

Akdeniz University

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A COMPARATIVE ANALYSIS OF THE PRE-ACCESSION ASSISTANCES PROVIDED FOR
TURKEY AND FOR THE OTHER EU CANDIDATE AND POTENTIAL CANDIDATE
COUNTRIES, AND A PRESCIENCE ON TURKEY'S POSSIBLE FULL MEMBERSHIP TO THE
EU

Joint Master's Programme European Studies Master Thesis

Antalya / Hamburg, 2012

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TABLE OF CONTENTS

LIST OF TABLES	i
LIST OF FIGURES	iii
LIST OF ABBREVIATIONS	iv
ABSTRACT.....	vi
ÖZET... ..	vii
INTRODUCTION.....	1
1. PRE-ACCESSION FINANCIAL ASSISTANCE	3
1.1. The Former Pre-accession Instruments	4
1.1.1. PHARE - Poland and Hungary: Assistance for Restructuring Their Economies	4
1.1.2. ISPA - Instrument for Structural Policies for Pre-Accession	10
1.1.3. SAPARD - Special Accession Programme for Agriculture & Rural Development	13
1.1.4. CARDS - Community Assistance for Reconstruction, Development and Stabilization.....	16
1.1.5. Methodology Used for Allocation of the EU Assistance under PHARE, ISPA, SAPARD and CARDS Programmes	19
1.1.6. Turkey Pre-accession Instrument.....	21
1.2. Currently Used Pre-accession Instrument	23
1.2.1. IPA – Instrument for Pre-Accession Assistance	23
1.2.1.1. IPA Component–I: Transition Assistance and Institution Building Component	26
1.2.1.2. IPA Component–II: Cross Border Cooperation Component.....	27
1.2.1.3. IPA Component–III: Regional Development Component	29
1.2.1.4. IPA Component–IV: Human Resources Development Component	31
1.2.1.5. IPA Component–V: Rural Development Component	32
1.2.1.6. Methodology Used for Allocation of the EU Assistance under the IPA Programme	34

2.	TURKEY – EU FINANCIAL COOPERATION	34
2.1.	The Period Before Customs Union (1964 - 1995)	36
2.2.	The Customs Union Period until Helsinki Summit (1996 - 1999).....	38
2.3.	The Period After Recognition of the Candidacy until the IPA (2000 - 2006)	42
2.4.	The IPA Period (2007 - 2013).....	44
3.	FINANCIAL COOPERATION BETWEEN THE EU AND OTHER CANDIDATE AND POTENTIAL CANDIDATE COUNTRIES WITHIN THE SCOPE OF THE PRE-ACCESSION PROCESS	49
3.1.	Other Candidate Countries	50
3.1.1.	Croatia.....	50
3.1.2.	Iceland.....	52
3.1.3.	The Former Yugoslav Republic of Macedonia.....	53
3.1.4.	Montenegro	54
3.2.	Potential Candidate Countries	55
3.2.1.	Albania.....	55
3.2.2.	Bosnia and Herzegovina	56
3.2.3.	Serbia	57
3.2.4.	Kosovo	58
4.	COMPARISON OF TURKEY AND THE OTHER CANDIDATE AND POTENTIAL COUNTRIES WITHIN THE SCOPE OF THE EU PRE- ACCESSION ASSISTANCE	59
4.1.	Qualitative Differences	59
4.2.	Quantitative Differences	62
	CONCLUSION	67
	BIBLIOGRAPHY	70
	CURRICULUM VITAE.....	77
	DECLARATION OF AUTHORSHIP	78

LIST OF TABLES

Table 1.1: Yearly commitments for assistance within the context of the PHARE programme	8
Table 1.2: Allocations of the assistance under the ISPA programme for the each beneficiary country (2000 - 2006) (Million EUR).....	12
Table 1.3: Allocations of the assistance under the SAPARD programme for the each beneficiary county (2000 - 2006) (Million EUR).....	15
Table 1.4: Commitments, Contracts and Payments under the CARDS programme for the each beneficiary country at the end of 2009 (Million EUR).....	19
Table 1.5: The EU financial assistance granted to Turkey between 2002 and 2006, and the number of the projects financed at that period.....	22
Table 1.6: Allocated assistance within the context of the Transition Assistance and Institution Building component (2007-2013).....	26
Table 1.7: Allocated assistance within the context of the Cross Border Cooperation component (2007-2013).....	29
Table 1.8: Allocated assistance within the context of the Regional Development component (2007-2013).....	30
Table 1.9: Allocated assistance within the context of the Human Resources Development component (2007-2013).....	32
Table 1.10: Allocated assistance within the context of the Rural Development component (2007-2013)	33
Table 2.1: The financial assistance granted to Turkey between 1964-1995 (Million EUR)	36
Table 2.2: Assistance provided to Turkey during the Customs Union period (1996-1999) (Million EUR).....	40
Table 2.3: The total EU contributions for Turkey during the period 2002-2006 allocated under each supported area (million EUR).....	43
Table 2.4: The EU assistance received by Turkey during the period of 2000 – 2006 (million EUR)	44
Table 2.5: The amounts of the assistance allocated for Turkey under the Instrument for Pre-accession Assistance by components (2007-2013) (million EUR).....	45
Table 3.1: The allocation of assistances under the IPA programme by country and by year from 2007-2013 (Million EUR.).....	49

Table 3.2: The amounts of the assistance allocated for Croatia under the Instrument for Pre-accession Assistance by components (2007-2013) (million EUR).....	52
Table 3.3: Allocation for Iceland under the Instrument for Pre-accession Assistance (Million EUR)	53
Table 3.4: The amounts of the assistance allocated for Macedonia under the Instrument for Pre-accession Assistance by components (2007-2013) (million EUR).....	54
Table 3.5: The amounts of the assistance allocated for Montenegro under the IPA by components (2007-2013) (million EUR)	55
Table 3.6: The amounts of the assistance allocated for Albania under the IPA by components (2007-2013) (million EUR)	56
Table 3.7: The amounts of the assistance allocated for Bosnia and Herzegovina under the IPA by components (2007-2013) (million EUR).....	57
Table 3.8: The amounts of the assistance allocated for Serbia under the IPA by components (2007-2013) (million EUR)	58
Table 3.9: The amounts of the assistance allocated for Kosovo under the IPA by components (2007-2013) (million EUR)	58
Table 4.1: Statistical data on Populations, Land Surface, Agricultural Area and per capita GDP	64
Table 4.2: Per capita and per km ² IPA allocation for each candidate and potential candidate countries (2007-2013).....	65

LIST OF FIGURES

Figure 1.1: Amounts of the assistances granted to the CEECs within the Context of the PHARE (1990 – 2007) (Million EUR)	9
Figure 1.2: Transformation of the Former Instruments to IPA and Structural Funds	24

LIST OF ABBREVIATIONS

CARDS: Community Assistance for Reconstruction, Development and Stabilization

CEECs: Central and Eastern European Countries

CSD: Civil Society Dialogue

EAFRD: European Agricultural Fund for Rural Development

EC: European Communities

ECU: European Currency Unit

EEC: European Economic Community

EEF: European Fisheries Fund

EIB: European Investment Bank

ERDF: European Regional Development Fund

ESF: European Social Fund

EU: European Union

EUC: European Unit of Account

EUR: EURO

EURO-MED: Euro-Mediterranean Partnership

GDP: Gross Domestic Product

IPA: Instrument for Pre-accession Assistance

IPARD: Instrument for Pre-accession Assistance on Rural Development

ISPA: Instrument for Structural Policies for Pre-Accession

JLS: Justice, Freedom and Security

MEDA: Mediterranean Economic Development Area

MIFF: Multi-annual Indicative Financial Framework

MIPD: Multi-annual Indicative Planning Document

PHARE: Poland and Hungary: Assistance for Restructuring their Economies

SAPARD: Special Accession Programme for Agriculture & Rural Development

SCF: Strategic Coherence Framework

SEE: South East European

SIGMA: Support for Improvement in Governance and Management

TAIEX: The Technical Assistance and Information Exchange Instrument

ABSTRACT

This study aims to expose whether the EU has been treating Turkey equally in comparison to the other pre-accession countries within the context of the pre-accession financial cooperation. To this end, the study compares the pre-accession assistances granted to Turkey and to the other pre-accession countries from qualitative and quantitative aspects. The comparison covers mainly the period of 2000 – 2013.

Nowadays, pre-accession financial assistances of the EU attract a growing interest and significance, because it fosters accession process of the candidate and potential candidate countries to the EU membership. Each euro spent as part of the pre-accession strategy of the EU makes the candidate and potential candidate countries more prepared for the membership. In this atmosphere, the EU should allocate the funds among the pre-accession countries fairly. To ensure equality, the EU defines concrete allocation criteria under the pre-accession instruments. Even so, the equality is broken as the study illustrates like in the example of Turkey.

As a term “pre-accession assistance” is explained and former and current pre-accession instruments are introduced initially. Then, the financial cooperation between Turkey and the EU is explained in detail. Thereafter, the financial cooperation between the EU and the other pre-accession countries are summarised to make a comparison between Turkey and the others. Last chapter constitutes the most important part of the study. It is the synthesis of all previously mentioned information. In this chapter, the EU’s unequal treatment of Turkey is displayed through qualitative and quantitative analysis. In the conclusion part, a prescience of the writer on Turkey’s possible full membership to the EU is stated.

Key Words: Pre-accession process to the EU, Instrument for Pre-accession Assistance, financial cooperation, candidate and potential candidate countries of the EU

ÖZET

TÜRKİYE VE DİĞER AB ADAY VE POTANSİYEL ADAY ÜLKELERİNE SAĞLANAN KATILIM ÖNCESİ MALİ YARDIMLARIN KARŞILAŞTIRMALI ANALİZİ VE TÜRKİYE’NİN OLASI AB TAM ÜYELİĞİNE DAİR BİR ÖNGÖRÜ

Bu çalışma katılım öncesi mali işbirliği kapsamında Avrupa Birliği’nin diğer katılım öncesi ülkelere kıyasla Türkiye’ye eşit muamele edip etmediğini ortaya çıkarmayı amaçlamaktadır. Bu amaç doğrultusunda, Türkiye’ye ve diğer katılım öncesi ülkelere verilen yardımlar miktar ve nicelik bakımından karşılaştırılmıştır. Bu karşılaştırma temel olarak 2000-2013 dönemini kapsamaktadır.

Günümüzde, AB katılım öncesi mali yardımları büyüyen bir ilgi ve öneme sahiptir. Çünkü bu yardımlar AB’ye aday ve potansiyel aday ülkelerin AB üyeliğine geçiş sürecini hızlandırmaktadır. Avrupa Birliği’nin katılım öncesi stratejisi kapsamında harcanan her bir avro aday ve potansiyel aday ülkeleri AB üyeliği için biraz daha hazır hale getirmektedir. Böyle bir ortamda AB’nin yardımlarını katılım öncesi ülkeler arasında adil bir şekilde dağıtması gerekmektedir. Eşitliği sağlamak için Avrupa Birliği, her bir katılım öncesi araç kapsamında somut bir fon tahsis etme yöntemi belirlemiştir. Ancak yinede eşitliğin bozulduğu durumlar, Türkiye örneğinde olduğu gibi, söz konusudur.

Çalışmada ilk olarak “katılım öncesi yardım” terimi açıklanmıştır ve ardından eskiden kullanılmış ve şu anda kullanılmakta olan katılım öncesi mali yardım araçları anlatılmıştır. Sonra AB ve Türkiye arasındaki mali işbirliği ayrıntılı bir şekilde ele alınmıştır. Ardından AB ve diğer katılım öncesi ülkeleri arasındaki mali işbirliği, Türkiye ile bir kıyaslama yapılabilmesi için, özetlenmiştir. Son bölüm bu çalışmanın en önemli kısmını oluşturmaktadır. Bu bölüm daha önce sağlanan verilerin bir sentezidir. AB’nin Türkiye’ye karşı adil olmayan tutumu nitel ve nicel analiz yoluyla bu bölümde kanıtlanmıştır. Ayriyeten sonuç bölümünde ise, Türkiye’nin olası AB tam üyeliğine dair yazarın öngörülerine yer verilmiştir.

Anahtar Sözcükler: Avrupa Birliği katılım öncesi süreci, Katılım Öncesi Mali Yardım Aracı, mali işbirliği, AB aday ve potansiyel aday ülkeleri

INTRODUCTION

The European Union is a dynamo that provides energy for its members that each of them can be assumed as a sprocket of the EU mechanism. Each sprocket acquires its own peculiar acceleration according to their economic and social development level without EU membership. However, inclusion of these sprockets to the EU mechanism increases their acceleration in a considerable amount and accordingly hastens their social and economic development. But before including them to the mechanism, each sprocket needs to have adequate capacity to function seamlessly within the EU. Therefore the EU maintains each sprocket, which is in the accession process to the EU, through the pre-accession financial assistances.

For a long time, enlargement has been one of the most important issues for the EU. Inclusion of new members to the Union needs to be problem-free. Hence, integration and cohesion are necessary not only after membership, but also before membership. For this reason the EU provides financial assistances to the candidate and potential candidate countries to progress integration and cohesion during pre-accession process. These assistances provided during the pre-accession process to the EU are called as “the EU pre-accession financial assistance”. These assistances are allocated through pre-accession financial instruments under specific fields in which progress is *sin qua non*.

The most important field within the context of the pre-accession assistances is institution building. Before membership, the EU expects the candidate and also potential candidate countries to acquire adequate administrative capacity, which is essential to function actively within the EU. Secondly, good neighbourhood relations are crucial. So, the EU provides pre-accession assistance also to maintain cross-border cooperation. Thirdly, the EU assists the accession countries financially in the fields of regional and rural development, because regional development gaps as well as lack of rural development are undesirable situations for the EU. Increasing employment rate and ensuring sustainable development in human resources are the other fields supported by the EU. In all these fields, the EU determines specific topics and the accession countries are expected to harmonize their national legislation with the EU *acquis* in accordance with all these broad and narrow topics.

As can be understood, pre-accession financial assistances of the EU prepare candidate countries for the EU membership, and potential candidate countries for the candidatureship and then for the membership. In addition to this, the pre-accession financial assistances also make candidate countries ready for the post-membership period. Within this period, the new members continue benefiting from EU assistances under different fund programmes (Structural Funds and Cohesion Fund). Namely, the integration and cohesion process continues also during membership. Because pre-accession assistances are managed, allocated and benefited under the same rules with the Structural Funds and Cohesion Fund, the system in which pre-accession assistance programmes are implemented teaches new members how to benefit from the funds which are open for the use of the EU members.

In order to answer to the question whether the EU has been treating Turkey equally against the other pre-accession countries within the context of pre-accession financial cooperation, this study compares the pre-accession assistances granted to Turkey and to the other candidate and potential candidate countries in terms of qualitative and quantitative aspects. Qualitative comparison handles differences in contents of the different pre-accession instruments that Turkey and the other accession countries benefited from. Quantitative comparison focuses on amounts granted to each candidate and potential candidate countries. Therefore, the five former pre-accession instruments (PHARE, ISPA, SAPARD, CARDS and Turkey Pre-accession Instrument) and the currently used pre-accession instrument (IPA) are introduced in detail. In addition, allocations under those instruments are given on tables by countries and by years. Besides, history of the financial cooperation of the current candidate and potential candidates with the EU within the framework of the pre-accession assistances is summarised. Via this comparison, it is planned to display whether there is an unequal treatment of the EU against Turkey within the context of the pre-accession assistances. The result of the study may enable to prophesy on Turkey's possible membership to the EU.

The study consists of four main chapters. First chapter explains what the term pre-accession assistance is and where it has come from. The former and current pre-accession instruments are also handled under this chapter. Second chapter, includes financial cooperation between Turkey and the EU from its beginning until now. Third chapter mentions financial cooperation of the EU with the other candidate and potential candidate countries. By using

information provided in the former chapters, a comparative analysis is presented under the fourth chapter. Then the study comes to the conclusion.

1. PRE-ACCESSION FINANCIAL ASSISTANCE

To explain the term “pre-accession financial assistance”, it is necessary to mention European Union’s pre-accession strategy first. Pre-accession strategy has initially been introduced in the European Council of Luxemburg in December 1997. It is a policy of the EU that requires setting up a structured dialogue between the EU and the candidate and potential candidate countries. At this point pre-accession financial assistances of the EU appear as a key instrument aimed at contributing the pre-accession strategy.¹

Pre-accession financial assistance is provided by the EU for the candidate and potential candidates of the EU. The aim is to contribute them during the accession process or within the stabilization and association process to prepare them for the EU membership. These assistances have been allocated through financial instruments created by the EU such as PHARE, ISPA, SAPARD, CARDS, Turkey Pre-accession Instrument and IPA. All these programmes have their own rules related to eligibility of projects, executive process etc. These rules have been set and implemented as closely as to the rules of structural funds. This contributes the pre-accession countries to accustom to the EU style of allocating financial assistance.² On the other hand, the EU defines general and specific priority areas under each instrument to support in line with the EU’s policies and the needs of the candidate and potential candidate countries.

More clearly, pre-accession financial assistance of the EU accelerates process of meeting the Copenhagen criteria for the candidate countries. The countries receiving pre-accession assistances reach accession conditions earlier and easier, and so conclude the process successfully. The assistances focus on mainly building administrative capacity and harmonizing domestic legislation with the EU *acquis* in all relevant fields in the candidate countries. Apart from this, cross-border cooperation, regional development, rural development, and human resources development are the other fields given importance. For potential candidate countries,

¹ Official website of the EU, 23.01.2012;

http://europa.eu/legislation_summaries/glossary/preaccession_strategy_en.htm

² Molle, Willem; *The Economics of European Integration: Theory, Practice and Policy*, Ashgate press, fifth edition, England, 2006, p.331

the EU's pre-accession financial assistances prepare them for one step further, namely for the EU candidatureship. Because potential candidates have a longer process until the EU membership, the EU supplies them with more limited support in comparison to candidate countries. The pre-accession assistances for potential candidate countries therefore focus on only institution building and cross-border cooperation.

The EU provides pre-accession financial assistances as grants. Hence, the candidate and potential candidate countries do not get into debt to the EU. They do not need to pay back the pre-accession assistances that they have used.

From 1990 to nowadays, the EU created six pre-accession instruments to allocate funds to the candidate and potential candidates. These are PHARE, ISPA, SAPARD, CARDS, Turkey Pre-accession Instrument and IPA. IPA is the currently used instrument that replaced the former pre-accession instruments. In the following part, these pre-accession instruments are introduced within a chronology. Their priorities, aims, beneficiaries, and allocations under them are examined. IPA constitutes the focus of this part, because it is the currently used pre-accession instrument.

1.1. The Former Pre-accession Instruments

1.1.1. PHARE - Poland and Hungary: Assistance for Restructuring Their Economies

The PHARE programme is created by the EU as a sort of instrument for pre-accession assistance from which the applicant Central and Eastern European Countries (CEECs) can benefit to get ready for the EU membership.

