity for the EU to have discussions with the region on strengthening migration, asylum and border management, countering terrorism, extremism and radicalisation, tackling organised crime, strengthening the rule of law and judicial reforms. The **Ministerial Meeting** of the three Western Balkans Platforms on **culture, research and innovation, education and training** was held in **Tirana in June 2022** in the context of the closer cooperation set in motion by the Western Balkans agenda on innovation, research, education, culture, youth and sport. A **Ministerial Dialogue** on regulatory aspects of **digital policy** took place in June 2022, in Brussels.

The **Economic and Investment Plan for the Western Balkans** (EIP) continued to link reforms and investments needed in the different countries, providing a long-term vision notably on infrastructure and connectivity policies. The plan entered its implementation stage and continued to be the blueprint for EU assistance to bridge the socioeconomic gap between the region and the EU and to help its green and digital transition. The Economic and Investment Plan and the **Green agenda**⁷, which focuses on climate action, circular economy, biodiversity, fighting pollution and sustainable food systems, are the best tools for the region to gradually build resilience and energy independence. The key flagships of the plan are aimed at **transitioning from coal**, diversifying gas supply routes, investing in **renewable** energy sources, and intensifying energy savings through the **renovation wave**. A detailed overview of the implementation of the EIP can be found in annex to this Communication.

The Western Balkans Investment Framework approved EU and bilateral donor co-financing for 24 infrastructure flagship investments in key energy and transport corridors and for social, digital, renewable energy, energy efficiency, and waste and wastewater treatment plants, of a total value exceeding EUR 3.3 billion. The region is also progressing in the implementation of the Green agenda with the support of the EU. Further efforts are needed on reforms to support the green transition and regional economic integration so as to unleash the full potential of investments.

To better support the post-pandemic economic recovery and to deal with the fallout of Russia's war against Ukraine, it is crucial that the next **Economic Reform Programmes** (ERPs) propose measures promoting inclusive and sustainable economic growth in line with the EU priorities of **green transition** and **digitalisation**. To embrace the opportunities and to minimise potential negative implications of these challenges, it is crucial that the Western Balkan partners and Türkiye maintain macro-fiscal stability and implement structural reforms to address identified weaknesses in their economies and to increase their resilience in the long run. Given high uncertainty, the deteriorating growth outlook, high and persistent inflationary pressures, targeted and temporary measures will be needed to mitigate adverse impacts on the most vulnerable parts of the population. This support needs to be carefully balanced with the need to rebuild fiscal buffers and reduce public debt-related vulnerabilities through credible medium-term fiscal consolidation strategies. Reversing very high and still rising inflation, curbing macroeconomic imbalances and restoring the credibility of macroeconomic

⁷ [SWD\(2020\) 223 final](#)

policies are particularly important in Türkiye. Full commitment to implementing the reforms set out in the Economic Reform Programmes and in the policy guidance jointly adopted with EU Member States⁸ is therefore essential not only to improve competitiveness, foster job creation and facilitate social inclusion, but also to ensure fiscal sustainability, meet the economic criteria in the accession process and maximise the potential impact of the EU's investment package.

With the adoption of the **IPA III Regulation**⁹ in September 2021 and the IPA III programming framework in December 2021, implementation of IPA III is under way. Before the end of 2021, the Commission adopted annual and multi-annual financing decisions worth over EUR 4 billion. This has notably enabled the implementation of the Economic and Investment Plan for the Western Balkans. Programming of IPA III has continued to be based on a solid policy-driven approach involving strategic and dynamic deployment of assistance with the fundamental requirements for membership at its core. Two high-level geopolitical dialogues were held between the Commission and the European Parliament in October 2021 and May 2022 to discuss the general approach to the implementation of IPA III, its objectives and the programming of IPA funds.

The Western Balkans need to step up their efforts and muster the political will to resolve issues hampering the implementation of the **Common Regional Market**, which will maximise the benefits of the EIP. At the Berlin Process Sofia Summit in November 2020, the region agreed on an ambitious plan to establish a Common Regional Market. Some progress has been made, e.g. the extension of the green lanes to EU Member States. However, due to disagreements unrelated to the substantive work on the Common Regional Market, to date it has not been possible to have political approval of the agreements completed at the technical level. These agreements under the Common Regional Market would bring significant benefits in terms of increasing the attractiveness and competitiveness of the entire region, speeding up the post-pandemic recovery and mitigating the impact of Russia's aggression against Ukraine. This would also attract investors looking for diversification of supply and shorter value chains, and help maximise the benefits of investments in connectivity infrastructure. It is therefore important that all parties play a constructive role in building the Common Regional Market and delivering on their joint commitments for the benefit of people and business in the region. The Open Balkan initiative launched by Albania, North Macedonia and Serbia can play a positive role in the process, provided it is based on EU rules and remains inclusive towards all Western Balkans partners. Despite emerging supply constraints, the Western Balkans should refrain from introducing unilateral restrictions on trade. Any existing measures contrary to the Stabilisation and Association Agreements and to the Central European Free Trade Agreement (CEFTA) and against the spirit of the Common Regional Market should be abandoned as a matter of priority.

Russia's aggression against Ukraine has resonated strongly across the region and further underlined the importance of **common foreign and security policy** alignment in the enlargement process. Western Balkans and Türkiye aligned with the vast majority of the international community, including the EU, voting on two UN General Assembly resolutions on Russia's invasion of Ukraine and its humanitarian impact, and also when voting on the suspension of Russia from the Human Rights Council. As a non-permanent member since January 2022, Albania has

⁸ [Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey](#)

⁹ [Regulation \(EU\) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance \(IPA III\)](#)

been actively engaged in the UN Security Council including as a co-penholder of resolutions condemning the aggression. Full alignment with the EU's CFSP by Albania, Montenegro and North Macedonia is a strong signal of their strategic choice of EU accession. The significant increase in formal CFSP alignment rate by Bosnia and Herzegovina and unilateral alignment by Kosovo are also recognised and welcomed. Serbia's CFSP alignment rate has substantially decreased over the reporting period. Serbia is expected, as a matter of priority, to fulfil its commitment and progressively align with the EU CFSP, including with restrictive measures, in line with its negotiating framework. Türkiye's CFSP alignment further deteriorated during the reporting period, including by not aligning with EU restrictive measures against Russia.

Montenegro and **Serbia** continued to apply the revised methodology set out in the Commission Communication *Enhancing the accession process - A credible EU perspective for the Western Balkans*¹⁰ and endorsed in June 2021 at the political intergovernmental conferences held with these countries. Montenegro has all chapters open for negotiations, three of which are provisionally closed. Serbia's reform progress allowed for the opening of negotiations under cluster 4 on the Green agenda and sustainable connectivity at the intergovernmental conference with Serbia held in December 2021. The intergovernmental conference also set out the path towards the opening of further clusters based on expected progress by the country, in particular on rule of law reforms and normalisation of relations with Kosovo. The intergovernmental conference with Montenegro held in December 2021 provided a political steer on accelerating work to meet the rule of law interim benchmarks which remains the next milestone necessary to advance in the accession negotiations.

In line with the revised methodology, in the conclusions and recommendations of this Communication the Commission assesses the overall balance in the accession negotiations with Montenegro and with Serbia and proposes the way ahead for each country. The next intergovernmental conferences should take place following the publication of the present annual package of reports and the subsequent Council Conclusions.

On 19 July, the Intergovernmental Conferences on accession negotiations took place with **North Macedonia** and **Albania**. This was a recognition of the enduring commitment, reform achievements and resilience of both countries in moving forward on their EU path. For the first time, the revised enlargement methodology is applied in its entirety, thus injecting into the entire negotiation process more predictability, more dynamism and a stronger political steer. The Commission immediately launched the **screening** process. Screening represents an analytical examination of the body of EU law, carried out jointly by the Commission and each of the candidate countries. This process allows the latter to familiarise themselves with the *acquis* and, subsequently, to indicate their level of alignment with EU legislation and outline plans for further alignment.

The Commission's Opinion on **Bosnia and Herzegovina's** application for membership of the European Union¹¹ identified 14 key priorities that Bosnia and Herzegovina needs to fulfil for the Commission to recommend opening EU accession negotiations. The Council endorsed the 14 key priorities in 2019. In June 2022, the European Council expressed its readiness to grant the status of candidate country to Bosnia and Herzegovina and invited the Commission to report on the implementation of the 14 key priorities, with special attention to those that constitute a substantial

¹⁰ [COM\(2020\) 57 final](#)

¹¹ [COM\(2019\) 261 final](#)

set of reforms. This package responds to this request.

The EU continued to support the implementation of the Stabilisation and Association Agreement with **Kosovo** and to advise the government on key EU-related reforms. The Commission's proposal to lift the visa requirements for Kosovo citizens is still pending in the Council. There is a renewed sense of urgency to deal with this as a matter of priority. The Commission maintains its assessment from 2018 that all criteria set by the Council for visa liberalisation with Kosovo have been fulfilled.

Türkiye is a candidate country and a key partner for the EU in essential areas of joint interest such as trade, migration, counter-terrorism, public health, climate, energy, transport and regional issues. On energy, Türkiye continues to be an important and reliable transit country for the EU. Accession negotiations with Türkiye remain at a standstill. Türkiye has not reversed the negative trend of moving further away from the European Union, with serious backsliding in the areas of democracy, rule of law, fundamental rights and the independence of the judiciary. Dialogue on such issues remains an integral part of the EU-Türkiye relationship.

Dialogue and cooperation with Türkiye intensified in line with the guidelines of the European Council of 2021. The European Union is ready to engage with Türkiye in a phased, proportionate and reversible manner to enhance cooperation in a number of areas of common interest, provided that de-escalation of tensions is sustained and that Türkiye engages constructively, and subject to the established conditions set out in the recent European Council conclusions. The EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Türkiye. Taking into account the Joint Communication¹², the EU reaffirmed its determination, in case of renewed provocations or unilateral actions in breach of international law, to use the instruments and options at its disposal to defend its interests and those of its Member States as well as to uphold regional stability. The 2016 EU-Turkey Statement continued to yield results and remained the key framework for cooperation on migration. Türkiye sustained its remarkable efforts to host over four million refugees from Syria and other countries. However, problems continued over the implementation of the Statement due to Türkiye's unilateral suspending of returns of irregular migrants and its rejection of asylum seekers from the Greek islands from March 2020 onwards. The number of irregular border crossings between Türkiye and the EU remained significantly lower than before the adoption of the EU-Turkey Statement. The alternative smuggling routes to the government-controlled areas of Cyprus and to Italy, accounted for the biggest part of arrivals to the EU in 2021. Irregular migration flows through these routes have substantially increased in 2022.

The EU continued to stand by its commitment to provide significant financial support for refugees and host communities in Türkiye. The Facility for Refugees in Turkey has mobilised EUR 6 billion. Its full operational budget was contracted at the end of 2020, with over EUR 4.7 billion disbursed as of June 2022. Its achievements included helping 1.9 million refugees meet their basic needs, helping 740 000 refugee children go to school, the ongoing building of 405 schools, and delivering over 22.8 million primary health care consultations. The Commission allocated an

¹² JOIN(2021) 8 final/2

additional package of EUR 3.5 billion covering the 2020-2023 period. This will include funding for migration management and border control, notably at Türkiye's eastern border.

Both the EU and Türkiye continue to benefit from the Customs Union and Türkiye's economic integration with the EU remains high. The Commission continued intensified engagement with Türkiye on trade irritants hampering the smooth functioning of the Customs Union. However, scant progress was achieved and the vast majority of the trade barriers have not been addressed.

Türkiye's unilateral foreign policy continued to be at odds with EU priorities under the CFSP and broader EU interests, notably due to its interventions and support for military actions in some regional conflicts. However, Türkiye remained open for political dialogue on regional issues. Türkiye's CFSP alignment rate further deteriorated. The European Council expressed its expectation that Türkiye and all parties involved contribute positively to the resolution of regional crises. Türkiye is actively engaged diplomatically to address the various challenges of Russia's aggression in Ukraine, seeking to de-escalate the conflict by for instance achieving a cease-fire. It also undertook a diplomatic initiative to facilitate the export of Ukrainian grain. The deal agreed by Ukraine and Russia in July in Istanbul, under the facilitation of the UN and Türkiye, would not have been possible without Türkiye's constructive role, which is also involved in facilitating its implementation. Nevertheless, Türkiye's non-alignment with EU restrictive measures against Russia is of particular concern due to the free circulation of products, including dual use goods, within the EU-Turkey Customs Union. This creates a risk of undermining EU restrictive measures. For the Customs Union to continue functioning the parties must fully respect existing rules and avoid undermining mutual trust. Türkiye has signed a Memorandum of Understanding for developing economic and trade relations with Russia.

Pursuing dialogue in good faith and abstaining from unilateral actions which run counter to EU interests and violate international law and the sovereign rights of EU Member States is an essential requirement to ensure a stable and secure environment in the Eastern Mediterranean and to develop a cooperative and mutually beneficial relationship between the EU and Türkiye. All differences must be resolved through peaceful dialogue and in accordance with international law.

Actions in Varosha that run contrary to the relevant UN Security Council Resolutions continued to undermine the prospect of resuming negotiations and reaching a comprehensive settlement of the Cyprus problem. Türkiye is expected to immediately reverse all actions and steps taken on Varosha since October 2020.

II. THE FUNDAMENTALS OF THE ACCESSION PROCESS

Enlargement countries are expected to advance steadily on their respective reform agendas in the areas of the 'fundamentals', pursuing reforms and demonstrating concrete progress in the rule of law, the economy, the functioning of democratic institutions, and public administration reform. Securing solid and irreversible achievements in all these areas remains decisive for meeting the requirements of EU membership. Progress was achieved in some cases in judicial reform, in fine-tuning the human rights legal framework and in public administration reforms. Despite the progress made, strong political will to establish a track record of reform implementation has yet to be demonstrated. Progress towards fulfilling the economic accession criteria has been too slow to substantially narrow the economic gap with the EU. Political and institutional resistance to change continues and negative developments have been observed in some countries. These pertain, for

example, to an increasingly hostile environment for civil society, freedom of expression and freedom of the media, and attempts to exercise undue influence and political interference on the judiciary. Sound enforcement of anti-corruption frameworks should remain a priority across enlargement countries, including mainstreaming of anti-corruption measures across the sectors most vulnerable to corruption. Progress is needed on aligning public procurement with European standards and good practices, strengthening the prevention of conflict of interest and consolidating integrity across the public service. Coherent and consistent efforts are necessary to contain and effectively address elements of state capture. The establishment of a solid track record of proactive investigations, prosecutions and final convictions in the fight against corruption at all levels and in serious and organised crime remains a long-term objective that continues to require further reinforced and consistent efforts, including through further strengthening of strategic and operational capacities.

Functioning of democratic institutions

Introducing measures relevant to consolidating the functioning of democratic institutions is crucial for the enlargement process, but genuine political will to pursue relevant reforms has yet to be demonstrated in many cases. Strong political polarisation and lack of cross-party dialogue still affect the functioning of parliaments, notably across the Western Balkans, although some positive steps were noted in the reporting period.

In Serbia, presidential, early parliamentary and Belgrade city elections were held on 3 April 2022 in a generally calm atmosphere. All relevant political forces took part, leading to a more pluralistic and inclusive Parliament compared to the 2020 elections. Also, prior to the elections, a broad range of political actors engaged in constructive inter-party dialogue facilitated by the European Parliament. However, international observers led by the Office for Democratic Institutions and Human Rights of the Organisation for Security and Cooperation in Europe noted a number of shortcomings in the parliamentary elections. Significant delays in finalising the electoral outcomes and hence in forming a new Government led to a slowing down of decision-making. The new Code of Conduct was amended in September 2021 and in October 2021 the ethics commission was established. Offensive language against political opponents and civic activists continued to be used in parliamentary debate.

In Montenegro, polarisation, the absence of constructive engagement between political parties and the failure to build consensus on key matters of national interest continued and caused two fractious governments to fall on votes of no-confidence. The proper functioning of Montenegrin institutions has been seriously affected by political volatility, stalling decision-making and reform implementation. The functioning of the main judicial bodies was weakened by their incomplete composition caused by Parliament's inability to elect new members. As of mid-September the Constitutional Court was unable to fulfil its role due to the absence of a quorum, amplifying political uncertainty.

In Kosovo, the government elected in 2021 enjoyed political and institutional stability thanks to its solid majority. This should have given Kosovo the opportunity to accelerate its efforts to strengthen democracy and the rule of law, fight corruption and intensify legislative activities, including on EU-related reforms. However, a frequent lack of quorum in the Assembly and boycotts by opposition parties caused delays in adopting key laws. Efforts are needed to strengthen the role of the Assembly as a forum for constructive political dialogue and consensus-building,

particularly regarding the EU reform agenda. In autumn 2021, local elections took place in a generally well-administered, transparent and competitive manner, with the exception of Kosovo-Serb municipalities where political competition was limited. Long-standing shortcomings still need to be addressed.

In Albania, following the 2021 general elections, the elected members from the largest opposition parties took their seats in Parliament. As for EU-related reforms, the Assembly reached cross-party consensus on constitutional amendment to extend the term of the judicial vetting bodies. Internal conflict within the largest opposition party has nonetheless affected parliamentary life. At government level, Albania has continued to maintain overall focus on the EU reform agenda.

In North Macedonia, the Parliament remained the main forum for political dialogue. Following intense debates, Parliament adopted conclusions on the proposal which paved the way for the opening of accession negotiations. However, its work was affected by political polarisation and the ‘active blockage’ by the main opposition party, which affected the adoption of some pieces of legislation. Parliament and government committed to launch and achieve as a matter of priority the relevant constitutional changes, with a view to including in the Constitution citizens who live within the borders of the state.

In Bosnia and Herzegovina, political polarisation and obstructions led to a standstill in the work of democratic institutions and in reforms along the EU path. The Presidency, Council of Ministers and Parliament remained blocked until spring 2022. Policy dialogue meetings with the EU under the Stabilisation and Association Agreement could not take place until June 2022. The *Republika Srpska* entity pursued initiatives to unilaterally take over State competences. These initiatives are now either suspended or under constitutional review. The High Representative used his executive powers four times during the reporting period to overcome obstruction including to provide funds to organise the October 2022 elections. A state budget was not adopted until the end of June. State institutions started to return to functioning in spring 2022 and initial steps were taken to address the backlog of reforms. Political actors demonstrated a unified approach in allowing Bosnia and Herzegovina to adopt the public procurement law, as well as to become a Participating State of the Union Civil Protection Mechanism. General elections took place on 2 October; according to the preliminary findings of OSCE/ODIHR, they were overall competitive and well organised but marked by mistrust in public institutions and ethnically divisive rhetoric. On the same day, the High Representative imposed amendments to the constitution of the Federation entity and to the election law, aimed at addressing a number of functionality issues and the timely formation of authorities.

In Türkiye, democratic backsliding continued during the reporting period. Despite the ending of the state of emergency in 2018, several legal provisions granting extraordinary powers to government authorities and retaining several restrictive elements of the emergency rule remained integrated into the legal system, which affected democracy and fundamental rights. Structural deficiencies of the presidential system remained in place. The parliament continued to lack the necessary means to hold the government accountable.

Judiciary and fundamental rights

An independent, impartial, accountable and professional **judicial system**, which functions efficiently and whose decisions are effectively executed represents the backbone of the rule of law.

Some progress was achieved in certain cases with judicial reforms. However, across the Western Balkans and Türkiye, judicial institutions remain exposed to many challenges. In particular, undue external pressures on the judiciary continued, undermining the independence of judges and prosecutors, compromising the overall institutional balance and ultimately affecting the separation between state powers. As a result, the principle of equality before the law continues to be weakened. Decisive progress in implementing judicial reforms, based on strong political will, remains essential. The consolidation of judicial functions, resulting in a solid long-term track record, is essential for further progress in the accession process.

Albania has continued to make good progress in the implementation of its comprehensive justice reform, including by continuing to ensure tangible results in the vetting process. The Constitutional Court continued to be fully operational. Appointments at the High Court have resulted in a first decrease of its backlog. Progress on the case management system and the legal education system remain outstanding.

North Macedonia made some progress through the steady implementation of its judicial strategy. The judiciary has demonstrated its commitment to protect its integrity and independence. Judicial institutions have implemented consistently the new rules for the appointment, promotion, discipline and dismissal of judges and prosecutors. The necessary resources need to be allocated to ensure that the automated case-management information system is fully functional.

Serbia made some progress overall to strengthen the independence and accountability of the judiciary, taking an important step by approving relevant amendments to the Constitution in February 2022. As a next step it will be important that implementing laws which will give full effect to the reform will be amended in line with the constitutional deadlines. Serbia has established two expert working groups tasked with the drafting of the implementing legislation.

Kosovo made some progress in advancing judicial reforms. Steps were taken to start implementing the rule of law strategy and action plan, and a new legislative framework governing the prosecutorial system was adopted. However, further steps are needed to increase the judiciary's efficiency and independence.

Montenegro made limited progress in key judicial reforms. Concerns remain on the functioning of institutions and the consolidation of independent Judicial and Prosecutorial Councils, and the track record on judicial accountability is at an early stage. Investigations by the Special Prosecution Office into several high-level cases led to the arrests of former President of the Supreme Court and the President of the Commercial Court on charges of corruption and organised crime. The cases being investigated have not yet been brought to trial.

Bosnia and Herzegovina is lagging behind on justice reform, with no progress in strengthening the sector. The legislative amendments aimed at establishing a system of verification of asset declarations by judicial office holders were rejected in Parliament in May 2022. Due to lack of genuine political commitment to the rule of law and to the EU path, the overall integrity of the justice sector continued to deteriorate.

In Türkiye, the backsliding observed in recent years has continued. The systemic lack of independence of the judiciary has not been addressed. Political pressure on the judiciary has continued, undermining independence and the overall quality of the judiciary. Türkiye's refusal to implement relevant judgments of the European Court of Human Rights (ECtHR) has further

increased concerns about Türkiye's adherence to international and European standards. The non-execution of the ECtHR judgment in the Kavala case, leading to the initiation of an infringement procedure against Türkiye by the Council of Europe, has raised serious doubts about the country's commitment to its obligations as a member of the Council of Europe. Suspensions and dismissal of judges and prosecutors have continued to weaken the judicial system's independence, efficiency and professionalism. Turkish authorities need to address urgently a number of serious shortcomings in the system, including in relation to the right to a fair trial and rigorous compliance with the principle of presumption of innocence.

Corruption continues to be widespread in the Western Balkans and Türkiye. Progress in fighting corruption effectively is uneven. Some progress has been achieved in certain countries, primarily in areas related to corruption prevention. Genuine political will and a clear commitment to sustaining reform efforts are still needed to improve transparency and integrity and to achieve tangible results with a convincing track record of investigations, prosecution and final convictions. There is a need to further mainstream anti-corruption measures in key sectors in order to foster reforms and tackle corruption across the board in a more meaningful and effective way. Sectors most vulnerable to corruption require targeted risk assessments to identify corruption risks, vulnerabilities and eventually trigger the design of robust anti-corruption measures. Anti-corruption strategies and action plans need to be implemented in a systematic and structured manner, including in key sectors such as public procurement, public finance management, energy, transport, health, water, infrastructure, natural resources and education. High-level and political corruption need to be tackled in more decisive ways, since signs of strong entanglement of public and private interests persist. Public procurement remains particularly prone to widespread corruption. The control mechanisms throughout the procurement process need to be strengthened and transparency significantly increased through robust and more ambitious measures.

North Macedonia has pursued its efforts in the fight against organised crime and corruption, ensuring some further progress. The State Commission for Prevention of Corruption has carried out its mandate proactively. The country continued to cooperate with international partners, and to coordinate with them domestic activities against organised crime. In Albania, the Specialised Anti-Corruption and Organised Crime Structure (SPAK) conducted criminal proceedings and financial investigations, which notably resulted in final convictions in a few high-level cases; the vetting of the judiciary continues to bring results in the fight against corruption within the judiciary. Serbia made some progress with the further implementation of the recommendations of the Council of Europe's Group of States against Corruption (GRECO). The preparation of a new anti-corruption strategy, accompanied by an action plan is long overdue. Montenegro improved its track record on prevention of corruption, however it remains necessary to demonstrate a credible criminal justice response in the fight against corruption, including high-level corruption. In Kosovo, some progress was achieved with the adoption of a significant anti-corruption legislative package, which includes the new law on the criminal procedure code, the law on the agency for the prevention of corruption, the law on asset declaration, and legislation regulating political party financing. Bosnia and Herzegovina's Parliament rejected a law on conflict of interest, while the judicial follow-up in corruption cases of public resonance was selective and non-transparent. The number of final convictions in high-level cases remained very low.

In Türkiye, there was no progress during the reporting period. The legal framework and institutional architecture need to be improved to limit political and undue influence in the

prosecution and adjudication of corruption cases. Most of the GRECO recommendations have not been implemented.

Across the Western Balkans, the persistent scarcity of human and financial resources in the judicial institutions, as well as the lack of dedicated capacity and expertise on financial investigations, continue to hinder the effective investigation and adjudication of cases of organised crime and corruption. While capacity building activities for the justice sector are available, insufficient incentive structures, ineffective performance management systems and the vulnerability of the justice sector to political pressure contribute to poor case management, lengthy procedures and low rates of seizure and confiscation measures.

Fundamental rights are largely enshrined in the legislation in the Western Balkans, but challenges remain in ensuring their effective implementation. The policy framework is gradually being completed, notably on anti-discrimination and fighting gender-based violence, but systemic gaps remain in funding measures promoting and protecting human rights and many sectors remain donor-dependent. The Ombudsperson institutions continue to play a key role in the promotion and protection of human rights in the Western Balkans and their own recommendations as well as those of other independent bodies. Governments in the region need to consistently address all the recommendations of international and regional human rights monitoring bodies, including on prison conditions and the prevention of ill-treatment. Civil society continues to supplement or even replace government action in providing services to disadvantaged groups. The concerns and recommendations of the previous country reports remain largely valid and need to be addressed as a matter of urgency. In Türkiye, the human rights situation continued to deteriorate and remains a serious concern.

Freedom of expression, media freedom and pluralism are key pillars of a democratic society and must be upheld. Throughout the Western Balkan region there was limited progress in this regard and in some countries there was no progress. Recommendations of past reports still largely remained unaddressed. Pluralism remains a feature in most of the region but media independence and the development of quality professional journalism remain hampered by interconnected business and political interests and poor labour market conditions which lead to self-censorship. Cases of threats, intimidation and violence against journalists and as derogatory remarks by public officials continue to cause serious concern. These can have a chilling effect on the exercise of media freedom and the pace of investigations into and prosecutions of such incidents needs to be stepped up. The independence of media regulators and public broadcasters needs to be guaranteed, including through adequate funding and merit-based appointments in management structures. The effective functioning of independent self-regulatory bodies also needs to be further supported. All countries in the region need to increase transparency on media funding.

Serious backsliding continued in Türkiye, where the exercise of freedom of expression and the dissemination of opposition voices continued to remain considerably limited. Criminal cases and convictions of journalists, human rights defenders, lawyers, writers, opposition politicians, students and social media users continued. The authorities in much of the Western Balkans enhanced their strategic frameworks to implement commitments in the field of **gender equality** and in combating gender-based violence, but this needs to be translated into practical improvements: the necessary funds need to be allocated and assistance to victims of all forms of violence needs to be strengthened, as gender-based violence including domestic violence remains

a serious concern. In Türkiye, backsliding in the area of gender equality and the regression of the rights of women and girls continued, and there was an increase in hate speech targeting independent women's organisations.

Laws and policies on **non-discrimination** are generally in place, but equality bodies and entities tasked with protection from discrimination need to be provided with sufficient means to fulfil their mandate. There is a trend towards increased hate speech in the region and insufficient follow-up of cases of discrimination, hate crime and hate speech. The legislative and policy framework for the rights of **lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) persons** is being developed but buy-in from all parts of society remains a challenge and several laws remain stalled. Laws need to be upheld in practice, as discrimination and hate speech remain frequent. In Türkiye, the protection of the fundamental rights of LGBTIQ persons is not safeguarded and hate speech and smear campaigns against the LGBTIQ community are still a matter of serious concern.

Efforts are still needed to strengthen the **rights of the child** and to improve interinstitutional coordination for effective child protection and childcare systems in line with the best interests of the child. Child-friendly justice systems need to be further developed and alternatives to detention made available and used more systematically, with detention used only as a last resort. Violence against children, as well as early marriages, remain serious concerns.

The **rights of people with disabilities** need to be better protected and given due attention. Issues that need addressing include transition to community-based care and independent living, in line with the requirements of the UN Convention on the Rights of Persons with Disabilities, and generally more acceptance, accessibility and inclusion.

Protecting minorities requires better coordination and it must be ensured that the right to self-identification is respected. **Roma** remains the most deprived community in the region. However, this year, most governments (with the exception of Türkiye) proved their political commitment on Roma inclusion by adopting new Roma strategies and action plans aiming to align with the EU framework. Priority should now be given to their implementation, including allocation of the necessary financial means.

Justice, freedom and security

Organised crime remains an important security threat to the Western Balkans and Türkiye. Powerful criminal networks continue to operate in and beyond the region, playing important roles in the global trade of illicit goods and in smuggling people to and within the European Union. These criminal networks have proven to be very adept at exploiting the COVID-19 pandemic and there is a risk that they take advantage of the Russian invasion in Ukraine, including of the availability of large stockpiles of weapons in Ukraine. Investor citizenship schemes and investor residence schemes available in some countries may be used to bypass the EU short-stay visa procedure and the in-depth assessment of individual migratory and security risks this procedure entails, including a possible evasion of measures to prevent money laundering and financing of terrorism, as well as the circumvention of international sanctions. Such schemes should be terminated without delay. In case the granting of citizenship under investor citizenship schemes is

deemed to constitute an increased risk to the internal security and public policy of the Member States, the visa-free regime may be suspended¹³.

