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STRENGTHENING CIVIL SOCIETY IN THE WESTERN BALKANS,
EASTERN EUROPE, CENTRAL ASIA AND THE SOUTH CAUCASUS

by **Věra Řiháčková**, Senior Research Fellow, EUROPEUM Institute for European Policy, Czech Republic; Member, Eastern Partnership Civil Society Forum Steering Committee¹

Great Expectations

The launch of the European Endowment for Democracy should mark the beginning of a new era of EU democracy assistance

The final touches are being made to the long-awaited European Endowment for Democracy (EED). In February 2013, its Executive Committee should meet to finalise the Rules of Procedure, it is envisaged that the EED will be up and running at the end of May, and the granting mechanism operational in the summer.

¹ The author would like to thank Dr Jacek Kucharczyk (President of the Executive Board, Institute of Public Affairs, Poland) for his valuable comments.

The current state of play and the composition of the Executive Committee hold out reasonable hopes for the democracy support community, yet some issues still need to be addressed, such as securing the support of key EU member states. The civil society actors who have been advocating for the emergence of the EED should remain supportive, but also vigilant.

RECOMMENDATIONS: New tools to inform smart grant-making

- The EED needs to secure the active involvement of several big EU member states, especially Germany, so that political backing is sustained, and support is ensured in future debates on funding from the EU budget.
- A debate should be initiated on an alternative formula for securing the stable inflow of substantial EU funding, with the long-term goal of ensuring independence from the shifting policy preferences of member states and conflicting interests.
- The EED needs to work with a full range of actors, including individuals and non-registered entities, and should not be afraid to carry out risky operations involving cash payments and in-kind contributions that might result in possible loss of money without results; at the same time, the Board of Governors should scrutinise the actions ex-post within the existing operational context.
- The introduction of institutional development grants and seed grants should be considered, as these are not available under the EIDHR or any other EU funding mechanism available in the target countries; this could be a useful tool in working with emerging local actors.
- Re-granting should be reconsidered on the basis of an evaluation of EIDHR re-granting projects, and with

regards to the potential, or lack of, added value brought about by the intermediary, which is usually an EU-based organisation.

- New tools should be developed so that EED can even more clearly demonstrate its added value vis-à-vis existing EU democracy assistance instruments. One example would be a fellowship programme for democracy activists to spend time in Brussels to learn about EU policy and to develop, and participate in, partnerships and networks.
- The EED should develop a limited and focused policy research agenda to supplement and inform and sharpen its grant-making activities, working with think-tanks not only in the EU but also in the beneficiary countries, and working through existing platforms, networks and umbrella organisations, such as the Eastern Partnership Civil Society Forum, that can pool research resources.
- Turkish NGOs should be made eligible to implement activities and projects in EED target countries in co-operation with local actors, on the same basis as EU-based organisations.
- Russia should be included into the list of eligible countries for grant recipients.

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POLITICS ABOVE ALL

Like it or not, politics has been a driving force behind the establishment of the EED, and will surely have a role to play in its near and more distant future. The independence of its operational decisions and programming from the EU and from policies of the member states seems to be secured (see below); it is the funding where more political effort and civil society advocacy is required.

As history often repeats itself, it is worth drawing several conclusions from the fate of the EED's predecessors, of which the European Partnership for Democracy (EPD) is the most recent example.

The idea² to establish a foundation through which a certain part of the EU democracy and human rights assistance would be granted to civil society emerged in connection with the debate on the 2006 reform of the EIDHR (European Instrument for Democracy and Human Rights), with the direct involvement of the European Parliament Democracy Caucus, non-governmental organisations, and some of the member states. The final initiative was

² The idea was not new. The European Initiative for Democracy and Human Rights was run in the mid-1990s by an external agency – the European Human Rights Foundation (EHRF) – which enabled the initiative to avoid the lengthy processes typical for programmes administered directly by the European Commission. The EHRF provided at first solely technical assistance, but later it took over the complete management of the initiative. However, in 1999 the swirl of events radically changed the ownership of the instrument. The decision to make the EIDHR an in-house project of the European Commission was partly also a consequence of suspicion towards so-called “submarines”, independent agencies outside the European Commission to which the Commission outsourced some of its operations. This aversion was a natural repercussion in the aftermath of the resignation of the Jacques Santer Commission for mismanagement of EU funds.

