

# On the road to the Union?



Special theme  
EU Pre-accession Aid



**Political will means everything!**



05

## ► INTERVIEW

*Bettina Jakobsen, ECA Member*

### Political will is essential for accession progress



08

## ► INTERVIEW

*Christian Danielsson, Director-General of DG NEAR of the European Commission*

### Perspective of EU membership important driver for progress and reconciliation in Western Balkans

- 04 EDITORIAL
- 05 **Political will is essential for accession progress**  
*Interview with Bettina Jakobsen*  
By Gaston Moonen, Directorate of the Presidency
- 08 **Perspective of EU membership important driver for progress and reconciliation in Western Balkans**  
*Interview with Christian Danielsson, Director-General of DG NEAR of the European Commission*  
By Gaston Moonen, Directorate of the Presidency
- 12 **Lining up for EU Membership: current candidate countries and potential candidates**  
By Philipp Dette and Barbara Ojeda Corominas, Directorate of the Presidency

## ► DIRECTOR'S CUT

- 16 **How to make pre-accession aid a success?**  
*Interview with Philippe Froidure, ECA Director of the External Action, Security and Justice Directorate*  
By Gaston Moonen, Directorate of the Presidency

- 20 **Retrospective reflections on the ECA meta-audit on the Western Balkans**  
By Marton Baranyi, Investment for Cohesion, Growth and Inclusion Directorate
- 23 **Auditing Turkey: from EU pre-accession to migration management**  
By Alejandro Ballester Gallardo, Directorate External Action, Security and Justice
- 27 **A man, a dog and an EU-funded four-wheel drive: auditing in the field**  
By Jussi Bright, Investment for Cohesion, Growth and Inclusion Directorate
- 29 **SIGMA fostering strong public institutions towards EU membership**  
By Bianca Brétéché, SIGMA Programme at the OECD
- 32 **EIB in the Western Balkans: how the EU Bank helps countries towards accession and EU integration**  
By Matteo Rivellini, Lending Operations in Slovenia, Croatia and Western Balkans, European Investment Bank
- 35 **The EBRD and the road to EU accession**  
By Zsuzsanna Hargitai, Western Balkans Directorate of the EBRD
- 38 **'Enlargement process as occasion for the EU to reinvent and reform itself'**  
*Interview with David McAllister, Member of the European Parliament*  
By Gaston Moonen, Directorate of the Presidency
- 41 **Capacity building in EU candidate countries in the area of financial control: some personal experiences and thoughts**  
By Jan Pieter Lingens, expert on capacity building in EU candidate countries
- 44 **The Western Balkans parallel performance audit project: boosting regional cooperation between national audit offices**  
By Jussi Bright, Investment for Cohesion, Growth and Inclusion Directorate
- 48 **'How EU Pre-accession Aid helped our SAI to shape its future'**  
*Interview with Bujar Leskaj, President of ALSAI, Albania's Supreme Audit Institution*  
By Derek Meijers, Directorate of the Presidency



## Auditing Turkey: from EU pre-accession to migration management

By Alejandro Ballester Gallardo,  
External Action, Security and Justice Directorate



## Capacity building in EU candidate countries in the area of financial control: some personal experiences and thoughts

By Jan Pieter Lingen, expert on capacity building in EU candidate countries



## INTERVIEW

David McAllister, Member of the European Parliament

### 'Enlargement process as occasion for the EU to reinvent and reform itself'

## 51 Audit authority on IPA funds: helping the country to move towards accessions

Interview with Adem Curi, Director of the Audit Authority for the audit of IPA in the former Yugoslav Republic of Macedonia

By Gaston Moonen, Directorate of the Presidency

## 54 ECA's contribution to capacity building in candidate country SAIs: providing internships to share good practice

By Michael Pyper, Translation, Language Services and Publication Directorate

## 58 ECA traineeship for auditors of candidate countries: a portal for professional development and... a return to the ECA

By Jolita Korzuniene, Investment for Cohesion, Growth and Inclusion Directorate, and Tomas Mackevičius, Private Office of Rimantas Šadžius, ECA Member

## 2 Roots of the cooperation between ECA and candidate countries' SAIs: it all started in the mid-1990s

Interview with Dirk Pauwels, Private Office of Danièle Lamarque, ECA Member

By Gaston Moonen, Directorate of the Presidency

## REACHING OUT

### 65 The Summer School in public auditing and accountability - auditors and academics exploring data analytics continued

By Gilberto Moggia, Information, Workplace and Innovation Directorate

## FOCUS

### 68 ECA Publications in July-September 2018

## PRODUCTION

Editor in Chief:

Gaston Moonen

Tel.:

+352 4398 - 45716

E-mail:

antonius.moonen@eca.europa.eu  
derek.meijers@eca.europa.eu

Layout, distribution:

Directorate of the Presidency

Photos:

Reproduction prohibited  
© ECA

© European Union, 2018  
Reproduction is authorised  
provided the source is  
acknowledged

The contents  
of the interviews and the articles  
are the sole responsibility  
of the interviewees and authors  
and do not necessarily  
reflect the opinion of the  
European Court of Auditors

FOR MORE INFORMATION:

European Court of Auditors  
12, rue Alcide De Gasperi  
1615 Luxembourg,  
LUXEMBOURG

eca-journal@eca.europa.eu

Past editions of the Journal  
can be found on ECA's website:  
[eca.europa.eu/en/Pages/Journal.aspx](http://eca.europa.eu/en/Pages/Journal.aspx)



eca.europa.eu



@EUauditors



## Editorial

### Accession and what the EU stands for



*Growing together: enlargement – a key ingredient of the EU peace project or a positive sum game.* This kind of illuminating messages appears when you search on the European Commission's website for information on enlargement. From a historical perspective, the EU enlargement process is indeed impressive. It has resulted in a Union of Member States that have almost doubled in number since 2004, with the last accession – Croatia – dating back to five years ago. This 'doubling' also required new approaches for assisting and guiding this enlargement process, not only because of the sheer size of the enlargement but also because of the different situations many of the (potential) candidate countries of 2004 faced compared with previous accessions. The EU developed pre-accession instruments to help these countries on their path to democracy and a functioning market economy, with stable institutions guaranteeing certain rights and a private sector able to compete properly. Instruments that had to be accounted for, ensuring that these countries arrived where they were meant to be and the intended effects were achieved in a sustainable way.

I participated as an auditor in on-the-spot visits which contributed to this accountability process. I recall that, during one of my visits to Montenegro, in 2003, a major concern was in the area of corruption and organised crime. In 15 years, things have changed to the positive. Nowadays the news about Montenegro is much more appealing: *Welcome to Montenegro and enjoy. Where all good things come in small packages.* And this small country on the Mediterranean coast seems to be the first candidate country in the line to join the EU, having risen through the ranks of 'third country', 'potential candidate country', 'candidate country', to eventually become – envisaged for the future - 'EU Member State.'

What makes it so appealing for a country to move up in that ranking? Or, as I heard it put more bluntly during an audit visit to Serbia about 15 years ago: 'Why change the old five-year plans from communist times for seven-year plans from Brussels?' The question is all the more pertinent in the light of the Copenhagen criteria, referred to regularly elsewhere in this Journal, which are not easy to meet. These criteria represent conditions which many countries strive to fulfil one way or the other. As I see it, these criteria stand for certain values. Apparently, many citizens feel that these values are better protected under an EU umbrella than only by a national constitution... and national actions. Because, no matter how well these values may be reflected in a constitution, will and stamina are needed to live up to them. This is what citizens expect from politicians when they elect them and express their choice in favour of EU accession.

How important this political will is comes out clearly in a number of reports, by the ECA and the European Commission, and in analyses by other experts in the field. The political will to accomplish the actions required to meet the Copenhagen criteria is a key element, if not THE key element on the road to accession. Such political will is not always easy to put into practice. But as Nelson Mandela once put it: 'Real leaders must be ready to sacrifice all for the freedom of their people.'

We have made EU Pre-accession Aid the main theme of this Journal. Not least because looking into this topic also reveals which core values the EU stands for and what efforts (potential) candidate countries undertake to meet the expectations the EU has of potential Member States. The EU's Pre-accession Aid not only relates to tangible issues, like building roads and bridges, which are relatively easy to address. Building the political infrastructure to meet and uphold the Copenhagen criteria is significantly more challenging. Creating a market economy that really works and institutions which have the status, means and independence to meet the Copenhagen obligations towards citizens takes time and perseverance. In the end, the strength of a democracy depends on the political and economic freedom of its citizens. The ambition to achieve that freedom is something political leaders should keep in mind in their efforts towards accession, while taking comfort in the examples provided by the history of EU enlargement. After all, it always seems impossible until it is done.

Gaston Moonen

# Political will is essential for accession progress

Interview with  
Bettina Jakobsen,  
ECA Member

By Gaston Moonen,  
Directorate of the Presidency



During the past few years, the ECA has published several reports assessing the results and impact of EU Pre-accession Aid. The most recent one, special report 7/2018 on pre-accession assistance to Turkey, published in March, has received considerable public interest. Bettina Jakobsen was the ECA's reporting Member for this report. In this interview, she gives her views on accession in general and in particular on auditing the topic, and on the ECA's role, as the EU's external auditor, in the accession process.

## Pre-accession aid compared with other EU external actions

Bettina Jakobsen joined in the ECA in 2015. Earlier this year, she became the Dean of the chamber responsible for auditing EU external action, security and justice. Referring to the increasing importance of external action, she says: 'You can see that in the proposals for the next Multiannual Financial Framework (MFF), the areas audited by the chamber are getting really high on the political agenda. Our audit tasks are going into new areas, such as cyber security and defence, making it a very interesting chamber to work in.'

In speaking about EU Pre-accession Aid, she makes clear what she sees as the key issue: 'I think pre-accession aid is an investment in other countries as well as an investment in Europe. In the EU we would like to screen the countries we invite into the EU project and make sure they reach a certain level of development, making them fit for EU membership. The investment we make in the candidate countries not only benefits the citizens of these countries, it also aims at preserving the present Members' interest in the continuous commitment to and proliferation of fundamental ideas about human rights, rule of law, freedom of speech, transparency, administrative capacity, etc. I think it is an important process – assessing whether they are in line with the Copenhagen criteria, and then inviting them into 'good company', if I may say so.'



*In the EU we would like to screen the countries we invite into the EU project and make sure they reach a certain level of development, making them fit for EU membership.*

The Copenhagen criteria, defined in 1993, are the rules that define whether a country is eligible to join the European Union. They start with political criteria for guarantees for democracy, human rights and the rule of law. Another key criteria is to have a functioning market economy. The final key criteria is to have the administrative and institutional capacity to take on the obligations of EU membership.

### ECA and assessing the readiness of candidate countries

When asked about the ECA's role in assessing compliance with the Copenhagen criteria, the ECA Member is clear: 'The ECA does not provide an opinion on whether candidate countries meet the accession criteria. Whether new EU Members are ready to be admitted is a political decision. As auditors, we provide information to the Parliament, the Commission and the Council on the status of development. In the end, the political authorities at both EU and national level take the decision on enlargement.' She adds, referring to the recent report on pre-accession assistance to Turkey: 'Of course, you will find polite audit language in our reports. But if you read carefully, we say that the situation does not look good. We indicate that most chapters have not been closed, that fundamental requirements have often not been met. And that there is a risk of backsliding.' She observes that closing only one chapter is not much progress, adding: 'There is actually not much to tick off as done.'

On a more positive note, she mentions that the various audit reports published on pre-accession aid do show that the European Commission has become more and more skilled in terms of setting up the accession criteria, knowing what to measure and the conditions that are key to the process. 'We have helped them – I hope - and the budgetary authority to better focus EU support.'

### Administrative capacity often depends on political will

A red thread running through several of the ECA reports on pre-accession aid is a recurring theme running through several of the ECA's reports on pre-accession aid is administrative capacity, or sometimes the lack thereof. However, how does one audit something that is much less tangible than, for example, an infrastructure project? Bettina Jakobsen underlines the need for educated policy officers, informed and independent judges and points out that several ECA reports conclude that, in relation to administrative capacity, measurable indicators (needed to measure performance) have not always been well developed. 'But we also find the same thing in many reports on EU actions within the EU. Lack of clear objectives and measurable indicators are typical findings in our reports in general, not only in relation to the Instrument for Pre-accession Assistance (IPA).'

For Bettina Jakobsen, administrative capacity and political will are often interlinked in the ECA's reports on pre-accession. 'Political will is a common thread and a pre-condition for building up administrative capacity. With the latter comes also the ability to initiate and absorb funding required for further changes. In our special report 7/2018 regarding pre-accession aid to Turkey, this was an important finding.' As regards ways the Commission can use its influence to stimulate change in the candidate countries, to bring about political will, she refers to conditionality as one means. 'Sometimes, the Commission has used the tool of suspending payments or asking for improvements before it releases funding. And in some cases, for example in



*The ECA does not provide an opinion on whether candidate countries meet the accession criteria. Whether new EU Members are ready to be admitted is a political decision.*



*... if you read carefully, we say that the situation does not look good.*



*Lack of clear objectives and measurable indicators are typical findings in our reports in general, not only in relation to the Instrument for Pre-accession Assistance (IPA).*



*Political will is a common thread and a pre-condition for building up administrative capacity.*

relation to Turkey, the Commission has followed our recommendation and decided not to pay out the performance award. In addition, it can use political dialogue to advocate certain principles. But as several of our reports have shown, establishing rule of law is very difficult if there is no political will.'

As regards the ECA's recent special report on Turkey, she stresses that it has received a lot of interest from the media. 'And we have just received the draft conclusions from the Council, which are also very supportive of our recommendations. Let's hope this somehow translates into concrete actions.' The European Parliament (EP), too, has shown great interest in the report: 'I gave a presentation to the Budgetary Control Committee (CONT), and Members of the European Parliament, such as Claudia Schmidt, were very positive, particularly in the support of our critical findings. She has clearly got the message on 'backsliding'. The ECA Member adds that the special report will be taken into account in the discharge process. She concludes: 'I think it is very important to bring reports like this to the Parliament, including in specialised committees.'

Taking the issue of political will even further, it could also be raised in relation to EU Member States: whether a lack of political will to continue to uphold the Copenhagen criteria could be a topic for an ECA audit. Bettina Jakobsen indicates that she has come across the idea of country audits on Member States during her interaction with the European Parliament. After all, the ECA has done audits on candidate countries and assessed whether budget support to non-EU countries has achieved the desired effects, so why not a country audit on an EU Member State. Bettina Jakobsen takes the following view on this: 'It is up to the political system to hold the Member States accountable for whether they meet requirements on – for example – having an independent judicial system, and whether certain Treaty articles should be invoked.'

### **Outlook for audits and key element for progress... not only on pre-accession**

Asked what her Audit Chamber will do in the future in terms of auditing pre-accession aid, Bettina Jakobsen points out that this depends on many factors. 'We always try to look widely on potential policy areas, requests from the Parliament, risks, financial importance, etc. We have issued several reports on pre-accession aid during the past few years, ranging from Montenegro to Turkey, including special report 21/2016 – the meta audit on the Western Balkans. We try to maintain a certain level of coverage of pre-accession aid and, at some point, some of these reports may be relevant for a follow-up audit. We tend to do a follow-up audit three years after. But we have many competing areas and topics deserving our attention, especially in the area of security and justice, like border control, hot spots and other migration-related issues.'

Of all the main challenges the EU faces vis-à-vis the candidate countries, then, Bettina Jakobsen highlights one in particular: political will. 'Political will is the essential and visible commitment to fulfil the conditions you have agreed to. If you have a stable government, backing the intention to seek admission to the EU, then you are on the way. I was also the reporting Member for special report 15/2018 on strengthening the capacity of the internal security forces in Niger and Mali, which we published in June. In this audit, too, we saw that political will means everything.'



*But as several of our reports have shown, establishing rule of law is very difficult if there is no political will.*



*... we have many competing areas and topics deserving our attention...*



Source:  
European Commission

## Perspective of EU membership important driver for progress and reconciliation in Western Balkans

Within the European Commission DG NEAR is responsible for EU actions towards EU neighbourhood countries, and countries covered by the EU enlargement process. Christian Danielsson is Director-General of DG NEAR since 2013 and has a long experience regarding EU accession, already working on this issue when posted in the ministry of Foreign Affairs of Sweden. Below his views on changes in the accession process throughout the years, what the current main issues are, how to address them and the EU's role and means in doing so.

### Interview with Christian Danielsson, Director-General of DG NEAR of the European Commission

By Gaston Moonen, Directorate of the Presidency

#### Accession process has become more demanding

*What the main differences are between the enlargement preparations leading to the big enlargement in 2004 and subsequent accessions?*

Based on our experience from the 2004 enlargement and subsequent accessions, the Commission has introduced a new approach to accession negotiations. The new 'fundamentals first' approach entails prioritising reforms in key areas like the rule of law, economic governance and public administration reform. This helps the aspiring member states tackle these crucial issues early on and strengthens the overall credibility of negotiations.



The accession process today is more demanding than in the past. The introduction of opening, interim and closing benchmarks for the key rule of law chapters – in other words, formal conditions to be met to move to the next negotiations phase – made the process more rigorous and structured. This to help the countries tackle in a more solid and systematic way the difficult challenges they face in their reform efforts.

However, nothing has changed in terms of the core principles. The enlargement policy and preparations for accession are based on the same well-established criteria to join the EU. They were defined already in 1993 at the European Council in Copenhagen and applied both to the 2004 enlargement and subsequent enlargement negotiations: having stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy; the ability to take on and implement effectively the obligations of membership. One difference in this respect is that additional conditions for membership have been set out for the Western Balkans in the stabilisation and association process, mostly relating to regional cooperation and good neighbourly relations.

*What are in your view the three core tasks of DG NEAR in the current enlargement discussions with candidate and potential candidate countries?*

Firstly, DG NEAR assists the countries with a perspective to join the EU in meeting the membership criteria. This means managing the bilateral relations of the Union with candidate countries and potential candidates, frontloading reforms on the rule of law, economic governance and public administration reform. Our DG also develops and implements the stabilisation and association process to prepare the Western Balkans for future membership. Secondly, DG NEAR closely monitors the progress of enlargement countries towards the EU and supports accession negotiations as required by the Council. And thirdly, we manage the bulk of the Union's financial and technical assistance to the enlargement countries (IPA).

### **Enlargement as a credible perspective**

*What would you consider the biggest challenge for the upcoming years for your DG to meet expectations from both candidate countries...and Member States and their citizens?*

I think the biggest challenge in the coming years will be to help alleviate the concerns about possible future enlargements. We can do it by helping the countries to deliver on reforms and to complete their political, economic and social transformation. This is the only way to ensure citizens' trust and confidence when it comes to the benefits of having a bigger European Union.

*The 2004 and 2007 enlargements were seen as an enormous leap forward for both the EU and the countries concerned. But in hindsight some scholars and also politicians involved have argued that not all countries were ready for joining in the sense of being ready for all the enlargement chapters concerned. How does the Commission ensure that accountability of what has been achieved, both by the Commission and the countries themselves, can be properly assessed by the European Parliament and the Council?*

First let me stress one thing: we are not talking about admitting to the EU the enlargement countries of today – they are obviously not ready.



*The enlargement policy and preparations for accession are based on the same well-established criteria to join the EU.*



*... ensure citizens' trust and confidence when it comes to the benefits of having a bigger European Union.*

Enlargement can only happen once there's solid evidence the country can respect EU values and standards, and we will not accept any shortcomings or allow shortcuts.

The principle of own merits and strict but fair conditionality is applied at all stages of the accession process. The Commission's positions and recommendations are based on full assessment of the relevant facts and the individual merit of the countries concerned in meeting the membership criteria. At each stage of the process, the Commission's position contributes to a discussion among the EU Member States, each of which in turn contributes its views and perspectives before drawing conclusions collectively as a Union. The European Parliament is regularly informed about the developments in the enlargement area, and its opinions and recommendations are duly taken into account in policy design and assessment of progress. One of our flagship products – the annual enlargement package – is the best example of this process. It does not gloss over shortcomings. It provides a balanced assessment of the countries' reform efforts and an objective reference point for civil society to follow the developments and put pressure on their governments.

### Flagship initiatives to prioritise key issues

*When reading the 2018 communication of the Commission on EU Enlargement Policy, issued in April this year, the first concerns raised relate to the rule of law – including comments on the judicial system, corruption and organised crime – fundamental rights, functioning of democratic institutions and migration issues. These appear to be issues which are mostly in the hands of candidate countries and potential candidate countries themselves. How does DG NEAR intend to influence these issues, the more since building up administrative capacity is not done overnight?*

Indeed, the pace of transformation depends on the countries' progress in implementing reforms. We continue to support and guide them, but this is in the first place their work and their responsibility.

