Democratic accountability and budgetary control of non-governmental organisations financed from the EU budget - Update

Budgetary Affairs

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Democratic accountability and budgetary control of non-governmental organisations financed from the EU budget

UPDATE

STUDY

Abstract

The accessibility and quality of Commission data on grant funding has improved significantly since 2010. There have also been positive developments since 2016, and further developments are planned. However, there are still significant constraints that prevent meaningful analysis of grant funding data, and which must undermine policy formulation and monitoring. There is still a need for a more systematic approach to the communication of EU grant-funded activities to enhance EU visibility, and strengthen transparency and accountability.
This document was requested by the European Parliament's Committee on Budgetary Control. It designated Ms Claudia Schmidt to follow the study.

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<table>
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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABAC</td>
<td>Accrual Based Accounting System</td>
</tr>
<tr>
<td>BUDGET</td>
<td>European Commission Directorate General for Budget</td>
</tr>
<tr>
<td>CEF</td>
<td>Connecting Europe Facility</td>
</tr>
<tr>
<td>CHAFEA</td>
<td>Consumers, Health, Agriculture and Food Executive Agency</td>
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<tr>
<td>DG</td>
<td>Directorate General</td>
</tr>
<tr>
<td>DEVCO</td>
<td>European Commission Directorate General International Cooperation and Development</td>
</tr>
<tr>
<td>EACEA</td>
<td>Education, Culture and Audiovisual Executive Agency</td>
</tr>
<tr>
<td>EASME</td>
<td>Executive Agency for Small and Medium-sized Enterprises</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>ECHO</td>
<td>European Commission Directorate General European Civil Protection and Humanitarian Aid Operations</td>
</tr>
<tr>
<td>ENV</td>
<td>European Commission Directorate General for Environment</td>
</tr>
<tr>
<td>EUTF</td>
<td>EU Regional Trust Fund in Response to the Syrian Crisis</td>
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<tr>
<td>EDES</td>
<td>Early Detection and Exclusion System</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>EUR</td>
<td>Euro</td>
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<tr>
<td>FPA</td>
<td>Framework Partnership Agreement</td>
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<tr>
<td>FPI</td>
<td>Service for Foreign Policy Instruments</td>
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<tr>
<td>FPO</td>
<td>For-Profit Organisation</td>
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<tr>
<td>FRT</td>
<td>The Facility for Refugees in Turkey</td>
</tr>
<tr>
<td>FTS</td>
<td>Financial Transparency System</td>
</tr>
<tr>
<td>IPA</td>
<td>Instrument for Pre-Accession</td>
</tr>
<tr>
<td>NFPO</td>
<td>Not For Profit Organisation</td>
</tr>
<tr>
<td>NEAR</td>
<td>European Commission Directorate General European Neighbourhood Policy and Enlargement Negotiations</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>PRAG</td>
<td>Practical Guide on contract procedures for European Union external action</td>
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EXECUTIVE SUMMARY

INTRODUCTION

This document has been prepared by Blomeyer & Sanz in response to a request by the European Parliament. It is a follow-up to a previous European Parliament study: ‘Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget’ (hereinafter ‘the previous study’). This follow-up also covers Trust Funds and the Facility for Refugees in Turkey. These were not explicitly covered by the previous study on non-governmental organisations (NGO), but were covered by another European Parliament study.

This follow-up addresses three main issues: definition of ‘NGO’ (non-governmental organisation); top NGO recipients of European Union (EU) grants; and the Transparency Register. It also reviews how and to what extent the conclusions and recommendations of the study have been followed up.

BACKGROUND

The previous study was itself a follow-up to a 2010 European Parliament study ‘Financing of Non-Governmental Organisations (NGO) from the EU budget’. Difficulties identified in that study relating to fragmented European Commission systems still existed in 2016.

The previous study found significant differences in the way that different Commission departments categorised grant recipients and that this was preventing accurate analysis of grant funding to NGOs. This was exacerbated by the use of different databases by different Commission departments, which generated inconsistencies, for example in organisational names. It recommended the introduction of a single, centralised database, and the development of a common organisational typology for grant beneficiaries, which could be used without necessarily needing to define ‘NGO’. It also recommended that the Commission should record how grants are redistributed amongst consortium partners.

The study found that the Commission’s extensive monitoring and control systems might not always function as envisaged, especially where it relied on grant beneficiaries to notify it of certain developments. The study also suggested that it might be advisable for the Commission to take a more proactive approach to the monitoring of the largest grant recipients.

The study found that it was difficult to link published NGO activities and outputs to specific EU-funded actions, because of the way beneficiary organisations presented their activities, without reference to specific EU-funded actions. It was impossible to reliably correlate financial information from various sources including the Financial Transparency System, individual Commission departments, and NGO annual reports. NGOs receiving EU funds provided varying levels of EU visibility. It was unclear if this was due to European Commission (EC) visibility rules or to the way in which NGOs apply the rules. On the websites of some of the largest NGO recipients of EU grant funding it was difficult to find acknowledgement of EU funding. The study made several recommendations to the Commission regarding increased visibility and transparency of EU grant funding to NGOs.

1 Blomeyer & Sanz (24/01/2017), Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget, https://bit.ly/2kyzI7Q
2 Blomeyer & Sanz (23/05/2016), Turkey: How the pre-accession funds have been spent, managed, controlled and the monitoring system?, https://bit.ly/2tpqX80
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Definition of ‘NGO’

There seem to have been no changes regarding the definition of NGOs, or the introduction of an EC-wide common classification system for grant applicants/recipients and this generates inconsistencies between Commission systems. Some entities that have been awarded grants appear to be incorrectly categorised as ‘NGO’ or ‘NFPO’ (not for profit organisation) in the Financial Transparency System (FTS). It is unclear what, if any, significance this has with respect to the awarding of grants, and it raises questions about the validation of the self-reported status of grant applicants.

Top NGO recipients of EU grants

There is a significant difference in the lists of top NGO grant recipients provided by European Commission Directorate General (DG) BUDGET for the previous study and this follow-up, because the previous study excluded academic and research institutions. A small number of such institutions are amongst the largest recipients of grants, accounting for approximately 36% of the total amount indicated in the list provided for this follow-up. The top five grant recipients in 2017 are Max-Planck-Gesellschaft Zur Forderung Der Wissenschaften EV (EUR 164 485 070), Dansk Flygtningehjælp Forening*Danish Refugee Council (EUR 108 805 541), Stiftelsen Flyktninghjelpen*Norwegian Refugee Council (EUR 94 937 540), Deutsches Zentrum Fur Luft - Und Raumfahrt EV* (EUR 89 605 436), and Fraunhofer Gesellschaft Zur Forderung Der Angewandten Forschung EV*FHG (EUR 79 531 704).

The top three NGO beneficiaries of the Facility for Refugees in Turkey are Concern Worldwide, followed by Danish Refugee Council and Médecins du Monde, which accounted for EUR 17 510 334, EUR 11 693 374, and EUR 9 877 918 respectively of net payments made to projects during 2016-2017.

Information about the immediate grant recipient is readily available on the DG European Neighbourhood Policy and Enlargement Negotiations (NEAR) website. However, it is harder to determine if the immediate grant beneficiary subsequently redistributed the funding to other partners.

Grants financed under the Facility for Refugees in Turkey (FRT) and EU Trust Funds are subject to standard contractual requirements (including visibility requirements) of the Practical Guide on contract procedures for European Union external action (PRAG) (for DG International Cooperation and Development (DEVCO) and DG NEAR grants), and Framework Partnership Agreements (for DG European Civil Protection and Humanitarian Aid Operations (ECHO) grants).

Transparency Register

The changes to the Transparency Register proposed to date are unlikely to have significant impact on NGOs, although it is possible that negotiations could still lead to the introduction of changes that would have greater impact on NGOs.

It is possible that the Transparency Register’s secretariat will be strengthened, enabling it to exercise greater control over the information provided by applicants (including NGOs), which would enhance the usefulness of the register.

Follow up – management and control of EC grant funding

Consistency and reliability of grant data

While the FTS data are extracted from a single system, the Commission’s Accrual Based Accounting System (ABAC), the latter is based on data from multiple databases managed by different Commission departments. There are no plans to establish a single, centralised database for the management of...
grant and contract information, and there appear to be no plans to introduce a common classification for entity types.

Using the 2017 data downloaded from the Financial Transparency System, we are unable to replicate the list of top 30 NGO grant recipients provided by DG BUDGET. This is because entity 'Type' is not indicated for the majority of the 73,000 entries in the downloaded dataset, and the structure of the downloaded data makes it impossible to fill in the missing values in this column. Moreover, it seems that not all NGO entries shown on the FTS website are included in the downloaded dataset.

In the 2017 data downloaded from the FTS website, the ‘Total amount’ column is either empty or records ‘0’ in approximately 42,000 entries (57%). This indicates that, as of 2017 commitments, the system is still only partially recording redistribution of grants (and other funding) between consortium partners. Feedback from the EC indicates that redistribution of grants between consortium partners will be shown for all contracts and grants, etc. from 2018 onwards.

The FTS continues to provide information on commitments only. Information on disbursements is managed by individual Commission departments and is not published.

*Monitoring of large grant beneficiaries and application of Article 136 of the Financial Regulation*

The Commission indicates that contracts now include strengthened provisions to audit compliance with contractual obligations, and DG DEVCO has introduced strengthened ethical requirements. However, it is unclear if the Commission is itself taking a more proactive approach to the monitoring of the largest grant recipients. The Commission’s approach to, and interpretation of, the ‘exclusion criteria’ remain unclear and it is not known if or how the Commission has considered recent international criticism of one of the EC’s largest grant recipients.

*Visibility and transparency of EU funding*

Recently-updated Commission visibility and communication guidelines do not address key systemic recommendations made in the previous study that were intended to make information more easily accessible, and to provide a longer-term picture of the role of EU funding to individual NGOs. Compliance with EC contractual requirements still does not ensure transparency and accountability where EU funds are concerned.

*Compliance with rules*

One page of the Commission’s Early Detection and Exclusion System (EDES) website is now publicly available and this lists 10 economic operators that have been excluded from participation in EU funding. No statistics are available regarding entities that have been ‘flagged’ in the system for less serious issues. Given that there are almost 73,000 entries in the downloaded FTS data for 2017 alone, there has to be some doubt regarding the capacity of the system to detect and sanction transgressions in respect of Article 136 of the Financial Regulation of 18 July 2018 (formerly covered in Article 106).

*Overall conclusions*

Compared with the situation in 2010, the accessibility and quality of Commission data on grant funding is significantly better. There have also been positive developments since 2016, and further developments are planned, such as publication of data on redistribution of grants. However, there are still significant constraints that prevent meaningful analysis of NGO/NFPO funding data. This undermines transparency and accountability, and constrains the ability of actors outside the EC to
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contribute to policy formulation and monitoring. Moreover, more accurate and more accessible data would greatly facilitate identification of anomalies and irregularities by the Commission, external researchers, and other actors. There is still a need for a more systematic approach to the communication of EU grant-funded activities to enhance EU visibility, and to strengthen transparency and accountability along the chain of funding.
ZUSAMMENFASSUNG

EINLEITUNG


HINTERGRUND


Aus der Vorgängerstudie ging hervor, dass je nach Dienststelle der Kommission erhebliche Unterschiede bei der Einstufung der Empfänger von Zuschussfinanzierung bestanden, was eine genaue Analyse der den NGO zugewiesenen Finanzmittel verhinderte. Weiter eingeschränkt worden sei die Analyse dadurch, dass die einzelnen Dienststellen der Kommission unterschiedliche Datenbanken nutzten, was zu Unstimmigkeiten führte, etwa bei den Bezeichnungen der Organisationen. Empfohlen wurden die Einführung einer einzigen, zentralisierten Datenbank und die Entwicklung einer gemeinsamen Organisationstypologie für die Zuschussbegünstigten, die verwendet werden könnte, ohne dass zwangsläufig eine Bestimmung des Begriffs von „NGO“ erforderlich wäre. Ferner wurde empfohlen, dass die Kommission aufzeichnet, wie die Zuschüsse unter den Konsortialpartnern weiterverteilt werden.

In der Studie wurde festgestellt, dass die umfangreichen Systeme der Kommission für die Überwachung und Kontrolle möglicherweise nicht immer wie beabsichtigt funktionierten, insbesondere in Fällen, in denen diese darauf angewiesen seien, dass die Zuschussbegünstigten bestimmte Entwicklungen meldeten. Ferner wurde vorgeschlagen, dass es für die Kommission ratsam sein könne, die Situation der größten Begünstigten stärker vorausschauend zu überprüfen.

Aufgrund der Art, in der begünstigte Organisationen ihre Tätigkeiten darstellten – das heißt ohne Verweis auf bestimmte von der EU finanzierte Maßnahmen – sei es der Studie zufolge schwierig, eine

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5 Blomeyer & Sanz (23.05.2016), Turkey: How the pre-accession funds have been spent, managed, controlled and the monitoring system?, https://bit.ly/2tpqX80

Bestimmung des Begriffs „NGO“


Wichtigste Empfänger von Zuschussfinanzierung der EU aus dem Kreis der NGO


Für Zuschüsse, die im Rahmen der Fazilität für Flüchtlinge in der Türkei (FRT) und der EU-Treuhandfonds finanziert werden, gelten die üblichen vertraglichen Anforderungen (darunter die Anforderungen für die Sichtbarkeit) des Handbuchs für Vergabeverfahren im Rahmen von EU-Außenmaßnahmen (PRAG) (für die Zuschüsse der GD Internationale Zusammenarbeit und Entwicklung (DEVCO) und der GD NEAR) sowie der Partnerschaftsrahmenverträge (für die Zuschüsse der GD Europäischer Katastrophenschutz und humanitäre Hilfe (ECHO)).
Transparenzregister

Die bislang vorgeschlagenen Änderungen am Transparenzregister dürften keine erheblichen Auswirkungen auf die NGO haben, wenngleich es nach wie vor möglich ist, dass Änderungen mit nennenswerteren Folgen für die NGO auf dem Verhandlungsweg herbeigeführt werden.

Es wäre denkbar, das Sekretariat des Transparenzregisters zu stärken und somit zu einer größeren Kontrolle über die von den Antragstellern (darunter NGO) vorgelegten Informationen zu befähigen, was den Nutzen des Registers steigern würde.

Folgemaßnahmen – Verwaltung und Kontrolle von Zuschussfinanzierung der Kommission

Stimmigkeit und Verlässlichkeit der Daten zur Zuschussfinanzierung


In den der FTS-Website entnommenen Daten für 2017 ist die Spalte „Gesamtbetrag“ entweder leer oder enthält für etwa 42 000 Einträge (57 %) den Wert „0“. Dies deutet darauf hin, dass das System auch bei den Mittelbindungen für 2017 die Weiterverteilung von Zuschüssen (und anderen Mitteln) zwischen den Konsortialpartnern noch immer nur teilweise erfasst. Den Rückmeldungen der Kommission zufolge soll die Weiterverteilung von Zuschüssen zwischen Konsortialpartnern ab 2018 für alle Aufträge und Zuschüsse usw. angezeigt werden.

