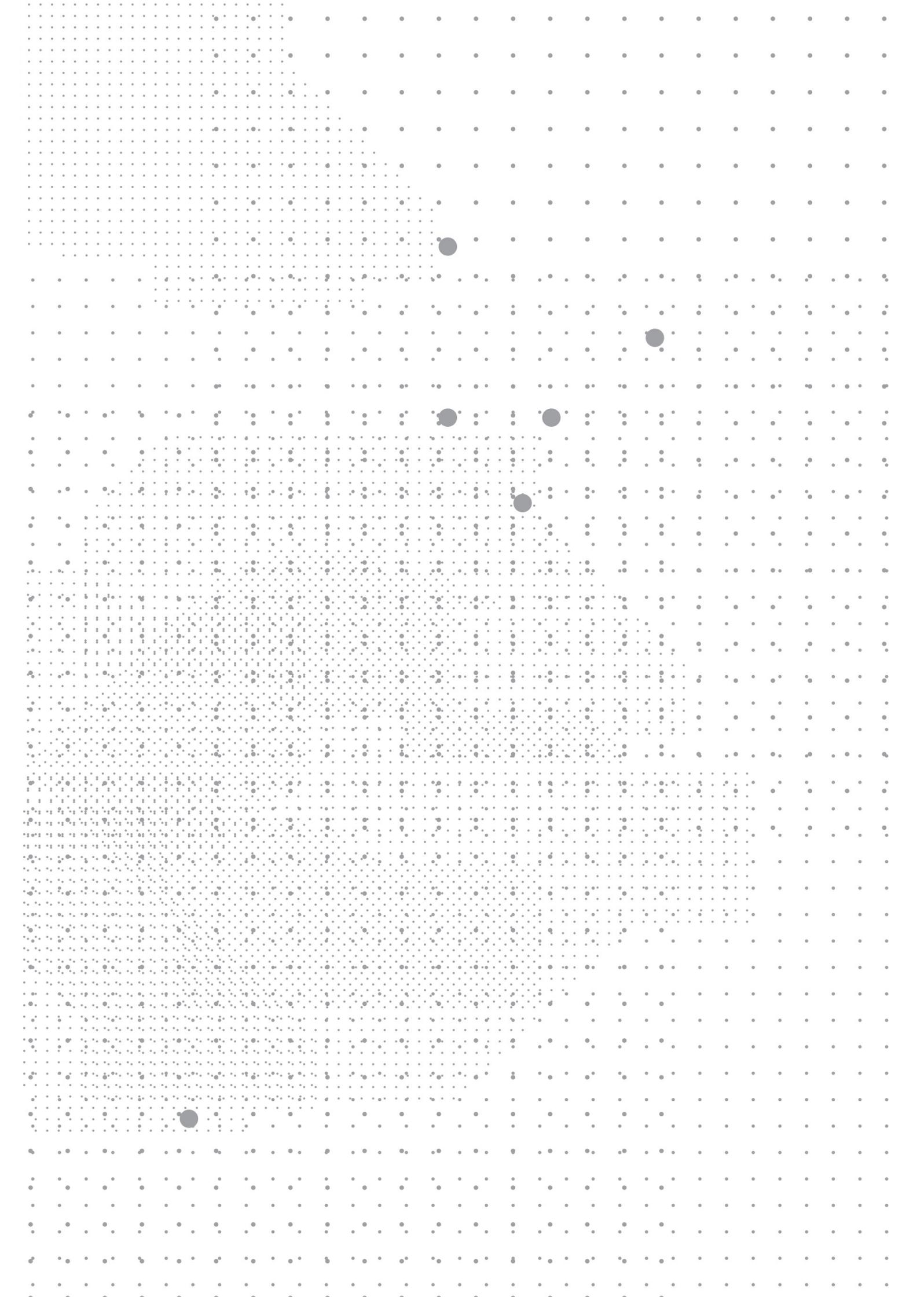


THE EUROPEAN
ENDOWMENT FOR
DEMOCRACY AFTER
LIFT-OFF
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AND EXPECTATIONS





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The establishment of the European Endowment for Democracy (EED) was proposed by Poland's minister of foreign affairs, Radosław Sikorski, in January 2011. This became the flagship initiative of the Polish Presidency of the Council of the European Union during the second half of 2011. However, discussions about establishing a new, more flexible, independent and less bureaucratic EU mechanism supporting democracy were not new. Establishing the EED at the beginning in 2013 can be perceived as ending the process of restructuring external EU instruments related to the promotion of democracy.