The PHARE programme was actually developed in 1989 with the aim of providing assistance to Poland and Hungary only. However; the context of the PHARE programme was expanded by several following amendments in the regulation establishing the PHARE programme³, and some other Central and Eastern European Countries were also added in the

³ Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe

beneficiary countries list⁴. First of all, Czechoslovakia (the Czech Republic and Slovakia became separate beneficiaries in 1993)⁵, Bulgaria, Romania, Yugoslavia and German Democratic Republic⁶ were included in the beneficiary countries list in 1990.⁷ Secondly, Albania, Estonia, Latvia and Lithuania had been inserted in the list in 1991.⁸ Then, Slovenia was added in the list in 1992.⁹ The Former Yugoslav Republic of Macedonia and, Bosnia and Herzegovina were also included in the list in 1996¹⁰. Lastly, Croatia became one of the beneficiaries of the PHARE programme in 1995.¹¹ Until 2000, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Albania, Croatia, and Yugoslavia had been using the assistance under the PHARE programme. As of 2001, these five countries started to benefit from another programme; CARDS (Community Assistance for Reconstruction, Development and Stabilization).¹²

At first, when the PHARE programme was created, the main aim was to improve economic restructuring in Poland and Hungary. This topic was including the areas such as agriculture, industry, energy and environmental protection.¹³ By the 1993 Copenhagen Council's decision, the aim of the PHARE programme was expanded. Thereby, support for infrastructure investment was also included in the content of the PHARE. However the programme was faced

⁴ *Beneficiary Countries List: This is the term used in this part which refers the Annex to Regulation (EEC) No 3906/89. The Annex includes the names of beneficiary countries of PHARE programme.

⁵ Council Regulation (EEC) No 1764/93 of 30 June 1993, amending Regulation (EEC) No 3906/89 on economic aid for certain countries of central and eastern Europe, Article 1

⁶ German Democratic Republic was removed from the beneficiaries list one year later in 1991. See "Council Regulation (EEC) No 3800/91 of 23 December 1991, Article 1 (2)".

⁷ Council Regulation (EEC) No 2698/90 of 17 September 1990, amending Regulation (EEC) No 3906/89 in order to extend economic aid to other countries of Central and Eastern Europe, Article 1 (6)

⁸ Council Regulation (EEC) No 3800/91 of 23 December 1991, amending Regulation (EEC) No 3906/89 in order to extend economic aid to include other countries in central and eastern Europe, Article 1 (1)

⁹ Council Regulation (EEC) No 2334/92 of 7 August 1992, amending Regulation (EEC) No 3906/89 in order to extend economic aid to include Slovenia, Article 1

¹⁰ Council Regulation (EC) No 463/96 of 11 March 1996 amending Regulation (EEC) No 3906/89 with a view to extending economic assistance to the Former Yugoslav Republic of Macedonia, Article 1, and Council Regulation (EC) No 753/96 of 22 April 1996 amending Regulation (EEC) No 3906/89 with a view to extending economic aid to Bosnia and Herzegovina, Article 1.

¹¹ Council Regulation (EC) No 1366/95 of 12 June 1995 amending Regulation (EEC) No 3906/89 in order to extend economic aid to Croatia, Article 1

¹² Council Regulation (EC) No 2666/2000 of 5 December 2000, on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia, repealing Regulation (EC) No 1628/96 and amending Regulations (EEC) No 3906/89 and (EEC) No 1360/90 and Decisions 97/256/EC and 1999/311/EC, Article 1 (1)

¹³ Council Regulation (EEC) No 3906/89 of 18 December 1989, on economic aid to the Republic of Hungary and Polish People's Republic, Article 3, 30.11.2011

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31989R3906:EN:HTML>

intensive criticisms in some points. Because it was used to fund individual projects and required direct contact between the Commission and the central governments of the candidate countries, it was criticized in terms of its overmuch bureaucracy. In addition, annual programming instead of multi annual programming of the instrument increased criticisms. As a result of these criticisms, the EU created two new programmes in addition to the PHARE.¹⁴ These are ISPA and SAPARD. Following the fact that SAPARD¹⁵ and ISPA¹⁶ programmes, which aimed at providing pre-accession assistance to the applicant CEECs between 2000 and 2006, were established, the focus of the PHARE was narrowed. The fields of rural and agricultural development were included in the context of the SAPARD (Special Accession Programme for Agriculture & Rural Development) and the fields of environmental protection and transport were dealt with under the ISPA (Instrument for Structural Policies for Pre-Accession) programme. The PHARE covered the fields which were not covered by the ISPA and SAPARD programmes.¹⁷

The PHARE programme had three main objectives. The first one was to improve the capacity of public administrations and institutions in the beneficiary countries to prepare them for functioning efficiently in the EU after membership. The second one was to advance harmonization with the *acquis communautaire* and minimize the transition periods. The third objective was to develop Economic and Social Cohesion¹⁸. These are the direct objectives of the PHARE programme determined by the EU. As Renner and Trauner explained in their study, such an external assistance programme was created by the EU to contribute to the EU's pre-accession strategy as well as regional integration strategy. Within the scope of the pre-accession strategy; the EU commits a future membership without a clear time frame and expects the CEECs to adopt the EU *acquis*. Within the scope of the regional integration strategy, the EU aims to maintain stability in the region. The common goal of these two strategies is to compose

¹⁴ Allen, David; Cohesion and the Structural Funds: Competing Pressures for Reform?, in Wallace, Helen; Wallace, William, Policy-Making in the EU, Oxford University press, fifth edition, 2005, p.224

¹⁵ established by Council Regulation 1268/99

¹⁶ established by Council Regulation 1267/99

¹⁷ Official website of the European Commission, 28.11.2011

http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/phare/index_en.htm

¹⁸ For more information, see official website of the European Commission, http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/phare/economic_and_social_cohesion_en.htm

an expanded area of governance beyond the current borders of the EU.¹⁹ According to another point of view, the location of the CEECs has a very strategic importance for the EU. The CEECs are located between Russia and the Western Europe, and they constituted a security line between these two sides. Because the CEECs' position is fundamentally significant from geopolitical aspect, the EU has started to establish closer relations with the CEECs, especially, after the collapse of the Soviet Union in 1990. Although, the EU had been providing assistance to the CEECs before the PHARE programme with similar objectives, the PHARE became the biggest aid programme for the CEECs after its establishment. Relations with the CEECs were so important for the EU that the EU also intended to take these countries into the Union. With other words, entering the CEECs into the EU was the primary aim for the EU since the beginning of close relations with the CEECs, namely, since the PHARE programme.²⁰

During the PHARE's last period, between 2000 and 2006, the assistances were majoring on two main priorities. These were institution building and investment in Economic and Social Cohesion. The first priority included two areas to support. These were Institution Building involving transfer of "know-how"²¹ and Institution Building involving investment. Within this framework, the EU aimed to provide assistance for candidate countries to improve their structures, strategies, human resources and administrative abilities that is necessary to develop their economic, social, regulatory and managerial capabilities. Approximately 30% of the PHARE assistances were allocated for the Institution Building involving transfer of "know-

¹⁹ Renner, Stephan; and Trauner, Florian; *Creeping EU Membership in South-east Europe: The Dynamics of EU Rule Transfer to the Western Balkans*, Journal of European Integration, 2009, p.450

²⁰ Gençkol, Metin; *Avrupa Birliği Mali İşbirliği Politikaları ve Türkiye* (The Financial Cooperation Politics of the EU, and Turkey), Turkish Republic Ministry of Development, Publication no: DPT-2679, 2003, p.130

Online available at official website of the Ministry <http://ekutup.dpt.gov.tr/ab/genckolm/malipoli.pdf> 30.11.2011
Karataş, Halil; *Avrupa Birliği Katılım Öncesi Mali Yardımları* (Pre-Accession Financial Assistance of the EU), Turkish Republic, Ministry of Finance, Publication no:2010/409, Ankara, 2010, p.48

²¹ *This is a kind of process that the beneficiary countries were supported to improve their structures, strategies, human resources and management abilities which are necessary to promote their economic, social and administrative capacities. Within the framework of the Institution Building involving transfer of "know-how", the contributions are provided mainly through TAIEX (The Technical Assistance and Information Exchange Instrument), Twinning and SIGMA programmes. TAIEX is a programme providing short-term assistance to improve implementation of the EU legislation in beneficiary countries. Twinning is a programme aimed to improve enforcement of the EU legislation through secondment of the EU experts from the EU member states in the beneficiary countries. SIGMA is a programme aiming to support institution building in the accession countries through providing assistance in the fields of public administrative reform, public procurement, public sector ethics and anti-corruption initiatives, external and internal financial control. (Source: *Delegation of the European Union to the Republic of Croatia*)

how”. The second area, Institution Building involving investment, is related mostly to the efforts for compliance with the *acquis communautaire*. This purpose was absorbing about 35% of the PHARE resources. On the other hand; the PHARE assistances allocated for the second priority area, investment in Economic and Social Cohesion, contributed to the functioning of the market economy and to the solution for the competitive pressure in the EU. For this purpose, nearly 35% of the PHARE budget was used. The exact allocations of the PHARE resources depend on needs and absorption capability of the beneficiaries.²²

In 1990, when the PHARE programme first started to be implemented, the EU commitment for assistance was € 475 million. The commitments of the PHARE programme had increased continually from 1990 to 2006. In 2006, when the programme came to its end, the EU commitment was € 1.772 million. This was derived from the fact that beneficiary countries increased in numbers and the European Union’s budget grew considerably. On the table-1.1 below, increase in the yearly subscribed amount can be seen.²³ In 2007, the commitment is seen as € 78 million. This should not be interpreted as a decrease in the PHARE assistances, because normally 2006 was the final year that PHARE implemented. But, the PHARE assistances were continued to be paid to the beneficiary countries in 2007, whose projects had not been concluded yet.

Table 1.1: Yearly commitments for assistance within the context of the PHARE programme²⁴

Years	Commitments (Million EUR)	Years	Commitments (Million EUR)
1990	475,3	1999	1.481,7
1991	769,7	2000	1.651,5
1992	979,6	2001	1.635,4
1993	966,1	2002	1.695,1
1994	946,1	2003	1.698,1
1995	1.114,0	2004	1.240,5

²² Commission Decision C(2003)4906, on the review of the guidelines for implementation of the Phare programme in candidate countries for the period 200-2006 in application of article 8 of regulation 3906/89, 22.12.2003
http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/phare_guidelines_en.pdf 01.12.2011

²³ Karataş, Halil; Ankara, 2010, p.56,57

²⁴ Report from the Commission to the European Parliament, the Council and the Economic and Social Committee, 2009 Annual Report on PHARE, Turkey Pre-Accession Instruments, CARDS and the Transition Facility, Brussels, 20.12.2010, COM(2010) 793 final, p.101;
http://ec.europa.eu/enlargement/pdf/key_documents/2009/2009_phare_report_en.pdf 03.01.2012

1996	1.207,8	2005	1.353,9
1997	1.135,1	2006	1.772,2
1998	1.153,9	2007	78,2

The European Commission was deciding how much assistance would be granted to each beneficiary country under the PHARE programme. To decide on the amount, it was considering primarily population and per capita GDP, but it was also taking into consideration needs, absorption capacity, former performance and progress in implementing the Accession Partnership.²⁵ During the period 1990-2007 the Commission subscribed around € 20 billion financial assistance in total. € 17,2 billion of it became contractual and € 15,4 billion was paid to beneficiaries.

Figure-1.1 indicates the amounts of the assistances granted to the CEECs within the Context of the PHARE for the period 1990-2007. As it is seen, Poland was the highest paid beneficiary with the amount of € 3.618 million assistance. Romania was the beneficiary taking second highest amount of assistance with € 2.957 million. After Romania, Bulgaria was the third country with € 1.800 million assistance.

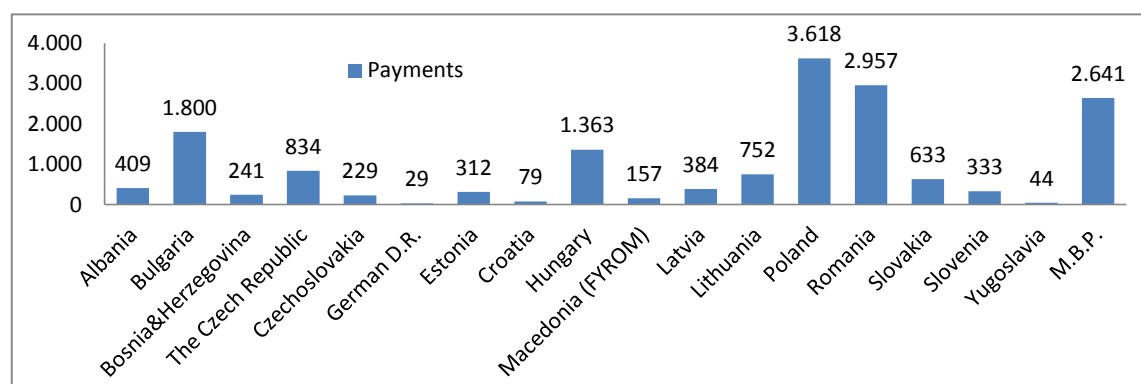


Figure 1.1: Amounts of the assistances granted to the CEECs within the Context of the PHARE (1990 – 2007) (Million EUR)²⁶

²⁵ European Commission, Enlargement Directorate General, Proceedings of the conference organized by DG Enlargement and the Permanent Representations of Sweden and Austria to the European Union on 5th March 2001, the Enlargement Process and the three pre-accession instruments: PHARE, ISPA, SAPARD, 2002, p.9 http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/phare_ispa_sapard_en.pdf 02.12.2011

²⁶ Report from the Commission to the European Parliament, the Council and the Economic and Social Committee, 2009 Annual Report on PHARE, Turkey Pre-Accession Instruments, CARDS and the Transition Facility, Brussels, 20.12.2010, COM(2010) 793 final, p.101,102, and Karataş, Halil; Ankara, 2010, p.53. (German DR: German Democratic Republic, MBP: Multi-Beneficiary Programmes)

Consequently, the PHARE programme is an instrument for the EU financial assistance covering the Central and Eastern European Countries with the aim of preparing the CEECs for the EU membership by supporting compliance with the *acquis communautaire* and improving EU awareness. The PHARE programme also prepares the CEECs for the structural fund implementations which can be benefited after membership. Therefore it followed the model of structural funds.²⁷

1.1.2. ISPA - Instrument for Structural Policies for Pre-Accession

ISPA is the name of a former EU instrument for pre-accession assistance implemented between the years of 2000 and 2006, which was providing financial support for applicant Central and Eastern European Countries to accelerate the harmonisation with the *acquis communautaire*. Under the ISPA programme, there were two main fields supported. These were “environment and transport”. The priorities of the projects in these fields were determined according to the Accession Partnership, the National Programme for the Adoption of the *acquis*, the National Development Programme, the Regular Reports and the National ISPA Strategies for Environment and Transport sectors.²⁸

In the field of transport, the EU intended to support projects aimed at improving the Trans-European Transport Networks from Western Europe towards Eastern Europe including land routes, railway lines, internal water routes, airports, maritime ports etc.²⁹ This would absolutely ease the transition between the EU and the applicant countries, and accordingly, develop the integration.

In the field of environment, the assistance focused on the issues about drinking water, wastewater refining, solid waste recycling and air pollution.³⁰ In this way, the EU aimed to

*Multi-Beneficiary Programmes: This sort of a programme was created in 1991. In this programme, two or more beneficiary country can develop one joint project and they determine the priorities of their project together with the European Commission. Duration of the projects can be extended over one year.

²⁷ Sedelmeier, Ulrich; *Eastern Enlargement*, in Wallace, Helen; Wallace, William, *Policy-Making in the EU*, Oxford University press, fifth edition, 2005, p.414

²⁸ Council Regulation (EC) No 1267/1999 of 21 June 1999, establishing an Instrument for Structural Policies for Pre-accession, Article 1 (2)

²⁹ Karataş, Halil; Ankara, 2010, p.58

³⁰ The Enlargement Process and the three pre-accession instruments: PHARE, ISPA, SAPARD, p.12

prepare beneficiary countries to harmonize with the EU's environmental acquis and with the accession partnerships.

In addition to the assistance granted in the fields of transport and environment, the EU provided assistance also for the activities aimed at improving the capacity of creating projects and project management of beneficiary countries within the context of the ISPA programme.³¹ This is because of the fact that the EU aimed to increase efficiency of the ISPA assistance by increasing the number of the successfully prepared projects.

During the period 2000 – 2006, ten CEECs obtained pre-accession assistance within the context of the ISPA programme. These were Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.³² In 1 May 2004, 8 of these ten countries became members of the EU and following this development, they were excluded from the ISPA programme. Up to that time, the EU was providing around € 1.080 million assistance to those ten CEECs per year.³³ Because of the fact that the number of the beneficiary countries decreased from ten to two in 2004, the yearly commitment was rearranged as around € 450 million by the EU.³⁴ Following this rearrangement on the ISPA programme, the reallocation ratios became 30% for Bulgaria and 70% for Romania for the remaining three-year ISPA period (2004-2006).³⁵ After the 2004 enlargement, Bulgaria and Romania remained benefitting from the ISPA programme and the other eight countries started to benefit from the Cohesion Fund as new members of the EU. Following the event that the candidatenesship of Croatia was accepted in June 2004, Croatia also started to benefit from the ISPA programme as from 1st January 2005.³⁶

³¹ Gençkol, Metin; 2003, p.146

³² Council Regulation (EC) No 1267/1999 of 21 June 1999, establishing an Instrument for Structural Policies for Pre-accession, Article 1 (1)

³³ The Enlargement Process and the three pre-accession instruments: PHARE, ISPA, SAPARD, p.12

³⁴ Kaya, Feridun; Katılım Öncesi Mali Yardım Aracı (IPA) Kapsamında AB Mali Yardım Programları ve Yapısal Fonlarının Türkiye İş Kurumu Hizmetlerinin Etkinleştirilmesindeki Rolü (The Role of the EU Financial Assistance Programs and the Structural Funds in the Activation of Turkish Employment Organization's Services within the context of the IPA), Turkish Ministry of Labour and Social Security, Directorate General of Turkish Employment Organization, Ankara, 2007 p.85-86

³⁵ Council Decision of 21.10.2004 outlining the general approach for the reallocation of resources under Regulation (EC) No 1267/1999 establishing an Instrument for Structural Policies for Pre-accession (2004/749/EC), Sole Article <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:332:0014:0014:EN:PDF> 03.01.2012

³⁶ Report from the Commission, Annual Report of the Instrument for Structural Policy for Pre-accession (ISPA) 2005, SEC(2006)1430, Brussels, 10.11.2006, COM(2006) 674 final, p.3, 03.01.2012

As table-1.2 indicates below, Poland took the biggest share from the ISPA budget during 2000 – 2003 with the amount of € 1076,4 million. After Poland, Romania was the second country taking highest amount of assistance with € 741,4 million and Bulgaria was third with € 315,4 million. However, after the 2004 EU enlargement, Poland was excluded from the ISPA and started to benefit from the Cohesion Fund. Bulgaria and Romania continued to benefit from the ISPA. Thereby, Romania became the beneficiary country taking highest amount of the assistance with € 2.028,4 million in total.

Table 1.2: Allocations of the assistance under the ISPA programme for the each beneficiary country (2000 - 2006) (Million EUR)³⁷

Countries	2000	2001	2002	2003	2004	2005	2006	Total
Bulgaria	104	106,8	104,6	113	135	147	158	868,4
Czech Republic	70	66,9	80,5	76	-	-	-	293,4
Estonia	28,2	29,9	30,4	31	-	-	-	119,5
Hungary	88	90,8	94,1	96	-	-	-	368,9
Latvia	46,7	48,1	46,5	54	-	-	-	195,3
Lithuania	52,2	50,5	61,2	53	-	-	-	216,9
Poland	307	406,6	362,8	378	-	-	-	1.454,4
Romania	239,2	245,6	256,6	261	316	342	368	2.028,4
Slovakia	42,50	48,1	54,1	51	-	-	-	195,7
Slovenia	19,6	16	16,6	15	-	-	-	67,2
Croatia	-	-	-	-	-	25	35	60
Total	997,4	1.109,3	1.107,4	1.128	451	514	561	5.868,1

The commission decided how much assistance would be granted to each beneficiary country according to their population, per capita GDP in purchasing power parities and land surface.³⁸ This is the same system used for the allocation of the Cohesion Fund. In this way, the Commission was ensuring allocations of the assistance in equal ratio.