Das FTS enthält unverändert nur Informationen über Mittelbindungen. Informationen über tatsächliche Auszahlungen werden von den einzelnen Dienststellen der Kommission verwaltet und werden nicht veröffentlicht.

Überwachung großer Empfänger von Zuschussfinanzierung und Anwendung von Artikel 136 der Haushaltsordnung

Die Kommission weist darauf hin, dass die Aufträge nun strengere Bestimmungen zur Prüfung der Einhaltung vertraglicher Verpflichtungen enthalten, und die GD DEVCO hat die ethischen Anforderungen verschärft. Es ist allerdings unklar, ob die Kommission selbst die Situation der größten Begünstigten stärker vorausschauend überprüft. Ebenso unklar ist weiterhin, welchen Ansatz die Kommission für die „Ausschlusskriterien“ und ihre Auslegung verfolgt, und es ist nicht bekannt, ob oder wie die Kommission der jüngsten internationalen Kritik an einem der größten Empfänger von Kommissionszuschüssen Rechnung getragen hat.
Sichtbarkeit und Transparenz der Förderung durch die EU

In den unlängst aktualisierten Leitlinien der Kommission für die Sichtbarkeit und die Kommunikation werden wichtige systemische Empfehlungen der Vorgängerstudie, die dazu gedacht waren, Informationen leichter zugänglich zu machen und ein längerfristiges Bild von der Rolle der Förderung einzelner NGO durch die EU zu vermitteln, nicht thematisiert. Die Einhaltung der vertraglichen Anforderungen der Kommission gewährleistet noch immer keine Transparenz und Rechenschaftslegung in Bezug auf EU-Mittel.

Einhaltung der Vorschriften


Gesamtschlussfolgerungen

SYNTHÈSE

INTRODUCTION

Le présent document a été élaboré par Blomeyer & Sanz en réponse à une demande du Parlement européen. Il s’agit d’une mise à jour d’une étude précédente du Parlement européen intitulée «Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget» (responsabilité démocratique et contrôle budgétaire des organisations non gouvernementales financées par le budget de l’union européenne), ci-après «l’étude précédente»7. Cette mise à jour porte également sur les fonds fiduciaires et la facilité en faveur des réfugiés en Turquie. Ceux-ci n’étaient pas explicitement couverts par l’étude précédente sur les organisations non gouvernementales (ONG), mais ont fait l’objet d’une autre étude du Parlement européen8.

La présente mise à jour aborde trois points principaux: la définition d’«ONG» (organisation non gouvernementale); les principales ONG bénéficiaires de subventions de l’Union européenne (UE); et le registre de transparence. Elle examine également comment et dans quelle mesure il a été donné suite aux conclusions et aux recommandations de l’étude.

CONTEXTE

L’étude précédente faisait elle-même suite à une étude du Parlement européen de 2010 intitulée «Financing of Non-Governmental Organisations (NGO) from the EU budget» (financement des organisations non gouvernementales (ONG) par le budget de l’Union)9. Les difficultés recensées dans cette étude concernant la fragmentation des systèmes de la Commission européenne existaient toujours en 2016.

L’étude précédente a mis en évidence des différences importantes dans la manière dont les différents services de la Commission classaient les bénéficiaires des subventions, ce qui empêchait une analyse précise du financement des ONG à l’aide de subventions. Cette situation était exacerbée par l’utilisation de bases de données différentes par les services de la Commission, qui a donné lieu à des incohérences, par exemple dans les noms des organisations. Il a été recommandé de mettre en place une base de données unique et centralisée et d’élaborer une typologie organisationnelle commune pour les bénéficiaires de subventions, qui pourrait être utilisée sans nécessairement devoir définir le terme «ONG». La Commission a aussi été invitée à recenser la manière dont les subventions sont redistribuées entre les partenaires des consortiums.

L’étude a permis de constater que les systèmes de surveillance et de contrôle étendus de la Commission ne fonctionnaient pas toujours comme prévu, surtout lorsqu’ils se fondaient sur des informations devant être communiquées par les bénéficiaires de subventions. Il a aussi été suggéré dans l’étude qu’il serait souhaitable que la Commission adopte une approche plus proactive de la surveillance des principaux bénéficiaires de subventions.

8 Blomeyer & Sanz (23.5.2016), Turkey: How the pre-accession funds have been spent, managed, controlled and the monitoring system? (Turquie: comment les fonds de préadhésion ont-ils été dépensés, gérés et contrôlés, et le système de suivi?) https://bit.ly/2tpqXB0
9 Blomeyer & Sanz (2010), Financing of Non-Governmental Organisations (NGO) from the EU budget (financement des organisations non gouvernementales (ONG) par le budget de l’Union), https://bit.ly/2lgkcbS
Il a été souligné dans l’étude qu’il était difficile de faire le lien entre les activités et les résultats affichés des ONG et des actions spécifiques financées par l’Union en raison du fait que les organisations bénéficiaires présentaient leurs activités sans préciser si celles-ci s’inscrivaient ou non dans le cadre d’actions spécifiques financées par l’Union. Il était par ailleurs impossible de corrélérer de façon fiable les informations financières provenant de différentes sources, y compris celles émanant du système de transparence financière, des différents services de la Commission et des rapports annuels des ONG. L’Union jouissait d’une visibilité à des degrés variables selon les ONG bénéficiant de fonds européens. Il n’était pas indiqué clairement si cela était dû aux règles de visibilité de la Commission ou à la manière dont les ONG appliquaient les règles. Certaines des principales ONG subventionnées par l’Union ne faisaient que rarement mention de ce financement sur leur site internet. L’étude comprenait plusieurs recommandations à la Commission concernant l’accroissement de la visibilité et de la transparence des subventions accordées par l’Union aux ONG.

**Définition d’«ONG»**

Il ne semble pas y avoir de changement en ce qui concerne la définition des ONG, ni l’introduction d’un système de classification commun à l’échelle de la Commission pour les demandeurs/bénéficiaires de subventions, ce qui est source d’incohérences entre les systèmes de la Commission. Certaines entités qui ont obtenu des subventions semblent à tort qualifiées d’«ONG» ou d’«OSBL» (organisation sans but lucratif) dans le système de transparence financière (STF). Il est difficile de déterminer si cela revêt de l’importance pour l’octroi de subventions, et cet état de fait soulève des questions quant à la validation du statut autodéclaré des demandeurs de subventions.

**Principales ONG bénéficiaires de subventions de l’Union**

Des différences marquées existent entre les listes des principales ONG bénéficiaires de subventions fournies par la direction générale du budget de la Commission (DG Budget) pour l’étude précédente et pour la présente mise à jour, car les établissements universitaires et les instituts de recherche étaient exclus de l’étude précédente. Un petit nombre d’entités de ce type figurent parmi les plus gros bénéficiaires de subventions et représentent environ 36 % du montant total indiqué dans la liste fournie pour la présente mise à jour. Les cinq principaux bénéficiaires de subventions en 2017 sont la Max-Planck-Gesellschaft Zur Forderung Der Wissenschaften EV (164 485 070 EUR), le Dansk Flygtningehjælp Forening*Danish Refugee Council (108 805 541 EUR), le Stiftelsen Flyktninghjelpen*Norwegian Refugee Council (94 937 540 EUR), le Deutsches Zentrum Fur Luft - Und Raumfahrt EV* (89 605 436 EUR) et la Fraunhofer Gesellschaft Zur Forderung Der Angewandten Forschung EV*FHG (79 531 704 EUR).


Les subventions financées au titre de la facilité en faveur des réfugiés en Turquie (FRT) et des fonds fiduciaires de l’Union sont soumises aux exigences contractuelles types (y compris les exigences en matière de visibilité) du guide pratique des procédures contractuelles dans le cadre des actions extérieures de l’Union (PRAG) pour les subventions de la DG Coopération internationale et
développement (DEVCO) et de la DG NEAR) et des accords-cadres de partenariat (pour les subventions de la DG Protection civile et opérations d’aide humanitaire européennes (ECHO)).

**Registre de transparence**

Il est peu probable que les modifications du registre de transparence proposées à ce jour aient un impact significatif sur les ONG, même s’il est possible que les négociations aboutissent encore à l’introduction de modifications qui auraient une incidence plus importante sur les ONG.

Il est possible que le secrétariat du registre de transparence soit renforcé et qu’il puisse ainsi exercer un plus grand contrôle sur les informations fournies par les demandeurs (dont les ONG), ce qui renforcerait l’utilité du registre.

**Suivi – gestion et contrôle des subventions de la Commission**

*Cohérence et fiabilité des données relatives aux subventions*

Alors que les données du STF sont extraites d’un système unique, le système de comptabilité d’exercice de la Commission (ABAC), ce dernier repose sur des données provenant de bases de données multiples gérées par différents services de la Commission. Il n’est pas prévu d’établir une base de données centralisée unique pour la gestion des informations sur les subventions et les contrats, et il semble qu’il n’y ait aucun projet de classification commune des types d’entités.

Sur la base des données de 2017 téléchargées à partir du STF, nous ne pouvons reproduire la liste des 30 principales ONG bénéficiaires de subventions fournie par la DG Budget. La raison en est que le «type» d’entité n’est pas indiqué pour la majorité des 73 000 entrées dans l’ensemble de données téléchargé, et que la structure des données téléchargées ne permet pas de remplir les valeurs manquantes dans cette colonne. En outre, il semble que toutes les entrées d’ONG figurant sur le site internet du STF ne figurent pas dans l’ensemble de données téléchargé.

Dans les données de 2017 téléchargées sur le site web du STF, pour environ 42 000 entrées (57 %), la colonne «Montant total» est soit vide, soit il y figure le chiffre «0». Cela indique qu’en ce qui concerne les engagements de 2017, le système n’enregistre encore que partiellement la redistribution des subventions (et autres sources de financement) entre les partenaires des consortiums. D’après le retour d’informations de la Commission, la redistribution des subventions entre les partenaires des consortiums sera indiquée pour tous les marchés et subventions, etc., à partir de 2018.

Le STF continue de ne fournir des informations que sur les seuls engagements. Les informations sur les décaissements sont gérées par différents services de la Commission et ne sont pas publiées.

*Suivi des principaux bénéficiaires de subventions et application de l’article 136 du règlement financier*

La Commission indique que les contrats comprennent désormais des dispositions renforcées pour contrôler le respect des obligations contractuelles, et la DG DEVCO a introduit des exigences éthiques renforcées. Toutefois, on ne sait pas vraiment si la Commission adopte elle-même une approche plus proactive de la surveillance des principaux bénéficiaires de subventions. La démarche de la Commission vis-à-vis des «critères d’exclusion» et l’interprétation qu’elle fait de ces critères ne sont pas claires et on ne sait pas si et, le cas échéant, comment la Commission a pris en considération les critiques internationales récentes de l’un de ses principaux bénéficiaires de subventions.
Visibilité et transparence du financement de l’Union

Les lignes directrices récemment mises à jour de la Commission concernant la visibilité et la communication n’abordent pas les principales recommandations systémiques formulées dans l’étude précédente, qui visaient à rendre les informations plus facilement accessibles et à fournir une vision à plus long terme du rôle des financements accordés par l’Union aux différentes ONG. Le respect des exigences contractuelles de la Commission n’est toujours pas gage de transparence et de responsabilité en ce qui concerne les fonds de l’Union.

Respect des règles

Une page du site web du système de détection rapide et d’exclusion (EDES) de la Commission est désormais accessible au public et répertorie dix opérateurs économiques qui ont été exclus de la participation au financement de l’Union. Aucune statistique n’est disponible concernant les entités qui ont été «signalées» dans le système pour des problèmes moins graves. Étant donné que les données téléchargées du STF comprennent 73 000 entrées rien que pour l’année 2017, il y a lieu de douter de la capacité du système à détecter et à sanctionner les transgressions de l’article 136 du règlement financier du 18 juillet 2018 (anciennement article 106).

Conclusions générales

L’accessibilité et la qualité des données de la Commission sur les subventions sont nettement meilleures qu’en 2010. Des évolutions positives ont également eu lieu depuis 2016, et d’autres progrès sont prévus, tels que la publication de données sur la redistribution des subventions. Toutefois, des contraintes importantes subsistent qui empêchent une analyse convenable des données de financement des ONG/OSBL. Cela nuit à la transparence et à la responsabilité et limite la capacité des acteurs extérieurs à la Commission de contribuer à l’élaboration et au suivi des politiques. En outre, des données plus précises et plus accessibles faciliteraient grandement la détection des anomalies et des irrégularités par la Commission, les chercheurs externes et d’autres acteurs. Une approche plus systématique de la communication des activités financées par des subventions de l’Union demeure nécessaire afin de renforcer la visibilité de l’Union et d’accroître la transparence et la responsabilité tout au long de la chaîne de financement.
1 INTRODUCTION

This document is a follow-up to the European Parliament study on ‘Democratic accountability and budgetary control of non-governmental organisations financed from the EU budget’ (hereinafter the ‘the previous study’). It addresses three main issues:

- Definition of ‘NGO’ (non-governmental organisation);
- Top NGO recipients of European Union (EU) grants;
- Transparency Register.

It also reviews how and to what extent the conclusions and recommendations of the study have been followed up.

The specification for this review introduces additional questions on Trust Funds and FRT, which were not covered by the NGO study, but were part of another study.

The following institutions were consulted in the course of the research for this review:

- European Commission Directorate General (DG) BUDGET
- European Commission DG European Civil Protection and Humanitarian Aid Operations (ECHO)
- European Commission DG International Cooperation and Development (DEVCO)
- European Commission DG European Neighbourhood Policy and Enlargement Negotiations (NEAR)
- Transparency International
- Civil Society Europe
- Oxfam GB

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10 Blomeyer & Sanz (24/01/2017), Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget, [https://bit.ly/2kyzI7Q](https://bit.ly/2kyzI7Q)
11 Blomeyer & Sanz (23/05/2016), Turkey: How the pre-accession funds have been spent, managed, controlled and the monitoring system?, [https://bit.ly/2tpqX80](https://bit.ly/2tpqX80)
12 DG BUDGET was also invited to comment on an extract of the text in Section 2.2 regarding the difficulty in reproducing its table of top 30 grant recipients from data downloaded from the Financial Transparency System but DG BUDGET did not respond on this particular point.
2 MAIN QUESTIONS

**KEY FINDINGS**

- There seem to have been no changes regarding the definition of NGOs, or the introduction of an EC-wide common classification system for grant applicants/recipient, and this generates inconsistencies between Commission systems.

