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From:	General Secretariat of the Council
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To:	Delegations

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Subject:	Special Report No 21/2016 by the Court of Auditors: "EU pre-accession assistance for strengthening administrative capacity in the Western Balkans: a meta-audit" - Council conclusions

Delegations will find attached Council conclusions on the Special Report No 21/2016 by the Court of Auditors: "EU pre-accession assistance for strengthening administrative capacity in the Western Balkans: a meta-audit", as adopted by the Council (Economic and Financial Affairs Council) on 21 February 2017.

**Council conclusions on Special Report No 21/2016 by the Court of Auditors:
"EU pre-accession assistance for strengthening administrative capacity in the Western
Balkans: a meta-audit"**

1. The Council thanks the Court of Auditors for its Special Report No 21/2016 concerning the EU pre-accession assistance for strengthening administrative capacity in the Western Balkans and takes good note of the conclusions and recommendations therein. The Council underlines the relevance of the findings of this audit to the management of pre-accession assistance for the beneficiaries in the Western Balkans, including for IPA II and its upcoming 2017 mid-term review.
2. The Council recalls that the EU is the most significant donor in the region. A total of 902 million euros were contracted between 2007 and 2013 in the areas of rule of law and public administration reform in order to bring beneficiaries closer to the EU's fundamental rights and the *acquis* through their relevant programmes. A number of regional programmes also pursued the strengthening of the administrative capacity of the beneficiaries.
3. The Council takes good note of the conclusion of the Court that EU pre-accession assistance was broadly effective and partly strengthened administrative capacity in the region, despite considerable shortcomings inherent to the beneficiaries in the Western Balkans, particularly lack of political commitment. The Council also notes that whilst the Commission has been effective in monitoring the implementation of IPA projects and supporting donor coordination under IPA I, it did not always set specific and measurable objectives nor did it systematically apply strict conditions and follow up on them. The Council underlines the achievements mentioned in the Report and, at the same time, agrees on the challenges which need to be addressed.

4. The Council takes good note of the Court's specific recommendations to the Commission to a) set specific objectives based on ranked priorities and measurable targets, b) apply relevant conditions at sector, programme and project level and follow up on them, by considering, if necessary, appropriate measures, c) engage the beneficiaries in stronger political commitment so that they establish a convincing track record of effective investigation, prosecution and final convictions in cases of high-level corruption and organised crime, d) further support regional cooperation and ensure its measurable and sustainable results on the ground, e) use political dialogue to support the delivery of results pertaining to the rule of law and public administration reform under IPA.
5. The Council takes positive note of the Commission's reply attached to the Special Report No 21/2016, in which the Commission accepts the Court's recommendations. In particular, the Council welcomes the measures undertaken by the Commission to address these recommendations, in particular strengthened monitoring, a calibrated use of indirect management, a more strategic link with political dialogue and the introduction of sector-based approaches under IPA II, which will facilitate following up on outputs and sustainability. 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.
6. In order to raise effectiveness under IPA I and II, the Council underlines that the Commission should continue supporting sustainable regional cooperation, which along with strengthened administrative capacity is of high importance in the region as a whole. The Council also shares the Court's observation that administrative bodies should be actively encouraged to use the good practice developed in these IPA structures as a learning tool for strengthening other parts of the public administration outside these structures. The Council, in line with the Court's report, also notes the need for the beneficiaries to continue improving on donor coordination and the administrative capacity to ensure better absorption of IPA funding.

7. The Council, in line with previous Council Conclusions, 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.
 8. The Council stresses that the EU continues to stand ready with its assistance and encourages the Western Balkans beneficiaries to demonstrate greater commitment towards strengthening their administrative capacity.
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