In conclusion, the ISPA programme was necessary in respect of “Learning by doing”, because it prepared the beneficiary countries for the Cohesion Fund, namely for the membership

http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/pdf/ispa2005/ispa_2005_en.pdf

³⁷ Karataş, Halil; 2010, p.62 and Atak, Barış; Avrupa Birliğinde Yapısal Fonlar: Türkiye ile Üye Ülkelerin Karşılaştırılması Üzerine Bir İnceleme (Structural Funds in the EU: A comparative Analysis of Turkey and Member States), Social Sciences of Trakya University, Master Thesis, 2009, p.161

³⁸ Council Regulation (EC) No 1267/1999 of 21 June 1999, establishing an Instrument for Structural Policies for Pre-accession, Article 4

period.³⁹ Therefore, it was implemented in a very similar system to the system in which the Cohesion Fund is implemented.

1.1.3. SAPARD - Special Accession Programme for Agriculture & Rural Development

SAPARD is the third programme created by the EU to provide pre-accession financial assistance to the applicant Central and Eastern European Countries for the period of 2000 – 2006. It was set up by the adoption of the Council regulation no1268/1999 of 21 June 1999⁴⁰. According to the regulation, the overall aim of the SAPARD programme was determined as contributing sustainable development in the field of agriculture and in rural areas in the ten CEECs (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia).⁴¹ Croatia was also included in the SAPARD programme as beneficiary following the Council Regulation no 2257/2004 adopted on 20th December 2004.⁴²

As in the PHARE and ISPA programmes, SAPARD also aimed at accelerating compliance with the EU legislation in the fields related to its objectives in the beneficiary countries. Namely, the SAPARD programme supported its beneficiary countries for developing their rural and agricultural environment to reach the Common Agricultural Policy standards.⁴³

According to the regulation establishing the SAPARD programme, each beneficiary county was able to determine priority areas for their selves in limitations of the article 2 and article 4 (2) of the regulation. According to the article 4 (2), SAPARD assistances were granted for the projects aimed at increasing efficiency in the market and quality in the health sector, and for the projects aimed at creating new jobs in rural areas, pursuant to the rulings on the environmental protection. On the other hand, article 2 defined priority areas more specifically with 15 measures within the context of the SAPARD programme. These measures are as follows;

³⁹ The Enlargement Process and the three pre-accession instruments: PHARE, ISPA, SAPARD, p.12

⁴⁰ Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of Central and Eastern Europe in the pre-accession period

⁴¹ Council Regulation (EC) No 1268/1999 of 21 June 1999, Article 1 (1)

⁴² Council Regulation (EC) No 2257/2004 of 20 December 2004, amending Regulations (EEC) No 3906/89, (EC) No 1267/1999, (EC) No 1268/1999 and (EC) No 2666/2000, to take into account of Croatia's candidate status

⁴³ Hing, Bill Ong; Ethical Borders NAFTA, Globalization and Mexican Migration, Temple University Press, USA, 2010, p.86

- investments in agricultural holdings,
- improving the processing and marketing of agricultural and fishery products,
- improving the structures for quality, veterinary and plant-health controls, for the quality of foodstuff and for consumer protection,
- agricultural production methods designed to protect the environment and maintain the countryside,
- development and diversification of economic activities, providing for multiple activities and alternative income,
- setting up farm relief and farm management services,
- setting up producer groups,
- renovation and development of villages and the protection and conservation of the rural heritage,
- land improvement and re-parcelling,
- establishment and updating of land registers,
- improvement of vocational training,
- development and improvement of rural infrastructure,
- agricultural water resources management,
- forestry, investments in forest holdings owned by private forest owners and processing and marketing of forestry products,
- technical assistance for the measures covered by the SAPARD regulation (no 1268/1999) including studies to assist with the preparation and monitoring of the programme, information and publicity campaigns.

Most of these measures given above also exist in the rural development programmes of the member states.⁴⁴

⁴⁴ Karataş, Halil; 2010, p.64

For the period of 2000 – 2006, yearly budget of the SAPARD programme was € 540 million for the ten beneficiary countries.⁴⁵ But, after the EU enlargement in 2004, the number of the beneficiary countries decreased to two. Therefore, the Commission revised the amount and set it as around € 250 million for the remaining years, 2004, 2005 and 2006. During this period, Bulgaria and the Romania were the remaining beneficiaries.

Table 1.3: Allocations of the assistance under the SAPARD programme for the each beneficiary county (2000 - 2006) (Million EUR)⁴⁶

Countries	2000	2001	2002	2003	2004	2005	2006	Total
Bulgaria	53	54,1	55,6	56	68	73	79	438,7
Czech Republic	22,40	22,9	23,5	24	-	-	-	92,8
Estonia	12,3	12,6	12,9	13	-	-	-	50,8
Hungary	38,7	39,5	40,6	41	-	-	-	159,8
Latvia	22,2	22,7	23,3	24	-	-	-	92,2
Lithuania	30,3	30,9	31,8	32	-	-	-	125
Poland	171,5	175,1	179,9	182	-	-	-	708,5
Romania	153,2	156,3	160,6	162	158	171	184	1145,1
Slovakia	18,6	19	19,5	20	-	-	-	77,1
Slovenia	6,4	6,6	6,8	7	-	-	-	26,8
Croatia	-	-	-	-	-	-	25	25
Total	528,6	539,7	554,5	561	226	244	288	2941,8

As table-1.3 indicates above, Romania was the beneficiary country obtained highest amount of the assistance under the SAPARD programme in total during 2000 – 2006, although Poland was the country benefited most from SAPARD until 2004. After Romania, Poland took the second rank in total allocation of the assistance with € 708,5 million and Bulgaria took the third rank with € 438,7 million.

As it is seen, amounts of the allocations changes from one country to another significantly. This is because the Commission allocated the assistance to each beneficiary country according to size of their farming population, width of their agricultural land, per capita GDP in purchasing power parities and also to their special territorial situations.⁴⁷

⁴⁵ The Enlargement Process and the three pre-accession instruments: PHARE, ISPA, SAPARD, p.16

⁴⁶ Atak, Bariş; 2009, p.162 and Central Office for Development Strategy and Coordination of EU Funds, Croatia, <http://www.strategija.hr/en/funds/former-programmes/sapard> 08.12.2011

⁴⁷ Council Regulation (EC) No 1268/1999 of 21 June 1999, article 7 (3)

Briefly, the SAPARD programme was necessary, since it contributed to the countries in the pre-accession period for solving their problems about agriculture and rural development before membership, and also it increased the harmonization with the EU acquis related to the Common Agricultural Policy.

1.1.4. CARDS - Community Assistance for Reconstruction, Development and Stabilization

The CARDS programme was another instrument for pre-accession assistance that the EU used between the years of 2000 – 2006. The overall aim of this programme was to provide contribution to South-East European countries (Albania, Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, Serbia and the Former Yugoslav Republic of Macedonia) to take them into the stabilisation and association process with the EU.⁴⁸ On the other hand, the EU's broader objective was to provide security and prosperity around the EU.

“The South East European (SEE) region has suffered dramatic losses from the wars of Yugoslav succession. The destruction of infrastructure, the large number of deaths and injuries, the displacement of persons from their homes and the creation of refugee flow on an unimagined scale... The Kosovo war from March to June 1999 made a bad situation worse. ...trade flows were further disrupted, and the outflow of refugees from Kosovo disrupted the economies...” As Bartlett and Samardžija states, the Kosovo war changed the EU's point of view on the South East Europe. In this respect, CARDS assistance was created by the EU to contribute to the reconstruction, development and stabilization of the SEE countries.⁴⁹

The stabilisation and association process can best be defined as the way for the Western Balkan⁵⁰ countries towards the EU membership. This way requires three obligations to be fulfilled at first. As first obligation, transition to a market economy must be ensured. Then regional cooperations must be increased. Finally, stabilisation must be ensured. Thereby, the

⁴⁸ Official website of the EU; 08.12.2011,

http://europa.eu/legislation_summaries/enlargement/western_balkans/r18002_en.htm#AMENDINGACT

⁴⁹ Bartlett, Will; and Samardžija, Wisnja; The Reconstruction of South East Europe, the Stability Pact and the Role of the EU: An Overview, in MOCT-MOST: Economic Policy in Transitional Economies, 2000, Netherlands, p.245,255

⁵⁰ *The Western Balkan region is a part of the Southeastern Europe. Although the South-Eastern Europe covers a larger area including the Western Balkans, these two terms are used in EU resources concerning the CARDS programme within the same scope without going any differentiation. Therefore, both regions were referred to the same in this study. Both terms cover the beneficiary countries of the CARDS programme.

countries on this way come closer to the EU standards bit by bit. They build their capacity and improve compliance of their own legislation with the EU acquis. When they fulfil all their commitments, they come to the end of the way; to eventual EU membership.⁵¹ During this process, the CARDS existed (2000-2006) as the programme assisting Western Balkan countries to achieve those mentioned targets.

Before explaining the CARDS programme in detail, CARDS had one main difference from the PHARE, ISPA and SAPARD programmes in terms of their beneficiaries that they aimed to support. The assistance under the CARDS programme was granted to the countries which were regarded as potential candidate countries of the EU. On the other hand, the beneficiaries of the PHARE, ISPA and SAPARD programmes were regarded as candidate countries of the EU.⁵² Although candidatuship of those countries had not been recognized by the EU officially, the EU separated the countries supported under PHARE, ISPA, SAPARD and CARDS programmes according to their closeness to the membership. The countries which were closer to the membership, namely candidate countries, benefited from the PHARE, ISPA and SAPARD programmes. The other pre-accession countries, namely potential candidate countries, benefited from the CARDS programme. Following that the EU expounded its pre-accession strategy⁵³, difference of candidate and potential candidates were being defined clearly.

The CARDS programme was created by the adoption of the Council Regulation no 2666/2000 adopted on 5 December 2000.⁵⁴ Until the CARDS programme was created in 2000, the beneficiary countries of CARDS had been supported by the assistances under the PHARE and OBNOVA⁵⁵ programmes. Following the creation of the CARDS programme, the OBNOVA

⁵¹ Official website of the European Commission, 08.12.2011, http://ec.europa.eu/enlargement/enlargement_process/accession_process/how_does_a_country_join_the_eu/sap/index_en.htm

⁵² Official website of the EU; 08.12.2011, http://europa.eu/legislation_summaries/agriculture/enlargement/e50020_en.htm

⁵³ *The pre-accession strategy was mentioned initially by the European Council of Luxembourg in December 1997.

⁵⁴ Council Regulation (EC) No 2666/2000 of 5 December 2000, on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia, repealing Regulation (EC) No 1628/96 and amending Regulations (EEC) No 3906/89 and (EEC) No 1360/90 and Decisions 97/256/EC and 1999/311/EC

⁵⁵ *The OBNOVA programme was created in 1996 by the adoption of the Council Regulation (EC) 1628/96, and by its amendments (EC) 851/98 and (EC) 2454/99. This programme provided € 400 million assistance during the period of 1996 – 2002. Its beneficiaries were Croatia, Bosnia and Herzegovina, the Former Federal Republic of

programme was cancelled and some amendments were made in the PHARE programme (following those amendments, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Albania, Croatia, and Yugoslavia were excluded from PHARE). Thus, the applicant countries of the South-Eastern Europe started to be supported under one single instrument; CARDS.

Within the context of the CARDS programme, the EU provided assistance under five main areas. These areas were justice and home affairs, administrative capacity building, economic and social development, democratic stabilisation, environment and natural resources.⁵⁶ The specific measures supported under these areas were defined in the regulation establishing CARDS as follows:

- reconstruction and stabilisation of the region, including aid for the return of refugees and disabled people,
- institutional and legislative restructuring for developing democracy, rule of law, human and minority rights, peace and unity of civil society, freedom of the press and fight against organised crime,
- economic reforms
- improving social awareness on the issues; poverty reduction, gender equality, education, teaching, training and environmental rehabilitation,
- establishing close relations and accelerating regional, transnational, cross-border and inter regional cooperation among beneficiary countries themselves, between them and the EU, and between them and the candidate countries of the EU.⁵⁷

Within the framework of the CARDS programme, the EU subscribed around € 4,2 billion assistance for the period of 2000 – 2006. During this period, € 4,02 billion assistance became contractual and in the end, around 3,85 billion assistance, in total, was paid to the beneficiaries of

Yugoslavia and Macedonia. For more information see official website of the Ministry of Foreign Affairs and European Integration of Croatia; <http://www.mvpei.hr/ei/default.asp?ru=616&sid=&akcija=&jezik=2> 08.12.2011

⁵⁶ European Communities, Building the Future Together, the European Union and the Western Balkans, 2004, p.5 http://ec.europa.eu/enlargement/pdf/financial_assistance/cards/publications/brochure_en.pdf 14.12.2011

⁵⁷ Council Regulation (EC) No 2666/2000 of 5 December 2000, Article 2 (2)

CARDS. As it is clearly seen on the table-1.4 below, Serbia first, and then Kosovo second took the highest amount of assistance from the CARDS programme.

Table 1.4: Commitments, Contracts and Payments under the CARDS programme for the each beneficiary country at the end of 2009 (Million EUR)⁵⁸

Country	Commitments	Contracts	Payments
Albania	310,03	274,23	234,20
Bosnia and Herzegovina	467,14	438,67	420,54
Croatia	276,84	251,93	250,32
Former Yugoslav Republic of Macedonia	307,87	293,30	287,77
Kosovo	727,18	715,81	705,38
Montenegro	127,40	125,70	124,87
Serbia⁵⁹	1.396,63	1.362,11	1.295,22
Regional Programme⁶⁰	583,36	561,23	537,13
Total	4.196.45	4.022,99	3.855,43

In conclusion, CARDS had a crucial significance for the EU, because it provided contribution to the South-Eastern European countries, which were suffering from the devastating results of the wars in the region. Taking the SEE countries into the stabilisation and association process with the EU would accelerate the reconstruction and development in the region. To this end, the EU planned to encourage transition to market economy in addition to strengthening regional cooperations among the SEE countries. This would contribute to the stabilisation directly in the SEE region, indirectly on all over the Europe.

1.1.5. Methodology Used for Allocation of the EU Assistance under PAHRE, ISPA, SAPARD and CARDS Programmes

The regulations establishing the PHARE, ISPA and SAPARD programmes did not introduced specific amounts of assistance for each of their beneficiaries. However, they introduced some general and objective allocation methodology. According to them, each beneficiary country should have been treated equally and participation date to the assistance

⁵⁸ Report from the Commission to the European Parliament, the Council and the Economic and Social Committee, 2009 Annual Report on PHARE, Turkey Pre-Accession Instruments, CARDS and the Transition Facility, Brussels, 20.12.2010, COM(2010) 793 final, p.102

⁵⁹ *Includes Montenegro in 2000-2001; includes assistance from the Regional Programme for Integrated Border Management destined for the whole of FRY/Serbia and Montenegro for 2002-2003 (in 2004, this is included in the regional programme); includes EUR 8 million commitments for the Serbia and Montenegro State Union (2005).

⁶⁰ *Includes €215.8 million commitments for interim civilian administrations

programmes did not matter in respect of the amount of the assistance granted. Additionally, countries which were able to indicate more needs than the other beneficiaries could obtain higher amount of assistance from the EU than the others. Apart from needs, crowd of population, width of land surface or agricultural population and width of agricultural lands became determining factors for the amount of assistance granted to each beneficiary country. Per capita GDP in purchasing power parities was another factor effecting the European Commission's decision while determining the amount of allocations. The commission intended to provide more assistance to the beneficiary countries in which per capita GDP in purchasing power parities were lower than in the other beneficiaries.

PHARE, ISPA, SAPARD and CARDS assistances were allocated within the framework of the assistance allocation methodology explained above. The countries took highest amount of assistance under the PHARE programme were comparatively poor and had larger land surface. Why PHARE supported these countries more than the others was derived from the fact that PHARE supports focused on economic and social cohesion, and interregional development gap was faced more often in countries having comparatively larger land surface and less per capita GDP in purchasing power parities. Under the ISPA programme, size of countries and crowd of populations were necessary factors, because ISPA focused on environment and transportation. So, relatively large and crowded countries obtained higher amount of assistance. The Commission also considered per capita GDP in purchasing power parities to decide on the allocation under the ISPA. On the other hand, since the SAPARD programme focused on agricultural development, the European Commission considered width of agricultural land and crowd of agricultural population as well as per capita GDP in purchasing power parities in the beneficiary countries, while determining amount of assistance under the SAPARD programme.⁶¹ Finally, the regulation establishing CARDS programme did not mention any methodology to be used, but the European Commission allocated the assistance under this programme according to needs and absorption capacities of the beneficiary countries.⁶²

⁶¹ Gençkol, Metin; 2003, p.152-153

⁶² Building the Future Together, the European Union and the Western Balkans, 2004, p.7

1.1.6. Turkey Pre-accession Instrument

In Helsinki Summit in December 1999, Turkey was granted candidateship status on equal terms with the other candidate countries; Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia, Slovenia, Malta and Cyprus. After the official recognition of Turkey's candidateship status in Helsinki Summit, Turkey demanded to be included in the existing pre-accession financial assistance programmes (PHARE, ISPA and SAPARD). However, this request of Turkey had not been accepted by the EU on the ground that budgets of these programmes had already been determined for the period of 2000 – 2006 and it was not possible to change it. Then, it was expressed by the EU that a new source of assistance would be developed for Turkey.⁶³ Following these developments, the EU decided to create a new instrument for pre-accession financial assistance for Turkey. Such an instrument would replace the former assistance programmes supporting Turkey such as MEDA (Mediterranean Economic Development Area)⁶⁴.

In 2001, the EU created the Turkey Pre-accession Instrument by the adoption of the Council regulation no 2500/2001 of 17 December 2001⁶⁵. This regulation aimed to provide financial assistance only for Turkey. Its core aim was to prepare Turkey for the EU membership during pre-accession process according to the principles, priorities and objectives defined in the Accession Partnership with Turkey.⁶⁶ Like the programmes supporting other candidate countries, it also focused on fostering compliance with the *acquis communautaire*, developing competitive market economy, strengthening institution building, encouraging investment. By the creation of this instrument, the assistances that Turkey obtained within the context of MEDA and the European strategy to strengthen the customs union and on economic and social development had

⁶³ Karataş, Halil; 2010, p.73-74

⁶⁴ MEDA (1996-2006) is the assistance programme financed by the EU to develop Euro-Mediterranean partnership. It was supporting the efforts of Mediterranean non-member countries to improve their economic and social structures, and to reduce social or environmental impacts which might result from economic development. The assistance programmes of the EU that Turkey benefited until the creation of Turkey Pre-accession Instrument (2001) handled in the following part (Turkey-EU Financial Cooperation) in detail.

⁶⁵ Council Regulation (EC) No 2500/2001 of 17 December 2001, concerning pre-accession financial assistance for Turkey and amending Regulations (EEC) No 3906/89, (EC) No 1267/1999, (EC) No 1268/1999 and (EC) No 555/2000

⁶⁶ Council Regulation (EC) No 2500/2001 of 17 December 2001, p.1, paragraph 7

been restructured and gathered under one single legal text; “Turkey Pre-accession Instrument”. Thus, Turkey had a single assistance programme with standard procedures.⁶⁷

Following the adoption of the Turkey Pre-accession Instrument in December 2001, the EU commitment for financial assistance to Turkey per year was determined as € 177 million in average. Total commitment was set as € 1.040 million. This amount was later decided to be increased in parallel with Turkey’s needs defined in the Strategy Paper presented by the European Commission. As a result of this approach, the EU increased the amount of the commitments to € 250 million for 2004, € 300 million for 2005, and € 500 million for 2006 in accordance with the decision taken in the Copenhagen Summit in 2002.⁶⁸ Between the years of 2002 – 2006, Turkey obtained approximately € 1.300 million financial assistance in return for 164 projects.

