



Return to Europe

Reflections After 20 Years of Democratic Renewal

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Walking the tightrope of democracy aid

The long and winding road towards 'flexible', well-targeted EU funding for democracy and human rights

An analysis of the implementation of the European Instrument for Democracy and Human Rights (Country-Based Support Schemes) in Belarus, Georgia, Moldova, and Ukraine

EXECUTIVE SUMMARY

Since its introduction in January 2007, and *de facto* implementation from the second half of 2008, the reformed European Instrument for Democracy and Human Rights (EIDHR) has opened up the possibility of more flexible funding reaching civil society organisations and individuals.

Greater attention is now devoted to the need for confidentiality concerning activities undertaken under authoritarian rule, and the option of re-granting to local non-governmental organisations (NGOs) has begun to be taken up in response to calls for proposals in 2009-2010. As this study sets out, more consultation with other donors, and with EU (European Union) and third-country NGOs, could close the remaining gaps between the promise and reality of the new financial arrangements.

However, the EIDHR remains a standard instrument implemented via a technical approach

rather than a political tool with the potential to support or promote democracy in countries ripe for change. Democracy support remains overshadowed by human and social rights issues within EIDHR programming and implementation. Moreover, the new EIDHR Strategy Paper 2011-2013 offers little prospect of significant changes that would raise the priority of democracy support closer to the level of priority given to human rights support.

The 2007 reform of the EIDHR (and Financial Regulation and Implementing Rules) brought about new implementation possibilities and flexibility, but full use is not being made of the changes - due both to lack of practical experience on the side of the EC Delegations in third countries and the European Commission, and also lack of knowledge of the possibilities from the side of civil society.

In countries where the EU seemingly faces no problems at the political level and the country leadership rhetorically adheres to commonly

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shared goals (democracy, market economy, etc.), there is generally less commitment to tackle sensitive issues related to the state of democracy. At the same time, a large proportion of funding is dedicated to specific human rights areas which can in some cases have a positive impact on the governance structures of a given country (such as in the case of assistance to victims of torture and police abuse).

The EIDHR should have a stronger focus on political pluralism (as, in fact, stipulated in the Strategy Paper 2011-2013), creating alternatives for political dialogue and for projects targeting political parties, including capacity building of political parties in selected third countries. The argument that in some countries (especially those under authoritarian rule) there is

no need for support of particular political actors - since they are already receiving a lot of funding and training - is in some instances a valid one, but the EIDHR should work primarily through civil society actors that can offer innovative ways of enlarging the political space.

Civil society organisations consider applications for funding under the EIDHR CBSS (Country-Based Support Schemes) to be difficult and time-consuming. Given the lack of spare administrative capacity of most NGOs, the completion of an application usually necessitates a curtailing of regular activities.

In addition, bureaucratic hurdles face less developed NGOs, and only the more established ones are considered to stand a

POLICY RECOMMENDATIONS to European Union Delegations¹

- The quality of applications should be improved through provision of additional training and capacity building to local NGOs - which can be supported from the 3 per cent budget for support measures.
- In order to prevent large overlaps between macro-projects and CBSS projects, the Delegations could hold regular workshops where current (and possibly already implemented) EIDHR macro-projects and CBSS projects in a given country could be presented (results and methodology) in order to discuss synergies and multiplier effects (this could be combined with "Donors' Clubs", see below).
- The Delegations should regularly conduct civil society stakeholders' analysis and consultation to ensure that the CBSS is demand-driven and takes into account relevant priorities and organisations.
- "Donors' Clubs" could be established to facilitate meetings where the donors and the local and international grantees could discuss problems and potential solutions. The Delegations could establish such "Donors' Clubs" in co-operation with other major donors present in the country as one of the ways to increase their own profile and the visibility of the instrument.
- A forum for early sharing of the implementation experience of the re-granting NGOs could be established, which could serve also as a space for experience-sharing among the Delegations' officers managing grants.
- Where possible, agreement could be reached for projects approved within EIDHR CBSS with grant-making EU member-states' embassies so that they would allocate a specific budget for this purpose (in some cases, the list of approved projects is already shared with major donors such as USAID).
- Based on the responses by civil society to the application procedure and financial rules concerning grant contracts, the CBSS grants should fall within the middle range of grant size (€ 50,000 - 100,000), which can differ slightly from country to country and in relation to other instruments in place, such as the Non-State Actors and Local Authorities (NSA-LA) programme under the Development Co-operation Instrument (DCI).
- More support should be provided to new NGOs, which to date have faced huge obstacles to securing EIDHR funding. One of the instrument's guiding principles is to support the development of local civil society. Support for new actors and new partnerships with limited resources would encourage competition and allow new faces to appear.

¹ Some recommendations are not feasible in "difficult" countries, e.g. Belarus.

chance of securing the funding; the EIDHR is considered "second-level" funding. One of the instrument's major advantages, namely the possibility to fund non-registered NGOs, is not being deployed by the Delegations of the European Union¹ in third countries (this was the

¹ Currently, some of the representations of the EU in third countries keep the pre-Lisbon title, i.e. Delegation of the European Commission. When the European External Action Service is fully operational, all representations in third countries will become Delegations of the European Union.

case in all four countries analysed for this study) because the Delegations lack the knowledge required to implement it. Likewise, working with funding in cash is considered almost impossible; in sensitive environments, cash contributions have to be channelled through EU-based NGOs or through EU member-states.