The Commission's Western Balkans Strategy of 6 February 2018 puts forward concrete and tailor made actions in key areas of mutual interest, 'flagship initiatives,' which include the rule of law and migration. DG NEAR intends to intensify efforts to guide reforms and to support the ambitious steps taken by the countries themselves in these areas. This means increased help in prioritising key issues, close monitoring of reform implementation, as well as more strategic financial and technical assistance.

*One of the audit findings in the ECA meta audit on the Western Balkans (special report 21/16) and the ECA special report on EU pre-accession assistance to Turkey (special report 7/18) was that for the 'rule of law' projects the Commission had not applied conditions consistently. And relatively little funding had been provided in key areas, such as media freedom, public prosecution and the fight against corruption and organised crime. Last week the ECA issued a report looking into the European Commission oversight of Member States' application of EU Law. One of the key recommendations in this recent ECA report is that the Commission needs to further strengthen its oversight of the way EU law is applied in Member States. Do you consider this oversight also a key attention point for DG NEAR vis-à-vis candidate countries?*



*Enlargement can only happen once there's solid evidence the country can respect EU values and standards, and we will not accept any shortcomings or allow shortcuts.*



*One of our flagship products – the annual enlargement package – [...] does not gloss over shortcomings.*



*... the pace of transformation depends on the countries' progress in implementing reforms. [...] this is in the first place their work and their responsibility.*

We believe the conditionality was applied at the appropriate level to achieve the maximum impact possible, in often difficult political contexts. With regard to funding levels, you need to take into account also the absorption capacity on the ground, and that the areas you mention not always require large-scale investments but are often supported through the provision of technical assistance, hence consuming lower budgets.

The candidate countries must deliver concrete and sustainable results in the reform process and progressively apply the EU law. The Commission has been strengthening the tools to monitor this process. For example, very detailed action plans in the area of the rule of law help us better monitor and report on the implementation of the *acquis* in this area. We also check the real application of the law on the ground, for example by conducting case-based peer reviews. We are also helping to strengthen the capacity of civil society in the countries to monitor the application of EU law.

### Lessons learnt reflected in the next Multiannual Financial Framework

*The EU has a long history of enlargement and is indicated on the DG NEAR website as a 'positive sum game.' What do you consider to be the key lessons learnt for the Commission and what is in your opinion the biggest success until now under your watch as Director-General?*

One of the lessons learnt for us is the importance of deep sustainable reforms for a truly credible enlargement process for the Western Balkans. The region has still to implement fundamental reforms in crucial areas like the rule of law or economy, and must redouble efforts on reconciliation. The EU's engagement has confirmed to be a real driver for this process. Most recently, the successful reinvigoration of the enlargement perspective for the Western Balkans through the very forward-looking Commission's Western Balkans Strategy of 6 February 2018 and the historic EU-Western Balkans Summit in Sofia on 17 May 2018 have been key drivers for renewed momentum. I hope this will translate into a continued impetus for reforms in the region.

We have also certainly looked very carefully into the implementation of our pre-accession financial assistance for 2014-2020 (IPA II) and have reflected lessons learnt in our proposal for IPA III for 2021-2028: we need a more strategic approach to financial assistance, greater ownership from the countries and a programming that is rewarding performance and progress.



*We also check the real application of the law on the ground,...*



*The region has still to implement fundamental reforms in crucial areas like the rule of law or economy, and must redouble efforts on reconciliation.*

# Lining up for EU Membership: current candidate countries and potential candidates

By Philipp Dette and Barbara Ojeda Corominas, Directorate of the Presidency

This year, we celebrate the 60th anniversary of the Treaty of Rome. In January 1958, the European Economic Community came into being, with Belgium, the Netherlands, Luxembourg, France, Italy and West Germany as original Member States. Over the years, many other countries have joined, and membership in what later became the European Union (EU) has grown from the original six to the current 28 Member States. How does the process of joining the European Union work? Despite the imminent prospect of the UK leaving the EU, and the last accession dating back to 2013 (Croatia), this is still a relevant question. In fact, several countries are keen to join the EU. Philipp Dette and Barbara Ojeda Corominas, both from the Directorate of the Presidency, give an overview of the process and of the current status of negotiations with candidates and potential candidates for EU accession.

## Steps of accession and requirements for joining

A country that wishes to become an EU Member State starts with the status of 'potential candidate'. When the European Commission considers that preparations are sufficiently advanced, the country can then become an official candidate, but only once the EU Council has reached unanimous agreement. Formal membership negotiations, known as 'accession negotiations', can then start.

A fundamental requirement for becoming an EU Member State is compliance with all current EU rules (the so-called *acquis*), which are divided into 35 chapters. The negotiation chapters cover the whole spectrum of policy areas, ranging from the four freedoms to other agreements such as science, research and the environment. The negotiations are mainly about how and when the rules are adopted and implemented. Conditions are the same for everyone, meaning that a country cannot pick and choose which parts of EU legislation it will apply, although transitional periods may apply for certain aspects.

At the political level, the most important requirements are laid out in the Copenhagen Criteria. First, a candidate country must have stable institutions guaranteeing democracy, the rule of law, human rights and respect for minorities. Second, it must have a functioning market economy and the capacity to cope with competition in the EU. Lastly, it must have the ability to take on and implement the obligations of membership of the European Union.

Within each negotiation chapter, a candidate country's current situation is assessed, and then the country and the EU agree on their respective positions. Each chapter is subsequently negotiated and can be closed separately. All agreed chapters are then embedded into an accession treaty, which has to be ratified by the candidate country and by all other EU Member States. During the negotiation process, the candidate country is continuously monitored by the European Commission and receives guidance on its path to becoming an EU Member.

## Status of negotiations

Two countries – Bosnia and Herzegovina and Kosovo\* – are currently potential candidate countries, while Albania, the former Yugoslav Republic of Macedonia, Montenegro, Serbia

and Turkey are candidate countries. For three out of these five candidate countries, negotiations have already started. So far, the greatest progress has been achieved in Montenegro, with three out of 35 chapters provisionally closed and 31 chapters already opened. Montenegro is also part of a visa liberalisation scheme for the Schengen area, where tourist travel is visa-free for up to 90 days. In the negotiations with Serbia, two chapters have been closed and 14 chapters opened. Like Montenegro, Serbia is also part of the visa liberalisation scheme.

In the case of Turkey, the negotiations are difficult and agreements are hard to achieve, not least due to the recent political and diplomatic tensions between the EU, its Member States and Turkey. So far, only one chapter ('Science and Research') seems ready to be closed. In view of this situation, there is even debate about whether the possibility of EU membership for Turkey should be dismissed completely. Of the 15 chapters that are currently open, negotiations have already lasted for more than 10 years, with no realistic prospect in some cases of reaching agreement. Of all the current candidate countries, Turkey is the one that has received the largest amount of EU pre-accession aid. At the same time, it has the highest GDP per capita of the seven other countries.

### Comparison of key data on candidate countries and potential candidates

The map and tables below provides key information about candidate and potential candidate countries in terms of population, GDP per capita, democracy ranking, human development ranking and the amount of pre-accession aid received in 2017. The data show that there are significant differences between the seven candidate and potential candidate countries.

### Outlook

The road ahead for EU enlargement is not easy. Some say that the next wave of enlargement should happen by 2025, since there is currently a window of opportunity for the Balkan states, and recent words by Commission President Juncker have given hope to some countries for this ambitious accession calendar. However, many challenges remain, not least the fact that Serbia and five EU Member States have not recognised Kosovo. Additional border disputes in the Balkans could also hold back potential enlargement. And for some (potential) candidate countries, the European Parliament has expressed concern about progress on the fight against corruption and organised crime.

On the positive side, there are also favourable signs: progress towards resolving the name issue between Macedonia and Greece, and the continued transformation of local systems towards fulfilling the criteria for EU membership. Incentives are also provided by the new Instrument of Pre-accession Aid, IPA III, as included in the Multiannual Financial Framework proposals for 2021-2028. The priorities of the new IPA are rule of law, fundamental rights, good relations between neighbours, regional cooperation and many other aspects. With well-framed funding and clear incentives for candidate countries to resolve their issues, some countries might be further along the road to accession than many people expect.

\* This designation is without prejudice on status and is in line with UNSCR 1244 and the International Court of Justice opinion on the Kosovo declaration of independence.

## European Union

Population in millions (2016)	511,8
GDP per capita (2017) € (exchange rate 1 USD = 0,85 euro)	Average: 31.115
Democracy Index ranking (2017)	Ranking from 3 (Sweden) to 64 (Romania)
Human development index ranking	Ranging from 4 (Ireland) to 52 (Romania)
Level of Pre-accession aid in mio euro (2017)	Not applicable

## Bosnia & Herzegovina

Population in millions (2016)	3.517
GDP per capita 2017 €; also expressed as % of EU average	4.728 (15%)
Democracy Index ranking (2017)	101
Human development index ranking	77
Level of Pre-accession aid in mio euro (2017)	43.7



## Montenegro

Population in millions (2016)	0,623
GDP per capita 2017 €; also expressed as % of EU average	6.641 (21%)
Democracy Index ranking (2017)	83
Human development index ranking	50
Level of Pre-accession aid in mio euro (2017)	39.5

**Kosovo\***

Population in millions (2016)	1.816
GDP per capita 2017 €; also expressed as % of EU average	3.458 (11%)
Democracy Index ranking (2017)	Not applicable
Human development index ranking	Not applicable
Level of Pre-accession aid in mio euro (2017)	91.9

**Turkey**

Population in millions (2016)	79.51
GDP per capita 2017 €; also expressed as % of EU average	12.695 (40%)
Democracy Index ranking (2017)	100
Human development index ranking	64
Level of Pre-accession aid in mio euro (2017)	636.4

\*This designation is without prejudice on status and is in line with UNSCR 1244 and the International Court of Justice opinion on the Kosovo declaration of independence.

**Serbia**

Population in millions (2016)	7.057
GDP per capita 2017 €; also expressed as % of EU average	5.094 (16%)
Democracy Index ranking (2017)	66
Human development index ranking	67
Level of Pre-accession aid in mio euro (2017)	215.4

**former Yugoslav Republic of Macedonia**

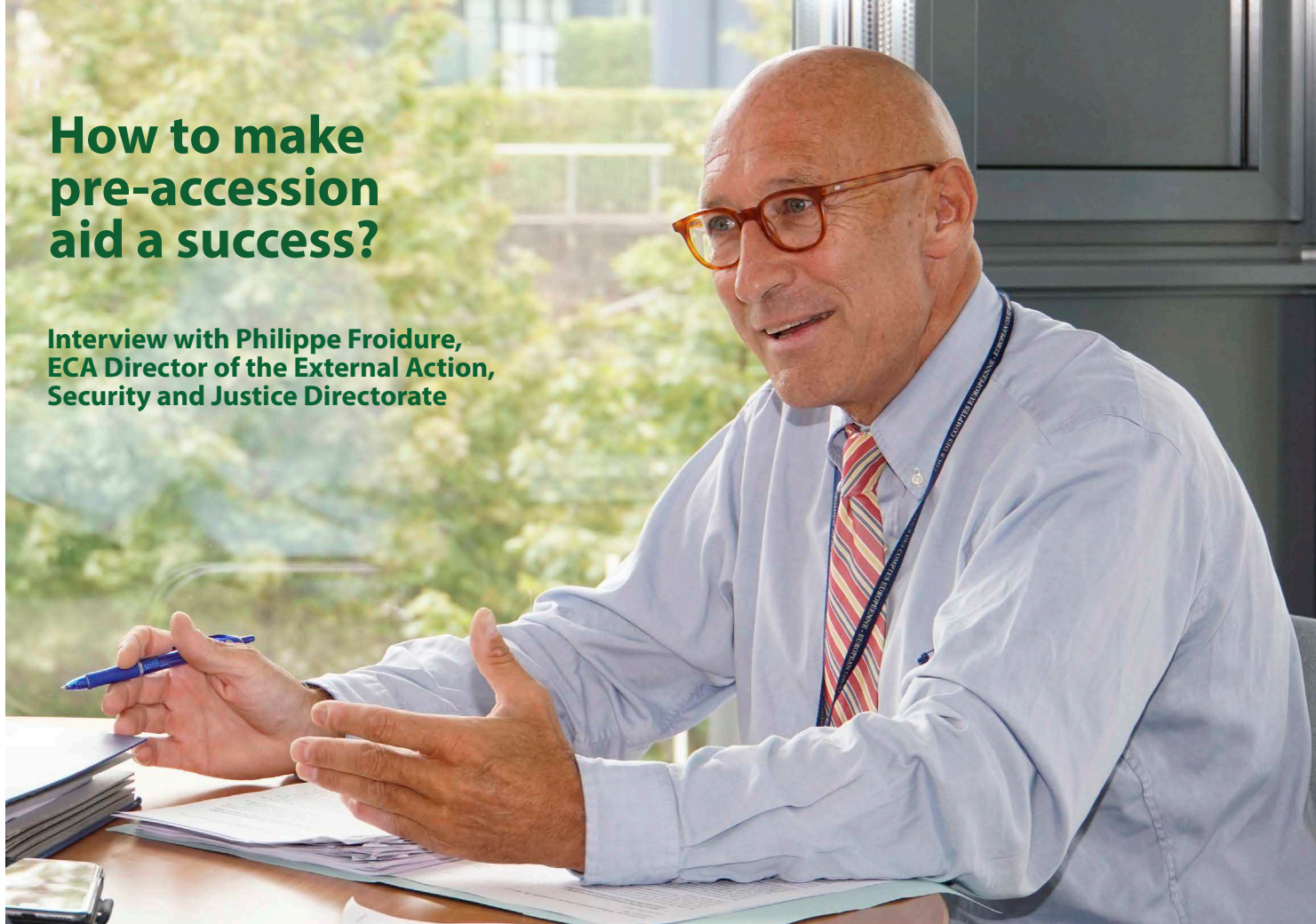
Population in millions (2016)	2.081
GDP per capita 2017 €; also expressed as % of EU average	4.459 (14%)
Democracy Index ranking (2017)	88
Human development index ranking	80
Level of Pre-accession aid in mio euro (2017)	94.9

**Albania**

Population in millions (2016)	2.876 m
GDP per capita (2017) €; also expressed as % of EU average	3.969 (13%)
Democracy Index ranking (2017)	77
Human development index ranking	68
Level of Pre-accession aid in mio euro (2017)	92.9

# How to make pre-accession aid a success?

Interview with Philippe Froidure,  
ECA Director of the External Action,  
Security and Justice Directorate



As early as 1993, the EU has set up pre-accession programmes to help candidate countries meeting the accession criteria. Over the years, and the successive enlargements of the EU, the Commission has redesigned and overhauled these programmes several times. Within the ECA Philippe Froidure has assessed most, if not all of them. He has done so in different functions, and for the last decade as director of the Audit chamber in charge of examining, among other areas, accession aid. In this interview, Philippe shares some of his reflections on the specificities of examining EU accession aid and the future need for audits in this area.

By Gaston Moonen,  
Directorate of the Presidency

## Painting the picture: evolution of EU Pre-accession Aid since the 1990s

Philippe Froidure clearly has a lot of experience in examining EU Pre-accession Aid. This does not only come out from his CV but also when he talks about the topic, with full enthusiasm. During the interview, he pointed to ECA audit reports from the 1990s on this topic to underline some of the findings he considers most important. Philippe was involved from the beginning when the ECA started to examine accession-related instruments. He explains: 'Actually, the ECA started its audit work in this domain in 1994. The division in charge was vested in what was then called Audit Group II and which was at the same time responsible for the banking activities, mainly deriving from the European Coal and Steel Community (ECSC) Treaty. Later on, the division was split which resulted in the creation of the 'PECO' (Pays d'Europe Centrale et Orientale) division, dealing with the PHARE – originally standing for 'Poland and Hungary: Assistance for Restructuring their Economies' - instrument for the Pre-accession countries, and the TACIS instrument for the Community of Independent States, following the collapse of the Soviet Union. TACIS stood for 'Technical Assistance to the Commonwealth of Independent States' and ran until 2007.'



From the historical picture Philippe Froidure paints, it becomes clear that the EU support was essentially sectoral, focused vertically, directly related to the Copenhagen criteria (see box), the chapters of the acquis and to the setup of an administration and its ability to handle crucial EU matters.

The Copenhagen criteria, defined in 1993, are the rules that define whether a country is eligible to join the European Union. They start with political criteria for guarantees for democracy, human rights and the rule of law. Another key criteria is to have a functioning market economy. The final key criteria is to have the administrative and institutional capacity to take on the obligations of EU membership.

Philippe points out that it meant that the EU provided its support, for instance, to the privatisation of state-owned companies, statistical offices, the customs administration, the tax administration, SMEs, cross-border infrastructures. 'Every programme was managed within an ad-hoc entity, a Programme Management Unit (PMU). The DG in charge of the Pre-accession could find inside expertise for the diagnosis and the design of the thematic supports in some other DGs of the European Commission, like TAXUD and EUROSTAT, except for the Public Administration. That is why the Commission turned itself towards the Organisation for Economic Cooperation and Development, the OECD, which had a division called PUMA, focusing on Public Management matters. This resulted in the creation of the SIGMA – standing for Support for Improvement in Governance and Management – a programme managed by the OECD and the Commission and still on going.'

This all had consequences for the audits, he explains, with the audits privileging thematic or systems approaches: 'For instance, we had special reports on the private sector development, on the time management of the programmes, on the tendering procedures, those kind of topics.' For the ECA director it was the wish of the Commission to take into consideration the constraints related to the EU membership and to the management of major funds, which triggered the launch of two additional instruments: SAPARD for the rural development and ISPA, for the structural funds. He continues: 'The last element in the evolution comes back to a single instrument: the Instrument for Pre-accession Assistance (IPA). The support is currently provided under the second version of this instrument (IPA II) and a third version is under finalisation for the next Multiannual Financial Framework. On the institutional side, things have also changed with the creation of the European External Action Service and, under the Juncker Commission, with a move from a specific enlargement DG (DG ELARG) to a DG (DG NEAR) responsible for both Pre-accession and Neighbourhood policies.'

### Political will of candidate country key element in accession process

When asked what kept him in this field in view of his long track record in the area, he answers without any hesitation: 'Not only but I would say primarily: the EU proximity. Major events took and still take place in this geographical area and these countries may become part of the Union. All that leverages the interest. In my view pre-accession is a very lively process with a geopolitical context continuously evolving. The fact is that, after the first major enlargement in 2004, the second one in 2007 and the last one in 2013 with Croatia, many serious challenges still existed and new ones appeared both internally - notably the governance of the EU - and externally as I mentioned earlier. De facto, these



*[In the past] Every programme was managed within an ad-hoc entity, ...*



*The last element in the evolution comes back to a single instrument: the Instrument for Pre-accession Assistance (IPA).*



*... pre-accession is a very lively process with a geopolitical context continuously evolving.*

challenges slowed down the accession process, and raised important questions, increasing - as I see it - the interest for the domain.'

Going at a deeper, more detailed level, Philippe Froidure explains that the most critical areas for IPA assistance depend on the situation of each country. 'For example, governance was identified by the Commission as the most challenging are for Serbia, while the rule of law has been particularly challenging for Kosovo, and more recently for Turkey.' He points out that, putting aside the specific areas, the political will of the country is the key element, not only in the implementation of the measures and/or projects needed, but also for the sustainability of the achievements in the long run. 'As the example of Turkey has shown, several years of progress can be endangered by a serious backsliding. When there is lack of political will, actions may produce results that are not self-sustainable and remain heavily donor-dependent.'

Philippe also provides some recommendations to trigger change. 'For the reasons I just mentioned, continuous policy dialogue and alignment of the country' political objectives remain a priority and should be the primary instrument to ensure effectiveness of the actions and sustainability of the results. A second option to accelerate improvements could be a stricter definition and application of conditionality. As ECA, we highlighted this in our special report 7/2018 on Turkey.'

He explains that under the IPA, conditionality can be used at political level, through opening and closing benchmarks regarding accession negotiations, as well as at project level. Then, with a certain twinkle in his eye, he continues: 'At political level, the EU legislator has the power to reduce future assistance. Under IPA I – we are now under IPA II - the Council could suspend IPA assistance if the principles of democracy and the rule of law had not been complied with.' He brings up that the European Parliament has called for a suspension of all pre-accession funds if accession negotiations are suspended. 'But we found that, under IPA II, the EU legislator has not explicitly provided for such a possibility. But the Commission does have some means related to conditionality to foster reforms, like not transferring the full amount, - the so-called 'performance reward' - in the absence of good results, or take over the management of IPA projects from national authorities.'

