COMMISSION OF THE EUROPEAN COMMUNITIES

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CORRIGENDUM
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Proposal for a

COUNCIL DECISION

on the principles, priorities and conditions contained in the European Partnership with Croatia

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Thessaloniki European Council of 19 and 20 June 2003 reiterated its determination to fully and effectively support the European perspective of the Western Balkan countries and stated that "the Western Balkans countries will become an integral part of the EU, once they meet the established criteria". It endorsed the Council's Conclusions of 16 June 2003 on the Western Balkans including the annex "The Thessaloniki Agenda for the Western Balkans: moving towards European integration", which aims at further intensifying relations between the European Union and the Western Balkans, building also on practices used in the enlargement process, *inter alia* through the introduction of European Partnerships. The Commission has been invited to submit the first set of European Partnerships to the Council for approval with this year's Annual Reports on the Stabilisation and Association process (SAp).

The European Partnership for Croatia is based on the provisions of Council Regulation (EC) No. 533/2004. It lists short- and medium term priorities for Croatia's preparations for further integration with the European Union identified in the Commission's Opinion on Croatia's application for membership and serves as a checklist against which to measure progress. The European Partnership for Croatia reflects its current stage of preparation and is tailored to its needs. Croatia is expected to respond to the European Partnership by preparing a plan with a timetable and details in terms of how it intends to address the European Partnership's priorities. The progress in implementing the priorities will be monitored regularly by the Commission, notably in the SAp Annual Reports and through the structures set up under the SAp.

The European Partnership priorities should form the basis for programming of the financial resources making up Community assistance, which will continue to be the assistance provided for under existing financial instrument(s), in particular Council Regulation (EC) No 2666/2000 of 5 December 2000 (CARDS).

The proposed Council Decision has no financial implications.

In view of the above, the Commission invites the Council to adopt the attached decision.

Proposal for a

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 533/2004 on the establishment of European Partnerships in the framework of the Stabilisation and Association process[1] and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

WHEREAS:

(1) The Thessaloniki European Council of 19 and 20 June 2003 endorsed the "Thessaloniki Agenda for the Western Balkans: moving towards European integration" where the drawing-up of European Partnerships is mentioned as one of the means to intensify the Stabilisation and Association process.

(2) Council Regulation (EC) No 533/2004 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities and conditions to be contained in the European Partnerships, as well as any subsequent adjustments.

(3) Council Regulation (EC) No 533/2004 states that the follow up of the implementation of the European Partnerships will be ensured through the mechanisms established under the Stabilisation and Association process, notably the Annual Reports.

(4) The Commission's Opinion on Croatia's application for membership presents an analysis of Croatia's preparations for further integration with the European Union and identifies a number of priority areas for further work.

(5) In order to prepare for further integration with the European Union, Croatia should develop a plan with a timetable and details to address the priorities of the European Partnership.

[1] OJ L

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 1 of Council Regulation (EC) No 533/2004, the principles, priorities and conditions in the European Partnership for Croatia are set out in the annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the European Partnership shall be examined through the framework of the mechanisms established under the Stabilisation and Association process.

Article 3

This Decision shall take effect on the third day following its publication in the Official Journal of the European Communities.

Done at Brussels, […]

For the Council
The President
[...]

ANNEX

1. INTRODUCTION

The Thessaloniki Agenda for the Western Balkans identifies ways and means of intensifying the Stabilisation and Association process, *inter alia* through the introduction of European Partnerships.

Based on the Commission's Opinion on Croatia's application for membership, the purpose of the European Partnership for Croatia is to identify priorities for action in order to support efforts to move closer to the European Union within a coherent framework. The priorities are adapted to Croatia's specific needs and stage of preparation and will be updated as necessary. The European Partnership also provides guidance for financial assistance to Croatia.

