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THE EU AND RECONSTRUCTION IN THE WESTERN BALKANS

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The 1998-1999 Kosovo crisis was an important milestone for NATO because it triggered the Alliance's first armed intervention. It was also an important juncture for the European Union. The EU's action to stabilize Kosovo marked the first time that the Union moved quickly into a volatile post-conflict environment.

This is how Chris Patten, the EU's former External Relations Commissioner, recalls that moment in his recently published memoirs entitled *Not Quite the Diplomat*:

Not a week passed without Madeleine Albright (then American Secretary of State) or her Balkans frontman, Jim Dobbins, telephoning to find out how we were translating promises into contracts, plans and real-time spending. Our past performance did not give them much confidence. This was the first big test of our ability to run things competently, and we passed it – speeding up delivery by cutting corners where we could, setting up the European Agency for Reconstruction, and giving the excellent officials sent out to manage it delegated authority and political cover.²

Indeed, the European Union's assistance to Kosovo arrived as early as mid-1999, virtually on the heels of the NATO-led Kosovo Force. In early 2000, the European Commission set up the European Agency for Reconstruction.

Kosovo was only the beginning. Barely ten months after its creation, the Agency was asked to help stabilise Serbia and Montenegro in the aftermath of the fall of the Milosevic regime. The EU recognised

¹ Director, European Agency for Reconstruction.

² Chris Patten, *Not Quite the Diplomat: Home Truths About World Affairs* (London: Allen Lane, 2005), p. 166.

that the first months after Milosevic would be crucial in ensuring that democracy was well-anchored and that stability would prevail.

One year later, the Agency was asked to employ its expertise in the Former Yugoslav Republic of Macedonia to help solidify a fragile peace after an outbreak of violence between the country's two major ethnic communities. These three challenges were different in many ways, but they all required rapid civilian intervention to stabilise a fragile environment.

The involvement of the European Agency for Reconstruction was not political, but it had a huge impact on the well being of the people affected by these dramatic events. It played an important role in ensuring stability during the most volatile months. For example, emergency electricity imports for Kosovo and Serbia allowed a minimum supply of heat and energy. Imports of vital medicine and other medical supplies enabled hospitals to treat patients. Emergency imports of fertilisers and seeds prevented a total collapse of the crop cycle in Serbia and Kosovo.

The Agency immediately moved to more substantial and lasting infrastructure projects, ranging from reconnecting electricity lines and the overhaul of the main power plants in Kosovo and Serbia to the reconstruction of houses, roads, bridges and public buildings, the repair of water systems, the organisation of refuse collection and the building of landfills. In Kosovo alone the Agency repaired 400 kilometres of roads, reconstructed housing for 120,000 people, and repaired water supply systems for 800,000 people. Thousands more benefited from house repairs, electricity reconnections and water supply repairs in the Former Yugoslav Republic of Macedonia.

The Agency's energy infrastructure projects made the lives of people much more bearable, virtually eliminating power cuts in Serbia and reducing them in Kosovo. The problem cannot be entirely eliminated in Kosovo in the absence of substantial new investment and as long as a substantial percentage of users do not pay their bills. Some of the large-scale projects continue or were completed only recently. One such landmark undertaking is the reconstruction of Sloboda Bridge in Novi

Sad in northern Serbia. The completion of this project removed a major obstacle to navigation on the Danube.

With increased stabilisation and the accomplishment of significant reconstruction projects, the main focus of the Agency's work throughout the region has gradually shifted to less visible themes such as governance, reform of public administration, economic development and support for municipal government structures. The Agency's projects today include fiscal management, tax administration, border management, judicial reform, agricultural policy and improved food safety systems, environmental legislation, civil society, vocational training, regulatory services in the energy sector, privatisation, property registration, economic reform, and the fight against corruption. In other words, the projects are less visible but no less important.

For ordinary citizens, democracy is local because the test of the rule of law and good governance is how they are treated at their municipality. What matters is whether they can rely on competent, friendly and efficient officials and whether they have decent roads, schools and health services.

Much of the Agency's work today is designed to help Balkan countries meet the requirements they must fulfil to join the European Union one day. However, a good portion of the Agency's effort is to continue to stabilise the region while the international community moves toward determining Kosovo's final status and resolves other outstanding issues.

The European Union is the largest donor in the Western Balkans, and the Agency is managing the bulk of that assistance in Kosovo, Serbia, Montenegro and FYROM. Overall since establishment the Agency has managed €2.5 billion in European Commission funds. €2.1 billion (or 82%) has been contracted and €1.85 billion (or 72%) has been paid. Large amounts have been quickly contracted and disbursed, making a difference to the lives of people in the region.

Today the Agency is seen as a successful and efficient tool of the EU's wider effort to stabilise the Balkans and pave the region's way for eventual European Union membership. Some of that efficiency stems from the way the Agency conducts its business but there are also key external factors. The Agency succeeded because it was present on the ground early on and it had the necessary speed and flexibility in designing programmes and the freedom to hire the right people to manage them. An overwhelming majority of the Agency's staff are based in Pristina, Belgrade, Skopje and Podgorica. They live and work among the beneficiary populations. Another key strength is the Agency's accountability and total transparency and openness to scrutiny by the European Union's audit and financial control bodies. The Agency is annually audited by the European Court of Auditors, it obtains an annual mandate from the European Parliament, and it works in close cooperation with the European Commission's anti-fraud office OLAF (Office Européen de Lutte Anti-Fraude).

No matter how efficient and fast the Agency may be, it would not be able to do its job without the cooperation and drive of the governments and the people of the countries it serves. Local ownership is essential for the success of the Agency's work. That support in turn is linked to the promise of eventual membership in the European Union and the European Union's commitment to stand by this much-tried corner of the continent. These are perhaps the strongest motivating factors in the Balkans today. Finally, last but certainly not least, the Agency's success would not have been possible without the secure environment provided by NATO-led forces, especially in Kosovo.

In conclusion, a few words of caution are in order. The region's economies are still weak and plagued by unemployment, lack of investment, poor infrastructure, under-developed agricultural sectors and a poorly functioning market economy. Its democracies are young and still quite fragile. In economic terms, it will take years of investment and effort to bring the region close to what most would consider European standards. In political terms, the Balkans will continue to need the European Union's stabilising and guiding hand for many years to come.