POLICY RECOMMENDATIONS to the European Commission Directorate-General - EuropeAid Co-operation Office (AIDCO)

- Simplified guidelines and simpler grant application forms would enlarge the pool of applicants, ease the access to EIDHR CBSS funding, and speed up the process of evaluating and selecting proposals for funding.
- A platform or forum should be established for regular implementation know-how sharing among the Delegations' managing officers. A representative of the corresponding Delegation or Delegations could be involved as a voting member of the evaluation and selection committee on EIDHR Objective 1 proposals.
- Clear guidance on re-granting should be developed on the basis of the experience of implementation.
- The Commission should push for a further loosening of the Financial Regulation and Implementing Rules governing re-granting amounts and the conditions for re-granting.
- In countries where NGOs are legally restricted from providing re-granting, specific forms of project partnerships should be developed to support local NGOs.
- The co-financing rate for CBSS projects should remain at around 5 per cent; NGOs can mostly operate comfortably with this condition, finding co-funding through small grants awarded by EU member-states' embassies.
- The use of restricted calls (shortlisting on the basis of initial concept note before full applications are submitted) could allow for further communication between an NGO and the managing Delegation

official who could comment on parts of the selected concept notes and encourage improvements.

- The selection process run under restricted calls could be shortened to an average six months in length, as envisaged by the Commission, if the Delegations were more often to contract out to external consultants parts of the evaluation process, and if the application process were simplified.
- A comprehensive Handbook on EIDHR implementation should be developed, which would include calls for applications, procedural operations, standard procedures as well as guidance on unclear issues, such as re-granting.
- The requirement of prior registration with PADOR (Potential Applicants' Data Online Registration) in countries with a lack of internet access can be a major disadvantage for some organisations, hindering their access to funding. The Commission should carry out an analysis to ascertain where the lack of internet connections, especially in areas outside capital cities, can represent a barrier to potential applicants in certain countries, and then prepare specific measures and procedures for these countries.
- Eligibility rules should be clarified further in order to be able to truly accommodate non-registered entities - either as self-standing recipients or through a new form of partnership (when the applicant and direct beneficiary of the grant should assume financial and accounting liability for all expenses incurred).
- Further clarification should be made concerning eligible costs within the 3 per cent allocation for supporting measures - since there is confusion in the implementing Delegations as to how to spend it: some use it for translations and evaluation costs, some for other purposes.

The first half of the implementation period (2007-2013) of the EIDHR is already over. Due to delays, the actual implementation of the EIDHR started only in the second half of 2008 and, in preparing the new Strategy Paper 2011-2013, the European Commission does not envisage major changes in its outlook for the coming period, arguing that it is too early for a comprehensive evaluation. This study looks mainly at practical issues and recommendations related to the implementation of the EIDHR's Country-Based Support Schemes targeting civil society in four recipient states (i.e. Belarus, Georgia, Moldova, and Ukraine).²

Support for democracy versus support for human rights

As stipulated in the EIDHR's legal basis and elsewhere, democracy support and human rights are closely intertwined issues, and it is hard to separate the instrument's goals, objectives, activities and even projects along this dividing line. However, the overall orientation of EIDHR³ strategic documents and programming tends to prioritise the human and social rights agenda.

The various reasons underpinning this range arise from international commitments and "soft law", as well as priorities of other EU instruments and the Commission's sensitivity towards "political" issues. One of the principal recommendations promoted by civil society and some EU member-states in relation to the EIDHR has been better streamlining of democracy support within the EIDHR.

² The structured interviews were conducted with the European Commission Delegations' officers and with local civil society representatives in the respective third countries, as well as with DG the European Commission Directorate-General EuropeAid Co-operation Office (AIDCO) and European Parliament officials. The author would like to express her gratitude for their valuable time and input; any errors of in the analysis or the factual interpretation are the author's sole responsibility.

³ formerly the European **Initiative** for Democracy and Human Rights.

The initial aims of discussions towards a European Consensus on Democracy, which took place under the Czech and following Swedish EU Presidencies in 2009, turned out to be too ambitious to achieve, but subsequently the Council Conclusions on "Democracy Support in the EU's External Relations" were adopted on 17 November 2009. In this "soft law" document, democracy and locally driven democratisation are defined as the EU's foreign policy goal, which should be achieved *inter alia* through improvement of coherence, complementarity and co-ordination of existing EU policies and instruments.

Undoubtedly, harmonisation will require an enormous effort since each and every policy area follows a specific logic and terminology, and there is little will to depart from established channels and to look at the different ways in which the same aim is or is not pursued in different policy areas. The Commission made reference to the Conclusions in the EIDHR Strategy Paper 2011-2013, adjusted slightly the thematic focus in line with the Conclusions, and emphasized the need for greater visibility of EU assistance and work in this field - this recommendation for enhanced EU visibility was reinforced by the research for this study.⁴

Enlarged EU delegations will bring more visibility and capacity

Greater visibility should also be brought about as a by-product of the substantial enlargement of the EU Delegations that is scheduled to take place when they become part of the European External Action Service (EEAS). A serious discussion on the issue, as well as on the efficiency of the instrument as a whole, can probably be expected only at the end of the programming period, in conjunction with the reporting on the EU Agenda for Action on Democracy Support

⁴ According to local civil society representatives interviewed, the overall visibility of EU Delegations is not very high, and some local stakeholders have not even heard of the EIDHR.

stipulated in the Conclusions, and when the "turf wars" over the foreign policy agenda among the new EU actors and institutions have settled down.