### **Auditing pre-accession aid: still enough work to be done**

As to whether the ECA wants to cover all the candidate countries regularly – almost cyclical – or whether other selection criteria prevail, perhaps even specific to audit programming in this area, Philippe Froidure has a swift reply. 'In the early days, the idea was not to particularly go country per country. Instead, the selection of the Pre-accession topics was based on criteria which are still valid and used: such as previous coverage, risks and materiality, stakeholders' interest and the potential added-value of the audit. As regards the volume of audit work carried out, this was mainly determined by the number of available auditors in the PECO division.'

He further explains that, following the changes in the programming procedure and the administrative reform of the ECA organisation, there is now a more global prioritisation, not only within an audit chamber, but also in principle at the central ECA level. 'Therefore, covering specific countries based on a cyclical approach is not a sufficient justification as such. Additional selection criteria are



*When there is lack of political will, actions may produce results that are not self-sustainable and remain heavily donor-dependent.'*



*... continuous policy dialogue and alignment of the country' political objectives remain a priority...*

necessary and are applied in the pre-accession domain. Just think about issues such as security, conflicts, migration ... at the doorstep of the EU. Regarding the current country audits, it is true that the aid modalities and management modes foreseen in the IPA instrument have rendered the geographical approach more relevant. For instance, EU budget support for a candidate country was not possible under the PHARE instrument, while it is now possible under IPA.'

When asked about specific audit skills needed in this area, Philippe believes that they are not very different from other policy areas. 'You need strong professionalism, good interpersonal skills, sound discernment and objective judgment. There is no room for arrogance. Probably one should insist on the need for the auditor to understand well the audited matter and the political context. Indeed, the auditor must find its way in quite complex questions. Like in other policy areas.'

Regarding future audits on pre-accession aid, Philippe Froidure believes there is still enough work to be done for the ECA. 'Normally, if a candidate country becomes an EU Member State the audit work of EU activities goes to a different Audit Chamber in the ECA. Let's say the work in our directorate 'disappears.' But the policy still concerns five candidate countries and two potential candidate countries. Moreover, as I already mentioned, several challenges, both internally and externally, related to this domain need to be addressed.'



*... the aid modalities and management modes foreseen in the IPA instrument have rendered the geographical approach more relevant.*



*You need strong professionalism, good interpersonal skills, sound discernment and objective judgment. There is no room for arrogance.*

# Retrospective reflections on the ECA meta-audit on the Western Balkans

By Marton Baranyi, Investment for Cohesion, Growth and Inclusion Directorate

Source: European Commission



September 2016 marked the publication of the ECA's special report 21/2016 on the Western Balkans. More specifically, it was the release of the meta-audit on the EU Commission's management of pre-accession assistance (IPA) to strengthen the administrative capacity in the historically and politically fragile Western-Balkan region. Marton Baranyi worked on the audit and its presentation as attaché in the private office of Szabolcs Fazakas, then reporting Member for this report. He looks back, two years after publication and after the annual summit of the Berlin Process in London, identifying a number of takeaways from this performance audit even today.

## Purpose of a meta-audit

Special report 21/2016 has as title 'EU pre-accession assistance for strengthening administrative capacity in the Western Balkans: A meta-audit.' So the report labels itself as a meta audit. It is obvious what 'meta' means, 'audit' as well. But what is a 'meta-audit'? This term covers a special audit product at the crossroads of a landscape review and a single-issue performance audit, covering a wide range of issues and clearly aiming at making specific conclusions and recommendations. In this specific case, the meta-audit on the Western Balkans, led by then reporting Member Zsabolcs Fazakas and head of task Dennis Wernerus, used already existing ECA Special Reports of the past ten years - such as the special reports on CARDS, Serbia, Kosovo\*, Croatia etc. -, Commission evaluations and progress reports, as well as independent expert reports. However, and this has to be underlined, we also complemented the existing work of others with new performance audit work. We assessed 52 national IPA projects in the Western Balkans and three IPA multi-beneficiary programmes and undertook audit visits at the EU Commission and delegations, as well as to relevant ministries and IPA structures in the Western Balkans. The particular focus of the new audit work was on results beyond outputs in the field of rule of law and public administration reform. In this regard, this meta-audit was a rather unique audit amongst the external action related audits.

\* This designation is without prejudice on status and is in line with UNSCR 1244 and the International Court of Justice opinion on the Kosovo declaration of independence.

## Example of a finding in the meta-audit: IPA I project results in the fight against corruption

**Project against corruption, Albania**  
The purpose of the 'Project against corruption in Albania' was to support the Albanian government in implementing its anti-corruption strategy (2007-2013). Not only did it fail to deliver on measurable targets, but its sustainability was also affected by the fact that the national anti-corruption coordinator was not independent and coordinated policies at national and local level without adequate budget or staff.

**State Commission for Preventing Corruption, the former Yugoslav Republic of Macedonia**  
This project aimed to strengthen the work of the main body responsible for preventing corruption. However, it did not address the fact that the State Commission for Preventing Corruption was not in a position to exercise its mandate effectively in the face of inadequate commitment by the national authorities, a lack of independence on the part of its senior management and insufficient resources.

### Presenting the meta-audit on the spot

Furthermore worth mentioning is that the special report had an unusually wide coverage, not only in Brussels and in the media focusing on EU affairs, but also in the Western Balkan region itself. This was also due to the audit team's efforts to present the report not only to the usual institutional players like the Budgetary Control Committee in the European Parliament and in the EP and the relevant Council formation, but also to stakeholders on the spot. Therefore, we the results of the meta audit for example during the European Union-Serbia Stabilisation and Association Parliamentary Committee (SAPC) meeting in Belgrade in September 2016, to the Regional Cooperation Council (RCC) Board meeting in Sarajevo in October 2016 and to Members of the Parliament of Montenegro in March 2017.

### The role of a regional approach

The report's politically perhaps most important message (and last recommendation) is that the regional approach within the pre-accession assistance should be further strengthened. This is an extremely important recommendation for a region that is still characterised by ethnical, religious, and social tensions, and which had to endure hardship even in recent times due to the various crises linked to politics, economics, and migration. Regional approach therefore means that the EU does not support these countries exclusively on a one-by-one approach, but also supports and encourages a holistic regional approach within its pre-accession policy and funding. Regional approach in this context means enhancing inter-connectivity, regional cooperation, as well as strengthening administrative capacity in the region as a whole, notably through the Berlin process (see below) and several regional frameworks and organisations.

Luckily, there are already a number of regional initiatives in place, such as the already mentioned RRCC and the Regional School of Public Administration (ReSPA). The meta-audit covered these initiatives. Moreover, the trend seems to be favouring this development in recent years: the meta-audit reported that 23% share of the total IPA funding for the 2007-2013 period was used for explicit regional programmes, while this figure was 41.5% in 2017 alone.

### Regional approach and the Berlin Process

Strengthening regional cooperation is also an important message of the Berlin Process. This initiative, launched by the German Chancellor Merkel in 2014, aims at stepping up regional cooperation in the Western Balkans and aiding the integration of these countries into the European Union. As the initiative officially states the process is taking place with support of the European Commission, international financial institutions and the Member States involved in the process – Austria, Croatia, France, Germany, Italy, Slovenia and the United Kingdom. It is

### Main conclusions of the meta-audit

The ECA concluded that the EU pre-accession assistance was broadly effective and that IPA I, the first 'Instrument for Pre-accession Assistance', partly strengthened administrative capacity in the region, despite considerable shortcomings inherent to the national authorities in the Western Balkans. With regard to the Commission's management, IPA I objectives were not always specific and measurable. Programmes and projects were based on needs but some beneficiaries' assessments in the rule of law sector showed considerable shortcomings. The absorption of IPA I funding was hampered by weak administrative capacity in some countries and, in the case of decentralised implementation, strict requirements linked to the management of EU funds.

supplementary to the individual countries' institutional EU integration process.

This year, the annual summit related to the Berlin Process took place in July in London. Important to note is the Joint Declaration of the summit's leading participants says that further progress in developing regional cooperation structures is welcome and commended. Without overestimating the meta-audit's importance, it is good to see that we were thinking in the same direction as several leaders of the EU, namely in the direction of the necessity of a holistic approach towards the Western Balkans.

### Signs of hope for a continuous peaceful neighbourhood

It is clear that there is still a long way to go for the countries of the Western Balkans on the path towards the EU. However, contrary to previous times, where the difficulties prevailed, today, there are some signs of hope for a peaceful settlement of at least some of the tensions. These include solving the name debate at the upcoming referendum in Macedonia on the country's official name and the bilateral negotiations on a peaceful land swap based on mutual understanding between Serbia and Kosovo. From our side, with all these activities and regional programmes, it seems rather likely that there will be another ECA audit covering the Western Balkan region.





## Auditing Turkey: from EU pre-accession to migration management

By Alejandro Ballester Gallardo,  
External Action, Security and Justice Directorate

Turkey has been the largest recipient of the EU Instrument for Pre-accession Assistance (IPA) since many years. More recently, the EU and Turkey signed an agreement which provided additional financial support for Turkey hosting refugees coming mostly from Syria. Alejandro Ballester Gallardo, principal manager at the ECA who managed the recent performance audit of the IPA aid, explains the differences and connections between the IPA instrument and the facility for Refugees in Turkey, set up in 2016. Dennis Wernerus, currently heading the Private Office of Annemie Turtelboom, ECA Member and previously head of task in the audit of IPA in Turkey, provides details for the audit methodology used.

### Why did the ECA audit Turkey?

Located at the crossroads between Europe and the Middle East, the Republic of Turkey has been a candidate for EU membership since 1999. With over € 9 billion from the Instrument for Pre-accession Assistance (IPA) for the 2007-2020 period, Turkey is the main beneficiary country of EU aid outside the EU.

Throughout this time, Turkey's EU accession process has experienced many ups and downs. Since the attempted military coup of July 2016, when Turkey imposed a state of emergency and carried out extensive dismissals and detentions, Turkey's future accession to the EU has become even more uncertain. In fact, in November 2016 the European Parliament called on the Commission and the EU Member States to initiate a temporary freeze in the ongoing accession negotiations with Turkey.

Also in 2016, the EU Heads of State and Turkey agreed on the EU-Turkey statement. The aim of this political agreement was to end illegal migration flows from Turkey into the EU. With the closure of Turkey's borders, the number of arrivals into the EU dropped by 97%. Turkey actually hosts the largest refugee population in the world: nearly 4 million people, 3.5 million of whom are Syrian. To help the Turkish government address the basic needs of these refugees and their host communities, the EU set up the Facility for Refugees in Turkey (FRiT) with an initial budget of € 3 billion for the 2016-2017 period, and the possibility of a further € 3 billion by the end of 2018.

Given the above, it is not surprising that the ECA's work programme included several audits related to Turkey, both as a candidate country and as a key partner in migration management. This year was also the right time to look at these areas, since our assessment of the effectiveness of the IPA can shape the ongoing political debate about whether the repressive post-coup measures in Turkey have resulted in backsliding in the reform agenda that the EU has supported for the last 20 years. Our report will also be of use for the European Commission's mid-term review of IPA II. Similarly, our assessment of the value-for-money of the first tranche of the FRiT before the end of 2018 could help to improve the design and implementation of the second tranche.

Two audit teams of four ECA auditors each (headed by Dennis Wernerus and Cyril Messein) spent one year, including several weeks in Turkey, meeting government authorities, the EU Delegation, other international institutions (such as the UN), refugees, civil society organisations, and the beneficiaries of a sample of 25 EU-funded projects across the country.

### **Auditing Turkey as a candidate country**

Being the largest IPA beneficiary country, Turkey is frequently audited by the ECA as part of its annual statement of assurance. For example, each year since 2013 the ECA has audited the regularity of the construction, service and work components of a total of 40 IPA projects. This means that we already have extensive knowledge of the financial management of IPA funds in Turkey. At the same time, our most recent performance audit of the effectiveness of IPA funds in Turkey dates from 2009.

An important part of our work was therefore to assess what the EU programmes and projects had achieved in terms not only of results but also of sustainability. We also examined whether EU pre-accession assistance had been effective in advancing the reforms that were needed most for EU accession. We looked at priority sectors such as the rule of law, governance and human resources. The main reason for this was that these sectors form part of the EU's fundamental values and were most likely to be affected by the post-coup measures. Furthermore, the current political and humanitarian context has placed the EU in a rather awkward position vis-à-vis Turkey; on the one hand, the EU has committed itself to accompanying Turkey's accession process, which entails pushing reforms in politically sensitive areas. On the other hand, it needs a cooperative and willing partner to reduce illegal crossings into the EU. The review of independent assessments helped us to identify the reforms needed in these priority sectors. We then looked at the reforms actually funded by IPA in order to identify any gaps.



The ECA published special report 7/2018 in March 2018 and concluded that IPA funds had barely addressed a number of fundamental needs, such as the independence and impartiality of the judicial system, high-level corruption, press freedom, and support for civil society. Furthermore, in areas where there was political will and reforms had actually progressed, the sustainability of the results achieved was at risk, e.g. due to large-scale dismissals of public officials who had been trained with EU funds. The fact is that capacity-building is an important component of all EU pre-accession assistance, so high staff turnover in the public administrations of candidate countries can seriously undermine the sustainability of IPA.

The report received considerable public interest, with more than 1000 online news articles and social media posts referring to it. The reporting ECA Member, Bettina Jacobsen, presented the report to the European Parliament's budgetary control committee in April 2018, and the committee endorsed its recommendations. In September 2018, the Council's Working Party on Enlargement underlined in its draft conclusions *'the relevance of the findings of this audit for the management of IPA for the beneficiaries, the mid-term review of IPA II, the current discussions on the proposal establishing IPA III as well as for the wider enlargement process'*.

As things stand, uncertainties over Turkey's accession process remain. The Council and the European Parliament cut Turkey's pre-accession funds for 2018 by EUR 105 million, with an additional EUR 70 million of previously announced spending held in reserve.

### Auditing Turkey as a partner for migration management

On the same day as the ECA published Special Report 7/2018 on EU pre-accession assistance to Turkey, and four months after the EU cut IPA funds for Turkey, the Commission announced the release of the second EUR 3 billion tranche of the Facility for Refugees in Turkey (FRiT). Some of this amount comes from unspent IPA funds.

The Facility was set up in 2016 as an innovative mechanism with the aim of coordinating and streamlining actions financed from the EU budget and bilateral contributions from EU Member States. Finding the best time to examine the FRiT was not easy. One reason to commence the audit as soon as possible was the date of its second tranche, scheduled for 2019. This meant that our report had to be published in 2018. The complicating factor was that the actions funded under the non-humanitarian strand of the Facility, such as hospitals and schools, require between three to four years to be completed, meaning that projects would not have advanced sufficiently in 2018. In the end, the ECA decided to launch the task in October 2017 with a focus on the humanitarian strand of the FRiT, which accounts for approximately 50% of the Facility's budget and funds emergency projects with a shorter lifespan.

A significant share of FRiT funding is channelled through IPA. This means that, to some extent, migration-related funds in Turkey also follow the same procedures and rules as EU pre-accession funding. However, as a candidate country, Turkey is the final recipient of EU funds and has a relatively clear framework of standards to comply with. These are

### Methodology used to assess effectiveness of IPA implementation in Turkey

By Dennis Wernerus,  
Head of Task for the IPA audit of Turkey

We considered that the IPA's implementation was effective when it delivered the intended project outputs without significant delays, and produced sustainable results. In order to assess this, we first selected three sectors among the many sectors prioritised by the EU:

- Rule of law (fundamental rights, justice, home affairs)
- Governance (civil society, public administration reform, public finance management)
- Human resources (education, employment and social policies)

Taken together and only for IPA I, these three sectors amounted to €1.5 billion in terms of contracts. We focused on the performance of the IPA's management by the Turkish authorities, because they actually manage around 85% of all IPA funds in Turkey. We selected 15 projects from the above three sectors, which together amounted to €112 million, and assessed their performance. We also reviewed the various audit and monitoring reports produced by the Commission, the EU delegation in Turkey and the Turkish authorities. Whenever feasible and possible, we tried to take account of the views of those who implemented and benefited from the projects, i.e. the Turkish authorities, international organisations, civil society organisations and other recipients of EU funds.

Once we had identified the sectors to be audited, we used data-analysis techniques to search for related projects in the Commission's databases. Projects were selected on the basis of their relevance to the *acquis*, the representativeness of the sector, geographical spread and, most importantly, the level of implementation, the aim being to ensure that results could actually be audited. This also explains why there is no IPA II project in our sample: such projects had either not yet started, had started but were not relevant to the *acquis* (e.g. projects in connection with FRiT), or were still at a very early stage when the audit work was carried out.

defined under each of the 35 chapters of the EU *acquis*. This applies less to the migration file, where the Turkish authorities have a stronger say about refugees' needs, where the EU aid should be allocated, and who should deliver it and how. We had to take this difference into account when developing our audit criteria, e.g. for assessing the relevance of EU actions.

Beyond its considerable public and political significance, auditing the FRiT provided a valuable learning experience. Firstly, as regards the setting-up, coordination and value-for-money of a new emergency response mechanism, which may be replicated in the future to cope with similar crises; secondly, as an in-depth examination of a major programme under the humanitarian strand of FRiT, the Emergency Social Safety Net (ESN). With a budget of € 1 billion, the ESN was implemented by the World Food Programme in collaboration with the Turkish authorities, and is the EU's largest-ever humanitarian programme, providing cash assistance to 1.3 million refugees living outside the camps. The Commission estimates that more than 30% of its emergency relief is cash-based assistance, the ESN being the EU's flagship programme. Our audit covered the ESN's internal controls, its cost structure, the reliability of basic beneficiary data, and the results achieved. Our work on Turkey thus also provided valuable benchmarks for assessing other cash-based assistance programmes. The special report related to the audit is due to be published towards the end of 2018.

### Changing dynamics of the EU accession process

In sum, Turkey is the largest recipient of EU pre-accession funding. In addition to longstanding security and commercial ties with the EU, Turkey has emerged as a key partner to help the EU stop illegal migration. Indeed, the EU money allocated to Turkey for migration management has, in the space of only four years, surpassed total pre-accession funding for the last 14 years combined. It is therefore no surprise that this has substantially influenced EU-Turkey relations, and also affects the dynamics of the EU accession process. The question now is whether the need to work together on migration will serve as an opportunity to re-activate and enhance the accession reform agenda, or will actually slow things down as the focus shifts towards migration. Through our audits, we intend to provide an objective analysis of the progress achieved in both fields at this crucial time.

# A man, a dog and an EU-funded four-wheel drive: auditing in the field

By Jussi Bright, Investment for Cohesion, Growth and Inclusion Directorate I

ECA auditors regularly go out into the field to check the situation on the spot, e.g. in candidate countries or potential candidate countries. Often enough, this leads not only to relevant findings about the way EU financial support is used, but also to interesting experiences and anecdotes. Jussi Bright shares one of his field experiences when he was head of task for an audit assessing the performance of EU aid for justice and home affairs projects in the Western Balkans.



Source: ECA

## Auditing the results of the integrated border management programme

When I see this photo that was published in ECA special report 12/2009 on the effectiveness of justice and home affairs projects in the Western Balkans, one particular story of an audit in the field comes to mind. Justice and home affairs projects deal with integrated border management (IBM), and judiciary and police matters. In this case, I was auditing an IBM project on the Greek-facing border of the former Yugoslav Republic of Macedonia.

A modern IBM strategy is based on four key principles: communication, intelligence, mobility and fire power. To help implement this strategy, the European Commission provides aid for pre-accession countries in the form of technical assistance and equipment. Our role was to examine whether the programme's intended results had been achieved and sustained: in other words, whether illegal border crossings could be detected more easily. In this specific case, I audited the 'vehicles for border police' project, as exemplified by a four-wheel drive jeep to increase the mobility of the border police.

## Visuals bringing back memories

First of all, I should stress that it was quite a challenge to include the above photo in the report. While there was general agreement that our audit reports could benefit from more visuals, critics said: 'Of course Mr Bright wants this photo in the report: he's in it!' My response was that although this is technically correct, it is mainly my back that is visible in

the picture and I doubt whether even my Mum could recognise me. I recall adding: 'You can call it vanity, but the idea of a photo is to show the public that unlike many other audit offices, the ECA generally goes on the spot to check project results, be they motorways in Poland, jobs created by SMEs in Portugal, or a four-wheel drive vehicle in operation on the EU's external border.'

