
Fact Sheet on NGO funding by the EU

What are Non-Governmental Organisations (NGOs)?

- NGOs are part of civil society organisations (CSO). According to the United Nations, Civil Society is part of the political life of any democracy alongside with government, media, and businesses. NGOs are independent from the state and business interest and play various roles from watch-dogs and public interest advocates to implementers and providers of social, health and education services to citizens. Civil Society has a role in working for public good and in promoting active participation of citizens in the various aspects of political life.
- NGOs work both at National Level in the EU member states, as well as at the EU level. Most of them are networks of national platform or associations. NGOs working in Brussels follow closely the EU policies and processes in relevant areas; NGOs are regularly consulted by the European Commission on various policy areas. Article 11 of the TFUE requires EU organisations to “maintain an open, transparent and regular dialogue with representative associations and civil society”
- NGOs work in a variety of policy areas from development, humanitarian action, human rights, to environment, social policies, youth, education, culture, etc.

Why it is important to fund NGOs?

- NGOs as a rule are non-profit and are run mostly on donor and membership support (if the NGO is membership-based).
- NGOs are part of civil society, and civil society organisations (CSOs) play a crucial role in promoting active citizenship in Europe. Participatory democracy needs intermediary bodies if it is to involve the public and encourage them to express their views. A robust, independent and diversified organised civil society is underpinned by adequate public financing.
- Funding that goes to NGOs also contributes to growth and employment. In France civil society represents 10% of the GDP. One Euro invested in CSOs is a Euro invested in equality and inclusiveness
- State and government authorities need specialist support from NGOs in delivering services. NGOs are mostly active on the ground to respond to societal needs: from the promotion of training, informal education, to youth and civic participation, social services, to the protection of our heritage, the environment, delivering civil protection *They also facilitate dialogue and negotiation preventing conflicts.*
- In Europe, over one third of Europeans volunteer in an association. A Eurobarometer survey published in April 2015, revealed that the most common areas for volunteering are charity, humanitarian and development aid (44 %); education, training or sport (40 %), and culture or art (15 %¹).

¹ [http://www.europarl.europa.eu/RegData/etudes/ATAG/2016/589841/EPRS_ATA\(2016\)589841_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2016/589841/EPRS_ATA(2016)589841_EN.pdf)

How do NGOs contribute to EU policies? Why is their critical voice important?

- At the European level, CSOs contribute to the definition of European policies that promote the general interest. As they have the ability to foster the engagement of those that are not sufficiently heard because of discrimination, exclusion, etc., CSOs enhance greater participation. Groups or issues that have a “weaker voice” in society would never be represented. Their participation is necessary to contribute to rebalancing commercial or other interests. Without public funding corporate or financial interests would prevail even more. This is the important role that EU networks of NGOs play, in addition to building consensus and reinforcing expertise among their members. They also contribute to building the capacity of national civil society organisations and their participation into EU policies.
- Cooperation and exchange at EU level allows NGOs to be more effective in their work at national and local level.
- NGOs play also an important watchdog role, holding authorities accountable for their actions, campaigning against abuses of power and for the protection and promotion of Human Rights, consumer rights....
- NGOs bring a critical added value in delivering development cooperation and humanitarian aid, due to their field presence, working with local actors and grassroots, flexibility and capacity to adapt to rapidly changing and challenging environments with a high degree of specialisation and reduced costs
- The EU must avoid the temptation to control the view of CSOs it funds, so as to protect its independence.

What kind of EU funding is available to NGOs?

- The EU funds NGOs mostly for their activities on the ground, but also to ensure the contribution of citizens into EU policies.
- There are different types of funding: projects and core funding. Project funding represents biggest share (percentage)
- NGOs can apply to EU funding programmes or at national/regional level to the ESIF
- Only a few programmes include a specific strand for civil society organisations, although many are open to their participation. Others are specifically targeted to public authorities or industry. CSOs as a group are a small beneficiary of EU funding compared to other actors.

How is EU funding allocated to NGOs?

- NGOs participate like any other public and private entity to open calls for proposals, tenders, etc. as a result of the adoption of the different funding programmes co-decided by the European Parliament and the Council.
- They receive funding if they meet successfully the requirements of the calls for proposals. There are very limited exceptions to this such as for urgent humanitarian aid, where other procedures apply. There are also limited exemptions for other beneficiaries.

What is the amount of the EU budget that goes to NGOs?

