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EU money to Afghan insurgency

In Afghanistan the US military decided to outsource most of its logistics to private contractors, who in turn have subcontracted the protection of military convoys to local Afghan security providers. This has had disastrous consequences: the decision to place the US military supply chain into private hands is fuelling extortion and corruption, as warlords, local mafia bosses, and ultimately Taliban commanders end up taking a significant share of the USD 2.2-3 billion spent on military logistics in Afghanistan. This amount surpasses the funding going to the Taliban from their 'taxation' of the narcotics industry (calculated by the UN at 15 % of their war budget).

Protection money and extortion at every level of the military supply chain are the most significant source of funding for the insurgency, as recognised by US Secretary of State Hilary Clinton in her testimony before the Senate Foreign Relations Committee in December 2009.

Since US and NATO military logistics follow similar lines, European taxpayers could end up funding the Taliban through the very entities that are supposed to combat them. NATO and all coalition forces in Afghanistan should, therefore, return to a situation whereby they provide their own military supply chain.

Can High Representative Catherine Ashton shed light on this issue and inform us what the EU is doing to remedy the situation?

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Answer by the Council

The Council is not in a position to comment on the military supply chains of NATO and the US.

As far as EU assistance is concerned, EUR 610 million has been committed to Afghanistan for the period 2007-10 and a further EUR 600 million will be committed for the period 2011-13.

In order to safeguard the use of these funds, EU assistance is mainly channelled either through international organisations (e.g. World Bank, UN) or implemented and managed directly by the Commission itself through the EU Delegation in Kabul under the EC's contractual and financial rules. In the case of funding through international organisations, the Commission examines their financial procedures before making any payments and is able to check subsequently if the procedures have been correctly applied. For programmes under direct management, the Commission monitors its assistance through field visits, audits and evaluations. These monitoring, procurement and auditing conditions also apply when EU funds are channelled through other implementing partners, such as international NGOs.

At the recent Kabul Conference on 20 July, all donors underlined their commitment to channel up to 50 % of their funds through Afghan Government systems (or multi-donor trust funds) in the years ahead, provided the Government of Afghanistan improves its capacity to properly manage funds. A significant proportion of EU assistance is already channelled through multi-donor trust funds, which are managed for example by the World Bank. Utilising funds in this manner ensures both a coherence of approach with other donors and more effective pooling of resources. In addition, the EU is increasing its focus on public finance management in its technical cooperation with the Afghan Government in order to improve financial management of the ministries. This will prepare the Afghan Government to receive direct budget support from donors in the future.

Taking into account the complex and difficult situation which the country presents, all possible precautions are in place to manage properly EU funds in Afghanistan. Indeed, this was the conclusion of the 'Report on budgetary control of EU funds in Afghanistan' submitted by MEP Rapporteur Véronique Mathieu, European Parliament Committee on Budgetary Control, in December 2008.