

**Committee of the Regions****CIVEX-VI/002****111th plenary session, 16-17 April 2015****OPINION****Enlargement Strategy and Main Challenges 2014-2015**

THE EUROPEAN COMMITTEE OF THE REGIONS

- underlines the fundamental role of local and regional representatives in the enlargement process and encourages enlargement countries (Montenegro, the former Yugoslav Republic of Macedonia, Serbia, Albania, Bosnia and Herzegovina, Kosovo* and Turkey) in their decentralisation and regionalisation efforts; believes that respect for the principle of subsidiarity is crucial;
- notes and supports the opinion of the European Commission on the need for a period of consolidation; however, stresses that this must not result in a standstill. The period of five years must be understood as a phase of intense preparation and adoption of the policies required to meet the criteria for EU membership;
- reiterates its recommendation to the Commission that it needs to go into greater detail in its future enlargement strategy reports about the situation of regional and local self-government, and points to the need for further regionalising and decentralising reform in the enlargement countries, encouraging them to fully adapt and implement a comprehensive legal framework creating strong sub-national levels of government; points out that delegated powers should reflect the level of responsibilities to be assumed when introducing the community acquis at local and regional level;
- calls for the proper involvement of the local and regional authorities of the candidate and potential candidate countries in the pre-accession process;
- acknowledges that public administration at all levels remains weak in most enlargement countries, with limited administrative capacity, a high degree of politicisation and corruption and a lack of transparency. Politicisation at both central and local level remains a serious concern in most of the accession countries, and the blurring of the distinction between state and governing parties needs to be addressed since it raises concerns which erode trust in public institutions.

Rapporteur

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Reference document

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Opinion of the European Committee of the Regions - Enlargement Strategy and Main Challenges 2014-2015

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General policy recommendations

1. underlines the fundamental role of local and regional representatives in the enlargement process and encourages enlargement countries (Montenegro, the former Yugoslav Republic of Macedonia, Serbia, Albania, Bosnia and Herzegovina, Kosovo¹, Turkey and Iceland) in their decentralisation and regionalisation efforts; believes that respect for the principle of subsidiarity is crucial;
2. notes and supports the opinion of the European Commission on the need for a period of consolidation; however, stresses that this must not result in a standstill. The period of five years must be understood as a phase of intense preparation and adoption of the policies required to meet the criteria for EU membership;
3. emphasises the importance of a realistic prospect of EU membership for the candidate and potential candidate countries as a key stabilising factor and an important incentive to implement the necessary political and economic reforms;
4. reiterates its recommendation to the Commission that it go into greater detail in its future enlargement strategy reports about the situation of regional and local self-government, and points to the need for further regionalising and decentralising reform in the enlargement countries, encouraging them to fully adapt and implement a comprehensive legal framework creating strong sub-national levels of government; points out that delegated powers should reflect the level of responsibilities to be assumed when introducing the community acquis at local and regional level;
5. suggests deeper cooperation while avoiding duplication with the Council of Europe and in particular its Congress of Local and Regional Authorities, which systematically monitors compliance with the European Charter of Local Self-Government by all Council of Europe member states; the findings and recommendations resulting from the Congress's monitoring reports should be taken into account when establishing the EU position on the countries concerned;
6. welcomes the launch of the new Instrument for Pre-Accession Assistance, which makes EUR 11.7 billion available for the period 2014-2020 to support enlargement countries in their preparations for accession as well as regional and cross-border cooperation;

