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**REPLY BY THE COMMISSION TO THE SPECIAL REPORT BY THE EUROPEAN  
COURT OF AUDITORS**

**"HAS EU ASSISTANCE IMPROVED CROATIA'S CAPACITY TO MANAGE POST-  
ACCESSION FUNDING?"**

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### **"HAS EU ASSISTANCE IMPROVED CROATIA'S CAPACITY TO MANAGE POST-ACCESSION FUNDING?"**

#### **EXECUTIVE SUMMARY**

III. The Commission welcomes the assessment of the Court. In the accession negotiations, Croatia has given clear commitments to build up procurement capacity and the capacity of regional and local authorities. The Commission is closely monitoring Croatia's compliance with the commitments given and its further preparations all the way to accession.

IV. The Commission considers that pre-accession assistance has successfully contributed to building up Croatia's administrative capacity.

Delays in implementation were largely linked to the complex accreditation procedure and are gradually being overcome.

The initial focus on major projects reflects the experience from new Member States where weaknesses in preparation and implementation of major projects caused most of the delays in implementing cohesion policy.

Compared to Sapard, the first rural development Programme implemented in Croatia, the current IPARD has attracted more interest from potential beneficiaries which increases the prospect of a more successful implementation. Under this component, the Commission has already conferred management powers without *ex ante* controls for several measures. As mentioned under point 7 of this report, this is the management mode which most closely corresponds to the way in which EU funding is managed after accession.

V. The Commission welcomes the assessment by the Court. The recommendations are consistent with the lessons learned from the Commission's own evaluations and are already being followed up or are being integrated in the design of financial assistance, in particular the revised multi-annual planning documents for 2011-2013.

#### **OBSERVATIONS**

5. As regards Figure 1 (EU funding allocations post accession), for 2013, the allocations referred to in the table are those set out in the draft text of the Accession Treaty with Croatia, excluding CAP expenditure. For 2014 onwards, the actual amount Croatia will receive will depend on the outcome of the negotiations for the EU Financial Framework 2014-2020. The Commission therefore considers that the data for 2014-2015 in Figure 1 should be treated as estimates.

13. The Commission considers that the benchmark approach was applied to Croatia in a wide and comprehensive way by including institutional management and implementation aspects. The negotiating framework for Croatia provided for the use of benchmarks for the opening and closing of negotiating chapters. Benchmarks and achievement of them are decided by the Council, upon recommendations by the Commission. Benchmarks enhance the quality of the negotiating process by ensuring that the candidate country is sufficiently prepared for meaningful negotiations and for taking on the obligations of membership. Benchmarks are individual for each negotiating chapter (e.g. Chapter 11 or Chapter 22) and depend on the areas addressed and the system to be established. Benchmarks take into account the need to build up capacity gradually and to have the relevant

capacity and structures fully in place by the date of accession, and measure progress towards setting up these structures. The Commission closely monitors progress towards the benchmarks, using all available tools such as annual progress reports and meetings under the Stabilisation and Association Agreement (SAA).

16. Systematic feedback from the Commission on errors made and improvements needed has helped Croatia to build up and improve its procurement capacity. Before it can withdraw *ex ante* controls, the Commission must verify that the beneficiary country satisfies the minimum requirements set in Article 18(2) of the IPA Implementing Regulation, i.e. has effectively functioning management and control systems. Regular meetings are held with Croatia to discuss remedial action on the basis of roadmaps. Moreover, the EU will continue to support the process of building up procurement capacity with financial assistance and workshops and seminars too.

In the case of complex infrastructure projects which require specific skills and knowledge, the Commission organised support from JASPERS (Joint Assistance for Supporting Projects in European Regions) with a view to building up the capacity of all stakeholders in Croatia and to developing a pipeline of mature projects in order to improve absorption of Structural and Cohesion Funds in the future.

19. Croatia's institutional framework for cohesion/rural development policy builds on existing structures for implementing IPA Components II, III, IV and V (largely at central level). This choice was made together with Croatian authorities, partly to secure institutional continuity at the time of accession and to avoid losing investments in capacity-building. Building up the capacity of relevant local and regional bodies is a commitment given by Croatia and which will be monitored by the Commission until accession.

