

COUNCIL DECISION
of 14 February 2000
providing exceptional Community financial assistance to Kosovo

(2000/140/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament ⁽¹⁾,

Whereas:

- (1) The Commission has consulted the Economic and Financial Committee before submitting its proposal.
- (2) The Security Council of the United Nations adopted Resolution 1244 (1999) on 10 June 1999 aiming to promote the establishment, pending a final settlement, of substantial autonomy and self-government in Kosovo within the Federal Republic of Yugoslavia.
- (3) The International Community, based on the Resolution 1244 (1999), has set up an international security presence (KFOR) and an interim civil administration — the United Nations Interim Administration Mission in Kosovo (UNMIK).
- (4) UNMIK aims at establishing administrative structures under which the people of Kosovo can enjoy substantial autonomy and to this end has been vested with all legislative and executive powers, including the administration of the judiciary.
- (5) UNMIK is taking steps to involve the main political parties and ethnic communities of Kosovo and its activities.
- (6) UNMIK consists of four components ('Pillars') and the European Union has taken the lead role ⁽²⁾ for the fourth Pillar responsible for economic reconstruction.
- (7) UNMIK, and particularly its fourth Pillar, has made significant progress in establishing an economic framework and aims at continuing and enhancing this strategy.
- (8) UNMIK is currently establishing a Central Fiscal Authority providing transparent and accountable procedures to manage the Kosovo budget.
- (9) Given the present unfavourable circumstances and on the basis of estimates from UNMIK presented in agreement with the International Monetary Fund (IMF), it will

be necessary for Kosovo to obtain external support to establish a sound market economy and a civil administration; it is estimated that exceptional external financial assistance of some EUR 115 million would be needed until the end of 2000.

- (10) UNMIK has presented a request for exceptional financial assistance.
- (11) The provision of external budgetary support, fairly shared among donors, is essential to help cover the residual financing needs identified under the budget prepared for Kosovo by UNMIK.
- (12) Kosovo is not in a position to borrow either domestically or abroad and is not eligible for membership of the International Financial Institutions and may therefore not benefit from their conventional support programmes.
- (13) Kosovo is at a low level of development and its GDP per capita is estimated to be one of the lowest in Europe.
- (14) Financial assistance from the Community in the form of straight grants to be made available to UNMIK in support of the people of Kosovo is an appropriate measure to help ease Kosovo's financial constraints in the current exceptionally difficult circumstances.
- (15) Without prejudice to the powers of the budgetary authority, the financial assistance will be part of the aid package foreseen for Kosovo in 2000, and therefore subject to the funds being available in the general budget.
- (16) The exceptional financial assistance should be managed by the European Commission.
- (17) The Treaty does not provide, for the adoption of this Decision, powers other than those of Article 308,

HAS DECIDED AS FOLLOWS:

Article 1

1. The Community shall make available to UNMIK exceptional financial assistance in the form of straight grants of up to EUR 35 million, with a view to alleviating the financial situation in Kosovo, facilitating the establishment of essential administrative functions and supporting the development of a sound economic framework.

⁽¹⁾ Opinion delivered on 3 February 2000 (not yet published in the Official Journal).

⁽²⁾ International civil presence in Kosovo: Report of the Secretary-General pursuant to paragraph 10 of Security Council Resolution 1244 (1999), S/1999/672, 12 June 1999, II.5

2. This assistance shall be managed by the Commission in close consultation with the Economic and Financial Committee and in a manner consistent with agreements or understandings reached between the IMF and UNMIK or any other internationally recognised authorities of Kosovo.

Article 2

1. The Commission is empowered to agree with UNMIK, after consultation with the Economic and Financial Committee, the economic policy conditions attached to this assistance. These conditions shall be consistent with any agreement referred to in Article 1(2).

2. The Commission shall verify at regular intervals, in consultation with the Economic and Financial Committee and in liaison with the IMF and the World Bank, that economic policies in Kosovo respect the objectives and economic policy conditions of this assistance.

Article 3

1. The assistance shall be made available to UNMIK in at least two instalments is on the basis of a successful completion of the economic policy conditions referred to in Article 2(1).

The second tranche will be released after consultation of the Economic and Financial Committee.

2. The funds shall be made available to UNMIK through the Central Fiscal Authority exclusively in support of the Kosovo budgetary needs.

Article 4

The Commission shall address to the European Parliament and to the Council a report by the end of 2000, which will include an evaluation on the implementation of this Decision.

Done at Brussels, 14 February 2000.

For the Council
The President
J. GAMA