

8 March 2007

Screening report

Croatia

Chapter 22 – Regional policy and coordination of structural instruments

Date of screening meetings:

Explanatory meeting: 11 – 12 September 2006

Bilateral meeting: 5 – 6 October 2006

I. CHAPTER CONTENT

The *acquis* under this chapter consists mostly of framework and implementing regulations, which do not require transposition into national legislation. They define the rules for drawing up, approving and implementing Structural Funds and Cohesion Fund programmes reflecting each country's territorial organisation. These programmes are negotiated and agreed with the Commission, but implementation is the responsibility of the Member States.

A **legislative framework** has to be put in place allowing for multi-annual programming at national and regional level and budget flexibility, enabling co-financing capacity at national and local level and ensuring sound and efficient financial control and audit of interventions. Member States must respect Community legislation in general, for example in the areas of public procurement, competition and environment, non-discrimination, equality between men and women, when selecting and implementing projects.

Member States must set up an **institutional framework**. This includes designating and establishing all structures at national and regional level required by the regulations as well as setting up an implementation system with a clear definition of tasks and responsibilities of the bodies involved. The institutional framework also requires establishing an efficient mechanism for inter-ministerial coordination as well as the involvement and consultation of a wide partnership of organisations in the preparations and implementation of programmes.

Adequate **administrative capacity** has to be ensured in all relevant structures. This includes recruiting and training qualified and experienced staff and establishing measures to retain such staff. In this context, member States will need to make the necessary organisational arrangements, adapt procedures and organization charts and prepare accompanying documents.

The **programming** process covers the preparation of a National Strategic Reference Framework (NSRF) and a series of operational programmes (OP) including ex-ante evaluations. Member States have to organise broad partnerships for the preparation of programming documents. They have to ensure that a sufficient pipeline of projects is established allowing for a full financial implementation of programmes. Member States will also have to carry out specific information and publicity measures with regard to the Structural Funds.

Establishing a **monitoring and evaluation** system includes the set up of evaluation structures and processes in different relevant bodies as well the installation of a comprehensive and computerised management information system (MIS) accessible and usable for all concerned bodies.

Member States must set up a specific framework for **financial management and control** including audit. This includes designating and establishing all structures required by the regulations as well as setting up an implementation system with a clear definition of tasks and responsibilities of the bodies involved.

II. COUNTRY ALIGNMENT AND IMPLEMENTATION CAPACITY

This part summarises the information provided by Croatia and the discussion at the screening meeting.

Croatia indicated that it can accept the *acquis* regarding regional policy and coordination of structural instruments. Croatia indicated that it does not expect any difficulties in implementing the *acquis* by accession.

II.a. Legislative framework

Croatia has a budget planning system which foresees an indicative multi-annual budgeting over a three year period, as laid down in Government guidelines on budget planning. However, according to the Budget Act, the budget is only adopted on an annual basis. Croatia's budget law provides for flexibility of budget transfers up to a maximum of 5% between budget lines.

National co-financing for EU funded measures in Croatia is being raised either through national government budget allocations, IFI loans, contributions from public companies or the beneficiary organisation of the project, donors or commercial sources of funding. Raising private funding sources is possible in Croatia via Private Public Partnerships (PPP), which are regulated by recent government guidelines. Other than a share of national taxes and government budget transfers, local authorities are entitled to own resources by raising local taxes. They are also entitled to borrow amounts of up to 20 % of the total revenues of the past year.

Croatia has been preparing a draft law on regional development, aiming at streamlining the related responsibilities of the relevant institutional structures, at national level, and organizing accordingly the coordination mechanisms. In particular, it is expected to set up development agencies within counties, at NUTS III levels. Croatia's legal framework on financial control and audit is essentially regulated by its Public Internal Financial Control Act, adopted on 15 December 2006. This Act defines the methodology, standards, relationships and responsibilities, as well as competence of the Ministry of Finance and other bodies in the implementation of public internal financial control system, comprised of two basic elements: Financial Management and Control and Internal Audit. The Budget Act establishes the basic elements of the control environment including the application of the principle of segregation of duties, notably between payment and authorising functions. Croatia's strategy on the development of public internal financial control (PIFC) of 2005 sets out the basic guidelines for the development of PIFC. The PIFC system is currently being further developed. Internal audit is formally established in 12 out of 13 Ministries.

