

Revised proposal - August 2023



Template 2.0 for Staged Accession to the EU

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Summary

The Template for Staged Accession to the EU was first published in the autumn of 2021, following the European Commission’s publication of the revised enlargement methodology and the persistently stagnating accession process of the Western Balkan countries. The necessity to adapt EU enlargement policy has become ever more pronounced since Russia’s full-scale invasion of Ukraine. The geopolitical imperative for EU enlargement has prompted numerous proposals but ‘Staged Accession’ remains the only model which provides a predictable way forward for all present and future membership candidates in parallel with internal reforms aimed at smooth functioning of an enlarged EU.

Emerging from wide-ranging consultations and a series of issue papers that delved into the specific elements of the Model, this revised Template 2.0 presents a comprehensive proposal on how to amend the EU’s current accession policy. It presents the overall structure of the Staged Accession Model, with new specifications on the EU’s ‘fundamentals first’ approach. It lays out the ‘essential elements’ of the proposal, which the authors consider the bare minimum a new enlargement policy revision would need to entail to achieve the Model’s objectives. It unpacks the two pre-accession stages and the benefits of gradual institutional participation as well as increased funding proposed to (potential) candidates as incentives to press on with the most difficult fundamental reforms. The EU needs to use the momentum carefully to ensure that candidates go through a merit-based and predictable process, which will guarantee more reforms are rewarded with more benefits, while stagnation and backsliding are met with appropriate measures and reversibility in the integration process. The special arrangements of the Stage 3 ‘New

Member State' regime are detailed as well as the transition into the fourth and final stage envisaging conventional EU membership. Ideas on advanced sectoral integration (i.e. vertical 'phasing-in') and their possible relationship with the horizontal approach of the Staged Accession Model are also analysed.

Finally, the paper reviews the proposals for innovating the overall governance of the EU's enlargement policy. Template 2.0 concludes by making important recommendations to the EU institutions, Member States and candidates that ought to be considered if the EU is to avoid missing another chance to restore the credibility and effectiveness of its once most successful foreign policy. Such proposals should be advanced in October 2023, at the latest, as part of the Commission's next 'Enlargement Package,' with a view to agreement at the European Council's December 2023 meeting.

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I. Introduction

The [Template for Staged Accession to the EU](#) was first published in the autumn of 2021, against the backdrop of the European Commission’s announcement of the Revised Enlargement Methodology (REM) and the persistently stagnating EU accession process of the Western Balkan (WB) countries. It proposed a four-stage process, with each stage offering more benefits for candidate countries as a reward for increased levels of membership preparedness. The overall aim was to create a more predictable and incentivising accession process while reinforcing the merit-based approach to EU enlargement and ensuring full membership as the ultimate outcome. Moreover, the Template was – and remains – the only proposal which paves the way for the next round of enlargement without making it conditional on the completion of internal EU reforms. Finally, the Template was produced with the objective of not only facilitating but also ensuring that candidate countries become full-fledged EU members, without the risk of any intermediate step becoming a permanent parking lot for pre-accession states, most of which have been promised a tangible route to membership 20 years ago. This unique proposal, a combination of existing members and candidates’ perspectives in the Template design, is a result of being authored by a mixed team of experts from both the EU and the Western Balkans.

While recognising that the REM has produced insufficient change to truly revive the enlargement policy and contribute to the acceleration of reforms in the candidate countries, the Template endorsed the REM’s cluster approach which organises chapters into policy groups that aim to ensure better reform coherence in accession negotiations. The [Template doubled down](#) on the REM’s basic intentions to instil more credibility, stronger political steering, as well as more dynamic and a more predictable process. Borrowing the Commission’s [own wording](#), the Template offered a way to ‘provide greater clarity on what the EU expects of enlargement countries at the different stages of the process.’

The necessity to revive the pre-accession process has become ever more pronounced since Russia’s full-scale invasion of Ukraine. The war at the EU’s borders has triggered what German Chancellor Scholz has called a ‘*Zeitenwende*’ (turning point) in various policy areas and drastically intensified the geopolitical imperative for EU enlargement, prompting numerous high-level announcements and proposals by Member States’ officials, as well as decisions by the European Council that formerly could not be agreed upon politically. Most notably, membership perspectives have been opened for all three eastern European applicants, with Ukraine and Moldova being granted candidate status. With the realisation that enlargement remains the EU’s most effective conduit to secure peace, prosperity and democracy on the continent, the need has come to adapt the policy for the gradual integration of new and fragile aspirants. In such a context, Staged Accession emerges as the most holistic model which can provide a predictable way forward for all present and future EU membership candidates¹. Moreover, the new imperative driven in favour of a better enlargement methodology because of the war in Ukraine also creates a positive spillover for the WB countries’ own membership prospects.

Since its publication, the Template has been widely discussed both across the EU and in the WB. Various stakeholders have raised specific questions and concerns regarding the individual elements of the proposal. These discussions have driven the publication of two consequent papers, [one](#) which has addressed the EU stakeholders’ concerns, as well as [one](#) that addresses those of the WB interlocutors. They also led to the realisation that numerous segments of the proposal needed further analysis and detailing before they could be translated into policy. As a result, a series

¹ The research that informed Template 2.0 was focused on the Western Balkan (potential) candidate countries. While the paper clearly recognises the relevance of the proposals for the context of the Eastern Partnership candidates, the in-depth analyses (for example, those regarding the budget impact) were not performed for these countries, and thus merit further research and analysis.

of [issue papers](#) has been developed, each paper considering a particular segment of the original proposal as well as important complementary topics, such as how to treat bilateral disputes in the enlargement policy and the Template's relationship with existing regional cooperation initiatives. All of the discussions and the published issue papers have been fed into this paper, which lays out a revised Staged Accession Model.

Considering that the authors' ideas have significantly matured since the publication of the initial proposal, Template 2.0 presents a revised and consolidated text, without necessarily explaining each modification of the original proposal (a table presenting an overview of the modifications is provided in Annex 1).

Several aspects of the Template have already been officially proposed for policy implementation. Following a [call](#) by European Council President Charles Michel to introduce 'gradual, phased integration, even while the accession process is ongoing', in June 2022, the European Council [invited](#) the Commission, the High Representative and the Council 'to further advance the gradual integration between the European Union and the region already during the enlargement process itself in a reversible and merit-based manner.' Several non-papers by the EU Member States have repeated similar ideas², culminating in [explicit support](#) to gradual integrate the Western Balkans into the EU by the Spanish Presidency of the EU Council in the second half of 2023. The most significant announcement in this regard came in May 2023 from Commission President Ursula Von der Leyen who [proposed a four-pillar growth plan](#) for the Western Balkans which included increasing pre-accession funds. While some of these proposals have gone in the direction of more differentiated, sectoral integration prior to full accession, the details are still lacking, and important questions remain to be clarified.

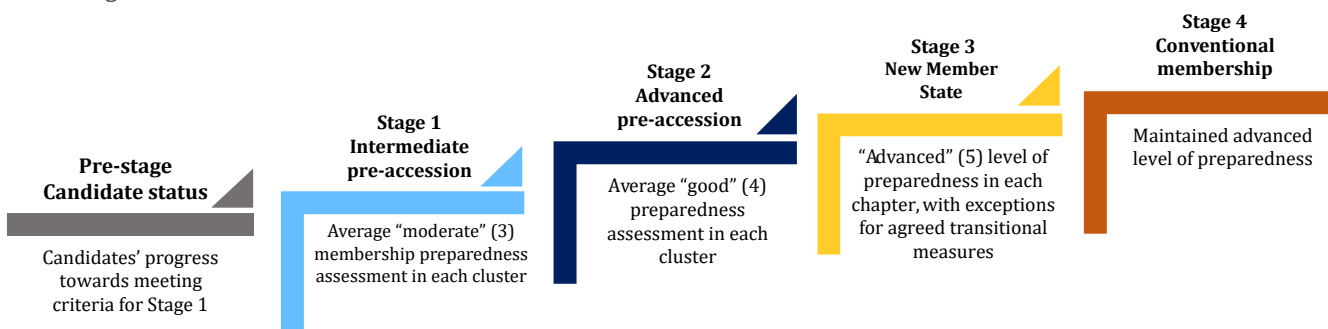
This paper begins by describing the overall structure of the Staged Accession Model, with new specifications on the EU's '[fundamentals first](#)' approach. Thus, in Chapter 2, it lays out the 'essential elements' of the proposal we consider the bare minimum that a new enlargement policy revision would need to entail in order to achieve the Model's objectives. Chapter 3 then proceeds to a discussion on the two pre-accession stages and the benefits proposed to candidates as an incentive to press on with the most difficult fundamental reforms, and hence prevent stagnation or even backsliding. Chapter 4 presents the special Stage Three 'New Member State' (NMS) regime as well as its transition into the fourth and final stage which envisages full conventional EU membership. Chapter 5 discusses ideas on advanced sectoral integration (i.e., vertical 'phasing-in') and their possible relationship with the horizontal approach of the Staged Accession Model. Chapter 6 reviews the proposals for innovating the overall governance of the EU's enlargement policy, which, although not forming part of the 'essential elements' of the Model, promise to facilitate the process all the way to membership. Chapter 7 concludes by discussing the changing context of EU enlargement and makes important recommendations to the EU institutions and Member States that ought to be considered if the EU is to avoid missing another chance to restore the credibility and effectiveness of its once most successful foreign policy.

