

## **CSE welcomes the ECA report on transparency of EU funds contracted with NGOs and supports the call for a better definition of NGOs at EU level**

Civil Society Europe welcomes [the European Court of Auditors \(ECA\) report](#) as a contribution to ensuring further transparency by the European Union on how EU money is spent. This will allow us to better show the added value of our work and stand ready to further improve in the future, at a time where NGOs are facing growing challenges around the world. NGOs are strongly committed to transparency on funding, as well as to ensuring internal and external checks and controls. However, the study has revealed that a clear definition of NGOs is needed at EU level.

We note that **funding allocated to NGOs represents 1.7% of the EU budget**, according to the report. **The report is not an audit of the EU funds spend by NGOs, but an assessment of the systems that the Commission has in place to ensure transparency of EU funding**, focusing mainly on external actions. **The report is also based on an undefined concept of NGOs at EU level.**

In particular, **we welcome recommendations calling the European Commission to standardise and improve accuracy of information published, and we call for this to be made available per category of beneficiaries.** Currently EU funding procedures are fragmented within programmes but **all beneficiaries, including NGOs, are bound by the same financial regulations.**

As of today, there is no comprehensive and consistent database system that allows detailed public scrutiny of the destination of EU Funds. Currently only around 20% of the EU funds managed directly by the European Commission are searchable on line through the Financial Transparency System and research by category of beneficiaries can only be done either for not for profit entities or NGOs, the latter representing only 1,88 % of the EU budget plus the European Development Fund between 2014-2017.

So-called 'shared management' funding – including agriculture and structural investments – is not centrally searchable online. In addition, private or public funding can only be searched for individual companies or entities. **In this sense we agree with the European Commission that in this context NGOs should not be singled out among the beneficiaries, however we also believe that transparency should be ensured for all categories of beneficiaries.** In addition, the database should contain amounts actually paid and not those committed to ensure consistency with beneficiaries' accounts and national registers, and allow better scrutiny.

**The share of funding attributed to NGOs is overstated because of a lack of consistent**

**definitions** as we can read in the ECA report. For instance, most of the funding attributed to NGOs within the Smart and Inclusive growth has been allocated to not for profit bodies such as universities or research institutes.

We welcome therefore the proposal for common guidelines on NGO definition to be used in grant applications that would allow to better identify NGOs, and therefore also to measure EU contribution to strengthening civil society organisations whose work is an essential part of a healthy, functioning democracy, whether in the EU or externally[1].

We note that the European Commission has made progress in the transparency of allocation of funding in the external area compared to other areas of direct implementation. We welcome these improvements, notably through the development of framework partnership agreements, which also bring further assurance to beneficiaries and match better NGOs own reporting and monitoring systems.

We also welcome simplification in the recently adopted financial regulations. Rules are often difficult to understand and even implemented differently by different European Commission officials, which is unhelpful and confusing for beneficiaries, and lead to unnecessary errors. The latest annual ECA reports show that financial rules simplification can lead to a lower percentage of errors. **We believe that Transparency can only be effective if accompanied by measures to reduce red tape.**

We hope that this report will lead to further transparency of information on the use of EU budget by the different categories of beneficiaries and whether managed directly by the EU or through Member States and to identify different beneficiaries. **We stand ready to cooperate with the European Commission to ensure implementation of the recommendations of the European Court of Auditors.**

For further information please find [CSE Fact Sheet on NGO funding by the EU](#)

[1] See United Nations Special Rapporteur on the rights to freedom of peaceful assembly and of association, Maina Kiai fact Sheet on the ability of civil society to access resources based on international law (published May 2015)  
<http://freeassembly.net/wp-content/uploads/2015/05/Funding-report-factsheet-final.pdf>