

Instrument for Pre-accession Assistance (IPA III)

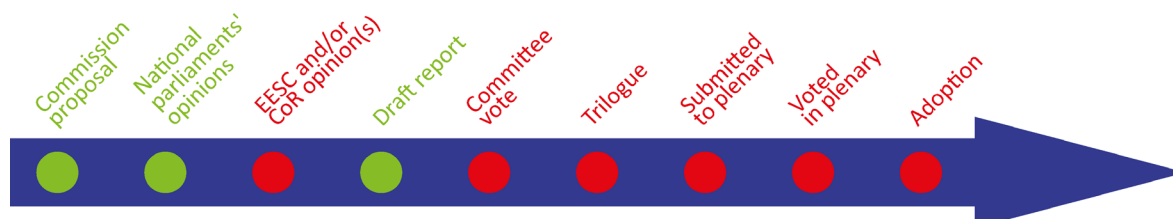
OVERVIEW

On 14 June 2018, the European Commission published a proposal for a regulation establishing the Instrument for Pre-accession Assistance (IPA) III as part of a set of external action instruments under the new 2021 to 2027 multiannual financial framework (MFF). The proposed financial envelope represents a 1.1 % decrease compared with current funding (€12.9 billion in 2018 prices). Beneficiaries include the Western Balkan countries and Turkey.

The IPA, set up for the 2007 to 2013 MFF, aims to prepare candidate and potential candidate countries for EU membership and supports them in adopting and implementing the necessary political, institutional, legal, administrative, social and economic reforms. IPA III is clearly positioned in the context of the new Western Balkan strategy, adopted in February 2018, and builds in flexibility via à vis the evolving situation in Turkey. It is also designed to complement the EU's internal policies.

In Parliament, the file has been allocated to the Committee for Foreign Affairs (AFET), with José Ignacio Salafranca Sánchez-Neyra (EPP, Spain) and Knut Fleckenstein (S&D, Germany) as co-rapporteurs. The draft report presented by the rapporteurs on 30 October 2018 is now awaiting adoption by AFET.

Proposal for a Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III)		
<i>Committee responsible:</i>	Foreign Affairs (AFET)	COM(2018) 465
<i>Rapporteurs:</i>	José Ignacio Salafranca Sánchez-Neyra (EPP, Spain)	14.6.2018
	Knut Fleckenstein (S&D, Germany)	2018/0247(COD)
<i>Shadow rapporteurs:</i>	Charles Tannock (ECR, United Kingdom)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
	Urmas Paet (ALDE, Estonia)	
	Takis Hadjigeorgiou (GUE/NGL, Cyprus)	
	Jaromír Kohlíček (GUE/NGL, Czech Republic)	
	Igor Šoltes (Greens/EFA, Slovenia)	
<i>Next steps expected:</i>	Vote in committee	



Introduction

Enlargement policy is based on [Article 21](#) of the Treaty on European Union. The enlargement process strengthens peace, democracy and stability in Europe and places the EU in a better position to address global challenges. The process involves [established criteria](#) and rigorous [conditionalities](#) that each candidate or potential candidate country must meet to become an EU member; each country being assessed on its own merits. The current enlargement agenda covers six Western Balkans countries (Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo, Montenegro and Serbia), and Turkey. Turkey (since 2005), Montenegro (since 2012) and Serbia (since 2014) are involved in ongoing accession negotiations. The former Yugoslav Republic of Macedonia and Albania expect to begin talks in [June 2019](#), while Bosnia and Herzegovina and Kosovo hope to obtain candidate status soon.

Article 212 of the [Treaty](#) on the Functioning of the European Union (TFEU) stipulates that 'the Union shall carry out economic, financial and technical cooperation measures, including assistance, in particular financial assistance, with third countries other than developing countries'. It is the legal basis for the Instrument for Pre-Accession Assistance (IPA), an EU programme first established for the 2007 to 2013 programming period to replace several previous pre-accession assistance programmes. IPA assistance is offered to beneficiaries in accordance with the general enlargement policy framework. While there are other sources of EU funding in the Western Balkans, the IPA is [by far the most important in terms of volume](#). As part of the EU budget, it is a key component of external action policy, but it is a unique instrument that aims to prepare candidate and potential candidate countries for EU membership and support their accession process.