20. Delays in implementation remain an issue, particularly for the Transport and Environment Operational Programmes, due to late accreditations of management systems at national level and, consequently, conferrals of management by the Commission. Implementation could not start until conferrals of management were granted. Furthermore, the infrastructure projects which are funded under the two IPA III Operational Programmes are complex by nature, with the added requirement that planning, procurement and implementation activities must be carried out in accordance with EU rules. Mitigating measures were introduced and will be reinforced, such as continuous technical assistance, close cooperation with the EU Delegation, increased guidance, dedicated seminars and workshops. Proposals to streamline and increase the efficiency of the IPA, based on lessons learned, will also be discussed within the next financial framework (see point 51).

As for Component V, in April 2011 the Commission informed the Croatian authorities about the risk of decommitment of 2007 and 2008 rural development funds and urged them to take appropriate remedial action, including a detailed analysis of the obstacles to take-up of the funds by potential beneficiaries and an action plan to remove such obstacles as far as possible. Croatia was also asked to report bi-monthly to the Commission on the progress made in contracting under Component V.

21. An important distinction has to be drawn between ISPA projects and IPA programmes. Under ISPA, the Financing Agreement (i.e. the Financing Memorandum) could not be signed until the Commission had adopted the decision approving the project. Under IPA, though, the Financing Agreement could not be signed immediately after the Commission had adopted the decision on the Operational Programme. The additional condition for signature of the Financing Agreement was conferral of management powers. This difference makes it difficult to compare ISPA directly with IPA.

See also the reply under point 20.

22. Speeding up procurement is one area which is being intensively monitored, with the Croatian authorities and the Commission constantly exploring ways to launch tenders and conclude contracts earlier. Benchmarks to that effect have been incorporated in the roadmaps for waiving *ex ante* controls.

23. The Commission is helping to build up procurement capacity by means of systematic guidance, meetings on procurement issues with the national authorities and feedback on errors made and improvements needed. Although this means occasional delays, it is an important aspect with a view to sound financial management of post-accession funds.

Delays are mainly due to the learning curve the authorities were and still are on, in particular as regards infrastructure projects which are complex and take a long time to prepare (see point 16). The issues of building up procurement capacity and reducing delays in implementation are regularly raised in relevant fora (e.g. monitoring committees).

24. The 'N+3' rule is a challenge, particularly for those programmes where conferral of management powers is required and, more particularly, conferral without *ex ante* controls by the Commission. As regards the disbursement deadlines, a country has, in principle, three years to spend funds (N+3 rule). In practice, however, this period is much shorter — implementation cannot start until conferral of management has been granted.

The Commission also refers to its reply to point 20.

25. Experience gained under IPA Components III-V should facilitate the national accreditation process and therefore allow an easier and faster start-up.

The institutional continuity between IPA and post-accession instruments should help to reduce the risk of slow absorption of post-accession assistance. That should ease compliance assessment.

Technical assistance, including JASPERS (see reply to point 16), is made available under IPA to support national authorities with preparing procurement documents so that they will be ready to be published as soon as the post-accession allocations become available.

As far as the post accession Rural Development Programme (RDP) is concerned, this programme will include a wider range of potential beneficiaries/measures than IPARD, thus facilitating greater absorption of rural development funding.

27. The Commission plans to make a more systematic use of SMART objectives and related indicators in its programming and planning activities.

The interim evaluations for the candidate countries under IPA III are scheduled for the end of 2011/beginning of 2012. In the case of Croatia, the timing of the interim evaluations coincides with the timing of the *ex ante* evaluation for the Structural Funds Operational Programmes (Croatia committed itself to submit the final OPs for Structural Funds by the end of 2012). Future Structural Funds OPs will be ex-IPA OPs which will be extended to take into account the additional budget.

28. A project that replicated the LPE model in all 21 counties was supported under IPA Component IV. This project re-activated the LPE structures since 2009 which became extensively involved in formulating the human resource development strategies and action plans in the counties, paving the

way for their future involvement in ESF projects. Ongoing technical assistance schemes are currently investigating options for the sustainability of LPEs.

29. Under the second phase of IPA IV (2010-2011), a project was proposed to build up the administrative capacity of the LPEs. The call for proposals is expected to be published by the end of 2011 and will focus on supporting the LPEs with developing county policy, improving the action plans and preparing and evaluating projects.

