

European Agency for Reconstruction: creation and operation

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The European Agency for Reconstruction is responsible for the management of the main EC assistance programmes in Kosovo, Serbia and Montenegro. It was established in February 2000 and has its headquarters in Greece at Thessaloniki, and operational centres in Pristina, Belgrade and Podgorica. It is an independent agency of the European Union, accountable to the European Council and the European Parliament. It is overseen by a Governing Board composed of the European Commission and representatives from EU Member States. At its inception, the Agency inherited programmes in Kosovo worth EUR 70 million. It subsequently assumed management responsibility for a further EUR 440 million (EUR 260 million for Kosovo, EUR 180 million for Serbia) under the 2000 budget. The total figure for the 2001 assistance programme is expected to rise to +/- EUR 550 million (including EUR 170 million committed for Kosovo in December 2000). However, with the extension of the Agency's mandate to Serbia and Montenegro, and the transfer of responsibility in January 2001 for the implementation of previous EC assistance programmes, it oversees a total portfolio of some _ 1 billion for the Federal Republic of Yugoslavia. Closely following the sector work programmes developed with UNMIK, the Agency prepared its own work programme for Kosovo for 2000. This plan concentrated on the most immediate needs for physical and economic reconstruction, but also took a longer term perspective on the need to develop a market-oriented economy and to foster private enterprise. At the outset, the Agency decided to focus its assistance on the rehabilitation and repair of the key infrastructure and public utilities required to bring life back to normal in Kosovo. The main sectors in which it chose to operate included energy, housing, transport and water supplies. It also launched activities in enterprise development, agriculture and health. The budget allocated for these programmes amounted to some EUR 262 million. Working to a tight time-scale, the programmes had considerable immediate impact, especially in the housing and energy sectors. The new funds were committed by July 2000, and 92% of them were contracted by end-December. Following changes in the political establishment in Serbia during October /November 2000, in December the activities of the Agency were extended to cover the whole of the Federal Republic of Yugoslavia. In the last month of the year, the Agency helped to implement an Emergency Assistance Programme worth EUR 180 million, covering the most pressing areas of social need in Serbia. It then assumed responsibility for the main EU assistance activities in Serbia - and in Montenegro - on 8 January 2001. The main responsibilities of the Agency are to provide immediate emergency assistance and to support longer-term reconstruction and development. The Agency is charged with: gathering, analysing and communicating information to the Commission on damage, reconstruction requirements and priority sectors and areas for assistance preparing draft reconstruction programmes implementing the Community assistance under the Obnova and subsequently CARDS programme in accordance with the Commission's decisions. The Agency may also implement specific reconstruction and related programmes which are fully funded by other donors. The Agency's annual working plan for 2000 was developed in parallel with the UNMIK strategy for reconstruction. This included the UNMIK Public Sector Investment Plan, which was based on the earlier EC/WB plan. The Agency's plan focussed on the most immediate needs for physical and economic reconstruction, but also contributed to a longer-term development of a market-oriented economy in Kosovo, with initiatives to foster private sector participation. The Agency adopted a programming approach with a tight implementation time-scale, and concentrated on the key sectors that are essential building blocks to the reconstruction process. These sectors were energy, housing, transport, and water/environment. Implementation schedules for most of these sector areas were accelerated because of their vulnerability to the winter slow-downs when outside construction is difficult. Other sectors given priority status for the 2000 programme included enterprise development, agriculture, and health.