Box 1. European Endowment for Democracy: Governance and Management

The Board of Governors

Meets twice per year and provides strategic guidelines. There should be no interference with the micro-management, granting, and day-to-day business of the EED. The Board of Governors is composed of representatives of all EU member states, nine Members of the European Parliament, a representative of Switzerland, and two representatives nominated by the European Commission and the European External Action Service (EEAS) respectively. Elmar Brok MEP (European People's Party, Germany) was elected the Chair of the Board of Governors.

The Executive Committee

Meets on a monthly basis and is responsible for the EED management. It is composed of seven people, three of whom represent civil society. The representatives of civil society were nominated by the members of the Board of Governors and selected from a pool of candidates by a secret vote. Not all members of the Board of Governors used the opportunity to nominate a civil society candidate

for the Executive Committee. The members of the Executive Committee are as follows:

- Alexander Graf Lambsdorff MEP (Alliance of Liberals and Democrats for Europe, Germany), Chair of the Executive Committee
- Jerzy Pomianowski, Executive Director, EED (currently Undersecretary of State, Poland)
- Sandra Breka (Robert Bosch Foundation, Germany)
- Pavol Demeš (German Marshall Fund of the United States, Slovakia)
- Lisbeth Pilegaard (Danish Centre for Research on Women and Gender, Denmark)
- Juan José Escobar (Ambassador-at-Large, Spain)
- Maria Ligor (Ambassador-at-Large, Romania)

The Secretariat

Number of staff and composition is unknown to date; the selection of staff is due to start in February 2013. The EED Secretariat is based in the former premises of the Polish Embassy in Brussels. No regional EED offices are envisaged.

tabled by the Netherlands Institute for Multiparty Democracy (NIMD) backed by the Westminster Foundation for Democracy (WFD).³

An informal group of like-minded countries emerged in the EU Council (Czech Republic, Sweden, UK, the Netherlands, Poland, and Slovakia) promoting the foundation idea, backed by several high-profile personalities like Václav Havel, Jacques Delors, and Richard von Weizsäcker. The idea was to provide the foundation with a direct allocation under Objective 3 of EIDHR, and the member states involved agreed to contribute to the foundation's budget.

However, the idea of direct funding from the EU budget was scrapped in the Council and opposed by the Commission, too. The opposing member states pointed to the fact that funding can be obtained through regular funding avenues (grants and tenders). When the EIDHR regulation was finally adopted, the informal group supporting the idea had shrunk to the Czech Republic and Poland. The German EU Council Presidency in 2007, lobbied heavily by the German political foundations, played a crucial role in the bargain. EPD was launched in Brussels in April 2008, without any regular EU institutional funding commitment.

Today, EPD remains an important organisation in the field of democracy assistance, implementing projects in a number of countries and networking with like-minded civil society organisations (CSOs) in the EU and in target countries. However, it does not fulfil the original purpose of an effective grant-making foundation and flagship of EU democracy promotion.

Unlike EPD, the EED is a child of the EU institutions, especially the Commission and the EEAS, and of Poland – which promoted the Endowment as one of the flagship initiatives of its 2011 EU Council Presidency (the EED was already mentioned in the May 2011 European Neighbourhood Policy Review, prepared by the EU High Representative for Foreign Affairs and Security Policy, Catherine Ashton, and the

³ Later on, WFD removed its support, possibly due to pressure from other political-party foundations.

European Commissioner for Enlargement and European Neighbourhood Policy, Stefan Füle.⁴

⁴ Perhaps one of the reasons why Radosław Sikorski, the Polish Foreign Minister, declared himself Ashton's "loyal deputy" at the outset of the Polish EU Council Presidency in July 2011. See, for example, EUobserver.com, <http://euobserver.com/pl2011/32580>.

Box 2. **Jerzy Pomianowski,** **Executive Director, European** **Endowment for Democracy**

The elected Executive Director has held the post of Undersecretary of State at the Ministry of Foreign Affairs, Poland, since July 2011, and should remain in that function until the handover of his competences has been completed in May 2013. The direct transition from top-level national public administration to the helm of the Endowment is considered by some as unfortunate in the light of the debate around EED's independence, while others consider such a transition an advantage.

