



EUROPEAN COMMISSION

Brussels, 12.10.2011
COM(2011) 641 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL**

**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)
REVISED MULTI-ANNUAL INDICATIVE FINANCIAL FRAMEWORK FOR 2012-
2013**

Introduction

The Multi-Annual Indicative Financial Framework (MIFF) for the Instrument of Pre-Accession Assistance (IPA) is designed to provide information on the indicative breakdown of the overall IPA envelope proposed by the Commission in accordance with Article 5 of the IPA Regulation (EC) 1085/2006. It acts as the link between the political framework within the enlargement package and the budgetary process. The Multi-Annual Indicative Planning Documents (MIPD) established for each beneficiary country and for the multi-beneficiary programme, through which pre-accession aid is delivered, take into account the indicative breakdown proposed in the MIFF.

The MIFF is based on a rolling three-year programming cycle. Under normal circumstances, a MIFF for years N, N+1 and N+2 will be presented in the last quarter of year N-2 as part of the enlargement package, representing a proposed financial translation of the political priorities set out within the package itself, taking into consideration the Financial Framework. As 2013 represents the last budgetary year of IPA, this MIFF covers only changes foreseen in the two last years of the current multiannual financial framework, i.e. 2012-2013. It indicates the allocation of the envelope for pre-accession assistance by country and by component for these years, and also gives an indication of the multi-beneficiary programme envelope and support expenditure.

As in previous years, the MIFF is published based on the current status of the countries concerned and thus does not at this stage pre-empt any decision by the Council on the Opinions presented with the enlargement package or a likely date of accession for any candidate country. As such, it reflects the change of status of Montenegro which became a candidate country in December 2010¹, as well as the anticipated date of accession of Croatia on 1 July 2013. If any significant amendment to this MIFF would be needed before the next annual revision of the MIFF in autumn 2012, the Commission would publish an amended version at the appropriate time.

The overall political priorities for pre-accession are set out in the Accession and European Partnerships, the annual progress reports and the enlargement strategy paper contained in the enlargement package presented to the European Parliament and the Council each year.

Strategic Financial Programming

1. ALLOCATION OF FUNDS BETWEEN COUNTRIES

The starting point for allocations in 2007 was a commitment by the Commission to ensure that no beneficiary country would receive less in 2007 than they did in 2006 and furthermore that Bosnia and Herzegovina and Albania should receive no less than the annual average of the funding each received between 2004 and 2006. This latter point reflected the fact that the funding for these countries was frontloaded in 2004.

¹ Opening of components III, IV and V for Montenegro is subject to the adoption by the Council and European Parliament of the amendment to Regulation No 1085/2006 as proposed by the Commission (COM(2011)446 of 20 July 2011).

The figures for 2008 onwards have been calculated on the basis of per-capita allocations which have been quoted in the past as a proxy for needs and impact. Against this measure, the per capita levels for each of the potential candidates of the Western Balkans increased during the course of the current financial framework to above the 2004-2006 per capita average of €23 (in 2004 prices) received under CARDS. The global breakdown of funds between countries has been respected with the exception of Kosovo² which received increased IPA funding. In 2008, €60 million were granted by the budget authority as part of a wider mobilisation of new funds to support the stability and development of Kosovo. This was supplemented by a transfer of a further €60 million from unused macro-financial assistance (MFA) appropriations. In 2009, an additional €40 million was committed as a follow up of the Donors' Conference which took place in July 2008.

For Croatia and the former Yugoslav Republic of Macedonia, as candidate countries, a level of over €30 per capita (in 2004 prices) is allocated. This level is maintained across the period for Croatia. Given the expected accession date of Croatia on 1 July 2013, the allocation for Croatia under IPA will be reduced to half the amounts originally foreseen, except for rural development where the full 2013 allocation will be maintained at the level originally envisaged for 2013. The Commission will present a proposal for a revision of the financial framework for 2013 as soon as the Accession Treaty is signed, pursuant to point 29 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management. For the former Yugoslav Republic of Macedonia, the funding in per capita terms continues to increase, reflecting a minimum level of funding needed for building adequate administrations, irrespective of the size of the country.