² See, e.g., the Austrian non-paper, 'EU enlargement and neighbourhood policy beyond existing templates', May 2022; and Czech Presidency, 'Non-paper on accelerated/gradual integration', November 2022.

II. Overall structure and legal basis of the Model

The Staged Accession Model is built around four key stages in a candidate country's accession process, each based on a specific overall membership preparedness level, as assessed by the European Commission (see Illustration 1 below). It follows the logic of horizontal progression, rather than a sectoral (policy) approach, which means that candidates must increase their performance across the whole set of clusters to progress through the stages, which allows them access to specific benefits. Yet, to account for the need for policy prioritisation and the breadth of the accession process which requires high-level administrative capacities, the Model focuses on the average cluster performances (apart from Cluster 1, for which a stricter regime is proposed – see below) as preconditions for advancing through the stages, rather than insisting that each chapter achieves higher levels of membership preparedness.

Illustration 1. Basic structure of the Staged Accession Model, with the required levels of preparedness to enter each stage



To facilitate transparency, analysis and comparison, the Template suggests quantifying the Commission's ratings, which already follow a standardised qualitative scale ranging from early stages of preparation (1) to a well advanced level of preparation (5). The authors assume that candidates are required to reach advanced levels of preparation in all negotiated chapters to be able to close the negotiations and sign accession treaties, though certain exceptions are likely to occur, due to the agreed transitional periods³.

To better account for the utmost importance of the first cluster, gathering all chapters and policy areas that fall into the category of 'fundamentals', the revised Template includes a much-needed clarification. Unlike other clusters that are expected to have a certain *minimum average* rating, for Cluster 1 we propose a stricter regime of preconditions for the various stages. Accordingly, each chapter and policy area in Cluster 1 must individually achieve at least the required *minimum* rating for a country to reach a given stage. To illustrate, for a candidate to unlock Stage 1 benefits, in addition to all clusters reaching a minimum *average* rating of 3, in Cluster 1 *each* chapter and sub-area must see at least the same level of preparedness. The goal is to avert a scenario whereby a country might receive a moderate average rating due to, for example, more advanced economic criteria, whilst loitering on the rule of law chapters (23 and 24 respectively). Such an approach underpins the EU's 'fundamentals first' approach and ensures that candidates keep progressing in all fundamental reform areas while also taking steps to increase their compliance with the *acquis* in the individual chapters across other clusters.

³ For example, closing Chapter 27 (Environment and Climate Change) will likely include an agreement on a transitional period in favour of candidate countries, allowing them additional time to achieve full compliance with the expensive environmental *acquis*. In such a case, the final assessment of performance under this chapter at the time of entering Stage 3 might be lower than 5 – advanced level of preparation.

Although the Model envisions the introduction of stages as an innovative approach, it nevertheless fully relies on the existing legal instruments within the enlargement policy, without disrupting the methodology for accession negotiations. The existing association agreements would serve as a basis in the two pre-accession stages, while the membership Stages 3 and 4 would be governed by accession treaties as well as the entire body of EU law. The overall introduction of the Staged Accession Model would require a formal endorsement by the Member States, most likely in form of Council conclusions based on a Commission communication detailing the approach. For subsequent implementation, the EU would rely on the legal instruments already in place (details are provided in the following sections addressing the individual stages). The moves towards the first two stages could be agreed upon in the form of executive decisions taken by the EU institutions within the scope of their prerogatives, with concrete action steps and roadmaps for implementation that would facilitate a more predictable process and reaffirm the ‘more-for-more, less-for-less’ conditionality⁴.

Characterised by, *inter alia*, a suspension of the rights to propose a commissioner and to cast a negative vote in Council decisions taken by unanimity, the special regime envisaged by Stage 3 is to be detailed in each candidate’s treaty of accession, which is a primary source of EU law, on a par with the EU founding treaties. Thus, the underlying work on accession negotiations remains undisturbed, allowing most administrative capacities to remain focused on fundamental reforms and compliance with the *acquis*. As the Stage 3 limitations are essentially temporary derogations and transitional measures which expire once their timeframes elapse, Stage 4 occurs automatically, without a vote or any specific decision made. However, as with all other EU Member States, enjoying full membership benefits will remain dependent on maintaining the achieved performance across the *acquis* and in the rule of law domain. In short, one of the key advantages of the Model lies in the fact that it requires no negotiating or signing of additional international agreements, which would be a lengthy and resource-consuming process.

Finally, while the original Template suggested that all clusters should be opened at the start of the negotiation process, for largely administrative reasons, this revised proposal acknowledges that such a simplification of the process might not be possible, as the parties involved need to invest significant efforts to prepare and then agree on their negotiating positions. Yet the EU should strive to ensure that accession negotiations are opened and run their course in line with the candidates’ progress in membership preparedness based on the Commission’s assessments, as well as in fulfilling the opening, intermediate and closing benchmarks, without unnecessary disturbances by political issues unrelated to membership criteria. At the same time, the political process should focus on achieving key reforms and compliance with the *acquis*, which are measured by the Commission, and should become the basis for deciding when to grant the proposed benefits.

