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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE  
COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE**

**2010 ANNUAL REPORT ON FINANCIAL ASSISTANCE FOR ENLARGEMENT  
(IPA, PHARE, CARDS, TURKEY PRE-ACCESSION INSTRUMENT, TRANSITION  
FACILITY)**

{SEC(2011) 1198 final}

# Summary

This report covers the main strategic and operational developments that occurred in 2010 regarding implementation of pre-accession assistance, including considerations on future perspectives. Details of the activities undertaken during the reporting period can be found in the technical staff working paper accompanying this report<sup>1</sup>. For the first time this year, the latter covers in one single document both IPA<sup>2</sup> and the preceding instruments for pre-accession and for the Western Balkans (i.e. PHARE, CARDS, Turkey Pre-accession Instrument and the Transition Facility)<sup>3</sup>.

Falling at the mid-point of the 2007-2013 financial perspectives, the 2010 Annual Report is an opportunity to look back at past successes and lessons learned and to look forward to the future. This part of the report briefly sets out the political and economic context in which EU-funded activities took place. It covers key events in the year and progress made to improve strategic planning and programming documents. It provides summary reports on project implementation and results as well as on donor coordination. Priorities for improving the impact of IPA funds are presented. Analysis of past experience, provided by evaluations and conclusions from the IPA 2010 Conference, are used to draw recommendations for further improving the impact of IPA funds up to and beyond 2013.

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## 1. THE YEAR IN REVIEW: THE POLITICAL AND ECONOMIC CONTEXT

In the last decade the Western Balkans have seen important changes, with the region moving towards EU integration. Yet the global financial crisis has had a deep impact on the region in 2010. Candidate countries<sup>4</sup> and potential candidates<sup>5</sup> faced challenges of high unemployment, increased poverty levels, reduced capital investment, increased public deficits and uneven growth. In response, enlargement countries used IPA support to introduce EU-related reforms for a better business environment and so help lead the way to recovery and sustainable growth. The weakest countries felt the impact of the crisis most. They used IPA financial assistance to improve conditions for the most vulnerable groups in society, including for the social and economic inclusion of the Roma. Candidate countries and potential candidates

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<sup>1</sup> Commission Staff Working Paper – Background Document – Accompanying the document 'Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee - 2010 Annual Report on financial assistance for enlargement (IPA, PHARE, CARDS, Turkey Pre-accession Instrument and the Transition Facility).

<sup>2</sup> The Instrument for Pre-Accession Assistance (IPA) has an overall budget of €1.5 billion for the period 2007-2013. Beneficiaries of IPA are Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey, Iceland (as of 2011) as well as Kosovo under UNSCR 1244/99. IPA supports reforms in the beneficiary countries and their progressive alignment with the standards and policies of the European Union and the *acquis*, with a view to preparing them for future EU membership.

<sup>3</sup> Part I of the staff working paper covers IPA and preceding financial assistance to the current enlargement region, i.e. Iceland, the Western Balkans and Turkey. Part II covers pre- and post-accession assistance to the Member States that joined the EU in 2004 and 2007, that was still ongoing in 2010 or was being phased out.

<sup>4</sup> Croatia, the former Yugoslav Republic of Macedonia, Iceland, Montenegro and Turkey

<sup>5</sup> Albania, Bosnia and Herzegovina, Serbia as well as Kosovo under UNSCR 1244/99

began to reflect policies of the 'Europe 2020' Strategy<sup>6</sup> for sustainable development and smart and inclusive growth into their own national political priorities and actions at the regional level.

In spite of the difficult economic context there were some notable milestones towards EU integration for a number of enlargement countries in 2010 :

- Croatia is in the final stages of its accession to the EU;
- Montenegro and Iceland were granted candidate status and Iceland opened accession negotiations;
- Serbia presented its application for EU membership;
- Visa-free travel to the Schengen area was extended to Albania and Bosnia and Herzegovina.

## **2. TOWARDS A MORE EFFICIENT AND EFFECTIVE DELIVERY OF ASSISTANCE: LINKING ASSISTANCE MORE CLOSELY TO THE ENLARGEMENT POLICY PRIORITIES AND THE SECTOR APPROACH**

### *A gradual move towards the sector approach*

Following the 2009 decision to move from a predominantly project-based approach under Component I to a more comprehensive policy-based or sector-based approach to pre-accession assistance<sup>7</sup>, in 2010, the Commission delivered training on aid effectiveness and the sector approach for operational staff in headquarters and EU Delegations. The Commission also organised an inclusive and in depth international workshop on sector approaches in the context of EU Enlargement in Sarajevo in March 2010. These events addressed the need to share practical experiences of developing sector plans, linking sector approaches to EU integration objectives, improving country ownership, managing the governance of sector approaches and establishing a performance assessment framework to measure results.

Co-organised by the Commission and Bosnia and Herzegovina, the workshop enabled interactions in practical working sessions between beneficiary practitioners, EU staff and other donors. Sessions demonstrated that sector-based approaches could facilitate cooperation among donors and beneficiaries, where possible under the lead of the national authorities. With stakeholders focused on the impact of combined efforts, it would be possible to avoid the risk of duplication and enhance results-based management. Sector approaches should allow for better identification of short and longer-term priorities and identification of a pipeline of short and medium-term actions to address needs for capacity building, technical assistance, investments, etc.

The workshop revealed that EU integration was the main driver for national sector strategies and that some of the "building blocks" for sector-wide approaches - such as a donor coordinating body at the centre of government, a policy framework to link national strategies

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<sup>6</sup> See: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)

<sup>7</sup> Cf. 2009 Annual Report on the implementation of the instrument for Pre-Accession assistance (IPA, COM(2010) 687 final of 25.11.2010, section 1.2, page 3

and EU integration priorities and a programming framework linked to the budgetary process - were in place in many beneficiary countries. There was nevertheless a need for continued assistance to prepare nationally-owned sector strategies and make them operational.

The challenges and lessons learned from the Sarajevo workshop are described in *"Implementing sector approaches in the context of EU Enlargement: A "How To" Note"*<sup>8</sup> which provides practical guidance on how to implement the sector-wide approach, aimed at EU staff, national government officials as well as other donors active in pre-accession countries.

