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

**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)
MULTI-ANNUAL INDICATIVE FINANCIAL FRAMEWORK FOR 2011-2013**

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Introduction

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

The MIFF is based on a rolling three-year programming cycle. Under normal circumstances, a MIFF for years N, N+1 and N+2 will be presented in the last quarter of year N-2 as part of the enlargement package, representing a proposed financial translation of the political priorities set out within the package itself, taking into consideration the Financial Framework. This MIFF is for the years 2011-2013. It indicates the allocation of the envelope for pre-accession assistance by country and by component for these years, and also gives an indication of the multi-beneficiary programme envelope and support expenditure.

As in the previous years, the MIFF is published based on the current status of the countries concerned and so does not at this stage pre-empt any decisions on: the status of countries that have submitted an application for membership (Montenegro, Albania and Iceland); a likely date of accession for any candidate country; or the inclusion of Iceland in the IPA Regulation¹. If any significant amendments to this MIFF are needed in the light of such events taking place before the next annual publication of the MIFF in autumn 2010, the Commission will publish an amended version at the appropriate time. Once a candidate country accedes to the EU, any pre-accession funds provisionally allocated to that country from the year of accession onwards will no longer be available for this new Member State.

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

¹ An amendment to Annex II of IPA Regulation (EC) 1085/2006 for this purpose is under preparation.

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. In the first two years of IPA, the implementation of commitment appropriations was close to a 100 % (including appropriations carried over to the following year which were fully committed).

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

For Croatia and the former Yugoslav Republic of Macedonia, as candidate countries, a level of over 30 € per capita (in 2004 prices) is envisaged. This level is maintained across the period 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 building adequate administrations, irrespective of the size of the country.

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

2. Allocations between components

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

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

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

Component III, Regional Development, is accessible to candidate countries and emulates, to the greatest extent possible, the ERDF and Cohesion Fund, thereby giving to the beneficiary countries the highest possible approximation to Structural Funds implementation under External Aid rules.

² Under United Nations Security Council Resolution 1244/99

Component IV, Human Resources Development, accessible to candidate countries, prepares them for the programming, implementation and management of the European Social Fund, in the framework of the European Employment Strategy.

Component V, Rural Development, helps the candidate countries prepare for post-accession EU-funded rural development programmes by implementing pre-accession assistance through systems which are as similar as possible to those required post accession.

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

3. Other Allocations

Support expenditure

This envelope covers the administrative costs directly linked to the implementation of IPA. In 2007, 2008 and 2009 it also includes the administrative costs for the phasing out of previous pre-accession funding, including for Bulgaria and Romania.

Multi-beneficiary programme allocations

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

Multi-beneficiary programmes support, among other things, the Regional School for Public Administration, the Central European Free Trade Agreement (CEFTA), the Regional Cooperation Council (RCC) and the new Civil Society Facility. Institution building is supported via the TAIEX instrument, and allocations are made for audits and evaluation of regional and national programmes, as well as for information and communication activities. Investment needs for SMEs, energy efficiency and infrastructure development, delivered in close collaboration with the European Investment Bank and other International Financial Institutions (IFIs), will continue to be supported with a substantial part of the regional and horizontal allocation. This support will be aligned with the discussions on the Infrastructure Initiative in the context of the new Western Balkan Investment Framework, which aims at enhancing the coordination and cooperation among the various initiatives sponsored by donors and IFIs actively engaged in the Western Balkans. Another priority is education, for which the allocation for scholarships will increase.

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

Presentation of the figures

The following table provides the above figures in *current prices* and in *euros*. It shows the allocations by country and by component, as well as for the multi-beneficiary programme and support expenditure. The final commitment figures for 2007 and 2008 as well as updated figures for 2009 and 2010 are included for ease of reference.

Multi-Annual Indicative Financial Framework: Breakdown of the Instrument for Pre-Accession Assistance envelope for 2011-2013 into allocations by country and component

<i>Component</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
CROATIA							
<i>Transition Assistance and Institution Building</i>	49,611,775	45,374,274	45,601,430	39,483,458	39,959,128	40,872,310	38,513,885
<i>Cross-border Co-operation</i>	9,688,225	14,725,726	15,898,570	15,601,136	15,869,158	16,142,542	16,698,384
<i>Regional Development</i>	45,050,000	47,600,000	49,700,000	56,800,000	58,200,000	59,348,000	62,000,000
<i>Human Resources Development</i>	11,377,000	12,700,000	14,200,000	15,700,000	16,000,000	16,040,000	18,000,000
<i>Rural Development</i>	25,500,000	25,600,000	25,800,000	26,000,000	26,500,000	27,268,000	27,700,000
TOTAL	141,227,000	146,000,000	151,200,000	153,584,594	156,528,286	159,670,852	162,912,269
FORMER YUGOSLAV REPUBLIC OF MACEDONIA							
<i>Transition Assistance and Institution Building</i>	41,641,613	41,122,001	39,328,499	36,317,068	28,803,410	28,207,479	27,941,228
<i>Cross-border Co-operation</i>	4,158,387	4,077,999	4,371,501	5,067,526	5,124,876	5,183,373	5,243,041
<i>Regional Development</i>	7,400,000	12,300,000	20,800,000	29,400,000	39,300,000	42,300,000	51,800,000
<i>Human Resources Development</i>	3,200,000	6,000,000	7,100,000	8,400,000	8,800,000	10,380,000	11,200,000
<i>Rural Development</i>	2,100,000	6,700,000	10,200,000	12,500,000	16,000,000	19,000,000	21,028,000
TOTAL	58,500,000	70,200,000	81,800,000	91,684,594	98,028,286	105,070,852	117,212,269