Croatia has a public procurement act and public procurement office. It is currently amending its legislation in this area to bring it into line with relevant EU legislation (see also chapter 5 – Public procurement). Gender equality is regulated by Croatia's constitution and more specifically by its Gender Equality Act. State aid rules are enshrined in Croatia's state aid act and regulation on state aid (see also chapter 19 - Social policy and employment). Croatian Competition Agency represents the highest body dealing with state aid, managed by the Competition Council (see also chapter 8 - Competition policy). Environmental legislation is notably defined in the Environmental Protection Act (a new Environmental Protection Act to be adopted in the first half of 2007) and in other specific sectoral acts. Requirements for application of the polluter-pays-principle and environmental impact assessment are partially aligned in Croatia (see also chapter 27 – Environment).

Croatia has prepared a provisional NUTS classification, which is in line with relevant regulations and with Commission suggestions. It includes 3 regions at NUTS II level. The breakdown into territorial administrative units is as follows: 20 counties, City of Zagreb, 126 towns and 429 municipalities. Croatia has de-concentrated structures from most Ministries to local and regional level. Croatia indicated that, at the current stage, it would not establish specific administrative structures at NUTS II level for regional development implementation.

II.b. Institutional framework

Croatia is currently implementing EU pre-accession programmes under decentralised implementation systems (DIS), i.e. the conferral of management with the European Commission maintaining ex-ante control on procurement; the Phare/ISPA DIS implementation structure has been accredited in February 2006 and the SAPARD structure (conferral of management with no ex-ante control on procurement) has been accredited in September 2006.

Croatia is in the process of designating the management and implementation structure for the new instrument for pre-accession (IPA) which, for its regional development and human resources development components, is a pre-cursor of the Structural Funds (SF) and Cohesion Fund (CF). Accordingly, IPA structures are directly relevant for the institutional system to be established under the SF. A preliminary management and implementing structure has been defined as follows (notably concerning IPA components III and IV but also component II all of which are directly relevant for future SF/CF):

- On component II – cross-border cooperation: On the programmes with the Member States, the managing authorities will be in the respective Member States. The counterpart on Croatian side for these programmes will be the Ministry of Sea, Tourism, Transport and Development. The structures for the programmes with other IPA countries are still to be defined.
- On component III and IV – regional development and human resources development: Croatia indicates that these IPA components should have the same operating structure as for the Structural Funds. This would include:
 - The State Secretary of the Central Office for Development Strategy and Coordination of EU Funds (CODEF) will be appointed as national IPA coordinator (NIPAC); the CODEF would be in charge of preparing the National Strategic Reference Framework and would become the coordinating body under the SF/CF. The Ministry of Finance has a coordination role with regard to budget preparation and execution and internal audit functions of line ministries.
 - Operating structures (future managing authorities under the SF/CF) which are to manage and implement the four proposed Operational Programmes (OP) under IPA have been established by government decree (of 28/09/2006) and are as follows: OP Transport – Ministry of Sea, Tourism, Transport and Development; OP Environment – Ministry of Environment Protection, Physical Planning and Construction; OP Regional Competitiveness – Ministry of Economy, Labour and Entrepreneurship; OP Human Resource Development - Ministry of Economy, Labour and Entrepreneurship. During a transition period, however, all procurement functions (tendering and contracting) under IPA would be undertaken by the Central Contracting and Finance Unit (CFCU) at the Ministry of Finance. In general, the same OPs should be retained under the Structural Funds and, equally, the same managing authorities would be used for the management of programmes from accession.
 - Over and above the four OPs and the corresponding IPA structures, Croatia has indicated it would prepare a Regional Operational programme under future Structural Funds, which is to be managed by the Ministry of Sea, Tourism, Transport and Development, as well as a capacity building OP, for which the managing authority is yet to be designated.