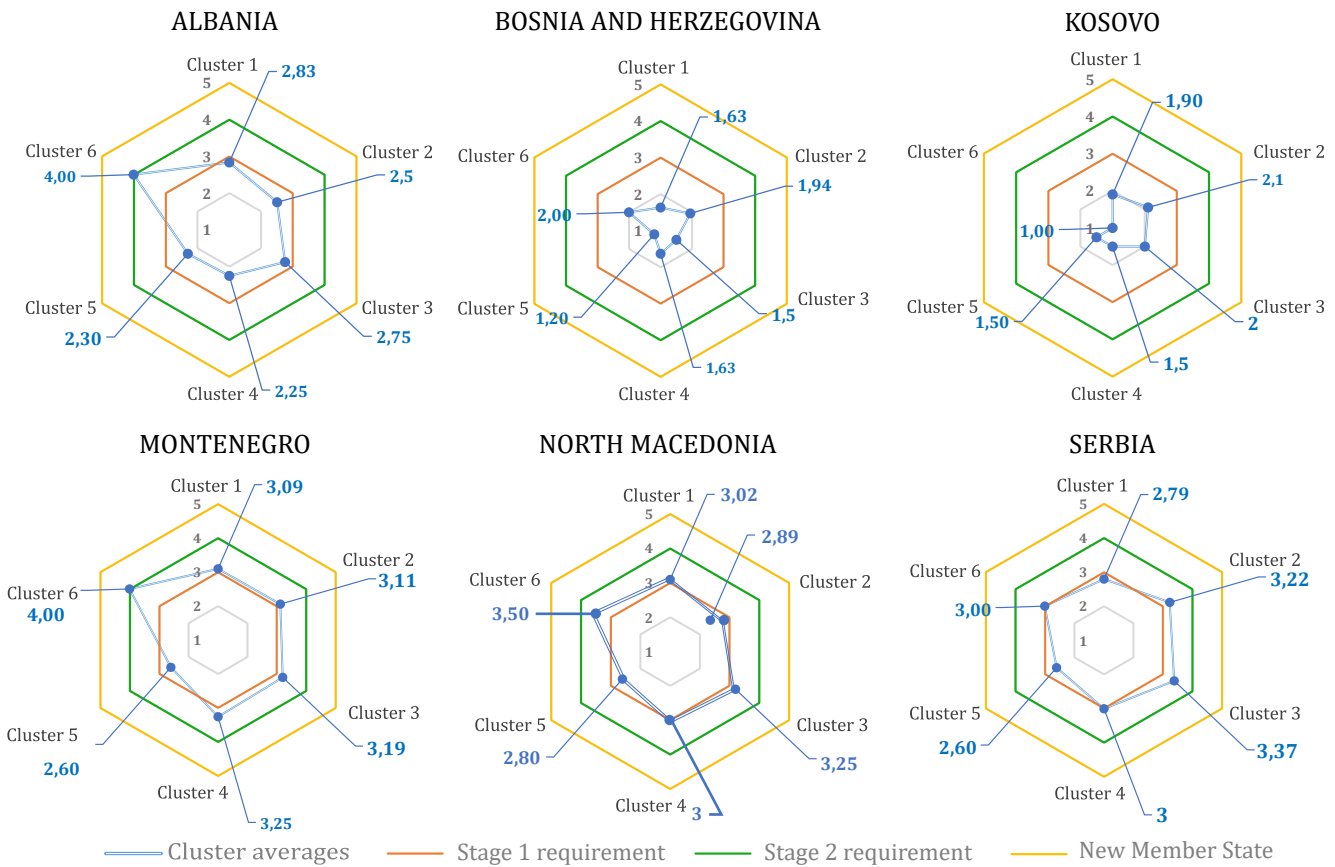
Analyses performed for each WB candidate and potential candidate (see footnote above) indicate, however, that at present none of the WB countries meet the criteria to enter Stage 1. These country-specific analyses were performed by quantifying membership preparedness assessments provided by the Commission’s annual reports for the WB countries⁵. To access benefits foreseen by the Model, a resolute commitment to instituting profound reforms in the democracy and rule of law domain is an absolute imperative. With the right incentives to generate political will, such as

⁴ Six national issue papers were produced as part of the research efforts which formed the basis of the Template 2.0. They include detailed analyses of the actions that each government should undertake based on the Commission’s reports to increase their ratings of individual chapters and clusters to achieve Stages 1 and 2.

⁵ All chapters and sub-areas covered by the Commission’s reports were included in the analyses. The quantification scale went from 1 to 5 in terms of preparedness level for all chapters/clusters, following the Commission qualitative assessments (1 = Early stage of preparation; 2 = Some level of preparation; 3 = Moderately prepared; 4 = Good level of preparation; and 5 = Well advanced stage of preparation). Additionally, separate scoring of the Cluster 1 sub-area ‘Functioning of democratic institutions’ was introduced, as the Commission has not yet provided assessments of membership preparedness in this area. For this purpose, CEP has developed a pilot methodology based on credible third-party indicators.

increased financial support and institutional participation, entering Stage 1 could be a short-term perspective for the frontrunners and a mid-term perspective for the backbenchers, as shown in the illustration below.

Illustration 2. Applying the Staged Accession Model on the Western Balkan candidates and potential candidates for EU membership



III. Pre-accession stages and benefits

The first two stages encompass the pre-accession period and run in parallel with membership negotiations. To be eligible for Stage 1, a country needs to have been granted (potential) candidate status by the EU. Accession negotiations may or may not have been formally opened, though, ideally, at least Cluster 1 would have been opened by the time a candidate reaches a moderate level of preparedness for membership.

The two key types of benefits proposed for candidates in the two pre-accession stages are:

- » Selective (in Stage 1) and then generalised (in Stage 2) participation in the work of the EU institutions and,
- » Substantially larger and progressively increasing funds to support socio-economic convergence with the EU average.

Further details on the proposed benefits for each pre-accession stage are provided in the following sections.

III. 1 Institutional participation

While the original template was rather ambitious about the institutional participation of candidates as observers, a recent opinion of the Council Legal Services has made it clear that full observer status is impossible prior to the signing of the accession treaty. Template 2.0 therefore offers a modified proposal to involve candidate countries in the work of the EU institutions.

Based on a thorough analysis of available opinions and rules of procedure, we find that the EU can facilitate greater institutional access for candidate countries without treaty changes. But unlike the proposal contained in the original Template, the invitees would not be permitted to remain present for the entire duration of meetings. The Council Legal Service [distinguishes](#) between the institutional participation of Member States and ‘accessing states’ (i.e. candidates who have concluded membership negotiations but who remain without the right to vote in the institutions until their actual date of entry) based on the right of representation, on the one hand, and the possibility of the occasional institutional *presence* of third states, on the other. In the latter case, upholding the EU’s autonomy in decision-making is essential⁶. This can be achieved by temporarily removing the obligation of professional secrecy (via simple majority) while at the same time requiring the invitees to leave the room once the specific subject on the agenda has been discussed.

This logic applies in particular to the Council of the EU, European Council, European Parliament, and comitology committees, whereas [a more flexible approach](#) would apply to the European Commission’s expert groups, EU consultative bodies and EU agencies, as these have been more welcoming of third-state participation. In terms of practical implementation, once the Commission determines in a (potential) candidate country’s report that it has met the preconditions for enjoying the benefits of a specific pre-accession stage, it would invite the respective institutions to grant that aspirant the stage-specific access to their meetings.

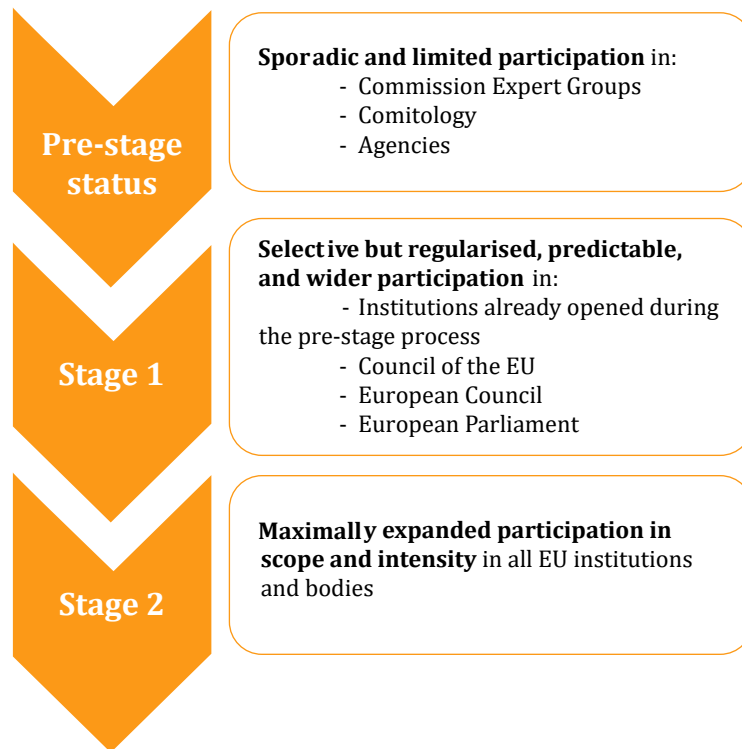
Assuming the political will to operationalise the [2020 Revised Enlargement Methodology](#), which allows candidate countries ‘to participate as observers in key EU meetings on matters of substantial importance to them,’ access to EU institutions can take place under the condition that speaking rights, without the right to vote, are ensured across the pre-accession stages. The original Template differentiated between a passive observer status granted at Stage 1 (the right to attend meetings without speaking) and active observer status at Stage 2 (speaking rights included). Yet the EU institutions’ basic procedures and standard practices already transcend this dichotomy. Any potential invitation of a third country to participate in EU meetings would be done in the form of *exchanging views* on a specific item, thus necessarily implying speaking rights. As the invitation would depend, among other things, on whether the presence of third states’ representatives is ‘in the interest’ of the institution in question, sitting idly throughout the proceedings would contradict not only the above-mentioned principle of autonomy but also the need to utilise the meetings to foster a joint understanding on policies of mutual importance and facilitate candidates’ socialisation in regular EU activities.