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

7. recognising the guiding and coordinating role of the Adriatic-Ionian macro-regional strategy (EUSAIR), hopes, with reference to the candidate countries (Montenegro, Serbia and Albania) and potential candidate countries (Bosnia and Herzegovina) participating therein, that this strategy will foster more rapid convergence in the accession processes, in particular in administrative capacity and in the areas identified by the individual pillars. Furthermore, the fact that these countries are each coordinating a pillar jointly with a Member State provides an opportunity for exchanging knowledge and learning about planning and the use of EU funds;
8. calls for the proper involvement of the local and regional authorities of the candidate and potential candidate countries in the pre-accession process;
9. acknowledges that public administration at all levels remains weak in most enlargement countries, with limited administrative capacity, a high degree of politicisation and corruption and a lack of transparency. Politicisation at both central and local level remains a serious concern in most of the accession countries, and the blurring of the distinction between state and governing parties needs to be addressed since it raises concerns which erode trust in public institutions;
10. underlines the necessity of strengthening democratic institutions and respecting fundamental rights and the rule of law, including fair electoral processes and proper functioning of parliaments, regional assemblies and municipal councils, and constructive and sustainable dialogue across the political spectrum. More needs to be done to foster the involvement of civil society;
11. believes strongly in the need to respect the principle of good neighbourly relations among EU Member States, candidate as well as pre-candidate and other countries, and in the role and importance of developing cross-border and regional cooperation between these countries;

Specific remarks concerning enlargement countries

Iceland

12. notes with regret the Icelandic government's decision to drop its application to join the European Union;

Turkey

13. welcomes Turkey's continued commitment to EU accession, which was demonstrated by the adoption of Turkey's EU Strategy in September 2014 aiming at reinvigorating Turkey's accession process, and the fact that 2014 was the "Year of the European Union";
14. welcomes the opening in November 2013 of the negotiations on Chapter 22 on *Regional policy and coordination of structural instruments* and calls for efforts to finalise the National Strategy for Regional Development to be kept up; draws attention in this connection to the conclusions of the General Affairs Council of December 2014 and calls on Turkey to continue carrying out

the necessary reforms, which will also have a beneficial impact at local level; calls on Turkey to meet in full its obligations under the Additional Protocol to the Association Agreement and also to recognise the Republic of Cyprus;

15. is pleased that the 2014 local elections were generally well-organised and held in broadly peaceful circumstances, including in the southeast of the country. Underlines, however, that the campaign was polarised and tense, and notes that allegations of fraud sparked protests in several cities;
16. points out that after the 2014 local elections, the number of metropolitan municipalities increased and their boundaries were extended; underlines that this will have an impact on competences at sub-national level, especially as regards the environment;
17. supports further measures to increase transparency and encourages continued action against corruption, in particular at local authority level;
18. regrets that there was no progress in devolving power to local governments, and that fiscal decentralisation remained very limited;
19. calls for efforts to continue as regards upgrading the CoR's working group with Turkey to a Joint Consultative Committee;
20. points out with regret that in 2013 the local government proportion of government revenue and expenditure was below 10%;
21. welcomes the fact that the institutions involved in the implementation of Pre-accession Assistance (IPA) have been reinforced through training and technical assistance and recommends that further efforts be made to step up the administrative capacity of local authorities;
22. points out that the Syrian crisis has led to a significant increase in the number of Syrian refugees in Turkey, whose total number is estimated at more than 1 600 000; praises Turkey for its invaluable support to Syrian refugees which is putting local capacity and resources under significant pressure; underlines the crucial role of local authorities which are in urgent need of support from central government and also external humanitarian organisations;
23. points out that under IPA II, the country will continue to benefit from pre-accession assistance over the period 2014-20, with indicative funding amounting to over EUR 620 million annually; underlines that under IPA II, assistance will be directed towards supporting reform efforts in the areas of the rule of law, administration, democratic and economic governance, and competitiveness and growth. However, the capacity for co-financing EU-funded projects at local level needs to be improved;
24. points out that more resources are needed to complete the process of governmental decentralisation and support local development;

