

# AMENDMENT TO THE ANNUAL ACTION PROGRAMME 2003 FOR KOSOVO

(All sections of the original text which are not listed here below remain unchanged)

## 1. IDENTIFICATION

<i>Form of programme:</i>	<b>“National programme”</b>
<i>Beneficiary Country:</i>	<b>Serbia and Montenegro / KOSOVO</b>
<i>Budget Year:</i>	<b>2003</b>
<i>Financial Allocation:</i>	<b>€65.28 million</b>
<i>Budget lines:</i>	<b>B7-546 €65.28 million</b>
<i>Legal Basis:</i>	<b>Council Regulation (EC) No. 2666/2000 (as amended by Council Regulation (EC) No. 2415/2001)</b>
<i>Contracting:</i>	All contracts must be concluded after the signature of the Financing Agreement and within 36 months following the date of the budgetary commitment.
<i>Implementation:</i>	The implementation of projects under this proposal must be concluded by <b>31.12.2007</b> . Therefore, all technical activities provided for under this programme and all contracts must end by <b>31.12.2007</b> .
<i>Implementing Bodies:</i>	<b>European Agency for Reconstruction - €62.28 million European Commission - €2 million for Customs &amp; Taxation; and €1 million for Tempus</b>
<i>Remarks:</i>	<b>No administrative expenditure will be financed under this programme.</b>

## 2. SUMMARY OF THE PROGRAMME

The priority sectors in the Annual Programme 2003 are as follows:

**Sectors** (titles as per MIP)

€million (+/- 20%)<sup>1</sup>

### 1. Good Governance and Institution Building

1.1	Public Administration Reform	5.0
1.2	Justice and Home Affairs	5.0
1.3	Customs & Taxation (Commission managed)	2.0

### 2. Economic Reconstruction, Regeneration and Reform

2.1	Energy	14.0
2.2	Environment	9.5

<sup>1</sup> Individual financial allocations are subject to fluctuations of up to ± 20% over the annual programme's lifetime.

2.3 Economic Development	
- General	6.5
- Rural Economy	5.0
- Development of economic and social infrastructure in Kosovo's municipalities	11.28

### 3. Social Development and Civil Society

3.1 University Education, Vocational Education and Training, and Human Resource Development (including €1m Commission managed Tempus Programme)	4.0
3.2 Support to Civil Society	1.0

### 4. Other

4.1 General Technical Assistance Facility (GTAF) & Programme Reserve	2.0
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**TOTAL** **€65.28 million<sup>2</sup>**

## 6. PROGRAMME COMPONENTS and PROJECT ACTIVITIES – Kosovo 2003

**6.2 ECONOMIC RECONSTRUCTION, REGENERATION AND REFORM (approx. €46.28 million)**

**6.2.2 ENVIRONMENT (approx. €9.5 million)**

### Project Activities

#### **6.2.2.2 Development of a sewage treatment and disposal programme for Kosovo (approx. €5 million)**

This project aims to initiate the development of sewage treatment facilities in Kosovo, which currently lacks any wastewater treatment systems, posing a threat to public health and the environment. In this context, the Ministry of Environment and Spatial Planning (MESP) has identified the development of sewage treatment works as a priority for Kosovo. Building on current strong EC/EAR cooperation with the Ministry of Environment and Spatial Planning (MESP), the project will: (i) assist a public owned water utility to design, construct and operate a sewage treatment and disposal facility in a medium sized town in Kosovo; and (ii) build the capacity of the MESP to further develop its masterplan for a Kosovo wide sewage treatment system – to be informed by the replicable blueprint sewage plant developed under this EC funded project. EC-funded preliminary studies for the outline design of sewage treatment

<sup>2</sup> Excludes the Agency's 2003 administrative appropriations of approx. €4 million for managing the cumulative portfolio of EC assistance to Kosovo; these Agency appropriations are the subject of a separate 2003 Financing Proposal on Administrative Expenditure.

facilities for four Kosovo towns are currently being completed, in cooperation with the MESP. The specific location for this project will be determined through further technical studies and in coordination with the MESP, the Kosovo Trust Agency (which oversees the administration of publicly owned water utilities), and the relevant municipalities. The project would also complement ongoing and planned EC funded institutional capacity building actions with the MESP. While the EC funding alone will allow functioning facilities to be completed, there are positive indications that the MESP/UNMIK may invest complementary funds from the Kosovo Consolidated Budget to reinforce and expand the impact of the proposed EC investment.

