



United States Department of State

Washington, D.C. 20520

NOV 24 2003

Dear Mr. Chairman:

On behalf of the Secretary of State, I am transmitting to you a report as required by Section 1213 of the Floyd D. Spence National Defense Authorization Act, FY 2001 (Public Law 106-398).

The enclosed fourth report on Kosovo peacekeeping reviews the commitments and contractual obligations made by the European nations to peacekeeping and development in Kosovo. The Department concludes in this report that the Europeans have carried a significant portion of the aid-sharing burden in the region and that their commitment to reconstruction, humanitarian relief, and institution- and peace-building has been a strong one. Continued attention and commitments of assistance from all donors remains crucial for medium and long-term development in Kosovo.

We hope that this information will be helpful to you and other Members of Congress. Please do not hesitate to contact us if we can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul V. Kelly", with a long, sweeping underline.

Paul V. Kelly
Assistant Secretary
Legislative Affairs

Enclosure:
As stated

The Honorable
Duncan L. Hunter, Chairman,
Committee on Armed Services,
House of Representatives.

Fourth Report on Kosovo Peacekeeping September 2003

Introduction and Summary

This report describes the contributions of European nations and organizations to peacekeeping operations in Kosovo as required in Section 1213 of Public Law 106-398, the Floyd D. Spence National Defense Authorization Act of FY2001. This is the fourth report to specified congressional committees and covers contributions reported between September 2002 and the end of July 2003. All contributions are shown in U.S. dollars¹. The report reviews the assistance commitments and disbursements made by the European Commission, EU Member States and other European states. Contributions are divided into the following categories: reconstruction assistance, humanitarian assistance and budget support; and international police and military contributions. The final section of the report assesses the further commitments and responsibilities undertaken by the United Nations (UN), the European Union (EU) and the Organization for Security and Cooperation in Europe (OSCE). As with previous reports, this report concludes that European organizations and states continue to play the leading role in assistance to Kosovo.

Section I - Donor Commitments and Disbursements (Reconstruction Assistance, Humanitarian Assistance and Budget Support)

The international donor community has been credited for its quick and well-coordinated response to emergency conditions during the Kosovo crisis and its commitment to supporting reforms and development in the years since. The EU continues to be the primary donor of assistance to Kosovo, through both EU-level and Member States' bilateral commitments and obligations and in the scope of activities they have spearheaded throughout Kosovo. Other European states such as Switzerland and Norway, historically generous with foreign assistance, also remain actively engaged in assistance programs in Kosovo.

Assistance by Donor:

European Community Assistance

As of December 31 2002, the European Commission had pledged \$773 million in European Community funds for reconstruction and had committed \$834.89 million. In addition, it provided \$594 million in humanitarian assistance and budgetary support. As of June 2003, it had pledged and fully committed a further \$72.16 million towards reconstruction and development.

European Bilateral Assistance (EU Member States and other European states)

Including EU Member States' bilateral assistance, the EU had provided over \$1.804 billion by the end of 2002, over two thirds of the needs for the province identified at the 1999 Donors' Conference. Almost all EU Member States have committed bilateral reconstruction assistance and, overall, have contracted an average of 89% of these bilateral committed funds. Among EU

¹ Exchange rate: July 2003. Methodology: World Bank / EC Joint Office for SouthEastern Europe

Member States, the United Kingdom remains the largest bilateral donor to Kosovo, followed by Germany and Sweden. Among non-EU European states, Switzerland is the largest donor and has contracted 94% of its \$116 million commitment. Non-EU European members of NATO have contributed over \$25m, with Norway as the single largest donor.

U.S. and other Bilateral and Multilateral Assistance

U.S. assistance supports economic and community development, democracy and good governance, as well as minority return activities. By June 2003, the U.S. had pledged \$315.9 million in reconstruction and budgetary support and had committed \$355.5 million. Other bilateral donors – Japan, Canada, the Kingdom of Saudi Arabia, the Republic of Korea - and multilateral institutions including the United Nations Development Program, the World Bank and the Islamic Development Bank, have also provided assistance.

SECTION II – International Police and Military

(A) United Nations International Police

In line with UN Security Council Resolution 1244 establishing the United Nations Interim Administration Mission in Kosovo (UNMIK), the UNMIK Police, also known as CIVPOL, was established. UNMIK police officers are armed, have executive authority and are authorized to enforce laws and make arrests. The two main priorities of the UNMIK Police mandate are (1) providing interim public security and law enforcement in Kosovo, and (2) developing the Kosovo Police Service (KPS) to assume permanent responsibility for these functions. UNMIK Police has made substantial progress in both efforts. Rates of many serious crimes in Kosovo continue to show a steady decline due to increased enforcement and increased KPS capacity. At mid-2003, 5379 KPS officers, 16% of whom are from minority communities, are patrolling throughout Kosovo following graduation from the Kosovo Police Service School.

The authorized strength of UNMIK Police is 4,718 officers, including 1,125 special police. Current force strength is 3,983 officers, including 1,053 members of special police units. Special police units have responsibility to deal with unique problems such as civil disorder, and are strategically deployed to assist regular UNMIK Police as needed.

