

EUROPEAN ENDOWMENT FOR DEMOCRACY - SUPPORTING THE UNSUPPORTED

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Abstract

In the summer of 2013, the European Endowment for Democracy - EED started to operate from Brussels, as the newest additional instrument meant to project EU's influence in its neighbourhood. Its objective is to encourage democracy initiatives from the emerging civil societies and to support the political transition in the East and South, within the geographic scope of the European Neighbourhood Policy. This article is examining the *sui generis* nature of the Endowment, a private foundation created and managed by the EU institutions and Member States, established as a result of ad-hoc negotiations within the EU framework, with innovative governance and operational models, and a hybrid budget provided by the European Commission and national voluntary contributions. It gives a description of the context in which the initiative appeared, and of the process that led to its creation. The analysis includes the inception phase of the Endowment, and the decisions of its governing bodies that led to autonomy from the EU institutional setting. It explores the added value of the EED by examining the new categories of beneficiaries that it can finance, and the new types of interventions, both not covered by other donors of assistance for democracy and human rights, as well as the methods it uses in order to increase the flexibility of its operations. In addition, there is an emphasis on the complementarity of the EED with above-mentioned donors or other institutional stakeholders. Finally, it examines the challenges that the Endowment is facing in terms of sustainability of political support and financing.

Keywords

Community method, donor community, EU neighbourhood, European Endowment for Democracy, governance model, hybrid budget, sustainability

1. INTRODUCTION

Today diplomacy is practiced in a post-modern international environment, both integrated and fragmented, with enormous flows of information disseminated instantaneously. In this environment an increasingly high number of actors, state and non-state, rely on a wide variety of innovative resources to exert influence, and establish diffuse power relations.

The European Union is an international actor aspiring to consolidate its global projection, through its core values – democracy and human rights.

An example of such new innovative means of external action is the emergence of the European Endowment for Democracy (EED) as an additional instrument through which the EU provides technical and financial support to democratization and human rights promotion in its neighbourhood. The Endowment is a new independent body channelling government grants, the newest addition to the donor community.

EED took shape in a fertile political context in the aftermath of the Arab Spring. It is based on the partnership between EU institutions, the Commission and the Parliament, in particular, and Member States. Although its stakeholders are essentially government institutions, it has been established as a private foundation, the decision been prepared and taken within the Community framework and following a light version of the Community method. It also has a hybrid budget, constituted of EU funds and voluntary contributions of European governments.

Moreover, its governance and operational models combine the governmental and civic dimensions. In the decision-making bodies participate experts from the civil society and members of the European Parliament, alongside the representatives of the Member States, essentially diplomats.

A guiding principle for EED's operations is to search for complementarity with others in the arena of international cooperation for democratization, including other EU instruments. It looks to the added value of its intervention before deciding to step in and support specific initiatives. That translates into a more flexible constraint-free *modus operandi*.

This article aims to present the European Endowment for Democracy as a case study for a wider research on new forms of expression in contemporary diplomacy. It explores the context and reasons for its creation. It dwells on the uniqueness of its hybrid nature that combines public/ governmental and

private features. It also examines the effectiveness and viability of its operational model, starting from its stated objective to fill an existing gap in the promotion of democracy, and in supporting the unsupported.

2. EED - A NEW INTERNATIONAL ACTOR

EED is a *sui generis* entity established, from a legal point of view, as a private foundation, in Brussels, under the Belgian jurisdiction, by the EU and its Member States. Its aim is to support the efforts of local actors from the civil societies in EU neighbouring countries, by financing projects that promote democracy.

As underlined in its Mission Statement, its main objective is to encourage democracy and support the political transition in the geographical area covered by the European Neighbourhood Policy, in complementarity with other EU instruments (EED 2013c). Beneficiaries can be: emerging pro-democracy movements, civil society organizations, or other social actors, potential leaders, new media and independent journalists (including social media). The assistance is conditional upon a democratic clause: the recipients of support must adhere to democratic values, respect human rights and subscribe to the principle of non-violence.

Since EED's inception in December 2012, its attention has been directed towards those local actors who act in favour of democracy and do not receive support from other donors. They may experience temporary difficulties in covering expenses (in need of bridge funding), or do not meet stricter eligibility criteria or administrative requirements imposed by other institutional donors, including the European Commission.