Regarding the extent of access to EU institutions, the Template’s original proposal to grant selective observer participation from Stage 1, followed by broader, generalised access in Stage 2, remains valid. Template 2.0 builds on this and provides a more concrete scheme. As access to Stage 1 takes place upon acquiring a moderate level of preparedness across clusters (a rating of 3 out of 5), in practice, a country could acquire access to configurations/bodies that cover chapters with above-average scores, i.e. a good level of preparedness (a rating of 4). Then, the access could be maximally expanded in scope and intensity in Stage 2, as candidates would be closer to fulfilling all

⁶ Council of the EU, *Legal Service opinions* 9463/11, points 2 to 4; 7893/95, point 3, as referenced in: Council of the EU, *Legal Service Contribution (CLS)*, 6566/20, article 14, 16 March 2020.

membership conditions. This could involve ensuring the widest possible participation, allowing for discussions to take place in all EU policy areas. Moreover, being present on a particular subject would not create a right to be automatically invited on that subject in the future,⁷ thus reaffirming the possibility to reverse acquired institutional benefits in case any of the necessary accession reforms are missing.

Illustration 3. Candidates' participation in the work of EU institutions in the pre-accession stages



III. 2 Increased pre-accession funds

Although discussions about enlargement to the Western Balkans often trigger the caveat of the impact on the EU budget, research has shown that these fears are unfounded. If the entire WB region were to integrate into the EU all at once, the net annual cost for the EU budget would amount to EUR 3.76 billion, or EUR 26.32 billion over one Multiannual Financial Framework (MFF)⁸, assuming full payment of obligatory budget contributions⁹. Despite representing a five-fold increase in available funding compared to the ongoing Instrument for Pre-accession Assistance (IPA), these amounts appear almost negligible when placed in the broader context of the combined funds of the MFF and the NextGenerationEU, totalling EUR 1.8 trillion. This perspective undermines finance-related arguments against enlargement significantly and serves as a reminder that political will remains a crucial factor in determining the timing and conditions for enlargement to the WB. Admittedly, Ukraine's accession would represent a much more significant budget challenge for the EU, although the level of the EU's financial investment and political commitment to Ukraine since the onset of the war overshadows the financial argument against eastward enlargement.

⁷ Council of the EU, *General Secretariat's Comments on the Council's Procedure Rules*, 2022, p.57.

⁸ If the contributions of newcomers are unaccounted for, the total cost of incorporating WB countries into the EU budget would amount to EUR 5.07 billion annually or EUR 35.5 billion over one MFF. Although this would represent a 7.5-fold increase in expenditures on the EU's side compared to IPA III, the annual burden on the Member States' GNI would amount to only 0.014 % and 0.026 %. This translates to a per capita cost of between EUR 1.6 and EUR 10.8, depending on the Member State.

⁹ The size of mandatory contributions per country were calculated based on [previous work](#) by Rant, Mrak and Marinc in 2020.

Table 1. Allocation of funds to the Western Balkans prior to and after EU accession (annual averages; in bn EUR)¹⁰

	ALB	BIH	KOS	MNE	MKD	SRB	WB
IPA CA	0.11	0.08	0.08	0.04	0.09	0.2	0.6
Post-accession CA	0.74	0.95	0.41	0.21	0.6	2.17	5.07
Post-accession contributions to the	0.18	0.24	0.11	0.07	0.15	0.57	1.32
Post-accession CA accounting for contributions ¹¹	0.57	0.71	0.3	0.14	0.45	1.59	3.76

* CA = commitment appropriations

In addition to being small, the WB economies have so far failed to achieve sufficiently high growth rates that would allow them to reduce their socio-economic convergence gap with the EU. While the EU has supported the WB countries through pre-accession assistance, the total transfers towards the region have been up to 11 times lower than those to neighbouring Member States, thus increasing the gap between these countries¹². Against this backdrop and recognising that hefty financial assistance can also serve as a strong incentive for improving the track-record of reforms, the Template has proposed that once candidates reach higher levels of preparedness for membership, Stages 1 and 2 should reward these achievements by opening new and significantly increased funding opportunities.

III. 2.1 Proposed dynamics of introducing increased pre-accession funds

The original Template proposal was for candidates to receive access to 50 % of the funds which they would be entitled to as Member States in Stage 1, followed by 75 % in Stage 2, ending with 100 % in Stage 3, when membership is achieved.

Yet, the initial proposal did not account for the dynamics of introducing compulsory contributions to the EU budget in Stage 3, which would result in a lower financial incentive to move towards. Since several stakeholders **raised concerns** about the possibility of candidate countries deciding to stagnate in Stage 2, with a comfortable funding offer and no added pressure of full compliance with membership criteria, we have explored several options to overcome this hurdle. The overview of variants within the original proposal are shown in the Table below.

Table 2. Summary of the proposed funding/contribution schemes

	FUNDING (%)				CONTRIBUTION (%)			
	Stage 1	Stage 2	Stage 3	Stage 4	Stage 1	Stage 2	Stage 3	Stage 4
VARIANT A	35	55	100	100	0	0	100	100
VARIANT B	40	60	100	100	0	0	50	100
VARIANT C	40	60	100	100	5	15	100	100

10 For a more detailed discussion of the budgetary impact of the Staged Accession Model, see: Strahinja Subotic, 'On financial and economic implications of the Staged Accession Model on the EU budget, and on acceding countries' budgets', European Policy Centre (CEP - Belgrade) and Centre for European Policy Studies (CEPS - Brussels), 2023.

11 The results represent the difference between post-accession CA and contributions.

12 For a more detailed discussion, see: Milena Mihajlovic, 'Reforming the EU's pre-accession funding instrument: Effective membership preparation through the Staged Accession Model', European Policy Centre (CEP - Belgrade) and Centre for European Policy Studies (CEPS - Brussels), 2023.

While the details of these analyses are provided in a [separate issue paper](#), the revised dynamics retain the much-needed creation of a visible financial incentive for the candidate states' political leadership to press ahead with difficult reforms. As Table 2 demonstrates, candidates in Stage 1 would be able to receive up to 40 % of the financial transfers they would be eligible for as members,¹³ while in Stage 2 this amount would go up to 60 %. Although a comparative overview shows that Variant A is the simplest and most straightforward in terms of implementation, Variant B emerges as the most advantageous for candidates. It effectively balances the urgency of boosting reforms and economic convergence with the need to compensate the candidates for the limitations faced in Stage 3. Under this variant, the estimated annual cost per stage for the entire region – assuming that all countries reach stages at the same time – would be EUR 2.3, 3.4, 4.42 and 3.76 billion respectively. Considering that the countries are likely to have a much more dispersed progression through the stages, with some advancing faster than others, the total cost to the EU's budget per stage is likely to be lower until all WB candidates reach full membership.

As mentioned earlier, the amounts needed for Ukraine, as indeed Moldova and Georgia, will be much larger given that their combined population size of 45 million is 2.5 times that of the WB at 18 million. Detailed studies comparable to those quoted for the WB have not been attempted, not least because of the still incalculable cost of damages inflicted by Russia's war of aggression on Ukraine¹⁴. In normal times one might have adopted as a very rough rule of thumb that the eastern European trio would receive comparable amounts per capita, subject to a downward correction because large states typically see a degressive factor with respect to size. However, these are not normal times, and on 20 June 2023 the Commission [published a fully specified draft regulation](#) establishing the legal basis for a four-year 'Ukraine Facility' of financial support, with a total of EUR 50 billion for the 2024-2027 period, comprising EUR 17 billion in budgetary grants (designed along the lines of IPA) and EUR 33 billion in loans. The annual average total funding would be EUR 12.5 billion. It remains a speculative matter over how these amounts may change as and when the war ends, and notably after the end of the four-year period.

III. 2.2 Proposed design of the funding instruments

Funding opportunities for the candidates should also be designed with the objective of supporting the implementation of large systemic reforms on the one hand, while on the other hand helping these countries prepare for the management and absorption of European Structural and Investment Funds (ESIF) upon membership. Yet the Commission has primarily focused on supporting systemic reforms and, as a result, has shifted its emphasis away from assisting countries in preparing for ESIF absorption.¹⁵ Arguably, the funding structure should equally focus on both, particularly in the next MFF. To achieve this goal, a fundamentally reformed IPA IV is needed for the period 2028-35.

