



KOSOVO

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Squandering Kosovo's Aid funds

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<http://arirusila.cafebabel.com/en/post/2008/12/22/Squandering-Kosovos-Aid-funds>

A big part of EU Aid for reconstruction projects of Kosovo has been wasted due criminal activities, corruption, frauds and mismanagement reports German daily Die Welt on 18th Dec. 2008. As base of this claim are the investigations conducted by the EU Anti Fraud Office (OLAF), UN investigators and the Italian Financial Police. More than 50 cases of financial embezzlement was found - most of them in energy sector. In twelve of these cases there is proof of criminal liability.

According to EU data roughly 2.3 billion euro have been granted for Kosovo as aid since 1999, after the NATO bombing of Serbia. Some 400 million euros has been wasted for energy projects. According to the alleged reports, EU funds that had been destined for Kosovo's energy sector, were misappropriated by UN officials in Kosovo, in conduit with local politicians. Whatever the reasons the results are humble at best - after eight years investments power cuts are still part of daily life in Kosovo.

While most of the 2.3 billion Euros invested in the reconstruction of Kosovo has disappeared without a trace and when it is expected that by 2011 the EU will throw Kosovo another one billion euro it could be clever to spare a minute for quality-planning and future management.

Case Bulgaria

On July 2008 I wrote an article "Bulgaria wrestles for EU funds and credibility" about different aspects of misuse of EU funds. In addition to normal crimes etc. I highlighted also the structure, conflicting regulations, misunderstandings, management priorities etc as reason for claims of misuse of funds.

My main message in case Bulgaria was that criminal activities such as fraud and corruption explained only a minor part sc. misused EU funds. I think that the same is true also with case Kosovo.

Case Kosovo

Criminal activities and mismanagement at operational or implementing level are some reasons for waste of foreign Aid money in Kosovo. However the province has also some characteristic aspects as follows:

- The main power plant is old and during last decade before Nato bombings it needed creative improvisation by then Serb workers to operate. After bombings that staff escaped, unskilled Albanian workers came in and could not do the same. Also foreigner consultants could not teach improvisation, their experience was from different field.

This material was originally featured on the Kosovo Compromise website.

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- Kosovo administration was and still is a chaos. EU throw Aid money through its own agency or different programmes, through UN system or UNMIK's EU Pillar; donor money went through bilateral agreements through administrative structure or NGOs or even through Kfor; the implementation of development plans and projects in many cases was made by individual consultants/firms so coordination was nonexistent.
- Local expertise, commitment and participation to project implementation was insignificant so the foreigners – who were distributing Aid – had their own sandbox and the local beneficiaries their own. The point of view was that of service provider not the one of client.

The bottom line

There seems to be a huge gap between fine ideas/plans/collected money in Brussels and their reasonable distribution at local level in Kosovo. The biggest mismanagement or misuse of Aid money is not according my opinion local criminal activities. The strategic error has made in international level by not knowing the demands on the ground, not adjusting ideas and plans according local needs or the moment of Aid delivery, using indefinite mixture of emergency relief and long term planning, lack of simple and unambiguous development strategy and strategic leadership.

The real crime will be if international community does not correct earlier errors and practices at strategic level – only after that one can demand smoothly flowing project at local level.