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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the Instrument for Pre-accession Assistance (IPA II)

{SEC(2011) 1462 final}

{SEC(2011) 1463 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

This proposal should be viewed in the context of all proposed financial instruments for the financial perspective 2014-2020 as outlined in the Communication 'A Budget for Europe 2020'¹. The Communication sets the budgetary framework for EU external action instruments under the Heading 4 (Global Europe), including the Instrument for Pre-accession Assistance (IPA). On this basis, the Commission is presenting a draft regulation laying down the legislative framework for the new IPA, together with an assessment of the impact of alternative scenarios for the instrument.

Article 49 of the Treaty on European Union provides that any European State which respects the EU values referred to in Article 2 of the Treaty and is committed to promoting them may apply to become a member of the Union.

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 review², 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; the institutional and legal frameworks and the common policies of the EU played a vital role in ensuring success; entrepreneurs and citizens experienced clear benefits; and the enlarged EU was better prepared to address current and future challenges.

The rationale for continuing with the enlargement of the EU was recalled most recently in the Council conclusions of 14 December 2010: '*Enlargement reinforces peace, democracy and stability in Europe, serves the EU's strategic interests, and helps the EU to better achieve its policy objectives in important areas which are key to economic recovery and sustainable growth*'. The Council conclusions reiterated that with the Lisbon Treaty entering into force, the EU can at the same time pursue its enlargement agenda and maintain the impetus of deeper integration.

Currently, the EU is dealing with 5 candidate countries³ and 4 potential candidates⁴. 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. Furthermore, these countries need to be prepared to withstand global challenges such as climate change and to align with the EU's efforts to

¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions *A Budget for Europe 2020*, COM(2011)500 final, 29.6.2011

² "*Five years of an enlarged EU – economic achievements and challenges*" - Communication from the Commission to the Council, Parliament, European Economic and Social Committee, Committee of the Regions and the ECB, 20 February 2009

³ Croatia, the former Yugoslav Republic of Macedonia, Iceland, Montenegro and Turkey

⁴ Albania, Bosnia and Herzegovina, Serbia as well as Kosovo under UNSCR 1244/99

address this complex issue. The EU 2020 Strategy for smart, sustainable, and inclusive growth includes addressing climate change and renewable energy targets among its 5 headline objectives. The EU has confidence in the low-carbon growth model and this must be projected externally, also in the process of enlargement.

In addition, the countries in the Western Balkans are still relatively young states formed after the disintegration of the former Yugoslavia. Political stability, 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. Most lack the capacity to finance by themselves the institutional reforms and public investments necessary to stabilise their societies and economies and put them onto a sustainable development path.

Technical and financial assistance to the Enlargement countries is currently provided through the Instrument for Pre-accession Assistance (IPA)⁵. This instrument 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.

The new pre-accession instrument should continue to *focus on delivering on the Enlargement Policy*, which is one of the core priorities of EU External Action, thus helping to promote stability, security and prosperity in Europe. To that end, the new instrument should 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, according to their specific needs and adapted to their individual enlargement agendas. In doing so, the coherence between the financial assistance and the overall progress made in the implementation of the pre-accession strategy should be strengthened.

In addition, future pre-accession assistance needs to be even more strategic, efficient and better targeted than has been the case so far, aiming for more sustainable results in improving the readiness of these countries for membership. The new instrument needs to operate more flexibly and to leverage more funds from other donors or the private sector by using innovative financing instruments, while pursuing simplification and reduction of the administrative burden linked to managing the financial assistance.

Consistency with other policies

The enlargement process extends the internal policies of the EU to the beneficiary countries. It contributes to expansion of the internal market, the European Area of Justice and Freedom, the trans-European energy and transport networks, the enhancement of employment opportunities, skills development, education and social inclusion, poverty reduction, protection of the environment and reduction of trans-boundary air and water pollution, alignment with the Common Agricultural Policy and the Common Fisheries Policy, the efforts to diversify energy sources⁶, achieve resource efficiency, improve disaster resilience and risk

⁵ Council Regulation 1085/2006 of 17 July 2006

⁶ On security of energy supply and international co-operation - "The EU Energy Policy: Engaging with Partners beyond our borders".COM(2011) 539 of 7.09.2011

prevention and management, and attain a more integrated and strategic approach to maritime policies, scientific excellence and the digital agenda, among other things. In addition, convergence with the EU's climate policy and legislation will bring significant benefits to the beneficiary countries through low-carbon development and greener jobs in a region highly vulnerable to the impact of climate change.

Through its Stabilisation and Association Agreements and other agreements with candidate countries and potential candidates, the EU actively encourages enlargement countries to establish competition regimes. Future pre-accession assistance will also be devoted to strengthening research and innovation capacity as well as information and communications technologies (ICTs), which in turn will facilitate realisation of the Innovation Union, underpin the other Europe 2020 strategy objectives and support compliance with EU technical requirements and standards in many other policies (e.g. public health, food security, climate action and the environment, including biodiversity and eco-systems).