For Montenegro, the per capita levels of funding are higher than for the potential candidate countries, reflecting a minimum level of funding needed for adequate administrations, irrespective of the size of the country.

For Turkey, taking into account the size and absorption capacity of the country, there is a gradual increase in per capita levels of assistance over the period 2007-2013.

As for Iceland, the degree of its alignment with EU legislation through the European Economic Area Agreement and its level of economic and social development make the country an exception among candidate countries. For this reason it was agreed that the country will receive IPA assistance exclusively under Component I, managed by the Commission. The funding covers three years and began in 2011.

2. ALLOCATIONS BETWEEN COMPONENTS

IPA is delivered through the following five components: I – Transition and Institution Building; II – Cross-border cooperation; III – Regional Development; IV – Human Resources Development; and V – Rural Development.

Component I, Transition Assistance and Institution Building, covers all institution-building actions and the investments related to the *acquis*; it helps beneficiary countries build up administrative and judicial capacity and addresses, according to priority, cooperation measures not expressly covered by other components.

² Under United Nations Security Council Resolution 1244/99

Component II, Cross-Border Cooperation, supports cross-border activities among beneficiary countries and between beneficiary countries and Member States; it also covers the participation of IPA beneficiaries in ERDF trans-national co-operation programmes and in ENPI sea-basin programmes, as appropriate.

Components III to V are accessible only to candidate countries and aim to prepare these countries for the programming, implementation and management of Structural, Cohesion and Rural Developments Funds upon accession by approximating, to the greatest extent possible under External Aid rules, the implementation methods of these funds. Specifically, component III, Regional Development, emulates to the greatest extent possible the ERDF and Cohesion Fund. Component IV, Human Resources Development prepares candidate countries for the European Social fund, in the framework of the European Employment Strategy. Component V, Rural Development, helps the candidate countries prepare for post-accession EU-funded rural development programmes by implementing pre-accession assistance through systems which are as similar as possible to those required post accession.

In determining the allocations between components, due account has been taken of the readiness of the decentralised management systems necessary for the implementation of components III, IV and V in the current candidate countries as well as the need for component II funding as it relates to cross-border cooperation with Member States to match that of the equivalent ERDF funding from heading 1b.

3. OTHER ALLOCATIONS

Support expenditure

This envelope covers the administrative costs directly linked to the implementation of IPA.

Multi-beneficiary programme allocations

The multi-beneficiary programmes under component I are designed to complement the national programmes and to strengthen multilateral relations in the Western Balkans and Turkey. The strategy focuses on areas identified as crucial for European integration and stability in the region and issues on which the countries need to cooperate. Programmes with a regional impact, and / or those which can benefit from economies of scale or scope if implemented horizontally across a number of beneficiary countries, are funded under this envelope.

Multi-beneficiary programmes support, inter alia the Regional School for Public Administration, the Central European Free Trade Agreement (CEFTA), the Regional Cooperation Council (RCC), fight against organised crime, ERASMUS scholarships and higher education. They also provide a basis for the Civil Society Facility which combines support from both the national and multi-beneficiary IPA programmes. Institution-building for the Western Balkans, Turkey and Iceland is supported via the TAIEX instrument, and allocations are made for audits and evaluation of regional and national programmes, as well as for information and communication activities. Investment needs for SMEs, energy efficiency and infrastructure development, delivered in close collaboration with the European Investment Bank and other International Financial Institutions (IFIs), will continue to be supported with a substantial part of the regional and horizontal allocation. This support will be coordinated under the Western Balkan Investment Framework, set up at the end of 2009 to enhance coordination and cooperation among donors and IFIs actively engaged in the

Western Balkans. From 2010, part of component II, namely the participation of countries in ERDF trans-national programmes "Mediterranean" and "South-East Europe" is also implemented on a multi-beneficiary basis for ease of implementation.

