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NOTE

From: Presidency
To: Council

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Subject: Proposal for a Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III) (First reading)
– Partial general approach

I. INTRODUCTION

1. On 14 June 2018 the Commission put forward a proposal for a Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III)¹ under Heading 6 ("Neighbourhood and the World") of the Multiannual Financial Framework (MFF) 2021-2027.

¹ 10184/18 + ADD 1 + ADD 2

2. In accordance with the Commission proposal, IPA III aims to support beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries to comply with Union values and to progressively align to Union rules, standards, policies and practices with a view to future Union membership. IPA III ensures continuity with IPA II (which covers the period of 2014-2020) and complementarity with other Union instruments (in particular the Neighbourhood, Development and International Cooperation Instrument - NDICI) and policies (e.g. migration, climate change). The proposed financial envelope for IPA III for the period 2021-2027 is EUR 14 500 000 000 (in current prices).

II. WORK IN OTHER INSTITUTIONS

3. In the European Parliament, the file has been allocated to the Committee for Foreign Affairs (AFET), with José Ignacio Salafranca Sánchez-Neyra (EPP, ES) and Knut Fleckenstein (S&D, DE) as co-rapporteurs. The draft report presented by the co-rapporteurs was adopted by AFET on 4 February 2019 and is now awaiting adoption by the EP plenary session of 25-28 March 2019.
4. The European Economic and Social Committee adopted an opinion at the plenary session on 12 December 2018².
5. The Committee of the Regions adopted an opinion at the plenary session on 5-6 December 2018³.

² 15601/18

³ 15622/18

III. WORK AT THE COUNCIL PREPARATORY BODIES

6. The proposal was first presented by the Commission to the Working Party on Enlargement and Countries Negotiating Accession to the EU (COELA) on 3 July 2018. Following the first general discussion on 10 July 2018, COELA examined the proposal in a number of subsequent meetings under the Austrian Presidency, during which negotiations advanced considerably. A progress report was submitted to COREPER on 19 December 2018⁴.
7. Work continued under the Romanian Presidency with a number of COELA meetings in February and March 2019 to discuss the remaining outstanding issues and to further revise the text to accommodate concerns raised by delegations. In particular, changes were made in relation to the issues of transparency and inclusiveness of the decision-making process in the IPA Committee, aiming to ensure that appropriate information to Member States will be provided and that their involvement and strategic guidance will be sufficiently reflected. In relation to the IPA programming process, the aim has been to ensure that assistance to beneficiaries will be both flexible and predictable, that it will reward performance while also addressing the needs of less performing beneficiaries and that it can be modulated in cases of significant regression or persistent lack of progress by beneficiaries in the areas covered by the "fundamentals first" approach.
8. It should be noted that the proposed Regulation is part of the package of proposals linked to the MFF 2021-2027 and therefore dependent on the outcome of these horizontal negotiations. Pending this, the reference amount in Article 4(1) is put within square brackets in the text set out in the Annex to this note. The provisions of horizontal nature also appear between square brackets and are excluded from the proposed partial general approach, pending further progress on the MFF: they concern the overall target of the EU budget expenditures supporting climate objectives (recital 13), the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States and third countries (recital 23), and the Union co-financing rate (Article 9(2)).

⁴ 15532/18

9. Some other parts of the proposal also appear in square brackets. These mostly concern references to legal acts still under discussion (such as the NDICI Regulation and the ETC Regulation), which might need to be updated at the end of negotiations. A few provisions are closely linked to provisions in those other legal acts, and would need to be mirrored in this text at a later stage, once the discussions on those acts are completed. This is particularly the case for Article 11 (together with corresponding recitals 27 and 28) and Article 17.
10. On 13 March 2019, the Permanent Representatives' Committee examined the Presidency compromise text. Following that discussion, the Presidency agreed to introduce a few additional changes in the text, namely in recital (6b), recital (13), Article 7a(5) and Annex I⁵. From the discussion it emerged that the Presidency's compromise text is a solid basis for reaching a partial general approach.

IV. CONCLUSION

11. In the light of the above, the Council is invited to reach the partial general approach on the text set out in the Annex to this note at its meeting of 19 March 2019. The partial general approach will constitute the mandate for future negotiations with the European Parliament in the context of the ordinary legislative procedure.

⁵ These changes are underlined in the Annex to this note.

2018/0247 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
establishing the Instrument for Pre-accession Assistance (IPA III)⁶

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 Committee⁷,

Having regard to the opinion of the Committee of the Regions⁸,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Regulation (EU) No 231/2014⁹ expires on 31 December 2020. In order to maintain the Union's effectiveness in external actions, a framework for planning and delivering external assistance should be maintained.

⁶ Changes to the Commission proposal in this document are marked in ***bold italics*** and ~~struck through~~, whereas changes compared to the previous version of the text are additionally underlined.

⁷ OJ C , , p. .

⁸ OJ C , , p. .

⁹ Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II) (OJ L 77, 15.3.2014, p. 11).

- (2) The objectives of an instrument for pre-accession are substantially distinct from the general objectives of Union external action as this instrument aims to prepare the beneficiaries listed in Annex I for future membership of the Union and support their accession process. It is therefore essential to have a dedicated instrument in support of enlargement, while ensuring its complementarity with the general objectives of Union external action and in particular with the Neighbourhood, Development and International Cooperation Instrument (NDICI).
- (3) Article 49 of the Treaty on European Union (TEU) provides that any European state which respects the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities, and commits to promote these values, may apply to become a member of the Union. 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 established at the Copenhagen European Council in June 1993 (the ‘Copenhagen criteria’) and provided that the Union has the capacity to integrate the new member. The Copenhagen criteria relate to the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union, and the ability to assume not only the rights but also the obligations under the Treaties, including adherence to the aims of political, economic and monetary union.

- (4) The enlargement process is built on established criteria and fair and rigorous conditionality. Each beneficiary is assessed on the basis of its own merits. The assessment of progress achieved and the identification of shortcomings aim to provide incentives and guidance to the beneficiaries listed in Annex I to pursue the necessary far-reaching reforms. For the prospect of enlargement to become a reality, a firm commitment to the principle of the 'fundamentals first'¹⁰ remains essential. Progression towards accession depends on each applicant's respect for the Union's values and its capacity 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.
- (5) The enlargement policy of the Union is an investment in peace, security and stability in Europe *and allows the Union to be better positioned to address global challenges*. It also provides increased economic and trade opportunities to the mutual benefit of the Union and the aspiring Member States. The prospect of Union membership has a powerful transformative effect, embedding positive democratic, political, economic and societal change.
- (5a) Embracing and committing to core European values is a choice, and is essential for all partners aspiring to EU membership. In line with this, the Union expects partners to take ownership and fully commit to European values and the vigorous pursuit of necessary reforms in the interest of their people. This includes progressive alignment with the Union's Common Foreign and Security Policy, notably on issues where major common interests are at stake, such as restrictive measures and tackling hybrid threats.***

¹⁰ The 'fundamentals first' approach links rule of law and fundamental rights with the two other crucial areas of the accession process: economic governance – strengthened focus on economic development and improved competitiveness – and the strengthening of democratic institutions and public administration reform. Each of the three fundamentals is of crucial importance for the reform processes in the candidate countries and potential candidates and addresses key concerns of the citizens.