- Croatia has also indicated possible Intermediate Bodies (IB) and Final Beneficiaries (FB) as follows: Croatian Railways and Croatian Roads as FB for the Transport OP; Croatian Waters and the Environment Protection and Energy Efficiency Fund as IB, and county authorities, municipalities, towns and public companies as FB for the Environment OP; the Croatian Employment Service and the Agency for Vocational Education and Training as IBs for the HRD OP; the HAMAG Agency for SME promotion and BICRO (technological development projects) as IB for the competitiveness OP.
- Certifying Authority - The National Fund at the Ministry of Finance, in charge of financial management of IPA, will on accession take over the function of Certifying Authority.
- Audit authority – Croatia has not as yet designated a body in charge of external audit; Croatia has, however, decided that coordination and harmonisation functions on internal audit will be carried out by the Department for Harmonisation of Internal Audit and Financial Control at the Ministry of Finance (the so called Central Harmonisation Unit) with assistance of Internal Audit Department of the Ministry, which carried out first EU funds audits and will share good practice; this will establish the internal audit practice and methodology for the different Internal Audit Departments in the line Ministries.
- A Monitoring Committee (MC) for each operational programme composed of the representatives of relevant state institutions and non-governmental sector. These will continue to exist under the SF.

Croatia indicates that the IPA institutional structure will evolve into the Structural Funds management structure and that the responsibilities will be assigned in future in line with the Council Regulation 1083/2006 laying down general provisions on the ERDF, ESF and CF.

Several inter-ministerial coordination structures have been established in Croatia. These include, for example, the Inter-ministerial Coordination Group (ICG) for the preparation of the IPA Strategic Coherence Framework for components III and IV, which was established in 2005 and is headed by the CODEF. Inter-ministerial working groups have been established for each OP and are co-chaired by the operating structure of the respective OP and the CODEF. A broad inter-ministerial coordination group has also been created for the preparation of the National Strategy for Regional Development.

There is a practice of partnership involvement in policy-making in Croatia including through such bodies as the National Competitiveness Council and the Economic and Social Committee, which involve the socio-economic partner organisations. The socio-economic partner organisations are also involved in the IPA ICG. NGOs are notably involved under the ISPA, Phare and SAPARD programmes.

In relation to its regional development strategies/programmes, Croatia intends to establish on the one side County Partnership Councils and on the other a National Partnership Council for Regional Development. The former will oversee the preparation and implementation of county development strategies while the latter will oversee the coherence of the overall national regional development programming and implementation.

II.c. Administrative capacity

Croatia has undertaken or started undertaking an analysis of staff and training needs for some IPA implementation structures, notably for the CFCU. However, Croatia has not yet

prepared organisational development strategies for bodies involved in the implementation of IPA and the future Structural Funds. The CODEF will, in co-ordination with the other state institutions, prepare a Structural Funds Strategy, by which it shall define the preparatory activities for a successful management of the Structural and Cohesion Funds. This strategy would propose the Structural Funds management structures, identify the human and financial resources needed, and establish the training needs and training plan.

Through technical assistance and twinning measures funded under EU pre-accession funding, Croatia has already addressed certain capacity building needs for the implementation of EU funded projects notably at central level. This included training on programming, project preparation, monitoring and financial management and control issues as well as sectoral/horizontal issues such as competition, state aid, public procurement and equality between men and women. Some measures have also been undertaken at country and local level including training on regional development planning and project preparation.

The Ministry of Foreign Affairs and European Integration organises the so-called 'ABC of EU' seminars which offers training to civil servants from national and regional level notably in a broad range of EU policy areas.

According to the Civil Servants Law, the Croatian government has to adopt an annual training plan for civil servants. The 2007 programme envisages a number of training measures directly relevant for the preparations of the Structural Funds programmes.

The recruitment of civil servants is undertaken according to the Civil Servants Law, which entered into force in January 2006. This law also regulates the career development of civil servants on a merit base. Croatia recognises that it has been facing difficulties in recruiting and retaining high quality staff as civil servants.

II.d. Programming

Croatia has drafted a wide range of programming documents of which the most important and relevant ones are as follows:

- Strategic Development framework 2006-2013: this is an overarching national development planning document, which is based in part on sectoral strategies elaborated by line Ministries; the document was prepared by the Central State office for Development Strategy and adopted by the government in August 2006.
- National Strategy for Regional Development (draft): this document reflects the regional development priorities of Croatia; it was prepared at national level by the Ministry of Sea, Tourism, Transport and Development but with a wide participation and or consultation of other bodies through the inter-ministerial coordination group, the national partnership group or technical working groups.
- Regional (county) development plans: prepared so far in 19 of 21 counties.
- Strategic Coherence Framework (SCF): this document, of which a first draft is available, is the planning document for the IPA components III and IV from 2007 and is the precursor of the National Strategic Reference Framework document under the Structural Funds. It will be complemented by operational programmes for each of the designated sectors involved. Drafting is based on inter-ministerial cooperation and the consultation of an appropriate number of partners from non-governmental sector.