Table 1.5: The EU financial assistance granted to Turkey between 2002 and 2006, and the number of the projects financed at that period⁶⁹

Years	2002	2003	2004	2005	2006	Total
Amount of Assistance	126	144	236	276	500	1.282
Number of Projects	18	28	38	35	45	164

The amounts given on the table-1.5 above were used in three main fields; institution building (30%), compliance with the *acquis communautaire* (35%) and economic and social cohesion (35%).

In summary, Turkey Pre-accession Instrument was a special implementation of the EU, which had no concrete example before. Because PHARE, ISPA and SAPARD’s budgets had been determined already, Turkey was not included in these programmes. Hence, a new pre-accession assistance programme was established which was special to Turkey. In respect of its core aim and implementation methodology, Turkey Pre-accession Instrument was executed like PHARE, ISPA and SAPARD programmes.

⁶⁷ Kaya, Feridun; 2007 p.103

⁶⁸ Official website of the Economic Development Foundation, Turkey, 22.12.2011

http://www.ikv.org.tr/icerik_en.asp?konu=maliisbirligi&baslik=Financial Co-operation

⁶⁹ Official website of the Ministry for EU Affairs of Turkey, 15.12.2011

<http://www.ab.gov.tr/index.php?p=5>

1.2. Currently Used Pre-accession Instrument

1.2.1. IPA – Instrument for Pre-Accession Assistance

IPA is one of the six⁷⁰ instruments for EU external assistance under the financial perspective of 2007 – 2013.⁷¹ It is also the latest fundamental development on EU financial assistance which is provided for the candidate and potential candidate countries of the EU. Its full name is “Instrument for Pre-accession Assistance”.

The Commission proposal on IPA regulation was adopted on 17th July in 2006. It is based completely upon Article 212(1) of the TFEU. According to this, the EU provides economic, financial and technical supports, especially financial assistance, for the third countries which are not developing countries. This action is executed in conformity with development policy and external policy of the EU.⁷²

Following the adoption of the IPA, the former instruments for pre-accession assistance (PHARE, ISPA, SAPARD, CARDS and Turkey Pre-accession Instrument) have been replaced by the IPA and they all has been restructured under the IPA roof. The purpose of creating a new and sole instrument for pre-accession assistance was that the European Commission has planned to increase the effectiveness of the EU’s external assistance policy through a simpler framework.⁷³

⁷⁰ The other instruments for external assistance of the EU are “European Neighbourhood and Partnership Instrument (ENPI), Development Cooperation and Economic Cooperation Instrument (DCECI), Instrument for Stability (IS), Humanitarian Aid Instrument and Macro Financial Assistance”.

⁷¹ Communication from the Commission to the Council and the European Parliament on the Instruments for External Assistance under the Future Financial Perspective 2007-2013, 29 September 2004, p.2
[http://ikg.gov.tr/web/Portals/0/Docs/elibrary/PALEGFRAWRK/01-COMM-COM-IPA-\(2004\).pdf](http://ikg.gov.tr/web/Portals/0/Docs/elibrary/PALEGFRAWRK/01-COMM-COM-IPA-(2004).pdf)

⁷² Inglis, Kirstyn; Studies in EU External Relations, Volume 4: Evolving Practice in EU Enlargement with Case Studies in Agri-Food And Environment Law, Martinus Nijhoff publishers, Leiden - Boston, 2010, p.114

⁷³ Official website of the EU, European Commission simplifies funding of external assistance,
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/04/1151&format=HTML&aged=0&lg=en&guiLanguage=en> 01.11.2011

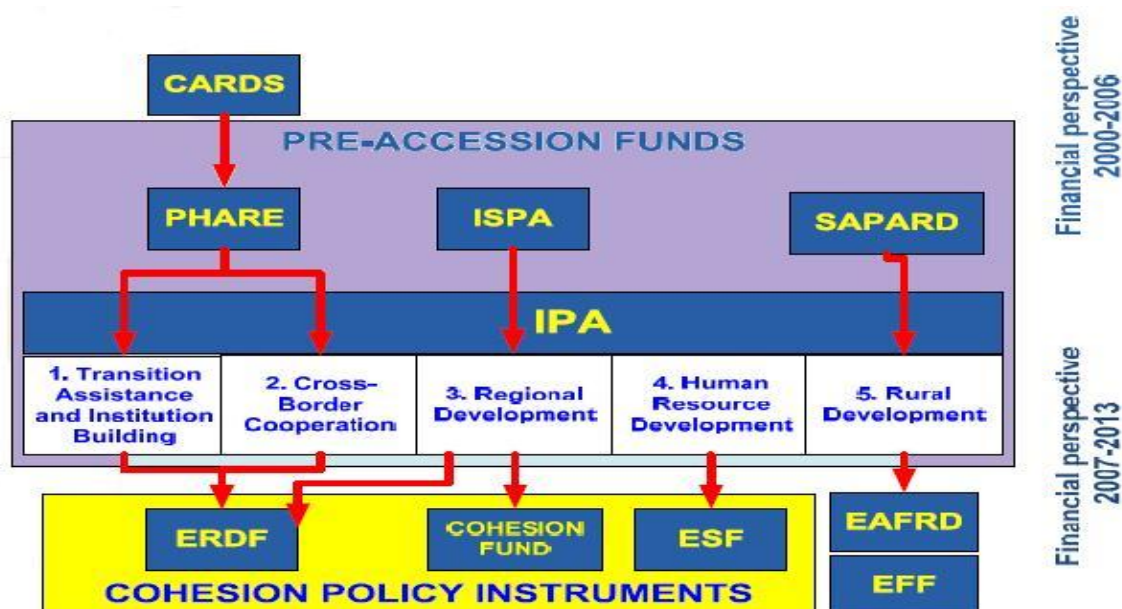


Figure 1.2: Transformation of the Former Instruments to IPA and Structural Funds⁷⁴

The main target of the EU assistance granted within the context of the IPA is to support “the countries in their progressive alignment with the standards and policies of the European Union, including where appropriate the *acquis communautaire*, with a view to future membership. IPA will thus help these countries to meet the Accession Criteria and to fulfill the Copenhagen political, economic and *acquis*-related criteria for membership thereby enhancing their administrative capacity and prepare for the programming, management and implementation of EU Cohesion, Structural and Rural Development Funds after accession”.⁷⁵

Which countries can benefit from the Instrument for Pre-Accession Assistance (IPA) is clearly defined by the EU in the Council Regulation (EC) No:1085/2006 of 17 July 2006 (IPA Regulation). According to that; beneficiary countries are divided into two classes⁷⁶. The first

⁷⁴ ERDF: European Regional Development Fund; ESF: European Social Fund; EAFRD: European Agricultural Fund for Rural Development; EFF: European Fisheries Fund; Source: Odabaşı Sarı, Arzu; Avrupa Birliği'nin Katılım Öncesi Mali Aracı IPA ve Türkiye (IPA, The Instrument for Pre-Accession Assistance of the EU and Turkey), İktisadi Kalkınma Vakfı (Economic Development Foundation – Turkey), Publication No:222, İstanbul, 2008, p.13

⁷⁵ Official website of the Ministry of Finance of the Republic of Macedonia, Central Financing and Contracting Department, 17.11.2011

<http://cfcd.finance.gov.mk/english/IPA/About%20IPA.html>

⁷⁶ *The countries in these two classes are specified in the Annex-I and Annex-II of the Council Regulation on IPA adopted on 17 July 2006. Croatia, Turkey and the former Yugoslav Republic of Macedonia are included in the Annex-I. Albania, Bosnia and Herzegovina, Montenegro, Serbia including Kosovo (under UN Security Council Resolution 1244/99) and Iceland are included in the Annex-II.

class includes candidate countries under the accession process and the second class includes potential candidate countries under the stabilisation and association process.⁷⁷ In this way, it is aimed to accelerate the transition period of potential candidate countries to recognized candidate country status and the transition period of candidate countries to full-member status separately.⁷⁸

The IPA is composed of five components in order to manage its goals. They are defined in the Article 3 of the IPA Regulation. Under each component IPA acquires specific priority areas which are set according to the requirements of beneficiary countries. As it is explained by Kaya; the potential candidate countries need to complete a longer process than recognized candidate countries on the way going to full-membership. Therefore the EU allows potential candidate countries to get more limited assistance than recognized candidate countries within the context of the IPA. For this reason, the potential candidate countries can benefit only from the assistance under the first two components (transition assistance and institution building components), while recognized candidate countries can benefit from all components of the IPA.⁷⁹

The components of the IPA are as follows:

1. Transition Assistance and Institution Building Component: *The goal is to finance administrative capacity building and institution building in the beneficiary countries.*
2. Cross Border Cooperation Component: *The goal is to contribute cross-border cooperation at borders between candidate and potential candidates themselves, with the EU Member States or in accordance with cross-border or inter-regional actions.*
3. Regional Development Component: *The goal is to make candidate countries ready for the implementation of the EU's cohesion policy, and particularly for the European Regional Development Fund and the Cohesion Fund. The fields supported under this component are transport, environment and regional competitiveness.*
4. Human Resources Development: *The goal is to prepare candidate countries for the cohesion policy and for the European Social Fund. It aims to strengthen human capital.*

⁷⁷ Exceptionally, and in the interests of coherence and efficiency, other countries may benefit from measures financed by the IPA.

⁷⁸ Odabaşı Sarı, Arzu; 2008, p.13

⁷⁹ Kaya, Feridun; 2007 p.140

5. Rural Development Component: *The goal is to prepare candidate countries for the common agricultural policy and related policies and for the European Agricultural Fund for Rural Development*⁸⁰

The total prescribed amount of the IPA budgeted for the period of 2007 - 2013 is € 11.468 million. This total amount is allocated among the five components according to the needs under each component.

1.2.1.1. IPA Component–I: Transition Assistance and Institution Building Component

This is the most important component of the IPA, because it aims to support projects of central management institutions in the beneficiary countries which contribute progress in fulfilment of the accession criteria about economics, politics and also about the EU acquis.

As it is mentioned in Article 64 of the Commission regulation (EC) No 718/2007 of 12 June 2007 which is about implementation procedure of the IPA (IPA Implementing Regulation); alignment with the acquis communautaire, reform in public administration, strengthening of the market economy, establishment of social dialogue, justice and home affairs reform, civil society development and fundamental rights, environment policy, education and health system reform, establishment of minority integration, development of financial control system and boost for participation in community programmes are the central topics of this component.

The allocated budget of Transition Assistance and Institution Building component for the years 2007 – 2013 is € 5.492 million. This amount composes 55% of the total IPA budget. € 1.675 million is allocated for the use of Turkey under this component. This amount composes 30,5% of the total budget of the Transition Assistance and Institution Building component.

Table 1.6: Allocated assistance within the context of the Transition Assistance and Institution Building component (2007-2013)⁸¹

Beneficiary Countries	Total Prescribed Amount (Million EUR.)
Turkey	1.675,3
Croatia	279,4
Iceland	30

⁸⁰ The official website of the EU, 05.11.2011

http://europa.eu/legislation_summaries/agriculture/enlargement/e50020_en.htm

⁸¹ MIFF for 2012-2013, p.6-10

Macedonia	242,9
Montenegro	166,5
Albania	531,2
Bosnia-Herzegovina	624,9
Kosovo	628,7
Serbia	1.313,4
Total	5.492,3

When table-1.6 is examined, it is seen that Turkey takes the biggest share from the first component. After Turkey, one of the potential candidate countries, Serbia, takes the second rank. Serbia is able to obtain € 1.313 million as part of the first component during the period of 2007-2013. Then, Kosovo takes the third place with € 629 million.

The amount of the assistance provided for each one of the candidate and potential candidate countries within the context of the Transition Assistance and Institution Building component is determined according to their needs in the fields which relate main topics of this component (Acquis alignment, social dialogue, etc.). In this regard, it is clear that Turkey requires more assistance to maintain itself in the related fields. Turkey's big population and its comparatively large size of geography are the fundamental reasons standing Turkey out as the biggest beneficiary. However, it is still debateable whether the amount of the assistance granted to Turkey is adequate to cover its needs in the related fields, because per capita amount of the assistance in Turkey is less than the average assistance granted to the other beneficiary countries.

1.2.1.2. IPA Component–II: Cross Border Cooperation Component

Cross Border Cooperation component is also open for the use of both candidate and potential candidate countries like the Transition Assistance and Institution Building component. The aim of the assistance provided under this component is to strengthen cross-border cooperation between beneficiary countries themselves or between beneficiary countries and the EU member states through mutual domestic and regional attempts that is assembling both external assistance and economic and social cohesion objectives of the EU.⁸²

⁸² Commission regulation (EC), No 718/2007 of 12 June 2007, implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA), Article 86(1), 86(2)

The matters about the Cross Border Cooperation component are explained between Article 85 and 146 of the IPA Implementing Regulation⁸³. Article 86(2) describes the specific objectives of assistance under this component. These are;

- enhancing sustainable economic and social development in the border locations,
- promoting cooperation against problems in areas such as environment, natural and cultural heritage, public health and the prevention of organized crime,
- securing borders efficiently,
- encouraging local actors on the border areas to join small scale actions together.

As it is stated in paragraph 3 of the article 86, the above mentioned objectives can more be specified within the context of the core objective of the second component. Namely; encouraging development of small and medium-sized enterprises, tourism, culture, and cross-border trade; or promoting the integration of cross-border labour markets, local employment initiatives, gender equality and equal opportunities, and social inclusion are also handled as part of the Cross Border Cooperation component. For example, IPA 2007 and 2008 programmes support cooperation between Turkey and Bulgaria. A core aim of the Cross-Border Cooperation Programme between these two countries is to overcome the lack of competitiveness in the socio-economic development. Another aim is to solve common problems in the environment and nature protection, as well as in relation to cross-border emergency situations.⁸⁴ As can be understood, the EU has created the second component to improve the neighbourhood relations with its candidate and potential candidate countries and among themselves before accession, because this will ease integration of new members to the Union.

3,7% of the total IPA budget is allocated for the use under the second component. This percentage corresponds to € 367,3 million as it is seen on the table-1.7. Under this component, the biggest amount of assistance is provided for Croatia with € 97 million. After Croatia, Serbia takes second rank with € 79 million and Albania takes third rank with € 66 million.

⁸³ Commission regulation (EC) No 718/2007 of 12 June 2007, implementing Council Regulation (EC) No 1085/ 2006 establishing an instrument for pre-accession assistance (IPA)

⁸⁴ The official website of the European Commission, 14.11.2011

http://ec.europa.eu/enlargement/candidate-countries/turkey/financial-assistance/index_en.htm?id=prel#library

Table 1.7: Allocated assistance within the context of the Cross Border Cooperation component (2007-2013)⁸⁵

Beneficiary Countries	Total Prescribed Amount (Million EUR.)
Turkey	20,6
Croatia	96,7
Macedonia	32,5
Montenegro	30,1
Albania	66,2
Bosnia-Herzegovina	33,6
Kosovo	8,9
Serbia	78,7
Total	367,3

According to Karataş (2010); the Balkan countries receive high percentage of assistance under the second component, because the location of these countries is highly strategic for the EU. Through the assistance under the Cross Border Cooperation component, the EU aims to prevent any possible dispute in Balkans by keeping neighbourhood relations strong and accordingly, it is planned to secure borders of the Union continually.⁸⁶

1.2.1.3. IPA Component–III: Regional Development Component

Regional development component is the third component of the IPA from which only candidate countries may benefit. The responsible institution from the Regional Development component is the European Commission's Directorate General for Regional Policy.⁸⁷ The procedure about the third component's implementation is explained in the IPA Implementing Regulation⁸⁸ between Article 147 and 169. The core aim of the third component is to make candidate countries ready for the implementation of the EU's cohesion policy, and particularly for the European Regional Development Fund⁸⁹ and the Cohesion Fund^{90, 91}. Specifically, it is

⁸⁵ MIFF for 2012-2013, p.6-10

⁸⁶ Karataş, Halil; 2010, p.103

⁸⁷ Official website of the European Commission, 17.11.2011

http://ec.europa.eu/regional_policy/thefunds/ipa/works_en.cfm

⁸⁸ Commission regulation (EC) No: 718/2007 of 12th June 2007, implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

⁸⁹ For more information, see Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0001:0001:EN:PDF>

⁹⁰ For more information, see Council Regulation (EC) No 1084/2006 of 11 July 2006, establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94;

aimed with the third component to reduce and remove different development levels between regions of a beneficiary country. For this purpose, the regional development component consists of three main topics; transport, environment, and regional competitiveness and sustainable employment.

Transport topic covers the issues related to transport infrastructure, in particular interconnection and interoperability between national networks, and between national and trans-European networks. Environment topic includes the issues such as waste management, water supply, urban waste water and air quality, as well as improving living standards in contaminated territories. The regional competitiveness and sustainable employment topic handles issues such as supporting enterprises, using information and communication technologies, development of business networks etc.⁹²

As it is seen on the table-1.8 below, the total amount of the assistance allocated under the Regional Development component is € 2.361 million. This amount composes 23,6% of the total IPA budget shared for the five components.

Table 1.8: Allocated assistance within the context of the Regional Development component (2007-2013)⁹³

Beneficiary Countries	Total Prescribed Amount (Million EUR.)
Turkey	1.790,3
Croatia	345,9
Macedonia	202
Montenegro	23,2
Total	2.361,4

Within the context of the third component, Turkey obtains the biggest share with the percentage of 75,8%. Without a doubt, Turkey's comparatively large geography is one of the most fundamental reasons why it is assisted more than the other beneficiary countries under the

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0079:0081:EN:PDF>

⁹¹ Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA), Article 10(1)

⁹² Commission regulation (EC) No: 718/2007 of 12th June 2007, implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA), Article 147(1)

⁹³ MIFF for 2012-2013, p.6-10

third component. After Turkey, Croatia receives 14,6% and Macedonia receives 8,6% of the resources under the third component.

Lastly, as extra information needed to be stated about Regional Development component, the assistance under the third component (as well as fourth component) is provided to the beneficiary countries through multi-annual operational programmes. An operational programme is a document indicating medium term needs and targets, emphasizing the strong and weak points, opportunities and risks in the related sectors, topics, and areas. This document is drafted by the operating structures. It is prepared in close consultation with the Commission and the interested stakeholders, and affirmed through a Commission decision.⁹⁴

1.2.1.4. IPA Component–IV: Human Resources Development Component

The aim of the Human Resources Development component, from which only candidate countries are able to benefit, is to provide support for the development in economic and social cohesion, and for the progress in the European Employment Strategy in the fields of employment, education and training, and social inclusion.⁹⁵ All the definitions about the Human Resources Development component are stated in the IPA Implementing Regulation between Article 147 and 169.

The activities supported within the context of the Human Resources Development component are the activities with the aims of increasing adaptability of workers, enterprises and entrepreneurs, expanding access to employment, including job seekers and inactive people to the labour market, reducing unemployment, strengthening social inclusion and ensuring inclusion of disadvantaged people to the labour market, encouraging cooperation with social partners and non-governmental organizations, developing investment in human capital (through education and trainings), enhancing institutional capacity and productivity of public services and public administrations. All these activities may be at national, regional and local level.

Each beneficiary country prepares “a Strategic Coherence Framework (SCF) document” to be used for programming of both Human Resources Development component and Regional

⁹⁴ Commission regulation (EC) No: 718/2007 of 12th June 2007, Article 155

⁹⁵ Commission regulation (EC) No: 718/2007 of 12th June 2007, Article 151 (1)

Development Component. This document introduces the beneficiary country's priorities and needs on related topics.⁹⁶ It is also a fundamental document determining priorities and targets of operational programmes under the third and fourth components.⁹⁷

The EU shares € 635,5 million from the IPA budget to be used under the fourth component between 2007 and 2013. This amount corresponds to 6,4% of the total IPA budget allocated for the five components.

