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The European Endowment for Democracy between Wishful Thinking and Reality. Flexible and Unbureaucratic?

Summary

In June 2012 the EU set up the European Endowment for Democracy (EED) with the aim of supporting pro-democracy actors and of doing so quickly, flexibly, unbureaucratically and audaciously. But wishful thinking and reality are still separated by a wide gap: first, integrating all relevant EU institutions and Member States in the decision-making structures of the EED might hinder flexible action. Second, what the EED is seeking to achieve, actor-centred democracy promotion in complex situations of radical change, is a highly risky venture. Third, it is unclear how the EED is to complement existing EU instruments with similar tasks and how the fragmentation of funding structures can be avoided. Against this background, the effectiveness of the EED is contested.

To ensure that the Endowment has a positive impact, numerous key questions have yet to be answered, since the Statutes are very vague in many places. It is for the Board of Governors, which will probably meet in September 2012 for the first time, to decide what form the strategic and operational decision-making and allocation procedures should take. Only if the EED is able to take political action flexibly and the continuation of its activities in a target country in the long term is guaranteed by other EU institutions or Member States can it represent a genuine added value for European democracy promotion. For this the following aspects are of relevance:

1. *Flexibility of procedures:* If bureaucratic decision-making processes are to be avoided, it would be advisable for the Board of Governors to exercise restraint in the

EED's operational activities and to confine itself to the EED's strategic orientation. The future Executive Director will have a key role to play in this respect.

2. *Support rather than control:* The Member States should either be more generous with their voluntary contributions to the EED or not use their voting rights in the Board of Governors. The more financial room for manoeuvre and political backing the EED receives, the more flexibly it will actually be able to act.
3. *Contextual sensitivity:* Compared to the European Instrument for Democracy and Human Rights (EIDHR) and the EU Civil Society Facility, the EED will be able to add value if it cooperates closely with experienced non-governmental democracy promoters in the target country and joins with them in identifying shortcomings in the assistance provided.
4. *Long-term promotion:* The EED's establishment should not result in the allocation of resources to actor-centred measures at the expense of an institutionally aligned policy. They may have no effect at all or even counterproductive effects if they are not backed by a clear political strategy. From the outset, ways of ensuring long-term follow-up assistance, through EU instruments as the EIDHR, should therefore be sought.
5. *Reform of the EIDHR:* It is crucial to continue the planned reform of the EIDHR on which work has already begun. After all, its shortcomings will not be eliminated simply by the establishment of a new institution.

On 25 June 2012 an EU working group consisting of representatives of the most important institutions (Commission, Council and Parliament) and of all the Member States agreed on the Statutes for the EED. According to Article 2 of its Statutes, the Endowment is to foster and encourage democratisation and deep and sustainable democracy in countries in political transition and in societies struggling for democratisation. For now, the focus in this is on opposition forces and civil-society groups in the European Neighbourhood. The initiators' expectations are high: although the EED is to be autonomous from the EU institutions, it is to ensure that Europe plays a more active role in democracy promotion and so compensate for serious shortcomings of such existing programmes as the European Instrument for Democracy and Human Rights (EIDHR). However, this consensus on the EED's establishment can hardly hide the fact that the EED's mode of operation and orientation continue to be disputed among the EU's institutions and Member States and that the following tensions are still to be solved:

Structure of the EED: flexibility versus inclusive decision-making

The EED will be able to act flexibly only if two requirements are satisfied: first, the control and decision-making procedures should be as lean as possible, since the Statutes give a wide range of actors the right to be involved. Second, the Member States should make voluntary contributions to ensure that the EED does not become dependent on the EU budget and is not encumbered with a large bureaucracy.

Extensive political control

Institutionally, the Endowment will, according to its Statutes, be a formally autonomous private foundation established under Belgian law and have its seat in Brussels. Although this means that the EED is to be autonomous from the EU, the Union's institutions and Member States are claiming the right to have a say in the formulation of its strategy. Accordingly, the initiators created complex institutional structures for the EED:

A seven-member Executive Committee will look after the EED's day-to-day business and take decisions on the allocation of resources. It will be chaired by a permanent Executive Director, who will be assisted by a small secretariat. The Executive Committee will report to a Board of Governors consisting of representatives of all the EU's Member States, the European Parliament (not more than nine representatives), the Commission and the European External Action Service (EEAS) and three representatives of civil-society organisations. It will meet twice a year to discuss the Endowment's long-term, strategic orientation and to oversee its budget and operational activities. In addition, it may decide a geographical expansion of the EED's engagement outside the Neighbourhood. As opposing positions in EU institutions and member states will persist in the future Board of Governors of at least 41 members, its negotiating procedures are likely to be cumbersome.