Law enforcement cooperation between the EU and the Western Balkan countries – including with EU Justice and Home Affairs Agencies – continued to intensify. Following the adoption of Council Conclusions in March 2021, law enforcement cooperation with third countries was mainstreamed in all European Multidisciplinary Platform against Criminal Threats (EMPACT) operational action plans, resulting in a boost in the Western Balkans' participation in EMPACT. In 2022, 300 instances (compared to 159 in 2021) were reported where Western Balkan partners committed to participating in operational actions. Albania continued to lead one operational action, Montenegro and Albania were co-leading four and two operational actions respectively, while Serbia and North Macedonia were each co-leading one operational action. Bosnia and Herzegovina is the only partner, which scaled down its participation in EMPACT.

In the context of EMPACT, the partners from the region also participated in several joint action days, targeting among other things the facilitation of irregular immigration, drug trafficking and trafficking of firearms, which led to immediate results in terms of arrests and the seizure of criminal assets. With the help of Europol and the Southeast Europe Police Chiefs Association, good progress was made in stepping up the region's capacity to conduct strategic and operational criminal analysis in an EU-harmonised manner. Since the start of Russia's war of aggression against Ukraine, Serbia refrained from participating in a number of regional events in the security field.

National strategies on drugs are outdated and require revision in Serbia and Montenegro. A strategy and its corresponding action plan are in place in Kosovo and North Macedonia. Bosnia and Herzegovina has a strategy in place, but the adoption of the corresponding action plan is still outstanding. In Albania, the issue is covered under the national strategy on fighting organised crime, with a dedicated action plan. Efforts are clearly needed across the region to reinforce the strategic framework, also based on proper evaluation, and advance on implementation. Despite long-standing support by the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) on the matter, national early-warning systems and national drug observatories – essential contributors to supply, demand and harm reduction – either have yet to be established or are severely under-resourced and hence not operational, with the exception of Serbia. Swift action is needed in this respect. National data collection remains partially aligned with EMCDDA protocols and the national data sets submitted by most Western Balkan partners are incomplete or delayed. Poor institutional coordination between national bodies sometimes translates into fragmented and incomplete data sets. It is therefore recommended to further raise awareness and find alternative and more efficient ways to motivate Western Balkan partners to commit more and better in this information area at political, institutional and technical level. With the support of the South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons, all partners have continued to be actively engaged in the implementation of the EU's 2020-2025 action plan on firearms trafficking, which aligned the goals and key performance indicators of the 2018 regional roadmap for a sustainable solution to the illegal possession, misuse

¹³ See, in this respect, Council Decision (EU) 2022/366 of 3 March 2022 on the partial suspension of the application of the Agreement between the European Union and the Republic of Vanuatu on the short-stay visa waiver (OJ L 69, 4.3.2022, p. 105).

and trafficking of small arms and light weapons and their ammunition in the Western Balkans. Partners continued to make further progress in the legal alignment with the relevant EU *acquis*.

Prevention, prosecution, and cross-border cooperation in trafficking in human beings cases continue to require a more holistic approach, including special attention for intelligence-led and proactive investigations. Further improvements are necessary in the early identification and referral of victims, in particular those belonging to vulnerable communities, to adequate protection, support and assistance services, in line with a victim-centric, gender- and child-sensitive approach.

However, no changes can be reported in the assessment of the generally weak track records on final convictions as regards serious and organised crime. Strong domestic support is needed to step up the strategic and operational capacities of law enforcement authorities and the judiciary to successfully investigate, prosecute and bring to trial serious and organised crime cases, and thus dissuade potential perpetrators. Plea bargaining is regularly used in complex serious organised crime and high-level corruption cases, leading very often to disproportionately low sentencing. Financial investigations still do not systematically accompany criminal proceedings from the start, and their effectiveness remains limited across the region. As a consequence, the track record of seized and confiscated criminal assets also needs to be substantially improved. In the past year, several cases have illustrated once more the vulnerability of law enforcement bodies and the judiciary to infiltration by criminal groups. Firm and immediate action to prevent and punish corruption therefore remains necessary, both in the Western Balkans and Türkiye. The overall lack of significant results in fighting crime and eradicating corruption feeds a sentiment of impunity and inequality.

Albania made further progress on the seizure and confiscation of criminal assets but needs to step up its capacity to address cybercrime and (online) child sexual abuse. Bosnia and Herzegovina did not make progress in fighting organised crime and criminal organisations operating in the country. Continued lack of progress at all levels increases the risk of backsliding. Despite some recent successes in the fight against organised crime, Kosovo needs to improve its track record and ensure more concrete results both in dismantling criminal network and addressing high-level cases and achieve more proactive investigations, final court decisions and final confiscation of assets. North Macedonia made some progress in the operational cooperation with international partners but needs to step up efforts on asset recovery and addressing cybercrime. In Montenegro, progress was made in restoring the full use of special investigative measures and some important operational results were achieved in the fight against drugs and cigarettes smuggling. However, a substantial improvement of the judicial response to corruption, high-level corruption and organised crime as well as an improved track record in the area of corruption and high-level corruption, tobacco smuggling, money laundering, financial investigations and asset confiscation are needed. Montenegro also needs to step up measures to mitigate the risk of infiltration of organised crime in the police and the judiciary and take measures to destroy confiscated cigarettes. Serbia consolidated a good level of cooperation with Eurojust, Interpol and Europol but needs to better target criminal networks and step up the confiscation of their assets. Türkiye made limited progress and still needs to amend its legislation on cybercrime and witness protection and establish an asset recovery office.

Cooperation with the Western Balkans on **counter-terrorism and prevention of radicalisation** continues to be of key importance. While terrorism and violent extremism in all their forms and

irrespective of their origin continue to pose a challenge, during the reporting period no incidents of an extreme or violent nature took place. At the EU-Western Balkan Justice and Home Affairs Ministerial Forum held in December 2021, the validity of the joint action plan on counter-terrorism for the Western Balkans was confirmed and progress and gaps in its implementation were discussed. The June 2022 Council Conclusions on ‘Addressing the external dimension of a constantly evolving terrorist and violent extremist threat’¹⁴ underlined the need to further strengthen cooperation with the Western Balkans including through the continued implementation of the joint action plan. A fourth set of reports on the implementation of the joint action plan was submitted by Western Balkan partners in spring 2022 and confirmed the region’s engagement and willingness to deliver on commitments made.

In general, more efforts are needed to prevent all forms of radicalisation, including of a religious, ethno-nationalist or political nature, as well as to prevent and counter risks of online radicalisation. Structured support is being ensured since January 2021 through the “RAN in the Western Balkans” project, and will be further expanded for the next 30 months through RAN policy support. For Albania and North Macedonia, since most of the actions have already been implemented, discussions at technical level have started in order to update the respective implementing arrangements. This aims at stepping up cooperation and capacities to counter terrorism and extremism with additional actions to be implemented.

Albania made substantial progress and the five implementing arrangements have been almost fully achieved. Actions to be still implemented include for Albania a new strategy on countering violent extremism that is in preparation and which will include strategic communication and measures for countering terrorist content online. On **countering terrorism financing and anti-money laundering**, progress was achieved, but Albania remains listed by the Financial Action Task Force and needs to implement the remaining elements of the Financial Action Task Force action plan. The adoption of a tax and criminal amnesty against the advice of the EU and Moneyval could jeopardise progress in this area. Montenegro adopted in December 2021 a strategy for the prevention and suppression of terrorism, money laundering and financing of terrorism for 2022-2025, with an action plan for 2022-2023, which needs to be implemented. North Macedonia continues to make substantial progress on the legislative and institutional frameworks and on preventing/countering violent extremism. Bosnia and Herzegovina needs to continue efforts in the fight against terrorism and the prevention of violent extremism, and to urgently adopt a new law on anti-money laundering and terrorism financing in line with the EU *acquis*. The contact point for Europol needs to become fully operational in order to facilitate exchange of information. In Serbia the new counter-terrorism and preventing/countering violent extremism strategy is being drafted. Serbia has to step up efforts to counter and prevent all forms of radicalisation and violent extremism, including violent right wing extremism and ethno-nationalism. Kosovo has made some progress in the fight against terrorism and the prevention of violent extremism, in line with the objectives set out in the EU-Kosovo implementing arrangement for the joint action plan on counter-terrorism for the Western Balkans. Kosovo needs to combat money laundering more effectively. More efforts are required in the implementation of the protection of critical infrastructure at regional level, and support will be ensured by a new IPA regional project. The EU

¹⁴ <https://www.consilium.europa.eu/media/57229/st10179-en22.pdf>

is supporting the revision of national counterterrorism and preventing and countering violent extremism strategies in the region.

Western Balkans partners continue to repatriate **foreign terrorist fighters** and family members from North-East Syria. They are committed to prosecuting foreign terrorist fighters and promoting their systemic reintegration and resocialisation, in particular that of women and children. The monitoring of reintegration and resocialisation measures, in particular in prisons, needs to be improved. This includes the cooperation among institutions at national and local level. Exchange of information through Europol's Secure Information Exchange Network Application improved significantly. Western Balkan partners should continue to proactively communicate information on the return of foreign terrorist fighters and their families through the appropriate channels.

In the whole region, legal provisions are in place for the prosecution of foreign terrorist fighters upon their return. In Kosovo, the early conditional release of violent extremist offenders from prison remains a matter of concern and more efforts should be made on rehabilitation and reintegration. In Bosnia and Herzegovina very limited assistance is available, in prison or upon release, for disengagement from violent extremism. Significant further efforts are needed to prepare inmates for release, including former foreign terrorist fighters. Montenegro has prosecuted nationals returning from the 2014 Ukraine conflict and from North-East Syria, where its nationals are still present.

Türkiye continued to face threats from various terrorist groups. It has carried on with efforts to tackle terrorism, leading to a sustained reduction in terrorist activities and an improved security situation. Türkiye has prioritised the fight against the PKK and the dismantling of the Gülen movement. The PKK remains on the EU's list of people, groups and entities involved in acts of terrorism. Türkiye has a legitimate right to fight terrorism. However, counter-terrorism efforts should be in line with the rule of law and fundamental rights and freedoms. Changing the Turkish anti-terrorism legislation and practices in line with EU standards remains an essential outstanding reform. Türkiye was included in the list of jurisdictions under increased monitoring (on the 'grey list') by the Financial Action Task Force (FATF) in October 2021. Following this decision, Türkiye was not added to the EU's list of high-risk third countries due to its candidate status, its high-level political commitment to the EU to address outstanding shortcomings identified by the FATF and its aim of full alignment with the EU *acquis*. Türkiye needs to continue addressing outstanding recommendations to be taken off the FATF's grey list.

Hybrid threats have become an even more serious and threatening issue in enlargement countries since the Russian invasion of Ukraine. In the Western Balkans region, state and non-state operators, including from outside the region, have continued to engage in information manipulation activities, including **disinformation** with the aim of challenging the EU's credibility, undermining public trust in democratic institutions and deepening polarisation and ethnic divides. Information manipulation activities, including disinformation campaigns have been particularly intense since 24 February 2022 and anti-EU narratives have been spreading in the Western Balkans. Serbia needs to take urgent action to protect its citizens against foreign information manipulation and interference and from anti-EU narratives, including in the context of the Russian aggression on Ukraine, which has obvious spill-over effects across the region. Several Russian state-sponsored outlets which are on the EU sanctions list are broadcasting radio and multimedia programmes, including the Kremlin's disinformation outlet Sputnik Srbija, as well Russia Today,

which opened an office in Belgrade in summer 2022. However, the bulk of information manipulation, including disinformation in the region is produced and spread by domestic players for domestic purposes, and/or acting as proxies for third states aiming to influence public discourse, using information manipulation to antagonise the public against the EU and Western democracies in general.

Given the current geopolitical situation and in line with EU priorities under the joint framework on countering hybrid threats, the Western Balkans strategy and the Zagreb Declaration, the Commission and the High Representative have increased their policy dialogue and assistance to enlargement partners on countering hybrid threats, in particular on cyber resilience and cybersecurity, including the protection of critical infrastructure and food and energy security. In the second half of 2022 Albania, Kosovo and Montenegro have all been subject to cyber-attacks. It is imperative that the region adopts the EU framework on cybersecurity. It is also crucial for the Western Balkans to deliver on their commitment to implement the memorandum of understanding on 5G signed at the Western Balkan Digital Summit in 2020 in Tirana. On strategic communications and countering information manipulation and disinformation, a more robust and target-oriented resilience-building action has been established, focused on by raising awareness, working on media literacy and engaging with local institutions, civil society actors and media to deal with this kind of hybrid threat to Western Balkans societies and their path to the EU.

North Macedonia adopted the national strategy on building resilience and confronting hybrid threats (2021-2025) together with an action plan in October 2021. Recommendations from the hybrid risk surveys¹⁵ are addressed with the help of EU support. Follow-up on the risks surveys is expected in selected countries.

Irregular **migration** continued to be a key challenge for the Western Balkans and Türkiye. Cooperation was further developed along the Eastern Mediterranean/Western Balkans migratory routes. Smuggling of migrants, unaccompanied minors, trafficking in human beings and insufficient capacity of national asylum systems remain of concern. The war in Ukraine and the crisis in Afghanistan have resulted in an increase in Ukrainian and Afghan refugees and require continued close cooperation between the EU and the partner countries. In this context, refugees were hosted by all partners in the region, in particular in Montenegro, Kosovo, Albania and North Macedonia.

In 2022, the overall number of irregular arrivals from the Western Balkans to the EU are increasing compared to 2021, with 70 770 irregular border crossings detected on the EU external borders in the first 7 months of 2022, nearly three times the total from the same period last year. The total number of irregular arrivals at the external borders of the EU from the Western Balkans was around 62 000 in 2021, compared to 27 000 in 2020. At the end of July 2022 there were approximately 9 800 migrants and refugees in the reception centres in the region and an estimated 2 900 outside reception facilities. The total reception capacities are approximately 14 500. Factors influencing the high number of flows include movements by migrants already present in the region, as well as people arriving by air to Serbia due to visa-free regimes. Given the sharp increase of arrivals, the Commission is monitoring the situation with increased vigilance and intensified its engagement with Western Balkan partners. Progress is being achieved, but further efforts are needed in the

¹⁵ Under Action 18 of the Joint Framework on countering hybrid threats, hybrid risks surveys have been launched with seven partners, including four partners in the Western Balkans (Albania, Kosovo, North Macedonia and Montenegro).

Western Balkans for the creation of more robust institutions, laws and procedures in the areas of asylum, return, legal migration and border management, also in view of the transposition of complex and demanding EU *acquis*. Western Balkan partners should assume responsibility and ownership for all aspects of migration. There is a need to strengthen asylum systems, stepping up voluntary and non-voluntary returns and cooperation on readmission with countries of origin in line with international and EU standards. Increased regional and international cooperation are needed to combat organised crime groups engaged in migrant smuggling and trafficking of human beings. Regional cooperation and coordination with the EU remain key.

Status agreements allowing the European Border and Coast Guard Agency (Frontex) to deploy European Border and Coast Guard teams with executive powers in the zones bordering the EU's external borders, in support of national border authorities, have been concluded and operationalised with Albania, Montenegro and Serbia. Similar status agreements were negotiated between the EU and Bosnia and Herzegovina and between the EU and North Macedonia, but have not yet been signed. These will need to be renegotiated to take into account changes in the legislative landscape since their negotiation. To take into account changes in the legislative landscape, particularly the adoption of the European Border and Coast Guard Regulation in 2019, the Commission negotiated a new status agreement text with North Macedonia in 2022 which is expected to be signed before the end of the year.

As corroborated by the 2021 report under the visa suspension mechanism¹⁶, Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia need to ensure further visa policy alignment with the EU lists of visa-required third countries, in particular as regards those third countries which present irregular migration or security risks for the EU. Visa policy alignment with the EU is crucial for the good functioning of the visa-free regime of these partners with the EU. Türkiye continues to host one of the largest refugee populations, with approximately 4 million refugees from Syria and other countries present on its territory. In the first 7 months of 2022, the total number of arrivals from Türkiye to the EU was 13 163 compared to 7 481 in the same period in 2021 (76% increase). Of those migrants, 6 225 arrived in Italy, which amounts to a substantial increase compared to the previous year, 6 257 in Greece, 601 in Bulgaria and 80 in Romania. During the same period in 2022, 11 137 arrivals were reported at the government-controlled areas of Cyprus (10 771 through the Green Line, 366 by boat), compared to 5 118 arrivals through the Green Line and by boat in the same period last year (115% increase). Türkiye needs to also further harmonise its visa policy with the EU's visa policy, including notably further alignment of its visa requirements with the EU lists of visa-free and visa-required countries.

Given the Taliban takeover in Afghanistan and the perception of migrants among the Turkish population, the Turkish authorities are increasing the number of returns to Afghanistan and reinforcing their border infrastructure along the border with Iran. Turkish authorities are also increasing resources to prevent and combat migrant smuggling, but there is a need for greater international law enforcement cooperation on the whole migration route from countries of origin to Türkiye, including Iran, the Western Balkans and the EU, to combat smuggling networks. Continued close cooperation in the field of border management and combating migrant smuggling

¹⁶ [COM/2021/602 final](#)

remains a key priority.

Public administration reform

The European Commission's Strategic Foresight Report¹⁷ includes 'strengthening the resilience of institutions' as one of the key challenges for Europe's future. Public institutions and administrations need to be responsive to societal concerns and effective in delivering policies. Modernising public administrations remains a key concern throughout the enlargement countries. Politicisation continues to erode capacities and public administrations' attractiveness as an employer. While there is awareness of key reform needs for creating more professional and merit-based administrations overall, more leadership and effort will be needed for improving policy planning, public finance, people management and accountability. There are examples of positive reforms, for example in digital service delivery. Improving **administrative capacity** will be essential to fulfil the functions of the state, plan and execute essential investments in strategic infrastructure and strengthen alignment with the EU *acquis*.

The **quality of policymaking** is of paramount importance to steer a country's economic and social development and help navigate through continuous crises. Policymaking should be predictable as far as possible. It should be planned for the medium term and linked to the budget perspective, it needs to be evidence based, and consulted on with relevant stakeholders. Among Western Balkan partners, however, a large share of government-proposed laws are not part of the government work programmes. Consistent policy planning and coordination between government and parliaments could be further improved. The excessive use of shortened proceedings hampers legislative quality and democratic accountability. Improving **policy monitoring** would further enhance the administration's effectiveness across the region.

Accountable public administrations are organised rationally, are effective, efficient and transparent, and act with integrity. This builds societal trust, which is essential for cooperation and development. In the Western Balkans, government structures do not always follow these principles. Government agencies are not always created and organised rationally or effectively (for example in Albania and Kosovo). In several places, regulatory and institutional frameworks for accountability have improved, but not the actual practice of accountability (Albania, North Macedonia and Serbia). North Macedonia still needs to approve a new law on state organisation, while Bosnia and Herzegovina has not started developing a legal framework that would ensure more accountability. Montenegro needs to improve accountability and access to public information. In Türkiye, the politicisation of the administration continued, with limited accountability to the public and an ongoing lack of political will to reform.

Strategic and professional **human resources and civil service management** is of critical importance for the public sector to be able to attract, develop and retain talent. This includes fair and competitive remuneration and merit-based recruitment, promotion and dismissal. A lack of well-qualified staff is one of the main reasons for low administrative capacity and weak performance of public authorities throughout the region. All countries still struggle to control political patronage in order to build a more professional and stable public administration.

¹⁷ [European Commission, 2021 Strategic foresight report. The EU's capacity and freedom to act](#)

Improving **public services to businesses and the general public** is high on the agenda throughout the region and is the area where most improvements have been noted. However, legal certainty for business and citizens needs to be improved across the region by promoting effective harmonisation of sectoral legislation with the standards of the law on general administrative procedures. Serbia, Albania, Montenegro and North Macedonia launched e-government initiatives and services. Albania has rolled out a comprehensive platform for digital services – however it needs to ensure equitable access for citizens with limited digital skills. Bosnia and Herzegovina and Kosovo need to expedite efforts to develop a comprehensive e-government policy and clarify institutional responsibilities.

Improving the **public procurement and public finance management systems** remain important priorities for ensuring state effectiveness and integrity throughout the region. Kosovo, Montenegro and North Macedonia made progress on the digitalisation of their procurement systems. Albania launched an electronic appeals and complaint system. In Serbia, exemptions from the application of the law on public procurement have increased substantially and raise very serious concerns as a trend that needs to be reversed and about transparency in general. Türkiye continues to have large gaps in its alignment with the EU *acquis*, as the scope of public procurement rules is significantly reduced.

Reforming national governance systems for **sound financial management**, managerial accountability and external audit is crucial to ensure the sustainability of the state's finances. There was some progress, as Serbia, Montenegro, and North Macedonia drafted / adopted new public finance management programmes. Albania has taken steps to prepare a new medium-term revenue strategy. Sound implementation of these programmes now needs to follow. In Bosnia and Herzegovina, the first ever comprehensive public finance management strategy is awaiting adoption by the Council of Ministers. There were no major developments in the public finance management area in Türkiye.

Strengthening **public investment management** systems and capacities needs to be a clear priority for all enlargement countries, especially in the context of the **Economic and Investment Plan for the Western Balkans**. However, little progress was made over the past year. Montenegro has conducted a public investment management assessment. Building up increased capacity is now essential. In North Macedonia, implementation of the public investment management action plan is behind schedule and a public investment management unit has not yet been established. Serbia needs to apply the full methodology of the Decree on capital projects management to all capital investments. For all, a unified, comprehensive, effective and transparent system for planning and management of capital investments needs to be put in place.

Progress on **public internal controls** and managerial accountability was generally slow, but three countries made some progress: Albania adopted guidelines for auditing arrears and approved a revised methodology for performance audit. In Bosnia and Herzegovina, the secondary regulations and methodologies were updated at all levels and incorporated in the IT application for public internal financial control, generating consolidated annual reports at all levels. Serbia implemented two pilot peer reviews on internal audit arrangements and recently improved guidelines on managerial accountability.

All enlargement countries must strengthen their capacity to produce good quality **statistics**, in line with the principles established in EU law and further elaborated in the European statistics Code,

based on professional independence, impartiality, reliability, as well as transparency and confidentiality. It is also critical to increase the provision of data to Eurostat. North Macedonia and Türkiye have carried out population and housing census in the 2021 round. The rest of Western Balkans should also conduct census and allocate sufficient resources to their statistical offices. One specific sector where all need to make progress is macro-economic statistics, including government finance statistics. It is necessary to strengthen the coordination of the statistical system in each country.

Regional and local authorities have a key role to play in the EU alignment process and future application of EU rules. Regional and local governments are closest to the citizens and play a key role in providing public services as well as in building citizens' trust in their State institutions. The governments need to ensure balance between central, regional and local government, and the coherent application of rules, procedures, standards and human resources management across public administration at all levels. This has a direct impact on the quality of sector policies, public services, and ultimately competitiveness and growth and should therefore receive more attention in the enlargement countries.

Civil society

There continues to be a largely active and vibrant **civil society** in the Western Balkans which monitors governmental action and contributes to policymaking. Adoption of legal measures led to improvements in some Western Balkan countries; however, the legal framework needs to be further improved and consistently implemented to ensure an enabling environment for civil society, including as regards registration processes, enhancing the availability and transparency of public funding (Bosnia and Herzegovina, North Macedonia, Serbia) and conditions for volunteering (Albania, Kosovo). It is essential that security measures are not misused, e.g. through anti-terrorism legislation or legislation on preventing the financing of the proliferation of weapons of mass destruction (Türkiye), prevention of money laundering and terrorist financing (Kosovo) or restrictions on free access to information (Montenegro) or freedom of assembly (Bosnia and Herzegovina).

There are continued weaknesses in the institutionalised mechanisms for cooperation between civil society and the government. It is essential that governments ensure the conditions for meaningful and inclusive participation of civil society organisations in policymaking processes.

Civil society is under pressure in Serbia and the *Republika Srpska* entity of Bosnia and Herzegovina. Verbal attacks and smear campaigns against civil society organisations and their financing continued in Serbia, while the exercise of freedom of assembly remains restricted in the *Republika Srpska* entity of Bosnia and Herzegovina. In Türkiye, there continued to be serious backsliding. Civil society faced continuous pressure and their space to operate freely has continued to diminish, with restrictions on the activities of human rights defenders and civil society. Civil society organisations in the enlargement region also continue to provide services to disadvantaged groups, complementing or substituting the work of public authorities.

Economy

Following the strong negative impact of the COVID-19 pandemic in 2020, the economies of the Western Balkans and Türkiye recovered quickly in 2021. The strength of the upturn varied widely across the economies, with double-digit real GDP growth in Montenegro (12.4%), Türkiye (11%)

and Kosovo (10.5%), a somewhat slower but still robust pace of expansion in Albania (8.3%), Serbia (7.4%) and Bosnia and Herzegovina (7.1%), and more moderate output growth in North Macedonia (4%). The gradual lifting of COVID-19-related containment measures and the base effect from strong downturns in 2020 (in particular due to the sectoral share of tourism) played a significant role in the rebound in some countries, accounting in particular for the very strong expansion in Montenegro. The key drivers of solid rebound were: buoyant private consumption, fuelled by pent-up demand and continued crisis-mitigation support measures in some countries; increased investment, in particular public capital spending in Serbia and North Macedonia; and strong growth in exports, especially in Türkiye's case.

The economic outlook is surrounded by very high uncertainty due primarily to the economic fallout of Russia's invasion of Ukraine, which is expected to have a negative impact on economies although in a varying degree, reflecting differences in: each country's direct and indirect trade links; each country's energy intensity; the significance of food price inflation; and the role of tourism.

In all countries, the fiscal measures that have been adopted to mitigate the impact of rising energy and food prices, combined with the contractionary economic result of Russia's war against Ukraine, could possibly derail or decelerate fiscal consolidation. Inflation has accelerated substantially in the Western Balkans, while in Türkiye the effect of global price pressures was aggravated by unorthodox monetary policy decisions, triggering a large depreciation of the lira and driving inflation up to a two-decade high (over 80% in July 2022).

The need to accelerate structural reforms has become even more important to foster a sustainable recovery in the medium term and to make further progress towards meeting two economic criteria for EU membership: ensure functioning market economies, and demonstrate the capacity to cope with competitive pressure and market forces within the EU.

Most of the Western Balkans have made some or good progress in fostering functioning market economies, except for Bosnia and Herzegovina where there has been some backsliding. Türkiye made no progress in this respect. Currently, none of the Western Balkan partners can be considered a fully functioning market economy and the level of compliance varies. While Bosnia and Herzegovina and Kosovo are still at an early stage, North Macedonia has already reached a good level of preparation. Albania and Montenegro are considered to be moderately prepared while Serbia is between a moderate and a good level of preparation. Türkiye's market economy is well advanced, but serious concerns have increased over its functioning as there has been backsliding on important elements, such as the conduct of monetary policy, the institutional and regulatory environment, intervention in price setting and non-transparent state aid. In terms of their capacity to cope with competitive pressure and market forces, only Türkiye is well advanced, with Serbia, Montenegro and North Macedonia being at a moderate level of preparation and Albania having some level of preparation, while Bosnia and Herzegovina and Kosovo are still at an early stage.

The Economic and Financial Dialogue between the EU and the Western Balkans and Türkiye has over years become an important platform to discuss and agree on medium-term fiscal plans and economic policy strategies and priorities on the basis of Economic Reform Programmes submitted by the partners on an annual basis. The process culminates in jointly agreed Ministerial conclusions

containing country-specific policy guidance meant to steer fiscal and structural policies in the Western Balkans and Türkiye.

The level of implementation of the jointly agreed policy guidance worsened across the Western Balkans and Türkiye, falling from 50.8 % in 2020 to 42.9 % in 2021. This deterioration is partly linked to the return in 2021 to policy guidance on more challenging reforms after the focus on short-term COVID-19 crisis-related measures in 2020. Efforts should continue in order to enhance fiscal stability and to shift budgets towards a more growth-oriented composition, also by promoting the digital and green transitions and human capital development. Reducing vulnerability to external shocks and increasing food and energy security has become crucial. Improving the business environment and deepening regional economic integration based on EU rules and standards would also significantly increase the Western Balkan region's attractiveness as an investment destination and further contribute to its economic growth. In Türkiye, restoring the functional independence of the economic and financial regulatory authorities is a key challenge.

Labour markets in the Western Balkans and Türkiye continue to be characterised by overall low activity (especially among women and young people) and employment as well as by high informality and unemployment. The gender employment gap in 2020 in the enlargement countries ranged from around 13-15 pps in Montenegro, Serbia and Albania to around 33 pps in Kosovo and 38 pps in Türkiye, well above the EU-27 average of 11 pps. There is a clear need to improve the poorly targeted active labour market policies to help people find work or training. In this context, the Western Balkan partners committed in July 2021 to gradually setting up, implementing and enhancing Youth Guarantee schemes following the EU model, and most of them established inter-ministerial expert groups to develop Youth Guarantee implementation plans.

Structural mismatches in skills persist, due to weak education systems and underinvestment in human capital. Reforms and investments in the education systems and upskilling and reskilling are key to improve the labour market situation and addressing emerging shortages of skilled labour. Digitalising the economy and developing the digital skills of all segments of society are also essential for boosting employability and advancing the digital economy. High levels of poverty remain a problem in all partner economies, aggravated by the COVID-19 pandemic and high private expenses for health care, and poverty levels are expected to be exacerbated further by the recent surge in food and energy prices. Therefore, improving the effectiveness of social protection systems and targeting social spending towards the poorest segments of the population has become even more critical.

III. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

Alignment in the area of the **internal market**¹⁸ will allow the countries to benefit fully from the Stabilisation and Association Agreements and to further increase their trade integration with the

¹⁸ The internal market cluster covers: free movement of goods (Chapter 1); freedom of movement for workers (Chapter 2); right of establishment and freedom to provide services (Chapter 3); free movement of capital (Chapter 4); company law (Chapter 6); intellectual property law (Chapter 7); competition policy (Chapter 8); financial services (Chapter 9); and consumer and health protection (Chapter 28).

