Helping Themselves
Six ways to reform EU Funding of NGO’s

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September 2013
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In Brief

- The European Commission funds NGO’s with €1.5 billion of direct grants per annum.
- Just 20% of total EU funding is spent directly by the Commission, however. 80% is managed by national or regional authorities of EU member states. Assuming a similar pattern of spending at the national level, total EU funding of NGO’s is around €7.5 billion per year.
- More indirect funding comes from contracts to supply the EU with goods and services.
- EU funding policy is imbalanced and in opposition to the preferences of EU citizens.
- Reflecting citizens’ interests, expressed in terms of private donations to charities, the Commission ought to give only 10% rather than almost 60% of its grants to NGO’s devoted to humanitarian aid, development and social concerns.
- NGO’s with mainly wealth-consuming missions (humanitarian, social, or environmental) benefit five times as much as NGO’s with primarily wealth-creating aims (industry, civil society, or research).
- EU funding policy undermines civil participation and the independence of NGO’s. NGO’s campaigning mainly with public money instead of private donations are less encouraged to seek support from citizens and reflect their real priorities.
- EU funding policy aims make NGO’s shift their emphasis from their original goals to the goals of the Commission.
- EU funding policy encourages NGO’s to advertise and legitimise the Commission’s activities as well as to promote and legitimise themselves.
- Lobbying for funding: 86% of EU grants go to NGO’s with headquarters in Brussels, which on average receive grants that are twice as large as the total average.
- NGO’s advocating aims that are detrimental to the underlying principles of the internal market of the EU are beneficiaries of EU funding policy.
- Enforcement of private property rights, the rule of law and economic freedom are much more effective means to promote human rights and eliminate poverty and inequality than funding NGO’s. Nevertheless, the EU’s spending policies on NGO’s should be improved with the following measures:
  - Spending should be in line with the preferences of EU citizens.
  - Repeated application for grants should be made less attractive, namely by giving only half of the original grant to second time applicants, a third to third time applicants, and a quarter to fourth time applicants.
  - The EU co-financing rate should be reduced from 50-75% to 40% max. The majority of funding should come from private sources. This way the EU could save between 10 and 35% of the budget for direct funding of NGO’s (€150 to 525m).
  - The process of commissioning work from NGO’s should be brought into line with EU procurement policy, with profit-making organisations allowed to participate.
  - Contracts should not be awarded to organisations with politicians or government officials in senior positions.
  - Funds distributed via member states should be reported in the same way as those distributed directly by the EU.
- The €7.5 billion cost of EU funding of NGO’s has an opportunity cost of up to 180,000 jobs.
Introduction

According to the European Union, its policies have the following goals: promoting global competitiveness; internal economic and social cohesion; environmental sustainability; promoting EU citizenship; enhancing global security, and the reduction of global poverty. In addition, EU policies supposedly aim for more active citizens’ participation in EU decision-making and the representation of civil interests. In both these respects the EU designates an important role for non-governmental organisations (NGO’s) or civil society organisations (CSO’s), as organisations that are considered to represent citizens’ interests and their priorities.

The European Commission therefore provides considerable funding for NGO’s. These grants amount roughly to €7.5 billion. Given the magnitude of this number it is worth examining whether this expenditure of tax payers’ money is a good means to achieve the EU’s policy aims, and whether or not there are better ways to spend it.

This study looks at how the EU funds NGO’s, and the aims of such recipient NGO’s. It highlights examples of bad practice, such as NGO’s striving for goals that are, in general, detrimental to the well-being of the citizens of EU member states. Finally, it makes six recommendations for how EU funding of NGO’s should be reformed.

NGO Funding by the EU

The EU’s expenditure on NGO’s is opaque and difficult to quantify. The information that is publicly available is inconsistently presented in a variety of different sources. This section analyses the data to establish how much is spent at the EU’s behest and who are the principal recipients.

Which NGO’s qualify for funding?

According to the EU, NGO’s are defined as follows:

(1) They have at least some formal or institutional existence;
(2) are non-profit distributing;
(3) are independent of government and other public authorities;
(4) are managed in a disinterested manner (their managers do not hope for personal gain), and
(5) must be active in the public arena and their activity must be aimed, at least in part, to contribute to the public good.
Ways of funding NGO’s

The Commission has two basic means of transferring funds to private bodies such as NGO’s.