The search for added value is at the centre of EED's activities, therefore the Endowment is willing to support projects originating in environments where there are substantial political or operational risks, such as repressive regimes or situations of instability, both in Eastern Europe or in North Africa and Middle East. It is ready to engage in pre-democratic or difficult stages of transition processes (such as the crisis in Ukraine) thereby paving the way for classical instruments of the EU, and providing an alternative source to official assistance. EED is also aiming at supporting emerging actors, individuals and

pro-democracy movements, often not eligible for official assistance because of their lack of experience.

In this respect, it is essential to ensure complementarity to the work carried out by the European External Action Service and the Commission in the countries of the geographical mandate of European Neighbourhood Policy, through EU financial instruments such as the European Instrument for Democracy and Human Rights (EIDHR), the Instrument for Stability (IfS), the European Neighbourhood Partnership Instrument (ENPI), the Instrument for Development Cooperation, as well as synergy with relevant international organizations and Member States' bilateral instruments.

The priorities (EED - n.d./a) established for the first three-year cycle of the EED activities are organized in three categories:

- it intervenes in situations of **democracy deficit or in order to strengthen democracy**, the support being given in cases of repression to activists *in situ* or in exile, as well as in societies already in transition which aim to strengthen the rule of law,
- support to **pro-democracy actors** - individuals or unregistered organizations which otherwise would not qualify for funding through EU instruments or from other donors, including those in repressive systems, as well as local communities or youth groups, journalists and independent media, social media, and other civil society organizations or think-tanks active in promoting democracy,
- develop its own analytical capacity and **facilitate networks of contacts** between organizations in the countries of reference and European or international organizations, in order to make widely known the work and conditions under which pro-democracy actors act in the field.

The EED Mission Statement, adopted in June 2013, explains the four key features of the new entity:

- first, its **European character**, as a creation of European states and EU institutions, which operates independently, by autonomously defined rules;

- second, it supports democratization processes undertaken by local actors, in the spirit of solidarity and partnership - **EED supports not exports or imposes democratization**, which remains a national, local process¹;
- third, the assistance will be given mainly to those who cannot get support through other dedicated instruments of the EU or Member States or from other donors - **Supporting the Unsupported**;
- finally, it searches for **complementarity and added value**, through a flexible operational model, adapted to a variety of situations and specific contexts, in consultation and coordination with other actors from the donor community.

3. CONTEXT

Conceptually, the new entity is anchored in the provisions of Article 21 of the Lisbon Treaty, which states that the Union's external action will be guided by the respect for democratic principles and human rights which have inspired its own creation, development and enlargement.

Delivering on an old ambition of the EU to develop flexible instruments for supporting democratization and human rights that allow for rapid intervention in critical situations, it becomes possible due to a combination of political leadership and favourable context.

The historical changes in North Africa and rising tensions in Eastern Europe have highlighted the inadequacy of the European Neighbourhood Policy tool box. This policy, implemented since 2004, has been essentially inspired by the model of the assistance and conditionality applied successfully in the EU enlargement process. The fundamental difference between the two policies - one designed to create around Europe a „ring of friends“, the other having as aim (and motivation) the accession - explains the lack of effectiveness and the limited degree of attraction of the Neighbourhood Policy among the beneficiary countries.

¹ “National ownership is indispensable to ignite the engine of change”, Mission Statement of the EED (www.democracyendowment.eu).

When the EU evaluated its response to the Arab Spring (European Commission 2011), several problems that required institutional response were brought to light. Overall, the EU performance was deemed unsatisfactory. The main issues concerned the lack of information, anticipation and, in general, analytical ability to decipher the dramatic changes produced in countries like Tunisia, Egypt and Libya, as well as the inadequacy of existing instruments such as the EIDHR for rapid response, in a fluid evolving environment.