Assistance by Donor:

Contributions by EU Member States and other European states

Unlike in other categories of assistance, the European Commission does not contribute to the international police force in Kosovo. Assistance is, however, provided directly by EU Member States (except Ireland, Luxembourg and the Netherlands), by non-EU members of NATO² and by other European states. Collectively, they constitute over 43% of the total international force, with 1,759 officers currently deployed. Germany has pledged and deployed more officers than any other European country, with 354 German police currently in Kosovo. Poland, Romania, Russia, Turkey, Ukraine and the United Kingdom have contingents of over 100 regular and/or

² The Czech Republic, Hungary, Norway, Poland, Turkey

special police officers. With few exceptions, European nations have deployed the full number of their pledged officers.

U.S. and other Bilateral and Multilateral Assistance

In comparison, the U.S. currently has 477 officers in CIVPOL. Twenty-five other UN member nations, from Argentina to Zimbabwe, have deployed police officers, with India providing 475 and Jordan contributing 418.

B) Military Commitments

Since the end of Operation ALLIED FORCE and in line with UN Security Council Resolution 1244, the NATO-led Kosovo Force (KFOR) has been the provisional international security presence in Kosovo. Currently, 36 different countries contribute personnel to twenty-nine battalion-sized equivalent units. The overall force level has gradually declined over the last year, to its current level of approximately 23,000. NATO has approved a reduction to 17,500 troops by the end of 2003.

At its creation, NATO nations including the United States contributed 94% of KFOR's strength. As more nations began participating in Operation JOINT GUARDIAN, NATO contributions gradually stabilized at their current level of approximately 85% of the forces. EU Member States continue to contribute over two-thirds of all troops in KFOR, a figure that has remained relatively stable throughout the life of the force. Other European members of NATO provide a further 18%.

The initial United States' contribution of troops was 7,100, with spikes as high as 10,100 in December 1999 and 8,500 in June 2000. Troop rotations aside, the United States' total troop contributions have steadily declined to the current level of approximately 2250. The United States has not exceeded 15% of the total force and provided 8.4% of forces at end June 2003.

Section III - Commitments and Responsibilities by Organization:

The uncertainties surrounding Kosovo's final status preclude the fixing of dates for the completion of these missions in Kosovo. The U.S. supports the internationally-endorsed concept of "standards before status" as the path to prepare Kosovo for final status.

(A) United Nations

UN Security Council Resolution UNSCR 1244 established the UN Interim Administration Mission in Kosovo (UNMIK) as the provisional international civilian presence in Kosovo. UNMIK is made up of four "pillars", each led by different international actors:

- Pillar I Police and Justice, under the direct leadership of the United Nations
- Pillar II Civil Administration, under the direct leadership of the United Nations
- Pillar III Democratization and Institution Building, led by the Organization for Security and Co-operation in Europe (OSCE – OMIK)
- Pillar IV Reconstruction and Economic Development, led by the European Union (EU)

The head of UNMIK, Harri Holkeri (Finland), is the Special Representative of the UN Secretary General (SRSG). The SRSG presides over the work of the pillars and is the final arbiter on all issues in Kosovo. UNMIK created the Provisional Institutions of Self-government (PISG), introduced in the Constitutional Framework (2001), and established a joint UNMIK-PISG Transfer Council in 2003 to oversee the transfer of additional public sector responsibilities to the locally-elected leaders. It continues to promote a market economy and to bolster law enforcement mechanisms in order to ensure public safety in Kosovo.

(B) European Union (EU)

The European Commission administers the majority of EU assistance to Kosovo, although EU Member States also have bilateral assistance programs. The focus of this assistance has matched developments in Kosovo, with the main focus in 2002-3 being on institutional capacity building and public administration reform (including support to central and municipal institutions) and economic development, in order to further prepare Kosovo for transition to a market economy and closer integration within both regional and wider European structures. The European Commission also funds the administrative costs of the EU-led Pillar IV. As part of the Stabilisation and Association process (SAP), the framework for EU relations with the region, a technical working group comprised of UNMiK and PISG officials was established to work with the EU to ensure alignment of reforms with European standards. This "SAP Tracking Mechanism (STM)" allows the European Commission to operationalize, promote and monitor the necessary reforms by UNMIK and the PISG, complementary to UNMIK's efforts to operationalize its standards.

(C) Organization of Security and Cooperation for Europe (OSCE) Mission in Kosovo

The OSCE Mission in Kosovo (OMIK) leads UNMIK Pillar III, the "Institution Building Pillar". The primary tasks of this Pillar are to help create rule of law and democratic institutions, specifically through the organization and supervision of elections in Kosovo; working with political parties and the media to promote democratic processes; and monitoring human rights and supporting human rights advocacy groups. It has further contributed to rule of law through the establishment of several institutions including the Kosovo Law Center, the Ombudsperson's Institution, and the Kosovo Police Service School. In 2002, OMIK continued its support for the provisional institutions and the hand-over of strategies and management responsibilities to locals, while also working to depoliticize and modernize the civil service and to promote transparency and popular participation in local governance. OMIK also continued its work on the integration of minorities (Kosovo Serb, Roma and other) into civil and political life.

OMIK's budget for 2003 is \$55.47m. Contributions by states are assessed according to the Copenhagen Scale of Assessments, by which the EU Member States' contribution is two-thirds of the OSCE budget and the US share is 13.57%.

CONCLUSION

As in the previous Peacekeeping Reports, this report concludes that European donors continue to bear the majority of the financial responsibility for assisting Kosovo, with continued progress in implementing their pledges of assistance. All donors remain committed to addressing the challenge of creating sustainable peace in the region.