

ANNUAL PROGRAMME 2002 FOR KOSOVO

IDENTIFICATION

Beneficiary state:	KOSOVO - The Federal Republic of Yugoslavia
Programme:	Council Regulation (EC) No.1628/96
Year:	2002
Cost:	€137.9 million - €134.4 million (EAR) - €2.5 million (Commission- Customs & Taxation) - €1 million (Commission – Tempus)
Expiry date:	31.12.2005 contracting 31.12.2006 disbursements – 31.12.2007 for Tempus
Sector:	AA
Group:	M
Budget line:	B7-546
Implementing Bodies:	European Agency for Reconstruction European Commission

PROGRAMME SUMMARY

This proposed Annual Programme builds on the substantial reconstruction and development assistance committed for Kosovo since 1999. The emphasis for 2002 has shifted towards support for institutional and general capacity building in order to prepare Kosovo for transition to a market economy and closer co-operation within the FRY, regional and wider European contexts - in line with the Stabilisation and Association process. Kosovo continues to have many infrastructure related needs, and this Annual Programme seeks to address some of the key requirements. In particular, it reflects the recently approved FRY Country Strategy Paper (CSP) for 2002-6, and its three-year Multi-annual Indicative (MIP) Programme for 2002-4.

1. Good Governance and Institution Building

€million

(+/-20%)

1.1 Public Administration Reform - General
- Health

9.7

5

1.2 Justice and Home Affairs

7

1.3 Customs & Taxation

2.5

2. Economic Reconstruction, Regeneration and Reform

2.1 Energy

55

2.2 Transport

6

2.3 Environment (including water)

5

2.4 Economic Development - General

10

- Rural economy

9

2.5 Housing

16

3. Social Development and Civil Society	
3.1 University Education, Vocational Education and Training, and Human Resource Development	4.5
- Tempus III Programme	1
3.2 Support to Civil Society (including independent media)	4.3
4. Other	
4.1 Technical and Administrative Assistance	2
4.2 Programme Reserve	0.9
TOTAL	137.9

PROGRAMMING CONTEXT

The recently adopted FRY CSP identified a series of problems that need to be faced by Serbia, Montenegro and UN administered Kosovo - problems such as the current lack of a functioning single economic space, institutional and political complexities inside the federation, inefficient public administration, weak judicial systems and widespread poverty.

The CSP pointed out other obstacles to sustainable and equitable economic development such as the need to rehabilitate existing infrastructure (in particular in the energy and transport sectors), deal with critical environmental issues and support trade and private sector development. Meanwhile, in order to promote a truly democratic society and provide adequate social conditions for the population, further efforts need to be undertaken to reform the existing vocational training and education systems, health delivery and social welfare systems, as well as to strengthen civil society and the media.

The CSP recognises that there are many sectors, which could benefit from EC assistance. But it also recognises that the EC must focus on a limited number of areas having high priority and where EC assistance can have significant impact if it is concentrated. The MIP, and now the 2002 Annual Programme for Kosovo reflect this philosophy.

The design of the Annual Programme has taken account of lessons learned from reviewing the implementation of EC and other donor programmes of the EC in Kosovo and elsewhere in the FRY. Among these lessons are:

- In order to maximise effectiveness, the competent implementing authorities must continue to target EC assistance on a restricted number of sectors - the lesson that is now incorporated in the CSP.
- Programme design and implementation must always ensure the intended recipients of the assistance are engaged in a manner that enables them to maintain a real sense of ownership of the process.

- When proceeding with physical infrastructure rehabilitation efforts, it needs to be clear that the relevant authorities are genuinely committed to the medium and long term measures required to ensure sustainability of the interventions.
- Close co-ordination of programmes with UNMIK and other donors continues to be critical if Kosovo is to maximise the benefits it receives from the combined international assistance effort.
- In order for Kosovo's ethnic minorities to benefit in a more meaningful manner from available EC support, it has been found necessary to include specifically tailored programme components that better enable these communities to access assistance in economic development and other areas.

In particular, the 2002 Annual Programme for Kosovo supports the institution building and other development priorities of UNMIK, especially the establishment of Kosovo's new *Provisional Institutions of Self-Government*. The programme design and its presentation to UNMIK take due account of the conditionality aspects associated with the "Benchmarking" tables for the key sectors of energy, transport, water, enterprise development and health, as recently agreed by the Commission, the Agency and UNMIK, in consultation with the EU Member States.

Wherever appropriate, assistance to Kosovo seeks complementarity with the components of the FRY Annual Programme being implemented in Serbia and Montenegro and with programmes under the EC's Regional Strategy 2002-2006 as well as with the EC funded European Initiative for Democracy and Human Rights.

GENERAL SOCIO ECONOMIC AND POLITICAL BACKGROUND

Socio-economic:

Kosovo started from an extremely low base in 1999, with general conditions being among the worst in Europe. Significant progress has been made as a result of the interventions of the international community and the considerable efforts of the local population.

On the macro-economic level, UNMIK has been able to set up a sound economic framework and to stabilise the economy. In particular, UNMIK has built up a revenue base from scratch reducing over time the donor financed share of recurrent expenditures under the Kosovo Consolidated Budget. Given its complex legal and political situation, Kosovo has not been able to benefit from the conventional programmes of the IFIs or to borrow on the international capital markets. The capital budget has therefore been funded entirely by donor contribution. The unexpectedly positive collection of domestic revenues in 2001 resulted in an accumulated cash balance, which will allow funding of selected investment and maintenance expenditure. For 2002, the external financing gap is budgeted to diminish to some €25 million. However, collection of fees to pay for public utilities remains still very low in Kosovo. UNMIK will have to make a more important effort to enforce the payment of bills. Customs and excise duties, value added tax and vehicle registration fees are among the principal sources of revenue. UNMIK plans to introduce a profits' and wage tax in early 2002, along with extending the coverage and application of property tax in the municipalities.

In 2001, the IMF estimated Kosovo's GDP to be €1.8 billion. UNMIK estimates that donor financed reconstruction activities account for some 30% of GDP in 2001. This means that careful attention must be paid to ensuring that Kosovo's budget will in future be able to sufficiently provide for recurrent costs associated with the capital investments that are being made.

The World Bank recently released the report of its study on poverty. A key finding was that half of the population of Kosovo lives in poverty, with some 12% living in extreme poverty. Labour policies and legislation that allow for a flexible labour market, and in particular labour mobility, are seen as important in generating the economic growth which will contribute to mitigating poverty. Support to enterprises, including the provision of credits, remains necessary so as to promote job creation. Meanwhile, there have been some encouraging signs of economic activity, with for example very strong demand and disbursement for micro-loans for small entrepreneurs. Having had only one commercial bank just a year ago, there are now seven commercial banks operating in Kosovo.