30. Before any construction can start and the area is put to use, the companies which purchased the plots must obtain the relevant permits. In Croatia this administrative part of this procedure normally lasts two years. As the procedures for obtaining permits are still in progress, it is too early to assess whether the project is successful or not. The delay is only an indication of the length of the administrative procedures preceding any construction activity.

31. The delays in the evaluation procedure for the grant scheme were mainly due to the large number of applications in response to the call.

The capacity of the potential project beneficiaries is being built up with the support of external experts (technical assistance contract under the grant scheme) and the experienced staff of the relevant ministry.

As regards the designated bodies responsible for the future Regional Competitiveness Operational Programme (RCOP), Croatia has finally decided that the RCOP will continue to be implemented by the Central Finance and Contracting Agency (CFCA) after accession too. The bodies designated at the time of the audit by the Court (BICRO, HAMAG and the ARD) will no longer be involved.

When deciding to focus on the ten least developed counties, the Commission made a trade-off between the need to concentrate the assistance and reduce regional disparities on the one hand and the risk of losing opportunities for the other counties on the other.

In the Commission's view, this gradual approach is the most appropriate way to secure the best results and the highest impact from the IPA's limited resources (for the RCOP, about 12 million euros per year over the period 2007-2011).

32. The ISPA 2005 railway rehabilitation project was the first railway investment that Croatia implemented with EU assistance. At that time, there was a general, understandable, lack of experience and capacity for preparing tender documents in Croatia which resulted in delays. Nevertheless, these delays have been partly made up and the project is expected to be completed successfully by the end of 2011.

Indeed, the IPA 2007 rail project for works at Zagreb main railway station confirms that lessons have been learned from the ISPA project. The shortening of the delays for the second round of railway projects seems to confirm a 'learning by doing' effect.

33. The ISPA contract in question is by far the biggest contract funded from the EU budget in Croatia, yet it could reconstruct only a small stretch of railway compared with the whole length of the corridor. However, other sections on the same corridor have already been planned and the funds have been secured. The corridor will be upgraded in phases, as funds become available.

See also the reply under point 32.

34. The focus on major projects reflects the priorities of Croatia in relation to the *acquis* (requirements and short transition periods for the environmental *acquis* and focus on TEN-T infrastructure).

The Commission has taken additional action to help regional and local promoters to prepare projects for future Operational Programmes, from awareness workshops in all targeted regions to targeted technical assistance to support promoters to prepare successful applications under the second and third calls. Preparation of all necessary technical documentation is closely followed up by the Commission and the Croatian authorities.

As regards the Management Information System for these funds, progress has been reported after the audit by the Court. DG REGIO has recently concluded after an audit that:

‘Satisfactory progress has been made concerning practical application of the Management Information System (MIS). Some modules should be finalised in order to facilitate implementation and monitoring of the projects’.

Due to the nature and type of beneficiaries, IPA Component IV consists only of non major projects in the field of human resources development.

35. The Commission recognises that recruiting and retaining qualified staff in public administrations is and will remain a challenge, not only in Croatia or in candidate countries but also in Member States.

The Commission is constantly addressing this issue and will continue monitoring progress in this field, including during audit missions, monitoring activities and bilateral meetings.

As regards the challenge faced by the Croatian authorities, it is important to recognise the efforts made by them, as reflected in the European Union Common Position Paper on Chapter 22, dated 15 April 2011.

37. The Commission considers that the completion of the bodies for implementing Sapard and IPA Component V and the conferral of management powers without *ex ante* controls by the Commission are significant achievements, all the more so if due consideration is given to the sizeable challenge that setting up an entirely new system for implementation of Sapard posed to the Croatian authorities, with little experience in this domain.

Furthermore, the benchmark approach to building up the capacity of the Croatian Paying Agency in preparation for post-accession funding has yielded substantial results. Croatia has stepped up its efforts and demonstrated sufficient progress towards setting up the Paying Agency, thus fulfilling the condition for closure of the agriculture and rural development chapter.

Commission staff are closely monitoring the progress made by the Croatian Paying Agency and are providing intensive guidance for setting up EU-compliant management and control systems for the common agricultural policy. IPA 2007 is offering additional support to the Paying Agency.

38. Conferral of management has been granted for four IPARD measures in November 2009 and March 2011 respectively, with two more in the pipeline. It was appropriate for the technical assistance project not to contain precise targets for the conferral of management powers, in order to leave the ownership of the system and calendar in hands of the national authorities, which is

imperative for the functioning of the system and its smooth transition to post-accession environment.