In social terms, the tension between a virtual connection of segments of the population in North Africa through the Internet and social media to the European model of society and the insurmountable physical barriers of the EU immigration policy became explicit. The events of 2011 have highlighted the contradiction between the EU rhetoric - the objective of promoting democracy and the respect for human rights - and the *realpolitik* type of behaviour that privileged the security and stability through cohabitation with autocratic leaders. The paradigm of the fight against terrorism and other strategic considerations enhanced the status of allies of the authoritarian and dictatorial regimes in the Southern Neighbourhood. The rapid succession of events in North Africa has taken by surprise the European Union and the European leaders who, at least in the initial stages, reacted hesitantly. That and the lack of immediate effective support for democracy activists placed the Europeans in an awkward position.

On the other hand, the determination and ambitions of Poland, which in the second semester of 2011 held the rotating presidency of the EU Council, overwhelmingly influenced the chances of the EED. The Polish diplomacy and especially its former Foreign Minister Sikorski seized the opportunity to promote an initiative that was meant to become emblematic for its first ever presidency. Poland has found an ally in the EEAS and Catherine Ashton, the High Representative, who sought to dissipate the criticism for the lack of coherence of the Union's response to the Arab Spring. That criticism also concerned the existing EU support instruments.

Finally, the additional element of a rather favourable context for the creation of the EED was the changing security paradigm. The US administration promoted the shifting of attention from military action to soft power in foreign policy. There was also a renewed disposition for cooperation between the transatlantic partners, after the 2003 schism generated by the American intervention in Iraq. This new syntony has been reflected in the reference that

the National Endowment for Democracy - NED - represented for EED. Incidentally, one of the first EED's outreach actions was the symbolic conclusion of a collaboration agreement with NED.

4. PRECURSORS

The idea of an EU pastored foundation through which at least part of the funds devoted to democracy and human rights to be channelled is not a new one. It was repeated in the debates which accompanied the periodic review of EU financial instruments.

There is an inherent tension between the need for rapid reaction to dynamic events and the constraints arising from the complicated EU spending regulations. To allocate assistance by the rules generally applicable to EU money is incompatible with the flexibility required in atypical situations. The reality on the ground does not match the Brussels predefined funding models. Pro-democracy actors, individuals or groups, emerge spontaneously in extreme situations such as those generically called Arab Spring, or the Euro-Maidan in Kiev. There are not officially registered, have no coherent organizational structure, and no previous experience in accessing funds from the EU or from other donors. In countries with repressive regimes, the physical security or freedom of potential beneficiaries, or simply the difficulty to operate as a pro-democracy assistance provider severely limit the support that the EU could (and should) offer. There is also the case of emerging political actors in societies that have already begun the transition to democracy, as in Ukraine or Tunisia, or of the rudiments of political opposition, weakened by the pressure from the regime as in Belarus. This category is completely excluded from getting assistance from the EU or many other donors.

In other cases, relevant projects cannot be started (or continued) because of the temporary lack of funding (in need of *bridge funding*), or simply it is impossible to access funds for certain types of expenditure, such as premises or salaries for personnel, difficulties that face especially the emerging organizations (therefore in need of *seed money*).

In the mid 1990s, EU created the European Initiative for Democracy and Human Rights, managed by an outside agency (Řiháčková 2013), namely by the European Foundation for Human Rights - EHRF. Originally EHRF

provided technical assistance. Then it took over the management of the initiative altogether. The experiment ended in 1999, with the decision to create the European Instrument for Democracy and Human Rights - EIDHR, within the Commission. That decision was taken in the aftermath of the scandal that led to the resignation of the Santer Commission which reinforced the reluctance of the Brussels bureaucracy for initiatives developed beyond its control.

The subject re-emerged after the first wave of enlargement to the East and in the context of the negotiations on the Financial Perspectives 2007-2014. The establishment of the European Partnership Initiative for Democracy (EPD) has its origins in the 2006 debate on the reform of EIDHR. Among its promoters were members of the Democracy Caucus in the European Parliament, and civil society organizations, such as the Netherlands Institute for Multiparty Democracy. The Czech Republic, then the President of the EU Council, gathered the support of a number of like-minded countries, such as Sweden, the Netherlands, Britain, Poland and Slovakia. The original plan was to create a foundation that would receive direct funding from the Commission, as well as contributions from the founding states. The idea has met resistance in other Member States, which advocated in favour of the use of existing (readjusted) EU instruments. The Commission, on the other hand, refused to grant funding. And the German political foundations did not hesitate to signal its lack of interest for possible EU competitor. Eventually, the EPD was founded in April 2008, without being greeted with great enthusiasm, even from its original group of supporters, of which only the Czech Republic and Poland remained, and, more importantly without a solution for a sustainable budget.

