

<p style="text-align: center;">Implementation Report to the Council on the Plan for Strengthening EU Action in Afghanistan</p>

The Plan for Strengthening EU Action in Afghanistan and Pakistan (hereafter referred to as the Action Plan) represents a renewed commitment on the part of the EU as a whole to increase the effectiveness of EU assistance by channelling its resources in support of strategic development priorities of the Afghan and Pakistani Government and to strive for a common approach in national initiatives and programmes in the two countries.

This first six-monthly implementation report on the Action Plan for Afghanistan consists of three parts covering the state of play, courses for action and recommendations for further consolidating EU action in Afghanistan. The report will focus in particular on the priority areas which were identified in the 'implementation scheme'.

I. Context / scene setter

The Action Plan was approved by the EU Foreign Ministers at the External Relations Council meeting 27 October 2009. In doing so, Member States confirmed a commitment to pursue a more coordinated approach to key sectors in Afghanistan both in terms of policies and programmes, including a greater coordination of funding, in line with the EU's general commitments to improve aid effectiveness¹.

For the Action Plan to be effectively implemented however, the EU missions in Kabul² - that is, missions of the EU institutions and of Member States – need to be full participants with the will and the capacity to press forward with the Action Plan. In this respect, it should be stated from the outset that perhaps more attention needs to be paid to the Member States' own capacities on the ground. EU Member State Missions have stated that it is not clear to them to what extent this practical aspect was taken into account when the Action Plan and subsequent implementation scheme were discussed and finalised in capitals last year.

¹ Notably the Council Conclusions on the EU Code of Conduct on Complementarity and Division of labour in Development Policy, 15 May 2007 (9558/07):
<http://register.consilium.europa.eu/pdf/en/07/st09/st09558.en07.pdf>

² Currently 16 EU Member States are represented in Kabul

In short, there seems to be something of a mismatch between aspirations of the Action Plan and resources on the ground. There is a clear need to look at the Action Plan, not just from the point of new objectives and aspirations, but through the filter of the available EU resources in Kabul. Strengthening the available resources and capacity of the missions on the ground must become a factor when considering implementation.

This observation - confirmed during a Commission mission to Kabul (16-24 March) - has led to the conclusion that rather than setting up an additional EU donor coordination architecture for the Action Plan, which would place an additional burden on the missions in-country in an already overburdened and overly complex donor environment, our focus in the period ahead should be on what can realistically and reasonably be achieved in terms of tangible improvements within the parameters of our actual capacity to deliver. In short, improvements in the longer term will require significant increase in the aid delivery capacity of the EU missions on the ground.

It is therefore proposed that future EU coordination with the aim of improving development outcomes should, as a priority for the first period, comprise the following elements:

- a) effective EU joint-messaging on key reforms in the sectors covered by the Action Plan such as elections, where possible within the framework of existing structures (*see section on elections*);
- b) a more coordinated EU approach to funding key national programmes including through pooled funding, i.e. Multi Donor Trust Funds in support of national Afghan Government-led programmes, for example in sub-national governance and rural development ;
- c) agreement to broaden the approach beyond just current individual projects, which characterises much of the Member States programmes (*see annexed matrix on Afghanistan*) and encompass sector wide programmes and increased use of national systems for channelling EU assistance.

II. Improving EU donor coordination and cooperation

Sharing relatively detailed information on donor projects and programmes is the first step towards effective coordination and cooperation. This type of data is crucial, not only to identify opportunities for future joint work (be it joint or parallel financing or joint

programming) but also to avoid possible duplication of effort. In this perspective the matrices (see annex I) provide a comprehensive overview, which give an indication of the number and scope of EU donor programmes per sector.

For Afghanistan, the matrix shows that there is not so much a duplication of efforts (although there are a few exceptions, e.g. training for Afghan diplomats and building of police training centres), but rather a fragmentation of efforts: a piece meal approach covering a range of disparate sectors with a considerable number of 'Quick Impact Projects' scattered over the various provinces, which potentially also deny scarce resources to the Government of Afghanistan in terms of follow-up and management. In many aspects, the approach appears to be supply-driven in many sectors, with many EU Member States focusing on specific provinces due to troop presence. Afghan demand is not always obvious. This also means that there is a good deal of scope for further harmonisation to ensure a more coherent EU approach and better development results.

