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Is the EU ready to put democracy assistance at the heart of European foreign policy?

The EU can take credit for preparing central European countries for integration, but it continues to be hesitant to invest in democracy and human rights under authoritarian rule and at critical stages of transition. A values-based approach to human rights must be combined with flexibility and strong support to civil society at all stages of the democratisation process.

POLICY RECOMMENDATIONS

- The new European Instrument for Democracy and Human Rights (EIDHR) will become an effective tool of democracy assistance only if its reform is followed by substantive changes in the civil service culture. The European Commission should reform the staff rules, so that EU civil servants responsible for grants allocation are not forced to choose between the competing goals of budget transparency and flexibility, especially in support to human rights activists working in conditions where strict confidentiality is required.
- Visegrad and other like-minded governments should work closely with the European Parliament, particularly with its democracy caucus, to ensure that the Parliament conducts a mid-term evaluation of the effectiveness and utility of the new EIDHR, with a focus on a qualitative rather than purely financial evaluation,

complementary to the evaluation scheduled to be undertaken by the European Commission in 2009. An independent evaluator should focus on potential loopholes of the EIDHR, especially in those countries where human rights are most at risk and where the effectiveness and utility of the EU instrument can prove problematic, for instance in Cuba or Belarus.

- The Czech and Swedish EU presidencies should set as a priority the completion of the above monitoring process, and also the development and implementation of the new Polish-Swedish initiative for a new "eastern partnership" calling for, inter alia, the establishment of visa-free relations with western Balkans countries and eastern ENP neighbours, and strengthening the democracy assistance focus on Ukraine, Moldova, Georgia, Armenia and Azerbaijan.

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This Policy Brief draws on the research undertaken for the PASOS project, *Evaluation of the Democracy Assistance Policies and Priorities of the Visegrad Countries*, a project involving PASOS members: EUROPEUM Institute for European Policy, Czech Republic, Center for Policy Studies at the Central European University, Hungary, Institute of Public Affairs, Poland, and Institute for Public Affairs, Slovakia.

The research included an assessment of Visegrad Four countries' democracy assistance practices in Belarus, Bosnia and Herzegovina, Cuba, and Ukraine.

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- Visegrad governments should support flexible funding initiatives, including the European Foundation for Democracy through Partnership (EFDP), and opt for more flexible, less bureaucratic and more hands-on European-level approaches to democracy assistance; the Visegrad governments should then engage in coalition-building among EU member states, EU institutions, and other key stakeholders (including political foundations) to ensure EU funding reaches civil society groups working for democracy and human rights in high-risk situations, where flexibility, quick decisions and confidentiality are required.
- The implementation of the Lisbon Treaty presents the French-Czech-Swedish EU presidency with an opportunity to make democracy promotion a pillar of a common EU foreign policy, and for this to be reflected in the priorities of the new EU High Representative for Foreign and Security Policy and the new EU External Action Service.
- The idea that the EU should provide development assistance only to governments that demonstrate political will and a measurable commitment in the field of democracy and human rights should be adopted and consistently implemented within the new external action agenda. The 'poverty reduction first' approach is based on a fallacious concept that significant and sustainable progress in poverty reduction can be achieved without improvements in good governance and accountability.
- Non-governmental organisations from the EU's new member states should be given greater visibility in Brussels, and groups with recent transition experience, but limited financial capacity, should be encouraged to apply for EU funding under the European Instrument for Democracy and Human Rights. V4 governments should assist their NGOs to participate in EU democracy projects through the provision of matching funds within the framework of their own democracy assistance programmes.

Development policy and select "strategic" relations versus democracy and human rights

The enlargement of the European Union to 27 members is a clear indication of the progress in consolidation of democracy in the continent, but the eastward extension of the EU has also brought to its borders Belarus, a dictatorship, as well as Ukraine, a strategically placed country increasingly squeezed between Russia and the west, as was so evident when many EU members held back from offering Ukraine a NATO membership action plan at the Bucharest summit on 4 April 2008.

Through PHARE and the adoption of the *acquis communautaire* in the 1990s, the EU played a decisive role in the return to Europe of the eight new members who joined the EU in 2004. But the EU waited until the fall of authoritarian regimes before offering this generous support, both financially and vocally. Is the EU doing enough now for those where the transition process has slowed, or faltered, or where authoritarian rule has remained or become even more entrenched?

In the 1980s the EU governments – both individually and collectively – lagged behind US support in terms of democratic assistance to non-governmental organisations in countries where democracy was either absent or in its early stages of development. Unfortunately, this democracy assistance gap on the part of the EU persists today. On the EU's doorstep, for instance in Georgia and Ukraine, US support to civil society continues to outstrip the EU's support – not only in terms of political support, but in terms of financial support to non-governmental organisations.

