

The European Endowment for Democracy: will it fly?

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>> For over a year, the European Union has been talking about setting up a new European Endowment for Democracy (EED). Initially, the EED was supposed to enable the EU to react quickly to the Arab revolts and to shifting events in the eastern neighbourhood. However, its establishment has been pushed back. Doubts remain over the level of support from member states and EU institutions. If it is to fly, the EED must fill a clear niche and demonstrate its added value to the EU's existing range of democracy support tools. It should do this by being fully independent, focusing on intervening at crucial tipping-points in democratic transitions, operating in a flexible and political manner and building broader coalitions in support of democracy. A half-hearted effort would only confirm suspicions that the EU and member states are lukewarm about democracy support.

THE STATE OF PLAY

In reaction to developments in Belarus and the southern Mediterranean in February 2011 the Polish foreign minister, Radosław Sikorski called for the creation of a European Endowment for Democracy. The European Union's high representative, Catherine Ashton and commissioner Štefan Füle offered their support, which was expressed in a new policy document on the European Neighbourhood Policy (ENP) published in May 2011. Officially, the EED was to be incorporated into one of the ENP's six core pillars, which together with the Civil Society Fund would support progress towards 'deep democracy' in the neighbourhood.

HIGHLIGHTS

- Delays in setting up the European Endowment for Democracy cast further question-marks over Europe's scale of ambition in democracy support.
- To add value, the EED must fill a clear niche by providing quick and political support at crucial tipping-points for democratic reform.
- The EED must be endowed with a significant amount of new funding to send a signal of serious intent.

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»»»»» In December 2011, EU member states agreed on a political declaration supporting the EED's inception. But details regarding the budget, location and funding rules are still awaited. Given this, much uncertainty still surrounds the putative body.

Ostensibly the aim is to set up an entity not directly associated with EU diplomacy or the European Commission, but consistent with EU policies. This would strive to operate in a non-bureaucratic manner. There is a desire to create a lean, dynamic structure, with low operational costs. Decisions would be implemented flexibly and rapidly. The EED is to be financed through voluntary contributions from member states and will be able to apply for EU funding. The EED is to ensure synergy and complementarity, while adding value to existing EU instruments.

The EU has other relevant tools, such as the European Instrument for Democracy and Human Rights (EIDHR), the European Partnership for Democracy (EPD), the Civil Society Facility and the Non-State Actors and Local Authorities programme. The EIDHR is the closest in scope to the EED. But it has so far struggled to play a substantial role in partner countries. Grants provided under the EIDHR oblige recipients to make a substantial contribution themselves. Moreover, the EIDHR displays a certain degree of rigidity in terms of its programming cycle and budgeting.

The Endowment will operate as an autonomous international trust fund with headquarters located in one of the member states - most probably Brussels, although this is still to be decided. It will focus on transition countries and societies struggling to achieve democratisation, with an initial, although not exclusive, focus on the European neighbourhood. Funding will be distributed in a non-partisan manner. It will seek to deliver support to beneficiaries directly and through relevant partners, such as civil society organisations and political foundations. The definition of eligible beneficiaries has been kept vague, in order to leave room for all possible recipients.

At the time of writing, the EED's final structure has still not been agreed upon. It is clear that in order for the EED to be effective, there is an urgent need for an agreement on the financing model and other operational questions. In light of this, member states, together with representatives from the EU institutions established an expert-level Working Group under the auspices of the External Action Service to discuss the different options. The External Action Service is just now drawing up a proposed statute. On 29 March 2012, the European Parliament adopted a resolution containing a recommendation to the Council on the EED's modalities. Officially the EED is still due to begin working by the end of 2012.

FIVE PRINCIPLES

While various declarations have pointed to the new organisation's general operational guidelines, these need tightening up. The EED is unlikely to add greatest value if it operates in the same way as member states' national democracy foundations. Like this it will merely add one more institution to the large number that already exist in the field of democracy support. The EED needs to make its mark by operating in a qualitatively different, more political manner.

The EED should function in accordance with the following five principles:

Focus on moments of political upheaval. Mainstream EU programmes focus on long-term support for reform, aimed at the structural and institutional context for democratisation. The EED should not duplicate these efforts. Rather, it should limit itself to a small number of states where events begin to move in significant fashion. It could launch projects that could later be continued by the EIDHR, creating an interface with the latter so as to ensure coherence and sustainability in the longer term. But the scope of EED support should not be limited to countries with which the EU has a privileged relationship through the ENP. It should adopt a differentiated

approach that takes into account the level of democracy in beneficiary countries. These should include 'opportunity' as well as 'risk' countries. For example, current developments in Myanmar present an opportunity. Belarus and Syria would be an examples of where some support may be needed to help civic organisational capacity in a moment of particular risk. In addition, the EED should support kick-start projects that cannot be backed up by the EU due to either bureaucratic restrictions or political reasons.