- (6) The European Commission reaffirmed the firm, merit-based prospect of EU membership for the Western Balkans in its Communication '*A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*'¹¹. This is a strong message of encouragement for the whole Western Balkans and a sign of the EU's commitment to their European future.
- (6a) *The European Union and its Member States have, in the Sofia Declaration and Sofia Priority Agenda for the EU and the Western Balkans, reaffirmed their unequivocal support for the European perspective of the Western Balkans as well as their commitment to accelerate improvement in the lives of the citizens in the areas of connectivity and security, drawing on the relevant aspects of the Commission's Communication adopted on 6 February 2018. Actions under this Regulation should help support the implementation of these commitments.*
- (6b) *The European Council has granted the status of candidate country to Albania, Iceland¹², Montenegro, the Republic of North Macedonia, Serbia and Turkey. It has confirmed the European perspective of the Western Balkans. Without prejudice to positions on status or to any future decisions to be taken by the European Council or by the Council, those benefiting from such a European perspective which have not been granted candidate country status may be considered as potential candidates for the sole purpose of this Regulation.*

¹¹ COM(2018) 65 final available at https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf

¹² *In March 2015, the Government of Iceland asked the EU to no longer consider Iceland a candidate country, without, however, officially withdrawing Iceland's membership application.*

- (7) Assistance should also be provided in compliance with the agreements concluded by the Union with the beneficiaries listed in Annex I. Assistance should mainly focus on assisting the beneficiaries listed in Annex I to strengthen democratic institutions and the rule of law, reform the judiciary and public administration, respect fundamental rights and promote gender equality, tolerance, social inclusion and non-discrimination. Assistance should also support the key principles and rights as defined in the European Pillar of Social Rights.¹³
- (7a) *As good neighbourly relations and regional cooperation are essential elements of the enlargement process, Assistance should also continue to support their—the efforts of the beneficiaries listed in Annex I to advance regional, macro-regional and cross-border cooperation as well as territorial development, including through implementation of Union macro-regional strategies. It should also enhance their economic and social development and economic governance, underpinning a smart, sustainable and inclusive growth agenda, including through implementation of regional development, agriculture and rural development, social and employment policies, and the development of the digital economy and society and boosting research and innovation, also in line with in the context of the flagship initiative Digital Agenda for the Western Balkans.***
- (7b) *Special emphasis should be put toward creating further opportunities for the youth, including young professionals, while ensuring that this contributes to the socio-economic development of the beneficiaries listed in Annex I. Assistance under this Regulation should also aim to tackle brain drain.***
- (8) The Union should provide support to the transition towards accession for the benefit of the beneficiaries listed in Annex I, based on the experience of its Member States. This cooperation should focus in particular on the sharing of experience acquired by the Member States in the reform process.

¹³ European Pillar of Social Rights solemnly proclaimed by the European Parliament, the Council and the Commission at the Gothenburg Social Summit for Fair Jobs and Growth, Gothenburg 17 November 2017.

- (118a) Strengthening the rule of law, including the fight against corruption and organised crime, and good governance, including public administration reform, remain key challenges in most of the beneficiaries listed in Annex I and are essential in order for beneficiaries to come closer to the Union and later to fully assume the obligations of Union membership. In view of the longer-term nature of the reforms pursued in those areas and the need to build up track records, financial assistance under this Regulation should address the requirements placed on the beneficiaries listed in Annex I as early as possible.
- (128b) In accordance with the principle of participatory democracy, parliamentary oversight in each beneficiary listed in Annex I should be encouraged by the Commission.
- (9) Enhanced strategic and operational cooperation between the Union and the beneficiaries listed in Annex I on security is pivotal to addressing effectively and efficiently security and terrorism threats.
- (10) It is essential to further step up *international and regional* cooperation on migration including *further consolidating border and migration management capacities*, ensuring access to international protection, sharing relevant information, ~~strengthening the development benefits of migration, facilitating legal and labour migration,~~ enhancing border control and pursuing our efforts ~~in the fight against irregular~~ *to combat illegal* migration, trafficking in human beings and migrant smuggling.
- (10a) *The communication capacities of the beneficiaries listed in Annex I should be enhanced in order to ensure public support for and understanding of the EU values, as well as the benefits and obligations of potential Union membership, while addressing disinformation.*

- (13) The beneficiaries listed in Annex I need to be better prepared to address global challenges, such as sustainable development and climate change, and align with the Union's efforts to address those issues. Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the Sustainable Development Goals (SDGs), this Programme should contribute to mainstream climate action in the Union's policies and to the achievement of an overall target of [25 %] of the EU budget expenditures supporting climate objectives. Actions under this Programme are expected to contribute at least [16 %]¹⁴ of the overall financial envelope of the Programme to climate objectives. Relevant actions will be identified during the Programme preparation and implementation, and the overall contribution from this Programme should be part of relevant evaluations and review processes.
- (14) Actions under this Instrument should support implementation of the United Nations 2030 Agenda for Sustainable Development, as a universal agenda, to which the EU and its Member States are fully committed and which all beneficiaries listed in Annex I have endorsed.
- (15) This Regulation lays down a financial envelope for its period of application which is to constitute the prime reference amount, within the meaning of [reference to be updated as appropriate according to the new inter-institutional agreement: point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management¹⁵], for the European Parliament and the Council during the annual budgetary procedure.

¹⁴ ***This target will be further discussed in the context of the IPA III Regulation depending on the outcome of the horizontal MFF discussions on the overall climate objectives.***

¹⁵ Reference to be updated: OJ C 373, 20.12.2013, p. 1. The agreement is available at http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2013.373.01.0001.01.ENG&toc=OJ:C:2013:373:TOC

- (16) The Commission and the Member States should ensure 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. The necessary steps should also be taken to ensure better coordination and complementarity, including through regular consultations, with other donors. ***The Commission and Member States should also enhance coordination at local level ensuring that Member States can have an informed participation throughout the programming process and can better exercise their role in the IPA Committee.*** The role of civil society should be enhanced both in programmes implemented through government bodies and as a direct beneficiary of Union assistance.
- (17) The priorities for action towards meeting objectives in the relevant policy areas which will be supported under this Regulation should be defined in a programming framework established by the Commission for the duration of the Union multiannual financial framework for the period from 2021 to 2027 in partnership with the beneficiaries listed in Annex I, based on the enlargement agenda ***policy framework defined by the European Council and the Council as well as and their specific needs of the beneficiaries,*** in line with the general and specific objectives defined by this Regulation and taking relevant national strategies into due account. The programming framework should identify the areas to be supported through assistance with an indicative allocation per area of support, including an estimate of climate-related expenditure.