Making Europe a safer place is high on the EU's agenda as defined in the Stockholm Programme. The improved strategic orientation of financial assistance for pre-accession will help support enlargement countries in preventing and tackling organised crime and corruption and in strengthening their law enforcement, border management and migration control capabilities.

Enlargement gives the EU greater weight and strengthens its voice in international fora. With the entry into force of the Lisbon Treaty, the EU now has the means to pull its weight on the global scene. The EU's role in adopting the UN General Assembly Resolution on Kosovo is an example of this potential. The fifth enlargement gave a new impetus to the EU's relations with its eastern and southern neighbours and led it to explore ways of developing initiatives in the Baltic and Black Sea regions. The accession process with countries in the Western Balkans and Turkey gives the EU a still greater interest and influence in the Mediterranean and Black Sea regions and in the Danube basin. Provided that Turkey's role in its own region is developed as a complement to its accession process and in coordination with the EU, it can add to the weight of both parties in world affairs, not least in the Middle East and the Southern Caucasus. By acting together, the EU and Turkey can strengthen energy security, address regional conflicts, and prevent divisions developing along ethnic or religious lines, and improve cooperation on maritime issues especially in the Black Sea. Iceland and the EU can together play an important role in addressing energy, environmental, climate change, maritime and security issues in the Arctic.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

Stakeholders consultation on future pre-accession assistance

The proposal for the new Instrument for Pre-accession Assistance is based on extensive consultation with stakeholders which started at the conference on '*IPA: sustainable results and impact*', organised by the Commission in Brussels on 6 and 7 December 2010. This was followed by a series of consultations with stakeholders throughout the first part of 2011, which provided input to an *ex-ante* evaluation in preparation of the future pre-accession assistance instrument. Those consultations included:

- An **online survey**, obtaining 338 responses from: Member State representatives; public administrations and non-public stakeholders of candidate countries and potential candidates benefiting from IPA assistance; Commission staff; donors and international financing institutions; other international organisations; non-governmental organisations (NGOs), researchers, experts and interest groups.
- A series of **focus groups**, in particular: one high-level working group; four mixed groups comprising Commission officials and external stakeholders; three special focus groups on IPA assistance for cross-border cooperation, regional development, human resources development and rural development; two meetings with Member State representatives in the technical committee that assists the Commission in implementing pre-accession assistance; and a meeting with authorities of the Western Balkans focussing on options for future cross-border cooperation at borders within the Western Balkans.
- **Consultations** with: individual Commission officials at headquarters and EU Delegations in beneficiary countries; structures providing technical assistance or policy support to the beneficiary countries; offices of the National IPA Coordinators of the beneficiary countries; multilateral and bilateral donors; international and regional organisations (United Nations agencies, Regional Cooperation Council, OSCE, etc); and, NGOs (European Stability Initiative, International Crisis Group, Open Society Foundation etc) at EU level.
- A **working-level meeting** organised by the Commission in cooperation with the Hungarian Presidency of the EU in Zagreb on 10-11 May, where the preliminary results of the consultation were presented and discussed with all IPA stakeholders.

Analysis of the positions emerging from the stakeholder consultation showed support for:

- **Continuing with the instrument** with similar levels of resources covering both institutional development and socio-economic development;
- **Tailoring assistance** to the needs and characteristics of each country;
- **Strengthening the sector approach**, with a more coherent longer-term planning process resulting in a strategic instrument for donor coordination and for steering private-sector investment;
- **Introducing multi-annual planning** to cover the duration of the next multi-annual financial framework, with a mid-term review, and developing further **multi-annual programming** also for transition assistance and institution-building actions, together with **better beneficiary involvement in programming**, led by stronger national authorities in charge of IPA coordination;
- **Rewarding good performance** based on absorption and on achieving strategic targets; **using conditionalities in a more strict and systematic way** at country, sector strategy and project level;
- **Making access to the various types of assistance** no longer subject to status as candidate/potential candidate, but dependent on readiness to implement, combined with a phased approach to decentralising the management of assistance;

- **Re-examining the current component structure**, including better coordination between policy areas;
- Continuing cooperation with IFIs and **leveraging** IFI and other donor funds;
- **Adopting a three-tier approach to monitoring and evaluation**, assessing progress relative to i) the path to accession; ii) national strategies and iii) achieving results at the level of programmes, sectors and measures.

Internal consultation on future pre-accession assistance

Within the Commission, preparations for the new IPA post-2013 involved extensive discussions within and between the four services involved in managing the assistance, i.e. the Directorates-General for: Enlargement; Regional Policy; Employment, Social Affairs and Inclusion; and Agriculture and Rural Development, as well as with the EU Delegations or Liaison Office in Iceland, the Western Balkans and Turkey.

