

EU: Promotion of NGOs not in the interest of citizens.

Hardy Bouillon

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EU funding for NGOs must be reformed; it is opaque and the focus on humanitarian, social and environmental contradicts the preferences of European citizens, says the research coordinator of the Brussels New Direction Foundation, Professor Hardy Bouillon.

It is one of the declared objectives of the EU, to encourage the participation of citizens in decision-making processes. This is why it is not surprising, that the EU attaches a great role to the so-called NGOs (Non-Governmental Organizations) and takes them into account in the allocation of EU funds.

The granting of EU funding to NGOs is quite generous. According to a study of the Brussels-based Institute New Direction [\[1\]](#) the granted funding amounted to 7.5 billion € per year. [\[2\]](#) If one includes the contributions to the so-called quangos (quasi autonomous non-governmental organizations, then the sum amounts to about 10 billion €. These numbers take into account, that only 20% are of the funds awarded come directly from the European Commission and 80% from national or regional institutions of the Member States.

In the face of those pretty lush-looking amounts the question arises, whether the expenditure at the cost of European taxpayers actually serve the objectives of the EU, or whether they can be better used, or even axed totally.

What qualifies an NGO to be eligible for support?

Following the EU [\[3\]](#), the NGOs as non-profit organisations are characterized as:

- (a) a rudimentary degree of formality and institutionality,
- (b) no return of profits,
- (c) no dependence on government agencies or authorities,
- (d) no self-interest,
- (d) is conducive to the public good.

Thus, NGO are defined as private bodies and principally eligible.

How are NGOs promoted by the EU?

The EU Commission basically has two options to transfer funds to private bodies such as NGOs:

1. By the way of public tenders on the market, the Commission can buy those goods and services, which are laid down in the framework of the directive on public procurement and the financial regulation. These include studies, technical assistance and training, consultancy, conference services and advertising, but also books and IT equipment. The contractor will be selected through calls for proposals, carried out by departments, offices and agencies of the Commission in Europe. [\[4\]](#). One should mention that the promotion within the framework of the directive on public procurement was not subject to the 'New Direction' study.

I.e., the subsidies from the EU to NGOs will be significantly above the sums emerging from the below mentioned tables.

In order to implement the objectives, the Commission grants subsidies for co-financing specific activities or projects. Interested persons can apply with appropriate project proposals for support. Any corporate body counts as an applicant, including NGOs. All requests are considered, which correspond to the objectives of the EU. As already mentioned, the most important part of the subsidies do not come from the EU, but from the national and regional authorities of the Member States.

Only 20% of grants are managed and remitted directly by the Commission, and recorded in the EU financial transparency system (FTS) [5]. The FTS lists the names and addresses of the beneficiaries, be considered directly by the Commission. Most of the grants (approximately 80%) are at the discretion of national and regional authorities. Even the announcement of grants is done by the local authority, making it almost impossible to generate reliable and comprehensive data of all EU grants to NGOs. In the 'New Direction' study it was assumed that regional and national grants are given on similar levels to NGOs as the payments by the EU. As a result the authors of the 'New Direction' (ND)-study estimate the total grant sum to be five times as high as the amount that emanates directly from the FTS, the total EU subsidizing of NGOs reaches therefore approximately € 7.5 billion.

NGOs are eligible to the following EU-financement

The EU allowances are coming from the yearly EU budget which is fixed within the 5-years management plan. [6]. The investigations of the ND study are concerning the financial framework 2007-2013. Five "lines" (with more than a 5% share of the budget) have been agreed for the respective annual budgets:

1. Sustainable growth: here, account should be taken of the improvement of the competitiveness in the service of growth and employment. This line was the largest share, namely 46.8% in the budget for 2013.
2. Natural resources: market-related expenditure and direct payments. 29.1% on them.
3. Natural resources: rural development, the environment and fisheries. For this line 10.7% were available in the budget 2013.
4. The EU as a global actor took over 6.4% of the budget in the claim.
5. Administration: A 5.6% share was estimated. [7] - the last and smallest of these budget items is the only one not available for the NGOs.