The newly appointed Head of Delegation/EUSR for Afghanistan, Mr. Vygaudas Usackas, has taken up his duties as of 1 April 2010. Consolidation of EU actions will be a major priority within his mandate, centring on the process of better harmonising EU assistance efforts set out in the Action Plan. The offices of the EU Delegation and the former EUSR team will be effectively merged before the summer, which should facilitate a more active role of the EU in the policy dialogue with the Government of Afghanistan, matched by improved cooperation amongst the EU MS and increased capacity of the EU Missions to effectively deliver assistance.

Beyond the EU framework, the new Head of Delegation/EUSR should also be well placed to enhance broader international coherence through regular liaison with the UNSRSG, the NATO ISAF Civilian Representative, as well as with the US, Japan and other key international players.

III. Implementation Issues and State of Play of EU assistance in Priority Areas³

³ As a civilian capacity building component is included in the majority of national programmes which receive EU financial support, it will not be reported on separately.

- **Civilian capacity building**

There is not one single national programme focused on capacity building as this is, in fact, a cross-cutting theme across all the sectors that the EU is involved in (for example, in health, human resources development, sub-national governance, agriculture, or civil service reform). Therefore, it is proposed to address the issue of capacity building within the context of each specific sector, taking into account the 'cluster system established by the government of Afghanistan and any new developments regarding national programmes which may emerge from the preparation work for the Kabul Conference. The EU could also explore possibilities for supporting the Government's Central Capacity Building Programme (CTAP). However it has to be noted that for sustainable progress in terms of public sector capacity, there need to be fundamental reforms within the Afghan public service, addressing merit-based and transparent recruitment and promotion as well as new salary structures. This is an area where enhanced future EU action may be particularly relevant and welcome in view of the diversity of public administration systems and reform experience in the EU. It is hoped that capacity building can go hand in hand with higher standards of governance, and that the Kabul Conference (and subsequent conferences) will underline this need.

Recently, there are some good indications that a positive process towards merit based recruitment and performance based human resource management is underway in some parts of the Afghan administration. One example of this is the Ministry of Education, where a set of detailed human resource management guidelines has been developed to guide the recruitment. Denmark as co-chair of the Human Resource Development Board is following this process closely.

- **Strengthening of sub-national governance**

To date, few EU donors have provided support for effective decentralisation by strengthening sub-national capacity. Examples of governance areas of the Action Plan which do not receive any or only limited EU funding include: support to the Independent Administrative Reform Civil Service Commission; public sector budget reform; increasing the capacity to raise revenue locally; and the building of a network of civilian experts that can be deployed to Afghanistan at short notice. Addressing these issues will be important for the overall success of the EU assistance in the governance and sub-national governance sector.

The Germany and the UK are the main donors in the area of sub-national governance. Funding from donors should also be aimed at the provincial level, but in a coordinated manner. Capacity building in the area of Public Finance Management (PFM) is particularly urgent and to date no EU donor has a project or programme to specifically target PFM or the help the sub-national authorities to raise and spend revenue locally. This should be improved, but in close coordination with the Government of Afghanistan and other donors to ensure consistency with the government policies / systems and avoid potential multiplication of efforts.

The ASGP is the main multi-donor assisted project that has supported the Government of Afghanistan – and in particular the Independent Directorate of Local Governance (IDLG) and the Independent Administrative Reform and Civil Service Commission (IARCSC) – since 2006 to introduce governance reforms at the national, provincial, district and municipal level. The reforms still have to be rolled-out comprehensively across the country, but recent developments, notably the adoption by the Government of Afghanistan of the Sub-National Governance Policy on 23 March 2010, indicate that this may now soon get underway.