25. points out that the second phase of fiscal decentralisation had not yet been completed in all municipalities and underlines that the municipalities need the necessary financial sustainability to carry out the responsibilities transferred to them;
26. regrets that the relevant laws on regional development have not been fully implemented and that the bodies responsible for regional economic development do not have sufficient resources;
27. hopes that Turkey will actively support UN efforts to identify a fair, comprehensive and enduring solution to the Cyprus question; calls on Turkey to begin withdrawing its forces from Cyprus and to transfer the sealed-off area of Famagusta to the UN in accordance with UNSC Resolution 550 (1984), since this would constitute a confidence-building measure and a real chance for peace and economic, social and regional growth for both communities;
28. calls on Turkey to maintain good neighbourly relations with all its neighbours, a key prerequisite of the accession process, particularly as regards lifting the casus belli threat against Greece, and also with regard to the Cyprus question; welcomes the fact that Turkish local and regional authorities in the Committee of the Regions' working group on Turkey have been open vis-a-vis the European Union; endorses the European Council conclusions of 24 October and of 16 December 2014 and emphatically supports the European Parliament Resolution of 13 November 2014 on Turkish actions creating tensions in the exclusive economic zone of Cyprus (P8_TA(2014) 0052);
29. welcomes the changes to the legal framework concerning political parties and election campaigns; reiterates the importance of lowering the 10% electoral threshold which would give all social groups in Turkey the chance to take part in the country's political life in accordance with the Copenhagen political criteria;
30. stresses the great importance of the interreligious and intercultural dialogue at all levels in strengthening civil society and international partnerships; stresses, that such an important actor is the Ecumenical Patriarchate, calls on Turkey to take all necessary steps to support its role, including by allowing the public use of its ecclesiastical title, recognising its legal personality and allowing the reopening of the Halki Seminary;
31. regrets the marked increase in corruption in Turkey over the past year; stresses the need for a suitable legal framework to combat corruption; regrets the lack of respect for freedom of expression and thought, press freedom, freedom of conscience and religion, and freedom of assembly and association;

The former Yugoslav Republic of Macedonia

32. acknowledges the recommendations made by the Commission and the European Parliament to the Council to open accession negotiations based on the 2013 Progress Report on the former Yugoslav Republic of Macedonia, concluding that the country meets the political criteria; notes with great concern the recent increasing politicisation at both central and local level and the increasingly blurred distinction between the State and ruling parties, since this undermines faith in public institutions at all levels;

33. underlines that good neighbourly relations, including identifying a negotiated and mutually acceptable solution to the name issue under the auspices of the UN, remain essential and that local and regional authorities will play a constructive role in this respect by refraining from actions and statements that undermine good neighbourly relations with EU Member States;
34. notes with sorrow and irritation the recent blackmailing and phone-hacking scandal and hopes that the government will succeed in its rapid clarification as far as such an event could negatively influence the accession process of FYROM;
35. is concerned about the growing frustration among citizens of the former Yugoslav Republic of Macedonia and decreasing interest in European integration despite the significant influence of accession on the domestic political scene at all levels;
36. supports the possibility of including the former Yugoslav Republic of Macedonia in the Adriatic-Ionian Macroregion initiative;
37. welcomes the work carried out by ZELS, the Association of units of local self-government, in representing the sub-national level in the former Yugoslav Republic of Macedonia;
38. wishes to support the efforts of the Joint Consultative Committee with the Committee of the Regions to boost administrative capacity at local level, particularly in the fields of environmental legislation, education, fundamental rights, anti-corruption, rights of minorities, cultural rights and decentralisation;
39. welcomes the ongoing reform of public administration and the work of the Special Group on Public Administration Reform; intends to contribute to efforts to boost administrative capacity at local level which aim at the decentralisation of governance, a key element of the Ohrid Framework Agreement;
40. regrets that the relevant laws on regional development have not yet been fully implemented and that bodies responsible for regional economic development do not have sufficient resources;
41. calls for greater efforts to ensure the transparent distribution of capital grants to local authorities;
42. regrets the opposition's refusal to engage in regular parliamentary activities, which is harming the democratic institutional set-up at local level;
43. is concerned that despite legislative progress, public administration remains fragmented and subject to political influence; strongly urges that its professionalism and independence at all levels be enhanced and that respect for the principles of transparency, merit and equitable representation be guaranteed; calls on the government to adopt a programme of public financial management reform;