In Delegations, the impact or implications of the Council Conclusions on actual policy or on the implementation of the EIDHR is not perceived at all and, given the programming cycle, it is still too early for it to have made an impression. Despite the EIDHR specificities, most Delegation programme officers take a technical approach and tend to see it as a standard instrument - rather than a political tool with the potential to support or promote democracy in countries ripe for change.

The specific means envisaged in the legal basis (funding of non-registered entities, ad hoc measures, etc.) are not widely used mainly due to the lack of established practice and guidance from Brussels. In countries where the EU seemingly faces no problems at the political level and the country leadership rhetorically adheres to commonly shared goals (democracy, market economy, etc.), there is generally less commitment to tackle sensitive issues related to the state of democracy - beyond projects in the field of media support or election-monitoring (in the latter case, only during an election year, not covering the whole election cycle).

A large proportion of funding is dedicated to specific human rights areas which can in some cases have a positive impact on the governance structures of a given country (such as in the case of assistance to victims of torture and police abuse).

In the four countries where the research was conducted, some Delegations had already re-oriented their priorities towards support of particular aspects of democratic development on the basis of their country assessments, focusing mainly on the governance monitoring element of the European Neighbourhood Policy.

In the eyes of the Commission Directorate-General - EuropeAid Co-operation Office (AIDCO), it is important to sustain the "added value" of the instrument by continuous coverage of specific areas not addressed by other EU instruments (like torture or support to the

International Criminal Court). Furthermore, a concerted effort to harmonise EU instruments needs to be complemented by the direct support of EU member-states and other donors to help the domestic processes of democratisation in third countries - which cannot be driven solely by local civil society or a specific EU instrument.

EIDHR objectives⁵ that focus on local civil society (an inherent priority of the EIDHR), and on supporting democratisation in third countries, include Objective 1 (and usually Action Fiche 1 within the Annual Action Programmes) "Enhancing respect for human rights and fundamental freedoms in countries and regions where they are most at risk", and Objective 2 (and Action Fiches 2 or 3) "Strengthening the role of civil society in promoting human rights and democratic reform, in supporting the peaceful conciliation of group interests and consolidating political participation and representation", primarily implemented through Country-Based Support Schemes (CBSS).

Both objectives are centrally managed, i.e. the implementation is the sole responsibility of the Commission - either of the headquarters in Brussels (Objective 1, grants falling between € 150,000 - 1,200,000, sometimes in co-operation with Delegations) or by EU Delegations (CBSS, with grants falling between € 10,000 - 300,000).

Despite the fact that not all information on the projects implemented under Objective 1 is public due to safeguards concerning the confidentiality of grantees, it is evident that there is predominantly a human-rights focus followed within this objective.

The beneficiaries are mostly big EU-based NGOs or international organisations with a substantive track record. The grant applications of NGOs based in the new EU member-states have been less successful so far, allegedly due to the lower quality of their proposals,

⁵ The instrument is implemented through Strategy Papers which further define the objectives set in the EIDHR regulation - the current Strategy Paper covers the period 2007-2010, the new Strategy Paper will cover the period 2011-2013 and was supposed to be finished in the first quarter of 2010 - and Annual Action Programmes; both types of documents are drafted by the Commission and adopted within the commitment process by the Council and European Parliament.

questions over their organisations' management capacities or due to proposed activities that were considered politically sensitive. In these major projects, the local civil society is mostly involved within a partnership; the projects under Objective 1 thus in an ideal case contribute to the development and capacity-building of local NGOs.

An overlap between projects implemented under Objective 1 and CBSS sometimes occurs where the goals of the action are not mutually reinforcing. The staff of the Delegations are usually consulted during the calls for applications under the Objective 1 selection procedure, but their opinions are not binding on the selection committee in Brussels.

EIDHR's Objective 1 as well as CBSS should have a stronger focus on political pluralism (as stipulated in the Strategy Paper 2011-2013), creating alternatives for political dialogue and for projects targeting political parties, including the capacity building of political parties in selected third countries.

The selection of target countries, as well as particular local political actors to be involved, is naturally difficult but not impossible given the knowledge of the EU Delegations' staff.

The argument that in some countries (especially those under authoritarian rule) there is no need for support of particular political actors - since they are already receiving a lot of funding and training - is in some instances a valid one, but the EIDHR should work primarily through civil society actors that can offer innovative ways of enlarging the political space in a given country and involving new types of stakeholders, such as business.

Naturally, the capacity of local NGOs should also be considered before embarking upon this approach. This can be done in conjunction

with other instruments such as NSA-LA,⁶ which is not operating in most countries covered by the EIDHR.