### *Revision of Multi-annual Indicative Planning Documents for the period 2011-2013*

The 2011-2013 Multi-annual Indicative Planning Documents (MIPDs) prepared in 2010, to set the strategy for financial pre-accession assistance, introduced for the first time the shift towards a sector approach. Nine reference sectors were identified as being the areas of most relevance to the EU integration process, namely: i) public administration reform; ii) justice and home affairs; iii) private sector development; iv) transport; v) energy; vi) environment and climate change; vii) social development; viii) agriculture and rural development; and ix) support and other activities. From these, a lesser number of priority sectors were selected in individual MIPDs.

Prioritising IPA assistance through selected sectors was a challenging task, especially when beneficiary countries faced a wide range of difficulties connected to their path towards EU membership. Nonetheless, this shift was endorsed by beneficiary countries at the Sarajevo Workshop and during meetings with National IPA Coordinators held in Montenegro in September 2010 to prepare the 2010 IPA Conference.

The Commission led the design process, in consultation with local stakeholders, EU Member States and other donors. The sectors of intervention were determined through dialogue with the beneficiary countries, based on the needs expressed in national development plans and national and sector strategies, in line with the priorities outlined in the Enlargement Strategy and the Progress Reports<sup>9</sup> and taking account of complementarities with past or ongoing actions by the EU, other donors and international financial institutions.

Sectors linked to the political criteria, notably justice and home affairs and public administration reform, were selected in all the MIPDs, confirming their importance and prioritisation. In line with the recommendations of the 2010 Enlargement Strategy, the MIPDs confirmed that actions to address the fundamental rights or rights of people belonging to minorities and vulnerable groups will be reflected in all activities programmed under IPA, in particular as regards public services, legislative matters and socio-economic development.

A specific MIPD for cross-border cooperation set out plans for the re-establishment of former contacts between bordering regions, interrupted due to the conflicts in the region, which will

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<sup>8</sup> Available at: [http://ec.europa.eu/enlargement/projects-in-focus/donor-coordination/meetings\\_events\\_conf\\_coord\\_aid\\_en.htm](http://ec.europa.eu/enlargement/projects-in-focus/donor-coordination/meetings_events_conf_coord_aid_en.htm)

<sup>9</sup> The 2010 Enlargement Strategy highlighted some common areas in which pre-accession countries needed to consolidate reforms. These included reform of public administration and of the judiciary, in the fight against organised crime and corruption and concerning freedom of expression and of the media. The Progress Reports highlighted that a number of bilateral issues needed to be solved by the parties concerned, in a good neighbourly spirit, taking into account overall EU interests. Regional cooperation was also highlighted as an essential element of the Stabilisation and Association process.

be fundamental for future cooperation and improved neighbourly relations. The Multi-beneficiary MIPD prioritised support to complete the process of reconciliation in the Western Balkans. It also highlighted support to enhance regional cooperation in the fight against organised crime and corruption and for IPA beneficiaries to establish strong public administrations, notably through the establishment of the Regional school for Public Administration (ReSPA) - see box below.

### **Regional School of Public Administration**

The opening of the Regional School of Public Administration (ReSPA) in Danilovgrad, Montenegro in November 2010 allows for civil servants from Western Balkans administrations to be trained in line with the principles of the European Administrative Space and to improve regional cooperation in the field of public administration reform.

Facilities to house ReSPA were provided by the Montenegrin authorities in Danilovgrad in 2009, for which equipment and furniture were supplied by the EU in 2010. Phase 2 of the project launched during the first Governing Board meeting on 23 and 24 September 2010 aims to recruit and train the staff of ReSPA to deliver training and networking events for officials from the administrations of the ReSPA partners, and to enhance the visibility of ReSPA and its activities.

Explicit reference to the need for IPA assistance to support recovery from the economic crisis was made in several MIPDs. In addition, the MIPDs underlined that enlargement policy also supports the Europe 2020 agenda, which offers beneficiary countries an important inspiration for reforms. Each beneficiary country was invited to consider the priorities of the Europe 2020 strategy and adapt it to their national context. Other important sectors selected in the MIPDs were social development, environment and climate change, agricultural and rural development, energy and transport.

The MIPDs foresaw that IPA may finance actions which are not sector-specific, such as project/sector programme identification and preparation, *acquis*-related actions that need to be adopted/implemented according to an established timetable, participation in EU Programmes and Agencies for which the country is eligible as well as support measures for the implementation, monitoring, evaluation and auditing of IPA programmes.

IPA responsiveness in 2010 to the priorities identified in the Progress Reports through the multi annual strategic planning documents demonstrates that it is an integral part of enlargement strategy, not an isolated instrument. IPA provides a strategic framework and sequencing from the political monitoring of the regular reports and the partnership documents through to the planning and programming of financial assistance.

#### *Cooperation with the donor community on aid effectiveness*

In 2010 the Commission coordinated action and responses to two international donor coordination surveys launched towards the end of the year. The first survey, involving Albania, Serbia and the former Yugoslav Republic of Macedonia, concerned implementation of the EU Fast Track Initiative on the Division of Labour. The second survey aimed to

prepare the 2011 OECD DAC Survey on Aid Effectiveness<sup>10</sup> and included Kosovo<sup>11</sup>, Bosnia and Herzegovina and Albania. Maximizing aid effectiveness is of particular relevance in Kosovo, which is one of the world's most supported beneficiaries of aid<sup>12</sup> and also Europe's poorest, with a *per capita* GNI and indicators well below the regional average in areas such as health and education<sup>13</sup>. The authorities in Kosovo have therefore made it a priority to increase the impact of external assistance.

Initial indications from the latter survey (to be finalised in 2011) are that more needs to be done to strengthen joint actions – joint missions, joint analytical work and joint technical cooperation. Engagement in these broader aid effectiveness initiatives can provide a very useful springboard for improving operations on the ground in line with recognised international best practice, keeping in mind the specificities of the IPA instrument which also prepares operating structures compatible with the future participation in internal policies of the EU.

Since 2005 the "European Consensus on Development"<sup>14</sup> has been the EU framework document for development cooperation, presenting a common EU vision on development, its objectives, values and principles. It highlights the Commission's dual role, i.e. its added value as representing the combined interest of all Member States and its role as donor (managing EU and EDF funds). IPA is one of a number of financial instruments through which EU development policy is implemented.

The Commission recognises that there are differentiated development needs across enlargement countries and that IPA must be targeted towards preparations for accession for beneficiaries who are very different in terms of their socio-economic development and at different stages of accession. In 2010 the Commission . It played a role of coordinator in support of the EU enlargement agenda, and promoted coherence and complementarity between the different EU actors who continued to provide bilateral support to the Western Balkans and Turkey.