The European Commission, in its preparation for the [2021 to 2027 MFF](#), adopted a series of [legislative proposals](#) in May and June 2018, including a [proposal for a regulation](#) establishing IPA III. The proposed new regulation lays down the specific objectives and scope of the budget for enlargement countries for the next financing period, and the forms of EU assistance and rules for providing it. It ensures consistency with the overall policy framework and sets out monitoring, evaluation and reporting arrangements that will cover IPA III beneficiaries.

Existing situation

IPA II is the [current instrument for pre-accession assistance](#), established by [Regulation \(EU\) No 231/2014](#) for the 2014 to 2020 period. It succeeded the original IPA ([Regulation \(EC\) No 1085/2006](#)) for the 2007 to 2013 programming period. [Regulation \(EU\) No 236/2014](#) lays down common rules and procedures for the implementation of IPA II and five other EU instruments for financing external action, while [Regulation \(EU\) No 447/2014](#) sets out specific rules for implementing IPA II.

Under the current MFF, the IPA II allocation at 2018 prices (UK deducted) is €13 010 million, which represents 1.2 % of the total MFF. IPA II aims to support seven beneficiaries in adopting and implementing the reforms required for EU membership, with [Turkey](#) being by far the largest beneficiary. The [current framework](#) has adopted a sectoral approach and focuses on assistance for several specific objectives: supporting political reform; supporting economic, social and territorial development, with a view to smart, sustainable and inclusive growth (in line with the targets set in the Europe 2020 strategy); strengthening beneficiaries' ability to fulfil the obligations stemming from Union membership; and strengthening regional integration and territorial cooperation.

Under the [IPA II Regulation](#), assistance is provided on the basis of indicative multi-country and country [strategy papers](#) that cover the programming period. The multi-country strategy papers outline priorities for action in the relevant policy areas and include the indicative allocation of EU funds per policy area, broken down by year, and indicators for assessing progress. They are the overarching strategic planning documents that define the priorities and objectives of individual programmes. Priorities are then translated into detailed actions in the annual or multi-annual action programmes.

While the bulk of the assistance is [channelled through national programmes](#) (the main vehicles for addressing specific needs in priority sectors, which represent more than 70 % of total IPA II funding), the IPA also finances multi-country programmes, which are designed to enhance regional cooperation by addressing common problems more efficiently through peer review and the sharing of good practices. [Cross-border cooperation \(CBC\) programmes](#) set out the priorities for assistance in the area of territorial cooperation between IPA II beneficiaries, while rural development programmes address assistance for agricultural and rural development.

IPA II also supports macro-regional strategies¹ to address common challenges in defined geographical areas, such as the Ionian or Adriatic regions. The strategies do not receive specific funding but some CBC and transnational programmes can be seen as tools to achieve the strategies' objectives. The programmes also support reconciliation and good neighbourly relations.

Compared with the original IPA, IPA II has been simplified and made more strategic and results-oriented through the introduction of longer-term planning and a sector-based approach to address key reform challenges in a comprehensive way and with an increased focus on results and impact. Indicators with agreed targets are defined for each beneficiary in the indicative strategy papers, as well as in specific programmes, in particular when implemented through budget support.

Implementation state of play

The IPA II strategy papers were adopted in 2014, and the first actions and programmes began in 2015. IPA II is still at [an early stage of implementation](#) as reform programmes are complex to develop, and require extensive stakeholder consultations. The mid-term revision was launched in 2017.

The implementation of IPA II is based on a sector approach. Reforms are promoted within the framework of pre-defined sectors closely linked to the enlargement strategy, such as democracy and governance, rule of law, or growth and competitiveness. At the same time, IPA II assistance is tailored to the specific needs of each beneficiary, and takes into account the status of each partner in the overall accession process. More generally, a substantial share of the funds provided so far has been directed towards addressing the 'fundamentals first', i.e. strengthening the rule of law and fundamental rights, working on public administration reform, and focusing on economic development and competitiveness, in line with the priorities set out in the Commission's enlargement strategy.