I also recall that this border section was my second choice for a visit; I actually wanted to visit the border facing Kosovo.\* 'Sorry, no: too dangerous,' said Paul, the EU project manager in Skopje. 'I hope you're not trying to keep me away from some interesting audit findings,' I quipped. Then Paul showed me a border police vehicle that had been ambushed recently and suggested going to Gevgelija on the Greek border. I thought this was an excellent idea...

### **A man, a dog and an empty field**

It turned out that visiting Gevgelija was not a bad choice at all. There were many illegal border crossings happening there. Almost exclusively, these involved Macedonians crossing the border to work on Greek farms. While we were standing on the border, the border police (the man in green) suddenly got a call: somebody had been arrested. We all jumped into our jeeps. With adrenalin coursing through my veins, I wondered what to expect: something serious involving an organised crime syndicate, perhaps? No: we found an old man and a young dog sitting in the middle of an empty field. The man was sad, but the dog was clearly enjoying the unexpected attention. Against all expectations, the man was Greek; the dog, however, was Macedonian. That was the key to the mystery: the man was a recreational hunter and needed a new hunting dog. A trained dog is worth thousands of euros in Greece, but is much cheaper on the other side of the border. To save some money and avoid veterinary checks, he had crossed the border illegally, but was caught returning back home. So no thrilling story, but something rather down to earth, albeit illegal.

### **From field work to case study**

We let the police get on with the paperwork, as we had to rush back to Skopje to meet the Minister of the Interior (an audit mission in the field can also include such encounters). The news was faster than us, however, and the Minister greeted me with open arms, referring to our recent finding in the field and praising me for keeping a cool head in such a situation. I thanked her for her warm words, but was thinking of the statistical likelihood of what had just happened. All this had occurred at the exact time the ECA auditors were there. Well, at least I had a nice case study based on a true story for my next training course on the auditor's sceptical mind. If you want to know more about our findings on the effectiveness of EU support for border management in the Western Balkans, the full tale is available in special report 12/2009.

\* This designation is without prejudice on status and is in line with UNSCR 1244 and the International Court of Justice opinion on the Kosovo declaration of independence.

# SIGMA fostering strong public institutions towards EU membership

By Bianca Brétéché, SIGMA Programme at the OECD

When you have a closer look at capacity building in candidate countries a name that quickly pops up is SIGMA, a joint initiative of the Organisation for Economic Co-operation and Development (OECD) and the European Union, principally financed by the EU. What does SIGMA actually do, including regarding audit, and how does it relate to activities the ECA undertakes with Supreme Audit Institutions (SAIs) in (potential) candidate countries. Bianca Brétéché, working as Senior Advisor public financial management and external audit in the SIGMA programme at the OECD, replies to these questions and why developing SAIs is so important.



## The Principles of Public Administration

2017 edition

Source: OECD

### Challenge of institutional transformation

SIGMA - these five little letters stand for 'Support for Improvement in Governance and Management' and are the name of an amazingly successful, long-term joint initiative of the OECD and the EU for more than 25 years now. Since I joined this programme ten years ago I have felt privileged to have the chance to work in the international environment provided by the OECD in one of the most beautiful cities in the world: Paris! On top of this, working in the most interesting and extremely rewarding field of international co-operation for public governance and institutional capacity building for EU integration.

After the fall of the Berlin wall, the breakdown of the USSR and the iron curtain, when the door opened for integrating Central and Eastern European countries into the EU, most international organisations were counting on their economists to help those countries with the necessary economic reforms. But the OECD and the European Commission were convinced that one of the biggest challenges for transformation of these countries would be institutional. With this conviction, they established the SIGMA programme in 1992 to help countries transform and reform their public administrations to prepare them not only to *become* members of the EU but to *be* strong and reliable members.

The specific feature of the SIGMA programme is that we work in horizontal areas of public administration: policy development and co-ordination, public service and human resource management, accountability of the administration, service delivery and public financial management, including public procurement and external audit, and the strategic framework of public administration reform. Some years ago, together with the European Commission, we developed the 'The Principles of Public Administration'<sup>1</sup> and a measurement framework that allows the evaluation of progress in public administration reform against these Principles.

### Peer-to-peer basis

We work on a peer-to-peer basis, which means that all SIGMA senior advisors have long-standing, practical public administration reform experience in an EU member state. Several of our colleagues nowadays come from countries that joined the EU in 2004 or 2007 and bring their own, personal experience with the EU integration process of their home countries.

Personally, I'm from Germany, born, raised and educated in the Western part. After my legal training I became a civil servant in one of the German states, Brandenburg, only a few years after the German re-unification. There I experienced first-hand the challenges of the transition of the public administration from a socialist country to an open market state. The majority of my colleagues in the Court of Accounts of Brandenburg had started their career in the former German Democratic Republic. After the re-unification, they suddenly had to understand the completely different state model of Western Germany, familiarise themselves with a fully-fledged set of laws and regulations and apply them correctly in their day-to-day work. I have to admit that as a young lawyer, trained in Western Germany, at the time I often didn't understand well the queries of my colleagues, but looking back now I realise that this experience has helped me a lot to understand the problems of EU candidate countries and potential candidates.

### SIGMA and external audit: spin-off not only for developing SAIs

So, what does SIGMA do and how does it help to develop strong and efficient state audit institutions, fit to play their role as watchdogs of national and EU money? For the audit area, we usually have 2-3 colleagues to cover 19 countries (since 2008 SIGMA also works in the EU Neighbourhood countries). This is of course impossible without the help of a large network of external experts, who include senior people from EU member state SAIs or the ECA, whether active or retired. Together with us, these experts travel and work with our partner colleagues in areas such as developing strategic plans, reviewing legislative frameworks, advising on audit manuals and guidelines, providing training for specific audit issues. Moreover, we sit down with managers and presidents of SAIs to think about best ways to strengthen the role of the SAI in their countries and also for the EU integration process.



Source: OECD

<sup>1</sup> <http://www.sigmaweb.org/publications/principles-public-administration.htm>.

SIGMA also continues to support the Network of SAIs of candidate countries and potential candidates and the ECA, through organising roundtables, workshops and training. This work sometimes includes comparative studies such as the SIGMA paper on 'Developing effective working relationships between SAIs and Parliaments'<sup>2</sup> that we drafted with the help of Jan Pieter Lingen, a former ECA staff member, and which was published in 2017.

Interestingly this study, which was commissioned by the SAI Network for their purposes, also received very positive feedback from member state SAIs and the wider international community. This shows that the questions addressed in the document and the toolkit, based on practical experiences, are also interesting and inspiring for developed and mature SAIs. It is an experience that we find frequently: the EU integration process brings up and spells out challenges that EU member states face as well, and some of the solutions found nowadays in EU candidate countries and potential candidates can also serve very well within the EU.

SIGMA is of course only one small player among other EU support, like Twinning, Technical Assistance and TAIEX, the Technical Assistance and Information Exchange instrument of the European Commission. But I think the joint efforts pay off: our regular assessment of reform progress<sup>3</sup> that is published on our website shows that SAIs are clearly one of the stronger, better-managed public institutions, and are more trusted by citizens, in the current EU candidate countries and potential candidates. This also gives them a unique opportunity to support the EU integration process with their audit work, for example by realising performance audits that provide governments and parliaments with insight about important reform processes for EU integration.

### **Ongoing challenge: from design to implementation**

Today more than ever, I believe in the importance of strong public institutions and in our responsibility to help the countries that strive to become members of the EU to strengthen their public administration, including the SAIs. The legal frameworks for solid institutions are mostly in place now. The current and future challenges are their full implementation. Additionally, we need to continue to provide particular support to the SAIs in finding appropriate ways to deal with their sometimes very difficult political environment, as well as the frequently misleading expectations of their parliaments and citizens.

<sup>2</sup> <https://doi.org/10.1787/d56ab899-en>

<sup>3</sup> <http://www.sigmaxweb.org/publications/monitoring-reports.htm>



# EIB in the Western Balkans: how the EU Bank helps countries towards accession and EU integration

By Matteo Rivellini, Lending Operations in Slovenia,  
Croatia and Western Balkans, European Investment Bank

Railway in Montenegro.

Source: EIB

The European Investment Bank, or as they like to call themselves, sometimes also called the "EU Bank," is the world's largest multilateral lender and borrower, including providing inter alia funding for many projects within the EU and implementing one of the key initiatives of the Juncker Commission, the European Fund for Strategic Investments. But what does the EIB do for (potential) candidate countries? Matteo Rivellini, as Head of Division in the EIB responsible for the Bank's operations in Croatia, Slovenia and the Western Balkans, gives an overview on what the EIB does, particularly in the Western Balkan countries and how it ties in to EU policy initiatives.

## The Western Balkans – a key priority for the EIB group

The Western Balkans is a key priority for the EIB Group, consisting of the European Investment Bank and the European Investment Fund. Since 2007, the EIB Group has financed projects totalling over € 8 billion in the region. For comparison: In 2017, the EIB Group provided more than € 78 billion for long-term investment in projects across Europe and around the world. The EIB's regional activity follows the EU's objective of helping the Western Balkans towards accession and rapid integration into the EU.

## Financing from transportation to environmental protection

Our work in the Western Balkans is broad, from building roads and railways, to investing in energy and digitalisation projects. We are working actively to improve the region's physical, human, and economic connections both with the EU and within the region. However, there is more to do. The quantity and quality of infrastructure in the region is low, well below the level found in the EU. According to the IMF, the average infrastructure development in the Western Balkans is about 50% lower than the EU average, ranging from approximately 30% in Serbia to almost 70% lower in Albania.

This issue is observed across a number of sectors. In transport, Western Balkans countries have on average 54 kilometres of roads per 100 square kilometres of land, compared with 126 kilometres of roads per 100 square kilometres in the Central and Southeast European countries in the EU, excluding Romania and Bulgaria. In response, the EIB is financing roads in the region including those on the so-called



priority corridors in Serbia and the Former Yugoslav Republic of Macedonia, and in Bosnia and Herzegovina. To develop a more sustainable and diverse regional transport system, several new rail operations are also under consideration. This includes supporting Montenegro's national railway network upgrade along the Bar-Podgorica-Vrbnica line forming part of the Orient/East Mediterranean Extended TEN-T core corridor.

Concerning energy, power generation in the Western Balkans largely comes from lignite coal power plants (over 55%) and hydropower (over 35%). While domestically mined lignite provides the region with supply security, this form of coal emits significant levels of greenhouse gas and other pollutants. Wind, solar and other energy efficiency projects have a large untapped potential in the region. Given the lignite-rich context and the green EIB energy lending policy, the Bank's energy sector lending represents a small share of our work in the Western Balkans (about 4% compared to 15% within the EU). We are exploring opportunities in energy efficiency and renewable energy to make the region greener and more sustainable. For example, the EIB is participating in the European Commission-led pilot programme to boost energy efficiency in Serbia and is appraising potential investments in wind farms.

The EIB is also active in other vital sectors that promote key regional objectives such as manufacturing, research and development, and environmental protection. In Serbia, we have provided € 500 million to Fiat Chrysler Automobiles (FCA) to refurbish, modernise and expand the company's automotive plant in Kragujevac. This has increased production capacity from 30,000 vehicles to over 180,000 vehicles. Also in Serbia, we have provided € 200 million of financing to support public sector research and development to promote innovation and science literacy in the country. In Bosnia and Herzegovina, following the 2010 Sava river basin floods, the EIB have financed flood defence facilities along the Sava river and its tributaries to protect people, houses and industries in the area from future flood damage.

All of this work is assisted by the EIB's central role in the EU's Western Balkans Investment Framework (WBIF). This unique partnership between the European Commission, International Financial Institutions (IFIs), EU Member States and our Western Balkans partners, is highly effective in supporting the region through blending EU grants and IFI financing.

### **Stimulating SME development**

The EIB does not only support infrastructure projects. Ensuring investment of small and medium-sized enterprises (SMEs) is also a core part of our business. Western Balkans countries have fewer SMEs than the EU, according to population size (30 SMEs per 1,000 people compared with 47 SMEs per 1,000). Yet, SMEs contribute towards over 65% of value added in the region. These small businesses generally need more support for longer-term financing where impediments are often related to high collateral requirements.

The EIB helps by lending to local banks and other intermediaries, which subsequently 'on-lend' to SMEs and midcaps. Since 2007, the EIB has provided over € 3.1 billion of financing to intermediaries in the region. In 2017 alone, the EIB Group financed over 800 SMEs generating more than 45,000 jobs in the Western Balkans. This work is reinforced by our participation in lending facilities such as the Western Balkans Enterprise Development and Innovation Facility (WB EDIF). WB EDIF provides financial instruments for SMEs such as loan guarantees. To date, € 275m has been invested into the programme and 4,600 SMEs are to be supported under WB EDIF.

### Accountability and cooperation with other European institutions

We strive to demonstrate to EU citizens that we have their best interests at heart and are accountable to them. We are committed to good administration and delivering positive results as laid out in our corporate responsibility. Our robust accountability framework ensures the right to be heard and the right to complain by any EIB stakeholder who believes we have failed to honour these commitments, for example through the Bank's Complaint Mechanism.

In line with good governance, we strive towards constant improvement in all aspects of performance, and our Operations Evaluation (EV) forms an important part of this. EV carries out independent ex post evaluations of EIB and EIF activities, looking at relevance, effectiveness, efficiency and sustainability, with two aims:

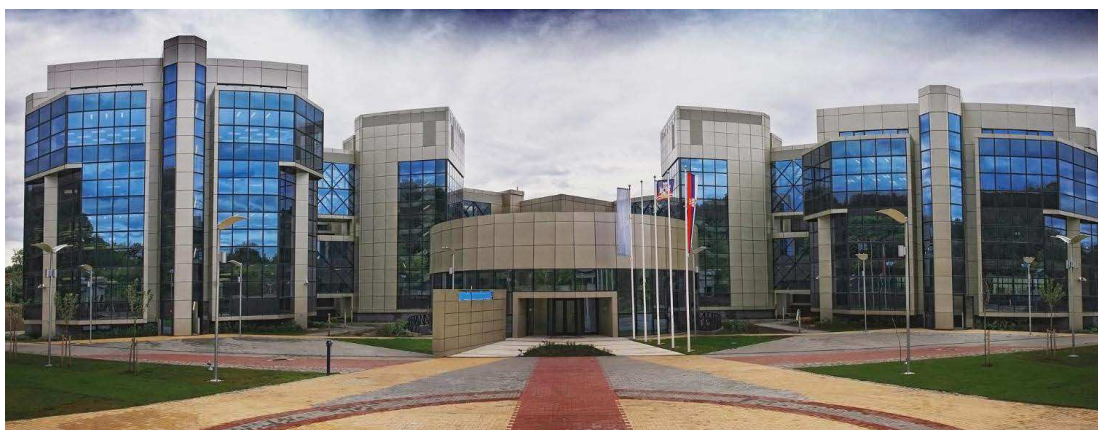
- Accountability: to assess whether our activities have been in line with our policy mandates and the strategies that have derived from them, and if these activities have delivered as expected.
- Lessons learned: identifying possible areas of improvement that can be applied to Group activities to increase performance in the future.

Furthermore, we maintain close working ties with the other members of the family of EU institutions in pursuit of the Union's objectives. In particular, we have a strong and fruitful cooperation with our colleagues from the European Court of Auditors: in accordance with Article 287(3) of the Treaty on the Functioning of the EU (TFEU), the European Court of Auditors can audit loan operations under the mandate conferred by the EU on the Bank, as well as the operations managed by the Bank that are guaranteed by the general EU budget.

### Financing for the future: going beyond the traditional projects

As we look ahead, the EIB Group will continue to support important projects in the region. In 2016, the EIB launched the Economic Resilience Initiative (ERI), following a request from the European Council as part of a joint response to the refugee and migration crisis. ERI is addressing social and economic infrastructure gaps and stimulating private sector-led growth by increasing the EIB's financing in the Southern Neighbourhood and Western Balkans from the € 7.5 billion already envisaged to € 13.5 billion over a five-year period.

ERI, alongside our other activities, represent the EIB's continuous commitment towards enhancing the prosperity of the Western Balkans. Our support will contribute to the on-going economic and social stabilisation of the region. Moreover, in the context of this year's Bulgarian and Austrian Presidency's of the Council of the EU, which have placed the region's enlargement as a priority, our support is fully aligned with helping our Western Balkans partners on their paths towards EU accession.



Source: EIB



## The EBRD and the road to EU accession

Corridor Vc Zenica bypass in Bosnia Herzegovina.

Source: EBRD

By Zsuzsanna Hargitai, Western Balkans Directorate of the EBRD

Bringing (potential) candidate countries up to gear to meet the criteria for EU-accession is a challenge. Almost all of these countries have sought and continue to seek external support. Since 1990, the EBRD is an important provider of such support. Within the EBRD Zsuzsanna Hargitai is, as director, responsible for the investments and assistance provided to Western Balkan countries. Her contribution provides not only an overview of what the EBRD does in the Western Balkan countries aiming for EU membership, but also insights in how this can lead to concrete changes on the ground or support to specific organisations.

### Western Balkans: EU membership challenges creating opportunities

While the approximation process between Turkey and the EU is currently seeing little progress, preparations for membership of the European Union are gaining momentum in the Western Balkans. The six countries of the region – Albania, Bosnia and Herzegovina, FYR Macedonia, Kosovo, Montenegro, Serbia – are making serious efforts to fulfil the Copenhagen criteria. Thanks to its mandate, which combines investment with policy engagement, the European Bank for Reconstruction and Development (EBRD) is ideally placed to play an important role in this process.

The Copenhagen criteria, defined in 1993, are the rules that define whether a country is eligible to join the European Union. They start with political criteria for guarantees for democracy, human rights and the rule of law. Another key criteria is to have a functioning market economy. The final key criteria is to have the administrative and institutional capacity to take on the obligations of EU membership.

The approximation process is taking place on two levels: investment and reforms aim to strengthen the economic performance of and governance in the Western Balkans countries. The challenges are serious. For example, the competitiveness of many firms remains below the levels seen in previous accession countries. Productivity is often low and access to finance is frequently difficult, especially for small private enterprises, the most vibrant economic agents. After years of underinvestment, the region's infrastructure needs a massive overhaul. But this illustrates that in every challenge there is also an opportunity: new connections can now be built that will integrate the Western Balkans ever more effectively into global trade flows.

### Investment

The EBRD is a leading investor in all EU pre-accession countries, with a strong local presence and a track record of operating efficiently and effectively. We invest in all sectors of the real economy, and also in reliable municipal services and transport which contribute to improving the lives of millions of people. In the Western Balkans alone, our total cumulative investments to date amount to €10.7 billion in more than 600 projects, the majority of these in the private sector.

Our work benefits from a longstanding cooperation and strategic partnership with the European Union, one of the EBRD's founding shareholders and its largest bilateral donor. In many EBRD investments in the Western Balkans and Turkey we blend our financing with EU grants. During the period 2014-2017, the EBRD signed a total of €284.6 million in IPA grants, leveraging such grants to achieve over €3 billion of investment.

Through the EBRD's participation in the Western Balkans Investment Framework (WBIF), which pools resources from the EU, 20 bilateral donors, recipient countries and financial institutions, we focus on transport and infrastructure projects, greener economies and on advancing the competitiveness of small and medium-sized enterprises (SMEs). Good transport infrastructure is vital for well-integrated economies to boost their regional and international trade.

The Western Balkans economies remain far behind EU countries in energy efficiency: when measured per unit of GDP, the six countries consume on average 37% more than the EU average. The EBRD provides funding and policy engagement to address this challenge.

EBRD environmental projects, again combining investment with policy measures, help improve standards in the countries of Western Balkans and progress them towards EU *acquis* in the areas of wastewater and solid waste management. Now all capitals in the region have joined the EBRD's Green Cities programme, leading to strategic plans and prioritised investment to clean up cities and improve the everyday life of their residents.

SMEs are crucial for the economic success and prosperity of the EU accession countries. However, access to finance remains a major obstacle for their growth and competitiveness, together with a lack of adequate business skills and standards. The EBRD, with EU funding, tackles these issues by providing finance and advice. The EU-EBRD SME competitiveness programme is being rolled out across the region.

The EBRD is also seeking to address specific, underserved SME market segments. The Bank's specially designed 'Women in Business' programmes combine loans with the provision of know-how tailored to promote women's entrepreneurship by helping women-led small and medium-sized enterprises.

