



EUROPEAN COMMISSION

DG Enlargement Management Plan 2014

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Part 1 – Mission Statement¹

One of the political priorities of the European Commission is to confirm the role of the European Union as a global partner. Over the past decades, the European Union has largely demonstrated its attraction to potential new Member States sharing the same values and principles and its capacity to expand the zone of freedom, peace and economic stability in Europe. The mission of DG Enlargement is to take forward the process of enlargement of the European Union under the guidance of the Commissioner for Enlargement.

DG Enlargement assists the countries in meeting the criteria defined by the Treaty and the European Council (so called “Copenhagen criteria”, as well as the Stabilisation and Association Process SAP conditions) and closely monitors, on an individual basis, their respective progress. Once the Council has decided to open accession negotiations, the DG supports the negotiation process as required by the Council.

DG Enlargement develops and implements the stabilisation and association policy of the European Union in the Western Balkans as defined by the European Council. DG Enlargement also manages the bilateral relations of the Union with candidate countries and potential candidate countries on their path to the EU.

Furthermore, the DG addresses issues resulting from the accession of Cyprus to the European Union as a *de facto* divided island.

DG Enlargement manages the bulk of the Union’s financial assistance to candidate countries and potential candidates, as well as to new Member States during a short transitional period after accession. This assistance supports the reform process, including preparations for eventual membership.

Finally, DG Enlargement manages the relations with the other European Institutions as well as the information and communication policy relating to enlargement in candidate countries and potential candidates and contributes to the information and communication policy of the Member States.

¹ This mission statement might be modified in the course of 2014 following the election of the new college of the Commission 2014-2019.

Part 2 – Message from the Director-General: This year’s challenges

2.1 Enlargement strategy challenges

The Commission's Enlargement Strategy of 16 October 2013 sets out the main challenges and objectives for the EU's enlargement policy in 2013-2014. The Strategy Paper adopted on 16 October 2013 recalls that the accession process today is built on strict but fair conditionality and the lessons learnt from previous enlargements. One of the key lessons learnt has been the importance of **addressing "fundamentals first"** and this is the main theme of the Strategy Paper for the coming months. It underlines a number of key challenges facing the Western Balkans and Turkey: economic governance and competitiveness; the rule of law; the functioning of institutions guaranteeing democracy; fundamental rights; and, in the case of the Western Balkans, overcoming the legacy of the past. These challenges are central to the Copenhagen criteria and the conditionalities of the Stabilisation and Association process and DG Enlargement will focus its activities in 2014 around these key areas:

- The 2013 Strategy paper sets out concrete proposals that will help the countries of the Western Balkans and Turkey to strengthen their **economic governance and competitiveness**. It is important to support the candidate countries to adapt their own governance to the changing European model and at the same time ensure that structural reforms can help improve their competitiveness and the economy. The enlargement countries already benefit from on-going macro-economic and fiscal programmes that will be expanded and complemented by competitiveness and growth programmes that will deal with reforms in key areas like infrastructure, research, transport and education. A new dialogue on employment and social reform programmes is being gradually introduced as well as support for public financial management - all of which will help the countries to meet the Copenhagen economic criteria and to allow for budget support under IPA II.
- The **rule of law** remains at the heart of the accession process. The new approach to the rule of law requires that early in the process countries start to ensure that they have the administrative capacity and this has to be backed by political will. Public administration reform also needs to be tackled early in the accession process. It gives countries maximum time to develop solid track records of implementation, delivering reforms that are deeply rooted and irreversible; and it ensures that benefits will be felt by the citizens during the process and not just at the end. The rule of law is also of great economic relevance in terms of legal certainty and investor confidence and hence key for economic reform and growth.
- The strategy paper also underlines the **importance of the functioning of institutions guaranteeing democracy** and ensuring that democratic processes are more inclusive. The focus will be on enhancing work with national parliaments, both from the region and from the EU, as well as with the European Parliament. This policy promotes that countries take a more inclusive approach to civil society to enable broad-based participation in the accession process.
- The strategy paper also highlights the importance of the countries of the Western Balkans and Turkey doing more to protect **fundamental rights** in practice. There will be a focus on 3 key themes: freedom of expression (building on Speak-up!2 conference), Roma and the position of lesbian, gay, bisexual, transgender and intersex persons (LGBTI). The priority attached to the protection of minorities in the accession process will be increased including through better targeted IPA funding and more assistance to support Roma through a Roma "facility". Freedom of expression will be promoted in the political dialogues with enlargement countries and will be consistently addressed as a priority. Excellence in investigative journalism will be promoted through an award, starting with the first one in 2014.

- Renewed efforts are needed to overcome **bilateral disputes and the legacy of the past** as well as to improve good neighbourly relations among enlargement countries and with Member States. Regional cooperation also needs to be further strengthened, to be inclusive and regionally-owned. The development of a network of bilateral agreements among countries which are part to the Stabilisation and Association Process will be encouraged, in order to provide a framework for increased political dialogue on the key issues. Political support and facilitation to all countries concerned will be offered, in order to find solutions to bilateral issues as early as possible and initiatives addressing war legacy issues and reconciliation will be supported.

2.2 Challenges with regards to enlargement process

The Commission's Enlargement Strategy of 16 October 2013 sets out the main challenges and objectives for the EU's enlargement policy in 2013-2014. The General Affairs Council of 17 December 2013 welcomed the Commission's communication and took note of the recommendations therein.

- Accession negotiations with **Montenegro** progressed and the Council positively noted that chapters 23 and 24 are being addressed early in the negotiations.
- The Council welcomed the positive assessments on the implementation of the agreements reached in the EU facilitated dialogue. It adopted the negotiating framework for accession negotiations with **Serbia** and set the date for the first IGC for January 2014.
- As regards the Commission's fifth recommendation to start accession negotiations with **the former Yugoslav Republic of Macedonia**, the Council will revert to the issue in 2014, on the basis of an update by the Commission. The Council underlined the importance of effective implementation and enforcement of existing legal and policy frameworks and of maintaining good neighbourly relations, including finding a mutually accepted solution to the name issue.
- The Council welcomed the adoption by **Albania** of the relevant key judicial, public administration and parliamentary reform measures with cross-party consensus, the successful conduct of the parliamentary elections, as well as the further action taken in the fight against corruption and organised crime. On the understanding that Albania continues to build on this progress and based on a report to be prepared by the Commission, the Council will decide on granting candidate status to Albania in June 2014, subject to endorsement by the European Council.
- The Council reiterated its unequivocal support for **Bosnia and Herzegovina's** EU perspective, but also expressed serious concern that the EU integration process has stalled due to a lack of political will on the part of the Bosnia and Herzegovina political leadership.
- The Council noted the opening of negotiations for a Stabilisation and Association Agreement (SAA) with **Kosovo** and takes note of the intention of the Commission to conclude the negotiations in the course of 2014.
- The Council reaffirmed the importance it attaches to EU relations with **Turkey**. It welcomed the progress made on reforms, as well as the signature of the readmission agreement. At the same time, it reminded of the further sustained efforts needed, in particular as regards improving the observance of fundamental rights and freedoms.
- As regards **Iceland**, the Council took note of the Icelandic Government's decision to put accession negotiations on hold, underlining that Iceland's accession is a matter of mutual benefit.

DG Enlargement will continue to support the candidate countries and potential candidates on their reform path, while objectively assessing the progress made.

As regards the **Cyprus issue**, the Commission expects the Greek and Turkish Cypriot communities to resume fully-fledged negotiations on a comprehensive settlement under the auspices of the United Nations.

In the area of regional co-operation the key challenge in 2014 will be to further promote inclusiveness, in particular, in the South East European Co-operation Process and to further contribute to the SEE 2020 growth strategy. In this context, the single sector pipelines per country for key infrastructure investment priorities together with other international donors, IFIs under the Western Balkans Investment Framework will be a key challenge.

2.3 Challenges with regards to financial assistance

In 2014, the implementation of the on-going programmes under the **Instrument for Pre-accession Assistance (IPA I)** under the Multi-annual financial framework 2007-2013 will continue. Focus will be on an efficient and effective delivery of outputs as well as on follow up of the practical implementation of the sector approach which was launched in some countries.

Also preparations for **decentralised management (DIS)** under IPA I will continue in 2014, with a Commission decision on conferral of management to Serbia expected early 2014.

The European Parliament approved in December 2013 a package of external financial instruments based on a compromise agreed with the Council, amongst them **the new Instrument for Pre-accession Assistance for the years 2014-2020 (IPA II)**. The year 2014 will therefore bring important challenges to the DG in terms of **getting IPA II off the ground**. The finalisation of the legal framework for IPA II and its correlated planning and programming tools will be a key focus of DG Enlargement's work and interventions in 2014. The basic act, the IPA II Regulation, together with the Common Implementing Regulation for all External Action Instruments are expected to be adopted by early March 2014. An implementing regulation setting out the conditions for implementation of IPA II and in particular for cross-border cooperation will be drafted and submitted for adoption. A Strategic Dialogue will be held with the European Parliament on the available programming documents following which the Country Strategy Papers will be finalised.

While under the current IPA Regulation budget support is limited to "exceptional cases", the draft IPA II Regulation foresees to allow for broader use of **budget support**, provided that the eligibility criteria are fulfilled. Budget support should be seen in the context of moving to a "sector approach" under IPA II, i.e. focusing on support for sector reform strategies rather than on financing individual projects. Budget support will thus be provided as "sector reform contracts" to co-finance national sector reform agendas.