Despite advances, major underlying economic problems remain. However, remittances coming from the Kosovo Albanian diaspora - estimated by UNMIK/IMF to be in the region of €0.75 billion annually – mitigate the social consequences of the economic situation and increase the national income above GDP. The local economy remains rather narrowly focused on trade and service businesses, many of them heavily dependent on the (re)construction effort and the spending power that comes from remittances and the still large though reducing number of expatriates.

Socio-political:

Following extensive UNMIK led discussions over a number of months, the 'Constitutional Framework for Provisional Self-Government' was signed on 15 May 2001 by the Special Representative of the Secretary General (SRSG) of the UN. This defines the various 'Provisional Institutions of Self-Government (PISG)' that are being set up after the general election, held on 17 November 2001. A 120 member Assembly, including representatives of Kosovo's minority 'Communities', has already convened. A Government composed of a Prime Minister and Ministers, and a number of executive agencies are being put in place. The President of Kosovo is elected by the Assembly. A range of 'reserved powers and responsibilities' remains exclusively in the hands of the SRSG, including the authority to ensure that the rights and interests of all 'Communities' are fully protected. He holds the power to dissolve the Assembly and call new elections if the PISG are deemed to act in a manner that does not conform with UN Security Council Resolution 1244 (1999).

Democracy, the rule of law, human rights and civil society remain fragile in Kosovo. The last year has seen assassinations of a number of local political figures, including some of those elected in last year's municipal elections. The death of 11 Serbs in a bomb attack on a bus earlier in 2001 left this community feeling very vulnerable. On 5 November 2001, the SRSG and the Yugoslav Special Representative for Kosovo adopted an 'UNMIK FRY Joint Document'. Through this co-operation agreement, the Yugoslav authorities finally committed themselves to recommending "the Kosovo Serbs to actively engage in the future of a multiethnic Kosovo by participating in the 17 November election" and the PISG. Following up on some pilot Serb return projects in the second half of 2001, that Joint Document also committed the SRSG to establish what is now known as the 'Office of Return and Community Affairs', so as to further support the return process. Meanwhile, it is important to create an enabling environment that allows returnees and the current minorities in enclaves to

find the means to make a living and to avail of essential public services, while at the same time avoiding the establishment of parallel systems.

Conflict in FYROM had a destabilising influence on Kosovo, with reports that many of the 'Ethnic Albanian Armed Group' fighters were from Kosovo. Closure of the border by the FYROM authorities over extensive periods caused serious disruption to trade. However, it is interesting to note that in response to this border blockage, many Kosovo Albanian entrepreneurs quietly found alternative means of trade with or through Serbia.

PAST FUNDING

EC funding commitments for assistance programmes to Kosovo over the period 1999 – 2001 amount to €726.5 million¹, made up as follows:

1998	€8 million
1999	€127 million
2000	€262 million
2001	€329.5 million (including €44.5 million committed in October 2001)

As of 31 December 2001, the global rate of contracting for combined programme funds was 85%, with the payment rate corresponding to 66% of all commitments (a detailed breakdown is provided in Attachment 1, at the end of this document).

Annex 3 of the FRY MIP document provides a summary of EU Member State and other donor assistance to FRY, including Kosovo.

ACTIVITIES – KOSOVO 2002

A description follows for the activities to be assisted, preceded in each case by a background justification for the selection of the various projects within each sector. Further details (including Log Frames) of individual projects are to be found in the separate set of **Project Annex** documents.

Note: the reference numbers for the individual Project Annexes correspond to those used below when outlining a short summary of each project activity.

1. GOOD GOVERNANCE AND INSTITUTION BUILDING

1.1 PUBLIC ADMINISTRATION REFORM Part A - General

Programme: General support for public administration reform

Cost: €9.7 million (± 20%)

¹ This figure includes running costs of the Agency, but excludes humanitarian aid, macroeconomic support, funding of the running costs of UNMIK's EU Pillar, and support for customs' programmes.

Background

Increasing emphasis is being placed on institutional building. As part of this process, there has been a clear intent to transfer responsibility for institutional structures, from UNMIK to local ownership. The October 2000 municipal elections were the first step in this direction. This process was further enhanced by the Constitutional Framework signed on 15 May 2001, and complementary legislation. This provided for the election in November 2001 of a Parliamentary Assembly and the restructuring of the 20 UNMIK administrative departments into 9 Ministries and a Prime Minister's office.

The main challenges for this new local administration are the lack of appropriate expertise due to very limited governmental experience of most local people and the devolution of many key functions to the municipal level. At the municipal level, there remain significant needs in terms of lack of expertise, mainly in areas of management and technical capacities, inefficient delivery mechanisms and physical obstacles.

Support to public administration reform will encourage the adoption of EU best practice, while also assisting with approximation towards the EU acquis, in line with the Stabilisation and Association process (SAP).

Project activities

1.1.1 Resource unit to support public administration (approx. €5.5 million)

This project aims at assisting the new public administration in building capacity at both the central and the municipal levels. This will include the establishment of a resource unit within the government structure to provide expertise and equipment to central and municipal levels of administration, assisting where appropriate the process of approximation towards the EU acquis.

Note: included is support for development of reliable statistical data and processing – in line with EUROSTAT guidance and similar EC support to Serbia, Montenegro and the region.

1.1.2 Support for establishment of *Institute for Public Administration, IPA* (approx. €0.7 million)

This project assists with the formation of a professional and efficient public administration in Kosovo, by enhancing the capacity of civil servants through supporting UNMIK with the establishment of the new Institute for Public Administration, which is to be responsible for the training of civil servants.

1.1.3 Municipal and Local Investment Fund, MLIF (approx. €3.5 million)

This project expands on past EC support provided in the form of a local investment fund that is accessed by municipalities to finance the rehabilitation of locally prioritised small scale municipal infrastructure and assets.

1.1 PUBLIC ADMINISTRATION REFORM Part B - Health

Programme: Consolidating the development of Kosovo's health systems

Cost: €5 million (± 20%)

Background

EC funded technical assistance during the past two years has supported the implementation of the family medicine concept, provision of equipment for secondary health care institutions and the development of strategies and curricula for medical higher education.

However, even two years after the conflict, neither a health information system nor a social insurance system is yet in place, and morbidity and mortality due to easily treatable diseases remain high. While primary health care facilities have been rehabilitated and the training programme for family practitioners continues, there remains a considerable lack of qualified and trained health staff in Kosovo. Training of medical personnel at undergraduate and postgraduate level, and continuous medical education remain a high priority for UNMIK.

The managerial capacity of the Ministry of Health suffers from a lack of sufficient qualified personnel. The restructuring of the Ministry of Health will place additional strain on its management. Technical assistance is needed to strengthen the management capacity of this Ministry. To effectively implement the UNMIK 'Health Policy Guidelines', direct assistance is required in terms of supporting the establishment of both policy advisory bodies and technical capacity.