Complementary to this, in March 2010, Denmark and the UK have contributed funding to the implementation of the District Development Programme (DDP) in Helmand province. The aim of the programme is to assist Government of Afghanistan to improve its capability and capacity to deliver services at the district level.

- **Election review and reform**

An EU Election Working Group has been running since mid 2008. The group was set up to feed into the broader UNDP donor meetings which discuss issues on ELECT and the 2009 elections. The EU Delegation and the EUSR jointly chair these meetings since January 2010.

The principal members of this forum are the EU, UK, Denmark, Italy, France, Germany, Netherlands, Sweden, Estonia and two non-member states Norway and Switzerland. Over the last year, the Working Group has been able to find consensus on key issues such as the funding for civic education and more recently on a list of key reforms to take place prior to the 2010 elections. Once consensus is established, individual Member States proceed to brief their respective ambassadors in order to share this information at the appropriate international

forums. However, the European consensus reached at working level has not always been reflected at a higher level. For example concerns over the running of the UNDP/ELECT programme and its relations with donors were arguably not adequately aired at ambassadorial level.

It is clear that the existing working-level structures provided by the EU Elections Working Group offer a strong base upon which to strengthen the EU's political messaging and dialogue on the elections and the democratisation agenda generally. The recent controversy over the “Afghanisation” of the Electoral Complaints Commission (ECC) and the issuing of the presidential decree has further underlined the need for a coherent European voice to respond to developments in order to allay the worst flaws of the 2009 elections.

The EU has taken on the chairmanship of the entire donor group from 1st April and it is hoped that the EU will be well positioned to address the aforementioned concerns and have a stronger impact on ensuring a more effective approach in tackling the many issues emanating from the problems of the 2009 elections.

In view of the tight timeline for the review of the **electoral system** the focus will have to be on what can realistically be achieved in terms of improvements to the existing system. The EOM Report as well as UNDP ELECT mid-term evaluation provides a series of both long-term and short-term recommendations that should now serve as the framework for EU Member States interventions.

- **Mechanisms for support to reintegration and reconciliation of former insurgents**

The lead for the re-integration and reconciliation process should lie with the Government of Afghanistan with the explicit involvement of sub-national authorities and the commitment of local communities. Success of the reintegration and reconciliation process will be inextricably linked to the Government of Afghanistan’s ability to demonstrate that it has the capacity to manage former insurgents and coordinate the necessary community projects required in individual districts throughout the country. International donors can assist in this process and should be well positioned to support specific projects or programmes in accordance with local conditions.

At the London Conference, the UK, Germany and Spain pledged financial support for Government of Afghanistan-led reintegration initiatives through the Peace and Reintegration Trust Fund. Further support to the Trust Fund could also come through EU Budget assistance and bilaterally Italy and Greece expressed a willingness to contribute.

The preparatory work for establishing the mechanisms for transferring funds to the Government of Afghanistan has already been completed. However, the finalisation of the Trust Fund awaits the completion of the programme document, which is expected to be presented at the Kabul Conference.

It is important that the processes of reconciliation and reintegration go hand in hand. The upcoming Peace Jirga gives an opportunity for the Government of Afghanistan to hear the views of the people in this regard. While the government should maintain ownership over the reconciliation agenda, the EU can lend political support and ensure that support for the reintegration process is in line with the governments overall peace plan.

- **Economic Development including agriculture and rural development**

Although agriculture and rural development receive 21 % of EU funding for the Action Plan, to date there has not been sufficient EU Member States coordination on resource allocation on the national programmes of the Ministry of Rural Rehabilitation and Development (MRRD), despite their importance in the development priorities in the country. There is a strong case for closer EU coordination on resource allocation to national programmes, including those on rural development. The forthcoming Kabul Conference will be presenting revised and/or additional programmes to donors for support. A joint pledging effort from the EU could provide a highly visible indication of our enhanced approach.

- **Policing**

The current mandate of EUPOL Afghanistan ends on 30 May. Member States have agreed to an extension and the mandate is currently being revised. This will also take into account the activities of the recently started activities of the NATO Training Mission. The Head of Mission has announced that he does not seek extension after the end of this mandate. The logistical and staffing problems of the Mission were in principle solved for Kabul - but EUPOL remains understaffed and without sufficient logistical support in the provinces.