Firstly, in order to carry out its operations the Commission uses public contracts to purchase goods and services it needs on the market as defined in the public procurement directive and the Financial Regulation (a framework document for principles and procedures of establishing and implementing the EU budget): studies, technical assistance and training, consultancy, conference and publicity services, books and ITC equipment, etc. The providers are selected via calls for tender that are issued by the relevant bodies of the EU. This procurement funding is not the subject of our study. However, it should be kept in mind that because NGO’s provide some of these services the total EU funding of NGO’s is significantly higher than expressed in the tables hereinafter. Also, the procurement aspect is relevant when we come to our recommendations.

Secondly, in order to promote or implement EU policy aims the European Commission provides direct financial contributions of a non-commercial nature in the form of grants to co-finance specific activities and projects. Interested parties can apply for the grants by responding to different calls for proposals. In order to be considered, the proposed activities and projects must relate to the corresponding EU policy aim. But the major part is neither managed nor paid directly by the European Commission, but through the national or regional authorities of the EU member states. Some 20% of the grants are managed and paid directly by the EC and accounted for in its Financial Transparency System (FTS).4 The FTS is a database containing the names and addresses of grant recipients and contractors who have been paid by the Commission directly. How the remaining 80% is accounted for is left to the discretion of national or regional authorities. As in the case of indirect funding, for a lack of available comprehensive data, 80% of EU spending cannot be analysed in detail here. However, assuming that NGO’s receive the same level of funding at the national as on the EU level, we can conclude that the total of direct EU funding of NGO’s is five times the number in the FTS – some €7.5 billion in total.5

Grants available to NGO’s

At the moment EU grants6 come from its budget (which is known as the multi-annual financial framework) as adopted on 17 May, 2006, when the European Parliament, the European Council and the European Commission signed the Inter-Institutional Agreement on budgetary discipline and sound financial management. The Financial Perspective 2007-2013 and its successor, which spans the period to 2020, contain five headings that reflect EU political priorities and, consequently, the aims of EU expenditure. The five headings in the Financial Perspective 2007-2013 are: sustainable growth, preservation and management of natural resource, Citizenship, freedom, security and justice, the European Union as a global player, and administration.7 NGO’s are eligible for grants that relate to all the delineated headings, except the fifth.
The Commission's website on public contracts and funding lists many categories in which different organisations can receive funding directly from the Commission or its departments, the Directorates-General (DG’s). The following departments manage (or managed in recent years) calls for proposals open to "legal entities", established in the territory of the EU member states or specifically to non-profit or non-government organisations: Development & Cooperation – EuropeAid (DEVCO); Education and Culture (EAC); Employment, Social Affairs and Inclusion (EMPL); Energy (ENER); Enterprise and Industry (ENTR); Environment (ENV); Health and Consumers (SANCO); Humanitarian Aid (ECHO); Internal Market and Services (MARKT); Justice (JUST); Research and Innovation (RTD).

Apart from that, NGO’s can also access EU funding through programmes managed by national or regional authorities. While the Commission sets funding priorities, it is not directly involved in selecting those projects.

### Conditions and accessibility of Grants

Grants, which are made available through a complex tendering process can only co-finance or subsidize actions, usually about 50-75% of the required funds. In other words they provide complementary financing while the proposing organisation needs to find the remaining funds somewhere else: from its own funds or third-party support.

### Data on provisions and recipients of grants

The EU provides the following information sources on its expenditure:

- The Commission Financial Transparency System (FTS), a database which contains names and addresses of grant recipients and contractors who have been paid by the Commission directly. It accounts for around 20% of the EU budget.

- The database of beneficiaries in the field of external aid (Development and Cooperation Directorate General – EuropeAid).

- The database of beneficiaries in the field of humanitarian aid (European Community Humanitarian Office (ECHO)).

- Managing authorities in the EU member states must publish information on all their beneficiaries (Agricultural policy, Fisheries, Cohesion policy, Structural funds, etc.). These databases (the number of which should be equal to the number of policy aims times the number of relevant EU member states) account for about 80% of the EU budget. A comprehensive account of these databases does not exist, though we can of course conclude that the total of EU funding of NGO’s is five times the number retrievable in the FTS, assuming NGO’s are treated equally well at the national level as they are at the EU level.
Despite the efforts to make EU decision-making and funding more transparent, transparency is still far from perfect. The information that is available is scattered across a multiplicity of databases, is inconsistent in its presentation and does not differentiate by the type of beneficiary. All this inhibits us from making useful comparisons and generalisations.