Project activities

1.1.4 Health education reform and development (approx. €1.5 million)

This project supports the redevelopment of Pristina University's Medical Faculty, helping to raise its undergraduate/postgraduate education up to European standards – thus completing EC investment in (i) the development of a Department of Family Medicine, (ii) continuing professional education; and (iii) management training.

1.1.5 Family health care support (approx. €2 million)

This project works on consolidating public confidence in the family healthcare service, in particular by moving towards ensuring equitable access to health services for all of Kosovo's population. The EC funded Technical Advisory Team (TAT) will support the newly trained family healthcare practitioners to reinforce good practice. Procurement of remaining basic equipment for hospitals will be completed.

1.1.6 Support to the Ministry of Health (approx. €1.5 million)

The project supports the development of a sustainable operational capacity in the incoming Ministry of Health, facilitating the EC's exit strategy from the health sector. Assistance will focus on establishment of a policy and planning board, a food safety agency, and the planning and implementation of a sustainable health finance system.

1.2 JUSTICE AND HOME AFFAIRS

Programme: Support for the rule of law

Cost: €7 million (± 20%)

Background

In Kosovo, increasing emphasis is being placed on the creation of a more democratic society based on the values of equality, justice and the rule of law.

The administration of justice and law enforcement are amongst the “reserved powers” that are retained by the SRSG. UNMIK has identified as priorities the continuation of support to the provision of legal aid in civil matters (a project already supported by the EU that has benefited around 1,500 persons in its first phase), along with the rehabilitation and equipping of judicial buildings. Such support will strengthen the efficiency of the judicial system and complement previous assistance that the EC has provided to this area.

Project activities

1.2.1 Legal aid in civil matters (approx. €2 million)

This ongoing project contributes toward the fair, efficient and accessible administration of justice. Further assistance is provided for the development of a legal aid system in civil matters for poor people.

1.2.2 Rehabilitation and equipping of judicial buildings (approx. €5 million)

Support to contribute toward the fair, efficient and accessible administration of justice, through the rehabilitation and improvement of the conditions of judicial buildings.

1.3 Customs & Taxation: Technical Assistance

Programme: Technical Assistance in the fields of Customs and Taxation

Cost: €2.5 million

Implementation: Commission

Background

The programme began in 1999 as part of the Commission’s response to the crisis that had overtaken the territory of Kosovo with the deployment of a team (Customs Assistance Mission in Kosovo – CAM-K) made up largely of experts seconded from the Member States’ Customs Services. The programme soon achieved its initial aims, which were to support the temporary UN Administration in Kosovo (UNMIK) by reforming a customs service, restoring customs control at the international borders and providing a self-generated revenue flow for the Kosovo Consolidated Budget. A completely new service was formed which, beginning from a core staff of circa 35 ex-Federal Customs Administration staff, now totals in excess of 200 officers.

The development of the Customs and Taxation authorities had stagnated throughout the FRY during the Milosevic years. The core staff of ex-FRY Officers needed to embrace modern techniques and thus the assistance was re-targeted to the delivery of a comprehensive programme of modernisation, to both improve revenue collection and assist in the fight against fraud and corruption, as well to facilitate legitimate trade. The UNMIK Customs Service has developed a strategic plan for strengthening and streamlining its activities in terms of both administrative structures and

procedures, and is currently in the process of developing a policy for the computerisation of customs data.

UNMIK has largely managed the redevelopment of the taxation service within its own resources. CAM-K assistance has been limited to assisting with the collection of sales tax, and latterly VAT at importation, and the development of effective excise regimes.

An analysis of the situation in customs and taxation has been completed recently throughout the FRY, including in Kosovo, using as a basis the EU Blueprints that were originally developed for the enlargement process to identify what needs to be done to ensure the cohesive and comprehensive modernisation of these institutions across the whole territory.

Project Activities

1.3.1 Assist the local authorities to complete a comprehensive programme of modernisation and development of the Customs Administration.

The proposed project will be a continuation of the modernisation and development programme begun by CAM-K in 2000. It will include technical assistance and the provision of equipment and training. It will be effected by the CAM-K team of customs, taxation and information technology experts drawn largely from officials released by the customs and taxation services of the member states. The experts will assist the UNMIK Central Fiscal Authority in its efforts to modernise and develop its services along European lines by encouraging the use of EU best practice.

2. ECONOMIC RECONSTRUCTION, REGENERATION AND REFORM

2.1 ENERGY

Programme: Assistance to energy production, transmission and distribution networks, and management support to Kosovo's energy management body (KEK) over 2002 – 2003

Cost: €55 million (± 20%)

Background

Rehabilitation of energy related infrastructure remains a fundamental prerequisite for Kosovo's overall economic development and reconstruction. The energy infrastructure was neglected in the decade leading up to the 1999 conflict, and this combined with the impact of the conflict, not least the sudden management changeover, has led to an inadequate and unreliable electricity supply system.

The overall aim of assistance to date has been to enable Kosovo to produce up to its current capacity limit of 700-800 MW, so as to meet peak demand and be in a position to export to other parts of the FRY and the Balkans. It is evident that significantly increased emphasis needs to be now placed on the development of management systems and staff training in order to move KEK towards being a more self-sufficient business enterprise. Based on an estimated previous capital investment of around €1.5 billion in the setting up of the power stations and coalmines, some 3 – 4% or €50 – 60 million would be required annually for adequate

maintenance. Meanwhile, Kosovo does not yet have a mechanism to access international credits for financing of investments.

Kosovo's energy infrastructure and coal reserves: Kosovo generates the main bulk of its electricity at two thermal power stations – known as Kosovo 'A' and 'B'. They are close to the richest lignite deposits in the entire Balkans and were designed to feed base load energy into the ex-Yugoslavia grid system. The maximum design capacity of Kosovo A and B exceeds the needs of Kosovo in summer, but is insufficient to meet peak winter demand.

The 'Kosovo B' power station, with a remaining life expectancy of at least twenty years, benefited over the last two years from EC assistance for its overhaul. The overhaul enabled extensive internal inspections to be carried out, and these indicated that further works and installation of new parts are necessary – this will then lead to a situation where normal maintenance can take over.

Kosovo's most valuable natural resource consists of the estimated 12 billion metric tons of high quality and easily accessible lignite in the open cast coalmines adjacent to the power plant. In the past, these mines have been badly managed with reckless extraction techniques and poorly maintained equipment. As a result, production fell to less than 8,000 metric tons per day, well below the 25,000 metric tons per day required to fuel the power stations to operate at their full capacity. Improvements have been achieved with the assistance from EC funds for spare parts, maintenance and management support. Further funding is now required to consolidate these improvements and greater enhance the reliability and performance of the coalmines.

The electricity grid system in Kosovo remains weak and unreliable. The system suffered damage in the conflict, making worse the effects of a history of poor maintenance. New transformers, transmission lines and improvements in the distribution network are needed to guarantee a steady electricity supply to the consumers.