- Using the 2017 data downloaded from the Financial Transparency System, we are unable to replicate the list of top 30 NGO grant recipients provided by DG BUDGET. This is because entity ‘Type’ is not indicated for the majority of the 73,000 entries in the downloaded dataset, and the structure of the downloaded data makes it impossible to fill in the missing values in this column. Moreover, it seems that not all NGO entries shown on the Financial Transparency System (FTS) website are included in the downloaded dataset.

- There is a significant difference in the lists of top NGO grant recipients provided by DG BUDGET for the previous study and this follow-up because the previous study excluded academic and research institutions. A small number of such institutions are amongst the largest recipients of grants, accounting for approximately 36% of the total amount indicated in the list provided for this follow-up.

- Some entities that have been awarded grants appear to be incorrectly categorised as ‘NGO’ (non-governmental organisation) or ‘NFPO’ (not-for-profit organisation) in the FTS. It is unclear what, if any, significance this has with respect to the awarding of grants and it raises questions about the validation of the self-reported status of grant applicants.

- The top three NGO beneficiaries of the Facility for Refugees in Turkey are Concern Worldwide, followed by Danish Refugee Council and Médecins du Monde, which accounted for EUR 17,510,334, EUR 11,693,374, and EUR 9,877,918 respectively of net payments made to projects during 2016-2017. Information about the immediate grant recipient is readily available on DG NEAR’s website. However, it is harder to determine if the immediate grant beneficiary subsequently redistributed the funding to other partners.

- Grants financed under the FRT and EU Trust Funds are subject to standard contractual requirements (including visibility requirements) of the Practical Guide on contract procedures for European Union external action (PRAG) (for DG DEVCO and DG NEAR grants), and Framework Partnership Agreements (for DG ECHO grants).

- The changes to the Transparency Register proposed to date are unlikely to have significant impact on NGOs, although it is possible that negotiations could still lead to the introduction of changes that would have greater impact on NGOs.

- It is possible that the Transparency Register’s secretariat will be strengthened, enabling it to exercise greater control over the information provided by applicants (including NGOs), which would enhance the usefulness of the register.
2.1 NGO DEFINITIONS

*It seems that the situation in this respect has not changed, i.e. there is no common legal definition at the EU level, and the EC operates a pragmatic definition based on a number of key features (most prominently, non-profit character), with potential differences depending on the implementing DG, or even program.*

*Has this lack of a common definition had some (actual or potential) impact on NGO financing and/or their accountability, also but not only in the Transparency Register?*

NGO definition was covered in Section 10.1 (p94) and Section 3 (p19) of the previous study. It identified two issues that made analysis of European Commission (EC) grant funding problematic:

- There was no common understanding of the term ‘NGO’ within the EC, or between Member States;
- There was a lack of consistency within the EC regarding the functional categorisation of grant-funded organisations. For example, one Directorate General (DG) might have separate categories for ‘university’ and ‘research institution’, while another DG might only have one category covering both types of organisation e.g. ‘academic institution’.

The study recommended that, while it might not be possible to agree a common definition of ‘NGO’, at least these functional categories should be standardised across the EC, which would greatly enhance the possibility of analysing grant data (and thus policy formulation and monitoring).

The research undertaken for this follow-up suggests that there have been no changes regarding the definition of NGOs, or the introduction of an EC-wide common classification system for grant applicants/recipients. This generates inconsistencies. For example, Figure 1 (below) shows the list of beneficiary types available when searching the LIFE Programme database. ‘NGO-Foundation’ is one type of beneficiary and ‘University’ is another type i.e. the two are mutually exclusive. However, in the Financial Transparency System (FTS), some universities are classified as ‘NGO’ (see 2.2).

**Figure 1: LIFE programme beneficiary types**

![Figure 1: LIFE programme beneficiary types](source: European Commission)

Democratic accountability and budgetary control of non-governmental organisations
financed from the EU budget - Update

In the light of the lack of a legal common definition of ‘NGO’ at EU level, the EC tends to consider as NGOs non-profit, non-public law bodies (NFPO) independent of public authorities, political parties and commercial organisations.

Some universities may have research centres that are non-profit-making associations while other universities may have a not-for-profit statute if they are not public universities\textsuperscript{14}. Additionally, other types of organisation may be registered as NGOs, such as ‘Confindustria Innovative and Technological Services’\textsuperscript{15}, the Italian federation that represents businesses that create technological, professional, managerial, and organisational innovation. In this context Civil Society Europe points out the difficulty in differentiating between the NGO and NFPO categories, and it suggests that some organisations may have ‘self-certified’ themselves as NGOs.

2.1.1 Different EC definitions of NGO

A review of different EC databases highlights the following points

- The DG MARE database includes 7 NGOs and 15 NFPOs;
- The LIFE database includes 63 NGOs and 150 NFPOs. However, there appear to be minimal differences between the organisations registered in the two categories;
- A cross-check of data in the LIFE database and the data included in the FTS for 2017 shows that data on the same LIFE beneficiaries is not consistent between the two databases. This can perhaps be explained by the fact that the LIFE database includes 16 types of beneficiary, while the FTS has only two categories (NGO and NFPO);
- The Creative Europe database includes approximately 60 different categories.

NGOs that receive funding from the EC through grant agreements or contracts directly managed by the EC should provide declarations to the EC about the organisation. However, these declarations do not have to be validated by the EC and are used mainly for statistical purposes. Only the non-profit status of the organisations (NFPOs), an essential element of any NGO, is subject to validation, as this criterion can be easily checked by the non-profit legal form of the entity.

Even if EC departments and agencies use the term NGO, there is a general lack of information on the specific definition of the term. Most frequently, the main consideration is whether NGOs are legally registered as NGOs in their ‘home’ countries. This situation appears not to affect organisations’ access to EU grant funding. Furthermore, the lack of a common legal definition at EU level does not have any impact on the information that has to be included in the Transparency Register. However, according to Civil Society Europe, the existence of different definitions of NGO might have some implications for their accountability and transparency, due to difficulty in classifying them. For example, in some EU Member States, universities are classified as NGOs, while in other Member States this is not possible.

The following paragraphs provide examples of different terms and definitions used by various EC departments and agencies.

\textsuperscript{14} For example, this is the case for the City University of London (UK), the University of Manchester (UK), the University of Bielefeld (Germany), the University of Ghent (Belgium) and the National Research Council (Italy).
\textsuperscript{15} Confindustria Servizi Innovativi e Tecnologici, \url{http://www.confindustriasi.it/news/sezione4.html}
DG BUDGET does not have a definition of NGO and considers as NGOs organisations that are not-for-profit, even if some organisations that are not-for-profit might not be considered as non-governmental. Responding to a written question from the study team on this point, DG BUDGET stated\textsuperscript{16}:

There is no legal definition of NGOs at EU level or agreed among EU Member States. Definitions at national level, when they exist, differ considerably among Member States.

The European Commission considers that a common definition of the term ‘non-governmental organisation’ cannot be based on a legal definition given the wide variations in laws relating to NGO activities, according to which an NGO may have, for instance, the legal status of a charity, non-profit association or a foundation. The term ‘NGO’ can nevertheless be used as shorthand to refer to a range of organisations that normally share similar characteristics (e.g. not-for-profit).

The accounting system of the Commission contains classification of the legal entities in terms of their for-profit (FPO) versus not-for-profit (NFPO) status, based on a self-declaration by the entities.

DG European Civil Protection and Humanitarian Aid Operations (ECHO) has partnership agreements with non-governmental organisations active in the humanitarian field. However, the 2014 Framework Partnership Agreement with humanitarian organisations does not include a specific definition of NGOs\textsuperscript{17}.

DG International Cooperation and Development (DEVCO) generally does not distinguish between different types of organisation with regard to funding. DG DEVCO refers to the 2012 EC Communication on civil society in partner countries\textsuperscript{18}, which only provides a definition of civil society organisations. DG DEVCO also indicates that the definition of NGOs might differ greatly from Member State to Member State. However, it differentiates between NGOs and other kinds of ‘non-state actors’\textsuperscript{19}. The review of the Multiannual Action Programme for the Thematic Programme ‘Civil Society Organisations’ for the period 2018-2020 suggests that there is a further distinction between NGOs and civil society organisations\textsuperscript{20}. Finally, the Development education and awareness-raising programme (DEAR)\textsuperscript{21}, specifically refers to non-governmental organisations as targets of the projects (non-state actors cannot be applicants or partners).

The Executive Agency for Small and Medium-sized Enterprises (EASME) does not have a definition of NGO. The definition varies depending on the EU programme managed by the Agency or the EU documentation applied. In the context of the Horizon 2020 programme, the Participant Register is an online web interface offering registration and data update services for participants via the Research

\textsuperscript{16} European Commission DG BUDGET email to the study team (15 October 2018).
\textsuperscript{17} European Commission (undated), European Civil Protection and Humanitarian Aid Operations, DG ECHO Partners’ Website, FPA & Partnership, https://bit.ly/2rjdOtt
\textsuperscript{18} European Commission (12 September 2012), Communication From the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - The roots of democracy and sustainable development: Europe’s engagement with Civil Society in external relations, https://bit.ly/2RrQbdz
\textsuperscript{21} European Commission (03 December 2018), International Cooperation and Development, Building partnerships for change in developing countries, Development education and awareness raising, https://bit.ly/1ZtWUS1
and Innovation Participant Portal, and it is designed to assist the users of the Participant Register application. The Participant Register User's Guide defines NGOs as 'any non-profit, voluntary citizens' group which is organized on a local, national or international level.'

EASME also explicitly refers to NGOs in the context of the LIFE financial instruments. The LIFE 2014-2020 Regulation (EC) No 1293/2013 of the LIFE Regulation distinguishes between civil society and NGOs (Article 3, Paragraph 1(c)) and differentiates between non-governmental organisations (NGOs) and networks of non-profit-making entities (Article 33). One of the objectives of the LIFE Programme is 'to promote better environmental and climate governance by broadening stakeholder involvement, including NGOs, in consultation on and implementation of policy' (Article 12). In this regard, Article 21 of the LIFE Regulation states that: ‘Operating grants shall support certain operational and administrative costs of non-profit making entities which pursue an aim of general Union interest, are primarily active in the field of environment or climate action and are involved in the development, implementation and enforcement of Union policy and legislation’.

In this context, EASME is launching LIFE calls for Framework Partnership Agreement which set eligibility criteria to define NGOs. The eligibility criteria of such calls states that:

‘Proposals must be submitted by a single legal entity that fulfils the below requirements.

To be eligible, applicants must:

1. Be a non-profit making legal person;
2. Be independent, in particular from government, other public authorities, and from political or commercial interests;
3. Be primarily active in the field of environment and/or climate action and have an environmental/climate objective which is aimed at:
   a. the public good,
   b. sustainable development, and
   c. the development, implementation and enforcement of European Union environmental and/or climate policy and legislation.

In case of doubt, EASME will refer to the statutes (or equivalent) of the NGO to determine its objective.

4. Be established (legally registered) in one of the European Union Member States.
5. Be operating at Union level with a structure and activities covering at least three European Union Member States.’

The Education, Culture and Audiovisual Executive Agency (EACEA) has a specific instrument to support the European audiovisual, cultural and creative sector (the Creative Europe programme). Financial support is available for different kinds of organisations, including NGOs. The 2013 EU

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Regulation that establishes the programme refers to non-governmental organisations and distinguishes them from not-for-profit organisations\(^25\). NGOs are also mentioned in the context of the Erasmus+ programme, namely, under Key Action 3 which aims to provide structural support to ‘European NGOs and EU-wide networks active in the fields of education, training and youth’\(^26\). EACEA uses a definition of 'European Youth NGO' to determine eligibility in the relevant calls of the Youth sector: ‘NGO that operates through a formally recognised structure, composed of a) European body/secretariat (the applicant) legally established for at least one year in a Programme Country on the date of submission of the application and b) national organisations/branches in at least twelve Programme Countries having a statutory link with the European body/secretariat; 2) is active in the field of youth and runs activities that support the implementation of the fields of action of the EU Youth Strategy; 3) involves young people in the management and governance of the organisation\(^27\).

According to the European Commission webpage on funding opportunities for NGOs, some funding areas of the Connecting Europe Facility (CEF) are open to NGOs\(^28\). However, the text of the call, which is managed by the Innovation and Networks Executive Agency (INEA), does not refer to NGOs, while it states that ‘With the agreement of the Member State(s) concerned, international organisations, joint undertakings, or public or private undertakings or bodies established in an EU Member State’\(^29\).

The Consumers, Health, Agriculture and Food Executive Agency (CHAFEA) promotes grants under its 3rd Health Programme (2014-2020). CHAFEA’s grants can be awarded to different kinds of organisation, including legally established ‘non-governmental bodies’ that pursue one or more of the specific objectives of the Agency programme. In order to be eligible for funding, the applicants should be non-governmental bodies or networks hosted by a non-profit body. The text of the ‘Operating grants’ call for proposals specifies that applicants must be ‘non-governmental, non-profit-making and independent of industry, commercial and business or other conflicting interests’\(^30\).

The Service for Foreign Policy Instruments (FPI) refers to NGOs in in some of its Action grants (e.g. ‘EU-US Transatlantic Civil Society Dialogue’; ‘EU and US: Getting to Know Europe 2015-2017’). In order to be eligible for a grant, the applicants must be non-profit-making and non-governmental organisations or not-for-profit institutions including, but not limited to, secondary schools, universities, trade unions, business associations, teachers’ federations, youth groups and associations, local community groups, cultural institutions, local associations promoting socio-cultural exchanges across the Atlantic, media and other professional training centres, national ‘umbrella’ groups with active local chapters, and other civil society organisations such as chambers of commerce.


2.1.2 European Economic and Social Committee

The European Economic and Social Committee uses the term ‘civil society organisation’ and defines these as ‘nongovernmental, non-profit-making organisations independent of public institutions and commercial interests, whose activities contribute to the objectives of the Charter of Fundamental Rights, such as social inclusion, active participation of citizens, sustainable development in all its forms, education, health, employment, consumer rights, support to migrants and refugees, and fundamental rights.’

2.2 TOP NGO RECIPIENTS OF EU GRANTS

Can the TOP 30 recipients list be set up again on the basis of the 2017 budgetary figures? Have inconsistencies and the lack of central guidance been resolved in the COM/DGs databases in order to ease research and increase transparency?

For the previous study, the European Parliament obtained data from DG Budget, as it was not possible to undertake the analysis using any other available sources of information, including the FTS and data provided to the European Parliament by different EC departments. It was not possible to analyse FTS data for NGOs only, because the system lacked organisational typologies, which in turn reflected a lack of consistent organisational typology between EC departments.

