

DIPLOMATIC INFLUENCE & VALUES (DIV) FUND 2011/12 – 2014/15

REUNITING EUROPE (RE) STRAND: STRATEGY PAPER

Introduction

1. Reuniting Europe programme activity is part of The Diplomatic Influence and Values Fund. This has been created to support the Foreign Secretary's Implementation Plan under which the FCO will, "pursue an active and activist foreign policy, working with other countries and strengthening the rules-based international system in support of our values". In addition to Reuniting Europe, the Fund covers a wide-ranging and valuable set of existing funds and new proposals, including the Arab Human Development Fund; Overseas Territories; Human Rights and Democracy; the Westminster Foundation for Democracy; Strategic Communications; Scholarships and bilateral programme activity.
2. The Reuniting Europe element of the DIV Fund accounts for £3million (or 6%) of the total £50million pot for FY 2011/12. It will cover Turkey and the Western Balkans. A declining trajectory has been set for all FCO programme spend over the next four years but we would hope to at least maintain the same percentage of DIV funding given the Foreign Secretary's call for, "a sustained effort to put the countries of [the Balkans region] irreversibly on the path to joining the EU" and his promise that, "Britain will be a committed and reliable partner in this effort".

Ambition

3. The Reuniting Europe (RE) Fund will help build and retain Britain's influence in Turkey and the Western Balkans, including by promoting British values and diplomatic influence. Working with other Government Departments, the programme will also support further enlargement of the EU into the Western Balkans and Turkey when necessary conditions are met.
4. Turkey is of strategic importance to the UK and the EU as a comparatively stable, modernising, economically significant and democratic country in a difficult and unstable region and the Government has made clear its commitment to Turkey's future membership of the EU in this light. The Western Balkans is also important, not least because organised crime, illegal migration and trafficking from the region already have a direct impact on the UK and such threats will increase significantly if the current measure of stability wanes. The Government has confirmed its enduring commitment to EU and NATO membership as the key to shoring up long-term stability in the region. The region is also seen as a significant 'test case' for the effectiveness of the EU's foreign policy, on its own doorstep.

Objectives

5. The Fund's objective is to facilitate the implementation of reforms in four key areas which were highlighted in the latest EC progress reports as imperative for eventual EU accession. These are set out below. We encourage Posts to focus on two (maximum three) objectives which are central to their Country Business Plans.

Objective A: To support political reforms and undertake political advocacy

Political advocacy in support of EU membership is as important as concrete reform work. As the UK is one of the strongest supporters of EU enlargement, we want to focus on establishing effective means of communicating to the public in candidate and potential candidate countries the benefits of EU membership. We will also work to take forward broader political issues such as improving relations with neighbouring countries; a key issue in the accession process for many of our eight countries and which has been cited in the latest (2010) EU Country Progress Report Strategy.

Indicators

A.1 The implementation of approximately 5 reforms supported across our 8 countries each year. Local capacity and knowledge to facilitate their implementation increased and UK best practice used where appropriate;

A.2 Improved capacity of civil service and media knowledge of how to effectively communicate the benefits of eventual EU membership to their public, both within the target country and to neighbouring states (both EU and non-EU);

A.3 Improved-Relations with neighbouring states in key policy areas eg: Turkey's relations with its neighbours over handling Kurdish separatism and the Middle East and Serbia/Albania, Macedonia and her neighbours.

Objective B: To increase political transparency and good governance

The EU's agreements and action plans with neighbouring countries place a strong emphasis on progress in the fields of political transparency and good governance. These are fundamental to political and economic development, to combating corruption, building investor confidence and paving the way for closer EU integration.

Indicators

B.1 Legal and institutional checks and balances established and in operation in support of greater transparency in policy-making and implementation

B.2 More rigorous control of economic policy making and an increase in investor confidence enhancing broader commercial diplomacy efforts in the region. ;

B.2 Improved legal framework for the establishment and implementation of anti-corruption strategies;

B.3 Mechanisms in place and skills developed and deployed to enable citizens to engage with elected political representatives and so participate in local and national political processes;

B.4 Improved media capacity to act as an agent for transparency and accountability developed and mobilised; including activity in support of media freedom and wider freedom of expression.