Management of the electricity sector: The entire (Serb) management and many skilled workers fled Kosovo in 1999, taking with them most of the management information such as technical logbooks, accounts, etc. Those who have since assumed management posts in KEK include many individuals who had been out of the system for the ten year period of exclusion up to 1999.

At present, bills are paid for just over 30% of the gross electricity available through the grid. While still low, KEK has managed to make a significant improvement in the payment rate from the 15-18% figure that applied in 2000. The EC and other donors are providing support and technical assistance in order to improve the accounting system that will be the basis for an increased revenue collection, assuming adequate funds will be made available to improve the metering system.

Problems relating to the management personnel in the energy sector can be summarised as follows:

<ul style="list-style-type: none">• Lack of experience in public administration• Leap from a centralised planning economy to a free and competitive economy• Removal of Kosovo from the ex-Yugoslavia energy grid and its associated administration• Lack of vocational training expertise and facilities	<ul style="list-style-type: none">• Lack of internal management information /communication system• Absence of a legal framework for KEK and law enforcement• Lack of clarity of the role/mandate/policy of the KEK Supervisory Board
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<ul style="list-style-type: none"> • An unattractive salary structure, with low incomes affecting motivation • Current lack of access to international credit facilities • Knowledge skills' gap • No experience in leadership positions 	<ul style="list-style-type: none"> • A large gap between KEK's older workforce and a largely young, unskilled and untrained population • Overstaffing levels in many areas of KEK
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Only in close cooperation with UNMIK, the incoming responsible Ministry, and with access to credit facilities, can these problems be satisfactorily dealt with by a management support contract.

Project activities

2.1.1 Refurbishment of main coal mines (approx. €12.8 million)

Investments are to be made in spare parts and refurbishment of existing main mine equipment and also procurement of new equipment. The technical condition of the mining equipment for producing coal will be improved. This supply of spare parts is vital in order to keep the coal mining machines in operation.

2.1.2 Refurbishment of coal separation plants (approx. €4.2 million)

This project allows for investments in spare parts, the refurbishment of existing materials / handling equipment, and also for the procurement of new equipment in the coal separation plants. This action will result in the improvement of the condition of the coal stacking and reclaiming equipment. The provision of spare parts will ensure the safe and continued operation of the machines and also allow normal preventive maintenance to be resumed.

2.1.3 KEK maintenance workshops at Kosovomont (approx. €2.6 million)

The project entails further refurbishment and re-equipping of the main KEK maintenance workshop as a service centre for the machinery and equipment of the coalmines and power stations. The capacity of the workshop to repair and manufacture complicated spare parts will be improved, and the facility will be enhanced so as to be able to provide vocational training in critical craft skills.

2.1.4 INKOS-Institute and Commercial Division of coal mines (approx. €1.4m)

This project concentrates on the new investments required by the INKOS-Institute (testing laboratory), the KEK Commercial Division and the KEK-coalmines' warehouse. New equipment to be provided includes instrumentation and testing facilities, and IT equipment. The project seeks to enhance the analytical and testing facilities of the INKOS-Institute, to improve the process of monitoring and mine planning within the KEK Commercial Division and to increase the efficiency of the coalmines' warehouse through a new computerised plant coding system.

2.1.5 Essential works on Kosovo B power plant (approx. €16 million)

This project consolidates on the previous overhaul assistance to the Kosovo B power plant, bringing it to a condition where regular maintenance can take over. This will involve essential works and the supply of parts and equipment to the B1 and B2 power generating units and the common plant in order to further increase the generated power output, improve plant reliability and reduce air and water pollution.

2.1.6 Rehabilitation of transmission system (approx. €5 million)

This project involves rehabilitating and re-energising two parallel 20kV power lines, running from the site of the Kosovo 'A' power plant to Skopje, thus improving the reliability and security of the overall electricity transmission systems in Kosovo and neighbouring countries.

2.1.7 Refurbishment of distribution system (€2 million approx)

The project provides support for rehabilitation of substations, transformers, power lines and cables in order to improve the reliability, safety and security of the overall electricity distribution systems in priority areas of Kosovo.

2.1.8 Management support to KEK for 2002/03 (approx. €11 million)

A consortium led by a suitably experienced and competent international energy utility will be appointed to support Kosovo's energy management body, KEK, to become an economically viable company and also a steady regional energy supply partner. The energy utility will take the lead role in providing advice and training at all levels of KEK with regard to exploitation of coal mines, production of thermal power, transmission / distribution activities and revenue collection.

Note: The above projects remain in line with the recommendations of technical and economic studies prepared in 2000, and represent a logical complementary input to sustain past and ongoing support of the EC to the energy sector.

Specific project conditionality will be developed which will take into account inter alia the establishment of the necessary legal framework and conditions for the operation of the utility as well as the provision of adequate support in the form of budget, including for maintenance, and staffing of the several departments and companies, in order to deliver appropriate and long lasting service to the population while ensuring local ownership of the investments performed.

2.2 TRANSPORT

Programme: Institutional development and rehabilitation of transport infrastructure

Cost: €6 million (± 20%)

Background

Access to a sound transport infrastructure is essential for the free movement of goods and people, and economic and social development. Kosovo's infrastructure, including its road transport network, has been undergoing significant physical reconstruction in the aftermath of the 1999 conflict. It is now critical that the management of the existing transport infrastructure and the planning of future developments are in good hands, not least to ensure the sustainability of the EC's investments to date.

The Directorate of Roads (DoR), operating under the authority of UNMIK's Department of Transport and Infrastructure, is entirely a management and supervisory body which contracts out all the road works, including maintenance.

The main responsibilities of the DoR are: planning; design and preparation of tender documents; tendering and contracting; supervision (quality and quantity control) and contract management; financial management, control and audit. The DoR needs significant support from the outset of the new administration. Establishment of an effective Quality Control Agency will be a vital component in allowing the DoR to achieve its mandate.

The EC has implemented the rehabilitation of some 330 km of main roads. The M2 road is the major arterial route, running from Pristina to the main border crossing point with FYROM at Blace. The last 12 km section of the M2 road on the approach to the FYROM border is now deteriorating – rehabilitating it will complement the EC repair of the main stretch of this road in 2000, and the separate EC funded Blace border crossing development project. The works will need to include repairs to a number of bridges.

The state of the access roads to a number of minority enclaves provides particular cause for concern and improving access routes is one of the key demands of these communities. It will also permit easier and more secure travel for the inhabitants.

Project activities

2.2.1 Institutional building to the Directorate of Roads (approx. €1 million)

Complementing earlier EC road investment programmes in Kosovo, institutional support for management of the road transport system is to be provided through the “Directorate of Roads” and the establishment of its “Quality Control Office” - all within the Ministry of Transport & Communications.