By the end of 2007, Croatia will set out a plan for the drafting of the National Strategic Reference Framework under the Structural Funds as well as the operational programmes.

The start of the drafting process is planned for 2008. Croatia plans to establish a working group for each Operational Programme (OP). In the process of drafting the NSRF and the OPs, all the relevant stakeholders will be included notably through participation in the different working groups and consultation forum.

With regard to the establishing of a pipeline of projects, Croatia has built up a database of project ideas and concepts. Technical assistance is used for project preparation notably in view of the IPA programme.

II.e. Monitoring and evaluation

Croatia has established an Internal Monitoring System in the context of its monitoring obligations under the pre-accession financial instruments CARDS, PHARE, ISPA and SAPARD. This includes the organisation of Monitoring Committees and sectoral subcommittees for the different programmes, the electronic storage of project monitoring reports and a project database. Financial reporting (and accounting) is currently done on a manual basis. Croatia is in the process of setting up an IT system for the monitoring of EU financial assistance. Under the SAPARD programme, monitoring is carried out by the SAPARD Agency and the Managing Authority together with stakeholders in the framework of the Monitoring Committee.

In relation to evaluation, Croatia has gathered some experience with the carrying out of ex-ante evaluations notably of the National Strategy for Regional Development and in the framework of the SAPARD programme. With regard to the evaluation requirements under the IPA and the Structural Funds, Croatia recognises the need to strengthen the evaluation capacity of the beneficiary institutions. Croatia foresees developing a business plan for the ex-ante and interim evaluation of the Structural Funds Operational Programmes in the course of 2007. It also plans to define a set of indicators for monitoring and evaluation of the measures foreseen in the Strategic Development Framework 2006-2013 in the course of 2007.

II.f. Financial management and control

Croatia has not yet formally designated the Audit Authority as the body to be in charge of external audit (see also 'institutional structures' above); it is, however, considering whether to appoint the State Audit Office to take over the external audit functions.

Croatia has established internal audit departments in line ministries; coordination and harmonisation of the methodology of the internal audit functions is carried out by the Department for Harmonisation of Internal Audit and Financial Control at the Ministry of Finance (the so called Central Harmonisation Unit) with assistance of Internal Audit Department of the Ministry, which carried out first EU funds audits and will share good practice.

Croatia states that the National Fund at the Ministry of Finance, in charge of financial management of IPA, will on accession take over the function of Certifying Authority.

Croatia's current financial management and control system for EU funds is determined by the requirements under pre-accession instruments with the National Authorising Officer (NAO) and the National Fund (NF) as well as the Central Finance and Contracting Unit (CFCU) taking up key roles. Key elements of this system include the various reporting requirements (including financial reporting) under the different instruments, the supervision by committees, and the establishment of manuals of operations, which introduce the

segregation of duties and the 'four eyes principle' as well as an internal control system. A system for the flow of funds, audit trails, risk management and a reporting system on irregularities has also been established. Croatia currently uses a manual accounting system for EU funds management, which is soon to be replaced/complemented by an electronic system.

III. ASSESSMENT OF THE DEGREE OF ALIGNMENT AND IMPLEMENTING CAPACITY

Overall, Croatia has partially aligned with the *acquis*. However, it needs to amend and complement its legislative framework in line with the presented plans or those under preparation, allowing for multi-annual budget planning, financial management and control and the respect of Community policies. Croatia needs to designate institutional structures in line with the Structural Funds regulations, build up and manage to retain adequate administrative capacity, and ensure full and transparent separation of functions between structures. Croatia needs to establish a computerised Management Information System and build up evaluation capacity. It also needs to set up an efficient financial management and control system for the implementation of the Structural Funds.

The Commission will assess the budgetary impact of Croatia's accession in terms of cohesion policy at a later stage of the negotiations. The results of the impact assessment will be presented together with the financial framework for concluding the negotiations.

III.a. Legislative framework

Croatia's budget planning system allows for indicative multi-annual programming at national and regional level; however, it does not provide sufficient guarantees with regard to multi-annual programme budgeting with the budget only being adopted on an annual basis. Its budget transfer flexibility is also limited. The length/duration of financial circuits and flows remains comparatively long.