Table: The EED at a glance (Statutes, June 2012)	
Time-frame	<ul style="list-style-type: none"> • Authoritarian states in which political groups are calling for change • States at a very early stage of transition
Conditions for assistance	<ul style="list-style-type: none"> • Democratic values and compliance with human rights standards • Peaceful engagement
Target groups	<ul style="list-style-type: none"> • Pro-democracy actors in favour of a multi-party system, social movements, civil-society organisations, emerging leaders, independent media and journalists, bloggers and social media activists, non-governmental organisations (NGOs), foundations, educational institutions (even if in exile)
Form of support	<ul style="list-style-type: none"> • Direct financial aid to pro-democracy actors in the country • Financing of implementing partners (e.g. political foundations) • EED's independent activities (e.g. seminars and publication)
Financing	<ul style="list-style-type: none"> • Voluntary contributions (no firm pledges so far; declarations of intent by Poland and Sweden amounting to about EUR 5 to 10 million) • EU budget (declaration of intent by EU Commission to assist organisational structure in Brussels, about EUR 6 million, 2012-2014) • Applications to EU and other donors • Private contributions
Source: EED Statutes of June 2012, authors' own presentation	

Effectiveness: great expectations versus high risks

At present, the Statutes set out no more than a loose framework for the EED's engagement. From its vague and generally worded goals it is clear, however, that its founding fathers have little idea what an actor-centred form of democracy promotion is capable of achieving.

Pro-democracy actors – a difficult target group

The EU and its Member States broadly welcome the EED's basic idea of supporting pro-democracy forces and non-governmental groups (NGO) with government money. Nonetheless, major differences of opinion came to light in the EED working group on how far the Endowment might intervene in a target country's political conflict and how unambiguously it might take sides. As things stand, there is no explicit reference, for example, to assisting political parties – nor is it ruled out.

The EED faces an old problem associated with international democracy promotion: identifying actors who conscientiously and resolutely call for the relaxation of authoritarian rule and advocate democratisation is difficult and time-consuming. For an institution with offices only in Brussels it is possible only to a degree. In this respect, the EED will have to rely on the knowledge of the EU delegations. But they are specialised in cooperation with governments and

Background: Polish initiative and political realignment of the EU

The establishment of the EED has been hotly debated in Brussels for some years. The proponents of the idea, including EU Member States Poland and Sweden and a number of EU parliamentarians, wanted, above all, to formulate a more proactive democratisation policy. The critics among the Member States and in the European Parliament, on the other hand, saw no need for this, were concerned that the EED would not complement other EU institutions and feared it would not be sufficiently accountable or controllable. The EU Commission tended to observe the process from afar, having reservations about the possibility of the EED duplicating its own instruments (such as the EIDHR), but intends nonetheless to support it financially. In its capacity as leader of the negotiations in the working group, the EEAS (European External Action Service) pressed for the EED's establishment.

The fact that the EED has been created despite all the opposition is due to three developments that gave rise to pressure for action in Brussels. First, the Polish Presidency of the EU Council under Foreign Minister Radoslaw Sikorski, which launched the EED initiative in the first half of 2011, has continued to be very emphatic in its pursuit of the idea – not least as a means of giving Poland's foreign policy a clearer profile in the EU. Second, the radical political changes in the Arab world since 2011 have smoothed the way for the EED. Brussels realised that cooperation with the region's authoritarian regimes had hardly encouraged them to undergo political change. It was also becoming clear that, with its existing instruments, the EU's scope for action in situations of radical political change was limited and that it could therefore give no more than rudimentary support to the democratic movements. The debate on the EED is also taking place in the context of the current realignment of the EU's foreign, development and neighbourhood policies. Thus countries in the Neighbourhood are to receive more support if they undertake further democratic reforms ("more for more"). With its budget aid programmes, too, the EU is placing greater emphasis on performance and political conditionality. All in all, the goal of active democracy promotion has again moved higher up the EU agenda and led to the revival of a debate on appropriate instruments.

have only a limited ability to assess groupings behind the official political scenes. Alternatively, the EED must rely on experienced implementing organisations, such as political foundations and NGOs. Thanks to their many years of cooperation with civil-society groups, they are familiar with local political and social circumstances. Even if it succeeds in involving reliable democracy promoters, assessing the credibility of political actors in the country will continue to be a major challenge for the EED. The extent to which a veil of democratic rhetoric conceals appropriate values and attitudes does not, as a rule, become evident until democratisation is under way. If, then, the EED's primary objective is to become involved at the earliest possible stage of a period of radical change, some of the forces it helps are bound to turn out to be undemocratic at a later stage.

Risks inherent in democracy promotion

Democracy promotion is exposed to further risks in an autocratic regime and in the early phases of transition. First, strong external support for opposition forces may be counterproductive in an authoritarian context: such groups are either discredited in the eyes of the public or punished by the authoritarian regime for their activities. How serious the risk is, particularly in the EU's Neighbourhood, is evident from Russia, where, according to recent draft legislation, NGOs receiving money from abroad must count on being subjected to closer surveillance.