5. THE COMMUNITY METHOD AT WORK

The context that did not favour in 2008 the creation of a flexible instrument for rapid European intervention in situations where the EU classical instruments could not work, has changed dramatically in the coming years.

In the aftermath of the Arab Spring, the European External Action Service presented to the Political and Security Committee, on November 15, 2011, the general coordinates of a new European initiative, the European Endowment for Democracy. The proposal was further discussed within the Council's

structures, the specialized working groups, Maghreb-Mashreq (MAMA), and Eastern Europe (COEST). In parallel, the Polish diplomacy promoted the initiative in the capitals of the Member States, with a view to gaining support to launch the Endowment as part of the revision of the Neighbourhood Policy. The official presentation of the proposal was prefaced by a joint letter of the High Representative, Catherine Ashton, and the Polish Foreign Minister, Radoslaw Sikorski, which mentioned the creation of an „international fund“ financed by contributions from Member States and, in equal proportion, by EU money. It was to remain open to the participation of the EFTA and candidate countries. It also was to operate as a private entity, with financial and procedural rules set independently by its governing bodies. The initial geographical mandate was to cover the European neighbourhood, although it was suggested that it should remain open to responding to other pressing political priorities arising in various countries. The perspective to achieve a global mandate was also mentioned.

Despite the Polish voluntarism, the idea was not a novelty. The creation of an endowment to support political parties, unregistered NGOs, trade unions and other social partners had already been introduced by the Joint Communication of EEAS and the Commission, of 25 May 2011, a New Response to a Changing Neighbourhood, i.e. a strategy to position the EU in relation to the events in North Africa and to the Eastern Partners' expectations. The point of departure was that the EU support for political reforms in its neighbourhood had so far limited results. It advocated, for instance, for an increased flexibility and adequate responses to rapid developments in some of the neighbouring countries.

The document specifically referred to the establishment of the European Endowment for Democracy, alongside a Facility for Civil Society, which became operational in 2012, with a budget of 26.4 million Euros, focused in its first year on increasing the capacity of civil society to network, to promote reform at the national level and to monitor the actions of the government. For the second year it received 45.3 million Euros to support the civil society engagement in public policy dialogue.

The ideas promoted by EEAS and the Commission, including the initiative to create in parallel the two new instruments were accepted by the Member States and included in the Council conclusions of 20 June 2011. Starting from there, EEAS initiated a dialogue within the specialized working groups -

COEST and MAMA. It there stated that the proposals were the result of an internal reflection both within the Commission and EEAS on how to respond to the criticism of its delayed reaction to changes in the Neighbourhood¹.

The positions expressed by the Member States were rather cautious, the initial discussions highlighting a number of ambiguities that will mark the EED profile. Among them was the geographical mandate, the majority favouring a limited scope (at least initially) to the Neighbourhood. One of the technical arguments put forward was to correlate the geographical mandate with the main EU funding resource, i.e. the European Neighbourhood and Partnership Instrument. At that stage, the lack of clarity of the mandate itself, operational model, rules of procedure or thematic priorities prompted some of the Member State to underline the need to avoid duplication with existing EU instruments. One of the most sensitive points of the negotiation was whether to include among the beneficiaries of EED activities the political parties or opposition movements, being raised the concern that the EU may be accused of interference in internal affairs. With regard to the EED budget, the need to ensure transparency and compliance with the EU expenditure rules was also mentioned. A distinct note emerged during the negotiation of the possible participation of the candidate countries. The discussions echoed the political stakes of some Member States that wanted to block a hypothetical involvement of Turkey.

These preliminary discussions have highlighted the paradox of using the EU institutional framework to define the parameters of a private entity, created by components of the Union, states and institutions, but meant to become autonomous.