Table 1.9: Allocated assistance within the context of the Human Resources Development component (2007-2013)⁹⁸

Beneficiary Countries	Total Prescribed Amount (Million EUR.)
Turkey	479,6
Croatia	95
Macedonia	55,1
Montenegro	5,8
Total	635,5

As it is stated on the table-1.9 above, Turkey, again, obtains the highest amount of assistance under the fourth component. This assistance granted to Turkey composes 75,5% of the total assistance under the fourth component. Depending on its crowded population, the high quantities of unemployment in Turkey is a very understandable reason explaining why Turkey receives the highest amount of assistance under the Human Resources Development component. On the other side, Croatia receives 14,9% and Macedonia receives 8,7% of the EU allocation under the fourth component.

1.2.1.5. IPA Component–V: Rural Development Component

The overall goal of the fifth component, the Rural Development Component, is to prepare candidate countries for the common agricultural policy and related policies and for the European Agricultural Fund for Rural Development. To manage this goal, the assistance under this component contributes to manage the following objectives: increasing efficiency in market and

⁹⁶ Commission regulation (EC) No: 718/2007 of 12th June 2007, Article 154 (1)

⁹⁷ Commission regulation (EC) No: 718/2007 of 12th June 2007, Article 155 (2)(c)

⁹⁸ MIFF for 2012-2013, p.6-10

improving implementation of Community standards; ensuring development in the rural economy; creating local rural development strategies and experiencing implementation of agri-environmental measures through preparatory activities. More specifically, the assistance under the fifth component may provide contribution to investments in the agricultural enterprises, activities to protect the environment or the countryside and maintenance in rural infrastructure.⁹⁹ In addition to its objectives; all the other matters about the fifth component are defined clearly between article 170 and 194 of the IPA Implementing Regulation.

The EU predicts € 1.147 million assistance to be used under the Rural Development component. This amount composes 11,5% of the total IPA budget allocated for the use under the five components. The highest share of this amount is granted to Turkey with € 866 million. With other words 75,5% of the total budget under the fifth component is eligible for the use of Turkey. According to Karataş, Turkey takes the highest amount of assistance under the Rural Development component, because Turkey has larger agricultural areas, more agricultural enterprises and more crowded population living in the rural areas and dealing with agriculture than the other candidate countries.¹⁰⁰ Table-1.10 indicates the amounts of the assistance granted to each candidate country. After Turkey as the biggest beneficiary, € 183 million assistance allocated for the use of Croatia which corresponds to 16% of resources under the component. Later, Macedonia receives € 86,8 million assistance which corresponds to 7,6% of the EU allocation under the component.

Table 1.10: Allocated assistance within the context of the Rural Development component (2007-2013)¹⁰¹

Beneficiary Countries	Total Prescribed Amount (Million EUR.)
Turkey	865,8
Croatia	183,3
Macedonia	86,8
Montenegro	10,9
Total	1.146,8

⁹⁹ Commission regulation (EC) No: 718/2007 of 12 June 2007, Article 171

¹⁰⁰ Karataş, Halil; 2010, p.108

¹⁰¹ MIFF for 2012-2013, p.6-10

1.2.1.6. Methodology Used for Allocation of the EU Assistance under the IPA Programme

Multi-annual Indicative Financial Framework (MIFF) document introduces the basis for the allocation methodology of the EU funds under the IPA programme. It supplies information about the European Commission's plans within the context of indicative financial allocations for each beneficiary country and for each component of the IPA. It also constitutes the connection between the political framework and the budgetary process. It is prepared yearly and covers three-year period.¹⁰²

Up to this time, the Commission has prepared five MIFFs. Common statements of the Commission in these MIFFs constitute the core of methodology for the IPA allocations between beneficiary countries. In accordance with this, the Commission stresses firstly that each beneficiary country will receive more assistance in 2007 than it received in 2006. This sentence is underlined in all MIFFs and it means each beneficiary will receive higher amount of assistance than it received in the previous year. Secondly, it states that the sizes of countries are taken into account while determining the amount of allocation. It underlines the per capita levels of allocations for the beneficiaries. Thirdly, the commission takes into consideration the needs and absorption capacities of each individual beneficiary country during the allocation process.

Briefly, the EU uses a similar allocation methodology under the IPA to the methodology under the PHARE, ISPA, SAPARD and CARDS programmes. Under both methodologies, the sizes of beneficiary countries are taken into consideration predominantly. But the criteria of per-capita allocation of the IPA funds constitute the basis of the methodology only under the IPA programme.

2. TURKEY – EU FINANCIAL COOPERATION

Likewise Turkey – EU relations are based on a long time ago about 50 years, Turkey – EU financial cooperation has also a very long history. Turkey applied to the European Economic Community on 31st May 1959 for associate membership. However, Turkey's request had not been answered affirmative. Following this, the military intervention in 1960 in Turkey was one of the main factors affected the process between both sides negatively for a while. In 1963,

¹⁰² Official website of the European Commission, 27.12.2011;
http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/planning-ipa_en.htm

Turkey and the EEC signed an association agreement. It is called as the Ankara agreement (entered into force in the following year in 1964). It played a significant role in improving poor relations between Turkey and the EEC. The year 1963, in which the Ankara agreement was signed, is also accepted as the origin of the Turkey – EU financial cooperation, because the agreement highlighted the fact that Turkey needed to be supported financially to strengthen its economy to fulfil the requirements of the Agreement.¹⁰³

In 1999, Helsinki Summit was held and Turkey was recognized as candidate EU country officially. The result of the Helsinki summit was very important in respect of Turkey – EU financial cooperation, because Turkey was guaranteed to be treated equally with the other candidate countries. This meant that the form and the amount of the EU assistance granted to Turkey would be improved. The form of the EU assistance was transformed mostly to grants (instead of credits) and the amount of the assistance increased significantly. Much more important is that the EU assistance granted to Turkey after that time was regarded as pre-accession assistance which aimed to prepare Turkey for membership. After this development, the EU decided to create Turkey Pre-accession Instrument in 2001. Accordingly, the EU assistances in different fields were gathered under a single instrument for Turkey.

On 17th July 2006, the EU created a new pre-accession instrument (IPA) which will provide assistance for all candidate and potential candidate countries of the EU. Following its establishment, Turkey started to benefit from IPA. IPA was subscribing higher amount of assistance to Turkey than the former instruments.

In the following part, the Turkey – EU financial cooperation is handled in detail under four periods separately. First of all, the period before customs union is handled. This period covers the years between 1964 and 1995. Secondly, the customs union period is examined that includes the years from 1996 to 1999. Thirdly, the financial cooperation during the candidacy period is explained. It covers the years between 2000 and 2006. Final period is the IPA period that includes the years of 2007 – 2013.

¹⁰³ Agreement establishing an Association between the EEC and Turkey, 12 September 1963, Ankara, Article 3 (1)

2.1. The Period Before Customs Union (1964 - 1995)

From 1964 to 1995, the EU assistance provided for Turkey was organized through financial protocols. The core aim of the assistance at that period was to contribute social and economic development in Turkey. For this purpose, three financial protocols and one supplementary protocol were signed between the years of 1964 – 1981. In 1982, fourth financial protocol was prepared by the EU. However, it did not come into force because of political reasons.¹⁰⁴

The form of the assistance under financial protocols consisted predominantly of grants and the rest of it consisted of European Investment Bank (EIB) and Community based credits with low interest rate. Credits were to support both public and private sector projects. On the other side, grants were provided to support projects targeting only public sector in the fields of education, health, culture etc.¹⁰⁵

The table-2.1 below indicates the periods, amounts and source of the assistances granted to Turkey during the period before Customs Union.

Table 2.1: The financial assistance granted to Turkey between 1964-1995 (Million EUR)¹⁰⁶

Protocol No	Period	Grants/Credits from the Community	Credits from the European Investment Bank	Final Amount
1st Financial Protocol	1964-1969	175	-	175
2nd Financial Protocol	1973-1976	195	25	220
Supplementary Protocol	1986	47	-	47
3rd Financial Protocol	1979-1981	220	90	310
Special Cooperation Fund	1980	75	-	75
1993 EU Budget “Administrative Cooperation with Turkey”	1993-1995	3	-	3

¹⁰⁴ Odabaşı Sarı, Arzu; 2008, p.11

¹⁰⁵ Atak, Barış; 2009, p.144

¹⁰⁶ *Assistances were paid either with the European Unit of Account (EUC) or European Currency Unit (ECU), or with Euro (€). It depends on the periods in which each of these currency units were used. The ECU was a unit of account used in the European Communities from 1975 to 1979. Then, it was replaced by the ECU. In 1999, the Euro started to be used. In this study, all the amounts are given in Euro (€) without going any differentiation among currency units. Source: Gençkol, Metin; 2003, p.155

4th Financial Protocol (Frozen)	1982-1986	375	225	600
Total	1964-1995	715	115	830

First financial protocol was signed in the same year with Ankara Agreement in 1963. Under this protocol Turkey obtained € 175 million assistance until 1969. This amount was used mainly for supporting projects from public and private sector in the fields of industry and infrastructure. Twelve projects from public sector were contributed in total with around € 145 million. On the other hand, ten projects from private sector were financed with € 29,5 million.¹⁰⁷

From 1971 to 1977, Turkey was supported through second financial protocol. It was signed together with the Additional Protocol on 23rd November 1970 and came into force as of January 1973. Through the second financial protocol, € 220 million was provided to Turkey in total. € 195 million of it was the Community based assistance and spent for the projects coming from public sector. The rest of the assistance, € 25 million, was EIB based credits and spent for the needs of private sector. Within the same period, a supplementary protocol was prepared by the EU, because at that period, membership of the United Kingdom, Ireland and Denmark was affirmed and following this development, these new members also started to provide contribution to the second financial protocol. Within the framework of the supplementary protocol, € 47 million was provided to Turkey.¹⁰⁸

During 1979 – 1982 period, third financial protocol was implemented. It was signed in May 1977 and came into force in April 1979. Under the third financial protocol, Turkey took € 310 million assistance from the EU. € 220 million of this amount was the Community based credits and € 90 million of it was EIB credit. Totally € 60 million was spent to finance private sector projects and € 250 million was spent to finance the infrastructure projects of public sector.¹⁰⁹

Fourth financial protocol was also planned to be signed. But Greece's veto prevented Turkey to benefit from fourth financial protocol subscribing € 600 million assistance during

¹⁰⁷ Gençol, Metin; 2003, p.156-157

¹⁰⁸ Koçak, Süleyman Yaman; Ankara Anlaşmasından Müzakerelere Avrupa Birliği Mali Yardımları (The EU Financial Assurances from the Ankara Agreement to the negotiations), Yönetim ve Ekonomi Dergisi (Management and Economy Magazine), Celal Bayar University, volume: 16, no: 2, Manisa, 2009, p.136

¹⁰⁹ Gençol, Metin; 2003, p.159

1982 – 1986 period. If Turkey was able to use that assistance, € 225 million would be financed from the EIB sources, and € 375 million would be financed from the Community budget.

In 1980, a special cooperation fund was created promptly by the EC – Turkey Association Council’s decision no 2/80 of 19 September 1980. It aimed to provide € 75 million to heal Turkey’s weak economy.¹¹⁰ Because of the military intervention in 1980 in Turkey, € 29 million of € 75 million assistance was suspended until 1987. This amount was used later under the Special Action Programme in 1987. The projects in the fields of energy, health, environment, local administration, education, tourism and mining were supported within the framework of the Special Action Programme.¹¹¹

In 1993, € 3 million assistance was provided to Turkey from the Community resources to be used within the context of administrative cooperation between both sides. This assistance was spent in the fields of Jean Monnet scholarships, training of the customs officers, common agricultural policy and trade policy of the Community, social development and compliance with the *acquis*. This assistance was planned to continue in the following two years 1994 and 1995. However, the European Parliament cancelled it.¹¹²

In summary, Turkey was supported through 3 financial protocols in addition to a supplementary protocol, a special cooperation fund and an administrative cooperation fund during 1964 – 1995 period. During 32-year period, Turkey was able to receive € 830 million assistance in total. Only € 78 million of this total amount was grant and the rest of the assistance, € 752 million, was credits. € 715 million of it was from the resources of the Community, and € 115 million of it was from the resources of the EIB.

2.2. The Customs Union Period until Helsinki Summit (1996 - 1999)

This period includes the years from 1996, in which Customs Union between Turkey and the EU was created, to 1999, when the EU Helsinki Council recognised Turkey’s candidatureship

¹¹⁰ Decision no 2/80 of Turkey-EU Association Council of 19 September 1980 on exceptional aid totaling 75 million European units of account for Turkey, online available at the official website of the Turkish Republic Ministry of Development, <http://ekutup.dpt.gov.tr/ab/okk2.pdf> p.167, 21.12.2011

¹¹¹ Koçak, Süleyman Yaman; 2009, p.137-138

¹¹² Gençkol, Metin; 2003, p.161

on an equal level with other candidate countries. The overall aim of the assistances given in this period is to meet the needs related to the Customs Union in Turkey.

Turkey's inclusion to the Customs Union has been important not only because it handles commercial matters between the EU and Turkey, but also because it has brought together dense political dialogue and the continuation of financial cooperation between both sides.¹¹³ In accordance with this, the EU enabled Turkey to benefit from EU budget as well as EU credits and grants under the programmes prepared for Mediterranean countries within the context of Customs Union and the Turkey-EU Association Council Decision No 1/95.¹¹⁴ On the table-2.2 below, from where the funds for Turkey were earmarked is given.¹¹⁵

On 30th October 1995, the Commission pressed a declaration on which topics the financial cooperation between Turkey and the EU would be based.¹¹⁶ As expressed in this declaration; the financial cooperation is based on the following measures;

- the EU had subscribed significant amount of community assistance (€ 375 million) for improving the cooperation with Turkey between 1996 and 2000,
- Turkey would benefit from the EIB credits to finance the infrastructure projects in the fields of energy, environment, telecommunication and transport within the context of the new Mediterranean policy during 1992-1996,
- Some extra EIB credit was made available for Turkey to strengthen competitiveness of the Turkish economy,
- The community would provide funding facilities including EU budgetary resources and EIB credits for all Mediterranean countries as of 1996

¹¹³ Arıkan, Harun; Turkey and the EU: An Awkward Candidate for EU Membership?, Ashgate publishing, England, 2006, p.89

¹¹⁴ Official website of the Economic Development Foundation, Turkey, 21.12.2011

http://www.ikv.org.tr/icerik_en.asp?konu=maliisbirligi&baslik=Financial%20Co-operation

¹¹⁵ Turkish Republic Ministry for EU Affairs, <http://www.ab.gov.tr/index.php?p=5> 21.12.2011

¹¹⁶ Community Declaration concerning financial cooperation of 30 October 1995, online available at the official website of the Turkish Republic Ministry of Development, <http://ekutup.dpt.gov.tr/ab/okk2.pdf> p.279, 21.12.2011

- Lastly, the EU left the possibility open that if Turkey requested and needed, the EU would consider providing additional medium-term macro-economic financial assistance to Turkey in connection with the IMF-approved programmes.

The table-2.2 shows the details about the assistance provided to Turkey by the EU between 1996 and 1999. It is clearly seen on the table that the EU provided assistance to Turkey in different forms as grants and credits. During the period given, the EU committed € 2.135 million in total except for macro-economic financial assistance. However, Turkey could only use € 950 million of the total commitment because of the Greece's veto.

Table 2.2: Assistance provided to Turkey during the Customs Union period (1996-1999) (Million EUR)¹¹⁷

Source	Form	Period	Commitment	Payment
EU Budget¹¹⁸	Grant	1996-2000	375	Cancelled because of Greece's veto
MEDA-I	Grant	1996-1999	376	376
Administrative Cooperation Fund	Grant	1996-2000	3	3
Other Funds (concerning projects on environment, civil society etc.)	Grant	1992-1999	14	14
EIB Credits	Credit	1996-2000	750	Cancelled because of Greece's veto
New Mediterranean Policy	Credit	1992-1996	400	340
EURO-MED	Credit	1997-1999	205	205
Macro-economic Financial Assistance	Credit	When required	200	Not required
Venture Capital Support	Credit	1999	12	12
Total	Grant - Credit	1992-2000	2.335	950

Above mentioned programmes will be explained without getting into detail, in order to increase the understandability of the issue. First of all, EURO-MED (Euro-Mediterranean Partnership) expresses the partnership framework including the EU and Mediterranean non-

¹¹⁷ Turkish Republic Ministry for EU Affairs, <http://www.ab.gov.tr/index.php?p=5> 21.12.2011 and Karataş, Halil; 2010, p.73

¹¹⁸ This assistance was created in accordance with the Community Declaration concerning financial cooperation of 30 October 1995. € 375 million was committed for the period of 1996-2000.

member countries¹¹⁹. At the Barcelona Conference of 27-28 November 1995, the EU discussed a new policy framework concerning its relations with the Mediterranean countries with the aim of forming a partnership. At the end of the Conference, a declaration was adopted, and accordingly, the foundation of the Euro-Mediterranean Partnership was laid on the grounds of creating a common area of peace, stability and welfare. Turkey obtained € 205 million credits between 1997 and 1999. Secondly, the MEDA programme was created in 1995 as the financial instrument of the EU which supports implementation of the Euro-Mediterranean Partnership (EURO-MED) and its activities. MEDA was programmed by the EU for two periods. For the first programming period of 1995-2001, MEDA-I had € 6.400 million budget. € 5.071 million of it could be allocated during that period. Then MEDA-I was amended by MEDA-II which was covering the period of 2000-2006 with € 5.350 million budget.¹²⁰ Thirdly, European Investment Bank is an institution created to contribute the EU to achieve its goals. It has no aim of making profit and it is financed by the EU member states. But it acts independently from the EU. It provides loans under easy conditions for private and public sector in the fields of energy supply, infrastructure, and environment primarily.¹²¹ During 1996-2000, €750 million EIB loans were planned to be provided for Turkey. But it could not be used by Turkey as a result of the Greece's veto. About 1992-1996 new Mediterranean policy; at first the relations between Mediterranean countries and the EU were depending mostly on bilateral agreements, which were providing advantages for Mediterranean countries in the field of bilateral trade. After these bilateral agreements brought successful results, new Mediterranean Policy was created in 1991. Accordingly, € 1.800 million was shared under the new Mediterranean Policy to improve cooperation with Mediterranean countries.¹²² As it is stated in the Community Declaration concerning financial cooperation of 30 October 1995, Turkey was able to benefit from the assistances under the new Mediterranean policy up to € 300 or 400 million depending on the quality of its projects.¹²³

¹¹⁹ *Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, the Palestinian Territory, Syria, Tunisia and Turkey

¹²⁰ Official website of the EU; 22.12.2011, http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/mediterranean_partner_countries/r15001_en.htm

¹²¹ Official website of the EU; 22.12.2011, http://europa.eu/about-eu/institutions-bodies/eib/index_en.htm

¹²² Atak, Barış; 2009, p.148

¹²³ Turkish Republic Ministry of Development, <http://ekutup.dpt.gov.tr/ab/okk2.pdf> p.279, 21.12.2011

2.3. The Period After Recognition of the Candidacy until the IPA (2000 - 2006)

Helsinki Summit in 1999 is accepted as the turning point for Turkey in respect of the EU-Turkey financial cooperation. At that summit, Turkey was accepted as candidate country of the EU officially on equal terms with the other candidate countries. Then, in the Copenhagen Summit of 2002, the EU decided to provide increased assistances for Turkey. As of this development, the financial assistance granted to Turkey was regarded as pre-accession financial assistance which foresees EU membership in the future. Thus, the form and the amount of the assistance granted to Turkey from the EU were changed. With other words, assistance consisted of grants predominantly and the amount of the assistance increased significantly.