A sociologist and experienced diplomat with a certain track record in democracy support, Pomianowski held the following posts in Polish diplomacy: Deputy Director and later Director of the Department of Asia, Africa, Australia and Oceania; Ambassador Extraordinary and Plenipotentiary of the Republic of Poland to Japan; Chair of the Commission of Public Procurement in the Department of Promotion; Chair of the Preparatory Committee of the III Summit of the Council of Europe in Warsaw; Director General of the Foreign Service, and Director of the Department of Development Cooperation and Coordinator of the Polish Development Aid Program; and Undersecretary of State responsible for non-European policy and democratisation agenda. He also worked at the Organisation for Economic Co-operation and Development (OECD) as Director of the Partnership for Democratic Governance.

The emergence of the coalition backing the proposal - which was crucial for its success - was facilitated by several favourable factors: first, the embarrassment the EU experienced vis-à-vis the Arab Spring where it demonstrated its inability to act swiftly and the obsolescence of its policies promoting stability over democracy; second, the increasing demands to revamp the focus of its Eastern policies that have not delivered tangible results and where civil society is increasingly considered a potential game-changer; and lastly, with Barack Obama in power in the United States, the Bush administration's policies perceived to be compromising democracy promotion were replaced, and the critics of the idea of EU democracy support lost ground in Brussels – even to the extent that the EED was to be modelled after the US National Endowment for Democracy.

Despite the reservations of some EU member states - several of them, surprisingly, members of the earlier group of like-minded countries that supported the emergence of EPD - and very likely thanks to the very good state of German-Polish relations, the EED managed to pass through the EU decision-making process and debates on EU external instruments related to the 2014-2020 Multiannual Financial Framework (namely on the EIDHR), and launch preparations began in October 2012.

All 27 EU member states are represented on the EED's Board of Governors (see Box 1), but they display very different levels of engagement, not only as regards financial contributions. Some of them have adopted a wait-and-see attitude (the Czech Republic), some exhibited traditional indifference to the very substance (France), and some act subject to lobbying by various actors (Germany). At this stage, the main challenge for the EED is to nurture and to enlarge the group of supportive member states so that political backing is sustained, not least for the future debates on contributions from the EU budget.

EED BUDGET: AUTONOMY OR NOT?

To what extent the EED will become a truly autonomous body depends largely on the composition of its budget. The European Commission allocated € 6.2 million for a period of four years, which should cover the administrative costs of the Endowment. This part of the budget has to be spent in compliance with the EU Financial Regulation that guides all financial actions funded from the EU budget, and will be subject to the European Parliament's scrutiny. Several member states, together with Switzerland, have committed around € 8 million (led by Poland with € 5 million and Sweden with € 1.2 million) which should serve as flexible money for EED's actions and projects.

Means of accommodating different spending rules for different parts of the budget are being discussed with the lawyers who assisted the registration of the Endowment, and it is anticipated that the different procedures will not pose a problem. Given the EED's ambitions, this initial budget of around € 14 million for an unspecified period of time (with the exception of the EU budget allocation) is a decent budget for launching well-targeted actions⁵, through which the EED will be able to demonstrate that it indeed brings added value to the existing EU democracy support instruments.

So far, it is clear that the EED will work on the basis of a combination of funding and will have to secure a wider range of donors. At this stage, it is premature to spend energy on fundraising among private donors who need to see an added value, effectiveness and

⁵ For comparison, in 2012, for roughly the same territorial coverage, the EIDHR allocation amounted to ca € 18.3 million (Country Based Support Schemes) and € 1.26 million (Transnational and regional activities) under Objective 2 (Strengthening the role of civil society in promoting human rights and democratic reform, in facilitating the peaceful conciliation of group interests and consolidating political participation and representation), complemented by unspecified shares of the global allocations under Objective 1 (Enhancing respect for human rights and fundamental freedoms in countries and regions where they are most at risk, € 15.7 million for 2012) and Objective 3 (Supporting actions on human rights and democracy issues in areas covered by EU Guidelines, including on human rights dialogues, on human rights defenders, on the death penalty, on torture, and on children and armed conflict, € 88 million for 2011-2013).

clear goals, and who mostly believe they can operate in more flexible and effective ways. So the imminent future of funding is bound to the EU member states and contributing non-members (Switzerland, and possibly Norway or Turkey).