EU – which remains by far the region’s leading trading partner. It will also make EU investments more attractive and facilitate supply chain synergies, job creation and access to capital.

The Western Balkans are, in general, moderately prepared in many areas of the internal market. On free movement of goods, Kosovo, Montenegro and Serbia made some progress, Albania made limited progress, and Bosnia and Herzegovina and North Macedonia made no progress. Albania and Kosovo made some progress on the free movement of services, while North Macedonia, Montenegro and Serbia made only limited progress. North Macedonia made good progress on free movement of capital, while Albania, Kosovo, and Montenegro made some progress. In the area of competition policy, Kosovo and Montenegro made some progress, Albania and Serbia made limited progress, while Bosnia and Herzegovina and North Macedonia made no progress. Albania made good progress on intellectual property law, where Kosovo, Montenegro and Serbia all made some progress. Albania further made good progress in the area of financial services, in which Kosovo, North Macedonia, and Montenegro also made progress. Regional cooperation and inclusive regional cooperation frameworks like the EU strategy for the Adriatic-Ionian region or the EU strategy for the Danube region continued to facilitate preparations for eventual participation in the EU internal market. Such frameworks are fostering administrative capacity on different EU policies, including cohesion policy, and offering a platform for cooperation for different levels of governance. The Western Balkans Common Regional Market, which builds on EU rules and standards, is a stepping-stone in integrating the region more closely with the EU single market before accession. Türkiye made some progress in the area of financial services and limited progress in the areas of free movement of goods, intellectual property law and consumer and health protection. It is well advanced in the area of company law, and has a good level of preparation in the areas of free movement of goods, financial services, consumer and health protection and intellectual property law. The amount of counterfeits remains a concern, however, and better enforcement is needed. It remains at an early stage of preparation in the areas of free movement of services and free movement of workers, where no progress was made.

Reforms on **competitiveness and inclusive growth**¹⁹ are extremely relevant for the Western Balkans’ Economic Reform Programmes and receive support through the Economic and Investment Plan, as they will help to increase the region’s competitiveness and attractiveness for businesses and help reduce the existing gap with the EU economy. To support the competitiveness of the private sector, the first call for private sector blending was launched in February 2022 under the Western Balkans Investment Framework (WBIF). During the Operational Board meeting in Rome in June 2022 the first two blending operations and two technical assistance projects of EUR 47 million for the private sector received a positive opinion of the Board. The Commission also presented three guarantee proposals worth EUR 125 million during the first EFSD+ Operational Board in April 2022. The guarantee schemes supporting micro, small and medium enterprises, entrepreneurs in agriculture and measures for energy efficiency and digital transition will start implementation by early 2023.

¹⁹ The competitiveness and inclusive growth cluster covers: digital transformation and media (Chapter 10); taxation (Chapter 16); economic and monetary policy (Chapter 17); social policy and employment (Chapter 19); industrial policy (Chapter 20); science and research (Chapter 25); education and culture (Chapter 26); and customs (Chapter 29).

Most Western Balkan partners have a moderate level of preparation in the areas linked to this cluster. However, Bosnia and Herzegovina remains at an early stage in several areas. In the area of taxation, Montenegro and North Macedonia have made some progress, while Albania, Kosovo and Serbia made limited progress and no progress was evident in Bosnia and Herzegovina. In the area of customs union, Bosnia and Herzegovina and North Macedonia have made some progress, while Albania, Kosovo, Montenegro and Serbia have made limited progress. In the area of education and culture, Albania, Kosovo, Montenegro, and Serbia made some progress. In the area of science and research, Montenegro and Serbia made some progress. Kosovo made some progress in the area of digital transformation and media. Some progress was also made in the area of economic and monetary policy by Kosovo and North Macedonia, and in the area of social policy and employment by Albania, Kosovo, North Macedonia and Montenegro. In the area of enterprise and industrial policy Albania, Kosovo, North Macedonia and Montenegro made some progress. In general, the region must undertake socioeconomic reforms to address structural weaknesses, low competitiveness, high unemployment and the impact of the COVID-19 pandemic. Progress on aligning with EU rules in the areas of VAT, excise duties and direct taxation would help encourage intra-regional and international trade. The region also needs to significantly strengthen its research and innovation ecosystem to allow the economies to catch up with developments, including in digital and green technologies. Türkiye continued to align with the EU *acquis* to a limited degree only and there was backsliding in the areas of digital transformation and media, economic and monetary policy, social policy and employment, and industrial policy. Türkiye made good progress in the area of science and research and some progress in education and culture, where the country needs to continue to make education more inclusive, especially for girls. Türkiye's preparations in the area of science and research are well advanced. Türkiye's trade integration with the EU is high and there is a good level of preparation for the customs union, but limited progress was made, including in its implementation. Türkiye's deviations from its obligations under the EU-Turkey Customs Union continue, contributing to a high number of trade irritants.

The **Green agenda and sustainable connectivity**²⁰ are key to a sustainable and future-proof recovery, as are economic integration within the region and with the EU, which will benefit both businesses and the broader public. These objectives are also rooted in the Economic and Investment Plan.

Albania, North Macedonia and Serbia are moderately prepared in the area of energy, while Montenegro is at a good level of preparation. In the area of trans-European networks, Albania, Bosnia and Herzegovina and Kosovo have some level of preparation, Serbia is moderately prepared, Montenegro is moderately prepared /has a good level of preparation and North Macedonia has a good level of preparation. Albania, North Macedonia, Montenegro and Serbia have some level of preparation as regards environment and climate change. Bosnia and Herzegovina significantly improved its civil protection system and show a clear commitment in the area of disaster management; in September 2022 the country joined the Union Civil Protection Mechanism as a full member. Albania also took the necessary steps to be able to join the Mechanism. Kosovo and Montenegro made some progress in the area of transport policy, while Albania, Bosnia and Herzegovina, North Macedonia and Serbia recorded limited progress. On

²⁰ The Green agenda and sustainable connectivity cluster covers: transport policy (Chapter 14); energy (Chapter 15); trans-European networks (Chapter 21); and environment and climate change (Chapter 27).

energy, Kosovo and Montenegro made some progress and the rest of the Western Balkan partners made limited progress. On trans-European networks, Albania, Kosovo and Serbia have made some progress, while only limited progress was recorded in Bosnia and Herzegovina, North Macedonia and Montenegro. On environment and climate change, for a second year in a row only limited progress was achieved across the board in the Western Balkans. Urgent action is therefore needed across the region to speed up alignment with EU *acquis* and strengthen implementation, law enforcement and investments. Administrative capacities in the sector need to be significantly strengthened and structural reforms need to be implemented.

The energy crisis has affected the Western Balkan countries and Türkiye differently depending on their degree of dependence on Russian fossil fuels. The countries that do not import oil or gas from Russia have been affected indirectly by the energy crisis and Russia's aggression. Countries have been coping with the energy crisis by stepping up energy efficiency, producing more energy from local resources, working towards diversifying their supply sources, increasing storage or accelerating the deployment of renewables. For instance, construction works of the Serbia-Bulgaria gas interconnector started in January 2022. This largely EU-funded project will enable Serbia to diversify its gas supplies by next year. The Economic and Investment Plan for the Western Balkans brought strong support to flagships across the region such as the Trans Adriatic Gas pipeline, the development of floating photovoltaic production on hydropower plant reservoirs, or energy efficient rehabilitation of kindergartens, schools and other buildings. Türkiye has accelerated imports of gas from Azerbaijan and other countries, although it remains dependent on Russian gas. It also continues to rely on Russia for the construction and subsequent operation of its first nuclear power plant. In general, more effort will be needed to further diversify energy supplies, in particular of natural gas and renewables, and enhance energy security including through greater energy efficiency. Closer coordination of actions and cooperation amongst countries and with the EU to tackle the energy crisis will be needed.

The Green agenda for the Western Balkans was endorsed by the leaders of the Western Balkans at the Sofia Summit in November 2020, with a more specific action plan approved in Brdo, Slovenia in October 2021. In line with the European green deal²¹, the agenda is a driver for the transition to modern, carbon-neutral, climate-resilient and resource-efficient economies, and for unlocking the potential of the circular economy, sustainable food systems, fighting against pollution and improving waste management, towards a cleaner, safer and healthier future.

Türkiye is moderately prepared in terms of its transport and energy policy. It needs to work further on gas market liberalisation and to develop cooperation on nuclear safety and security. It has made some progress on energy and transport networks, with the construction of the Halkali-Kapikule railway line connecting the Bulgarian border with Istanbul still ongoing. Türkiye has some level of preparation in the area of environment and climate change but faces critical environmental and climate challenges, both as regards mitigation and adaptation. Türkiye has ratified the Paris Agreement on climate change (pending submission of its ratification instrument to the UN). Türkiye has also expressed readiness to cooperate with the EU on the European Green Deal objectives. These are welcome developments. However, there have been very few concrete actions

²¹ [COM\(2019\) 640 final](#)

taken to translate these objectives into domestic legislation and the mainstreaming of climate action into other policies still remains limited.

Preparations are stagnating in the areas of **resources, agriculture and cohesion**²². North Macedonia, Montenegro and Serbia are moderately prepared in most chapters of this cluster. Albania and Kosovo mostly have some level of preparation, while Bosnia and Herzegovina is still at an early stage in most chapters. In the area of agriculture and rural development, Albania, North Macedonia, Montenegro and Serbia made some progress, and Kosovo made limited progress. In the area of food safety, veterinary and phytosanitary policy, Kosovo and North Macedonia made some progress and Albania and Serbia recorded limited progress. On fisheries, only Albania made good progress. On regional policy and the coordination of structural instruments, Bosnia and Herzegovina, North Macedonia and Serbia made no progress while the other Western Balkans countries made limited progress.

Türkiye's agricultural support policy has moved away from the principles of the EU common agricultural policy. The country has made good progress on fisheries and some progress on regional policy and coordination of structural instruments. It made limited progress in the area of food safety, veterinary and phytosanitary policy, where there are concerns about the level of pesticide residues in exports of food products to the EU.

The **external relations** cluster covers external relations (Chapter 30) and foreign, security and defence policy (Chapter 31). All the Western Balkan partners have either a good level of preparation or are moderately prepared in the area of external relations, except for Bosnia and Herzegovina which has some level of preparation. In the area of foreign, security and defence policy, Albania, Montenegro and North Macedonia have a good level of preparation, Serbia is moderately prepared, and Bosnia and Herzegovina has some level of preparation. In the area of external relations, Montenegro made good progress, Albania made some progress, Kosovo and North Macedonia made limited progress, Serbia and Bosnia and Herzegovina made no progress. On foreign, security and defence policy, North Macedonia made very good progress, Albania and Montenegro made good progress, Bosnia and Herzegovina made some progress, and Serbia showed backsliding. The close cooperation between the EU and the Western Balkans on common foreign and security policy/common security and defence policy (CFSP/CSDP) continued, including through partners' important contributions to the EU's CSDP missions and operations. The importance of the alignment with the EU CFSP as a part of the EU integration process further increased following Russia's unprovoked and unjustified aggression against Ukraine. Albania and Montenegro maintained their record of full alignment and were joined by North Macedonia, which retroactively fully aligned with all Declarations by the High Representative on behalf of the EU and EU restrictive measures and has continued to maintain a 100% rate following Russia's aggression. Bosnia and Herzegovina improved its alignment rate by formally joining High Representative declarations and restrictive measures following Russia's aggression, although significant implementation challenges remain. Kosovo also aligned unilaterally with those measures. Serbia has so far refused to align with all EU restrictive measures related to Russia and with most declarations by the High Representative on behalf of the EU on the Russian Federation.

²² The resources, agriculture and cohesion cluster covers: agriculture and rural development (Chapter 11); food safety, veterinary and phytosanitary policy (Chapter 12); fisheries (Chapter 13); regional policy and coordination of structural instruments (Chapter 22); and financial and budgetary provisions (Chapter 33).

What is more, Serbia has continued to maintain its close relations with Russia. Western Balkan partners and Türkiye joined the vast majority of the international community, including the EU, voting for the two UN General Assembly resolutions following Russia's aggression against Ukraine and for Russia's suspension from the Human Rights Council.

Türkiye is moderately prepared in the area of external relations and has some level of preparation in the area of foreign, security and defence policy. Türkiye has made limited progress on external relations. Türkiye's CFSP alignment rate further deteriorated to 7% as of August 2022 (11% in 2021 and in 2020 and 21% in 2019). Overall, Türkiye's increasingly assertive foreign policy continued to be at odds with the EU's CFSP priorities. While Türkiye and the EU have restarted dialogue on foreign and security policy and on regional issues, Türkiye should still take decisive steps to significantly improve alignment with EU declarations and Council decisions.

IV. REGIONAL COOPERATION AND GOOD NEIGHBOURLY RELATIONS

In the Western Balkans, good neighbourly relations and regional cooperation are essential elements of the stabilisation and association process and the enlargement processes.

After the successful introduction of '**roam like at home**' within the six Western Balkan economies as of 1 July 2021, further preparatory steps were taken towards **lowering roaming charges between the Western Balkans and the EU**. A roadmap for lowering roaming costs between the EU and the Western Balkans was drawn up based on a combination of commercial voluntary agreements and further reforms in the digital area in the Western Balkans. The ultimate goal of the process is to lower roaming prices with the EU to a level close to domestic prices by 2027. There are two parallel streams in this process: implementation of a set of policy reforms by Western Balkans governments aimed at improving the business environment in the region, and preparatory activities with the Western Balkans and EU mobile operators in order to facilitate implementation of the proposed glide path starting as of January 2023.

In October 2021, the six agreed on a "Regional framework for the **free flow of data** in Western Balkans region" and will work together on the harmonisation of legislation, notably alignment with the General Data Protection Regulation (GDPR), GDPR adequacy decisions among the countries, free flow of non-personal data and open data and the re-use of public sector information. The Western Balkans need to ensure alignment of domestic legislation to the EU's Regulation on electronic identification and trust services for electronic transactions in the internal market. A joint statement on interoperable Western Balkans was signed in this regard, by all six on 13 October 2021.

There has been substantial technical work across the full range of areas covered by the **Common Regional Market** initiative. This work under the auspices of the **Regional Cooperation Council, CEFTA** and the **Western Balkans 6 chamber investment forum** aims to enable freedom of movement for people, professionals and the provision of electronic services, and to facilitate trade and ease customs procedures within the region. For example, green lanes have been established at both road and rail border crossings in the region facilitating the transit of priority goods, while in July this year a pilot began between Greece and North Macedonia to extend the green lanes initiative between the Western Balkans and the EU. However, disagreements on status issues

between Belgrade and Pristina continued to prevent the formal adoption of agreements²³. The region needs to show political leadership to complete this work and to adopt legally binding agreements or decisions among all Western Balkan partners for the benefit of their citizens and businesses. This requires a joint focus on the establishment of the Common Regional Market, building on EU rules and standards and avoiding unilateral steps jeopardising this work. The lack of progress in the implementation of the Common Regional Market led to the Open Balkan initiative, which has made initial steps to implement the four freedoms between Albania, North Macedonia and Serbia. As long as the Open Balkan initiative is in line with the framework of the Common Regional Market, complies with EU standards and is fully open and inclusive, it is a useful step towards developing a common market among the six economies of the region.

The implementation of the **Western Balkans agenda on innovation, research, education, culture, youth and sport** continued supporting sustainable socioeconomic development of the region and creating new opportunities for students, researchers, innovators and entrepreneurs to boost their skills and access new markets. The association of the Western Balkan partners with the Horizon Europe, and Creative Europe programmes was finalised and work has continued on the development of smart specialisation strategies. Serbia and North Macedonia are both associated to Erasmus+, with North Macedonia also associated to the European Solidarity Corps. Albania, Bosnia and Herzegovina, Kosovo and Montenegro are so far not associated but benefit from the international dimension of Erasmus+ funded through the Instrument for Pre-Accession assistance III (IPA III), with a dedicated amount of EUR 374 million for the period 2021-2027.

In addition, a new enhanced partnership was created with education organisations and institutions in the Western Balkans not associated with the Erasmus+ programme. This partnership gives them the opportunity to take part in important strategic actions, starting with the European Universities initiative. The extension and access to such flagship actions to all Western Balkan partners further strengthens the cooperation with the region.

The **Regional Youth Cooperation Office** continued to play an important role in further developing regional cooperation and good neighbourly relations by providing cooperation and exchange opportunities for young people from the Western Balkans.

The **EU and Western Balkans Leaders Meeting on 23 June** was an opportunity to reaffirm the EU perspective of the partners in the region and intensify the cooperation and integration agenda. Particular focus was placed on the integration of the Western Balkans into EU measures to reduce the negative impact of the Russian aggression against Ukraine in terms of food and energy supplies and independence, as well as support for cybersecurity capacity building and the social agenda, particularly involving youth in the economy. The meeting was also an opportunity to discuss closer political cooperation, alignment of the Western Balkans with EU positions and measures, and the possible design and functioning of a European geopolitical community.

²³ The four flagship agreements yet to be adopted are (1) Western Balkans Agreement on freedom of movement and stay (ID Travel); (2) Western Balkans Agreement on freedom of movement for third country nationals; (3) Western Balkans Agreement on recognition of academic qualifications; (4) Western Balkans Agreement on recognition of a number of professional qualifications.

The comprehensive **normalisation of relations between Serbia and Kosovo** through the EU-facilitated dialogue remains central to their European future and for the stability of the whole region. The process continued throughout the reporting period with regular monthly meetings on the level of Chief Negotiators and a High-level meeting on 18 August 2022. While some progress was achieved in the areas of energy, integrated border management and freedom of movement, relations between Kosovo and Serbia remain tense. Both Parties need to engage more constructively towards the objective of concluding a legally-binding comprehensive normalisation agreement that addresses all key outstanding issues between them and fully implement all past Dialogue agreements.

Existing bilateral agreements, including the Prespa agreement between North Macedonia and Greece and the Treaty of Friendship, Good Neighbourliness and Cooperation with Bulgaria, need to be implemented in good faith by all parties.

Overcoming the legacy of the past and addressing disputes arising from the conflicts of the 1990s remain key. Important outstanding bilateral issues still have to be solved, including border issues and delivering justice to war crimes' victims, identifying remaining missing persons, and establishing an accurate record of past atrocities at regional level. There is no place in the EU for inflammatory rhetoric or the glorification of war criminals, from any side.

Territorial cooperation allows Western Balkan countries to work together and with neighbouring Member States in key social and economic sectors. More specifically, **cross-border cooperation** programmes create opportunities for dialogue and cooperation at local government level, with the involvement of communities, the private sector and civil society organisations. As such, they represent key instruments for good neighbourly relations and reconciliation in border areas. Given their focus on local development, cross-border cooperation programmes bring also the Economic and Investment Plan and the Green agenda to the grass-root level and help with the economic recovery of remote areas.

The situation in the Eastern Mediterranean has again become tenser. There were no unauthorised drilling activities by **Türkiye** in the reporting period. However, incidents were reported with regard to the survey activities in the Cypriot Exclusive Economic Zone (EEZ) and violations of the national airspace of the Republic of Cyprus. Türkiye's military exercises in Cyprus's maritime zones continued. Relations with Greece deteriorated in April 2022, following repeated violations of Greek airspace by Turkish fighter jets and unmanned aerial vehicles in the Aegean, including a high number of flights over inhabited areas, as well as threatening Turkish statements over the sovereignty of Greek islands. The de-escalation in the Eastern Mediterranean needs to be sustained. The EU, most recently at the June 2022 European Council, has repeatedly urged Türkiye to avoid making any kind of threat, creating sources of friction or undertaking actions that damage good neighbourly relations and the peaceful settlement of disputes.

The EU remains committed to defending its interests and those of its Member States as well as to upholding regional stability. In November 2021, following the second review of the framework for restrictive measures, the Council extended the regime for one more year. Currently two individuals are subject to sanctions.

The sovereign rights of EU Member States include, *inter alia*, the right to enter into bilateral agreements and to explore and exploit natural resources in accordance with the EU *acquis* and

international law, including the UN Convention on the Law of the Sea. The sovereignty and sovereign rights over the airspace and the maritime zones of all neighbouring coastal states, including those that their islands are entitled to, need to be respected and the delimitation of exclusive economic zones and continental shelf should be addressed in accordance with international law through dialogue in good faith and in pursuit of good neighbourly relations. Pursuing dialogue in good faith and abstaining from unilateral actions which run counter to the EU interests and violate international law and the sovereign rights of EU Member States is an absolute requirement to ensure stable and secure environment in the Eastern Mediterranean and the development of a cooperative and mutually beneficial relationship between the EU and Türkiye. Türkiye needs to commit itself unequivocally to good neighbourly relations, international agreements and the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the International Court of Justice.

Türkiye's continued commitment and contribution in concrete terms to the negotiations for a fair, comprehensive and viable **settlement of the Cyprus issue** within the UN framework and in accordance with the relevant United Nations Security Council resolutions, as well as in line with the EU *acquis* and the principles on which the EU is founded, is of paramount importance. It is important that Türkiye reaffirms its commitment to and constructive engagement in the United Nations-led settlement talks on Cyprus in line with the relevant UN Security Council Resolutions, including their external aspects. No unilateral actions should be taken that could raise tensions on the island and undermine a return to talks. With regard to Varosha, Türkiye must immediately reverse all actions and steps taken on Varosha since October 2020 that run contrary to relevant UN Security Council resolutions and statements. Türkiye needs to urgently fulfil its obligation of fully implementing the Additional Protocol to the EU-Turkey Association Agreement and make progress towards the normalisation of relations with the Republic of Cyprus.

Good neighbourly relations and reconciliation are intrinsically linked to the rule of law, economic governance and regional cooperation. The specific objective of **IPA III** in this area is to contribute to societal cohesion and resilience by addressing the legacy of the conflicts of the past and bringing justice to all victims of the conflicts. Likewise, improving good neighbourly relations fosters citizens' confidence and helps remove impediments to political, economic and social exchanges and cooperation. The Commission has already adopted the first IPA III financing decisions to (a) support war crimes prosecution at the domestic level through the provision of expertise for judicial authorities and (b) raise public awareness of past crimes, including through dialogue and exchanges among and between a broad range of stakeholders.

V.CONCLUSIONS AND RECOMMENDATIONS

Based on the above analysis and the assessments in the country summaries in annex, the Commission puts forward the following conclusions and recommendations:

I

1. Russia's brutal invasion of Ukraine in February 2022 has fundamentally changed the geopolitical landscape and is putting the rules-based order to the test. In this context, the EU's **enlargement policy** is more than ever a geostrategic investment in long term peace, stability, and security of the whole of our continent and is consequently featuring high on the EU's political agenda. Built on **strict but fair conditionality** and the principle of **own merits**, it continues to drive forward transformation and modernisation in the partner countries and bring them even closer to the EU. The **Western Balkans** are part of the European family. It is in the EU's strategic interest and essential to their own stability and prosperity that all Western Balkan partners keep advancing on the path towards full EU membership by fully embracing and **defending democracy, the rule of law and fundamental rights**, which are at the heart of EU values. **The future of these countries and their citizens lies within the European Union.**
2. **Within the last year, major developments** have taken place on the EU enlargement agenda. The first intergovernmental conference with **Albania** and a political intergovernmental conference with **North Macedonia**, to present the next steps of the enlargement process after the adoption of the Negotiating Framework, were held on 19 July 2022. This opened a new chapter in the EU's enlargement policy.

The European Council recognised the European perspective of **Ukraine**, the **Republic of Moldova** and **Georgia**. EU leaders decided to grant the status of candidate country to Ukraine and the Republic of Moldova, and to grant the status of candidate country to Georgia once the priorities specified in the Commission's opinion on Georgia's membership application have been addressed.
3. **Türkiye** remains a key partner for the European Union in essential areas of joint interest, such as migration, counterterrorism, economy, trade, energy, food security and transport. High-level dialogues and intensified engagement in these areas continued. In June 2019, the Council reiterated that Türkiye continues to move further away from the European Union, and that Türkiye's accession negotiations have effectively come to a standstill and no further chapters can be considered for opening or closing. The underlying facts leading to this assessment still hold. Bilateral tensions with some Member States increased. Türkiye has facilitated dialogue between Russia and Ukraine and played a key role in the agreement on the export of grains. However, it has also decided to increase trade and financial relations with Russia and has not aligned with EU restrictive measures. This is a cause for increasing concerns that requires close EU monitoring.
4. Russia's war against Ukraine has further underlined the importance of **CFSP** alignment as a key aspect of the EU integration process. 100% alignment with the EU CFSP by Albania, Montenegro and North Macedonia continues to be a strong signal of their commitment and

strategic choice of EU integration, while Bosnia and Herzegovina's significant improvement in CFSP alignment and Kosovo's unilateral alignment are commendable and must be recognised. Serbia and Türkiye continued their policy not to align with restrictive measures against Russia. Both need to take decisive steps to improve alignment with EU CFSP, including EU restrictive measures, and avoid actions that go against both countries' stated objective to join the EU.

5. The current **energy** crisis Europe is facing is a challenge for the Western Balkans and Türkiye, as well as for the EU. The EU has invited the Western Balkans to join the common EU energy purchases platform. Serbia and North Macedonia have joined the first regional group meeting of the South-East Europe regional task force. The regional task force has already agreed on an action plan, including for better energy cross-border flows. The EU is supporting the Western Balkans in targeting financial support to renewable energy and energy efficiency investments, to decrease energy consumption and costs. At the same time, the EU expects all partners in the region to fully align with EU legislation and policy priorities in the area of energy, including those in the REPowerEU plan and to reduce their dependency on Russian fossil fuels as soon as possible. Subject to regulatory reforms, the EU is also opening its electricity market to the Western Balkans through the Energy Community.
6. Decarbonisation is one of the main pillars of the **Green agenda** for the Western Balkans, embedded in the Economic and Investment Plan. Following the adoption, in October 2021, of the Brdo action plan to implement the Green agenda, further progress is expected. The EU is supporting the region in implementing the Green agenda, for instance, by promoting the development of regional approaches; regional cooperation is a key pre-requisite for dealing with climate change and environmental challenges and opportunities.
7. 2021 was the first full year of implementation of the **Economic and Investment Plan** for the Western Balkans (EIP), aiming at closer integration and bridging the socio-economic gap between the region and the EU, assisting its post-COVID recovery and bringing the Western Balkans closer to the EU Single Market. It is supported by a **package of €9 billion of EU grants and the Western Balkans guarantee facility to crowd in up to €20 billion in investments**. Since it was launched, a total of €1.3 billion in EIP-related investment grants have been approved under the Western Balkans Investment Framework, for financing 24 flagship projects with a total investment value of €3.3 billion. The EIP is instrumental in helping the region respond to the impact of the Russian war in Ukraine, particularly through speeding up the energy transition towards renewable sources, diversification of supply and upgrading the energy efficiency of public and private buildings. With €500 million adopted in 2021 for the implementation of measures in the agricultural sector under the instrument for pre-accession assistance for rural development (IPARD), the partners in the region stand better prepared to tackle the possible impact of the food security and supply crises.
8. Following the adoption of the **IPA III** legal framework in 2021, programming of IPA assistance has followed a solid policy-driven approach, with a particular focus on the fundamental requirements for membership.
9. Leaders from the Western Balkans continue to reaffirm their commitment to the **Berlin process**. The upcoming Berlin process summit in November should be an occasion to remove

outstanding obstacles in inclusive regional economic integration and ensure that the objectives set in previous summits are fully realised.

10. Currently the inability of parties to the **Common Regional Market** to agree and implement technically finalised decisions and agreements that will have a tangible impact on producers and consumers across the region is an obstacle to the potential benefits the market could bring. It will be important for all to work constructively towards unblocking the decision-making process and allow the measures to come into effect. The Open Balkan initiative launched by Albania, North Macedonia and Serbia can play a positive role in the process, provided it is in line with the framework of the Common Regional Market, based on EU rules and is inclusive towards all Western Balkans partners.
11. The current geopolitical challenges call for strengthening our cooperation with the region, whose **security** is ultimately tied up with that of the EU itself. The EU has long been the most important economic partner of the Western Balkans. With the adoption of the EU's Strategic Compass, the foundations are laid for the EU and its Member States to further entrench their role as the region's most important security and defence partners, acting also in close cooperation with likeminded international security actors. Strengthening capacities against hybrid threats such as cyber security, enhancing the resilience of critical infrastructure, and countering disinformation are key priorities.

II.

12. In **Montenegro**, the political commitment of the authorities to the country's EU accession process is regularly and consistently stated as the key priority for the country and is generally reflected in relevant policy decisions. This included a steady 100 % alignment rate with the EU's common foreign and security policy. However, political volatility, government instability and tensions have stalled decision-making processes and reform implementation, leading to a slowdown of negotiations.

The Commission assessment is that, in line with the negotiating framework, an overall balance is currently ensured between progress under the rule of law chapters, on the one hand, and progress in the accession negotiations across chapters, on the other.

The priority for further overall progress in the accession negotiations - and before moving towards the provisional closure of other chapters or clusters - remains the **fulfilment of the rule of law interim benchmarks set under chapters 23 and 24**. In order to reach this milestone, Montenegro needs to intensify its efforts to address the outstanding issues, including in the critical areas of freedom of expression and media freedom and fight against corruption and organised crime, and ensuring functionality and credibility of the judiciary.

This requires political stability and constructive engagement by all stakeholders, leading to the establishment of a stable government, firmly committed to the EU strategic direction, and broad political consensus in Parliament on key reforms, maintaining institutional functionality and strengthening focus on core deliverables to advance the EU integration agenda in practice.

13. While Serbian authorities continued to declare that European integration is their strategic goal, they also maintained close relations with Russia.

