

Procedure file

Basic information		
CNS - Consultation procedure Decision	2006/0068(CNS)	Procedure completed
Exceptional Community financial assistance to Kosovo		
Subject		
6.20.07 Macro-financial assistance to third countries		
6.30.02 Financial and technical cooperation and assistance		
6.40.03 Relations with South-East Europe and the Balkans		
Geographical area		
Kosovo under UNSCR 1244/1999		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	INTA International Trade		30/05/2006
		PSE MANN Erika	
	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs (Associated committee)		30/05/2006
		Verts/ALE LAGENDIJK Joost	
Council of the European Union	BUDG Budgets		05/07/2006
		PPE-DE LEWANDOWSKI Janusz	
	Council configuration	Meeting	Date
	Employment, Social Policy, Health and Consumer Affairs2767		30/11/2006
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs	ALMUNIA Joaquín	

Key events			
12/05/2006	Legislative proposal published	COM(2006)0207	Summary
15/06/2006	Committee referral announced in Parliament		
06/07/2006	Referral to associated committees announced in Parliament		
12/09/2006	Vote in committee		Summary
19/09/2006	Committee report tabled for plenary, 1st reading/single reading	A6-0291/2006	
12/10/2006	Results of vote in Parliament		

12/10/2006	Decision by Parliament	T6-0412/2006	Summary
30/11/2006	Act adopted by Council after consultation of Parliament		
30/11/2006	End of procedure in Parliament		
06/12/2006	Final act published in Official Journal		

Technical information

Procedure reference	2006/0068(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC Treaty (after Amsterdam) EC 308
Stage reached in procedure	Procedure completed
Committee dossier	INTA/6/36660

Documentation gateway

Legislative proposal		COM(2006)0207	12/05/2006	EC	Summary
Committee draft report		PE376.342	29/06/2006	EP	
Amendments tabled in committee		PE376.569	14/07/2006	EP	
Committee opinion	AFET	PE374.463	12/09/2006	EP	
Committee opinion	BUDG	PE376.630	13/09/2006	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0291/2006	19/09/2006	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0412/2006	12/10/2006	EP	Summary
Commission response to text adopted in plenary		SP(2006)5316/2	23/11/2006	EC	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Decision 2006/880](#)
[OJ L 339 06.12.2006, p. 0036-0038](#) Summary

Exceptional Community financial assistance to Kosovo

PURPOSE: to provide exceptional Community financial assistance to Kosovo.

PROPOSED ACT: Council Decision.

CONTENT: the proposed Council Decision seeks to provide exceptional financial assistance to Kosovo in the form of a grant. The proposed macro-financial assistance will be limited in time, complement World Bank activities (through the IDA funds) and other bi-lateral donors and will be conditional upon various public spending requirements.

The proposed macro-financial assistance will be limited in time, complement support from the World Bank (through IDA funds) and other bilateral donors, and will be conditional on progress in the implementation of a number of measures, in particular in area of public finance, to be defined in close consultation with the IMF and the World Bank. This assistance would provide crucial bridge support before a settlement of Kosovo's status. It would be unrelated to new status arrangements and not pre-empt further EC and international support likely to be required upon status resolution beyond 2007.

The Community has already found it an appropriate measure to help ease Kosovo's financial constraints in exceptionally difficult circumstances and, under Council Decisions 2000/140/EC and 2001/511/EC, provided exceptional financial assistance in the form of straight grants amounting to EUR 35 million and EUR 30 million in 2000 and 2001 respectively. The last payment under such assistance was released in December 2002.

The assistance being proposed, therefore, consists of a Community grant of up to EUR 50 million to Kosovo to be financed from the General Budget. Such a grant should help alleviate the financial situation in Kosovo, support the development of a sound economic framework and facilitate the continuation of essential administrative functions. The grant will be released in two, or if appropriate, three instalments. The first instalment will be released on the basis of a Memorandum of Understanding. The following two tranches will be released depending on the satisfactory completion of the economic policy conditions and not before one quarter after the release of the previous instalment. Prior to the release of each instalment, the Commission together with the authorities in Kosovo and the IMF, will verify that the performance criteria have been respected or new understandings have been reached.

The assistance will be managed by the Commission, which together with the authorities in Kosovo, will agree on the specific economic policy and financial conditions attached to the payment of the grant instalments. Specific provisions on the prevention of fraud and other irregularities consistent with the Financial Regulation will be taken into account.

For further information concerning the financial implications of this measure, please refer to the financial statement.

Exceptional Community financial assistance to Kosovo

The committee adopted the report by Erika MANN (PES, DE) amending - under the consultation procedure - the proposed Council decision on providing exceptional Community assistance to Kosovo. MEPs stressed that this exceptional financial assistance must be considered to be complementary to other Community assistance programmes for the Western Balkans. They also altered the wording of Article 1(1) to make it clear that the core purpose of the exceptional grant was to meet Kosovo's projected budget gap in 2006 and 2007. A number of other amendments sought to ensure that Parliament was properly informed of the implementation of this aid instrument, that it would be consulted on the continuation of the exceptional assistance beyond 2007, that external auditors would be engaged to carry out an independent external evaluation, and that the disbursement of funds would be subject to human rights conditionality and economic and financial conditionality.

Exceptional Community financial assistance to Kosovo

The European Parliament adopted the resolution drafted by Erika MANN (PES, DE) and several amendments to the proposal, the principal ones being the following:

-this exceptional financial assistance in the form of a grant is intended to meet Kosovo's projected external financing requirements in 2006 and 2007, in line with Kosovo's Medium-Term Expenditure Framework for 2006-2008;

- in order to facilitate dialogue with the European Parliament, the Commission shall regularly inform the European Parliament of the Economic and financial Committee's proceedings and provide it with the relevant documents;

-the conditions attached to the assistance will include specific targets to be achieved in the following areas: improved transparency and increased sustainability of public finances, primarily concerning the consistency of the Kosovo Consolidated Budget with the Medium-Term Expenditure Framework and the Kosovo Development Strategy and Plan; the application of macro-economic and budgetary priorities on the basis of the Memorandum of Economic and Financial Policies agreed with the IMF on 2 November 2005; enhanced fiscal discipline and control of public expenditure, with a particular view to the detection, treatment and follow-up of suspected fraud and other irregularities concerning national and international funds, and full compliance with international democratic and human rights standards, including respect for minorities and the fundamental principles of the rule of law;

- the second and any further instalments will be released on the basis of a satisfactory compliance with the above conditions;

-independent auditors must be able to carry out audits on the spot;

- at least once a year, and before 15 September, the Commission shall submit to the relevant committees in the European Parliament and to the Council a report, including an evaluation of the implementation of the Decision in the previous year. This report shall specify the linkage between the targets set out, Kosovo's ongoing economic and fiscal performance and the Commission's decision to release tranches of the assistance.

Exceptional Community financial assistance to Kosovo

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.