2.2.2 Main road section and bridges (approx. €4 million)

This project entails rehabilitation and strengthening works for a number of bridges on the Pristina to Skopje M2 road, and resurfacing of the remaining 12 km section of this M2 road at the approach to the FYROM border (the balance of the 65 km M2 road was already repaired/resurfaced in 2000).

2.2.3 Access roads to ethnic minority enclaves (approx. €1 million)

This project involves the repair and rehabilitation of selected access roads to a number of ethnic minority enclaves. Improving the general road access to these enclaves will contribute to alleviating the sense of isolation and the exceptionally high unemployment levels among communities living in the enclaves.

2.3 ENVIRONMENT (INCLUDING WATER)

Programme: Institutional and Environmental Development

Cost: €5 million (± 20%)

Background

It is essential for public health and the economic well being of Kosovo that there is access to a continuous supply of clean water, and that action is taken to alleviate detrimental environmental conditions. Both EC and Member State bilateral funds have already provided substantial support to the improvement of water services.

Water and wastewater services in Kosovo are managed by utilities operating at municipal level, under the oversight of UNMIK. However, the organisation and management of these utility businesses is weak, and overall performance in terms of standard of service and cost recovery is poor.

Ash tipping from Kosovo's two main power stations near Pristina continues in an unplanned and uncontrolled manner, contributing to unacceptably high levels of dust in the area, leading to a high incidence of respiratory diseases. KEK, the operator of the power station and ash dumps, currently lacks either the technical or financial capacity to deal with the resulting environmental problems.

The now redundant tailings' disposal area in Mitrovica still contains harmful materials from previous ore processing operations. The site has been used for dumping household and other waste in an uncontrolled way causing further environmental degradation and risk to the general public. Trepca, the socially owned enterprise which owns the tailings disposal area, does not have the financial capacity to deal with the resulting environmental problems.

There is a strong need to address priority needs in the water and wider environmental sector in Kosovo, and by so doing to improve public health and support economic development in the province. The proposed projects for 2002 are ones that build on earlier EC interventions.

Project activities

2.3.1 Strategic management support to public utility service providers (approx. €2.4 million)

Institutional development for the water sector will be achieved through strategic management support alliances between local public utility service providers (PUSPs) and one or more EU based water and/or wastewater utilities, in order to provide guidance on institutional and management issues in accordance with EU norms.

2.3.2 River gauging stations for water resource management (approx. €0.8m)

Equipment and technical support for river gauging stations will be provided so as to support the ongoing programme of water resource planning and management.

2.3.3 Rehabilitation of ash dumps at power stations near Pristina (approx €1m)

The ash dumps at Kosovo's two main power stations near Pristina will be rehabilitated in order to minimise the current environmental and health problems due to the excessive amounts of dust in the air.

2.3.4 Rehabilitation of tailings' disposal area in Mitrovica (approx €0.8 million)

The disposal area for the Trepca metallic ore processing industry in north Mitrovica will be rehabilitated in order to minimise environmental and health problems caused by the exposed hazardous materials.

2.4 ECONOMIC DEVELOPMENT

Part A - General

Programme: Support to enterprise development through essential investment and consulting services, including access for minorities

Cost: €10 million (± 20%)

Background

The *Industrial Development Programme* (IDP) is a current EC funded project. The IDP injects much needed financial resources into Kosovo's *Socially Owned Enterprise* (SOE) sector so as to re-start production, create employment, and ultimately contribute to poverty alleviation. Early analysis of approximately 350 existing SOEs has shown that:

- 78% of SOEs are active, utilising from 35% to 50% of capacity
- over 90% of the production of SOEs is oriented to the domestic market

Given the absence of any other source of financing for (SOEs), the project has been providing an interim mechanism to provide technical assistance and financial resources to SOEs, so as to transform viable existing SOEs into companies that can operate in a market economy.

UNMIK has decided to establish a *Kosovo Trust Agency* (KTA) to implement a transformation process for SOEs. The KTA approach includes transformations or liquidation, the latter through court-mandated or out-of-court procedures. The settlement of SOE ownership and creditors' rights will take place once the related claims are filed and the effective rights ascertained.

Social impact assessments and other EC funded studies have indicated that ethnic minorities in specific locations have little access to many EC interventions, including enterprise support services and credit facilities. It is therefore proposed to launch a special project to help ensure that ethnic minority areas receive improved access to enterprise development assistance and to inward investment.

Project activities

2.4.1 Additional credit facility for Socially Owned Enterprises (SOEs) through the *Industrial Development Programme* (approx €7.5 million)

Assistance to Socially Owned Enterprises (SOEs) with the provision of additional credit funds for on-lending to SOEs through the already operational, and EC financed *Industrial Development Programme* (IDP) - managed by the *Agro-Business Development Unit* (ABU).

2.4.2 Assistance to the Kosovo Trust Agency (KTA) (approx €1.5 million)

Provision of technical assistance to the Kosovo Trust Agency (KTA) to support the UNMIK led process for transformation / privatisation of viable *Socially Owned Enterprises* (SOEs) into enterprises that conform to EU norms and are able to operate in a market economy.

2.4.3 Access for minorities to enterprise development assistance (approx €1 m)

The project seeks to improve the access of Kosovo's disadvantaged ethnic minority communities to the enterprise development supports that the EC provides in the region. Initially, it will be necessary to implement a study to further determine the most appropriate mechanisms for implementing this assistance.

2.4 Economic Development

Part B – Rural Economy

Programme: Rural Economic Development Programme

Cost: €9 million (± 20%)

Background

Prior to 1990, agricultural production in Kosovo (including forestry and food processing) was estimated at 35% of provincial GDP and provided employment and food security for more than 60 % of the population. Whilst being a net importer of bulk commodities, the province was self-sufficient in most animal products and exported fresh and processed vegetables and fruits. After the collapse of the sector, following a decade of neglect and conflict, agriculture and food processing are being re-established as pillars of a recovering rural economy – and thus significantly contributing to the stabilisation of the social fabric of society in non-urban areas and stemming urban drift. However, absence of effective policies, support services, credit and technical know-how slow down both revival and the structural reform of the rural economy.

Socially Owned Enterprises (SOEs) in the agro-processing sector played a pivotal role as an interface between primary agricultural producers and markets. Deteriorated assets, long time isolation (notably from export markets), outdated management and lack of access to credit now stand in the way to their rapid transformation into efficient market oriented operators, commercialisation and eventually privatisation. The Agro-Business Development Unit (ABU) has been established under the EC's 2001 programme to provide loans and technical support to meet the particular needs of the SOEs and an emerging private agri-business sector. Results of ABU assistance are very encouraging and demand for its services already outstrips available resources. Additional means are required if the momentum is to be maintained.