<sup>10</sup> Every two years the OECD conducts a survey of the environment for delivering aid in developing countries around the world. The survey is based on five key principles which 100 donors and developing countries signed up to in the Paris Declaration on Aid Effectiveness. Those principles are: 1. *Ownership*: developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption; 2. *Alignment*: donor countries align behind these objectives and use local systems; 3. *Harmonisation*: donor countries coordinate, simplify procedures and share information to avoid duplication; 4. *Results*: developing countries and donors shift focus to development results and results get measured; 5. *Mutual accountability*: donors and partners are accountable for development results.

<sup>11</sup> under United Nations Security Council Resolution 1244/1999

<sup>12</sup> ODA per capita and as a proportion of GNI in a selection of countries, 2009

	% GNI	US\$ per capita
Afghanistan	45.7 (2008)	203.7
Albania	3	113.4
Congo, Dem Rep	23.9	35.6
Bosnia & Herzegovina	2.4	110.2
Ethiopia	13.4	46.1
Kosovo	14	436.5
Macedonia, FYR	2.2	94.7
Uganda	11.4	54.6

Source: *World Development Indicators 2010*, World Bank

<sup>13</sup> Source: *Kosovo Human Development Report 2010*, UNDP

<sup>14</sup> OJ C 46 of 24.2.2006

Given the impact of the global economic crisis, it is particularly important that IPA funding, other grants and loans be even better coordinated to foster recovery in the Enlargement countries. The introduction of the sector approach in 2010 was an important step in ensuring complementarity.

Moreover, with the continuing pressure on national budgets, the donor landscape is changing: where EU Member States are phasing out from the area, most prefer to support the EU integration process indirectly through the EU Budget and IPA, recognizing the comparative advantage of the EU. The World Bank (WB) and other International Financial Organisations (IFIs) have also linked their strategies and funding to the EU's priorities in the region. Shortly after Montenegro was granted candidate status, the World Bank's Country Strategy Paper for 2011-14 acknowledged that the *"EU's presence can be expected to become even stronger, making it imperative that the Bank and other donors coordinate their programs more systematically with the EU and the EU accession agenda."*<sup>15</sup>

Work will continue in 2011 to influence choices between different modes of support that different donors offer and help to rationalise it through an appropriate division of labour. IPA funds will also continue to be channelled through multilateral agencies where these agencies have a clear added value and where proper arrangements for accountability, sound financial management as well as EU visibility are in place. The sector approach helps to clarify a government's accountability to donors and its citizens, and donor accountabilities, and therefore to maximize external resources. Clearer objectives, measurable indicators, set jointly with the beneficiaries in performance assessment frameworks, for a sector will help ensure that progress can be quantified and regular monitoring will help ensure that where a programme is not achieving its objectives, action can be taken to put things back on track.

### 2010 IPA Conference

The 2010 IPA Conference, co-organised by the Commission and the World Bank, took place on 6 and 7 December 2010. It was attended by some 350 participants, including representatives of EU Member States and other donors, the European Bank for Reconstruction and Development, the European Investment Bank and the Council of Europe Development Bank. The Conference discussed the post-crisis difficulties faced by candidate countries and potential candidates and explored how deeper partnerships between the EU, the World Bank and the European financial institutions could help meet those challenges. Needs assessments by the beneficiaries for meeting EU accession criteria and the conditions necessary for macro-economic stability and sustainable growth were also discussed.

The Conference confirmed the importance of investments and strengthened partnerships, particularly with the International Financial Institutions to support the beneficiary countries to participate in the shared Europe 2020 vision of smart, sustainable and inclusive growth. Complementarity, blending and the leverage effect of IPA assistance for IFI support, investment and knowledge transfer could enhance the impacts of pre-accession financing. The Western Balkans Investment Framework (WBIF) was seen as a good example of pooled grants, loans and expertise from the EU, IFIs as well as bilateral donors for priority investment projects.

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<sup>15</sup> <http://siteresources.worldbank.org/INTMONTENEGRO/Resources/110127-MNE-CPS-SECBO.pdf>

## **The Western Balkans Investment Framework (WBIF)**

### Enhancing the impact of pre-accession financing

The WBIF focuses on key sectors of the Western Balkan economies including energy, environment, transport, social infrastructure and private sector development. It aims to streamline cooperation and increase financing capacity for investments that contribute to the socio-economic development and the accession process in the Western Balkans.

National priorities targeting progress towards EU accession are supported. The National IPA Coordinators within each beneficiary country determine national priorities after consultation with the relevant ministries. The Commission is consulted to ensure that planned projects are consistent with national strategies and are aligned with EU policy.

The pooling of resources is used to leverage maximum value from grant contributions. Where appropriate, WBIF contributions are combined with current IPA funding to optimise the viability of projects, to streamline project preparation and future lending possibilities. In 2010, the EU bridged the project funding gap with grant co-financing investment for 12 projects.

In the context of preparations for the next EU multi-annual financial framework after 2013, the 2010 IPA Conference was the opportunity to launch a stakeholder consultation on the future of pre-accession assistance<sup>16</sup>.

The Conference identified that greater ownership by the beneficiaries combined with more flexibility in the IPA instrument could improve the impact and efficiency of pre-accession assistance. It was acknowledged that there was scope for simplification or reducing administrative burdens relating to conferral of management powers. This area for improvement will be studied more in 2011 as the Impact Assessment for a post-2013 enlargement instrument is developed. Efforts should also be made in enlargement countries in 2011-2013, as envisaged in the relevant MIPDs, to ensure greater coherence and complementarity between the support provided under the various components of IPA.

