

Instrument for Pre-accession Assistance (IPA II) 2014-2020

2011/0404(COD) - 07/12/2011 - Legislative proposal

PURPOSE: to establish a new instrument for pre-accession (IPA II) 2014-2020 in the framework of the reform of the EU external action financial instruments and following on from the unified [Instrument for Pre-Accession Assistance \(IPA\) for the potential candidate countries to accession, financial perspective from 2007 to 2013](#).

PHILOSOPHY AND ACTION PLAN FOR EXTERNAL AID 2014-2020: what happens outside the borders of the EU can and does directly affect the prosperity and security of EU citizens. It is therefore in the interest of the EU to be actively engaged in influencing the world around us, including through the use of financial instruments. The Lisbon Treaty marks, in this regard, a new departure in the EU's relations with the rest of the world.

The EU's engagement needs to be tailored to individual circumstances. Its partners range from development economies to the least developed countries in need of specific assistance from the EU.

In general, the overall objective for external action for the period 2014-2020 may be summarised as follows:

- long-term commitment to establishing an area of stability, prosperity and democracy in its own neighbourhood;
- facilitating the EU's engagement with third countries on issues that are of global concern, such as climate change, environmental protection, irregular migration and regional instabilities, and
- allowing the EU to respond rapidly and effectively to natural and manmade disasters around the world.

A major rationalisation of the instruments took place in 2003 and has begun to deliver more effective results. The Commission does not consider that another major alteration of the legislative architecture is necessary for the next MFF period, although some improvements are being proposed and the overall investment is being stepped up.

The Commission proposes to allocate EUR 70 billion for the 2014-2020 period for external instruments broken down as follows:

- [Financing instrument for development cooperation](#)
- [Partnership instrument for cooperation with third countries](#)
- This Instrument for Pre-accession Assistance (IPA II)
- [European Neighbourhood Instrument](#)
- [Instrument for nuclear safety cooperation](#)
- [Instrument for Stability](#)
- [Financing instrument for the promotion of democracy and human rights worldwide](#)

In parallel and for the first time, the Commission proposes a single horizontal [regulation establishing common rules and procedures for the implementation](#) of the Union's instruments for external action.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: for the past 50 years the EU has simultaneously pursued integration and enlargement, increasing from 6 to the present 27 Member States and from a population of less than 200 million to more than 500 million people. A review, five years after the fifth enlargement of the EU in 2004, concluded that: the latest enlargements had brought greater prosperity for all EU citizens and made Europe a stronger player in the world economy.

Currently, the EU is dealing with 5 candidate countries (Croatia, the former Yugoslav Republic of Macedonia, Iceland, Montenegro and Turkey) and 4 potential candidates (Albania, Bosnia and Herzegovina, Serbia as well as Kosovo). By 2014, only Croatia is foreseen to become a Member State. Socio-economic indicators show that, with the exception of Iceland, enlargement countries are still well below the EU average and even below the level of the weakest Member States. This low level of socio-economic development calls for substantial investments to bring these countries closer to EU standards and allow them to take on board the obligations of membership and to withstand the competitive pressures of the single market.

In addition, the countries in the Western Balkans are still relatively young states where political stability and the full establishment of the principles of democracy and respect for human rights and good governance – all fundamental values of the EU – still need to be strengthened. These countries cannot sustain alone all the efforts and cost of meeting the criteria for joining the EU.

Technical and financial assistance to the Enlargement countries is currently provided through the Instrument for Pre-accession Assistance (IPA) which will expire at the end of 2013.

With a view to future accessions, the EU should continue to offer candidate countries and potential candidates technical and financial assistance to overcome their difficult situation and develop sustainably by concentrating on the following elements:

- promote stability, security and prosperity in Europe;
- continue to pursue the general policy objective of supporting candidate countries and potential candidates in their preparations for EU membership and the progressive alignment of their institutions and economies with the standards and policies of the European Union;
- strengthen the coherence between the financial assistance and the overall progress made in the implementation of the pre-accession strategy;
- operate more flexibly and to leverage more funds from other donors or the private sector by using innovative financing instruments,
- pursue simplification and reduction of the administrative burden linked to managing the financial assistance.

IMPACT ASSESSMENT: the impact assessment examined three options:

Option 1 - No change.

