Basic information

2012/2015(DEC) DEC - Discharge procedure	Procedure lapsed or withdrawn
Special report 14/2011 (2011 discharge): Has EU assistance improved Croatia's capacity to manage post-accession funding? **Subject** 8.20.01 Candidate countries 8.20.04 Pre-accession and partnership 8.20.40 Enlargement's financial point of view 8.70.03.07 Previous discharges **Geographical area** Croatia	

Key players

European Commission	Commission DG	Commissioner
	Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
01/02/2012	Non-legislative basic document published	N7-0039/2012	Summary
14/02/2012	Committee referral announced in Parliament		
09/07/2012	Vote in committee		
17/07/2012	Committee report tabled for plenary	A7-0238/2012	Summary

Technical information

Procedure reference	2012/2015(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 101
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	CONT/7/08771

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary

Committee draft report		PE485.911	16/05/2012	
Committee report tabled for plenary, single reading		A7-0238/2012	17/07/2012	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Non-legislative basic document	N7-0039/2012	01/02/2012	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Special report 14/2011 (2011 discharge): Has EU assistance improved Croatia's capacity to manage post-accession funding?

2012/2015(DEC) - 01/02/2012 - Non-legislative basic document

PURPOSE: to present the European Court of Auditors' Special Report No 14/2011: Has EU assistance improved Croatia's capacity to manage post-accession funding?

CONTENT: the purpose of EU pre-accession assistance is to help the Candidate Countries strengthen their administrative capacity in preparation for managing the larger amounts of EU funding available to them once they become Member States. Assistance to Croatia has amounted to 150 million euro every year from 2007.

This European Court of Auditors' (ECA) special report No 14/2011 examines whether EU pre-accession assistance has been effective in supporting Croatia prepare for managing EU funds after accession.

The audit focused on two key areas:

1. Has the EU Commission planned EU assistance in a way which satisfactorily helps Croatia to prepare for managing EU funds after accession?
2. Have the EU financed projects achieved the intended results in terms of strengthening Croatia's capacity for managing EU funds?

ECA's conclusions: the audit findings are based on an analysis of the documents relating to the programming and implementation of the pre-accession assistance, audits of a sample of 16 projects, interviews with Commission staff, and interviews with the Croatian ministries, agencies and regional and local authorities involved in the management of EU funds.

The Court found that:

- assistance to address Croatia's capacity building needs has been soundly planned by the Commission and the Croatian authorities;
- EU assistance has made an important contribution to building up Croatia's capacity for managing post-accession funding, including through learning by doing;
- implementation in the rural development sector has suffered from **low absorption rates**;
- the intended results of some projects still need to be safeguarded - the audit identified a **number of key issues** in this respect;
- important steps have been taken to strengthen the anti-corruption body but significant challenges remain;
- despite there still being scope for further improvement, the Commission has clearly learned important lessons from previous enlargements which has made its assistance to Croatia more effective.

Court's recommendations: the ECA makes a series of recommendations to help the Commission and Croatian authorities make EU assistance even more effective. They should:

- increase the priority given to building up procurement capacity by implementing plans for on- and off-the-job training;
- take greater steps to meet capacity building needs at regional and local level;
- build up a portfolio of mature projects to be able to fully absorb the increased post-accession funding available; and strengthen anti-corruption measures.

Special report 14/2011 (2011 discharge): Has EU assistance improved Croatia’s capacity to manage post-accession funding?

2012/2015(DEC) - 17/07/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Tamás DEUTSCH (EPP, HU) concerning the Special Report No 14/2011 of the Court of Auditors entitled “Has EU assistance improved Croatia’s capacity to manage post-accession funding?”

Members note that the special reports of the Court of Auditors provide information on issues of concern related to the implementation of expenditure, and are thus a tool for Parliament in the exercise of its role as the discharge authority. They welcome the Court's conclusions and in particular its finding that "overall EU pre-accession assistance to Croatia is making a significant contribution to Croatia’s progress in building up its administrative capacity for managing increased EU funding post accession".

Members stress, however, that the Court of Auditors concludes that "**the assistance has only been partially successful so far in achieving its objectives and further progress in capacity building has to be supported** in a number of key areas both before and after accession".

In light of experience in previous enlargements, Members call for the setting in place of measures to ensure that similar risks for Croatia could be avoided:

- **inadequate absorption levels** on a number of recent programmes;
- adequacy of external audit and internal control capacity;
- stability of the procedures in programmes for funding;
- transparency issues and the need to improve the awareness of stakeholders and the general public;
- questions of efficiency, effectiveness and economy in use of funds, through performance evaluations.

They endorse the Court of Auditors' recommendations, and invite the Commission and the Croatian authorities to work closely together so as to increase the priority given to **building up procurement capacity** by implementing plans for on- and off-the-job training. They call for, in particular, 1) the **further development of the assessment of project effectiveness**, as well as the building up of a portfolio of mature projects to be able to fully absorb the increased post-accession funding available; ii) the **strengthening of anti-corruption measures**.

Acquis: Members arre critical of the fact that a number of points remain outstanding in several chapters of the *acquis* (e.g. public procurement) and that there are certain weaknesses in the internal controls of public finances.

Further efforts are needed in certain fields, in particular agriculture and rural development, where the rate of absorption of SAPARD and IPARD funding is poor. There are also delays in the implementation of pre-accession aid.

Overall, Members are critical of the **low level of administrative capacity** in Croatia and recall that the objective of pre-accession aid is to **strengthen the capacity in candidate countries to absorb funding from the Union in an efficient and transparent manner**.

Members invite the Commission to maximise the potential for institutional learning and capacity-building in candidate and potential candidate states, notably by further aligning the procedures of pre-accession assistance with those used under the existing Structural Funds.

Members also welcome:

- the establishment, in December 2011, of the Croatian Ministry of Regional Development and EU Funds;
- the establishment of a sound financial management and control system;
- the new Act on Public Procurement that has entered into force, ensuring increased transparency.

Lastly, Members urge the Commission and the Croat authorities to accord greater priority to the fight against corruption in the entire accession process.