When Turkey's candidateship status was recognized in the Helsinki Summit in 1999, existing instruments for EU pre-accession financial assistance were PHARE, ISPA, SAPARD and CARDS. As explained under the second chapter of this study in detail, PHARE, ISPA, SAPARD and CARDS programmes were focussing mainly on Central and Eastern European countries and Southeast European Countries which were in the EU accession process or in the stabilization and association process. As a new candidate country, Turkey, normally, demanded to be included in the existing pre-accession assistance programmes. However, Turkey's request had not been accepted by the EU on the ground that budgets of these programmes had already been determined for the period of 2000 – 2006 and it was not possible to include Turkey to those programmes. For this reason, the EU created a special instrument for Turkey, called as Turkey Pre-accession Instrument, in December 2001.

Because Turkey was not included in the PHARE, ISPA, SAPARD and CARDS after it was recognized as a candidate county, Turkey continued to benefit from the MEDA-II programme until the Turkey Pre-accession Instrument started to be implemented in 2002. After that, the assistance programmes with which the EU planned to support Turkey (such as MEDA, Economic and Social Development Support for Turkey, Support for Enhancing Turkey-EU Customs Union) were replaced by Turkey Pre-accession Instrument.

Under the Turkey Pre-accession Instrument, the EU committed € 1.040 million for the period 2002-2006. This amount was later decided to be increased in parallel with Turkey's needs defined in the Strategy Paper presented by the European Commission. As a result of this

approach, the EU increased the amount to € 250 million for 2004, € 300 million for 2005, and € 500 million for 2006 in line with the purpose of preparing Turkey for the EU membership as hasty as possible according to the decision taken in the Copenhagen Summit in 2002.¹²⁴ On the table-2.3 below, the areas which were supported during the period 2002-2006 and the allocations under those areas are given. It seems the EU considered economic and social cohesion topic as the most crucial point in respect of Turkey-EU financial cooperation during 2002-2006 that the EU provided the highest amount of assistance to be used in the area of economic and social cohesion of Turkey to the Union. Apart from this, civil society dialogue, agriculture and political criteria are the other important areas supported by the EU with relatively high amounts of assistance.

Table 2.3: The total EU contributions for Turkey during the period 2002-2006 allocated under each supported area (million EUR)¹²⁵

Supported Areas	Amount of the Assistance	Supported Areas	Amount of the Assistance
Political criteria	115,4	Agriculture	119,4
Energy	11,4	JLS¹²⁶	30,9
Telecommunications	3,5	Economic Social Cohesion	462
Social Policy	36,9	Community Programmes & CSD¹²⁷	218,2
Transport	12,6	Public administration	33,6
Environment	45,4	Customs	44,5
Internal market	28,9	Others	72,9
Total Assistance	1.235,6		

On the table-2.4, the amounts of the EU assistance received by Turkey during the period of 2000 – 2006 are given.

¹²⁴ Keyman, Fuat; Aydın Düzgüt, Senem; Europeanization, Democratization and Human Rights in Turkey, in Lagro, Esra; Jorgensen, Knud Erik; Turkey and the EU: Prospects for a Difficult Encounter, Palgrave macmillian press, 2007, p.74

¹²⁵ Commission Decision C(2007)1835 of 30.04.2007 on a Multi-annual Indicative Planning Document (MIPD) 2007-2009 for Turkey, p.7, online available at: http://ec.europa.eu/enlargement/pdf/mipd_turkey_2007_2009_en.pdf 02.01.2012

¹²⁶ *JLS: Justice, Freedom and Security

¹²⁷ *CSD: Civil Society Dialogue

Table 2.4: The EU assistance received by Turkey during the period of 2000 – 2006 (million EUR)¹²⁸

Years	2000	2001	2002	2003	2004	2005	2006	Total
Payments	209	219	126	145,1	236,7	277,7	450	1.663,5

In summary, Turkey received € 1.663,5 million assistance during 7-year period from 2000 to 2006. This amount is almost equal to the EU assistance provided to Turkey during 36-year period from 1964 to 1999. During that period, Turkey had obtained € 1.780 million.

2.4. The IPA Period (2007 - 2013)

On 17th July in 2006, the EU established the Instrument for Pre-accession Assistance. Following this, Turkey Pre-accession Instrument (2002-2006) was replaced by the IPA. Thereby, a new phase has started for Turkey in respect of its financial cooperations with the EU. Since 2007, Turkey has been supported by the EU through the Instrument for Pre-accession assistance. This is the most comprehensive financial instrument that Turkey benefited so far. As it is explained in detail under the chapter including the IPA, IPA handles issues related to accession and association process under five fundamental components. Under those components, Turkey received € 779,9 million assistance from the EU just in 2011.

The focus of the assistances under the IPA for Turkey is defined in the Turkey Multi-annual Indicative Planning Document (MIPD) that is prepared by the European Commission. This document includes strategies, priorities and assessment of past and on-going assistance for three-year period. It is revised by the European Commission every year in consultation with Turkey. Since the IPA was created, four MIPD has been prepared for Turkey that were covering the periods of 2007-2009, 2008-2010, 2009-2011 and 2011-2013. In 2010, a global MIPD was prepared by the European Commission. It included all beneficiaries of the IPA. The current MIPD for Turkey covers the period 2011-2013.¹²⁹

¹²⁸ Commission Decision C(2007)1835 of 30.04.2007 on a Multi-annual Indicative Planning Document (MIPD) 2007-2009 for Turkey, p.7

¹²⁹ Official website of the European Commission, 27.12.2011;
http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/planning-ipa_en.htm

Table 2.5: The amounts of the assistance allocated for Turkey under the Instrument for Pre-accession Assistance by components (2007-2013) (million EUR)¹³⁰

Component	2007	2008	2009	2010	2011	2012	2013	Total
Transition Assistance and Institution Building	256,7	256,1	239,6	217,8	231,3	227,5	246,3	1.675,3
Cross-border Cooperation	2,1	2,9	3,0	3,1	5,1	2,2	2,2	20,6
Regional Development	167,5	173,8	182,7	238,1	293,4	356,8	378,0	1.790,3
Human Resources	50,2	52,9	55,6	63,4	77,6	83,9	96,0	479,6
Rural Development	20,7	53,0	85,5	131,3	172,5	189,8	213,0	865,8
Total	497,2	538,7	566,4	653,7	779,9	860,2	935,5	4.831,6

On the table-2.5 above, the amounts of the assistance allocated for Turkey under each component are given yearly from 2007 to 2013. These amounts are provided by the European Commission in the Multi-annual Indicative Financial Frameworks.

Within the framework of the first component, Transition Assistance and Institution Building, only the central management authorities are supported in the fields of acquis alignment, public administration reform, justice and home affairs reforms, civil society development, fundamental rights, environment policy, education, health system reform and financial control. Since the IPA started to be implemented in 2007, around 70 public institutions in Turkey such as Turkish Armed Forces, Social Services and Child Protection Agency, and Constitutional Court contributed. During the period 2007-2010, 137 projects were supported with € 1.351 million in total. For the period 2007-2013, Turkey is expected to receive € 1.675 million assistance in total under the first component.¹³¹

Second component focuses on the Cross Border Cooperation. Under this component, Turkey aims to strengthen its cooperation with other beneficiary countries and with the EU member states on the one hand. On the other hand, it prepares Turkey for the European Regional Development Fund, which will be open for Turkey's participation after a possible EU membership. Currently, Turkey is participating in "Turkey-Bulgaria Cross Border Cooperation

¹³⁰ Communication from the Commission to the European Parliament and the Council, Instrument for Pre-accession Assistance (IPA) Revised Multi-annual Indicative Financial Framework for 2012-2013, Brussels, 12.10.2011, COM(2011) 641 final, p.7-8

¹³¹ Official website of the Republic of Turkey Ministry for EU Affairs, 27.12.2011;
<http://www.ab.gov.tr/index.php?p=5&l=2>

Programme” and “European Neighbourhood and Partnership Instrument (ENPI) Black Sea Basin Programme” under this component.

The Turkey-Bulgaria Cross Border Cooperation Programme was adopted by the European Commission on 20 December 2007 for the period 2007-2013. The total funding of the Programme for the period of 2007-2013 is around € 32 million. € 27 million of the total budget is provided by EU resources and € 4.8 million is national co-financing of the two countries.¹³² Within the framework of this programme, there are three priorities. First priority is to promote sustainable social and economic development in Turkey and Bulgaria. It targets specifically five regions¹³³ located on the Turkey-Bulgaria common border. To achieve first priority, it is aimed to increase the overall competitiveness of the cross-border economy and also improve social development and social cohesion. Around 40% of the total programme budget is spent for the first priority. The second priority aims to improve the quality of life. It covers the issues of protection of nature and environment as well as protection of cultural and historical heritage in the region. This priority absorbs 50% of the total funding under the programme. Third priority aims to provide technical assistance for the implementation of the programme. 10% of the budget is allocated for this purpose.¹³⁴

The ENPI Black Sea Basin Programme (2007-201) involves ten countries¹³⁵ including Turkey. It is jointly financed from the ENPI (for participant countries excluding Turkey) and the IPA (for Turkey) budget. In this respect, Turkey has a special position in this Programme. The main goal of the programme is to improve economic and social development in the regions of the Black Sea basin. It also aims to deal with common challenges through beneficiary countries' cooperation as well as developing people to people relations locally. The total ENPI budget allocated for the Black Sea Basin Programme is approximately € 17,3 million. Additionally,

¹³² Official website of the Republic of Turkey Ministry for EU Affairs, 28.12.2011;

<http://www.abgs.gov.tr/index.php?p=45456&l=2>

¹³³ *Burgas, Yambol, Haskovo in Bulgaria, and Edirne and Kırklareli in Turkey.

¹³⁴ Official website of the EU, 28.12.2011;

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/39&type=HTML>

¹³⁵ Partner countries under the ENPI Black Sea Basin programme are Armenia, Bulgaria, Georgia, Greece, Moldova, Romania, Turkey, Azerbaijan, Russia and Ukraine

Turkey's participation is financed through the IPA under the Cross Border Cooperation component with approximately € 1 million per year.¹³⁶

The assistance under the Regional Development component for Turkey is used through three operational programmes currently. The first one is the Environment Operational Programme. The main target of the Environment Operational Programme is to promote protection of environment and to improve life standards in Turkey. To achieve this target, investments are encouraged in the field of environment infrastructure. Turkey receives approximately € 417 million (for the period 2007-2011) under the Environment Operational Programme. The programme also includes Turkey's contribution that is around € 74 million.¹³⁷ The second operational programme is the Transport Operational Programme. The core aim of this programme is to strengthen the competitiveness and to develop the transport infrastructure sector in Turkey. Approximately € 340 million (for the period 2007-2011) is provided from the IPA resources to be used under the Transport Operational Programme.¹³⁸ It also includes national contribution of Turkey that is around € 60 million for the same period. The last operational programme is the Regional Competitiveness Operational Programme. This programme aims to strengthen competitiveness in the poorest regions of Turkey. To achieve this end, the funds under the Regional Competitiveness Operational Programme are used for supporting enterprises. This programme has been supported from the IPA resources with about € 300 million for the period 2007-2011 in addition to Turkey's contribution that is about € 50 million.¹³⁹ In total, € 1.790 million assistance is foreseen for Turkey under the Regional Development Component for the period 2007-2013.

Under the Human Resources Development Component, the EU committed € 479 million assistance for the period 2007-2013. Currently, Turkey benefits from this component through the Human Resources Development Operational Programme. Under this programme, the regions

¹³⁶ Official website of the European Commission, the ENPI Black Sea Basin Programme, p.8, p.10, p.40-42 and p.70, http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/documents/black_sea_adapted_programme_en.pdf 28.12.2011

¹³⁷ Official website of the European Commission, 28.12.2011; http://ec.europa.eu/regional_policy/thefunds/ipa/turkey_environment_en.cfm

¹³⁸ Official website of the European Commission, 28.12.2011; http://ec.europa.eu/regional_policy/thefunds/ipa/turkey_transport_en.cfm

¹³⁹ Official website of the European Commission, 28.12.2011; http://ec.europa.eu/regional_policy/thefunds/ipa/turkey_competitiveness_en.cfm

where per-capita GDP is lower than 75% of Turkey's average per-capita GDP are contributed. The Programme has three priorities. One of the priorities is to increase employment rate in Turkey, especially for women and young labour force. Another priority is to enhance investment in human resources by increasing the level of education for all ages, specifically for women. Third priority is to promote social inclusion by encouraging disadvantaged people to enter into labour market.¹⁴⁰ In 2011, the EU contribution under the fourth component was € 77,6 million for Turkey.

The assistance under the Rural Development Component is used by Turkey through the IPARD Rural Development Programme that includes the period 2007-2013. Its main objectives are to support modernization of the agriculture sector, to contribute compliance with the EU acquis in the related fields, to assist development of rural economy and also to encourage preparatory actions for implementation of the agricultural and environmental measures. The programme finances the enterprises dealing with agricultural sectors such as meat, vegetables, fruits, fisheries, husbandry and dairy.¹⁴¹ The budget of the IPARD programme was € 212 million during 2007-2009. € 159 million of that amount was the EU contribution.¹⁴² Within the framework of the Rural Development Component, the EU committed € 865,8 million assistance to be used within the seven-year period from 2007 to 2013.¹⁴³

In summary, Turkey received approximately € 3.036 million assistance from the EU under the IPA programme from 2007 until the end of 2011. In addition, this amount is expected to rise to € 4.831 million together with the commitments for the following years 2012 and 2013. When the IPA period 2007-2013 is compared with the former periods that Turkey-EU financial cooperation carried on, it is observed that there is a significant rise in the amount of the EU's financial contribution for Turkey within the framework of the IPA. During former 43-year period, from the Ankara Agreement in 1964 until the establishment of the IPA in 2006, Turkey could benefit from the EU resources with only € 3.443,5 million. But, within the 7-year IPA

¹⁴⁰ Official website of the Republic of Turkey Ministry for EU Affairs, 28.12.2011;
<http://www.ab.gov.tr/index.php?p=5&l=2>

¹⁴¹ Rural Development (IPARD) Programme 2007-2013, Republic of Turkey Ministry of Agriculture and Rural Affairs, p.159, 29.12.2011; http://ec.europa.eu/enlargement/pdf/turkey/ipa/tk5_tk_ipard_programme_2007_en.pdf

¹⁴² Evaluation of Agricultural Policy Reforms in Turkey, OECD publication, 2001, ISBN:9789264113220, p.61

¹⁴³ Official website of the European Commission, 28.12.2011;
http://ec.europa.eu/enlargement/candidate-countries/turkey/financial-assistance/index_en.htm?id=vid#library

period Turkey will be able to receive much more assistance than it received during the former periods. However, per capita IPA allocation corresponds to € 67 and per square kilometer (km²) IPA allocation corresponds to € 6.166 for the 7-year IPA period in Turkey. These per capita and per km² amounts are much lower than the per capita and per km² IPA allocations in the other candidate and potential candidate countries. As Lagro argues, Turkey needs progress in many fields to be an EU member. For instance restructuring of industry and development in institutional and structural capacity building are sine qua non in Turkey. From this aspect harmonisation and alignment to the EU are too costly for Turkey. Although the EU covers some part of this cost through pre-accession assistances, Turkey itself must pay the main part of the cost.¹⁴⁴

3. FINANCIAL COOPERATION BETWEEN THE EU AND OTHER CANDIDATE AND POTENTIAL CANDIDATE COUNTRIES WITHIN THE SCOPE OF THE PRE-ACCESSION PROCESS

Under the titles concerning PHARE, ISPA, SAPARD, ISPA and CARDS programmes, those financial assistance programmes were introduced mainly and besides the allocations for their beneficiaries under the said programmes were given. Under this title, the financial cooperation between the EU and the current candidate and potential candidate countries within the scope of the PHARE, ISPA, SAPARD and CARDS programmes were summarised. But it focuses mainly on the IPA allocations during the period 2007-2013.

Table 3.1: The allocation of assistances under the IPA programme by country and by year from 2007-2013 (Million EUR.)¹⁴⁵

Countries/Years	2007	2008	2009	2010	2011	2012	2013	Total
Turkey	497,2	538,7	566,4	653,7	779,9	860,2	935,5	4.831,6
Croatia	141,2	146,0	151,2	153,5	156,5	156,2	95,4	1.000
Macedonia	58,5	70,2	81,8	91,7	98,0	101,9	117,2	619,3
Iceland	-	-	-	-	12,0	12,0	6,0	30,0
Montenegro	31,4	32,6	34,5	33,5	34,1	35,0	35,4	236,5

¹⁴⁴ Lagro, Esra; The Economics of the Accession Process: A Multidimensional and Policy-orientated Approach for Turkey, in Lagro, Esra; Jorgensen, Knud Erik; Turkey and the EU: Prospects for a Difficult Encounter, Palgrave macmillian press, 2007, p.107

¹⁴⁵ Communication from the Commission to the European Parliament and the Council, Instrument for Pre-accession Assistance (IPA) Revised Multi-Annual Indicative Financial Framework for 2012-2013, Brussels 12.10.2011 COM(2011) 641 final, p.6-10

Albania	61,0	73,8	81,2	94,2	94,4	94,5	98,1	597,2
Bosnia and Herzegovina	62,1	74,8	89,1	105,4	107,4	107,9	111,8	658,5
Serbia	189,7	190,9	194,8	197,9	201,9	202,1	214,7	1.392,0
Kosovo	68,3	184,7	106,1	67,3	68,7	68,8	73,7	637,6
Total	1.109,4	1.311,7	1.305,1	1.397,2	1.552,9	1.638,6	1.687,8	10.002,7

According to the table-3.1; Turkey is expected to receive the highest amount of assistance under the IPA during the period 2007-2013. While Turkey is able to receive € 4.831 million during the IPA period, the rest of the beneficiaries are able to receive € 5.171 million in total. With other words, 48,3% of the total country assistances under the IPA is allocated for the use of Turkey and 51,7% of the budget is allocated for the use of other beneficiaries. It is also seen on the table that the annual EU commitments under the IPA indicate an increase for all beneficiaries.

3.1. Other Candidate Countries

Currently, the EU has five candidate countries. These are Turkey, Croatia, Iceland, the Former Yugoslav Republic of Macedonia, and Montenegro. All these countries except for Turkey had been supported by the EU mainly through the PHARE, ISPA, SAPARD programmes, as instruments used during pre-accession process. Turkey had been supported through the Turkey Pre-accession Instrument. As of 2007, all of the candidate countries, including Turkey, are supported through the IPA programme.

Because the financial cooperation between the EU and Turkey is handled under the previous chapter in detail, it is not going to be mentioned here.