Can a wide agenda include political pluralism?

In any case, a substantial debate is needed on how to support democracy within the EIDHR. Some see it in support of political pluralism; some argue that the Commission should work in the area of wider democratic governance using NGOs dedicated to specific issues like environmental protection or energy.

The objectives of the instrument should probably remain as wide as possible, but not exclusive of sensitive issues such as political pluralism, and the selection of projects should be based as far as possible on knowledge of the situation in the given country, which means better use of the knowledge of local Delegations' staff - a factor that is going to be substantially reinforced after the transformation into the European External Action Service.

- The evaluations of the EIDHR implemented usually report that the impact of the macro-projects implemented under Objective 1 is substantial, which is to have been expected given the size of the grants and the experience of the implementing NGOs and international organisations. The European Commission could, however, consider ways to avoid potential overlaps with projects approved within CBSS whose goals are sometimes not mutually reinforcing, and when the NGOs implementing projects under CBSS can provide important knowledge. Meetings of grantees should be organised, and a representative of the corresponding Delegation or Delegations could be involved as a voting member of the

⁶ The EU's thematic programme **Non State Actors and Local Authorities in Development** under the Development Co-operation Instrument (DCI) aims to provide capacity building to non-state actors and local authorities in order to facilitate their involvement in the policy-making process and to enhance capacity to deliver basic services to the poorest people in developing countries. As stated in its legal basis, this support to participatory approaches should be subsidiary and complementary to that of the geographic programmes.

evaluation and selection committee on EIDHR Objective 1 proposals.

- The European Commission should involve the experience from the ground in its effort to harmonise the instruments and streamline the democracy support agenda; the Delegations' staff usually deal with the implementation of several instruments, and have substantive knowledge from the ground.

CBSS PROGRAMMING

The funding priorities and actions selected for particular CBSS calls in any given year are generally based on the Strategy Paper and Annual Action Programmes (AAPs) that are issued by European Commission in April, after going through the comitology procedure.⁷ The Annual Action Programme also sets the third countries' CBSS financial envelopes.

The list of recipient countries is slightly enlarged almost every year. The countries are selected on the basis of a joint assessment by AIDCO and the respective EU Delegation, where they conclude that there is room for engaging with local civil society actors that have a certain absorption capacity and that there is a good chance that the implemented actions will have a substantial impact. Once a country is placed on the list, it usually stays there for the remaining years of the programming period.

The specific country envelope, i.e. the budget, is set on the basis of Delegations' requests. When preparing a request, the Delegations should consider an overall assessment of the situation in the country, including the actions financed under other EU instruments and activities of the EU member-states, and the implementation capacity of the Delegation.

⁷ It seems that the impact of the Council and European Parliament on the final look of the AAP is rather minimal; the European Parliament is in fact conducting an oversight of compliance with the legal bases. However, there was a case of successful inclusion of specific action fiches.

Many Delegations' staff admit that the second criterion is rather decisive, meaning that a smaller envelope is requested because there is insufficient administrative capacity to manage larger sums, i.e. more projects. The Delegations do not have to draw the whole allocation, although this does not happen so often.

On the other hand, Delegations can apply for an additional allocation if a high-quality project or projects end on a reserve list; it is up to the consideration of the local managing officer.

It usually takes 60 days to prepare a call; the draft guidelines, including the selected priorities and actions, are sent to Brussels for approval (AIDCO); frequently, there are follow-up comments and recommendations.

The broader list of priorities is created two or three years ahead; it is quite a long list, and relevant priorities can easily be selected from it. Usually, there are two lots (priorities) within a call: one is narrower and focuses on a specific issue, which is a focus for an extended period of time (such as children's rights or assistance to victims of torture), and addresses a specific circle of applicants; the other is broader. After 2011, there should be new priorities that will focus on narrower issues, on several specific areas, and an increased effort to avoid issues that can be covered from other instruments (such as protection of vulnerable groups).

In the four countries under consideration, the local NGOs mostly regard the priorities to be well-chosen; some are not regarded as burning issues, but as still relevant. A minority, however, expressed the opinion that even though the actions selected are appropriate overall, they in fact fall in line with the respective third country's government's priorities owing to a reluctance to contradict them.

CONSULTATIONS WITH CIVIL SOCIETY

The level, structure and frequency of the dialogue of the EU Delegations with the local civil society vary considerably. For effective programming and implementation of the EIDHR, it is very

important to know what is happening on the ground and what types of organisations are operating out there, as well as how the milieu is changing. Very often, the consultations take the form of an *ad hoc* general talk on the situation in the country with the Delegation figurehead and serve a purpose other than specifically preparations of EIDHR programming and guidelines.

The "usual suspects" are invited – "a group of human rights people", including representatives of big multi-issue NGOs, policy institutes, or local branches of international organisations and major foundations.

The representatives of small grass-roots NGOs working on the ground on particular issues are rarely invited to these meetings. The Delegation representatives also rarely carry out on-site visits to the NGOs in order to consult with the practitioners; given the staffing of some of the Delegations, this would be probably too time-consuming.

On the other hand, some Delegations run regular consultations during the programming period, using face-to-face meetings or on-line dialogues that have proved effective in assessing the general perspectives of a group of NGOs.