Such a reformed IPA should contain separate funding lines for each of the two above-mentioned objectives: systemic reforms, mainly concentrated in Cluster 1 (but also those pertaining to the development of institutional structures for ESIF management), should be supported through performance-based budget support, while a separate funding line should encompass the preparation and management of multi-annual operational programmes (OPs), much like in ESIF management. To progressively build absorption capacities, the first round of OPs should be three years long and involve comparatively smaller amounts, while the second round should encompass four years with larger funds. Such a design would resemble the current structure of support for Member

¹³ Compared to the total amount of the Economic and Investment Plan for the WB (the share of IPA III allocated for the region), the eligible amounts for candidates would practically more than double already in Stage 1.

¹⁴ There is a major effort going on to assess the costs of war damages, with the World Bank publishing estimates in the region of USD 400 billion so far, and ongoing conferences to solicit adequate funding, including the prospect of 'making Russia pay'.

¹⁵ A detailed assessment of the suitability of IPA for preparing its beneficiaries for membership is provided in: Milena Mihajlovic, 'Reforming the EU's pre-accession funding instrument: Effective membership preparation through the Staged Accession Model'.

States that receive EU funds through both the Recovery and Resilience Fund under NextGenerationEU, with both grants and loans for major reforms and investments, and the ESIF, which entail mainly the implementation of multi-annual OPs that are based on programmes and projects.

For those countries which fulfil Stage 1 criteria during the current MFF, the EU will likely need to allocate additional funds towards implementing the Staged Accession Model, as a transitional instrument before the introduction of a transformed IPA IV. This instrument, most likely to be introduced through a revision of the IPA regulations, should comprise a top-up on the existing IPA III funds. It should rely on familiar mechanisms that will take comparatively less time to introduce than designing new or thoroughly reforming existing instruments, while having maximum impact on WB governments' motivation to press on with reforms and their alignment with the *acquis*. The simplest way to introduce this kind of support would be to rely on the experience of budget support, which has been used in the region since 2014. Budget support is a performance-based funding instrument which has supported various systemic reforms in IPA beneficiary countries, with an emphasis on public finance management, public administration reform and other major reform areas.

The top-up for the remainder of the ongoing MFF would likely need to amount to between EUR 3.08 and 7.4 billion, depending on the speed of the candidates' progress in aligning with the *acquis* and results in fundamental reforms leading towards the opening of the first stage¹⁶. If Ukraine were able to enter Stage 1 during the current MFF period, the EU's financial commitments would presumably be met by the new Ukraine Facility which runs until 2027, coinciding with the end of the current MFF.

III. 3 Reversibility mechanisms in the accession process

Reversibility in the accession process is an important part of the principle of credibility – one of the main principles of REM. This [latest modification of enlargement methodology](#) stresses the need to incentivise and reward progress, as well as the need for 'more decisive measures proportionally sanctioning any serious or prolonged stagnation or even backsliding in reform implementation and meeting the requirements of the accession process.' It also reaffirms the Commission's annual assessments as the basis for the decision to halt or even reverse the process, as its reports analyse the 'overall balance in accession negotiations and the extent to which fundamental reforms, in particular on the rule of law are being implemented.'

Moreover, the REM has also introduced the possibility to use simplified procedures, including reverse qualified majority voting, based on a Commission's or a Member State's duly motivated request, to ensure a swift response to serious cases of backsliding in a candidate country. The new approach has already found its place in the latest negotiating frameworks for North Macedonia and Albania, while the formal acceptance of the REM by Montenegro and Serbia has made it applicable for those two countries as well. This reinforced reversibility mechanism lays the ground for a more credible EU approach in strengthening the role of fundamental reforms in the accession process and supporting their institutionalisation and sustainability.

To ensure that the merit-based approach of the Staged Accession Model is upheld, in cases of persistent stagnation or backsliding in the Cluster 1 chapters and sub-areas (as well as, potentially, across other clusters), the EU would subject candidates to reversibility procedures that freeze or even fully withdraw any uncommitted funds available to them in the first and second stages. Taking the example of the proposed Ukraine Facility, the Commission could be empowered to take

¹⁶ The lower amount accounts for Montenegro, North Macedonia and Albania entering Stage 1 in a year's time, while the upper amount also includes Serbia in this group. The calculation is based on the figures provided in: Strahinja Subotic, 'On financial and economic implications of the Staged Accession Model on the EU budget, and on acceding countries' budgets'.

such decisions, based on its progress reports, which should be the chief source of assessments to that end¹⁷. To allow Member States sufficient space to oversee the Commission's work, the Commission should inform the Council in good time before taking measures against a candidate country, and duly consider any Council observations in this respect¹⁸. Such an enhanced conditionality mechanism would be suitable for the EU's significantly enlarged funding offer and would go a long way in supporting domestic political will for implementing reforms towards membership.

The practice of enforcing reversibility procedures thus far has nevertheless been rather weak. Despite significant problems with the rule of law, the functioning of democratic institutions and other political criteria in several candidate and potential candidate countries, the Commission has been rather reluctant to propose measures to apply the reversibility principle in practice¹⁹. It has been similarly reluctant to acknowledge instances of backsliding in Cluster 1 areas within its reports. This has led some Member States as well as civil society actors in candidate countries to openly question the Commission's objectivity and has prevented the application of the 'less for less' principle. Therefore, while the latest improvements of the formal reversibility procedures are a step in the right direction, if they are to contribute to a more credible enlargement process, objective enforcement will be key.

IV. Membership stages and special regimes

Reaching Stage 3 would be the crucial milestone in the Staged Accession process, as it marks the formal attainment of EU membership. It follows the completion of accession negotiations and the signature and ratification of an accession treaty. As stated previously, for membership talks to be completed, all (or most) chapters must achieve advanced level of membership preparedness (i.e. the rating of 5 on the quantified Commission's scale). This means that to become New Member States (NMSs), candidates will need to fulfil all membership conditions. Yet, EU membership at Stage 3 would come with certain reservations. In response to rising concerns in several Member States over the preservation of the EU's fundamental values with new enlargements towards regions with a weak democratic track record and over the future functioning of an enlarged EU in areas where decision-making is still governed by unanimity in the Council, the Template introduces certain temporary and proportional safeguards. Their purpose is to take away one of the chief reasons for existing Member States to invoke the dreaded 'absorption capacity' argument against enlargement and to allow the Union to pursue further deepening and widening simultaneously.

Effectively, with entrance into Stage 3, NMSs would take on all membership obligations and gain most of the rights that are available to conventional members. On the rights' side, just as other (conventional) members, NMSs would participate in the work of all EU institutions. Accordingly, they would become full participants in the EU's single market and customs union, gain full access to ESIF, and have the possibility of joining Schengen and the Eurozone upon fulfilling the standard conditions. Their citizens would acquire EU citizenship rights and protection, including standing for and voting in European elections. In terms of obligations, all EU legal acts would be equally binding to NMSs as to any other member, with the Court of Justice of the EU being the ultimate arbiter of any legal disputes that might arise. Additionally, NMSs would also pay its mandatory

¹⁷ The Template also proposed that the Commission's monitoring and assessment approach should be improved to increase the credibility of its reports, including quantifying the assessments of progress and membership preparedness.

¹⁸ A similar solution was included in the Cooperation and Verification Mechanism for Bulgaria and Romania. See: European Commission, [Commission reports on progress in Romania under the Cooperation and Verification Mechanism](#), 22 November 2022.

¹⁹ The EU has recently indicated it would use reversibility measures for the first time. During a debate in the European Parliament's Committee on Foreign Affairs (AFET) in June 2023, the head of the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR), Gert Jan Koopman, pointed to several measures against Kosovo due to its failure to take the steps requested to reduce tensions in northern Kosovo. He specifically mentioned the suspension of the work of all SAA working groups, the suspension of financing EU programmes, projects from the Western Balkans Investment Framework not being approved, as well as the suspension of meetings at political levels.

contribution to the MFF, thus ‘investing’ into the future of the Union like all the rest. Looking at the listed rights and obligations, entering Stage 3 and acquiring the status of a new member would represent a genuine fulfilment of the promised membership perspective.