It is expected that Croatia will adopt a plan including a timetable and details in terms of how it intends to address the European Partnership priorities. The plan should also indicate ways to pursue the Thessaloniki agenda, the priorities on fighting organised crime and corruption and the measures on integrated border management presented at the JHA ministerial meeting held in Brussels on 28 November 2003 in the framework of the EU-Western Balkans Forum.

2. PRINCIPLES

The Stabilisation and Association process remains the framework for the European course of the Western Balkan countries, all the way to their future accession.

The main priorities identified for Croatia relate to its capacity to meet the criteria set by the Copenhagen European Council of 1993 and the conditions set for the Stabilisation and Association process, notably the conditions defined by the Council in its Conclusions of 29 April 1997 and 21-22 June 1999, the content of the final declaration of the Zagreb Summit of 24 November 2000 and the Thessaloniki agenda.

3. PRIORITIES

The European Partnership indicates the main priority areas for Croatia's preparations for further integration with the European Union, based on the analysis in the Commission's Opinion on Croatia's application for membership. The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that Croatia can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years.

It should be recalled that where legislative approximation is concerned, incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to prepare for its full implementation.

3.1. SHORT-TERM PRIORITIES

POLITICAL CRITERIA

DEMOCRACY AND RULE OF LAW

• ***Strengthen the judicial system***. Develop and implement a comprehensive strategy for judicial reform in consultation with interested bodies, including the adoption of necessary new legislation and the establishment of a career management system which also includes an open, fair and transparent system for recruitment, evaluation and mobility. Enhance professionalism in the judiciary by ensuring adequate state funding for the training institutions for judges and other judicial officials, allowing it to develop high quality training for judges, prosecutors and administrative staff. Provide for adequate initial and vocational training schemes. Address the problem of backlog in courts. Take measures to ensure proper and full execution of court rulings.

• ***Improve the fight against corruption***. Take steps to ensure that the legal framework for tackling corruption is implemented and enforced. In particular strengthen the administrative and operational capacity of the Office for the Suppression of Corruption and Organised Crime (USKOK). Further develop a national strategy for preventing and combating corruption, and provide for the required co-ordination among the relevant government departments and bodies as regards the implementation of action. Introduce codes of conduct/ethics for officials and elected representatives. Take concrete actions to raise awareness of corruption as a serious criminal offence.

• ***Improve the functioning of the public administration*** – Take initial steps to ensure the use of transparent procedures for recruitment and promotion and to improve human resource management in all bodies of the public administration in order to ensure accountability, openness and transparency of the public service.

HUMAN RIGHTS AND PROTECTION OF MINORITIES

• ***Improve respect for minority rights***. Ensure implementation of the Constitutional Law on National Minorities. In particular ensure proportional representation of minorities in local and regional self government units, in the state administration and judicial bodies, and in bodies of the public administration as regulated by the Law. Provide the necessary means, including adequate funding, to ensure proper functioning of elected Minority Councils. Implement the new strategy for the protection and integration of Roma.

• ***Speed up refugee return***. Complete the processing of requests for *housing reconstruction* already submitted, by April 2004; reconstruct all houses for which there is a positive decision by April 2005; ensure an adequate public awareness campaign for potential beneficiaries, following the re-opening of the deadline for submission of requests for reconstruction from 1 April to 30 September 2004. Complete the *repossession of houses* by June 2004. Implement legislation for compensation of lost *tenancy/occupancy rights* inside and outside the areas of special State concern. Create social and economic conditions to improve the climate for returnees and the acceptance of returnees by receiving communities. Enhance regional co-operation for accelerating the process of refugee return.