## **6.2.3 ECONOMIC DEVELOPMENT (approx. €22.78 million)**

### ***Part A – General***

#### **6.2.3.6 Development of economic and social infrastructure in Kosovo's municipalities (approx. €11.28 million)**

The project aims to support balanced economic and social development throughout Kosovo and to improve the access of the population and enterprises to quality services from municipal government. This will be achieved through strengthening the capacity of the municipalities to design and implement local infrastructure development projects.

The project is based on the Agency's implementation experience with the 'Municipal Local Investment Fund' (MLIF) in Kosovo, the local government capacity building programme implemented through the Association of Kosovo Municipalities (AKM), and the further EC funded 'Programme for Local Infrastructure Development' in FYR Macedonia. The project will be managed by a steering committee that will include representation of the Department of Local Administration, Ministry of Public Services and the AKM. The small and medium-scale local infrastructure projects will be selected by means of a call for municipal proposals, open to Kosovo's 30 municipalities. The municipalities will be responsible for drafting project design documentation proposals – related capacity building support will be provided by the project.

The project selection criteria will seek to ensure the prioritisation of areas where needs are most urgent - disadvantaged areas will receive particular attention. Typically, projects will include works or supplies for upgrading local water and sewerage networks, roads, schools, health facilities and other economic and social infrastructure. Where appropriate to the proper functioning of municipal infrastructure and services' provision, critical related equipment needs may also be funded. In addition, the project will provide targeted assistance to areas with a high potential for minority returns, complementing other EC-funded actions in support of sustainable returns. It is envisaged that individual municipality projects would normally not exceed €500,000 in order to achieve a good geographic distribution.

The project implementation mechanism will typically involve the engagement of a technical assistance team to: (i) manage the call for proposals and review the project proposals submitted by the municipalities and, where relevant, assist the municipalities with further developing the project concepts; (ii) submit the proposals to the steering committee for adjudication; (iii) monitor the implementation; and (iv) provide related capacity building assistance including training of municipal staff.

The project will be implemented in close coordination with other donors, including USAID which provides similar assistance to targeted municipalities having a high potential for returns.

**9. INDICATIVE DISBURSEMENT SCHEDULE (€millions, accumulated)**

<i>Sector</i>	June 2003	Dec 2003	June 2004	Dec 2004	June 2005	Dec 2005	June 2006	Dec 2006	Dec 2007
Public Administration Reform	0.5	1	2	3	4.5	5	5	5	5.0
Justice & Home Affairs	0.5	1	2	3	4.5	5	5	5	5.0
Energy	2	4	7	10	12	13	13.5	14	14.0
Environment	0.5	0.8	1	2.8	4.8	7.0	8.0	9.0	9.5
Economic Development	1	2	4	10	14	18	20	22	22.78
Human Res Devt (incl VET)	0.2	0.8	1.2	1.8	2.4	2.8	2.9	2.9	3.0
Civil Society	0.1	0.3	0.4	0.5	0.8	0.9	0.9	1	1.0
General Technical Assistance Facility (GTAF) & Programme Reserve	0.5	0.7	1	1.4	1.6	1.7	1.8	1.9	2.0
<b>TOTAL</b>	5.3	10.6	18.6	32.5	44.6	53.4	57.1	60.8	62.28

<i>Commission managed programmes:</i>	Dec 2004	Dec 2005	Dec 2006	Dec 2007
Tempus	0.3	0.8	0.9	1.0
Customs & Taxation	1.0	1.5	1.9	2.0
<b>TOTAL</b>	1.3	2.3	2.8	3.0

**GRAND TOTAL: 62.28 + 3 = €65.28 million**