As regards **Iceland**, DG Enlargement will be phasing out the projects already contracted before the decision of the Icelandic government to put negotiations on hold, and perform its financial responsibilities (as Authorising Officer by Sub-Delegation) until the total closure of the operations. Iceland remains a potential beneficiary country under IPA II legal framework, but in agreement with the Icelandic authorities preparatory work on IPA II has been suspended.

The absence of an agreement on a solution of the Sejdić-Finci issue blocks the accession path of Bosnia and Herzegovina and hence makes it difficult to justify continuing to grant full scope EU pre-accession funds. The IPA 2013 programme was reduced to 42 million €. Future IPA II assistance will require country wide sector strategies and functioning coordination structures which exist only in a limited number of areas..

A further challenge will be the implementation of the **Aid Programme for the Turkish Cypriot Community**. The legal basis for the assistance to the Turkish Cypriot community remains the Council Regulation 389/2006, which has no end date. The instrument remains a temporary one, however, and

will only be used until a reunification of Cyprus is achieved. The programming focus is on the six objectives of the Aid Regulation, with annual allocations for each. Since there is no recognised beneficiary and settlement talks are expected, a tight framework for long-term intervention cannot easily be developed.

2.4 Human Resources and Budgetary control challenges

It should be noted that DG Enlargement will face substantial additional workload under IPA II as it takes over DG Regional Policy and DG Employment's tasks regarding the management of the financial assistance in the fields previously covered by components III, IV and V (Competitiveness and innovation; Environment and Climate Change; Transport; Education, Employment and Social Policies).

The main priority for 2014 concerning the administrative support is the development of a flexible **human resources management** addressing the growing challenges, while simplifying procedures and streamlining the organisation, both at Headquarters and in Delegations. A particular focus needs to be on absorbing the reduction of staff while continuing to carry out our mandate at a constantly high standard, on ensuring that DG Enlargement recruits and maintains the required expertise in the focal sectors and on implementing the new staff regulations in a smooth way.

DG Enlargement expects to implement the **budget** that it has been allocated in line with this allocation and in a timely manner, and to meet its contractual payment obligations within the relevant deadlines.

Concerning **sound financial management**, it should be noted that DG Enlargement works in complex circumstances, with a very wide range of partners. This requires that DG Enlargement continues to implement its financial obligations based on a coherent and comprehensive set of necessary processes and controls.

2.5 Key performance indicators

The key performance indicators, on which DG Enlargement will base its overall assessment of achievements, are presented in the following table. These key performance indicators have been selected in order to demonstrate its main activities and objectives, namely the aim to support the candidate countries and potential candidates on their path towards getting closer to the EU standards, further alignment with the EU *acquis* and ultimately membership. This policy and the conclusions of the Commission as regards the strategy and country specific recommendations need to be endorsed by the Member States. The pre-accession assistance aims to support the candidate countries and potential candidates to achieve the priorities and recommendations of the Commission's enlargement strategy as endorsed by the Member States. Successful programming and a high budgetary execution rate are therefore key for supporting the political objectives with financial assistance. Finally, high internal control standards as regards the sound and efficient management of financial resources are instrumental in this regard.

DG Enlargement - Key Performance Indicators

- 1. Comprehensive assessment of the political reforms achieved by the candidate countries and the potential candidates as provided by the annual strategy paper and the progress reports and their subsequent endorsement by the College.**
- 2. Degree to which Council decisions and conclusions do endorse the Commission's strategic input and recommendations.**
- 3. Number of IPA II Country/Multi country Strategy Papers and country/Multi country action programmes adopted.**
- 4. Percentage of budgetary execution rate (commitment and payments).**
- 5. Reduction of percentage of cases of late payment of invoices and reduction of amount of late payment interest paid (compared to 2013).**
- 6. Residual Error Rates (RER) for direct management (ex-centralised) and indirect management with Beneficiary countries (ex-decentralised) respectively [NB: the direct management (centralised) ex post programme is multi-annual, and covers the period up to 2015, so the 2014 results will only produce an intermediate, not final, RER for this management mode] with regard to the materiality criteria.**

Christian Danielsson

Part 3 – General objectives

The enlargement policy is part of the external action of the European Union and contributes to meeting the common objectives in terms of the EU as global actor. It promotes stability, security and prosperity in the immediate neighbourhood of the EU and increases the weight of the EU on the international scene. This policy is implemented through non-spending activities supported by spending activities.

Enlargement policy objective: is to support and guide those countries on their way to accession which wish to join the EU based on Article 49 of the Treaty on the European Union; Article 49 offers a European perspective to all European countries that respect the fundamental values of the EU and are committed to promoting them.

Baseline (2013): is an array of policy milestones visualising the stage of the progress achieved in 2013 (and before) by candidate countries and potential candidates on their way to accession and in implementing the stabilisation and association process as summarised in the table hereafter (see pages 10-11).

Milestones (2014): Key challenges for 2014 are economic governance and competitiveness, rule of law, functioning of institutions guaranteeing democracy, fundamental rights, dealing with bilateral issues and overcoming the legacy of the past. These challenges are central to the Copenhagen criteria and the conditionality of the Stabilisation and Association process. Subject to where the candidate countries and potential candidates are at the relevant stages of the accession process, the main outputs for 2014 will be:

- Progress in the accession process including conclusion of SAAs, achieving candidate status and opening of accession negotiations.
- Fulfilment of opening, interim and closing benchmarks in relevant chapters, namely adoption and implementation of action plans as basis for opening negotiations on chapters 23 (Judiciary and fundamental rights) and 24 (Justice, freedom and security) as appropriate, based on the new approach.
- Implementation of recommendations in the framework of specific dialogues and cooperation structures set up to strengthen preparations in the pre-accession process.
- Implementation of obligations under the relevant Stabilisation and Association Agreements.
- Implementation of current and programming of future pre-accession assistance.

Target (2020): bringing candidate countries and potential candidates closer to the EU values, standards and acquis.

Risks: (a) One or more Member States do not support recommendations and proposals made by the Commission; (b) one or more Candidate Country or Potential Candidate limits its commitment or withdraws from the accession process.

State of play in the accession process - Potential Candidates and Candidate Countries

✓ date or #	Compliance / date of completion / number completed
=>>	Ongoing
☒	Not started yet / Not compliant
n.a.	Not applicable

Last update: January 2014

Milestones		Croatia	Montenegro	The former Yugoslav Republic of Macedonia	Serbia	Albania	Bosnia & Herzegovina	Kosovo*	Turkey	Iceland
Stabilisation and Association Agreement (SAA)	▶ Feasibility study	May 2000	Apr 2005	Jun 1999	Oct 2004	Nov 1999	Sep 2002	Oct 2012		
	▶ Signed	Oct 2001	Oct 2007	Apr 2001	Apr 2008	Jun 2006	Jun 2008	☒		May 1992 ²
	▶ Interim agreement signed	Oct 2001	Oct 2007	Jun 2001	Apr 2008	Jun 2006	Jul 2008	☒	n.a.	n.a.
	▶ Agreement in force/ ratified	Feb 2005	May 2010	Apr 2004	Sep 2013	Apr 2009	☒	☒	Dec 1964 ³	Jan 1994 ⁴
	▶ Commitments fulfilled	✓	=>>	=>>	☒	=>>	☒	☒	=>> ⁵	n.a.
Application of Membership received		Feb 2003	Dec 2008	Mar 2004	Dec 2009	Apr 2009	☒	☒	Apr 1987	Jul 2009
Commission Opinion on application	▶ Commission opinion requested by Council	Apr 2003	Apr 2009	May 2004	Oct 2010	Nov 2009	☒	☒	Apr 1987	Jul 2009
	▶ Adoption of Commission opinion	Apr 2004	Nov 2010	Nov 2005	Oct 2011	Nov 2010	☒	☒	Dec 1989	Feb 2010
Candidate country status	▶ Recommended by Commission	Apr 2004	Nov 2010	Nov 2005	Oct 2011	Oct 2012 ⁶	☒	☒	1999	Feb 2010
	▶ Granted by Council	Jun 2004	Dec 2010	Dec 2005	Mar 2012	☒	☒	☒	Dec 1999	Jun 2010
Screening	▶ Initiated	✓	Mar 2012	☒	Sep 2013	☒	☒	☒	✓	Nov 2010
	• Reports to be delivered by the Commission	✓	=>>4	☒	☒	☒	☒	☒	=>> 0	=>> 0
	• Reports under discussion in the Council	✓	=>>2	☒	☒	☒	☒	☒	=>> 10	=>> 1
	▶ Concluded	✓	=>>27	☒	☒	☒	☒	☒	✓23	=>> 32
Negotiation framework	▶ Proposed by Commission	Jan 2005	May 2012	☒	July 2013	☒	☒	☒	Jun 2005	Jul 2010
	▶ Adopted by Council	Oct 2005	Jun 2012	☒	Dec 2013	☒	☒	☒	Oct 2005	Jul 2010

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

² European Economic Area Agreement.

³ Association Agreement.

⁴ European Economic Area Agreement.

⁵ Additional protocol not implemented

⁶ Subject to the completion of a limited number of short term priorities.