Presentation of the figures

The following table provides the above figures in *current prices* and in *Euro*. It shows the allocations by country and by component, as well as for the multi-beneficiary programme and support expenditure. The final commitment figures for previous years as well as updated figures for 2011 are included for ease of reference.

Revised Multi-Annual Indicative Financial Framework: Breakdown of the Instrument for Pre-Accession Assistance envelope for 2012-2013 into allocations by country and component

Component	2007	2008	2009	2010	2011	2012	2013
<i>Candidate countries</i>							
CROATIA							
<i>Transition Assistance and Institution Building</i>	49,611,775	45,374,274	45,601,430	39,483,458	39,959,128	39,969,161	19,256,943
<i>Cross-border Co-operation</i>	9,688,225	14,725,726	15,898,570	15,601,136	15,869,158	16,442,542	8,499,192
<i>Regional Development</i>	45,050,000	47,600,000	49,700,000	56,800,000	58,200,000	57,578,127	31,000,000
<i>Human Resources Development</i>	11,377,000	12,700,000	14,200,000	15,700,000	16,000,000	16,040,000	9,000,000
<i>Rural Development</i>	25,500,000	25,600,000	25,800,000	26,000,000	26,500,000	26,151,182	27,700,000
TOTAL	141,227,000	146,000,000	151,200,000	153,584,594	156,528,286	156,181,012	95,456,135³
FORMER YUGOSLAV REPUBLIC OF MACEDONIA							
<i>Transition Assistance and Institution Building</i>	41,641,613	41,122,001	39,310,500	36,917,068	28,803,410	27,209,161	27,941,228
<i>Cross-border Co-operation</i>	4,158,387	4,077,999	4,371,501	4,467,526	5,124,876	5,033,373	5,243,041
<i>Regional Development</i>	7,400,000	12,300,000	20,800,000	29,400,000	39,300,000	41,038,532	51,800,000
<i>Human Resources Development</i>	3,200,000	6,000,000	7,100,000	8,400,000	8,800,000	10,380,000	11,200,000
<i>Rural Development</i>	2,100,000	6,700,000	10,200,000	12,500,000	16,000,000	18,221,815	21,028,000
TOTAL	58,500,000	70,200,000	81,782,001	91,684,594	98,028,286	101,882,881	117,212,269

³ 50% of the initial 2013 allocation for Components I to IV and 100% of the initial allocation for Component V

<i>Component</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
ICELAND							
<i>Transition Assistance and Institution Building</i>					<i>12,000,000</i>	<i>12,000,000</i>	<i>6,000,000</i>
TOTAL					<i>12,000,000</i>	<i>12,000,000</i>	<i>6,000,000</i>
MONTENEGRO							
<i>Transition Assistance and Institution Building</i>	<i>27,490,504</i>	<i>28,112,552</i>	<i>29,832,179⁴</i>	<i>29,838,823</i>	<i>29,843,599</i>	<i>16,346,471</i>	<i>5,238,958</i>
<i>Cross-border Co-operation</i>	<i>3,909,496</i>	<i>4,487,448</i>	<i>4,667,821</i>	<i>3,682,690</i>	<i>4,310,344</i>	<i>4,588,551</i>	<i>4,418,687</i>
<i>Regional Development</i>						<i>8,000,000</i>	<i>15,200,000</i>
<i>Human Resources Development</i>						<i>2,800,000</i>	<i>2,957,077</i>
<i>Rural Development</i>						<i>3,300,000</i>	<i>7,600,000</i>
TOTAL	<i>31,400,000</i>	<i>32,600,000</i>	<i>34,500,000</i>	<i>33,521,513</i>	<i>34,153,943</i>	<i>35,035,022</i>	<i>35,414,722</i>
TURKEY							
<i>Transition Assistance and Institution Building</i>	<i>256,702,720</i>	<i>256,125,297</i>	<i>239,550,810</i>	<i>217,809,826</i>	<i>231,268,023</i>	<i>227,499,161</i>	<i>246,281,891</i>

⁴ Includes €1.2 million additional funds recovered from previous programmes.