Despite the absence of a clear reference to migration in the thematic list of priorities in the IPA II Regulation, IPA II funds have already been mobilised for that priority, giving an example of EU reactivity. Faced with the most substantial [refugee inflows](#) for decades, the EU reacted swiftly with the establishment of the [Facility for Refugees](#) in Turkey drawing funds from both Member States, as well as from the EU budget, mainly IPA II and humanitarian aid. In parallel, despite not being a key focus of IPA II, the EU has provided significant support for the countries along the Western Balkans route, in particular Serbia and the former Yugoslav Republic of Macedonia, to help them manage migration flows properly.

IPA II activities are implemented and managed in different ways, in line with the [financial regulation](#), by means of either *direct management* (the Commission is in charge), *indirect management* (budget implementation is delegated to entrusted entities² in the beneficiary countries, but the Commission has overall final responsibility), or *shared management* (only for cross-border cooperation with EU countries, implementation activities are delegated to EU Member States). One feature of IPA that distinguishes it from other external instruments is the use of indirect management by the beneficiary country; this allows the latter to adapt to the possible management of EU structural funds after accession.

The implementation of financial help under IPA II is monitored continuously, in particular through the [results-oriented monitoring](#) of projects and programmes by external experts, in addition to

internal Commission monitoring. IPA II programmes are subject to policy and thematic evaluation at beneficiary and regional level, and joint and sectoral monitoring committees, including for CBC programmes, bring together the Commission, beneficiaries and stakeholders several times a year.

Parliament's starting position

In November 2017, Parliament's Foreign Affairs Committee (AFET) held a [public hearing](#) on the mid-term review of IPA II. In the [context](#) of the Commission's MFF mid-term review (MTR) and following the publication in December 2017 of its IPA II evaluation, AFET prepared an [implementation report](#) on the EU's external financing instruments (EFIs), exercising its legislative, budgetary and oversight roles (rapporteur: Marietje Schaake).

In March 2018, Parliament adopted a [resolution](#) preparing its position on the post-2020 MFF. It stressed that appropriations for external action should be increased significantly to enable the EU to play its role, in the framework of its global strategy and its enlargement, neighbourhood and development policies, and to address emergencies. It called not least for a separate dedicated instrument to be maintained for pre-accession assistance on account of its specific political and financial features and underlined the importance of enhanced flexibility to allow for the mobilisation of additional resources and for the swift deployment of funding.

In its subsequent [resolution](#) of April 2018 on the implementation of the EU's external financing instruments: mid-term review 2017 and the future post-2020 architecture, Parliament reiterated the importance of IPA as the main EU funding instrument for pre-accession financing of key social, economic, political and institutional reforms in priority areas in order to align countries with the EU acquis. Parliament noted that such reforms could also contribute to regional security in the long term and it welcomed IPA II's increased strategic focus. It underlined, however, that funding under the instrument should be ambitious and forward-looking and match the actual needs, obligations and aspirations linked to the accession process and EU membership. In this regard, it recalls that funding should be used in accordance with the specific objectives pertaining to the instrument. It nevertheless noted a significant backlog of unspent funds in Turkey resulting from observed inefficiencies and weak absorption capacities, as well as varying stages of progress with long-term IPA II assistance in the Western Balkans. It noted that in some cases IPA II assistance had led to limited results in steering reforms, especially in the areas of the rule of law, public administration and the fight against corruption. Parliament noted that weaknesses remained regarding the quality of indicators in country programmes and action documents, and emphasised the need to be able to suspend or redirect IPA II funds in cases where analysis uncovered systemic failure to meet commitments or severe political backsliding in partner countries. Parliament also called for more complementarity between IPA II and other instruments, notably the European Instrument for Democracy and Human Rights ([EIDHR](#)) and the Instrument contributing to Stability and Peace ([IcSP](#)); and welcomed initiatives to set up systems to improve performance monitoring and measurement.

Council starting position

In its [conclusions](#) on Court of Auditors Special Report No 21/2016 'EU pre-accession assistance for strengthening administrative capacity in the Western Balkans: a meta-audit', the Council underlined the relevance of the findings to the management of pre-accession assistance for the beneficiaries in the Western Balkan and the then upcoming 2017 IPA II midterm review. The Council recalled that the EU was the most significant donor in the region and took good note of the Court's conclusion that EU pre-accession assistance was broadly effective and partly strengthened administrative capacity in the region, despite considerable shortcomings inherent to the beneficiaries in the Western Balkans, in particular a lack of political commitment.

