



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 6.11.2007
COM(2007) 689 final

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

**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)
MULTI-ANNUAL INDICATIVE FINANCIAL FRAMEWORK FOR 2009-2011**

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA) MULTI-ANNUAL INDICATIVE FINANCIAL FRAMEWORK FOR 2009-2011

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 multi-beneficiary programmes, 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. The first MIFF, which covered 2008-2010 (and included figures for 2007), was adopted on 8 November 2006. This second MIFF is for the years 2009-2011. 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 regional and horizontal envelope and support expenditure.

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 Council and European Parliament 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.

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 Western Balkans should improve their position during the course of the current financial framework to above the 2004-2006 per-capita average of 23 € (in 2004 prices) received under CARDS. According to the 2008-2010 MIFF, this should be reached for all countries in the Western Balkans by 2010 at the latest. The figures for the Western Balkans in 2011 maintain such levels for each country.

For Croatia and the former Yugoslav Republic of Macedonia, as candidate countries, a level of over 30 € per capita (in 2004 prices) by 2008 is envisaged. This level is maintained in 2009-2011 for Croatia. For the former Yugoslav Republic of Macedonia, the funding in per capita terms continues to increase, reflecting a minimum level of funding needed for adequate administrative capacity building, 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 2007-2011.

The needs and absorption capacities of each individual country have been considered in the allocation process.

2. Allocations between components

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.

Presentation of the figures

The following table provides the above figures in *current prices* and in *euros*. It shows the allocations by country and by component, as well as for the regional and multi-country programmes and support expenditure. In line with current practice, funding for Kosovo¹ is displayed separately and will be the focus of a separate MIPD. The figures for 2007 and 2008 are included for ease of reference.

Support expenditure

This envelope covers the administrative costs directly linked to the implementation of IPA. In 2007 and 2008 it also includes the administrative costs for the phasing out of previous pre-accession funding, including for Bulgaria and Romania.

Regional and horizontal programmes allocation

The IPA regulation provides for enhanced donor co-ordination, including with International Financial Institutions (IFIs) to maximise leverage of grant support. The existing energy efficiency facility will be further extended to the Western Balkans. Cooperation with the European Fund for Southeast Europe will continue to promote private investment (micro enterprises and SMEs) and a new infrastructure facility will be developed in cooperation with the EIB and other IFIs to promote investments in the transport, energy, environment and social sector. A civil society financing facility will be funded through both the regional and the national programmes.

Funding of interim civilian administrations will continue in 2008, notably for the United Nations Mission in Kosovo (UNMIK) and the Office of the High Representative (OHR) in Bosnia and Herzegovina.

¹ Under UNSCR 1244

Multi-Annual Indicative Financial Framework: Breakdown of the Instrument for Pre-Accession Assistance Envelope for 2009-2011 into allocations by country and component

| Country | Component | <i>2007</i> | <i>2008</i> | 2009 | 2010 | 2011 |
|--|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| CROATIA | Transition Assistance and Institution Building | 49,611,775 | 45,374,274 | 45,601,430 | 39,483,458 | 39,959,128 |
| | Cross-border Co-operation | 9,688,225 | 14,725,726 | 15,898,570 | 16,216,542 | 16,540,872 |
| | Regional Development | 45,050,000 | 47,600,000 | 49,700,000 | 56,800,000 | 58,200,000 |
| | Human Resources Development | 11,377,000 | 12,700,000 | 14,200,000 | 15,700,000 | 16,000,000 |
| | Rural Development | 25,500,000 | 25,600,000 | 25,800,000 | 26,000,000 | 26,500,000 |
| | Total | <i>141,227,000</i> | <i>146,000,000</i> | 151,200,000 | 154,200,000 | 157,200,000 |
| FORMER YUGOSLAV REPUBLIC OF MACEDONIA | Transition Assistance and Institution Building | 41,641,613 | 39,922,001 | 38,128,499 | 36,317,068 | 34,503,410 |
| | Cross-border Co-operation | 4,158,387 | 5,277,999 | 5,571,501 | 5,682,932 | 5,796,590 |
| | Regional Development | 7,400,000 | 12,300,000 | 20,800,000 | 29,400,000 | 35,000,000 |
| | Human Resources Development | 3,200,000 | 6,000,000 | 7,100,000 | 8,400,000 | 9,400,000 |
| | Rural Development | 2,100,000 | 6,700,000 | 10,200,000 | 12,500,000 | 14,000,000 |
| | Total | <i>58,500,000</i> | <i>70,200,000</i> | 81,800,000 | 92,300,000 | 98,700,000 |
| TURKEY | Transition Assistance and Institution Building | 256,702,720 | 250,165,819 | 233,200,653 | 211,312,664 | 230,620,919 |
| | Cross-border Co-operation | 2,097,280 | 8,834,181 | 9,399,347 | 9,587,336 | 9,779,081 |
| | Regional Development | 167,500,000 | 173,800,000 | 182,700,000 | 238,100,000 | 291,400,000 |
| | Human Resources Development | 50,200,000 | 52,900,000 | 55,600,000 | 63,400,000 | 77,600,000 |
| | Rural Development | 20,700,000 | 53,000,000 | 85,500,000 | 131,300,000 | 172,500,000 |
| | Total | <i>497,200,000</i> | <i>538,700,000</i> | 566,400,000 | 653,700,000 | 781,900,000 |