Milestones		Croatia	Montenegro	The former Yugoslav Republic of Macedonia	Serbia	Albania	Bosnia & Herzegovina	Kosovo*	Turkey	Iceland
Accession Negotiations	▶ Accession negotiations opened	Oct 2005	Jun 2012	=>>> ⁷	June 2013	☒	☒	☒	Oct 2005	Jul 2010
	• Negotiation chapters opened (#)	✓	=>>> 12	☒	☒	☒	☒	☒	=>>> 13	=>>> 27
	• Negotiation chapters (provisionally) closed (#)	✓	=>>> 2	☒	☒	☒	☒	☒	=>>> 1	=>>> 11
	▶ Accession negotiations overall closed	Jun 2011	☒	☒	☒	☒	☒	☒	☒	☒
Compliance with Copenhagen criteria	▶ Political criteria	✓	✓	✓	✓	=>>	=>>	=>>	✓	✓
	▶ Economic criteria	=>>	=>>	=>>	=>>	=>>	=>>	=>>	=>>	=>>
	▶ <i>Acquis</i> criteria – alignment with EU standards, ability to assume the obligations of membership	✓	=>>	=>>	=>>	=>>	=>>	=>>	=>>	=>>
Decentralisation process	▶ Conferral of Management - Component I	Oct 2008	=>>	Dec 2010	Expected in 2014	Apr 2014	☒	☒	Oct 2008	n.a
	▶ Conferral of Management - Component II	Nov 2008	=>>	=>>	Expected in 2014	☒	☒	☒	Dec 2008	n.a
	▶ Waiver of ex-ante control - Component I	Feb 2013	☒	☒	n.a	☒	☒	☒	☒	n.a
	▶ Waiver of ex-ante control - Component II	Feb 2013	☒	☒	n.a	☒	☒	☒	☒	n.a
Readmission agreement	▶ Entry into force of readmission agreement	n.a.	Jan 2008	Jan 2008	Jan 2008	May 2006	Jan 2008	n.a	=>>	Member of Schengen area
Visa liberalisation	▶ Entry into force of visa liberalization	n.a.	Dec 2009	Dec 2009	Dec 2009	Dec 2010	Dec 2010	=>>> ⁸	=>>	Member of Schengen area
Customs / Trade agreement	▶ In force	✓	✓	✓	✓	✓	✓	=>>	1995	✓
	▶ All obstacles/technical barriers removed	✓	=>>	=>>	=>>	=>>	=>>	=>>	=>>	✓
Regional issues and international obligations	▶ Regional cooperation: Participation in regional initiatives	✓	✓	✓	✓	✓	✓	✓	✓	n.a.
	▶ Bi-lateral issues open	=>>	=>>	=>>	=>>	=>>	=>>	=>>	=>>	=>>

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

⁷ In 2013, the Commission issued its fifth recommendation to open accession negotiations.

⁸ Visa liberalisation dialogue with Kosovo launched in January 2012; visa liberalisation roadmap launched in June 2012.

3.1 General objective of the IPA II programme statement

Assistance under the Instrument for Pre-Accession Assistance (IPA II) is to **support the enlargement policy** of the Union. The successive enlargement of the EU is by its very nature a common task which can be pursued only at EU level. The pre-accession assistance provided through the EU budget is designed to help candidate countries and potential candidates to prepare for future membership: IPA II is built to prepare countries to meet the obligations of membership before accession. Granting pre-accession assistance under one single instrument on the basis of a single set of criteria is more efficient than granting assistance from multiple sources (including the national budgets of the Member States) following different procedures and priorities.

IPA II is an **enabling instrument** which helps the countries in implementing the necessary reforms and achieving their respective targets related to the 1993 Copenhagen accession criteria as well as Stabilisation and Associations conditions. The success of pre-accession assistance is therefore to be measured within the country specific context against the criterion how efficient the assistance was to enhance the capability of the beneficiary countries to come closer to the accession benchmarks. IPA assistance will have achieved its objectives, if it has successfully contributed to the implementation of political reforms in the candidate countries and potential candidates. The Progress Reports will provide that assessment. The other success factor shall be the progress achieved in the alignment with the *acquis* as a result of IPA assistance.

It is foreseen that via IPA assistance candidate countries shall advance from fulfilling some political and economic accession criteria to meet many political and economic accession criteria, whereas potential candidates shall advance to sufficiently fulfil accession criteria to be granted candidate status. In addition, candidate countries shall progress from some alignment with the *acquis* to advanced alignment with the *acquis* to achieve the **milestone** foreseen for 2017.

<p>General objective: The Instrument for Pre-accession Assistance ('IPA') aims to support candidate countries and potential candidates ('beneficiary countries') in implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership.</p>		
<p><input type="checkbox"/> Non-spending <input checked="" type="checkbox"/> Spending programme</p>		
<p>Impact indicator: Overall assessment provided by the progress report on the political reforms.</p> <p>Source: Progress reports</p>		
Baseline 2013	Milestone 2017	Target 2020 (coherent with 2014-2020 programming period, bringing candidate and potential candidates closer to the EU).
<p>Candidate countries meet some accession criteria. Potential candidates are not sufficiently advanced to be granted candidate status.</p>	<p>Candidate countries meet many accession criteria. Potential candidates are further advanced in steps towards meeting criteria for candidate status.</p>	<p>Candidate countries closer to meet all accession criteria. Potential candidates are further advanced in steps towards meeting criteria for candidate status.</p>

Impact indicator: Degree of alignment with the <i>acquis</i> .		
Source: Progress reports/Screening		
Baseline 2013	Milestone 2017	Target 2020 (coherent with 2014-2020 programming period, bringing candidate and potential candidates closer to the EU).
Candidate countries have made some progress with the implementation of the EU <i>acquis</i> .	Candidate countries are advanced with the implementation of the EU <i>acquis</i> .	Candidate countries are well advanced in implementing the EU <i>acquis</i> .

In 2014, DG Enlargement will continue to finalize the implementation of IPA I as part of the MFF 2007-2013. As of 2014 the new Instrument for Pre-accession Assistance (IPA II) will be implemented and the programming under IPA II will be a priority throughout the year.

To achieve a timely and efficient start of the new instrument a number of outputs have to be put in place in the course of 2014. Following the compromise found amongst the co-legislators, and the positive vote of the EP Plenary in December 2013, the **IPA II Regulation** is expected to be adopted in the first quarter of 2014. This basic act will be complemented by an **Implementing Regulation** setting out the conditions for implementation of IPA II and in particular for cross-border cooperation.

The model **Framework Agreement** between the Commission and the Beneficiaries has to be adopted by the Commission and subsequently, individual agreements concluded with the beneficiary countries.

A **Strategic Dialogue** will be held with the European Parliament in early 2014, where the Commission will present the key elements of the IPA II strategic framework which will enable the Parliament to guide the programming at an upstream stage and verify further downstream that its opinion is reflected in the programming documents.

Following the Strategic Dialogue with the European Parliament, the **Country- and Multi Country Strategy Papers covering 2014-2020**, which will identify the needs and establish key priorities for assistance for the 7-year period with a strong focus on sector approach and which will include the indicative allocations per sector for the whole period, will be finalised, presented to the IPA Committee and subsequently adopted.

Other documents such as the **IPA II Programming Guide** and related templates will need to be finalised so that the financial allocations for 2014 can be programmed in form of national or multi-country, annual or multi-annual action programmes and adopted in 2014.

Main programming outputs in 2014	indicator	target
IPA Regulation adopted	Adoption	Q1
Strategic Dialogue held with EP	Dialogue records	Q1
Implementing regulation setting out the conditions for implementation of IPA	Adoption	Q2
Programming Guide online	Availability online	Q2
Model Framework Agreement Adopted	Adoption	Q3
Country and Multi Country Strategy Papers Adopted	Adoption	Q3
Action Programmes for 2014 adopted	Adoption	Q4

3.2 General objective of the Aid Regulation (Turkish Cypriot Community).

The programme is the only EU funding for Turkish Cypriots who are EU citizens. The programme supports reunification efforts and prepares the Turkish Cypriots for the lifting of suspensions of the *acquis*. It facilitates the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the *acquis*.

<p>General objective: To facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the <i>acquis</i>.</p>		
<p>Impact indicator: Progress towards reunification</p>		
<p>Baseline 2013</p>	<p>Milestone 2017</p>	<p>Target 2020⁹</p>
<p>Political stalemate; social/economic separation</p>	<p>Substantive progress in political and technical processes</p>	<p>Social and economic integration, advanced <i>acquis</i> alignment</p>

As regards **impact**, the programme was conceived in 2006 following the failure of the Annan Plan for reunification. The aim is to prepare the non-government controlled areas for full roll out of the *acquis* and thus for full integration of the island into the EU, by building an economic base and enhancing contact and trust. The impact of a settlement will be major for both communities, allowing all Cypriots to enjoy benefits of EU citizenship.

The **milestone** is to move from the current political stalemate to a situation of substantive progress in political and technical processes.

Main outputs 2014	indicator	target
2013 Aid Report to Council and EP	Presentation to Council	Q2
2013 Green Line Report to Council and EP	Presentation to Council	Q2

⁹ In case of early settlement the planning will be revised (MFF Article 11).

Part 4 – Specific Objectives for Operational ABB Activities

I) Activity 22 02: Enlargement strategy, process and assistance

ABB activity: 22.02 Enlargement strategy, process and assistance					
Financial resources (€ in commitment appropriations)			Human resources		
Operational expenditure	Administrative expenditure (managed by the service)	Total	Establishment plan posts	Estimates of external personnel (in FTEs)	Total
1.397.332.713	50,964,656	1,448,297,369	196	601*	797

* this figure includes 39 CAs from DG Regional Policy and DG Employment Delegations transferred to DG Enlargement on 01/01/2014 and CA/LA vacant posts.