This paper presents a brief overview of the origins of the instrument and state of play almost one year after it was established. However, the second part of the paper offers an analysis of the expectations, and the challenges that arise from these expectations. This is based on interviews with practitioners of democracy support from two groups: donors and beneficiaries.¹ We did not talk to independent experts, but the practitioners themselves implementing democracy related projects.

In our opinion, the long-term discussions and promotional activities done at the stage when the Polish EU Presidency and other actors were seeking support for the new initiative have resulted in great expectations from the beneficiary countries. The whole argumentation in favour of the establishment of the EED was connected to criticism towards current EU institutions of their bureaucratic and slow procedures. This resulted in greater demands on the new institution, which was created somehow in opposition to the existing mechanisms. These expectations constitute a significant challenge for the EED, especially in a situation when its resources are rather limited in comparison to the existing mechanisms.

1 The author would like to thank the following people for their input into the paper: Iryna Bekeshkina, Tatiana Lariushin, Stefanie Schiffer, Nicolas Rougy, Olga Galatska, Ursula Koch-Laugwitz, Tural Abbasov, Stepan Grigoryan, Oleksandr Suszko, Roland Kovats, Hans Bruning. Only the author can be held responsible for any opinions expressed in the paper.

Origins of the instrument

The first impulses of improving EU policy in this regard have been observed since 2007-2008. These were the reform of the European Instrument for Democracy and Human Rights (EIDHR), the main EU instrument supporting democracy, and the Council Conclusions on Democracy Support in the EU's External Relations, adopted in November 2009. The last document openly declares that: *One of the objectives of EU external action is to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms.*² Some experts perceived this as a new beginning in the promotion of EU democracy.³ They argued that:

Reforms at the institutional and the policy level have raised expectations not only amongst policy practitioners and experts in the EU, but also in partner countries where the lack of a more co-ordinated and coherent EU voice in external affairs has often been perceived as a serious shortcoming in their dealings with the EU, particularly when it comes to supporting democracy and democratic reforms in third countries.

However, these changes have not been perceived as being deep and comprehensive enough. The process of obtaining a grant from the EIDHR has often been criticised as complicated and bureaucratic by the beneficiaries, discouraging mainly smaller organisations with less institutional capacity. Moreover, European Union instruments do not allow granting non-registered NGOs in countries, where such registration is difficult or impossible (e.g. in Belarus). These and other arguments underlie further attempts to establish a completely new EU instrument for democracy support. The key word describing the character foreseen for the new institution was *flexibility*.⁴

The idea, raised by some non-governmental organisations and European Union member states, as well as the European Parliament, was to establish a foundation based on the example of the American National Endowment for Democracy (NED), a bipartisan foundation, independent

² The Council of the European Union, Council conclusions on Democracy Support in the EU's External Relations, Brussels, 17 November 2009.

³ See: E. Bogdanova, C. Hernandez, *A new beginning? Democracy support in EU external relations under the Lisbon Treaty*, Policy Brief No.1, 2010, Policy Association for an Open Society.

⁴ See: Věra Řiháčková, *Walking the tightrope of democracy aid. The long and winding road towards 'flexible', well-targeted EU funding for democracy and human rights*, Policy Brief No.3, 2010, Policy Association for an Open Society.

from federal government. This was the idea standing behind the European Partnership for Democracy (EPD), EED's predecessor. The idea was to establish a foundation, providing grants to NGOs, financed by the EIDHR and member states. However, the process of establishing the EPD was full of controversy and finally lost the support of member states, the European Commission and the German EU Presidency. In the end, the EPD was established as a private foundation, which has to apply for grants itself, although the final shape of the institution is far from the previous assumption.