Of the big member states, only Poland has committed a contribution. The UK's position is rather negative, France lacks a tradition of democracy support within its administrative culture and is worried that the EU would be directly involved in political efforts and "picking winners", and Germany - despite the excellent current relations between Berlin and Warsaw - had to let Poland down on the issue following heavy lobbying by its political foundations - which are in fact recipients of substantial parts of EIDHR.⁶

Some of the smaller member states, traditional supporters of democracy assistance, and proponents of previous initiatives are waiting for the first results and, to some extent, at a time of budgetary restrictions, guarding their limited national budgets for democracy assistance as they do not want to give up their own activities.

To mitigate funding uncertainties and the impact of changing interests of the member states, since democracy support has always been a political issue, a specific funding mechanism could be developed that would leave the EED with enough resources for administration and key operations.

However, it is not easy to find such a formula. EU income and expenditure is regulated in a number of legal acts, e.g. the Financial Regulation that applies to the spending of any EU income (including the Nobel Peace Prize or private donations, for example), so the idea to allocate small proportions of EU budget (traditional) own resources to a pre-determined goal would require a change of the Financial Regulation together with its implementing acts, which has just been revisited and is unlikely to be re-opened any time soon, or a special regulation overriding the Financial Regulation,

⁶ The likely motivations of Italy are unknown to the author.

which would entail a difficult and long inter-institutional battle.⁷

VAT income as one of the EU's own resources amounts to approximately € 14 billion per year (according to the European Commission). If the end goal was to provide the EED with € 10 million per year, this could be secured by ringfencing for the EED 0.071% of the VAT income, a negligible cost that could secure the EED against changing interests among member states and EU institutions.

INNOVATION, COMPLEMENTARITY, PROCEDURES ...

The EED operates as a private foundation registered under Belgian law on the basis of its own operational plans that are expected to be finalised and published in late February 2013. In line with the EED's governance structure (see Box 1), the Executive Committee should ensure that its mechanisms and procedures are well-tuned, and allow for the desired and declared flexibility, innovative approaches, and complementarity with existing tools of democracy support. The composition of the Executive Committee suggests a results-oriented and well-informed approach can be expected.

The full details of the eligibility criteria and application procedures for receipt of EED grants are not known at the moment. The EIDHR can provide lessons learned on how to relax requirements and achieve flexibility, but the challenge here is to think differently and reach out to genuine local actors while using active approaches. It is clear that such an approach is risky and money can be lost.

Thinking about grant-making as a sort of political "venture capital", however appropriate in situations of democratic breakthroughs, seems strange to the Brussels mindset, and it remains

⁷ Any other ideas that come to mind are rather unrealistic for different reasons (mandatory contributions from private EU and EEA companies trading with undemocratic regimes or specific tax assignments that would require changes of income tax regulations in all countries concerned).

to be seen if the Executive Committee will be able to persuade the Board of Governors that such risk-taking contributes to the “added value” that is expected from the foundation. Needless to say, the Board of Governors should scrutinise EED actions *ex-post* within the operational context.

There is a need for a partner that can work with a wide range of actors - ranging from local and grassroots organisations and movements, and local activists, to internet and social media figures and loose networks, and to do so on a continuing basis and without (or at least limited to only well-founded) involvement of EU-based organisations. The EED will need to listen to ideas and input from the target countries and have a very good knowledge of the field. In the absence of regional offices, this can be, and in some cases should be, done via various informal and safe communications channels that will not endanger the potential beneficiaries.

The declared co-operation with the EEAS and EU Delegations on situational assessments is logical and welcome, but should be complemented by other means of direct communication. Clearly, it will be necessary for a sufficient number of EED staff members to travel a lot to the target countries and to have an in-depth understanding of democratisation processes in these countries if the EED is to fulfil the high expectations for flexible and “real-time” funding.