See the reply under point 37.

40.

(a) Both Sapard and IPARD programmes were designed to be managed at central level, given that at the time when they were approved the Paying Agency's regional offices did not yet exist.

The Paying Agency (including regional 'branch' offices) was officially established by the Law on the Paying Agency for Agriculture, Fisheries and Rural Development (February 2009, OG 30/2009). Regional offices and their employees are currently included in ongoing project/contracts under IPA Component I with a view to preparing the Paying Agency for implementation of the CAP after accession.

Moreover, the Commission monitoring audit missions regarding the setting-up of the future EAGF/EAFRD Paying Agency have covered both the central and the regional offices. Both the headquarters and a few regional offices were visited. The subsequent recommendations targeted the improvements/action needed to meet the accreditation criteria and the related capacity-building aspects at both levels (i.e. training, staff increases, consolidation from 86 branch and regional offices to 21 with the associated relocation of office equipment and security).

(b) It was considered disproportionate, for cost-effectiveness reasons, to opt for a computerised system under Sapard and IPA Component V. Furthermore, there are still nearly two years before accession for the Paying Agency to familiarise itself with the business procedures which are now being framed in the IACS (Integrated Administration and Control System) with the help of the IPA Component I 2007 project sampled for this audit. The project plans to bring the system to the testing phase in early 2012. The rural development modules will be tested on the existing Sapard and IPARD measures and the direct payment modules will be tested on the national schemes.

(c) Due to the very short time for which Sapard was implemented, it was agreed that Croatia should not apply ranking criteria. A ranking system is, however, in place for IPARD.

41. The situation has improved considerably under the IPARD programme. The last modification of the programme, approved in November 2010, aimed to generate more projects under the IPARD in sectors such as milk, beef, pigs, poultry, cereals, fruit and vegetables and greenhouses. The results of this revision are visible in the number of applications received from potential beneficiaries. By 30 June 2011, Croatia had received 193 projects under IPARD, out of which 46 have been contracted for the first two measures. Under Measure 1, the individual sectors are represented proportionally, for instance the milk sector with 17 projects, the meat sector with 18 projects and the fruit and vegetable sector with 28. The contracting is still on-going.

42. There is a risk of decommitment of part of the 2007 and 2008 IPARD allocations, mainly due to the demanding requirements for the conferral of management without *ex ante* controls. The Commission urged the Croatian authorities to take appropriate remedial action, including a detailed analysis of the obstacles to take-up of the funds by potential beneficiaries and an action plan to remove such obstacles as far as possible. It also requested a bi-monthly report on contracting in order to monitor the progress made in contracting and disbursement on IPARD projects.

Discussions with the Croatian authorities on how to remedy the low level of absorption started immediately after the results of the first calls for proposals for rural development funds were known. Corrective measures were adopted by Croatia, such as access to favourable credits and warranty lines or improved assistance for the beneficiaries to draw up project documentation. Amendments made to the programme and approved by the Commission in November 2010 introduced a new type of eligible investment/sectors allowing new groups of potential beneficiaries to apply for funds and thus improve absorption.

43. The Commission expects the situation to improve for subsequent years. The increasing number of applications under IPARD shows growing interest, mainly from farmers and small rural entrepreneurs. The continuation of calls for applications will give the Croatian beneficiaries an opportunity to become familiar with EU funding procedures before accession.

The post-accession programming for Member States will give access to a much wider range of potential beneficiaries due to the larger catalogue of measures proposed under the RDP than in IPARD. Croatia will have more opportunities to choose the most appropriate measures and, in this way, to best allocate and distribute EU funds.

44. Both Sapard and IPARD programmes were designed to complement, and not overlap with, national measures. However, the Commission initially had no knowledge about the potential risks of competing measures. It was only in the second version of the 2008 Sapard Implementation Report that Croatia first informed the Commission about the potential overlap with a national scheme.<sup>1</sup> The Commission immediately raised this issue with the Croatian authorities. During the preparatory Monitoring Committee meeting in November 2009, they informed the Commission that the measures concerned had been abolished.

With regard to IPARD, the information available to the Commission shows greater interest from potential beneficiaries, raising expectations of more successful implementation than in the case of Sapard. See also the reply to point 41.