Sources of EU-Funding data

There are several sources that shed light on the grants of the EU:

- An important source of information is the above mentioned Financial Transparency System (FTS) [8]. This publicly-visible Database contains the names and addresses of the recipients of support directly coming from the European Commission.
- The database "EuropeAid": It contains the names of the recipients of financial resources managed directly from the Directorate-General for Development and Cooperation. [9]
- The Directorate-General for humanitarian Aid and Civil protection (ECHO) also maintains a database of their beneficiaries, i.e. recipients of humanitarian grants. [10] all other data relating to financial assistance administered by the competent authorities in the Member States, i.e. recipients of humanitarian aid.
- All other funds are coming from the competent authorities of the member states. This means that all EU funds that flow in the context of cohesion and structural policy or agricultural and fisheries policy to benefit recipients are not centrally disbursed by the Commission and recorded, but locally and nationally. Those who want to see all these databases must locate the respective authorities in all Member States, that manage the funds for the political objectives of the EU, and then merge the

results. Alone due to the language problems, such an undertaking would have little prospect of success. However, only this way we could determine just where exactly 80% of EU funds flow. [\[11\]](#)

The FTS is probably the most reliable source. According to this source the ND study can assess direct annual funding of NGOs in the assumed amount of € 1.5 billion.

On the whole, this magnitude of funding is confirmed by other sources and studies. [\[12\]](#) For the years 2008 and 2009 there have been directly awarded by the four directorates alone some 3000 NGOs in the following way:

Table 1: financial resources for NGOs, granted by EuropeAid, ECHO, environment Education and culture, 2008 and 2009

Directorate-General	2008		2009	
	Number of Grants	Value of grants in €	Number of Grants	Value of grants in €
EuropeAid	1436	632.961.547	2085	994.631.119
Echo	638	380.684.391	583	373.466.544
Environmental	30	8.174.454	29	8.418.965
Education and culture	152	6.214.179	128	5.867.455
Total	2256	1.028.034.571	2825	1.382.384.083

Source: Directorate-General for internal policies of the Union [\[13\]](#)

How the money is used

The FTS of the European Commission does not differentiate recipients according to their organization characteristics, nor for what purpose or projects the money will be used for. In this respect the reader, based on the database, can hardly see whether the recipient is conducive to public good or profit-oriented, and whether to classify is as NGO or another body.

In the ND study the purpose was to assess the amount of the direct EU grants to NGOs evaluated from the FTS data for the year 2010. That turned out to be anything else than easy. If organizations had acronyms like LTD NV, SA, SPA, DOO, etc. they were not considered to be NGOs, but if they declared themselves as independent, non-profit and welfare-oriented, they were taken as NGOs. As far as possible, international organizations, networks, public and scientific organization were excluded, unless it was evident that they were clearly concentrating on the distribution and propagation of ideas.

Such an evaluation is due to the sparse information in the FTS not free of Problems.

Following this evaluation the NGOs were categorized in accordance with their Mission or primary objective derived from their websites and other sources. The following table reflects the result of this classification.

Table 2: total funding and number of the NGO mission 2010

Mission	Total funding in €	Share in %	Number of NGOs	Percentage of NGOs in %	Average funding €
Humanitarian aid	498.428.444	33.5%	86	4.4%	5.795.680
Social	325.644.149	21.9%	280	14.2%	1.163.015
Environmental	130.677.628	8.8%	140	7.1%	933.412
(People)Rights	126.254.191	8.5%	301	15.3%	419.449
Industry	99.938.630	6.7%	214	10.9%	467.003
Development	59.582.175	4.0%	77	3.9%	773.794
Culture	30.832.536	2.1%	167	8.5%	184.626
Security	30.373.805	2.0%	38	1.9%	799.311
Policy	28.389.677	1.9%	79	4.0%	359.363
Bless you	27.278.015	1.8%	69	3.5%	395.334
Youth	26.380.463	1.8%	182	9.2%	144.948
Education	26.031.327	1.7%	74	3.8%	351.775
Civil society	22.783.915	1.5%	122	6.2%	186.753
Research	22.287.019	1.5%	38	1.9%	586.500
Trade unions	18.534.526	1.2%	62	3.1%	298.944
Consumers	6.758.617	0.5%	15	0.8%	450.574
Old	4.289.901	0.3%	11	0.6%	389.991
Monuments	3.188.745	0.2%	16	0.8%	199.297
Total	1.487.653.762	100%	1971	100%	754.771

According to the above table humanitarian aid counts for a third of the Commission grants to NGOs in the year 2010 (close to € 500 Million) spread over a relatively small group of organizations, namely 86 in numbers. If you include the term "Social" into humanitarian aid, then share of the pie increases with €326 million. The third-largest Group of beneficiaries include NGOs dedicated to environmental concerns, receive €131 million. Those who follow on fourth place promote humanitarian rights receive €126 million.