In its June 2018 [conclusions](#) on enlargement, the Council 'recalls the continued EU financial and technical assistance, in particular in the form of the IPA II, and notes that the focus should remain on key priorities and enhanced coherence between the financial assistance and the overall progress

made in the implementation of the pre-accession strategy, including through the disbursement of a performance reward based on the progress and results achieved'.

Preparation of the proposal

On 14 September 2016, the European Commission presented its mid-term review of the MFF in a communication [COM\(2016\) 603](#). In the accompanying staff working document [SWD\(2016\) 299](#), it noted the pressure that the multiple crises in the European neighbourhood and beyond had put on budget heading 4, which covered IPA II. It underlined that IPA II had been mobilised to respond to emergencies. The Commission noted that to be able to react to unforeseen needs, each geographical external instrument should be able to keep a reserve (a 'flexibility cushion') of up to 10 % of the annual commitment appropriations available unallocated, with the possibility to carry-over to the following year remaining funds of that reserve not used in a given financial year.

Following a spring 2017 [open public consultation](#) on the EFIs, the Commission finalised its [evaluation of IPA II](#) and published its [final report](#) in June 2017. The main aim was to ascertain whether IPA II was delivering against its main objective (preparing candidate and potential candidates for EU membership) and thus if it was fit for purpose, and to consider the place of IPA II – its complementarities and synergies – within the wider set of EFIs. The evaluation was guided by a set of [evaluation questions](#), based on EU evaluation criteria including relevance, effectiveness, efficiency, coherence and added value, complemented by impact, sustainability, consistency, complementarity and synergies, and leverage. The report [concluded](#) that IPA II was becoming fit to deliver the instrument's objectives, while the sector approach adopted, although facilitating the objective, was still in a transitional phase. Overall, the intended efficiency gains had still to materialise. The evaluation also noted that complementarity of IPA II with the actions of other EFIs active in the candidate countries and potential candidates was good but not secure, and that coordination of the IPA with other EFIs' planning/programming activities needed to be improved.

The above evaluation served as one of the sources of information to feed into the [mid-term review report](#) on the EFIs, required by Article 17 of the Common Implementing Regulation and published in December 2017. In the accompanying staff working document [SWD\(2017\) 463](#) the Commission presented an impact assessment of IPA II at mid-term, part of a set of ten evaluations covering all the EU EFIs, largely based on the external evaluation and largely concurring with its findings.

The evaluation covered the 1 January 2014 to 1 June 2017 period. However, IPA II's long implementation cycle and the fact that implementation was still in the early stages when evidence was collected meant that effectiveness, sustainability and impact criteria could not be assessed based on outcomes at that stage. Other challenges included the tight timeframe for the evaluation, and the fact that IPA I was still under implementation and no ex-post evaluation had taken place. Thus, the SWD concluded that it was still difficult to assess with absolute certainty the effectiveness of the IPA. However, the external evaluation found that IPA II was overall relevant and well suited to its purpose. Its overall objectives and design were in line with EU priorities and beneficiary needs. Compared with IPA I, the instrument was also more focused on the key reforms required to meet the EU accession criteria. In addition, IPA II was found to be more strategic and results-oriented, allowing greater leverage of other donors' funds. In parallel to this focus on long-term reforms, the instrument had also demonstrated some flexibility in the face of emerging priorities.

The introduction of a sector approach to programming had improved the strategic focus of IPA II. Backing this approach, the Commission had introduced sector budget support as a key delivery modality. The strict eligibility criteria linked to it was considered to have pushed the IPA beneficiaries to embark on new reforms in important areas of governance. It was also considered that the intensive engagement between the Commission and IPA II beneficiaries on the introduction of this complex mechanism had enhanced the quality of policy dialogue between the counterparts.

In the [impact assessment](#), the Commission takes into account the main challenges and new political priorities to be addressed in the new programming period. In particular, it notes that global

circumstances have evolved since the start of the current MFF and that there are certain issues to prioritise, such as: security; stability and resilience; migration; human rights; environment and climate change; and the need for increased coherence, flexibility and leverage. Such pressures and demands on the external budget illustrate the need to build more flexibility into the budget so that the EU can mobilise its resources more swiftly in the face of evolving contexts.