| | | | | | | |
|---------------------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| ALBANIA | Transition Assistance and Institution Building | 54,318,790 | 61,111,756 | 70,917,079 | 82,711,421 | 84,301,650 |
| | Cross-border Co-operation | 6,681,210 | 9,588,244 | 10,282,921 | 10,488,579 | 10,698,350 |
| | Total | 61,000,000 | 70,700,000 | 81,200,000 | 93,200,000 | 95,000,000 |
| BOSNIA & HERZEGOVINA | Transition Assistance and Institution Building | 58,136,394 | 69,854,783 | 83,892,254 | 100,688,099 | 102,681,861 |
| | Cross-border Co-operation | 3,963,606 | 4,945,217 | 5,207,746 | 5,311,901 | 5,418,139 |
| | Total | 62,100,000 | 74,800,000 | 89,100,000 | 106,000,000 | 108,100,000 |
| MONTENEGRO | Transition Assistance and Institution Building | 27,490,504 | 28,112,552 | 28,632,179 | 29,238,823 | 29,843,599 |
| | Cross-border Co-operation | 3,909,496 | 4,487,448 | 4,667,821 | 4,761,177 | 4,856,401 |
| | Total | 31,400,000 | 32,600,000 | 33,300,000 | 34,000,000 | 34,700,000 |
| SERBIA | Transition Assistance and Institution Building | 181,496,352 | 179,441,314 | 182,551,643 | 186,206,679 | 189,956,810 |
| | Cross-border Co-operation | 8,203,648 | 11,458,686 | 12,248,357 | 12,493,321 | 12,743,190 |
| | Total | 189,700,000 | 190,900,000 | 194,800,000 | 198,700,000 | 202,700,000 |
| KOSOVO^{2,3} | Transition Assistance and Institution Building | 68,300,000 | 121,993,920 | 63,339,798 | 64,484,594 | 65,828,286 |
| | Cross-border Co-operation | 0 | 2,706,080 | 2,760,202 | 2,815,406 | 2,871,714 |
| | Total | 68,300,000 | 124,700,000 | 66,100,000 | 67,300,000 | 68,700,000 |
| Total Country Programmes | | 1,109,427,000 | 1,248,600,000 | 1,263,900,000 | 1,399,400,000 | 1,547,000,000 |

² Under UNSCR 1244

³ In its Amending Letter No 1 to the Preliminary Draft Budget 2008, the Commission proposed, as part of a wider mobilisation of new funds to support the stability and development of Kosovo, to increase the IPA funding for Kosovo by € 60 million in 2008. This is included in the 2008 allocation for Kosovo here.

| | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Country Programmes | <i>1,109,427,000</i> | <i>1,248,600,000</i> | 1,263,900,000 | 1,399,400,000 | 1,547,000,000 |
| Regional and Horizontal Programmes | <i>108,980,000</i> | <i>140,700,000</i> | 160,000,000 | 157,700,000 | 160,800,000 |
| ADMINISTRATIVE COSTS | <i>44,793,000</i> | <i>54,000,000</i> | 56,500,000 | 64,600,000 | 75,000,000 |
| GRAND TOTAL | <i>1,263,200,000</i> | <i>1,433,300,000</i> | 1,480,400,000 | 1,621,700,000 | 1,782,800,000 |

Figures are in euros, current prices