

European Agency for Reconstruction: creation and operation

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This report consists of the European Agency for Reconstruction's (EAR) Annual Report 2001. On 10th December 2001 the Council decided that the mandate of the Agency should be extended to the former Yugoslav Republic of Macedonia (fYROM). On 28th December 2001, the European Commission formally conferred on the Agency the management responsibility for the fYROM 2001 Emergency Assistance Programme as of 1st January 2002, with responsibility for other programmes (past, present and future) to follow on 1st March 2002. The total sum of EU funds newly delegated to the Agency for management in 2001 amounted to some EUR 525 million. At the year-end, the Agency oversaw a total portfolio of some EUR 1.2 billion across its operational centres in Belgrade, Pristina and Podgorica. In 2001, the EC-funded programmes managed by the European Agency for Reconstruction - across three operational centres in the Republic of Serbia, Kosovo and the Republic of Montenegro - continued to focus on three main areas of activity. In physical and economic reconstruction (accounting for some 60% of funds newly delegated to the Agency in 2001, as against 76% in 2000), it continued to meet the most fundamental of needs of citizens in the realms of energy and water supply, housing and transport. This task is far from over, and substantial funding will continue to be allocated to it. In laying the foundation for the development of a market-oriented economy and fostering private enterprise (accounting for some 25% of new funds in 2001, as against 19% in 2000), it continued to support enterprise development (largely through assistance to the banking sector and to the growth of small and medium-sized enterprises, for which it also disburses small loans), as well supporting agriculture and rural communities, and better delivery through national and regional health systems. In supporting the establishment of democracy, human rights and the rule of law accounting for some 15% of new funds in 2001, as against 5% in 2000), it continued to provide training and vision for local administrations, while nurturing NGOs, the media and the judiciary. The Agency is therefore seeing a gradual shift away from its first main area of activity, towards the second and the third. This reflects the fact that, above and beyond the task of reconstructing physical infrastructure, the Agency has been entrusted with the additional - harder, more complex - task of helping to reconstruct societies and economies. This involves work which is of necessity long-term and sustainable, as well as being less quantifiable, in that it embraces the 'reconstruction' needed within communities themselves, within frameworks for a business environment, within a free press, within a functioning administration and public institutions.