At the London Conference, Austria, Estonia, Finland, Germany, Greece, Latvia and Slovakia pledged additional police staff (officers, trainers, experts) to the EUPOL mission in Afghanistan in 2010, and indeed Estonia has already fulfilled this additional commitment. Bulgaria, Italy, Lithuania and the UK have also indicated plans to do so within the next two to three years. The number of seconded EUPOL staff currently on the ground amounts to approximately 290. The target size of the mission originally agreed by Member States was 400.

A risk of duplication of efforts exists in the policing sector as regards the building of training centres and training of Afghan police officers. Although these efforts are mostly aimed at a particular province, the initiatives of other donors and the existence of 'real' Afghan demand should be taken into account. In this regard, the International Police Coordination Board (IPCB) is a key forum for ensuring that the necessary information is exchanged between contributing countries to reform of the police. Moreover, it enables a strategic dialogue to take place with the Ministry of Interior on the reform of the Afghan police-force. The EU delegation is represented on the Board, in addition to six Member States: Denmark, Germany, Italy, France, the Netherlands and the UK. Moreover, the new EU police coordination meetings initiated in March 2010 will serve to strengthen the exchange of information and coordination between EU Member States.

The Law and Order Trust Fund (LOTFA), which supports the running costs of the Afghan National Police, receives support through EU Budget assistance as well as bilaterally from 8 Member States (the Czech Republic, Denmark, Finland, Germany, Greece, Italy, the Netherlands and the UK). Continued EU Budget assistance is planned for LOTFA for the period ahead, 2011-13 as the Afghan Budget is expected to continue to rely heavily on donor support in the coming years. The EU should however reflect on the future evolution of LOTFA and in particular expanding support to civic capacity development and reform of the police (e.g. administrative, literacy, legal, human rights etc.) in coordination with EUPOL and other key donors. The current 5th phase of the LOTFA project runs out at the end of August 2010. Discussions will take place in Kabul on the formulation of the next phase of the project, which is expected to run for two and a half years.

IV. General recommendations

In order to effectively consolidate the EU actions in Afghanistan, EU Member States' programmes and projects will need to be better streamlined towards supporting key national programmes developed by the Government of Afghanistan. The Kabul Conference is expected to create new opportunities in this respect. In accordance with the outcome of the London Conference, there should be an increasing move towards sector-wide approaches supporting government's reform agenda and sector plans/ strategies to replace a fragmented project approach. EU contributions into national programmes directly, or through supportive mechanisms such as pooled funds/ Trust Funds, will not only ensure a more coherent sector approach but will also give the EU more political clout and a stronger steer on the direction of national programmes and policies in the governance and economic spheres.

Moreover, by channelling more EU funds into national programmes, using either country systems where possible and/or pooled funds/Trust Funds, will also place less of a burden on Afghan Government structures in the sense that previously sometimes competing demands and requests of EU donors will be much more coherent. At a broader level, this course of action would also be fully in line with the Paris Declaration on Aid Effectiveness of 2004 and the Accra Agenda for Action of 2008, which all EU Member States have agreed to take forward.

To further consolidate its political clout, the EU Budget assistance and the assistance of Member States should aim to jointly support a limited number of national programmes. This would also accommodate the requests of a number of Member States that the Commission should play a leading role in proposing frameworks and concrete initiatives to which the Member States could contribute. The Commission expects to make such proposals in the run-up to the Kabul Conference, as the Government of Afghanistan's proposals take firmer shape.

Allocating funding to a limited number of Afghan national programmes has the distinct advantage that no additional donor coordination architecture will need to be set up specifically for the Action Plan. Although existing donor coordination mechanisms could arguably be better utilised, an additional division of labour structure with lead EU donors per sector would only further strain the limited and already overstretched resources on the ground. Instead **EU sector contact groups** should be set up, consisting of EU donors who have contributed – or who plan to contribute - to specific Afghan Government national programmes. This would

simultaneously improve the division of labour between the European Commission and EU Member States and would also afford the opportunity for the EU to have a stronger influence on the direction of key national programmes in sectors such as sub-national governance and rural development.