The Conference also identified a number of other areas and activities to improve effectiveness under the current framework for IPA assistance. Suggestions for the preparation of the future pre-accession instrument recorded in the Chairman's Conclusions<sup>17</sup> were that the next instrument should:

- remain focused on support that gives a clear perspective for meeting EU accession requirements and the *acquis*;
- be aligned with the Europe 2020 strategy and give a clear perspective for longer term planning and programming and enhance the build up of a meaningful pipeline of realistic and bankable investment projects;
- improve the capacity for absorption of pre-accession funds as well as of structural funds becoming available post accession, exploring ways to lessen the gap between the volume of those funds;

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<sup>16</sup> [http://ec.europa.eu/enlargement/pdf/financial\\_assistance/phare/evaluation/20110912\\_final\\_report.pdf](http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/evaluation/20110912_final_report.pdf)

<sup>17</sup> The acts of the Conference are available at: [http://ec.europa.eu/enlargement/projects-in-focus/donor-coordination/meetings\\_events\\_conf\\_coord\\_aid\\_en.htm](http://ec.europa.eu/enlargement/projects-in-focus/donor-coordination/meetings_events_conf_coord_aid_en.htm)

- build up the sustainability and continual improvement of administrative capacity, including at the level of strategic planning and programming;
- consider a wider and more strategic use of sector budget support, and multi-annual programmes;
- create favourable conditions for IFI lending and for attracting private capital;
- develop criteria for effective IPA grant strategies that will optimise the complementarity, blending and leverage effect of the IPA instrument for IFI support, investment and knowledge transfer;
- allow for innovative investments and strengthened partnerships, particularly with the IFIs, which can support the beneficiary countries to participate in the shared vision of smart, sustainable and inclusive growth.

Consultations with IPA beneficiaries, EU Member States, IFIs, other donors and civil society on the future pre-accession assistance post-2013 continued in 2011.

On 7 December, a “*Specialist meeting on IPA Cross-border Cooperation (CBC) between Western Balkans countries*” brought together some 200 participants from the Western Balkans, EU Member States and EU institutions. The meeting acknowledged the positive outcomes of CBC programmes in the region, including with regards to the process of reconciliation, took stock of milestones and achievements in the period 2007-2010 and discussed future prospects. The meeting also launched discussion with the stakeholders on IPA CBC post-2013 in the Western Balkans. The participants underlined their overall satisfaction with CBC programmes, in particular the positive impact on the local population (re-establishment and consolidation of contacts with neighbouring communities, implementation of projects bringing people from both sides of the border together, preparation for Structural Funds, etc.). The high level of demand on the side of the beneficiaries argued for an increase in funds for CBC. There was a consensus on the need to simplify implementing rules by means of further harmonisation with those of the EU Structural Funds.

### 3. HIGHLIGHTS FROM PROGRAMMES IMPLEMENTATION AND COMPLETION IN 2010

#### Implementation modalities and structures, contracting and disbursements

Performance in 2010 showed clear progress over earlier years in most beneficiaries in terms of contracting and disbursement of the assistance. There was progress on preparation for decentralised management of IPA assistance, with some differences between candidate countries and potential candidates.

Performance in **Albania** improved significantly in 2010, continuing the positive trend already started in 2009. Over EUR 92 million was contracted and progress was reported in the programming exercise, disbursement rates and implementation of infrastructure and institution building projects. However, project implementation remains a challenge due to partly weak administrative capacity in line Ministries as well as bureaucratic hurdles, such as missing construction permits. In 2010, Albania renewed efforts to set up the necessary structures and build the capacity needed for decentralised management of IPA assistance. Significant progress was achieved, especially for the key structures required for Component I

and V. The Commission continued preparations for the other IPA Components. The Albanian authorities began drafting a *Strategic Coherence Framework* for Components III and IV and dialogue on the document began in autumn. Discussions on the Albanian draft agricultural and rural development programme also advanced.

**Bosnia and Herzegovina** managed to contract over EUR 70 million at the end of the reporting year, with an increase of more than 100% in comparison to 2009, while the payment rate of EUR 83.31 million was three times that of 2009. In April 2010, Bosnia and Herzegovina nominated the Competent Accrediting Officer, the National Authorising Officer and the National IPA Coordinator. State and entity representatives were unable to reach agreement on the structures to support decentralised implementation of IPA and to prepare for the IPA Components III, IV and V. The Commission used different management approaches to effectively and efficiently implement the assistance in the country, with the majority of assistance managed through joint and indirect central management.

In 2010, **Croatia** experienced some delays in contracting and implementation of assistance under Components III and V. This was due to delays in the conferral of decentralised management, newly established bodies adding to pressures on the implementation system and the complexity of some large infrastructure contracts. IPA performance under Components I and IV was good. Together with support from SIGMA and TAIEX, 21 twinning projects were under implementation in the areas of public administration reform and the rule of law. There was significant progress in preparing accreditation for decentralised management without *ex ante* controls, as shown by the decrease of the rejection rate of files submitted to the EU Delegation for *ex ante* control. In addition, the country took over full responsibility of interim evaluation of assistance under Component I, while in August 2010 the Commission conferred the management of cross-border cooperation programmes on the Croatian Agency for Regional Development. 2010 was the first year of effective implementation of the programme under Component V: Croatia received management powers without *ex ante* controls by the Commission for the first measures in November 2009.

The **former Yugoslav Republic of Macedonia** made further improvements as regards programming and obtained accreditation for decentralised management of assistance under Component I in December 2010. Programme implementation accelerated, with the commitment of EUR 35 million and the finalisation of 88 contracts. The country took essential legislative measures to strengthen the structures accredited to manage IPA funds and considerable improvements were made under Components I, IV and V. In November, the signature of a direct grant to the State Agency for Employment was an important milestone for the direct implementation of the *Operational Programme for Human resources Development*. Decentralised implementation of three Component V measures began. Progress under Components II and III was, however, more limited. This was mainly due to, respectively, issues of coordination between the neighbouring authorities and the insufficient quality of the technical project pipeline.

Accession negotiations for **Iceland** began in June 2010. A number of TAIEX events took place in the year and preparations for the 2011-2013 MIPD and the 2011 National Programme began in autumn. The degree of alignment of the country with EU legislation through the European Economic Area Agreement and its level of economic and social development make of Iceland an exception among candidate countries. For this reason it was agreed that the country would receive IPA assistance exclusively under Component I, managed by the Commission. Icelandic authorities have demonstrated high levels of ownership of and

engagement as regards IPA assistance. During the year, the National IPA Coordinator was appointed and took up office in the Ministry for Foreign Affairs.

Important milestones in **Kosovo** included the approval of cross-border cooperation programmes for the first time with the former Yugoslav Republic of Macedonia and Albania. Project implementation began in a number of different fields including for regional economic development, energy efficiency, judicial reform and reconciliation,. Implementation in Kosovo was solely under centralised management by the European Commission as Kosovo was still in the early stage towards decentralised management. Local authorities have, nonetheless, made significant efforts to increase ownership, especially on the drafting of annual programmes, and the Commission has supported this process.