The changes the proposal would bring

In view of above challenges for EU external action, the Commission proposes increased investment in external action for the 2021 to 2027 MFF, and a major restructuring of its external action instruments. The aim is to improve coherence, build on cooperation effectiveness and make processes simpler, while using economies of scale. The Commission proposes to bring together most of its existing instruments into a broad [Neighbourhood, Development and International Cooperation Instrument](#) (NDICI) with worldwide coverage. Its [communication](#) of May 2018 outlines the structure of the new budget, placing IPA under Heading VI: Neighbourhood and the World. However, its specific nature and different legal basis mean that IPA is among the few instruments that are to remain self-standing. IPA pursues objectives that are completely distinct from the remaining EFIs: it aims to prepare countries to become EU Member States by supporting their accession process. As stated earlier, the IPA II mid-term review sees the instrument as relevant and fit for purpose. Overall, the Commission proposal indicates few changes compared with the current IPA II, be it in terms of the instrument's objectives, funding levels or implementation arrangements.

For the 2021 to 2027 period, the Commission proposes an allocation of €12.9 billion (in 2018 prices), a 1.1 % decrease compared with IPA II. The minimal changes that would be necessary were guided by several key elements. Firstly, IPA III needs to be clearly positioned in the context of the [Western Balkans strategy](#) of February 2018, in order to maximise the impact of its six flagship initiatives and to reflect developments in relations with Turkey and create flexibility to adjust to evolving circumstances. Secondly, as the new 2018 Western Balkan strategy indicated 2025 as a potential accession date for some Western Balkan countries, the increase of funds is expected to be crucial in ensuring the rapid and flexible mobilisation of funds under the next period. If some of the Western Balkan countries meet the requirements, they would need increased financial means in the next decade, in part to ensure a gradual and seamless transition from pre-accession status to that of Member State and to allow the necessary absorption capacity to be developed.

At the same time, IPA II is still being implemented and preserving continuity is essential, especially as regards the key priorities around which it is shaped: rule of law, fundamental rights and migration, including better security cooperation, the fight against radicalisation and organised crime, as well as support for an integrated migration policy, including border management; EU policies and acquis; socio-economic development; investments for growth; reconciliation, good neighbourly relations, and regional and cross-border cooperation. Nevertheless, IPA III does take on new challenges, such as security, protection of the environment and climate.

While continuity is to be ensured, IPA III is expected to become more strategic through novelties such as changing the way budget is allocated (programming based on themes and priorities, rather than by country), increasing flexibility to respond to evolving needs and ensuring greater impact through increased coherence. IPA III will seek more complementarity with NDICI and other EFIs, notably EIDHR and IcSP, as well as more synergies with a range of EU internal policy programmes. The IPA III proposal also envisages preserving all existing delivery modes and implementing modalities. The IPA II's strong performance-based element will be maintained but simplified to make it easier to monitor and report on, and to provide beneficiaries with a real incentive.

Advisory committees

In accordance with TFEU Articles 304 and 307 and Article 19(7)(h) of the Council's Rules of Procedure, the Permanent Representatives Committee asked the European Economic and Social Committee

and the European Committee of Regions to deliver their opinions on the Commission's proposal by December 2018 at the latest.

The European Committee of the Regions' Commission for Citizenship, Governance, Institutional and External Affairs (CIVEX) appointed its rapporteur, Hans Janssen (EPP, the Netherlands), to draft an opinion on the Neighbourhood and the world, taking into consideration IPA III. The draft opinion is scheduled for adoption on 5-6 December 2018, while adoption of the final opinion in plenary is planned for February 2019.

The European Economic and Social Committee also received referrals from both Parliament and Council, and was asked to provide an [opinion on IPA III](#). The External Relations Section (REX) appointed Dimitris Dimitriadis (Employers – Group I, Greece) as rapporteur. The draft opinion will be considered for adoption at a REX section meeting in November 2018, while adoption of the final opinion in plenary is scheduled for mid-December 2018.