• ***Enhance the freedom of expression and ensure democratic functioning of the media***. Review the media legislation in line with the recommendations formulated in February 2004 by the joint expertise mission of the Council of Europe, the European Commission and the OSCE. In particular, review the Electronic Media Act in order to establish a transparent, predictable and effective regulatory framework (including progressive alignment with the EU *acquis* through the full implementation of the already ratified Convention of the Council of Europe on Transfrontier Television); ensure political and financial independence of the

Council for Electronic Media; ensure that Croatian Radio and Television and its Programme Council work independently and remain stable while the Croatian Radio and Television Act is reviewed; ensure that the review of the Media Act and legislation concerning defamation reflects European standards as defined in Article 10 of the European Convention on Human Rights and the jurisprudence of the European Court of Human Rights.

- ***Improve cooperation with the Ombudsman*** taking fully into consideration the findings expressed in his recommendations and annual report.

REGIONAL CO-OPERATION

- ***Ensure full co-operation with the ICTY***.

- ***Enhance regional co-operation***. Work to find definitive solutions to pending bilateral issues, in particular border issues with Slovenia, Serbia and Montenegro and Bosnia and Herzegovina. Ensure implementation of all regional free trade agreements. Conclude and implement a set of agreements with neighbouring countries in the fields of fight against organised crime, border management and readmission. Start implementing the MoU on the Development of the South East Europe Core Regional Transport Network and in particular take measures to set up the cooperation mechanisms, i.a. the Steering Committee and the South East Europe Transport Observatory (SEETO). Make progress in meeting commitments under the 2002 and 2003 Memoranda of the Athens process on the Regional Energy Market in South East Europe.

- ***Ensure proper implementation of the Stabilisation and Association Agreement in the field of regional co-operation.*** Conclude negotiations with the Former Yugoslav Republic of Macedonia on the bilateral convention on regional cooperation

ECONOMIC CRITERIA

- ***Sustain prudent, stability-oriented macro-economic policies***, including the development of market-based monetary instruments to enhance the effectiveness of monetary policy.

- ***Accelerate enterprise restructuring and privatisation***. Remove uncertainties through the swift adoption of pending legislation. Accelerate enterprise restructuring and privatisation of socially-owned enterprises. Develop and adopt strategies for the restructuring and privatisation or liquidation of large public enterprises, particularly in manufacturing, agriculture, transport, tourism and public utilities. Adopt and start implementing a restructuring programme in the steel sector in line with EU requirements.

- ***Reduce barriers to market entry and exit***. Simplify the rules for market entry and market exit of enterprises. In particular, speed up registration procedures and improve the implementation of bankruptcy rules.

- ***Accelerate land reform***, and in particular registration and privatisation of agricultural land, through the establishment of a modern and efficient cadastre and land registry to eliminate the current obstacles to the development of land and housing markets.

- ***Adopt a medium-term fiscal framework*** reflecting continued fiscal adjustment and consolidation.

- ***Continue structural reforms in public finance***, particularly in the area of expenditure management. Establish a transparent and efficient debt management capacity.

ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

INTERNAL MARKET AND TRADE

- ***Free movement of goods*** – Restructure the existing institutional framework in order to complete the necessary separation between the regulatory, accreditation, standardisation and product certification functions. Continue work on the transposition of old approach and new approach directives.
Abolish remaining measures having equivalent effect to quantitative restrictions on imports from the EU.
Establish the necessary administrative structures to ensure a comprehensive approach to enhance food safety throughout the entire food chain.
Ensure that an effective and transparent public procurement regime becomes fully operational and adopt the necessary implementing regulations.

- ***Freedom to provide services*** – Strengthen the regulatory and administrative framework for the supervision of financial services and in particular of the insurance market, investment services and securities markets.
Establish an independent supervisory authority in the area of personal data protection.

- ***Free movement of capital*** – Improve anti-money laundering legislation and complete the establishment of an effective anti-money laundering system.

- ***Company law*** – Continue legislative alignment in order to guarantee a level of protection of intellectual, industrial and commercial property rights similar to that existing in the Community and strengthen administrative capacity in order to provide effective means of enforcing such rights.