- (18) It is in the Union's interest to assist the beneficiaries listed in Annex I in their efforts to reform with a view to Union membership. Assistance should be managed with a strong focus on results *and should be differentiated in scope and intensity according to the performance of the beneficiaries, including by incentivising their commitment to and progress in implementing reforms, particularly in the areas of rule of law and fundamental rights, the strengthening of democratic institutions and public administration reform as well as economic development and competitiveness* ~~and with incentives for those who demonstrate their commitment to reform through efficient implementation of pre-accession assistance and progress towards meeting the membership criteria.~~ *Likewise, assistance should ensure predictability and a balance between beneficiaries, taking into account their specific situation, needs and capacities as well as support provided under previous instruments.*
- (18a) *Where on the basis of relevant indicators significant regression or persistent lack of progress by a beneficiary listed in Annex I in the areas covered by "fundamentals first" approach is noted, the scope and intensity of assistance should be modulated accordingly, without prejudice to the powers of the Council to adopt restrictive measures following a decision on the interruption or reduction, in part or completely, of economic and financial relations with one or more third countries in accordance with Article 215 TFEU and the Commission's power to suspend payments or the implementation of financing agreements in accordance with the Financial Regulation.*
- (18b) *To allow Member States to provide adequate strategic guidance in the IPA Committee, the Commission should annually assess the implementation of the IPA programming framework, describing how the performance approach and fair share and performance approach were effected. This assessment should also include a state of play on the level of funding for each objective as well as for each beneficiary listed in Annex I. It should also allow the IPA Committee to have adequate information and provide guidance regarding the modulation of the scope and intensity of assistance.*

- (19) The transition from direct management of pre-accession funds by the Commission to indirect management by the beneficiaries listed in Annex I should be progressive and in line with the respective capacities of those beneficiaries. ***It should be reversed in specific policy or programme areas in the event where a beneficiary listed in Annex I fails to fulfil relevant obligations and to administer Union funds in accordance to the established rules, principles and objectives.*** Assistance should continue to make use of the structures and instruments that have proved their worth in the pre-accession process.
- (20) The Union should seek the most efficient use of available resources in order to optimise the impact of its external action. That should be achieved through coherence and complementarity among the Union's external financing instruments, as well as the creation of synergies with other Union policies and programmes, ***such as Horizon Europe, Erasmus, Creative Europe or the Connecting Europe Facility.*** This includes, where relevant, coherence and complementarity with macro-financial assistance.
- (21) In order to maximise the impact of combined interventions to achieve a common objective, this Regulation should be able to contribute to actions under other programmes, as long as the contributions do not cover the same costs.
- (22) Funding from this Regulation should be used to finance actions under the international dimension of Erasmus, the implementation of which should be done according to the Erasmus Regulation¹⁶.

¹⁶ New Erasmus Regulation

- (23) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union should apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, financial assistance, budget support, trust funds, financial instruments and budgetary guarantees, and provide for checks on the responsibility of financial actors. [Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in Member States and third countries, as the respect for the rule of law is essential for sound financial management and effective EU funding.]
- (24) The types of financing and the methods of implementation under this Regulation should be chosen on the basis of their ability to achieve the specific objectives of the actions and to deliver results, taking into account, in particular, the costs of controls, the administrative burden, and the expected risk of non-compliance. This should include consideration of the use of lump sums, flat rates and unit costs, as well as financing not linked to costs as referred to in Article 125(1) of the Financial Regulation.
- (25) The Union should continue to apply common rules for the implementation of the external actions. Rules and procedures for the implementation of the Union's instruments for financing external action are laid down in Regulation (EU) No [NDICI] of the European Parliament and of the Council. Additional detailed provisions should be laid down for addressing the specific situations in particular for cross-border cooperation, agriculture and rural development policy area.

- (26) External actions are often implemented in a highly volatile environment requiring a continuous and rapid adaptation to the evolving needs of Union partners and to global challenges such as human rights, democracy and good governance, security and stability, climate change and environment and irregular migration and its root causes. Reconciling the principle of predictability with the need to react rapidly to new needs consequently means adapting the financial implementation of the programmes. To increase the ability of the Union to respond to unforeseen needs, while respecting the principle that the Union budget is set annually, this Regulation should preserve the possibility to apply the flexibilities already allowed by the Financial Regulation for other policies, namely carry-overs and re-commitments of committed funds, to ensure an efficient use of the EU funds both for the EU citizens and the beneficiaries listed in Annex I, thus maximising the EU funds available for the EU external action interventions.
- [(27) The new European Fund for Sustainable Development Plus (EFSD+), building on its predecessor should constitute an integrated financial package supplying financing capacity in forms of grants, budgetary guarantees and other financial instruments worldwide, including to the beneficiaries listed in Annex I. The governance for the operations carried out under this Regulation, should continue to be ensured by the Western Balkans Investment Framework.
- (28) The External Action Guarantee should support the EFSD+ operations, and IPA III should contribute to the provisioning needs in respect of the operations to the benefit of the beneficiaries listed in Annex I, including the provisioning and liabilities arising from macro-financial assistance loans.]
- (29) It is important to ensure that cross border cooperation programmes are implemented coherently with the framework established in the external actions programmes and the territorial cooperation regulation. Specific co-financing provisions should be established in this Regulation.

- (30) Annual or multi-annual action plans and measures referred to in Article 8 constitute work programmes under the Financial Regulation. Annual or multi-annual action plans consist of a set of measures grouped into one document.
- (31) In accordance with **Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council**¹⁷ (the "Financial Regulation"), Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹⁸, Council Regulation (Euratom, EC) No 2988/95¹⁹, Council Regulation (Euratom, EC) No 2185/96²⁰ and Council Regulation (EU) 2017/1939²¹, the financial interests of the Union are to be protected through ~~effective and~~ proportionate measures, including the prevention, detection, correction and investigation of irregularities, ~~including and~~ fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office ("~~the~~ EPPO") may investigate and prosecute ~~fraud and other criminal offences affecting the~~ **offences against the Union's** financial interests, ~~of the Union~~ as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council²². In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary

¹⁷ **Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).**

¹⁸ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999, (OJ L248, 18.9.2013, p. 1).

¹⁹ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.95, p. 1).

²⁰ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L292, 15.11.96, p. 2).

²¹ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p.1).

²² Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

rights and access to the Commission, OLAF, ~~where applicable~~ the EPPO *in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939*, and the European Court of Auditors (ECA) and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights. Beneficiaries listed in Annex I should also report the irregularities including fraud which have been the subject of a primary administrative or judicial finding, without delay, to the Commission and keep the latter informed of the progress of administrative and legal proceeding. With the objective of alignment to good practices in Member States, this reporting should be done by electronic means, using the Irregularity Management System, established by the Commission.

~~{(32) In order to take account of changes in the enlargement policy framework or of significant developments in the beneficiaries listed in Annex I, 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 in respect of adapting and updating the thematic priorities for assistance listed in Annexes II and III. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.}~~

- (33) In order to ensure uniform conditions for the implementation of this Regulation in particular on specific conditions and structures for indirect management with the beneficiaries listed in Annex I and on the implementation of rural development assistance, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with [Regulation (EU) No 182/2011²³ of the European Parliament and of the Council]. When establishing the uniform conditions for implementing this Regulation, the lessons learnt from the management and implementation of past pre-accession assistance should be taken into account. Those uniform conditions should be amended if developments so require.
- (34) The committee established under this Regulation should be competent also for legal acts and commitments under Regulation (EC) No 1085/2006²⁴, under Regulation (EU) No 231/2014 as well as for the implementation of Article 3 of Council regulation (EC) No 389/2006²⁵.
- (35) In order to allow for the prompt application of the measures provided for in this Regulation, this Regulation should enter into force on the [...] [~~less than~~ twentieth] day following that of its publication in the *Official Journal of the European Union*.