Montenegro

44. welcomes the amendments to the law on the territorial organisation of Montenegro and the amendment to the law on local self-government; points out that the criteria for creating new municipalities should include financial and administrative sustainability;
45. welcomes the adoption of the 2014 Action Plan for the reform of local self-government; is pleased that Montenegro has a comprehensive strategic framework for public administration reform in place. The Public Administration Reform strategy 2011-2016 covers the state administration and local government; encourages its prompt implementation;
46. welcomes the fact that election legislation has been improved and that the law on the election of municipal councillors was finally adopted but regrets that the adoption did not touch upon the financing of election campaigns for the mayors and presidents of municipalities; emphasises also the need to implement the OSCE/ODIHR recommendations on electoral rules in line with European standards and best practices, including regarding the right to stand as an independent candidate, proportional public funding to promote a level playing field for all candidates and auditing of political parties;
47. points out that the law on local self-government needs to be harmonised with the new rules on public service management;
48. points out that Montenegro needs to reinforce the administrative capacity of established IPA structures and prepare them appropriately in order to increase absorption capacity for pre-accession funds;
49. points out that transparent, efficient and accountable local administration needs to be established and that the criteria for creating new municipalities should include financial and administrative sustainability;
50. welcomes the fact that the parliament unanimously adopted a resolution on Montenegro's path to European integration, and that the parliamentary European Integration Committee has carried out consultative hearings, discussed negotiating positions drafted by the government and held public debates on EU-related topics;
51. welcomes the fact that the government remained focused on the objective of EU membership and adopted a number of strategic documents in the context of the EU integration process;
52. welcomes the fact that representatives of civil society organisations (CSOs) continue to be involved in the activities of the state and local administration, including working groups on the EU accession negotiation chapters;
53. underlines the fact that Montenegro continued to contribute actively to regional stability;

54. welcomes the continuation of the very successful meetings of the Committee of the Regions' Joint Consultative Committee with Montenegro (JCC) and hopes that mutually beneficial cooperation with Montenegrin sub-national authorities will be in place over the coming years;
55. welcomes the adoption of a joint report on "Increasing absorption capacity of EU pre-Accession funds and improving administrative capacity at the local level in Montenegro²" within the framework of the JCC;
56. is pleased that on 27 October 2014 in Kotor, Montenegro, the JCC met for the fourth time to discuss the Action Plan for the Self-Government Reform 2014 and the Involvement of local and regional authorities in agriculture and rural development and in services of general economic interest;
57. is pleased that the government is working hard on the new law on local self-government, as stressed at the last meeting of the JCC Montenegro on 27 October 2014 in Kotor;
58. regrets that the strongly polarised domestic climate has resulted in the opposition's boycott of parliamentary work, which is hampering progress on reform efforts; urges all political parties, both in the government and in the opposition, to stay focused on the country's EU integration agenda through sustainable dialogue and constructive cooperation at all levels;

Serbia

59. is pleased that accession talks formally began on 21 January 2014; welcomes Serbia's preparedness and engagement at the first EU-Serbia ICG and the high level of preparedness and engagement in the screening process of the EU acquis demonstrated by the Serbian government;
60. recommends that the Serbian government involve local-level representatives and representatives of the Autonomous Province of Vojvodina in the accession procedure from the very beginning;
61. welcomes the fact that the new government remains fully committed to continuing the EU-facilitated dialogue with Pristina and encourages the continuation of reforms regarding the rule of law, the judiciary and the fight against corruption and organised crime at all levels;
62. welcomes the new dedicated Ministry of Public Administration and Local Government, which is the first step towards a more efficient public administration at local level;
63. welcomes the adoption in January 2014 of a new strategy to reform public administration, covering organisational policy at central and local level, including decentralisation; urges the new Ministry of Public Administration and Local Self Government to involve all stakeholders in the identification of activities under an Action Plan;

²

CdR3127-2013_00_00.