Veterinary Services - the 'Animal Production and Health Division' of the outgoing UNMIK Department of Agriculture, Forestry and Rural Development (DAFRD) has taken steps to re-establish the previously collapsed public veterinary services. An overall strategy and programme have been developed to ensure veterinary public health, animal health and animal welfare in line with relevant EU directives. Despite recent progress in programme implementation, public veterinary services remain seriously inadequate and pose a threat to the revival of the livestock sector and consumer health. An acceleration of the implementation of said programme through appropriate resource allocation is therefore imperative.

Agricultural Statistics and Policy - the absence of timely availability and reliability of data on agriculture has hampered the planning and targeting of development interventions in the sector in the post conflict period; in combination with limited analytical skills, this poses a serious obstacle to developing future effective policies.

Project activities

2.4.4 Agricultural and agro-processing credit (approx. €4.1 million)

This project seeks to accelerate the transformation and recovery of socially owned and private agro-processing enterprises by the provision of additional loan funds and technical expertise through the already operational, and EC funded *Agro-Business*

Development Unit (ABU).

2.4.5 Strengthening of public veterinary services (approx. €2.4 million)

This project improves prospects for livestock development, trade and consumer health by strengthening public veterinary services. More specifically, support is given for the development of animal identification and herd registration, re-instatement of movement controls, disease surveillance and control, and veterinary public health monitoring for all species of livestock.

2.4.6 Agricultural statistics and policy advisory unit (approx. €2.5 million)

This aims to enhance the capacity of the Kosovo Office of Statistics (KOS) and that of the future Ministry of Agriculture, Forestry and Rural Development (MAFRD) respectively, so as to improve the availability, reliability and timeliness of agricultural statistics, analysis of statistics and macroeconomic analysis as a basis for improved policy formulation, resource allocation, monitoring and evaluation.

2.5 HOUSING

Programme: Assistance to the housing sector in Kosovo

Cost: €16 million (± 20%)

Background

The conflict in Kosovo during 1998-1999 resulted in the partial or complete destruction of 120,000 houses from a total housing stock of over 250,000. While the vast majority of destroyed houses were those of Kosovo Albanians, homes of many of Kosovo's Serb and Roma communities have also been damaged or destroyed since June 1999. This large-scale destruction exacerbated an already acute shortage of adequate housing in Kosovo.

Although significant numbers of houses have been reconstructed from 1999 to 2001 with EU and other international assistance, complemented by the private resources and 'self-help' inputs of the people of Kosovo, many vulnerable families remain in temporary accommodation. UNMIK's EU Pillar estimates that approximately 10,000 - 12,000 vulnerable households will need help with reconstruction after the completion of the overall 2001 donor funded programme.

Many of the families, which have had their homes damaged or destroyed are not in the most vulnerable category, yet lack the resources to pre-finance speedy reconstruction. It will be important to get housing on a more stable loan based financial footing in the near future, not least because of the uncertainty over the long term reliability of remittances from the diaspora. Furthermore, funding the establishment of a sustainable loan programme would provide for an exit strategy from the €112 million EC funded assistance to date for the reconstruction of some 15,500 homes. A loan programme will also stimulate the injection of supporting private funds into the replenishment of the depleted housing stock in Kosovo, and facilitate more rapid completion of many of the unfinished houses being constructed gradually over the years with diaspora remittances.

Project activities

2.5.1 Reconstruction of Housing with Grant Assistance (approx. €11.5 million)

The project assists with the repair/reconstruction of 900 to 1000 conflict damaged houses, with a continued focus on poverty and social vulnerability in the selection of beneficiaries, while also considering the particular needs of ethnic minority returnees and those in existing enclaves. It is anticipated that some 70% of the targeted houses will require complete reconstruction (IMG Cat IV damage).

2.5.2 Housing loan project (approx. €4.5 million)

A housing loan scheme is to be established, allowing people to re-construct, extend and renovate their housing units. It will help those households in Kosovo which are in need of either repairing war damage or general upgrading of their housing units. Typically, the targeted households include those that were ineligible for grant type reconstruction assistance, based as it was on a vulnerability threshold corresponding to very low income, but still have insufficient income to self-finance the works. Initially, loans are expected to range between €2,000 - €7,500 with maturities of 1 to 5 years depending on assessed household income and availability of suitable collateral for pledges, or mortgages (once mortgage legislation is in place). Two other donors have indicated their interest in participating with the EC in this project.

3. SOCIAL DEVELOPMENT AND CIVIL SOCIETY

3.1 UNIVERSITY EDUCATION, VOCATIONAL EDUCATION AND TRAINING, AND HUMAN RESOURCE DEVELOPMENT – Part A

Programme: Support to vocational education and training (VET), and university education

Cost: €4.5 million (± 20%)

Background

An efficient market economy demands properly trained men and women to be available for employment across a wide spectrum of vocational areas. Vocational education and training (VET) is a high priority. Until the release in October 2001 of the “New Kosovo Curriculum Framework”, there had been no significant development of the educational curriculum in Kosovo’s schools. Meanwhile, there is a limited amount of vocational training currently available.

The restructuring of VET is building on the work already being carried out jointly by the Ministry of Education, Science and Technology and the Ministry of Labour and Social Welfare. Both young students in existing vocational schools and unemployed adults are to be targeted. A recently concluded EC funded study examined the particular needs for VET in Kosovo, and the findings and recommendations of that study have formed the basis for the project proposal now presented.

There is a need for a modular vocational education system to build on the guidelines in the “New Kosovo Curriculum Framework” document. ‘Occupational Standards’ need to be developed alongside corresponding modular vocational training programmes, so as to enable the assessment and certification of training.

With a total population of around two million, Kosovo has only one university that currently has some 25,000 students. EC assistance to university education in the wider region is primarily administered via the EC's Tempus programme. However, the University of Pristina requires accompanying support to provide a basic level in the standard of facilities that will allow the academic staff and students to participate in the Tempus programme. Some 3,000 students can be accommodated at the University's Student Centre which comprises of five dormitory buildings, three of which have already been refurbished with EC assistance.

Project activities

3.1.1 Vocational Education and Training (approx. €3 million)

Vocational education and training (VET) programmes will be developed, initially in the two fields of business studies and electronics maintenance/ repair. A modular vocational education system will be developed. 'Occupational Standards' will also be established alongside the corresponding modular vocational training programmes, enabling the assessment and certification of training against the set standards - the new standards to be benchmarked against those from one/two EU countries, so as to initiate a process of quality referencing of skills which will be particularly important for workers and employers as labour becomes more mobile in the region. The project proposal has benefited from the guidance of the European Training Foundation.

3.1.2 Improved facilities at the University of Pristina (approx. €1.5 million)

This project for improvement of facilities at the University of Pristina will complement an earlier EC intervention by including for the renewal of the remaining two of the five dormitory buildings at the Students' Centre. Annually, some 1200 students will benefit from having a decent living environment that will in turn be more conducive to better quality studies. Such improved facilities are necessary to accompany higher education support measures implemented under the EC Tempus programme.