In December 2011, the foreign ministers approved the “Declaration on the establishment of a European Endowment for Democracy”, a political document which listed the elements of a mandate to create a private legal entity („an International Trust Fund”) with the aim to encourage and promote democracy in the European neighbourhood. The original mandate required that the support to be given through direct grants, in collaboration with relevant partners, to a number of beneficiaries – political actors, social or

¹ Report of the Romanian delegation after the first joint meeting of MAMA-COEST working groups, 18th November 2011.

political movements, civil society organizations, youth leaders, independent media, NGOs, including in exile. The Fund would be supported by a lean executive structure, cost effective, able to implement decisions quickly and in a flexible manner. The financing should be transparent, monitored and evaluated independently, although taking into consideration the constraints of confidentiality where the security of the recipients would be at risk. Another central element of that mandate was to ensure the synergy, complementarity and added value with respect to other EU instruments such as the EIDHR, IfS and ENPI, or instruments of the Member States.

The statute of the new entity was negotiated during the first half of 2012, in an *ad hoc* group, chaired by the EEAS Deputy Secretary-General. In addition to the Member States and the Commission, it included a representative of the European Parliament. The initial draft was submitted by the External Service.

There was a lengthy discussion on the nature of the EED - international organization or private foundation. Poland, which distinguished itself by a pronounced activism, proposed to negotiate an international agreement similar to the EU-LAC Foundation or the Visegrad Fund, but the consensus tilted toward the solution of a private entity under Belgian jurisdiction, based in Brussels. By that the *ad hoc* group avoided a long process of ratification that would have been necessary for the creation of an international organization. The Polish representative also pressed to differentiate between the contributing Member States and the rest, which were to be given an observer status. Only the contributing Member States were to be represented in the governing bodies and have nationals in the Secretariat. The collective wisdom inclined the balance towards an inclusive participation, open to all, and thus preserved the voluntary nature of national contributions, without any condition or limitation.

During the negotiations, the Parliament sought a share of 30% representation in the governing body, with 13 MEPs, invoking the need to ensure a presence that reflects the EP political algorithm. The consensus was to have 9.

Another discussion concerned the duration of the mandate of the elected governing bodies, including of the Executive Director. The opinions oscillated between a term of two years, renewable once, and one of five years. Eventually, it was decided to have an initial three-year cycle of operations.

During the negotiation, the group of the Southern Member States insisted on a balanced geographical approach between East and South, as a horizontal

principle for both the composition of the governing bodies and the EED's activities.

Eventually, the constitutive meeting was convened on November 13, 2012. It adopted the Statute, the Rules of Procedure of the Board of Governors, and a procedure for the appointment of the Executive Director. At the same meeting, were elected the representatives of the civil society from the candidates proposed by the Member States and the Parliament, as well as the members of the Executive Committee.

6. THE GOVERNANCE MODEL

The organizational and decision-making model comprises three levels: Board of Governors, Executive Committee and Executive Director (supported by the Secretariat).

The main stakeholders are primarily the Member States. The EEAS and the Commission, have each a representative in the Board. The governmental group is numerically dominant, with 29 members, out of a total of 43, but short of reaching the 2/3 majority required for adopting decisions. It represents collectively the contributors to EED's budget. The Endowment has remained open to EFTA countries, thus Switzerland joined the EED¹. In December 2013, Croatia, the newest member of the EU, became also a member of the EED Board.

Beside the governmental group, the Board includes 9 MEPs² and 3 experts from the civil society. This group exercises within the Board the political and public control over the EED activities. Together they can reach a blocking minority. In practice, however, its heterogeneity makes it unlikely.

The Board has the overall responsibility for the activities and finances of EED, and controls the Executive Committee, who exercises the executive authority, including granting the financial assistance. It is composed of seven members:

¹Switzerland took part in the constitutive meeting and announced a contribution of 1 million CHF.

²The Board elected as its first Chair the German conservative MEP, Elmar Brok. Also, the representative of the MEPs in the Executive Committee, Alexander von Lamsdorff, was elected as Chair.

one appointed by the MEPs group, two by the Member States¹, the three civil society experts, and the Executive Director².