The EED should indeed focus on the neighbourhood. But it must also be pre-emptive. Its purpose cannot be to focus solely on the democratic

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breakthroughs the EU already missed. It must not simply play catch-up in yesterday's revolutions. Rather, it must learn the most essential lesson of the Arab spring, namely that the EU failed to heed warnings that the Middle East's stability was a façade. The EED must prepare the ground for tomorrow's democratic transitions, even as it

works to help countries in the most delicate of post-transition stages. Important work is required in building coalitions and platforms for change prior to the tipping-point of revolution being reached. Indeed, the more such pre-transition coalitions can be widened the more likely it is that states can avoid the kind of violent rupture witnessed in the Arab spring.

Quick-fire support. The uprisings in the Arab world are a reminder of how quickly and unexpectedly political contexts can change, and of the importance of continued investment in governance, civil society and newly emerged democratic actors in complex and challenging

regions. In such cases, the EED should offer continuous and flexible funding. Applicants should not be required to undergo cumbersome tendering procedures and co-financing by beneficiaries should not be a prerequisite for funding. The EED should be obliged to respond rapidly to requests for support and have a minimum number of projects on the go at any one time.

The US National Endowment for Democracy (NED) gives over 1,000 grants per year. The EIDHR awards an average of only 125 new projects per year. The EED could also learn from the Westminster Foundation for Democracy, which has forged a reputation for being a flexible and imaginative funder, ready to respond with new initiatives adapted to different political situations. In particular, rapprochement with new political parties and party-to-party funding was a unique asset in helping the emerging democracies of Central and Eastern Europe in the 1990s.

Risk-taking. The EED should engage in the kind of support that other donors cannot undertake. It could work where government-to-government relations do not exist and in areas where it would be too complicated for EU member states to engage. This might include support for emerging political parties, non-registered initiatives and organisations, small local groups and Islamist organisations.

EED support should not contribute to divisions among democracy activists at the national level or provoke a struggle between them. To minimise competition for resources between recipients, preference should be given to projects run by more than one actor. The EED should start with but not be limited to re-granting (through non-profit entities, such as foundations and NGOs). This will enable it to work with partners on the ground that have the requisite knowledge and local infrastructure, and enjoy the trust of the population.

The EIDHR and other EU funding lines have evolved and today support projects of a more political nature. Those running the EIDHR insist



»»»»» rules have changed to release money to democratic breakthroughs in Tunisia and Egypt; to get money to Syrian opposition activists on the ground through intermediary bodies; to allow funding of non-registered (and thus more independent) civic movements; and to lessen co-funding requirements (that oblige even small organisations to put up significant amounts of money themselves to match any EU support).

Despite all these improvements, however, the case remains strong for a more agile and political layer of democracy support. Several member states remain uncomfortable with such a prospect. This reveals that, under all the grandiloquent rhetoric of Europe now being on ‘history’s side’ in the Middle East, an uneasiness over democracy support still prevails. Some member states have objected to any mention of the EED supporting ‘fledgling political parties’.

Respond to local agenda-setting. Donors have often paid lip service to the aim of making democracy support more demand-led. But in practice progress has been slow. The EED can carve out a niche for itself as the first body that does not set its own rigid set of thematic priorities but that reacts positively to the ideas emanating from local civil society organisations. Often, these organisations find themselves obliged to write projects that are most likely to be financed by international funds and organisations, in detriment of others aimed at solving the country’s most acute problems. The EED could change this situation.

It could also provide recipient organisations with grants for institutional funding; funds are usually made available for projects only and not for salaries or other overhead costs. The EED could create a system of support coordination with local agents of change at all levels of decision-making, from preliminary studies to the establishment of programme goals, implementation and evaluation. EED-funded initiatives should be based on bottom-up approaches that reflect the principle of democratic ownership and that address democracy, security and development

concerns in an integrated manner. In order to add value, be sustainable and build on local capacities, every programme needs to be tailored to meet the specific needs of the country concerned. To achieve this, an understanding of the country’s internal context is crucial. The EED would have to work together with local experts and think tanks prior to taking action.

Multilateralise democracy support. It is widely acknowledged that in the future effective democracy support must be carried out by a broader range of partners beyond traditional US and European funders. Again, despite a rhetorical commitment to multilateralise democracy support, in practice little has been done to build partnerships with non-Western ‘emerging’ democracies. The EED should make this a distinctive part of its project profile. This could build usefully on the kind of coordinating and bridge-building role played by the United Nations Democracy Fund (UNDEF) within the UN system.

