

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

2004/0222(CNS) - 29/09/2004 - Legislative proposal

PURPOSE : to replace the Phare , SAPARD, ISPA, Phare CBC and Co-ordination Regulations, as well as the Turkey and CARDS Regulations with the aim of establishing a unified and simplified pre-accession instrument.

PROPOSED ACT : Council Regulation.

CONTENT : this new instrument proposed by the Commission has to be seen in the context of the revision of the External Aid framework for the forthcoming financial perspective from 2007 to 2013, which is currently ongoing. The draft Regulation constitutes a framework regulation, establishing a unified instrument for pre-accession assistance. As such, it will replace not only the Phare Regulation, but also – among others - the SAPARD, ISPA, Phare CBC and Co-ordination Regulations, as well as the Turkey and CARDS Regulations. It will be supported by substantial implementing rules, defining more closely the areas of activity identified in the framework Regulation.

Beneficiary countries will be divided into two categories, depending on their status as either Candidate Countries or potential Candidate Countries. Potential Candidate Countries are listed in Annex I (Albania, Bosnia and Herzegovina, Serbia and Montenegro, the former Yugoslav Republic of Macedonia) of the Regulation, Candidate Countries in Annex II (Croatia and Turkey).

Potential Candidate Countries will continue to receive assistance along the lines currently laid down in the CARDS-Regulation: Institution Building and Democratisation, Economic and Social Development, Regional and Cross-Border Co-operation and some alignment with the *acquis communautaire*, in particular where this is in the mutual interest of the EU and the beneficiary country.

Candidate Countries will receive the same kind of assistance, and will additionally receive assistance in the preparation for the implementation of Structural and Rural Development Funds after Accession, as well as concerning the full implementation of the *acquis communautaire*.

A country can move from Annex I to Annex II only after the decision of the Council giving it Candidate status. Such a decision would then authorise the move from Annex I to Annex II through a decision of the Council to be adopted under a "light" procedure, provided for in Article 17.

This draft Regulation sets out, in a non-finite matter, the target areas for assistance. These target areas are set up in a way to ensure coherence with earlier Community assistance, allocated either under the CARDS or the Turkey Regulations by globally targeting the same objectives set down in these two Regulations. Assistance shall, where appropriate, be used to support in particular the following areas:

- strengthening democratic institutions and the rule of law,
- public administration reform, including the establishment of a system enabling de-centralisation of assistance management to the beneficiary country in accordance with the rules set down in Regulation 1605/2002/EC,
- economic reform,

- the promotion and the protection of human rights and fundamental freedoms and enhanced respect for minority rights,
- the development of civil society,
- reconciliation, confidence building measures and reconstruction,
- regional and cross-border cooperation,
- In case of the potential candidate countries, assistance shall also be used to support the following areas:
 - progressive alignment with the *acquis communautaire*;
 - social and economic development.

This proposal also sets up five Components, under which the different areas of intervention will be dealt with:

- Transition Assistance and Institution Building : this component can be considered the crucial component in charge of all Institution Building matters, as well as the Transition Assistance made available to the countries listed in Annex 1. It is also in charge of all co-operation measures which are not covered by the other Components. In keeping with this logic, it is also the Component which will co-ordinate the assistance through its Committee (see Art. 11 (2)). This subsidiary catch-all function will enable rapid reaction and adaptation to changing needs and newly emerging priorities.

- Cross-Border and Regional Co-operation: this Component will be open to both groups of beneficiary countries. It will support crossborder activities among beneficiary countries and between beneficiary countries and Member States. It would also support beneficiary countries' participation in transnational and interregional programmes including both Member States and third countries managed by other instruments (e.g. the ENPI). In the Western Balkans, the component will continue to support Regional Co-operation previously supported under CARDS.

- Regional Development Component: this Component, which is accessible only to Candidate Countries would be expected to emulate, to the maximum extent possible, the ERDF and Cohesion Fund, thereby giving the beneficiary countries the highest possible approximation to Structural and Rural Development Funds practises under External Aid rules.

This will, on the one hand, create efficiency gains because in their move from the preaccession to post accession phase, Candidate Countries will not have to change procedures and criteria more than absolutely necessary to comply with the Financial Regulation. On the other hand it will give them the best possible preparation for the implementation of the European Regional Development Fund and the Cohesion Fund after accession.

- Human Resources Development : the purpose of this Component is to prepare them for the programming, implementation and management of the European Social Fund, in the framework of the European Employment Strategy. Hereby the objectives of the Community in the fields of social inclusion, education and training and equality between men and women are to be taken into account.

- Rural Development Component: the administrative objective is to help the countries prepare for post-accession EU-funded rural development programmes by implementing preaccession assistance through systems which are as similar as possible to those required postaccession. In order to achieve the operational objective of contributing to the sustainable adaptation of the agricultural sector and rural areas,

the range of actions supported (to be specified in the Implementing Regulation) may not include all those eligible under the Rural Development Regulation for Member States. Furthermore, some rural development measures no longer considered relevant within EU Member States may still be important within countries whose agricultural and rural sectors are less well developed and should therefore be eligible under the IPA.

- Management and Implementation : according to Art. 211 of the TEC, the Commission exercises implementation powers conferred to it by the Council. The proposal sets down that, vis-à-vis the Council, the Commission is responsible for the implementation of the assistance, subject to a Comitology procedure set up in Art. 11. This also confirms the Commission's responsibility for the implementation of the budget set down in Art. 48 of the Financial Regulation. According to Art. 10 (2), implementation shall take place according to the rules of External Aid as set down in the Financial Regulation. This provision gives sufficient flexibility to the implementation process, because it makes a whole continuum of implementation methods available for the execution of the tasks at hand. The Commission may thus resort for example to centralised direct management, centralised indirect management (including agencies, Community bodies and national public-sector bodies/bodies with a public service mission), various stages of decentralised management and joint management with international organisations. According to the purposes they pursue, different Components may apply different implementation methods where this is justified. The Commission shall manage funds put at its disposal by other donors, e.g. Member States or third countries, which will be earmarked in the budget in accordance with Art. 18 of the Financial Regulation as assigned revenue.

- Suspension Clause: the proposal sets down a *clausula rebus sic stantibus* for the granting of Community assistance, giving the Council – on a proposal of the Commission – the competence to make the adaptations it considers necessary in case a beneficiary country violates fundamental principles of democracy, rule of law, human rights, minority right, or where progress with a view to the European Partnerships or the Accession Partnerships is insufficient.

This draft Regulation aims to repeal the Phare Regulation, the CBC Regulation, the Co-ordination Regulation, the ISPA-Regulation, the SAPARD-Regulation, the Cyprus/Malta Regulation and the Turkey Regulation. It is not necessary to repeal the CARDS Regulation, because it has an expiry date set at December 31, 2006.

For further information concerning the financial implications of this measure, please refer to the financial statement.