While European Commission support to Ukraine, under the Neighbourhood Policy Governance Facility, has been increased to € 22 million for 2007-10, in recognition of its democratic reforms, similar increases have gone to countries such as Morocco under the same Governance Facility in the absence of any democratic reforms – essentially due to "an

old-style east-south division of resources, not based on objective and consistent democratic criteria across different partner countries"¹.

The EU generally provides more donor aid to its eastern neighbours than does the US, but the funds go to governments; when it comes to democracy assistance to civil society groups, the US is consistently the lead agent. For instance, from 1998-2004, total EU assistance to Ukraine amounted to € 826m and US assistance € 1.2bn. Of those sums, € 134m of EU support went to democracy assistance; € 370m of US support went to democracy assistance. In the same period, EU support to Belarus was more than double the level of US support; but 90% of US support went to democracy assistance; the only data available on the EU side indicates that only 7% of EU support was definitely allocated to democracy assistance.

Fragile democracies need support. At a time when, in Russia and throughout Central Asia, civil society is threatened by restrictive legislation, and international support, from for instance George Soros's Open Society Institute, meets hostility from the authorities, the EU is well placed to work - very often through its new members that have emerged from the former communist bloc - to promote human rights and freedom of association in regimes where an opening can be detected.

Kazakhstan's President Nursultan Nazarbaev justified the introduction of severe restrictions on civil society in 2005 following the Rose and Orange revolutions in Georgia and Ukraine respectively as a response to "the dangers that arose in neighbouring countries when foreign NGOs insolently pumped in money and destabilised society. The state was defenceless against this." Neither the European Commission nor EU countries, with the exception of Germany, increased support to Kyrgyzstan after the 2005 Tulip Revolution, the democratising potential of which has since largely faltered.

¹ *Is European Democracy Promotion on the Wane?*
By Richard Youngs, Centre for European Studies Working
Document No. 292/May 2008

Enlargement is no longer a powerful incentive for democratic reforms

The EU's principal democracy assistance strategy has been the enlargement process, but besides Croatia, and perhaps Macedonia or Montenegro, further enlargement is unlikely until the second half of the next decade, not least while the EU seeks to ratify and then implement the Lisbon Treaty. Without the incentive of enlargement, the EU needs to combine a values-based approach with other realistic incentives to stimulate good governance and democratisation. In the case of Turkey, increased democracy and respect for human rights has been met by attempts by EU governments, notably France, Germany and Austria, to remove any prospect of EU membership for Turkey - instead of engagement with a strategic ally that has embraced democracy.

An important test facing the EU now will be the credibility and effectiveness of the reformed European Instrument (formerly Initiative) for Democracy and Human Rights (EIDHR). The earlier initiative, designed to be more flexible than other EU funding, for instance not requiring the approval of projects by host governments, fell short because European Commission delegates, in Belarus for instance, continued to work almost exclusively with projects approved by the Lukashenko regime.

Important reforms have been introduced, enabling EIDHR funding to go to unregistered groups, and allowing some, but limited re-granting, but research indicates that the reforms in the financial regulations were not accompanied by changes in staff rules that govern the decision-making of European Commission officials, for whom the competing goals of transparency and flexibility have not been resolved.

More flexible funding for hands-on democracy and human rights activism

On 18 January 2006, the European Parliament's Resolution on the EU's Neighbourhood included a statement that it "considers it useful to establish a special European fund to support, in an efficient and flexible manner, initiatives promoting parliamentary democracy in neighbouring countries".

David French of the Westminster Foundation for Democracy and Roel von Meijenfeldt of the Netherlands Institute for Multiparty Democracy argued that a new foundation "would establish an operational facility at arm's length from the institutions of the EU, capable of timely responses to demands where and when they are most needed", and "should provide a flexible funding instrument to support democratic reform processes and programmes, capable of operating at a greater level of suppleness, responsiveness and risk"².

The European Foundation for Democracy through Partnership was launched in Brussels on 15 April 2008 with the support of former Czech President Václav Havel and European Commission President José Manuel Barroso. The new foundation includes Board members from Finland, the Netherlands, France, Germany, Poland, the Czech Republic, Slovakia, and Portugal, combining old and new, and large and small, eastern and southern EU members. At the launch, Barroso said he was "delighted that [the new foundation] will be reinforcing Europe's visibility still more in our converging activities to promote democracy."