From the EIDHR toolbox, the option to work with unregistered entities and with payments in cash or contributions in kind should be finally implemented by the EED since under the EIDHR this option has remained largely unused due to the lack of operational procedures.⁸

Based on the information available, the EED is expected to launch an on-going open call for proposals, which will be evaluated and decided upon on a monthly basis, alongside an emergency mechanism allowing for a swift

⁸ The recurring clash over the eligibility of political parties has been present during the course of negotiations over the EED as well, and was discussed again at the constitutive meeting of the Board of Governors. In conclusion, political parties are eligible, but unlike political activists or affiliated youth movements are not a funding priority for the time being due to other funding options and mechanisms.

response as events unfold. The EED could also consider introducing smaller institutional development grants and seed grants, as these are not available under the EIDHR and could be a useful tool for working with emerging local actors. The issue of the size of the grants is closely related to number of Secretariat staff responsible for handling the projects and cases, but the range should be flexible.

It is expected that the application process will allow for spontaneous submission of concept notes, in some cases in selected local languages and, unlike in the case of the EIDHR, the application process should not exclude actors with limited or underdeveloped internal administrative capacities. Re-granting is mentioned as an option, but its usefulness is unclear in view of the EIDHR projects’ experience, where the implementation logic when using re-granting is to remove the administrative burden of managing small grants. On the other hand, for the EED there is no clear added value brought in by the intermediary, which is usually an EU-based organisation, if the Endowment is to position itself as an alternative and innovative donor that targets a full range of actors.

To complement the in-house expertise, the EED wants to use its Brussels-based position to involve experienced and knowledgeable partners – think-tanks, various networks and grant-making organisations - in order to tune up its processes, and later to share operational assessments. The appointed Executive Director has already floated the idea of an “early-warning” system where EU think-tanks and NGOs would help to assess emergency situations and provide the broader context of local developments. Tapping into the Brussels know-how is, however, a two sided-coin, and the EED should avert the risk of being driven only by Brussels-generated demand.

One of the goals of the EED is to stimulate discussions on issues concerning the EU neighbourhood and its democratisation. Naturally, the EED will have a lot to contribute to such a debate in the coming years, but it should avoid spending too much energy and resources on organising big events in Brussels for an audience that is mostly approving anyway.

On the other hand, it should regularly test the perception of the impact of its activities and garner feedback from the Brussels community.

NEIGHBOURS FIRST

At the outset, the EED will operate exclusively in the EU's neighbourhood, excluding EU candidate and potential candidate countries. The eligibility of Russian actors is of uncertain status. The logic of defining territorial outreach is based on economic factors, including the availability of other EU funding instruments, and strategic considerations, rather than on geographical definitions, and there is no inherent evaluation of a state of democracy that would limit the eligibility. It is likely that the number of target countries will be enlarged in the future, but the issue should be closely linked to the availability of money as the EED should be more ambitious in depth and sustainability, linking its activities to follow-up EIDHR funding, and more attentive to details with regards to its engagement.

Turkey is excluded as a target country, but should not be omitted as a potential EED donor and important regional player that is also deepening its ties with Eastern Europe and has emerged as one of the biggest bilateral donors in Azerbaijan, Georgia, Moldova, and Ukraine. Turkish NGOs should be eligible to implement activities and projects in EED target countries in co-operation with local actors, as in case of EU-based organisations.

While there are reasons for the non-eligibility of Turkey due to its candidate country status, Russia is a different case. It has always been part of the Eastern policy matrix that the EU has failed to navigate effectively. Despite the restraints civil society is facing in Russia and current efforts to engage Russia more deeply into dialogue with the EU, the EED should not back off on the issue. Outreach to Russian civil society sends an important signal and would complement the EU policy that helped to establish and fund the EU-Russia Civil Society Forum.

CONCLUSION: THE ENDOWMENT CAN USHER IN A NEW, RESULTS-DRIVEN MOMENTUM IN EU DEMOCRACY ASSISTANCE

The EED emerged against a backdrop of fortuitous timing and an effective coalition of founding patrons. The democracy support community should help to make the maximum use of a new tool that should target local actors in eligible countries. Various diffident political interests still need to be addressed, and political agendas in the EU need to be decoupled from the EED's future funding.

The EED's regular granting activities will most likely start only in summer 2013, a bit later than planned and expected, but a solid foundation has been laid to enable the EED will to tackle a number of well-known funding challenges and become a results-driven donor with a measurable impact on supporting democratic development in third countries.

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PASOS
Těšnov 3
110 00 Praha 1
Czech Republic
Tel/fax: +420 2223 13644
Email: info@pasos.org
www.pasos.org

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