The new impulse to improve EU democratisation mechanisms came with the revolutions in North Africa, which showed that the mechanisms the EU can use in such situations are still not efficient and flexible enough for rapid reaction to the changing environment and newly appearing challenges. Moreover, one could observe a change in the discourse, putting more stress on democratic values rather than supporting simple economic development. This resulted in subsequent reform, such as establishing the Civil Society Facility, a new mechanism to support non-governmental organisations.

The idea to establish another EU institution supporting democracy, proposed by Sikorski, was received with hesitance. Therefore there was a risk that the institution would end up being similar to the EPD.

Persons sceptical towards the initiative argued that there are already plenty of EU institutions supporting democracy, and that the focus should be on reforming these institutions rather than establish new ones. The issues of financing and EU supervision also seemed unclear, and referring to the American "model" (or inspiration) of the NED caused some reluctance of some politicians and member states.

Eventually, the EED was established due to support and lobbying of its "parents", the European External Action Service (EEAS, with personal support of Catherine Ashton) and Poland, as well as an informal group of like-minded countries such as Sweden. It was also promoted by various Members of the European Parliament (EP).

State of play

The EED was registered in Brussels as a private foundation. Its structure includes a Board of Governors with nine Members of the

European Parliament, three representatives of non-governmental organisations and 27 member states, the European Commission (EC), EEAS and Switzerland. It is chaired by MEP Elmar Brok and meets twice a year.

The Executive Committee, which meets every month, is responsible for general management. It includes several members and is chaired by another MEP, Alexander Lambsdorff. Members were selected through voting of candidates nominated by members of the Board of Governors. Everyday operation is administrated by Jerzy Pomianowski, the executive director, a former Polish diplomat and deputy minister of foreign affairs. According to experts: “The composition of the Executive Committee suggests a results-oriented and well-informed approach can be expected”.⁵ Starting from the middle of 2013 the EED hired 12 members of staff for its secretariat, which is located in the former premises of the Polish embassy in Brussels.

The EED budget is autonomous from EU institutions, but is rather limited in comparison with other donor institutions working in the EU neighbourhood, not to mention the American NED. The European Commission secured its administrative costs, such as the office and staff, by 5,9 million euro grant for three years (additional 3 million euro is expected). These resources have to be spent in accordance with EU financial regulations, and therefore to secure more flexibility in operational activities, they should be financed by voluntary contributions provided by member states. Poland has contributed 5 million for 2013, making it the biggest donor. Next biggest contributors are Denmark (1.5 million per year), Sweden (1.2 million), Germany (total 2 million). Smaller contributions were confirmed by the following countries: Belgium, Bulgaria, Estonia, Hungary, Latvia, Netherlands, Romania, Slovakia and also Switzerland. One cannot compare this to the NED, which has over 100 million dollars annually at its disposal.

In the second half of 2013, EED staff together with Jerzy Pomianowski visited potential beneficiary countries from the Eastern Partnership programme (Ukraine, Moldova, Georgia, Azerbaijan and Armenia) as well as some from the Southern neighbourhood to launch its calls for applications for projects. The meetings were aimed at introducing the