3.1.1. Croatia

The financial cooperation of Croatia with the EU was based on the OBNOVA programme, under which Croatia benefited from 1996 to 2000. After the creation of the CARDS programme on 5th December 2000, OBNOVA programme was cancelled and Croatia started to benefit from the EU assistances under the CARDS programme as of 2000. Following the fact that the EU recognized Croatia as a candidate country officially in June 2004, Croatia was included in the PHARE, ISPA and SAPARD programmes, which were regarded as the pre-accession instruments aimed at supporting the countries in the accession process, in December

2004. Thus, Croatia was excluded from the beneficiaries list of the CARDS programme, but enabled to benefit from the CARDS programme as recipient country only for projects and programmes with a regional dimension.¹⁴⁶ However, there is a controversial issue that we run into during our researches on this topic. According to article 1 of the Council Regulation (EC) no: 1366/95 of 12 June 1995, Croatia was included in the PHARE programme in 1995. Then, in 2000, Croatia was excluded from the PHARE programme in accordance with the article 14 (2) of the Council Regulation (EC) no: 2666/2000. This means Croatia was a beneficiary of the PHARE programme between 1995 and 2000. However, no information could be found about the allocation of EU funds for Croatia under the PHARE during 1995-2000. On the contrary, even Croatian authorities such as Ministry for Foreign and European Affairs and Central Office for Development Strategy and Coordination of EU Funds state on their official website that Croatia became a beneficiary country of the PHARE programme in the 2005 budgetary year.¹⁴⁷ As a result, Croatia was supported through PHARE, ISPA, SAPARD and CARDS programmes with a total of € 414,72.¹⁴⁸

Since 2007, Croatia has been supported through the IPA programme. The table-3.2 below indicates the annual allocations for Croatia under the IPA programme according to components. Until the end of 2013, Croatia is expected to receive around € 1 billion assistance under the IPA programme.

As it is explained in the former chapters, the EU determined how much pre-accession assistance will be allocated for each beneficiary country according to their number of population and width of land surface mainly. In this case, per capita IPA assistance in Croatia is € 225 and it also corresponds to € 17.675 per square kilometer (km²) for the 7-year IPA period in average.

¹⁴⁶ Council Regulation (EC) No 2257/2004 of 20 December 2004, amending Regulations (EEC) No 3906/89, (EC) No 1267/1999, (EC) No 1268/1999 and (EC) No 2666/2000, to take into account of Croatia's candidate status, Article 4(1)

¹⁴⁷ Central Office for Development Strategy and Coordination of EU Funds:
<http://www.strategija.hr/en/funds/former-programmes/phare/test-article-copy-copy-copy> 03.01.2012

Republic of Croatia Ministry for Foreign and European Affairs:
<http://www.mvep.hr/ei/default.asp?ru=612&sid=&akcija=&jezik=2> 03.01.2012

¹⁴⁸ Republic of Croatia Ministry for Foreign and European Affairs,
<http://www.mvep.hr/ei/default.asp?ru=616&sid=&akcija=&jezik=2> 03.01.2012

Table 3.2: The amounts of the assistance allocated for Croatia under the Instrument for Pre-accession Assistance by components (2007-2013) (million EUR)¹⁴⁹

Component/Years	2007	2008	2009	2010	2011	2012	2013	Total
Transition Assistance and Institution Building	49,6	45,4	45,6	39,5	40,0	40,0	19,3	279,4
Cross-border Cooperation	9,7	14,7	15,9	15,6	15,9	16,4	8,5	96,7
Regional Development	45,0	47,6	49,7	56,8	58,2	57,6	31,0	345,9
Human Resources	11,4	12,7	14,2	15,7	16,0	16,0	9,0	95,0
Rural Development	25,5	25,6	25,8	26,0	26,5	26,2	27,7	183,3
Total	141,2	146,0	151,2	153,6	156,6	156,2	95,5	1.000,3

Under the IPA-II programme, which will be implemented during the period of 2014-2020, the EU does not foresee any financial contribution for Croatia, because Croatia is expected to be a member of the EU by 2014.¹⁵⁰

3.1.2. Iceland

On 16 July 2009, Iceland applied to the European Union for membership. Then, the European Council decided to open negotiations with Iceland on 17 June 2010. Therefore, Iceland's financial cooperation with the EU within the context of the pre-accession assistances has not got a long history.

On 16 June 2010, The EU decided to include Iceland into the beneficiaries of the IPA programme in accordance with the regulation (EU) no 540/2010.¹⁵¹ After that, the EU and Iceland signed a Framework Agreement on the implementation of projects within the framework of the IPA programme on 8 July 2011. The framework agreement defines the rules about how the financial co-operation must be implemented. Its adoption made it possible for Iceland to start implementation of the IPA-funded projects.¹⁵²

¹⁴⁹ Communication from the Commission to the European Parliament and the Council, Instrument for Pre-accession Assistance (IPA) Revised Multi-annual Indicative Financial Framework for 2012-2013 (MIFF for 2012-2013), p.6

¹⁵⁰ European Commission Proposal for a Regulation of the European Parliament and the Council on the instrument for Pre-accession Assistance (IPA-II), Brussels 07.12.2011, p.2

¹⁵¹ Regulation (EU) No 540/2010 of the European Parliament and of the Council July 2010, amending Council Regulation (EC) No 1085/2006 establishing an Instrument for Pre-Accession Assistance (IPA), Article 1(2)
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:158:0007:0008:EN:PDF>

¹⁵² Official website of the European Commission, 04.01.2012;
http://ec.europa.eu/enlargement/press_corner/whatsnew/news/110711_en.htm

In accordance with the MIFF of 2012-2013, the Commission shared € 30 million under the IPA for Iceland for the remaining IPA period including 2011-2013. The Commission also decided that Iceland can benefit from IPA only under the first component of Transition Assistance and Institution Building.¹⁵³ The reason was to improve the level of alignment with the EU acquis and to develop economic and social development in Iceland by focusing the limited assistance on a more specific area. On the table-3.3 below, annual IPA allocations for Iceland are given. The total amount of € 30 million corresponds to € 94 per capita and € 291 per km² in Iceland.

Table 3.3: Allocation for Iceland under the Instrument for Pre-accession Assistance (Million EUR)¹⁵⁴

Component/Year	2011	2012	2013	Total
Transition Assistance and Institution Building	12	12	6	30

Iceland is expected to continue benefiting from the EU assistances under the IPA-II programme during 2014-2020 process.¹⁵⁵

3.1.3. The Former Yugoslav Republic of Macedonia

Macedonia had been a beneficiary of both PHARE and CARDS programmes until the creation of the IPA programme. From 1996 to 2000, Macedonia was supported through the PHARE programme with a total amount of € 157 million. Following the creation of the CARDS programme, Macedonia was excluded from the PHARE programme and started to benefit from the CARDS programme in 2000. Until 2006, Macedonia received € 287,8 million from the CARDS resources.

Since 2007, Macedonia has been supported through the IPA programme under the five components as a member state. During the period 2007-2011, Macedonia received approximately € 400,2 million assistance. As stated in the MIFF of 2012-2013, Macedonia will be able to receive up to € 619,3 million assistance within the framework of the 2007-2013 IPA programme. This amount indicates a significant rise in the EU contributions for Macedonia in

¹⁵³ MIFF for 2012-2013, p.3,7

¹⁵⁴ Commission Decision of 08.04.2011 on a Multi-annual Indicative Planning Document 2012-2013 for Iceland, Brussels, p.7 http://ec.europa.eu/enlargement/pdf/mipd_iceland_2011_2013_en.pdf

¹⁵⁵ European Commission Proposal for a Regulation of the European Parliament and the Council on the instrument for Pre-accession Assistance (IPA-II)

comparison with the assistances received during 1996-2006, which amounts nearly to € 444,8 million. From another aspect, the per capita IPA allocation in 7-year period for Macedonia is € 304 and per km² allocation is € 24.085.

Table 3.4: The amounts of the assistance allocated for Macedonia under the Instrument for Pre-accession Assistance by components (2007-2013) (million EUR)¹⁵⁶

Components/Years	2007	2008	2009	2010	2011	2012	2013	Total
Transition Assistance and Institution Building	41,6	41,1	39,3	36,9	28,8	27,2	27,9	242,9
Cross-border Cooperation	4,2	4,1	4,4	4,5	5,1	5,0	5,2	32,5
Regional Development	7,4	12,3	20,8	29,4	39,3	41,0	51,8	202,0
Human Resources	3,2	6,0	7,1	8,4	8,8	10,4	11,2	55,1
Rural Development	2,1	6,7	10,2	12,5	16,0	18,2	21,0	86,8
Total	58,5	70,2	81,8	91,7	98,0	101,9	117,2	619,3

Macedonia is planned to continue benefiting from the IPA-II programme during the period of 2014-2020.

3.1.4. Montenegro

As a Western Balkan country, Montenegro benefited from the CARDS programme from 2000 to 2006 within the context of the pre-accession assistances of the EU. Under the CARDS programme, the EU allocated € 124,9 million in total for Montenegro for the 7-year period. In 2007, the CARDS was replaced by the IPA programme. Following this development, Montenegro started to benefit from IPA under the Transition Assistance and Institution Building component and Cross Border Cooperation component as a potential candidate of the EU.

On 17 December 2010, Montenegro gained the status of EU candidate country officially. Then, the EU decided to move Montenegro from potential candidate countries list (Annex-II) to the candidate countries list (Annex-I) of the IPA programme. Hence, the other three components of IPA, namely Regional Development, Human Resources and Rural Development components, are also going to be opened for the use of Montenegro, if the Commission's proposal on this

¹⁵⁶ MIFF for 2012-2013, p.6

topic was adopted by the European Council and the European Parliament.¹⁵⁷ As it is stated on the table-3.5 below, Montenegro is expected to receive approximately € 236,5 million assistance under the IPA programme during 2007-2013. This amount corresponds to € 379 per capita and € 17.123 per km².

Table 3.5: The amounts of the assistance allocated for Montenegro under the IPA by components (2007-2013) (million EUR)¹⁵⁸

Components/Years	2007	2008	2009	2010	2011	2012	2013	Total
Transition Assistance and Institution Building	27,5	28,1	29,8	29,8	29,8	16,3	5,2	166,5
Cross-border Cooperation	3,9	4,5	4,7	3,7	4,3	4,6	4,4	30,1
Regional Development	-	-	-	-	-	8,0	15,2	23,2
Human Resources	-	-	-	-	-	2,8	2,9	5,8
Rural Development	-	-	-	-	-	3,3	7,6	10,9
Total	31,4	32,6	34,5	33,5	34,1	35	35,4	236,5

Montenegro is planned to be supported by the EU under the IPA-II programme covering the period of 2014-2020.

3.2. Potential Candidate Countries

Potential candidate countries of the European Union are Albania, Bosnia and Herzegovina, Serbia and Kosovo. These four countries had been supported mainly under the CARDS and currently supported through the IPA programme. All of these four countries are included in the annex-II of the IPA regulation. In accordance with this, the EU enables them to benefit only from the first and the second components of the IPA programme, namely Transition Assistance and Institution Building component and Cross Border Cooperation component.

3.2.1. Albania

Albania's financial cooperation with the EU within the scope of the pre-accession process started with the PHARE programme and now continues with the IPA programme.

¹⁵⁷ Opening of the third, fourth and fifth components for Montenegro is subject to the adoption of the proposal for a Regulation of the European Parliament and the European Council amending Council Regulation (EC) No 1085/2006 establishing an Instrument for Pre-accession Assistance, Brussels, 20.07.2011, COM(2011) 446 final

¹⁵⁸ MIFF for 2012-2013, p.7

In 1991, Albania was included among the beneficiaries of the PHARE and it had benefited from the PHARE until 2000. During the PHARE process covering the years 1991-2000, Albania received nearly € 409 million assistance. As of 2000, Albania continued to benefit from EU resources under the CARDS programme as a Western Balkan country. Within the framework of the CARDS programme, Albania obtained € 234,2 million assistance until the end of 2006. Since 2007, Albania has been a beneficiary of the IPA programme as a potential candidate country of the EU. This means, Albania is supported through only the first and the second components of the IPA. As it is stated in the MIFF for 2012-2013, Albania is expected to receive up to € 597,3 million pre-accession assistance under the IPA during the period of 2007-2013. If this amount is considered according to Albania's population and land surface, it corresponds to € 190 per capita and € 20.776 per km².

Table-3.6 indicates the annual and total allocations under the IPA programme by components during the period of 2007-2013.

Table 3.6: The amounts of the assistance allocated for Albania under the IPA by components (2007-2013) (million EUR)¹⁵⁹

Components/Years	2007	2008	2009	2010	2011	2012	2013	Total
Transition Assistance and Institution Building	54,3	65,2	71,4	84,2	84,3	84,3	87,4	531,2
Cross-border Cooperation	6,7	8,6	9,8	10,0	10,1	10,3	10,7	66,2
Total	61,0	73,8	81,2	94,2	94,4	94,6	98,1	597,3

With reference to the Commission proposal for a regulation on IPA-II programme covering the period of 2014-2020, Albania is expected to continue benefitting from the pre-accession assistances under the IPA-II programme.¹⁶⁰

3.2.2. Bosnia and Herzegovina

The history of financial cooperation between the EU and Bosnia and Herzegovina within the scope of the pre-accession process initiated in 1996 by the inclusion of Bosnia and Herzegovina to the PHARE programme. Until the creation of the CARDS programme in 2000,

¹⁵⁹ MIFF for 2012-2013, p.8

¹⁶⁰ European Commission Proposal for a Regulation of the European Parliament and the Council on the instrument for Pre-accession Assistance (IPA-II)

Bosnia and Herzegovina had benefited from the PHARE programme with a total amount of € 241 million assistance. From 2000 to 2006, it received pre-accession assistance from the EU under the CARDS programme. It amounts to € 420,5 million for the 7-year period.

As of 2007, Bosnia and Herzegovina has been supported through IPA programme. Until the end of 2013, Bosnia and Herzegovina is expected to receive nearly € 658,5 million assistance in total for the 7-year IPA period. From another perspective, per capita IPA allocation is € 171 and per km² IPA allocation is € 12.859 in Bosnia and Herzegovina.

On the table-3.7 below, the annual and total allocations by component for Bosnia and Herzegovina for the 7-year IPA period from 2007 to 2013 are given. After the IPA programme, Bosnia and Herzegovina is planned to be supported through the IPA-II programme covering the period of 2014-2020.

Table 3.7: The amounts of the assistance allocated for Bosnia and Herzegovina under the IPA by components (2007-2013) (million EUR)¹⁶¹

Components/Years	2007	2008	2009	2010	2011	2012	2013	Total
Transition Assistance and Institution Building	58,1	69,9	83,9	100,7	102,7	102,7	106,9	624,9
Cross-border Cooperation	4,0	4,9	5,2	4,7	4,7	5,2	4,9	33,6
Total	62,1	74,8	89,1	105,4	107,4	107,9	111,8	658,5

3.2.3. Serbia

Serbia is one of the EU potential candidate countries. Its financial cooperation with the EU within the scope of the pre-accession process is based on the CARDS programme (2000-2006). Under the CARDS programme, the EU provided € 1.295,2 million assistance to Serbia during the 7-year CARDS period. With this amount, Serbia is the country obtained highest amount of assistance from the CARDS resources.

Since 2007, Serbia is assisted through the IPA programme. During the IPA period of 2007-2013, Serbia is expected to receive € 1.392,1 million assistance in total from the EU under the first two components of the IPA programme. This total amount corresponds to € 188 per capita and € 17.969 per km².

¹⁶¹ MIFF for 2012-2013, p.8,9

Table-3.8 indicates the annual and total IPA allocations for Serbia between 2007 and 2013 according to components. Serbia is planned to continue benefiting from the EU pre-accession assistance during the period 2014-2020 under the IPA-II programme.

Table 3.8: The amounts of the assistance allocated for Serbia under the IPA by components (2007-2013) (million EUR)¹⁶²

Components/Years	2007	2008	2009	2010	2011	2012	2013	Total
Transition Assistance and Institution Building	181,5	179,4	182,6	186,2	190,6	190,0	203,1	1.313,4
Cross-border Cooperation	8,2	11,5	12,2	11,8	11,3	12,1	11,6	78,7
Total	189,7	190,9	194,8	198,0	201,9	202,1	214,7	1.392,1

3.2.4. Kosovo

As a Western Balkan country, Kosovo has first met with the EU assistance provided within the context of the pre-accession process in 2000. It was the CARDS programme assisted Kosovo with € 705,4 million for 7 years from 2000 until the end of 2006. As a result of the creation of the IPA programme, Kosovo continued benefiting from the pre-accession assistances of the EU under the IPA programme as of 2007. Until the end of 2011, Kosovo received nearly € 495 million from the IPA programme. This amount is expected to rise to € 637,6 million in total until the end of 2013. This amount corresponds to € 308 per capita and € 58.565 per km².

After 2013, Kosovo is anticipated to be supported through the IPA-II programme covering the period of 2014-2020.

Table 3.9: The amounts of the assistance allocated for Kosovo under the IPA by components (2007-2013) (million EUR)¹⁶³

Components/Years	2007	2008	2009	2010	2011	2012	2013	Total
Transition Assistance and Institution Building	68,3	184,7	106,1	66,1	66,9	65,9	70,7	628,7
Cross-border Cooperation	0	0	0	1,2	1,8	2,9	3,0	8,9
Total	68,3	184,7	106,1	67,3	68,7	68,8	73,7	637,6

¹⁶² MIFF for 2012-2013, p.9

¹⁶³ MIFF for 2012-2013, p.9

4. COMPARISON OF TURKEY AND THE OTHER CANDIDATE AND POTENTIAL COUNTRIES WITHIN THE SCOPE OF THE EU PRE-ACCESSION ASSISTANCE

Until coming this part, we examined former pre-accession instruments (PHARE, ISPA, SAPARD, CARDS and Turkey Pre-accession Instrument) as well as the currently used instrument, IPA. We mentioned their targets, priorities and more importantly the annual and total allocations under those instruments for each of their beneficiaries. These informations provided enable to make a comparison between Turkey and the other countries which benefited from mentioned pre-accession instruments and also which have been already benefiting from the IPA. In this part, the financial cooperation between the EU and Turkey and between the EU and the other countries will be compared within the framework of pre-accession process. The comparison will include both quantitative and qualitative differences.

4.1. Qualitative Differences

There are several qualitative differences between the assistance programmes for Turkey and for the other candidate and potential candidate countries. In this regard, the instruments assisted the CEECs (PHARE, ISPA, SPARD) and Turkey Pre-accession Instrument is compared in four fundamental points. And then, the currently used instrument IPA is handled within the framework of the EU's qualitative approach against Turkey and the others.