3.1 Part B: UNIVERSITY EDUCATION - TEMPUS III PROGRAMME

Programme: TEMPUS III

Cost: €1 million

Implementation: European Commission, Directorate General Education and Culture

Background

The Tempus programme was adopted by the Council of Ministers of the European Union on 7 May 1990. The programme was set up in order to support the process of reform in the countries of Central and Eastern Europe in the area of higher education within the framework of the European Community Phare programme.

On 29 April 1999 a new Decision on the Tempus programme "Tempus III" was adopted by the Council covering the non-associated countries of South-East Europe and the Partner States of Eastern Europe and Central Asia. This new phase of the programme will run from 2000 to 2006.

Within the framework of the general economic reform objectives of the European Commission's programmes for support to the non-associated countries and the

Partner States of Eastern Europe and Central Asia and Mongolia, Tempus III aims to promote the development of the higher education systems in the partner countries through balanced co-operation between higher education institutions in the partner countries and the Member States of the European Union.

The new phase of the Tempus programme seeks to contribute to:

- higher education policy and systems' development;
- the reform of higher education governance, management and finance;
- the strengthening of links with the local and regional economy, as well as other stakeholders of the universities;
- curriculum development in priority areas for economic and social transition;
- the promotion of the mobility of students and staff;
- the development of administrative and institutional structures through training of staff from non-academic institutions;
- the strengthening of regional co-operation and networking between higher education institutions in South-East Europe.

A priority for higher education systems in South-East Europe is the achievement of the objectives of the so called Bologna Declaration, which was signed by 29 European governments and which aims at the establishment of a common European higher education space by 2010. Its objectives include the establishment of a common degree system in Europe (Bachelor, Master, Ph.D.), the introduction of the European Credit Transfer System (ECTS), the strengthening of a European dimension in quality assurance and the removal of obstacles for the mobility of students and staff.

Participation in the Bologna Process requires structural reforms of university governance, management and finance, in particular the strengthening of the strategic management capacities of universities through institutional integration (at the moment South-East European universities are mere association of faculties).

The Tempus programme will further contribute to the strengthening of regional co-operation between higher education institutions in South-East Europe. Considering the small size of higher education systems, the re-establishment of regional academic ties in a European framework appears as a pre-condition for the efficient use of scarce resources and thus for the long-term sustainability of higher education systems in South-East Europe. Regional co-operation can also contribute to mutual understanding and the overcoming of ethnic and political boundaries. Universities from the Federal Republic of Yugoslavia, due to their links to various neighbouring countries, can play an important role in fostering such regional co-operation.

Project activities

3.1.3 Tempus III (€1 million)

Tempus III aims at funding Joint European Projects (JEPs) and Individual Mobility Grants.

Joint European Projects can focus on one of the following areas:

- University Management: University Management JEPs can focus on systems and policy development, reform of university governance, administration and finance, the introduction of library and management information systems, the strengthening of quality assurance, the introduction of international relations

offices, the introduction of the European Credit Transfer System, or the establishment of knowledge and technology transfer centres.

- **Curriculum Development:** Curriculum Development JEPs focus on the establishment of new, or the revision of existing curricula and study courses, the development and the provision of new teaching materials, the introduction of new teaching methodologies, and the retraining of academic staff.
- **Institution Building:** Institution Building JEPs focus on strengthening civic society and public administration reform through the development of short cycle training courses for staff from non-academic institutions such as local, regional and national authorities, social partners, professional associations, media, and non-governmental organisations.
- **Multiplier Projects:** These are designed to disseminate results of past Tempus projects and to link institutions working on higher education reform in similar subject areas. These projects usually include a larger number of partners from South-East Europe and the European Union.

Regional approach: All of the above project types can be implemented on a regional level, e.g. projects which include higher education institutions from not only one but several of the eligible Tempus partner countries.

3.2 SUPPORT TO CIVIL SOCIETY (INCLUDING INDEPENDENT MEDIA)

Programme: Civil society and an independent media

Cost: €4.3 million (± 20%)

Background

The civil society movement in Kosovo is undergoing a transformation. However, today's circumstances call for a more constructive role in building a democratic province. This requires a significant strengthening of organisational capabilities and operational networks. There is a particular need to assist ethnic minority NGOs and community groups, whose needs – especially of empowerment and access to services – are fundamentally different from those of the majority community.

Regarding independent media, continued support is required for the establishment of RTK as a professional and independent public broadcaster. Most responsibilities have already been transferred to locals, and a recent survey found that RTK is now the most popular television station in Kosovo. However, much still remains to be done mainly regarding ownership of management and programming/production, wider and longer coverage and editorial independence and financial sustainability.

Project activities

3.2.1 Support to civil society (approx. €2.8 million)

Provision of continued support toward the strengthening of civil society as a key actor in building a pluralist and democratic society, including a special focus on tailor-made assistance to address the social and economic empowerment needs of vulnerable groups of society, especially minority communities, complementing the actions

implemented under the Commission implemented *European Initiative on Democracy and Human Rights*.

3.2.2 Support to RTK as a viable and independent public service broadcaster (approx. €1.5 million)

The project provides assistance toward the strengthening of the independent media as a key actor in building a pluralist and democratic society. This is a continuation of support previously provided by the EC in 2001.

4. OTHER

4.1 TECHNICAL and ADMINISTRATIVE ASSISTANCE FUND

Programme: Technical and Administrative Assistance fund for Kosovo

Cost: €2 million (± 20%)

Summary

The objective of making available the technical and administrative assistance fund is to allow project preparation to proceed in an efficient and effective manner. It is essential that some funds be provided quickly to fund preparation and early implementation activities.

The funds authorised under this proposal will be used by the Agency to provide short-term technical expertise in highly specialised/punctual aspects of project design, implementation, feasibility studies, evaluation, etc. The following activities will be undertaken with this technical and administrative assistance fund:

- Recruitment of short-term technical assistance (local and expatriate) directly linked to further preparation of programmes and early implementation. It includes activities such as field assessments, feasibility studies, inputs to terms of reference and specifications, and tender evaluations;
- Audits, monitoring, programme/project evaluations, etc.
- Information and visibility actions related to projects.

The activities will be implemented by the Agency according to standard EC tender and contract procedures.

IMPLEMENTATION OF ANNUAL PROGRAMME

This Annual Programme will be implemented under the responsibility of the European Agency for Reconstruction (except for Technical Assistance for Customs and Taxation €2.5 million, and for Tempus III €1 million), which will sign all necessary financing agreements and contracts with service providers and suppliers.

Implementation of projects will be carried out in close co-ordination and consultation with UNMIK and the new Provisional Institutions of Self-Government (PISG), along with international agencies, EU Member States and other donors that are active in the various fields covered by the programme.