Serbia made an important advance on its EU accession path, with the opening of negotiations under cluster 4 (Green agenda and sustainable connectivity) in December 2021, following reform progress, including on the constitutional reform in the area of the judiciary. Serbia took an important step on the independence and accountability of the judiciary with the approval of relevant amendments to the Constitution. The dissolution of the Parliament in February 2022 and the holding of the early parliamentary elections led to a more pluralistic legislative. However, the electoral results were significantly delayed, the formation of the new government is not yet complete, and the pace of EU-accession related reforms has slowed down, including no progress on freedom of expression. Serbia should as a matter of priority establish a government, firmly committed to the EU strategic direction and reform path.

Serbia's alignment with EU common foreign and security policy dropped significantly. Serbia has so far refused to align with the EU restrictive measures against the Russian Federation. Some statements and actions by high-level Serbian officials went directly against EU positions on foreign policy, including in September 2022 with the signature of joint foreign policy priorities between Serbia and Russia for 2023-2024. The EU expects Serbia to stand up for common principles, values, and security, stepping up its efforts in progressively aligning with EU positions on foreign policy, including declarations and restrictive measures, in line with the negotiating framework.

On the normalisation of relations with Kosovo, overall, Serbia has remained engaged in the Dialogue. However, the Serbian government needs to uphold its previous commitments and commit to the full implementation of all past Dialogue agreements. Moving forward, Serbia also needs to make further substantial efforts to avoid actions that undermine stability and rhetoric that is not favourable to dialogue. Serbia should contribute to a conducive environment for the conclusion of a legally binding normalisation agreement with Kosovo, including in its international relations. Serbia is expected to engage more constructively in the negotiations on the legally binding normalisation agreement in the coming period and show readiness to compromise in order to make rapid and concrete progress.

On rule of law, further work and political commitment are needed to continue and deepen reforms and address shortcomings, in particular in the key areas of the judiciary, fight against corruption and organised crime, media freedom, freedom of assembly and the domestic handling of war crimes. In particular, Serbia should adopt the legislation needed to apply the constitutional changes in practice within the foreseen deadlines, to effectively strengthen the independence of the judiciary and the autonomy of the prosecution, and to tackle undue influence.

In addition to the reforms, the Serbian authorities need to take responsibility for proactive and objective communication on the EU, which is Serbia's main political and economic partner, in line with their declared strategic goal of European integration. Serbia also needs to robustly tackle all forms of disinformation and foreign information manipulation.

Serbia's progress on the rule of law and the normalisation of relations with Kosovo will continue to determine the overall pace of the accession negotiations. The Commission's assessment is that, in line with the negotiating framework, an overall balance is currently ensured between progress under the rule of law chapters and normalisation of relations with

Kosovo, on the one hand, and progress in the accession negotiations across chapters, on the other.

The Commission's assessment that Serbia has technically fulfilled the benchmarks to open cluster 3 (Competitiveness and inclusive growth) remains valid. An unequivocal demonstration of Serbia's commitment to its strategic objective of European integration, as set in the negotiating framework is essential.

14. The launch of the EU accession negotiations process with **North Macedonia** this year was a major breakthrough and marked the beginning of a new phase in the EU-North Macedonia relations. The first political intergovernmental conference with North Macedonia took place on 19 July, following the approval by the Council of the negotiating framework. This was a clear recognition of the progress achieved by North Macedonia to advance the EU reform agenda and to deliver tangible and sustained results, including under the fundamentals cluster. Following Russia's invasion of Ukraine, North Macedonia confirmed its strong and clear strategic orientation towards the EU by fully aligning with all EU common foreign and security policy decisions and declarations and has since maintained a 100% alignment rate. By doing so, North Macedonia has shown its determination to advance on its EU path as a reliable partner.

To advance the pace of the accession negotiation process of North Macedonia, in line with the negotiating framework, **the Commission started immediately the screening, which is the first step in the negotiation process.** North Macedonia has shown a high level of commitment and the screening process is proceeding smoothly. Throughout the entire process, it is important to ensure coordination among all institutions, as well as an inclusive approach by working with all stakeholders, the civil society and regular communication to the wider public.

As a negotiating country, North Macedonia has both new responsibilities and new opportunities. This new and demanding phase requires constructive engagement from both government and opposition as well as other parts of society, fostering broad consensus on EU-related reforms. The country needs to continue delivering on its reform priorities, including in key areas of rule of law, the fight against corruption and organised crime. The country provides a good example of a multi-ethnic society. The amendment of the Constitution, in line with the commitment of North Macedonia, will further advance fundamental rights.

15. The launch of the EU accession negotiations process with **Albania** this year was a major breakthrough and marked the beginning of a new phase in the EU-Albania relations. The first intergovernmental conference on accession negotiations held with Albania on 19 July was a clear recognition of the progress achieved by Albania to advance the EU reform agenda and to deliver tangible and sustained results.

Albania has continued to make progress in reforms under the fundamentals cluster. The implementation of the comprehensive justice reform has continued. The country's commitment to strengthen the rule of law, to fight corruption and organised crime is commendable. As non-permanent member, Albania has been actively engaged in the UN Security Council including as a co-penholder of resolutions condemning the Russian aggression against Ukraine. Full alignment with EU common and foreign security policy by

Albania is a strong signal of the strategic choice of EU accession and of its role as a reliable partner.

To advance the process of accession negotiations with Albania, in line with the Negotiating Framework, **the Commission started immediately the screening, which is the first step in the negotiation process.** Albania has shown a high level of commitment and the screening process is proceeding smoothly.

As a negotiating country, Albania has both new responsibilities and new opportunities. While robust preparatory work was already undertaken, this new and demanding phase requires Albania's sustained commitment and effective coordination among all its institutions, as well as continuous engagement from both government and opposition as well as other parts of society. The country needs to avoid steps that go against the rule of law. Albania should further intensify its efforts in key areas such as the reform of the judiciary, the fight against corruption and the fight against organised crime, as well as on freedom of expression, property rights, and minority issues.

16. In June 2022, the European Council expressed its readiness to grant the status of candidate country to **Bosnia and Herzegovina** and to that aim it invited the Commission to report without delay on the implementation of the 14 key priorities set out in its Opinion with special attention to those which constitute a substantial set of reforms for the European Council to revert to decide on the matter.

Despite political turmoil and the upcoming general elections, the leaders of the political parties represented in the Parliamentary Assembly of Bosnia and Herzegovina in June 2022 committed to principles for ensuring a functional Bosnia and Herzegovina that advances on the European path. The parties agreed to implement these commitments urgently and no later than six months from the formation of all authorities, following the elections, which took place on 2 October.

Subsequently, in line with the 14 key priorities, Bosnia and Herzegovina adopted amendments to the public procurement law in August and amendments of the comprehensive strategy on public financial management by all levels of government in June-July. The policy dialogue with the EU, under the Stabilisation and Association Agreement, was also resumed after many months of standstill, due to a blockage by political parties based in the *Republika Srpska* entity of state-level legislative and executive institutions. The Presidency ratified several international agreements, including Horizon and Creative Europe, and the Union Civil Protection Mechanism. Significant steps were taken to improve migration management. Bosnia and Herzegovina took an important step forward improving its alignment with EU foreign and security policy, up to 81% by end-August 2022. However, full implementation remains pending.

In relation to the fight against corruption and organized crime, Bosnia and Herzegovina made important gains. The operationalisation of the Europol contact point is nearly finalized, in addition preparations for formalisation of Bosnia and Herzegovina-Eurojust cooperation have also advanced.

The Federation entity government remained in office for the full 2018-2022 term in a caretaker capacity. Political parties could not agree on constitutional and electoral reforms, and the High

Representative at his own initiative used the Bonn Powers four times, including on electoral standards, financing of elections and amendments to the constitution of the Federation entity. The adoption of rule of law reforms has been delayed and is overdue. The June 2022 European Council called on the leaders of Bosnia and Herzegovina to urgently finalise the pending constitutional and electoral reforms. These reforms should be advanced as an utmost priority.

The Commission, therefore, recommends that Bosnia and Herzegovina be granted candidate status by the Council, on the understanding that the following steps are taken:

- adopt, as a matter of priority, integrity amendments in the existing law of High Judicial and Prosecutorial Council;
- adopt a new law on the High Judicial and Prosecutorial Council and adopt the law on Courts of Bosnia and Herzegovina;
- adopt the law on Prevention of Conflict of Interest;
- take decisive steps to strengthen the prevention and fight against corruption and organised crime;
- decisively advance work to ensure effective coordination, at all levels, of border management and migration management capacity, as well as ensuring the functioning of the asylum system;
- ensure prohibition of torture, notably by establishing a national preventive mechanism against torture and ill-treatment;
- guarantee freedom of expression and of the media and the protection of journalists, notably by ensuring the appropriate judicial follow-up to cases of threats and violence against journalists and media workers;
- ensure a track record in the functioning at all levels of the coordination mechanism on EU matters including by developing and adopting a national programme for the adoption of the EU *acquis*.

The Commission stands ready to continue supporting the efforts of Bosnia and Herzegovina on its European path by further engaging in policy dialogue and by setting up a high-level political forum to monitor the implementation of the abovementioned steps and report on further progress on the ground. Fulfilling the 14 key priorities will allow the Commission to recommend opening EU accession negotiations with Bosnia and Herzegovina.

17. **Kosovo** enjoyed political stability, and the authorities continued to demonstrate visibly their commitment to Kosovo's European path. This political environment was conducive to Kosovo stepping up its work to implement EU-related reforms and the SAA. Municipal elections held in October and November 2021 were overall well organised, transparent and competitive. Kosovo needs to intensify its efforts to strengthen democracy, public administration, the rule of law and to fight corruption. Kosovo should also push forward with its new energy strategy's implementation in order to build energy resilience.

On the normalisation of relations with Serbia, overall, Kosovo has remained engaged in the Dialogue. However, the Kosovo government needs to uphold its previous commitments and commit to the full implementation of all past Dialogue agreements. Moving forward, Kosovo

also needs to make further substantial efforts to avoid actions that undermine stability and rhetoric that is not favourable to dialogue. Kosovo should contribute to a conducive environment for the conclusion of a legally binding normalisation agreement with Serbia, including in its international relations. Kosovo is expected to engage more constructively in the negotiations on the legally binding normalisation agreement in the coming period and show readiness to compromise in order to make rapid and concrete progress.

The Commission's proposal for visa liberalisation is still pending in the Council and should be treated as a matter of urgency. The Commission stands by its assessment of July 2018 that Kosovo fulfils all visa liberalisation benchmarks, and welcomes that discussions in the Council are about to resume.

18. The European Council has repeatedly re-affirmed its strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with **Türkiye**. In June 2022, the European Council expressed deep concern about recent repeated actions and statements by Türkiye. Türkiye must respect the sovereignty and territorial integrity of all EU Member States. Recalling its previous conclusions and the statement of 25 March 2021, the European Council stressed its expectation from Türkiye to fully respect international law, to de-escalate tensions in the interest of regional stability in the Eastern Mediterranean, and to promote good neighbourly relations in a sustainable way. Intensified engagement in the key areas of common interest continued.

Regarding the Russian war of aggression against Ukraine, Türkiye aimed at facilitating direct talks, working on de-escalation and cease-fire. It also undertook an important diplomatic initiative to facilitate, along with the United Nations, the export of Ukrainian grain. The deal reached in July 2022, in Istanbul opened the path for commercial food exports from key Ukrainian ports and should help prevent food shortage for millions worldwide.

Türkiye's non-alignment with the EU restrictive measures against Russia is of concern due to the free circulation of products, including dual use goods, within the EU-Turkey Customs Union. This is a cause for increasing concerns that requires close EU monitoring. In addition, Türkiye has signed a Memorandum of Understanding to further develop its economic and trade relations with Russia. The EU is determined to safeguard the effectiveness of the restrictive measures adopted in response to Russia's war of aggression against Ukraine.

Türkiye is expected to actively support the negotiations on a fair, comprehensive and viable settlement of the Cyprus issue within the UN framework, in accordance with the relevant UN Security Council resolutions and in line with the principles on which the EU is founded. On Varosha, Türkiye must immediately reverse the unilateral actions announced and all steps taken since October 2020 that run contrary to relevant UN Security Council resolutions. Furthermore, it is urgent that Türkiye fulfils its obligation to ensure full and non-discriminatory implementation of the Additional Protocol to the EU-Turkey Association Agreement and removes all the obstacles to the free movement of goods, including restrictions on direct transport links with the Republic of Cyprus.

There are serious deficiencies in the functioning of Türkiye's democratic institutions. The EU's serious concerns on the continued deterioration of democracy, the rule of law, fundamental rights and the independence of the judiciary have not been addressed by the country. Türkiye

needs to reverse this negative trend as a matter of priority with addressing the weakening of effective checks and balances in the political system. Dialogue on rule of law and fundamental rights remains an integral part of the EU-Türkiye relationship.

The March 2016 EU-Turkey Statement continued to yield results and Türkiye continued to play a key role in addressing migration along the Eastern Mediterranean route. However returns from the Greek islands have not resumed yet and irregular migration to Cyprus and Italy has increased substantially. Türkiye continued its enormous efforts to host a very large refugee population and the EU continued to demonstrate solidarity, notably through additional financial contribution to refugees and host communities in Türkiye (close to EUR 10 billion since 2016).

Regarding the economy, concerns have further increased over the building up of macro-economic imbalances, the proper functioning of Türkiye's market economy and the lack of independence of regulatory authorities. The EU and Türkiye continue to benefit from the EU-Turkey Customs Union. Despite limited positive developments, Türkiye should continue intensified engagement with the Commission to address its trade irritants hampering the smooth functioning of the Customs Union.

VI. ANNEXES

- 1. Summaries of the findings of the reports**
- 2. Implementation of the Economic and Investment Plan for the Western Balkans**
- 3. Statistical data**
- 4. Third party indicators related to the status of democracy, good governance and the rule of law in candidate countries and potential candidates**



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ANNEXES 1 to 4

ANNEXES

to the

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2022 Communication on EU Enlargement policy

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2022 Communication on EU Enlargement policy

Annex 1 - Summaries of the findings of the reports

Montenegro

As regards the **political criteria**, political tensions, polarisation, the absence of constructive engagement between political parties and the failure to build consensus on key matters of national interest continued and caused two fractious governments to fall on votes of no-confidence. The proper functioning of Montenegrin institutions has been affected by political volatility, government instability and tensions within the ruling majorities, stalling decision-making processes and reform implementation. The main judicial bodies, including the Constitutional Court, have been operating in an incomplete composition due to the Parliament's inability to elect new members, thus undermining their proper functioning. As of mid-September the Constitutional Court was unable to fulfil its role due to the absence of a quorum, amplifying political uncertainty.

The conclusion of the Fundamental Agreement with the Serbian Orthodox Church had an impact on the political atmosphere and raised further tensions. Overall, the governments and the Parliament failed to demonstrate in practice their engagement as regards the EU-related reform agenda.

There was no progress with regard to a comprehensive reform of the electoral legal and institutional framework, including on the Organization for Security and Co-operation in Europe (OSCE) Office for Democratic Institutions and Human Rights (ODIHR) recommendations, following the observation mission of the 2020 parliamentary elections. The Parliamentary Committee for a comprehensive electoral reform was not operational from June until November 2021 and met only twice in 2022, before its mandate came to an end in July 2022. Local elections took place in five municipalities. In May 2022, the Parliament adopted amendments to the Law on Local Self-Government allowing to hold all remaining 2022 local elections on the same day. In July, the Constitutional Court assessed these amendments as unconstitutional. A credible, independent and effective institutional response to the so called 'envelope affair' remains to be ensured.

The work of the Parliament has been marked by boycotts of the ruling majority and of the opposition, changes of governments and by the change of two consecutive Speakers in the process. The legislation-making process was significantly affected. There was no credible political dialogue and constructive engagement by political parties with a view to enhancing parliamentary accountability and government oversight. Government and Parliament cooperation should be further regulated to enhance Parliament's participation in and oversight of the accession process.

The Parliament continued to strengthen its transparency, by establishing several citizen-oriented services. The capacity of Parliament to integrate and oversight gender equality issues needs to be enhanced.

The role of **civil society** is recognised and promoted, although the current legal and institutional framework needs to be further improved to strengthen the consultation and cooperation mechanisms between state institutions and civil society in the context of the EU accession process.

Montenegro is moderately prepared as regards **public administration reform**. Overall, limited progress was made, including the adoption of the new 2022-2026 strategy for public administration reform. Conversely, the effects of the reorganisation of the public administration and the amendments to the Law on civil servants and state employees adopted in 2021 continued to be felt, with staff changes, a loss of know-how on EU accession process-related matters and an overall slowing of the pace of reforms. The lowered requirements introduced by these amendments are a source of continuing concern with regard to the merit-based recruitment, competence and independence of civil servants. Furthermore, draft amendments of the Law on local self-government would similarly lower such requirements at the local level. Amendments to the Law on access to information have yet to be adopted by Parliament. Effective lines of accountability within the administration are still to be established. Strong political will is needed to effectively address issues related to merit-based recruitments, optimisation of the state administration and implementation of managerial accountability.

Montenegro remains moderately prepared when it comes to its **judicial system**. Limited progress was achieved overall during the reporting period. The implementation of key judicial reforms remains stalled. Certain long-pending high-level judicial appointments took place, while several others, including at the Constitutional Court (for which a qualified majority in Parliament is required) are still pending. Concerns remain over the institutional performance and consolidation of independent Judicial and Prosecutorial Councils. The track record on judicial accountability remains limited. The judiciary's effective independence, integrity, accountability and professionalism need to be further strengthened, including by implementing the relevant constitutional and legal framework and by adopting legislative changes in line with European standards. The judiciary's efficiency also needs to be strengthened. The adoption of a new strategy for the rationalisation of the judicial network is still pending, as is the implementation of the ICT strategy for the judiciary. Montenegro continues to make progress on the domestic handling of war crimes.

Montenegro has achieved some level of preparation in the **fight against corruption**. Limited progress was achieved during the reporting period, with last year's recommendations only partially met. The track record on prevention of corruption further improved, in particular due to the positive trend in the work of the Anti-Corruption Agency. However, more needs to be done to ensure the Agency's integrity, impartiality and accountability, and to improve its tangible results and public trust, in line with the recommendations of the peer review mission conducted in 2021. To demonstrate a credible criminal justice response, Montenegro still must improve its track record of investigations, prosecutions and final convictions in the fight against corruption, including high-level corruption. Furthermore, the legal and institutional framework must be improved in line with the EU *acquis* and European standards, including for the effective use of financial investigations and asset seizure and confiscation in such cases. The sectors most vulnerable to corruption require targeted risk assessments and dedicated action.

In the **fight against organised crime**, Montenegro has some level of preparation/is moderately prepared. Some progress was made in addressing last year's recommendations, in particular as regards the efficiency of criminal investigations. The full use of special investigative measures was restored. Legislative changes introduced safeguards against political influence over the appointment or dismissal of the Head of the police. A register of beneficial ownership was created. The administrative framework on firearms was improved and a new strategy on the prevention of terrorism, money laundering and the financing of terrorism was adopted. Some key

figures in organised crime groups were arrested and another record of drug seizures was reached. The first joint investigation team with a third country was launched. The number of final convictions in organised crime cases is on the rise. However, the track record of court decisions on tobacco smuggling and money laundering, the use of financial investigations and the capacity to confiscate the proceeds of crime needs to be strengthened. Montenegro has yet to address some systemic deficiencies that exist across the board in its criminal justice system, including the way organised crime cases are handled in courts. This will require a more deterrent sentencing policy and a revision of the use of plea bargains in organised and serious crime cases.

Montenegro is moderately prepared in the area of **fundamental rights**. The legislative and institutional framework is largely in place and Montenegro continues to meet its international obligations on human rights. However, additional efforts remain needed to implement it fully. On **freedom of expression**, Montenegro benefits from a pluralistic media environment and has achieved some level of preparation. Limited progress was made on last year's recommendations. The legal framework on the protection of journalists and other media workers was improved thanks to the adoption of amendments to the Criminal Code laying down more stringent penalties against attacks and threats against journalists and obstructing or preventing them from performing their work. However, the lack of effective judicial follow-up on important old cases remains a matter of serious concern. The revision of the legal framework and the drafting of a new media strategy remain pending, in order to ensure their mutual consistency and full alignment with the EU *acquis* and relevant European standards. Sustained efforts are needed to counter disinformation and limit the effects of online harassment and hate speech, without disproportionately limiting freedom of expression. The public broadcaster RTCG continued to produce politically balanced and diverse content. Deep political polarisation of the media scene persisted, while growing competition from big regional media placed additional strain on the local media market.

On the **economic criteria**, Montenegro has made **good progress** and is **moderately prepared** in developing a functioning market economy. After experiencing a sharp recession in 2020, the economy recorded a strong rebound in 2021 and kept growing at a steady pace in the first half of 2022 as the removal of COVID-19 restrictions buoyed both domestic and external demand. The recovery led to surging revenues and a very large improvement in the budget balance. The fallout from Russia's war against Ukraine has been limited so far, despite these two countries' very significant contribution to Montenegro's tourism in the past. Driven by surging global commodity prices, inflation increased significantly. The government adopted an ambitious fiscal reform programme (called 'Europe Now') to support the post-pandemic recovery and provided fiscal stimulus measures easing the burden on households from rising energy and food prices. External imbalances decreased significantly thanks to the rebound of tourism, while the state of the labour market started to improve, even if structural problems persist. The banking system remained stable and non-performing loans did not increase significantly in 2022 after the expiry in 2021 of the loan moratorium adopted in the context of the COVID-19 crisis.

Montenegro has made **some progress** and is **moderately prepared** to cope with competitive pressure and market forces within the EU. The last two governments worked to improve innovation capacities and to set the basis for a green and digital transition in an effort to diversify Montenegro's narrow production. In particular, modern telecommunications and ambitious green energy projects are being deployed. However, infrastructure gaps persist, as the country's administrative and financial capacities to implement major public investments remains limited.

The education system still faces numerous challenges over a chronic shortage of science, technology, engineering and mathematics (STEM) graduates. In addition, the low value added of domestic products, the small size of local companies and low level of participation in exports represent obstacles for increasing the productivity and competitiveness of local firms.

On **good neighbourly relations and regional cooperation**, Montenegro generally maintains good bilateral relations with other enlargement countries in the region and with neighbouring EU Member States, marked by continued cooperation and several high-level visits. Relations with Serbia remain challenging but both sides are signalling more willingness to reset relations and work toward addressing open issues. In general, Montenegro actively participates in regional cooperation.

On Montenegro's **ability to assume the obligations of EU membership**, the country continued the work on alignment with the EU *acquis* in many areas, however overall the progress made was limited.

The cluster on the **internal market** is key for Montenegro's preparations for the EU's requirements in this area and is of high relevance for early integration and the development of the Common Regional Market. All nine chapters are open, with closing benchmarks that remain to be fulfilled in each chapter. Progress was achieved in several areas within the cluster, particularly on: (i) market surveillance, accreditation and standardisation; (ii) stepping up the Employment Agency's capacity on the European network of employment services; (iii) continued alignment with the Services Directive; (iv) legislation on accounting; (v) *acquis* alignment on intellectual property rights and (vi) State aid transparency and ordering recovery of unlawful State aid. The stability of Montenegro's banking sector also advanced, as did legislative alignment on consumer protection and the adoption of implementing legislation on health protection.

The **competitiveness and inclusive growth** cluster and the reforms concerned have significant links to Montenegro's economic reform programme. All eight chapters are open, with closing benchmarks set in all but two, namely Chapters 25 (science and research) and 26 (education and culture) both of which are provisionally closed. Closing benchmarks remain to be fulfilled in each of the other six chapters. Some progress was achieved in various areas, namely on the alignment with the Broadband Cost Reduction Directive, on tax legislation and on administrative cooperation and mutual assistance. There was also progress on further implementation of the revised industrial policy. By contrast, there was slow progress on preparations for accession to the Convention on a Common Transit Procedure, on implementing actions envisaged in the 2018-2022 trade facilitation strategy, and on implementing the action plan for alignment with the EU *acquis* on economic and monetary policies.

The **green agenda and sustainable connectivity** cluster is at the heart of the Green Agenda for the Western Balkans and closely linked to Montenegro's economic reform programme and the Commission's Economic and Investment Plan. All four chapters are open, with closing benchmarks that remain to be fulfilled in each chapter. Some progress was achieved on creating a functioning day-ahead energy market and on preparing for membership of the Paris Memorandum of Understanding on Port State Control. There was limited progress on the review and implementation of the transport development strategy; on water management and by improved climate change reporting.

The cluster on **resources, agriculture and cohesion** comprises policies linked to EU structural funds and to developing capacity to assume the responsibilities of a future Member State. It also comprises some of the key policy areas crucial for ensuring sustainable food systems and helping rural communities to develop and diversify economically. All five chapters are open, with closing benchmarks that remain to be fulfilled in each chapter. Progress was achieved in various areas, notably in agriculture, food and fisheries, where there was further support for agricultural establishments and rural food companies to align with the EU standards, and in implementing IPARD. On financial and budgetary provisions, progress was achieved through improved coordination and management of own resources.

On the **external relations** cluster, Montenegro has provisionally closed Chapter 30 and has to fulfil the single closing benchmark on Chapter 31. Montenegro continues full alignment with the EU's common foreign and security policy, including with the EU's restrictive measures following Russia's unprovoked aggression against Ukraine. It also coordinates its positions with those of the EU, including within the WTO and maintains good cooperation with international organisations. Progress can be noted on the adoption of the Law on export control of dual-use goods, in line with the EU *acquis*, and the ratification of Central European Free Trade Agreement (CEFTA) Additional Protocol 6. Montenegro's voting patterns on cybercrime at the United Nations are fully convergent with the position taken by the EU and its Member States. In the area of **migration**, Montenegro signed a cooperation roadmap with the European Asylum Support Office (now the EU Agency for Asylum) and joined the European Migration Network, an EU network of migration and asylum experts, as an observer member. The processing time for asylum applications was reduced. Montenegro's visa policy is not fully aligned with that of the EU and Montenegro has not yet terminated its investor citizenship programme, despite previous recommendations and commitments. Montenegro is the Western Balkan partner hosting proportionally the highest number of Ukrainian nationals having fled the war. It adopted a decision granting one-year temporary protection to people fleeing Ukraine, under which more than 5 552 Ukrainians, mostly women and children, have registered so far.

Serbia

As regards the **political criteria**, all relevant political actors took part in the early parliamentary elections on 3 April 2022, which resulted in a more pluralistic Parliament. However, the political and media landscapes remained polarised and continued to be dominated by the Serbian Progressive Party (SNS) and the incumbent President. Offensive language continued to be used against political opponents, both in Parliament and during the electoral campaign. Prior to the elections, a broad range of political actors engaged in the Inter-Party Dialogue, facilitated by the European Parliament.

The April 2022 presidential and early parliamentary elections were held in a generally calm and peaceful atmosphere and fundamental freedoms were largely respected. However, international observers noted a number of shortcomings. According to the final report of the International Election Observation Mission, these shortcomings resulted in an uneven playing field favouring the incumbents. It is crucial that outstanding and new recommendations from the Office for Democratic Institutions and Human Rights (ODIHR) and Council of Europe bodies are fully implemented, in a transparent process, well ahead of any new elections and with the involvement and upon consulting expert civil society organisations.

A new, more pluralistic Parliament was constituted on 1 August 2022. Due to significant delays in finalising the election results, there was no parliamentary activity, other than the inauguration of the President, for a period of over five months. The previous Parliament engaged constructively in the Inter-Party Dialogue and in implementing the measures identified therein. The use of urgent procedures remained at around 9%. The code of conduct still needs to be used more effectively in preventing and sanctioning the use of offensive and inappropriate language in Parliament.

Further efforts are still needed to ensure systematic cooperation between the government and **civil society**. An enabling environment for developing and financing civil society organisations still needs to be created on the ground, as verbal attacks and smear campaigns against such organisations continued.

Serbia is moderately prepared as regards **public administration reform**. Overall, limited progress was made in this area during the reporting period, when the start of implementation of the new strategic framework began. On human resources management, roughly half of senior manager positions are still filled on an acting basis. As regards policy development and coordination, no mechanism is yet in place to verify that the Public Policy Secretariat's comments have been incorporated into the final draft versions of laws and policy documents submitted for government approval. On public financial management, action is still needed to fully implement the recommendation for a single mechanism for prioritising all investments regardless of type and source of financing.

Serbia has some level of preparation when it comes to its **judicial system**. Overall, some progress was made during the reporting period. Serbia took an important step towards strengthening the independence and accountability of the judiciary with the approval of relevant amendments to the Constitution in February 2022, together with the constitutional law setting out the steps and the deadlines for their implementation. The Venice Commission was consulted twice during the drafting process. It found that the process of public consultations was sufficiently inclusive and transparent. Most of the Venice Commission's specific recommendations were addressed. The amendments provide that all judicial appointments (with the exception of the future Supreme Prosecutor) will be the competence of either the future High Judicial Council or the High Council of Prosecutors, increasing safeguards against potential political influence. In order to give practical effect to the constitutional amendments the relevant implementing legislation needs to be adopted as a next step. According to the constitutional law, this legislation should be adopted within 1 year for judicial laws and within 2 years for the alignment of all other relevant legislation. Two expert working groups (one for prosecutors, one for courts) were established in April 2022 and tasked with the drafting of the implementing legislation. A first set of draft judicial laws were finalised in September 2022 and shared with the Venice Commission for opinion. The new human resources strategy and implementing action plan were adopted in December 2021. Their implementation is pending.

Serbia has some level of preparation in the **fight against corruption**. Overall, some progress was made during the reporting period, including on last year's recommendations. The recommendation on prevention of corruption has been further implemented, and the Council of Europe's Group of States against Corruption (GRECO) concluded in March 2022 that the adoption of amendments to the Law on prevention of corruption had addressed the previously identified shortcomings and was sufficient to strengthen the framework aimed at preventing and combating conflicts of interest of members of Parliament, judges and prosecutors. Serbia has still

to prepare a new anti-corruption strategy and action plan, and establish an effective coordination mechanism to operationalise prevention and repression policy goals and thoroughly address corruption. The number of indictments and first-instance convictions in high-level corruption cases has increased slightly. Serbia should further step up the prevention and repression of corruption. In particular, it should increase the final confiscation of assets linked to these cases. Those sectors most vulnerable to corruption require targeted risk assessments and dedicated action.

