



COMMISSION OF THE EUROPEAN COMMUNITIES

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99/0132 (CNS)

Amended proposal for a

COUNCIL REGULATION (EC)

amending Regulation (EC) No 1628/96 relating to aid for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia, in particular through the setting-up of a European Agency for Reconstruction.

(presented by the Commission pursuant to Article 189 a (2)
of the EC-Treaty)

EXPLANATORY MEMORANDUM

Following Parliament's opinion on the Commission proposal for a Council Regulation (EC) amending Regulation (EC) No 1628/96 relating to aid for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia, in particular through the setting-up of the European Agency for Reconstruction, the Commission is presenting a proposal amended to include some of the amendments voted by Parliament.

These amendments concern accompanying measures, participation of local communities in reconstruction, coordination with NGOs and consultation of Parliament before any decision to extend the Agency's activities to other areas of the Federal Republic of Yugoslavia.

The amended proposal also addresses two issues of particular importance to Parliament.

The first relates to the establishment of the Agency's seat in Thessaloniki and its operational centre in Pristina, the extension of its mandate to the whole of the Western Balkans and the bringing of its activity within the framework of the Stability Pact.

At Parliament's session of 27 October in Strasbourg, the Commission pointed out that the Agency's aim is the reconstruction initially of Kosovo and subsequently, when conditions permit, of other parts of the Federal Republic of Yugoslavia. It is an instrument of the European Union and must retain its autonomy of action. Its headquarters can only be established in Thessaloniki if its operational centre retains its autonomy.

This amended proposal therefore provides for a joint declaration by the Council and the Commission specifying which of the Agency's departments could be based in Thessaloniki with a view to safeguarding the autonomy of the operational centre and referring to coordination with the Stability Pact. It also permits the Commission to submit proposals next year for the extension of the Agency's activities to other Balkan countries under a new regulation.

The second issue which has given rise to a number of amendments is the desire to bring the Agency under the sole and direct responsibility of the Commission, which would appoint the Director. Independent experts appointed by the Commission would replace the Member States' representatives on the Governing Board. The Management Committee would be replaced by an Advisory Committee.

The Commission's view is that the presence of the Member States on the Governing Board will be good for the Agency and will make it easier to coordinate the Community's and Member States' reconstruction activities.

However, with a view to strengthening the Commission's role in those activities of the Agency directly concerning the selection and implementation of projects, the Commission is proposing that the Governing Board's decision-making powers on these issues be replaced by an advisory role and that the Director of the Agency be appointed by the Commission.

COUNCIL REGULATION (EC)
amending Regulation (EC) No 1628/96 relating to aid for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia, in particular through the setting-up of the European Agency for Reconstruction.¹

Recital 7

- (7) Regulation (EC) No 1628/96 should be amended to take account of the specific requirements for Kosovo's reconstruction, which will demand the rapid implementation of numerous small-scale projects, measures to support returning refugees and the assistance of experts covering a wide range of fields. These projects should be accompanied by support for democratic institutions and civil society, the judicial system, the media, education, and welfare and health systems. Provisions should therefore be laid down for setting up and running a European Agency for reconstruction (hereinafter referred to as the "Agency") that can be charged by the Commission with implementing the reconstruction programmes;

Recital 7a

The reconstruction efforts must combine with those of the people of Kosovo.

Recital 9

- (9) Reconstruction assistance should be coordinated with the European Investment Bank, the international financial institutions, the Office of the United Nations High Commissioner for Refugees and the relevant non-governmental organisations.

Article 14, third subparagraph

Any decision to extend the Agency's activities to parts of the FRY other than Kosovo, which shall include the arrangements for identifying the bodies referred to in Article 3, shall be taken by the Council acting by a qualified majority on a proposal from the Commission and after consultation of the European Parliament. In the light of that decision, the Agency may establish other operational centres.

Article 15(1)(c)

- (c) Implementing the programmes provided for in the third subparagraph of Article 10(1), cooperating wherever possible with the local population and where necessary drawing on the services of operators selected by calls for tender. The Commission may accordingly make the Agency responsible for all operations required to implement the programmes, notably:
(otherwise unchanged)

¹ Amendments to current version of proposal. See meeting document No 195/99 Rev.2 of the Council Group on the Western Balkans.

Article 17(11)

11. The Governing Board shall lay down the principles necessary for implementation of the reconstruction programmes. On a proposal by the Director, it shall decide upon the main issues relating to the Agency's activities, e.g.:

- proposals for programmes by other donors for possible implementation by the Agency;
- setting the multiannual contractual framework with the provisional authority responsible for the administration of Kosovo, to implement the aid decided on in the framework of the programmes referred to in Article 10;
- whether representatives of the countries and organisations delegating implementation of their programmes to the Agency should be present as observers on its Governing Board.

The Governing Board shall be consulted on:

- draft programmes to be submitted to the Commission;
- the methods of evaluating and properly implementing the projects;
- the finalisation, any adjustments to, and implementation of projects;

Article 18(1)

1. The Director of the Agency shall be appointed by the Commission for a term of office of thirty months. The term of office may be terminated by the same procedure.

Article 20(4)

4. The Governing Board, after receiving the opinion of the Commission, shall adopt the budget of the Agency together with the work programme at the beginning of each financial year, adjusting it to the various contributions granted to the Agency and to funds from other sources. The budget shall also specify the number, grade and categories of staff employed by the Agency during the financial year in question.

In the interests of budgetary transparency, funds from sources other than the Community budget shall appear separately in the Agency's statement of revenue. Administrative and personnel expenditure shall be clearly separated from the programme's operating expenditure in the statement of expenditure.

Article 25

The Commission shall submit to the Council before 30 June 2000 a progress report on the implementation of this Regulation; it may if appropriate make proposals, notably with a view to establishing a unified regulatory framework for assistance to Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former

Yugoslav Republic of Macedonia and, possibly, to extending the Agency's activities to areas other than those referred to in Article 14.

Declaration by the Council and the Commission on Article 16

The location of the Agency's seat in Thessaloniki will facilitate coordination with other instances with responsibilities in the Balkans, and in particular the coordinator of the Stability Pact.

Meetings of the Governing Board will take place at the Agency's seat. The seat will house the Agency's general service departments, including those handling legal affairs and litigation, and the central departments responsible for administration, auditing, accounting, publications and information to businesses.

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DOCUMENTS

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