

## **Evidence for EU Parliament Budget Committee 26<sup>th</sup> June 2008**

### **Accessibility of EU funds to NGOs**

I work for a large UK charity CSV that works in a number of social action fields, with volunteers, young people, the unemployed and excluded groups.

We have been involved since the mid eighties with European funding both in country where we used substantial amounts of Social fund support but also on Transnational projects.

We hold the presidency of a large social action network in Europe – Volonteurope with some 1400 members whose newsletters and conferences have been used as a platform for dissemination by various Commission programmes since 1995.

In addition I am Chair of TSEN (Third Sector European Network) an English agency of regional networks supporting those using structural funds to help the most disadvantaged since 1996.

As someone working in the third sector for over 25 years and accessing EU funds for 20 of those, I have many experiences I would like to share with you but in 10 minutes the priorities fall into three categories.

#### ***Structural Funds,***

#### ***Funds accessed via national agencies***

#### ***Direct from Brussels.***

Most NGOs or TSO (Third Sector Organisations) in the UK will access Structural Funds and national agency led funds as they require the least investment in supranational activity.

#### **Structural Funds**

These are by far the most important, the largest and organised nationally so they are available to a much wider group of organisations. The UK had a proud tradition of TSO accessing ESF and ERDF for work with most disadvantaged groups and using Technical Assistance to build its capacity to participate as a social partner.

The Third Sector European Network, which I chair, has represented the interests of TSO providers using EU funds for 10 years, sitting on the English Monitoring Committee and relevant Regional Committees.

We were proud to have worked with DWP on content of the latest national operational programme (and that of Agenda 2000) focussing on the most disadvantaged and with other networks and MEPs here in Brussels to ensure that volunteer time remained eligible expenditure all of which is good for TSOs to help in the delivery of the programme.

#### **However in the implementation we see national policies overriding major tenets of the programme.**

- ⇒ The mainstreaming of ESF , in particular in England, not in UK means that TSOs are limited in their access to the funds now, provision will be made through a mix of Prime Contractors, many 'For Profit 'agencies whose primary constituency is not those groups TSO fought hard to get into the National Operational Programme as beneficiaries. The read across from Social Inclusion to social inclusion to Structural Funds is lost.
- ⇒ All question of volunteer time being used as match are irrelevant as existing national programmes (New Deal etc) are used as match, with additionality hard to establish

- ⇒ In Scotland, In Kind match funding is not allowed at all, nor the use of volunteer time, nor the claiming of relevant, eligible overheads which makes it hard for TSO to be involved.
- ⇒ Choosing not to implement areas of the programme limits access for TSOs. In England there was a distinct lack of interest in transnational work such that it was not written into the NOP and now is the poor cousin of Innovation and Mainstreaming subsumed into one fund and completely regionalised. TSOs, particularly national organisations interested in undertaking significant policy work, some of which can only be done at national level will not be able to apply.

### **On a more general level**

- ⇒ The burden of document retention is a nightmare for the sector, currently records for the Agenda 2000 programme are due to be kept until 2015, the cost of archive aside, it is unrealistic to expect relevant staff to be in place 15 years after the project has run and indeed an NGO to have the unrestricted income to repay ineligible amounts. National audit standards should apply.
- ⇒ Draconian audit regimes are difficult for NGOs and retrospective decisions and provision, e.g. lowering the acceptable error rate for EU funded projects run during Agenda 2000 has played hard in the UK in recent years.
- ⇒ The time taken by the Commission (DG Social Affairs, Employment and Equal Opportunity) to process matters can make life very difficult, particularly when they intervene to micro manage projects but take weeks or months to give decisions.

### **Case Study**

An application, with a start date of 1 January 2007 and an end date of 31 March 2008 was submitted on 5<sup>th</sup> December 2006 Agenda 2000 TA was to be used for preparation of the new programme the responsibility for approving the application rested with the Commission. Since its submission, we were asked for clarifications over a protracted period of time and the bid was eventually approved by the Commission at the end of August 2007 9 months later. Contracts were received in mid September 2007. Because of the delay we decided to use the research budget for third sector preparation events instead and to extend the project by one month to April 2008 to give us a little more time to deliver such events. All this was approved by the managing authority. However, at the end of April 2008 we were informed that the EC had rejected the changes and that expenditures incurred in April was no longer eligible.

It is worth noting that Community Initiatives and Equal were felt to be more accessible perhaps because they require Transnational experience and interest but still benefit from national interpretation.

### **National Level Agency managed funds**

These funds are also well used by TSOs and Universities and Colleges. They tend to be easier to access and well adapted to the national context.