Such an approach would enable a more coherent EU voice in discussions with the relevant Afghan Ministries and with major non-EU donors, especially in the context of the Joint Coordination and Monitoring Board (JCMB). It is also pertinent in view of the new "**clusters**" of ministries that have recently been set up within the Afghan Government to improve the efficiency of the Government's coordination with donors. The "clusters" have a lead minister and cover the following four areas: agriculture and rural development; human resource development; economic development and infrastructure; and finally governance, due to be outlined at the Kabul Conference.

V. Possible way forward

To further consolidate EU action in Afghanistan, as a **first step** it is proposed that it should be the following three Government of Afghanistan programmes towards which increased EU financial support should be directed:

1) Afghanistan Sub-national Governance Programme - phase II

The second phase of the Afghanistan Sub-national Governance Programme (ASGP II) is designed to support the objectives and targets as set out in the Afghan National Development Strategy (ANDS) in the areas of governance, rule of law and human rights. It is complementary to the service-delivery programmes run by Ministry of Reconstruction and Rural Development (MRRD) which we are also proposing to support (*see below*).

Under the ASGP II, existing programmes will be scaled up in national capacity building of Independent Directorate of Local Governance (IDLG). There will also be focus on providing assistance to provincial, district, and municipal administrations to work in partnership to manage government services and to improve aid efficiency for sub-national socio-economic development, municipal restructuring and revenue improvement.

The ASGP II programme will address issues which have implications for donor assistance, whilst at the same time working closely with and through the Government of Afghanistan. It therefore lends itself particularly well to consolidated EU actions in this sector. ASGP was initially supported by EU budget assistance, Italy and the Netherlands. For the next phase, the UK has expressed interest to join these donors in contributing to ASGP II. As such, the basis already exists for a more coherent EU approach in the dialogue and development of this programme in the sub-national governance sector.

2) Support to the Ministry of Reconstruction and Rural Development (MRRD) national programmes⁴

The national programmes of MRRD have evolved as a result of review and improvement over a number of years. They now have well-established organisational and operational structures with sound management and financial control. Investments through the national programmes managed by the MRRD should be increased to the extent possible. Ideally, this investment should be provided through direct budget support to the MRRD, or through the relevant trust funds (managed by the World Bank (ARTF) and UNDP).

Our aim should be to empower MRRD to prioritise allocations to specific programmes on the basis of evolving funding needs, directing resources towards those areas where there is a risk of under-funding. The main deliverables for the national programmes include village and district level infrastructure (roads, bridges, culverts, irrigation, schools, clinics) and further community level capacity building in planning and technical skills at the sub provincial level (district and community development councils).

Supporting these rural development programmes in tandem with our support to IDLG through ASGP programme (*see above*) will ensure that rural service delivery occurs. At the same time the EU should maintain a dialogue with the relevant parts of the Afghan Government, namely the MRRD and IDLG. New national programmes from the MRRD are due to be presented at

⁴ Afghanistan Rural Enterprise Development Programme (AREDP), National Solidarity Programme (NSP), National Rural Access Programme (NRAP), Rural Water Supply & Sanitation (WatSan), National Area-Based Development Programme (NABDP), Microfinance Investment Support Facility for Afghanistan (MISFA),

the Kabul Conference in June.

Newly developed national programmes in the agriculture sector should also receive priority support as and when they come on stream. To date, however, national agriculture programmes have been non-existent.

3) Law and Order Trust Fund (LOTFA)

In terms of support to the Law and Order Trust Fund (LOTFA), the EU is contributing a significant amount through EU Budget assistance (€45 million for the period 2007-10) as well as through the current bilateral contributions from the Czech Republic, Denmark, Finland, Germany, Greece, Italy, the Netherlands and the UK.