For the financial year 2016 onwards, it is possible to search for Non-governmental organisations (NGO) and Not-for-profit organisations (NFPO). This is an improvement. However, analysis of the downloaded 2017 FTS data suggests that, in practice, the situation has not changed. The downloaded 2017 FTS data contains 72,664 records. 42,097 of these are categorised as grants. No entity type is indicated for 89% of these 42,097 grants; in the remaining 11% of entries, entities are given as either ‘NGO’ or ‘NFPO’ (not-for-profit organisations). The entries where no entity type is provided include NGOs and academic institutions. On the other hand, the University of Manchester, for example, is listed as an NGO while other universities are registered as NFPO (for example the University of York) and others as for-profit organisation (FPO) (for example the University of Oslo). Thus it is still impossible to reliably analyse grant funding to NGOs on the basis of FTS data, and it is unclear if the EC has a more reliable means of analysing NGO grant funding.

As indicated on the FTS website, ‘the NGO information that the Commission has available is based on self-declarations by entities receiving funding from EU funds through grant agreements or contracts directly managed by the Commission. These self-declarations are mainly requested for statistical purposes and are not subject to a general validation by Commission services. However, the non-profit status of an entity (NFPO), that is practically an essential element of an NGO, is subject to validation, as this criterion can be objectively assessed through the non-profit making legal form of the entity’.

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31 European Economic and Social Committee (19/10/ 2017), Financing of Civil Society Organisations by the EU (paragraph 2.5), https://bit.ly/2zGvUua
32 The analysis was undertaken with pandas (https://pandas.pydata.org). The methodology is presented in Annex 1 (items [91] to [101]. Many values are missing in the downloaded data e.g. each ‘Commitment position key’ is indicated only once where multiple entries are associated with the same commitment position. In order to address this, where the value is missing, the last indicated value is copied using the ‘fill’ method (equivalent to the ‘fill down’ spreadsheet command). The same approach is used to fill in missing values in the ‘Funding Type’ column.
33 European Commission (27 June 2018), Beneficiaries of EU funds implemented directly by the Commission in 2017 released, https://bit.ly/2Qc53Ak
The justification for the categorisation of some entities as ‘NGO’ is unclear. For example, the International Union for Conservation of Nature\(^{34}\), Water Sector Trust fund\(^{35}\), Offshore Renewable Energy Catapult\(^{36}\). Some entities are classified as ‘FPO’ while they actually correspond to NGO or NFPO, for example, the Health Sciences e-Training Foundation\(^{37}\).

Thus, the data is not reliable, mainly due to the fact that the information is based on entities’ self-declarations, which are generally not subject to EC validation.

Table 1 (below) presents the top 30 NGO grant recipients in 2017 (by commitments), as provided by DG BUDGET on 09 September 2018. Table 2 (below) presents a list of the top 30 grant recipients in 2017 based on analysis of FTS data downloaded on 29 October 2018\(^{38}\). **There are significant differences between the two tables: the total amount in the first table is approximately EUR 283 million greater than in the second table; the order of the entities is different in the two tables; and not all of the same entities are represented in both tables.** Possible reasons for the differences between the two tables are discussed below Table 2.

There is a significant difference between the lists provided by DG BUDGET for the previous study\(^{39}\) and for the present follow-up. **The list provided for the previous study comprised, almost exclusively, humanitarian organisations, while the list provided for this follow-up includes several academic and research institutions, and these account for approximately 36% of commitments in the list.** This is likely due to the fact that the previous study generally excluded research institutes.

### Table 1: Top 30 NGO recipients of EC grant funding in 2017 (from DG BUDGET)

<table>
<thead>
<tr>
<th>LE Official Name</th>
<th>Committed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MAX-PLANCK-GESELLSCHAFT ZUR FORDERUNG DER WISSENSCHAFTEN EV</td>
</tr>
<tr>
<td>2</td>
<td>DANSK FLYGTMINGEHJAELP FORENING* DANISH REFUGEE COUNCIL</td>
</tr>
<tr>
<td>3</td>
<td>STIFTELSEN FLYKTNINGHJELPEN* NORWEGIAN REFUGEE COUNCIL</td>
</tr>
<tr>
<td>4</td>
<td>DEUTSCHES ZENTRUM FUR LUFT - UND RAUMFAHRT EV*</td>
</tr>
<tr>
<td>5</td>
<td>FRAUNHOFER GESELLSCHAFT ZUR FORDERUNG DER ANGEWANDTEN FORSCHUNG EV*FHG</td>
</tr>
</tbody>
</table>

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\(^{34}\) *The International Union for Conservation of Nature (IUCN) is a membership Union uniquely composed of both government and civil society organisations.* [https://www.iucn.org/about](https://www.iucn.org/about)

\(^{35}\) *IUCN harnesses the knowledge, resources and reach of approximately 1300 Member organisations. These include States and government agencies, NGOs large and small, Indigenous Peoples’ organisations, scientific and academic institutions and business associations.* [https://www.iucn.org/about/union/members](https://www.iucn.org/about/union/members)

\(^{36}\) *The Water Sector Trust Fund is listed as an NGO on the FTS and was awarded EUR 17,304,146 in 2017. According to its Facebook page the ‘Water Sector Trust Fund (WSTF) is the Kenyan State Corporation mandated to assist in financing water, sanitation and water resources management projects to the underserved and marginalized rural and urban areas.’* [https://bit.ly/2SBwAbW](https://bit.ly/2SBwAbW)

\(^{37}\) *The Offshore Renewable Energy Catapult was established in 2013 by the UK Government and is one of a network of Catapults set up by Innovate UK in high growth industries.* [https://ore.catapult.org.uk/about-us/governance/](https://ore.catapult.org.uk/about-us/governance/)

\(^{38}\) *HSeT is a non-profit organization that works with a network of leading experts from all over the world to develop online training programs in health and life sciences for teaching institutions.* [https://hset.org](https://hset.org)

\(^{39}\) *Blomeyer & Sanz (24/01/2017), Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget (Table 2, p24)*, [https://bit.ly/2kyz7Q](https://bit.ly/2kyz7Q)
<table>
<thead>
<tr>
<th>LE Official Name</th>
<th>Committed</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERNATIONAL RESCUE COMMITTEE UK*IRC UK</td>
<td>68 137 182</td>
</tr>
<tr>
<td>FORSCHUNGSZENTRUM JULICH GMBH*JULICH SUPERCOMPUTING CENTRE JSC</td>
<td>60 492 207</td>
</tr>
<tr>
<td>THE CHANCELLOR MASTERS AND SCHOLARS OF THE UNIVERSITY OF CAMBRIDGE*</td>
<td>54 033 433</td>
</tr>
<tr>
<td>OXFAM GB LBG*</td>
<td>45 970 236</td>
</tr>
<tr>
<td>MERCY CORPS EUROPE</td>
<td>44 250 270</td>
</tr>
<tr>
<td>UICN, UNION INTERNATIONAL POUR LA CONSERVATION DE LA NATURE ET DE SESRESSOURCES*INTERNATIONAL UNION FORCONSERVATION OF NATURE AND NATURAL</td>
<td>43 900 000</td>
</tr>
<tr>
<td>ACTION CONTRE LA FAIM*ACF</td>
<td>40 375 000</td>
</tr>
<tr>
<td>STIFTELSEN SINTEF*</td>
<td>38 662 340</td>
</tr>
<tr>
<td>ACTED</td>
<td>37 848 067</td>
</tr>
<tr>
<td>WEIZMANN INSTITUTE OF SCIENCE LTD*</td>
<td>36 590 849</td>
</tr>
<tr>
<td>GORTA</td>
<td>36 454 638</td>
</tr>
<tr>
<td>RELIEF INTERNATIONAL-UK LBG*RI-UK</td>
<td>32 600 000</td>
</tr>
<tr>
<td>FUNDACION ACCION CONTRA EL HAMBRE*ACTION CONTRA LA FAIM-ESPAGNE FACH</td>
<td>32 596 876</td>
</tr>
<tr>
<td>THE SAVE THE CHILDREN FUND LBG*</td>
<td>32 260 500</td>
</tr>
<tr>
<td>ACONDICIONAMIENTO TARRASENSE ASSOCIACION*LEITAT</td>
<td>29 827 627</td>
</tr>
<tr>
<td>PREMIERE URGENCE INTERNATIONALE</td>
<td>28 360 000</td>
</tr>
<tr>
<td>INTERNATIONAL MEDICAL CORPS UK LBG*IMC</td>
<td>27 720 000</td>
</tr>
<tr>
<td>EUROPEAN CENTER FOR ELECTORAL SUPPORT/CENTRE EUROPEEN D'APPUI AUX PROCESSUS ELECTORAUX</td>
<td>27 118 905</td>
</tr>
<tr>
<td>CHRISTIAN AID</td>
<td>26 059 067</td>
</tr>
<tr>
<td>BALOCHISTAN RURAL SUPPORT PROGRAMME LBG*BRSP</td>
<td>26 000 000</td>
</tr>
<tr>
<td>THE ALLIANCE FOR INTERNATIONAL MEDICAL ACTION ALIMA</td>
<td>25 403 993</td>
</tr>
<tr>
<td>STICHTING OXFAM NOVIB*</td>
<td>24 697 578</td>
</tr>
<tr>
<td>CLOVEK V TISNI OPS*PEOPLE IN NEED</td>
<td>24 299 070</td>
</tr>
<tr>
<td>UNIVERSITY OF BRISTOL ROYAL CHARTER*</td>
<td>23 587 062</td>
</tr>
<tr>
<td>ASSOCIATION FEDERATION HANDICAP INTERNATIONAL*HI HANDICAP INTERNATIONAL FEDERATION</td>
<td>22 821 350</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 427 431 541</strong></td>
</tr>
</tbody>
</table>
Table 2: Top 30 NGO/NFPO recipients of EC grant funding in 2017

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name of beneficiary</th>
<th>Total amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DANSK FLYGTNINGEHJÆLP FORENING*DANISH REFUGEE COUNCIL</td>
<td>97 260 000</td>
</tr>
<tr>
<td>2</td>
<td>MAX-PLANCK-GESELLSCHAFT ZUR FORDERUNG DER WISSENSCHAFTEN EV*</td>
<td>91 147 496</td>
</tr>
<tr>
<td>3</td>
<td>STIFTELSEN FLYKTNINGHJÆLPEN*NORWEGIAN REFUGEE COUNCIL</td>
<td>77 767 540</td>
</tr>
<tr>
<td>4</td>
<td>FRAUNHOFER GESELLSCHAFT ZUR FORDERUNG DER ANGEWANDTEN FORSCHUNG EV*FHG</td>
<td>64 993 248</td>
</tr>
<tr>
<td>5</td>
<td>THE CHANCELLOR MASTERS AND SCHOLARS OF THE UNIVERSITY OF CAMBRIDGE*</td>
<td>58 311 766</td>
</tr>
<tr>
<td>6</td>
<td>INTERNATIONAL RESCUE COMMITTEE UK*IRC UK</td>
<td>57 955 000</td>
</tr>
<tr>
<td>7</td>
<td>DEUTSCHES ZENTRUM FUR LUFT - UND RAUMFAHRT EV*</td>
<td>50 153 050</td>
</tr>
<tr>
<td>8</td>
<td>COST ASSOCIATION*</td>
<td>47 630 000</td>
</tr>
<tr>
<td>9</td>
<td>WEIZMANN INSTITUTE OF SCIENCE LTD*</td>
<td>37 508 025</td>
</tr>
<tr>
<td>10</td>
<td>ETHNIKO KENTRO EREVNAS KAI TECHNOLOGIKIS ANAPTYXIS*CENTRE FOR RESEARCH AND TECHNOLOGY</td>
<td>36 237 360</td>
</tr>
<tr>
<td></td>
<td>HELLAS CERTH EKETA</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>ACTED</td>
<td>34 153 062</td>
</tr>
<tr>
<td>12</td>
<td>INSTITUTO TECNOLOGICO METALMECANICO, MUEBLE, MADERA, EMBALAJE Y AFINES-AIDIMME</td>
<td>30 995 144</td>
</tr>
<tr>
<td>13</td>
<td>THE SAVE THE CHILDREN FUND LBG*</td>
<td>30 660 500</td>
</tr>
<tr>
<td>14</td>
<td>ACTION CONTRE LA FAIM*ACF</td>
<td>30 375 000</td>
</tr>
<tr>
<td>15</td>
<td>UNIVERSITE CATHOLIQUE DE LOUVAIN*</td>
<td>29 183 717</td>
</tr>
<tr>
<td>16</td>
<td>FUNDACION ACCION CONTRA EL HAMBRE*ACTION CONTRE LA FAIM-ESPAGNE FACH</td>
<td>28 617 854</td>
</tr>
<tr>
<td>17</td>
<td>OXFAM GB LBG*</td>
<td>27 974 436</td>
</tr>
<tr>
<td>18</td>
<td>FORSCHUNGZENTRUM JULICHR GMB*JULICHER SUPERCOMPUTING CENTRE JSC</td>
<td>27 916 106</td>
</tr>
<tr>
<td>19</td>
<td>INTERNATIONAL MEDICAL CORPS UK LBG*IMC</td>
<td>27 720 000</td>
</tr>
<tr>
<td>20</td>
<td>UNIVERSITY OF LEEDS ROYAL CHARTER*UNIVLEEDS</td>
<td>27 488 184</td>
</tr>
<tr>
<td>21</td>
<td>RELIEF INTERNATIONAL-UK LBG*RI-UK</td>
<td>26 969 902</td>
</tr>
<tr>
<td>22</td>
<td>BALOCHISTAN RURAL SUPPORT PROGRAMME LBG*BRSP</td>
<td>26 000 000</td>
</tr>
<tr>
<td>23</td>
<td>CLOVEK V TISNI OPS*PEOPLE IN NEED</td>
<td>24 355 788</td>
</tr>
<tr>
<td>24</td>
<td>STICHTING OXFAM NOVIB*</td>
<td>22 463 399</td>
</tr>
<tr>
<td>25</td>
<td>TEKNOLOGIAN TUTKIMUSKESKUS VTT OY*TEKNOLOGISKA FORSKNINGSCENTRALEN</td>
<td>22 303 510</td>
</tr>
<tr>
<td>26</td>
<td>PREMIERE URGENCE INTERNATIONALE</td>
<td>22 110 000</td>
</tr>
<tr>
<td>27</td>
<td>INTERUNIVERSITAIR MICRO-ELECTRONICA CENTRUM</td>
<td>21 775 056</td>
</tr>
<tr>
<td>28</td>
<td>STICHTING KATHOLIEKE UNIVERSITEIT</td>
<td>21 355 955</td>
</tr>
</tbody>
</table>
Democratic accountability and budgetary control of non-governmental organisations
financed from the EU budget - Update

<table>
<thead>
<tr>
<th>Name of beneficiary</th>
<th>Total amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MERCY CORPS EUROPE</td>
<td>21 250 272</td>
</tr>
<tr>
<td>AALTO KORKEAKOULUSAATIO SR</td>
<td>21 250 257</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 143 881 627</strong></td>
</tr>
</tbody>
</table>

**Source:** based on data downloaded from the FTS, 30 October 2018

The differences between the two tables seem to be partly accounted for by the fact that some entries in the FTS appear not to have been included in the FTS data download (e.g. the Water Sector Trust Fund). Also, the ‘fill down’ command cannot be easily applied to the ‘Type’ column to fill in blanks without introducing errors. This is illustrated by Figure 2 (below). Fill down works for the first three columns but not for the last column, which would result in commercial enterprises in unrelated commitment positions (second column) being incorrectly categorised as NGOs. Thus, the analysis used to produce Table 2 (above), likely omits many NGOs and NFPOs because they are missing any entity ‘Type’ classification. It is not clear that this issue can be solved in the downloaded data because many ‘Commitment position keys’ (second column) are associated with multiple beneficiaries, often including a mixture of NGOs, commercial enterprises, and other types of organisation, while the entity ‘Type’ is provided only for the first entry in the list – if it is provided at all. In these cases, using ‘fill down’ would generate ‘Type’ errors within commitment positions as well as between commitment positions.