Public consultation on all external action instruments

The future of pre-accession assistance was also the subject of a broader public consultation on future funding for EU external action held by the Commission between 26 November 2010 and 31 January 2011. The consultation was based on an online questionnaire accompanied by a background paper ‘What funding for EU external action after 2013?’ prepared by the Commission and the EEAS services involved. The 220 contributions received reflect the broad and diverse structures and views of the external action community.

Among the responses more specifically covering development assistance, the following were also relevant for pre-accession assistance:

- A majority of respondents confirmed that EU intervention provides a **substantial added value** in the main policy areas supported through the financial instruments for external action⁷. The EU added value was mentioned by many respondents as the main driver for the future: the EU should exploit its comparative advantage linked to its global field presence, its wide-ranging expertise, its supranational nature, its role as facilitator of coordination, and economies of scale.
- Nearly all respondents supported a **more differentiated approach**, tailored to the situation of the beneficiary countries, based on sound criteria and efficient data collection, as a way to increase the impact of EU financial instruments.
- Regarding the simplification of instruments, as concerns the balance between geographic and thematic instruments, opinions were mixed regarding a review of EU thematic programmes and a possible reduction in number. **Increasing the geographic flexibility of the EU instruments** was supported by a significant majority of respondents as a way to respond to inter-regional challenges.

Use of expertise

⁷ i.e. peace and security, poverty reduction, humanitarian aid, investing in stability and growth in enlargement and neighbourhood countries, tackling global challenges, promoting EU and international standards and values, and supporting growth and competitiveness abroad

Two expert studies were commissioned by DG Enlargement to assess the intervention logic and draw lessons from the current IPA programme (IPA meta-evaluation), as well as to prepare an ex-ante evaluation of future pre-accession assistance post-2013. Both studies are available on the DG Enlargement website at the following address: http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/phare/evaluation/interim_en.htm

Impact assessment

As part of the preparation of the proposal for the new pre-accession instrument, the Commission carried out an impact assessment considering the following 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 **economic impact** of the various options was assessed in terms of the likelihood that the options would: i) delay or accelerate enlargement and therefore the positive economic impact of the expansion of the internal market; ii) maintain or reduce costs to the EU and Member States in terms of security measures and risks, border controls and irregular migration; iii) constrain or improve the possibilities for better economic integration, e.g. through improved integration with the Trans-European Networks; iv) affect positively or negatively the confidence of donors and investors in the beneficiary countries.

The **social impact** of the various options was assessed in terms of the likely effect on poverty and exclusion in the enlargement countries linked to progress towards accession and the creation of conditions for improved economic performance and policy measures that could address these issues. Likely effects in terms of risks that rights in the area of justice and the rule of law could be jeopardised in the beneficiary countries as a consequence of delays in and risks to accession were also considered.

The **environmental impact** of the options was assessed in terms of the likelihood that environmental costs would accrue if enlargement was delayed or put at risk, due to lower environmental standards being used to obtain competitive advantage in the beneficiary

countries and/or due to delays in implementing the expensive investments needed to align with the EU environmental *acquis*.

Option 2.1 was assessed to have likely **negative impacts** on all aspects. **Positive impacts** compared to option 1 were expected to accrue from **options 2.2 and 2.3**, with different scores for the individual aspects. 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 impacts than the increased investments in socio-economic development under option 2.2.

3. LEGAL ELEMENTS OF THE PROPOSAL

Enlargement policy is based on Article 21 of the Treaty on European Union, which provides that ‘the Union’s action on the international scene shall be guided by the principles which have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law’.

The legal base for financial assistance for pre-accession is Article 212(2) of the Treaty on the Functioning of the European Union.

The proposal for the new Instrument for Pre-accession Assistance is in line with the principles of subsidiarity and proportionality under Article 5 of the Treaty on European Union.

In terms of subsidiarity, action at EU level brings crucial added value, linked to a number of factors:

- The successive enlargement of the EU is by its very nature a **common task** which can be pursued only at EU level. Only the Member States acting together can decide on accession requests by new candidates. The pre-accession assistance provided through the EU budget is designed to help candidate countries and potential candidates prepare for future membership: the IPA is designed to give countries a ‘test run’ of the obligations of membership before accession (such as putting in place institutions for managing post-accession EU funds, and/or adopting the *acquis* and EU standards). No other multilateral or bilateral instrument can provide such a comprehensive toolbox, and in any case only the EU can define what kind of assistance is needed to prepare for taking over the *acquis*.
- With 27 Member States acting within common policies and strategies, the EU alone has the critical weight to respond to global challenges. The action of individual Member States can be limited and fragmented, with projects often too small to make a sustainable difference in the field. Streamlining the work of Member States through the EU enables better coordination and makes EU work more effective.
- In recent years EU Member States have been reducing the level of their bilateral assistance to candidate countries and potential candidates, acknowledging that coordinated action at EU level is more effective. About half of the overall financial assistance of the EU to the enlargement countries in 2009 came from the EU budget. Multilateral donor organisations have largely phased out their support and those that remain have now aligned their programmes with the EU priorities. Working with the

EU is also cheaper. Administrative costs are lower than the average administrative costs of the principal donors of bilateral aid.