In difficult environments, the NGOs are usually consulted during official events and the circle of invited organisations is based on personal knowledge, while remaining open to new participants on the basis of personal recommendations. The NGOs consulted for this study expressed a rather positive opinion on the quality of communications and consultations with the local Delegations.

- The online consultation dialogues with civil society proved efficient when carried out in the local language, a tool that could be used more widely.
- The consultation sessions at the Delegations are mostly held in English, which might exclude some potential participants; face-to-face meetings could be more inclusive, and there are always local staff working on the programme with appropriate language skills.

- Some, often well-established organisations, prefer face-to-face consultations, which are demanding in terms of Delegation capacities, but can prove more mutually beneficial than standard *ad hoc* sessions dominated by the "usual suspects".

- Apart from consultations prior to the preparation of guidelines, feedback on the lessons learned from the implementation of EIDHR projects could be encouraged and acted upon.

APPLICATION AND GRANTING PROCEDURES

The Financial Regulation and its Implementing Rules provide the basic guidance under which the system of EIDHR calls for proposals is designed and implemented. The implementation is further regulated by the Practical Guide to Contract Procedures for EC External Actions (PRAG) that provides the information necessary to undertake a grant procedure from the very first steps to the award of contracts.

The managing officials at the Delegations receive notes from Brussels on certain implementation aspects such as re-granting, but there is no comprehensive handbook on EIDHR implementation that would include guidance on unclear issues (funding of non-registered entities, re-granting etc.). After the approval of the guidelines, some Delegations translate parts of the documents into local languages, using the 3 per cent CBSS allocation reserved for support measures.

For applicants, the process starts with registration in PADOR (Potential Applicants' Data Online Registration), which is managed by AIDCO and contains all organisations and their partners who apply for European Commission grants in the field of external assistance. The Delegations' managing officials consider the mandatory registration via the database to be useful, although they admit that there are difficulties for the applicants, especially shortly before the deadline.

The NGOs claim that the registration takes a lot of time and many documents need to be translated and uploaded (only in the later stage of the application process in the case of a restricted call where only a concept note has to be submitted in the first instance).

PADOR could represent a major obstacle for potential applicants with limited or slow access to the internet; however, from the Delegations' point of view, it is not feasible for the applicants facing such difficulties to register at the premises of the Delegations. Despite the fact that all supporting documents are uploaded into the database, the paper versions still need to be sent to Brussels as well. If the project of a new beneficiary is selected, the approval procedure of the complete documentation in Brussels can take from two weeks to one month, and thus lead to further delays in the grant-making process.

To date, the mechanism of calls for proposals has been effective in attracting considerable interest and competition (although some Delegations ran a combined call for 2009-2010 in order to have higher competition, but also in order to lower their workload). The number of proposals submitted usually greatly exceeds the number needed to spend the total budgets available (on average, one project is approved compared with every six non-funded applications).

The process of project selection, contract negotiation and the award of contracts have to be completed according to the $n + 1$ rule. In practice, this means that contracts must be awarded by the end of the year following the publication of the call. The Commission is still living with the reputation for being very slow in its grant-making, and the selection process cannot be truly concluded in less than six months, and in the case of restricted calls in less than nine months (see below). The EIDHR CBSS cannot be used for emergency issues, as it has a fixed procedure.

The Delegation officials undertake the assessment and evaluation of applications; an evaluation committee has to consist of an odd number of evaluators (there are usually three) from different departments in the Delegation.

Each proposal is read by two evaluators, and a third opinion might be requested when a significant discrepancy is evident between the assessments of the first two evaluators. The Delegations could also contract out to external consultants the evaluation process, but this does not happen very often. In the course of selection of projects, specific criteria are sometimes reflected, especially when selecting projects for countries under authoritarian rule. The eligibility check of the applicant usually runs at the very end of the selection procedure, and the evaluation of non-eligible applicants first undergoes the full evaluation circle.

Does a complex application procedure build capacity or stretch its limits?

The application process is generally considered complicated and time-consuming. Some of the Delegation officials say that the insistence on a certain level of quality and structure of the application, which might seem too complex and unjustifiably difficult, is actually part of the capacity-building efforts of the Commission to impose certain standards on local civil society.

At the same time, some Delegation staff admit that some sections of the application forms are unnecessary, and that the guidelines could be simplified and shortened.

Civil society organisations consider the applications difficult and a major workload; given the lack of spare administrative capacity of most NGOs, the completion of an application usually necessitates a curtailing of regular activities.

In addition, bureaucratic hurdles face less developed NGOs, and only the more established ones are considered to stand a chance of securing the funding; EIDHR is considered "second-level" funding. Some claim that the time period to prepare the application is too short; others complain there is not enough information available, explaining the guidelines and application procedure.

EU Delegations lack know-how to start funding non-registered NGOs

One of the instrument's major advantages, i.e. the possibility to fund non-registered NGOs, is not being deployed by the Delegations because they lack the knowledge required to implement it. Likewise, working with funding in cash is considered almost impossible; in sensitive environments, cash contributions have to be channelled through EU-based NGOs or through EU member-states.

