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To: Members of the Executive Board

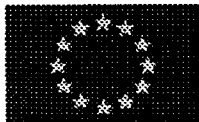
From: The Acting Secretary

Subject: **Kosovo Crisis—Economic Coordination Mechanism—Joint Statement
by the World Bank and the European Commission**

Attached for the information of the Executive Directors is the joint statement, dated May 12, 1999, of the World Bank and the European Commission on the Kosovo Crisis—Economic Coordination Mechanism.

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May 12, 1999
London

Joint Statement

Kosovo Crisis Economic Co-ordination Mechanism

At the special high-level meeting of governments and international agencies held in Washington on 27 April to review the international community's response to the Kosovo crisis and its impact on Kosovo's neighbours in the Balkans, the World Bank and the European Commission were called upon to co-ordinate needs assessment and modalities for assistance. We have today discussed how to put that mandate into operation.

We have started from the need, broadly endorsed at the meeting in Washington, for a comprehensive regional framework that takes into account the political, humanitarian, economic and social factors – including plans for post-conflict reconstruction and recovery – so as to ensure stability in the region in the medium term.

The World Bank and the European Commission will work closely together, and in close co-operation with the IMF, to ensure that an efficient economic co-ordination mechanism is in operation, in line with the following basic principles, namely, the need to:

- i) take fully into account the regional dimension;
- ii) keep structures light and efficient, and where possible build on existing structures;
- iii) enhance co-operation among the countries of the region themselves;
- iv) have a direct and efficient link between political and economic co-ordination, bearing in mind the respective mandates of the institutions.

To put these principles into practice, we have decided to set up immediately a joint office in Brussels and to create a small Task Force composed of officials from the European Commission and the World Bank, co-operating closely with the IMF, and other major donors. The Task Force, which will meet regularly, will ensure that the regional dimension is fully taken into account, and will co-ordinate four main tasks:

- i) **Donor Mobilisation**, through high-level donor conferences and donor consultative groups, chaired by the World Bank and the European Commission;

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- ii) **Economic Analysis**, and the identification and estimation of needs, the definition of strategies and priorities, and the assessment of progress;
- iii) **Conditions of support**, to ensure the consistency of the criteria on which donor funding would be committed;
- iv) **Implementation**, mainly on the spot with a local task force in each country, supported by sectoral groups, if appropriate.

It is proposed that the work of the Task Force, especially for major priority setting, the regional dimension and donor mobilisation, will be guided by a high-level group, composed of Messrs Camdessus, de Silguy and Wolfensohn, and the major donors at ministerial level. The role of this group will be reviewed in the light of decisions on the political co-ordination process.

The Task Force will start work immediately. As well as mobilising donor assistance through consultative groups, its first tasks will include establishing, regularly updating and circulating to the donor community:

- i) a calendar of events at which the economic impact of the Kosovo crisis will be discussed;
- ii) an overview of the assessment of the economic impacts and costs;
- iii) a register of donor assistance, which will include both amounts and type of assistance by country, as well as regional aggregates, so as to help avoid duplication and to identify gaps.

In addition, the World Bank and the European Commission plan to call and chair meetings of governments of the region, bilateral donors, multilateral financial and non-financial institutions and other interested parties.

On behalf of the World Bank

On behalf of the European Commission

James D. WOLFENSOHN
President

Yves-Thibault de SILGUY
Member of the Commission