- Pre-accession assistance is an investment in the future of the EU, supporting the stability and prosperity of neighbouring countries and ensuring the effective capacity of candidate countries to implement the *acquis* upon accession, including to manage the structural, cohesion, agricultural and rural development, maritime and fisheries funds and policies of the Union. Technical and financial assistance speeds up the process of preparation and creates incentives for the necessary transformation of society, the legal system and the economy. Such assistance helps meet the objectives of the internal policies of the EU, creates opportunities for EU businesses and provides tangible return on investment. Without the intensive involvement and closer partnership embodied in pre-accession assistance the EU would certainly have to spend more on combating illegal migration, securing the external borders of the EU, ensuring the security of energy supplies and safe and hygienic food imports for its citizens, and combating climate change and pollution.

In line with the principle of proportionality, the proposed Regulation does not go beyond what is necessary to achieve its objectives.

4. BUDGETARY IMPLICATION

In its Communication of June 2011 ‘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.

The detailed estimated financial impact of the proposal is presented in the Legislative Financial Statement enclosed with this proposal. The indicative yearly budget commitments* are given in the table below.

Instrument for Pre-Accession	2014	2015	2016	2017	2018	2019	2020	2014-2020
	1898.0	1935.9	1974.6	2014.1	2054.4	2095.5	2137.4	14110.1

*Current prices in million €

To ensure its predictability, funding for higher education activities in third countries in the context of "Erasmus for All" programme will be made available, in line with EU external action objectives, through 2 multi annual allocations only covering the first 4 years and the remaining 3 years respectively. This funding will be reflected in the multiannual indicative strategy papers of the IPA, in line with the identified needs and priorities of the countries concerned. The allocations can be revised in case of major unforeseen circumstances or important political changes in line with the EU external priorities. The provisions of the "Erasmus for All" Regulation (EU) No [--] of the European Parliament and of the Council establishing "Erasmus for All"⁸ will apply to the use of those funds.

⁸ OJ L ...

Financial assistance to the Turkish Cypriot community will continue to be provided until the adjustment foreseen in the second paragraph of article 11 of the Council Regulation laying down the multiannual financial framework for the years 2014-2020 has taken place. Such financial assistance shall continue to be governed by the provisions of Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community. Financial needs for the support to the Turkish Cypriot community will be covered from the overall envelope allocated to the Instrument for Pre-accession Assistance.

5. OPTIONAL ELEMENTS

Simplification

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. Linked to the streamlining of the components structure, *undifferentiated access to assistance* under each policy area means that beneficiary countries will no longer need to be identified separately in the legal basis of the instrument. As a result, 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.

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. 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.

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.

More simplification should also result from introducing, where the relevant conditions are in place, a sector-based approach to the allocation of assistance for those sectors. In addition to

improving the effectiveness and impact of the assistance, this approach could translate into a lower number of projects/contracts, thus reducing the administrative burden related to project/contract management. If conditions allow, the sector approach could also entail the use of budget support, again reducing the administrative burden compared to project support.

Detailed provisions on joint monitoring and the accreditation processes will be set out in separate implementing rules. These rules will pursue further simplification in cross-border cooperation between candidate countries and potential candidates, by further aligning programming and implementation with the Structural Funds approach.

Simplification and flexible procedures in the implementation of the new Regulation, will allow swifter adoption of implementing measures and delivery of EU assistance. Furthermore, the revision of the Financial Regulation, in particular the special provision for external actions, will help facilitate the participation of civil society organisations and small businesses in funding programmes, for example by simplifying rules, reducing the costs of participation and accelerating award procedures. In implementing this Regulation, the Commission will use the simplified procedures provided for in the new Financial Regulation.

Detailed explanation of specific provisions of the proposal

Overall, the current proposal and future implementing rules envisage the following revisions to the design of the instrument and its implementation modalities (in addition to the simplification already mentioned above):

1. 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 grant-financed 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**.

2. *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.

3. *The deployment of assistance* will be made *more efficient and effective* by:

- Pursuing further the identification and use of **innovative financial instruments** that could leverage more private funds and looking into the possibility to exploit synergies with innovative financial instruments developed for internal policies, on the basis of a coordinated approach to and coordinated rules for using the EU budget in such instruments.
- Also as part of the move towards greater sector-level support, **increasing cooperation with other donors and International and other financial institutions at strategic level**, agreeing on policy priorities and on a clearer division of labour;
- Continuing to **support regional programmes/projects** that bring added value by encouraging knowledge and experience sharing, harmonisation of policies, agreement on joint priorities and building of mutual trust. Regional programmes also have the potential to enhance the effectiveness of policies, e.g. in transport, energy, environment, climate change, statistics, the fight against organised crime and migration issues.
- **Streamlining the rules for the procurement of twinning assistance** and introducing mechanisms to ensure the suitability of recruited experts, while also adding a possibility to draw funds from a dedicated facility to respond to needs as they arise.