64. is pleased that a special group on Public Administration Reform (PAR) has been set up to act as a forum for policy dialogue between the European Commission and Serbia, and calls for PAR activities to be organised at sub-national level;
65. regrets that the laws regulating the status of local government employees and their salaries, and the training strategy for local government, are still pending;
66. underlines that corruption in local administration needs further attention and that threats and violence against journalists, at local level, are still a concern;
67. underlines that under IPA II, Serbia would continue to receive pre-accession assistance for the period 2014-2020 with a total indicative amount of EUR 1.5 billion; hopes that an appropriate amount of pre-accession funds would be used at sub-national level;
68. notes that a revised Statute for Vojvodina was proclaimed in May as the result of a common process in the state parliament and the provincial assembly, in response to the Constitutional Court ruling of December; regrets, however, that the autonomy of the Autonomous Province of Vojvodina (APV) has decreased in comparison to the previous set-up;
69. regrets that the question of the APV's participation in the funding from Serbia's national budget has not yet been sufficiently addressed;
70. welcomes the fact that the Autonomous Province of Vojvodina continues to provide a high degree of protection for minorities and that the inter-ethnic situation remained generally good;
71. notes with concern that administrative and management capacity at local level remains weak, that significant disparities between municipalities persist, and that the National Council for Decentralisation and the inter-ministerial Municipal Finance Commission remain inactive;
72. welcomes the setting up of a Joint Consultative Committee with Serbia from 2015, which will accompany the accession process and cooperate with Serbian local and regional representatives; is looking forward to working together with Serbian local and regional authorities;
73. welcomes the setting up of a National Convention on the European Union as a platform for cooperation with civil society in the accession negotiation process; calls for broader consultations to be held with better timelines;

Albania

74. urges the Albanian authorities to enforce the independence of the election administration bodies, well ahead of the 2015 local elections;
75. notes that, building on progress in the 2013 parliamentary elections, Albania needs to implement the recommendations of the OSCE/ODIHR election observer mission, especially in terms of strengthening the independence of the election administration bodies, well ahead of the 2015 local elections;

76. welcomes the appointment of a new minister responsible for local affairs;
77. is pleased that decentralisation reforms have progressed and that work has begun on clarifying the functions of local government units under the new administrative set up;
78. calls for greater efforts to push on with administrative reform and boost the administrative capacity of local government units in a financially sustainable way; notes that granting candidate status to Albania is an opportunity for more reforms in the areas of public administration reform, judicial independence, the fight against corruption and organised crime, as well as the protection of human rights, including minority rights;
79. acknowledges the fact that total local government expenditure in 2013 was estimated to be 2.2% of GDP, while revenues remained at 0.8% of GDP and local taxes continued to dominate revenue for local government;
80. underlines that established local government units have not yet fully launched the implementation of the new Civil Service Law;
81. regrets that strong politicisation still hinders relations between central and local governments, limits the role of associations of local authorities and influences cooperation between these associations;
82. encourages local authorities to develop an inclusive dialogue with civil society and local communities;
83. notes with regret that the Law on Territorial and Administrative Reform adopted in July drastically reduced the number of local government units from 373 to 61, abolished the communes and kept the 12 existing regions without taking into account the concerns of minorities; underlines the need to preserve local identity and proximity to the public;
84. regrets that local government's human resource management and financial control continue to be weak;

Bosnia and Herzegovina

- welcomes the written commitment adopted by the BiH Presidency, signed by the political leaders and endorsed by the BiH Parliament on measures to establish institutional functionality and efficiency, to launch reforms at all governance levels, as well as measures to accelerate the process of reconciliation and to strengthen administrative capacity. Stresses that the entry into force of the SAA now becomes possible, invites the new leaders to agree with the EU on a roadmap for a broad and inclusive reform agenda to advance the country;
85. underlines that the large and inefficient public sector, with multiple overlapping competences at state, entity and municipal or cantonal level (especially in the Federation), continues to pose a danger to fiscal sustainability;

