

Transparency and accountability of EU funding for NGOs active in EU policy areas within EU territory

The [original full study](#)¹ reviews transparency rules, guidance, systems and practices in EU NGO grant funding, and to what extent these ensure public transparency. The study also provides an overview of NGO management and decision-making culture, and good practice approaches to NGO regulation. The study makes recommendations to improve public transparency and NGO regulation at EU level, and at the same time improve dialogue between EU institutions and NGOs.

Background

Public transparency is essential for accountability. In the context of this study, transparency is the extent to which it is possible to understand how EU grant funding is used, by whom, for what purposes, on what basis (justification), and what is being achieved (results, impact, and sustainability). Both the European Commission (EC) and EU-funded NGOs have important roles to play in ensuring public transparency. Key features of transparency are:

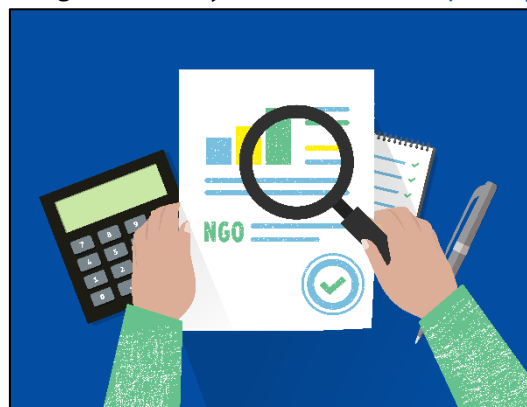
- Details of all EU-funded grants to NGOs are publicly available at EU level;
- The necessary information is up to date, and easy to find and make sense of. It can be easily reconciled, downloaded, merged, aggregated, and analysed to provide a clear picture of EU NGO grant funding at multiple levels;
- NGOs disclose their full funding basis (including non-EU sources) and its purposes over a number of years to allow assessment of their independence.

NGOs receive EU grants directly from the EC and EU executive agencies under **direct management**, and from intermediate bodies, such as Member State agencies under **indirect management**. Analysis of [Financial Transparency System](#) (FTS) data from 2020 to 2022 shows that the EC and EU executive agencies awarded grants to NGOs amounting to approximately EUR 17.5 billion under direct management across all EU budget programmes and funds included in the FTS. This accounted for approximately 4.6% of all EU budget commitments included in the FTS during this period.

Key findings

Public transparency requirements in EU regulations, rules, and guidance are limited and highly specific. Compliance with requirements by the EC and grant beneficiaries does not ensure

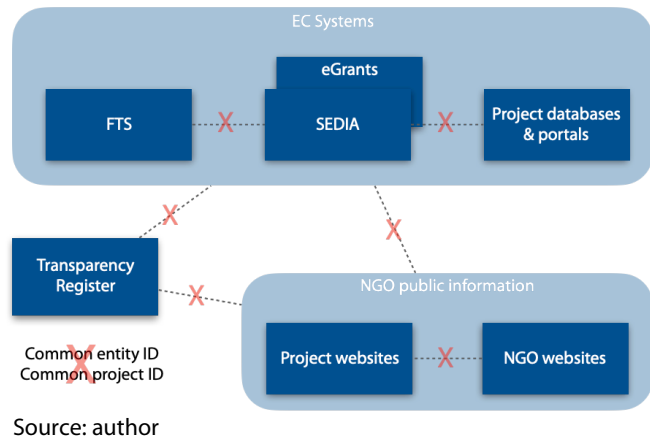
Check out the [original full study](#) by scanning this QR code!



public transparency, and it remains difficult and time consuming to develop a clear picture of the NGOs that receive EU funding, what the funding is used for, and the extent to which EU-funded NGOs depend on, and are influenced by, other funding sources.

The EC has almost completed the transition to the eGrants system, which is a single centralised system to manage all grant funding. It replaces other standalone grant management systems previously used by different departments within the EC and is improving the quality and uniformity of grant management data. This has been accompanied by the harmonisation of grant rules and guidance across programmes. The [Single Electronic Data Interchange Area](#) (SEDIA) is the public interface for interacting with the eGrants system. The quality of grant funding data in the EC's FTS has improved, but it is not up to date and does not include details of grants awarded to NGOs by intermediate bodies under indirect management – it is unclear how, concretely, this is addressed in the [EC's proposed revision of the Financial Regulation](#). Different departments of the EC continue to maintain standalone public databases and portals with information about projects that is difficult to reconcile with information in the FTS or SEDIA

Multiple unlinked public sources of information about EU NGO grant funding



NGOs provide public information of varying quality about EU and other sources of funding on their websites. There are few details about the amount and purpose of funding received, or the distribution of funding between project partners. However, this does not mean that they do not comply with contractual requirements.

NGOs work with a range of governance and management approaches from different sectors including corporate business and public administration, which makes it challenging to define, or establish compliance with, a firm set of minimum standards for NGO governance and management.

Other significant donors tend to engage directly with fewer grantees, and they provide larger grants with a limited range of values covering several years. In contrast, the EC engages directly with thousands of NGOs and provides grants covering a wide range of values. For NGO grants under direct management, there is a heavy emphasis on financial accountability. Other major grant giving bodies tend to focus more on impact and sustainability.

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Recommendations

The study proposes the inclusion in the Financial Regulation, of a general overarching requirement for the EC and grant-funded NGOs to maximise public transparency, with detailed public transparency guidelines for EU grant funding (applicable to the EC and NGOs) to be developed and monitored by a working group comprised of the European Parliament, the EC, and the representatives of the NGO sector. It also proposes a co-regulation approach to the regulation of EU-funded NGOs at EU level which builds on a self-regulation approach agreed between the EC and the European NGO sector, but with added independent third-party verification of compliance and an EU level ombuds system to handle complaints. A common EU definition of 'NGO' should focus less on the legal form of an NGO at the point of national registration, and more on what it does and its interactions with the EU. This should include a formalised status independent of national registration to reflect the increasing levels of cross-border activities of NGOs.

¹ Ackermann, R., Hammer, M. et al., 2023, *Transparency and accountability of EU funding for NGOs active in EU policy areas within EU territory*, Publication for the Committee on Budgetary Control (CONT), Policy Department for Budgetary Affairs, European Parliament, Luxembourg. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2023/753974/IPOL_STU\(2023\)753974_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2023/753974/IPOL_STU(2023)753974_EN.pdf)

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Administrator responsible: Diána HAASE Editorial assistant: Adrienn BORKA
Contact: poldep-budg@europarl.europa.eu
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