<i>Cross-border Co-operation</i>	2,097,280	2,874,709	3,049,190	3,090,174	5,131,977	2,174,617	2,218,109
<i>Regional Development</i>	167,500,000	173,800,000	182,700,000	238,100,000	293,400,000	356,836,341	378,000,000
<i>Human Resources Development</i>	50,200,000	52,900,000	55,600,000	63,400,000	77,600,000	83,930,000	96,000,000
<i>Rural Development</i>	20,700,000	53,000,000	85,500,000	131,300,000	172,500,000	189,785,003	213,000,000
TOTAL	497,200,000	538,700,006	566,400,000	653,700,000	779,900,000	860,225,122	935,500,000
<i>Potential candidates</i>							
ALBANIA							
<i>Transition Assistance and Institution Building</i>	54,318,790	65,237,756⁵	71,360,000	84,200,000⁶	84,301,650	84,290,995	87,446,037
<i>Cross-border Co-operation</i>	6,681,210	8,582,244	9,822,921	9,973,173	10,126,636	10,283,169	10,666,232
TOTAL	61,000,000	73,820,000	81,182,921	94,173,173	94,428,286	94,574,164	98,112,269
BOSNIA AND HERZEGOVINA							
<i>Transition Assistance and Institution Building</i>	58,136,394	69,854,783	83,900,000	100,688,099	102,681,861	102,670,995	106,870,228

⁵ Includes €3.12 million additional funds recovered from previous programmes.

⁶ Includes €1.5 million additional funds recovered from previous programmes.

<i>Cross-border Co-operation</i>	3,963,606	4,945,217	5,207,746	4,696,495	4,746,425	5,197,353	4,942,041
TOTAL	62,100,000	74,800,000	89,107,746	105,384,594	107,428,286	107,868,348	111,812,269

SERBIA							
<i>Transition Assistance and Institution Building</i>	181,496,352	179,441,314	182,551,643	186,206,679	190,556,810	190,000,995	203,101,005
<i>Cross-border Co-operation</i>	8,203,648	11,458,686	12,248,357	11,751,753	11,322,790	12,097,244	11,630,694
TOTAL	189,700,000	190,900,000	194,800,000	197,958,432	201,879,600	202,098,239	214,731,699
KOSOVO							
<i>Transition Assistance and Institution Building</i>	68,300,000	184,700,000	106,100,000	66,100,000	66,900,000	65,870,995	70,712,269
<i>Cross-border Co-operation</i>	0	0	0	1,200,000	1,800,000	2,929,148	2,987,731
TOTAL	68,300,000	184,700,000	106,100,000	67,300,000	68,700,000	68,800,143	73,700,000
Component	2007	2008	2009	2010	2011	2012	2013
TOTAL COUNTRY PROGRAMMES							
	1,109,427,000	1,311,720,006	1,305,072,668	1,397,306,900	1,553,046,687	1,638,664,931	1,687,939,363
MULTI-BENEFICIARY PROGRAMMES							
<i>Transition Assistance and Institution Building</i>	129571000⁷	137,736,644⁸	188,867,536⁹	141,706,551¹⁰	186,269,100	176,246,613	177,845,477

⁷ Includes €20.6 million additional funds recovered from previous programmes.

<i>Cross-border Co-operation</i>	0	0	0	4,921,679	5,293,313	5,672,378	6,059,026
SUPPORT EXPENDITURE							
	44,793,000	51,950,000	47,648,000	47,393,000	52,183,900	55,410,600	84,500,000
GRAND TOTAL							
	1,263,200,000	1,501,406,650	1,541,588,204	1,591,328,130	1,796,793,000	1,875,994,522	1,956,343,866

Figures are in Euro at current prices

⁸ Includes €2.0 million additional funds recovered from previous programmes.

⁹ Includes €2.8 million additional funds recovered from previous programmes.

¹⁰ This includes a reduction of €9 million for the food security facility which will be paid back in 2011 (€14 million), 2012 (€6 million) and 2013 (€9 million). The funds paid back in these years will be used for the allocation to Iceland. The figure also includes €2.7 million additional funds recovered from previous programmes.