

Instrument for Pre-Accession Assistance (IPA) 2007-2013

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The Commission presented the 2013 Annual Report on Financial Assistance for Enlargement (IPA, PHARE, CARDS, Turkey Pre-Accession Instrument, Transition Facility).

Objectives of the enlargement policy: the overall objective of the enlargement policy is to implement Article 49 of the Treaty on European Union which offers the prospect of EU membership to all European countries that respect the fundamental values of the EU and are committed to promoting them.

The current enlargement agenda covers the Western Balkans, Turkey and Iceland.

In 2013, the enlargement countries further advanced on their path towards the European Union. There were a number of positive developments in the candidate countries (Croatia (until June 2013), Iceland, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey) and potential candidates (Albania, Bosnia and Herzegovina, Kosovo).

Accession negotiations with Iceland were put on hold by the Icelandic government in May 2013 and will only be resumed by the Icelandic side if the government decides to continue on the path towards EU membership.

The policy objectives of the Commission in the field of enlargement are supported by the Instrument for Pre-Accession Assistance (IPA). The instrument is the means by which the EU supports reforms towards alignment to EU standards and *acquis* in the enlargement countries through both financial and technical help.

IPA replaced the previous instruments for pre-accession: PHARE, ISPA, SAPARD, the pre-accession instrument for Turkey, and the financial instrument for the Western Balkans, CARDS. Since 2007, the enlargement countries have received EU funding and support through this single channel.

What does the IPA finance? IPA is divided into five components:

- Transition Assistance and Institution Building
- Cross-Border Cooperation
- Regional Development
- Human Resource Development
- Rural Development.

As regards pre-accession assistance, IPA allocations amounted to around **EUR 11.5 billion over the 2007-13 period about EUR 1.8 billion being allocated for the year 2013.**

This Report highlights the progress made to improve strategic planning, providing an overview on programme/project implementation, and the ongoing programming process and the enhancement of donor coordination.

What will the IPA II finance? as of 2014, the new Instrument for Pre-Accession Funding (IPA II) replaces its predecessor. The allocations foreseen for the 2014–2020 period amount to EUR 11.7 billion. Under the IPA II there will be a **gradual move towards a sector approach** aims at better achieving

results, impact and added value in the assistance. This sector approach shall be based on national strategies with a view to:

- maximising the potential for complementarity,
- leveraging between different modes of support,
- helping to rationalise the support through an appropriate division of labour, while ensuring greater ownership of national authorities over the programmes.

In the framework of the implementation of sector approach, the Commission has also foreseen the **use of sector budget support** and to the extent that certain key conditions (the existence of a strategy, a stable macro-economic framework and a suitable public financial management system) are in place.

Cooperation with the donor community on aid effectiveness: in 2013, the Commission continued to pursue the donor coordination agenda including efforts to maximise aid effectiveness and transparency. In this context and in the course of 2013, the Commission took further steps to ensure alignment of funding under the Instrument for Pre-accession with the international standards on aid transparency, as set by the Organisation for Economic Cooperation and Development (OECD) and by the International Aid Transparency Initiative (IATI). Further progress is expected in 2014, with the objective of being fully compliant to the common standard as of December 2015.

Internal coordination of the programming processes is in place to make sure that preaccession assistance is in line with the various initiatives within the Commission, as well as by EU Member States, International Financial Institutions and the wider donor community, to improve donor coordination and aid effectiveness and to ensure achieving expected results. In this regard the Commission has also ensured that coordination of assistance among international donors and Member States is included into the legal framework of the new financial assistance instrument. A specific study on the political economy of donor intervention in the Western Balkans and Turkey has been launched in 2013.

Main events in 2013 and conclusions: 2013 witnessed a significant step on the path towards making assistance to the Enlargement countries more strategic and "needs-driven" as an integral part of the Enlargement strategic vision. Significant highlights towards the accession process, to which the financial assistance has contributed, were:

- the accession of Croatia;
- the agreement between Serbia and Kosovo in April 2013;
- the opening of negotiations with Serbia;
- the launch of the negotiations for a Stabilisation and Association Agreement with Kosovo;
- the opening of a new negotiation chapter after three years and the signature of the Readmission Agreement with Turkey;
- the opening of 6 negotiating chapters with Montenegro during 2013, including the important rule of law related chapters 23 and 24 on the basis of comprehensive Action Plans;
- a smooth electoral process and the proposal by the Commission to award candidate status for Albania.

Meanwhile, the preparation of the Indicative Strategy Papers and the work on the IPA Regulation and its Implementing Regulation represented important steps in the framework of the launch of the new instrument in 2014. Future work will be clearly inspired by lessons learnt and the messages provided by the last Progress Report, with a critical focus on the "**fundamentals**", to be also fully reflected in the framework of financial cooperation.