HAVE ADOPTED THIS REGULATION:

²³ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

²⁴ Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA) (OJ L 210, 31.7.2006, p. 82).

²⁵ Council 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 Regulation (EC) No 2667/2000 on the European Agency for Reconstruction (OJ L 65, 7.3.2006, p. 5).

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter

This Regulation establishes the Programme 'Instrument for Pre-accession Assistance' ('IPA III').

It lays down its objectives, the budget for the period 2021-2027, the forms of Union assistance and the rules for providing such assistance.

Article 2

Definitions

For the purposes of this Regulation, the following definitions ~~apply~~ **applies**:

'cross-border cooperation' means cooperation between ~~Member States of the EU~~ and beneficiaries listed in Annex I **as referred to in point (b) of [Article 3(1) of ETC Regulation²⁶]**, between two or more beneficiaries listed in Annex I or between beneficiaries listed in Annex I and countries and territories listed in Annex I of the [NDICI Regulation] ~~as referred to in point (b) of Article 3 (1) of [ETC Regulation]~~.

²⁶ COM(2018) 374 final - Proposal for a Regulation of the European Parliament and of the Council on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments

Article 3

Objectives of IPA III

1. The general objective of IPA III shall be to support the beneficiaries listed in Annex I in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries to comply with Union values and to progressively align to Union rules, standards, policies and practices with a view to **future** Union membership, thereby contributing to their stability, security and prosperity.
2. IPA III shall have the following specific objectives:
 - (a) To strengthen the rule of law, democracy, **and** the respect of human rights, **and** fundamental rights, ~~and international law, civil society, and freedoms~~; **this includes in particular support to judicial reform, reinforced security and the fight against corruption and organised crime, compliance with international law, an enabling environment for civil society, the respect for the rights of persons belonging to minorities and the promotion of gender equality** as well as **support to** improve migration management including border management **and combating illegal migration**;
 - (b) To reinforce the effectiveness of public administration and support structural reforms and good governance at all levels;
 - (c) To shape the rules, standards, policies and practices of the beneficiaries listed in Annex I in alignment to those of the Union and to reinforce **regional cooperation**, reconciliation and good neighbourly relations, as well as people to people contacts and **strategic** communication;
 - (d) To strengthen economic and social development **with particular attention to youth** including through increased connectivity **in all its dimensions** and regional development, agriculture and rural development and social and employment policies, to reinforce environmental protection, increase resilience to climate change, accelerate the shift towards a low-carbon economy and develop the digital economy and society;

(e) To support territorial *cooperation, including* ~~and~~ cross-border, *transnational, maritime and interregional* cooperation.

3. In accordance with the specific objectives, thematic priorities for providing assistance according to the needs and capacities of the beneficiaries listed in Annex I are set out in Annex II. Thematic priorities for cross-border cooperation between beneficiaries listed in Annex I are set out in Annex III. Each of those thematic priorities may contribute to the attainment of more than one specific objective.

Article ~~5~~ 3a

Cross-programme provisions

1. In implementing this Regulation, consistency, synergies and complementarities with other areas of Union external action, with other relevant Union policies and programmes, as well as policy coherence for development shall be ensured.
2. The [NDICI Regulation] shall apply to activities implemented under this Regulation where referred to in this Regulation.
3. IPA III shall contribute to actions established under Regulation [~~Erasmus~~²⁷]. [Regulation (EU) Erasmus] shall apply to the use of those funds. To that end, the contribution of IPA III shall be included in the single ~~indicative~~ programming document referred to in paragraph 7 of Article 11 of the [NDICI Regulation] and adopted in accordance with the procedures laid down in that Regulation. ***This programming document shall contain an indicative minimum amount to be allocated to actions established under Regulation [Erasmus].***

²⁷ COM(2018) 367 final Proposal for a Regulation of the European Parliament and of the Council establishing 'Erasmus': the Union programme for education, training, youth and sport and repealing Regulation (EU) No 1288/2013.

4. Assistance under IPA III may *also* be provided to the type of actions provided for under the European Regional Development Fund and the Cohesion Fund²⁸, the European Social Fund Plus²⁹ and the European Agricultural Fund for Rural Development³⁰.
5. The [ERDF]³¹ shall contribute to programmes or measures established for cross-border cooperation between the beneficiaries listed in Annex I and Member States. These programmes and measures shall be adopted by the Commission in accordance with Article 16. The amount of the contribution from IPA-~~CBC~~ **Cross Border Cooperation** shall be determined pursuant to Article 10 (3) of [ETC Regulation]. IPA-Cross Border Cooperation programmes shall be managed in accordance with [ETC Regulation].
6. IPA III may contribute to transnational and interregional cooperation programmes or measures that are established and implemented under [ETC Regulation], *taking into account, where applicable, macro-regional strategies or sea basin strategies*, and in which the beneficiaries listed in Annex I to this Regulation participate.
7. Where appropriate, other Union programmes may contribute to actions established under this Regulation in accordance with Article 8, provided that the contributions do not cover the same costs. This Regulation may also contribute to measures established under other Union programmes, provided that the contributions do not cover the same costs. In such cases, the work programme covering those actions shall establish which set of rules shall be applicable.

²⁸ COM(2018) 372 final Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund.

²⁹ COM(2018) 382 final Proposal of the European Parliament and of the Council on the European Social Fund Plus (ESF+)

³⁰ COM(2018) 392 final Proposal for a Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council.

³¹ COM(2018) 372 final Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund.

8. 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 action programmes and measures referred to in Article 8(1) to countries, territories and regions ***which would not otherwise be eligible for financing pursuant to Article 3(1)*** ~~other than those referred in Annex I~~, where the programme or measure to be implemented is of a global, regional or cross-border nature.

Article ~~4~~ 3b

Budget

1. The financial envelope for the implementation of IPA III for the period 2021-2027 shall be [EUR 14 500 000 000 in current prices].
2. The amount referred to in paragraph 1 may be used for ~~technical and administrative assistance~~ ***financing support measures*** for the implementation of the Programme, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems ***in accordance with Article 20 of [NDICI Regulation]*** ~~and any activities related to the preparation of the successor programme for pre-accession assistance, in accordance with Article 20 of [NDICI Regulation]~~.