**Montenegro** showed positive trends in the implementation of IPA projects and contracts as compared to 2009. Indeed, with more than 200 contracts signed, compared to 66 in 2009, and 81 contracts for a total value of EUR 9 millions were finished. With view to decentralisation in the management of EU funds, in 2010 Montenegro completed Stage 1 and progressed to Stage 2 (gap-plugging) as regards Components I and II, while for the other Components Montenegro remained at Stage 0. Five IPA projects were dedicated to preparing the systems for decentralised management. 2010 has shown a progress in strengthening the capacity of the National Authorising Officer, the National Fund, the Central Financing and Contracting Unit and the Programme Authorising Officer. An Audit Authority was formally established within the State Audit Institution as a temporary host until the end of 2011. Following the changes in the Government at the end of 2010, a new National IPA Coordinator and Competent Accrediting Officer were appointed.

In **Serbia**, at the end of the year, projects for a value of EUR 606 million were being implemented, a 43% increase over contracting performance in 2009. External monitoring reports assessed the average performance of ongoing projects as 'good' and the implementation of both the 2009 and 2010 programmes as 'well-timed'. In 2010, Serbia advanced towards decentralised management of IPA assistance, reaching Stage 2 (gap-plugging) for Components I to IV. With support from a twinning project, it started establishing the structures required for the future management of funds under Component V.

In **Turkey**, delays in implementation continued, but, substantial amounts of IPA funds were disbursed from the EU to Turkey in 2010 providing for a good absorption of funds. Moreover, a number of important projects were completed during the year and the implementation of IPA projects in areas such as education, entrepreneurship and social inclusion started to show significant results. Several crucial reforms improved the programming, management and monitoring of EU funds. Progress was made in obtaining the accreditation of the Ministry of Environment and Forestry for the tendering, contracting and financial management functions for the Environmental Operational Programme under Component III. For Component V, a Sectoral Agreement with specific implementation rules entered into force in July 2010 providing the legal basis for implementing assistance for rural development. Major progress was furthermore achieved with the submission of the accreditation package subsequent to which the Commission could start the preparation process for conferral of management. Nevertheless, critical weaknesses in both the staffing levels and administrative capacity need to be addressed before decentralised implementation can be considered as fully functioning .

### *A results-oriented framework*

The economic and budgetary crisis calls for an increased focus on providing assistance with clear and measurable objectives, so as to be able to track results and demonstrate that EU taxpayers are getting value for money. A better description of the tangible impacts to citizens in the Western Balkans and Turkey will also improve the visibility of IPA assistance and the additional loans and guarantees that this assistance can leverage.

Results-oriented programming relies on clear identification and agreement on objectives and measurable indicators combined with robust monitoring procedures. Various reviews, workshops and the IPA 2010 Conference highlighted the need to further develop strategic and results oriented programming with a focus on sector wide approaches, build capacity for setting specific, measurable, achievable, realistic and time-bound (SMART) objectives and related indicators, and develop appropriate monitoring frameworks, including the development of baseline statistics and data as is already required for the Component III to V programmes. Steps were taken to address these objectives in 2010: systems are already increasingly focused on results, and this will be further intensified in 2011 with reinforced monitoring arrangements.

A large number of projects completed in 2010 delivered tangible outcomes and results in different sectors in both candidate countries and potential candidates. The results of structural, agricultural and infrastructure investments are easier to measure than results in fields related to the reform process and institution building. In the latter case setting measurable indicators is more challenging. Nevertheless outputs and outcomes were realised through a number of technical assistance and twinning activities supporting beneficiaries in making the necessary adjustments to comply with the EU *acquis* and standards.

### *Examples in candidate countries*

In **Croatia**, IPA assistance was designed to respond to the enlargement strategy and address Croatia's remaining needs vis-à-vis EU membership obligations. Under transition and institution building assistance, support was provided for a project to develop an efficient legal framework aligned with EU requirements and help the Croatian Parliament prepare for EU accession, implemented by the Croatian Parliament and the Hungarian National Assembly with input from other Member States. SIGMA provided input and analytical support to a number of draft legislative packages, including the National Anti-Fraud Strategy and anti-corruption law. It also contributed to an operational programme for administrative capacity development. Also, a multi-purpose Spatial Information System was completed and made available to the general public via the internet. All land register records were digitalised and organised in a single database, making the Croatian real estate market much more efficient. During 2010 a major project to improve maritime safety developed a monitoring and management system for maritime traffic. Three operational centres and ten radars were constructed to cover the whole of the Eastern Adriatic and ensure higher levels of navigational safety and pollution prevention. Concrete actions for improving economic growth in Croatia included significant support for small and medium sized enterprises (SMEs). Twenty-four grants were awarded to export oriented SMEs to increase the volume of exports, the competitiveness and productivity of the private sector. Thirty grants totalling EUR 4 million were awarded under different Cross Border Cooperation programmes between Croatia and Bosnia and Herzegovina, Montenegro and Serbia, to finance projects in the areas of environmental protection, natural and cultural heritage, economic development and social

cohesion. Achievement of these enlargement strategy objectives will produce benefits for the EU as a whole.

The **former Yugoslav Republic of Macedonia** made considerable progress towards the professionalisation of its public administration. Over 3,000 staff were trained through workshops and study visits. IPA-funded activities helped the country implement a National System for Training Coordination and increased the practical know-how of officials in priority areas such as procurement, financial management and irregularities. The outcome of these interventions was improved capacity within the Central Financing and Contracting Department (CFCD) and the National Fund (NF). However, in 2010 the preparatory measures for the Lifelong Learning and Youth in Action Programmes were suspended due to irregularities and serious deficiencies in the financial management and control system in the country for the implementation of those programmes. The focus on institutional reforms, improved public finance management, public sector capacity building and sustainability of the administrative capacity needed for EU integration will also contribute to the competitiveness of the former Yugoslav Republic of Macedonia and will support economic recovery. Progress was also made in aligning domestic legislation with the EU *acquis* in the fields of customs, environment and criminal procedure. In 2010 a comprehensive assessment of customs legislation was carried out and a gap analysis identified the reforms needed to meet the requirements of the Community Customs Code and related regulations. Technical assistance to help draft laws in the area of environmental protection led to tangible results. EU directives were fully transposed into national legislation when laws on the Management of Batteries and Accumulators and noise protection in the environment were adopted. A twinning project begun in 2009 contributed to the successful adoption in 2010 of a new law on Criminal Procedure.