Option 2 - Amend the existing Regulation, with the following alternatives:

- Sub-option 2.1: Reduce scope and keep implementation arrangements, focusing on the necessary legal and institutional changes needed to comply with the accession criteria, without committing any significant funds for co-financing public investment for socio-economic development.
- Sub-option 2.2: Keep the component structure and add more focus on investments in order to increase the socio-economic impact in the beneficiary countries and to speed up their preparation for managing structural, cohesion and rural development funds.
- Sub-option 2.3: Maintain the scope and adjust implementation arrangements, covering both compliance with the accession criteria and support for socio-economic development. In addition, adjust aspects of the current IPA set-up and implementation modalities.

Option 3: Design a new instrument. This option was not analysed in detail.

The improved modalities for delivering assistance under option 2.3, by increasing its focus, efficiency, effectiveness, leverage and impact, were assessed as likely to have overall a more positive impact than the increased investments in socio-economic development under option 2.2. Option 2.3 is therefore the preferred option.

LEGAL BASIS: Article 212(2) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: with this proposed Regulation, the Commission proposes to establish an Instrument for Preaccession Assistance (IPA) aims to support candidate countries and potential candidates listed in the Annex in implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership.

Specific objectives: assistance under this Regulation shall pursue the following specific objectives according to the needs of each beneficiary country and their individual enlargement agenda:

- Support for political reforms, inter alia: (i). strengthening of democratic institutions and the rule of law, including its implementation; (ii). promotion and protection of human rights and fundamental freedoms, enhanced respect for minority rights, promotion of gender equality, non-discrimination and freedom of the press, and promotion of good neighbourly relations; (iii). the fight against corruption and organised crime; (iv). public administration reform and good governance; (v). the development of civil society and social dialogue; (vi). reconciliation, peace building and confidence building measures;
- Support for economic, social and territorial development, with a view to a smart, sustainable and inclusive growth, inter alia through: (i). the achievement of Union standards in the economy and economic governance; (ii) economic reforms necessary to cope with competitive pressure and market forces within the Union, while pursuing economic, social and environmental goals; (iii). fostering employment and developing human capital; (iv). social and economic inclusion, in particular of minorities and vulnerable groups; (v). development of physical capital, the improvement of connections with Union and regional networks;
- Strengthening of the ability of beneficiary countries to fulfil the obligations stemming from membership by supporting progressive alignment with and adoption, implementation and enforcement of the *acquis communautaire*, structural, cohesion, agricultural and rural development funds and policies of the Union.
- Regional integration and territorial cooperation involving beneficiary countries, Member States and, where appropriate, third countries within the scope of Regulation establishing a European Neighbourhood Instrument.

Progress towards achievement of the specific objectives set out above shall be assessed through indicators laid down in the proposal. The indicators shall be used for monitoring, evaluation and review of performance, as appropriate.

Countries concerned:

- Albania
- Bosnia and Herzegovina
- Iceland
- Kosovo
- Montenegro
- Serbia
- Turkey
- The former Yugoslav Republic of Macedonia

Strategic planning

The delivery of assistance will be made more coherent, strategic and result-oriented, by:

- Addressing policy areas through comprehensive multi-annual country (and multi-beneficiary) strategy papers reflecting the political priorities of the Enlargement Strategy and covering, for each policy area, all necessary institution building, *acquis* compliance and investment actions. The scope will be based on a needs assessment and will be adapted to the country context.
- Reinforcing (co-)financing of agreed sector strategies contributing to the policy objectives, as opposed to individual projects, thus moving away from purely grantfinanced projects and increasing the share of assistance funded through support at sector level (including sector budget support for selected policy areas based on effectively targeted conditionalities). Nevertheless, support for *acquis* compliance will remain available through project support or other implementation modalities such as dedicated facilities, when not covered by overarching sector strategies.
- More systematic multi-annual programming also for policy objectives pursued by transition and institution-building assistance (e.g. public administration reform; reform of justice systems, etc.), supporting effective implementation of the related sector strategies and ultimately attainment of the related objectives.
- Making financial assistance more directly conditional on improved governance and growing ownership by the beneficiary countries. Elements of flexibility will be introduced to cater for emerging needs and give incentives to improve performance.

The delivery of assistance will be made more flexible and tailored to address needs, by:

Allowing un-differentiated access to assistance (irrespective of candidate or potential candidate status), albeit with a different scope or intensity, on the basis of needs and technical and administrative capacity. The needs of the beneficiary countries would be the starting point

for determining the sectors/policy areas for assistance.