7. THE INCEPTION PHASE

With the first meeting of the Executive Committee in December 2012, the inception phase of the EED commenced. The role of the Executive Committee was crucial in this early stage. It set the rules of procedure, priorities and the operational model, which defines the EED as an alternative to official assistance provided by the EU. A second phase was launched in July 2013, with the Secretariat fully functional, although the first financing decisions were taken later, in September. It is difficult to draw a precise line between the two phases, since the Executive Committee continued to draft key EED documents that were to be submitted to the Board in its December meeting. Once the Secretariat was fully operational, the Executive Committee turned to its main function, to examine and decide on the applications for grants.

The Executive Committee designed the operational and budgetary guidelines, the mission statement, and the slogan - *Supporting the Unsupported*. In particular, it established the guiding principles, i.e. flexibility, efficiency, non-profit character, transparency, pluralism and non-partisanship, as well as the geographic balance between allocations to the South and East, or the gender perspective. It also introduced a reference to the experience of the transitions in Europe.

During the inception phase, it prepared a budget proposal and set the structure of the Secretariat. The Executive Committee was, also, directly involved in the selection of the staff. The size of the Secretariat has remained a

¹The two representatives from the Member States are from Romania and Spain (thus respecting the principle of equilibrium between East and South).

²One of the first tasks of the Executive Committee was the selection of the Executive Director. Originally, the draft Statute as issued from the ad hoc group provided for a vote of the Board on proposals of the Members, therefore a political decision. During the constitutive meeting, the Board decided in favour of an open selection, with the core of the Executive Committee acting as selection panel. The Board then elected the Director from a list of three candidates, Jerzy Pomianowski, a former Polish Secretary of State.

point of on-going discussions with the Executive Director. So far the Executive Committee has resisted the pressure to expand the organigram, advocating alternative formulas to increase the operating capacity, such as the secondment of staff from Member States, internships or contracting local expertise in countries where projects are being implemented.

In parallel with the preparations for starting its operations, the EED sought to position itself within the donor community. In search of visibility, the EED Secretariat organized events in Brussels and elsewhere and provided a platform for organizations from the Neighbourhood to network with strategic partners (such as Freedom House or Carnegie Europe). In cyberspace, EED has developed a website in four languages - English, Russian, Arabic and French - with information about the Endowment's activities and funding opportunities, a newsletter distributed electronically, and blogs of the beneficiaries. The applications are being received online, in any of the four languages.

8. THE OPERATIONAL MODEL

The EED operational model is based on an open financing cycle, demand-driven, with applications being submitted without any procedural limitation. It nevertheless seeks to identify synergies and complementarity with other donors so to ensure the added value of its intervention. The Secretariat might also assist the applicants to better their proposal, coaching them in order to increase the chances of meritorious ideas (often presented by inexperienced beneficiaries in a less elaborated way).

The decisions to fund a proposal are taken by the Executive Committee, as a collective decision-making body, by a majority of 2/3 votes (or 5 votes of 7). When deciding, the Executive Committee considers such criteria as the urgency, relevance, democratic commitment or the experience of the applicant. The monitoring of the approved projects is done on the basis self evaluation reports of the beneficiaries and input from local experts contracted by the EED. For emergencies, there is a special procedure of rapid online reaction from the Executive Committee members. For current activities, administrative and of outreach, the EU financial regulations are applied. There is also a specific procedure for cases where the operation requires confidentiality, in particular when it comes to risks for the personal safety of the beneficiaries.

The grants are at the centre of the EED operational model. The working procedures seek to ensure a proper balance between flexibility and the necessary guarantees for a transparent use of EU funds. These procedures were established in a much shorter period of time than other similar EU instruments. They simplified as much as possible the access to the assistance for those applicants that otherwise may encounter difficulties when applying for funding,

Finally, the applications are thoroughly examined by the Secretariat, and screened by the Executive Committee before a financing decision is taken, so as to exclude duplication with activities of other donors and to determine whether the EED support brings added value.

9. THE BUDGET

The EED budget has a hybrid nature, with EU funds for administrative, and operational costs, and voluntary contributions from the Member States for grants. This structure allows the EED to respond rapidly and in a flexible manner to applications from the field.

