



2015/2345(INI)

16.6.2016

OPINION

of the Committee on Employment and Social Affairs

for the Committee on Budgetary Control

on budgetary control of financing NGOs from the EU budget
(2015/2345(INI))

Rapporteur: Tatjana Ždanoka

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes that the social spending to GDP ratio has declined in many Member States since the onset of the global financial crisis¹, including with regard to the provision of services of general interest; points out that following the crisis and the subsequent budget cuts, public funding of non-governmental organisations (NGOs) has significantly declined throughout the EU and particularly in programme countries; regrets the fact that in some Member States, NGOs in the community service provision sector have, in some instances, experienced significant challenges as a result of multinationals being part of the tendering process for the contracts to provide community and local services;
2. Recalls the special role the Treaty on the Functioning of the European Union assigns to social partners, which requires adequate financial support;
3. Is concerned that due to the procyclical nature of public spending the financial capacity and social mission of NGOs are significantly challenged at times when they are most needed, as unemployment, poverty and social exclusion in the EU are still unacceptably high; stresses the need for sufficient NGO funding even in times of tight budgets, in light of their critical contribution to filling the gaps of, and reinforcing, public policies; recalls, however, that addressing social problems is first and foremost the task of national governments and that NGOs cannot compensate for social policy deficits in the Member States nor replace public actors in the field;
4. Acknowledges the essential role social NGOs play in developing, monitoring and implementing EU and national policies, for example by carrying out public awareness campaigns, research and data collection, mobilising their members to deliver better services and providing expertise for policymakers at EU and Member State level; recognises the importance of NGO mediation between citizens and public authorities and points out that capitalising on NGOs' grass-roots knowledge improves the understanding of the complex realities many people are facing in their daily lives; considers that this is particularly the case for those people who are most vulnerable or socially excluded and thus are often unheard in the political debate;
5. Points out that public financing of NGOs working with and for people in socially vulnerable situations is important also because these NGOs have less access to other types of funding such as members' contributions or income from profit-making activities;
6. Considering the current geopolitical context, in which NGOs are playing a fundamental role in assisting and managing refugees and displaced persons, hopes that the Commission will increase the financial support it provides to these NGOs;
7. Points out that EU programmes such as the EaSI, ESF, REC, FEAD and EFSI cannot be

¹ <https://www.oecd.org/els/soc/OECD2014-Social-Expenditure-Update-Nov2014-8pages.pdf>, p. 2.

fully implemented without NGO involvement at all levels and throughout the whole programme cycle; points out that the diversity of social issues requires the provision of funding for a wide range of NGOs, including smaller and recently established ones, in order to cover the whole social spectrum; urges the Commission and the Member States to develop and engage in genuine partnerships across policy areas with NGOs and the broader civil society in order to help deliver policies and programmes, particularly in the area of social inclusion;

8. Points out that social NGOs contribute to the social policy priorities set by the EU and that for some of these priorities the Commission can help to ensure progress by adequately funding those NGOs working in this area at EU level;
9. Recalls that the Employment Guidelines need to be implemented in partnership with representatives of civil society; recalls that in 2015 the EPSCO Council invited the Member States and the Commission to better involve civil society in discussions on how to improve job quality and ensure sustainable labour market inclusion¹;
10. Calls on the Commission and the Member States to take all measures necessary to ensure the independence of social NGOs at EU, national, regional and local levels, including with regard to the provision of services, and to provide funding to contribute to the independent development, implementation and assessment of policies; believes that it would benefit transparency to create a European database of NGOs receiving EU funding;
11. Condemns any attempt by public authorities in some Member States to use public funds to impose political control over NGOs; considers that a vibrant policymaking discourse must include both support and dissent and allow for challenge and criticism without any repercussions or the threat of repercussions regarding future public funding and support; stresses, therefore, that financial support to NGOs must not be restricted to those NGOs which share the same views as the policymakers and that NGOs must be operationally and politically independent in order to ensure they are entirely free to play an advocacy role for civil society; stresses, however, that organisations need to have democratic structures and to respect and adhere to core European principles and fundamental values, such as solidarity, respect, equal treatment and non-discrimination, in order to be publicly financed; calls for identification at EU level of the characteristics of NGOs and asks the Commission to work towards a common definition;
12. Urges the Commission and the Member States to promote the social and solidarity-based ethos of NGOs in the community and voluntary sector; supports the ‘bottom-up’ approach in the community development and NGO sector, which promotes community participation and mobilisation and emphasises local decision-making; urges the Member States and the Commission to engage in genuine consultation and negotiation with the community and voluntary sector;
13. Regrets the decrease in EU funding for European NGOs active in the social field under EaSI and the REC² compared to the previous Progress, Daphne and Europe for Citizens

¹ Council Conclusions on inclusive labour markets, 9 March 2015.