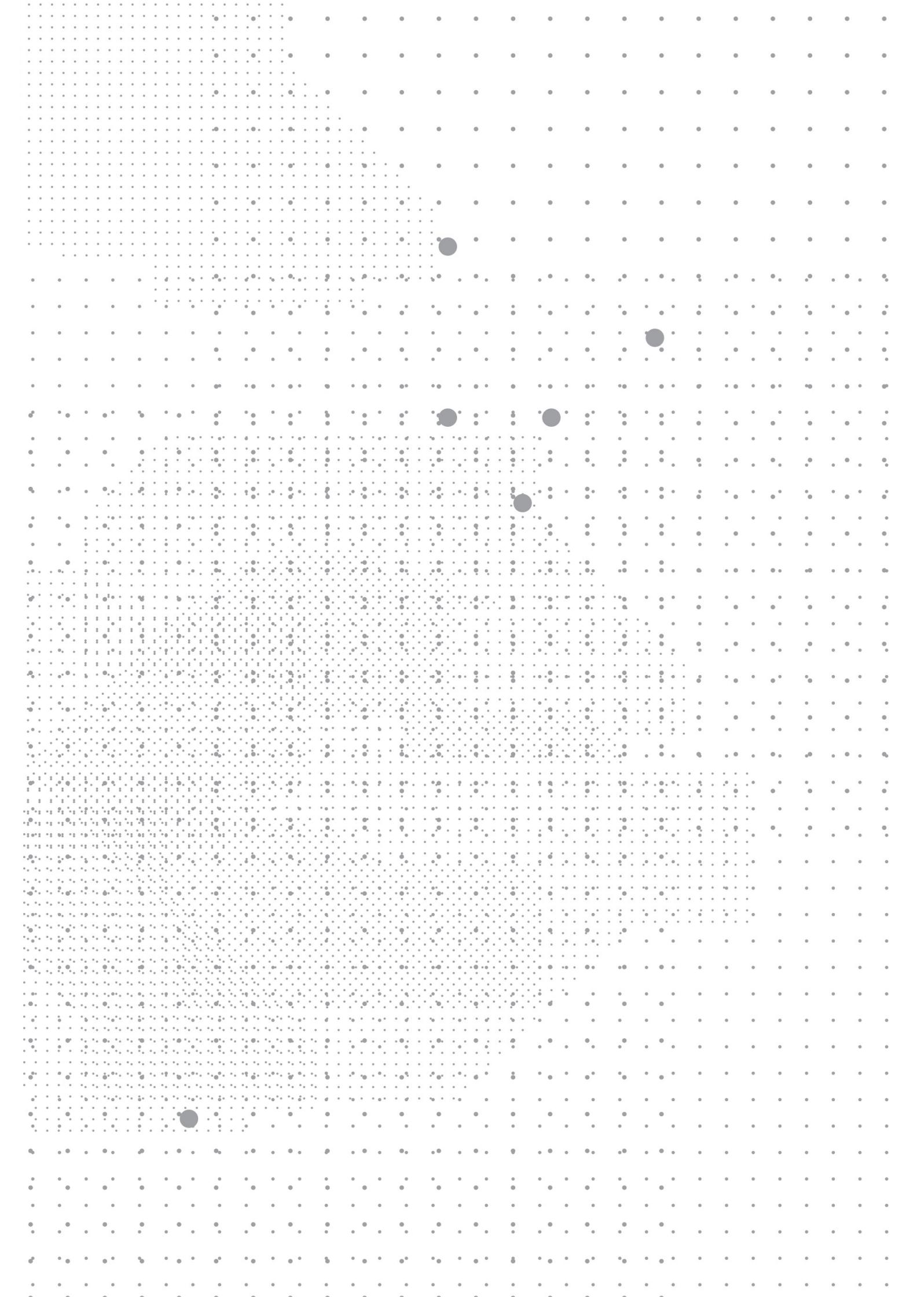
5 Věra Řiháčková, *Great Expectations. The launch of the European Endowment for Democracy should mark the beginning of a new era of EU democracy assistance*, Policy Brief No.3, 2013, Policy Association for an Open Society.

EED to non-governmental organisations, potential local partners and beneficiaries, and donor communities.

The call for projects was announced in August; just one month after the EED started its activity. It will be run on an on-going basis and project applications will be assessed by the EED every month. The application form is simple with eight substantial questions (the needs of an initiative, similar activities, influence of activity on democracy, organisational capacity, risk-assessment, overview of the budget, plus a summary). Each application has to be answered in 800-2,000 characters, and is therefore rather simple and short. On the other hand, however, it offers EED staff only limited information about the project. According to EED staff, the new institution aims at financing initiatives that cannot obtain financing from other sources. Therefore, at the first stage of application assessment, EED staff analyse whether the given initiative can apply to different donors or not. If the financing is potentially possible from another source, the applicant obtains feedback on where to apply. Although the EED website is only currently available in English, the application is also possible in Russian, Arabic and French.