86. points out that the current political situation in Bosnia and Herzegovina is harming the country's ability to speak with one voice on EU matters. It is important to establish a coordination mechanism on EU matters between various levels of government;
87. points out that the Entity legislation is largely in line with the European Charter on Local Self-Government but a lack of clarity in the apportionment of powers between the entities, cantons and municipalities persists, with a low level of financial autonomy at municipal level;
88. regrets that overall, Bosnia and Herzegovina has made no progress towards improving the functionality and efficiency of all levels of government and that it has not achieved equality among the three constituent peoples, which is a major obstacle to the functioning of the institutions and the State;
89. notes with regret that the overall pace of reforms at all state levels has remained slow when not at a standstill, and that the country's authorities have made no progress towards establishing the structure necessary for indirect management of EU funds;
90. rejects the continued use of divisive rhetoric by some political representatives at all state levels and the questioning of Bosnia and Herzegovina's capacity to function as a country;
91. regrets that the election on 12 October 2014 was not carried out in compliance with the Sejdic-Finci ruling, considerably hindering further harmonisation between the EU and Bosnia and Herzegovina;
92. welcomes the active participation of the Brčko district in the pre-accession preparations, its strong commitment and its significant progress with regard to the reforms implemented, which is considerably higher than other administrative units within the country;

*Kosovo*³

93. welcomes the launch of the Stabilisation and Association Agreement between the EU and Kosovo;
94. is pleased that Kosovo and Serbia have actively and constructively participated in an EU-facilitated dialogue;
95. points out that Kosovo held successful mayoral and municipal elections in the autumn of 2013 and early parliamentary elections on 8 June 2014;
96. stresses that efforts to boost local government capacity have continued and that the Ministry of Local Government Administration (MLGA) has improved its guidance for municipalities;

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

97. underlines that political interference in public administration persists at both central and local level and that further efforts are needed to fully implement relevant provisions on the prevention of corruption and promotion of integrity in the civil service;
98. underlines that Kosovar authorities, particularly at local level, need to demonstrate a stronger commitment to protecting cultural and religious heritage;
99. welcomes the fact that for the first time, local authorities in the north of Kosovo were inaugurated in accordance with Kosovar law;
100. points out that local authorities' efforts to increase transparency in decision-making, the implementation of decentralisation, and efforts to ensure appropriate support and resources for local authorities, need to continue;
101. awaits rapid clarification regarding the recent accusations of corruption levelled against EULEX representatives in order to avoid undermining confidence in the EU institutions;
102. is concerned about the lack of any significant progress in fighting corruption and organised crime, a significant obstacle in Kosovo's democratic, social and economic development;
103. is pleased that some progress has been made, particularly mayors being elected by means of elections covering the whole of Kosovo and the increased number of EU-funded projects in the north; however, stresses the need to proceed with the establishment of the Association of Serbian municipalities which should do away with any need for parallel structures; at the same time, notes that further constant effort will be needed to bring the ethnic Albanian and Serbian communities closer together;
104. recommends that Kosovo be included in all regional cooperation forums in the Western Balkans, and specifically those related to local governance; further recommends that Kosovo and Kosovar municipalities be included in European local governance bodies such as the Council of European Municipalities and Regions or the Congress of Local and Regional Authorities; supports Kosovo's participation in EU programmes that would enable Kosovo to benefit also at local level from the considerable financial contribution;
105. welcomes the appointment of Municipal Officers for European Integration in 35 municipalities.

Brussels, 16 April 2015

The President
of the European Committee of the Regions

Markku Markkula

The Secretary-General
of the European Committee of the Regions

Jiří Buriánek

II. PROCEDURE

Title	Enlargement Strategy and Main Challenges 2014-2015
Reference(s)	COM(2014) 700 final "Enlargement Strategy and Main Challenges 2014-2015"
Legal basis	Article 307 (1) TFEU
Procedural basis	Optional consultation
Date of Council/EP referral/Date of Commission letter	
Date of Bureau/President's decision	
Commission responsible	Commission for Citizenship, Governance, Institutional and External Affairs
Rapporteur	Franz Schausberger (AT/EPP)
Analysis	
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Date adopted in plenary	16 April 2015
Previous Committee opinions	
Date of subsidiarity monitoring consultation	