In summary, the downloaded FTS data does not currently permit meaningful analysis of NGO/NFPO funding, such as which NGOs/NFPOs are receiving the most grants. This undermines transparency and accountability, and constrains the ability of actors outside the EC to contribute to policy formulation and monitoring.

**Figure 2: Extract from downloaded 2017 FTS dataset**

Source: Downloaded 2017 FTS dataset

40 The ‘fill’ Python pandas method.
2.3 TRUST FUNDS AND FRT

Can the off-budget funds (Trust Funds and Facility for Refugees in Turkey) be analysed with view to NGOs? Which NGOs are implementing the highest amounts? Which provisions regarding transparency and accountability have been set up for the implementation of these funds through NGOs?

The Trust Funds and the Facility for Refugees in Turkey (FRT) were not covered by the NGO study, but were covered by a 2016 study on Pre-Accession funds in Turkey⁴¹.

The FRT was implemented on 03 February 2016 with the objective of coordinating and streamlining EU and Member States’ actions to deliver efficient and complementary support to refugees in Turkey. It is not a financial instrument per se, but a coordination mechanism implemented through existing EU financing instruments.

The website of the FRT provides information about the operational envelope of the FRT (EUR 3 billion in 2016-2017), which has been fully committed and contracted⁴². Of the EUR 3 billion, EUR 1.3 billion went to DG ECHO, and EUR 1.6 billion went to non-humanitarian instruments.

Figure 3: Overview of projects funded by the FRT (2016-2017)

Source: Based on DG NEAR website⁴³

Numerous NGOs received grants through DG ECHO during 2016-2017, as well as through other EU instruments (see Table 3 below). However, when we compare it to the overall payments, this amount is relatively small, corresponding to 6% of the global envelope.

The top three NGO beneficiaries of the FRT are Concern Worldwide, followed by Danish Refugee Council and Médecins du Monde, which accounted for EUR 17 510 334, EUR 11 693 374, and EUR 9 877 918 respectively of net payments made to projects during 2016-2017. These three amounts correspond to less than 1% of the overall payments made to projects under the FRT, accounting for, 0.9 %, 0.6 % and 0.51% of the global envelope respectively.

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⁴¹ Blomeyer & Sanz (23/05/2016), Turkey: How the pre-accession funds have been spent, managed, controlled and the monitoring system?, https://bit.ly/2tpqX80
See 4.2.1.3 (p105), 4.2.1.4 (p109), 4.3.1.3 (p114), 4.3.1.4 (p115), 4.3.1.5 (p115), 4.4.2 (p119).
Democratic accountability and budgetary control of non-governmental organisations financed from the EU budget - Update

Table 3: Top NGO recipients of funding from the FRT 2016-2017

<table>
<thead>
<tr>
<th>Funding Instrument</th>
<th>Applicant Name – Humanitarian assistance under FRT</th>
<th>Type</th>
<th>Net payments made to projects (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUTF</td>
<td>Concern Worldwide</td>
<td>NGO</td>
<td>11 710 334</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>Danish Refugee Council</td>
<td>NGO</td>
<td>11 693 374</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>Médecins du monde</td>
<td>NGO</td>
<td>9 877 918</td>
</tr>
<tr>
<td>EUTF</td>
<td>Danish Red Cross</td>
<td>NGO</td>
<td>9 457 182</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>International Medical Corps</td>
<td>NGO</td>
<td>8 860 358</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>Diakonie</td>
<td>NGO</td>
<td>8 700 000</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>CARE</td>
<td>NGO</td>
<td>8 268 506</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>Relief International</td>
<td>NGO</td>
<td>6 700 000</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>Concern Worldwide</td>
<td>NGO</td>
<td>5 800 000</td>
</tr>
<tr>
<td>EUTF</td>
<td>Association for Solidarity with Asylum-Seekers and Migrants (ASAM)</td>
<td>NGO</td>
<td>4 826 684</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>Federation Handicap</td>
<td>NGO</td>
<td>4 400 000</td>
</tr>
<tr>
<td>EUTF</td>
<td>The Union of Chambers and Commodity Exchanges of Turkey (TOBB)</td>
<td>NGO</td>
<td>4 075 391</td>
</tr>
<tr>
<td>EUTF</td>
<td>Stichting Spark</td>
<td>NGO</td>
<td>4 047 725</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>Welthungerhilfe</td>
<td>NGO</td>
<td>3 950 000</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>Mercy Corps</td>
<td>NGO</td>
<td>3 680 071</td>
</tr>
<tr>
<td>DG ECHO</td>
<td>GOAL</td>
<td>NGO</td>
<td>1 200 000</td>
</tr>
</tbody>
</table>

Source: based on European Commission

The EUR 1.6 billion that went to non-humanitarian instruments was implemented through three EU instruments during 2016-2017:

- The Instrument for Pre-Accession (IPA);
- The EU Regional Trust Fund in Response to the Syrian Crisis (EUTF);
- The Instrument contributing to Stability and Peace.

Information about the immediate grant recipient is readily available on DG NEAR’s website. However, it is harder to determine if the immediate grant beneficiary subsequently redistributed the funding to other partners.

A document listing projects contracted under the EUTF between September 2015 and May 2018 does provide information about project partners, although it does not indicate how funds are distributed.

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between them\textsuperscript{45}. For example, the net payment of EUR 4,826,684 made by the EUTF to the Association for Solidarity with Asylum Seekers and Migrants (ASAM) corresponds to the amount indicated in the FRT financial document. The Refugee Support Centre, an NGO, is listed as an associated partner, suggesting a possible redistribution of the grant, but there is no indication about the amount received by this associated partner.

**Grants financed under the FRT and EU Trust Funds managed by DG DEVCO or DG NEAR follow the standard rules set out in the Practical Guide on contract procedures for European Union external action (PRAG)\textsuperscript{46}.** Grants must be awarded following the publication of a call for proposals, except in the cases where a direct award is possible (see section 6.4.2 of PRAG)\textsuperscript{47}. In case of a call for proposals, once the contracts have been signed, notices of award containing information about all the grant contracts awarded after each call for proposals are published on the website of DG DEVCO. Additionally, information about all grant contracts concluded either after the publication of a call for proposals, or by way of a direct award, is published annually in the Commission’s Financial Transparency System.

In case of grants managed by DG ECHO, NGOs sign a Framework Partnership Agreement (FPA) before any grant can be awarded\textsuperscript{48}. After signing, they become an official DG ECHO partner eligible to receive DG ECHO funding. Applying for funding to receive a DG ECHO grant is possible by submitting a proposal after the publication of DG ECHO country, regional or thematic Humanitarian Implementation Plans (HIPs).

**In the framework of the FPA and its annexes, NGOs are bound by the transparency provisions.** Specific conditions to be found in Article 6.1 of the Special Conditions of the Agreements with NGOs have been put in place for contracts under FRT, pursuant to which they are required to provide the Commission with monitoring data on relevant indicators in the priority areas of education, health, basic needs, and ECHO Protection indicators on a quarterly basis\textsuperscript{49}.

### 2.4 TRANSPARENCY REGISTER

**Do the current interinstitutional negotiations on the Transparency Register impact on requirements for NGOs?**

The Transparency Register was discussed in Section 9.1 of the previous study. Section 4 ‘Analysis of NGO influence indicators’ is also relevant to the discussion here.

\textsuperscript{45} European Commission (15/06/2018), *EU Regional Trust Fund in Response to the Syrian Crisis, the ‘Madad Fund’ Projects contracted - Status 15/06/2018*, [https://bit.ly/2SsFbh2](https://bit.ly/2SsFbh2)


\textsuperscript{47} Feedback from the European Commission’s Directorates-General DEVCO, ECHO and NEAR.


\textsuperscript{49} Feedback from the European Commission’s Directorates-General DEVCO, ECHO and NEAR.
2.4.1 What is the Transparency Register?

The Transparency Register is ‘a voluntary system of registration for entities seeking to directly or indirectly influence EU decision-making’\(^{50}\). It was created in 2011\(^{51}\). Registration in the register is voluntary, even though there are strong incentives for organisations to register, including being automatically invited to public consultations, or having access to some institutions, especially the European Parliament.

2.4.2 Current constraints of the Transparency Register

The previous study pointed out the main constraints of the Register, which included:

- Limited usefulness, since data cannot be easily analysed;
- Registration is not mandatory;
- Information included in the register is not verified, mainly because the Transparency Register Secretariat was understaffed;
- Various data are considered not credible (e.g. information on budget);
- There is no sanction for those organisations that register wrong information. Organisations can be removed from the Transparency Register, but they can easily register again;
- There are discrepancies between reality and information entered. For instance, some organisations fill all possible fields of interest.

2.4.3 The Negotiations – status

In September 2016 the Commission published its proposal for an Interinstitutional Agreement on a Mandatory Transparency Register\(^{52}\). In June 2017, the Conference of Presidents of the European Parliament approved the Parliament’s negotiating mandate for lobbyists, covering the European Parliament, the Council of the European Union and the European Commission\(^{53}\). Similarly, in December 2017, the Council adopted its negotiating mandate and proposed a few amendments to the EC proposal\(^{54}\). Following this, in April 2018, political interinstitutional negotiations commenced between the Parliament, the Council and the Commission.

2.4.4 Possible changes

The Commission’s document proposes, among other things:

- To widely apply the Transparency Register, including to the Council and other EU institutions, bodies, offices and agencies.
- To provide a description of the type of interactions covered by the new registration ‘conditionality’ (by each institution concerned);

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\(^{51}\) Since 2011, the Parliament and the Commission have jointly operated the Transparency Register, while the Council has been an observer since 2014.


• To allocate more powers to the Register’s secretariat in terms of investigations and sanctions on possible breaches of the Code of Conduct applicable to registered organisations;
• To create a new interinstitutional management board, which should include the three Secretariat-Generals of the institutions, and should operate as an appeal body for any registrants’ requests for review on complaint decisions.

2.4.5 Possible impact on NGOs

At this stage, it seems that the proposed changes to the Transparency Register will have a very limited impact on requirements for NGOs (e.g. in terms of quantity and type of information to be provided; the frequency with which NGOs have to update their data; implications for members of networks). However, Transparency International suggests that such details might not have been discussed so far and can possibly be considered in a later phase of the negotiations.

When referring to eligibility and registration of applicants (Art 6), the EC proposal states that ‘applicants need to provide the information detailed in Annex II, and to agree for that information to be in the public domain’ and that ‘applicants may be requested to present supporting documents demonstrating their eligibility and the accuracy of the information submitted’. However, Annex II (‘Information to be provided by participants’) does not include any new data compared with what is currently included in the Register. Also, the proposal does not include additional information on the documents that applicants could be requested to present in order to prove their eligibility.

A potential minor change relates to the main classification of registrants. While all NGOs are currently classified as ‘Non-governmental organisations, platforms and networks and similar’, the EC proposal adds two new sub-categories: ‘ad-hoc coalitions’ and ‘temporary structures’.

Also, as mentioned above, it appears that the Register’s secretariat will be strengthened and will able to exercise greater control on the information provided by applicants (including NGOs). This would make the register more useful, and the information included more coherent, according to Civil Society Europe.

Moreover, the document refers to three specific information obligations for ‘non-profit entities’. Namely, this type of registrant must specify55:

• a) the total budget of the registrant for the most recent financial year closed;
• b) the main sources of funding by category (for example, public financing, members’ contributions, grants, donations, etc.);
• c) amount of each contribution exceeding 10% of the total budget, if the contributions are above 10 000 euros, and the name of the contributor.

55 These data are not requested from other registrants.
3 FOLLOW UP TO CONCLUSIONS AND RECOMMENDATIONS OF THE NGO STUDY

KEY FINDINGS

- While the FTS data are extracted from a single system, the Accrual Based Accounting System (ABAC), the latter is based on data from multiple databases managed by different Commission departments. There are no plans to establish a single, centralised database for the management of grant and contract information.

- The FTS continues to provide information on commitments only. Information on disbursements is managed by individual Commission departments and is not published.

- In the 2017 data downloaded from the FTS website, the ‘Total amount’ column is either empty or records ‘0’ in approximately 42,000 entries (57%). This indicates, that, as of 2017 commitments, the system is still only partially recording redistribution of grants (and other funding) between consortium partners. Feedback from the EC indicates that redistribution of grants between consortium partners will be shown for all contracts and grants, etc. from 2018 onwards.

- The Commission indicates that contracts now include strengthened provisions to audit compliance with contractual obligations, and DG DEVCO has introduced strengthened ethical requirements. However, it is unclear if the Commission is itself taking a more proactive approach to the monitoring of the largest grant recipients.

- The Commission’s approach to, and interpretation of, the ‘exclusion criteria’ remain unclear and it is not known if or how the Commission has considered recent international criticism of one of the EC’s largest grant recipients.

- Recently-updated Commission visibility and communication guidelines do not address key systemic recommendations made in the previous study that were intended to make information more easily accessible, and to provide a longer-term picture of the role of EU funding to individual NGOs. Compliance with EC contractual requirements still does not ensure transparency and accountability where EU funds are concerned.

- One page of the Commission’s Early Detection and Exclusion System (EDES) website is now publicly available, and this lists 10 economic operators that have been excluded from participation in EU funding. No statistics are available regarding entities that have been ‘flagged’ in the system for less serious issues. Given that there are almost 73,000 entries in the downloaded FTS data for 2017 alone, there has to be some doubt regarding the capacity of the system to detect and sanction transgressions in respect of Article 136 of the Financial Regulation of 18 July 2018 (formerly covered in Article 106).
Has there been any progress as regards the conclusions and recommendations of the previous study?