The EED received over 100 applications within the first month of launching the call for the project. The first initiative was granted in September 2013 to a project by Meydan TV in Azerbaijan, shortly before the presidential elections in Azerbaijan, which took place in October 2013.⁶Up to now, almost 400 applications have been submitted to the EED.

6 EED Funds First Initiative, <http://democracyendowment.eu/#> (1.11.2013).



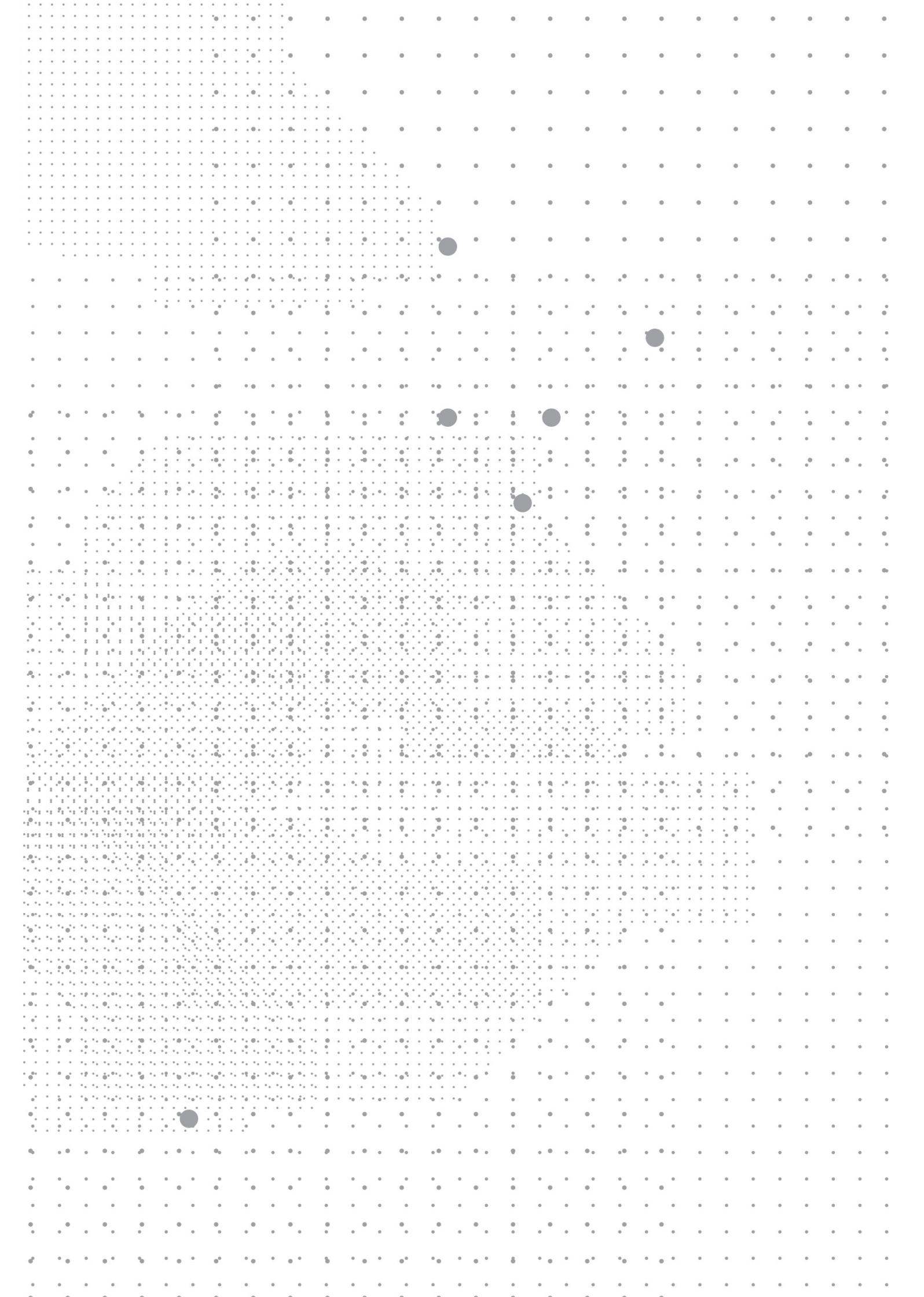
CHALLENGE NUMBER 1: CONVINCING THE UNCONVINCED



Since the EED was established, opinions on it still seem to be linked to those expressed in the debate back in 2011. Respondents from beneficiary counties are generally satisfied that there is a new donor that can be a source of financing of their activities. Among respondents from the donor community, one can see two groups. One argues that every new organisation is good news, as the needs are still large and the EU needs more visibility in democracy and human rights support.

Critics argue, however, that there are already many European institutions supporting democracy, especially in the neighbourhood. They have doubts whether the EED can add something new and valuable to the existing mechanisms. These arguments are not new, and critics have also added a new argument based on the EED institutional framework. The EED has many member states and institutions behind it, but is indeed a small organisation. Therefore, it risks the problem of coordination, expectations and political responsibility towards its principals.

Regardless of whether the critics are true or not, the EED faces two challenges. First, to convince the critics that it is a needed initiative and that it can achieve added value. Second, to cope with the great expectations of its potential partners and EU-based enthusiasts of the initiative.





The resources the EED has so far can be summarised in three points: a staff of 12 people, 25 million euro for the first four years, and an office in Brussels. When it comes to assessing whether the EED can achieve any real impact on target countries with these resources, respondents are significantly divided into two groups, which for the purpose of this paper can be called idealists and realists.

The idealists argue that it is not the money that makes impact, but experienced staff and well-adjusted funding. Success in this case depends rather on finding good partners and selecting sufficient initiatives to support. According to these respondents, everything depends on the effectiveness of the activities. What the EED needs in this regard, is a clear strategy with precisely identified goals and niches for activities and good people. On the other hand, the realists (pessimists?) argue that even great staff, partners and initiatives cannot guarantee success if resources are so limited.

