

Proposal for the creation of a European Foundation for Democracy (EFD)

Markus Meckel, Member of the Bundestag, deputy spokesman on foreign policy for the SPD parliamentary group

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Summary

The establishment of an autonomous “European Foundation for Democracy” (EFD) as a new instrument of European foreign policy is intended to internationally promote the development of democracy, strong civil society, the rule of law and protection of human rights. The foundation would complement the current range of tools in EU foreign policy, allowing flexible cooperation, free of red tape, with the civil society of other countries, underpinning this civil society and thus promoting democratic development. This would rectify a deficit within the EU, whose current instruments are too unwieldy. At the same time, it would lend weight to the Europeans’ ambition to play an important role in the development of civil society and the promotion of democratic change in Europe and beyond, and would enhance the EU’s visibility as an international political player.

How and why the initiative developed

In autumn 2004, on the basis of a Polish initiative, the establishment of a “European Democracy Fund (EDF)” was discussed, the idea being to incite the EU to boost its activities in promoting democracy and civil and political human rights vis-à-vis the eastern neighbours in the framework of its Neighbourhood Policy. Also many experts, who are dealing with the EU’s Neighbourhood Policy, are claiming for a flexible and autonomous European Fund for Democracy-promoting.¹ At that time, the Polish

¹ See Jakub Boratynski, *European Democracy Fund*, Concept Paper, Stefan Batory Foundation, 10. März 2005; Dov Lynch, „Catalysing Change“, in: Dov Lynch et. al, *Changing Belarus*, Chaillot Paper No. 85, European Union Institute for Security Studies, November 2005; Kristi Raik, *Promoting Democracy through Civil Society: How to Step up the EU’s Policy towards the Eastern Neighbourhood*, CEPS Working Document No. 237, Centre for European Policy Studies, Februar 2006.

initiative met with considerable resistance and now has scant chance of playing a role in the framework of the European Neighbourhood Policy.

The present initiative for the establishment of an EFD follows on from these efforts, but is wider in scope. The initiative foresees an instrument which would not be restricted to the European Neighbourhood Policy and would not replace current instruments, but instead would provide the EU with an effective and flexible instrument which can be used across the world.

In the enlargement framework, the EU, through its pre-accession strategy, contributed considerably to the development of democracy and the rule of law in the transition countries of Eastern and Central Europe, which have now become members. Yet the EU lacks instruments to effectively promote democratic change in societies in other countries independently of accession perspectives, particularly in countries subject to authoritarian and dictatorial rule, since EU programmes in third states are generally implemented in cooperation with the government of the country concerned. Indeed, funds are often disbursed via the government.

Even where the European Commission decides independently and can give funds directly to NGOs, as is the case with the European Initiative for Democracy and Human Rights (EIDHR), for example, application procedures and the system of financial control are so complex that small NGOs often do not stand a chance. For this EU financial instrument there are annually €100-130m allocated. At present, the time lapse between project proposals being submitted and contracts signed is between 12 and 24 months. And it takes even longer for funds to be paid out. The flexibility to provide small-scale and short term assistance and to react to the often difficult situation of NGOs in the countries concerned is lacking. This means that EU is only fulfilling its tasks in this area in a most inadequate fashion.

In order to correct the EU's deficits in this area, the proposal foresees the establishment of a foundation which would decide autonomously on the allocation of funding to projects. Experience gained up to 2001 with the European Human Rights Foundation (EHRF) can be used in structuring such a foundation. In addition, consideration should be given to whether the EuropAid Co-operation Office set up since then to administer the EU's external aid would need to be complemented.

The current debate to establish European political foundations, which are affiliated to the parliamentary groups in the European Parliament, is to be welcomed. This would not constitute a contradiction to the establishment of an autonomous EFD. Both proposals are complementary. In countries under transformation with a politically differentiated and more developed civil society political foundations find partners and actors for their work. Where this is not the case, the work of politically independent actors can be more efficient.

The instrument provided by a new autonomous foundation of this kind would increase the flexibility of European foreign policy and allow it a more individualised approach. It would be like an additional arm, able to act in a complementary fashion as an independent player – on a common basis yet independently – without disrupting or impeding official diplomatic relations between the EU and the states in which the Foundation was active.