CHAPTER II

STRATEGIC PLANNING

Article 6

Policy framework and general principles

1. ***Assistance under this Regulation shall be provided in accordance with*** ~~the enlargement policy framework as defined by the European Council and the Council, the agreements that establish a legally binding relationship with the beneficiaries listed in Annex I, ***and shall take due account of*** as well as relevant resolutions of the European Parliament, communications of the Commission or joint Communications of the Commission and the High Representative of the Union for Foreign Affairs and Security Policy, ~~shall constitute the overall policy framework for the implementation of this regulation.~~ The Commission shall ensure coherence between the assistance and the enlargement policy framework.~~
2. Programmes and actions under this Regulation ***in the pursuit of the specific objectives referred to in Article 3*** shall mainstream ***the following horizontal priorities:*** climate change, environmental protection and gender equality, and shall, where applicable, address interlinkages between Sustainable Development Goals³², to promote integrated actions that can create co-benefits and meet multiple objectives in a coherent way.
 - 2a. ***The Commission, in liaison with Member States, shall contribute to the implementation of Union commitments towards increased transparency and accountability in the delivery of assistance, including by making available, through web-based databases, information on assistance volume and allocation, ensuring that data is comparable and can be easily accessed, shared and published.***

³²https://ec.europa.eu/europeaid/policies/sustainable-development-goals_en

3. The Commission and the Member States shall cooperate in ensuring coherence and shall strive to avoid duplication between assistance provided under IPA III and other assistance provided by the Union, the Member States and the European Investment Bank (**EIB**), in line with the established principles for strengthening operational coordination in the field of external assistance, **including through enhanced coordination with Member States at local level**, and for the harmonisation of policies and procedures, in particular the international principles on development effectiveness.³³ Coordination shall involve regular **and timely** consultations, frequent exchanges of information during the different phases of the assistance cycle and inclusive meetings aimed at coordinating the assistance, **including at the local level**, and shall constitute a key step in the programming processes of the Union and the Member States.
- 3a. In line with the principle of inclusive partnership, where appropriate, the Commission shall ensure that relevant stakeholders of beneficiaries listed in Annex I, including civil society organisations, local and regional authorities, are duly consulted and have timely access to relevant information allowing them to play a meaningful role during the design, implementation and associated monitoring processes of programmes.**
4. The Commission, in liaison with the Member States, shall also take the necessary steps to ensure coordination and complementarity with multilateral and regional organisations and entities, such as international organisations and financial institutions, agencies and non-Union donors.

³³https://ec.europa.eu/europeaid/policies/eu-approach-aid-effectiveness_en

CHAPTER III

IMPLEMENTATION

Article 7

IPA programming framework

1. Assistance under IPA III shall be based on an IPA programming framework for the delivery of the specific objectives referred to in Article 3(2) **and thematic priorities referred to in Annexes II and III**. The IPA programming framework shall be established by the Commission for the duration of the Union's multiannual financial framework.
2. The IPA programming framework **shall be developed in accordance with the policy framework and general principles set out in Article 6 and** shall take relevant national strategies and sector policies into due account.
 - 2a. **The IPA programming framework shall include an indicative allocation of Union funds per specific objective referred to in Article 3(2), as applicable, broken down per year, and shall allow for addressing emerging needs, without prejudice to the possibility of combining assistance contributing to the achievement of different specific objectives.**

~~Assistance shall be targeted and adjusted to the specific situation of the beneficiaries listed in Annex I, taking into account further efforts needed to meet the membership criteria as well as the capacities of those beneficiaries. Assistance shall be differentiated in scope and intensity according to needs, commitment to reforms and progress in implementing those reforms.~~

- ~~2b.~~ The IPA programming framework shall include indicators for assessing progress with regard to attainment of the **expected results** ~~targets set therein~~ **in accordance with the specific objectives referred to in Article 3(2). These indicators shall be coherent with the indicators referred to in Annex IV.**

- ~~2c.~~ Without prejudice to paragraph 4, the IPA programming framework shall be adopted by the Commission by means of an implementing act. That implementing act shall be adopted in accordance with the examination procedure of the Committee referred to in Article 16.
- 2d. The Commission shall make an annual assessment of the implementation of the IPA programming framework in the light of the evolution of the policy framework referred to in Article 6 and based on the indicators referred to in paragraph 2b. This assessment shall also include a state of play of the allocations committed and planned per beneficiary and on how the fair-share and performance approach referred to in Article 7a has been effected. This assessment shall be submitted to the committee referred to in Article 16.*
- 2e. On the basis of this assessment, the Commission may propose a revision of the IPA programming framework, as appropriate in accordance with the procedure referred to in paragraph 2c. The IPA programming framework may also be reviewed following the interim evaluation and may be revised as appropriate.*
4. The programming framework for cross-border cooperation with Member States shall be adopted by the Commission in accordance with Article 10(1) of [ETC Regulation].

Article 7a

Assistance to beneficiaries, performance assessment and fair share

1. *Assistance to the beneficiaries listed in Annex I shall be decided in the framework of implementing measures referred to in Article 8.*
2. *Assistance shall be targeted and adjusted to the specific situation of the beneficiaries listed in Annex I, taking into account further efforts needed to meet the objectives of this Regulation. The needs and capacities of those beneficiaries shall also be taken into account in accordance with the fair share principle in order to avoid a disproportionately low level of assistance as compared to other beneficiaries.*
3. *Assistance shall aim to ensure progress in all beneficiaries and shall be differentiated in scope and intensity according to their performance, in particular commitment to and progress in implementing reforms, as well as their needs.*
4. *In assessing the performance of the beneficiaries listed in Annex I and deciding on the assistance to be provided, particular attention shall be paid to the efforts made in the field of the rule of law and fundamental rights, democratic institutions and public administration reform as well as economic development and competitiveness.*
5. *In case of significant regression or persistent lack of progress by a beneficiary listed in Annex I in the areas referred to in paragraph 4 as measured by the indicators referred to in Article 7(2b), the scope and intensity of assistance shall be modulated accordingly, in line with paragraph 1, including by reducing proportionally and redirecting the funds, in ways that should avoid compromising support for improving fundamental rights, democracy and the rule of law, including support to civil society and, where appropriate, cooperation with local authorities. Where progress has resumed, the assistance shall also be modulated accordingly in line with paragraph 1 to further support those efforts.*

Article 8

Implementing measures and methods

1. Assistance under IPA III shall be implemented in direct management or in indirect management in accordance with the Financial Regulation through annual or multi-annual action plans and measures as referred to in Chapter III of Title II of [NDICI Regulation]. ***Action plans and measures shall be adopted by means of implementing acts adopted in accordance with the examination procedure referred to in Article 16.*** Chapter III of Title II of [NDICI Regulation] shall apply to this Regulation with the exception of paragraph 1 of Article 24 [eligible persons and entities].
2. Under this Regulation, action plans may be adopted for a period of up to seven years.

Article 9

Cross-border cooperation

1. Up to 3 % of the financial envelope shall be indicatively allocated to cross-border cooperation programmes between the beneficiaries listed in Annex I and the Member States, in line with their needs and priorities.
2. The Union co-financing rate at the level of each priority shall not be higher than ~~85 %~~ of the eligible expenditure of a cross-border cooperation programme. For technical assistance the Union co-financing rate shall be 100%.
3. The level of pre-financing for cross-border cooperation with member states shall **amount to 50 % of the first three budgetary commitments to the programme** ~~be determined in the work programme, in accordance with needs of the beneficiaries listed in Annex I and may exceed the percentage referred to in Article 49 of ETC Regulation.~~
4. Where cross-border cooperation programmes are discontinued in accordance with Article 12 of [ETC Regulation], support from this Regulation to the discontinued programme that remains available may be used to finance any other actions eligible under this Regulation.