3.1 MANAGEMENT AND CONTROL OF EC GRANT FUNDING

3.1.1 Single, centralised EC grant funding database

At the time of the previous study, different DGs were continuing to maintain grant-funding databases independently of each other. As a result, they were not necessarily recording the same kind of information (e.g. use of different categories, use of different names to refer to the same organisation, etc.), which limits the possibility for analysis and learning. This information was then transferred to DG BUDGET, which then entered the data into its own system, which then provides information for the FTS. Ideally, it is much more efficient if all departments are entering data directly into the same centralised system. This situation does not appear to have changed.

Responding to a question on this point, DG BUDGET stated:

The Financial Transparency System (FTS website: http://ec.europa.eu/budget/fts/index_en.htm) publishes the beneficiaries of the EU budget directly administered by the Commission’s departments, its staff in the EU delegations, or through executive agencies and the European Development Fund.

The data published on the FTS is extracted from ABAC (Accrual Based Accounting System), which is the central accounting and financing system managed by DG Budget. ABAC is the financial and accounting application set up by the Commission to monitor the execution of the budget and to prepare the accounts.

In accordance with the Financial Regulation (chapter 8 transparency, article 38) information on grants, prizes, public procurement, financial instruments, budget support and external experts relating to programmes directly managed by the Commission are published on the FTS with the exception of staff related expenditure and with the exception of public procurement and external experts below a 15,000 euros threshold.

This confirms that information is extracted from a single centralised system (ABAC), and published via a single centralised system (the FTS), but it does not provide information about how information is managed prior to its inclusion in ABAC, or indeed how information is incorporated into ABAC. The highlighted text in Figure 6 below (a screenshot from the FTS) confirms that the FTS does not provide the full picture, and it implies that multiple systems are in use across the EC: ‘The repartition for each recipient was not available in our central accounting system “ABAC” at the time of publication. Please contact the responsible department as additional information might be available there.’

3.1.2 Recording disbursements as well as commitments

The previous study pointed out that the FTS provided no information about actual disbursements. This remains the case, and the FTS website states that ‘As many agreements last several years, with the committed amount being spread over that time, annual information on payments

56 European Commission DG BUDGET email to the study team (15 October 2018).
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cannot give a view of the overall value of the agreement. Therefore the site focuses only on commitments (except for some administrative expenditure where this approach does not apply).\textsuperscript{57} However, this does not explain why disbursement data is not available. One possibility might be that the system is currently not able to provide this information.

3.1.3 Recording redistribution of grant funds within NGO consortia

At the time of the previous study, the FTS generally gave no indication of how commitments were allocated between multiple beneficiaries listed under each commitment position. This meant that it was impossible to calculate how much funding individual NGOs were receiving from the EC through various projects.

In the 2017 data downloaded from the FTS website, the ‘Total amount’ column is either empty or records ‘0’ in approximately 42,000 entries (57%). This indicates that, as of 2017 commitments, the system is still only partially recording redistribution of grants (and other funding) between consortium partners. Feedback from the EC indicates that redistribution of grants between consortium partners will be shown for all contracts and grants, etc. from 2018 onwards.

DG ECHO commitments on the FTS website do show the estimated distribution of funds between partners (see Figure 4 below). In case of DG ECHO-funded actions, the list of implementing partners included in the Single Form must give a comprehensive picture to DG ECHO on how the action will be implemented\textsuperscript{58}. The list of implementing partners to include will depend on the level of their involvement in the action and the budget managed. For example, in a consortium where each FPA member is also working with several local implementing partners, the lead organisation may decide to report in the single form the other members of the consortium and those local implementing partners which are in charge of managing a significant part of the budget/activities. Finally, the partner has to include those local implementing partners that will be the final recipients of a donation\textsuperscript{59}.


‘The Single Form is the main instrument of Framework Partnership Agreement.’ (p2).

\textsuperscript{59} Feedback from the European Commission’s Directorates-General DEVCO, ECHO and NEAR.
However, in the case of grants managed by DG NEAR or DG DEVCO, the funding breakdown among implementing organisations (lead beneficiary – “Coordinator” and consortium partners – “co-beneficiaries”) is not a requirement. Therefore, **DG NEAR and DG DEVCO listings in the FTS still do not show the distribution between partners** (see Figure 5 and Figure 6 below).

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60 Feedback from the European Commission’s Directorates-General DEVCO, ECHO and NEAR.
**Figure 5: Selection of DG NEAR commitments in 2017**

<table>
<thead>
<tr>
<th>Year</th>
<th>Title</th>
<th>Recipients</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td><strong>EU SUPPORT TO JORDANIAN DEMOCRATIC INSTITUTIONS AND DEVELOPMENT</strong></td>
<td>European Center for Electoral Support/Centre Européen d’Appui aux Processus Electoraux</td>
<td>Belgium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>European Partnership for Democracy</td>
<td>Belgium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stichting Netherlands Institute for Multiparty Democracy/Nijmegen</td>
<td>Netherlands</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Westminster Foundation for Democracy</td>
<td>United Kingdom</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transatlantic Canal France International</td>
<td>France</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>IMPROVE ACCESS FOR COMMUNITIES AND VULNERABLE GROUPS TO NON-EMERGENCY HEALTH SERVICES</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dansk Rode Korps/Danish Red Cross DRC</td>
<td>Denmark</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Deutsches Rotes Kreuz EV/DK/German Red Cross</td>
<td>Germany</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suomen Punainen Risti/Finsh Red Cross</td>
<td>Finland</td>
</tr>
<tr>
<td></td>
<td></td>
<td>...and 1 other recipients</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Syrian Arab Red Crescent</td>
<td>Syria</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>SUPPORT TO INDEPENDENT MEDIA AND CIVIL SOCIETY IN THE WESTERN BALKANS AND TURKEY</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fonds Européen pour la Démocratie Fondation/European Endowment for Democracy EED Fedem</td>
<td>Belgium</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>JORDANIAN ACTION FOR THE DEVELOPMENT OF THE ENTERPRISE (JADE)</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chambre de Commerce Belgo-Italienne/ASBL/Belgisch Italiëse Kamer</td>
<td>Belgium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vakkoophandel, Camara Di Commercio Italiana in Belgio CCB/BKK CCB</td>
<td>Belgium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leaders International</td>
<td>Belgium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Qasimat Association/Leaders Organization</td>
<td>Occupied Territories - Palestine</td>
</tr>
<tr>
<td></td>
<td></td>
<td>...and 2 other recipients</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business and Strategies in Europe</td>
<td>Belgium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jordan University of Science and Technology/JUST</td>
<td>Jordan</td>
</tr>
</tbody>
</table>
Figure 6: DG NEAR grant contract SCR.CTR.385539.01.1 (2017)

Subject of grant or contract: EU SUPPORT TO JORDANIAN DEMOCRATIC INSTITUTIONS AND DEVELOPMENT

Total amount: 12,000,000 €

Source of (estimated) detailed amount: The repartition for each recipient was not available in our central accounting system "ABAC" at the time of publication. Please contact the responsible department as additional information might be available there.

Year: 2017

Responsible department of the Commission: Directorate-General for Neighbourhood and Enlargement Negotiations

Reference (Budget): SCR.CTR.385539.01.1 (BGUE)

Budget line and number: Mediterranean countries — Human rights, good governance and mobility (22.04.01.01)

Action Type: European Neighbourhood Instrument (ENI)

Funding Type: Grants

Expense Type: Operational

Action Location: Jordan

Geographical Location: 

<table>
<thead>
<tr>
<th>#</th>
<th>Name of the beneficiary</th>
<th>VAT Number</th>
<th>Amount</th>
<th>Source %€</th>
<th>NFPO/NGO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EUROPEAN CENTER FOR ELECTORAL SUPPORT/CENTRE EUROPEEN D’APPUI AUX PROCESSUS ELECTORAUX</td>
<td>BE0829998514</td>
<td>Missing %</td>
<td>NGO</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>EUROPEAN PARTNERSHIP FOR DEMOCRACY</td>
<td></td>
<td>Missing %</td>
<td>NFPO</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>TRANSTEO CANAL FRANCE INTERNATIONAL</td>
<td>FR11308909142</td>
<td>Missing %</td>
<td>NFPO</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>THE WESTMINSTER FOUNDATION FOR DEMOCRACY</td>
<td></td>
<td>Missing %</td>
<td>NGO</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>STICHTING NETHERLANDS INSTITUTE FOR MULTIPARTY DEMOCRACY*NIMD</td>
<td>NL810625921B01</td>
<td>Missing %</td>
<td>NGO</td>
<td></td>
</tr>
</tbody>
</table>

Search criteria: Year: 2017 | DG: NEAR | Funding: GRT | Expense: All | Budget: All | Beneficiary Type: All except "For Profit Organization"
### 3.1.4 Proactive review by EC of status of largest recipients of grants

The previous study included a case study that highlighted possible gaps in monitoring large grant recipients’ compliance with contractual obligations, and differences in the way that EC departments understood an important contractual issue relating to Article 106(1) of the EU Financial Regulation, the wording of which left it open to different interpretations. One of the conclusions of the study was that ‘The main rule [that the EC applies to grant applicants and recipients] is that they must not be in a situation specified in Article 106(1) of the EU Financial Regulation - the exclusion criteria. Understanding and application of the exclusion criteria is not clear cut and requires legal expertise in some cases.’

The main overarching additional requirement placed on recipients of EU grant (and other funding) is that that they must not be in a situation covered by the exclusion criteria, which are specified in in Article 106 (1) of the Financial Regulation and can be summarised as:

- Bankrupt, subject to insolvency or winding-up procedures;
- In breach of its obligations relating to the payment of taxes or social security contributions;
- Guilty of grave professional misconduct;
- Guilty of fraud, corruption, involvement in a criminal organisation, money laundering or terrorist financing, terrorist-related offences or offences linked to terrorist activities, or child labour or other forms of trafficking in human beings;
- Has shown significant deficiencies in complying with main obligations in the performance of a contract financed by the budget;
- Has committed an irregularity.

The exclusion criteria are detailed in Article 136 of the Financial Regulation of 18 July 2018.

DG ECHO notes that the main development in regard to this issue since the previous study was published is that auditing requirements have been expanded to cover compliance with contractual obligations under Framework Partnership Agreements. However, it is not known if there is now greater clarity and consistency in the way that this issue is approached by different EC departments and grant recipients.

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61 Blomeyer & Sanz (2016), Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget (pp84-86), https://bit.ly/2kyzI7Q

62 Blomeyer & Sanz (2016), Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget (p68), https://bit.ly/2kyzI7Q

63 Blomeyer & Sanz (2016), Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget (p74), https://bit.ly/2kyzI7Q

Section 2.5.6 of PRAG provides an overview of the recent update of DG DEVCO’s policy concerning the strengthening of the ethical clauses in its procurement and grant contracts\textsuperscript{65}. This states, among other things:

**Zero tolerance for sexual exploitation and sexual abuse:**

*The European Commission applies a policy of ‘zero tolerance’ in relation to all wrongful conduct which has an impact on the professional credibility of the contractor.*

*Physical abuse or punishment, or threats of physical abuse, sexual abuse or exploitation, harassment and verbal abuse, as well as other forms of intimidation shall be prohibited. Such prohibition applies inside and outside the working hours and the working place. Should the contractor become aware of any breach of the above mentioned ethical standards, it shall report in writing to the contracting authority.*

It also states:

**Consequences of non-compliance with the ethical clauses and code of conduct:**

*Failure to comply with the aforementioned contractual obligations constitutes a breach of the contract that may lead to suspension or termination of the contract.*

*A serious breach of the obligations under the code of conduct and ethical rules can amount to grave professional misconduct that may lead to immediate termination of the contract without prejudice to further administrative sanctions and exclusion from future calls for tenders.*

*A grave professional misconduct is not only constituted by violations of applicable laws or regulations or ethical standards of the profession to which the contractor belongs, but also encompasses any wrongful conduct which has an impact on the professional credibility of the contractor, and refers to conduct which denotes a wrongful intent or gross negligence (see in detail Section 2.6.10.1 on the exclusion criteria)*

The case study in the previous study concerned a ruling by an industry fundraising regulatory body against certain of Oxfam’s fundraising practices in the United Kingdom (UK), and criticism by a UK parliamentary committee in the context of a wider inquiry into charity fundraising practices in the UK, and whether or not this should have been reported to DG ECHO and DG DEVCO in the context of Article 106(1) of the EU Financial Regulation\textsuperscript{66}.

Since the previous study was published, Oxfam has been heavily criticised ‘for the way it handled the allegations of misconduct by its staff in Haiti, where they were working in the aftermath of the huge earthquake that devastated the country in 2010’\textsuperscript{67}. DG ECHO confirms that it did receive some information about this from Oxfam at the time, but that it only became aware of the details when the issue became public in 2018\textsuperscript{68}. In June 2018, The Guardian reported that ‘Three Haitian ministries said


\textsuperscript{66} Blomeyer & Sanz (24/01/2017), Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget (p84-86), https://bit.ly/2kyzI7Q

\textsuperscript{67} BBC News (11 February 2018), Oxfam Haiti sex claims: Charity ‘failed in moral leadership’, https://www.bbc.co.uk/news/uk-43020875

\textsuperscript{68} Telephone interview with a representative of DG ECHO on 10 September 2018.
they were withdrawing Oxfam Great Britain’s status as a non-governmental organisation “for violation of Haitian law and serious violation of the principle of the dignity of the human beings.”

It is not known if the EC considers Oxfam’s handling of this issue to be relevant in the context of Article 106(1) of the EU Financial Regulation, and if so, how the EC has approached the issue and what actions, if any, it has taken as a result. DG ECHO did not respond to a request for information on this point, and DG DEVCO points out that potential exclusion cases ‘are submitted by the contracting authorities to the Early Detection and Exclusion System (EDES) panel. These exclusion cases are generally not disclosed to the general public unless the panel decides that its final decision should be published.’ There is no reference to this issue on the EDES website. Given the high profile of the organisation, and its importance to the EC as a major recipient of EC grant-funding (see Table 1 above), it could be argued that some public communication by the EC on this matter would be justified in the interest of transparency. Oxfam noted that its ‘account managers (for DEVCO and ECHO) - confirmed they didn’t have any specific observation they wished to share re EC grant contract rules and requirements since 2016/2017.’

Oxfam referred to a June 2018 article in which the EC’s approach to the issue was outlined by a representative of DG ECHO. This article states that:

‘The European Union has decided to resume awarding grants to Oxfam following its sexual misconduct scandal but could soon suspend funding to other aid groups who have failed to show how they prevent, detect, and investigate unethical behavior by staff’.