National parliaments

The proposal for a regulation was submitted to national parliaments, with a [subsidiarity deadline](#) of 24 September 2018. On 9 August 2018, the Foreign Affairs Committee of the Italian Senate issued a [resolution](#). Scrutiny is ongoing in other Member States.

Stakeholders' views³

In 2016 the European Court of Auditors (ECA) assessed the effectiveness of the Commission's management of the IPA in the Western Balkans. In a [2016 special report](#) covering the IPA from 2007 to 2013 and taking into account the first stage of IPA II, the ECA focused on two sectors: rule of law and public administration reform. The [conclusions](#) show that EU pre-accession assistance was 'broadly effective' and that IPA I partly strengthened administrative capacity in the region, despite considerable shortcomings inherent to the national authorities in the region.

In the spring of 2017, the Commission held a [public consultation](#) on the EU's EFIs, including IPA II. Multiple stakeholders from beneficiary and EU countries participated: national and local public authorities, non-governmental organisations, academics, development agencies and bodies, think tanks, consultancies, private sector organisations, development banks and citizens. The objective was to gather feedback from the broadest possible range of stakeholders on the emerging conclusions from the evaluations, and preliminary ideas on the future EFIs after 31 December 2020.

The [stakeholders' feedback](#) was taken into consideration when drafting the evaluation documents that fed into the MTR report. The main messages to emerge were that the new financing instruments should be more flexible to respond to unforeseeable challenges and crises, but not at the cost of weakened predictability, country ownership or less focus on achieving long-term development objectives. Stakeholders considered it necessary to ensure greater coherence between the EU's internal and external policies, as well as among the external instruments themselves, use a combination of geographic and thematic instruments, ensuring more complementarity, and further simplify the overall architecture of the instruments. This proposal for a regulation establishing IPA III was considered to [respond to most of the concerns](#) expressed by the stakeholders consulted.

Legislative process

The legal basis for IPA is Article 212(2) of the TFEU. According to it, Parliament and its Foreign Affairs Committee co-decide on the Commission's legislative proposals together with the Council under the ordinary legislative procedure, currently in preparatory phase. In Council, the proposal is being examined by the Working Party on Structural Measures.

In Parliament, this file was allocated to the Foreign Affairs Committee (AFET) and the two appointed rapporteurs are José Ignacio Salafranca Sánchez-Neyra (EPP) and Knut Fleckenstein (S&D). The rapporteurs presented the [draft report](#) on 30 October 2018 and it is now awaiting adoption by AFET.

The Committees for International Trade, Budgets, Environment, Public Health and Food Safety, Regional Development, and Civil Liberties, Justice and Home Affairs will prepare opinions.

EP SUPPORTING ANALYSIS

Svasek M., [Instrument for Pre-accession Assistance \(IPA II\)](#), EPRS, May 2017.

Blomeyer & Sanz, [Effectiveness and Visibility of EU funding in the Western Balkan countries with a special focus on the cross-border cooperation](#), DG IPOL, August 2018.

OTHER SOURCES

[IPA III 2021–2027](#), European Parliament, Legislative Observatory (OEIL).

European Parliament, [AFET report on the implementation of the EU external financing instruments](#), 2018.

European Parliament, [Resolution on the implementation of the EU external financing instruments: mid-term review 2017 and the future post-2020 architecture](#) (2017/2280(INI)).

European Commission, [Proposal for a Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance \(IPA III\)](#), COM(2018) 465 final.

European Commission, [Impact assessment](#), SWD(2018) 337 final.

European Commission, [A credible enlargement perspective for and enhanced EU engagement with the Western Balkans](#), COM(2018) 65 final, 2018.

European Commission, [EU budget for the future](#), 2018.

European Commission, [Quick Guide to IPA II programming](#), 2014.

ENDNOTES

- ¹ A macro-regional strategy is an integrated framework endorsed by the European Council aimed at addressing common challenges faced by Member States and third countries located in the same geographical area.
- ² They can be the IPA II beneficiary country or an entity designated by it, an agency of a Member State, an international organisation, or an EU specialised (but not executive) agency.
- ³ This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.

DISCLAIMER AND COPYRIGHT

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2018.

eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://epthinktank.eu> (blog)



First edition. EU Legislation in Progress briefings are updated at key stages throughout the legislative procedure.