In the **fight against organised crime**, Serbia has some level of preparation. Limited progress was made over the reporting period. The number of new investigations and final convictions increased in 2021 compared to 2020, however the number of indictments and first instance convictions decreased. The number of cases involving seizure and final confiscation of assets is still limited. Extended confiscation is not systematically applied. However, the level of understanding and the investigation approach have improved, which should lead to better results in the future. Serbia should move from a case-by-case approach to a strategy against criminal organisations, and from focusing on cases of low or medium importance to high- profile cases, aimed at dismantling big internationally spread organisations and seizing assets.

Serbia's legislative and institutional framework for upholding **fundamental rights** is broadly in place. Serbia adopted new strategies on anti-discrimination and Roma inclusion, as well as action plans on gender equality and Roma inclusion. Action plans, and related funding, in other areas were due in July 2021 (violence against women) and April 2022 (anti-discrimination; de-institutionalisation) and are now overdue. More efforts are needed to comply with the Law on the planning system, which requires that action plans are adopted within three months of the adoption of related strategies. Serbia needs to strengthen human rights institutions by allocating the necessary financial and human resources and by putting in place procedures to ensure compliance with the European Court of Human Rights' measures, including interim measures. In September 2022, Europride was hosted for a first time in the Western Balkans, in Belgrade. The Europride route was banned, and the holding of the march was uncertain until the very last moment. The authorities claimed safety concerns related to threats by extreme right groups as the basis for their decision. An anti-Europride and, anti-Western demonstration was also banned. Finally a march, via a shorter route took place on 17 September 2022, without major incidents. A high number of law enforcement officers protected it, nevertheless, some instances of violence against the participants were reported. The period prior to the march was marked by legal and political uncertainty. The communication of the authorities was contradictory, with high level announcements that the march would be banned altogether and a subsequent ban issued by the Ministry of the Interior on the route of the march. Other high level politicians addressed the Europride Human Rights Conference and held a reception before the march. While the authorities maintained contacts with the organisers to find a solution, they remained non-committal about the parade going ahead with an official permit.

Regarding **freedom of expression**, no progress was made in the reporting period. The two working groups on the safety of journalists continued to meet. In several cases of attacks and threats, the police and the prosecution reacted swiftly, also thanks to the coordination facilitated through those groups. However, cases of threats and violence against journalists remain a concern and the overall environment for the exercise of freedom of expression without hindrance still needs to be further strengthened in practice. Implementation of the media strategy experienced increasing delays, affecting even the most important measures such as amending the

Law on public information and media and the Law on electronic media. In July 2022, the Regulatory Body for Electronic Media (REM) awarded all four national frequencies, for a period of eight years, to the same television channels as in the previous period, during which all of them had received warnings from REM due to violation of their legal obligations. A call for a fifth licence was published in August 2022; the process should be handled in a transparent manner, respecting the principle of media pluralism in the Audiovisual Media Services Directive. In its final report of 19 August 2022 on the April elections, ODIHR found that ‘the national public broadcasters had covered the campaign activities of all contestants equitably but provided extensive uncritical news coverage to public officials who were also candidates. Private broadcast media with national coverage presented the election campaign without meaningful editorial input and focused their news coverage on state officials.’ ODIHR also found that ‘despite its mandate to oversee the broadcast media, REM remained overall passive in the campaign period.’

On the **economic criteria**, Serbia is between a good and moderate level of preparation and has made some progress in developing a functioning market economy. After a relatively mild contraction in 2020, the Serbian economy rebounded strongly in 2021 followed by some deceleration in the first half of 2022. After decreasing in 2020, external imbalances started to widen in the second half of 2021, in particular due to high energy imports. Consumer price inflation surged in the second half of 2021, mostly driven by energy and food prices, which led the central bank to start tightening its policy stance. Banking sector stability was preserved and lending growth remained robust despite the phasing-out of liquidity-enhancing measures. The economic rebound and the reduction of fiscal support measures helped to substantially improve the budget balance in 2021, despite a further increase in capital spending. A slight increase in the unemployment rate in 2021 reflected in particular a rising labour market participation as part of the rebound from the COVID-19 crisis.

There has been some progress with tax administration reforms and the privatisation of state-owned enterprises. However, other major structural reforms of public administration and of the governance of state owned enterprises (SOEs) continued to advance slowly, prolonging long standing inefficiencies and increasing fiscal pressure. There has been no progress in strengthening fiscal rules to anchor fiscal policy. The state retains a strong footprint in the economy and the private sector is underdeveloped and hampered by weaknesses in the rule of law, in particular corruption and judicial inefficiency, and in the enforcement of fair competition. Last years’ recommendations have been partially implemented.

Serbia is moderately prepared and has made some progress in **coping with competitive pressure and market forces within the EU**. The structure of the economy improved further and economic integration with the EU remained high. However, despite some progress, the quality and relevance of education and training does not fully meet labour market needs. Public investment has continued to increase with the aim of addressing serious infrastructure gaps after years of underinvestment. Small and medium-sized enterprises (SMEs) still face a number of challenges, including an uneven playing field as compared to large companies and foreign investors. Last year’s recommendations have been partially implemented.

On **good neighbourly relations and regional cooperation**, Serbia remained committed overall to improving bilateral relations with other candidate countries, potential candidates and neighbouring EU Member States. However, relations with Croatia are increasingly under strain, with occasional political altercations. Relations with Montenegro remain challenging but both

sides have signalled greater willingness to reset relations and work toward addressing open issues. In general, Serbia actively participates in regional cooperation.

The EU-facilitated Dialogue on the **normalisation of relations with Kosovo** continued throughout the reporting period with regular monthly meetings on the level of Chief Negotiators and a High-level meeting in Brussels on 18 August 2022. No further concrete progress was yet achieved in the negotiations on the comprehensive and legally-binding normalisation agreement, while in the High-level meeting President Vučić and Prime Minister Kurti agreed to regular meetings on the level of Leaders to take the negotiations forward. Kosovo and Serbia are now urged to engage constructively and advance the negotiations on the comprehensive, legally-binding normalisation agreement with no further delay. Reaching such an agreement is urgent and crucial so that Kosovo and Serbia can advance on their respective European paths.

Regarding Serbia's **ability to assume the obligations of EU membership**, the country continued the work on alignment with the EU *acquis* in many areas, particularly on company law, intellectual property rights, research and innovation and financial control.

The **internal market** cluster is key for Serbia's preparations for the requirements of the EU's internal market and is highly relevant for early integration and the development of the Common Regional Market. Progress was achieved in several areas within the cluster, particularly on legislative alignment on company law; freedom of movement for workers through coordination of social security systems; and legislative alignment on the free movement of goods.

The **competitiveness and inclusive growth** cluster has significant links to Serbia's Economic Reform Programme. Progress was achieved in some areas under this cluster, particularly: social policy and employment through steps towards establishing the Youth Guarantee scheme; economic and monetary policy through improvements of the budget process; enterprise industrial policy through an action plan for the strategy on state ownership and management of business entities owned by the Republic of Serbia, and the creation of the e-consultation portal; scientific and technological development through the new strategy for developing start-up ecosystem; and education through steps towards ensuing compliance of the quality assurance system in higher education with the recommendations of the European Association for Quality Assurance in Higher Education (ENQA).

The **Green agenda and sustainable connectivity** cluster is at the heart of the Green Agenda for the Western Balkans¹ and closely linked to Serbia's Economic Reform Programme and the Commission's Economic and Investment Plan². The cluster and all related chapters were opened in December 2021, after Serbia had fulfilled the remaining requirements, namely the adoption of action plans on oil stocks and on gas unbundling. Limited progress was achieved overall with the exception of Trans-European networks, where Serbia advanced on upgrading its infrastructure, with works starting on the Serbia-Bulgaria gas interconnector, a strategically highly important project for Serbia and Europe.

The cluster on **resources, agriculture and cohesion** comprises policies linked to EU structural funds and to developing capacity to assume the responsibilities of a future Member State. It also comprises some of the key policy areas crucial for ensuring sustainable food systems and helping rural communities to develop and diversify economically. Two out of five chapters are open

¹ SWD(2020) 223 final.

² COM(2020) 641 final.

(Chapters 13 and 33) with closing benchmarks still to be fulfilled in each chapter. The Commission has assessed that the opening benchmarks have been met for Chapters 11 and 22, while Serbia still has to meet all three opening benchmarks for chapter 12. Limited progress was achieved in some areas, e.g. submission of the IPARD III programme for 2021-2027; adoption and implementation of the law on plant protection products; classification of food establishments and establishments handling animal by-products; financial and budgetary provisions as regards the underlying policy areas affecting the correct functioning of the own resources system; and regional policy as regards financial management.

On the **external relations** cluster, Serbia is yet to finalise its accession to the World Trade Organization which is one of the opening benchmarks for chapter 30. Serbia should also abstain from introducing unilateral trade restrictive measures without prior consultation of the Commission, in line with its SAA obligations. Following Russia's unprovoked and unjustified aggression against Ukraine, Serbia did not align with the EU restrictive measures against Russia and majority of Declarations by the High Representative on behalf of the EU on this matter. Serbia's alignment rate with relevant High Representative declarations on behalf of the EU and Council Decisions therefore dropped from 64 % in 2021 to 45 % in August 2022. A number of actions and statements by Serbia went against EU foreign policy positions. Serbia is expected, as a matter of priority, to fulfill its commitment and progressively align with the EU Common Foreign and Security Policy, including with EU restrictive measures, in line with EU-Serbia negotiating framework.

Serbia continued to contribute to the management of the mixed **migration** flows towards the EU by cooperating effectively with its neighbours and EU Member States. Efforts continued to host and accommodate substantial numbers of third-country nationals, with EU support. Serbia decided on 17 March 2022 to grant Ukrainian nationals having fled Russia's war on Ukraine temporary protection for 1 year. It also continued to implement the integrated border management strategy and its action plan effectively. Serbia took no steps to align with the EU's list of visa required third countries, in particular with those third countries which present irregular migration or security risks to the EU, as recommended in the Commission's visa suspension mechanism report of August 2021.

North Macedonia

The reporting period was characterised by intense efforts, which led to the start of the accession negotiation process. The holding of the first Intergovernmental Conference in July 2022 was a historic moment and marked a new phase in the EU accession process for North Macedonia. This was a clear recognition of the determination of North Macedonia to implement EU related reforms.

On the **political criteria**, North Macedonia continued its efforts to strengthen democracy and the rule of law, despite some challenges. The country has shown its commitment to continuing to deliver results in key areas of the fundamentals. Local elections took place in October 2021. The Office for Democratic Institutions and Human Rights of the Organisation for Security and Cooperation in Europe (OSCE/ODIHR) assessed that they were competitive and fundamental freedoms were widely respected. However, limited progress was made over the reporting period in addressing the outstanding recommendations made by the OSCE/ODIHR and the Venice Commission. As mentioned in the previous reports, the electoral legislation should be

comprehensively reviewed to address existing inconsistencies and the relevant laws need to be adopted in a timely, inclusive and transparent manner, well before the next elections. In this regard, the authorities need to step up their efforts and show political will to further improve the electoral process.

The work of **Parliament** was marred by political polarisation, which delayed the adoption of many pieces of legislation. Following intense debates, Parliament adopted conclusions on the proposal which paved the way for the opening of accession negotiations. Parliament needs to play an active and positive role in the EU accession negotiation process. Joint and prompt efforts by all parties are needed as a matter of priority to strengthen Parliament's role as a forum for constructive political dialogue, particularly on the EU reform agenda. Parliament and government committed to launch and achieve as a matter of priority the relevant constitutional changes, with a view to including in the Constitution citizens who live within the borders of the state. Proper planning and consultations are necessary to limit the use of fast-track procedures in order to allow for effective scrutiny of and consultation on legislation. Oversight of the executive through parliamentary questions to ministers should be conducted on a more regular basis. The proposals for internal reform of Parliament agreed during the third round of the 'Jean Monnet Dialogue' in early 2020 should be implemented without further delay. Criminal responsibility for those who orchestrated or committed violence in the attack on Parliament on 27 April 2017 continued to be established, including with second instance verdicts. The government continued to work on the EU reform agenda and on addressing the consequences of the COVID-19 pandemic and of the war in Ukraine. Decisive efforts are needed to build momentum for reforms and move forward on the EU accession negotiation process. Particular focus is needed on ensuring the effective implementation of existing legislation rather than launching ad hoc initiatives. Inter-ethnic relations remained stable and the Ohrid Framework Agreement continued to be implemented.

Civil society organisations (CSOs) continue to operate in an enabling environment, including with the adoption of the strategy of cooperation with and development of civil society 2022-2024. Civil society continued to play an important role in decision-making processes and in monitoring the activities of the state. However, efforts are needed to improve transparency in policymaking and the inclusiveness of consultation processes. The legal and financial frameworks still need to be improved and implemented in practice.

North Macedonia implemented a comprehensive reform of its **intelligence services**. However, the country needs to strengthen its capacity for parliamentary oversight over the intelligence services.

North Macedonia remains moderately prepared in terms of its **public administration reform**. It made limited progress in implementing last year's recommendations. It adopted the new 2022-2025 public financial management reform programme. However, the adoption of the legislation on organisation and operation of state administrative bodies and the new legal framework for human resources management (revision of the Law on Administrative Servants and the Law on Public Service Employees and a new Law on Top Management Service) have been delayed. The new framework aims to improve the management of human resources across the administration and provide greater assurance for merit-based recruitment, promotion and dismissal, including at senior management level. The new organic budget law was adopted in September 2022. The State Commission for Prevention of Corruption has been proactive in addressing cases of

nepotism, cronyism and political influence in the process of recruiting public sector employees and in appointing members of supervisory and management boards.

The **judicial system** of North Macedonia has achieved some level of preparation / is moderately prepared. Some progress was achieved in the field of the judiciary, through the steady implementation of the judicial reform strategy, thereby addressing the recommendations made by the Venice Commission and the Senior Experts' Group on systemic rule of law issues. The preparation of a new judicial reform strategy has started, in an inclusive manner, building upon the lessons learnt from the previous one. Implementation of the updated action plan on the judicial reform strategy has continued but needs to become more systematic. The judiciary has demonstrated its commitment to protect its integrity and independence. The pace of implementation of the human resources strategies for the judiciary and prosecution services needs to be stepped up. Judicial institutions have implemented consistently the new rules for the appointment, promotion, discipline and dismissal of judges and prosecutors. Promotions in the higher courts faced a delay and scheduled retirements further decreased the number of judges and prosecutors. The Judicial Council and the Council of Public Prosecutors continued implementing the strategic plans. Any new draft law on the Academy for Judges and Prosecutors should maintain the Academy as the sole entry point to the judiciary and prosecution and should ensure that access to these professions is fair and transparent. Work was undertaken to upgrade the software system aiming at putting into practice the provisions of the Law on case flow management for automatic and random distribution of cases in the courts, through the automated court case management information system (ACCMIS).

The country has achieved some level of preparation / is moderately prepared in the prevention and **fight against corruption**. Some progress has been made as the country continued to consolidate its performance on investigating, prosecuting and trying several corruption cases, including at a high level. The cases initiated by the former Special Prosecutor's Office (SPO) continued to move forward, establishing accountability for the illegal wiretaps. A number of cases were subject to first-instance rulings. In line with previous years' recommendations, the State Commission for the Prevention of Corruption (SCPC) has been proactive in providing policy guidance to public institutions on preventing corruption and it opened several cases, including cases against high-level officials. The conclusions of its regular reports should be addressed in full. Efforts to improve the functioning of the SCPC should continue with a further allocation of financial and human resources. Additional human and financial resources should be made available to the Public Prosecution Office, investigative centres and law enforcements units in charge of investigating corruption. Sectors most vulnerable to corruption require targeted risk assessments and dedicated actions.

North Macedonia has some level of preparation in the **fight against organised crime**. It has made some progress, mainly in operational cooperation with international partners, as well as in improving the coordination of activities to combat organised crime. More needs to be done to improve the effectiveness of law enforcement in fighting certain forms of crime, such as money laundering and financial crimes. The investigative centres at the Basic Public Prosecution Office need to be strengthened to achieve their objectives of increasing the efficiency of investigations and improving coordination between prosecutors, the police and other relevant bodies.

Some progress has been made in the **fight against terrorism and preventing/countering violent extremism** in line with the objectives set out in the joint action plan on counter-terrorism for the Western Balkans and the bilateral implementing arrangement. A national strategy for the

prevention of money laundering and financing terrorism (2021-2023) was adopted in 2021. Work should continue on reintegration and resocialisation of returnees as well as on de-radicalisation in prisons.

The legal framework on the protection of **fundamental rights** is largely in line with European standards. The deinstitutionalisation process is progressing with the resettlement of persons with disabilities to community-based care. The Ministry of Labour and Social Policy continues to invest in community services, including support for victims of gender-based violence. It is of particular importance to implement all the provisions of the Law on prevention and protection from violence against women and domestic violence. Continued improvements can be noted in gender mainstreaming and respect for women's rights. The recommendations made by the European Committee for the Prevention of Torture regarding the treatment of detainees and convicts were not adequately addressed. Implementation of the legislation on hate speech and of the national action plan for the Istanbul Convention's provisions needs to be improved. The civilian external oversight mechanism over the police is still not fully functional and it lacks representatives from civil society organisations.

North Macedonia has achieved some level of preparation/ is moderately prepared in the area of **freedom of expression**. Overall, it made limited progress during the reporting period to address the previous recommendations. The general context is favourable to media freedom and allows for critical media reporting, although there were some tensions during the 2021 local elections. Action on self-regulation of the media should resume and produce practical results in advancing professional standards of journalism. Greater transparency is needed to regarding media advertising by state institutions and political parties. The authorities need to step up their efforts to reform the public service broadcaster, ensuring its independence, professional standards and financial sustainability. The reform process of the public service broadcaster, in line with its five-year development strategy, is constrained by delays in appointing members of its programming council. The council of the Agency for Audio and Audiovisual Media Services still needs to be appointed. The labour rights of journalists still need to be addressed.

On **regional cooperation**, the country maintained good relations with other enlargement countries and continued its engagement in regional initiatives. Existing bilateral agreements, including the Prespa Agreement between North Macedonia and Greece as well as the Treaty of Friendship, Good Neighbourliness and Cooperation with Bulgaria, need to be implemented in good faith by all parties.

On the **economic criteria**, North Macedonia has made some progress and has achieved a good level of preparation in developing a functioning market economy. In 2021, the economy largely recovered from the COVID-19 pandemic. The government continued to implement fiscal support measures to help the recovery. Helped by rebounding tax revenue, the fiscal deficit fell to 5.4 % of GDP in 2021, while debt levels stabilised after a rising significantly in 2020. With the rise in food and energy prices accelerating in early 2022, the government adopted a new set of fiscal measures to contain the negative impact on the economy, though the fiscal measures could have been better targeted. The central bank tightened its policy stance in view of rising inflationary pressures. Important policy reforms to improve fiscal governance and the sustainability of public finances stalled. After long delays, the new organic budget law, which provides for fiscal rules and a fiscal council, was adopted by the Parliament in mid-September. The management of public investment needs further improvement. The banking sector remained sound. Regulatory measures to ease borrowing requirements were phased out in 2021. The business environment

continues to be held back by the large size of the informal economy and by slow progress in streamlining para-fiscal charges.

North Macedonia has made some progress and is moderately prepared to cope with competitive pressure and market forces within the EU. Integration with the EU in trade and investment remained at a high level in 2021, in spite of lockdowns and disruptions of supply chains domestically and in trade partner countries. The share of high-value products in exports increased further. There was further progress towards improving vocational educational training, but major skills shortages persist to meet labour market needs, entailing a long school-to-work transition. These issues, as well as large gaps in transport and energy infrastructure, low investment and innovation spending are holding back the country's potential for growth. The digitalisation of the economy is advancing, but the competitiveness of domestic businesses could be improved through a wider offering of public e-services.

As regards its ability to assume the obligations of membership, North Macedonia is moderately prepared in most of the areas covered by **Cluster 2 on the internal market**, namely the free movement of goods, services and capital, intellectual property, competition policy, financial services and consumer and health protection. The country has achieved a good level of preparation on company law, although it is still at an early stage on freedom of movement for workers. In the reporting period, North Macedonia made good progress on free movement of capital and some progress on company law and financial services. No progress was made on competition policy. Overall, more progress is needed in the coming year in the areas covered by this cluster as it will feed into North Macedonia's preparations to meet the requirements of the EU's internal market. Work on this cluster is of highly relevant for the development of the Common Regional Market.

Overall, North Macedonia is moderately prepared in most of the areas covered by **Cluster 3 on competitiveness and inclusive growth**, including in digital transformation and media, taxation, enterprise and industrial policy, education and culture and economic and monetary policy. It has achieved a good level of preparation in science and research and in the customs union. Some progress was made in most of the areas covered by this cluster. Good progress was made in the area of economic and monetary policy, following the adoption of the Organic Budget Law in September 2022. More efforts are needed, however, particularly in areas where limited progress was made, such as digital transformation and media as well as education and culture.

On **Cluster 4 on the Green Agenda and sustainable connectivity**, North Macedonia has achieved a good level of preparation in trans-European networks. The country is moderately prepared on transport policy and energy and has achieved some level of preparation on environment and climate change. Some progress was made in the areas of environment and climate change. Substantial efforts are needed in the areas where limited progress was made such as in energy, transport policy and trans-European networks. The country needs to accelerate the implementation of the Economic and Investment Plan and of the Green Agenda for the Western Balkans over the upcoming period.

North Macedonia is moderately prepared in most areas of **Cluster 5 on resources, agriculture and cohesion**. It has achieved a good level of preparation in the area of food safety, veterinary and phytosanitary policy and is at an early stage of preparation in financial and budgetary provisions. Over the reporting period, some progress was made in agriculture and rural development and in food safety, veterinary and phytosanitary policy. However, further efforts

are needed, in particular in areas where limited or no progress was made, such as in fisheries, financial and budgetary provisions, and in regional policy and the coordination of structural instruments.

Concerning **Cluster 6 on external relations**, North Macedonia is moderately prepared in the area of external relations and has reached a good level of preparation with regard to the common foreign and security policy. The country made limited progress during the reporting period on common commercial policy. North Macedonia has made very good progress by fully aligning with the EU common foreign and security policy, following Russia's aggression against Ukraine. By doing so, North Macedonia has shown it can be a reliable partner.

North Macedonia remains on one of the main transit routes for migration movement. The country continues to play a constructive role in the management of **mixed migration flows**. It cooperates effectively with neighbouring countries and EU Member States, including with guest officers from the EU Member States on the ground. Efforts to ensure basic living conditions and services for all migrants staying in the country continued. The registration of migrants and adequate protection-sensitive profiling remains a priority and needs to be carried out in a more systematic manner. In August 2022, the Commission negotiated a status agreement with North Macedonia that would allow the European Border and Coast Guard Agency (Frontex) to deploy the European Border and Coast Guard standing corps to the country. The agreement is expected to be signed before the end of the year.. The country should take a more systematic approach to fighting the smuggling of migrants.

Albania

As regards the political criteria, in the new legislature, resulting from the 2021 elections, which were held following the cross-party agreement of 5 June 2020 the elected members from the largest opposition parties took their seats in parliament. The parliament elected the new President of the Republic. Internal conflict within the largest opposition party (DP), affected parliamentary life. On EU oriented reforms, parliament passed a time-limited constitutional extension of the vetting bodies mandate and nine laws aimed at alignment with the EU acquis. The government maintained a focus on reforms related to the country's EU path and reinforced its coordination structure for EU integration, but it needs to further advance the EU reform agenda, together with the opposition and all segments of society. The establishment of several government agencies around the Prime Minister's Office, without a comprehensive steering framework and without a systematic attention to oversight and reporting lines, raises questions in relation to the standards of public administration. A new decentralisation strategy beyond 2022, remains to be adopted and upstream consultation at local level will be essential. Despite funding improvements, limited progress was made to implement the roadmap on creating an enabling environment for civil society.

Albania is moderately prepared in the area of **public administration reform**. It made limited progress in strengthening line ministries' capacity to implement regulatory impact assessments and hold public consultations. It started preparations for the salary reform and expanded the automated payroll system. Implementation of the 2015-2022 public administration reform and the 2014-2022 public financial management reform strategies continued. The IT systems for integrated planning are not yet fully functional. However, bodies subordinate to ministries (agencies) continued to be created without a comprehensive steering framework, systematic

attention to oversight or clear reporting lines. They also further exacerbated the issue of tasks entrusted to staff hired under the Labour Code, instead of to civil servants. Provisions on merit-based recruitment in the civil service law remain to be fully implemented, especially for senior level positions. The number of provided online services continued to increase, but this also raises questions about equitable access for citizens with limited digital skills.

Albania's **judicial system** has reached a moderate level of preparation. Comprehensive justice reform continued, resulting in good progress overall. Two new judges were appointed to the Constitutional Court in March and September 2022, further improving the court's ability to carry out its mandate. There was also progress with the High Court, which now has 15 sitting judges, enabling it to reduce the case backlog for the first time in six years, to start unifying the case law and to appoint judges to the Constitutional Court. Further appointments to the High Court are expected. However, long proceedings, a low clearance rate and a large case backlog continue to negatively impact the efficiency of the judicial system. To tackle these problems, a new judicial map was adopted following consultations. Additional efforts are still required to put it into effect, as well as to improve the case management system and the training system for magistrates.

The temporary re-evaluation of all judges and prosecutors (**the vetting process**) has continued to advance steadily. Under the aegis of the European Commission, the International Monitoring Operation has continued to oversee the process independently. By 12 September, the vetting institutions had completed 554 first-instance cases. Around 64% of the vetting dossiers processed so far resulted in dismissals, resignations or the termination of mandate of vetted magistrates. The vetting institutions must continue to refer cases to the prosecution services where there are indications of criminal offences.

The **Specialised Structure for Anti-Corruption and Organised Crime (SPAK)**, comprising the Special Prosecution Office (SPO) and the National Bureau of Investigation (NBI), continued its operations. After a budget increase in 2021, the SPO now has 17 prosecutors in place, the recruitment of eight financial investigators is underway and the NBI reached its full operational capacity of 60 investigators after a second round of recruitment.

Albania has some level of preparation in the **fight against corruption**. It continued its efforts to build on its track record of investigation, prosecutions and convictions in the fight against corruption and delivered some results. These efforts need to continue. However, greater political will, further structured efforts, and adequate resources and skills remain necessary. The SPAK Court delivered several important final decisions on high-ranking state officials, including a former Minister of the Interior and a former Prosecutor General. Although the vetting of members of the judiciary is an administrative process, it continues to bring results in the fight against corruption within the judiciary. A new General Anti-Corruption Directorate was created in the Ministry of Justice. Overall, despite some progress, corruption remains an area of serious concern. Increasing the number of final convictions of high-level officials remains an important priority to further tackle a culture of impunity. The sectors that are most vulnerable to corruption require targeted risk assessment and dedicated measures.

Albania has some level of preparation in the **fight against organised crime**. It made some progress in meeting last year's recommendations. Strong and fruitful cooperation with EU Member States, Europol and Eurojust has led to tangible results. Albania continued to show commitment to counter the production and trafficking of cannabis. Good progress was made on the seizure and confiscation of assets related to organised crime. This effort must continue in the

future. Efforts also need to continue to ensure increased prosecutions and final convictions, especially at high-level. Countering cybercrime, trafficking in human beings and money laundering remain areas in which additional results are needed. The phenomenon of child sexual abuse online remains a concern. The country progressed steadily in the implementation of the Financial Action Task Force (FATF) Action Plan to improve effectiveness in the field of anti-money laundering, but Albania remained on the list of jurisdictions under increased monitoring. Financial investigations need to accompany systematically criminal proceedings. Albania adopted a new national cross-sector **counter-terrorism strategy** and action plan in December 2020.

On **fundamental rights**, Albania complies overall with international human rights instruments and has ratified most international conventions on the protection of fundamental rights. Some progress was made in using alternatives to detentions and, in particular, in developing the probation service, which remains fully operational, including for juvenile offenders. Albania adopted a new lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) action plan, which includes measures to fight discrimination, improve access to services and approve the legal gender recognition law and a national action plan for equality, inclusion and participation of Roma and Egyptians. Enhanced efforts to consolidate property rights through the registration and digitalisation of cadastral data are needed and the sector remains prone to corruption, while the compensation process has stalled. On the protection of national minorities, Albania adopted a new piece of implementing legislation that creates a fund for civil society projects in support of minority rights. However, adoption of the remaining implementing legislation, including on freedom to self-identify as a member of a national minority and on the use of minority languages, is still pending. Preparations for the long awaited population and housing census continued, including with pilot censuses in minority population areas, however the census was postponed to 2023. Further actions need to be taken to strengthen data protection and align national legislation with the EU General Data Protection Regulation (GDPR).

Albania has some level of preparation/is moderately prepared in the area of **freedom of expression**. No progress was made in the reporting period. The intersection of business and political interests continued to hamper media independence and the quality of journalism. Disinformation including smear campaigns are recurrent, especially in online media whose self-regulation needs to be ensured. The atmosphere of verbal attacks, smear campaigns and acts of intimidation against journalists has not improved. Any changes to the Media Law need to be in line with the Venice Commission opinion and must be submitted for consultation with media organisations. It remains important to ensure that the media have direct and transparent access to governmental institutions and their activities. The regulatory performance of the Audio-visual Regulatory Authority (AMA) needs to be improved and the independence and resources of the public service broadcaster should be strengthened.