The implementation of **Iceland's** first IPA annual programme had not started in 2010, pending the finalisation of a Framework Agreement between Iceland and the EU, but TAIEX assessment missions took place during the year on selected accession chapters to identify the gaps and needs of the country to align with EU standards and to support accession preparations. Short, targeted TAIEX events for Icelandic authorities successfully raised awareness on very specific aspects of *acquis* requirements, for example concerning short term business statistics and financial accounts, and on institutional requirements for managing Structural Funds.

In **Montenegro**, an IPA-funded infrastructure project to construct a part of a major road to by-pass the centre of the capital city Podgorica was completed. This brought immediate results by improving traffic flows, better integrating Montenegro into tourist networks and aligning national road safety measures to EU standards and contributing to improved economic growth. In the field of justice, liberty and security, twinning projects to strengthen inter agency cooperation in the fight against organised crime were completed and a surveillance system to tackle organised crime and an anti-money laundering database was created. Practical support through a grant scheme for housing, income generation schemes and specialised training directly assisted over 2,100 refugees and displaced persons in Montenegro. This contributed to the National Strategy objective to find durable solutions for the problems of these vulnerable groups. IPA support resulted also in the adoption of a number of laws and associated capacity building initiatives in priority areas such as education, juvenile justice, environment and economic development. Montenegro's efforts to engage with wider European education developments were supported through the adoption of a new National Qualification Framework. The framework for efficient implementation of Juvenile Justice Policy objectives was strengthened through preparation of new legislation for the

protection of youth rights and capacity building for staff dealing with juvenile justice. Technical Assistance to prepare relevant legislation and an action plan on energy and energy efficiency meant that Montenegro can implement commitments under the Energy Community Treaty. More than 780 public administration staff were trained in public procurement and a new Public Procurement law was drafted. Prospects for sustainable economic development were improved through a twinning project to strengthen the regulatory and supervisory capacity of the financial regulators. Although ownership increased with the final beneficiaries involved in the preparation of IPA projects, the implementation and absorption capacity were sometimes hindered by the small size and weakness of public administration and staff working on IPA related issues.

EU assistance in **Turkey** produced major results in several fields listed among the priority axis of intervention in the Enlargement strategy and progress reports, notably in the areas of fundamental human rights, gender equality and social inclusion. EUR 2 million were provided to support local centres for women to help reduce gender inequalities and increase women's social, economic and political status in the least developed regions of Turkey. Civil society cohesion was addressed through the project "*EU- Turkey Civil Society Dialogue - Cultural bridges*". Arts and cultural events in 18 countries successfully promoted cultural exchange and helped tackle prejudices that exist in Turkish and European societies. This objective was pursued through the continuation of the Jean Monnet Scholarship programme: this programme, introduced in Turkey in 1989, has offered young Turkish people an opportunity to carry out post-graduate studies in the EU and has enabled more than 1,100 civil servants, new graduates, and private sector employees to acquire new knowledge and skills related to EU accession. A significant project to support the labour market ended in April 2010. This project helped 11,000 unemployed women and young people from 25 cities to find jobs by providing vocational training opportunities and quality advisory services. In addition, long term investment support to create the conditions for sustainable employment opportunities was provided to small and medium sized businesses and enterprises (SMEs). through the Small Enterprise Loan Programs I and II (SELP). SMEs make up 99% of all enterprises in Turkey and are the backbone of the economy, yet loan facilities are difficult to access. According to statistical data gathered from the on-lending banks, by the end of 2010, 11,291 new jobs were created and 34,346 jobs secured in 49 Turkish provinces. SELP will continue to ensure strong support for investments and employment through loans and working capital until 2012.

#### *Examples in potential candidates*

80 contracts were closed during 2010 in **Albania** under CARDS. Concrete results were delivered in a number of priority areas including justice, home affairs and the protection of fundamental rights. A project to support civil service reform resulted in several draft laws to modernise the legal framework and a Prime Ministerial Order concerning the management of civil servants in line ministries and in the Council of Ministers. This formed the basis for setting clear rules, revising procedures and reinforcing the management capacity of the Albanian Department of Public Administration. A project to prepare Albanian authorities for decentralised management of EU funds led to substantial progress in the setting up of operating structures and management control systems. There were positive results on safeguarding fundamental rights through the compilation of voters' lists through the establishment of the National Register of Addresses and the National Register for Civil Status. Support for reform of the Albanian State Police was provided by police experts from different Member States. Their interventions helped to improve understanding and the capacity to treat prisoners and detainees according to EU standards. Support for

implementation of the National Environmental Strategy brought Albania closer to a proper transposition of the environmental *acquis*. This benefits Albania and its neighbours in the Western Balkans and has an added value also for EU citizens, as possible environmental disasters with implications on neighbouring EU countries will be better contained and the risks minimized.

2010 saw completion of almost all CARDS programmes in **Bosnia and Herzegovina**. IPA assistance continued with a focus on public administration reform, strengthening the rule of law and aiding recovery from the global economic crisis. A project to enhance transparency between local government and civil society organisations (CSOs) was successfully implemented at municipality level. Transparent mechanisms for disbursement of municipal funds to CSOs were set up and communication and cooperation between authorities and CSOs were increased. 67 sub-projects were implemented with a focus on poverty reduction, social inclusion, gender equality, human rights, environment and improving the situation of minorities and vulnerable groups. A joint project for efficient prison management was implemented by the Council of Europe. More than 420 penitentiary staff were trained to manage the detention of prisoners according to EU standards, 12 staff were trained as trainers, legal frameworks were adopted and collaboration between prison staff and ministry officials was reinforced, an important benefit in an administratively and politically fragmented situation. Technical assistance was provided to the Central Bank towards compliance with EU central banking standards. IT communication solutions recommended under the project enabled the Central Bank to improve the preparation of statistical data and information to decision makers and economic analysis on fiscal stability.