- ***Competition*** – Continue alignment with the *acquis*, enforce anti-trust and State aid legislation and adopt relevant implementing regulations. Strengthen the administrative capacity and the independence of the Agency for the Protection of Market Competition, both in the fields of State aid and anti-trust. Improve transparency in the field of State aid, *inter alia* by providing to the European Community a regular annual report, and establish a comprehensive inventory of State aid schemes.

- ***Taxation*** – Start reviewing the present tax legislation and the administrative procedures in order to ensure effective enforcement of tax legislation.
Strengthen the capacity of the tax and customs administrations, particularly regarding collection and control functions; create a functioning and adequately staffed excise duty service; simplify procedures to effectively prosecute tax fraud.
Start developing the necessary IT systems so as to allow for the exchange of electronic data with the Community and its Member States.

- ***Customs union*** – Strengthen the administrative and operational capacity of customs services, in particular with regard to the control of preferential rules of origin, and continue alignment with the EU Customs Code.
Further enhance administrative co-operation in the customs sector in accordance with the Interim Agreement.

• ***External relations*** – Complete negotiations on the adaptation of the SAA/Interim Agreement to the EU enlargement on 1 May 2004 and properly implement these changes.

SECTORAL POLICIES

• ***Agriculture*** – Start setting up a proper land parcel identification system and animal identification system in line with the *acquis*. Reinforce the collection and processing of agricultural statistics in line with EU standards and methodology.
Develop a strategy to establish effective and financially sound paying bodies for the management and control of agricultural funds, in line with EU requirements and international auditing standards.
Reinforce the administrative structures needed to establish a rural development strategy and policy instruments for the design, implementation, management, monitoring, control and evaluation of rural development programmes.
Continue alignment with the *acquis* in the veterinary and phytosanitary sector, upgrade inspection arrangements, modernise meat and dairy plants in order to meet EU hygiene and public health standards. Align the import regime for live animals and animal products with international sanitary and phytosanitary (SPS) obligations and the EU *acquis*.

• ***Fisheries*** – Start establishing adequate administrative and inspection structures for the fisheries policy. Evaluate with the European Commission and interested neighbouring countries, in particular Slovenia and Italy, the consequences of fishing activities in the "Ecological and Fishing Zone", unilaterally declared by Croatia in October 2003, with a view to elaborating appropriate solutions to ensure the continuity of Community fishing activities in Croatian fishing waters.

• ***Transport*** – Continue legislative alignment and strengthen administrative capacity in the aviation sector. Negotiate with the Community on a comprehensive aviation agreement providing reciprocal aviation market access.

• ***Statistics*** – Strengthen the administrative capacity of the Croatian Bureau of Statistics and improve coordination with other producers of official statistics in Croatia. Submit to the Commission a new proposal for statistical regions, in line with EU requirements.

• ***Telecommunications and information technologies*** – Strengthen the capacity of the national regulatory authorities in the fields of telecommunications and postal services and ensure their independence.

• ***Environment*** – Develop horizontal legislation, including on environmental impact assessment and public participation.
Strengthen the administrative capacity at national and regional level to ensure planning, including preparation of financial strategies.
Strengthen the capacity of national and regional inspection services and enable them to effectively enforce environmental legislation.
Adopt and start implementing a waste management plan.

• ***Financial control*** – Develop a policy for the establishment of a Public Internal Financial Control (PIFC) system. Establish or reinforce public internal control functions through provision of adequate staff, training and equipment, including functionally independent internal audit units.
Establish effective procedures for the detection, treatment and financial, administrative and judicial follow-up of irregularities affecting the Communities' financial interests.

CO-OPERATION IN JUSTICE AND HOME AFFAIRS

- ***Border management*** – Strengthen border management reinforcing in particular the surveillance of the sea borders; adopt and implement an integrated border management strategy; increase investments in technical equipment and infrastructure; strengthen specialised training for border officers.
In co-ordination with all relevant agencies, implement the measures which were adopted by the Government and presented at the meeting of JHA ministers in the framework of the EU-Western Balkans Forum on 28 November 2003.