Albania adopted a new and better-budgeted national strategy on **gender equality** and continues its efforts to ensure adequate state funding to implement it at central and local level. Efforts are needed to ensure that all national strategies at central and local level are gender mainstreamed and spend budget in ways that take gender into account. On citizenship, Albania should refrain from developing an investors' citizenship scheme (golden passports) as it would pose risks as regards security, money laundering, tax evasion, terrorist financing, corruption and infiltration by organised crime, and would be incompatible with the EU *acquis*.

On **migration**, the legal framework on migration is largely aligned with the EU *acquis* but needs updating, and must provide a clear framework for managing and coordinating migration. The number of irregular migrants apprehended in Albania in 2021 decreased by about 15% compared with 2020. No progress was made in referrals to asylum procedure and the implementation of return procedures in line with the legal framework. Albania's visa policy should be aligned with the EU one.

The number of **Albanian citizens lodging asylum requests** in EU Member States. remains lower than the peak of 2015, but increased significantly in the summer of 2021, and thus still requires continuous and sustained efforts. Dialogue and cooperation with the countries most affected have continued, in addition to thorough border checks and awareness-raising on rights and obligations under the visa-free regime. Albania should keep addressing the phenomenon of unaccompanied minors. The Commission is monitoring the trend very closely in the framework of the post-visa liberalisation monitoring mechanism.

On the **economic criteria**, Albania made good progress and is moderately prepared for developing a functioning market economy. The impact of the COVID-19 pandemic on the economy, the budget deficit and the public debt ratio were lower than expected, but Russia's war against Ukraine caused price increases and lower trade. Fiscal space remains limited. Revenue-related reforms progressed, but investment expenditure remains weak. Frequent budget revisions weaken fiscal credibility. Inflation increased above target. Increased public service digitalisation, financial inclusion, and labour inspections benefitted the business environment and the formalisation of the economy, but the informal economy remains significant. Public consultation remains weak. Albania made some progress and is at some level of preparation to cope with competitive pressure and market forces within the EU. Energy and transport infrastructure, digitalisation and education improved, but entrepreneurial and technological know-how remain low, with unmet investment needs in human and physical capital, skills and education gaps, and low R&D spending. Low export diversification increases vulnerability to external shocks. Regional integration and exports increased but remained below potential.

On **public procurement**, Albania is moderately prepared, the country has made good progress, in particular by adopting further implementing legislation and launching an electronic appeals and complaint system. On **statistics**, Albania is also moderately prepared, it made limited progress on aligning with ESA 2010 standards, faster publication and transmission to Eurostat, but the Population Census Law has been further postponed. Albania is moderately prepared in most areas on **financial control**, where the country made some progress, notably on public internal financial control and internal audit.

Albania is moderately prepared in most of the areas of the **internal market**, namely the free movement of goods, services and capital, company law and competition policy. The same applies to financial services and to intellectual property law, both chapters where the country has made good progress thanks to the reduction of non-performing loans and to the adoption of legislation on copyright and on industrial property rights. Albania has made some progress with the adoption of a new law on foreigners as well as by fulfilling some of the recommendations of the Moneyval report. However, in the area of competition policy, the State aid authority needs to be made independent and sufficiently resourced. Preparations are at an early stage on consumer and health protection, where the country made limited progress.

Albania has achieved a moderate level of preparation in many areas linked to **competitiveness and inclusive growth**, namely digital transformation and media, taxation, economic and monetary policy, enterprise and industrial policy, education and culture. The same goes for the customs union, where the pan-Euro-Mediterranean area rules of origin are applied, and bodies involved in the fight against smuggling and counterfeit goods are strengthened and cooperate better. The adoption of a tax and criminal amnesty against the advice of the EU and Moneyval could jeopardise progress in this area as well as in the fight against money laundering. Albania has some level of preparation in social policy and employment, and research and innovation. Albania has made some progress in education in particular with the adoption of the new National Strategy for Education and Action Plan 2021-2026, but progress was limited on the economic and monetary policy.

As regards **Green Agenda and sustainable connectivity**, Albania is moderately prepared on energy, environment and climate change. It has some level of preparation in the areas of transport policy and of trans-European networks and some progress was achieved in developing transport and energy networks. It made progress on civil protection and is ready to join the Union Civil Protection Mechanism. The country has made limited progress in the other areas covered by this cluster and ongoing efforts to address issues with vessels Flag State Control and to align legislation need to continue. Limited progress was made in further aligning the EU *acquis* on water management, chemicals and environmental crime. The impact of strategic investments on biodiversity and nature protection requires attention. This cluster and the reforms concerned have significant links to Albania's Economic Reform Programme, the Commission's Economic and Investment Plan and the Green Agenda for the Western Balkans endorsed by Albania in December 2020.

Albania has some level of preparation in most areas linked to **resources, agriculture and cohesion**, namely agriculture and rural development, food safety, veterinary and phytosanitary policy, fisheries, and financial and budgetary provisions. It is moderately prepared as regards regional policy and coordination of structural instruments. Albania has made some progress in agriculture and rural development, notably with the establishment of a farm register and better administrative capacity for rural development. Good progress was observed on fisheries, with the continued operationalisation of the Vessel Monitoring System (VMS) and allocation of human resources to monitor and report on the activities of fishing vessels. Albania as a contracting party of the General Fisheries Commission for the Mediterranean (GFCM) is fully implementing fishing effort recommendations. Some progress was made on financial and budgetary provisions. Progress was however limited on food safety, veterinary and phytosanitary policy, on regional policy and coordination of structural instruments. In this respect, inter-agency coordination for pre-accession assistance needs improvement, and issues need to be addressed as regards strategic planning, implementation and monitoring capacity of infrastructure projects under the Economic and Investment Plan.

Albania has reached a good level of preparation as regards **external relations, foreign security and defence**. On the external relations chapter of negotiations, Albania made some progress as it continued alignment of legislation in the field of dual use goods and to implement CEFTA additional protocols. As regards the EU's Common Foreign and Security Policy, Albania maintained full alignment with all relevant EU decisions and declarations, including with the EU restrictive measures following Russia's unprovoked aggression against Ukraine. As a non-

permanent member since January 2022, Albania has been actively engaged in the UN Security Council in promoting and defending the rules-based international order.

Bosnia and Herzegovina

As regards **political criteria**, parties based in the *Republika Srpska* entity blocked state-level legislative and executive institutions until spring 2022, leading to an almost complete standstill in reforms during that period. The Federation entity government remained in office for the full 2018-2022 term in a caretaker capacity. During a significant part of the reporting period, the *Republika Srpska* entity pursued to unilaterally take over state competences (including on taxation, the judiciary, defence and security) and dismantle state institutions, endangering the country's EU accession perspective as set out in the Commission Opinion. Some legislative steps were taken to withdraw the *Republika Srpska* entity from key state bodies and set up parallel bodies at entity level; these laws are suspended and under constitutional review.

Parliamentary parties could not agree on a solution for constitutional and electoral reforms to bring the Constitution in line with the European Convention on Human Rights, complying with the Sejdić-Finci and related rulings, despite an intense facilitation of talks by the EU and US. Amendments to improve electoral standards were rejected in Parliament. A number of Constitutional Court decisions have yet to be fully enforced. The Council of Ministers took no steps to develop a national programme for the adoption of the EU *acquis*. Due to political obstruction, the Ministry of Finance and Treasury hindered the smooth organisation of the October 2022 elections by withholding the required funds. General elections took place on 2 October; according to the preliminary findings of OSCE/ODIHR, they were overall competitive and well organised but marked by mistrust in public institutions and ethnically divisive rhetoric. On the same day, the High Representative imposed significant amendments to the constitution of the Federation entity and to the Bosnia and Herzegovina election law, aimed at addressing a number of functionality issues and the timely formation of authorities. No progress was made in ensuring an enabling environment for civil society. *Republika Srpska* entity authorities and parties advocated for a neutral stance on Russia's aggression against Ukraine, contesting the country's alignment with EU statements and obstructing the full implementation of restrictive measures against Russia. The Presidency ratified several international agreements, including on IPA III, Horizon and Creative Europe, and the Union Civil Protection Mechanism.

Bosnia and Herzegovina is at an early stage of preparation and made limited progress on **public administration reform** (PAR). Notably, positive steps were taken in the area of public finance management: (i) a comprehensive and countrywide public finance management (PFM) strategy was adopted, which now needs to be implemented; (ii) each level of government started implementing PFM strategies; (iii) state institutions improved some professional trainings; and (iv) and the Federation entity amended its administrative procedures. However, the lack of a political decision-making body to steer PAR and insufficient implementation of the action plan and capacities to promote the PAR agenda undermine the well-functioning of the public administration across all levels of government. Civil service laws are not harmonised with each other and with merit principles, while monitoring on human resource management does not allow to check on any irregularities. In line with Opinion's key priority 14, the country needs to complete essential steps on public administration reform by ensuring a professional and

depoliticised civil service and a coordinated countrywide approach to policy-making, while establishing a political decision-making body to steer PAR.

Bosnia and Herzegovina is at an early stage of preparation as regards its **judiciary**. No progress was made in this area over the reporting period. The independence and impartiality of the judiciary did not improve. Executive and legislative authorities failed to adopt additional safeguards. Inconsistency and overly broad discretion persist in applying the rules on appointment, disciplinary responsibility, career advancement and conflict of interest of judges and prosecutors. The Chief Prosecutor of Bosnia and Herzegovina and the chief prosecutor of *Republika Srpska* were demoted on account of disciplinary offences during the reporting period. The Parliament rejected the amendments on integrity to the law on the High Judicial and Prosecutorial Council (HJPC) that would create a credible and rigorous system for verifying the financial statements of judicial office holders. The *Republika Srpska* entity launched a legislative initiative to set up a separate judicial and prosecutorial council at entity level; if adopted, it would violate the legal and constitutional order. Urgent measures are needed to restore public trust in the judiciary and strengthen its integrity. The lack of political commitment to judicial reform and the poor functioning of the judicial system continued to undermine the citizens' enjoyment of rights and the fight against corruption and organised crime.

Bosnia and Herzegovina is at an early stage/has some level of preparation in the prevention of and **fight against corruption and organised crime**. No progress was made in this area over the reporting period. The Parliament rejected a law on conflict of interest. Political leaders and judicial institutions failed to tackle widespread corruption and actively blocked progress, leading to long-term stalling and increasing signs of political capture. The continued lack of progress at all levels increases the risk of backsliding. Political leaders and judicial institutions need to urgently remedy the situation. Although in the reporting period there have been some indictments pertaining to high-level corruption sentences, the overall track record on preventing and repressing corruption (including at high level) remains insignificant, due to operational inefficiency and political interference. There are systemic shortcomings in the operational cooperation between law enforcement agencies fighting organised crime, due to non-harmonised criminal legislation, weak institutional coordination, and a very limited exchange of intelligence. Criminal organisations operating in the country take advantage of legal and administrative loopholes. The police are vulnerable to political interference. Financial investigations and asset seizures are also largely ineffective. A proactive approach remains fundamental to countering criminal infiltration in the political, legal and economic systems. The contact point for cooperation with Europol is still not operational; preparatory steps are underway. There is no systematic cooperation with Eurojust. Bosnia and Herzegovina needs to continue its efforts in the fight against terrorism and drug trafficking and increase its capacity to do so. A new law on anti-money laundering and terrorism financing in line with the EU *acquis* needs to be urgently adopted.

While the legislative and institutional framework on **fundamental rights** is largely in place, there is no comprehensive strategic framework. Adopting action plans for the social inclusion of the Roma in April 2022 and on the rights of LGBTIQ persons in July 2022 are positive steps in this regard. Significant reforms are still needed to ensure that all citizens are able to exercise their political rights and to ensure non-discriminatory, inclusive and quality education for all, including by overcoming the practice of 'two schools under one roof'. No progress was made to guarantee freedom of expression and of the media by protecting journalists from threats and

violence and ensuring the financial sustainability of the public broadcasting system. Challenges persist as regards freedom of assembly, particularly in the *Republika Srpska* entity.

Bosnia and Herzegovina has taken significant steps to improve **migration** management. The Ministry of Security continued efforts to improve coordination with local authorities and boosted international cooperation. However, major weaknesses still undermine the provision of necessary assistance. Bosnia and Herzegovina needs to urgently adopt the strategy and action plan on migration, step up efforts to ensure access to asylum, and strengthen border management.

As regards **economic criteria**, Bosnia and Herzegovina is at an early stage of establishing a functioning market economy. Cooperation and coordination of economic policymaking at state level and among the entities have further deteriorated. As a result, the country's internal market remains fragmented. The country's Economic Reform Programme does not contain sufficient credible countrywide measures to address the major structural economic challenges. These relate to the business environment, the informal economy, public enterprises, the green and digital transitions and unemployment. Overall, the country's economic performance remains below its potential, as policymaking is hindered by political stalemate, an overly short-term orientation, and no focus on policy measures to build growth.

Bosnia and Herzegovina remains at an early stage in terms of **capacity to cope with competitive pressure and market forces in the EU** and did not make significant progress in this area. The quality of education has remained low, while insufficient action was taken to improve the transport and energy infrastructure. The trade and transport sectors both grew in terms of their relative economic importance (in value-added terms) as a response to strong external demand, while the size of the public sector in the economy was slightly lower by the same measure.

Bosnia and Herzegovina is at an early stage/has some level of preparation in its ability to take on the **obligations of EU membership**. The country needs to significantly step up alignment with the EU *acquis* and implement and enforce the necessary legislation. Limited to no progress was made on the different EU *acquis* chapters during the reporting period.

Bosnia and Herzegovina has some level of preparation and made some progress in the area of **public procurement** as amendments adopted in August have further aligned the legislation with the EU *acquis*. This is a first important step on the commitments taken on 12 June and contributes to address key priority 7. There was limited progress was made on **statistics**; preparations for the next census have hardly progressed and the production of macroeconomic statistics continues to deviate from the EU *acquis*. Some progress was made on public internal **financial control**, with both entities adopting strategies.

Major steps are needed to align the legal framework across the country with the EU *acquis* on the **internal market** (free movement of goods, workers, services and capital, company law, intellectual property, competition policy, and financial services, consumer and health protection). Bosnia and Herzegovina made limited or no progress in this cluster. Procedures and legislation that differ between the entities create obstacles to competitiveness and growth. Bosnia and Herzegovina should bolster financial stability by improving coordination among the relevant authorities and setting up a financial stability fund as part of the bank resolution framework. This cluster is key for Bosnia and Herzegovina's preparations to meet the EU single market requirements and is very important for early integration with and the development of the Common Regional Market.

Bosnia and Herzegovina made limited or no progress in most areas of **competitiveness and inclusive growth** (taxation, digital transformation and media, social policy and employment, enterprise and industrial policy, science and research, education and culture) and some progress in the area of customs union. The country showed backsliding in other areas (economic and monetary policy) where it is at an early stage or has some level of preparation. These areas have significant links to the country's Economic Reform Programme. Bosnia and Herzegovina needs to introduce socio-economic reforms to address structural weaknesses (including low competitiveness and high unemployment), and the impact of the COVID-19 pandemic.

Bosnia and Herzegovina made some or limited progress in the **green agenda and sustainable connectivity** cluster, where the country is at an early stage on energy, environment and climate change. The country has some level of preparation in the areas of transport and of trans-European networks. Further steps are needed on connectivity reform measures and in aligning with the Trans-European Transport Network (TEN-T) and Trans-European Networks for Energy (TEN-E) Regulations. The green transition and sustainable connectivity are key to economic integration within the region and with the EU. The implementation of the Economic and Investment Plan³ and the Green Agenda for the Western Balkans,⁴ needs to be accelerated. Bosnia and Herzegovina significantly improved its civil protection system and showed a clear commitment in the area of disaster management; in September 2022 the country joined the Union Civil Protection Mechanism (UCPM) as a full member.

Bosnia and Herzegovina made no progress in the areas of **resources, agriculture and cohesion** (agriculture and rural development, food safety, veterinary and phytosanitary policy, fisheries, and financial and budgetary provisions), where preparation is mostly at an early stage. The country must step up its efforts to prepare and adopt a post-2021 countrywide strategy for rural development, align its legislation on food safety, veterinary and phytosanitary policy and strengthen its administrative capacities. More efforts are also needed to prepare and adopt a countrywide strategy on fisheries and aquaculture and harmonise data collection. Furthermore, Bosnia and Herzegovina should start preparing a countrywide regional development strategy.

Bosnia and Herzegovina has some level of preparation and made some progress in the cluster on **external relations**, in particular by improving its alignment with EU foreign policy statements and restrictive measures, which increased to 81% by end August 2022. The country needs to implement the additional protocols to the Central European Free Trade Agreement (CEFTA) on trade facilitation and trade and services, and swiftly adopt the additional protocol on dispute settlement. Bosnia and Herzegovina continued to actively participate in **regional cooperation** and to maintain good neighbourly relations.

In 2021, Bosnia and Herzegovina benefited from EUR 73 million under the **Instrument for Pre-accession Assistance 2021 – 2027 (IPA III)**, providing support to programmes in migration and border management, the electoral process, energy, transport, employment and social protection, as well as private sector and regional development. This first set of programmes, complemented by a package of multi-country programmes, significantly contributes to kick-starting implementation of the **Economic and Investment Plan for the Western Balkans** and the **Green Agenda**. Adopting countrywide sector strategies remains a key requirement for Bosnia and Herzegovina to benefit fully from IPA funding in the future.

³ COM(2020) 641 final

⁴ SWD(2020) 223 final

Kosovo

The reporting period overlapped with the first full year in office of the Vetëvendosje-led government. Kosovo enjoyed political stability, with the government holding a solid majority in the Assembly.

The Assembly's work continued to be negatively affected by a polarised political atmosphere and difficulties in achieving decision-making quorum, even though the government relies on a strong majority. This is partly due to poor management of the legislative agenda on the part of the majority but also because opposition members of the Assembly (MPs) abstained from voting to prevent legislation from being adopted.

The 2021 municipal elections were overall well-organised, transparent and competitive. Kosovo's electoral process still needs comprehensive strengthening to address long-standing weaknesses throughout the electoral cycle, as identified in successive EU election observation missions since 2014.

The situation in the north of Kosovo remains challenging, in particular in terms of corruption, organised crime, and the conditions for freedom of expression.

There is some level of preparation in the area of public administration reform, but limited progress was made in this area. Notably, some key positive steps were taken by developing overarching strategies on public administration reform (PAR) and public finance management (PFM) for 2022-2026, adopting legislation to proceed with the first wave of streamlining of public agencies and launching the development of a new salary law. There has been little progress in implementing the existing legislative framework for public administration reform.

Kosovo is still at an early stage in developing a well-functioning judicial system. While some progress was made, the overall administration of justice continues to be slow, inefficient and vulnerable to undue influence. Steps were taken to start implementing the rule of law strategy and action plan and to reform the legislative framework governing the prosecutorial system by amending the Law on the Kosovo Prosecutorial Council. Justice reform should be addressed first and foremost by improving the implementation of existing tools to safeguard the integrity, the independence and the efficiency of the judicial system. The government's commitment to fully implement the Venice Commission's Opinion on the concept document on vetting of judges and prosecutors, in close cooperation with the EU, is welcome.

Kosovo is at an early stage / has some level of preparation in the fight against corruption. During the reporting period, some progress was made with the adoption of significant anti-corruption legislation. There is a need to improve the implementation of the overall legal framework. Sustained efforts are needed to achieve more proactive investigations, final court decisions and final confiscation of assets. Despite the efforts already made, there is a need for strong political will to continue to effectively address systemic corruption risks and a robust criminal justice response to high-level corruption.

Kosovo is at an early stage in the fight against organised crime and limited progress was made in investigating and prosecuting organised crime cases. The powerful tools envisaged by the Criminal Code and the Law on Extended Powers of Confiscation are not yet fully utilised. A number of successful operations targeting organised crime took place, involving international

and cross-border cooperation. Fighting organised crime in the north of Kosovo continues to be challenging.

Some progress was made in the fight against terrorism and the fight against and prevention of violent extremism, in line with the objectives set out in the EU-Kosovo implementing arrangement for the Joint Action Plan on Counter-Terrorism for the Western Balkans. The Kosovo authorities need to be more effective in their efforts to combat money laundering and the applicable law should be brought in line with the EU *acquis* and international standards. The legal framework broadly guarantees the protection of human and fundamental rights in line with European standards. Kosovo showed commitment to addressing gender inequality. More needs to be done to effectively guarantee the rights of persons belonging to minorities, including Roma⁵ and Ashkali and displaced persons, to ensure gender equality in practice, and to advance the protection of cultural heritage. The lack of administrative instructions to implement the law on child protection hampers further progress in this area. As regards freedom of expression, Kosovo has some level of preparation and benefits from a pluralistic and lively media environment. However, concerns remain regarding public smear campaigns, threats and physical attacks on journalists. The lack of financial self-sustainability leaves the media, including the public broadcaster, vulnerable to political and business interests.

The Kosovo authorities continued to make progress in managing migration. Migration governance and asylum should be further strengthened.

Kosovo made some progress on the economic criteria, and is at an early stage of developing a functioning market economy. The economy demonstrated resilience during the pandemic. Nevertheless, long-standing structural challenges, such as the widespread informal economy, the high prevalence of corruption and the overall weak rule of law, continue to hinder the private sector.

While the fiscal rule has been suspended since 2020, the economic recovery as well as formalisation gains led to a strong increase in tax revenue and a low public deficit in 2021. Driven by surging commodity prices, inflation increased substantially. The financial sector remained stable, and lending continued to expand. Despite strong political opposition, the government took fiscally prudent positions regarding war veterans' pensions and the Kosovo Pension Savings Trust.

Kosovo made limited progress and is at an early stage in terms of ability to cope with competitive pressure and market forces in the EU. Little progress was made on improving the quality of education and addressing skill gaps in the labour market. Kosovo made some progress in improving road infrastructure and increasing investment in renewables, but the coal-based, outdated and unreliable energy supply remains a concern. Kosovo still lacks a long-term energy strategy. Kosovo made some progress in digitalising the economy.

As regards good neighbourly relations and regional cooperation, Kosovo continued to participate in most regional fora. Kosovo maintained overall good relations with Albania, Montenegro and North Macedonia. There has been no change in Kosovo's formal relations

⁵ All these groups are considered under the wider "Roma" umbrella term under the EU framework for National Roma Integration Strategies.

with Bosnia and Herzegovina, which does not recognise Kosovo's independence and the two maintain a strict visa regime.

The EU-facilitated Dialogue on the normalisation of relations with Serbia continued with regular monthly meetings on the level of Chief Negotiators and a High-level meeting on 18 August 2022. The Parties adopted an Energy Agreements' Implementation Roadmap in June 2022 and agreed on travel with only identity cards between Kosovo and Serbia in August 2022. Kosovo needs to engage more constructively and make further substantial efforts on the implementation of all past agreements and contribute to reaching a comprehensive legally binding normalisation agreement with Serbia. Such an agreement is urgent and crucial to enable Kosovo and Serbia to advance on their respective European paths.

During the reporting period some progress was made in aligning with European standards in the area of statistics and financial control, while limited progress was achieved in aligning with European standards in the areas of public procurement. In most of the areas related to the internal market, Kosovo has some level of preparation, including on competition. During the reporting period, Kosovo made some progress in all areas, except on consumer policy and health protection, where only limited progress was made.

Kosovo made some progress in the areas of competitiveness and inclusive growth (customs, taxation, economic and monetary policy, digital transformation and media, enterprise and industrial policy, social policy and employment, education and culture) and limited progress in the area of research.

On the Green Agenda for the Western Balkans and sustainable connectivity, Kosovo made some progress in the area of transport and limited progress in the areas of energy, environment and climate change. In the field of resources and agriculture, Kosovo made some progress on food safety, veterinary policy and phytosanitary policy, but only limited progress on agriculture.

On external relations and trade policy, Kosovo made limited progress during the reporting period and is at an early stage of preparation. Kosovo has not yet ratified the Central European Free Trade Agreement's additional protocols on trade facilitation and trade in services. Kosovo introduced export restrictions on a number of agricultural food products without justifications or prior consultation with the Commission.

Overall, Kosovo needs to improve its administrative capacity and coordination, across all sectors, to achieve effective implementation of the EU *acquis*.

Türkiye

There are serious deficiencies in the functioning of Türkiye's **democratic institutions**. During the reporting period, democratic backsliding continued. Structural deficiencies in the presidential system remained in place. Key recommendations from the Council of Europe and its bodies have yet to be addressed. Parliament continued to lack the necessary means to hold the government accountable. The constitutional architecture continued to centralise powers at the level of the Presidency without ensuring the sound and effective separation of powers between the executive, legislative and the judiciary. In the absence of an effective checks and balances mechanism, the democratic accountability of the executive branch continues to be limited to elections.

Despite the lifting of the state of emergency in July 2018, some legal provisions granting government officials extraordinary powers and retaining several of the restrictive elements of the state of emergency remained in place. The State of Emergency Inquiry Commission has yet to complete the examination of its caseload in relation to the public employees who were dismissed by decree-laws during the period of emergency rule. In July 2021, Türkiye's Parliament adopted a bill that extends the duration of some of the restrictive elements of the state of emergency for one more year.

The judiciary continued to systematically target members of the opposition parties in Parliament, in relation to alleged terrorism-related offences. The legal framework for elections and political parties remains problematic. The electoral threshold was lowered from 10% to 7%. Türkiye has not yet addressed the remaining recommendations by the OSCE Office for Democratic Institutions and Human Rights and the Venice Commission.

Pressure on mayors from opposition parties by the ruling coalition government further weakened local democracy. Mayors from the opposition parties faced administrative and judicial investigations. Local democracy in the south-east remained severely hampered. In the south-east, the forcibly dismissed mayors continued to be replaced by government-appointed trustees.

The **situation in the south-east** remained very worrying. In October 2021, Türkiye's Parliament extended the military's mandate to launch cross-border anti-terror operations in Syria and Iraq by two additional years. The Turkish government continued its domestic and cross-border security and military operations in Iraq and Syria. The security situation remained precarious in border areas with recurrent terrorist acts committed by the Kurdistan Workers' Party (PKK), which remains on the EU list of persons, groups and entities involved in acts of terrorism. The EU unambiguously condemned the PKK's attacks and expressed solidarity with the families of the victims. The government has a legitimate right and a responsibility to fight terrorism, but it is essential that it does so in accordance with the rule of law, human rights and fundamental freedoms. Anti-terror measures need to be proportionate. There were no developments on the resumption of a credible political peace process to achieve a sustainable solution.

Serious backsliding regarding **civil society** issues continued. Civil society organisations faced increased pressure and their space to operate freely continued to reduce, limiting their freedoms of expression, association and assembly. The implementation of the law on preventing financing of proliferation of weapons of mass destruction added further restrictions on civil society organisations.

Civilian oversight of the security forces has not been consolidated. Military, police and intelligence services' accountability remained very limited. Parliamentary oversight of the security institutions needs to be strengthened. In July, the Parliament extended the retirement age of the Chief of General Staff from 67 to 72 allowing the incumbent Chief of General Staff to serve an additional year while the air and navy commanders have retired.

Türkiye has some level of preparation/is moderately prepared in the field of **public administration reform**. No progress was made during the reporting period. The country continues to lack a comprehensive reform agenda for public administration and public financial management and the government has not started any comprehensive reform of public administration. The administration's accountability is insufficient, and its human resources management needs to be improved. Policy-making lacks evidence-based methods and

participatory mechanisms. The politicisation of the administration continued. Women's representation in civil service managerial posts remained low.

Türkiye's **judicial system** is at an early stage of preparation. The serious backsliding observed since 2016 continued during the reporting period. Concerns remained, in particular over the systemic lack of independence of the judiciary and undue pressure on judges and prosecutors. Particular concerns relating to the judiciary's adherence to international and European standards increased, in particular in relation to the refusal to implement rulings by the European Court of Human Rights. Implementation of the 2021 human rights action plan and the 2019 judicial reform strategy continued. However, both documents failed to address major shortcomings in the Turkish judiciary, lacking a plan for significant improvements to the overall functioning of the country's judicial system. Only 515 judges or prosecutors dismissed following the coup attempt were reinstated, despite several being acquitted. The lack of objective, merit-based, standardised and pre-established criteria for recruiting and promoting judges and prosecutors remains a source of concern.

Regarding the **fight against corruption**, Türkiye remained at an early stage of preparations and made no progress in the reporting period. The country has not set up anti-corruption bodies in line with its international obligations. The legal framework and institutional architecture need to be improved to limit political and undue influence in the prosecution and adjudication of corruption cases. The accountability and transparency of public institutions need to be improved. The absence of an anti-corruption strategy and action plan indicated a lack of will to decisively fight corruption. Most of the Council of Europe's Group of States against Corruption (GRECO) recommendations have not been implemented. Overall, corruption is widespread and remains an issue of concern.

Türkiye has some level of preparation in **the fight against organised crime**, however there was limited progress overall. The completion of an international agreement on the exchange of personal data between Europol and the Turkish authorities responsible for fighting serious crime and terrorism is still pending, as Turkish data protection legislation is not yet in line with the EU *acquis*. The legal framework regulating the fight against money laundering and terrorist financing needs to be improved in line with recommendations by the Financial Action Task Force (FATF) and those by the Venice Commission on the law on preventing financing of proliferation of weapons of mass destruction.

The deterioration of **human and fundamental rights** continued. Many of the measures introduced during the state of emergency remain in force. The legal framework includes general guarantees of respect for human and fundamental rights, but the legislation and its implementation need to be brought into line with the European Convention on Human Rights (ECHR) and the European Court of Human Rights (ECtHR) case-law. The Council of Europe's Parliamentary Assembly continued to monitor Türkiye's respect for human rights, democracy and the rule of law. Türkiye's continued refusal to implement certain ECtHR rulings, notably in the cases of Selahattin Demirtaş and Osman Kavala, is a source of serious concern regarding the judiciary's adherence to international and European standards and Türkiye's commitment to promote the rule of law and respect for fundamental rights. The infringement procedure started by the Council of Europe against Türkiye in February 2022, for non-implementation of the judgment in the Kavala case has marked yet another benchmark of Türkiye's drifting away from the standards for human rights and fundamental freedoms that it has subscribed to as a member

of the Council of Europe. In July, the Court ruled that Türkiye has failed to implement the 2019 ECtHR judgment on the Kavala case.