Objective C: To build capacity in public administration

Co-ordination of the legislative, administrative, operational and policy work demanded by the EU integration process is a formidable challenge. Governments need to review the scale and organisation of their human and financial resources and put in place strong systems for strategic direction and communication at central, regional and local level. This is a long process that may need to be supported well before accession negotiations begin. The UK is recognised as one of the most efficient EU "operators" and its expertise in this area is in great demand.

Indicators

C.1 Increase in structures, mechanisms and skills (which draw on UK best practice) to support an effective and politically neutral civil service. These include transparent recruiting on the basis of merit, strengthened business planning and performance management systems and effective financial and HR management;

C.2 Establish and bring into operation best practice models (which were previously lacking) for policy-making, service delivery and performance measurement key areas of public administration. These will also support of broader economic improvements, eg: financial regulatory impact assessments;

C3 Structures, mechanisms and skills for the planning and co-ordination of the EU integration process put in place. These include developing capacity in local and regional authorities to improve their chances of gaining access to, and effectively deploying, EU funds.

C.4 Key non-governmental stakeholders demonstrably willing and able to contribute to the success of the EU integration process in their respective countries.

Objective D: To strengthen reforms in the justice sector and promote human rights

This is one of the most challenging aspects of the EU harmonisation process. There is already substantial investment in this area by the EU and others, but monitoring suggests that more progress is needed and our targeted interventions can effect real change. We adopt a collaborative approach, involving senior government officials and involving well-respected experts from the UK to encourage good communication and help build trust. This joined-up working can have a transforming effect in safeguarding human rights, reducing corruption, increasing efficiency and winning public and investor confidence. Aspects of human and minority rights can be particularly challenging but successful social inclusion is crucial in many of countries we work in if they are to achieve political and economic stability and may be fundamental to the process of integration with the EU.

Indicators

D.1 Mechanisms established and operational capacity developed to increase the transparency of - and public confidence in - the judicial system, border management and law enforcement. Includes the requirement for inter-agency and cross-border co-operation to enhance effectiveness in combating organised and other serious crime;

D.2 Mechanisms and models developed and operational and capacity building undertaken to reduce the burden on courts and prisons, including through inter-agency co-operation;

D.3 Enhanced capacity and commitment to integrate marginalised and minority groups in general in order to meet international human rights standards and safeguard the rights of vulnerable communities in the justice system;

D.4 Improved legislative frameworks to facilitate free and fair elections.

Impact

6. The Reuniting Europe Fund is unique amongst donor activity in the EU field for its focussed and strategic approach to all these important objectives. It will continue to specialise in delivering modestly valued projects which have a large and wide-reaching impact; be it through the engagement of senior government officials, effecting legislative and structural changes or leveraging further EC funds to ensure the sustainability of FCO programme work. We are quick to identify areas where the EU has yet to have involvement (eg: in establishing better processes in the Albanian High Court) and to venture into new areas, benefitting from

the good reputation of HMG and the profile of our Ambassadors (who are often personally involved in project events).

7. The overall impact of this strategy will be monitored by employing the following process indicators:

I). Demonstrable Impact

- 80% of projects operating at the policy-making level, influencing the development of policy or the public and media debate;
- 30% of projects have the involvement or active participation of PAGs;

II). Leveraging

- Follow up projects funded by host governments or other donors should seek to leverage as much funding as possible-equating to 100% of the value of the original RE project where viable;
- 70% of project bids should provide clear evidence of how the project fits into future EU funding plans and therefore has the potential to leverage IPA (EU) funds on behalf of HMG after project completion;
- 100% of selected projects demonstrate in project bids (a) evidence of consultation with other donors and (b) provision for sustainability;

III). Strategic Ambition

- 100% of projects work to support Post Country Business Plans and enhance the UK's overall diplomatic effort;
- 75% of projects engage UK or host government Ministers.