CHAPTER IV

ELIGIBILITY AND OTHER SPECIFIC PROVISIONS

Article 10

Eligibility for funding under IPA III

1. ~~Tenderers, applicants and candidates from the following countries shall be eligible for funding under IPA III~~ ***Participation in procurement, grant and prize award procedures for actions financed under this Regulation shall be open to international and regional organisations and to all other natural persons, who are nationals of, and legal persons, which are effectively established in:***
 - (a) Member States, beneficiaries listed in Annex I to this Regulation, contracting parties to the Agreement on the European Economic Area and countries covered by the Annex I of the [NDICI Regulation], and
 - (b) countries for which reciprocal access to external assistance is established by the Commission. Reciprocal access may be granted, for a limited period of at least one year, whenever a country grants eligibility on equal terms to entities from the Union and from countries eligible under this Regulation. The Commission shall decide on the reciprocal access after consultation of the recipient country or countries concerned.

CHAPTER V

[EFSD+ AND BUDGETARY GUARANTEES

Article 11

Financial instruments and guarantee for external actions

1. The beneficiaries listed in Annex I shall be eligible to the European Fund for Sustainable Development Plus (EFSD+) and to External Action Guarantee as provided for in Chapter IV of Title II of [NDICI Regulation]. To this end IPA III shall contribute to provisioning related to the guarantee for external actions referred to in Article 26 of [NDICI Regulation] proportionally to the investments carried out to the benefit of the beneficiaries listed in Annex I./

CHAPTER VI

MONITORING AND EVALUATION

Article 12

Monitoring, audit, evaluation and protection of the Union's financial interests

1. ~~Chapter V of Title II of [Article 31 of NDICI Regulation]~~ in relation to monitoring, *and reporting and evaluation shall apply to this Regulation. **The annual report referred to in [Article 31(5) of NDICI Regulation] shall also contain information on commitments and payments per instrument (IPA, IPA II and IPA III).***
2. Indicators to monitor implementation and progress of ~~the~~ IPA III towards the achievement of the specific objectives set out in Article 3 are set in Annex IV to this Regulation.

3. For cross-border cooperation with Member States, the indicators shall be those referred in Article 33 of [ETC Regulation].
4. In addition to the indicators referred to in Annex IV, the enlargement reports shall be taken into account in the results framework of IPA III assistance.
- 4a. *The Commission shall annually report to the committee referred to in Article 16 on the financial implementation of this Regulation. This report shall include:***
- (a) committed amounts;***
 - (b) contracted amounts;***
 - (c) amounts paid;***
 - (d) allocation of commitments per specific objectives referred to in Article 3;***
 - (e) contracted amounts per type of beneficiary (for example, Member States' agencies, international organisations, civil society organisations);***
 - (f) contracted amounts per budget implementation instrument (for example, grants, blending, budget support).***
- 4b. *Information on assistance volume and allocation contained in the annual report referred to in Article 12 (1) will be available in web-based databases.***
- 4c. *[Article 32 of NDICI Regulation] in relation to the interim and the final evaluation shall apply mutatis mutandis.***
5. In addition to Article 129 of the Financial Regulation on the protection of the financial interests of the Union, under indirect management, beneficiaries listed in Annex I shall report the irregularities including fraud which have been the subject of a primary administrative or judicial finding, without delay, to the Commission and keep the latter informed of the progress of administrative and legal proceeding. Reporting shall be done by electronic means, using the Irregularity Management System, established by the Commission.

CHAPTER VII

FINAL PROVISIONS

Article 13

Delegation of power

~~The Commission shall be empowered to adopt delegated acts in accordance with Article 14 to amend Annexes II, III and IV to this Regulation.~~

Article 14

Exercise of the delegation

- ~~1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.~~
- ~~2. The power to adopt delegated acts as referred to in Article 13 shall be conferred on the Commission ***for the period of validity of this Regulation.***~~
- ~~3. The delegation of power referred to in Article 13 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect 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.~~
- ~~***3a. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.***~~

- ~~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 adopted pursuant to Article 13 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two 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 two months at the initiative of the European Parliament or of the Council.~~

Article 15

Adoption of further implementing rules

1. Specific rules establishing uniform conditions for implementing this Regulation in particular in relation to the structures to be set up in preparation for accession and to rural development assistance, shall be adopted in accordance with the examination procedure referred to in Article 16.
- ~~2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No. 182/2011 shall apply.~~

Article 16

Committee

1. The Commission shall be assisted by a committee *for the Instrument for Pre-accession Assistance* (the '~~Instrument for Pre-accession Assistance~~ *IPA III* Committee'). That committee shall be a committee within the meaning of [Regulation (EU) No 182/2011].
 - 1a. *The IPA III Committee shall assist the Commission by giving strategic guidance to fulfil the objectives referred to in Article 3 in the light of the annual assessment provided by the Commission in accordance with Article 7(2d) and Article 12(4a).*
 - 1b. *Where reference is made to this Article, Article 5 of Regulation (EU) No. 182/2011 shall apply.*
 - 1c. *The rules of procedure of the IPA III Committee shall provide for adequate time limits allowing committee members early, timely and effective opportunities to examine the draft implementing acts and express their views, in accordance with Article 3 of Regulation (EU) No 182/2011.*
2. Where the opinion of the committee is to be obtained by a written procedure, the procedure shall be terminated without result when, within the time limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so requests.
3. An observer from the EIB shall take part in the *IPA III* Committee's proceedings with regard to questions concerning the EIB.
4. The *IPA III* Committee shall assist the Commission and shall be competent also for legal acts and commitments under Regulation (EC) No 1085/2006, Regulation 231/2014 and the implementation of Article 3 of Regulation (EC) No 389/2006.
5. The *IPA III* Committee shall not be competent for the contribution to Erasmus+ as specified in Article 5 *3a*(3).

Article 17

Information, communication and publicity

~~1. Articles 36 and 37 of [Regulation NDICI] shall apply.~~

- ³⁴1. *The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding in particular when promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.*
2. *The Commission shall implement information and communication actions relating to this Regulation, and its actions and results. Financial resources allocated to this Regulation shall also contribute to the corporate communication of the political priorities of the Union, as far as those priorities are directly related to the objectives referred to in Article 3.*
3. *Security issues or local political sensitivities may make it preferable or necessary to limit communication and visibility activities in certain countries or areas or during certain periods. In such cases, the target audience and the visibility tools, products and channels to be used in promoting a given action shall be determined on a case-by-case basis, in consultation and agreement with the Union. Where rapid intervention is required in response to a sudden crisis, it is not necessary to produce a full communication and visibility plan immediately. In such situations, however, the Union's support shall nevertheless be appropriately indicated from the start.]*

³⁴ *These provisions are to be aligned with the final text in Articles 36 and 37 of the NDICI Regulation.*

Article 18

Transitional provisions

1. This Regulation shall not affect the continuation or modification of the actions concerned, until their closure, under Regulation 231/2014 [IPA II] and Regulation (EC) No 1085/2006 [IPA] which shall continue to apply to the actions concerned until their closure. Chapter III of Title II of [Regulation NDICI], formerly under Regulation 236/2014, shall apply to these actions with the exception of paragraph 1 of Article 24.
2. The financial envelope for IPA III may also cover technical and administrative assistance expenses necessary to ensure the transition between IPA III and the measures adopted under its predecessor, IPA II, ***as well as any activities related to the preparation of the successor programme for pre-accession assistance.***
3. If necessary, appropriations may be entered in the budget beyond 2027 to cover the expenses provided for in Article 4(2), to enable the management of actions not completed.