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.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the Instrument for Pre-accession Assistance (IPA II)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 212(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions “A Budget for Europe 2020”³, the Commission sets the budgetary framework for the external action instruments of the Union, including the Instrument for Pre-accession Assistance (IPA).
- (2) As Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)⁴ expires on 31 December 2013 and in order to make the external action of the Union more effective, a framework for planning and delivering external assistance should be maintained for the period 2014–2020. The enlargement policy of the Union should continue to be supported by a specific financial instrument. The Instrument for Pre-accession Assistance (IPA) should therefore be renewed.

¹ OJ C , , p. .

² OJ C , , p. .

³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions *A Budget for Europe 2020*, COM(2011)500 final, 29.6.2011.

⁴ OJ L 210, 31.7.2006, p. 82.

- (3) Article 49 of the Treaty on European Union provides that any European State which endorses the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights may apply to become a member of the Union.
- (4) A European State which has applied to join the Union can become a member only when it has been confirmed that it meets the membership criteria agreed at the Copenhagen European Council in June 1993 and provided that the accession does not overstretch the capacity of the Union to integrate the new member. These criteria relate to the stability of institutions guaranteeing democracy, the rule of law, respect of human rights and respect for, and protection of, minorities, the development of the economy that must be sufficient to withstand the competitive pressure in the internal market, and the ability to assume not only the rights but also the obligations under the Treaties.
- (5) The accession process is based on objective criteria and the application of the principle of equal treatment of all applicant countries. Progression towards accession depends on the capacity of the applicant country to undertake the necessary reforms to align its political, institutional, legal, administrative and economic systems with the rules, standards, policies and practices in the Union.
- (6) The European Council has granted the status of candidate country to Iceland, Montenegro, the former Yugoslav Republic of Macedonia and Turkey. It has confirmed the European perspective for Albania, Bosnia and Herzegovina, Serbia as well as Kosovo⁵, which are considered potential candidates.
- (7) Financial assistance under this Regulation should be granted to both candidate countries and potential candidates (the ‘beneficiary countries’) listed in the Annex to this Regulation, irrespective of their status.
- (8) Assistance under this Regulation should be provided in accordance with the enlargement policy framework defined by the Union for each beneficiary country reflected in the annual enlargement package of the Commission, which includes the Progress Reports and the Enlargement Strategy, in the Stabilisation and Association agreements and in the European or Accession Partnerships. Assistance should mainly focus on a limited number of policy areas that will help beneficiary countries strengthen democratic institutions and the rule of law, reform the judiciary and public administration, respect fundamental rights and promote gender equality and non-discrimination. It should also enhance their economic and social development, underpinning a smart, sustainable and inclusive growth agenda in line with the Europe 2020 strategy and to align progressively with the Copenhagen criteria. The coherence between the financial assistance and the overall progress made in the implementation of the pre-accession strategy should be strengthened.
- (9) Candidate countries and potential candidates need to be better prepared to withstand global challenges, such as sustainable development and climate change, and align with the Union’s efforts to address these issues. Union assistance under this Regulation should also contribute to the goal of raising the climate-related proportion of the Union budget to at least 20 %.

⁵ Under UNSCR No 1244/1999

- (10) The Commission and the Member States should ensure the compliance, coherence, and complementarity of their assistance, in particular through regular consultations and frequent exchanges of information during the different phases of the assistance cycle.
- (11) In order to ensure coherence between the accession process and the financial and technical assistance provided under this Regulation and achieve the objectives of the accession agenda, a common strategic framework for using the Instrument for Pre-Accession Assistance should be established by the Commission. This framework should define, *inter alia*, the list of key actions which may be supported under this Regulation and the criteria for the allocation of funds. The common strategic framework should constitute the reference framework for the country and multi-country strategy papers.
- (12) The objectives of the assistance should be defined in indicative country and multi-country strategy papers established by the Commission for the duration of the Union's Multi-annual Financial Framework in partnership with the beneficiary countries, based on their specific needs and enlargement agenda. The strategy papers should identify the policy areas for assistance and, without prejudice to the prerogatives of the budgetary authority, lay down the indicative allocations of funds per policy area, broken down per year, including an estimate of climate related expenditure. Sufficient flexibility should be built in to cater for emerging needs and to give incentives to improve performance. The strategy papers should ensure coherence and consistency with the efforts of beneficiary countries as reflected in their national budgets and should take into account the support provided by other donors. In order to take into account internal and external developments, the multiannual indicative strategy papers should be revised as appropriate.
- (13) It is in the Union's interest to assist beneficiary countries in their efforts to reform their systems in order to align them to those of the Union. Since the objective of this Regulation cannot be sufficiently achieved by the Member States and can be better achieved at Union's level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve this objective.
- (14) In order for this Regulation to be able to reflect swiftly the results of political decisions made by the Council, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission for updating the list of beneficiary countries in the Annex to this Regulation.
- (15) While Regulation (EU) No .../...of the European Parliament and of the Council of ...⁶ (hereinafter "the Common Implementing Regulation") establishes common rules and procedures for the implementation of the Union's instruments for external action, delegated powers to adopt more detailed rules establishing uniform conditions for implementing this Regulation, in particular as regards management structures and procedures, should also be conferred on the Commission. Such rules should take into