Country specific priorities for 2014

Montenegro is the first country to implement the new approach to chapters 23/24 and to open those chapters, with the setting of interim benchmarks. Progressing in fulfilling the benchmarks will not only require the administrative capacity to deliver, it will also require deep and lasting political reforms supported by political will, particularly on judiciary and fundamental rights and on justice, freedom and security. Continued strong involvement of civil society in the reform process is crucial.

The first Intergovernmental conference on **Serbia's** accession took place on 21 January. During this new demanding phase, Serbia will need to pay particular attention to implementing reform of the judiciary, the fight against corruption and organised crime as well as public administration reform, independence of key institutions, media freedom, anti-discrimination and protection of minorities. Serbia should build on its positive contribution to regional cooperation over the past year, which has included stepping up high-level contacts with neighbouring countries.

The Commission has recommended five times that negotiations with **the former Yugoslav Republic of Macedonia** should begin. In the coming months, the priority for the country should be the effective implementation and enforcement of existing legal and policy frameworks. Close attention needs to be paid to the rule of law, judicial independence, the fight against corruption and organised crime and freedom of expression.

The Commission recommended that the Council should grant **Albania** the status of a candidate country on the understanding that Albania continues to take action in the fight against organised crime and corruption. Based on a report to be presented by the Commission in the first semester of 2014 the Council will take a decision regarding granting candidate status to Albania in June 2014. In order for the Commission to recommend the opening of accession negotiations, Albania will need to reinforce in 2014 the efforts already made and take action to fully address five key priorities:

- continue to implement public administration reform;
- take further action to reinforce the independence, efficiency and accountability of the judiciary;
- make further determined efforts in the fight against corruption;
- make further determined efforts in the fight against organised crime; and
- take effective measures to reinforce the protection of human rights, including of Roma, and anti-discrimination policies, as well as implement property rights.

The Commission will support Albania's efforts toward meeting these key priorities by engaging in a high level dialogue with the country.

In **Bosnia and Herzegovina** the European integration process is at a standstill. General elections in October may lead to further stagnation if (as 4 years ago) the formation of a Government takes many months. The Commission is committed to help, but further progress in 2014 depends on the ability of the political leaders to agree together on a compromise that unlocks the path towards the European Union. This would help renew trust of the citizens in the capacity of their leaders to deliver on the European Union integration agenda and pave the way for the entry into force of the Stabilisation and Association Agreement and subsequently for a credible membership application.

The country faces further major challenges in 2014. Increased attention is needed on the rule of law, including judicial reform and the fight against corruption and organised crime, public administration reform, freedom of expression, including addressing intimidation of journalists, and tackling discrimination, including of Roma. Further economic reforms are needed to improve the weak business environment and create a single economic space in the country.

In 2013 the decision of the Council authorising the opening of Stabilisation and Association Agreement negotiations brought **Kosovo*** to a significant new phase in European Union – Kosovo relations. The Commission aims to complete these negotiations in spring 2014 and initial the draft agreement in summer and thereafter submit the proposals for the Council to sign and conclude the agreement. Kosovo now needs to focus on the implementation of the reforms to meet its obligations under the future SAA. Particular attention should be paid to tackling organised crime and corruption, pursuing judicial and public administration reforms, ensuring the rights of persons belonging to minorities – including the Roma – and addressing trade issues. Kosovo needs to urgently address unemployment and the structural weaknesses that affect its labour market.

The rule of law continues to be a key priority for Kosovo. The Structured Dialogue on the Rule of Law will continue to support and guide Kosovo in this area, including in the discussions on the future of the EU rule of law mission in Kosovo, EULEX.

Turkey is a strategic partner for the European Union considering the size of its economy and its important role in foreign policy and energy security. The positive agenda launched in 2012 continues to support and complement accession negotiations. The European Union needs to step up its engagement and continue to support Turkey and Turkish citizens in fulfilling their legitimate expectations of further reforms that can strengthen freedom of expression, freedom of the media and freedom of assembly.

The challenge for 2014 is to build on the positive atmosphere created by the opening of chapter 22 on Regional Policy, the signature by Turkey of the readmission agreement and the launch in parallel of the visa dialogue. The main focus should be on progress in the negotiations on the respect for fundamental rights and freedoms which are addressed in chapters 23 (Judiciary and Fundamental rights) and 24 (Justice, Freedom and Security).

Following the 27 April 2013 general elections, the Government of **Iceland** decided to put the EU accession negotiations on hold. The government has stated that it will undertake an assessment of the negotiations to date as well as on the developments in the European Union, which will be submitted to the Icelandic parliament for discussion in the first semester of 2014. The Icelandic government has not withdrawn its membership application, therefore Iceland remains a candidate country. In 2014, DG Enlargement will continue to manage the bilateral relations between the EU and Iceland and monitor developments, in close cooperation with the European External Action Service and the EU Delegation, where appropriate.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

To support the **candidate countries and potential candidates** in implementing these important reforms which are required to bring them closer to the union values, the spending programmes of the coming years will focus on (1) supporting political reforms, (2) supporting economic, social and territorial development, (3) supporting beneficiaries with progressive alignment with the *acquis*, structural, cohesion, agricultural and rural development funds and policies of the Union as well as (4) supporting regional integration and territorial co-operation.

4.1. Specific Objective 1

Relevant general objective: The Instrument for Pre-accession Assistance ('IPA') aims to support candidate countries and potential candidates ('beneficiary countries') in implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership."	
Specific Objective 1: Support for political reforms.	<input checked="" type="checkbox"/> Spending programme <input type="checkbox"/> Non-spending

Indicator 1 : Overall assessment provided by the Progress report		
Baseline 2012	Milestone 2017	Target 2020
1. Western Balkans: early stage	advanced	further advanced
2. Turkey: early stage	advanced	further advanced

Indicators defined for this programme statement are tentative as the programming exercise and the drafting of the Country Strategy Papers are on-going at the moment of submission of the 2014 AMP. Upon their approval, and also based on availability of more relevant statistics produced by Eurostat, there may be a need to revise indicators and targets which have been set in the absence of the finalised programming documents. To be noted that final results for some indicators will only be known a few years after 2020, upon their publication.

Indicator 2: Average score provided by eight external sources (Corruption Perception (Transparency International), Press Freedom (Reporters without Borders), Freedom of Press (Freedom House), Government Effectiveness (World Bank), Control of Corruption (World Bank), Rule of Law (World Bank), Voice and Accountability (World Bank) and Regulatory Quality (World Bank))		
Baseline 2010	Milestones 2017	Target 2020
1. Western Balkans: 51.4	> 52	> 55
2. Turkey: 52.1	> 53	> 55

Indicator 3: Percentage of accession-related policy-making and reform processes where civil society is consulted effectively		
Baseline 2010	Milestones 2017	Target 2020
1. Western Balkans: not available	tbc	tbc
2. Turkey: not available	tbc	tbc

Main outputs in 2014	Indicator	Target 2014
Progress of the candidate countries in the area of political criteria.	Adopted screening reports; prepared opening benchmarks reports and other reports; opened chapters in IGCs.	Progress for all countries in the negotiation process.
Continued assessment of fulfilment of the Stabilisation and Association process commitments by the candidate countries and the potential candidates.	Number of dispute settlement procedures opened.	below 3
Supervision and monitoring of implementation of IPA I.	Budget execution.	> 90% of the forecast execution in year 2014
IPA II programming finalised:	a) Adoption of the IPA II Country Strategy Paper.	7 CSPs adopted
	b) Adoption of the 1st IPA II country action programme.	7 programmes adopted
2014 Progress Reports.	Adoption by the College.	7 Progress Reports adopted
Visible and sustainable progress in the normalisation of relations between Serbia and Kosovo continues with implementation of agreements reached under EU facilitated dialogue	Implementation of main strategies and action plans continues.	Positive trend

	Expenditure related outputs	DB '2014	
		Output (no.) ¹⁰	€ million
1. Western Balkans	Projects and sector support	NA	174.8
Albania	Support political and administrative reforms, focusing primarily on rule of law and governance aspects, both at central and local levels, giving special attention to public finance management. Assistance will concentrate on legislative compliance with EU <i>acquis</i> and institutional and administrative capacity building. Support the socio-economic development of the country with sector support in the areas of transport, environment and social inclusion.		26.4
Bosnia and Herzegovina ¹¹	Strengthening of institutional capacities in the parliaments at all levels of governance and the public sector to supervise and support the EU integration process, the provision of a European Integration Facility, the strengthening of independent oversight bodies and the civil society. Further support will strengthen the economic governance and the public financial management. Focus on judicial reform, fundamental rights, good governance and public administration reform, support to civil society, migration and asylum, integrated border management, reform of law enforcement institutions, fight against organised crime.		29.8
The former Yugoslav Republic of Macedonia	Support governance and public administration reform, justice, home affairs and fundamental rights as well as compliance with the EU <i>acquis</i> .		26
Kosovo	Focusing on implementing the necessary political reforms will include: - support to the future transfer of competences from EULEX to the Kosovo authorities; - support to the implementation of the Belgrade-Pristina dialogue; - support to the start of the implementation of the SAA.		22.8
Montenegro	Support political reforms necessary to implement the new approach to chapter 23 and chapter 24 and enhanced administrative capacity. Support public administration reform. Support strong involvement of civil society and stimulate participatory democracy.		9.8
Serbia	Support political and administrative reforms related to the EU integration process. IPA II assistance will concentrate primarily on further institutional and administrative capacity-building: - Supporting horizontal public administration reform, including public finance management, at central and local government level through sectoral approach; - Supporting specific political and administrative reforms, especially rule of law, and fundamental rights related to EU integration process through project approach; - Supporting specific actions under the Civil Society Facility.		60
2. Turkey	Focus on judicial reform, fundamental rights, support to civil society, migration and asylum, integrated border management, reform of law enforcement institutions, fight against organised crime and corruption.	NA	205.9
		Total	380.7*

* Confirmed Amounts of the 2014 Budget resulting from the last negotiations involving the 2 branches of the budgetary authority (Council and European Parliament). Nevertheless, country-specific allocation might change throughout the year, following the needs analysis and the political decisions.