LOTFA as a financial vehicle to support the police sector will continue to be a significant donor mechanism in the future, with the running costs of the Afghan National Police not likely to be covered by the Afghan Government Budget for many years ahead.

EU support for LOTFA is a strong complement to the other EU engagements in the police sector through the EUPOL mission. The EU as a whole has been a generous donor to LOTFA and the EU Delegation has done considerable work in restructuring the workings of the UNDP-managed Trust Fund to make it more efficient. But to date, the EU funding of the LOTFA has not been matched by an equally strong EU voice on police reforms and a general policy dialogue with the Ministry of Interior.

It is proposed to encourage EU Member States to support LOTFA in the future, building around the EU Budget contribution, and, on this basis, form a more coherent EU voice on key policy matters in the police sector, in dialogue with both the Afghan Government and other key donors, notably the US. For example, the EU delegation and contributing Member States should strive to seek a coherent and consistent approach in the development of the new LOTFA project document. In enhancing the coordination, the respective strengths of LOTFA as a financial tool and the various policy dialogue forums should be optimised by fine-tuning the link between EU financial support and EU political demarches. This strengthened unity should also be reflected in more joint positions presented through the International Police Coordination Board (IPCB).

VI. Concluding remarks

The current EU engagement in Afghanistan is making a valuable contribution in certain areas. However, as is shown in the matrices, this effort is mostly project-based and at times dispersed in nature. There are examples of EU Member States co-financing each others' projects, which is a positive development. At the other end of the scale, there are a few Member States who put all their financing into national programmes, which is to be commended. That said, there is scope for greater coherence to strengthen EU actions in Afghanistan.

This paper has set out three programme areas where the EU is now well placed to better **coordinate its funding** and thereby strengthen its overall effectiveness of aid delivery. An additional advantage of the coordinated funding is that the EU voice in terms of the direction of key national programmes in the governance and economic spheres will be strengthened. It also sets out the basis for increased **joint EU messaging on the ground**, especially in areas such as elections where a good structure already exists at a technical level through the EU Working Group on Elections.

The programmes proposed for consolidated EU funding cover the Sub-national Governance Programme (ASGP II); the Ministry of Reconstruction and Rural Development national programmes, some of which are to be confirmed at the forthcoming Kabul Conference; and finally, the Law and Order Trust Fund. It is proposed that EU Budget assistance, together with Member States' bilateral assistance, should be channelled into these national programmes and that the EU should use this to influence policy direction in a number of strategic sectors already highlighted in the Action Plan.

Given the resources on the ground within EU missions and the already heavy donor coordination architecture in Kabul, it is not proposed to set up new structures of EU coordination with 'lead nations'. Rather, in addition to a greater engagement of the EU Development Counsellors' fora, **sector contact groups** consisting of EU donors who are funding specific national programmes or trust funds should be established. These contact groups would aim to define clear EU lines on the direction of specific national programmes;

take forward an EU dialogue with the relevant Afghan ministry; and liaise with the other major donors as an EU group. For this approach to work, however, there is a need for EU Member States to agree to be coordinated in this manner and to strengthen their joined-up aid-delivery capacity and expertise in these sectors on the ground.

Finally, it should be noted that not all areas outlined in the Action Plan have been covered in this first report. For example, support to the High Office for Oversight to take forward anti-corruption measures and public finance management have not been addressed specifically, however these issues are encompassed in other national programmes. In view of the new Governance cluster, to be announced at the Kabul Conference, these areas could also become areas for a more coordinated EU approach at a later stage. The priority now has to be to keep the EU efforts targeted and focused on 2-3 areas as has been set out in this paper. The Kabul Conference is also expected to open new areas which will merit further strengthening of EU support and political action. This will also necessitate an enhanced EU aid-delivery capacity on the ground.

Preparation of the upcoming Kabul conference as well as the fourth Regional Economic Cooperation Conference on Afghanistan (RECCA) will be a first test for the EU capacity to deliver on the commitments made in the Action Plan. EU should be able to agree well in advance on its expectations / objectives and messages to the Afghan government as well as possible commitments to provide further support to the development programme and reforms of the Afghan Government.