



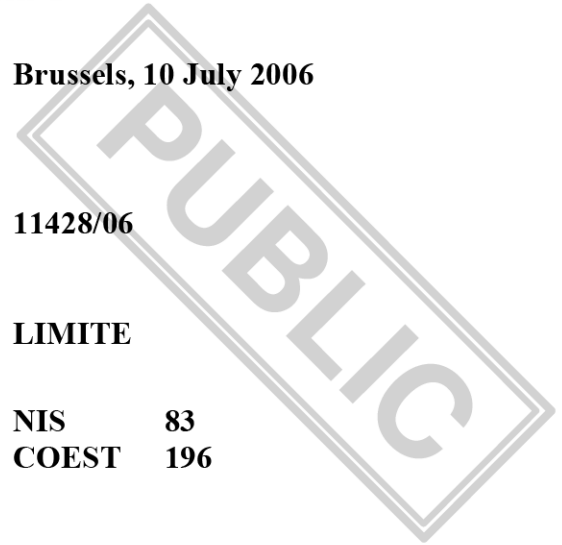
**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 10 July 2006

11428/06

LIMITE

**NIS 83
COEST 196**



"I/A" ITEM NOTE

from : Eastern Europe and Central Asia Working Group
dated : 10 July 2006
to : COREPER / COUNCIL

Subject : RELATIONS WITH RUSSIA:
– Special Report No 2/2006 of the Court of Auditors concerning the performance of projects financed under TACIS in the Russian Federation – Council Conclusions

Subject to confirmation by the Permanent Representatives Committee, the Council is invited to adopt the Council Conclusions regarding the Special Report No 2/2006 of the Court of Auditors concerning the performance of projects financed under TACIS in the Russian Federation as finalised by the Eastern Europe and Central Asia Working Group (See Annex).

DRAFT COUNCIL CONCLUSIONS**Special Report No 2/2006 of the Court of Auditors concerning the performance of projects financed under TACIS in the Russian Federation - Council Conclusions**

“The Council,

1. Welcomes Special Report No 2/2006 concerning the performance of projects financed under TACIS in the Russian Federation. It commends the Court of Auditors for a timely and thorough audit.
2. Recalls that the European Union has allocated over 7,000 million euro to TACIS between 1991 and 2006 and that the Russian Federation has been the largest beneficiary country, receiving around 200 million euro annually.
3. Notes with concern the main conclusion of the audit that the efficiency of the use of TACIS funds in the Russian Federation has been low. It regrets that the objectives were not met in a number of the audited projects and that projects were deemed sustainable in only a few cases. It also regrets the lack of a real dialogue between the Commission and the Russian authorities and the consequent lack of a sense of ownership on the Russian side. Given the size and duration of the programme, the audit results can only be seen as disappointing.
4. Approves the recommendations of the Court to the Commission that it should:
 - Base planning of its external action programmes in the Russian Federation on a real dialogue with the relevant Russian authorities;
 - Finance only such projects which have clear and mutually shared objectives;
 - Realistically appraise the potential for sustainability during the planning phase of projects;

- Ensure the ex-post assessment, or evaluation, of the completed projects;
 - Provide information to the public on the projects and their results.
 - Further promote the use and implementation of Institution-Building Partnership Programmes.
5. Welcomes the Commission’s recognition of the weaknesses identified by the Court and its intention to draw the lessons from the implementation of the TACIS programme in using the future European Neighbourhood and Partnership Instrument in support of the implementation of the road maps of the Common Spaces agreed between the European Union and the Russian Federation.
6. Welcomes the improvements following the reform of EC External Assistance, notably the devolution of project management to the Commission delegation in Moscow. It also welcomes the recent agreement on co-financing of the European Studies Institute in Moscow with the Russian Federation; it encourages the Commission to further develop co-financing as a tool for the future assistance to the Russian Federation.
7. Underlines that targeted Community assistance can still play an important facilitating role for the development of EU-Russia co-operation. It recalls in this context that the implementation of the road maps for the four Common Spaces is a key priority for the European Union. It welcomes the Commission’s intention in the new programming period to engage in enhanced dialogue with the Russian Federation to determine how financial co-operation can be used to drive forward this joint EU-Russia policy agenda, thus ensuring the full ownership of the Russian side of projects funded under ENPI.
8. Invites the Commission to:
- Continue efforts to establish a productive dialogue with the authorities of the Russian Federation;
 - Pursue work to improve the definition, assessment, notably of sustainability, and ex-post evaluation of projects;

- Raise public awareness in the Russian Federation of its activities under the TACIS and future ENPI programmes.

9. Welcomes the co-operation established by the Court with the Accounts Chamber of the Russian Federation. It looks forward to the joint communiqué on TACIS performance in the Russian Federation.