¹⁰ The outputs will be based on the Country Strategy Papers, the Multi-annual Country Strategy Paper and the country action programmes which are due to be adopted in 2014.

¹¹ Subject to BiH complying with conditionality for IPA II (country wide sector strategies based on functioning coordination structures).

Furthermore, IPA assistance will continue to address those priorities that were covered under the MIPD 2007-2013 (see Part 2).

Exogenous factors/Risks	
1. Western Balkans	
Albania	Slowdown in reform implementation due to a lack of cross-party consensus in Albania.
Bosnia and Herzegovina	Lack of solution on Sejdić-Finci ruling leading to continued standstill in EU integration process and reduced IPA funding. Lack of functioning coordination structures which may lead to delayed funding under IPA II and lack of progress in EU integration process. Stagnation on key EU- <i>acquis</i> related reforms. Political stagnation following October elections in (likely) case that formation of government will last several months.
The former Yugoslav Republic of Macedonia	Lack of progress on the Euro-Atlantic integration agenda has a negative impact on the implementation of EU-related reforms in the former Yugoslav Republic of Macedonia. Decommitment of funds under IPA I due to systemic problems leading to inadequate performance under decentralised management. Slow developments in the programming of IPA II due to difficulties to catch up with and adhere to new strategic approach on programming.
Kosovo	Slowdown in implementation of agreements reached under the EU facilitated Belgrade-Pristina dialogue. With regards to civil society development, the main risks are connected to the negative attitude of government to dialogue with civil society. A lack of political will to pursue the necessary reforms. The EU will monitor and encourage Kosovo's commitment in the context of SAA implementation and other forums for policy dialogue. General elections are scheduled in the course of the year which may lead to changes in the management of line ministries, potentially complicating progress on the SAA, IPA etc.
Montenegro	Slowdown in the implementation of the action plans on chapter 23 and 24 due to lack of political will and /or slowdown of parliamentary work on the adoption of EU-related legislation
Serbia	Slowdown in implementation of agreements reached under the EU facilitated Belgrade-Pristina dialogue. Slowdown of reform implementation in 2014 due to possible early elections and/or government reshuffle. Delayed implementation in the strategies and action plans adopted by Government on judicial reform, anti-corruption strategy, media strategy and anti-discrimination strategy. As concerns civil society, the main risk is a perception by civil society of a lack of transparency on the accession negotiations process by the Government.
2. Turkey	
	Slow preparation for accession, due to very slow negotiation process; Political context in Turkey (including elections) leading to slowdown in political reforms, lack of progress in the settlement talks in Cyprus as well as failure to implement the related Additional Protocol; Decommitment of funds under IPA I due to systemic problems leading to inadequate performance under decentralised management; Slow developments in the programming of IPA II due to difficulties for Turkey to catch up with and adhere to new strategic approach on programming.

	<p>The recent radical reshuffling of ministerial as well as management posts in the administration will present the EU with new counterparts in important areas for financial cooperation, and might slow down the implementation of IPA as well as the programming of IPA II.</p>
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4.2 Specific objective 2.

Relevant general objective: The Instrument for Pre-accession Assistance ('IPA') aims to support candidate countries and potential candidates ('beneficiary countries') in implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership."	
Specific Objective 2: Support for economic, social and territorial development, with a view to smart, sustainable and inclusive growth.	<input checked="" type="checkbox"/> Spending programme <input type="checkbox"/> Non-spending

Indicator 1: World Bank's 'Doing Business' (distance to frontier-score)		
Baseline 2010	Milestones 2017	Target 2020
1. Western Balkans: 60.5	70	76
2. Turkey: 63.1	70	74
3. Iceland: 78.7		

* Iceland remains a potential beneficiary country under IPA II legal framework but without a specific country allocation in the budget for 2014.

Indicator 2: GDP per capita (current prices-PPS) as % of EU level		
Baseline 2010	Milestones 2017	Target 2020
1. Western Balkans*: 32.5%	38%	43%
2. Turkey: 50%	60%	65%
3. Iceland**: 115%		

* Excluding Kosovo.

** Iceland remains a potential beneficiary country under IPA II legal framework but without a specific country allocation in the budget for 2014.

Indicator 3 : Increase of exports per capita (fixed prices)		
Baseline 2010 (€)	Milestones 2017	Target 2020
1. Western Balkans: 794.6	+70%	+130%
2. Turkey: 1.175.2	+25%	+50%
3. Iceland*: 10.941		

* Iceland remains a potential beneficiary country under IPA II legal framework but without a specific country allocation in the budget for 2014.

Main outputs in 2014	Indicator	Target 2014
Continued assessment of fulfilment of the Stabilisation and Association process commitments by the potential candidates as regards the socio-economic reforms.	Number of dispute settlement procedures opened.	below 3
Enhanced economic dialogue with enlargement countries.	Guidance note for the drafting of national economic reform strategies. Progress towards meeting the economic criteria.	A strategy for each country in preparation.
Supervision and monitoring of implementation of IPA I.	Budget execution.	> 90% of the forecast execution in year 2014
IPA II programming finalised:	a) Adoption of the IPA II Country Strategy Paper. b) Adoption of the 1st IPA II country action programme.	7 CSPs adopted 7 programmes adopted
2014 Progress Reports.	Adoption by the College.	7 Progress Reports adopted

	Expenditure related outputs	DB '2014	
		Output (no.) ¹²	€ million
1. Western Balkans	Projects and sector support		249.8
Albania	IPA II will support political and administrative reforms related to the EU integration process, focusing primarily on rule of law and governance aspects, both at central and local levels, giving special attention to public finance management. Assistance will concentrate on legislative compliance with EU <i>acquis</i> and institutional and administrative capacity building. IPA II will also support the socio-economic development of the country with sector support in the areas of transport, environment and social inclusion.		37.8
Bosnia and Herzegovina ¹³	In line with the targets of the Europe 2020 strategy, IPA supports BiH's efforts in the economic and social development. The focus will be on an improved economic governance, on enhancing justice for growth, and on integrated local development. Further priorities are the reform of the human resource development, education, employment and social policies. Once the necessary coordination structures are in place, DG Enlargement will continue to support these targets by programming and implementing pre-accession assistance.		42.6
The former Yugoslav Republic of Macedonia	IPA II assistance will focus on environment, transport, competitiveness and innovation, employment, social policies and human resources development, agriculture and rural development.		37.2
Kosovo	In 2014, IPA II will support Kosovo in the following fields: implementation of the SAA provisions related to economic, social and territorial development; economic development and competitiveness with a particular focus on SMEs' growth, education and VET; energy sector, in particular energy efficiency measures and upgrade of transmission system; support the growth and competitiveness of the private sector both in the agriculture and rural development field and in the regional development one.		32.6
Montenegro	The planning of IPA assistance for the period 2014-2020 will seek to support the implementation of the national strategies of Montenegro in line with the priorities identified in the Country Strategy Paper. In this respect, IPA will come to complement the Montenegro Development Directions 2013-2016 which takes inspiration from the Europe 2020 strategy, seeking to identify the main areas where investments and reforms are needed to achieve smart, sustainable and inclusive growth. IPA II will continue supporting reforms and investments in particular in the areas of environment and climate change, transport, as well as agriculture and rural development.		13.7
Serbia	IPA II assistance will be provided to key sectors through a sectoral approach with a focus on: Environment; Transport; Energy; and Competitiveness and Innovation. The assistance will be targeted to areas most relevant for Serbia's EU accession and having most impact for Serbia, in particular approximation of legislation and institution building as well as infrastructure. IPA II assistance will focus on further alignment, implementation and enforcement of Serbian legislation with the EU environmental, climate change, energy and transport <i>acquis</i> , as well as priority investment projects.		85.9

¹² The outputs will be based on the Country Strategy Papers, the Multi-annual Country Strategy Paper and the country action programmes which are due to be adopted in 2014.

¹³ Subject to BiH complying with conditionality for IPA II (country wide sector strategies based on functioning coordination structures).

2. Iceland¹⁴			6 ¹⁵
3. Turkey	In line with EUROPE 2020 targets, significant efforts are needed to support Turkey's economic and social development as well as enhance its competitiveness. IPA and IPA II will play a key role in sustaining those efforts. IPA assistance will continue to be implemented in accordance with the related priorities that were set in the MIPD 2007-2013 regarding Private Sector Development; Environment and Climate Change; Transport; Energy; Social Development; Agriculture and rural development. Against the framework of the Country Strategy Paper 2014-2020, IPA II assistance will focus on those areas listed above.		294.2
Total			550 *¹⁶

* Confirmed Amounts of the 2014 Budget resulting from the last negotiations involving the 2 branches of the budgetary authority (Council and European Parliament). Nevertheless, country-specific allocation might change throughout the year, following the needs analysis and the political decisions.

Furthermore, IPA assistance will continue to address those priorities that were covered under the MIPD 2007-2013 (see Part 2).

It should also be noted that DG Enlargement will face substantial additional workload under IPA II as it takes over DG Regional Policy and DG Employment's tasks regarding the management of the financial assistance in the fields previously covered by components III, IV and V (Competitiveness and innovation; Environment and Climate Change; Transport; Education, Employment and Social Policies).