The component of the budget allocated to grants is not homogeneous. The majority of the contributions by the Member States come from the development assistance, or from specific programmes dedicated to the support of democracy and human rights. They also may be subject to conditionality. For example, some funds, such as those from the European Commission are disbursed only after their spending is audited. Other contributions from some Member States are intended solely for the Eastern Neighbourhood or may be engaged only in certain countries, such as Ukraine or Moldova.

On the other hand, only 13 of the 28 EU Member States have announced (and transferred) their contributions to the EED budget for 2013-2015 triennial funding cycle. The most important contributors, so far, are Poland (5 million Euros and the free use of the premises of its former embassy in Brussels), the Nordic countries - Denmark (4.5 million Euros) and Sweden (30 million SEK or approx. 3.6 million Euros) - and the Netherlands (1 million Euros), as well as Switzerland (1 million CHF). Other more modest contributions are coming from the Central and Eastern Europe: Bulgaria, Estonia and Romania (100 000 Euros each), Hungary (65 000 Euros), Slovakia (60 000 Euros), and Latvia (20

000 Euros). Germany has put aside 1 million Euros, and the Czech Republic and Spain announced the intention to bring unspecified contributions. Belgium has provided the initial technical assistance and 20 000 Euros to cover the registration fees of EED as a private foundation. The European Commission has allocated 9.9 million Euros. The overall EED budget is about 30 million Euros, a rather modest amount when compared to other EU instruments, including the Facility for Civil Society.

There is a differentiated degree of involvement of the Member States, as it results from the list of the voluntary contributions. The North and East have demonstrated a higher interest for the Eastern Neighbourhood in relation to the EED's activities. The same type of interest has been expressed by Switzerland. Additionally, a grant for EED came from Canada, as part of a broader package of assistance allocated to Ukraine.

On the other hand, for various reasons, from the lack of resources because of the slow recovery after the economic crisis in a number of the Southern Member States, to a lack of interest or tradition to allocate assistance for promoting democracy in North Africa, the EU Southern flank is still in expectative. Although these Member States have a comparative advantage in terms of regional expertise and are at the forefront of the European interests in the Southern Neighbourhood, their attitude toward EED has been rather sceptical. Another observation is that there is still less involvement from the larger Member States, possibly because they prefer to channel their assistance through national programmes.

The asymmetrical involvement of the Member States with predominant interest for the Eastern Neighbourhood is in contradiction with the founding principle that calls for a balanced approach towards the two dimensions. Until now the EED managed to respect this principle – the assistance provided in the East and South was equal in volume, despite the higher number of applications from the East. There is, nevertheless, a budgetary pressure to differentiate, and it may be increasingly difficult to resist it.

10. THE OPERATIONAL PHASE

The EED began its operations in September 2013, when the Executive Committee approved the first application. In less than nine months, the EED was able to define an operating model to finally be tested in practice.

From September 2013, until June 2014, the EED received nearly 1 000 applications, most coming from East (562), and 363 from the South. Of these, the most numerous were from Ukraine (171), in particular after the events in Kiev. A considerable number of applications came from all of the Eastern partners (93, Azerbaijan; 86, Belarus; 80, R. Moldova; 61, Georgia; 59, Armenia). Among the partners in the South, Tunisia, Egypt and Palestine had the higher number of applications (about 70 in each case), with fewer applications received from Libya and Algeria.

The majority of the applications came from registered organizations (807), but there were also 112, from unregistered entities, and 78, from individuals.

The grants in the East represented 52% of the total (about 3 million Euros), while the South was granted approximately 2.8 million Euros. The average size of a project approved in the East was 48 000 euro, and 74 225 Euros, in the South. The EED approved a total of 63 projects from the East, and 38 from the South. 90% of the funds (about 5.2 million Euros) were approved by the ordinary procedure, while the emergency procedure was applied for about 600,000 Euros.

The grants were awarded in all 15 countries covered by the EED's geographical mandate, the most significant amounts reaching Azerbaijan (over 900 000 Euros), Ukraine (over 780 000 Euros), Egypt (750 000 Euros), Syria (500 000 Euros) and Belarus (about 500,000 Euros).