First of all, the EU started to assist the CEECs with the PHARE programme as of 1990. In addition to PHARE, the EU created ISPA and SAPARD programmes in 2000. These three programmes had been implemented until the end of 2006. During this process, their main aim was to support economic restructuring, institution building as well as harmonisation with the EU acquis in all appertaining areas from agriculture and rural development to environment and transport. Namely, these instruments contributed the CEECs to prepare for the EU membership. On the other side, Turkey was not included in these instruments, but it had been supported through MEDA-I and MEDA-II programmes, which aimed at strengthening partnership between the EU and Mediterranean countries, until 2002. The context and target of the MEDA programmes did not include supports for the areas such as institution building, compliance with the EU legislation and economic and social cohesion, because the EU's aim with the MEDA programmes was just to improve cooperation with the Mediterranean countries, but not to

include them into the EU in long run or else. On the other side, CARDS programme was another pre-accession instrument. But it had one main difference from the other pre-accession instruments that CARDS supported the countries regarded as potential candidates of the EU. Turkey was not included even in this programme. According to Kahraman, the EU had considered Turkey more as an economic partner within the scope of the customs union rather than a pre-accession country until nearly 1997. Turkey was not appropriate for the EU's pre-accession strategy. For this reason, the EU's approach towards Turkey can be considered as competition without integration.¹⁶⁴

Secondly, Turkey gained candidateship status on equal footing with the other candidate countries in 1999. As a result of it, the EU created a pre-accession instrument covering only Turkey at the end of 2001 instead of including Turkey to the existing pre-accession instruments (PHARE, ISPA and SAPARD). In comparison to PHARE, ISPA and SAPARD programmes, Turkey Pre-accession Instrument had very broad targets and narrow content. It was aimed to support compliance with the EU acquis, development of market economy and institution building as well as encouraging investments with sole instrument. But, the other candidate countries were supported through three different pre-accession instruments at the same time that each of them had specific targets, comprehensive structure and different budgets. Besides, PHARE, ISPA and SAPARD programmes has clearly been related to the accession process of its beneficiaries to the EU. The underlying idea of the EU was to *enable accession countries to become familiar with the procedures and rules of the funds (structural funds and cohesion fund) they could access after joining the EU. However, the EU's financial support for Turkey has been principally related in general to the development of the Turkish economy and harmonious expansion of trade and the strengthening of Turkey's economic structure to cope with the customs union.*¹⁶⁵

There is another point proving unequal treatment of the EU against Turkey. It was derived from the EU's approach against Greece's veto which prevented Turkey to receive more financial assistance from the EU. As it is mentioned previously, Greece blocked the EU

¹⁶⁴ Kahraman, Sevilay Elgün; Rethinking Turkey-European Union Relations in the Light of Enlargement, in Turkish Studies, Vol. 1:1, Routledge: Taylor&Francis Group, 2000, p.13

¹⁶⁵ Romya Bilgin, Kivilcim and Mercan, Sezgin; European Financial Assistance Provided to Turkey and the CEECs: An Equity Shift, Turkish Studies, Vol. 12:3, Routledge: Taylor&Francis Group, 2011, p.501

assurances planned for Turkey three times. Initially, Greek veto caused 4th financial protocol covering € 600 million assistance for Turkey to be frozen. To adopt the 4th financial protocol including EIB and EU based assurances, EU based assurances required the Council decision and EIB based assistance required the decision of Board of Governors of EIB. Then, Council and Board of Governors need to hold a meeting including one minister from each member country. For coming to an affirmative end, unanimity was required in the meeting.¹⁶⁶ This meant that Greek's veto against Turkey was more powerful than the rest of favourable votes for Turkey. Secondly, the EU planned to make a commitment to Turkey including € 375 million assistance from the EU resources as grants. However, the European Council was not able to reach unanimity to take a decision on the framework agreements aimed at providing EU grants to Turkey because of Greece's veto again. Thirdly, Turkey could not benefit from the €750 million EIB loans planned to be granted to Turkey for the period of 1996-2000 as a result of Greece's veto. The reason of Greece for vetoes was Turkey's failure to develop good relations with Greece. The Commission adopted the European Strategy for Turkey in accordance with the European Council Summit in Luxemburg in 1997. The Strategy highlighted that a Council regulation on financial cooperation regarding Turkey is strongly necessary. Therefore, to continue financial cooperation with Turkey, the Commission affirmed a new proposal committing € 135 million as development aid. Although Greece was against this initiative, the EU was able to adopt it, because it was development aid subject to majority voting, but not to unanimity. According to Arıkan, this situation proved that the EU could find solutions to preclude Greece's objections, when required. Arıkan adds that the EU's insistence of acting with unanimity for the adoption of the regulations committing financial assistance for Turkey is a proof of unequal footing against Turkey, because, as regards the CEECs the PHARE financial regulations at the Council were adopted with majority voting, but not with unanimity.¹⁶⁷

One of the most crucial points indicating qualitative difference between Turkey Pre-accession Instrument and PHARE, ISPA and SAPARD is the methodology used for determining the amount of allocation under the pre-accession instruments for each beneficiary country. As it is explained previously, the amount of the EU assistance under the PHARE, ISPA and SAPARD

¹⁶⁶ Romya, Kivilcim; A Comparative Analysis of the European Union Financial Assistance to Central and Eastern European Countries and Turkey, Master Thesis, The Graduate School of Social Sciences of Middle East Technical University, 2008, p.125

¹⁶⁷ Arıkan, 2006, p.105,106

programmes were decided according to some concrete criteria such as crowd of population, width of land surface or crowd of agricultural population and width of agricultural lands. Additionally, per capita GDP in purchasing power parities was another factor effecting the European Commission's decision while determining the amount of allocations. If these criteria had been valid for Turkey Pre-accession Instrument, the amount of the EU commitment for Turkey would rise to € 7.488 million instead of € 300 million in 2005 as a result of Turkey's population of 72 million.¹⁶⁸

Since 2007, Turkey and all the other candidate and potential candidate countries have been supported through the Instrument for Pre-accession Assistance. Since they have been supported under the same instrument, it is not possible to mention any qualitative difference between its beneficiaries, out of one exception. This exception results from the allocation methodology of the EU under the IPA programme. As it is mentioned before, the EU determines methodology about how to allocate the funds by each country under the IPA in the MIFFs. In these MIFFs the EU guaranties minimum levels for per capita allocations under the IPA for the candidate countries of Croatia and Macedonia irrespective of their countries' sizes. But, it does not ensure an exact level of per capita allocations for Turkey. It only commits a gradual increase in per capita levels of assistances over the seven year period. In addition, the quantitative analysis of the IPA brings up the unequal treatment of the EU against Turkey.

4.2. Quantitative Differences

Put qualitative differences one side, the quantitative differences are also a significant indicator of unequal treatment of the EU against Turkey. In this part, the amounts of the allocations for Turkey and for the other beneficiary countries are compared mainly. The comparison covers the allocations under PHARE, ISPA, SAPARD and Turkey Pre-accession Instrument as well as currently used instrument IPA. The comparison shows that unequal treatment of the EU still continues in the IPA period.

The PHARE programme was set up in 1989. Until 2000 it was considered within the framework of EU external aids. As of 2000, PHARE as well as ISPA and SAPARD programmes were handled within the framework of the EU's pre-accession strategy. Under the PHARE, ISPA

¹⁶⁸ Romya, 2008, p.127

and SAPARD programmes, the EU allocated around € 20.978 million¹⁶⁹ assistance in total for the CEECs during the period of 2000-2006. In this 7-year period, the ten CEECs received in average € 2.997 million pre-accession assistance annually. When this amount was divided to ten CEECs equally, each of them would have received € 299,7 million. On the other hand, average allocation for Turkey per year under the Turkey Pre-Accession Instrument covering 2002-2006 was € 250 million. This means that the amount of the EU pre-accession assistance for Turkey was below the average EU assistance for the CEECs. From another aspect, as it is explained formerly, PHARE, ISPA and SAPARD, the country allocations under these three instruments were decided by the Commission in accordance with concrete criteria such as population, land surface and per capita GDP of beneficiary countries. At this point, there is no understandable explanation of how Turkey could remain below the CEECs average of € 299,7 million, if the statistics given on the table-4.1 is examined. It is obvious that if the EU applied the same methodology for Turkey, Turkey should have received more pre-accession assistance than any other CEECs, because Turkey has had the most crowded population, the largest land surface as well as the largest agricultural area, and very low amount of per capita GDP. For instance, Poland received € 993 million and Romania received € 684 per year in average within the framework of PHARE, ISPA and SAPARD.¹⁷⁰ If Bulgaria and Romania were considered as a single beneficiary together, their population would be 60,9 and they would have 534.070 km² of land surface of which 332.700 km² area is agricultural land. Under the concrete allocation criteria, they would receive € 1.677 million pre-accession assistance from the EU. In comparison to their sum, Turkey's statistical data still require a higher amount of financial support within the framework of the EU pre-accession process.

¹⁶⁹ *This amount was calculated by using data in the following resources: Commission Staff Working Paper, Annex to Phare Programme Annual Report 2001 Country Sections, COM(2003) 97 final, SEC(2003) 228, p.83 http://ec.europa.eu/enlargement/archives/pdf/financial_assistance/phare/annex_phare2001_en.pdf ; Report From the Commission, General Report on Pre-accession Assistance (PHARE-ISPA-SAPARD) in 2000 SEC(2002) 1418, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52002DC0781:EN:HTML> , and Figure-1 in this study, Amounts of the assistances granted to the CEECs within the Context of the PHARE (1990 – 2007)

¹⁷⁰ Odabaşı Sarı, 2008, p.12

Table 4.1: Statistical data on Populations, Land Surface, Agricultural Area and per capita GDP¹⁷¹

Countries	Population (million)	Land Surface (km²)	Agricultural Land (km²)	GDP (per capita, €)
Poland	38,5	304.360	184.130	9200
Romania	22,4	229.710	148.570	5900
Bulgaria	8,1	110.630	55.820	6500
Hungary	10,2	89.620	58.540	11900
Czech Republic	10,3	77.270	42.800	13300
Lithuania	3,5	62.680	34.180	8700
Latvia	2,4	62.190	15.880	7700
Slovakia	5,4	48.100	24.400	11100
Estonia	1,4	42.390	9.860	9800
Slovenia	2	20.273	5.180	16000
Turkey	63,6	769.630	404.790	6400

Quantitative inequality against Turkey has been continuing under the Instrument for Pre-accession Assistance since 2007, although Turkey seems as if it is the country benefiting most from the IPA resources with the highest amount. As of 2007, Turkey and the all other candidate and potential candidate countries has been benefitting from the IPA programme as the sole pre-accession instrument of the EU. As a candidate country, Turkey benefits from all of the five components of the IPA. Under these five components, Turkey has been assisted by the EU with € 3.036 million until the end of 2011. After the IPA contributions for 2012 and 2013 are provided, this amount is expected to rise to € 4.831 million that is equal to € 67 per capita in Turkey.

As a result of the researches in this study, it is noticed that Turkey receives the lowest amount of assistance under the IPA programme, when Turkey's rather crowded population¹⁷² of 72.520.000 is taken into consideration.

¹⁷¹ The data on the table belong to the year of 2000. Source: Romya Bilgin and Mercan (2011), p.497 (per capita GDP), and World Bank, Country Database for 2000 (Population, Land Surface, Agricultural Land) <http://www.worldbank.org/>

¹⁷² *The number of the population given here belongs to 2006 in which the IPA programme was created.

Table 4.2: Per capita and per km² IPA allocation for each candidate and potential candidate countries (2007-2013)¹⁷³

Countries	Population (million)	IPA allocation (per capita, €)	Land Surface (km²)	IPA allocation (per km², €)
Turkey	69,1	66,6	769.630	6.166,2
Croatia	4,4	225,1	55.960	17.675
Iceland¹⁷⁴	0,3	94,0	100.250	291,3
Macedonia	2,0	303,7	25.430	24.085,1
Montenegro	0,6	379	13.450	17.122,8
Albania	3,1	189,7	27.400	20.775,7
Bosnia and Herzegovina	3,8	171,4	51.000	12.859,1
Serbia	7,4	187,5	87.460	17.968,6
Kosovo	1,8	308	10.887	58.565,3

The average per capita allocation under the IPA programme is € 213,9. Turkey receives € 66,6 per capita. Apart from Turkey, Iceland is the only country receiving below the average amount. However, Iceland's financial cooperation started in 2011. Moreover, Iceland is able to benefit only from the first component of the IPA. Although Iceland's limited financial cooperation (for three years and under only one component) with the EU, per capita assistance for Iceland is € 94. On the other hand, the other candidate countries Croatia, Macedonia and Montenegro receive over the average per capita amount.

Under normal circumstances, it would not be fair to compare Turkey as a candidate country with the potential candidates, because they are supported only under the first and the second components of IPA. However, the situation is abnormal that the per capita amounts of the IPA allocations in potential candidate countries are much higher than the per capita IPA allocation for Turkey as it is seen on the table-4.2 above.

Table-4.2 indicates also the average per km² amounts of IPA allocations for each candidate and potential candidate countries. According to it, the lowest per km² assistance in average is in Iceland. As it is explained, this is because Iceland's financial cooperation with the

¹⁷³ The per capita and per km² data given in the table were calculated by the writer via informations on the table-16 and the EU resources published on the following website http://ec.europa.eu/enlargement/candidate-countries/index_en.htm Besides, the per-capita and per-km² amounts given on the table are the average amounts for 7 year IPA period (2007-2013). Data on population and land surface were obtained from the www.worldbank.org

¹⁷⁴ *Iceland's financial cooperation with the EU within the scope of the IPA programme covers the period of 2011-2013.

EU is limited for now. If Iceland is excluded from this analysis, Turkey is the country receiving the lowest per km² assistance within the scope of the IPA programme with € 6.166.

Unequal treatment of the EU against Turkey appears during the IPA period, because the Commission narrows the common methodology used for calculating country allocations. For instance, it states in the MIFFs that

- *each country of the Western Balkans will reach at least the 2004-2006 per capita average of € 23 received under CARDS,*
- *for Croatia and the Former Yugoslav Republic of Macedonia, as candidate countries, a level of over € 30 per capita (in 2004 prices) by 2008 is envisaged.(the level is maintained in the following years),*
- *for the former Yugoslav Republic of Macedonia, the funding in per capita terms continues to increase, reflecting a minimum level of funding needed for adequate administrative capacity building, irrespective of the size of the country,*
- *for Turkey, taking into account the size and absorption capacity of the country, there is a gradual increase in assistance over the period 2007-2013.*

As can be understood from the above given statements, the Commission guarantees € 23 per head annually for the each Western Balkan country. Besides, the Commission emphasizes candidature of Croatia and Macedonia and commits over per capita amount of € 30 for each country annually. Specifically for Macedonia, the Commission plans to allocate more assistance than it should be allocated when the size of the Macedonia is taken into account, because according to the Commission Macedonia requires it to set up adequate administrative capacity. On the other hand, the Commission mentions Turkey's relatively large size and big absorption capacity, but does not define a certain amount of per capita assistance. It only commits a gradual increase in assistances. Although the Commission takes into consideration Turkey's large size and big absorption capacity, the amount that Commission allocated for Turkey is equal to € 66,6 per capita for seven years in total and to € 9,5 per capita annually.

As a conclusion, the qualitative analysis indicates that Turkey has been in a disadvantaged position since the beginning of the pre-accession assistances of the EU by the

reason of unequal treatment of the EU, although the total amount of the allocations for Turkey has been increased in time.

CONCLUSION

As a summary before coming to the conclusion, the EU provides pre-accession assistances to its candidate and potential candidate countries as a result of its pre-accession strategy, which has initially been introduced in the European Council of Luxemburg in December 1997. The core aim of the EU with the pre-accession assistances is to prepare candidate and potential candidate countries for eventual EU membership. Via assisting them financially by financial instruments in the fields determined by the Commission, the EU aimed to foster accession process and to start integration period during pre-accession process on the control of its hand.

Currently used pre-accession assistance is the IPA. It has replaced the former pre-accession instruments PHARE, ISPA and SAPARD. IPA covered all the fields supported under the former pre-accession instruments and these fields specified under the five components of the IPA. In this way, it is planned to increase effectiveness of the pre-accession assistances. Besides, the EU committed higher amount of assistance under the IPA than the former instruments as a result of the increasing importance given to the pre-accession strategy by the EU. After the IPA programme IPA-II will be implemented for the period of 2014 - 2020 and it will have a larger budget than the IPA (approximately € 14 billion).

The aim of this study was to find out whether there has been an unequal treatment of the EU against Turkey in comparison to the other accession countries within the context of pre-accession financial cooperation via qualitative and quantitative comparisons. The result of the study is clear that the EU has been treating Turkey unequally both qualitatively and quantitatively.

Qualitative comparison indicates that Turkey has been supported by the EU in disadvantaged position in comparison to the other accession countries. For instance, Turkey had been regarded as an economic partner rather than a pre-accession country until Turkey gained candidatureship status on equal footing with the other candidates in 1999. As a result of this,

Turkey could benefit only from the assistances within the scope of the customs union and from the MEDA programmes, which had not foreseen an eventual EU membership for their beneficiaries. Apart from this, Turkey had not been included in existing pre-accession instruments such as PHARE, ISPA and SAPARD after it was recognized as a candidate country until the end of 2001. In December 2001, the EU created a special pre-accession instrument called as Turkey Pre-accession Instrument and included only Turkey in the programme as beneficiary. This was a clear indicator of the EU's approach that Turkey should have been considered separately from the other candidate countries. In addition, the programme had very broad targets and narrow content. Therefore, it was not enough to prepare Turkey to the membership. At the same time, the PHARE, ISPA and SAPARD programmes prepared their beneficiaries for the EU membership in almost every field under specific targets. As a result, eight of ten beneficiaries of these programmes met accession criteria and became EU members in 2004. The amount of the assistances granted to Turkey under the Turkey Pre-accession instrument was relatively in a low level, because the EU didn't use the same allocation methodology for Turkey as the methodology used under the PHARE, ISPA and SAPARD programmes. Lastly, the EU continued its unequal approach under the IPA programme. It does not guarantee an exact per capita amount of pre-accession assistance for Turkey, but it ensures a minimum level of per capita allocations annually for the other candidate countries, Macedonia and Croatia and for the Western Balkan countries. It is important to underline the fact that Croatia, which started accession negotiations with the EU in the same year with Turkey in 2005 and which has been receiving € 225 per capita assistance under the IPA programme for seven years, is expected to enter into the EU in 2013.

On the other side, quantitative analysis also brings out that Turkey-EU pre-accession financial cooperation has been treated on unequal footing against Turkey since the beginning of pre-accession assistances in 2000. While Turkey had been supported under the Turkey Pre-accession Instrument with annually € 250 million in average, the beneficiaries of the PHARE, ISPA and SAPARD had been assisted with € 300 million annually in average at the same period. Leave receiving below the average amount of assistance to a side, Turkey behaved to receive highest amount of assistance as a result of the concrete allocation criteria of pre-accession funds if the EU had included Turkey to the PHARE, ISPA and SAPARD programmes. This situation explains why the EU did not include Turkey to the existing pre-accession programmes and

created a new one for Turkey. Apart from this, the quantitative analysis also shows that Turkey's disadvantaged position continues during the IPA period currently. Although Turkey receives highest amount of assistance under the IPA programme, in per capita terms Turkey receives the lowest amount from IPA funds. Although it is explained in the MIFFs by the Commission that the figures have been calculated on the basis of per-capita allocations respective of the size of beneficiary countries, the Commission limits this rule for Turkey and expands it for the other candidate countries (Macedonia and Croatia) and for the Western Balkan countries. The Commission guarantees at least € 23 per head annually for Western Balkans and € 30 for Macedonia and Croatia irrespective of the size of the countries. For Turkey, it ensures only a gradual increase in per capita allocations instead of ensuring an exact level of per capita amount. As it is explained previously, annual per capita EU allocations under the IPA is € 9,5 for Turkey.

As prescience in addition to this study; the EU does not foresee an eventual membership for Turkey for a long time. Therefore the assistances granted to Turkey remains comparatively in a low level. Likewise the EU allows potential candidate countries to benefit from limited EU resources until they become recognized candidates, the EU aims to expand pre-accession assistances for Turkey to the time until Turkey's current position by the EU come quite closer to the membership. When the phases of the financial cooperation between Turkey and the EU are observed from its beginning until now, it is seen that the amount of the EU assistances granted to Turkey as well as the scope of the cooperation increases depending on developing closer relations between both sides in time. Despite increasing amount of assistances, it is still not adequate for Turkey to prepare itself fully for membership. Of course Turkey should not depend only on pre-accession assistances to prepare itself for membership. It should also make an enormous effort by itself. But this effort should not be displayed under a disadvantaged position resulting from the EU. As a conclusion, at the time the EU shares a considerable amount of pre-accession assistance for Turkey (this considerable amount should be an amount calculated fairly and not below the average of the assistances granted to other candidate countries), discussions on Turkey's membership to the EU will be much more realistic than it is now. If Turkey receives the support from the EU that it deserves, one of the biggest obstacles in front of the EU membership of Turkey (economic load of the EU candidateship) will be exceeded.

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Declaration of Authorship

I declare that this thesis and the work presented in it are my own and have been generated by me as the result of my own original research.

None of the parts of this thesis has previously been submitted for a degree or any other qualification at this University or other institution.

The written document matches completely to the CD version.

Where I have quoted from the work of others, the source is always given within the reference part of my Thesis.

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25.05.2012
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