However, the European Commission is not committing funding to the new foundation, and the continued excuse for the EU placing democracy a low second-place behind development and select geo-political priorities was evident in the same speech, when Barroso continued: "However, [political pluralism, social justice and respect for human dignity] will be

² A European Foundation for Democracy through Partnership, Netherlands Institute for Multiparty Democracy, March 2006

achieved only if we first succeed in reducing poverty and injustice." Few would deny the importance of tackling poverty and injustice, but the current example of Zimbabwe is a reminder that the abandonment of democracy and human rights can lead to dire poverty, and that a belief in the sequence of tackling poverty first, then introducing political pluralism, is at best applicable very selectively, at worst deeply flawed. Development and democracy go hand in hand, not one before the other, as dictators keen to postpone pluralism would like to have prospective donors believe.

The key tests facing the new European Instrument for Democracy and Human Rights

Unlike in the US, "democracy assistance" does not feature in EU discourse, and no concept for a democratisation strategy is on the agenda of the European Commission. On the other hand, the "promotion of human rights and democracy" has become a well-established component of EU external relations policy, with multiple references to it at various institutional levels and in financial instruments. So it came as no surprise that the European Commission, when presenting in 2004 the draft reform of the EU external assistance instruments linked to the Financial Perspective 2007–2013, envisaged (only) the existence of a thematic programme focusing on democracy and human rights, a separate facility without a specific legal basis that would replace the European Initiative for Democracy and Human Rights.

Besides this thematic programme, all geographical instruments were expected to be "comprehensive in order to incorporate all relevant policy objectives and ensure mainstreaming of cross-cutting issues, such as democracy and human rights..."

Putting civil society centre-stage

The suggested democracy and human rights thematic programme was intended to cover those countries where human rights and fundamental freedoms were particularly at risk; in contrast, where co-operation between civil society and government could be established, support for civil society and non-state actors would have fallen under the label of development co-operation and support to networking and civil society dialogue at national and regional level.

The clash over keeping a separate democracy and human rights instrument proved to be a challenge. In this debate, a crucial factor was the strong partnership between civil society actors and the democracy caucus in the European Parliament. With the involvement of several EU member states, the idea reached a critical mass of support, and the establishment of the new European Instrument for Democracy and Human Rights was agreed in June 2006. The question as to how effective the new Instrument is going to be in reality remains to be answered in the years to come when the first cycle of projects has been implemented.

One of the purposes of the reform of the EU external assistance financial instruments was to introduce more flexibility. However, it has to be understood that any change takes place in a given framework. EU assistance will probably always display a certain degree of rigidity in terms of programming cycles or budgeting, stemming from the general rules to be followed when dealing with EU funds.

In line with the reform, the Financial Regulation and Implementing Rules were amended with effect from 1 May 2007. The main changes introduced by the reforms are:

- the possibility to fund non-registered organisations
- the possibility of re-granting
- the financial liability of the authorising officials was clarified,
- a reinforced trend towards transparency (full

reporting and public disclosure of the projects and fund recipients) was combined with an emphasis on the safety of the beneficiaries.

Rules first, quality second

Although several steps forward were taken and some obstacles to flexible project management were removed, at least two reservations can be voiced. First, the Financial Regulation and Implementing Rules are general documents; the implementation of a particular provision is not fully defined and leaves a significant portion of discretion (and risk assessment) to the authorising officials. This trend itself could be very positive if the European Commission's management culture was not still guided by the informal principle of "rules first, quality second".

Only the actual implementation of the EIDHR will tell whether a sea-change in the Commission's culture is underway, and only effective monitoring and evaluation of the instrument will provide evidence for the need for further institutional reform.

Furthermore, the provisions on the financial liability of officials only compound this problem. Although the Financial Regulation and Implementing Rules specifically allow for more flexibility on the side of officials, the problem was and remains the Commission's management culture, where too much pressure and the burden of responsibility are placed on the desk officers. Second, in some cases (re-granting, financial guarantees), the results achieved by pressure from civil society organisations during the negotiations on the amendments are rather modest (for example, from any one grant the maximum that can be re-granted to a single organisation is € 10,000, and the maximum in total that can be re-granted is € 100,000).

Reaching organisations without the host government's stamp of approval

The potential strength of the pre-reform EIDHR was the possibility to operate without the need of a host government's consent; it represented a programme with not only development goals but with policy and political reach. These features were retained and enhanced within the new Instrument. However, the pre-reform EIDHR was also a target of extensive criticism. It is generally agreed that the main problem was the incapacity of the European Commission to manage, fund and co-ordinate projects in a fast, flexible and responsive way – in particular, the centralised calls for proposals with long periods of project evaluation were subject to fierce criticism. For these reasons, on top of the failure to make sufficient use of the possibility to bypass the host government, it failed to have real impact, supporting largely ad-hoc initiatives, not applying resources strategically, and often losing momentum for supporting locally driven processes of change.