- ***Organised crime, drugs, corruption and terrorism*** – Implement the action-oriented measures which were adopted by the Government and presented at the meeting of JHA ministers in the framework of the EU-Western Balkans Forum on 28 November 2003.
Improve co-ordination between law enforcement bodies and the judiciary, particularly in connection with economic crime, organised crime, fraud, money laundering and corruption; reinforce the fight against drug trafficking and strengthen drug prevention and drug demand reduction; strengthen the administrative capacity of the Office for the Prevention of Corruption and Organised Crime (USKOK).
Continue to prepare for the conclusion of a co-operation agreement with Europol.
Increase international co-operation and full implementation of the relevant international conventions relating to terrorism; improve co-operation and exchange of information between police and intelligence services within the State and with other States; reinforce the prevention of financing of and preparation of acts of terrorism.

- ***Migration and asylum*** – Implement the new asylum legislation, including the establishment of a temporary reception centre.

3.2. MEDIUM-TERM PRIORITIES

POLITICAL CRITERIA

DEMOCRACY AND RULE OF LAW

- ***Further strengthen the judicial system***. Continue implementation of judiciary reform and take measures further to reduce the backlog of cases in all courts; rationalise the organisation of courts including the development of modern information technology systems and an adequate level of administrative staff; ensure the regular and effective enforcement of court decisions; ensure access to justice and legal aid and make available the corresponding budgetary resources; enhance training in EU legislation.

- ***Further enhance the fight against corruption***. Foster further progress in the field of the fight against corruption and implement related legislation. In particular, establish specialist units for combating corruption within the appropriate services and provide them with adequate training and resources. Ensure that the standards set by international instruments will be met, by putting in place the appropriate legislative and administrative measures.

- ***Further improve the functioning of the public administration***. Continue the process of institution building directly relevant to the *acquis* and introduce reforms to improve the effectiveness of the public administration generally. Complete the denationalisation process.

HUMAN RIGHTS AND THE PROTECTION OF MINORITIES

• ***Ensure continued respect for minority rights.*** Continue improving the situation of the Roma through strengthened implementation of the relevant strategy, including the provision of the necessary financial support at national and local levels, anti-discrimination measures aimed at fostering employment opportunities, increasing access to education and improving housing conditions.

• ***Complete the process of refugee return*** through proper and timely implementation of the relevant legislation. Ensure economic and social reintegration of returnees through regional development programmes in affected areas.

REGIONAL CO-OPERATION

• ***Further enhance regional co-operation.*** With regard to the Athens process on the Regional Energy Market in South East Europe, prepare for the establishment of an integrated regional energy market in 2005.

ECONOMIC CRITERIA

• ***Further improve conditions for private enterprises***. Make substantial progress in the privatisation process and continue efforts to improve the conditions for the creation and development of private enterprises. Make substantial progress in the area of large enterprise restructuring.

• ***Complete land reform***, with particular emphasis on the registration and privatisation of agricultural land.

• ***Continue labour market reform***. Continue efforts to improve labour market responsiveness and increase labour force participation.

• ***Continue implementation of a sustainable medium-term fiscal framework*** through a continuous reduction of overall public spending as a share of GDP. Prioritise public spending to free resources for *acquis*-related expenditure, including reform of the health care and pension system. Continue to reduce subsidies to large loss-making enterprises. On this basis, further reduce the general government deficit and the public sector debt burden.

ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

INTERNAL MARKET AND TRADE

• ***Free movement of goods*** – Make substantial progress in the transposition of old and new approach directives and in the adoption of European standards.
Continue alignment of Croatian foodstuff legislation and strengthen the necessary implementing structures.
Implement a public procurement regime disposing of all relevant administrative structures and make substantial progress in the work towards complete alignment with the *acquis*.