² For example, the previous stand-alone funded Daphne Programme to combat violence against women, young people and children was integrated into the current Rights, Equality and Citizenship Programme, which resulted in an overall decrease in funding in comparison to previous funding.

programmes; urges the Commission to consider putting the levels of funding back up to previous levels; calls on the Commission to clarify the criteria for granting funding to projects and organisations, and for more transparency regarding the reasons for reducing or refusing funding for certain organisations and projects;

14. Notes that many NGOs, in particular the small ones, have difficulties in accessing ESF funding and are disproportionately burdened by the complexity of programmes and reporting requirements, partly owing to a lack of information; calls on the Commission and Member States to step up support in this area in an active and sustainable manner, provide more guidance and information, reduce administrative burden and simplify procedures, and consult with NGOs in order to identify the best ways to report and share both impact and experience; asks the High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds to develop and propose, in cooperation with NGOs, measures to facilitate access to financing;
15. Calls on the Commission to focus funding programmes for NGOs active in the social field on operational grants beyond one year, rather than on action grants, and to reduce the time between the notification of contracts and the first payments; considers that this would ensure the effectiveness and sustainability of their work and staff, strengthen and develop capacities and skills, fulfil their long-term missions, for example the provision of social services, and allow decision makers to build relationships with them as reliable partners; calls on the Commission to continue to develop operational funding through Framework Partnership Agreements and for a multi-year period, as is currently the case with the EaSI programme;
16. Notes that many EU funds available for NGOs active in the social field require co-financing and, according to the co-financing principle, the EU grant may not finance the entire cost of an action implemented by beneficiaries, which means that the beneficiary needs to raise a share of the required funds – typically at least 10 % – from other sources; is concerned that too high a share could be detrimental to the applicant NGO, which may not be able to raise this amount, and that this is leading to some NGOs being excluded; calls on the Commission and the Member States to change the financial regulations in order to reduce the share of co-financing or for other means to be taken into account which could be monetarised and are still subject to audit, such as volunteer time or contributions in kind; notes that some social NGOs report that there are inconsistencies in the way co-financing levels are applied to various NGOs and calls for the rules to be applied in a consistent way;
17. Calls on the Commission, in its proposal for a revision of the financial regulations, to consider contributions in kind as eligible expenditure, and to increase the ceiling for indirect expenditure in grants for actions and operating grants;
18. Regrets that sometimes under different programmes, such as the EaSI, only public administration bodies can apply for funding as lead partner; calls, therefore, on the Commission, in a future revision, to put forward a proposal to adapt the rules and the programmes in such a way that NGOs can also become the lead partner;
19. Notes that in the EU many NGOs active in the social field work in areas covered by different Commission Directorates-General (DGs); calls on the Commission to make it

possible to combine operational grants from more than one DG and to ensure that it is possible to claim overheads in action grants while receiving operating grants without double funding, especially in cases where NGOs receive only small operating grants in terms of percentage of their total expenditure;

20. Calls on the Commission and on Member State authorities to handle social NGOs' funding applications and reports without delay and to ask for additional information in good time in order to avoid suspension of payment, which can have a detrimental impact on the organisation's cash flow;
21. Calls for the publication of the outcomes of the EaSI scoring mechanism that is used to analyse and assess the conformity and potential of submitted proposals, and for the publication of the assessors' qualifications;
22. Acknowledges the importance of transparency and of the efficient use of public money, and therefore considers that stringent but reasonable reporting and evaluation requirements must be put in place, which NGOs need to fulfil within a given time frame in order to receive funding; points out that in the social field full policy impact is often difficult to identify and measure within the given reporting period, especially in the case of short-term projects or when too many quantitative indicators are used; calls, therefore, on the Commission to better balance the measuring and reporting requirements of output and impact of NGOs' activities by focusing on medium to long-term qualitative impact and added value rather than just short-term quantitative impact; calls, furthermore, for it to be ensured that the requirements fit the objectives for which funding was received; calls on the Commission to ensure transparency in the allocation of funds from the EU budget to NGOs;
23. Notes that the EU monitoring and evaluation systems for NGOs usually rely on self-reporting; calls on the Commission to consider complementing this with external evaluations of NGO activities during and after project implementation and also over a longer period of time, as well as within and across different policy areas;
24. Highlights the importance of high transparency standards with regard to ex-post audit procedures; calls on the Commission to develop and apply common guidelines for NGO audits, which are to be respected by both internal and external auditors;
25. Calls on the Commission to put forward a proposal for clear and transparent guidelines and procedures for civil dialogue with European social NGOs to allow for meaningful involvement that goes beyond mere consultation of the full range of EU-level stakeholders;
26. Calls for social NGOs to be represented in the High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	15.6.2016
Result of final vote	+: 42 -: 2 0: 1
Members present for the final vote	Guillaume Balas, Tiziana Beghin, Brando Benifei, Vilija Blinkevičiūtė, Enrique Calvet Chambon, David Casa, Martina Dlabajová, Lampros Fountoulis, Elena Gentile, Marian Harkin, Danuta Jazłowiecka, Agnes Jongerius, Rina Ronja Kari, Agnieszka Kozłowska-Rajewicz, Kostadinka Kuneva, Jérôme Lavrilleux, Javi López, Morten Løkkegaard, Thomas Mann, Dominique Martin, Elisabeth Morin-Chartier, João Pimenta Lopes, Georgi Pirinski, Marek Plura, Terry Reintke, Sofia Ribeiro, Maria João Rodrigues, Claude Rolin, Anne Sander, Siôn Simon, Michaela Šojdrová, Jutta Steinruck, Romana Tomc, Yana Toom, Marita Ulvskog, Renate Weber, Tatjana Ždanoka
Substitutes present for the final vote	Daniela Aiuto, Georges Bach, Eva Kaili, Edouard Martin, Neoklis Sylikiotis, Tom Vandenkendelaere, Flavio Zanonato
Substitutes under Rule 200(2) present for the final vote	Peter Jahr