Exogenous factors/Risks	
1. Western Balkans	
Albania	Delays in structural reforms, which are needed for ensuring long-term sustainable economic growth. Negative effects from high levels of budget deficit and public debt and its short term bias. Lack of fiscal predictability caused by overestimation of revenues and problems with efficient tax collection.
Bosnia and Herzegovina	Creation of single economic space delayed due to lack of necessary country wide coordination structures An inefficient legal and judicial system hampers enforcement capacity and continues to be deterrent for investments and source of corruption.
The former Yugoslav Republic of Macedonia	Lack of progress on the next stages of the EU accession process could have a negative impact on the implementation of EU-related reforms in the former Yugoslav Republic of Macedonia. Decommitment of funds under IPA I due to systemic problems leading to inadequate performance under indirect management.
Kosovo	Interest rates offered by commercial banks will not be increased despite an increase in SME's capacities, undermining the envisaged gradual phase-out of donor support and normalisation of the lending market in Kosovo. There is an increased risk in this sector that the government will rely too heavily on donor funding and neglect its own funding responsibilities.

¹⁴ Iceland remains a potential beneficiary country under IPA II legal framework but without a specific country allocation in the budget for 2014.

¹⁵ Consequently, the amount foreseen for Iceland (€ million 6) will be reallocated later in 2014.

¹⁶ This amount concerns also a number of projects in agri-food sector and rural areas (20 million € for the former Yugoslav Republic of Macedonia, Serbia and Montenegro and 70 million € for Turkey).

	Kosovo authorities will not allocate the necessary resources to meet the energy efficiency and Renewable Energy Strategy targets for 2018 and 2020.
Montenegro	Lack of sufficient political will throughout Montenegro's public administration and the political leaders in order to implement the required policy reforms and public investments and to develop the required capacity. Montenegro's limited absorption capacity.
Serbia	Early elections and/or government reshuffle delays the implementation of macro-economic and fiscal measures, enterprise restructuring and improvements in business environment measures. Adoption of framework for agriculture and rural development or single priority project pipeline in the fields of transport, energy, environment is delayed. Administrative capacity to manage and control the implementation of IPARD programme.
2. Turkey	Decommitment of funds under IPA I due to inadequate performance under decentralised management; Slow developments in the programming of IPA II due to difficulties for Turkey to catch up with and adhere to new strategic approach on programming; new challenges faced by DG Enlargement taking over programming from DG Regional Policy and Employment.

4.3 Specific objective 3

<p>Relevant general objective: The Instrument for Pre-accession Assistance ('IPA') aims to support candidate countries and potential candidates ('beneficiary countries') in implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership."</p>	
<p>Specific Objective 3: Strengthening of the ability of the beneficiaries listed in Annex I at all levels to fulfil the obligations stemming from Union membership by supporting progressive alignment with and adoption, implementation and enforcement of the Union <i>acquis</i>, including preparation for management of Union structural, cohesion, agricultural and rural development funds.</p>	<input checked="" type="checkbox"/> Spending programme <input type="checkbox"/> Non-spending

Indicator 1: Degree of alignment on the <i>acquis</i>		
Baseline 2010	Milestones 2017	Target 2020
1. Western Balkans: early stage	Early stage	Advanced
2. Iceland ¹⁷ : well advanced		
3. Turkey: early stage	Early stage	Advanced

Main outputs in 2014	Indicator	Target 2014
Progress of the negotiating candidate countries made on <i>acquis</i> alignment.	Adopted screening reports, opening benchmarks reports and opened chapters in IGCs.	Progress for all countries in the negotiation process.
Progress of the other candidate countries and the potential candidates made on <i>acquis</i> approximation.	Assessment of progress identified in the Progress reports.	Positive trend
Supervision and monitoring of implementation of IPA I.	Budget execution.	> 90% of the forecast execution in year 2014
IPA II programming finalised:	a) Adoption of the IPA II Country Strategy Paper.	7 CSPs adopted
	b) Adoption of the 1st IPA II country action programme.	7 programmes adopted
2014 Progress Reports	Adoption by the College.	7 Progress Reports adopted

¹⁷ Iceland remains a potential beneficiary country under IPA II legal framework but without a specific country allocation in the budget for 2014.

	Expenditure related outputs	DB '2014	
		Output (no.) ¹⁸	€ million
1. Western Balkans	Projects and sector support		75.0
Albania	Pre-accession assistance will support political and administrative reforms related to the EU integration process, focusing primarily on rule of law and governance aspects, both at central and local levels, giving special attention to public finance management. Assistance will concentrate on legislative compliance with EU <i>acquis</i> and institutional and administrative capacity building. IPA II will also support the socio-economic development of the country with sector support in the areas of transport, environment and social inclusion.		11.4
Bosnia and Herzegovina ¹⁹	Pre-accession assistance will support the progressive alignment with the <i>acquis</i> , in particular in the sectors veterinary and food safety, transport, environment, and climate change.		12.8
The former Yugoslav Republic of Macedonia	Pre-accession assistance will play a key role in sustaining alignment to the <i>acquis</i> , notably in areas where adaptation is costly or complex e.g. transport, agriculture, food safety, environment, climate change.		11.2
Kosovo	In 2014 pre-accession assistance will support Kosovo in aligning its legislation and its structures to the EU <i>acquis</i> in particular in the following areas: the start of the implementation of the SAA; the energy sector in particular regarding the Third Energy package; the increasing alignment to EU <i>acquis</i> standards in the food safety sector.		9.8
Montenegro	Following the screening process of the national legislation in relation of the EU <i>acquis</i> , Montenegro needs to embark on an intensive process of aligning its legislation with that of the EU and developing the administrative capacity to ensure its proper implementation. IPA support in this regard may span all 33 negotiating chapters as needs are identified during the negotiations process.		4.1
Serbia	Pre-accession assistance will be provided to key sectors through a sectoral approach targeting areas most relevant for Serbia's EU accession, in particular approximation of legislation and institution building. Assistance will focus on further alignment, implementation and enforcement of Serbian legislation with the EU <i>acquis</i> in line with recommendations in individual screening reports, as well as possible opening or closing benchmarks.		25.7
2. Iceland²⁰			6.0 ²¹
3. Turkey	Pre-accession assistance will play a key role in sustaining alignment to the EU <i>acquis</i> , notably in areas such as home affairs and fundamental rights, employment, transport, agriculture, food safety, environment, climate change.		88.3
Total			169.3*

* Confirmed Amounts of the 2014 Budget resulting from the last negotiations involving the 2 branches of the budgetary authority (Council and European Parliament). Nevertheless, country-specific allocation might change throughout the year, following the needs analysis and the political decisions.

Furthermore, IPA assistance will continue to address those priorities that were covered under the MIPD 2007-2013 (see Part 2).

It should also be noted that DG Enlargement will face substantial additional workload under IPA II as it takes over DG Regional Policy and DG Employment's tasks regarding the management of the financial assistance in the fields previously covered by components III, IV and V (Competitiveness

¹⁸ The outputs will be based on the Country Strategy Papers, the Multi-annual Country Strategy Paper and the country action programmes which are due to be adopted in 2014.

¹⁹ Subject to BiH complying with conditionality for IPA II (country wide sector strategies based on functioning coordination structures).

²⁰ Iceland remains a potential beneficiary country under IPA II legal framework but without a specific country allocation in the budget for 2014.

²¹ Consequently, the amount foreseen for Iceland will be reallocated later in 2014.

and innovation; Environment and Climate Change; Transport; Education, Employment and Social Policies).

Exogenous factors/Risks	
1. Western Balkans	
Albania	<p>Lack of effective enforcement of intellectual and industrial property rights.</p> <p>Insufficient attention to the energy sector, including the diversification of energy sources, the functioning of the electricity market, addressing concerns over network losses and low bill collection rates.</p> <p>Lack of progress with the issue of VAT refunds, including existing backlogs.</p> <p>Lack of maintenance in the transport and waste water sector.</p> <p>Lack of progress in the fields of employment and social policy.</p>
Bosnia and Herzegovina	<p>The main risk is the lack of political will and commitment to implement the necessary reforms and measures.</p> <p>Insufficient national budget allocated to the implementation of EU <i>acquis</i> related reforms..</p>
The former Yugoslav Republic of Macedonia	<p>Lack of progress on the Euro-Atlantic integration agenda has a negative impact on the implementation of EU-related reforms in the former Yugoslav Republic of Macedonia.</p> <p>Persistent inefficiency leading to risk of decommitments on IPA I.</p>
Kosovo	<p>Insufficient national budget allocated to the implementation of ARDP and food safety standards and regulations.</p> <p>Key institutions, such as the Energy Regulatory Office, the Agency for Protection from Radiation of Kosovo and the Kosovo Energy Efficiency Agency, will not be allocated sufficient financial and staff resources.</p> <p>The main risk is the lack of political will and commitment to implement the necessary reforms and measures.</p>
Montenegro	<p>Lack of sufficient political will throughout Montenegro's public administration and the political leaders in order to implement the required policy reforms and public investments.</p> <p>Montenegro's limited absorption capacity.</p>
Serbia	<p>Implementation of alignment with <i>acquis</i> delayed.</p> <p>Administrative capacity to enforce the implementation of <i>acquis</i>.</p> <p>Adoption of framework for agriculture and rural development is delayed.</p> <p>Administrative capacity to manage and control the IPARD programme.</p>
2. Turkey	<p>Slow alignment with and adoption of the <i>acquis</i>, due to political context in Turkey leading to slowdown in reform and preparation for accession.</p> <p>Decommitment of funds under IPA I due to systemic problems leading to inadequate performance under indirect management;</p> <p>Slow developments in the programming of IPA II due to difficulties to catch up with and adhere to new strategic approach on programming.</p>

4.4. Specific objective 4

4.4.1. Western Balkans and Turkey

Regional and territorial co-operation and good neighbourly relations are essential elements of the Stabilisation and Association process. Issues related to past conflicts, including war crimes and refugee return, remain key challenges for the stability in the Western Balkans and need to be fully addressed. To this end, support initiatives aimed at overcoming the legacy of the past will be continued.

