

Exceptional Community financial assistance to Kosovo

2006/0068(CNS) - 30/11/2006 - Final act

PURPOSE: to provide financial assistance to Kosovo

LEGISLATIVE ACT: Council Decision providing exceptional Community financial assistance to Kosovo.

BACKGROUND: in 1999 a United National Security Council Resolution awarded Kosovo, within the former Federal Republic of Yugoslavia, a substantial amount of autonomy and self-government. This has been backed up by the presence of KFOR and an interim civil administration: the United National Interim Mission in Kosovo (UNMIK). UNMIK consist of four components (pillars) with the European Union funding the fourth pillar. This fourth pillar is responsible for economic reconstruction and development. Since its establishment UNMIK has transferred significant areas of its responsibility to the “Provisional Institutions of Self Government” (PISG) in Kosovo, including responsibility for the budget. The Special Representative of the UN Secretary General, nevertheless, retains ultimate power of approval over the budget.

The purpose of this Council Decision is to offer Kosovo exceptional financial assistance in the form of a grant of up to EUR 50 million as part of the EU’s stabilisation and association process.

CONTENT: the Community will make EUR 50 million available to Kosovo in the form of a grant. The main aim of this funding will be:

- to alleviate the financial situation in Kosovo;
- to support the development of a sound economic and fiscal framework;
- to facilitate the continuation and strengthening of essential administrative functions; and
- to address public investment needs.

The financial assistance will be managed by the Commission in consultation with the Economic and Financial Committee. It will be made available for two years beginning on the day following the entry into force of the Memorandum of Understanding. Assistance will be made available by the Commission in two or, if appropriate, three instalments. The first instalment will be released after the entry into force of the Memorandum of Understanding. The second and any further instalments will only be released depending on the satisfactory implementation of sound economic policy. Funds will be transferred to the Ministry of Economy and Finance of the PISG – or when the future status of Kosovo is determined, to the institution designated to take on its tasks and responsibilities.

The Commission will submit a report, including an evaluation on the implementation of this Decision in the previous years, at least once a year and before 15 September.

ENTRY INTO FORCE: the Decision will take effect on 6 December 2006.