45. The Commission will continue to provide assistance to Croatia to fight corruption and organised crime. This is reflected in the Multiannual Indicative Planning Document (MIPD) for 2011-2013 for Croatia. For instance, support is envisaged under the 2011 IPA National Programme to strengthen the National Police Office for Prevention of Corruption and Organised Crime. For the first year after accession, the EU will provide temporary financial assistance ('Transition Facility') to Croatia to build up its administrative and judicial capacity to implement and enforce EU legislation and to foster exchanges of best practice between peers.

46. In spite of the difficulties encountered in the preparatory phase of this project, Croatia has now established a track record of substantial results in investigation and prosecution of organised crime and corruption cases at all levels. The law enforcement agencies, in particular the Office for Prevention of Corruption and Organised Crime (USKOK), have been reinforced and are proving effective in tackling corruption in Croatia. This project has been one factor in achieving progress in this key area.

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<sup>1</sup> 'It is evident that there are potential overlaps with the Sapard programme but the amounts that were permitted within the model are significantly lower than those foreseen by Sapard.', 2008 Sapard Implementation Report, p. 10.



The track record of effective handling of corruption cases needs to be built up further.

47. USKOK has continued to be active and issued indictments in some major cases. In a number of mid- and high-level corruption cases, investigations are underway or indictments have been issued, often involving State-owned companies and senior political figures. There have also been court rulings and final judgments in such cases, including cases involving a former Deputy Prime Minister and a former Minister of Defence.

## **CONCLUSIONS AND RECOMMENDATIONS**

48. The Commission welcomes the Court's assessment of the contribution made by pre-accession assistance to building up the capacity of Croatia for implementing post-accession funds. Following the conferral of management powers, Croatia has introduced a sound financial management and control system. However, for one specific area - public procurement – the Commission is still monitoring progress through ex-ante controls. The experience gained under all IPA components is expected to facilitate absorption of post-accession funds (including compliance assessment).

The Commission will continue to support the Croatian authorities with building their procurement and anti-corruption capacity. This includes systematic feedback by the Commission on errors made and improvements needed in the procurement process. In line with Article 18 of the IPA implementing regulation and on the basis of roadmaps submitted by Croatia, the Commission is constantly assessing the beneficiary country's progress towards achieving a possible waiver of *ex ante* control. While further efforts by Croatia are needed to pave the way for such a waiver, good progress has been made on this point under all IPA components.

49. The Commission welcomes the assessment of the Court. The institutional framework in Croatia for the cohesion/rural development policy is embedded in existing mechanisms for IPA components II-V which are implemented mostly at central level. This direction was decided together with Croatian authorities. Building the capacity of relevant local and regional bodies is a commitment which Croatia has given and which will be monitored by the Commission up to accession.

50. The Commission welcomes the assessment by the Court. The main causes of delays in programme implementation were late accreditations of management systems at national level and of the subsequent conferrals of management by the Commission, as these were pre-conditions for implementation. As all the operating structures are now in place and fully functional, Croatia is now catching up with implementation.

In the specific case of infrastructure, one of the main reasons for projects falling behind the original timetable is that infrastructure projects funded under IPA Component III must comply with EU rules on procurement, planning and implementation which required a longer learning curve.

Targeting major projects reflects Croatia's priorities in relation to the *aquis* (requirements and short transition periods for the environmental *acquis* and focus on TEN-T infrastructure).

The approach has been focusing on national institutions and bodies that will be responsible for managing Structural and Cohesion Funds after accession (see also the reply to observation 19).

Even though a low absorption rate was noted under Sapard, performance has improved under its successor IPA Component V. The results of five calls for applications launched have shown greater interest from potential beneficiaries from different agricultural sectors. The action plan currently being implemented to improve absorption of funds under IPARD is regularly discussed between the

Commission and Croatian authorities. The emphasis is put on assisting potential beneficiaries with preparing for calls for applications. Several measures have also been taken to involve regional agricultural services in assisting farmers and agricultural entrepreneurs.

### ***Recommendations regarding EU assistance to Croatia***

1. The Commission recognises the importance of building up procurement capacity in Croatia. Practical measures have been taken to increase the capacity of stakeholders in the field of procurement, including those listed below.