IV.1 Ensuring functionality of EU decision-making through Stage 3

In response to the claims that the EU, in its present treaty framework, is incapable of absorbing new members, the Staged Accession Model proposes, first, to subject NMSs to a clearly specified and time-barred limitation of their voting rights in the Council of the EU²⁰. Whereas NMSs’ representatives would be allowed to participate in all Council deliberations and consensus-building processes as well as to vote on all simple and qualified majority issues (including the forming of blocking minorities), their right to cast a negative vote in unanimity-ruled matters would be *temporarily* restricted. This exception would be limited to a *maximum* of ten years, after which NMSs would graduate to conventional membership (Stage 4)²¹. In short, the proposal grants the Union sufficient time to introduce institutional reforms, while still maintaining a degree of pressure on Member States to ensure the functionality of decision-making with an enlarged membership.

While introducing a temporary differentiation between existing and NMSs, the proposed limitation avoids creating second-class membership. Limited in duration and *automatically expiring* after the stipulated period, the derogation does not detract from granting full membership rights to future entrants and would, moreover, be introduced in all future accession treaties. With conventional members having no say in deciding whether an NMS ‘deserves’ to enter Stage 4, a scenario in which a new member would become permanently ‘captured’ in the transitional Stage 3 would be impossible. Moreover, to mitigate the impact of the temporary derogation on what may be perceived as the core interests of NMSs (e.g. harmonisation of taxes, the decision over own resources, vital security interests), the Template proposes to introduce an ‘emergency brake’ into the Accession Treaty similar to that foreseen in Article 31(2) TEU, adapted to fit for purpose:

‘If a [New Member State] declares that, for vital and stated reasons of national policy, it intends to oppose the adoption of a decision to be taken by [unanimity], a vote shall not be taken. The [President of the Council] will, in close consultation with the Member State involved, search for a solution acceptable to it. If [s/he] does not succeed, the Council may, acting by a qualified majority, request that the matter be referred to the European Council for a decision by unanimity²².’

Thus, by limiting the duration of this exceptional regime and embedding safeguards for NMSs, the proposal ensures its proportionality to the objective that it seeks to achieve.

IV.2 Guarding the EU’s fundamental values in Stage 3

The second limitation in Stage 3 pertains to the need to ensure that NMSs continue to uphold the EU’s fundamental values after accession, when the power of conditionalities wanes and the perceived risk of democratic backsliding of newcomers grows. Recognising that it takes time for the implemented reforms to grow roots and thus become sustainable in the long run, the Model insists on creating and developing a robust safeguard net.

²⁰ The original Template also proposed limiting the possibility of a New Member State having a Commissioner in the European Commission and a judge on the Court of Justice of the EU. While we have heard no voices demanding such proposals among EU stakeholders, these limitations could still be introduced to facilitate more wholesale EU institutional reform. Regarding the number of Commission members, the Lisbon Treaty already contains a provision for limiting their number to two-thirds of the number of Member States (TEU, Article 17.5). While this provision has not been implemented, the most elegant way to proceed in the present context would be to revert to this provision.

²¹ A separate [issue paper](#) discusses this proposed limitation, establishing its legality, particularly vis-à-vis the Union’s obligation to respect the equality of member states before the treaties.

²² *Ibid.*

We therefore propose that the EU uses and enhances existing safeguard clauses. While the details and mechanics of such a regime would have to be regulated in the Accession Treaties, the aim would be to provide the EU with the means to track potential backsliding at an early stage and to discourage newcomers from deviating from common rules and values post-accession. In deciding whether and when to implement it, no additional monitoring tools would be required since²³, as of the date of accession, all NMSs will be covered by the standard [Rule of Law monitoring](#) by the European Commission applicable to all Member States.

Since the 2004 enlargement there has been a proliferation of safeguard clauses, with the *Justice and Home Affairs (JHA) Safeguard Clause* becoming a permanent but underutilised feature of Accession Treaties. As specified by Article 38 of Bulgaria's and Romania's Acts of Accession, or Article 39 of Croatia's, the Commission had the right to trigger the Clause within three years after accession to the EU²⁴ — upon the reasoned request of a Member State or on its own initiative²⁵ and after consulting the Member States - if there were 'serious shortcomings or any imminent risks of such shortcomings' in implementing commitments relating to JHA²⁶. This allowed the Commission to 'adopt appropriate measures and specify the conditions and arrangements applicable thereto²⁷'; including 'temporary suspension of the application of relevant provisions and decisions' with a newcomer²⁸. Building upon this practice²⁹, we propose extending the period for the Clause's activation to a *maximum* of ten years, thus aligning it with the Stage 3's entire duration, and thereby enhancing the potency of the safeguard net after accession.

To protect the rule of law after accession, we suggest strengthening the link between the rule of law further with other relevant safeguard clauses as well. One such clause is the *Internal Market Safeguard Clause*, defined in Article 37 in the case of Bulgaria's and Romania's Accession Acts, or Article 38 in Croatia's. It relates to commitments in any sectoral policy which concerns economic activities with cross-border effect, thereby causing a serious breach of the functioning of the internal market or a threat to the Union's financial interests or an imminent risk of such a breach or threat. In applying it, the Commission has a key role, as its procedure mirrors that of the JHA Safeguard Clause. Accordingly, our suggestion to extend the period for the Clause's potential activation for *up to* ten years remains equally valid here. Additionally, further safeguard clauses of this kind should be considered. Obviously, as in the case of previous enlargements, such instruments will be

23 During the ratification period, however, a different monitoring mechanism could ensue as the country would then, legally speaking, still not be a Member State but an 'acceding country'. This mechanism was introduced in Croatia's Act of Accession – the *Monitoring Clause* in Article 36. This allowed the Commission to 'closely monitor all commitments undertaken by Croatia in the accession negotiations', allowing it to issue 'early warning letters' to the Croatian authorities if additional benchmarks were not fulfilled. Theoretically speaking, this mechanism gave the EU more leverage, as the existing Member States could have decided not to complete the ratification process of Croatia's Accession Act if the Commission's Progress Reports and its Comprehensive Monitoring Reports were issued with negative conclusions. This is a good example to follow in case of future enlargements, as the Monitoring Clause particularly applied to areas of judiciary and fundamental rights, as well as of freedom, security and justice.

24 The safeguard clause may be invoked even before accession based on the monitoring findings, and the measures adopted shall enter into force on the date of accession unless they specifically provide for a later date.

25 The fact that the Commission could launch the safeguard clause on its own initiative streamlined the process significantly. This way, the procedure avoided the 'unanimity issue' in the case of implementing Article 7 TEU. Accordingly, the Commission would play an important role in making sure the threat of wielding the safeguard clause is credible and that the safeguard clauses would be timely and effectively implemented in the case of serious backsliding.

26 In the cases of Bulgaria, Romania and Croatia, only certain areas (e.g. relating to mutual recognition in the area of criminal law) were covered. For future enlargements, we suggest exploring the possibility of making the JHA Safeguard clause applicable to the entire JHA area – an area closely related to the rule of law – and thus expand the scope of monitored action

27 For example, the Cooperation and Verification Mechanism (CVM) was introduced by the Commission's Decision in 2006 having regard precisely to the JHA Safeguard clause, alongside the Internal Market Safeguard clause. Although valuable, further possibilities of 'appropriate measures' need to be explored in the context of future accession rounds

28 For instance, should NMSs fail to address the benchmarks adequately, the Commission may apply safeguard measures, including the suspension of Member States' obligation to recognise and execute the NMSs' judgments and judicial decisions, such as European arrest warrants.

29 Given the vague formulation of the Acts of Accession, the Commission could, if need be, incrementally include a variety of temporary suspensions. The Commission should, therefore, develop in advance a list of potential suspensive measures that would be known to the newcomer in advance, to act as a deterrent of behaviour that could go against EU's rules and values, or an incentive that could encourage the newcomer to work on sustaining democratic reforms.

non-negotiable, granting the EU the upper hand to draft this specific part of the Accession Treaty as it deems appropriate, allowing sufficient flexibility to make any necessary adaptations to the standard safeguard clauses.