The new Instrument naturally aims at overcoming some of the criticism. Generally, it puts more emphasis on civil society as a vehicle for change. Although civil society was considered the most important element of the democratisation efforts under the initial EIDHR, civil society is now seen not only as the ultimate beneficiary of the new Instrument, but as an active player in the process of democratisation and human rights promotion in third countries.

Targeting more countries, but resources spread more thinly

The number of countries eligible for EIDHR funding is constantly growing and, according to the European Commission, the thematic approach has become a necessity for effective implementation and for delivery of results. A trend towards further integration of themes into a limited number of campaigns in order to streamline and reduce fragmentation is evident.

Some provisions aiming at making the system faster and more flexible were also adopted; for example, the Commission now has the possibility to adopt Special and Ad hoc measures in case of urgent need (without calls for proposals, targeting specifically human rights defenders). In total, 4.3% of the budget of the EIDHR is reserved for such measures. The EIDHR regulation also makes eligible for funding "entities that do not have legal personality under the applicable national law" and "groups of natural persons without a legal personality and civil society organisations".

EIDHR financial allocations 2002 – 2010 (€)					
Year	2002	2003	2004	2005	2006
Total budget	100.459.322	100.746.534	124.957.135	128.470.130	122.437.792
Year	2007	2008	2009	2010	2002 – 2010
Total budget	130.000.000	137.000.000	141.600.000	145.800.000	1.131.670.917

A Democracy Foundation at arm's length

As part of the debate on the flexibility of the new Instrument, the issue of the transfer of powers and resources emerged in connection with the proposal to establish an independent foundation managing at least a part of the EIDHR budget. The idea of the European Foundation for Democracy through Partnership (EFDP) was tabled, with support from the European Parliament democracy caucus, but it was ultimately decided that no direct EIDHR funding would be allocated to the foundation.

Other questions or key criticisms remain to be resolved: for example, how can the intra- and inter-EU institutional co-operation be strengthened, how can co-operation with other donors be made more effective?

The long evaluation process pertaining to projects tabled within the centralised funding schemes (macro-projects) will most probably stay in place, which means a continuing obstacle to operational flexibility and quick response to developing situations.

Electoral Observation Missions continued to be funded from EIDHR, even though the EU sends missions only to the countries that invite them to do so, clearly contradicting the idea of the instrument that actions covered do not require the host government's consent.

To conclude, the goal of the reform was to tackle some of the problems and points of criticism connected to EU democracy assistance implemented through civil society. The real impact of the improved legal basis can be tested only when the new instrument has been through the first cycle of implementation - and it is truly the implementation phase where most of the potential pitfalls are. EIDHR is an instrument-in-making, and scrutiny and monitoring in the coming years is essential to ensure that the Instrument's mid-term evaluation, which is envisaged for 2009, is conducted not just by the rules, but also according to the quality of the grants process and the resulting programmes.

The level of funding, and the country coverage, and in particular the level of flexibility exercised, and the extent to which programmes are funded without host government consent, will be an important pointer to judge the trajectory of EU democracy assistance policies.

External Action Service must have ears and eyes in-country

In an effort to boost flexibility, the Commission intends instead to continue to transfer competences to the European Commission Delegations in third countries. However, further delegation of the management of EIDHR funding to EC Delegations without reinforcing their capacities could be counterproductive, bringing additional administrative burdens to the staff and, in fact, diminishing their effectiveness.

Once the Lisbon Treaty is ratified, the EU Special Representative for Foreign and Security Policy will be asked to formulate the basis on which the new EU External Action Service will be established and will operate. It is clear that the transformation of European Commission delegations will require not only experienced, trained diplomats, but also policymakers to be represented at the country level, not for instance through regional missions covering a number of countries - a recipe for decisions to end up being made with third-country diplomats stationed in Brussels and for Commission delegations to be "uninstructed". The EU Special Representative for Foreign and Security Policy should be mandated to make democracy and human rights a pillar of the EU's foreign and security policy, and should ensure that the External Action Service is equipped to implement that mandate.

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Policy Association for an Open Society

PASOS, the Policy Association for an Open Society, promotes and protects open society values, including democracy, the rule of law, good governance, respect for and protection of human rights, and economic and social development, by supporting entities that individually and jointly foster public participation in public policy issues at the European Union level, in other European structures, and in the wider neighbourhood of Europe and Central Asia.

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