(a) This recommendation is being implemented. A new Act on Public Procurement aiming at full alignment with the *acquis* was adopted by the Croatian Parliament on 15 July 2011 and will enter into force in January 2012. A working group established to define more detailed provisions to implement the new Public Procurement Act will define standard documentation that should be used in tendering for EU co-financing and will draft standard documentation in the last quarter of 2011. The Commission is closely monitoring these developments.

(b) The implementation of this recommendation is underway. On the basis of the lessons learned, JASPERS (Joint Assistance for Supporting Projects in European Regions) will aim to build up the capacity of all stakeholders in Croatia and develop a pipeline of mature projects in order to improve the future absorption of Structural and Cohesion Funds.

2.

(a) As regards Structural Funds, the Commission has been focusing primarily on the national level which bears responsibility for the overall processes. Even though support for local bodies is then the responsibility of the central authorities of Croatia, the Commission will gradually further assist through increased guidance, workshops and seminars in building up procurement capacity at regional and local level as well.

As regards agriculture, the involvement of regional agricultural services to assist the IPARD beneficiaries has been one of the Managing Authority's priorities since 2010.

Furthermore, regional offices and their employees are currently included in ongoing project/contracts under IPA Component I with a view to preparing the Paying Agency at all levels for the implementation of the CAP after accession.

(b) The Commission will continue to provide assistance for developing project ideas. Such assistance has been provided under Phare 2006 and various Operational Programmes. By providing constant technical assistance along with increased guidance, workshops and seminars, the Commission will offer further assistance for gradually improving the mechanisms for stimulating the development of project ideas.

3.

(a) Since 2011, the Commission's strategic planning includes a move from a project approach to a sectoral approach: efforts are being made to focus on setting clear SMART objectives when drafting strategic planning documents and in the programming process. The Commission will step up systematic use of SMART objectives and related indicators in the next generation of IPA programmes.

(b) The Commission will look into ways on how to improve the quality of the monitoring reports.

(c) Interim and ex-post evaluations are planned and will start soon and will serve, *inter alia*, for revision of the Operational Programmes.

4.

(a) The Commission has started to address this issue. Discussions started in 2010 between the Commission/EIB and the Croatian authorities in order to make JASPERS available to Croatia. JASPERS will be used to prepare a pipeline of mature projects and increase the quality of procurement documents as from 2011.

(b) The Commission intends to continue paying attention to a complementary portfolio of major and non major projects for the post accession period. However, the operational programmes for transport and environment are, by nature, designed to include mainly projects of EU and national interest and therefore major projects.

5.

(a) The Commission will continue to provide capacity-building assistance to Croatia. In a fully decentralised system, however, such a decision to opt for one or more conferral of management 'waves' lies with the national authorities. The Commission has consistently provided guidance to Croatia, whenever appropriate, to reduce bottlenecks and risks in the procedures, and has also worked with Croatia, in parallel with the preparation of the financial and operational implementing arrangements, to help it prepare for setting up the necessary institutions and procedures. This has taken the form of both extensive assistance (twinning projects, technical assistance, etc.) and continuous exchanges of information in seminars and fact-finding and advisory missions.

(b) The Commission is addressing this concern. The last modification of the programme, approved in November 2010, aimed to generate more projects under IPARD by: (1) raising the upper quantitative ceiling for the size of eligible farms in sectors such as milk, beef, pigs, poultry, cereals, fruit and vegetables and greenhouses; and (2) introducing a new type of eligible investment in the milk sector (milk sheep and goat farms) and new eligible investments in the fruit and vegetables sector (including greenhouses). The results are visible in the increased number of applications received from potential beneficiaries.

Moreover, the Commission is currently evaluating the new proposal for revision of the programme. One of the changes aims to broaden the scope of potential beneficiaries under Measure 101 'Investment in agricultural holdings' to also include the above-mentioned sectors.

6.

(a) This recommendation is already being implemented as demonstrated by the Multiannual Indicative Planning Document (MIPD) for 2011-2013 for Croatia. In the first year after accession, the EU will provide temporary financial assistance ('Transition Facility') to Croatia to build up its administrative and judicial capacity to implement and enforce EU legislation and to foster exchanges of best practice between peers.

(b) The Commission will continue to follow this issue closely, in close cooperation with OLAF.

***Recommendations regarding EU pre-accession assistance to other countries***

7.

(a) The Commission agrees with this recommendation.

(b) The Commission takes note of the recommendation and will draw lessons from the Croatian experience.