Regional co-operation will be further strengthened, to be inclusive and regionally-owned, via the Commission's support to the work of the South-East European Cooperation Process (SEECP) and the Regional Cooperation Council, including the Regional 2020 strategy.

In line with the Enlargement Strategy 2013-2014, better regional and territorial co-operation shall be achieved in the following areas in 2014 and beyond:

a) Economic governance and competitiveness, socio-economic development

The Commission will provide technical assistance to the enlargement countries to strengthen the institutional capacities of the governments in areas such as management of public funds, economic and fiscal policies and statistics. .

The improvement of the region's **transport and energy networks, human resource development** and support to **private sector development** remain high on the agenda. Regional economic cooperation and trade has been recognised as an opportunity for growth. The Western Balkans Investment Framework (**WBIF**) continues to be the main mechanism to coordinate efforts in support of socio-economic development.

b) Rule of law

In the **fight against organised crime and corruption**, strong regional co-operation between law enforcement and judicial bodies is required, in coordination with EU Member States as well as at international level.

c) The functioning of institutions guaranteeing democracy

In the area of **public administration reform** as an essential part of democratic governance, regional programmes offer the opportunity to the beneficiaries to achieve improvements in transparency, accountability and effectiveness of their administrations by learning from each other and peer review.

d) Fundamental rights

Strengthening of the implementation of **fundamental rights** remains an important objective in most countries as well as **freedom of expression**. Enhanced co-operation and partnerships between organisations from various countries in the region within the framework of regional or horizontal programmes can support that process effectively. Support to strengthening Civil Society organisations will be provided at horizontal level.

e) Overcoming the legacy of the past

Regional cooperation has continued within regional fora such as the Energy Community, SEETO, CEFTA and ReSPA. The Regional Cooperation Council is further developing its role as a platform for the promotion of issues of importance to the whole region and its EU perspective thus further mainstreaming regional cooperation in the countries' political agenda. Cooperation will also be encouraged and supported in fields such as education, science, culture, media, youth and sport.

Reconciliation is the key challenge for stability in the Western Balkans and it needs to be addressed urgently including the question of refugees. The Regional Housing Programme agreed at the international Donors Conference in April 2012, will be the means of the Commission, to financially support the return of the most vulnerable refugees to their places of origin or local integration into the place of refuge.

Countries of the region, Member States and the EU need to do more to support the creation of an environment in South-East Europe conducive to overcoming the legacy of the past, thereby minimising the risk of open bilateral issues being politically instrumentalised.

f) Territorial Cooperation: Cross Border Cooperation (CBC) aims at fostering sustainable local development and increasing the prosperity of people and communities in remote and rural border areas which are most often economically lagging behind. Support to the European integration of the enlargement countries is also provided through their participation in cross-border programmes with EU Member States and transnational cooperation programmes. In addition, it remains a key vehicle for fostering reconciliation and dealing with the legacy of the past in the Western Balkans.

Horizontal support will be provided for capacity building for cross-border cooperation for improved neighbourly relations, tourism development, socio-economic development and protection of the environment.

The countries in the Western Balkans and Turkey could participate in different types of cross-border programmes:

- (i) CBC at intra-Western Balkan Borders (managed by DG Enlargement),
- (ii) CBC with EU Member States (managed by DG Regional Policy)
- (iii) Transnational cooperation programmes (managed by DG Regional Policy) and/or sea basin programmes (managed by DG Development and Cooperation).

Multi-country programmes implemented in these areas contribute also to the achievement of specific objectives 1, 2 and 3 of IPA II.

Relevant general objective: The Instrument for Pre-accession Assistance ('IPA') aims to support candidate countries and potential candidates ('beneficiary countries') in implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership."
Specific Objective 4: Strengthening regional integration and territorial cooperation involving the beneficiaries listed in Annex I, Member States and, where appropriate, third countries within the scope of Regulation (EU) No [...] of the European Parliament and of the Council.

Spending programme
 Non-spending

Indicator: Number of cross border co-operation programmes concluded between IPA/EU countries and IPA/IPA countries²²		
Baseline 2010	Milestone ²³ 2017	Target 2020
Western Balkans (10 ²⁴) CBC IPA/EU	9 ²⁵	9
Western Balkans CBC intra WB (10 ²⁶)	8 ²⁷	10 ²⁸
Total Western Balkans	17 ²⁹	19 ³⁰
2. Iceland ³¹ : 0		
Turkey (1) ³²	1 ³³	2 ³⁴

For other indicators relevant to Specific Objective 4 please refer to indicators under Specific Objectives 1, 2 and 3

Main outputs in 2014	Indicator	Target 2014
Multi-Country Strategy	Established	1
Multi-Country Programmes	Adopted	3
CBC Programmes (IPA II)	Adopted	Several
TAIEX	TAIEX events organised ³⁵	1200

²² This indicator includes both CBC Programmes IPA/EU (managed by DG Regional Policy) and IPA/IPA (managed by DG Enlargement)

²³ The column should be deleted if only short-and medium term (less than 3 years) targets are set.

²⁴ SI-HR,HU-HR, HU-RS,RO-RS, BG-RS, BG-TR, BG-The former Yugoslav Republic of Macedonia, GR-The former Yugoslav Republic of Macedonia, GR-AL (IPA I programmes)

²⁵ HR/BA/ME, HR/RS, HU/RS, RO/RS, BG/RS, BG/The former Yugoslav Republic of Macedonia, GR/The former Yugoslav Republic of Macedonia, GR/AL, IT/AL/ME, Adriatic Ionian (HR/CY/GR/IT/MA/SL/OS - BA/RS/ME/AL), Danube (OS/BG/HR/CZ/DE/HU/ RO/ SK/ SL – BA/ME/RS and Republic of Moldova-Ukrainian People's Republic), Mediterranean (GR/SP/FR/IT/CY/MA/PT/SL/UK/HR – AL/BA/ME)

²⁶ XK-The former Yugoslav Republic of Macedonia, XK-AL, BA-ME, The former Yugoslav Republic of Macedonia-AL., AL.-ME,RS-ME, RS-BA, HR-BA, HR-RS, HR-ME (IPA I Programmes)

²⁷ RS/BA, RS/ME, ME/BA, ME/AL, The former Yugoslav Republic of Macedonia/XK, AL/XK, ME/XK, The former Yugoslav Republic of Macedonia/AL

²⁸ RS/Kosovo, RS/The former Yugoslav Republic of Macedonia

²⁹ This number is updated compared to the programme statement, and includes 9 expected programmes EU/IPA and 8 expected programmes IPA/IPA

³⁰ This number is also updated compared to the programme statement, and includes 9 expected programmes EU/IPA and 10 expected programmes IPA/IPA

³¹ Iceland remains a potential beneficiary country under IPA II legal framework but without a specific country allocation in the budget for 2014.

³² BG/TR

³³ GR/TK

³⁴ CY/TK

³⁵ The events are organised with funding from programmes established before 2014.

Civil Society (IPA I)	CSOs with Framework Partnership Agreements will present their mid-term achievements.	18 ³⁶
Public Administration (IPA I)	SIGMA assessments delivered Principles on PAR established	1 per country - April 1 set of PAR - July
Justice and Home Affairs (IPA I)	Revised MoU of Prosecutors' Network n° of municipalities and schools in the Western Balkans having developed action plans on minority protection Roma population having benefitted from a small grant under the project "Best practise in Roma integration" N° of Young Roma Professional having completed a 6 months training and % employed under the project "Best practise in Roma integration"	1 signed in April 2014 36 municipalities and 49 schools 10,000 Roma in 20 selected municipalities across the Western Balkans 24 Young Roma Professionals, out of each 50% are employed.
WBIF (IPA I)	Completed technical assistance (TA) studies; Signed Loans; Number of projects at tendering/construction	From 47 to 80 From €2.7 billion to €3.-3.2 billion From 37 to 45-50
Regional Housing programme (RHP) (IPA I)	Houses and flats built, purchased or reconstructed Approved sub-projects that lead to the signature of grant agreements	200 – 265 (Bosnia and Herzegovina and Serbia) Around 16 sub-projects approved between 2013-2014 and grant agreements signed in 2014. Approximate value of grants € 90 million
CBC Programmes (IPA I) IPA/IPA	Implementation status of calls for proposals under IPA I Socio-economic development of border areas with particular emphasis on tourism and environment enhanced	Last call for proposals finalised. Established networks and co-operation initiatives launched.

³⁶ These results are essential to enhance the involvement of civil society organisations as reliable and constructive partners for policy design, implementation as well as monitoring and evaluation (relevant for objective1).

	Pilot scheme under the CBIB + contract	Small scale community initiatives launched (RS/Kosovo & RS/the former Yugoslav Republic of Macedonia)
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Outputs do not only refer to specific objectives 4 but also to objectives 1, 2 and 3.

Expenditure related outputs

Expenditure related outputs include communication, monitoring, evaluation and audit actions. Multi-country programmes include contributions by the Union budget to financial instruments.