The protection of minorities and vulnerable groups is a serious and urgent issue for **Kosovo**. IPA-funded projects produced achievements in this area in 2010. The Roma Camp in Cesmin Lug was closed and 130 refugee families from minority communities were able to return to Kosovo, with a comprehensive package of assistance and professional training aimed at ensuring their resettlement and reintegration. In the field of justice, a project on vetting and re-appointment of judges and prosecutors reviewed the suitability of all applicants for permanent appointments as judges and prosecutors and led to the appointment of well-qualified staff in many crucial judicial positions. 60% of the appointees were new to their positions, which marks a major rejuvenation of Kosovo's judiciary and prosecution services. Support for border and boundary police has offered tailored training to more than 750 police officers to improve their ability to prevent illegal border crossings and contraband, to better coordinate with neighbouring countries and to move closer to the EU rule of law standards. A pilot project on energy efficiency - a top priority of the EU's strategy for the entire Western Balkans region - helped reduce energy use and energy demand. Following the establishment of a legal framework and national plan on energy efficiency, IPA assisted the implementation of the plan. Demonstration projects in schools and hospitals raised public awareness. Assistance was provided to local government to improve capacity to estimate energy expenditure and to implement energy audit processes. The existence of a legal and regulatory framework encouraged IFIs to provide funds for both the private and public sector to invest in energy efficiency. For example, the European Bank of Reconstruction and Development provided small loans to promote energy efficiency in SMEs.

**Serbia** reported good results in the field of protection of people belonging to minorities or vulnerable groups. A grant project for refugees and internally displaced persons provided accommodation and support for income generating activities and consequently enhanced the quality of life of roughly 600 vulnerable families. IPA assisted also the Public Agency for the accreditation of health care institutions to provide a safer, more equitable and high

performance oriented health care system, in line with EU systems. Regional infrastructure received support through water supply, wastewater and solid waste treatment infrastructure projects. A project to build the new Žeželj Bridge in Novi Sad, with associated connecting infrastructure will have positive impacts also in neighbouring countries and the wider Europe, as Novi Sad is located on the international 'Corridor X', which is the transport artery connecting Central and South East Europe. Specific interventions related to meeting *acquis* requirements included the full alignment of Serbia to EU air protection legislation, opening the way for preparatory works to develop cleaner air plans at municipality level. Orthophoto digital maps of the whole country were prepared and the first national campaign for oral vaccination of foxes against rabies took place, contributing to the overall EU effort to eradicate rabies and swine fever in the Western Balkans.

#### 4. ADDITIONAL LESSONS FOR THE FUTURE

During 2010 the Commission completed a number of major evaluations related to pre-accession assistance<sup>18</sup>:

- A mid-term meta evaluation of IPA;
- An evaluation on stakeholder participation in programming and implementation of pre-accession assistance to Turkey;
- An evaluation of the relative costs and benefits of Twinning and Technical Assistance;
- An interim evaluation of cross border programmes (CBC) between candidate and potential candidate countries;

##### IPA meta evaluation

The IPA meta evaluation focused mainly on the IPA strategic framework (the MIPDs) and on the programming logic, mainly under Component I. It assessed how assistance is planned and programmed and its relevance, efficiency, effectiveness, impact and sustainability.

The evaluation concluded that the MIPDs provided direction and focus to the programming process for all IPA components, and were an improvement on the equivalent documents for past pre-accession assistance programming. Donors in IPA beneficiaries acknowledged the leading role played by the EU, and to varying degrees they used the MIPDs to orientate their own programming. The evaluation found that the mechanisms for coordination and harmonisation of assistance were well established. Financial needs of beneficiary countries, particularly for infrastructure, clearly exceeded available IPA (and other donor) funding. Therefore, a key future challenge for IPA assistance is to support efficient use of all donor financial flows and to play a leverage role for other financing sources. The evaluation reported good examples of using of IPA to leverage financing from donors/IFIs, particularly for infrastructure projects.

Some efficiency issues in terms of timely implementation were reported for the first year of IPA in 2007, but the pace of contracting and implementation had picked up since. The quality

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<sup>18</sup> [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/phare/evaluation/interim\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/phare/evaluation/interim_en.htm)

of objectives and indicators in both MIPDs and lower level programming documents (Annual National Programmes and project fiches) had improved over the 2007-2009 period. Projects were generally found to be relevant. Overall, the output in terms of immediate results of IPA assistance, e.g. number of people trained, were delivered. However, the results at outcome level i.e. the benefits that will be experienced as a result of the training were less explicit. IPA effectiveness was found to be strongest in *acquis*-related areas, but some horizontal areas, such as public administration reform, were particularly challenging.

Further improvements were recommended, including an enhanced the role for the beneficiary countries throughout the project preparation and selection process. A key determinant of achieving impact and sustainability was the beneficiaries' ownership of the reform agenda and the capacity of their administrations. With this in mind, the evaluators reported some risks for impact and sustainability related to adequate staffing levels and the retention of skilled staff.

Focussing assistance on a more limited number of sectors could enhance effectiveness and future impact. Adoption of a multi-annual/sector-based approach under Component I (as already used under other IPA components) should facilitate prioritisation and sequencing of assistance, donor coordination and enhance beneficiaries' ownership of assistance. A gradual introduction of a sector-based approach, taking into account beneficiaries' capacity to manage implementation was recommended.

*Evaluation on stakeholder participation in programming and implementation of pre-accession assistance to Turkey*

This evaluation assessed stakeholders' participation in the programming and implementation of IPA Component I. It recommended how this could be deepened, to improve the performance of financial assistance.

Stakeholder participation was generally accepted as a principle and interest in strengthening and broadening stakeholder participation in programming was growing. Development partners and EU organizations made up of stakeholders involved in the programming and implementation of IPA (13%), governmental institutions (46%) and civil society organisations (41%). External stakeholders were involved in information sharing and consultation processes but not so much as partners or in co-decision making. This resulted in limited ownership and sense of commitment to the process from their side.

The evaluation found that the development of sector strategies was an important step to strengthen effective stakeholder participation but a longer term perspective was necessary. The preparation and revision of the MIPD had offered limited scope for wide stakeholder participation. Inviting written comments on draft MIPDs from development partners and CSOs, did not stimulate adequate levels of dialogue in the 2007-2009 period. The preparation process of the Annual National Programme under Component I was found to be the main bottleneck for stakeholder involvement, and the contribution of external stakeholders in this phase was limited. Of the different delivery mechanisms, grant schemes were found to offer the largest scope for stakeholder participation, for example with final beneficiaries.

The evaluation recommended a stakeholder's assessment should be an integral part of the development of sector strategies. This would help determine the relevant actors in a particular field, their capacities and expected contribution to achieving the long-term strategic objectives. Strong leadership would be required from the beneficiary institutions in charge of

coordinating financial assistance to provide operational support and guidance across the whole beneficiary administration on this.