It is also rather difficult for the beneficiaries to operate with EU funding in cash (i.e. there is no clear procedure on how to proceed when cash gets confiscated). The European Commission argues that it has its hand tied by the Financial Regulation; on the other hand, implementation practice from the area of direct support provided to human rights defenders and from implementation of *ad hoc* measures could be used.

- EU Delegations should disseminate better information about the instrument (via tailored presentations, for example).
- More capacity building of NGOs is needed in order for them to be able to submit high-quality applications. Brief training sessions for local NGOs on EU rules and application procedures could be introduced and covered from the 3 per cent support measures.
- It is very difficult for new NGOs to secure EIDHR funding. One of the instrument's guiding principles is to support the development of local civil society. Support for new actors and new partnerships with limited resources would encourage competition and allow new faces to appear.
- A comprehensive Handbook on EIDHR implementation should be developed, which would include calls for applications, procedural operations, standard procedures as well as guidance on unclear issues, such as re-granting.

- The requirement of prior PADOR registration in countries with a lack of internet access can be a major disadvantage for some organisations, hindering their access to funding. The Commission should carry out an analysis to ascertain where the lack of internet connections, especially in areas outside capital cities, can represent a barrier to potential applicants in certain countries, and then prepare specific measures and procedures for these countries.

- Eligibility rules should be clarified further in order to be able to truly accommodate non-registered entities - either as self-standing recipients or through a new form of partnership (when the applicant and direct beneficiary of the grant should assume financial and accounting liability for all expenses incurred).

- Clearer and shorter guidelines and simpler application forms would not only make it easier for local civil society organisations to apply, but would also make it possible to shorten the time taken to evaluate the applications submitted.

- AIDCO should further clarify what costs are eligible under the 3 per cent allocation for supporting measures since there is confusion in the implementing Delegations on how to spend it: some use it for translations and evaluation costs, some for other purposes.⁸

⁸ Although the EIDHR Regulation is quite specific on this, further measures can be adopted: Title 1. Art. 8 Support measures:

1. Community financing under this Regulation may cover expenditure associated with the preparation, follow-up, monitoring, audit and evaluation activities directly necessary for the implementation of this Regulation and the achievement of its objectives, such as studies, meetings, information, awareness-raising, training and publication activities, including training and educational measures for partners from civil society, expenditure associated with computer networks for the exchange of information, and any other administrative or technical assistance expenditure necessary for the management of the programme. It may also cover expenditure, where appropriate, for actions to highlight the Community character of the assistance measures, and for activities to explain the objectives and results of assistance measures to the general public in the countries concerned.
2. Community financing shall also cover expenditure at Commission delegations on the administrative support needed to manage operations financed under this Regulation.
3. The Commission shall adopt Support Measures not covered by Strategy Papers as referred to in Article 5 in accordance with Article 7(3) and (4).

Open or restricted calls?

There is a possibility to run a two-stage selection process under the restricted calls for proposals, and this has been used by some Delegations. Applicants are usually given about two months from the date of publication of the call to register in PADOR and to submit their concept notes that are evaluated and, only if they are shortlisted should a full proposal be submitted. Some of the supporting documents can be uploaded to PADOR later on after the submission deadline.

The restricted calls are not mandatory and some of the Delegations stick to the usual open calls when an applicant has to submit the full proposal and all supporting documents at once. However, there is a tendency to prioritise the restricted calls in Brussels, and it can be expected that this will become rather the rule than the exception; this measure is considered to substantially ease the application process for the NGOs.

The Delegations that use open calls argue that to separate a concept note and full proposal is not useful since the content can differ substantially and it is also more demanding in terms of manpower. It is true that under restricted calls the administrative check and evaluation have to take place twice, and the selection procedure takes longer, usually nine months.

From the side of the NGOs, in the course of interviews only one organisation expressed the opinion that the two-step selection procedure was not useful because the concept note is refined only when cross-checked with the full proposal.

Two-steps process favoured over one-step

The overwhelming majority of the organisations welcome the restricted, two-step calls; the application process for EU funding is considered very demanding, and a possibility to submit a short concept note is seen as a

major improvement, raising the competition of ideas and making the application process more open. If the managing official finds the concept note interesting despite a low level of English-language proficiency, for example, further investment into the quality of the proposal can be encouraged.

The applicants are informed in writing about the status of their concept notes, and receive information about the points they scored in different sections. With regard to the principle of fair competition and the high number of selected concept notes (usually about 30 concept notes), there is, however, no practice of personal consultations with the shortlisted applicants despite the fact it would have a positive impact in terms of improving the quality of the full proposals.

- The use of restricted calls (shortlisting on the basis of initial concept note before full applications are submitted) could allow for further communication between an NGO and the managing official that could comment on parts of the selected concept notes and encourage improvements; with the increasing level of staffing in Delegations, this practice should be encouraged in order to achieve improved impact of CBSS projects.
- The selection process run under restricted calls could be shortened down to an average six months in length, as envisaged by the Commission, if the Delegations were more often to contract out to external consultants parts of the evaluation process and if the applications were simplified.

Local versus EU civil society support

The instrument works through civil society organisations with no *a priori* geographic restrictions, but one of its main aims is to support local civil society development, especially through the CBSS. Under the CBSS calls, EU-based NGOs were eligible; since 2010, they

can explicitly apply directly without a local partner under these calls.