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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.

- (16) With regard to these delegated acts, it is of particular importance that the Commission should carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should further ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council.
- (17) Assistance should continue to make use of the structures and instruments that have proved their worth in the pre-accession process. The transition from direct management of pre-accession funds by the Commission to decentralised management delegated to the beneficiary countries should be progressive and in line with each beneficiary country's capacities.
- (18) The implementing powers relating to the IPA common strategic framework and the strategy papers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers⁷. Taking into account the nature of those implementing acts, in particular their policy orientation nature or their financial implications, the examination procedure should in principle be used for their adoption, except for technical implementing measures of a small financial scale.
- (19) The committees established under this Regulation should be also competent for acts relating to the implementation of the previous Instrument for Pre-Accession Assistance, as well as for the implementation of financial assistance to the Turkish Cypriot community.
- (20) Where a beneficiary country violates the principles on which the Union is founded, or fails to respect the commitments contained in the relevant agreements concluded with the Union, or makes insufficient progress with respect to the accession criteria, the Council, on a proposal from the Commission, should be able to take appropriate measures to redress the situation.
- (21) Given the objectives and scope of the assistance provided under this Regulation, the European Economic and Social Committee and the Committee of the Regions should be consulted before its adoption,

HAVE ADOPTED THIS REGULATION:

TITLE I

GENERAL PROVISIONS

⁷ OJ L 55, 28.2.2011, p. 13.

Article 1

General objective

The Instrument for Pre-accession Assistance ('IPA') aims to support candidate countries and potential candidates ('beneficiary countries') 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.

Article 2

Specific objectives

1. Assistance under this Regulation shall pursue the following specific objectives according to the needs of each beneficiary country and their individual enlargement agenda:
 - (a) 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.
 - (b) 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.
 - (c) 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.
 - (d) Regional integration and territorial cooperation involving beneficiary countries, Member States and, where appropriate, third countries within the scope of Regulation (EU) No [...] establishing a European Neighbourhood Instrument⁸.
2. Progress towards achievement of the specific objectives set out in paragraph 1 shall be assessed through indicators that cover *inter alia*:
- Progress in the areas of democracy, the rule of law, the respect of human rights and fundamental freedoms, the justice system and the level of administrative capacity;
 - Progress in economic reforms; the soundness and effectiveness of social and economic development strategies, progress towards smart, sustainable and inclusive growth, including through public investments supported by IPA;
 - The body of legislation aligned with the *acquis*; progress in Union-related institutional reform, including transition to decentralised management of the assistance provided under this Regulation;
 - The relevance of regional and territorial cooperation initiatives and the evolution of trade flows.

The indicators shall be used for monitoring, evaluation and review of performance, as appropriate.

Article 3

Policy areas

1. Assistance under this Regulation shall mainly address the following policy areas:
- (a) the transition process towards Union membership and capacity building;
 - (b) regional development;
 - (c) employment, social policies and human resources development;
 - (d) agriculture and rural development;
 - (e) regional and territorial cooperation.

⁸ OJ L...

2. Assistance under the policy areas referred to in paragraph 1 shall support the beneficiary countries in attaining the general and specific objectives set out in Articles 1 and 2.
3. Assistance under the policy areas referred to in points (b) to (d) of paragraph 1 may include *inter alia* financing of the type of actions provided for under Regulation (EU) XXXX/201X of the European Parliament and of the Council of MM/DD/YYYY on specific provisions concerning the European Regional Development Fund and the Investment for growth and jobs goal⁹, Regulation (EU) XXXX/201X of the European Parliament and of the Council of DD/MM/YYYY on the Cohesion Fund¹⁰, Regulation (EU) XXXX/201X of the European Parliament and of the Council of MM/DD/YYYY on the European Social Fund¹¹, Regulation (EU) XXXX/201X of the European Parliament and of the Council of DD/MM/YYYY on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal¹² and Regulation (EU) XXXX/201X of the European Parliament and of the Council of DD/MM/YYYY on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)¹³.
4. Assistance under the policy area referred to in point (e) of paragraph 1, may in particular finance multi-country or horizontal actions as well as cross-border, transnational and interregional cooperation actions.

