



Council of the  
European Union

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## OUTCOME OF PROCEEDINGS

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From: General Secretariat of the Council

On: 7 February 2017

To: Delegations

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Subject: Special Report No 20/2016 by the Court of Auditors

"Strengthening administrative capacity in Montenegro: progress but better results needed in many key areas"

– Council conclusions

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Delegations will find attached Council conclusions on the Special Report No 20/2016 by the Court of Auditors "Strengthening administrative capacity in Montenegro: progress but better results needed in many key areas", as adopted by the Council (General Affairs) on 7 February 2017.

**COUNCIL CONCLUSIONS ON THE SPECIAL REPORT NO 20/2016  
BY THE COURT OF AUDITORS  
"STRENGTHENING ADMINISTRATIVE CAPACITY IN MONTENEGRO:  
PROGRESS BUT BETTER RESULTS NEEDED IN MANY KEY AREAS"**

The Council thanks the Court of Auditors for its Special Report No 20/2016 and takes good note of the conclusions and recommendations therein. The Council notes that the objective of the audit was to assess whether EU pre-accession assistance under IPA I during 2007-2013 contributed effectively to strengthening administrative capacity in Montenegro. The audit covered both financial and non-financial assistance during this period, with a particular focus on projects within three major sectors: public administration reform, transport and environment. The Council underlines the relevance of the findings of this audit to the management of pre-accession assistance for the beneficiaries, including for IPA II and its upcoming 2017 mid-term review, as well as the wider Enlargement process.

The Council takes note of the conclusion of the Court that EU pre-accession assistance has generally helped to strengthen administrative capacity in Montenegro, despite the slow progress noted in several key areas. The Council notes positively that audited projects addressed important capacity-building needs and were in most cases coordinated well with other IPA projects and donor interventions, a coordination which could still be strengthened. The Council also welcomes the positive assessment of the use of mechanisms for political dialogue with the Montenegrin authorities. In addition, the Council notes the Court's conclusion that slow progress in some key areas supported by financial and non-financial assistance was often due to a lack of follow up, lack of full utilisation of project outputs or weak commitment to reform by the national authorities. In order to improve the situation the Council invites Montenegro to maximise IPA support by following up on IPA II assisted projects notably in priority reforms areas such as rule of law.

In this regard, the Council takes good note of the Court's specific recommendations to the Commission to step up the effectiveness and sustainability of capacity-building actions. These among others include ensuring better coordination between national and regional actions, and the improved commitment by national authorities to use outputs and follow up results. The Council also shares the Court's recommendation that the Commission should take account of whether commitments have been met when deciding in which areas to invest future pre-accession assistance. Recommendations also cover development of better progress measurement tools, full and transparent use of all tools to support reform progress as well as capitalising on the indirect management implementation mode of IPA funds to spread good practice in the public administration.

The Council thanks the Commission for its reply attached to the Special Report No 20/2016 and takes positive note that the Commission has accepted or partially accepted the proposed recommendations. The Council welcomes that some of the specific recommendations have already been addressed by extending the Commission's new reporting methodology and revising the procedures to ensure coordination between IPA regional and national assistance. In particular, the Council welcomes the ongoing work in aligning further EU assistance with key fundamentals and the introduction of the performance framework, as well as a sector based approach under IPA II, which should facilitate following up on outputs and sustainability. The Council also notes positively that the approach above is reflected in the IPA II Framework Agreement with Montenegro. The Council 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 meetings under the Stabilisation and Association Agreement, as appropriate.

Finally, in line with the Council conclusions on Enlargement and Stabilisation and Association process of 16 December 2014 and 15 December 2015, the Council recalls that pre-accession assistance should, inter alia, focus on key priorities and enhanced coherence between the financial assistance and the overall progress made in the implementation of the pre-accession strategy, increased budget support and prioritisation of projects.