- A number of recent reports indicate that around 1,2 billion of the annual EU budget would be allocated to NGOs in humanitarian aid and development cooperation (15% of the heading Europe in the world)², while funding to NGOs in other headings remain quite limited: 0,08% of the heading “sustainable growth: natural resources”, 2, of the heading “Security and Citizenship” and less than 0,009% of the heading “Smart and Inclusive Growth”³.
- While the amount seems important, it does only constitute a bit more than 2% of the overall budget, with a high proportion dedicated to humanitarian aid. It is difficult to have a clear cut figure as the EU budget as much as any national budget is not organised according to categories of beneficiaries.
- In general, we see in Europe a decreasing availability of public funding to NGOs or to areas where civil society organisations are active. Yet challenges to sustainable development and human rights globally mean that the role of civil society is more important than ever in building resilient, just and democratic societies.

Is it true that only a limited number of big NGOs receives funding from the EU?

- The EU funds a great number of NGOs for very different amounts from small grants of 30 000 € for civic participation action across different European countries or transnational youth activities to over 3 million € for complex humanitarian aid activities to assist vulnerable populations in conflict areas in Syria.
- Numerous civil society organisations from all EU countries and across a wide variety of sectors receive EU funding. In certain areas that require complex intervention and logistics, and the ability to intervene in risky areas, there is a more limited number of organisations that are beneficiary of EU funds. This is including also national NGOs.
- NGOs advocate for ensuring that EU funding is open to all civil society organisations whatever their size. We are concerned of the increasing tendency for administrative reasons to raise the amount of grants and reduce beneficiaries. It is important to find solutions as to allow also for small innovative value projects to be funded. The EU has also to further invest into capacity building of civil society.

How can I know what are the NGOs that receive EU funding?

- The different EU programme databases allow all citizens having a complete overview of projects funded by the EU. There is also a common database known as the Financial Transparency System. However, this database is not complete, it is not user-friendly. For instance, it indicates the amount of the grant provided for in the contract, but not the actual payments disbursed. The Financial Transparency System allows to search by not for profit organisations and by NGOs funds that are provided through direct management (programmes directly managed by the European Commission). This represents only 20% of the EU budget as ESI Funds and agricultural policies are decentralised. In addition, also parts of EU programmes are managed by the Member States. Please note that the category Not for profit organisations

² EuropAid

³ Opinion SOC/563 Financing of civil society organisations by the EU October 2017

includes professional or industry federations, trade unions, universities, etc. so it is quite difficult to extract the relevant data. It is also not currently possible to extract data from this database for private companies or public authorities, who are much greater beneficiaries of EU budget. The Commission must still do some efforts to integrate all these databases in a unique system that would facilitate consultation and use.

- The EU transparency register also allows consulting annual budget and funding sources of organisations that are registered as interest groups.
- NGOs that are funded by the EU are obliged to indicate EU support in their website and publications. Most of them include in their website as well more detailed information on the different projects for which they receive funding.
- In several EU countries, public registers allow you to have access to the statutes of the organisations, their Board, their annual accounts. Organisations also need to ensure an audit of their accounts by a certified auditors and their Board is accountable to the General Assembly just like companies. Although these principles are common, rules differ from country to country.
- Several CSOs have long advocated for a statute of a European Association that would allow organisations working at a transnational level to have a common set of minimum rules.

How is NGO funding controlled?

- NGOs that receive EU funding are submitted to procedures laid down in the financial regulations which apply equally to all beneficiaries of EU funding. There are some differences according to funding programmes and to the amounts or type of the grants. However strict reporting rules are applied to all with detailed narrative and financial reports with a detailed breakdown of expenses. A specific framework for reporting must be respected. Invoices must be kept for 5 years after the closing of the project according to the new revised rules and ex post audits can happen within that timeframe. The EC asks regularly for random evidence for the expenses in the interim or final reports. Also ex post audits either performed by another service of the EC or an independent auditor mandated by the European Commission are regular. Programmes that are funding NGOs do not have a higher percentage of errors compared to others. The highest percentage of errors according to the European Court of Auditors annual reports are in cohesion and structural funds, agriculture & fisheries and also research, all areas where NGO involvement is low or very low.
- EC funding control mechanisms are among the strictest compared to national or private funders. However, EC requirements are also over complicated and burdensome. For this reason, the latest revision of the financial regulations has led to some simplification, welcomed by all types of beneficiaries. Finally, the European Court of Auditors by auditing the European Commission spending has also access to NGOs accounts and can perform also on site audits in the framework of its controls.