Croatia draws co-financing for EU funded measures from a number of sources; however, co-financing, other than through national government budget allocations and to some extent IFI loans, remains limited. Local authorities' own resources and capacity to co-finance is limited.

Croatia already has a basic public internal financial control system in place. This has been complemented in December by the adoption of a PIFC framework law defining requirements for the expected PIFC system, training of persons involved in financial management and control as well as in functionally independent internal audit, reporting requirements on PIFC to the Government as well as the actions to be taken in cases of irregularities and fraud.

Public procurement legislation in Croatia is partially aligned with the *acquis* and is in the process of being further aligned; implementation capacity and policy-making capacity, however, needs to be substantially strengthened (see also chapter 5 – Public procurement). The State Aid Act, together with the Regulation on State Aid, represent partial alignment with Community State aid rules but significant further alignment is still needed. The current enforcement record and control system on state aid is insufficient, particularly as regards the power of the government to overturn decisions (see also chapter 8 - Competition policy). The basic legislation in the field of equal opportunities and gender equality is largely in place, although full alignment still needs to be attained (see also chapter 19 - Social policy and employment). With regard to the Environment Policy, Croatia is in the process of aligning its Environmental Protection Act with the *acquis* and plans to complete the process including the implementing legislation by 2008 (see also chapter 27 – Environment). There

are no mechanisms/procedures yet to ensure the respect of Community legislation in EU programmes.

Croatia's draft law on regional development needs further, substantial work to eliminate potential contradictions with the regulations governing Cohesion policy and avoid establishing complex programming and management structures.

III.b. Institutional framework

Croatia has made a provisional designation of structures for the implementation of the IPA instrument notably with regard to the management of four OPs and with regard to the financial control functions. These structures, it has indicated, will directly flow into the future Structural Funds implementation system. Croatia has also provisionally designated the management authority for one additional OP as well as the Intermediate Bodies and final beneficiaries for a number of OPs.

However, Croatia has at this early stage not yet formally designated the implementation structures for Structural Funds and some Managing Authorities and other bodies still need to be designated even on a provisional basis. The precise position and function of some Ministries with a role under the Structural Funds, but which have no direct management task, will also need to be established.

Croatia's central coordination function under IPA is allocated to the Central Office for Development Strategy in charge of planning and programming, while the Ministry of Finance's responsibility is financial management and monitoring of pre-accession assistance.

Considering the multitude of functions which future structural and cohesion funding will entail, Croatia should take the necessary steps to ensure a coherent structure of coordination is established which is both stable and competence based.

In particular, such a coordination structure should have the capacity to meet the requirements of budgetary planning and arbitration, provision of co-financing, monitoring and management information system, annual reporting, control, certification.

At the same time, the functional independence of the structure as a whole should be ensured in particular as it relates to the future management and certification authorities and their respective responsibilities. In particular, this coordination structure should support the Managing Authorities in fully discharging their responsibilities and decision-making capacity to manage and implement the relevant programmes under their control.

At a wider level, and within the framework of increasing transparency and accountability in the management of Funds, the coordination structure should provide the necessary assurance on maintaining coherence between macro-economic policy objectives on the one hand and Cohesion and Structural Funds co-financing needs and objectives on the other.

Regarding coordination at regional level, Croatia has already identified a number of mechanisms for coordinating measures under regional development programmes. Nevertheless, these mechanisms (and their corresponding structures) are deemed overly complex and cumbersome and should be reviewed in that context. At the same time, Croatia also needs to specify more broadly how measures under the other different OPs which are implemented at regional level are to be coordinated.

Croatia has agreed on a provisional regional statistical classification and submitted it to the EC. In this respect, Croatia should consider the implementing mechanisms and structures to

be set up in order to design and implement future regional programmes under cohesion policy, at the appropriate territorial level, in accordance with the relevant legislative requirements under the regulation 1083/2006. The future managing authority/authorities for the regional programme(s) will have to be entrusted with adequate political authority, together with technical and operational expertise in order to respectively design and implement the programmes and related priorities.

Accordingly, competences and duties of the development agencies will need to be defined, considering they can not act as managing authorities at the council level.

Inter-ministerial coordination with regard to EU funded programmes has been established but its operational efficiency needs to be verified.