Distinctiveness

8. Across Europe, the prospect of EU membership is the main driver of positive change. The EU galvanises reform by opening up trade, agreeing ambitious reform commitments with aspirant states and using its assistance programmes to get reform implemented. However, EU programmes are slow to implement and reluctant to focus on difficult and controversial reforms such as tackling corruption. While the EU is good at getting new laws written, it is rather less good at getting countries to set up effective police and judicial systems. Thus, the UK can set the policy reform agenda by being able to move quickly, to target politically difficult issues (eg: minority rights or policy reform) and to get UK advice and advisers into key positions.
9. UK Programmes are also a vital tool in influencing and leveraging the €3 billion per annum EU assistance programmes. They support the UK National Contact Point for Twinning, key PAGs involved in Twinning work and Posts to agree a consistent UK message and increase our influence on host government and EU plans. For example, the UK was successful in winning a Twinning project worth € 750,000 in Bosnia and Herzegovina and a €1.1m project on the Probation Service in Croatia in 2010 and have won several projects in Turkey in previous years. The project, providing training to Criminal Investigation Units and state Prosecutors to combat fraud, built on the portfolio of Justice Sector reform and capacity building projects run by the Reuniting Europe Fund in Bosnia. Project Officers liaise closely with the EC Delegations in their countries and considerable effort is being made to increase the number of Twinning projects which directly follow on from Reuniting Europe project work.
10. DFID's departure from the entire Balkans region except Kosovo by the end of March 2011 (and from Kosovo by December 2012) means it is unlikely that these countries will have access to any other significant sources of programme funding to support their capacity-building and EU accession aspirations.

Contribution to ODA target

11. 100% of the funding allocated to the Western Balkans and Turkey under the auspices of the Reuniting Europe agenda will contribute to the FCO's ODA target.
12. Historically, 88% of Reuniting Europe spend has counted towards our ODA target. The 12% that is not DAC-able has covered programme work in northern Cyprus. Cyprus joined the EU as a divided country in 2004, as part of the largest wave of EU enlargement to date. Due to the political situation on the island, the EU acquis (EU body of law) remains suspended in the north. The Cyprus "problem" is the immediate obstacle to progress on Turkey's EU accession and the status quo on the island is in no-one's long-term interest; but the outlook is currently very uncertain. The victory of the nationalist Erođlu in elections in April 2010 in the north has meant that the settlement talks are unlikely to bear fruit and our programme activity in support of the EU acquis in the north of the island is therefore currently less of a priority. We envisage that any programme work that continues to be worthwhile in this area can be covered from Europe Directorate's Bilateral Programme Budget (BPB) for the immediate future.

Programme Management

13. The Reuniting Europe Fund will be managed by the Europe Programme Team in London, with strategic policy guidance and oversight from a Senior Responsible Owner (SRO) and a Programme Board, which includes members from PAGs including DFID, MOJ and the Home Office. Posts in partner countries are responsible for driving the Programme to deliver its objectives, which must be reflected in Posts' Country Business Plans. Individual Posts are also responsible for project development and day-to-day management of ongoing projects. The Programme Team and Posts are expected to make effective use of programme and project management tools to maximise the value and benefits of programme activity.

Link to Programme Office Webpage:

<http://www.fconet.fco.gov.uk/Doing+my+Job/Good+Practice/ProgrammeMngtToolkit/>

Bidding Arrangements 2011

14. Posts are to prepare bids to the level of their indicative allocations (agreed with the SRO) in accordance with the following timetable. Indicative allocations take account of Posts' own assessment of their capacity to absorb funding. The requirement for a supplementary bidding round will be determined by the end of April. If individual posts duly prove unable to put forward sufficient successful project proposals to account for their indicative allocations, the Programme Board retains the flexibility to allocate any uncommitted funding to credible project proposals from other RE Posts.
- W/b 3 January 2011 – Opening of bidding round.
 - Friday 28 January – Deadline for implementers to submit concept bids to Posts
 - Friday 11 February - Deadline for Posts to submit (prioritised) concepts to EPT
 - Friday 25 February – Deadline for EPT to have commented on concept bids
 - Friday 18 March – Deadline for receipt of full bids in EPT
 - w/b 21 March - Full bids assessed by EPT
 - w/b 28 March or w/b 4 April - RE Board to sit to evaluate bids
 - All project bids to be finalised and fully approved in advance of the Easter weekend (22-25 April)

Europe Programme Team

February 2011