### Policy engagement

The challenges that EU accession countries face are not only economic. Weak institutions, insufficient transparency and a difficult business environment are widely recognised to be key factors that are holding back the region's economic development. The EBRD is addressing these issues head-on.

We do this through technical assistance and business advice on adopting EU standards and through policy reform dialogue to advance efficiency and transparency in public institutions. With our Investment Climate and Governance Initiative the EBRD promotes reform initiatives in areas of economic governance that affect the private sector by improving the investment climate.

### Example in transportation

The EBRD is working with the EU on the upgrade of the Tirana-Durres rail line and a new link to Tirana International Airport in Albania, as well as Corridor Vc in Bosnia and Herzegovina, a vital artery that connects the Western Balkans with western Europe. Between 2018 and 2020, the EBRD will invest up to €700 million in Corridor Vc alone.

### Examples in energy

The EBRD promotes energy efficiency in industries and residential buildings, through EU-supported credit lines under Green Economy Financing Facilities, in cooperation with local commercial banks. The most recent example is in Serbia, where in September 2018 we signed with UniCredit Bank a Dinar 600 million loan for investments in private homes to improve energy performance and generate savings.

In Bosnia and Herzegovina, thanks to an EBRD loan and WBIF grant, the city of Zenica will refurbish its hospital, which cares for 300,000 patients a year, by introducing energy saving and anti-flooding measures. The investments will result in energy savings of more than 60% and reduce CO<sub>2</sub> emissions by up to 80%, while patients will receive better service.

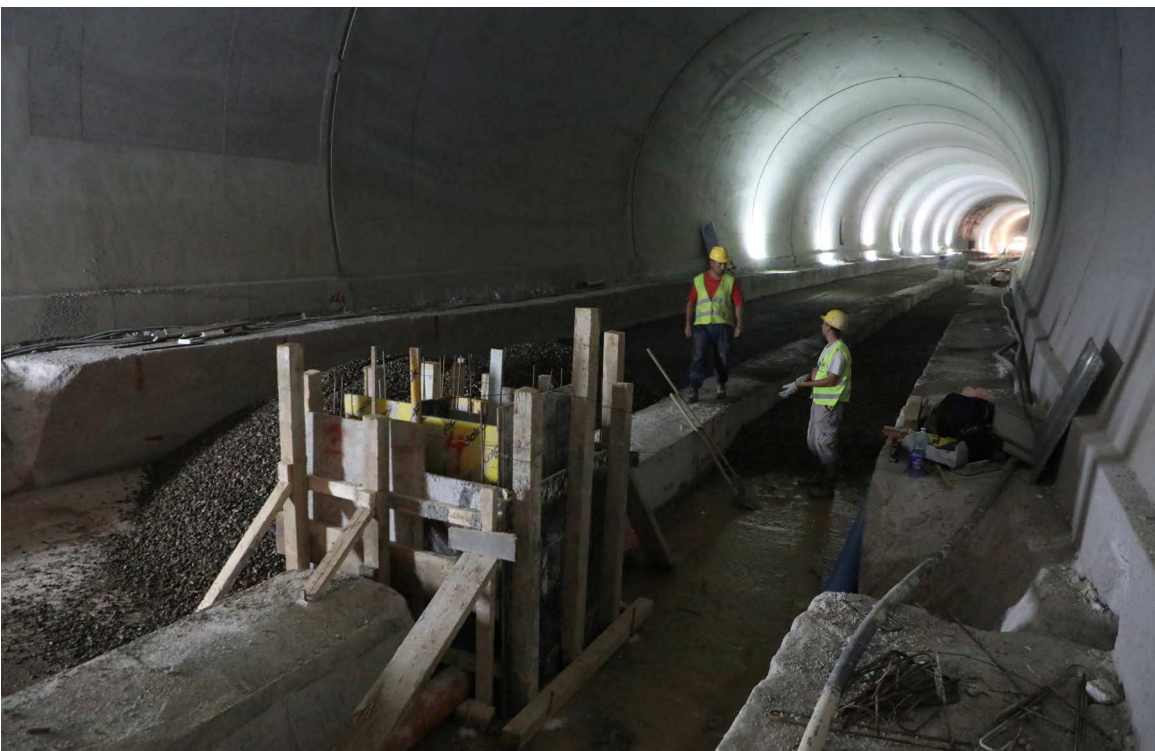
In the Western Balkans we have over 30 such projects in a wide range of areas: encouraging transparent public procurement, establishing platforms for public-private sector dialogue, improving governance in state-owned enterprises, streamlining business inspections, building judicial capacity, introducing alternative dispute resolutions system (including commercial mediation), and more.

Enhanced cooperation stimulated through harmonisation  
While many investment in climate challenges in the Western Balkans are national in scope, there is a strong rationale for a complementary approach that promotes regional convergence as a way to address shared obstacles. The harmonisation of laws and practices across the Western Balkans countries will promote enhanced regional cooperation and integration, as well as supporting the governments' EU approximation goals, including in the context of developing a Regional Economic Area and single 'investment space' for the region.

A concrete example of how we deliver is the Regional Investment Platform ([www.investinsee.com](http://www.investinsee.com)), a new electronic one-stop shop for foreign investors interested in the Western Balkans. It was developed by the regional chamber of commerce, the Chamber Investment Forum, established in July 2017 and bringing together the national chambers of the six Western Balkans countries. The goal is to facilitate market access and raise the region's attractiveness to foreign direct investment which remains behind inflows which have been registered in regions with similar. For the EBRD this is a signal to deepen our engagement and work to attract more investors. This is also why we are pleased to be holding our 2019 Annual Meeting and Business Forum next May in Sarajevo, where we expect to welcome more than 2,000 business and other guests to discuss investing in the Western Balkans.

### Example in public procurement

We worked with the Serbian government to support the reform of public procurement and strengthen the institutional capacity of Serbia's Republic Commission for the Protection of Rights in Public Procurement Procedures. In Albania, the EBRD is providing capacity-building in the Prime Minister's Office, the Albanian Competition Authority, and the Bank of Albania, on corporate governance in the banking sector. In addition, the EBRD has supported anti-corruption training for public officials, in cooperation with the OSCE.



Tunnel construction for the Corridor Vc Zenica bypass in Bosnia Herzegovina

Source: EBRD

# ‘Enlargement process as occasion for the EU to reinvent and reform itself’

Interview with  
David McAllister, Member of  
the European Parliament

By Gaston Moonen, Directorate of the Presidency

Source: EP

MEP David McAllister chairing the AFET Committee during the vote on EU-US relations in the AFET Committee meeting of 28 June 2018

The ECA reports on EU Pre-accession Aid are of particular interest to EP’s Committee on Foreign Affairs (AFET). What does AFET do with ECA reports on this topic and what are an MEP’s view on the enlargement process? David McAllister, Chair of the AFET Committee, gives his perspectives on the work of his committee, the enlargement process and the use that the EP can make of ECA audit reports. And he also shares his views on the looming UK withdrawal from the EU

## The global village and its European neighbourhood

*Your political roots have been in local and regional government. Can you elaborate on your specific interest in international relations, what is your drive for that?*

I grew up in West-Berlin as the son of a German mother and a father who was a civil servant in the British Military. Thus, my life was affected by foreign politics, especially by the conflict between East and West, at an early age. As a young politician, foreign relations have regularly crossed my path. Later on, as Prime Minister of Niedersachsen, European Affairs and international politics had a major impact on my work.

In a broader context and from the EU’s point of view, foreign relations are becoming more important by the day. The EU’s security environment is more volatile, unpredictable, complex and ambiguous than at any time since the end of the Cold War. Projections anticipate that the EU will account for only 5% of the world population in the 2050 horizon, compared to 13% in 1960. No single EU Member State can effectively respond to global challenges on its own. It is high time to implement our Common Foreign and Security Policy (CFSP) tools, instruments and policies to enable the EU to respond to external conflicts and crises, build partners’ capacities and protect the European Union.



*... the EU will account for only 5% of the world population in the 2050 horizon, compared to 13% in 1960. No single EU Member State can effectively respond to global challenges on its own.*

*You are also active in the Delegation to the EU-Serbia Stabilisation and Association Parliamentary Committee (SAPC). How does this help you in your position towards the candidate countries of the Balkan countries as far as EU accession is concerned?*

The SAPC meets twice a year and I always find the exchange with our Serbian counterparts particularly enriching. But the delegation's work goes beyond these bi-annual meetings. The delegation is actively engaged in the enlargement process and puts a special focus on helping Serbia on its ambitious path towards the European Union.

### **ECA reports helping AFET Committee members making informed choices**

*Earlier this year the ECA published its special report 7/2018 on pre-accession aid to Turkey and in 2016 it published a meta audit report concerning the Western Balkans - special report 21/2016. Were these reports useful for the activities and deliberations for AFET, what did AFET do with them?*

The ECA reports were very useful for our work indeed, as they provided evidence as to what works and what doesn't in our cooperation with Turkey and the Western Balkans, as well as concrete suggestions for improving it. The reports featured prominently in the Strategic Dialogue between the European Parliament and the Commission/EEAS on the programming of IPA II funds for the second half of the current multi-annual financial framework that took place in March this year. The findings have also been used in the context of AFET's annual reports on the enlargement countries.

*What would you consider to be useful topics to be audited by the ECA and useful for AFET's work?*

The reports by the ECA are already very useful for our work in AFET. Especially the audits that concern the enlargement countries. Our focus in the Committee is on the Western Balkan countries and the 'wider' neighbourhood in geographic terms. As regards thematic priorities, AFET and its sub-committees deal with a wide range of issues, such as the promotion of democracy and human rights, security and defence and migration. Every audit that touches upon these topics is of interest for our work.

*Increasingly the ECA present its reports in meetings of specialised EP Committees, like DEVE, ITRE or REGI, besides presenting them to CONT. Would you think this to be useful also for AFET?*

Presentations of specific reports in AFET could be very useful to increase our Member's awareness of the ECA's findings and enable them to engage directly with the ECA on the issues at hand.

*In its special report 7/2018 on Turkey the ECA has raised some observations to the lack of sustainable effects of EU aid on administrative capacity building in Turkey, due to a lack of political will. What do you think of this main conclusion and which actions do you think the EU can undertake to improve this, to leverage its influence to improve the situation in Turkey?*

The view that the lack of political will has had detrimental effects on the effectiveness of EU assistance in critical areas such as administrative capacity building, rule of law and fundamental rights is widely shared in the Foreign



*The ECA reports were very useful for our work indeed, as they provided evidence as to what works and what doesn't in our cooperation with Turkey and the Western Balkans, as well as concrete suggestions for improving it.*



*Presentations of specific reports in AFET could be very useful to increase our Member's awareness of the ECA's findings and enable them to engage directly with the ECA on the issues at hand.*

Affairs Committee. I share the report's recommendation to make stronger use of conditionality in the funding for Turkey. In addition, I think it is important to continue with the increased focus on supporting Turkish civil society.

*As AFET Chair you also contribute to the Conference of Committee Chairs providing suggestions to the ECA on its work programme. How can the ECA help MEPs in the policy-decision making process regarding future enlargements and EU external actions as such?*

The European Court of Auditors reports are already very valuable for our daily work. EU financial management and the promotion of accountability and transparency are of utmost importance especially in the enlargement policy. A country that is unable to use EU funds in accordance with the relevant EU rules and regulations is not ready to join our Union.

### **Enlargement process as opportunity for EU reform**

*Where do you see the pre-accession process going for the near future, also in view some countries objecting further enlargement, even though the European Commission President Juncker has suggested that Serbia and Montenegro will be ready to join in the next few years?*

While some talk of 'enlargement fatigue', I see a renewed focus and understanding of the strategic importance of the enlargement process among European decision-makers. The upcoming years are decisive for the future of the Western Balkans and that of the EU itself. The enlargement process is an occasion for the EU to reinvent and reform itself. Enlargement is a democratic process that has no fixed dates – it is based on efforts and progress, and a once frontrunner can turn into a laggard or the other way round. A historical reconciliatory breakthrough and progress demonstrated by FYROM along with immense reform efforts by Albania are paving the way to opening accession negotiations with them next year. I do trust that Montenegro and Serbia will redouble their reform efforts and the remaining countries will advance on the reconciliation and reform path. As the renewed EU engagement brings tangible benefits to the citizens of the future EU members, we must do more to communicate the good work of the EU in the Western Balkans and to better explain the benefits of years. Although we have seen some positive signals in the last few weeks, the rhetoric needs to be underpinned by concrete measures in order to allow us to get out of the current deadlock.

*Being from German and Scottish origin you are, like many Europeans, a European with more than one nationality, or at least influenced by different environments. What are your views on the current Brexit process and what does it mean for you?*

Brexit is a historic mistake! It will have severe consequences for the British people and for its economy. However, we have to respect this sovereign decision. The task is now to organise the disentanglement of the UK from the EU's institutions and policies, and to agree on a new partnership. The United Kingdom has been an EU member for 45 years. We share common values and have a number of common interests. As a member of NATO, the G7 and the UN Security Council, the UK should remain an important economic, political and strategic partner of the EU.



*I share the report's recommendation to make stronger use of conditionality in the funding for Turkey.*



*A country that is unable to use EU funds in accordance with the relevant EU rules and regulations is not ready to join our Union.*



*The enlargement process is an occasion for the EU to reinvent and reform itself.*



*Brexit is a historic mistake! It will have severe consequences for the British people and for its economy.*



# Capacity building in EU candidate countries in the area of financial control: some personal experiences and thoughts

By Jan Pieter Lingen, expert on capacity building in EU candidate countries



Jan Pieter Lingen meets Recai Akyel, President of the Turkish Court of Accounts in Ankara in 2013

Capacity building for administrations and good governance are one of the issues looked at by ECA auditors when it comes to EU Pre-accession Aid. For several years, and following his retirement from the ECA, Jan Pieter Lingen has contributed to projects that aim to build up administrative capacity, often in the audit and finance sectors, through 'SIGMA' projects organised by the OECD and similar activities. He looks back, elaborating on what these capacity-building projects aimed for and what they did – or did not – achieve.

## Getting to work with Pre-accession Aid and candidate countries

My first encounter with pre-accession aid and capacity building in candidate countries was when I joined the ECA in September 2000 as Head of ECA Member Maarten Engwirda's private office. At the time, Maarten Engwirda was responsible for the audit of pre-accession aid – although not *all* pre-accession aid since pre-accession aid in the structural funds area, for example, fell under the audit responsibility of the ECA Member responsible for auditing structural funds. I recall that this situation regularly led to discussions on how to coordinate audit scopes and activities between the different teams.

The then ECA President, Jan Karlsson, was an enthusiastic supporter of establishing good relations with Supreme Audit Institutions (SAIs) in candidate countries, and he visited all of them, often with Maarten Engwirda. I had an opportunity to accompany them on most of these visits. It was a very interesting experience to witness the general atmosphere of hope and progress, and the willingness of candidate countries' SAIs to invest in a better future, as well as the ECA's commitment to assist in these efforts, which included an internship programme for staff from those SAIs.

The European Commission and the Organisation for Economic Cooperation and Development (OECD) had jointly developed an initiative known as *SIGMA* (Support for Improvement in Governance and Management). The SIGMA

programme, which is based at the OECD and financed by the Commission, aimed to support the capacities of the governments of EU candidate countries. One of its initiatives was to organise workshops for auditors from candidate countries' SAIs, and I was one of the ECA staff that assisted with those workshops. Later, I also became involved in peer reviews of SAIs of (potential) candidate countries, which were also carried out by SIGMA at the request of the SAIs concerned. This contributed much to my understanding of the problems facing the audit institutions in modernising their approach, methodology, communication policy and organisation, and of course in the audit environment where they had to carry out their work.

### Practice what you preach

Interestingly enough, the accession criteria formulated by the Commission and agreed by the Council were based on the principles of a modern public financial management and control system and audit approach that were non-existent even in some of the EU 15 Member States at the time. This led to thought-provoking discussions between representatives of Member States and candidate countries, for instance in the Contact Committee for financial control organisations in Member States and candidate countries: 'Why don't you do yourselves what you demand from us?' Jan Karlsson was rather upset that in his home country, Sweden, no independent SAI existed at the time, while he had to emphasise the importance of constitutional independence for SAIs during his visits to candidate countries. A case of practise what you preach!

The fact that the SAIs' organisational set-ups were not always very efficient or effective raised comparable questions about the ECA's own set-up. For instance, when I participated in a peer review of the Bulgarian SAI in 2006, I concluded that their collegial organisational model was not well suited to the challenges they faced, which made me doubt whether a similar organisational set-up was appropriate for the ECA itself. I admired the courage of the candidate countries' SAIs in volunteering for peer review. At the time, this was not yet accepted as good practice by many EU SAIs; indeed, it took some time and a considerable effort for the ECA to acknowledge the usefulness of the concept for itself.

### EU Membership as catalyst for change

Overall, my impression was that the candidate countries' SAIs, and also the relevant departments of those countries' ministries of finance, were committed to establishing a well-functioning public financial management and control system, and were working hard to get there. The prospect of EU membership served as a catalyst to promote change, and I was happy to play a very modest role in this process. I found it personally enriching to meet colleagues and to exchange knowledge and experience. The network of liaison officers related to the EU Contact Committee played a stimulating role and supported many of the activities designed to assist the candidate countries' SAIs: the atmosphere was positive, with lots of work in prospect but a commitment to make things happen. My hope was that this ethos would remain after EU accession, and that it would inspire the remaining candidates and potential candidate countries.

My expectation of continued capacity building was one of the reasons why I continued to work for SIGMA in the Western Balkans and Turkey after I retired from the ECA in 2011. I became involved in various activities related to capacity building in candidate countries. I carried out assessments of SAIs; assisted in a project to establish internal audit in Turkey; was involved in a project in Serbia to stimulate cooperation between internal and external audit; worked on projects

in Turkey and Serbia to improve effective relations between their SAIs and parliaments; participated in a peer review of Montenegro's SAI and another of the SAIs in Bosnia and Herzegovina; assisted with the development of a strategic development plan for Albania's SAI; and advised on fine-tuning audit law in Kosovo.\* One of my last contributions was towards drafting a SIGMA paper on the development of effective working relations between SAIs and parliaments (OECD, SIGMA paper no 54, Paris, 2017).

### Capacity building needs solid foundations...

Looking back, I confess that I may have been too optimistic about future progress. Development is not, of course, an unimpeded march forwards; it is a struggle. The model of a modern public financial management and control system can only be successfully implemented in a well-founded and publicly supported democratic state based on the rule of law. Unfortunately, this was – and is – not always the case, either in the Western Balkans, or in Turkey. One of the legacies of the wars in the former Yugoslavia is a political system based on perceived victimisation, nationalism and ethnicity, against a backdrop of corruption in the privatisation of former state companies. This means that interests other than the general interest in establishing good governance prevail. It is extremely difficult for SAIs to operate effectively in such an environment. There was no war in Albania, but the other factors I mention are equally valid. And the political developments in Turkey are well known: the rule of law has in effect been abolished. The risks are that an SAI's leadership becomes politicised, its mandate restricted, its independence weakened, its budget reduced, or its reports simply neglected. Several of these risks actually materialised in many of the countries mentioned.

### ... and our support

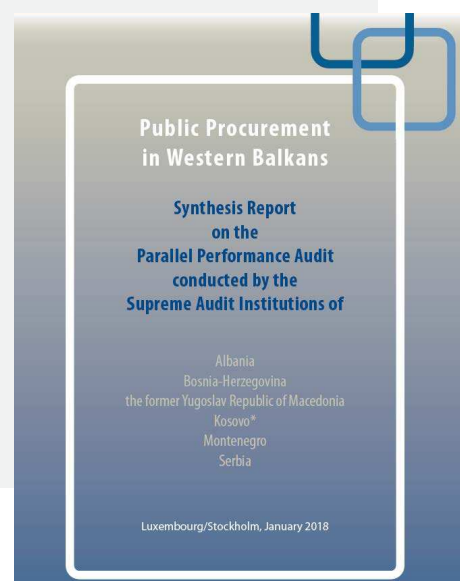
Over the years, I have felt more and more disappointed that the path towards development has been hindered by political interference and bureaucracy. The pace of development has slowed considerably, and there have been many setbacks. I feel sorry for the colleagues with whom I was in close contact. They were very willing, and committed to the professional development of their institution and to good governance in general. They have every reason to be frustrated by the sometimes very slow pace of development. I am still shocked by a meeting I had with a former ECA intern in Ankara, who was suspended after the aborted coup in 2016. After a couple of months, he was cleared of supporting the suspected perpetrators of the coup, but his career was over. My sympathy is with the auditors and other finance professionals who are still trying to make the best of the situation – and who struggle to make any progress. They deserve our strongest support!