An issue related to limited resources is the one of local offices in beneficiary countries. The decision has been made for the time being that the EED, focusing its resources on operational rather than administrative tasks, will not establish any offices apart from its headquarters in Brussels. The Brussels office is therefore responsible for all of the activities in beneficiary countries, as well as informing potential beneficiaries about grant opportunities, searching for information about potential beneficiaries and local monitoring of projects etc.

The opinions of respondents are divided. Some argue that an office in Brussels will always have limited access to information about the situation in the region. This includes information on the challenges and needs of the democracy activists and information on particular beneficiaries, as well as the projects. This lack or scarcity of information entails the obvious risk that EED funding will not be properly distributed, or the organisations and people granted will not be trustworthy.

On the other hand, there is an obvious argument for not establishing such offices –resources can be directed on projects rather than offices.

In this case, a compromise solution, which is supported by some respondents, is to have staff with good knowledge and experience of working in the region, or rather a specific beneficiary country. Such members of staff should often travel to the region to develop and update their knowledge on the country, its needs, but also the organisations and people, and potential beneficiaries. It is also often mentioned that before starting activities in a beneficiary country, the EED should have a detailed and comprehensive analysis of the country; needs, challenges, opportunities, the legal framework and other issues related to the environment of democracy activism. Another option to combine the saving of resources and being well-informed is to only establish local offices in a selected, key country or countries, just like the Polish Solidarity Fund which established an office (or Information Center for Local Authorities) in Chişinău, Moldova. However, this solution could be difficult for political reasons.



Most respondents do not want to choose other institutions as a model of how the EED should work. Nearly all of them, from both the donor and beneficiary side, point out that the new institution has to find its own *modus vivendi*, its own goals, rules and strategy. However, when asked about existing institutions, they usually mention interesting advantages and disadvantages of each of them, from which the new initiative can learn.