The European Commission wrote to some 200 organizations that receive funding from its aid department in February, following revelations of sexual misconduct at Oxfam and other aid agencies. The letter asked the groups to reconfirm that they have a strong code of conduct and to outline their safeguarding mechanisms.

After four months, the ‘vast majority’ had given satisfactory responses. The EC’s representative noted that it had written again to those that had not responded or had not provided a satisfactory response, and that it was ready to suspend funding if there was no improvement.

The same article notes that, in Oxfam’s case, funding was suspended while the EC investigated, which included ‘…checks of the charity’s safeguarding procedures, and visits to its offices in the U.K., Netherlands, Lebanon, and Uganda’. The funding suspension was subsequently lifted on 04 June 2018.

It is not known what additional follow-up actions the EC has taken in respect of the group of organisations that did not initially respond to the EC, or did not provide satisfactory responses. It is not known, for example, how many, if any, have had funding suspended, for what duration, and how significant they are in terms of the volume of funding they have received from the EC in recent years.

The EC appears to have taken a robust approach on this important issue. However, it could be argued that the EC was slow to take action on an issue that it was apparently already aware of several years ago, and that it acted only when the issue erupted into the public domain. Moreover, the EC’s

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71 Oxfam (13 November 2018), email to the study team.
72 Vince Chadwick (06 June 2018), EU greenlights Oxfam but poised to suspend others over safeguarding concerns, https://bit.ly/2PfpZRO
73 Telephone interview with a representative of DG ECHO on 10 September 2018.
response appears to address one specific issue, albeit a very important one, and does not appear to suggest a proactive approach to monitoring governance/ethical issues more generally, such as the example provided in the previous study\textsuperscript{74}.

The European Economic and Social Committee has highlighted the importance of civil society organisations in the EU, and it has recommended that the ‘European institutions should promote a positive image of CSOs…’\textsuperscript{75}. Transparently systematic application of grant rules would support this objective.

3.1.5 Transparency and accountability

The previous study concluded\textsuperscript{76}:

NGOs receiving EU funds provide varying levels of EU visibility. It is unclear if this is due to EC visibility rules or to the way in which NGOs apply the rules. Some NGOs acknowledge EU support on every web page. Others provide limited, seemingly haphazard, acknowledgement of EU funding on their websites and in publications. On the websites of some of the largest NGO recipients of EU grant funding it is difficult to find acknowledgement of EU funding.

It is impossible to reliably correlate financial information from various sources including the Financial Transparency System, individual EC departments, and NGOs’ annual reports. The level of detail in the financial information provided in NGOs’ annual reports is variable and it is not always clear where additional information can be found.

There is little evidence of substantive, publicly available evaluative information on the performance of EC funded NGOs and/or actions funded by EU grants. Two case-study NGOs indicate that they produce this information for their members and the EC, but this information is not publicly disclosed. DG ENV’s [Environment] LIFE project database systematically provides much useful and important information about grant funded actions dating back to 1992, although information for ongoing multi-year projects that started a year or more ago appears to be limited.

\textsuperscript{74} Blomeyer & Sanz (24/01/2017), Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget (p84-86), https://bit.ly/2kyzI7Q

\textsuperscript{75} European Economic and Social Committee (19/10/ 2017), Financing of Civil Society Organisations by the EU (paragraph 1.6), https://bit.ly/2zGvUua

\textsuperscript{76} Blomeyer & Sanz (2016), Democratic accountability and budgetary control of non-governmental organisations funded by the EU budget (p34), https://bit.ly/2kyzI7Q
Democratic accountability and budgetary control of non-governmental organisations financed from the EU budget - Update

The study also reached the following conclusions about NGO transparency:

There appear to be gaps between NGO aspirations regarding accountability and transparency and actual practice.

Several organisations mentioned in this report are members of an accountability organisation that requires them to submit regular (annual or biennial) reports using a well-established international standard. These reports provide important strategic information. However, the preparation and publication of these reports cannot on its own ensure transparency and accountability on a day to day basis.

The study made several recommendations to enhance the visibility of EU funding in a systemic manner and thus to enhance the transparency and accountability of NGOs where EU funding is concerned, for example by making it easier to understand the importance of EU funding, over time, for NGOs and to link specific funding listed in the FTS to specific NGO actions (e.g. as indicated on NGO websites).

During the course of this follow-up we analysed the visibility and traceability of FRT and EURTF funding in 2016 and 2017. The results of the analysis are summarised in Annex 2. The analysis covered 18 programmes implemented by seven organisations with EU funding of approximately EUR 84.5 million. We found it is often difficult to identify, in the FTS, programmes listed in DG NEAR’s document ‘EU Facility for Refugees in Turkey List of projects committed/decided, contracted, disbursed’. It is generally difficult to find references to EU funding in these organisations’ websites, and where references are provided, they are often rather general, do not identify specific grants, and do not indicate how funds are being used.

3.1.5.1 Enhanced visibility requirements

There are several EC tools/rules concerning NGO visibility. In case of grants managed by DG NEAR or DG DEVCO, NGOs, like any other grant beneficiary, have to comply with the visibility requirements laid down in Article 6 of the General Conditions applicable to European Union-financed grant contracts for external actions. Feedback from the EC indicates that those requirements were recently improved and the previously applicable ‘Communication and Visibility Manual for EU External Actions of 2010’ was replaced with the ‘Communication and Visibility Requirements for European Union External Actions 2018’. That document addresses visibility and communication at project level but does not address key systemic recommendations made in the previous study that were intended to make information more easily accessible, and to provide a longer-term picture of the role of EU funding to individual NGOs. Compliance with EC contractual requirements still does not ensure transparency and accountability where EU funds are concerned.

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77 Ibid (p88).
78 Ibid. (pp 97-98)
80 Author not indicated (understood to be European Commission) (01 January 2018), Communication and Visibility in EU-financed external actions Requirements for implementing partners (Projects), https://bit.ly/2DCrFng. Two versions of the new guidelines are available. These appear to be identical apart from graphics (e.g. front cover), which are presumably intended to reflect the different focus of different EC departments i.e. DG NEAR (https://bit.ly/2OffFth) and DG DEVCO (https://bit.ly/2DCrFng). DG ECHO has published different visibility guidelines for humanitarian actions (https://bit.ly/2u30YDQ)

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A recent European Parliament briefing suggested that the EC’s communication and visibility guidelines might also not ensure public awareness and understanding of EU funding. That briefing concluded:\textsuperscript{81}:

Commission guidelines emphasise communication and visibility rather than public awareness and understanding (of EU-funded projects and programmes). As a result, assessment of the effectiveness of communication and visibility is based on evidence that specified visibility activities have been carried out, rather than on evidence of what citizens actually know about EU-funded projects and programmes.

There appears to be very limited systematic research into public awareness and understanding of EU funding, and tools such as public surveys and opinion polls are apparently rarely used. Anecdotal evidence and proxy indicators are often used as a basis for extrapolating public awareness and understanding of EU funding. Reliance on such evidence may be risky, especially if it relates mainly to people who have been involved in projects and programmes and leaves out the general population in target regions.

Grant contracts managed by DG NEAR or DG DEVCO contain provisions to ensure compliance with the visibility requirements. Firstly, the grant beneficiary has to define a communication plan (which is an annex to the grant contract) to be approved by the EC, in which the beneficiary will detail how it will comply with the visibility and communication obligations. Secondly, the beneficiary has to report on the implementation of the communication plan and any updates thereof in every progress or final report. In addition, compliance with the visibility requirements is verified by the EC as part of the regular project management and ad hoc on-the-spot checks. Non-compliance with the visibility obligations laid down in the contract can lead to the suspension of time-limits for payments (Article 15.5 of the General Conditions applicable to European Union-financed grant contracts for external actions) or even reduction of the amount of the grant (Article 17.2 of the General Conditions applicable to European Union-financed grant contracts for external actions)\textsuperscript{82}.

In case of grants managed by DG ECHO, NGOs have to comply with the visibility requirements to:

1. Display the EU visual identity, including at the project site and at EU-funded supplies. The size and prominence of the EU visual identity will depend on the specific context (e.g. the amount and proportion of EU funding).

2. Give written and verbal recognition of the EU’s role in global humanitarian aid, in partnership with the agency implementing the action, when referring to an EU-funded project in media interviews, press releases, webpages, blogs, articles about the project, etc.

All the measures put in place in order to comply with this obligation shall comply with the Communication and Visibility Manual for European Union Humanitarian Aid published by the Commission\textsuperscript{83}.

\textsuperscript{81} Blomeyer & Sanz (2018), The effectiveness and visibility of EU funding in the Western Balkan countries with a special focus on the cross-border cooperation (p26), https://bit.ly/2DOSQvA
\textsuperscript{82} Feedback from the European Commission’s Directorates-General DEVCO, ECHO and NEAR.
DG ECHO visibility website provides details on how to implement these obligations. Moreover, recently, DG ECHO has developed a short video with the main dos and don’ts to be followed when approaching DG ECHO Visibility and communication activities.84

In this way, the partner should specify how standard visibility will be implemented. Thus, in the Single Form, which is the main instrument of Framework Partnership Agreement (FPA), one chapter is dedicated to Visibility (chapter 9). This chapter gives the partners the possibility of explaining how the partnership and support of the EU will be made public or be publicised. The partner can opt for standard visibility only (mandatory) or also above-standard (optional) (see Figure 7 below).85

Figure 7: DG ECHO visibility options

The indications made in the Single Form at application stage will serve as a benchmark when monitoring and reporting on standard visibility in the project. Failure to comply with the visibility requirements may impact negatively the assessment of the proposal or may result in the application of a penalty at the liquidation stage (see General condition article 28. Administrative and financial penalties form).88

More precisely, during their monitoring visits, DG ECHO staff will check, among other aspects of the action, whether the partner is fulfilling its minimum obligations in terms of visibility. If DG ECHO staff cannot find sufficient evidence, a letter will be sent to the partner to seek clarification and to request that more effort is made to publicise the funding.

Also at the end of the DG ECHO action, within the final report, the partner will have to demonstrate that the contractual visibility and communication obligation has been respected as an integrated part.

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88 European Commission DG ECHO (01/01/2014), General Conditions Applicable to Humanitarian Aid Actions Financed by the European Union, https://bit.ly/2yIdpF1
of the action and throughout the implementation process. If the partner breaches any of the foreseen obligations, the Commission may:

- Reduce the grant;
- Impose a financial penalty on the partner, equal to 2% of the Union’s contribution;
- Both reduce the grant and impose a financial penalty;
- Suspend payments, terminate the Specific Grant Agreement and apply administrative penalties in accordance with Article 28 of the General Conditions.

It is also specified on ECHO’s Visibility Website that ‘In consortia, all partners – not only the partner holding the ECHO contract – should implement the visibility and communication obligations, e.g. by ensuring EU visibility on their individual homepages’.

Nevertheless, when we look at different NGOs who have benefited from ECHO grants, it seems that these visibility rules are not always respected.

3.1.5.2 Visibility, coherence, and traceability of information on NGO websites

- Is the fact of EU support clearly and prominently displayed throughout the website? i.e. not ‘hidden’ in documents that are ‘buried’ in the website.
- Does the website present a clear history of EU funding over the last five years, including amount of funding, projects supported, partner organisations, etc.? Are there links to EC databases (e.g. DG ENV LIFE database)?
- Can information on NGO websites about EU funding be easily correlated with information on the FTS and information on partner NGO websites? E.g. are project titles and descriptions consistent?
- Is there any information about project results and outcomes e.g. monitoring and evaluation reports? (Note: the annual reports tend to provide superficial, mainly positive assessments of outcomes, and it is often not possible to link these assessments to specific funding).

3.1.6 NGO compliance with rules and regulations

The previous study concluded that:

‘The lack of statistics on NGO non-compliance suggests that, either NGOs are all complying with rules and regulations, or that breaches are going undetected, or are not being publicly reported when they are detected. As far as EC funding is concerned, EC systems may be identifying and recording breaches by individual NGOs, but relevant EC systems are not able to generate statistics on NGOs, for example because of difficulties regarding organisational typologies, or because relevant systems do not track breaches by type of organisation.

It also noted that:

No examples were encountered during the course of this study, of NGOs having been excluded from funding or having to repay funds on account of coming into conflict with the exclusion criteria e.g. for misusing funds, etc.'

The Commission’s main tool for flagging economic operators of concern is the EDES. *The EDES is the new system established by the Commission to reinforce the protection of the Union’s financial interests and to ensure sound financial management*[^90]. One page of the EDES website is publicly accessible and currently lists 10 economic operators that ‘have been excluded from participation in EU procurement, grant, prizes procedures, financial instruments and selection of experts or any other form of contribution from the EU budget for the periods mentioned and or have been imposed a financial penalty’[^91]. Given that there are approximately 73,100 entries in the FTS data for 2017 alone (including redistributions within groups/consortia of grantees), it would not be surprising to find more entries in EDES list[^92].

As suggested by the term ‘economic operators’, this list includes a mixture of organisational types, including NGOs and other types of organisation. However, this can only be determined from the names of the organisations – there is no ‘type of entity’ field on the web page. There is also no indication of the type of funding involved (i.e. it is not possible to differentiate grants from other funding).

The website does not present any statistics, for example on the number and type of economic operators flagged in the system for less serious issues and therefore not listed on the website.