\*This designation is without prejudice on status and is in line with UNSCR 1244 and the International Court of Justice opinion on the Kosovo declaration of independence.

# The Western Balkans parallel performance audit project: boosting regional cooperation between national audit offices

By Jussi Bright, Investment for Cohesion, Growth and Inclusion Directorate

During the last two years the ECA, together with the Swedish National Audit Office, successfully facilitated a performance audit project on public procurement in the Western Balkans. The audit work was conducted by the six Supreme Audit Institutions (SAIs) of Albania, Bosnia & Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo\*, Montenegro and Serbia. Jussi Bright, one of the key facilitators in the project, elaborates on this project - the largest of its kind ever carried out in the region - and how it has enhanced the performance audit capacities of the six participating public audit bodies. Also included are statements from participants.



Source: ECA

## Putting substance to the INTOSAI motto

Did you ever wonder what the Latin text in the INTOSAI logo stands for? 'Experientia mutua omnibus prodest.' means 'Exchange of experience benefits all.' The Parallel Performance Audit (PPA) I facilitated on public procurement audit in the Western Balkans aimed at putting this catchphrase into practise regarding performance audit in South-East Europe. This demonstrates that the INTOSAI motto are not empty words.

## Overall project purpose achieved: From suspicion to success

Of course, the project was challenging. In the initial stages of this project, there was quite some suspicion and resistance: can this actually work? It should not be forgotten that on the one hand, not that long ago, most of these countries were at war. As pointed out by Hazim Sabanovic, Western Balkans liaison officer of the Swedish National Audit Office, in his INTOSAI capacity building blog 'the participating audit offices were expected to work together, to talk to each other and share information on government issues, to exchange their experience and help each other to improve the quality of their audit work.' This was not necessarily within the comfort zone of some of the participating SAIs.



Source: INTOSAI

\* This designation is without prejudice on status and is in line with UNSCR 1244 and the International Court of Justice opinion on the Kosovo declaration of independence.

## The Western Balkans parallel performance audit project: boosting regional cooperation between national audit offices *continued*

On the other hand, the region has a common history and culture with same kind of social and government challenges as numerous Commission's reports on enlargement have indicated.

The key outputs envisaged for the project were:

1. carrying out parallel performance audits on public procurement in all participating countries;
2. publishing performance audit reports by all participating SAIs and a synthesis report;
3. exchanging experiences between the participants by among other things carrying out peer to peer activities.

At the beginning, all six SAIs had to agree on the same audit topic, which was public procurement. However, within this common audit domain, each audit office could pick a specific topic depending on national priority. For example, in Bosnia this was timeliness of the procurement process in general but partly sparked by an incident where the citizens did not receive their passports and could not travel abroad due to failed tender procedures.

The six procurement reports produced were the following:

Country	Name of the report
Albania	Overuse of negotiated public procurement procedures without prior publication of a contract notice
Bosnia and Herzegovina	Timeliness of the public procurement procedures in institutions of Bosnia and Herzegovina
The former Yugoslav Republic of Macedonia	Lack of staff and established procedures make public procurement less effective at local level
Kosovo	Delays and cost overruns in construction contracts
Montenegro	Planning the public procurement of medical equipment
Serbia	Efficiency and economy of the negotiated procedure without invitation to bid

### Project design and delivery: we are one but not the same

There are substantial challenges when managing parallel audit projects. Unlike with joint audits, which have joint audit teams, identical objectives, scope, methodology, and joint audit reports, parallel audits are different. The teams and the reports are national. According to ISSAI 5800 ('Guide on cooperative audits') the objectives, scope and methodology are not the same but similar. The table below gives an idea of the advantages and limitations of the parallel audit method.



Part of the statement made by Hazim Sabanovic on the INTOSAI capacity building bloc (see for complete statement: <http://www.intosaicbc.org/development-outside-the-comfort-zone/>)

(...) We chose the hard way. After exactly two years of work, in February 2018, we have published the Synthesis Report on Public Procurement in Western Balkans, with joint audit findings and conclusions from six participating SAIs. This is the biggest such publication ever done in the region. The media attention we received was beyond ordinary. It started with a ten minutes live interview in prime time on the largest regional TV network, which was then re-played by a number of local stations, followed by a number of newspapers articles and radio broadcasts. Audit results were presented at a regional prosecutors' conference on public procurements. Further results are yet to come. Each of the six SAIs – even with different audit scopes, all came to, more or less, the same audit conclusions. This makes the arguments presented in the audit reports much stronger and more difficult to ignore by the authorities.

The project was a success, the journey was a very bumpy one, and there was not a minute of comfort along the way. Everyone had to compromise. Auditors had to adjust and change everything they usually do – from their work plans, through their methodology, to the structure and contents of their audit reports. (...) What was driving us all? Enthusiasm and energy within the friendly Western Balkans audit group that was, and still is, able to see beyond the horizon of daily routine.

## The Western Balkans parallel performance audit project: boosting regional cooperation between national audit offices *continued*

Advantages	Challenges and limitations
Effective and efficient from donor perspective: many countries at the same time. New platform to cooperate.	Cooperation does not go as deep into issues as bilateral projects
Regular workshops create networks	Vulnerable to staff rotation
Workshop design "hands-on"	A lot of planning and communication
Peer pressure, healthy competition among participants	Constant progress monitoring
Adaption to local context	Institutional and political obstacles by SAI
Flexible approach to different levels	Ensuring appropriate training to all
Make use of many auditor's experiences and perspectives	Strong long term commitment and resource investment from SAIs

All this should be taken into account when trying to progress a number of different audits simultaneously.

For example, a lot of time was spent on audit plans discussing 'what a good plan looks like'. Even to the extent that another line from a popular Irish band came to my mind: 'I still have not found what I am looking for'. Nevertheless, focusing the audit early enough paid off later on at the conducting and reporting phase.

The other challenge was to manage some 25 performance auditors coming from the six audit offices. They all had different backgrounds in performance auditing, different skill sets and a different level of English. The two working languages of the projects were Yugo-Esperanto and broken English. The quality of the individual national reports and the joint summary report, show the remarkable will power of the participants to learn and share experiences among each.

According to Simon Sinek (author of the book 'Start with Why') there are only two ways to influence human behaviour: you can manipulate it or you can inspire it. I am tempted to say that the PPA project used both, also manipulation but manipulation only in a non-pejorative sense. For example, facilitators used peer-to-peer reviews to create a healthy pressure among the participants. Nobody wanted to look bad in these international gatherings, although it has to be said participation was always on voluntary basis. Much of the inspiration of participants both during and after the project comes from the networks you create during the workshops and is documented in some of the participant's feedback.



Feedback from Goran Mandić, Senior Advisor, Performance Audit Sector, State Audit Institution of the Republic of Serbia

The Parallel Performance Audit project is an incredibly professional experience. Besides the fact that I had the opportunity to listen to lectures and work with experienced auditors of the ECA and the Swedish NAO, I exchanged experiences with colleagues auditors from the SAIs of the countries participating in the project. The epilogue is that we gained new knowledge about performance audits, new skills in communication, and a plurality of stored contacts.

I am proud that I was part of the team of the State Audit Institution of the Republic of Serbia in this project, and I sincerely hope that more of my colleagues participating in a new project like this will feel this experience. Until then I will try to unselfishly share my experiences from this project. I take this opportunity to once again thank the organizers and all the participants in the project.

## The Western Balkans parallel performance audit project: boosting regional cooperation between national audit offices *continued*

Feedback from Milan Milović, Auditor, Audit Office of the Institutions of Bosnia and Herzegovina



*The Parallel Performance Audit project was something more than I expected. Participation in such a project opened my eyes. Besides gaining knowledge, getting more experience in communicating and learning to cope with stressful situations that are characteristic for performance audit, the main benefit for myself was getting in touch with other auditors from other SAI's and to stay connected. Even now, I can send just a message to say hello or congratulate someone because of a birthday but also to ask for some advice and help regarding current performance audits*



Feedback from Katica Nikolovska, Principle Auditor and PPA II team leader, State Audit Office of the former Yugoslav Republic of Macedonia

*This project was an incredible way for learning from experienced auditors as well as from sharing practices among the region's audit offices. There is only one ISSAI 300 (Fundamental Principles of Performance Auditing) but I learnt that there are different practices implementing it. As the common synthesis report shows, we finished this project as one. Facilitators shared their knowledge unselfishly and guide us to fulfill our audit goals. I liked the most the constructive criticism at the peer-to-peer review sessions regarding the different stages of the audit process. What can I do better? Is my audit plans and draft report understandable for others? Sometimes the workshop agenda was very intensive. Still, if there is another chance for such a journey, of course I would like to participate.*

### Sustainability is the most valuable outcome

At the beginning of the project, the key risk we identified was that knowledge gained by the participants might not be institutionalised. Therefore, before starting this engagement, the ECA hosted a conference for the Auditors Generals of the six participating SAIs to commit their top management to keep building a sustainable performance audit function in their institutions. This commitment stayed valid to the end. The final common workshop in in Belgrade in the summer of 2017 included two Auditors General, three Deputy Auditors General and six performance audit managers. An individual workshop were organised during autumn 2017 on lessons learnt and the way forward.

It cannot be emphasized enough that the buy-in of senior management was the key enabler to achieve good project results. And the project results were even better than expected: subsequently two participating SAIs have collaborated on their own as a direct results of the PPA project. From my point of view as a performance auditor at the ECA, facilitating parallel auditing is an effective method to develop capacity and enhance regional cooperation within the SAIs of the EU candidate and potential candidate countries. The network among participants is alive and the headcount of performance auditors is growing. For example, in Serbia performance audit started only in late 2012 by the appointment of Supreme State Auditor. Already the end of 2013 they had seven employees, at the end of the PPA in autumn 2017 there were 15 persons. And their employment plan is to have 19 employees! The sustainability of performance auditing in the region looks promising.

# How EU Pre-accession Aid helped our SAI to shape its future

## Interview with Bujar Leskaj, President of ALSAI, Albania's Supreme Audit Institution

By Derek Meijers, Directorate of the Presidency



Bujar Leskaj, President of ALSAI

Source: ALSAI

When Albania submitted its application for EU membership in 2009, its national supreme audit institution (SAI) decided to modernise and to align its working methods and procedures with internationally recognised standards. To this end it participated in a twinning project, for which it received training, guidance and advice from the SAIs of Poland and Croatia. Bujar Leskaj, President of Albania's Supreme Audit Institution (ALSAI), looks back at this experience and shares with us how his organisation benefitted from it.

### Has ALSAI received any EU pre-accession aid?

From the beginning of my mandate in 2012, it was clear that, for our SAI to comply with the Copenhagen criteria (EU accession criteria) in the field of external public audit, we had to modernise our organisation to bring our audits in line with the INTOSAI standards.

To reach this goal, we asked the EU Delegation in Albania to support us, and also re-activated our cooperation with SIGMA (Support for Improvement in Governance and Management, a joint initiative of the OECD and the European Union which helps third countries to strengthen their public governance systems and public administration capacities). SIGMA then started a training programme for our auditors in mid-2012 and established very good relations with the Commission's Directorate-General for Budget, which provided advice on the draft SAI law and later also on the Instrument for Pre-accession programme (IPA).

In 2015, our efforts resulted in the grant of a twinning project worth € 2.1 million under the IPA for 2013. Which gave us another opportunity to cooperate with the Supreme Audit Office of Poland (NIK) and the Croatian State Audit Office (see box below). Two SAIs with which we had already established very good working relations, since a group of Albanian auditors had participated in a NIK training course on financial audit and compliance audit procedures and risk assessment in July 2012.



*it was clear that, for our SAI to comply with the Copenhagen criteria (EU accession criteria) in the field of external public audit, we had to modernise our organisation ...*



In addition to this, for many years already the ECA has been supporting ALSAI auditors by providing internship opportunities. These projects and exchanges give our auditors a unique opportunity to learn about new audit approaches and gain valuable experience in other public audit institutions, which is a substantial help for the SAI.

### What were the main pillars of the twinning project?

The twinning experts analysed ALSAI's legal framework from the angle of compliance with INTOSAI standards and adoptable models from EU Member State SAIs, and provided us with practical guidelines for implementing the new ALSAI law in specific areas and an action plan for drafting subsidiary laws.

Our project partners also analysed ALSAI's internal regulatory framework and suggested reviewing and amending it in accordance with the new ALSAI law, which provides new approaches for compliance, financial and performance audits. They assessed the regulatory acts and concrete practice in the area of ALSAI's relations with Parliament, and drafted a guideline on institutionalising those relations and a plan for implementing the guideline. Finally, they analysed the legal framework governing our practice when following up the implementation of our recommendations.

### Did you also develop pilot audits during the twinning project?

Yes, we tested the performance and financial audit manuals in a pilot of four performance audits, three financial audits and one IT audit. These audits were performed under the supervision of Polish and Croatian experts, who lent their support during the planning, evidence gathering and reporting stages, after which they reviewed the progress made with our audit teams.



*These projects and exchanges give our auditors a unique opportunity to learn about new audit approaches ...*

## Twinning project between ALSAI and the Supreme Audit Office of Poland (NIK) and the Croatian State Audit Office

### Main pillars:

1. analysis of gaps in the new SAI law, identification of possible barriers to implementing the law;
2. development of proposals for the institutionalisation of ALSAI's relations with Parliament;
3. review, update and development of performance, financial and IT audit manuals;
4. development of an audit methodology and approach for audits of financial statements;
5. development of an overall strategy for audit planning.

### Main outcomes:

1. improved audit methodology in the fight against corruption and fraud;
2. adoption of a sustainability plan for the period after the twinning project;
3. implementation of an audit management and documentation system;
4. identification of the desired skills and necessary components for the auditor certification procedure;
5. extensive training of ALSAI auditors and implementation of professional development and professional training procedures.

During these pilots, our auditors gained substantial valuable experience in the field of performance, financial and compliance audits, the fight against corruption and fraud, quality control and assurance procedures, policies for communicating the results of audit to the public and enhancing transparency, and human resources policies aimed at increasing the professional capacities of auditors.

**What are the most important lessons ALSAI learned during the project?**

Thanks to the experience gathered during the project, especially with regard to the development of ALSAI's methodology for drafting strategic and annual plans, we prepared and launched the ALSAI Development Strategy 2018-2022, which strongly expresses our ambition and determination and projects ALSAI as a model organisation to serve citizens for years to come .

**So the twinning project was a valuable and successful experience for ALSAI?**

I think it was very successful indeed! The EU's pre-accession support via the twinning project helped us achieve the six main objectives of our Development Strategy 2013-2017 – and four in particular: to amend ALSAI's legal and regulatory basis in accordance with international standards and European good practices; to increase audit capacity-building and audit quality; to increase the quality and number of performance audits; and to re-engineer the use of IT in audits and develop IT audits. So I think we can safely say that the substantial support the EU has provided thus far on different levels has helped us a great deal in modernising our capacities, consolidating our present and shaping our future.



*... the substantial support the EU has provided thus far on different levels has helped us a great deal in modernising our capacities, ...*



## Audit authority on IPA funds: helping the country to move towards accessions

From left to right: Dennis Wernerus, ECA, Adem Curi, General IPA Auditor, Hannu Takkula, ECA Member, Liman Muhadziri, Deputy general IPA Auditor, Turo Hentilä, ECA, Ivan Ignjatov, Assistant IPA Auditor, Jussi Bright and Helka Nykänen, ECA

### Interview with Adem Curi, Director of the Audit Authority for the audit of IPA in the former Yugoslav Republic of Macedonia

By Gaston Moonen,  
Directorate of the Presidency

To ensure that EU Pre-Accession Aid is well spent, both regarding compliance and results, the Commission has required candidate countries to set up audit authorities at national level for the audit of the Instrument for Pre-Accession Aid (IPA). Adem Curi is the General IPA Auditor and happy to explain what his organisation – the Audit Authority for IPA of the former Yugoslav Republic of Macedonia - does.

### Acting as auditor for both Commission and national government

There are several players when it comes to the management of EU Pre-accession Aid: at EU level, at national level of the recipient country and also at regional and/or project level. The same goes for the audit pyramid created to ensure accountability on what is done with the EU funds provided. At national level an important player for both the European Commission and for the national Government, is the Audit Authority for IPA. Adem Curi: 'We report to both the Commission and to the Government, including to the different Directorates General of the Commission for the particular components we have.' Together with his colleagues Liman Muhadjiri, Deputy General IPA Auditor, and Ivan Ignjatov, Assistant General IPA Auditor, he visited the ECA in April 2018 to exchange information and learn more about ECA audit methodology and approach when it comes to auditing the Instrument for Pre-accession Aid (IPA); and in search for closer cooperation.

Together with his two colleagues, Adem Curi explains how and why the IPA Audit Authority was set up in his country. 'We were established in July 2007 within the general framework of the national Supreme Audit Institution (SAI), the State Audit Office (SAO). We were part of that office until 2011 and with the new requirements in the IPA legislation we had to operate as a separate legal entity. As a result, we are now established as independent audit body with a separate law reporting to the European Commission and the government and thus separated from the State Audit Office, which is working under Parliament.' When asked how this affects his organisation's independence he explains: 'We are auditing the IPA structure in our



*... we are [...] reporting to the European Commission and the government and thus separated from the State Audit Office, ...*

country. We submit draft reports to the Government, the ministers are aware of our findings. We have contradictory procedures, meaning that Government can comment on our findings and then we have our final report, which is not public. However, the Government does not approve our Annual Report; we are independent in our audit work.'

His colleague Liman Muhadziri sets out how their organisation works: 'We prepare an Annual Audit Work Plan, now regarding IPA II, we have a Multi-Annual Audit Strategy and in this we cover all the parameters of what we are going to audit. Based on the risk assessment we do, we arrive at possible audit topics.' He indicates that the results of their audits are presented in one Annual Report. 'We have different types of audits, focusing on system audits, audit of operations and looking into the efficiency and effectiveness of management control systems.'

When talking about the amounts his organisation has to audit, Adem Curi gives an amount of € 622 million through the IPA I (2007-2013) and € 664 million through the IPA II (2014-2020). 'The whole programme of IPA for our country amounts to that. We are auditing this on an annual basis according to internationally accepted auditing standards (INTOSAI) with focus on risk assessment and sampling procedures. In fact IPA II goes until 2020, like the Multiannual Financial Framework does.' He explains that in the audits his organisation also looks at the sustainability of projects. 'This is an important element in ensuring effectiveness.'

### Retaining good staff for IPA implementation

Discussing recent reports Adem Curi explains: 'Recently we audited the staff policy in the IPA structure of the Republic. An important finding relates to the lack of qualified staff in the IPA structure. Staff needs to be motivated to remain and work with IPA, but after couple of years they leave and go to the private sector.' He continues saying that they have the same salary like other administrative civil servants while they need to work in English and receiving the same salary. 'We, as Audit Authority report both in Macedonian and in English.' He highlights the importance of a good retention policy for staff working within the IPA structure to continue working there. 'This was one of the findings regarding the IPA management structure and we made several policy recommendations to better retain staff, since good staff is of key importance to ensure effectiveness.'

Speaking about their own background, it turns out that all three know the ECA rather well. Adem Curi further clarifies this. 'We have all worked in the ECA in its internship programme with candidate countries. 'Ivan was the first one in 2007, I was here in 2009. Each one of us stayed in Luxembourg for 5 months, it was a good experience.' Currently he heads an organisation of in total 33 employees: 'We are a small country, and also a small organisation covering simultaneously several types of audit.'

That being said Adem Curi indicates that if the Commission would like his organisation to audit a specific issue he most likely would do so. 'The Commission is a big stakeholder, in a way we are working for them. We submit reports to them and if they have additional requirements for audit coverage they can always ask us.' He continues identifying where most IPA funds toes to in his country and consequently, most of AA IPA's activities focus on. 'We basically have five components for IPA funds: transition and institutional building policy; cross border cooperation;



*... the Government does not approve our Annual Report; we are independent in our audit work.'*



*... good staff is of key importance to ensure effectiveness.*



*We have all worked in the ECA in its internship programme...*

regional development; social policy and education; and rural and agricultural development.' He points out that each of the components has several projects, some of which also directly benefit the EU. 'For example, a major project in regional development is the construction of the so-called 'motorway 10'. This motorway is part of the pan-European corridors and runs from Salzburg (Austria) to Thessaloniki (Greece).