Aims and principles

This European Foundation for Democracy is intended to provide support for civil-society activities and structures in other countries in order to boost the spread of democracy, the rule of law and the protection of human rights across the world. Its activities would therefore be essentially aimed at supporting long-term processes of change. The idea is to fund as many measures as possible run by non-profit making NGOs with a direct impact on society and the general public. Such projects might concern building up and supporting independent media, or independent trade unions, or support for churches and social projects or community organisations or – in authoritarian systems – support for democratic forces. Where competent and experienced partner organisations, such as foundations, exist in the countries concerned or in neighbouring EU Member States, or in Member States with a particular commitment, the EFD should, where possible, cooperate with these organisations in selecting and running projects.

Experience in Europe since 1989 has shown that political reform processes sometimes unexpectedly take on a dynamic of their own. Every process of democratisation offers short-term “windows of opportunity” in which the potential for democratisation is particularly great. For this reason, long-term strategic work to

underpin democratic institutions and procedures should be complemented by a “rapid reaction facility”, allowing swift and flexible reaction to opportunities for short-term democratic change or acute human rights crises.

Organisational structure

The Foundation should be recognisably an EU institution. It should be set up by a Commission and the High Representative for CSFP; control by the European Parliament should be guaranteed. Working on the basis of structures used in the commercial field and tried and tested in many foundations, it would seem sensible to have a director responsible for day-to-day management, along with a managing board to play a central role in decisions on the programme of work and priorities. This board would also take decisions on awards of contracts for projects up to a certain ceiling and implement a process of pre-selection and assessment of project applications for larger funding volumes.

In addition, the Foundation would have a board of trustees, or “supervisory board”, which would set general guidelines for the Foundation’s work and decide on project applications with a particularly large volume of funding.

Consideration should be given to appointing to the Foundation’s bodies not only MEPs and representatives of other EU institutions, but also persons who have gained similar experience in the Member States as national parliamentarians or within civil society.

Way of working

The Foundation should primarily support projects and initiatives to underpin democracy and civil society in the partner countries, thus functioning as a “clearing house” or funding institution accountable to the EU bodies on the award of contracts and use of funds. Project applications would be assessed by a professional staff, whilst the decisions would be taken by the Foundation’s bodies. The decision-making structures must be structured in such a way as to also permit more small-scale funding (compared with the amounts of funding otherwise usual in the EU) to be

provided to smaller NGOs, since it is these NGOs in particular which often play an important role in situations of change and democratic transformation processes.

Financing

The EFD should be funded by means of lump-sum allocations from the EU budget. Furthermore, it should be possible for it to receive additional funding from third parties – e.g. from other foundations, private companies or Member-States and use this to provide support in the framework of the Foundation's aims.

The EU could couple allocations from its budget to conditions concerning the use of the funds, such as the distribution amongst a) individual countries, b) regions or c) certain issues.

In the context of discussions on the next 2007-13 financial perspective, the European Parliament called, in the Boge report of June 2005, for a separate instrument of financing or budget line for the promotion of democracy and human rights. This could form the basis for allocations to the Foundation.

In order to have an impact internationally, an allocation from the EU budget of around €70m should be aimed at in the medium term, in addition to the volume of EIDHR.

Additional information, February 2006:

On the initiative of Edward McMillan-Scott (EPP), Vice-President of the European Parliament, the inter-factional “Democracy Caucus” in the EP developed a proposal for an European Fund for Democracy.² This proposal is very similar to the one presented in this paper.

I would like to invite all those to whom this text has been forwarded to engage in discussion on this proposal. I would be pleased to receive any suggestions, comments or criticism. Please contact me if you would like to support this project.

German Bundestag

Markus Meckel, Member of the German Bundestag
Officer responsible: Felix Knüpling
Unter den Linden 50
10117 Berlin

Tel.: +49 30 227 77581
Fax: +49 30 227 76245
E-mail: markus.meckel.ma02@bundestag.de

² „A European Foundation for Partnership in Democracy. A proposal to the Democracy Caucus of the European Parliament for a new initiative in EU democracy promotion world-wide“, Februar 2006.