	Expenditure related outputs	DB '2014	
		Output (no.) ³⁷	€ million
TAIEX	TAIEX, the Technical Assistance and Information Exchange instrument, will help beneficiaries address the above key challenges by providing short-term capacity building with regard to the approximation, application and enforcement of EU legislation as well as advice about EU best practices. The instrument is largely demand driven and facilitates the delivery of appropriate tailor-made public sector expertise to address issues at short notice. Technical assistance through the TAIEX instrument comes in different formats and across a wide range of areas. Partner administrations can benefit from TAIEX's flexibility to help meet wider training needs in EU legislation through organising workshops and seminars which can reach a significant number of officials. Narrower, more specialised needs can be met through the expert mission format. Study visits on request of beneficiary partners are a complementary institution building service. TAIEX assistance will focus on short-term needs arising in each beneficiary's highest-priority sectors as outlined in the country strategy, and on short- to medium-term needs arising in other high-priority sectors.		12
CBC with Member States	In 2014, €39 million will be provided for the participation of IPA countries in cross-border cooperation programmes with Member States (IPA II). The programmes will be implemented under shared management whereby the Managing Authority is located in the Member State. DG Regional Policy is in charge of the overall management of the programmes.		39
Contribution to Erasmus for all	Implementation of activities under the new Erasmus+ programme will be carried out by the Education, Audiovisual and Culture Executive Agency. In 2014, €29.2 million will be provided under IPA.		29.2
Contribution to Energy Community	The European Union has the obligation to contribute financially to the budget of the Energy Community under IPA. In 2014, €3.4 million will be provided. Implementation of activities will be carried out by DG Energy.		3.4
Other Multi-country programmes ³⁸	Horizontal support In the area of Public Administration Reform, further support of € 15 million will be provided to the SIGMA programme with the aim to help beneficiaries to develop better public governance reform policies. € 10 million will be provided to DG ESTAT to implement a horizontal programme for capacity building statistics . Under the Civil Society Facility , € 25 million will be committed to continue supporting Partnership Programmes for Civil Society		252.7

³⁷ The outputs will be based on the Country Strategy Papers, the Multi-annual Country Strategy Paper and the country action programmes which are due to be adopted in 2014.

³⁸ Other multi country programmes includes multi-country support activities in the field of communication, evaluation and audit and a contribution from the EU budget to financial instruments.

	<p>Organisations (CSOs) which will focus on developing greater commitment and capacity of regional CSO networks to give citizens a voice and influence public sector reform processes through analysis, monitoring and advocacy.</p> <p>Regional investment support For the period 2014-2015 the WBIF plans to intensify coordination at strategic and operational level between bilateral donors, International Financing Institutions and the Commission in order to optimise the selection process of priority investment projects. Priority will be given to investments for inter-connectivity in transport and energy. To this end, based on national project pipelines, additional assistance will be provided for preparing a single pipeline of bankable projects under the Project Preparation Facility of WBIF (EUR 30 million).The WBIF will monitor closely the projects that have already received grants and will try to speed-up implementation.</p> <p>The Commission will continue to actively support the Regional Housing Programme Trust mechanism managed by the Council of Europe Development Bank (CEB) and the Working Groups set by the partner countries covering specific aspects of the Sarajevo Process. Overall the EU has pledged € 230 million, for expected funding needs of more than € 500 million. In 2014, € 15 million are planned to be committed.</p> <p>Other activities An allocation of approximately €8 million is foreseen for monitoring, audit and evaluation. An amount of €14 million is foreseen for information and communication activities. From the multi-beneficiary envelope it is foreseen: (1) to provide funding for the participation of IPA beneficiaries in transnational co-operation programmes and (2) for IPA/IPA CBC programmes.</p>		
			Total 336.3 *

* Confirmed Amounts of the 2014 Budget resulting from the last negotiations involving the 2 branches of the budgetary authority (Council and European Parliament). Nevertheless, country-specific allocation might change throughout the year, following the needs analysis and the political decisions.

Exogenous factors/Risks

- Issues stemming from past conflicts, such as war crimes, refugees and inter-ethnic tensions, together with other open bilateral issues remain key challenges to stability in the Western Balkans. Resolving these issues will require all actors involved to work together in a constructive spirit and will remove a major impediment to the Western Balkans' course towards the EU.
- The international economic and financial outlook for the region remains problematic. The impact of the economic crisis is being felt throughout the region, with the Western Balkans falling back into recession in conditions of low levels of competitiveness, income and investment and of high and rising unemployment.
- Specific risks are to be considered regarding cross-border cooperation, such as inadequate commitment by partner CBC countries to implement on-going programmes and to programme forthcoming IPA II assistance; there may also be difficulties to make bordering countries co-operate on issues that are politically sensitive.

II) Activity 22 03: Aid regulation

ABB activity: 22.03 Aid regulation					
Financial resources (€ in commitment appropriations)			Human resources		
Operational expenditure	Administrative expenditure (managed by the service)	Total	Establishment plan posts	Estimates of external personnel (in FTEs)	Total
31,482,280	1,445,024	32,927,304	10	25	35

As regards the Cyprus issue,

the Commission expects the Greek and Turkish Cypriot communities to resume fully-fledged negotiations on a comprehensive settlement under the auspices of the United Nations.

Relevant general objective: To facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the <i>acquis</i> communautaire.		
Specific objective: Economic development of the Turkish Cypriot community		<input checked="" type="checkbox"/> Spending programme
Result indicator: Technically and politically support settlement process to prepare for the application of the <i>acquis</i> to the whole island after the achievement of settlement		
Baseline 2013	Milestone 2017	Target 2020 ³⁹
Political stalemate; social/economic separation	Substantive progress in political and technical processes	Social and economic integration, advanced <i>acquis</i> alignment
Result indicator: GDP per capita gap between the government controlled areas of the Republic of Cyprus and the northern part of Cyprus in process of progressive reduction		
Baseline 2010	Milestone 2017	2020
TCC GDP/cap as % of that of government controlled area : 45%	52%	59% ⁴⁰
Result indicator: Cross green line trade volume in process of progressive increase (source: TCC Chamber of Commerce)		
Baseline 2012	2017	2020
€4,196,465	€6,500,000	€8,500,000

Main outputs in 2014		
Description	Indicator	target
Large infrastructure handover	Project handovers	2
Grant contracts (civil society, community development, SMEs)	Grants signed	73
Scholarships	Scholarships granted	100
CMP identification of "missing" persons	Identifications made	100
Cultural heritage protection	Active sites	5
<i>Acquis</i> related project	TAIEX expert missions/actions	400

³⁹ In case of early settlement the planning will be revised (MFF Article 11).

⁴⁰ Slow approximation is foreseen.

actions implemented		
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Expenditure related outputs - Projects related to:	DB '2014	
	Output (no.)	€ million
1. Development of infrastructure		6
2. Social/economic development		10
3. Reconciliation, confidence building		8
4. Bringing Turkish Cypriots closer to the Union		1
5. Preparation for <i>acquis</i>		3
6. Horizontal		3.4
Total		31.4*

* Confirmed Amounts of the 2014 Budget resulting from the last negotiations involving the 2 branches of the budgetary authority (Council and European Parliament). Nevertheless, country-specific allocation might change throughout the year, following the needs analysis and the political decisions.

The Aid programme to the Turkish Cypriot community will continue to target the six key areas of the Aid Regulation 389/2006 and aim for social and economic development. An important theme will be reconciliation and confidence building towards reunification. There will be longer term involvement in some particular topics with demanding requirements under the *acquis*: water/wastewater and environment; agriculture and veterinary health; road transport/safety.

Exogenous factors/Risks
<ul style="list-style-type: none"> • Legal issues arising from the non-recognition of the beneficiary raise specific risks to the implementation of the Aid Programme for the Turkish Cypriot community. • A stagnation or reversal in the political settlement process between the two communities on the island would also be a source of risk to attainment of the objectives.

4.5. Complete post-accession financial support

i) Croatia

Implementation of IPA assistance in Croatia is on-going for all of the programmes except for IPA Component I 2007 National Programme for which DG Enlargement will initiate its closure. In IPA Component II, bilateral programmes with Bosnia and Herzegovina, Montenegro and Serbia and participation in the ERDF programmes are equally under implementation with the exception of 2007 and 2008 programmes, for which implementation under IPA component II is finished but programmes are not closed yet.

Financing agreements of the 2013 National Programme and the Transition Facility programme will enter into force in the course of 2014. In 2014 there will be no new programming of assistance under the responsibility of DG Enlargement in Croatia. The assistance in Croatia will continue to be implemented through decentralised management without ex ante controls.

Procurement will continue to be governed by the relevant Commission directives. DG Enlargement will however closely monitor the implementation of all on-going programmes until their closure, either using own resources or by contracting external monitoring expertise. DG Enlargement will be responsible for programming, i.e. modification of programmes, reallocation of funds, extension of the implementation period or by analysing the proposals under the Flexible Facility Reserve under IPA or Institutional Building Envelope under the Transition Facility.

In that context, the remaining challenges in 2014 will be the continuation of clearance of accounts of decentralised CARDS and Phare programmes and the initiation of clearance of accounts of the IPA 2007 programming year.

ii) The 12 Member States which joined in 2004 or 2007

The implementation of pre-accession financial aid through Phare and Transition Facility programmes for the 12 new Member States has been completed. The focus lies now on the assessment of the remaining final declarations of expenditures and on closing and clearing the Phare and Transition Facility programmes.