The **National Endowment for Democracy**, which was said to be an inspiration for the EED, is generally assessed as being a flexible and not too bureaucratic instrument. It can adjust its resources to the current situation, although obviously the resources are much larger than in case of the EED. One can observe that some basic NED organisational solutions have indeed been followed. The EED also has on-going calls for projects and, similarly to the NED, does not require detailed project applications, but, at least at the first stage, just the basic information on an initiative and organisation. This seems to be a very convenient solution for applicants, as the process of preparing detailed applications is usually time-consuming without guarantee that it will bring profit. The EED should follow the NED's example then it comes to being independent from public administration institutions, such as USAID.

On the other hand, some of the respondents from the beneficiary's side complained that the NED's simplified application process prevents them from gaining enough information on what kind of projects actually have the chances of being supported. The priorities of the donor are not always clear to applicants. Among larger, more experienced NGOs, one can observe the feeling that this simplified procedure does not allow them to use their capacity to prepare a more complex and professional application.

The EED is also sometimes compared to **German political foundations**.⁷ The advantages of this model stressed in the survey are

⁷ The Konrad Adenauer Foundation, the Friedrich Ebert Foundation and the Heinrich Böll Foundation.

mainly the following. The foundations work “in partnership” with a local organisation, rather than as a typical donor. They can adjust funding rapidly and are flexible. Funding for projects can be discussed and negotiated before the formal application process starts. This also allowed applications to avoid time-consuming preparation. On the other hand, “Stiftungs” are criticised for focusing not only on democracy support as such, but also having a political agenda, related to the political party that they represent. The EED should be independent from both EU institutions and politics. Other criticism of this model is that the foundations only allow small and short projects, not allowing more strategic, long-term financing.

As a positive example of flexibility and non-bureaucratic funding, respondents sometimes refer to non-governmental donors such as the International Renaissance Foundation in Ukraine, the Center for International Private Enterprise (supported by the NED), the German Marshall Fund, the Robert Bosch Foundation and even governmental organisations: the Swedish International Development Cooperation Agency (SIDA) and the different embassies of the Netherlands, which were assessed as strong mission-driven organisations, having minimum bureaucracy, and a partnership style with good knowledge of the region and situation.

Regarding the negative model – the one that the EED should not follow – respondents usually refer to “EU funds” in general as being the most bureaucratic and complicated for beneficiaries. It is criticised for focusing on administrative issues, rather than operational ones. Two of them also mentioned USAID for the same reason, as well as for working too closely with local governments.



If “flexibility” is the first key word describing recommendations to the EED, the second is “niche”.

All respondents underline that with the limited resources the EED currently has, it must have niches where other donors do not operate, especially where public institutions cannot operate. This means mainly supporting non-registered organisations, organisations not necessarily accepted by the regime or any organisations in need in a crisis environment.

It is not possible to identify a closed priority list for the EED. Representatives of each country mention different issues, and representatives of one country also differ. Listing the most commonly mentioned topics for EED priorities would be an open, non-exhaustive list:

- ▶ Democracy and human rights in general,
- ▶ Civil society,
- ▶ Political parties and political activists,
- ▶ Freedom of speech and media,
- ▶ Political culture within societies, citizen participation, local communities,
- ▶ Regional cooperation and exchange of practices within the regions (partnership projects between EaP countries as well as EaP-EU partnerships, or even with Russian organisations),
- ▶ Involving women in politics,
- ▶ Fighting corruption, transparency,
- ▶ Elections and elections’ observatory missions.

It is rather obvious that the EED should not have one priority for all beneficiary countries, but should identify a niche in each of them separately. It should define the country-specific priorities.

It is also argued that no matter what topic the EED selects to support, a comprehensive analysis of needs is required from the beginning. Sometimes the main accusation against the EED is that this analysis has not been carried out before accepting applications for projects. According to this approach, analysis should be done first and any activities should

be a result of the conclusions of the analysis. According to its staff, the EED is currently in the process of preparing such analysis, but it has not yet been decided, if results of analysis will be published. The argument against publishing any list of priorities is, that the EED should remain as open for applicants' ideas and initiatives as possible.

