



**COUNCIL OF  
THE EUROPEAN UNION**

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**“I/A” ITEM NOTE**

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from: Working Party on Enlargement and Countries Negotiating Accession to the EU  
to: COREPER/COUNCIL

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No. prev. doc.: 6229/12

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Subject: Special Report No 14/2011 by the Court of Auditors: "Has EU assistance improved Croatia's capacity to manage post-accession funding?"  
- Council conclusions

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In accordance with the arrangements defined in the Council conclusions on improving the examination of special reports drawn up by the Court of Auditors<sup>1</sup>, the Permanent Representatives' Committee has instructed the Working Party on Enlargement and Countries Negotiating Accession to the EU<sup>2</sup> to examine the above report by the Court of Auditors (doc. 6228/12).

At its meeting on 29 March 2012, the Working Party reached agreement on the text of draft Council conclusions on this subject.<sup>3</sup>

It is therefore suggested to the Council, subject to confirmation by Coreper, to adopt the draft conclusions as attached.

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<sup>1</sup> See 7515/00+COR 1.

<sup>2</sup> See 6229/12

<sup>3</sup> The United Kingdom delegation maintained a parliamentary reserve.

**Draft Council conclusions on Special Report 14/2011 by the Court of Auditors: "Has EU assistance improved Croatia's capacity to manage post-accession funding?"**

1. The Council thanks the Court of Auditors for its Special Report No 14/2011 and takes good note of the conclusions and recommendations therein. The Council notes that the objective of the audit was to assess how effective the EU's assistance has been in improving Croatia's capacity to manage post-accession funding, both in terms of its relevance and the results achieved. It was not the aim of the audit to address the effectiveness of the EU assistance in supporting Croatia's adoption and implementation of the EU *acquis*, nor to make an overall assessment of Croatia's readiness for EU membership. While the Special Report is based on information gathered between June 2010 and June 2011, it comes at a timely moment, in a crucial phase of the preparations for Croatia's accession, and in parallel with the on-going examination of the proposal for a new IPA Regulation.
2. The Council welcomes the conclusion of the Court that overall, in terms of results, EU pre-accession assistance has made a significant contribution to building up Croatia's capacity for managing post-accession funding. The Council also notes the Court's observation that the planning of the assistance to address Croatia's needs in terms of capacity building was coherent and well-targeted and that the link between the assistance and the negotiation process was strengthened. While commending the Commission for its work, the Council notes that a substantial improvement in this respect was achieved when IPA replaced the previous pre-accession instruments (such as CARDS, PHARE, ISPA, SAPARD) and looks forward to further improvements which would be brought about by the new IPA regulation currently being negotiated for the post-2013 period.

3. At the same time, the Council takes note of the areas identified by the Court where further progress is needed. The Court concluded that the results of the pre-accession assistance had so far been only partially successful, that implementation of assistance had been delayed, and that some of the intended results of projects had yet to be secured. Furthermore, the Court noted that while learning by doing had been particularly useful in the area of Structural Fund projects, a focus on developing major infrastructure projects had been at the expense of developing other projects, particularly at the regional and local level. The Court noted that rural development measures had suffered from low absorption and progress in capacity building had been modest. The Court also noted that some important steps had been taken to strengthen the anticorruption body, but that challenges remained.
  
4. In this regard the Council welcomes the Court's specific recommendations for further strengthening Croatia's capacity to manage pre- and post-accession funds: increasing the priority given to building up procurement capacity; building administrative capacity at regional and local levels; developing further the assessment of project effectiveness; building up a portfolio of mature projects; taking action in relation to rural development programmes and strengthening anti-corruption measures.
  
5. The Council thanks the Commission for its reply attached to the Special Report No 14/2011 and takes positive note in particular of the statement that the recommendations contained in the Report are consistent with the lessons learned from the Commission's own evaluations, as well as of the information given by the Commission that it is, or will be, addressing these recommendations. The Council underlines the importance of the Court's recommendation regarding pre-accession assistance in general on the need to ensure a sufficient track record in decentralised management of pre-accession funds without *ex-ante* control before the date of accession and welcomes the intention of the Commission to implement it. The Council also welcomes the Commission's commitment to step up systematic use of SMART objectives and related indicators in the next generation of IPA programmes.

6. The Council reiterates the importance of ensuring that Croatia is fully prepared to take on the obligations of EU membership upon its accession. The Council invites the Commission to provide adequate follow up to the recommendations of the Court of Auditors' Special Report No 14/2011 and to take them into account in its regular monitoring of commitments undertaken by Croatia in the accession negotiations, including in its six monthly monitoring reports. The Council also invites the Commission to inform the IPA Management Committee regularly on the issues raised by the Court of Auditors' Special Report and to ensure that they are addressed systematically, including through EU-Croatia Stabilisation and Association Committee meetings, as appropriate.
  
7. Finally, recalling the Council conclusions of December 2011 on strengthening the link between financial assistance and policy priorities for each enlargement country the Council underlines the importance it attaches to the Court's recommendations regarding the application of the lessons learned in the case of Croatia to EU pre-accession assistance to other countries, notably the recommendations in paragraphs 4 and 5 above, including in particular the fight against corruption.

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