Article 19

Entry into force

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

It shall apply from 1 January 2021.

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 I

Albania

Bosnia and Herzegovina

Iceland

Kosovo*

Montenegro

Serbia

Turkey

The former Yugoslav Republic of *The Republic of North* Macedonia

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

ANNEX II

Thematic priorities for assistance

Assistance may, as appropriate, address the following thematic priorities, *including through regional cooperation*:

- (a) **Establishing and promoting from an early stage the proper functioning of the democratic institutions and institutions necessary in order to secure the rule of law.** Interventions in this area shall aim at: establishing independent, *depoliticised*, accountable and efficient judicial systems, including transparent and merit-based recruitment and promoting judicial cooperation, evaluation and promotion systems and effective disciplinary procedures in cases of wrongdoing, *access to justice*; ~~ensuring the establishment of robust systems to protect the borders, manage migration flows and provide asylum to those in need; developing effective tools to prevent and fight organised crime, trafficking in human beings, migrants smuggling, money laundering/financing of terrorism and corruption;~~ promoting and protecting human rights, *including the promotion of gender equality and the rights of the child*, rights of persons belonging to minorities, including *national minorities*, Roma as well as lesbian, gay, bisexual, transgender and intersex persons, *and* fundamental freedoms, ~~including freedom of the media and data protection,~~ *ensuring a safe climate conducive to the unhindered exercise of freedom of expression and the independence of the media.*
- (aa) **Strengthening capacities to face migration challenges. Interventions in this area shall aim at: sharing relevant information,** ensuring the establishment of robust systems to protect the borders, *to* manage migration flows *and combat illegal migration,* ~~and as well as to provide asylum~~ *international protection* to those *who qualify for it.*

- (ab) *Enhancing the ability to ensure security. Interventions in this area shall aim at: developing effective tools to prevent and fight organised crime, trafficking in human beings and of small arms and light weapons, migrants smuggling, money laundering/financing of terrorism and corruption; supporting reinforced engagement with the Union on counter-terrorism and radicalisation.*
- (ac) *Enhancing capacities of strategic communication, including communicating to the public on necessary reforms for meeting the EU membership criteria. Efforts in this area shall aim at supporting further development of independent and pluralistic media and media literacy and shall serve, inter alia, as a means to increase state and societal resilience to disinformation and other forms of hybrid threats.*
- (b) **Reforming public administrations in line with the good governance principles, in particular the Principles of Public Administration.** Interventions shall aim at: strengthening public administration reform frameworks, *including in the field of public procurement*; improving strategic planning and inclusive and evidence-based policy and legislative development; enhancing professionalisation and de-politicisation of public service by embedding meritocratic principles; promoting transparency and accountability; improving quality and delivery of services, including adequate administrative procedures and the use of citizen centred eGovernment; strengthening public financial management and the production of reliable statistics.
- (c) *Achieving Union standards in the economy, including a functioning market economy as well as ~~S~~strengthening fiscal and economic governance:* Interventions shall aim at supporting participation in the economic reform programme (ERP) process and systematic cooperation with international financial institutions on fundamentals of economic policy. Enhancing the capacity to strengthen macroeconomic stability and supporting progress towards becoming a functioning market economy with the capacity to cope with competitive pressures and market forces within the Union;

- (ca) *Strengthening good neighbourly relations, regional stability and mutual cooperation, including by promoting people to people networking and supporting constructive initiatives.*
- (d) **Strengthening the Union and its partners' capacity to prevent conflict, build peace and address pre-and post-crisis** including through early warning and conflict-sensitive risk analysis; ~~promoting people to people networking~~, reconciliation, peace-building and confidence-building measures, supporting capacity building in support of security and development (CBSD) actions.
- (e) **Strengthening the capacities of civil society organisations** and social partners' organisations, including professional associations, in beneficiaries listed in Annex I and encouraging networking at all levels among Union-based organisations and those of beneficiaries listed in Annex I, enabling them to engage in an effective dialogue with public and private actors.
- (f) **Promoting the alignment of partner countries' rules**, standards, policies and practices to those of the Union, including state aid rules.
- (fa) *Promoting gender equality and women's and girls' empowerment. Interventions in this area shall aim at establishing a more enabling environment for the fulfilment of girls' and women's rights and to achieve real and tangible improvements on gender equality, including through ensuring girls' and women's physical and psychological integrity, promoting their economic and social rights, and strengthening girls' and women's voice and participation, including through supporting gender budgeting and the collection of sex- and age-dissagregated data.*

- (g) **Strengthening access to and quality of education, training and lifelong learning at all levels, and offering support to cultural and creative sectors.** Interventions in this area shall aim at: promoting equal access to quality early-childhood education and care, primary and secondary education, improving the provision of basic skills; increasing educational attainment levels, *tackling brain drain*, reducing early school-leaving and reinforcing teachers' training. Developing vocational education and training (VET) systems and promoting work-based learning systems to facilitate the transition to the labour market, *including for persons with disabilities*; improving the quality and relevance of higher education *and research*; encouraging alumni related activities; enhancing access to lifelong learning and supporting investment in *inclusive* education and *accessible* training infrastructure particularly with a view to reducing territorial disparities and fostering non-segregated education and including through the use of *accessible* digital technologies.
- (h) **Fostering quality employment and access to the labour market.** Interventions in this area shall aim at: tackling high unemployment and inactivity by supporting sustainable labour market integration in particular of young people (especially those not in employment, education or training (NEET)), women, long-term unemployed and all under-represented groups. Measures shall stimulate quality job creation and support the effective enforcement of labour rules and standards across the entire territory. Other key areas of intervention shall be to support gender equality *and youth*, promoting employability and productivity, the adaptation of workers and enterprises to change, the establishment of a sustainable social dialogue and the modernisation and strengthening of labour market institutions such as public employment services and labour inspectorates.