Article 4

Compliance, coherence and complementarity

1. Financial assistance under this Regulation shall be consistent with Union policies. It shall comply with the agreements concluded by the Union with the beneficiary countries and respect commitments under multilateral agreements to which the Union is a party.
2. The Commission, the Member States and the European Investment Bank shall ensure coherence between assistance provided under this Regulation and other assistance provided by the Union, the Member States and the European Investment Bank.
3. The Commission and the Member States shall ensure coordination of their respective assistance programmes to increase effectiveness and efficiency in the delivery of assistance and to prevent double funding in line with the established principles for strengthening operational coordination in the field of external assistance, and for the harmonisation of policies and procedures. Coordination shall involve regular consultations and frequent exchanges of information during the different phases of the assistance cycle, in particular at field level and shall constitute a key step in the programming processes of the Member States and the Union.

⁹ OJL
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¹³ OJL

4. In order to increase effectiveness and efficiency in the delivery of assistance and to prevent double funding, the Commission shall, in liaison with the Member States, take the necessary steps to ensure better coordination and complementarity with multilateral and regional organisations and entities, such as international financial institutions, United Nations agencies, funds and programmes, and non-Union donors.
5. When preparing, implementing and monitoring assistance under this Regulation, the Commission shall in principle act in partnership with the beneficiary countries. The partnership shall involve, as appropriate, competent national, regional and local authorities, economic and social partners, civil society and non-state actors.

TITLE II

STRATEGIC PLANNING

Article 5

IPA Common Strategic Framework

1. The Commission shall establish a Common Strategic Framework for the Instrument for Pre-accession Assistance. The IPA Common Strategic Framework shall translate the political priorities of the enlargement policy into key actions which can receive assistance under this Regulation.
2. The IPA Common Strategic Framework shall *inter alia* include:
 - (a) the criteria to be used for the allocation of funds to beneficiary countries as well as to multi-country and territorial cooperation actions;
 - (b) the types of actions which can be financed by the IPA;
 - (c) the common guidelines for management and implementation of the IPA.
3. The Commission shall approve the IPA Common Strategic Framework and any revision thereof in accordance with the examination procedure referred to in Article 15(3) of the Common Implementing Regulation.

Article 6

Strategy Papers

1. Assistance under this Regulation shall be provided on the basis of country or multi-country indicative strategy papers (hereinafter "strategy papers"), established for the duration of the Union's Multi-annual Financial Framework, by the Commission in partnership with the beneficiary country or countries concerned.
2. The strategy papers shall specify the appropriate mix of policy areas as referred to in Article 3 which will receive financial assistance under this Regulation to reflect needs and priorities in accordance with the objectives referred to in Article 2, with

the IPA Common Strategic Framework referred to in Article 5, and with the national strategies, as appropriate.

3. The strategy papers shall include the indicative allocation of Union funds per policy area, as applicable, broken down per year, in line with the criteria set in the IPA Common Strategic Framework referred to in Article 5. The indicative allocation of funds shall duly take account of the needs, absorption capacity and administrative capacity of the beneficiary countries. It shall also allow for addressing emerging needs and include incentives to enhance the performance of the beneficiary countries with regard to the objectives set in the multi-annual indicative strategies.
4. The strategy papers shall be reviewed at mid-term and revised as appropriate. They may be revised at any time at the initiative of the Commission.
5. The Commission shall adopt the strategy papers and any revision thereof in accordance with the examination procedure referred to in Article 15(3) of the Common Implementing Regulation.

TITLE III

IMPLEMENTATION

Article 7

General Framework

Union assistance under this Regulation shall be implemented through programmes and measures as referred to in Articles 2 and 3 of the Common Implementing Regulation and in accordance with specific rules establishing uniform conditions for implementing the present Regulation, in particular as regards management structures and procedures, which the Commission shall adopt in accordance with Articles 10 and 11 of the present Regulation. Implementation shall, as a rule, take the form of annual or multiannual, country specific or multi-country programmes established in accordance with the strategy papers referred to in Article 6 and drawn up by the beneficiary countries and/or the Commission, as appropriate.

Article 8

Framework and subsidiary agreements

1. The Commission and the beneficiary countries shall conclude framework agreements on the implementation of assistance.
2. Subsidiary agreements concerning the implementation of assistance may be concluded between the Commission and the beneficiary country or its implementing authorities, as required.