Strengths of the national agency approach include:

- ⇒ The national agent interprets the EC rules in a local context and deals directly with the European Commission to mitigate difficulties

- ⇒ Application procedures and deadlines are less complex, submitted either in writing or on line; do not necessarily need hard copies with signatures of all parties.
- ⇒ Forms are written with the national context in mind and in comprehensible language where a form developed in Italy, translated in to French and finally English there is a great risk of clumsy language making it harder for the applicant to understand what is required.
- ⇒ The use of national experts to assess applications is also important in that they understand the field in which applications are made, e.g. training and will know be in a position to determine not only good projects but also what is feasible.
- ⇒ Providers will find it easier to forge relationships with national agents as part of their role is to ‘develop’ suitable projects, inform and advise on suitable projects there by getting to know providers and beneficiaries in the course of this work.
- ⇒ The fact that the national agency needs to perform well to maintain expenditure levels means they have an incentive to help providers develop interesting eligible projects.
- ⇒ However the disappointment rate is still relatively high with on average 23% of applications funded.

### However

- ⇒ Document retention remains a problem here too.
- ⇒ Unrealistic expectations on the part of the Commission including the need for audit of projects above a certain amount where the audit is eligible expenditure.
- ⇒ Inflexible positions and timeframes when the Commission or its agents (in the case of EVS) try to micromanage projects.

### Case study

The new regulations of the Leonardo programme allowed that public bodies could submit applications without the need to produce accounts, a large group of beneficiaries (colleges) were in the public sector, covered by legislation but not actually named public bodies as such; the clarification of this position gave rise to extreme delays whilst the agency debated the case with the Commission. In the UK private colleges are fairly rare perhaps unlike other member states.

### Brussels Level Funding

These are perhaps the most interesting but the most difficult to access both for individual agencies and networks without a presence in Brussels.

- ⇒ Calls for proposals are not widely disseminated so coming to know about them can be hit and miss.
- ⇒ The language of calls is unclear as the texts are inevitably the fruit of a collaborative process. Sometimes they are so arcane only a handful of individual seem to be able to prepare applications as was reported of **Intelligent Energy** recently.
- ⇒ Application procedures are unnecessarily complex, submit on line (form may not be compatible) but accompany with two hard copies, a summary in French and English, signed partnership declarations and special extract from accounts for certain finance levels all by precise date.
- ⇒ Although the DG may have provided for 6 weeks lead in, the agency may come upon that with less time before the deadline, finding and arranging bank declarations as well as

- multiple partner declarations can take long time- need to give more notice, particularly for new calls or ones that change timetable. In the UK the compact specifies 12 weeks.
- ⇒ Calls sometimes require unrealistic numbers of partners for projects or the specifications seem to be written with few potential actors in mind and the short deadline favours those involved in early discussions.
  - ⇒ Cash co finance is a big issue for UK TSOs. Traditional sources of finance, such as trusts and foundations will rarely wish to support 'work in Europe' nor will public financiers provide for work outside the UK. Increasingly as public finance moves into contracts TSO would not be able to include transnational work as relevant to delivering a service.
  - ⇒ Decision making is slow with decisions frequently taking 6 months and subject to delays which can mean projects have to be redrawn or withdrawn, with decisions on significant changes also taking a long time.
  - ⇒ What appears be a bias towards Brussels based networks may in fact be, as outlined under national agency funding (see above), that relationship building and understanding the context of Commission led initiatives as well as early intelligence makes applying much easier for those close to the Commission i.e. in Brussels.
  - ⇒ Wasted time, a recent call for proposal in the of Year of Intercultural Dialogue award only 7/130 projects was successful.
  - ⇒ Equally a call for core funding for networks Europe for Citizens 27 /140 projects were successful, 113 projects will have wasted 10 years applying, based on a conservative 4 weeks preparation.
  - ⇒ Inactivity in Brussels from early July to September is unhelpful, the perception that the Commission has 'closed for the summer' is prevalent This year will be worse with elections in May 2009, people are talking about little work in EU institutions from September 08 to September 09 when the new Commission is appointed.
  - ⇒ Inadequate budgets, essential costs such as translation too great for the budget.
  - ⇒ Payment formula with 20% or similar, retention has a negative impact on NGO's cash flow.

#### Case Study

Europe for Citizens –call for proposals 30/07

Measure 1: Multi annual partnership -60% successful projects were francophone.

Measure 2: Annual Grants 54% francophone and 33% had a Brussels address.

Whilst conducting business on the web is energy smart we need to find other ways of communicating since the digital divide means only 50% of EU citizens have access to computers-information events , press work (hard but important)other media, Radio and TV should all be used.

At a time when 'building civil society, a prime focus of NGO activity is high in the European agenda, funding support for NGOs/TSOs needs to be simple, accessible, with the burden of risk shared to build the capacity of civil society to live up to the expectations of Lisbon Reform Treaty Article 8.

We are not there yet.

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