There is a debate as to whether the competition of EU NGOs can have a negative impact on the capacity and development of local civil society. Some argue that the EU-based NGOs are more experienced and efficient in project writing, and their competition is a serious issue.

As it is not legally possible to limit the eligibility of EU NGOs, in the call guidelines the Delegations usually strongly encourage partnerships of local and EU organisations, set additional criteria (e.g., to have a bank account in the given third country), or consider adjusting the grant size so that it would not be too attractive for EU-based NGOs.

OVERALL PROJECT AND PROGRAMME EVALUATION

The Delegations are in charge of the country project and programme evaluations, and of drafting the evaluation guidelines; and they also decide if the results will be made public. The evaluations made by Brussels are theme-based and carried out on the global level, and usually include a longer time period involving also the actions and projects carried out within the previous financial period (i.e. actions implemented within the European Initiative for Democracy and Human Rights).

The evaluations of programme efficiency in a third country are usually run by a group of three independent experts, including a local one, that carry out on-site project visits and structured interviews with the grantees. The project's efficiency and impact is often measured by self-evaluation of the grantees.

DONORS' CO-ORDINATION

The level of donors' co-ordination differs country by country; in most cases, it is rather informal and unstructured. It is generally the

case that the more "difficult" the country is, the better and more structured the co-ordination is. On the level of particular projects, the co-ordination is assured only on the basis of *ad hoc* personal contacts between the managing officers. The NGOs usually do not know how the donors' co-ordination works.

- The NGOs would welcome the creations of "Donors' Clubs" that would facilitate meetings of the donors and the local and international grantees (beneficiaries of macro and micro projects), where the problems and opportunities could be discussed. The Delegations could establish such "Donors' Clubs" in co-operation with other major donors present in the country as one of the ways to increase their visibility and the visibility of the EIDHR.

THE NGOS' PERSPECTIVE

New and small NGOs have the most difficulties in preparing proposals that meet EU standards. There is also a lack of understanding of the English language, although the situation is much better than in the past. Some NGOs are recycling projects for different donors, as revealed by Delegations' checks; however, these cases are rather rare. Within the actual project implementation, some financial aspects can turn problematic (high salaries), and over-ambitious objectives might not be reflected in the actual activities, creating confusion during the implementation phase.

SIZE OF GRANTS

The grant amounts for projects implemented under CBSS have to fall between € 10,000 - 300,000. According to AIDCO, the average size of a CBSS grant awarded is slightly above € 50,000. In the selected target countries, the average sum amounted to almost € 88,000. Within most of the Delegations visited, bigger grants were preferred due to the lower total workload.

With regard to staffing, more grants of smaller amounts would be difficult to manage in some

cases. The bigger Delegations naturally have an advantage on the managerial side; however, some officials also stated that Brussels does not like small contracts. A grant of € 10,000 is not realistic within EIDHR CBSS.

According to some, this will not change even with improved staffing of Delegations against the background of other EU instruments such as NSA-LA or the new scheme for small projects under the European Neighbourhood Policy Instrument (ENPI), and especially given the emphasis on the re-granting possibility.

The lowest threshold of a total grant amount within CBSS calls in selected target countries was € 35,000. The Delegations' staff generally considered the grant amounts to be appropriate and accessible for most NGOs in the respective countries; the smaller NGOs are advised to team up with partners.

Furthermore, most of the civil society organisations interviewed stated that they did not have problems with the size of the grants provided that partnerships, re-granting and sub-contracting could be duly applied; higher amounts allow for tackling issues better.

It seems that the EIDHR CBSS has a good niche here with medium-sized grants; while smaller grants are awarded on more flexible conditions by the embassies of the EU member-states or the USA, or by other donors.

- There is a tendency towards awarding bigger grants for a longer period of time (at least 18 months) under CBSS. Re-granting has to be duly supported and implemented by selected NGOs.
- Given the application procedure and financial rules guiding the contracts, as well as the response from civil society, the CBSS grants should fall within the medium-size grant range, while slightly differing country by country and in relation to the other instruments in place (NSA-LA).
- The administrative capacity of the Delegations should improve with the arrival of the European

External Action Service; some Delegations have already asked for more personnel. With the inclination towards bigger grants, the additional personnel should work on improving other issues such as dialogue with civil society, mapping of local stakeholders, and on-site visits to NGOs implementing projects and to other potential partners.

CO-FINANCING RATE

The maximum rate of Community financing for Country-Based Support Schemes can be up to 95 per cent. Full financing may only be applied in cases provided for in Article 253⁹ of the Implementing Rules of the Financial Regulations - where financing in full is essential in order to carry out the action in question.

Cases of full project financing are rare within EIDHR Objective 1 projects, and unknown within CBSS. Full financing was approved in the cases of trusted and proven partners that applied for a unique project or follow-up projects with high implementation demands.