• ***Free movement of persons*** – Continue alignment with the *acquis* on mutual recognition of professional qualifications and diplomas, including education and training provisions, further develop the required administrative structures.
Abolish any discriminatory measures towards EU migrant workers and EU citizens; reinforce administrative structures for co-ordination of social security schemes.

• ***Freedom to provide services*** – Abolish the remaining barriers to establishment and provision of cross-border services by natural or legal persons from the EU.
Continue alignment of data protection legislation; strengthen and ensure the independence of the supervisory authority.

• ***Free movement of capital*** – Work towards removing remaining restrictions on capital movements; continue alignment of legislation on payment systems and ensure effective implementation.
Strengthen the administrative capacity of the financial intelligence unit and improve its co-operation with other institutions involved in the fight against money laundering.

• ***Company law*** – Complete alignment in the field of intellectual and industrial property rights and strengthen enforcement in the fight against piracy and counterfeiting.

• ***Competition*** – Reinforce the anti-trust and State aid authority and build up a credible enforcement record. Substantially improve transparency in the field of State aid. Develop training on competition law and policy at all levels of the administration and the judiciary.

• ***Taxation*** – Continue work towards completing alignment with the tax *acquis* as regards VAT and excise duties, with particular attention to including the free zones in the territorial application of VAT and to abolishing the existing VAT zero rates and the sales tax.
Commit to the principles of the Code of Conduct for business taxation and ensure that new tax measures are in conformity with these principles.
Continue strengthening the tax administration – including the IT sector – and ensure its proper functioning in order to reach EU standards and IT systems interconnectivity. Develop and implement a Code of Ethics.

• ***Customs union*** – Strengthen and consolidate the administrative and operational capacity of customs services. Expand training of all staff and increase the use of information technologies, the design and use of which should be compatible with EU systems in order to secure interconnectivity. Develop and implement a Code of Ethics for the customs service. Strengthen auditing and the use of risk assessment and selectivity.
Pursue alignment in the areas of free zones, transit, fees, tariff ceilings and the Generalised System of Preferences (GSP).

SECTORAL POLICIES

• ***Agriculture*** – Strengthen the administrative structures needed to implement market and rural development policies; establish a vineyard register in line with EU standards. Continue preparations for the establishment of a fully-functioning administration and control system and a paying agency in line with EU requirements.
Continue and substantially improve alignment with the *acquis* in the veterinary and phytosanitary sectors, including a system for animal identification, animal waste treatment, modernisation of meat and dairy plants, animal disease control programmes and plant protection; significantly upgrade inspection structures.

• ***Fisheries*** – Continue the establishment of adequate administrative structures and equipment to ensure effective implementation of the fisheries policy, including management of resources, inspection and control of fishing activities, market policy, structural programmes, a fishing vessel register and a management plan for the fleet capacity in accordance with available fish resources.

• ***Transport*** – Continue alignment with the *acquis* and develop adequate administrative capacity in the areas of road transport (social, technical and fiscal provisions), rail transport (in particular interoperability provisions and the independent allocation of capacity) and maritime transport (in particular in the area of maritime safety). Reach full alignment with the *acquis* in the field of aviation, in the framework of an agreement on Croatian participation in the European common aviation market.

• ***Economic and monetary union*** – Continue alignment of the legislation governing the central bank. Improve monetary policies to expand the use and effectiveness of market-oriented monetary instruments.

• ***Social policy and employment*** – Continue alignment with EU legislation in the fields of occupational health and safety, labour law, equal treatment for women and men and anti-discrimination; strengthen related administrative structures and those required for the co-ordination of social security.
Develop and implement a comprehensive employment strategy involving all relevant actors with a view to later participation in the European Employment Strategy, matched by appropriate capacity building for analysis, implementation and assessment.
Further develop the capacity of the social partners, notably in bipartite social dialogue, to develop and implement the *acquis*.
Continue alignment of public health legislation and increase investment in health care.