"NGOs with humanitarian, social or environmental goals received the largest Part of the cake."

In short: NGOs with humanitarian, social or environmental intentions received the largest part of the cake, overall, 64.7%, represent but only 25.7% of all EU-funded NGO. Those who campaigned for the industry, civil society and research received only only 9.7% of the funds - but they represented 29% of all of the EU-funded NGO. Table 3 gives the reader an overview on who got in 2010 how much and for what purpose, if they received in total more than € 10 million.

Table 3: NGO with a total funding from €10 million in the Year 2010

NGO	Mission	Country	€ Millions
OXFAM	Social	United Kingdom	43.6
THE SAVE THE CHILDREN FUND	Social	United Kingdom	34.1
CONCERN WORLDWIDE	Humanitarian aid	Ireland	31.7
MEDICAL EMERGENCY RELIEF INTERNATIONAL CHARITABLE TRUST	Humanitarian aid	United Kingdom	26.4
INTERNATIONAL RESCUE COMMITTEE	Humanitarian aid	United Kingdom	24.8
ACTION CONTRE LA FAIM	Humanitarian aid	France	24.4
GERMAN WELTHUNGERHILFE	Humanitarian aid	Germany	24.4
AGENCY FOR TECHNICAL COOPERATION AND DEVELOPMENT	Humanitarian aid	France	22.8
SOLIDARITÉS INTERNATIONAL ASSOCIATION	Humanitarian aid	France	21.4
FUNDACIÓN ACCIÓN CONTRA EL HAMBRE	Humanitarian aid	Spain	19.9
DANISH REFUGEE COUNCIL	Humanitarian aid	Denmark	18.1
ASSOCIAZIONE COOPERAZIONE INTERNAZIONALE	Humanitarian aid	Italy	17.5
CROIX ROUGE FRANÇAISE ASSOCIATION	Social	France	15.3
NORWEGIAN REFUGEE COUNCIL- FOUNDATION	Humanitarian aid	Norway	14.6
FOLKEKIRKENS NODHJALP * DANCHURCHAID	Humanitarian aid	Denmark	13.9

HELP - HELP FOR SELF-HELP	Humanitarian aid	Germany	12.7
SLOVAK ACADEMIC ASSOCIATION FOR INTERNATIONAL COOPERATION SAAIC	Education	Slovakia	12.5
MERCY CORPS SCOTLAND	Humanitarian aid	United Kingdom	12.2
CRUZ ROJA ESPAÑOLA	Social	Spain	11.6
CARE FRANCE ASSOCIATION	Humanitarian aid	France	11.0
CARE INTERNATIONAL UK	Humanitarian aid	United Kingdom	11.0
CARE GERMANY-LUXEMBURG	Humanitarian aid	Germany	10.4
GRUPPO DI VOLONTARIATO CIVILE ASSOCIAZIONE	Social	Italy	10.2
INTERNATIONAL MEDICAL CORPS UK	Humanitarian aid	United Kingdom	10.9
EUROPEAN TRADE UNION INSTITUTE ETUI	Research	Belgium	10.0
Sum (31.3% of the total €1,487 million)			466

EU funding of quangos and political foundations

The so-called quangos (quasi autonomous non-governmental organizations) are a special form of NGOs. The EU has 52 of such facilities. According to a recent study by Open Europe the annual funding for these organizations amounts to €2.64 billion^[14]. According to Open Europe those organizations yield very little because they over all duplicate the work of those institutions that have already been created to meet the same challenges.

Also the political foundations at EU level, supported by the European Parliament annually with € 12 million, can be included in the broader sense in the NGOs funded by the EU.

“An evaluation of the data material shows that the EU funding policy is unbalanced and is in contrast to the preferences of the citizens.”

For a cost reduction and greater transparency

An evaluation of the data material shows that the EU Funding policy is unbalanced and in contrast to the preferences of the EU citizens. NGOs with predominant objectives caused by prosperity (humanitarian, social, environmental) will get five times as much as NGO mainly with objectives creating prosperity (industry,

civil society, research). If the EU funding policy would reflect the interests of citizens (compared to their own private donations for welfare organizations), then the European Commission should fund NGOs with humanitarian, social and environmental objectives not with 60%, but only with 10%.