With regard to the partnership principle, Croatia does involve socio-economic partners and NGOs in policy-making initiatives and coordination groups. NGOs are also involved in programming and monitoring under the ISPA, Phare and SAPARD programmes. The involvement of local and regional authorities in the programming and implementation will need to be increased under the Structural Funds. In this context, however, Croatia should avoid a multiplication of complex support structures below the NUTS II level in order to achieve appropriate synergies.

III.c. Administrative capacity

Croatia has undertaken or started undertaking an analysis of staff and training needs for some IPA implementation structures, notably for the CFCU. However, it has not yet undertaken a more systematic analysis of organisational development and staff needs for all bodies involved in the implementation of IPA and the future Structural Funds. This needs to be done at an early stage in order to allow for sufficient time in recruiting and training the appropriate staff and in sufficient numbers in order to allow for an efficient implementation of development programmes. In the light of the above, Croatia should pursue its plan to prepare an overall strategy for capacity building as a matter of priority. This should address the necessary organisational adaptations, changes to procedures and organization charts and the preparation of accompanying documents.

A number of training measures notably at central level have been undertaken. Croatia should establish an overall master plan for its training activities and ensure an efficient coordination of activities.

In order to avoid a high fluctuation of staff and being able to attract and retain high quality staff in those teams managing the IPA instrument and thereafter the Structural Funds, Croatia needs to design and implement an efficient and attractive career planning and salaries policy for civil servants involved in the Structural Funds.

Croatia should also pay particular attention to provide adequate training and support to final beneficiaries and at the appropriate territorial level, with a view to improving their administrative capacities, and in particular their project management capacities.

The weakness in the staffing system is reflected in the slow tendering and contracting rates for pre-accession instruments after DIS has been granted. There is, therefore, an urgent need to tackle the problem of staff shortages and staff retention in order to assure smooth implementation of the projects already approved and to guarantee efficient management of IPA as preparation to future Structural Funds.

III.d. Programming

Croatia has produced a wide range of programming documents notably at national but also at regional level and amassed a considerable experience in doing so. However, besides being of diverging quality, the operational value of these programming documents (especially with regard to the national budgeting process) is limited. Some, notably the National Strategy for Regional Development, have been produced essentially in view of gaining experience in the process of programming. Past experience should more systematically be taken into account in programming.

Croatia is at an early stage in setting up a pipeline of projects for implementation under the IPA programme. It will have to mobilise substantial additional resources to prepare a comprehensive and good quality project pipeline for implementation under future Structural Funds (including the preparation of accompanying technical studies and financial analyses).

Croatia will have to make provisions for the carrying out of specific information and publicity measures with regard to the Structural Funds

III.e. Monitoring and evaluation

Croatia is in the process of setting up an electronic monitoring system for EU financial assistance. Croatia has to mobilise substantial resources for the proper establishment of an integrated management information system which not only combines physical and financial monitoring but also allows access and contribution to the data collection and entry by a broad group of management bodies and final beneficiaries. It further needs to enable the linking up of electronic accounting systems with the management information system.

Croatia has only a very modest experience in relation to evaluation. It will need to prepare an overall evaluation strategy and establish appropriate departments in relevant bodies (notably Ministries) dealing with all forms of evaluation. Macro-economic modelling, programme evaluation and cost-benefit analysis, in particular, need to be improved. Croatia needs to build up adequate administrative capacity in this area at an early stage.

III.f. Financial management and control

Croatia has established a financial management and control (FMC) system including audit, which satisfies the requirements for the management of EU pre-accession funds ((leading to the conferral of management on a decentralised basis while maintaining the ex-ante control functions in the case of Phare, ISPA and a part of CARDS and the full conferral of management in the case of SAPARD). It is, however, at an early stage with regard to the setting up of a financial management and control system satisfying the relevant requirements of the Structural Funds and the Cohesion Fund.

Croatia needs to designate its FMC system (including audit) for the Structural Funds and pay due attention to the separation of functions and the independence of key bodies such as the audit authority. It needs to establish mechanisms, appropriate staffing and quality standards, which will guarantee the reliability, amongst other factors, of the public procurement system.

With regard to public procurement, appropriate mechanisms should be set up in order to verify and guarantee effective and efficient implementation of the applicable legislative framework, both at local and national level.

The efficient financial management and control systems have to guarantee that any irregularities are detected and properly reported.