Article 9

Cross-instrument provisions

1. In duly justified circumstances and in order to ensure the coherence and effectiveness of Union financing or to foster regional cooperation, the Commission may decide to extend the eligibility of programmes and measures referred to in Article 7 to countries, territories and regions which otherwise would not be eligible for financing pursuant to Article 1, where the programme or measure to be implemented is of a global, regional or cross border nature.
2. The European Regional Development Fund shall contribute to programmes or measures established under this regulation for cross-border cooperation between beneficiary countries and Member States. The amount of the contribution from the European Regional Development Fund shall be determined pursuant to Article 4 of Regulation (EU) No ...of the European Parliament and of the Council of ... on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal. The provisions of the present Regulation shall apply to the use of this contribution.
3. Where appropriate, the IPA may contribute to transnational and interregional cooperation programmes or measures that are established and implemented under the provisions of the Regulation (EU) No ... [*on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal*] and in which IPA beneficiary countries participate.
4. Where appropriate, the IPA may contribute to cross-border cooperation programmes or measures that are established and implemented under the Regulation (EU) No ... of the European Parliament and of the Council of ... establishing a European Neighbourhood Instrument and in which IPA beneficiary countries participate.

TITLE IV

FINAL PROVISIONS

Article 10

Delegation of powers to the Commission

The Commission shall be empowered to adopt delegated acts in accordance with Article 11 to amend the Annex to this Regulation and to complement the Common Implementing Regulation with specific rules establishing uniform conditions for implementing this Regulation.

Article 11

Exercise of the powers delegated to the Commission

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The delegation of powers shall be conferred on the Commission for the period of validity of this Regulation.
3. The delegation of powers may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of 2 months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by 2 months at the initiative of the European Parliament or the Council.

Article 12

Committee

1. The Commission shall be assisted by the IPA Committee. This committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. For programmes addressing the policy areas referred to in points (b) and (c) of Article 3 and implemented indirectly by the beneficiary countries, the Commission shall be assisted by the Coordination Committee of the Funds referred to in Article 143 of Regulation (EU) No [...] of the European Parliament and of the Council of ... laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006¹⁴. For programmes addressing the policy area referred to in point (d) of Article 3 and implemented indirectly by the beneficiary countries, the Commission shall be assisted by the Rural Development Committee referred to in Article 91 of Regulation (EU) No [...] of the European Parliament and of the Council of ... on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)¹⁵. In such cases, the IPA committee shall be informed without delay of the opinion delivered by the other committee(s).
3. The committees referred to under paragraphs 1 and 2 shall be competent for legal acts and commitments under Regulation (EC) No 1085/2006 of 17 July 2006

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establishing an Instrument for Pre-Accession Assistance¹⁶. In addition, the IPA committee shall also be competent for the implementation of Article 3 of Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction¹⁷.

Article 13

Suspension of Union support

Without prejudice to the provisions on suspension of aid in partnership and cooperation agreements with partner countries and regions, where a beneficiary country fails to respect the principles of democracy, the rule of law, human rights, minority rights and fundamental freedoms, or the commitments contained in the relevant agreements concluded with the Union, or where progress towards fulfilment of the accession criteria is insufficient, the Union shall invite the beneficiary country to hold consultations with a view to finding a solution acceptable to both parties, except in cases of special urgency. Where consultations with the beneficiary country do not lead to a solution acceptable to both parties, or if consultations are refused or in cases of special urgency, the Council may take appropriate measures in accordance with Article 215(1) of the Treaty on the Functioning of the European Union, which may include full or partial suspension of Union assistance. The European Parliament shall be fully and immediately informed of any decisions taken in this respect.

Article 14

Financial reference amount

1. The financial reference amount for the implementation of this Regulation for the period from 2014 to 2020 shall be EUR 14 110 100 000 (current prices). Up to 3% of the financial reference amount shall be allocated to cross-border cooperation programmes between beneficiary countries and EU Member States.
2. The annual appropriations shall be authorised by the budgetary authority within the limits of the Union Multi-annual Financial Framework.
3. As referred to in Article 13, paragraph 2 of the "Erasmus for All" Regulation, in order to promote the international dimension of higher education, an indicative amount of EUR 1 812 100 000 from the different external instruments (Development Cooperation Instrument, European Neighbourhood Instrument, Instrument for Pre-accession Assistance, Partnership Instrument and the European Development Fund), will be allocated to actions of learning mobility to or from non EU countries and to cooperation and policy dialogue with authorities/institutions/organisations from these countries. The provisions of the "Erasmus for All" Regulation will apply to the use of those funds.

¹⁶ OJ L 210, 31.7.2006, p. 82-93

¹⁷ OJ L 65, 7.3.2006, p. 5

The funding will be made available through 2 multiannual allocations only covering the first 4 years and the remaining 3 years respectively. This funding will be reflected in the multiannual indicative programming of these instruments, in line with the identified needs and priorities of the countries concerned. The allocations can be revised in case of major unforeseen circumstances or important political changes in line with the EU external priorities.

Article 15

Entry into force

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2014.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX

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

*Under UNSCR 1244/1999