• ***Energy*** – Continue alignment with the *acquis* on the internal energy market (electricity and gas), improve energy efficiency, promote renewable energy sources, build up oil stocks to ensure adequate security of supply, ensure nuclear safety and radiation protection; strengthen administrative capacity in all these areas.

• ***Small and medium-sized enterprises*** – Continue implementation of the European Charter for Small Enterprises. Further simplify company registration procedures.

• ***Science and research*** – Strengthen research and technological development capacity in order to ensure successful participation in the Community Framework Programmes.

• ***Education and training*** – Step up efforts to create a modern vocational education and training system.

• ***Telecommunications and information technologies*** – Adopt the necessary primary and secondary legislation to complete the regulatory framework and introduce competition in all fields. Adopt a coherent strategy for the promotion of a knowledge-based economy.

• ***Regional policy and co-ordination of structural instruments*** – Ensure a clear distribution of responsibilities and effective inter-ministerial co-ordination in order to develop a comprehensive and coherent strategy in the field of regional development. Set up partnership structures ensuring close co-operation between relevant stakeholders at national and regional level.
Ensure that the designated managing and paying authorities will progressively build up their capacity; design and implement regional development plans; enhance financial management and control procedures; set up proper monitoring and evaluation systems.

• ***Environment*** – Ensure the integration of environmental protection requirements into the definition and implementation of other sectoral policies with a view to promoting sustainable development; implement horizontal legislation.

Continue work on the transposition of the *acquis*, with particular emphasis on waste management, water quality, air quality, nature protection and integrated pollution prevention and control. Develop an environmental investment strategy based on estimations of the costs of alignment. Increase investments in environmental infrastructure, with particular emphasis on waste water collection and treatment, drinking water supply and waste management.

- ***Consumer and Health Protection*** – Continue alignment with the *acquis* on safety-related measures and strengthen the administrative capacity needed for effective market surveillance.

- ***Financial control*** – Develop a coherent legislative framework and efficient mechanisms for monitoring, controlling and auditing public income and expenditure.
Develop effective mechanisms for the communication of irregularities affecting the Communities' financial interests to the Commission and establish the necessary co-ordination methods.

CO-OPERATION IN JUSTICE AND HOME AFFAIRS

- ***Border management*** – Strengthen border control, develop national databases and registers and ensure co-ordination between the relevant services.

- ***Organised crime and corruption*** – Improve the equipment and infrastructure of the police, including the establishment of a computer-based investigation system; strengthen cooperation between the police and other law enforcement agencies; reinforce the fight against drug trafficking, organised crime, economic crime (including money-laundering and counterfeiting of currencies), fraud and corruption; improve alignment of the related national legislation with the *acquis* in these sectors.

4. PROGRAMMING

Community assistance under the Stabilisation and Association process to the Western Balkan countries will be provided by the relevant financial instruments, and in particular by Council Regulation (EC) No 2666/2000[2]; accordingly, this Decision will have no financial implications. In addition Croatia will have access to funding from multi-country and horizontal programmes. The Commission is working with the European Investment Bank and the International Financial Institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitate the co-financing of projects relating to the Stabilisation and Association process.

5. CONDITIONALITY

Community assistance under the Stabilisation and Association process to the Western Balkan countries is conditional on further progress in satisfying the Copenhagen political criteria and in particular progress in meeting the specific priorities of this European Partnership. Failure to respect these general conditions could lead the Council to take appropriate measures on the basis of Article 5 of Council Regulation (EC) No 2666/2000.

[2] OJ L 306, 7.12.2000, p. 1.

Community assistance shall also be subject to the conditions defined by the Council in its Conclusions of 29 April 1997 and 21-22 June 1999, in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms.

6. MONITORING

The follow up of the European Partnership is ensured through the mechanisms established under the Stabilisation and Association process and notably the Annual Reports on the Stabilisation and Association process.