Another recommendation to be considered is to select one or two countries and gain experience within this limited environment before expanding activities to other regions. There are two approaches on which countries to select. The first argues the EED should select counties where it is easier to gain success; where it can gain experience before expanding its activities into more difficult countries. The second approach says that whereas most donors prefer to work in less problematic places (Moldova, Georgia), the EED should act differently. It should work according to the "more for less" principle and support; first of all, democratic movements that are oppressed by local authoritarian governments, for instance in Azerbaijan and Belarus.

Some respondents argue that the EED should consider expanding its activities into Russia in the future. As long as the Russian government exerts pressure on its own civil society and its post-Soviet neighbours, the success of democratisation in Eastern Europe will always be endangered. In the long-term, support for Russian civil society will be support for democratic development not only in Russia, but also in the EaP region. However, both mentioned recommendations (limiting itself to one or two beneficiary counties and opening to Russia) would be rather difficult for political reasons.

Some respondents argue that the "niche" is not a topic, but a way of operating. In this approach, the EED has to find new, innovative and flexible methods of rapid adjustment to the instantly changing environment. For instance, if a new Arab Spring appears, the EED should be able to make money available faster than other donors. This would be its niche. In the meantime, building up experience to be able to react rapidly when such a necessity appears needs to be done.



Other recommendations expressed by respondents towards the future activity of the EED are summarised below. Generally, one can observe that the recommendations coincide with the general reflections of problems of the non-governmental sector. First, it seems that there is a significant need for more “flexible funding” and difficulties caused by only working on a project basis. This flexible funding also means providing funding when a “project” formally ends or when there is a two or three month gap between “projects”, or when an organisation already knows it will receive support, but the grant-making process is still going on. In all these cases, the EED could secure continuation of activities in situations where there are problems with funding, before, between or after “projects”.

The EED should keep a distance from other EU institutions. It should not work via EU delegations. It cannot be linked to other public institutions as it would be difficult to work with illegal actors. It should be perceived as an independent foundation or a non-governmental organisation.

One respondent complained that the EED call for projects should be published and accepted not only in English, but also other languages – languages of the beneficiaries. But, as it was mentioned, applications are accepted also in Russian, Arabic and French. This misunderstanding is probably a result of the fact, that the EED website is currently available in English only. However, according to EED staff it will be available in other three languages next year.

Some, especially small, not capital-based organisations applying and communicating with the EED in English, might cause difficulties. Applications in Russian should be available as the minimum facilitation for Eastern Partnership countries.

Many respondents argue that the EU with its large volume of resources directed towards democracy support is rather invisible in target countries, especially in comparison with other donors, such as USAID. They expect the EED to bring more visibility here. However, with the resources the EED has at its disposal, this expectation is too large.

Finally, there have been two recommendations that would be difficult to implement. Many respondents argue that in order to achieve any impact on beneficiary countries, the EED has to focus its resources and activities either geographically or topically (or both). If a donor institution supports activities in too many countries, it cannot completely identify its impact everywhere. What is needed, according to this approach, is clear specialisation. However, as it was mentioned, the current EED strategy does not foresee any specialisation. The vision is to the contrary: to support those activities that cannot be supported by other institutions.

Another expectation made towards the EED that was strongly raised by many respondents is to provide significant change in the visibility of the European Union as a donor in the beneficiary countries. They argued that, in comparison with other donors, USAID in particular, EU support is hardly visible in the Eastern Partnership countries. Despite the large amount of money directed towards this support, it is not promoted enough and therefore the role of the EU is underestimated. Many respondents awaited the establishment of the EED as an opportunity to change this situation. However, the EED strategy is different. Again, it is rather the opposite situation and everything depends on the project. If information about the EED support may cause any problems for security of the applicant, beneficiaries are not even obliged to declare that they have been supported. The reason is obvious: the EED also aims to support unregistered organisation or activities that may not be accepted by the local regime, and the fact of receiving foreign support could cause problems. Due to the security of the beneficiary, visibility takes second place, and it is up to beneficiary whether or not to disclose information on being given a grant by the EED. In other cases, when there is no threat for the security of an application, it will be asked to inform about obtaining a grant and this information can be posted on the EED website. Anyway, visibility is definitely not the main goal. Thus complaints about weak EU visibility as a donor should be addressed elsewhere.