Given this we should think about to bring the EU funding in line with the preferences of the citizens and to make a repeated raising of funds less attractive. One could for example decrease the co-financing of the EU from 50-75% [\[15\]](#) down to 40% and demand that the lion's share of the NGO support comes from society. In this way the EU could save each year 10 to 35% of their budget for direct donations to NGOs, i.e. €150 to 525 million. To increase the transparency of the public procurement system, the indirect allocation of EU funds by Member States should be centrally recorded and accessible to the public as well as the direct assignment by the Commission.

*This article has first appeared in the [Novo Print Edition \(#117 - I/2014\)](#)
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Letters to the editor:

As nonprofit institutions, NGOs have: (a) a rudimentary degree of normality and institutionality, (b) no distribution of profits, (c) no dependence on government agencies or authorities,... “
Although the EU has not the status of a "State" (at least until now), it has all the necessary properties. The NGOs are so very much dependent on government agencies and authorities.
Donations by the EU are subject to no scrutiny by democratic instances. It is easy for the representatives of the Member States to distribute the money of citizens with the watering can, it's not their money indeed.
In addition, most of these NGOs and quangos receive money directly from Member States, I believe that there is no agreement between them and the EU in this matter is taking place.
Bernd Palmer 24.5.2014 12:25

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Comments in the text:

1 Adolfas Mackonis / Zilvinas Ellen: [Helping themselves. Six ways to reform EU funding of NGO's, Brussels: New direction](#), September 2013, online 05.02.2014. Large parts of this study be reproduced here in the form of translated and slightly modified and with the consent of the Publisher.

2 Annual promotion of NGO is by no means set by the EU in advance, but - apart from the still available funds - the overall situation of the funding requests depends on, which may be made of NGOs, but also by other institutions. So, those can vary from year to year. With regard to the previous year information can be found [on the following website of MEP Dr. Ingeborg Gräßle](#): "According to the European Commission at the today's hearing there were some 8.275 NGOs receiving funds from the EU budget. The EU paid to those organizations a total of € 4.49 billion last year." Online 06.02.2014.

3 European Commission: Commission communication on promoting the role of voluntary organisations and foundations in Europe, Brussels, 06.06.1997 KOM(97) 241 final. There are numerous definitions of NGO as well as numerous NGO. Both complicates the generalization of the findings. Solely on the basis of the EU financial transparency system (FTS) and the (voluntary) EU transparency register, it can be difficult and only with errors to assess, which organizations are NGO indeed and what NGOs receive funding.

4 [Tenders of the European Commission](#), online 05.02.2014.

5 European Commission:Beneficiaries, [Financial Transparency System](#), (FTS) online 05.02.2014.

6 European Commission: Financial programming and budget : "The annual EU budget is included in a [multiannual financial framework](#), the European Parliament, the Council and the Commission agreed upon in an inter-institutional agreement. The maximum amount of commitment appropriations is set in the financial framework, which is for the broad policy areas ("headings") and fixes an overall annual ceiling on payment and commitment appropriations. Online 05.02.2014.

7 [European Commission: EU budget 2013](#) ,online 05.02.2014.

8 [European Commission:Financial Transparency System](#) online 05.02.2014.

9 European Commission: [EuropeAid, funding](#), work with US and beneficiaries , online 05.02.2014.

10 European Commission: [Humanitarian aid and civil protection](#), funding ,online 05.02.2014.

11 In lack of a comprehensive survey of all of this data the ND study's authors could not come up with precise statements about those 80% of EU funds, which are not disbursed by the Commission directly.

12 Siehe European Commission: The Commission and non-governmental organisations: building a stronger partnership , [Commission discussion paper](#), p. 2, presented by President Prodi and Vice-President Kinnock, Brussels, 2000, online 05.02.2014.

13 Directorate General for internal policies, policy department D: budgetary affairs, financing of non-governmental organization (NGO) from the [EU budget, study, 2010](#), p. 31.

14 open Europe: [The rise of the EU quango's](#), London April 2012.

There are currently 52 EU quango's, double the number in 2004. Prior to 1990, there were only three."(Ibid., p. 2)

15 The grants provided by the EU cover usually 50-75% of the required funding. I.e., they are intended as complementary support. The remaining amount must come from their own or from other acquired funds. This applies to NGO such as for all other institutions.

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