Second, when an authoritarian regime opens its doors to new political and social forces, a period of uncertain transition often follows while political power structures change fundamentally. Old elites have to forgo economic and political privileges, usually to the benefit of new actors. This change can quickly lead to an escalation of violence if opposition forces set themselves against ruling elites, as the protests in Egypt in 2011 showed. The EED's goal of

supporting only peaceful actors may be very quickly thwarted by the political dynamic in such situations.

Third, past instances of external support for democratisation show that there is room for serious doubt about the wisdom of focusing solely on pro-democracy actors. If "sustainable democracy" is to be promoted, it will be essential to establish accountable and representative government institutions.

EU institutions: competition versus complementarity

The EED's effectiveness will also depend on its complementing the existing EU institutions and other organisations in the field of democracy promotion. Although its Statutes commit the EED to coherent action in relation to all the Member States' and EU's activities, they merely provide for the Board of Governors to consult with EU institutions and other organizations at least once a year.

Added value compared to other EU institutions undecided

The EU has long promoted democracy and human rights under its foreign, development and neighbourhood policies, a special role being played by the EIDHR and the Civil Society Facility. It is crucial, therefore, for a substantive distinction to be made between the EED and those two instruments if it is to complement their activities in a target country appropriately.

According to its Statutes, the EED is to support democratisation particularly when cooperation with governments is difficult and existing EU instruments are having no impact, whether in authoritarian states or in complex situations of radical change. A question left unanswered by the Statutes, however, is whether pro-democracy forces are to be as-

sisted on an ad hoc basis or over a longer period. Consequently, the question of coherence and complementarity of the EED's activities within the EU structure has also yet to be clarified, since some of the Endowment's tasks could be performed by the EIDHR or the Civil Society Facility. Within the EIDHR framework, for example, 90% per cent of the resources allocated to small projects support the work of NGO and individuals. Although the EIDHR focuses primarily on the protection of human rights and to only a limited extent on democratisation, the danger of duplication is particularly serious. Furthermore, the EIDHR makes the ad hoc financing of human rights activists possible when they are in need of protection. A proposal from the European Parliament and the Council in December 2011 for new rules on the financing of the EIDHR would increase flexibility even further. The Facility set up in 2011 also assists NGOs in the European Neighbourhood. However, it is aimed at a very wide societal spectrum and not explicitly at supporting democratisation. Against this overall background, the EED might add value to European democracy promotion in early stages of transition processes.

Fragmentation of funding sources

All in all, if the EED is provided with enough financial support, it is highly likely that the diversification of funding sources at European level will result in further fragmentation of democracy promotion at governmental and non-governmental level and obstruct a coherent approach.

First, the distribution of new resources may cause substantive duplication. Although the EUR 6 million promised by the EU Commission to cover administrative costs will not, in the short term, put the EED in a position to compete with the EIDHR (whose budget for 2011–2013 totals some EUR 472.4 million) or the programmes assisted by the European Neighbourhood Partnership Instrument (ENPI) (a total of about EUR 12 billion for 2007–2013), a comparison of funds set aside for operational implementation shows that the various budgets are similar in scale: it is

estimated that the EED will initially receive voluntary contributions amounting to EUR 10 to 20 million. Of the EIDHR's total budget, only about EUR 53.4 million will go to the European Neighbourhood and the Middle East from 2011 to 2013. Much the same can be said of the Civil Society Facility: for 2011 it received from the EU some EUR 26 million within the ENPI framework, and roughly the same figure is planned for 2012 and 2013. Owing to the lack of a clear distinction between the three programmes, some duplication has therefore already occurred. Nor can the possibility of the EED's establishment eventually resulting in a change in the distribution of resources within instruments (EIDHR and ENPI/ENI, the European Neighbourhood Instrument) be ruled out.

Second, rivalry between the traditional, non-governmental democracy promoters and the EED could break out if the EED tried to obtain EU funding. From the outset the German political foundations, for example, have voiced the criticism that its many years of work, partly funded by the EU, with reform forces would be duplicated by the EED. Although it is highly likely that the same promoters will be engaged by the EED as implementing organisations, the EED would then take on a distinct gatekeeper function in the matter of EU resources – and this despite the fact that it is to act autonomously from the EU and will not be directly accountable to the Council and Parliament.

To summarise:

The institutional framework defined in the EED's Statutes can be said to allow of various development scenarios. In the worst-case scenario, a complex institutional mix may emerge in the sphere of democracy promotion, characterised by rivalry between and duplication of the activities various EU instruments and other (including non-governmental) actors. In the best-case scenario, on the other hand, the EED, acting coherently with the EIDHR and other programmes, may actually stimulate a new dynamic in the EU's democracy promotion. That goal should be the focus of the further shaping of the EED.

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