In addition to the general SAp conditionality, programme/project conditionality may be imposed. This programme and project conditionality will be defined in the Financing Agreement/Memorandum to be signed with the authorities. Failure to comply with programme/project conditionality may lead to delay, suspension or cancellation of the planned or committed assistance.

TA Customs and Taxation: Due to its technical nature, the Commission will implement this programme. The team of experts managed by the Commission and currently deployed through the CAM-K programme will continue to facilitate project delivery on the ground.

The implementation of the programme may require supply and service contracts. Award of contracts will be carried out in accordance with the provisions of Regulation (EC) 2666/2000. Participation in invitations to tender and contracts shall be open on equal terms to all natural and legal persons from member States, States which are recipients under this Regulation and candidate countries for accession to the European Union.

Tempus III: The European Commission's Directorate-General for Education and Culture has the overall responsibility for the policy and management of the Tempus Programme.

Following an annual call for proposals, projects are assessed academically and technically according to general criteria and a list of national priorities established in co-operation with the partner country authorities, and taking into account the objectives of the Stabilisation and Association Process and the policy objectives of EU co-operation with the Tempus partner country.

In implementing the programme, the Commission is assisted by the Tempus Committee, set up by the Council Decision on Tempus III and consisting of representatives of the Member States.

MONITORING, EVALUATION AND AUDIT

This programme (except for Tempus, Customs and Taxation assistance, for which the European Commission is responsible) will be monitored by the European Agency for Reconstruction, which shall carry out:

- ongoing monitoring (on the basis of regular reports) to follow the progress of the programme and its components; and
- ex-post evaluations after the completion of programme components.

The accounts and operations of the programme components are checked at intervals by an outside auditor contracted by the Commission without prejudice to the responsibilities of the European Commission, the European Antifraud Office (OLAF) and the European Union's Court of Auditors.

INDICATIVE DISBURSEMENT SCHEDULE (€millions, accumulated)

<i>Sector</i>	June 2002	Dec 2002	June 2003	Dec 2003	June 2004	Dec 2004	June 2005	Dec 2005
Good governance and civil society	5	10	14	16	18	20	21	21
Energy	15	41	50	53	53.5	54	55	55
Customs & Taxation (Comm)	0	0.75	1.5	2.25	2.25	2.5	2.5	2.5
Enterprise development	1	3.5	6.5	9	10	10	10	10
Rural economy	1	3	5	7	7.5	8	8.5	9
Transport	2	5	5.7	6	6	6	6	6
Water and environment	1	3	4	4.5	5	5	5	5
Housing	4	14	15.5	16	16	16	16	16
Education and Training	0.5	2.5	3	3.5	4	4.5	4.5	4.5
Health	1	2.5	3.5	4	5	5	5	5
Technical and Administrative Assistance	0.5	1	1.5	2	2	2	2	2
Reserve	0.5	0.9	0.9	0.9	0.9	0.9	0.9	0.9
TOTAL	31.4	87.15	111.1	124.15	130.15	133.9	136.4	136.9

Tempus (Commission)	Dec 2003	Dec 2004	Dec 2005	Dec 2006
	0.7	0.9	0.95	€1.0 m

TOTAL: 136.9 + 1 = €137. 9 m

Attachment 1: Status of EC Assistance² to Kosovo – 31 December 2001 (Funding in €1000)

Year	Projects	committed	contracted	contr/ comm	Paid	paid/ comm
1998	University, animal feed, timber supply	7,002	7,002	100%	6,799	97%
1999	Budget Targeted Assistance	5,000	5,000	100%	5,000	100%
	Damage assessment	3,496	3,496	100%	3,496	100%
	Village employment and rehabilitation	7,500	7,488	100%	7,488	100%
	Mitrovica Hospital and Small Operations	1,513	1,513	100%	1,513	100%
	Housing	14,000	13,999	100%	13,803	99%
	Public utilities	9,000	8,620	96%	8,612	96%
	Kosovo Protection Corps	5,000	5,000	100%	4,781	96%
	Transport	6,300	6,280	100%	5,977	95%
	Local Administration	22,630	22,533	100%	21,339	94%
	Agriculture	1,000	976	98%	904	90%
	Water (major towns)	3,000	2,970	99%	2,704	90%
	Enterprise	4,570	4,568	100%	4,104	90%
	Administrative and Technical Assistance	3,708	3,660	99%	3,270	88%
	Energy	13,000	11,857	91%	10,252	79%
	Civil society	500	462	92%	391	78%
	De-mining	6,000	6,000	100%	4,100	68%
	Feasibility studies	2,000	1,883	94%	1,278	64%
	Postal and telecommunications	8,000	6,038	75%	2,817	35%
	Total 1999:	116,218	112,343	97%	101,830	88%
2000	Budget Targeted Assistance	10,000	10,000	100%	10,000	100%
	Energy Imports	28,002	28,002	100%	28,002	100%
	Housing	59,930	59,829	100%	57,307	96%
	Agriculture	10,000	9,653	97%	9,405	94%
	Transport	15,000	12,212	81%	11,513	77%
	Energy	90,470	76,915	85%	69,181	76%
	Enterprise	15,000	12,356	82%	8,863	59%
	Health	10,000	9,909	99%	3,953	40%
	Water and Solid Waste Management	14,600	14,515	99%	5,162	35%
	District Heating	3,498	3,400	97%	1,020	29%
	Total 2000:	256,500	236,791	92%	204,405	80%
2001	Housing	37,600	37,212	99%	28,817	77%
	Energy	115,300	103,100	89%	75,438	65%
	Transport	18,000	16,397	91%	10,312	57%
	Agriculture	28,000	25,788	92%	12,495	45%
	Local Government and Civil Society	18,400	12,124	66%	7,914	43%
	Enterprise	14,000	13,762	98%	5,591	40%
	Health	14,000	14,000	100%	3,227	23%
	Water and Solid Waste Management	20,000	7,921	40%	2,457	12%
	District Heating	2,500				
	Reserve	3,200				
	Sub-total 2001:	271,000	230,305	85%	146,250	54%
	Additional funds made available in October 2001					
	Local Government and Civil Society	20,500	2,652	13%	1,751	9%
	Administrative and Technical Assistance	1,000	80	8%	30	3%
	Energy	15,000	416	3%		
	Enterprise	6,000				
	Reserve	2,000				
	Total 2001:	315,500	233,453	74%	148,031	47%
TOTAL:		695,220	589,589	85%	461,065	66%

² This table refers only to EC funds managed by the Agency, but excludes Agency running costs

Attachment 2:

Customs programme in Kosovo (CAM-K)

Financial information (EUR) as at 31/12/01

Budget	Allocation	Committed	Contracted	Disbursed
1999	3.000.000	3.000.000	3.000.000	2.990.616
2000	4.900.000	4.900.000	4.900.000	3.152.522