Most projects (totalling about 3 million Euros) fall within the funding priority no. 1. - Pro-democracy projects to advance pluralism (actors who were otherwise non-eligible for funding through EU instruments or other support schemes), followed by the priority no. 2 . - Funding for basic operations (approximately 1.2 million Euros). After the thematic area, most funds were directed to political movements (about 830 000 Euros), media and democracy (about 780 000 Euros), direct support for media (about 750 000 Euros), citizen participation (about 530 000 Euros).

11. CONCLUSIONS

The first positive element about the EED is its very existence, its success to become operational in a short period of time, when compared with other similar initiatives of the EU. For this to happen it has been essential the political will both of the Commission and the EEAS to equip the Union's external action with a *sui generis* instrument that can be used in a flexible manner.

Equally important for the viability of the EED model has been the commitment of the Member States, in particular the Nordic and Central and Eastern ones. The sustainability of the Endowment depends on this key element of its special character, the involvement and contribution of the Member States. Therefore, one of the major challenges ahead is to attract the support also from the Southern flank.

It also needs to prove its vocation to become embedded within the EU institutional framework in order to secure its survival on the long term. The initial support of some of the Member States was influenced by the political context that has evolved since 2011, and it might not be there in the future.

Its governance and operational models were tested in its almost 2 years of existence. EED demonstrated that can function well and achieve its objectives. In particular, the Executive Committee has played an essential part in the success of the inception phase. It managed successfully the process that led to the EED's conceptual framework and distinctive profile within the international donor community. Despite the diversity of its composition (diplomats, politicians, civil society activists), the Executive Committee functioned from the onset as a coherent group, relying on the complementary of the expertise of its members.

After more than 100 projects have been approved and are underway, it is now time for the EED to strengthen its capacity to monitor and evaluate the results and to initiate a reflection on ways to measure the impact of its support. Moreover, given the geographical area covered by the EED and the variety of situations, it needs to establish strategic objectives in the countries of interest, taking into account the specific political context.

Although legally the EED continues to be a private foundation, its profile has been rather assimilated to that of an international governmental organization. This perception has been reinforced by the composition of its membership,

dominantly governmental. This ambiguity is useful as long as the Endowment operates in fluid environments and needs flexibility for managing atypical situations. Reporting and monitoring methods employed by the Endowment are inspired by the governmental ones, and therefore more elaborated and stricter than those of a private entity.

The uniqueness of its profile is emphasised by the hybrid budget, with on the one hand, voluntary contributions from Member States, and on the other, funds from the Commission for administrative, operational costs.

One of the specific issues that it must address is the perception of its closeness to Poland, the so-called Polish-ness. Its initial success should enable the EED to emancipate itself from this paternity. The latest expression of the tension between the perceived Polish ownership and the EED need to assert its autonomy was the rather abrupt proposal presented in June 2014 by Poland to expand the geographical mandate to Russia, as a response to the crisis in Ukraine. The proposal was received with caution by the rest of the Board, which opted for a further reflection on the political and operational implications of such a step.

The sustainability of the EED depends also on its ability to consolidate itself as a new form of expression of the European external action, a more subtle one, that rely on the partnership between the Member States and EU institutions, and resources from the toolbox of the civil society.

A distinctive feature of its design is to search for synergies with partners both from the donor community and the potential beneficiaries. The hybrid, and to some extent ambiguous nature of the EED, as a private entity established by an initiative from the governments, and negotiated within the EU framework, is consistent with the complex fabric of the post-modern international environment.

Another expression of its novelty is the use of Internet and social media for its major operations, in particular for receiving applications for grants, as well as for outreach activities.

Overall, the EED has been well received, and welcomed by the activists in the European Neighbourhood. The negative reaction was limited to a few critical mentions in the media in Russia or Azerbaijan, and in some official documents or statements from Belarus and Egypt. It does not mean though that the EED will have not made it on the radar of the neighbouring authoritarian regimes.

In response to the Arab Spring, the EU has introduced in the public debate the concept of "*deep and sustainable democracy*", which is at the core of the strategic mission of EED. It is a *sui generis* entity, of a hybrid nature, a new form of expression of the EU external action, adapted to a fluid, fragmented international environment, and combining the flexibility of its private legal character, with its governmental ownership. In order not to be just a short-lived experiment, it needs to overcome the challenge of sustainability.

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