



Council of the European Union
General Secretariat

**Interinstitutional files:
2018/0247 (COD)**

Brussels, 09 July 2021

WK 8648/2021 REV 1

LIMITE

ELARG

This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.

MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Enlargement and Countries Negotiating Accession to the EU
N° Cion doc.:	COM(2018) 465 final
Subject:	Subject: Draft IPA III Regulation: - Position of the Council at first reading with a view to adoption: draft Statement of the Council's reasons

With a view to preparing for the formal adoption of the IPA III Regulation and in line with Article 294.6 TFEU, the Council shall inform the European Parliament fully of the reasons which led it to adopt its position at first reading.

The Council Statement of reasons takes the form of an addendum to the note which is presented to Coreper/Council as a I/A item at the same time when the file is presented for adoption.

Delegations will find the draft Statement of the Council's reasons attached, as revised on the basis of discussions in COELA on 2 July 2021 and Member States' written comments. It will be submitted as addendum to the note to be presented to Coreper and the Council in early September 2021 with a view to the adoption of the file.

I. INTRODUCTION

1. On 14 June 2018 the Commission put forward a proposal for a Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III)¹ under Heading 6 ("Neighbourhood and the World") of the Multiannual Financial Framework (MFF) 2021-2027.
2. In the European Parliament, the file is assigned to the Committee for Foreign Affairs (AFET). The European Parliament adopted its position on 27 March 2019².
3. The European Economic and Social Committee adopted an opinion at the plenary session on 12 December 2018³, and the Committee of the Regions - at the plenary session on 5-6 December 2018⁴.
4. The proposal was examined by the Working Party on Enlargement and Countries Negotiating Accession to the EU (~~COELA~~) during the Austrian⁵ and Romanian Presidencies, and on 19 March 2019 the Council reached agreement on the partial general approach⁶.
5. The European Council conclusions of 21 July 2020 allowed for the finalisation of the Council negotiating mandate by the Permanent Representatives Committee at its session on 28 October 2020⁷ following further discussions in Working Party on Enlargement and Countries Negotiating Accession to the EU ~~COELA~~ under the German Presidency.
6. Inter-institutional negotiations with the European Parliament on the proposed Instrument started under the Finnish Presidency, and continued under the Croatian, German and Portuguese Presidencies.
7. The final informal trilogue was held on 2 June 2021 and resulted in a political agreement on the outstanding issues. Additional technical meetings in June 2021 were needed to translate the agreement into legislative text and settle several outstanding details, which were subsequently confirmed in writing between the co-legislators.

¹ 10184/18 + ADD 1 + ADD 2

² 7802/19

³ 15601/18

⁴ 15622/18

⁵ 15532/18

⁶ 7539/19

⁷ 12373/20

8. On 14 June 2021, the provisional agreement was presented to the members of the Working Party on Enlargement and Countries Negotiating Accession to the EU~~COELA~~, which had no objections to the text.
9. The Permanent Representatives Committee confirmed the final compromise text on 28 June 2021⁸.
10. That text was submitted to the confirmation vote by the European Parliament's Committee on Foreign Affairs (AFET) [on 1 July 2021. On [...] July 2021, the Chair of AFET signed a letter to the Chair of the Permanent Representatives Committee (Part 2) stating that, should the Council transmit formally to the European Parliament its position in the form as it stands in the annex to that letter, they would recommend to the European Parliament's plenary that the Council's position be accepted without amendment, subject to legal-linguistic verification, at the European Parliament's second reading.]

II. OBJECTIVE

11. IPA III aims to support beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries to comply with Union values and to progressively align to Union rules, standards, policies and practices ('*acquis*') with a view to future Union membership thereby contributing to mutual stability, security, peace and prosperity. IPA III ensures continuity with IPA II (which covers the period of 2014-2020) and complementarity with other Union instruments (in particular the Neighbourhood, Development and International Cooperation Instrument - Global Europe) and policies (e.g. on climate change).

III. ANALYSIS OF THE COUNCIL POSITION AT THE FIRST READING

12. The European Parliament and the Council conducted negotiations with a view to concluding an agreement at the stage of the Council's position at first reading ("early second-reading agreement").
13. The text of the Council's position at first reading reflects the fair compromise reached in the negotiations between the European Parliament and the Council, facilitated by the Commission.
14. The agreement focuses on the following elements:
 - the main approach for actions financed under the IPA III is to be financed through thematic approach programmes, in order to maximise the impact of the Union's assistance, whilst ensuring consistency, synergies and complementarities with other areas of Union external action, with other relevant Union policies and programmes;
 - coherence between the assistance and the overall enlargement policy framework, as well as cooperation between the Commission and the Member States in ensuring coherence and avoiding duplication between assistance provided under IPA III and other assistance;
 - assistance under this Regulation is based both on a performance-based approach and a fair share principle: it is to be differentiated in scope and intensity according to performance of the beneficiaries while the needs and capacities of those beneficiaries are to be taken into account in order to avoid a disproportionately low level of assistance as compared to other beneficiaries;
 - it is foreseen that the scope and intensity of assistance could be modulated in case of significant regression or persistent lack of progress by a beneficiary in the fundamental areas (rule of law and fundamental rights, democratic institutions and public administration reform as well as economic development and competitiveness), including by reducing proportionally and redirecting the funds, in ways that should avoid compromising support for improving fundamental rights, democracy and the rule of law, including support to civil society and, where appropriate, cooperation with local authorities. Where progress has resumed, the assistance would also be modulated accordingly to further support those efforts;

- a specific strategic board in the management of the EFSD+ operations for the Western Balkans;
- ensuring the visibility of the Union funding by the recipients of such funding, in particular when promoting and reporting on the actions and their results by highlighting the support received from the Union and its benefits for people in a visible manner on communication material related to the actions supported under this Regulation; and by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public in a strategic manner;
- a balance between the procedural provisions of the Instrument: it was agreed that programming documents will be adopted by means of implementing acts and that the Commission be empowered to adopt delegated acts to supplement this Regulation by setting out certain specific objectives and thematic priorities for cooperation, as well as to amend the areas of cooperation thematic priorities for assistance and the list of key performance indicators in Annexes II, III and IV;
- the definition of key performance indicators to be used to help measure the progress and, where appropriate, readiness by beneficiaries listed in Annex I and the Union's contribution to the achievement of the specific objectives of IPA III (Annex IV);
- the Regulation's retroactive application from 1 January 2021 (recital (36)).

IV. CONCLUSION

15. The Council believes that its position at first reading is a balanced representation of the outcome of the informal negotiations between the Council and the European Parliament with the support of the Commission, and that, once adopted, the new Regulation will fulfil the objective of ensuring efficient, coherent and comprehensive financing of Pre-accession Assistance.