### *Evaluation of the relative costs and benefits of Twinning and Technical Assistance*

This evaluation was a comparison of two delivery instruments common in the implementation of IPA programmes: twinning and technical assistance (TA). The period studied was IPA 2007 – 2008, PHARE 2005 – 2006, CARDS 2005 – 2006 and the Turkey pre-accession assistance instrument 2005 – 2006.

The evaluation found that in practice the choice of TA or twinning was based on three criteria: the nature of the assignment (twinning mainly for *acquis*-related areas), the maturity of the beneficiary institution, and the capacity of the beneficiary organisation. The final selection of the instrument was correctly made through dialogue between EU Delegations, DG Enlargement and the National IPA Coordinator. Although, in general, beneficiaries were found to be well-placed to make an informed choice of instrument, several beneficiaries indicated that they still had difficulties in making a proper selection between twinning and TA. As part of this evaluation, a set of criteria were proposed to help decide when to use twinning or TA.

TA projects significantly exceeded twinning projects in terms of both number of projects and financial resources (around four times greater), but the share of twinning projects increased over time, and was larger in candidate countries than in potential candidates. No significant difference was found in the success of twinning versus TA projects. But twinning was the preferred option for many because of tangible benefits, not least the establishment of a lasting relationship with a comparable organisation in an EU Member State, as well as a change in the working culture. On a unit cost basis, twinning was found to be 23% cheaper than TA. However, TA was perceived by beneficiaries to be the more flexible and easier to control instrument.

While indicating that twinning was very much appreciated by all stakeholders, the evaluation raised two concerns about the functioning of the instrument: the long lapse of time that often separates the gap assessment and the implementation of the project, and lack of flexibility of some current implementation procedures, which would be beneficial to adapt the assistance to the situation on the ground.

### *Interim evaluation of cross border programmes (CBC) between candidate countries and potential candidates*

The first report under this evaluation focussed on programming, governance structures and processes. The second part will be concluded in 2011 and will focus on programme implementation.

The report found that the needs assessment, the strategy and the objectives in the CBC programmes were in general coherent. However, the future impact of the programmes could be improved by increasing stakeholder awareness of CBC's role as a precursor for Structural Funds, and by ensuring that local and regional administrations were fully represented on Joint Monitoring Committees.

Stakeholders' perceptions suggested that CBC programmes were delivering results in terms of improved neighbourly relations and re-establishing pre-conflict contacts. The grant award process was generally well documented and the large number of grant applications submitted

indicated a clear interest in the programmes. However, thematic and cross-cutting issues were not always well addressed and procedures were found to be cumbersome and time consuming.

The report recommended that the socio-economic analysis should be strengthened with a more updated statistical basis, a better explanation of criteria used as well as better alignment with statistical areas. The report also recommended that in future final draft programmes were made available (through internet or other means) for wide public consultation. Finally, it was recommended that the application package and the evaluation procedure should be streamlined and simplified.

## **5. CONCLUSIONS LOOKING BACK AND INTO THE FUTURE: PRE-ACCESSION ASSISTANCE AFTER 2013**

2010 was a good year for IPA, showing steady improvement in strategic focus and better impact. This Report shows how pre-accession funding assisted in building stable institutions, strengthening democratic processes and the rule of law, human rights and the respect for and protection of minorities. IPA support helped create the conditions for better functioning market economies and supported the development of better skilled, more employable work forces in a time of economic difficulty. It encouraged regional cooperation, contributed to sustainable development and inclusive growth, in addition to beginning to build awareness of the critical challenge of climate change. Candidate countries were also better prepared to take on the obligations of EU membership. This concerned in particular the preparation for the implementation of future structural and rural development policies and funds. Not only has the setting-up of social, environmental and economic infrastructures and competitive agricultural as well as safe and hygienic food production been supported but efficient and effective implementing structures and systems for post-accession funds have continued to be built up successfully as well.

The closer partnership with the Western Balkans and Turkey embodied in pre-accession assistance also offers benefits for EU Member States, such as enhanced security of energy supply as well as safe and hygienic food imports, more security at the external borders of the EU and better prospects for the management of global challenges such as combating climate change and pollution.

The enlargement process has created opportunities for the EU to engage in broader strategic actions. To this end and with a view to ensure policy coherence, enlargement policy has begun to dovetail with the Europe 2020 strategy. In this way, enlargement policy generates benefits for the EU, and for the candidate countries and potential candidates to achieve strategic objectives for economic recovery and sustainable growth.

The introduction of the sector approach in the MIPDs for 2011-2013 will lead to a reduction of the number of intervention fields in all enlargement countries, better prioritisation and a more definite focus on results. It also helped the beneficiary countries to pay greater attention to the feasibility, complementarity and coherence of IPA funded interventions with the national sector plans and strategies, and the support for these plans by other donors. More remains to be done in 2011 and beyond to ensure more complete ownership at the country level and to correctly identify and address capacity building needs in the beneficiary countries so as to reap the full anticipated benefits of the sector approach. In areas that expose the region to dynamic global challenges, such as climate change, the MIPD 2011-2013 recognizes that efforts need to intensify at the national and regional level to prepare the countries to

mitigate and adapt to climate change impacts. The Commission will seek to apply as far as possible principles of alignment, division of labour and management for development results.

The EU also explored how deeper partnerships between the EU and European and international financial institutions could help meet the needs of the beneficiaries through enhanced partnerships and new financing mechanisms such as blending.

2010 saw increased ownership by beneficiaries of IPA, as demonstrated through increased leadership of donor coordination and through carrying out their own needs assessments for preparing for EU accession and for achieving broader development aims, macro-economic stability and sustainable growth in preparation for the IPA 2010 Conference. In addition, there was considerable engagement from beneficiaries, especially the National IPA Coordinators and authorities responsible for European integration in supporting and developing approaches to improve performance measurement and demonstrate the impact of IPA funds to their citizens.

Credible prospects of future EU membership remains the strongest driving force for reforms and the transformation of the societies in the enlargement countries. The efficient and well-targeted use of IPA funds combined with its power to leverage resources from IFIs should contribute to faster progress in the accession process.

Finally, 2010 opened a public consultation on how the IPA instrument can be further improved, under the next multi-annual financial framework of the EU, to produce the most positive impact on the progress of the Western Balkans, Turkey and Iceland, which would also bring benefits for the EU and its Member States.