INSTITUTIONAL OPTIONS

Following member states’ December 2011 declaration, the EED will operate as an autonomous international trust fund and have legal personality under the law of one of the member states. The primary goal for all stakeholders is to choose a country that guarantees the most suitable legal regulations. The best option might be to constitute the EED as a foundation. In this respect, the EED would be a body with a dynamic structure that can provide immediate, rapid-fire support. This fits with the EED’s comparative advantage of being non-bureaucratic, able to work with small groups and providing small grants.

The EED would be more flexible than other EU instruments if it adopts a new financing model, with contributions from the EU’s budget and voluntary donations from individual member states. This mixed approach will help ensure financial stability, as well as flexibility to act in a

quick and dynamic manner. EU funds could be used to fund administrative costs and some of the EED's own projects; more flexible member state contributions could cover overhead and operational costs and projects that are hard to fund through current EU instruments.

UNDEF demonstrates that voluntary contributions from member states are feasible. This fund survives entirely on voluntary contributions from governments; in 2010, it surpassed \$110 million in contributions and counts on 39 donor countries.

In addition, the EED should have a transparent and inclusive governance structure, with a mix of representatives from member states and EU institutions, including the European Parliament, independent experts and practitioners.

Underpinning these various institutional questions, it is crucial that the EED be fully independent. While it is generally agreed that operational autonomy is an important principle, different institutions naturally tend to seek some tutelage over the new body. Commission and External Action Service officials conceive the EED as an off-shoot of the formal EU institutions, albeit with a board comprised of non-officials. Many MEPs argue the EED would be more effective placed under the wings of the European Parliament, given the latter's lead role in pressing the EU to strengthen democracy support. As the EED is to rely on voluntary contributions from member states, several national governments are keen on having some representation in decision-making. Many NGO networks and party foundations are equally guilty of viewing the EED through the prism of their own privileges: several sectors of European civil and political society appear concerned primarily with the EED disrupting their own long-standing, comfortable access to EU funds.

The EED still has these myriad institutional jealousies to overcome. But if it is to be of any value, it must establish unequivocal independence and not be 'used' by any one organisation or

sector of opinion. It also needs its own regional offices, rather than relying entirely on EU delegations.

The level of funding also needs to be determined more satisfactorily. The EED needs a serious level of funding or it will simply invite the perception that the EU is not serious about democracy. A poorly funded new body would be counter-productive. As yet, significant amounts of money are still to be committed. The present proposals talk of 10 million euros (5 million each from Poland and the Commission). Compare this to the more than 200 million euro annual budget of the German Stiftungen and the NED's \$100 million-plus allocation. Moreover, money committed from member states and the Commission should be additional. The EED should represent an overall increase in the level of European funding dedicated to democracy; it should not entail a mere reshuffling of existing funds from other initiatives.

WILL IT FLY?

The acid test will be if the EED can attract sufficient starting capital and clearly define partners and beneficiaries, especially in the context of the eurozone crisis. Importantly, the EED's ground presence will depend on where support is deemed necessary. If it starts funding actors that collaborate with regimes or fomenting competition between the different democracy stakeholders within a given country it will lose legitimacy. The principal question for the EED is if it is prepared to fund what could be deemed as controversial non-state actors, unlike existing EU funding instruments. If not, it will have little added-value. Tipping point interventions and political parties should be the EED's two most distinctive niches.

For the EED to be successful, it should be governed by principles such as transparency, accountability and the efficient use of resources. The EED's creation could finally tighten the EU's categorisation of what may or may not



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»»»»» qualify as democracy aid. This is an opportunity to pressure member states to embark on more reform-oriented initiatives. It should make it clear that funding for border controls in the southern Mediterranean, for example, can no longer be passed off as direct democracy support. Finally, the EED should not endorse one model of democracy. There is no doubt that democracy promotion is part of the EU's genetic code, but democracy is neither 'owned' by any single country or region, nor does it follow one particular model.

The EED must work to square a number of circles: it must be autonomous but ensure that its projects are backed up and protected by EU diplomacy; focus on tipping-points but also prepare the ground for these moments in a more pre-emptory way; ensure aid is spent more effectively but also get beyond the tendency to equate democracy support with aid projects; learn from the good points of US foundations, but without seeking to 'be like the US'; to focus on parties, while seizing the doubts that exist over parties' role in many regions of the world; be independent from governments but also fully

accountable; and inject more money, at a time when member states are looking to cut back funding levels across the board.

Against this background, ideally the EED would add value by providing quick and adequate financial support for those struggling for democracy; be more effective in responding directly to local needs; and mobilise additional money exclusively for democratisation support. The EED cannot be a substitute for EU foreign policy. It must not tempt member states into an abnegation of their own democracy support efforts. Avoiding these pitfalls will not be easy. But extended delay to the EED will further dent the EU's already battered normative credentials in many regions of the world.

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