### Moving in the right direction

When it comes to what his organisation does regarding less tangible issues, like the rule of law, Adem Curi refers to an audit they had done in this area. 'We will still have to see what the impact in the society will be. But until now we can see that the institutions, which were rather closed in the past, are more open now on what they do and adopting legislation according to our key recommendations. Of course the implementation of laws is always something to be seen, but I believe we are moving in the right direction.'

When discussing the perspectives of accession for his country Adem Curi is optimistic: 'We recently saw a more positive report from the European Commission on this and we are waiting for the Council to give us dates so our country can further progress.' He also sees his optimism further strengthened by words Commission President Juncker had said: 'He indicated that if there is no extension in the Western Balkans, there will be another war in the Balkans. I believe that accession for Western Balkan countries is an important step to avoid another civil war.'

### In search for cooperation and training

When it comes to cooperation with other auditors Adem Curi and his colleagues refer to the positive experience they had when working in their SAO regarding the parallel performance audit on public procurement issues. 'We saw the positive impact of this on the auditors' work. We want to launch the idea of doing another parallel audit with audit authorities from the whole region. I think it will have a good influence on our work, improve it and we can develop our audit skills.'

He explains that the IPA Audit Authority has a mandate to audit IPA funds, which the SAO does not have. 'The more reason why we need to strengthen our cooperation with other audit authorities set up by EU Member States to audit the European Structural and Investment (ESI) funds and the ECA. We can help the ECA when it comes to audit, we know the EU regulations, the situation on the ground, and the ECA can build on the work we have done. And we can learn from the ECA.'

In addition to discussing such cooperation, with the ECA using the IPA audit authorities' work as much as possible, Adem Curi finally highlights another reason for his visit to the ECA. 'We know the ECA and we would like to have the opportunity to attend some trainings the ECA provides. We know the ECA has a good programme for training auditors. And we are very much interested in sending some of our audit staff to the ECA for an internship, to learn from ECA auditors. Because they are the most experienced in the whole of Europe when it comes to auditing IPA funds.' 'are very much interested in sending some of our audit staff to the ECA for an internship, to learn from ECA auditors. Because they are the most experienced in the whole of Europe when it comes to auditing IPA funds.'



*... we can see that the institutions, which were rather closed in the past, are more open now...*



*I believe that accession for Western Balkan countries is an important step to avoid another civil war.*



*... the ECA can build on the work we have done.*

# ECA's contribution to capacity building in candidate country SAIs: providing internships to share good practice

By Michael Pyper, Translation, Language Services and Publication Directorate

Since 1998, the ECA has each year welcomed auditors from the SAIs of EU candidate countries for a five-month placement. The experience represents an opportunity for them not only to advance their own careers, but also to experience a different audit environment and disseminate what they have learned at their home institutions. Michael Pyper spoke to Jovan Dabovic from Serbia, who has just finished his placement, and Stanislava Gjoshevska from FYR Macedonia, who is about to embark on hers.

## The programme: history and numbers

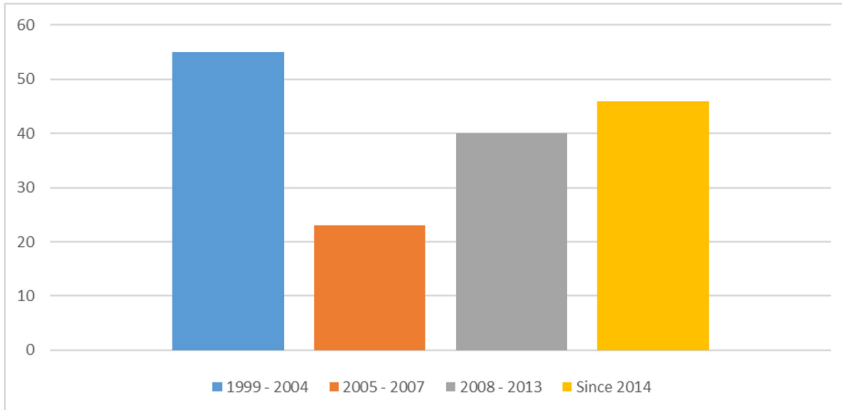
Once again this year, within the framework of pre-accession assistance, the ECA welcomes a number of auditors from the Supreme Audit Institutions (SAIs) of European countries that are currently candidates for EU membership: Albania, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. To participate in the exchange, these auditors typically need a university degree plus at least two years of professional experience in their home institutions, as well as knowledge of English or French. The ECA puts candidates through a rigorous selection procedure based on their biography, cover letter and subsequent interview.

The exchange lasts for a period of five months. In order to ensure that their home institutions benefit fully from their experience, auditors participating in the exchange generally commit to spending at least a further three years there following their return.

Through the placement programme, which started in 1998 within the framework of pre-accession assistance, the ECA aims to provide auditors from the SAIs of (potential) candidate countries with insight into the audit of EU funds. The internship programme is a capacity-building tool that complements the ECA's support for the activities of the 'Network of SAIs of Candidate and Potential Candidate Countries'. Cooperation within the Network includes facilitating regular exchanges of information, developing audit methodologies and professional training, with the aim of achieving greater convergence in audit methodology and audit practice.

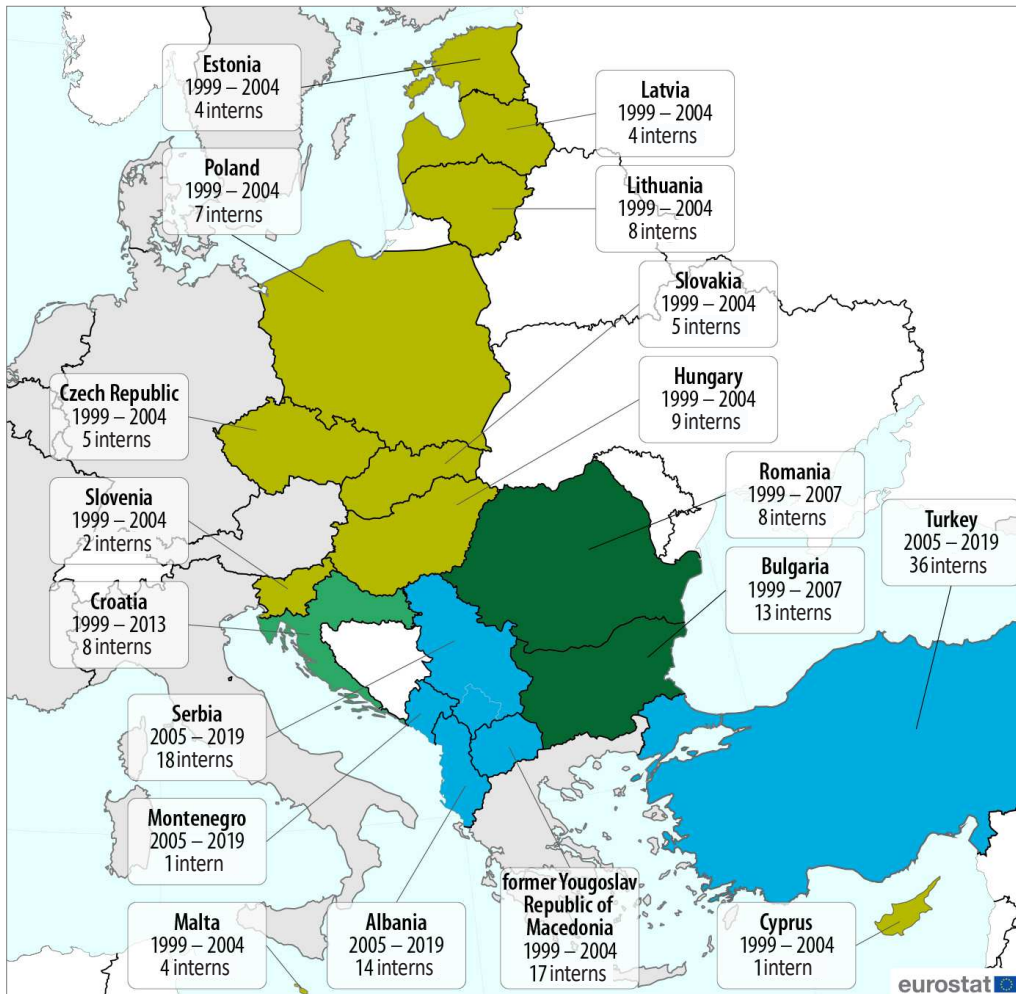
In 1999, the ECA welcomed the first participant in the programme from a candidate country SAI, namely Poland. Since then, 164 auditors, on average nine per year, from 18 different countries have each spent five months in Luxembourg working alongside ECA auditors to learn about the ECA's methodology, further develop their skills and gain valuable experience of working in an EU institution. During this period, they may be placed in any of the ECA's audit directorates. There they have the opportunity to learn about and contribute to all aspects of an ECA audit, from the planning phase and data analytics to on-the-spot visits and testing.

ECA's contribution to capacity building in candidate country SAIs: providing internships to share good practice *continued*



Numbers of interns from (potential) candidate countries in the ECA in relation to the accession periods since 1999. Source: ECA

Over the years, the target population has changed considerably: up until the 2004 enlargement, the ECA received 49 interns from the ten countries that joined the EU that year. The two subsequent enlargements brought 29 interns from the three countries concerned. To date, 78 'ECA-trained' auditors from the national audit offices of 13 participating candidate countries have seen their countries become EU Member States. The largest share of these interns (36 to date) has come from Turkey, one of the first countries to participate in this programme, followed by the former Yugoslav Republic of Macedonia and Bulgaria, which have sent 17 and 13 auditors respectively.



Trainees per (former) (potential) candidate country. Source: ECA  
 Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat  
 Cartography: Eurostat — GISCO, 01/2015

### Professional experience and good audit practice

The programme gives visiting auditors from candidate countries the opportunity not only to further their own careers, but also to familiarise themselves with the ECA's audit approach and best practice, and to share their knowledge within their home institutions upon their return. As Stanislava Gjoshevska, a Junior Auditor at the SAI of the Former Yugoslav Republic of Macedonia (FYR Macedonia), who will start her placement at the Court in October, explains: 'The ECA is a prominent audit institution which provides valuable opportunities to exchange views and share experience and good practice in audit work.'

Asked what had motivated her to apply for the programme, Stanislava replied that it was an opportunity to obtain as much training and practical experience as possible at a prominent audit institution, exchange professional experience and improve her audit skills. 'In particular,' she said, 'I aim to broaden my experience in performance audit, accountancy and EU law.' She believes the knowledge and experience she gains at the ECA will help her to contribute to further upgrading her home SAI and promoting consistent audit quality in FYR Macedonia.

Stanislava has been working for the State Audit Office of FYR Macedonia since 2014. In her career to date, she boasts a broad audit experience, having been involved in financial and compliance audits of public authorities and political parties, as well as performance audits covering a wide range of fields such as agriculture, energy and natural resources. She therefore brings plenty of relevant experience to the directorate to which the ECA has assigned her, which deals with the 'Sustainable use of natural resources'.

### Comparing notes and transferring knowledge

Earlier this year, for the April 2018 edition of the Journal focusing on training at the ECA, I interviewed Jovan Dabovic, a Younger Advisor in Audit at the Novi Sad office of the Serbian State Audit Institution. I recently caught up with him again, shortly after his return to Serbia. He worked for five months at the ECA, during which time he became an integral part of the ECA community. He derived maximum benefit from his experience working in the audit chamber dealing with 'Financing and Administering the Union', notably on reconciling of the budgetary accounts with the EU budget as part of the team responsible for drafting the ECA's annual report chapter on the EU's budgetary and financial management. This is not to mention his contribution to the ECA choir and football team.

So what next for Jovan? Thanks to the experience of several of his colleagues who came before him, Jovan arrived for his placement at the ECA well-informed about the programme and knowing what he wanted to achieve. And now, in the same way, he intends to pass on his knowledge and experience to his colleagues. Because his work at the ECA on the reconciliation of accounts was closely related to what he had done back in Serbia, his 'ECA time' gave him the chance to compare and contrast methods and tools. Jovan, who has a keen interest in financial and data analytics, particularly welcomed the opportunity to further develop his skills in this area. For instance, he was happy to get to grips with the Audit Command Line (ACL) programme, given that the Serbian SAI uses its competitor, which is called 'IDEA'.



Stanislava Gjoshevska



Jovan Dabovic



How will he transfer this knowledge? Jovan explained that, like the other Serbian auditors who have returned from Luxembourg before him, he will provide the president of the SAI of the Republic of Serbia with a written report on what he did during the five-month period. This report covers points such as audit area and tasks he was assigned to, what kind of audits he performed, whether he undertook any missions, what training he received, and extra-curricular activities. Just as he benefited from the informal advice of his colleagues before coming, Jovan will be more than happy to offer the same help to his interested colleagues.

### **Making the most of the opportunity**

Beyond any specific aspects of audit, however, Jovan has the following advice for those making the journey after him: 'Try to make the most of each opportunity given to you. An internship at the ECA is a unique chance to improve your audit skills, meet new people, practice languages (and not just English) and present yourself in the best possible light.'

Stanislava, who will arrive on 1 October, is ready to follow Jovan's recommendation. She is very much looking forward to the challenge of submerging in the wealth of cultures, traditions and diverse identities that Luxembourg has to offer. She adds: 'I am eager to be part of an institution that offers the opportunity to work in a diverse, multicultural environment, one that emphasises professional and personal development and strives to improve the lives of millions of European citizens.'

# ECA internship for auditors of candidate countries: a portal for professional development and... a return to the ECA

By Jolita Korzuniene, Investment for Cohesion, Growth and Inclusion Directorate, and Tomas Mackevičius, Private Office of Rimantas Šadžius, ECA Member

Since almost two decades the ECA offers internships to audit staff of national audit institutions of (potential) candidate countries. What were the early experiences and, perhaps even more interesting, what has been the impact of such internship. To know more on both accounts we did not have to go far: two current ECA staff members started 17 and 15 years ago their internship, went back to their national audit institution in Lithuania, and returned to the ECA. Jolita Korzuniene works now as an ECA principal auditor and Tomas Mackevičius as attaché in a private office. Below their personal account on why they started at the ECA back then and came back for.

## My ECA traineeship in 2001: a stepping stone on several accounts

By Tomas Mackevičius



Tomas Mackevičius

### New kids on the block

Following the accession process of the new candidate countries into the EU, in the year 2000, the ECA started inviting auditors from the Supreme Audit Institutions (SAIs) of these countries for a five-month internship. At that time, I was a young yet senior auditor at the National Audit Office of Lithuania and among the first ones interviewed and chosen by the ECA's selection panel for an internship starting on 1 March 2001.

I can clearly remember my first day in Luxembourg – a grey and chilly morning of the first day of spring with snow melting under my shoes, everything was strange and unknown, juxtaposed with a very warm reception by ECA staff and colleagues in the section to which I was allocated. The section was called *PECO*, the French abbreviation for the unit in charge of auditing the use of pre-accession funds for candidate countries and other EU external aid. Indeed, in my case the unit was very relevant for on-the-job training and extremely beneficial for my future career.

I was in the good company of three other interns from SAIs of candidate countries (Cyprus, Latvia, Lithuania and Slovakia), with whom I had the most remarkable time. I still remember that we were very proud of an article with a photo that appeared on the front page of the 'Luxemburger Wort' of Jan O. Karlsson, then President of the ECA and us. With the four of us representing somehow the new wave of Member States to join, the newspaper covered an item on the audit interns from candidate countries. New for us, but also new for them.

### Insights into performance auditing

Besides doing new professional 'discoveries,' the most impressive thing was working in a multicultural and multilingual environment, which I still enjoy very much to this day. I highly appreciated the support of the ECA colleagues for their guidance and kind support.

in professional but also personal matters. I was impressed by the professional and systematic way in which auditors performed their tasks. In comparison with my national office, the ECA was particularly more advanced in auditing performance issues. During my five months internship I learned a great deal on this in theory and in practice, which I used a lot after going back to Lithuania.

One of the tasks I was assigned to was the audit of effectiveness of environmental projects funded by EU Pre-accession funds. Some projects funded in Lithuania were selected for an on the spot visit. After my return to the Lithuanian national audit office, I continued with this audit by assisting the ECA audit team in auditing projects on the spot in Lithuania. Moreover, some of the selected projects I audited myself as a 'national' auditor, which resulted in a report of the Lithuanian SAI and subsequently contributed to an ECA special report.

### **Back home on a fast-track career path**

The internship has had a great influence on my future career and further specialization in audit. Soon after my return to Lithuania, I got the position of Head of Unit and later of Director of Department in charge of auditing EU pre-accession and post-accession funds in Lithuania. The National Audit Office was specifically assigned by law to audit EU funds within the control framework of the EU. This meant that my team and I were charged with duties rarely performed by other SAIs – the Certifying Body for EU agricultural funds and the Audit Authority for EU structural funds with direct reporting responsibilities to the Commission. With the work done in this particular role, and the impressive efforts made by my former colleagues, the National Audit Office of Lithuania is now one of the leading audit authorities in the EU when it comes to auditing the European Structural and Investment Funds.

A certain highlight of my professional activity was my appointment to the post of Deputy Auditor General in 2006 by the President of the Republic of Lithuania. Subsequently, my audit responsibilities became much broader than EU funds, which significantly enhanced my further professional development. Finally, in 2010, nine years after my internship, I came back to the Court as Head of the Private Office of Rasa Budbergytė, then ECA Member, and I presently serve as Attaché in the Private Office of Rimantas Šadžius, ECA Member, employing my knowledge and experience for the benefit of the EU project.

### **Enabling professional evolution and triggering change**

For me the internship proved to be an excellent tool that gives indispensable opportunities to learn and develop. For me it was definitely a driving force behind my professional evolution. Such internships also allow to build social and professional networks, enabling the sharing of knowledge between different people, institutions and countries, and even contribute to fostering developments in SAIs. Last but certainly not least, a few long lasting friendships and very warm memories remain invaluable.

## Applying what I learnt at the ECA

By Jolita Korzuniene

### A complex audit landscape

In 2003 I got selected for a five-month internship at the ECA. At that time, I was working as a chief auditor at the National Audit Office of the Republic of Lithuania. In October, I arrived in Luxembourg and was assigned to the directorate responsible for auditing external action, and within that the 'Central and Eastern European Countries and New Independent States Division,' headed by Ossi Louko. I joined the team of Lars Markström (my tutor) who was a team leader for the DAS audit of the PHARE programme, the EU Pre-accession instrument of those days.

Soon after my arrival, I saw that the audit practice and approach at the ECA was quite different from my experiences in Lithuania. In Vilnius the annual financial audit process focused on a single auditee and analysed various budget lines and balances. At the ECA the audits seemed more complex: the number of auditees was rather substantial as the programmes involved many Member States, a large number of different supported activities and various implementing bodies.

I was involved in auditing the PHARE programme, the EU's initiative that provided grant finance to support its partner countries to the stage where they are ready to assume the obligations of membership of the European Union. The audit team carried out substantive testing of the PHARE 2000 Economic and Social Cohesion programme, including in Lithuania. We audited beneficiaries and the regional project-implementing units. At the rather early stage of implementation of EU programmes in Lithuania, our visit was sometimes stressful for the auditees. However, at a same time, particularly for us, very useful, since we got many important questions related to programme management clarified.

### Applying ECA experiences back home

At that time the ECA only started implementing ASSYST I, the ECA's internal audit management programme. Our audit was a pilot project to document missions and file working papers for a first time on this IT system. I studied, with great interest, the functionalities of the programme. It was very useful, since after my return from the internship to the National Audit Office of Lithuania I helped to develop a new audit documentation system there. Other valuable experiences that stand out for me were participating in the traditional workshop of the directorate, where I made presentations on DAS audit missions and learned about experiences of other colleagues, and the many trainings, enhancing my knowledge on EU budget management.

The internship served favourably for my future professional development and my career: soon after my return in Lithuania, I was appointed as Deputy Director of the Performance Audit



Jolita Korzuniene

Department. I got involved in the development of the performance audit manual, preparation of the annual audit programmes and implementation of the quality control procedures. Two years later, I lead the department dealing with the preparation of the annual audit report on the national budget and state debt. Here, my understanding about the systematic approach for financial and compliance audit used in the ECA helped me to further develop the methodological approach of state budget auditing.

### **Cooperative spirit for the benefit of EU programme management**

Back on Lithuania, my best ECA memories were related to the friendly atmosphere in the sector, which was the merit of all the staff working there. I appreciated very much the help and heartiness of my dear colleagues, especially Lars Markström and Tim Upton, my teammates. Professionalism of the ECA staff was a good driver in my personal development.