Illustration 4. Key benefits and limitations for New Member States in Stage 3

<div style="text-align: center; font-size: 2em; font-weight: bold;">+</div> <h2 style="margin: 0;">EU membership</h2> <p>RIGHTS</p> <ul style="list-style-type: none"> • Representation/participation in the work of all EU institutions, agencies, and programmes • Full membership in the EU Single Market and Customs Union • Standard access to the European Structural and Investment Funds • Possibility of joining Schengen and Eurozone • EU citizenship, passport, and protection for citizens, including standing for and voting in European elections <p>OBLIGATIONS</p> <ul style="list-style-type: none"> • Sharing sovereignty with EU institutions • EU acts equally and fully binding • Court of Justice of the EU as the ultimate arbiter • Lack of application or misapplication of EU law subject to the standard infringement procedure • Subject to Article 7 TEU for persistent breach of values • Providing contributions to the Multiannual Financial Framework 	<div style="text-align: center; font-size: 2em; font-weight: bold;">—</div> <h2 style="margin: 0;">Stage 3 Temporary Limitations</h2> <ul style="list-style-type: none"> • Temporary suspension of veto rights in the Council of the EU • Extended duration of the Justice and Home Affairs Safeguard Clause • Extended duration of the Internal Market Safeguard Clause • Potential temporary limitation of the labour movement and other temporary derogations, based on the experience of previous enlargement rounds
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V. Links with gradual sectoral integration

The discussion on Staged Accession has run in parallel with various proposals on sectoral integration in advance of membership, often referred to as ‘policy phasing-in’, though various other terms have been used as well (gradual, accelerated, enhanced, etc.³⁰), without clarity on the meaning of those terms. Essentially, sectoral integration refers to the candidates’ possibilities to achieve deeper integration with the EU in specific policy areas before actual accession to the EU. Despite the cacophony of terms, it is important to understand the relationship between the horizontal progression approach offered by the Staged Accession Model and the ideas and opportunities for gradual sectoral integration.

Essentially, candidate countries are already undergoing sectoral integration based on a rather *ad-hoc* approach. The Common Regional Market under the Berlin Process aims to achieve regional economic integration based on EU rules and closer association to the EU Single Market to help the Western Balkans in the accession process. The EU has also proposed plans for candidates to join its green and digital agendas. Moreover, the EU has advanced sectoral integration through specialised treaty-based initiatives that include all the Western Balkan states and some Eastern Partner-

³⁰ A separate [issue paper](#) offers a detailed discussion of the opportunities of sectoral integration, also referred to as ‘policy phasing-in’.

ship countries, namely in the Energy Community, Transport Community and European Common Aviation Area. While ‘these treaties do not add to the energy and transport *acquis* covered in the respective chapters, [they rely on] their own organisational and institutional structures to motivate and drive implementation³¹.’ The EU has also opened its specialised agencies and several EU programmes to candidate country participation, on an individual basis, and often with financial support through IPA.

Nevertheless, there is little predictability instilled in such initiatives, which thus create little real incentive for the individual candidate states to press on with major reforms. They are usually addressed collectively to the WB region, without making any distinction based on the countries’ reform commitment and progress towards fulfilling membership criteria. The Commission has even asked individual candidates to propose policies, agencies and programmes in which they see opportunities for policy phasing-in, without creating a methodology that would ensure coherence in this process. Perhaps most importantly, the sectoral approach foresees no systematic application of the principle of conditionality in relation to the ‘fundamentals first’ method of the enlargement process (respect for democracy, rule of law, and justice sector reforms), which highlights that the approach can hardly be touted as enhancing accession in a holistic and predictable fashion³².

With regard to gradual integration into the EU single market, this forms an [essential element of the Stabilisation and Association Agreements \(SAAs\)](#) which provides for ‘seamless access to the internal market’ for goods originating from WB countries when it ‘achieves the equivalent level of competence through the enforcement of national rules aligned with the Union *acquis* applicable to the product.’ In the case of the [Deep and Comprehensive Free Trade Areas \(DCFTAs\)](#) with the East European countries the agreements are much more explicit, with the listing of hundreds of directives and regulations that should be complied with under given time scales.

Overall, the sectoral approach to gradual integration can be a useful complement to accompany the formal enlargement process. It, however, lacks predictability and focuses on looser cooperation. At the same time, substantive policy participation that exceeds the scope of association agreements might require negotiation and ratification of separate international treaties (modelled, for example, after the Energy Community), which creates the [risk of diverting political attention and administrative capacities](#) on both the candidates’ and the Commission’s side from the main task of preparing and conducting EU accession negotiations. In particular, the advocacy for gradual or sectoral integration in the speeches and documents on the EU side should not be used as an alternative or compensation for a lack of progress in the formal accession process.

VI. EU Governance of enlargement policy

VI.1 Qualified majority voting in enlargement policy?

Candidates’ progress on the EU accession track hinges on numerous unanimous decisions taken by the Council of the EU. As a result, the enlargement policy has been plagued by unilateral vetoes by individual Member States, which in many instances were not even directly related to accession criteria. The dynamics of the enlargement process would be greatly facilitated by a possible extension of qualified majority voting (QMV) to the numerous intermediary steps in the long accession process, which several think tanks [have put forward as a recommendation](#). Such a change in enlargement policy, although conditional on political will and agreement of all EU Member States, appears to be possible within the current treaty framework. The only treaty provision regulating the accession of New Member States is Article 49 TEU, which explicitly requires the Council

³¹ Ibid, p. 6.

³² Ibid, p. 11.

to act unanimously when deciding on the applications for membership. Arguably, this provision concerns only a single step of the accession process but in the long evolution of enlargement policy it has been [extended by way of customary \(soft\) law](#) to each decision in what has become an increasingly fragmented process. The difficulty in reversing this practice lies in the fact that each Member State would have to agree with a proposal to introduce QMV into specific segments of the accession process, such as the decisions to open negotiation clusters with countries that have started accession negotiations. Such a decision might be politically difficult to attain due to a strong preference by Member States to retain full control over the entire accession process, yet it would greatly facilitate its dynamics, which appears particularly important in the current geopolitical context.

This said, the use of QMV also risks postponing problems, possibly resulting in a Member State which is overruled at an intermediate stage blocking the whole process when it comes to national ratification of the accession agreement. In this context, it appears particularly important to search for consensus throughout the process, ensuring that no single Member State is repeatedly outvoted without taking care of its concerns.

VI. 2 Bilateral dispute resolution

Bilateral disputes have repeatedly thwarted the accession process of some candidate countries, often with severe adverse effects on their domestic political situation and the EU's overall integration ambitions. At the same time, numerous bilateral disputes are weighing on regional cooperation and good neighbourly relations among the candidates themselves³³. As several authoritative EU documents have requested, such disputes should be resolved prior to EU accession and should not be imported into the EU.

This, however, should not mean that these problems are to be left unattended or should become an obstacle in the individual countries' EU accession, especially when they are unrelated to membership conditionalities. In fact, the EU should put forward a 'comprehensive strategy or institutional mechanism for disputes, covering both those between member states and candidate countries and those solely between the latter³⁴.' Hence, those disputes that relate to issues unrelated to the accession criteria, such as identity, history and language, 'should be subject to a separate process that would run in parallel with the accession negotiations,' whereas those that fall under the membership conditionalities, such as minority rights, should be integrated into the accession negotiation benchmarking procedures³⁵. Moreover, '[the] synergy established between the parallel processes could be mutually reinforcing, with any danger of blockages or contamination of one by the other being minimised. This synergy could be enhanced by financial incentives for helping to resolve the disputes, promoting reconciliation and ensuring broad societal acceptance³⁶.'

The issue paper addressing the resolution of bilateral disputes puts forward a number of specific tools that the EU should make use of to support these processes, *inter alia* by putting forward its own experience within the European integration process³⁷. It also argues that 'the search for the right solutions in resolving long standing disputes and overcoming mistrust has a far greater chance of success in a regional integration context' and emphasises the role of the Berlin Process, arguing that it would 'provide a useful framework for promoting the settlement of bilateral disputes.'

³³ A separate [issue paper](#) provides an overview of bilateral disputes between candidate and Member States.

³⁴ *Ibid.*, p. 3

³⁵ *Ibid.*, p. 5.