<i>Component</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
<i>TURKEY</i>							
<i>Transition Assistance and Institution Building</i>	256,702,720	256,125,297	239,550,810	211,312,664	228,620,919	233,900,336	238,325,843
<i>Cross-border Co-operation</i>	2,097,280	2,874,709	3,049,190	9,587,336	9,779,081	9,974,664	10,174,157
<i>Regional Development</i>	167,500,000	173,800,000	182,700,000	238,100,000	293,400,000	367,805,000	378,000,000
<i>Human Resources Development</i>	50,200,000	52,900,000	55,600,000	63,400,000	77,600,000	89,930,000	96,000,000
<i>Rural Development</i>	20,700,000	53,000,000	85,500,000	131,300,000	172,500,000	197,890,000	213,000,000
<i>TOTAL</i>	497,200,000	538,700,006	566,400,000	653,700,000	781,900,000	899,500,000	935,500,000
<i>ALBANIA</i>							
<i>Transition Assistance and Institution Building</i>	54,318,790	62,117,756	71,377,079	82,711,421	84,301,650	85,987,683	87,446,037
<i>Cross-border Co-operation</i>	6,681,210	8,582,244	9,822,921	9,973,173	10,126,636	10,283,169	10,666,232
<i>TOTAL</i>	61,000,000	70,700,000	81,200,000	92,684,594	94,428,286	96,270,852	98,112,269
<i>BOSNIA AND HERZEGOVINA</i>							
<i>Transition Assistance and Institution Building</i>	58,136,394	69,854,783	83,892,254	100,688,099	102,681,861	104,673,499	106,870,228
<i>Cross-border Co-operation</i>	3,963,606	4,945,217	5,207,746	4,696,495	4,746,425	4,797,353	4,942,041
<i>TOTAL</i>	62,100,000	74,800,000	89,100,000	105,384,594	107,428,286	109,470,852	111,812,269

Component	2007	2008	2009	2010	2011	2012	2013
MONTENEGRO							
<i>Transition Assistance and Institution Building</i>	27,490,504	28,112,552	28,632,179	29,238,823	29,843,599	30,446,471	30,996,035
<i>Cross-border Co-operation</i>	3,909,496	4,487,448	4,667,821	4,282,690	4,310,344	4,338,551	4,418,687
TOTAL	31,400,000	32,600,000	33,300,000	33,521,513	34,153,943	34,785,022	35,414,722
SERBIA							
<i>Transition Assistance and Institution Building</i>	181,496,352	179,441,314	182,551,643	186,206,679	189,956,810	193,801,948	203,101,005
<i>Cross-border Co-operation</i>	8,203,648	11,458,686	12,248,357	11,751,753	11,922,790	12,097,244	11,630,694
TOTAL	189,700,000	190,900,000	194,800,000	197,958,432	201,879,600	205,899,192	214,731,699
KOSOVO							
<i>Transition Assistance and Institution Building</i>	68,300,000	184,700,000	106,100,000	64,484,594	65,828,286	67,070,852	70,712,269
<i>Cross-border Co-operation</i>	0	0	0	2,815,406	2,871,714	2,929,148	2,987,731
TOTAL	68,300,000	184,700,000	106,100,000	67,300,000	68,700,000	70,000,000	73,700,000
TOTAL COUNTRY PROGRAMMES							
	1,109,427,000	1,308,600,006	1,303,900,000	1,395,818,321	1,543,046,687	1,680,667,622	1,749,395,497

<i>Component</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
TOTAL COUNTRY PROGRAMMES							
	<i>1,109,427,000</i>	<i>1,308,600,006</i>	<i>1,303,900,000</i>	<i>1,395,818,321</i>	<i>1,543,046,687</i>	<i>1,680,667,622</i>	<i>1,749,395,497</i>
MULTI-BENEFICIARY PROGRAMMES							
<i>Transition Assistance and Institution Building</i>	<i>108,980,000</i>	<i>135,700,000</i>	<i>166,055,000</i>	<i>138,967,000³</i>	<i>173,460,000</i>	<i>168,860,000</i>	<i>183,845,477</i>
<i>Cross-border Co-operation</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,921,679</i>	<i>5,293,313</i>	<i>5,672,378</i>	<i>6,059,026</i>
SUPPORT EXPENDITURE							
	<i>44,793,000</i>	<i>51,950,000</i>	<i>47,648,000</i>	<i>52,993,000</i>	<i>75,000,000</i>	<i>80,500,000</i>	<i>84,500,000</i>
GRAND TOTAL							
	<i>1,263,200,000</i>	<i>1,496,250,006</i>	<i>1,517,603,000</i>	<i>1,592,700,000</i>	<i>1,796,800,000</i>	<i>1,935,700,000</i>	<i>2,023,800,000</i>

Figures are in euros, current prices

³ This includes a reduction of €29 million for the food security facility which will be paid back in 2011 (€14 million), 2012 (€6 million) and 2013 (€9 million). The funds paid back in these years are also included in the table.