Implementation of Community funds in Afghanistan

2008/2152(INI) - 15/01/2009 - Text adopted by Parliament, single reading

The European Parliament adopted, by 550 votes to 5 with 25 abstentions, a resolution on budgetary control of EU funds in Afghanistan.

The own-initiative report had been tabled for consideration in plenary by Véronique **MATHIEU** (EPP-ED, FR).

Parliament recalls that through different international conferences, the EU and the international community committed themselves to granting a total in excess of EUR 8 billion in international aid to Afghanistan. The resolution recalls that the Commission (between 2002 and 2007) granted aid totalling EUR 1.4 billion (including EUR 174 million in humanitarian aid). This aid consists of both direct and indirect aid, and that between 2002 and 2007 direct Community aid, which accounts for 70% of the total (EUR 970 million), was activated by the Commission's services in the form of funding conventions with the Afghan state, contracts with providers of services, supplies or works and subsidy agreements with international organisations or European or local NGOs, while indirect aid is managed essentially by the UN and the World Bank (13% and 17% respectively of total funds).

Utilisation of EU funds - state of play: the resolution highlights two major problems for the distribution of international aid: 1) Afghanistan's low **absorption capacity** in economic and administrative terms; 2) **deficient coordination** between donors and the Afghan authorities. MEPs consider that the lack of coordination is a reflection of weak governmental structures and the absence of a proper strategy at government level.

MEPs take the view that this **lack of coordination** tends to encourage corruption and has proved detrimental to national reconstruction. In addition, MEPs add that the multiplicity of donors and their desire to affirm their visibility can often lead to isolated national strategies or to overlapping between different national ministries. They also express their concern about the poor quality of the administration of assistance funds by the Afghan central administration and the lack of transparency in the management of this assistance.

They consider it to be of prime importance that the MIP 2010-2013 take into due consideration the concrete results of the fight against corruption and adapt EU assistance accordingly. It is highlighted that the Afghan Government's priorities must include the rule of law and the **fight against corruption** and drug trafficking and MEPs consider that without proper governance there can be no lasting progress in Afghanistan.

MEPs considers in particular that since the fall of the Taliban regime, there have been promising developments in the areas of health, education and infrastructure (especially roads), infant mortality has fallen substantially (from 22% in 2001 to 12.9% in 2006), and there are the first signs of positive development in terms of education and initiatives for gender equality.

Reinforcing controls: Parliament calls on the Commission to draw on a sufficient range of legal resources to protect the Union's financial interests in Afghanistan. It notes that the European Court of Auditors, in application of the same provisions, can also carry out checks with the international organisations concerned. MEPs stress the need for stronger monitoring of the implementation of EU development cooperation and call for the UN and other international organisations which manage EU

funds to cooperate fully with the ECA and the European Anti-Fraud Office (OLAF), as well as with the UN Joint Inspection Unit. They stress the need to improve donor coordination in Afghanistan under the leadership of the United Nations Assistance Mission in Afghanistan, and believe that the Commission should strengthen assistance coordination among Member States in order to improve effectiveness and to increase the visibility of EU support.

In addition, Parliament makes a series of recommendations to improve the quality and the efficiency of aid. The main **recommendations** can be summarised as follows:

- **Coordination and visibility of international aid**: MEPs believe that further efforts are required as regards international assistance. The Commission should tackle the worrying coordination shortcomings regarding EU financial assistance to Afghanistan not only between Member States and it but also amongst Member States. The Commission should develop a strategy involving donors and the Afghan authorities designed to improve coordination and communication between them. The report also considers it essential to boost the visibility of the Union's actions both locally and in the eyes of the European public. MEPs call on the Commission to submit a report analysing the extent to which gender equality has been taken into account to date in the programming of the overall financial assistance allocated by the Union.
- **Priority areas for aid**: Parliament encourages the Commission, in cooperation with the Member States, to intervene more forcefully in order to tackle the key problems affecting daily life, health, security and access to public services and basic education. It underlines the need to focus on reform of the criminal justice system, including the police, detention practices and the judiciary, ensuring respect for human rights, particularly those of women and children, and the fight against poverty, including rural development and tackling the overriding problem of opium production. Two particular challenges should urgently be addressed, namely the development of agriculture and the development of policies and programmes addressing the major social and health problems induced by drug addiction. MEPs call on its Committee on Budgetary Control to include an assessment of the extent to which funding for the EU Police Mission in Afghanistan has been correctly and effectively used.
- **Control of EU funds**: MEPs expect the Commission to step up its controls on the effectiveness of the management of EU financial aid and to submit an annual report on the issue. They insist that all information on cases of fraud or severe irregularities having an impact on EU funds must be forwarded as a matter of urgency to OLAF.
- **Humanitarian protection**: MEPs believe that deteriorating security is causing severe problems for staff at the Commission delegation in Kabul while also increasing the administrative costs of implementing Commission-supported projects. The Commission is therefore asked to increase the delegation's staffing level by recruiting more and better-qualified employees capable of carrying out all necessary monitoring, audits and controls in the light of the circumstances in Afghanistan.
- **Aid to the Afghan administration for capacity-building**: MEPs believe that it is essential to reinforce actions and programmes for good governance and effective administration in Afghanistan, as well as to fight corruption in all its forms. They call on the international community to insist on higher standards of transparency from the Afghan Government in the allocation of fiscal resources to the provinces, districts and local authorities. The resolution encourages all initiatives aimed at building closer links between its interparliamentary delegations and the two chambers of the Afghan parliament (the Wolesi Jirga and the Meshrano Jirga) in the interests of promoting good governance at parliamentary level. The need to prioritise support for political party development, issue-based caucuses within the National Assembly, civil society and the media is stressed. MEPs believe that the Commission needs to increase resources for combating drug trafficking, and recommend that the donor community make all efforts to ensure that the introduction of substitute crops offers producers sufficient income for them to give up poppy cultivation on a permanent basis which the Parliament has already emphasised in a number of previous resolutions.