³⁶ *Ibid.*

³⁷ *Ibid.*, pp. 5-6

Finally, in terms of progress under the Staged Accession Model, ‘if a procedure or mechanism for a dispute settlement is already in place, this should be sufficient to allow the accession process to move forward without hindrance³⁸.’ These recommendations may well serve as signposts for the EU in proactively tackling the difficult bilateral issues, rather than sweeping them under the carpet, only to find them re-emerging as major obstacles to a merit-based EU accession process. Therefore, their value supersedes the specifics of the Staged Accession Model and gains general applicability in the EU’s enlargement policy.

VI. 3 Process monitoring by the European Commission

The Staged Accession Model relies heavily on the Commission’s assessments of membership preparedness across negotiation clusters and chapters. The reports in which the Commission provides its assessments are the most authoritative sources of information on the candidates’ progress towards meeting membership criteria. They are published annually, following discussions with Member States in the enlargement working party of the Council (COELA)³⁹. Most chapters and areas assessed in the reports are given an assessment of membership preparedness on a five-point scale ranging from ‘early stage’ to ‘some level of preparation’, ‘moderately prepared’, ‘good level of preparation’ and finally ‘well advanced level of preparation.’ This standardised assessment scale makes it highly convenient for quantifying results on a scale of 1 to 5, and enables objective summation, which is key for operationalising the stages and giving the process more transparent and predictable results. Moreover, this would be rather easy for the Commission to do since it already makes such quantitative assessments in its internal but unpublished work.

However, the Commission’s approach to monitoring and assessing fundamental reforms suffers from insufficient consistency and a lack of transparency on the use of external data and third-party indicators, which REM also requires. This problem is particularly pronounced in the functioning of democratic institutions (FoDI) sub-area of Cluster 1, as it is the only area where the assessment of membership preparedness is missing. In addition, comparative analysis of the Commission’s reports reveals that certain policy issues in the area of FoDI are assessed in some countries’ reports while they are missing in others. This **highlights** a certain degree of inconsistency in reporting across the assessments, which impedes their comparability and overall credibility. The sub-chapter of *Governance*, for example, notably contains several gaps and deficiencies, while *Civilian oversight of security forces* results as the area with the lowest levels of consistency as half of the country reports do not even cover it at all. Furthermore, third-party indicators are mostly absent throughout the entire reports, while sources that inform the findings and references of external contributions are lacking. These deficiencies **undermine the credibility of the Commission’s reports** and have, in the past, raised questions about their objectivity.

Considering the importance of the Commission’s reports as the basis for the decisions on access to stages and their benefits, the assessment methodology needs improvements and increased consistency. The original Template called for a more consistent approach in assessing membership preparedness as well as for adding quantitative ratings to these otherwise qualitative assessments. Such a modification would allow for easier monitoring and benchmarking of the candidates’ progress towards membership and would facilitate decisions regarding the fulfilment of conditions for entering the various stages of the process. Although the original Template proposed a modification of the Commission’s scale, currently it appears sufficient for the Commission to tackle the main inconsistencies in its approach, increase the level of transparency about the use of sources and third-party indicators, and introduce quantification of its already provided qualitative scale. These modifications would suffice to improve the image of annual reports and increase trust in them by Member States, candidates’ governments and civil society actors.

³⁸ Ibid, p.4

³⁹ Reports for Kosovo are discussed in the Working Party on the Western Balkans Region (COWEB), while those for the Eastern Partnership trio are covered by the Working Party on Eastern Europe and Central Asia (COEST).

VII. Conclusion

Emerging from a series of issue papers that delved into the specific elements of the Staged Accession Model, this revised Template 2.0 presents a comprehensive proposal on how to adapt the EU's current accession policy to resolve the increasing tension between, on the one hand, the geopolitical imperative of enlargement and, on the other, concerns over the fragility of candidate countries' democratic institutions and rule of law. The advent of new candidate countries on the Eastern flank of the continent has only increased the need to enhance the EU's enlargement policy and stimulate domestic reforms, while allowing the EU time to adapt its institutional framework for an enlarged membership. Twenty years after the promise of a credible membership perspective for the Western Balkans at the Thessaloniki summit, it is time for decisive action to deliver on this pledge.

Since the dramatic upscaling and tragic impacts of Russia's war against Ukraine, EU leaders and its Member States have repeatedly spoken about the importance of using this turning point (*Zeitenwende*) to beef up security on the continent and prepare the Union for a next round of enlargement. Several Member States have advanced various proposals to that end, and more are expected. At the same time, the Staged Accession Model remains the *only* overarching proposal which paves the way for the accession of new members in parallel with the internal reforms aimed at strengthening the institutional framework and smooth functioning of an enlarged Union. The EU needs to use the momentum carefully to ensure that candidates go through a merit-based and predictable process, which will ensure that more reforms are rewarded with more benefits, while stagnation and backsliding are met with appropriate measures and reversibility in the integration process.

While the Template offers a comprehensive set of proposals to achieve these objectives, the question is how the EU and Member States are going to respond to these and other ideas. As policymakers engage in these discussions behind closed doors, our main concern is that a 'cherry-picking' of certain elements of the Staged Accession Model may emerge, coupled with verbal support for vague expressions such as gradual or sectoral integration. The Staged Accession Model is more than the sum of its parts, looking to potential synergies between the efforts of the EU and the candidate states, with a merit-based and predictable approach based on the rule of law and high democratic standards.

The President of the European Commission, Ursula Von der Leyen, has recently proposed increased funding opportunities for the Western Balkans and a major new Ukraine Facility, which will – and indeed should – only be conditionally available on the requisite political and economic reforms. But also, it is high time for the Commission to combine these welcome initiatives with a holistic proposal to amend the enlargement policy. This would be best done along the lines of the Staged Accession Model, which paves a predictable way forward not only for the Western Balkans, but also for the 'new' candidates from the Eastern Partnership group. Such a proposal should be advanced in October 2023, at the latest, as part of the Commission's next 'Enlargement Package,' with a view to an agreement at the European Council's December 2023 meeting.

Annex 1: Overview of the modifications in Template 2.0 compared to the original Template

	Template	Template 2.0
Revised Enlargement Methodology	Remains the basis for the introduction of institutional and financial incentives/benefits during the pre-accession period	
Ratings	Equally emphasising the importance of improving and quantifying the Commission's assessments as a basis for cluster ratings and scores needed to move from one stage to another	
Sequence	All clusters should be opened at the start of the negotiation process	» Backtracks and opts for keeping the standard approach, i.e. clusters opened at different points in time
Stage names	<ul style="list-style-type: none"> » Stage 1: Initial accession » Stage 2: Intermediate accession » Stage 3: New Member State » Stage 4: Conventional membership 	<ul style="list-style-type: none"> » Stage 1: <i>Intermediate pre-accession</i> » Stage 2: <i>Advanced pre-accession</i> » Unchanged names of Stages 3 and 4
Institutional participation	<ul style="list-style-type: none"> » Passive observer status in Stage 1 (presence without speaking rights) » Active observer status in Stage 2 (speaking rights) 	<ul style="list-style-type: none"> » Active observer status in selected meetings in Stage 1 » Active observer status in all meetings of mutual importance in Stage 2
	Presence throughout the entirety of meetings	Presence in the form of an exchange of views only for specific items on the agendas
Allocation of increased funds per stage	<ul style="list-style-type: none"> » Stage 1: 50 % » Stage 2: 75 % » Stage 3: 100 % 	<ul style="list-style-type: none"> » Stage 1: 40 % » Stage 2: 60 % » Stage 3: 100 %
	Obligatory contributions not taken into consideration	Three variants proposed: <ul style="list-style-type: none"> » Full contributions in Stage 3 » Full contributions in Stage 4 » Gradual contributions starting already in Stage 1
Financial arrangements	Did not cover this topic	Two-step proposal: <ul style="list-style-type: none"> » Introducing a financial 'top-up' to current IPA III for the current financial cycle until 2027 » Adopting a reformed IPA IV for 2028-35
Post-accession limitations	Limiting newcomers' veto rights in a temporary manner, with automatic expiration	
	No additional elaboration	Enhancing, in scope and duration, the Safeguard Clauses utilised in previous Accession Acts

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