The co-financing rate is set by the Delegations and usually ranges between 5-20 per cent;

⁹ Article 253 Financing in full (Article 196 of the Financial Regulation)

1. By way of derogation from the co-financing requirement in connection with grants, referred to in Article 109 of the Financial Regulation, the financing of an action in full may be authorised in the following cases, save where prohibited by the basic act:

(a) humanitarian aid, including assistance for refugees, uprooted persons, rehabilitation and mine disposal;

(b) aid in crisis situations within the meaning of Article 168(2);

(c) actions for the protection of the health or fundamental rights of peoples;

(d) actions resulting from the implementation of financing agreements with third countries or actions with international organisations within the meaning of Article 43;

(e) where it is in the interests of the Community to be the sole donor to an action, and in particular to ensure visibility of a Community action.

2. Grounds shall be provided in the award decision relating to the action in question in the case of any derogation from the co-financing requirement, as provided for in paragraph 1. The authorising officer must be in a position to show that financing in full is essential to carry out the action in question. However, in the case of point (e) of paragraph 1, grounds shall be provided in the financing decision of the Commission.

in selected target countries, a 5 per cent rate is quite common. The rate must be approved by Brussels, and there is usually a note on co-financing issued by AIDCO for these calls.

The reaction of the local civil society is mixed: most of them consider the 5 per cent co-financing rate comfortable; some say it could be even higher, while some state that some NGOs could have problems with it, and point to concern at the donors' withdrawal and shrinking opportunities for co-financing due to the worse situation since the economic crisis.

- The co-financing rate for CBSS projects should remain at around 5 per cent; NGOs can mostly operate comfortably with this condition, seeking co-funding through small grants awarded by EU member-states' embassies.
- Where possible, agreement could be reached for projects approved within EIDHR CBSS with grant-making EU member-states' embassies so that they would allocate a specific budget for this purpose (in some cases, the list of approved projects is already shared with major donors such as USAID).

RE-GRANTING

The Financial Regulation and its Implementing Rules provide a certain flexibility for re-granting within all external action instruments.¹⁰ Within the EIDHR, the Commission sees re-granting as a crucial tool for channelling small grants to civil society actors working under constraints or in difficult areas, and to small NGOs that cannot access standard funding.

According to the Commission, the NGOs have not been using the re-granting as widely as

¹⁰ FR/Art. 120/2: *Where implementation of the action requires financial support to be given to third parties, the beneficiary of a Community grant may give such financial support provided that the following conditions are met: (a) the financial support is not the primary aim of the action; (b) the conditions for the giving of such support are strictly defined in the grant decision or agreement between the beneficiary and the Commission, with no margin for discretion; (c) the amounts concerned are small. The maximum amounts are defined in the Implementing Rules, Art. 184a.*

was expected (only 10 per cent of applications under Objective 1 included re-granting).

However, Brussels started encouraging re-granting on a larger scale only in 2009; in March 2009, a special note on re-granting was issued. Within the CBSS, more than half of the projects selected in the most recent calls include re-granting.

There is no wide implementation experience, and some problems might emerge. For example, the re-granting organisation would be held liable for any potential losses related to re-granting, but there is no body of experience for cases of freezing NGOs accounts or money forfeiture, or for compensation of such funds that are necessary for completing the envisaged actions. There must be also a proof that the re-granted sum was spent legally, which could prove difficult under certain circumstances.

Moreover, only legally registered organisations are eligible for re-granting. According to NGOs, the distinction between project partnership¹¹ and re-granting should be made clearer. Some local obstacles to efficient re-granting might also arise. In Georgia, for example, organisations registered as NGOs cannot re-grant; only foundations can.

There are also limits as to the maximum sum that can be re-granted (€ 100,000 in total, and € 10,000 per organisation). In the deliberations over future amendments of the Financial Regulation and Implementing Rules,

¹¹ *Applicants may act individually or with partner organisations. Partners: Applicants' partners participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the grant Beneficiary. They must therefore satisfy the same eligibility criteria as applicants. In addition the following are however also eligible: legal persons, non-profit making, non-governmental organisation or higher education institution, legal persons of EU nationality, non-profit making, non-governmental organisation or higher education institution, legal persons having nationality of a country in an accession or official candidate country as recognised by EU or in a Member State of the European Economic Area, non-profit making, non-governmental organisation or higher education institution, international and regional inter-governmental organizations as defined by Article 43 of the Implementing Rules of the EC Financial Regulation. The only 'partners' that do not have to fulfil the standard eligibility criteria are project associates that are organisations involved in the action but not receiving funding from the grant with the exception of per diem or travel costs.*

the Commission wants to push for more flexibility and higher amounts in re-granting. It is definitely a reasonable way to channel small sums via big EU-based NGOs on a larger scale, and distribute smaller amounts through trusted local partners in the third countries.

Re-granting begins to take root

According to local civil society actors, re-granting makes sense and should be further encouraged and developed; the management of small sums transferred to local NGOs allows for innovative actions and makes the funding accessible for small local NGOs.

- The Commission should develop clear guidance on re-granting on the basis of the experience of implementation.
- A forum for early sharing of the implementation practice of the re-granting NGOs could be established, as well as a space for managing Delegations' officers to share experience.
- The Commission should push for a further loosening of the Financial Regulation and Implementing Rules in terms of re-granting amounts and conditions for re-granting.
- In countries where NGOs are legally restricted from providing re-granting, specific forms of project partnerships could be developed.

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