- (i) **Promoting social protection and inclusion and combating poverty.** Interventions in this area shall aim at modernising social protection systems to provide effective, efficient, and adequate protection throughout all stages of a person's life, *promoting the transition from institutional to family and community-based care*, fostering social inclusion, promoting equal opportunities and addressing inequalities and poverty. Interventions in this area shall also focus on: integrating marginalised communities such as the Roma; combating discrimination based on sex, ~~racial~~ *or race, colour, ethnic or social origin, genetic features, language*, religion or belief, *political or any other opinion, membership of a national minority, property, birth*, disability, age or sexual orientation; enhancing access to affordable, sustainable and high quality services, such as early childhood education and care, housing, healthcare and essential social services and long term care, including through the modernisation of social protection systems.
- (j) **Promoting smart, sustainable, inclusive, safe transport and removing bottlenecks in key network infrastructures,** by investing in projects with high ~~EU~~ *European added-value-added*. The investments should be prioritised according to their relevance to TEN-T connections with the EU, contribution to sustainable mobility, reduced emissions, environmental impact, safe mobility, in synergy with the reforms promoted by the Transport Community Treaty.
- (ja) *Enhancing energy security and diversification. Interventions in this area shall aim at increasing energy efficiency and production as well as diversifying supplier countries and routes.*
- (k) **Improving the private-sector environment and competitiveness of enterprises,** including smart specialisation, as key drivers of growth, job creation and cohesion. Priority shall be given to projects which improve the business environment.

- (l) **Improving access to digital technologies and services and strengthening research, technological development and innovation** by investing *in capacity building in research and innovation systems, in mobility and grant schemes adapted to promote the principle of scientific excellence*, in digital connectivity, digital trust and security, digital skills and entrepreneurship as well as research infrastructure and enabling environment and promoting networking and collaboration. *Interventions in this area shall also aim at the establishment of hubs of excellence in research and innovation in order to tackle brain drain of researchers.*
- (m) **Contributing to the security and safety of food supply** and the maintenance of diversified and viable farming systems in vibrant rural communities and the countryside.
- (n) **Protecting and improving the quality of the environment**, addressing environmental degradation and halting biodiversity loss, promoting the conservation and sustainable management of terrestrial and marine ecosystems and renewable natural resources, *investing in water and waste management and sustainable chemical management*, promoting resource efficiency, sustainable consumption and production and supporting the transition to green and circular economies, contributing to the reduction of greenhouse gas emissions, increasing resilience to climate change and promoting climate action governance and information and energy efficiency. IPA III shall promote policies to support the shift towards a resource-efficient, safe and sustainable low-carbon economy and strengthen disaster resilience as well as disaster prevention, preparedness and response. ~~It shall also promote a high level of nuclear safety, radiation protection, and the application of efficient and effective safeguards of nuclear material in third countries as well as the establishment of frameworks and methodologies for the application of efficient and effective safeguards for nuclear material.~~

- (o) ~~Promoting the highest nuclear safety standards, including nuclear safety culture, emergency preparedness, responsible and safe management of spent fuel and radioactive waste, decommissioning and remediation of former nuclear sites and installations; radiation protection and the accountancy and control of nuclear materials~~ *Cooperating with beneficiaries listed in Annex I in the peaceful use of nuclear energy in the areas of health, agriculture and food safety ensuring full compliance with the highest international standards; as well as supporting actions addressing the consequences on the local population exposed to any radiological accident and aiming at improving their living conditions; promoting knowledge-management, training and education in nuclear-related fields.*
- (p) **Increasing the ability of the agri-food and fisheries sectors** to cope with competitive pressure and market forces as well as to progressively align with the Union rules and standards, while pursuing economic, social and environmental goals in balanced territorial development of rural and coastal areas.
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ANNEX III

Thematic priorities for assistance for cross-border cooperation

between beneficiaries listed in Annex I

With a view to promoting good neighbourly relations, fostering Union integration and promoting socio-economic development, Assistance for cross-border cooperation between beneficiaries listed in Annex I may, as appropriate, address the following thematic priorities:

- (a) promoting employment, labour mobility and social and cultural inclusion across borders through, inter alia: integrating cross-border labour markets, including cross-border mobility; joint local employment initiatives; information and advisory services and joint training; gender equality; equal opportunities; integration of immigrants' communities and vulnerable groups; investment in public employment services; and supporting investment in public health and social services;
- (b) protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, coordinated maritime spatial planning, resource efficiency and circular economy, renewable energy sources and the shift towards a safe and sustainable low-carbon, green economy; **improving waste and water management**, promoting investment to address specific risks, ensuring disaster resilience and disaster prevention, preparedness and response;
- (c) promoting sustainable transport and improving public infrastructures by, inter alia, reducing isolation through improved access to transport, digital networks and services and investing in cross-border water, waste and energy systems and facilities;

- (d) promoting the digital economy and society by inter alia the deployment of digital connectivity, the development of eGovernment services, digital trust and security as well as digital skills and entrepreneurship;
- (e) encouraging tourism and cultural and natural heritage;
- (f) investing in youth, education and skills through, inter alia, developing and implementing joint education, vocational training, training schemes and infrastructure supporting joint youth activities;
- (g) promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities;
- (h) enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment through, inter alia, promotion and support to entrepreneurship, in particular small and medium-sized enterprises, and development of local cross-border markets and internationalisation;
- (i) strengthening research, technological development, innovation and digital technologies through, inter alia, promoting the sharing of human resources, ***capacity building in research and innovation systems, mobility and grant schemes adapted to promote the principle of scientific excellence*** and facilities for research and technology development.

ANNEX IV

List of Key Performance Indicators

The following list of key performance indicators shall be used to help measure the Union's contribution to the achievement of ~~its~~ **the** specific objectives **of IPA III**:

1. Composite indicator³⁵ on the ~~readiness of enlargement countries~~ **progress by beneficiaries listed in Annex I** on fundamental areas of the political ~~accession~~ criteria (including Democracy, Rule of Law (Judiciary, Fight against corruption and Fight against organised crime) and **Fundamental Human Rights including media freedom**), **as well as on good neighbourly relations** (source: European Commission).
2. ~~Readiness of enlargement countries~~ **Progress by beneficiaries listed in Annex I** on public administration reform (source: European Commission).
3. Composite indicator on the ~~readiness of candidate countries and potential candidates to~~ **progress by beneficiaries listed in Annex I in the alignment with** the EU acquis (source: European Commission).
4. Composite indicator on the ~~readiness of candidate countries and potential candidates on~~ **progress by beneficiaries listed in Annex I in** fundamental areas of the economic criteria (functioning market economy and competitiveness) (source: European Commission).
5. Public social security expenditure (percentage of GDP) (source: ILO) or Employment Rate (source: ~~national~~ **official** statistics)
6. Digital gap between the beneficiaries and the EU average (source: European Commission DESI index)
7. Distance to frontier (Doing Business) score (source: WB)

³⁵ The three composite indicators are elaborated by the European Commission on the basis of the reports on Enlargement, which also draw from multiple, independent sources.

8. Energy intensity measured in terms of primary energy and GDP (source: EUROSTAT)
9. Greenhouse gas emissions reduced or avoided (Ktons CO₂eq) with EU support
10. ~~Number of cross-border cooperation programmes concluded among IPA beneficiaries and IPA/EU MS (source: European Commission)~~

Indicators will, where relevant, be ~~sex~~ *gender* disaggregated.
