



Press Release
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Pre-accession support to Serbia is on track, say EU auditors

A report published today by the European Court of Auditors (ECA) finds that EU support of about €1,2 billion over the 2007-2013 period has been globally effective in preparing Serbia for EU membership. The funding from the Instrument for Pre-accession Assistance (IPA), along with other forms of support, has helped Serbia to implement social and economic reforms and to improve its public finance management. Based on experience gained in other IPA beneficiary countries, the Commission is putting increasing emphasis on governance issues when planning its financial and non-financial assistance to Serbia.

"The EU-Serbia dialogue created a link between political priorities and policy formulation. Learning from its past pre-accession support, the Commission successfully supported Serbia in addressing key areas such as good governance, the rule of law and the fight against corruption," commented Szabolcs Fazakas, the ECA Member responsible for the report. "Despite gradual improvement in managing the IPA, the Commission needs to further improve the second generation IPA used in the 2014-2020 period."

EU auditors found that overall the Commission is managing pre-accession support to Serbia, including the IPA projects, effectively. Programming of the IPA financial assistance is based on a coherent strategic framework and the approach to selecting projects relevant to preparing Serbia for accession is gradually improving. On the whole, the audited projects delivered their planned outputs but suffered from weaknesses regarding their design, implementation and sustainability.

The Commission was effective in managing non-financial assistance to Serbia in the area of governance. It used its dialogue with Serbia effectively in addressing governance issues and the fight against corruption. It gradually improved its approach to take these issues on board in policy formulation and project design.

The emphasis put on governance in the dialogue was generally not explicit in the projects' design, but most of the projects reviewed by the auditors had indirectly contributed to better governance and/or to the fight against corruption through their activities related to building administrative capacity.

Regarding Serbia's preparation for the decentralised management of EU funds, the audit found that the Commission's approach was effective in supporting governance, but only in the limited sphere of the IPA management structures. Commission's audit work on the national IPA structures was not part of a comprehensive assessment of public finance management at country level.

When drawing up the latest IPA annual programmes, the Commission took steps to address the shortcomings identified by the EU auditors in the earlier IPA projects.

The purpose of this press release and notes to editors is to give the main messages of the special report adopted by the European Court of Auditors. The full report is on www.eca.europa.eu

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Notes to editors

Since 2007, the EU's financial support to Serbia through the IPA has amounted to approximately €170 million per year. Governance, identified by the Commission as the most challenging area for Serbia, received a quarter of the IPA funding. The EU complements the IPA funding with some non-financial means to help Serbia prepare for EU membership.

The EU enlargement strategy and the revised IPA regulation are paying increasing attention to financial and economic governance in the accession countries. Accession negotiations with Serbia were formally opened on 1 January 2014.

This Special Report (19/2014) entitled "**EU Pre-accession Assistance to Serbia**" examines whether the Commission managed pre-accession support to Serbia during the 2007-2013 period effectively and, in greater depth, its support for the key area of governance.

The auditors examined the IPA programming process and 15 IPA-funded projects from the 2007-2009 IPA annual programmes for Serbia, with a particular focus on the projects' results. They also reviewed another sample of 10 IPA projects from the 2010-2012 annual programmes to check whether governance and the fight against corruption were cross-cutting issues in projects where good governance was not a primary objective.

The report makes a number of recommendations for improving both the management of IPA projects and non-financial assistance.

The EU auditors recommend that, in order to improve the programming, design and implementation of IPA projects in Serbia, the Commission:

- make the project prioritisation and selection processes more transparent and improve their documentation;
- improve the lessons-learnt process by developing a dedicated database incorporating lessons drawn from past projects in Serbia and other relevant beneficiary countries;
- systematically document the needs assessment underlying the expected outputs from projects and contracts;
- reinforce the principle of conditionality, in particular the beneficiary's capacity to do what is required for a high-quality project should be verified in advance and in specific, measurable terms;
- set up a system for a regular brief progress report in order to ensure an appropriate audit trail for the entire project;
- put in place a system to check the usefulness of project outputs (including studies, analyses, procedures, protocols and training materials) in the medium and long term.

The EU auditors recommend that, in relation to the non-financial assistance, the Commission:

- support the Serbian authorities in further rationalising their national strategies and finalising a fully-fledged public finance management roadmap;
- improve the consultation mechanism with civil society organisations;
- systematically assess the need for specific anti-corruption or other good governance measures during project design;
- take steps to integrate the Commission's audit work on the national IPA structures into the countrywide assessment of public finance management.

ECA special reports are published throughout the year, presenting the findings of selected audits of specific EU budgetary areas or management topics.