Coming back to the ECA in 2009 was like coming back to the place where I knew I would be feeling like home: nice colleagues, good working conditions, and interesting topics. I worked for many years in the Transport and Energy Performance Audit Unit and I continue working in the directorate responsible for auditing EU Structural Funds. Starting with my internship I got to realise how important it is to have close connections with national Supreme Audit Institutions. We can learn a lot from each other and I believe that a cooperative spirit – in the sense of working together - helps to improve the management of EU funded programmes.



Meeting of Central and Eastern European SAIs and the ECA, Luxembourg 21 November 2000

## Roots of the cooperation between ECA and candidate countries' SAIs: it all started in the mid-1990s

Interview with Dirk Pauwels,  
Private Office of Danièle Lamarque, ECA Member

By Gaston Moonen, Directorate of the Presidency

### The beginnings of cooperation between the candidate countries' SAIs and the ECA

Dirk Pauwels revisits the first steps towards cooperation taken between 1994 and 1996: 'Discussions between the EU and the Central and Eastern European Countries intensified in view of accession negotiations. EU budgets for technical and other assistance increased in the region and so did our audit activities. Through the contacts we had as external auditor with the national administrations, we received multiple requests for cooperation with national external audit institutions.' He points out that the ECA had responded positively by organising the first ever meeting with Central and Eastern European SAIs, which was held on 23 October 1996 in Luxembourg. The presidents of 12 SAIs were present, two of whom would later become ECA Members: Anton Antončič of the Slovenian SAI and Janusz Wojciechowski of the Polish SAI, who has been a Member since 2016.'

According to Dirk, the results of the meeting were first formulated in a number of basic principles and priorities: 'The presidents signed a declaration whereby they agreed - on a voluntary basis - to develop the audit cooperation with the ECA and also to find ways to develop the capacity of their institutions. They agreed to prepare concrete proposals for a next meeting.'

Following the fall of the Berlin wall and the subsequent historic changes in Central and Eastern European countries, the possibility of European integration and even accession to the EU began to dawn. In the mid-1990s the ECA began to reflect on how it might contribute to such integration, not only through auditing but also by helping to build capacity in its specific area of expertise, external audit. Dirk Pauwels, who joined the ECA at that time, vividly recalls the ECA's first steps in assisting and cooperating with candidate countries' SAIs, whether newly established or eager to reform, in their capacity-building efforts.

### Putting intentions into practice

Dirk describes the prompt, concrete follow-up in the form of, what he views as, rather impressive innovative actions: 'After the meeting in Luxemburg in 1996, the Polish SAI, the NIK, organised, together with the ECA, a second meeting of Central and Eastern European SAIs. This was in Warsaw in March 1998. I remember the very impressive opening speeches of Bronislav Geremek, Minister of Foreign Affairs - and convinced European - as well as that of the chair of the European regional organisation of SAIs, Lubomir Volenik, President of the Czech SAI. The 13 Presidents present decided to focus cooperation on two aspects: firstly, the institutional strengthening of SAIs and, secondly, the role SAIs could play in preparing their country to EU membership.'

Dirk cites some of the concrete actions agreed. 'A number of SAIs had questioned what convergence criteria should be applied on their institution for EU integration. They had found little concrete guidance in the INTOSAI [the global umbrella organisation for SAIs] documents as these were of a general nature and contained no concrete tools for institutional or capacity building. The Presidents therefore decided to work on the definition of convergence criteria.' He continues by explaining that the participants had also agreed that professional training was a prerequisite, if SAIs were to integrate effectively into the EU: 'So they decided to work on professional training strategies, training programmes and training activities.'

Another specific issue concerned the matter of audit methodology: 'One of the returning questions at the time was the necessity to develop audit methodology and to agree on basic auditing standards to be applied in a European environment. As I said, at that time – and fortunately it improved a lot - INTOSAI standards only had a very general character. Therefore, the ECA developed the European Implementing Standards for the INTOSAI Auditing Standards.' He adds that these appeared to be very useful to colleagues in the SAIs, where they were used extensively. 'Therefore, the ECA translated the document in[to] all the languages concerned.'

In Dirk's view, another practical decision was taken during the Warsaw meeting. 'The presidents of the 12 SAIs of the Central and Eastern European countries present and the ECA decided to establish a permanent structure for cooperation. Similar to the Contact Committee of European Union SAIs, this would consist of liaison officers' meetings and Presidents' meetings.'

### Looking into the implementation of the acquis

The second matter on which the 1998 Warsaw meeting focused was that of the role SAIs could play in preparing their countries for EU membership during the accession procedure. When discussing this, Dirk recalls, 'Yes, this was something very new to all. In fact, during the accession process a SAI can play an active and positive role in verifying the implementation of, for example, the *acquis communautaire* and related aspects, thereby looking also into a country's capability to take on the obligations of EU membership. This also meant looking into institutional capacity.'



*... during the accession process a SAI can play an active and positive role in verifying the implementation [...] This also meant looking into institutional capacity.*

He explains that, in order to achieve this and carry out an assessment, the Presidents decided to start building up expertise, knowledge and experience in these areas. 'Guidance was prepared enabling interested SAIs to apply an active approach in the accession process. Making such guidance and sharing this [are] key elements of so-called 'knowledge sharing.'

### The ECA's specific role in SAI capacity-building

When it comes to concrete ECA action in the area of capacity building, Dirk observes that the ECA took a rather practical approach. 'I think the ECA realised from the beginning that it does not have the capacity nor the financial resources to be a driving force in this process. A lot of the activities required different forms of technical assistance.' However, Dirk also points to another problem: 'The typical technical assistance financed by the Commission was provided by private companies which had - and perhaps have - limited capacity and knowledge in the area of public external auditing. Secondly, the technical assistance financed by the Commission focused on national ministries and administrations but it did not include SAIs. The ECA therefore supported the idea to include SAIs in the pre-accession assistance programmes provided by the Commission.'

Regarding the issue - with the Commission providing the financing - who was to provide the expertise if the private sector could not offer what was needed, Dirk replies, 'The ECA suggested developing such activities through SIGMA [Support for Improvement in Governance and Management managed by the Organisation for Economic Cooperation and Development], which could call on expertise from national SAIs whilst receiving financial support from the European Commission. I remember that the first stone of this support structure was laid during an informal meeting in our old 'antenna' office in Rue de la Loi in Brussels during a meeting between representatives of both the ECA and the Commission, and Kjell Larsson of SIGMA. Later on Kjell Larsson played a very important role in the development of capacity-building projects and providing technical assistance for SAIs in candidate countries.'

According to Dirk, besides supporting the initiative of setting up SIGMA, the ECA lent experienced ECA staff to provide advice to any SAIs interested, either via SIGMA or directly, on a limited basis. 'In addition, ECA expertise was provided by ECA staff going on more long-term secondments to SAIs, mostly after a country had become an EU Member. Such secondments still continue between EU SAIs, the ECA receiving also secondments from national audit offices. And then there is, of course, the internship programme with SAIs of [potential] candidate countries. But I understand that this is covered more extensively elsewhere in the ECA Journal.'



*... the ECA realised from the beginning that it does not have the capacity nor the financial resources to be a driving force in this process.*



*The ECA suggested developing such activities [providing expertise] through SIGMA...*

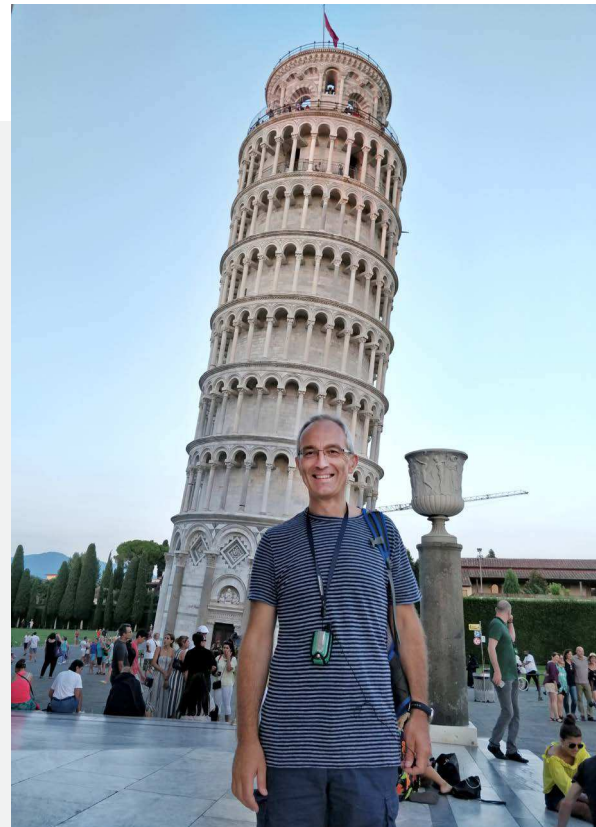


## Reaching out

### The Summer School in public auditing and accountability - auditors and academics exploring data analytics

By Gilberto Moggia, Information, Workplace and Innovation Directorate

The ECA, the University of Pisa and the Association of Chartered Certified Accountants (ACCA) jointly organised the first 'Summer School in Public Auditing and Accountability' in Pisa (Italy). The aim was to examine emerging issues in data analytics, which appears to be a powerful driver of change in audit. Gilberto Moggia, who was heavily involved in setting up the programme and rolling it out, provides further details.



Gilberto Moggia in Pisa

#### The School - a new learning opportunity for European auditors

To keep pace with innovation, auditors and audit organisations need to monitor and understand emerging trends and technologies, which have potential not only to improve, but often also to disrupt current audit practice. This is the *raison d'être* of the School: instead of focusing on consolidated audit techniques and practices, the three organising bodies chose to design the School as a new learning opportunity for European auditors, where the focus is on emerging global issues that are particularly relevant for the future of the audit profession.

Data analytics is one such emerging issue and a powerful driver of evolution in audit: before our very eyes, digital technology is changing the nature of audit in both the private and public sectors. No doubt about it, digital technology has revealed new audit opportunities that audit organisations can ill afford to neglect if they want to remain relevant in changing times. But incorporating analytics into audit is not without its challenges. One of the main challenges facing our organisations is the lack of the necessary technical skills to analyse data flows. In fact, making sense of data for auditing is a complex operation that means combining diverse disciplines and skills which are not typically to be found in the toolbox of professional auditors.

### Auditors and academics exploring opportunities and challenges of data analytics

The 2018 edition of the School offered a highly intensive immersion course in data analytics. The instructors gave the 45 participants original insights into current trends, focusing on the practical implications for audit. The ECA and its partners successfully brought together a number of respected academics and practitioners to speak on all the main aspects of data analytics for auditing. We welcomed instructors from the University of Pisa and other leading universities, the EU institutions, the OECD, SAIs and the private audit sector.

Participation was not restricted to ECA auditors. The participants came from a wide range of public audit organisations: 22 from the EU institutions (ECA, Court of Justice, Commission and Investment Bank) and 18 from twelve European SAIs (Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Italy, Lithuania, Malta, Sweden and Switzerland). We were also delighted to welcome three PhD students from the University of Pisa and two private auditors.

### The training objective: improving core analytical capabilities

The discussions in Pisa showed that some SAIs have been making considerable progress in the area of digital audit. In general, however, the establishment of core analytical capabilities is still in its infancy. Moreover, our organisations do not yet readily share with each other the expertise essential for successful data-driven audit. In this regard, Pisa represented a very good opportunity for a fruitful exchange of knowledge and good practice, both among auditors from a range of audit organisations and between academia and the audit profession. In the course of the week, teachers and participants analysed the new audit opportunities offered by data analytics, seeking to identify and assess the related risks, evaluate methods and solutions, appraise tools and technologies, and suggest how best to update our professional practice.

### A learning path in six modules

Data analytics demands a rich mix of knowledge, methods and technologies, all of which are necessary for processing large volumes of complex and heterogeneous data for audit. To cover the main aspects of such a labyrinthine topic, the course content was organised in six modules as follows:

**Module 1 – Extracting value from data:** *introducing participants to the main aspects of the big data phenomenon: its overall importance and the main opportunities and challenges of it, the IT implications and risks, and the legal issues raised for public administrations by working with data;*

**Module 2 – Data analytics for auditing:** *outlining the concepts and definitions of data analytics in the context of auditing and the wide range of methods and techniques needed for a successful implementation of data analytics in our organisations;*



2018 Summer School session in Pisa. From left to right: Michael Kell (UK NAO), Giuseppe D'Onza (University of Pisa), Maggie McGhee (ACCA), Eduardo Ruiz Garcia (ECA)

**Module 3 – Statistical methods and techniques for data analysis:** offering an overview on the main statistical techniques for data analytics and on the specific developments related to the use of big data for statistics;

**Module 4 – Data-driven audit – case studies & field experiences:** opening the floor to participants to present their results in data-driven audit practice;

**Module 5 – IT methods and techniques for data analysis:** introducing the participants to the comprehension of the main IT methods for data analytics, including those necessary for machine learning and predictive analysis;

**Module 6 – Data mining and analytics - implications for the audit profession:** discussing the challenges for the audit Institutions of incorporating analytics into audit and what public audit institutions should take into consideration when planning and developing their new capabilities.



### Pisa and beyond

It is impossible to summarise the richness of the week's presentations and discussions in just a few lines. However, it is worth emphasising two key messages.

Firstly, digital audit is about the efficient use of technology, but auditors do not need to become software developers or computer programmers to take full advantage. What they do need is to understand the key elements of the IT involved (such as the functioning of algorithms) so that they can generate new kinds of insights from data. It is essential for auditors to acquire some hands-on knowledge and experience and a high degree of comfort in using technology to process and analyse data.

Secondly, to successfully implement data analytics for audit it is crucial to combine the skills of data analysts with the professional mind-set and approach of auditors. To promote data-driven audit, the ECA and other SAls should set up multidisciplinary teams. With the help of data analysts, and powered by innovative technologies, auditors will have the resources, tools and time to apply their professional scepticism and judgement to generating new insights.

Data-driven audit is a new field now under development. Encouraged by the participants' very positive evaluation of the course, the ECA intends to continue the work begun in Pisa so as to facilitate knowledge-sharing on innovative practices.



## ECA publications in July-September 2018

### Background paper

### EU Auditors to examine VAT and customs duties in e-commerce



Published on 05 July 2018

The European Court of Auditors is conducting an audit to find out how effectively the EU is addressing the challenges posed by e-commerce in terms of VAT and customs duties. They will examine the European Commission's regulatory and control framework for e-commerce and cooperation between Member States to ensure that VAT and customs duties on e-commerce transactions are collected in full. The auditors have today published a Background Paper on the collection of VAT and customs duties on e-commerce as a source of information for those interested in the subject.

[Click here for our report](#)

### Briefing paper

### The Commission's proposal for the 2021-2027 Multiannual Financial Framework



Published on 10 July 2018

On 2 May 2018 the Commission published a package of legal proposals and accompanying explanatory documents for the new Multiannual Financial Framework (MFF) – a seven-year budget for the European Union for the 2021-2027 period.

In this briefing paper we focus on the proposed MFF Regulation, the MFF Communication and the accompanying Spending Review.

[Click here for our report](#)

### Special Report N° 18

### Is the main objective of the preventive arm of the Stability and Growth Pact delivered?



Published on 12 July 2018

The European Commission has exercised discretionary powers granted by the preventive arm regulation very extensively with a view to reduce the adjustment requirements, both by setting the implementation rules and in individual decisions.

We consider that the combination of the current matrix parameters, allowed deviations and flexibility clauses cumulatively erode the target set in the Regulation which is to achieve an average annual adjustment of 0.5 % of GDP over the cycle. This prevents that the Medium Term Objectives of member states are reached within a reasonable period. Particularly worrisome is very slow, or even absent adjustment in several member states with high public debt ratio.

The implementation rules and Commission's practice therefore need to be reviewed and strengthened.

[Click here for our report](#)



## ECA publications in July-September 2018

### Opinion No 1/2018



Published on 17 July 2018

### Opinion No 1/2018

Opinion No 1/2018 concerning the proposal of 2 May 2018 for a regulation of the European Parliament and of the Council on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States

[Click here for our report](#)

### Background paper

### The Fund for European Aid to the Most Deprived (FEAD)



Published on 30 August 2018

The European Court of Auditors is conducting an audit of the Fund for European Aid to the Most Deprived (FEAD). The Fund seeks to help lift the most deprived people in the EU out of poverty and foster their social integration by combining material and food aid, along with specific advice and social inclusion measures. The auditors will assess the initial set-up of the FEAD and examine whether the Member States' programmes are effective in targeting the most deprived. They will also review the performance measurement put in place by the Commission to determine the Fund's contribution towards meeting the EU's poverty reduction target.

[Click here for our report](#)

### Landscape Review

### Putting EU law into practice: The European Commission's oversight responsibilities under Article 17(1) of the Treaty on European Union



Published on  
3 September 2018

Opportunities exist for the European Commission to further strengthen its oversight of the way EU law is applied in the Member States, according to a new Landscape Review by the European Court of Auditors. The review looks at the Commission's oversight activities and identifies challenges and opportunities ahead. It also points to the need for transparency, accountability and audit in applying EU law.

[Click here for our report](#)

### Special Report N° 21

### Cohesion policy: emphasis still on outputs rather than results European Union



Published on  
4 September 2018

Project selection procedures in Cohesion policy still emphasise outputs and spending rather than results, despite a longstanding intention to improve matters, according to a new report from the European Court of Auditors. Moreover, say the auditors, shortcomings in monitoring make it difficult to assess the extent to which EU funding has contributed to EU and Member State objectives.

[Click here for our report](#)



## ECA publications in July-September 2018

### Special Report N° 22

### Erasmus+: a successful European brand, but needs better performance measurement



Student mobility under the Erasmus+ programme generates many forms of European added value and has a positive effect on participants' attitudes towards the EU, according to a new report from the European Court of Auditors; countries would not be able to achieve such effects acting alone. However, the auditors found that the indicators used to measure the Programme's performance should be better aligned with its objectives. They add that application and reporting processes are still too complex, despite some simplification.

Published on  
6 September 2018

[Click here for our report](#)

### Special Report N° 23

### Air pollution: Our health still insufficiently protected



Air pollution causes great harm to European citizens' health. Each year, about 400 000 people die prematurely due to excessive air pollutants such as dust particles, nitrogen dioxide and ozone. For about 30 years, the EU has had clean air legislation that sets limits to the concentrations of pollutants in the air. Nevertheless, bad air is still common today in most of the EU Member States and in numerous European cities. We found that European citizens still breathe harmful air mostly due to weak legislation and poor policy implementation. Our recommendations aim to strengthen the Ambient Air Quality Directive and to promote further effective action by the European Commission and the Member States, including better policy coordination and public information.

Published on  
11 September 2018

[Click here for our report](#)

### Background paper

### Enforcement of EU competition policy



The European Court of Auditors has today published a Background Paper on the enforcement of the EU's competition rules. Background Papers provide information on ongoing audit tasks and are designed as a source of information for those interested in the policy and/or programmes being audited.

Published on  
12 September 2018

[Click here for our report](#)



## ECA publications in July-September 2018

### Special Report N° 17

### Using Cohesion funds money should not become an end in itself



The European Commission and Member States should make more effective use of Cohesion funding, according to a new report from the European Court of Auditors. Delays in finalising the legal framework and slow progress with spending plans put national administrations under pressure to use the money quickly, sometimes at the expense of performance, warn the auditors. The Commission was late in addressing spending difficulties in some programmes; however, its actions and those of the Member States had a positive impact on absorption.

Published on  
13 September 2018

[Click here for our report](#)

### Special Report N° 20

### The African Peace and Security Architecture: need to refocus EU support



EU financial support for the African Peace and Security Architecture (APSA) has had a poor effect and needs refocusing, according to a new report from the European Court of Auditors. For many years, the APSA has been heavily dependent on donor funding and EU support has been focusing on contributing to its basic operational costs rather than on capacity-building measures, say the auditors.

Published on  
September 2018

[Click here for our report](#)

## EDITION HIGHLIGHTS

- 05 Political will is essential for accession progress**
- 08 Perspective of EU membership important driver for progress and reconciliation in Western Balkans**
- 23 Auditing Turkey: from EU pre-accession to migration management**
- 38 'Enlargement process as occasion for the EU to reinvent and reform itself'**
- 41 Capacity building in EU candidate countries in the area of financial control: some personal experiences and thoughts**

COVER:  
Fictitious car registration plates symbolising countries' aspirations for EU membership  
Source: © ECA