- Envisaging a more progressive, phased approach to the management of financial assistance, whereby management would be by the Commission or by the beneficiary country, with or without ex-ante controls by the Commission, depending on accession status/perspective, sector/policy area of assistance, and administrative, technical and management capacity. The creation of management structures and procedures mirroring those that need to be in place post-accession would continue to be the aim in relevant sectors in preparation for accession.
- Linking progress along different management phases to political priorities, as reflected in progress reports, the achievement of negotiation benchmarks or the track record in implementing the Association Agreements.
- Increasing flexibility between priorities for a more result-oriented delivery of the assistance, allowing allocations to be transferred between policy areas, with the possibility to carry over funds from one year to another, where allowed by the new Financial Regulation.

The deployment of assistance will be made more efficient and effective by: (i) pursuing further the identification and use of innovative financial instruments that could leverage more private funds; (ii) increasing cooperation with other donors and International and other financial institutions at strategic level; (iii) continuing to support regional programmes/projects that bring added value, e.g. in transport, energy, environment, climate change, statistics, the fight against organised crime and migration issues; (iv) streamlining the rules for the procurement of twinning assistance.

Indicative programming: the proposal also envisages that strategic decisions on the allocation of assistance are made through comprehensive country and multi-country strategy papers covering the full period of the new financial framework (2014-2020) and reviewed once at mid-term, replacing the current system of three-year rolling indicative planning documents revised each year. This will reduce, for all stakeholders involved, the administrative burden related to the yearly review of each document and possible ensuing revisions. Similarly, less administration for all and quicker delivery of assistance will follow from introducing multi-annual programming for transition and capacity-building assistance as well.

Simplified implementation: a priority for the Commission in this new Regulation, as in other programmes under the Multiannual Financial Framework (MFF), is to simplify the regulatory environment and facilitate Union assistance to beneficiary countries and regions, civil society organisations, SMEs, etc. This proposal pursues simplification primarily by streamlining the component structure around principal policy areas. This translates into simplification of the legislative framework for the instrument and the future implementing rules, with streamlined provisions.

Simplification and flexible procedures in the implementation of the new Regulation, will allow swifter adoption of implementing measures and delivery of EU assistance. In implementing this Regulation, the Commission will use the simplified procedures provided for in the new Financial Regulation.

Different Commission services will remain responsible for managing and implementing the assistance in the different policy areas. However, coordination, communication and implementation on the ground will be further improved through simplification of a number of aspects, including closer joint monitoring of the progress of implementation in the beneficiary countries and fewer processes for accreditation and conferral of management powers.

Beneficiaries change of status: it will no longer be necessary to go through a cumbersome procedure to reflect a beneficiary's change of status, thus reducing the gap between the political decisions on financial assistance and implementation on the ground. Similarly, should a new country become a potential candidate for EU accession, the procedural requirements for including that country among the beneficiaries of assistance would be considerably simplified.

Coherence and complementarity: increasing the coherence of action by the Commission should also substantially reduce the cost and burden of coordination incurred by beneficiary countries, on account of the different communication channels and procedures used by the Commission.

Follow-up and evaluation: detailed provisions on joint monitoring and the accreditation processes will be set out in separate implementing rules.

BUDGETARY IMPLICATIONS: in its [Communication](#) on A Budget for Europe 2020, the European Commission proposed to allocate an amount of EUR 14 110 100 000 (current prices) to the new Instrument for Pre-accession Assistance for the period 2014-2020.

DELEGATED ACTS: considering that the discretionary policy decisions on the status of applicant countries should be taken at another level, it is proposed that amendments made to the list of beneficiary countries in Annex to the proposed Regulation to reflect such decisions should be adopted by way of a delegated act in accordance with Article 290 of the Treaty on the Functioning of the European Union, since such amendments will not actually affect an essential element of the Regulation.

It is also proposed that the Commission should be conferred delegated powers to adopt detailed rules establishing uniform conditions for implementing the proposed Regulation, in particular as regards management structures and procedures. Such rules are needed to complement the common rules and procedures for the implementation of the Union's instruments for external action established by the Common Implementing Regulation. They should take into account the lessons learnt from the management and implementation of past pre-accession assistance and be adapted to the evolution of the situation in the beneficiary countries.