The human rights action plan adopted in 2021 continued to be implemented, but this does not address critical issues and has not led to an improvement in the overall human rights situation.

On freedom of expression, the serious backsliding observed in recent years continued. The implementation of criminal laws relating to national security and anti-terrorism continued to contravene the ECHR and other international standards and to diverge from the case-law of the ECtHR. Restrictive measures implemented by state institutions and increasing pressure with judicial and administrative means continued to undermine the exercise of freedom of expression. There continued to be criminal cases brought against and convictions of journalists, human rights defenders, lawyers, writers, opposition politicians, students, artists and social media users.

There was further backsliding in the area of freedom of assembly and association. There were recurrent bans, disproportionate use of force and interventions in peaceful demonstrations; investigations, court cases and administrative fines against demonstrators on charges of terrorism-related activities or on violating the law on demonstrations and marches.

The rights of the most disadvantaged groups and people belonging to minorities need better protection. Roma people remained largely excluded from formal work and their living conditions deteriorated severely. Gender-based violence, discrimination, and hate speech against minorities (in particular against lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) persons are still a matter of serious concern.

On **migration and asylum policy**, Türkiye made some progress. The EU-Turkey Statement remained the main framework for cooperation between the EU and Türkiye, and the EU's engagement with Türkiye on migration intensified. Some progress was made on further strengthening capacity for surveillance and protection of the land border with Iran. The return of irregular migrants from the Greek islands under the EU-Turkey Statement continued to be suspended, as it has been since March 2020. In 2021, numbers of irregular migrants arriving increased on most routes in comparison to 2020. The increase could be partially due to the lifting of measures taken by countries in the region in 2020 to contain the COVID-19 pandemic. Although the number of irregular arrivals in Greece has decreased compared to pre-COVID figures, irregular arrivals to Italy and to the government-controlled areas of Cyprus have increased substantially in the past year and new smuggling routes have been established. Türkiye has still not implemented the provisions relating to third-country nationals in the EU-Turkey readmission agreement, which entered into force in October 2017. Overall, the number of illegal border crossings between Türkiye and Greece remained significantly lower than it was prior to the adoption of the EU-Turkey Statement.

Türkiye continued to make significant efforts to host and meet the needs of one of the largest refugee communities in the world. Out of the full operational budget of EUR 6 billion under the Facility for Refugees, over EUR 4.7 billion was disbursed by June 2022. Efficient integration measures are needed to address the extended presence of refugees in the country. Access to public health for migrants and refugees should be improved. No outstanding visa liberalisation benchmarks were fulfilled. Türkiye still needs to further align its legislation with the EU *acquis* on visa policy.

Türkiye's unilateral **foreign policy** continued to be at odds with the EU priorities under the common foreign and security policy (CFSP), notably due to its military action in Syria and Iraq and a lack of alignment with EU restrictive measures against Russia. Türkiye maintained a very low alignment rate with the EU stand on foreign and security policy of 7% (as of August 2022). Türkiye's military support to Libya, including the deployment of foreign fighters on the ground, and its persistent criticism of and lack of cooperation with Operation IRINI are detrimental to the EU's effective contribution to implementing the UN arms embargo, and have led to conflicting approaches on Libya. Türkiye remains a critically important actor in the Syrian crisis and shares with the EU the objective of a stable and prosperous Syria. However, its troops maintained a significant presence in the region and in other parts of northern Syria. Türkiye's security concerns stemming from northern Syria should be addressed through political and diplomatic means, not by military action, and in full respect of international humanitarian law.

The Russian war of aggression against Ukraine was recognised by Türkiye as a state of war and Türkiye condemned the Russian aggression. Türkiye enforced the Montreux Convention, whereby the passage of warships was limited to those returning to their bases. Turkish companies continued to sell military ordnance to Ukraine. Türkiye has aimed to facilitate talks between Ukraine and Russia and working on de-escalation and bringing about a cease-fire. It also undertook a diplomatic initiative to facilitate the export of Ukrainian grain; the deal agreed by Ukraine and Russia on 22 July in Istanbul, facilitated by the UN and Türkiye, would not have been possible without the constructive role of Türkiye, which is also involved in facilitating the implementation of the deal. Nevertheless, Türkiye refrained from aligning with EU sanctions against Russia. Türkiye has signed a Memorandum of Understanding for developing economic and trade relations with Russia.

The improved dynamic in EU-Türkiye relations observed since December 2020, following the de-escalation in the Eastern Mediterranean, prevailed for several months before tensions in the Aegean resumed in April 2022. In November 2021, following the second review of the framework for restrictive measures, the Council extended the regime for one more year until 12 November 2022. Currently two individuals are subject to sanctions. While there were no unauthorised drilling activities by Türkiye in the Eastern Mediterranean during the reporting period, tensions have been rising. Turkish warships illegally obstructed survey activity in the Cypriot Exclusive Economic Zone. Türkiye's military exercises in the maritime zones of Cyprus continued. Despite the international community, and the EU in particular, condemning Türkiye's unilateral steps, Türkiye continued with its actions to further reopen the fenced-off town of Varosha in Cyprus.

Türkiye needs to commit itself unequivocally to good neighbourly relations, international agreements and to the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the International Court of Justice.

The June 2022 European Council expressed deep concern about recent repeated actions and statements by Türkiye. It recalled its previous conclusions and the statement of March 2021 and reiterated that Türkiye must respect the sovereignty and territorial integrity of all EU Member States. It emphasised that the European Council expects Türkiye to fully respect international law, de-escalate tensions in the interest of regional stability in the Eastern Mediterranean, promote good neighbourly relations in a sustainable way and fully respect international law. The European Council has repeatedly recalled the EU's strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually

beneficial relationship with Türkiye. The European Council also reaffirmed its readiness to engage with Türkiye in a phased, proportionate and reversible manner in a number of areas of common interest, subject to Türkiye meeting the established conditionalities set out in previous European Council conclusions, and provided that the de-escalation in the Eastern Mediterranean is sustained.

Regarding the **economic criteria**, the Turkish economy is **well advanced**, but made **no progress** over the reporting period. Serious concerns persist over the continued proper functioning of Türkiye's market economy as there has been backsliding on important elements, such as the conduct of monetary policy and the institutional and regulatory environment. The economy recovered strongly from the COVID-19-crisis, growing by 11.4 % in 2021, and more than 7 % in the first half of 2022 despite the fallout of Russia's invasion of Ukraine. The country's overly loose monetary policy and lack of policy credibility have weakened the lira and have driven the official inflation to a two-decade high of more than 80%. Higher prices for imported commodities widened external imbalances, which remain a major vulnerability in a situation of increased uncertainty and low level of international reserves. Budget execution outperformed plans but government debt increased, and fiscal policy has come increasingly under pressure, burdened by unsuccessful attempts to curb rising inflation and underpin the domestic currency.

The institutional and regulatory environment remains fragile, particularly as regards the predictability, transparency, and implementation of regulations. Some important steps were taken to improve the resolution of commercial disputes. Despite a gradual decline, the informal sector still accounts for a significant share of economic activity. State intervention in the price-setting mechanisms persists. The provision of State aid lacks proper implementation rules, enforcement and transparency. The banking sector remained largely stable and capital adequacy above the regulatory requirements. Non-performing loans decreased, and profitability improved, but dollarisation and financial stability risks increased. The labour market recovered from the pandemic but deep-seated structural challenges, such as a very significant gender gap, a high rate of youth unemployment and wide regional disparities, remain.

Türkiye has a good level of preparation and has made limited progress during the reporting period in developing its capacity to cope with the competitive pressure and market forces in the EU. Despite some progress in improving vocational training, the mismatch persists between the education system and labour market needs. Expenditure on research and development continued to increase very slowly and remained well below the government's target. Investment activity slowed in the second half of 2021. Progress continued with regard to diversifying energy supplies and increasing the share of energy generated from renewable sources. The extension of local content requirement practices raises concerns. Türkiye removed some of the additional custom duties it had introduced in defiance of the commitments under the EU-Turkey Custom Union; however, extensive deviations from its obligations under the EU-Turkey Customs Union hinder bilateral trade.

Türkiye is moderately prepared in the area of **public procurement** but made no progress over the reporting period and large gaps remained in its alignment with the EU *acquis*. Türkiye continued its discriminatory domestic price advantage and offset practices favouring local content. Türkiye is moderately prepared in the area of **statistics** and made limited progress during the reporting period. Frequent managerial changes within the Turkish Statistical Institute over the last few years, including during the reporting period, have significantly undermined the institution's credibility. The reliability of key economic data has been repeatedly called into

question. Türkiye has a good level of preparation on **financial control**, though no progress was made during the reporting period. The Public Internal Financial Control policy paper has not yet been updated and the anti-fraud coordination service (AFCOS) network has not yet been re-established.

Regarding its **ability to assume the obligations of membership**, Türkiye's alignment with the EU *acquis* continued to be very limited and pursued on a rather ad hoc basis.

The **internal market cluster** is key to the good functioning of the EU-Turkey Customs Union and to integrating Türkiye into the EU's single market. Preparations in the areas of freedom of movement for workers and right of establishment and freedom to provide services are at an early stage, as many professions are closed to EU nationals. Türkiye has achieved a good level of preparation for the free movement of goods. Technical barriers to trade remained in place. Türkiye is moderately prepared on free movement of capital, as limitations continue on foreign ownership and on capital movement. Türkiye needs to continue to address outstanding issues in its framework regulating the fight against money laundering and terrorist financing.

Türkiye is well advanced in the area of company law and needs to make further progress in aligning with the EU *acquis*. Türkiye has a good level of preparation in the area of intellectual property law but needs to improve enforcement. Türkiye has some level of preparation in the area of competition policy. Serious concerns persist in relation to the legislative framework, enforcement capacity and transparency in the field of State aid. Türkiye has a good level of preparation in the area of financial services and made some progress, including with the development of new alternative financing instruments. There is a good level of preparation in terms of legislative alignment of consumer and health protection, with some progress made, notably on aligning with the EU *acquis* and in strengthening inter-sectoral cooperation.

Within the **cluster on competitiveness and inclusive growth**, Türkiye has some level of preparation in the area of digital transformation and media, though it has continued to backslide. Türkiye's preparations in the area of science and research are well advanced and Türkiye made good progress during the reporting period, notably with the conclusion of the association agreement for Horizon Europe for the 2021-2027 period. Türkiye is moderately prepared on education and culture and made some progress, in particular on vocational education, national qualifications systems and in terms of Türkiye's participation in the EU programmes.

On the economy-related chapters, backsliding continued on economic and monetary policy, reflecting inefficient policy on ensuring price stability and anchoring inflation expectations. The central bank remains under significant political pressure and its functional independence needs to be restored. Türkiye made limited progress on enterprise and industrial policy, and major challenges in relation to measures incompatible with EU industrial policy principles remain unaddressed. No progress was made during the reporting period in the area of social policy and employment, with concerns remaining over trade union rights, the lack of genuine social dialogue and persistent levels of informal economic activity.

While Türkiye is moderately prepared on taxation, it made no progress during the reporting period and there remains a need for a clear strategy, avoiding frequent changes in tax rates and enabling tax information exchange with all EU Member States. Türkiye maintains a good level of preparation for the customs union but made limited progress, notably by removing some additional duties applied on imports of products originating in third countries. However, Türkiye's deviations from its obligations under the EU-Turkey Customs Union continue,

contributing to a high number of trade irritants.

Regarding the **cluster on the Green Agenda and sustainable connectivity**, Türkiye is moderately prepared in transport policy. It made limited progress during the reporting period, mainly linked to the adoption of a plan to significantly increase the use of railway transport. Türkiye is moderately prepared in the area of energy and made limited progress overall. Progress continued on renewable energy deployment, on reforms in the natural gas sector and in legislative alignment on nuclear safety. Türkiye is well advanced on trans-European networks and made some progress, mainly on energy networks, thanks to the smooth operation of the trans-Anatolian pipeline. The construction of the Halkali-Kapikule railway line connecting the Bulgarian border to Istanbul continued. Türkiye has some level of preparation in the area of environment and climate change, but made no progress overall during the reporting period. Türkiye faces critical environmental and climate challenges, both in relation to mitigation and adaptation. More ambitious and better coordinated environment and climate policies need to be drawn up and implemented. Türkiye still needs to increase and implement its contribution to the Paris Agreement on climate change and complete its alignment with the *acquis* on climate action.

On the **cluster covering resources, agriculture and cohesion**, Türkiye reached some level of preparation in the area of agriculture and rural development. Backsliding continued during the reporting period, as its agricultural policy keeps moving away from the main principles of the EU common agricultural policy and Türkiye continued to restrict imports of agricultural products from the EU. Türkiye is a major exporter of food products to the EU and made limited progress during the reporting period in the area of food safety, veterinary and phytosanitary policy. Full implementation of the EU *acquis* in this area requires significant further work. Türkiye is moderately prepared in the area of fisheries and continued to make good progress, notably as regards the implementation of the new fisheries law, resources and fleet management, and inspection and control. Türkiye is moderately prepared in the area of regional policy and the coordination of structural instruments and continued to make some progress on accelerating the absorption of IPA II funds. Türkiye has some level of preparation in the area of financial and budgetary provisions, but made no progress during the reporting period.

In the **external relations cluster**, Türkiye is moderately prepared in the area of external relations and made limited progress in the reporting period, notably due to continued deviation from the Common Customs Tariff. Divergence from the EU Generalised Scheme of Preferences persisted, in violation of the EU-Turkey Customs Union. Türkiye's official development assistance was largely directed towards humanitarian support for the Syria-related activities on Türkiye's own territory. Türkiye has some level of preparation in the area of foreign, security and defence policy. Overall, Türkiye's foreign policy continued to be at odds with the EU priorities under the common foreign and security policy (CFSP). Türkiye's non-alignment with EU restrictive measures against Russia is of particular concern due to the free circulation of products, including dual use goods, within the EU-Turkey Customs Union. This creates a risk of undermining EU restrictive measures. For the Customs Union to continue functioning the parties must fully respect existing rules and avoid undermining mutual trust.

Overall, in many areas, significant further work is needed on legislative alignment with the EU *acquis*. In all areas, implementation and enforcement needs substantial improvement. Ensuring the independence of regulatory authorities and developing administrative capacity are key for Türkiye to achieve further progress.

Annex 2. Implementation of the Economic and Investment Plan (EIP) for the Western Balkans

2021 was the first full year of implementation of the Economic and Investment Plan for the Western Balkans adopted on 6 October 2020. The plan aims at closer integration and bridging the socioeconomic gap between the region and the EU, assisting its post-COVID green and digital recovery and bringing the Western Balkans closer to the EU Common Market. It is also the right framework to support the Western Balkans in facing the energy crisis and the consequences of the Russian war in Ukraine. It focuses on flagship investments and policy initiatives matching EU policy priorities and responses. It supports connectivity within the region and towards the EU in energy, transport and digital economy. It supports private sector and human capital development, including innovation. It is built on a package of EUR 9 billion of EU grants and the Western Balkans Guarantee Facility to crowd in up to 20 billion EUR in investments.

The impact of these investments on the region's economy is expected to be amplified by tangible advances in the implementation of the Common Regional Market project and the Economic Reform Programmes, as well as continued progress in the areas of rule of law, public finance management and public administration reform.

The implementation of the EIP priorities takes place through enhanced political engagement and policy dialogue in these areas, as well as through more targeted EU financial assistance provided via the Instrument for Pre-accession Assistance (IPA III). In the context of the Russian aggression against Ukraine, the EIP also provides appropriate tools to assist the region in dealing with its economic impact, in particular through advancing with the energy transition and facilitating greater diversification of energy sources.

The practical implementation of the plan started in February 2022 by the adoption of a total of EUR 1.3 billion in investment grants under the Western Balkans Investment Framework (WBIF), for financing 24 flagship investment projects with a total investment value of EUR 3.3 billion⁶. This comes on top of a EUR 100 million replenishment of the regional energy efficiency programme (REEP+) over the coming years to expand the 'EU renovation wave' to the Western Balkans. The Commission has also adopted the EU contribution of EUR 560 million over the seven-year period to IPARD programmes for Albania, North Macedonia, Montenegro and Serbia. These programmes support agribusiness and farms in their green and digital transition and the implementation of more sustainable models of food production as part of EIP. IPA III contributes to the implementation of the EIP with bilateral and regional programmes with all Western Balkan economies.

Connectivity in transport is focusing both on developing the necessary infrastructure for road, rail and waterway transport in line with the Trans-European Networks priorities, and on upgrading and greening the existing infrastructure to contribute to smart mobility solutions in line with the Green agenda. The priority is implemented through flagships 1, 2, and 3 of the EIP, focusing respectively on connecting north and south, east and west, and on connecting the coastal regions.

In the reporting period, work continued on all connectivity investment projects adopted under the connectivity agenda in previous years, with several projects reaching completion, notably along

⁶ <https://www.wbif.eu/wbif-investments>

the Mediterranean road corridor, the Orient-East-Med rail corridor and two cross-border bridges (Svilaj and Gradiska). The WBIF Operational Board has also approved financing for 13 new transport infrastructure investment projects with EU funding exceeding EUR 1 billion.

An important milestone for the region has been the adoption of the five sectoral action plans (rail, road, road safety, transport facilitation, and waterborne transport and multimodality) and the sustainable and smart mobility strategy for the Western Balkans, which were prepared in coordination with the Transport Community Treaty Permanent Secretariat. The five-year rolling work plan endorsed by the six partners serves as an additional planning tool for the reform measures and the infrastructure investments that the region has to prioritise in the coming years.

The Commission, together with the EIB and EBRD, is developing the safe and sustainable transport programme of EUR 80 million to support smart and sustainable mobility solutions through decarbonisation and digitalisation. Support will be provided for projects on e.g. the improvement of safety at level crossings, modernisation of selected border crossings, improvement of high-risk road sections, deployment of intelligent transport systems, and alternative fuels infrastructure, and for measures linked to climate adaptation, biodiversity protection and pollution reduction.

Following the successful introduction of ‘green lanes’ within the region at the time of the COVID-19 pandemic, work is underway on piloting green lanes also between the Western Balkans and the EU as part of the transport facilitation measures. In practice, green lanes lead to shorter waiting times at crossing points, simplification of inspections, and a reduction of formalities and costs. A Memorandum of Understanding on setting up a functional green lane between North Macedonia and Greece was signed on 7 July 2022.

Work is also under way on the overhaul of the TEN-T network in the Western Balkans, likely to be concluded at the end of 2022, with a view to updating the list of core and comprehensive transport networks.

In terms of financial commitments under IPA 2021 bilateral and multi-country programmes, a total of EUR 350 million was committed to transport and smart mobility.

Energy connectivity and transition is supported by three flagships, relating to investment in renewable energy sources, the energy efficiency ‘renovation wave’, and facilitation of the transition from coal. Energy security and diversification of supply are also supported in the context of the ongoing war in Ukraine.

In the reporting period, six renewable energy projects were approved for financing under the WBIF, including the rehabilitation of Fierza hydropower plant in Albania, three solar power plant projects in North Macedonia and Albania, and a smart metering project in the electricity distribution system in Serbia. Funding was also allocated to the construction of a segment of the Trans-Balkan electricity corridor.

To promote renewable energy sources and energy efficiency and support progress in the renovation of public and private buildings, the Commission has replenished the regional energy efficiency programme by EUR 100 million, with an implementation agreement to be signed with the EBRD and KfW by the end of 2022. Financing for a dedicated guarantee facility for projects related mainly to energy efficiency and renewables of EUR 45 million received the positive opinion of the WBIF Operational Board in April 2022.

Under the Energy Community Treaty, by the end of 2022 the Western Balkans will be required to commit to decarbonisation targets by 2030. On this basis, they will then develop strategies to achieve them through individual integrated energy and climate plans. The transition from coal in the region, most of which area is heavily reliant on fossil fuels, will be a major socioeconomic challenge. The Commission has therefore been supporting the establishment and operation of a cooperation platform for coal regions in transition in the Western Balkans and Ukraine, mirroring a similar EU initiative. A whole series of bilateral exchanges with EU regions has already taken place, while others are being planned. A plenary conference of the platform is planned for late 2022.

In terms of financial commitments under IPA 2021 programming, the Commission has committed EUR 114 million to clean energy projects at both regional and bilateral level.

Digital transition supports the region in its digital transformation – through technical assistance and through investment. It focuses on the regulatory reforms conducive to the development of a digital services market, and on promoting investment in innovative digital solutions and digital infrastructure. In the latter aspect, the priority is supported by flagship 8 of the EIP, digital infrastructure.

In terms of legal framework reforms, the Commission maintains a yearly regulatory dialogue on digital policy with the region and supports the annual high-level Western Balkans digital summits. The six economies have signed up to the **Declaration for the Future of Internet** of 28 April 2022⁷. Signed by 60+ international partners to date, the declaration sets out the vision and principles of a trusted Internet. The region is also fully associated with the work of the Body of European Regulators for Electronic Communications. The Commission, together with the Regional Cooperation Council, has been instrumental in securing the regional roaming agreement, which brought about a ‘roam like at home’ scheme in the region starting on 1 July 2021. Following the establishment of a roadmap on gradual reduction of roaming charges between the region and the EU in 2021, negotiations are currently underway with the Western Balkans and EU telecom operators for a voluntary reduction of these charges, with a possible first reduction starting in 2023.

In parallel, the EU is promoting the development of new digital solutions in various aspects of the economy of the Western Balkans, including transport, energy, logistics, government, commerce, etc. An important initiative promoting such solutions is the annual Balkathon, which awards innovative digital transition projects. The EU is equally supporting the development of digital skills among the societies of the region. A digital skills gap assessment for all six economies is currently being completed.

The WBIF supports a number of feasibility studies and investments in the digital field. February 2022 saw the completion of a broadband development feasibility study in Montenegro, while two new projects were launched: an investment grant to Serbia for the rural broadband rollout and a technical assistance grant to Albania for a feasibility study on the establishment of high performance computing for government institution data.

Cybersecurity remains an important element of the EIP. A cybersecurity needs assessment has been finalised for the region and a series of technical assistance events are being held through the

⁷ [Declaration for the Future of Internet | Shaping Europe's digital future \(europa.eu\)](https://europa.eu/declaration-for-the-future-of-internet)

TAIEX instrument, building preparedness for cyber incidents. Further allocations are being considered for this purpose under various Commission instruments.

In total, under IPA 2021 bilateral and multi-country programmes, the Commission committed over EUR 50 million to digital transition projects, which is expected to leverage significant investment from IFIs and private sources.

The EIP priorities on transport, energy and digital are also supported by the Green agenda for the Western Balkans⁸. This was adopted together with the EIP and endorsed by the leaders of the Western Balkans through the Sofia Declaration on the Green agenda in November 2020. The five-pillar agenda relies on regulatory reforms in the region to align it with the ambitions of the European green deal, as well as investments related to waste and wastewater management, energy transition and sustainable transport. The implementation of the agenda is assisted by the first seven out of ten flagships of the EIP, related to transport, energy transition and waste and wastewater management.

In the reporting period, the region, with the assistance of the Regional Cooperation Council (RCC), has produced a detailed action plan for the implementation of the agenda, which was endorsed by the Western Balkan leaders at the summit in Brdo in October 2021. While the RCC retains a key role in the coordination of regional initiatives under the Green agenda, the Commission also concluded a EUR 11 million regional programme EU4Green with the Austrian Environment Agency to help each partner in the region work on their own strategies and reforms. The programme was launched in early 2022.

In the February 2022 WBIF package of investments, the Commission approved the financing of two projects directly related to the agenda concerning the Podgorica and Skopje wastewater treatment plants (in addition to five energy transition projects discussed below). These projects kick-start the implementation of flagship 7 of the EIP: waste and wastewater management.

Work is currently underway on mapping all planned and ongoing interventions relevant to the Green agenda in the region, and on developing a monitoring tool for its implementation. The preparation of regional instruments on green infrastructure and on preventing plastic pollution and marine litter is also in the pipeline. Towards the end of 2022, the partners will be invited to declare their decarbonisation targets within the Energy Community and subsequently to reflect them in the national energy and climate plans.

In terms of financial commitments under IPA III 2021 programming, a total of EUR 165 million was committed to support the implementation of the Green agenda in bilateral and multi-country projects.

Supporting the private sector is implemented through flagship 9 of the EIP, focusing on targeted funding through a dedicated Guarantee Facility for SMEs to start up, innovate and become competitive. Similar support is also provided to rural agro-business through the IPARD instrument.

Creating appropriate conditions for the development and growth of the private sector, in particular MSMEs, is at the centre of the economic policy dialogue held with the Western Balkan partners annually through the Economic Reform Programmes (ERP) exercise and the resulting economic policy recommendations. The process has been updated in the reporting period to

⁸ [SWD\(2020\) 223 final](#)

better reflect the priorities of the EIP and also the challenges following the COVID-19 crisis and the impact of recent geopolitical events. The policy dialogue is also informed through an SME Policy Index publication of the OECD, financed by the EU in 2022.

The support for the private sector, especially geared towards fostering innovation and reinforcing the dual green and digital transition, is delivered through dedicated guarantee schemes prepared in 2021/2022 as a follow-up to the economic downturn caused by the impact of COVID-19. The Growth4All and Agriculture Risk Sharing facility are two examples of such guarantees. The Commission has furthermore approved a package of EUR 40 million for financial blending for innovative projects of the private sector in areas such as the green transition and social inclusion.

The Commission is also supporting the operation of the WB6 Chambers Investment Forum to promote the economic interests of the region within and outside the Western Balkans. It is in particular financing the new regional supplier development programme, which aims to facilitate the creation of links/opportunities for domestic suppliers.

Finally, the Commission is preparing for the launch of the Western Balkans Guarantee as part of the broader European Fund for Sustainable Development (EFSD+). The Guarantee will support institutions providing loans to the private sector in the region in areas of socioeconomic development and climate change. This instrument is expected to leverage up to EUR 20 billion in investments to the Western Balkan region to spur its economic development.

In terms of IPA 2021 programming, the Commission has committed close to EUR 148 million to support the development of the private sector, including agri-business in the Western Balkans.

The EIP also supports **developing human capital and innovation** in the region, including youth, education and embracing innovation. At the Brdo Ministerial meeting on 8 July 2021, the Ministers and representatives for Employment and Social Affairs of the region endorsed a declaration committing their economies to the principles of the European pillar of social rights and to implementing the Youth Guarantee Flagship of the EIP. The EU-Western Balkans Summit in October 2021 saw the launch a comprehensive agenda for the Western Balkans on innovation, research, education, culture, youth and sport, while the June 2022 Leaders Meeting was an opportunity to take stock of various youth-targeted actions.

The Youth Guarantee has been implemented in the EU since 2014 and reinforced since 2020. Now as EIP flagship, the Youth Guarantee in the Western Balkans is an activation scheme to ensure that young people in the Western Balkans receive a good quality offer of employment, continued education, apprenticeship or training within a certain period after becoming unemployed or leaving formal education. The scheme involves a wide range of stakeholders, including young people's organisations and social partners. The Commission has set up a Technical Assistance Facility in cooperation with the International Labour Organization and the European Training Foundation to support Western Balkans partners in this endeavour. The Youth Guarantee has the potential to boost a reform of the Public Employment Services of the Western Balkans economies, and to reduce the brain drain experienced by the region. It requires reforms and capacity building in a number of areas, from education and vocational training to employment, labour services and social protection. All Western Balkan partners except Bosnia and Herzegovina (where work is underway) have established coordination mechanisms for the Youth Guarantee, are in the process of developing detailed implementation plans, and some have already started putting them into action.

In the area of education and culture, detailed education sector diagnostics are being conducted, and two countries (Serbia and North Macedonia) are associated with Erasmus+, while the association process of the remaining partners is ongoing. The region is also now fully associated with the Creative Europe programme although efforts are required to align with the AVS directive. With 2022 announced as the European Year of Youth, the Western Balkans are being included in various EU events and initiatives, Tirana taking centre stage as the 2022 European Capital of Youth.

In terms of the social agenda, a thorough situational analysis of social protection in the region has been completed, with conclusions feeding into the economic and reform programmes policy guidance. The EU social economy action plan of 2021 is being adapted as a parallel initiative to be launched also in the Western Balkans. Five of the partners in the region (all except Kosovo) have also adopted new Roma strategies and action plans to align with the EU framework for 2020-2030. From 2022, SOCIEUX+, a technical assistance facility specialised in employment and social protection, will be available for the Western Balkans. It will support public institutions at national, regional and local levels and will strengthen institutional and individual capacities through exchanges with peers from the EU Member States.

EU assistance in this field also includes close cooperation with the Western Balkans on health, particularly in the context of the COVID pandemic and the donation of vaccines (some 6.5 million doses donated or resold by EU Member States to the region) and increased support by the European Centre for Disease Prevention and Control (ECDC). The region continues to be closely associated with the work of the EU Health Security Committee and ECDC, and has access to joint procurement of medical supplies. The EU is financing a health crisis resilience project in the Western Balkans implemented with the help of the World Health Organisation, and a new investment project has been adopted under the WBIF for the expansion of the University Children's Hospital in Belgrade.

The innovation agenda's key implementation instrument is the Horizon Europe programme, with all six Western Balkans partners now associated. The region has also access to the RTD Policy Facility and is actively encouraged to participate in EU research initiatives such as COST and EUREKA. Smart specialisation strategies have now been adopted by Serbia and Montenegro, while the other partners are receiving EU technical assistance to finalise them (North Macedonia) or develop them (Albania, Kosovo and Bosnia and Herzegovina). The Western Balkans Economic Development and Innovation Fund has so far provided technical assistance for up to 50 projects under the proof of concept scheme, and a new call for expression of interest is currently under evaluation.