[^92]: Based on analysis of downloaded 2017 FTS data. See Annex 1.
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  https://bit.ly/2Rl8EIk
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ANNEX 1 – ANALYSIS OF DOWNLOADED 2017 FTS DATA

FTS2017

In [90]:
   import pandas as pd
   import numpy as np

Import the 2017 FTS data

In [91]:
   df = pd.read_excel('export_2017_en.xlsx', sheet_name='export_2017_en')

Length of downloaded dataset

In [92]:
   len(df)

Out[92]: 72664

In [93]:
   df.columns

Out[93]:
   Index(['Reference of the Legal Commitment (LC)', 'Commitment position key',
          'Year', 'Name of beneficiary', 'Type', 'Coordinator', 'VAT Number of beneficiary',
          'Address', 'City', 'Postal code', 'Country / Territory', 'Amount',
          'Source of (estimated) detailed amount', 'NUTS2', 'Geographical Zone',
          'Expense Type', 'Total amount', 'Subject of grant or contract',
          'Responsible Department', 'Budget line name and number', 'Action Type',
          'Funding Type', 'LE Acct Group Code', 'LE Acct Group Desc'],
      dtype='object')

Fill missing values in 'Commitment position key', 'Year', and 'Funding Type' columns

In [94]:
   df['Commitment position key'] = df['Commitment position key'].fillna(method='ffill')
   df['Year'] = df['Year'].fillna(method='ffill')
   df['Funding Type'] = df['Funding Type'].fillna(method='ffill')

List funding types
Democratic accountability and budgetary control of non-governmental organisations financed from the EU budget - Update

FTS2017

In [95]: df["Funding Type").unique()

Out[95]: array(['Grants', 'Provisional commitment followed by payment', 'Budget support', 'Financial Instruments', 'Public procurement (including provisional commitments)', '<Unknown program RM>', 'Prizes', '<Unknown program AEE>', 'External experts', '<Unknown program EPC>'], dtype=object)

Limit the dataset to 'Funding Type' of 'Grants'

In [96]: grants = df[df["Funding Type"]=='Grants']

Number of grant entries

In [97]: len(grants)

Out[97]: 42097

List different entity types ('Type') in the dataset

In [98]: df["Type").unique()

Out[98]: array([nan, 'NFP', 'NGO'], dtype=object)

Number of entries where the entity type is either 'NGO' or 'NFP'

In [99]: ngo_or_nfp = len(grants[(grants["Type"]=='NGO') | (grants["Type"]=='NFP')])
ngo_or_nfp

Out[99]: 4508

Number of entries where no entity type is given

In [100]: no_entity_type = len(grants[grants["Type").isna()])
no_entity_type

Out[100]: 37589

Percentage of grants where the entity type ('Type') is not specified
In [101]:
   print("{:1%}".format(no_entity_type/ len(grants)))

89.3%

Limit the dataset to entity type ‘NGO’ and ‘NFPO’

In [102]:
go_nfpo_grants = grants[(grants["Type"]=='NGO') | (grants["Type"]=='NFPO')]

Extract the top 30 grant recipients to top_30

In [103]:
top_30 = ngo_nfpo_grants.groupby('Name of beneficiary')[['Total amount']].sum().sort_values(by=['Total amount'], ascending=False).head(30)

Show top_30

In [104]:
top_30

Out[104]:

<table>
<thead>
<tr>
<th>Name of beneficiary</th>
<th>Total amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DANSK FLYGTNINGEHJÆLP FORENING*DANISH REFUGEE COUNCIL</td>
<td>97260000.00</td>
</tr>
<tr>
<td>MAX-PLANCK-GESELLSCHAFT ZUR FORDERUNG DER WISSENSCHAFTEN EV</td>
<td>9114796.06</td>
</tr>
<tr>
<td>STIFTELSEN FLYKTNINGHJELPEN*NORWEGIAN REFUGEE COUNCIL</td>
<td>77767540.00</td>
</tr>
<tr>
<td>FRAUNHOFER GESELLSCHAFT ZUR FORDERUNG DER ANGEWANDTEN FORSCHUNG EV*FHI</td>
<td>64993248.17</td>
</tr>
<tr>
<td>THE CHANCELLOR MASTERS AND SCHOLARS OF THE UNIVERSITY OF CAMBRIDGE*</td>
<td>58311766.00</td>
</tr>
<tr>
<td>INTERNATIONAL RESCUE COMMITTEE UK*IRC UK</td>
<td>57955000.00</td>
</tr>
<tr>
<td>DEUTSCHES ZENTRUM FUR LUFT - UND RAUMFAHRT EV*</td>
<td>50153050.46</td>
</tr>
<tr>
<td>COST ASSOCIATION*</td>
<td>47630000.00</td>
</tr>
<tr>
<td>WEIZMANN INSTITUTE OF SCIENCE LTD*</td>
<td>3750825.40</td>
</tr>
<tr>
<td>ETHNIKO KENTRO EREVNAS KAI TECHNOLOGIKIS ANAPTYXIS*CENTRE FOR RESEARCH AND TECHNOLOGY HELLEAS CERTH EKETA</td>
<td>36237359.50</td>
</tr>
<tr>
<td>ACTED</td>
<td>34153062.00</td>
</tr>
<tr>
<td>INSTITUTO TECNOLOGICO METALMECANICO, MUEBLE, MADERA, EMBALAJE Y AFINES-AIDIMME</td>
<td>30995144.00</td>
</tr>
<tr>
<td>THE SAVE THE CHILDREN FUND LBG*</td>
<td>30680500.00</td>
</tr>
</tbody>
</table>
Democratic accountability and budgetary control of non-governmental organisations financed from the EU budget - Update

FTS2017

<table>
<thead>
<tr>
<th>Organization Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTION CONTRE LA FAIM*ACF</td>
<td>30375000.00</td>
</tr>
<tr>
<td>UNIVERSITE CATHOLIQUE DE LOUVAIN*</td>
<td>29183716.59</td>
</tr>
<tr>
<td>FUNDACION ACCION CONTRA EL HAMBRE*ACTION CONTRE LA FAIM-</td>
<td>28617854.00</td>
</tr>
<tr>
<td>ESPAGNE FACH</td>
<td></td>
</tr>
<tr>
<td>OXFAM GB LBG*</td>
<td>27974436.00</td>
</tr>
<tr>
<td>FORSCHUNGSZENTRUM JULICH GMBH*JULICH SUPERCOMPUTING</td>
<td>27916106.25</td>
</tr>
<tr>
<td>CENTRE JSC</td>
<td></td>
</tr>
<tr>
<td>INTERNATIONAL MEDICAL CORPS UK LBG*IMC</td>
<td>27772000.00</td>
</tr>
<tr>
<td>UNIVERSITY OF LEEDS ROYAL CHARTER*UNIVLEEDS</td>
<td>27488184.05</td>
</tr>
<tr>
<td>RELIEF INTERNATIONAL-UK LBG*RI-UK</td>
<td>26969901.95</td>
</tr>
<tr>
<td>BALOCHISTAN RURAL SUPPORT PROGRAMME LBG*BRSP</td>
<td>26000000.00</td>
</tr>
<tr>
<td>CLOVEK V TISNI OCE*PEOPLE IN NEED</td>
<td>24355788.00</td>
</tr>
<tr>
<td>STICHTING OXFAM NOVI*</td>
<td>22483399.13</td>
</tr>
<tr>
<td>TEKNOLOGIAN TUTKIMUSKESKUS VTT OY*TEKNOLOGISKA</td>
<td>22303510.03</td>
</tr>
<tr>
<td>FORSKNINGSCENTRALEN</td>
<td></td>
</tr>
<tr>
<td>PREMIERE URGENCE INTERNATIONALE</td>
<td>22110000.00</td>
</tr>
<tr>
<td>INTERUNIVERSITAIR MICRO-ELECTRONICA CENTRUM</td>
<td>21775056.12</td>
</tr>
<tr>
<td>STICHTING KATHOLIEKE UNIVERSITEIT</td>
<td>21359656.18</td>
</tr>
<tr>
<td>MERCY CORPS EUROPE</td>
<td>21250272.00</td>
</tr>
<tr>
<td>AALTO KORKEAKOULUSAATIO SR</td>
<td>21250256.91</td>
</tr>
</tbody>
</table>

Export top_30 to csv

In [105]: top_30.to_csv('top_30.csv', encoding='utf-8')
**ANNEX 2 – ANALYSIS OF VISIBILITY AND TRACEABILITY OF FRT AND EURTF FUNDING (2016 & 2017)**

The following table (Table 4) compares the programme names listed in ‘EU Facility for Refugees in Turkey List of projects committed/decided, contracted, disbursed’\(^{93}\) with information available in the FTS. The table also indicates what, if any, reference to EU funding can be found on the relevant NGO websites.

**Table 4: Analysis of visibility and traceability of FRT and EURTF funds (2016 & 2017)**

<table>
<thead>
<tr>
<th>Name/ Description of the programme given in EC FTR list</th>
<th>Instrument</th>
<th>Commitment amount (EUR)</th>
<th>Can be identified in the FTS?</th>
<th>Name given in FTS is same as in EC FTR list?</th>
<th>Information available on NGO website</th>
<th>There are references in the NGO website to EU funding?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern Worldwide</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Emergency Humanitarian Response for Syrian refugees</td>
<td>FRT</td>
<td>3 000 000</td>
<td>Yes</td>
<td>Same</td>
<td>In the section ‘what we do’, they identified 6 sectors of program intervention: Emergencies, Gender equality, Innovations, Livelihoods, Health &amp; Nutrition, Education. ECHO is mentioned as donor in three sectors; European Union and European Commission in two sectors. Concerning their ‘work in Turkey, DG ECHO and the EUTF is also mentioned as donor with a link to their website. However it does not give a clear picture of what they are doing with the money because it is impossible to link it with a specific EC-funded action. In the annual report 2017, only the global envelope of EU contribution is indicated.</td>
<td></td>
</tr>
<tr>
<td>2) Humanitarian Assistance Food Security and Livelihoods</td>
<td>FRT</td>
<td>3 400 000</td>
<td>Yes</td>
<td></td>
<td>Can possibly correspond to: Humanitarian Emergency response to Syria crisis</td>
<td></td>
</tr>
<tr>
<td>3) Increasing the resilience and integration of vulnerable Syrian refugees through support to education and livelihoods opportunities</td>
<td>EU RTF</td>
<td>17 280 000</td>
<td>No</td>
<td></td>
<td></td>
<td>Not found</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Name/ Description of the programme given in EC FTR list</th>
<th>Instrument</th>
<th>Commitment amount (EUR)</th>
<th>Can be identified in the FTS?</th>
<th>Name given in FTS is same as in EC FTR list?</th>
<th>Information available on NGO website</th>
<th>There are references in the NGO website to EU funding?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Danish Refugee Council</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Reducing protection vulnerabilities of displaced populations through an integrated community based protection response</td>
<td>FRT</td>
<td>8 000 000</td>
<td>If yes, not under the same programme name/description, so impossible to identify</td>
<td></td>
<td>From the Accountability Framework of DRC in Turkey, ECHO is mentioned as a donor in one project named ‘Humanitarian response to Syrian vulnerable refugees in southern Turkey’. We have further information about the programme and the ECHO funded action in some publications, for example ‘Fourth DRC community centre opens in Turkey,’ ‘DRC working hard to address needs of refugees in Turkey fleeing conflict in Tal Abyad,’ …</td>
<td>Found with difficulty</td>
</tr>
<tr>
<td>2) Proactive Actions to Prevent Sexual and Gender Based Violence in South East Turkey</td>
<td>FRT</td>
<td>1 000</td>
<td>Yes</td>
<td>Same</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Protection of Syrian refugees and marginalized migrants</td>
<td>FRT</td>
<td>4 493 374</td>
<td>If yes, not under the same programme name/description, so impossible to identify</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Médecins du monde</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Strengthen the longer-term resilience of refugees and migrants by improving the level of their emotional, mental, and physical wellbeing</td>
<td>FRT</td>
<td>9 000 000</td>
<td>Yes</td>
<td>Same</td>
<td>Annual report, ECHO mentioned as donors. We cannot track the EU-funded programme and there is no clear information of what they have financed.</td>
<td>Not found</td>
</tr>
<tr>
<td>2) Facilitation of access to health and psycho-social services for refugees</td>
<td>FRT</td>
<td>3 000 000</td>
<td>If yes, not under the same programme name/description, so impossible to identify</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Providing health care services to refugees and migrants</td>
<td>FRT</td>
<td>2 977 918</td>
<td>If yes, not under the same programme name/description, so impossible to identify</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name/ Description of the programme given in EC FTR list <a href="https://bit.ly/2RkFwAW">https://bit.ly/2RkFwAW</a></td>
<td>Instrument</td>
<td>Commitment amount (EUR)</td>
<td>Can be identified in the FTS?</td>
<td>Name given in FTS is same as in EC FTR list?</td>
<td>Information available on NGO website</td>
<td>There are references in the NGO website to EU funding?</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
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<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>International Medical Corps</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Provision of life-saving primary health care to the most vulnerable populations and strengthening of their resilience through MHPSS, rehabilitation activities, and protection support to GBV survivors</td>
<td>FRT</td>
<td>2 400 000</td>
<td>If yes, not under the same programme name/description, so impossible to identify</td>
<td>Could possibly correspond to: - Provision of lifesaving health care and GBV protection to the most vulnerable refugees in southern Turkey - Improving well-being of Syrian refugees through physical rehabilitation services in southern Turkey</td>
<td>Annual report, European Commission is mentioned as public donor, no more specific indication.</td>
<td>Not found</td>
</tr>
<tr>
<td>2) Provision of lifesaving health care and protection environment of vulnerable refugees</td>
<td>FRT</td>
<td>3 498 483</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Supporting Syrian refugees and vulnerable populations</td>
<td>FRT</td>
<td>2 961 875</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Diakonie</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Enhancing access to effective services and protection for people of concern</td>
<td>FRT</td>
<td>4 000 000</td>
<td>Yes</td>
<td>Same</td>
<td>Annual report 2016, we have information about the EU-funded project (page 12-27-28), indication of the financing, project achievement, project region etc.)</td>
<td>Found in the annual report</td>
</tr>
<tr>
<td>2) Multi-purpose cash assistance and protection for out-of-camp refugees and newcomer refugees</td>
<td>FRT</td>
<td>5 500 000</td>
<td>Yes</td>
<td>Same</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Democratic accountability and budgetary control of non-governmental organisations financed from the EU budget - Update

<table>
<thead>
<tr>
<th>Name/ Description of the programme given in EC FTR list</th>
<th>Instrument</th>
<th>Commitment amount (EUR)</th>
<th>Can be identified in the FTS?</th>
<th>Name given in FTS is same as in EC FTR list?</th>
<th>Information available on NGO website</th>
<th>There are references in the NGO website to EU funding?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relieft International</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) To improve access to mental health and psychosocial support services for refugees</td>
<td>FRT</td>
<td>3 000 000</td>
<td>If yes, not under the same programme name/description, so impossible to identify</td>
<td>Could possibly correspond to: Strengthening access to specialized health services in Turkey for conflict affected Syrians</td>
<td>Publication about the project financed by ECHO + Logo on Relief International website: - Mental Health Services for Syrian Refugees - Healthcare for Syrian Refugees ECHO is mentioned in the website and the annual report as ‘donor partners’.</td>
<td>Found on the website</td>
</tr>
<tr>
<td>2) Strengthening Access to Specialized Health Services for refugee populations</td>
<td>FRT</td>
<td>4 000 000</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Comprehensive health provision for Syrian refugees in Gaziantep and Sanlirufa</td>
<td>FRT</td>
<td>2 000 000</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stichting Park</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providing access to higher, vocational and distance education</td>
<td>EURTF</td>
<td>5 969 655</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The accessibility and quality of Commission data on grant funding has improved significantly since 2010. There have also been positive developments since 2016, and further developments are planned. However, there are still significant constraints that prevent meaningful analysis of grant funding data, and which must undermine policy formulation and monitoring. There is still a need for a more systematic approach to the communication of EU grant-funded activities to enhance EU visibility, and strengthen transparency and accountability.