Finally, the EU intends to fully associate the Western Balkans with the New European Bauhaus initiative, promoting innovation, sustainability, inclusion and aesthetics in infrastructure and other projects, in particular related to the implementation of the Green agenda. The intention is to extend the annual Bauhaus Prize planned under the initiative to the Western Balkans as of 2023.

The 2021 IPA commitments under bilateral and multi-country programmes in the area of human capital development and innovation amount to EUR 62 million.

These six priorities are underpinned – and their impact amplified – by the region's commitment (and EU's support) to establish a **Common Regional Market** in the Western Balkans⁹, based on

⁹ Sofia declaration of 6 November 2020.

the four freedoms of movement. All parties must play a constructive role in moving the Regional Market initiative forward. The success of the Economic and Investment Plan is also conditional upon progress by all partners in installing best practices in **rule of law, public finance and investment management**, and fostering a professional and efficient **public administration**. Progress on both these aspects is addressed under the respective sections of this Communication.

Annex 3
STATISTICAL DATA (as of 01.09.2022)

Demography	Note	Montenegro		North Macedonia		Albania		Serbia		Türkiye		Bosnia and Herzegovina		Kosovo *		EU-27	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total population (thousands)		622 s	622 s	2 077 s	2 076 s	2 862 s	2 846 s	6 964 s	6 927 s	82 004 bs	83 155 s	3 492 ps	:	1 796 s	1 782 s	446 559 bs	447 485 s
Share of 15-64 in total population (%)		66.9 s	66.5 s	69.6 s	69.3 s	68.7 s	68.4 s	65.3 s	64.8 s	67.8 s	67.8 s	:	:	67.1 s	67.1 s	64.6 beps	64.3 eps
Crude rate of natural population change (per 1 000 inhabitants)		1.0	- 0.3	- 0.3	- 3.2	2.3	0.2	- 5.3	- 8.0	9.1 be	:	:	:	6.9	:	- 1.1 bep	- 2.5 ep
Life expectancy at birth, males (years)		74.0	73.2	74.7	72.2	77.6	75.2	73.4	71.6	76.4	:	:	:	:	:	78.5 bep	77.5 ep
Life expectancy at birth, females (years)		79.5	78.8	78.6	76.7	80.7	79.6	78.6	77.5	81.8	:	:	:	:	:	84.0 bep	83.2 ep

Labour market	Note	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Economic activity rate for persons aged 20-64: proportion of the population aged 20-64 that is economically active (%)																	
Total	1)	71.8	67.2	71.5	70.5	75.9 ew	75.3 ew	72.9	72.5	62.2	58.7	59.0 w	62.3 bw	45.2 w	42.9 w	78.2	77.6
Males	1)	79.2	74.6	83.4	82.5	84.4 ew	83.9 ew	80.1	79.9	83.3	79.8	71.3 w	75.4 bw	67.3 w	63.0 w	84.2	83.6
Females	1)	64.4	59.9	59.3	58.2	67.6 ew	66.9 ew	65.6	65.2	41.1	37.5	46.9 w	49.1 bw	23.2 w	23.1 w	72.2	71.7
Employment rates, aged 20-64 (% of the population)																	
Total	1)	60.8	55.2	59.2	59.1	67.1 ew	66.3 ew	65.2	65.9	53.8	51.0	49.7 w	52.5 bw	34.2 w	32.3 w	73.1	72.2
Males	1)	67.5	61.7	69.7	68.9	74.7 ew	74.0 ew	72.1	72.9	73.2	70.1	61.6 w	64.9 bw	53.0 w	48.8 w	78.9	78.0
Females	1)	54.2	48.8	48.4	49.0	59.7 ew	58.8 ew	58.2	58.9	34.4	32.0	38.0 w	40.0 bw	15.6 w	16.0 w	67.2	66.5
Persons aged 15-24 not in employment, education or training, % of the population in the age group	1)	17.3	21.1	18.1	19.6	25.5 w	26.6 w	15.3	15.9	26.0	28.3	21.0 w	21.6 w	32.7 w	33.6 w	10.1	11.1

Labour market (cont.)	Note	Montenegro		North Macedonia		Albania		Serbia		Türkiye		Bosnia and Herzegovina		Kosovo *		EU-27	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Persons aged 15-29 not in employment, education or training, % of the population in the age group	1)	21.3	26.6	24.5	26.2	26.6 w	27.9 w	19.0	20.0	29.5	32.0	25.0 w	25.9 w	39.9 w	40.4 w	12.6	13.8
Employment by main sectors																	
Agriculture, forestry and fisheries (%)	1)	7.1 s	7.5 s	13.9 s	12.0 s	36.4 ew	36.1 ew	15.6 s	14.6 s	18.1 s	17.6 s	18.0 w	12.0 bw	5.2 w	4.8 w	4.3 s	4.3 s
Industry (%)	1)	9.5 s	10.1 s	24.1 s	23.9 s	13.1 ew	13.4 ew	22.6 s	22.6 s	19.8 s	20.5 s	23.8 w	33.4 bw	15.1 w	16.3 w	18.1 s	18.2 s
Construction (%)	1)	9.9 s	8.3 s	7.0 s	6.9 s	7.0 ew	7.0 ew	4.8 s	5.4 s	5.5 s	5.7 s	7.9 w	9.4 bw	12.6 w	11.1 w	6.7 s	6.6 s
Services (%)	1)	73.1 s	73.5 s	55.0 s	57.1 s	43.5 ew	43.5 ew	56.9 s	57.5 s	56.6 s	56.2 s	50.3 w	45.3 bw	67.1 w	67.9 w	70.1 s	70.1 s
People employed in the public sector as a share of total employment, persons aged 20-64 (%)	2) 3) 4) 1)	29.3 w	30.5 w	23.2 w	24.4 w	15.3 ew	15.5 ew	26.6 w	26.4 w	16.8 w	17.7 w	17.2 w	19.1 bw	27.6 w	28.7 w	:	:
People employed in the private sector as a share of total employment, persons aged 20-64 (%)	5) 4) 1)	66.5 w	65.6 w	76.8 w	75.6 w	84.7 ew	84.5 ew	73.4 w	73.6 w	83.2 w	82.3 w	82.8 w	80.9 bw	72.4 w	71.3 w	:	:
Unemployment rates (% of the labour force)																	
Total	1)	15.2	17.9	17.3	16.4	11.5 ew	11.8 ew	10.5	9.1	13.7	13.2	15.9 w	15.9 bw	25.5 w	25.8 w	6.7	7.1
Males	1)	14.7	17.5	16.5	16.7	11.6 ew	11.6 ew	10.0	8.8	12.4	12.4	13.8 w	14.2 bw	22.4 w	23.4 w	6.4	6.8
Females	1)	15.7	18.4	18.4	15.9	11.4 ew	12.0 ew	11.2	9.5	16.5	14.9	19.0 w	18.6 bw	34.4 w	32.2 w	7.1	7.4
Youth, aged 15-24	1)	25.2	36.0	35.6	35.7	27.2 ew	26.5 ew	27.5	26.6	25.2	25.1	33.8 w	36.6 bw	49.4 w	49.1 w	15.1	16.8
Long-term (>12 months)	1)	12.0	13.4	12.4	12.4	7.3 ew	7.0 ew	5.5	4.5	3.2	3.3	12.1 w	11.9 bw	16.2 w	18.4 w	2.7	2.5
Average nominal monthly wages and salaries (EUR)	6) 7) 8) 9)	515 sw	524 sw	410 sw	441 sw	430 sew	434 sew	645 sw	706 sw	427 sw	384 sw	471 sw	489 sw	477 sw	466 sw	:	:

Education	Note	Montenegro		North Macedonia		Albania		Serbia		Türkiye		Bosnia and Herzegovina		Kosovo *		EU-27	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Early leavers from education and training: percentage of the population aged 18-24 with at most a lower secondary education and not in further education or training (%)	1)	5.0	3.6	7.1	5.7	16.3 w	15.6 w	6.6	5.6	28.7	26.7	3.8 w	4.7 w	8.2 w	7.8 w	10.2	9.9
Public expenditure on education relative to GDP (%)		:	:	:	:	3.3 psw	3.3 sw	3.6 sw	3.5 sw	4.4	4.0 sw	4.0 sw	:	4.6 sw	4.6 sw	4.7 d	:
Percentage of the population aged 20-24 with at most lower secondary education, total	1)	4.8	:	8.1	6.1	:	:	7.5	6.4	38.0	34.4	:	5.8 bw	8.6 w	10.2 w	16.5	15.7
Percentage of the population aged 20-24 with at most lower secondary education, males	1)	:	:	6.4	5.9	:	:	7.3	6.0	39.5	36.7	:	5.8 bw	7.7 w	9.1 w	19.0	18.5
Percentage of the population aged 20-24 with at most lower secondary education, females	1)	:	:	9.9	6.2	:	:	7.6	6.8	36.6	32.2	:	5.9 bw	9.6 w	11.5 w	13.8	12.9
Percentage of the population aged 20-24 with upper secondary or post secondary non-tertiary education, total	1)	82.4	83.3	83.7	85.2	:	:	85.9	85.4	39.8	43.1	87.3 w	84.2 bw	78.9 w	78.8 w	66.6	66.8
Percentage of the population aged 20-24 with upper secondary or post secondary non-tertiary education, males	1)	85.3	85.7	87.6	89.0	:	:	88.1	87.5	41.7	45.3	89.9 w	86.1 bw	83.3 w	83.1 w	67.3	67.5
Percentage of the population aged 20-24 with upper secondary or post secondary non-tertiary education, females	1)	79.3	80.6	79.4	81.1	:	:	83.7	83.2	37.9	40.8	84.1 w	82.3 bw	73.9 w	73.8 w	65.8	66.0
Percentage of the population aged 30-34 with tertiary education, total	1)	36.8	38.4	35.7	39.7	31.3 ew	33.2 ew	33.5	33.0	31.4	33.1	22.5 w	28.4 bw	24.5 w	29.1 w	40.3	41.1
Percentage of the population aged 30-34 with tertiary education, males	1)	35.4	35.1	32.1	34.3	27.1 ew	26.7 ew	26.9	27.1	32.7	33.9	17.3 w	23.2 bw	22.5 w	28.1 w	35.1	36.0
Percentage of the population aged 30-34 with tertiary education, females	1)	38.1	41.7	39.4	45.3	36.6 ew	40.0 ew	40.4	39.1	30.0	32.2	28.6 w	34.0 bw	26.8 w	30.3 w	45.6	46.2

National accounts	Note	Montenegro		North Macedonia		Albania		Serbia		Türkiye		Bosnia and Herzegovina		Kosovo *		EU-27	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Gross domestic product																	
In current prices (EUR million)		4 951	4 186	11 262	10 635 p	13 754	13 283 p	46 005	46 796	679 132	626 576	18 046	17 514	7 056	6 772	14 016 454	13 411 849
Per capita (EUR)		7 960	6 740	5 422 sw	5 122 psw	4 820	4 680 p	6 620	6 780	8 220	7 510	5 168 ps	:	3 930 s	3 800 s	31 300	29 920
In purchasing power standards (PPS) per capita		15 696	13 356	:	:	9 524	9 109 p	12 805	12 758	18 466	18 406	10 400	10 100	:	:	31 302	29 921
In purchasing power standards (PPS) per capita, relative to the EU average (EU-27 = 100)		50.1	44.6	38.1	:	30.4	30.4	40.9	42.6	59.0	61.5	32.5 s	33.0 s	:	:	100	100
Real (volume) annual rate of change, compared with the previous year (%)		4.1	- 15.3	3.9	- 6.1 p	2.1	- 3.5 p	4.3	- 0.9	0.9	1.8	2.8	- 3.1	4.8	- 5.3	1.8	- 5.9
Gross value added by main sectors																	
Agriculture, forestry and fisheries (%)		7.9	9.1	9.4	9.8 p	21.0	22.0 p	7.2	7.6	7.1	7.5	6.6	7.0	9.0	8.9	1.8	1.8
Industry (%)		11.9	13.5	20.8	19.7 p	13.8	12.6 p	24.0	23.4	24.2	25.6	23.1	23.0	23.4	24.1	19.9	19.5
Construction (%)		7.9	7.3	6.5	6.2 p	9.8	10.3 p	6.9	6.5	6.0	5.9	5.0	5.4	10.1	9.3	5.4	5.6
Services (%)		72.2 s	70.0 s	63.4 s	64.1 ps	55.4 s	55.2 ps	61.9 s	62.4 s	62.8 s	60.9 s	65.3 s	64.5 s	57.5 s	57.7 s	72.9 s	73.0 s

Balance of payments	Note	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Net (inward - outward) foreign direct investment (FDI) (million euro)	27)	345.0 s	467.5 w	363.3 w	154.7 w	1 037.1 s	893.6 w	3 551.1 w	2 938.5 w	5 639.8 s	4 009.8 s	277.8 w	296.8 w	188.4 w	286.6 w	- 51 947.3 s	77 731.3 s
Net (inward - outward) foreign direct investment (FDI) (% of GDP)	27)	6.97 s	11.17 sw	3.23 s	1.44 sw	7.54 s	6.84 sw	7.72 s	6.28 sw	0.83 s	0.64 s	1.54 sw	1.70 sw	2.67 s	4.23 sw	- 0.37 s	0.58 s
Net (inward - outward) foreign direct investment (FDI) in relation to EU-27 (million euro)	15) 28) 29)	40.0 s	92.9 w	193.0 s	11.0 w	610.3 s	507.0 w	2 186.0 s	1 932.4 w	- 289.2 s	- 12.3 w	135.4 w	207.7 w	152.5 s	135.6 w	22 301.9 s	- 117 798.9 s
Net (inward - outward) foreign direct investment (FDI) in relation to EU-27 (% of GDP)	30) 29)	0.81 s	2.22 sw	1.71 s	0.10 sw	4.44 s	3.88 sw	4.75 s	4.13 sw	- 0.04 s	0.00 sw	0.75 sw	1.19 sw	2.16 s	2.00 sw	0.16 s	- 0.88 s
Remittances as % of GDP		4.83 s	6.26 s	1.74 s	2.66 ps	5.11 s	5.07 ps	5.83 s	4.81 s	0.02 s	0.02 s	8.54 s	7.36 s	12.07 s	14.47 s	0.15 s	0.14 s

External trade in goods	Note	Montenegro		North Macedonia		Albania		Serbia		Türkiye		Bosnia and Herzegovina		Kosovo *		EU-27	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Share of exports to EU-27 countries in value of total exports (%)		37.0 s	37.7 s	78.5 s	77.5 s	76.4 s	74.7 s	66.3 s	66.2 s	42.2 s	41.1 s	72.3 s	72.4 s	33.2 s	34.5 s	:	:
Share of imports from EU-27 countries in value of total imports (%)		47.0 s	44.2 s	50.8 s	46.3 s	57.7 s	57.9 s	54.7 s	55.7 s	31.6 s	33.1 s	61.1 s	60.8 s	49.1 s	45.8 s	:	:
Trade balance (EUR million)		- 2 185	- 1 739	- 2 040	- 1 818	- 2 843	- 2 670	- 5 356	- 4 981	- 27 836	- 42 293	- 4 093	- 3 254	- 3 114	- 2 822	191.129	215.751
International trade in goods and services relative to GDP																	
Imports (% of GDP)		65.0	61.0	76.2	71.9 p	45.0	37.2 p	60.9	56.5	30.0	32.5	55.2	48.5	56.4	53.9	45.9	42.9
Exports (% of GDP)		43.8	26.0	62.4	58.9 p	31.3	22.7 p	51.0	48.2	32.6	28.7	40.6	34.5	29.3	21.7	49.3	46.6
Public finance	Note	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
General government surplus (+) / deficit (-) (%)		- 2.0 w	- 10.7 ew	- 2.0 w	- 8.1 w	- 1.9 w	- 6.8 w	- 0.2 ew	- 8.0 w	- 4.4 w	- 4.7 w	1.9 w	- 5.3 w	- 0.5 w	- 5.2 w	- 0.6	- 6.8
General government debt (%)	10)	76.5 w	103.1 w	40.7 w	51.2 w	63.3 w	72.7 w	52.9 ew	57.7 w	32.7 w	39.8 w	32.7 w	36.6 w	17.5 w	21.8 w	77.5	90.0

Financial indicators	Note	Montenegro		North Macedonia		Albania		Serbia		Türkiye		Bosnia and Herzegovina		Kosovo *		EU-27	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Annual change in consumer prices (%)	11)	0.5 w	- 0.8 w	0.7 d	1.2 d	1.7 w	2.2 w	1.9 d	1.8 d	15.2 d	12.3 d	0.6 w	- 1.1 w	2.7 w	0.2 w	1.4	0.7
Private debt, consolidated, relative to GDP (%)	12) 13)	:	:	:	:	:	:	:	:	3.3 w	10.3 w	3.8 w	- 1.2 w	:	:	:	:
Total external debt, relative to GDP (%)	14) 15) 16)	169.0 sw	224.1 sw	72.4 s	80.3 ps	59.9 s	64.3 ps	61.4 sw	65.8 sw	54.8 sw	60.5 sw	63.6 sw	64.9 sw	31.2 sw	37.2 sw	:	:
Total debt in foreign currency, relative to GDP (%)	17)	15 w	17 w	:	:	60 w	66 w	:	:	:	:	:	:	:	:	:	:
Lending interest rate (one year), per annum (%)	18) 19) 20) 21) 22)	6.01 w	5.84 w	2.75 w	2.00 w	6.27 w	6.10 w	3.50 w	1.90 w	15.84 w	16.46 w	3.29 w	3.05 w	6.51 w	6.21 w	:	:
Deposit interest rate (one year), per annum (%)	18) 19) 23) 24) 25) 26)	0.40 w	0.40 w	0.15 w	0.15 w	0.49 w	0.40 w	1.00 w	0.10 w	14.56 w	13.51 w	0.06 w	0.07 w	1.46 w	1.49 w	:	:
Value of reserve assets (including gold) (million euro)	19) 15) 16)	1 366.8 w	1 738.5 w	3 262.6 w	3 359.9 w	3 359.6 w	3 942.4 w	13 378.5 w	13 491.7 w	94 413.6 w	81 664.3 w	6 441.1 w	7 091.0 w	863.7 w	900.8 w	:	:
International reserves - equivalence in months of imports	19) 15) 16)	5.1 sw	8.2 sw	4.6 sw	5.3 sw	6.5 sw	9.6 sw	5.7 sw	6.1 sw	5.6 sw	4.9 sw	7.8 sw	10.0 sw	2.6 sw	3.0 sw	:	:

Business	Note	Montenegro		North Macedonia		Albania		Serbia		Türkiye		Bosnia and Herzegovina		Kosovo *		EU-27	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Industrial production index (2015 = 100)	31)	106.7	105.6	113.2	102.4	95.5 w	89.5 w	111.3	111.0	113.6	115.4	103.5	96.7	:	:	106.2	98.5
Infrastructure	Note	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Density of railway network (lines in operation per thousand km²)	32) 33)	18.0 s	:	26.9 s	26.9 s	5.9 sw	7.8 sw	48.5 sw	43.2 sw	13.3 s	13.3 s	19.9 sw	19.9 sw	30.5 sw	30.5 sw	:	:
Length of motorways (kilometres)		z	z	335	335	z	22	928 w	928	3 060	3 523	208	218	137 w	137 w	:	:
Energy	Note	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Net energy imports in relation to GDP		4 s	3 s	7 s	5 ps	2 s	2 ps	5 s	3 s	1 s	1 s	5 s	3 s	6 s	4 s	2.6 s	1.6 s

Source: Eurostat and the statistical authorities in Western Balkans and Türkiye

: = not available

b = break in series

d = definition differs

e = estimated value

p = provisional

s = Eurostat estimate

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

z = not applicable and therefore equal to 0

* = 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.

Footnotes:

- 1) Bosnia and Herzegovina: Since January 2020, the Labour Force Survey in Bosnia and Herzegovina has been conducted continuously, throughout the year, with quarterly data release. Also, from 2020 the procedure of weight calibration according to population estimates by five-year age groups and sex is carried out.
- 2) Montenegro: Data refer to number of employees in the public sector as a share of the total number of persons employed.
- 3) North Macedonia: In the public sector are included data: Other (mixed, collective, state, undefined)
- 4) Bosnia and Herzegovina: The public sector includes NACE Rev. 2 Sections O, P and Q while the private sector includes other NACE Sections.
- 5) Montenegro: Break in series as previously only employees were answering this question; Since 2018 all employed persons are giving answer to this question.
- 6) Albania: Source of information: General Directorate of Taxation, social insurance contributors; INSTAT's calculation
- 7) Türkiye: Source: Income and Living Conditions Survey.
- 8) Bosnia and Herzegovina: Net earnings.
- 9) Kosovo: The data for wages 2012-2019 have been revised.
- 10) Bosnia and Herzegovina: End of year (31 December).
- 11) Bosnia and Herzegovina: Consumer price inflation
- 12) Türkiye: Data cover debt securities and loans.
- 13) Bosnia and Herzegovina: Data for monetary financial institutions.
- 14) Serbia: Official external debt of the Republic of Serbia.
- 15) Türkiye: Average of year exchange rate used to convert to euros.
- 16) Bosnia and Herzegovina: Based on IMF balance of payments manual, sixth edition.
- 17) Albania: External debt (including FDI).
- 18) Montenegro: Weighted average effective interest rate, outstanding amounts, annual.
- 19) North Macedonia: End of year (31 December).
- 20) Albania: Average weighted rate applied to new 12-month loans over the respective month, on 12-month maturity.
- 21) Bosnia and Herzegovina: Short-term lending rates in national currency to non-financial corporations (weighted average).
- 22) Bosnia and Herzegovina: Data are revised due to correction at few banks.
- 23) Albania: Deposit interest rate represents the average weighted rate for newly accepted deposits over the respective month, on 12-month maturity.
- 24) Türkiye: Average of monthly data. Overnight deposit facility.
- 25) Bosnia and Herzegovina: Demand deposit rates in national currency of households (weighted average).
- 26) Bosnia and Herzegovina: Data for December 2018.
- 27) Bosnia and Herzegovina: Based on IMF balance of payments manual, Asset - Liability Approach
- 28) Türkiye: Based on BPM6.
- 29) Bosnia and Herzegovina: Based on IMF balance of payments manual, sixth edition and OECD Benchmark Definition of Foreign Direct Investment - 4th edition
- 30) Türkiye: Average of year exchange rate used to convert to euros.
Based on BPM6.
- 31) Albania: Activity B_D
- 32) Serbia: Data for 31 December of the this year, exception for 2021 where the data are for 1.1.2021
The data was taken from the Republic Geodetic Authority.
- 33) Bosnia and Herzegovina: Inland waters estimated at 210 km².

Indexes ¹⁰	THIRD PARTY INDICATORS RELATED TO THE STATUS OF DEMOCRACY, GOOD GOVERNANCE AND THE RULE OF LAW IN CANDIDATE COUNTRIES AND POTENTIAL CANDIDATES ¹¹						
	Albania	Bosnia and Herzegovina	Kosovo	North Macedonia	Montenegro	Serbia	Türkiye
Nations in Transit 2022 - Democracy Scores, Freedom House https://freedomhouse.org/countries/nations-transit/scores	Total score: 46/100 (2021: 46/100) Status: Transitional or Hybrid Regime (2021: Transitional or Hybrid Regime)	Total score: 38/100 (2021: 39/100) Status: Transitional or Hybrid Regime (2021: Transitional or Hybrid Regime)	Total score: 38/100 (2021: 36/100) Status: Transitional or Hybrid Regime (2021: Transitional or Hybrid Regime)	Total score: 47/100 (2021: 47/100) Status: Transitional or Hybrid Regime (2021: Transitional or Hybrid Regime)	Total score: 47/100 (2021: 47/100) Status: Transitional or Hybrid Regime (2021: Transitional or Hybrid Regime)	Total score: 46/100 (2021: 48/100) Status: Transitional or Hybrid Regime (2021: Transitional or Hybrid Regime)	n/a
Freedom in the World 2022 - Global Freedom Score, Freedom House https://freedomhouse.org/countries/freedom-world/scores	Total score: 67/100 (2021: 66/100) Status: Partly free (2021: Partly free)	Total score: 53/100 (2021: 53/100) Status: Partly free (2021: Partly free)	Total score: 56/100 (2021: 54/100) Status: Partly free (2021: Partly free)	Total score: 67/100 (2021: 66/100) Status: Partly free (2021: Partly free)	Total score: 67/100 (2021: 63/100) Status: Partly free (2021: Partly free)	Total score: 62/100 (2021: 64/100) Status: Partly free (2021: Partly free)	Total score: 32/100 (2021: 32/100) Status: Not free (2021: Not free)
Democracy Index 2021 - The Economist Intelligence Unit https://www.eiu.com/n/campaigns/democracy-index-2021/	Overall Score: 6.11/10 (2020: 6.08/10) Rank: 68/167 (2020: 71/167) Regime type: Flawed democracy (2020: Flawed democracy)	Overall Score: 5.04/10 (2020: 4.84/10) Rank: 95/167 (2020: 101/167) Regime type: Hybrid regime (2020: Hybrid regime)	n/a	Overall Score: 6.03/10 (2020: 5.89/10) Rank: 73/167 (2020: 78/167) Regime type: Flawed democracy (2020: Hybrid regime)	Overall Score: 6.02/10 (2020: 5.77/10) Rank: 74/167 (2020: 81/167) Regime type: Flawed democracy (2020: Hybrid regime)	Overall Score: 6.36/10 (2020: 6.22/10) Rank: 63/167 (2020: 66/167) Regime type: Flawed democracy (2020: Flawed democracy)	Overall Score: 4.35/10 (2020: 4.48/10) Rank: 103/167 (2020: 104/167) Regime type: Hybrid regime (2020: Hybrid regime)
World Press Freedom Index 2022 - Reporters without borders https://rsf.org/en/index	Global Score: 56.41/100 (2021: 69.41/100) Rank: 103/180 (2021: 83/180)	Global Score: 65.64/100 (2021: 71.66/100) Rank: 67/180 (2021: 58/180)	Global Score: 67.00/100 (2021: 69.68/100) Rank: 61/180 (2021: 78/180)	Global Score: 68.44/100 (2021: 68.33/100) Rank: 57/180 (2021: 90/180)	Global Score: 66.54/100 (2021: 65.67/100) Rank: 63/180 (2021: 104/180)	Global Score: 61.51/100 (2021: 67.97/100) Rank: 79/180 (2021: 93/180)	Global Score: 41.25/100 (2021: 50.21/100) Rank: 149/180 (2021: 153/180)
Rule of Law Index 2021 - World Justice Project https://worldjusticeproject.org/rule-of-law-index/global/2021	Overall Score: 0.49/1 (2020: 0.50/1) Global Rank: 83/139 (2020: 78/128)	Overall Score: 0.52/1 (2020: 0.52/1) Global Rank: 72/139 (2020: 64/128)	Overall Score: 0.55/1 (2020: 0.54/1) Global Rank: 60/139 (2020: 54/128)	Overall Score: 0.53/1 (2020: 0.53/1) Global Rank: 64/139 (2020: 58/128)	n/a	Overall Score: 0.49/1 (2020: 0.50/1) Global Rank: 81/139 (2020: 75/128)	Overall Score: 0.42/1 (2020: 0.43/1) Global Rank: 117/139 (2020: 107/128)
	Percentile Rank:	Percentile Rank:	Percentile Rank:	Percentile Rank:	Percentile Rank:	Percentile Rank:	Percentile Rank:

¹⁰ Not all the candidate countries and potential candidates are considered in the third-party rankings and indexes that are listed in the table.

¹¹ The table presents the latest available ranking and/or scores by third parties. Additional reference to data from previous assessment is shown in between parenthesis, when available.

Worldwide Governance Indicators 2021 – Rule of Law, The World Bank Group http://info.worldbank.org/governance/wgi/	43.75/100 (2020: 40.87/100)	42.79/100 (2020: 42.79/100)	43.27/100 (2020: 39.42/100)	52.40/100 (2020: 51.92/100)	52.88/100 (2020: 54.33/100)	50.96/100 (2020: 51.44/100)	36.54/100 (2020: 38.46/100)
Worldwide Governance Indicators 2021 – Governance Effectiveness, The World Bank Group http://info.worldbank.org/governance/wgi/	Percentile Rank: 53.37/100 (2020: 48.08/100)	Percentile Rank: 13.46/100 (2020: 12.98/100)	Percentile Rank: 42.79/100 (2020: 39.90/100)	Percentile Rank: 50.00/100 (2020: 55.29/100)	Percentile Rank: 53.85/100 (2020: 50.96/100)	Percentile Rank: 55.77/100 (2020: 52.88/100)	Percentile Rank: 49.52/100 (2020: 47.60/100)
Worldwide Governance Indicators 2021 – Control of Corruption, The World Bank Group http://info.worldbank.org/governance/wgi/	Percentile Rank: 31.73/100 (2020: 31.73/100)	Percentile Rank: 28.85/100 (2020: 28.37/100)	Percentile Rank: 44.71/100 (2020: 37.02/100)	Percentile Rank: 43.27/100 (2020: 34.62/100)	Percentile Rank: 54.33/100 (2020: 55.77/100)	Percentile Rank: 36.06/100 (2020: 38.46/100)	Percentile Rank: 40.38/100 (2020: 43.27/100)
Corruption Perceptions Index 2021 - Transparency International https://www.transparency.org/en/cpi/2021	Score: 35/100 (2020: 36/100) Rank: 110/180 (2020: 104/180)	Score: 35/100 (2020: 35/100) Rank: 110/180 (2020: 111/180)	Score: 39/100 (2020: 36/100) Rank: 87/180 (2020: 104/180)	Score: 39/100 (2020: 35/100) Rank: 87/180 (2020: 111/180)	Score: 46/100 (2020: 45/100) Rank: 64/180 (2020: 67/180)	Score: 38/100 (2020: 38/100) Rank: 96/180 (2020: 94/180)	Score: 38/100 (2020: 40/100) Rank: 96/180 (2020: 86/180)