As stated before, total EU spending on NGO’s – direct as well as indirect – is difficult to quantify. FTS, the most reliable database at present, includes numbers only for direct EU funding of NGO’s, and therefore only for 20% of the total. Everything else relies widely on extrapolation. According to FTS and subject to the provisos mentioned below, NGO’s receive annually €1.5 billion via direct EU funding.

By and large, this number affirms the numbers apparent in various other sources. One of the older and often cited figures related to the EU funding of NGO’s is a Commission estimate made in 2000, saying that over €1 billion a year is allocated to NGO projects directly by the Commission.\(^{15}\) According to this 13 year-old estimate, approximately €400 million per year went to external relations for development co-operation, human rights, democracy programmes and humanitarian aid. Approximately €70 million went to social programmes and €50 million to educational ones. Environmental programmes were also identified as important, but the approximate figure for these was not given.\(^ {16}\)

In 2008 at least €1 billion and in 2009 at least €1.4 billion were allocated to NGO projects by just four of the Commission’s departments (Directorates-General): EuropeAid co-operation Office (EuropeAid), European Community Humanitarian Office (ECHO), Environment (ENV) and Education and Culture (EAC) (Table 1).\(^ {17}\) Grants were awarded to approximately 3,000 NGO’s.

<table>
<thead>
<tr>
<th>Directorate-General</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. grants</td>
<td>Value of grants, €</td>
</tr>
<tr>
<td>EuropeAid</td>
<td>1,436</td>
<td>632,961,547</td>
</tr>
<tr>
<td>ECHO</td>
<td>638</td>
<td>380,684,391</td>
</tr>
<tr>
<td>Environment</td>
<td>30</td>
<td>8,174,454</td>
</tr>
<tr>
<td>Education and Culture</td>
<td>152</td>
<td>6,214,179</td>
</tr>
<tr>
<td>Total</td>
<td>2,256</td>
<td>1,028,034,571</td>
</tr>
</tbody>
</table>

*Source: Directorate General for Internal Policies, Policy Department D*\(^ {18}\)
What is the money spent on? - Using FTS to generate data on EU funding of NGO’s

As mentioned, the Commission’s Financial Transparency System (FTS) does not differentiate between the type of beneficiary or whether an expense was procurement or grant (which would help to discern non-profit from for-profit organisations). To assess the approximate amount of the EU budget allocated to NGO’s, we have processed the FTS data on the EU budget centrally administered by the Commission for the year 2010 to discriminate NGO’s from all the other beneficiaries and to identify the main mission of each. The FTS does not contain information on funds managed by EU or non-EU national governments or other parties on behalf of the Commission.

Despite the caveats with which the data should be read, we get a clear enough picture regarding the main purposes for which EU money is given to NGO’s. NGO beneficiaries in the FTS are categorised as to their purpose or mission in the table below (based on information on their websites or other public sources):

Table 2: Total funding and number of organisations by mission

<table>
<thead>
<tr>
<th>Mission</th>
<th>Total amount, €</th>
<th>Share of amount</th>
<th>Number of organisations</th>
<th>Share of organisations</th>
<th>Average amount of grant, €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humanitarian aid</td>
<td>498,428,444</td>
<td>33.5%</td>
<td>86</td>
<td>4.4%</td>
<td>5,795,680</td>
</tr>
<tr>
<td>Social</td>
<td>325,644,149</td>
<td>21.9%</td>
<td>280</td>
<td>14.2%</td>
<td>1,163,015</td>
</tr>
<tr>
<td>Environment</td>
<td>130,677,628</td>
<td>8.8%</td>
<td>140</td>
<td>7.1%</td>
<td>933,412</td>
</tr>
<tr>
<td>Rights</td>
<td>126,254,191</td>
<td>8.5%</td>
<td>301</td>
<td>15.3%</td>
<td>419,449</td>
</tr>
<tr>
<td>Industry</td>
<td>99,938,630</td>
<td>6.7%</td>
<td>214</td>
<td>10.9%</td>
<td>467,003</td>
</tr>
<tr>
<td>Development</td>
<td>59,582,175</td>
<td>4.0%</td>
<td>77</td>
<td>3.9%</td>
<td>773,794</td>
</tr>
<tr>
<td>Culture</td>
<td>30,832,536</td>
<td>2.1%</td>
<td>167</td>
<td>8.5%</td>
<td>184,626</td>
</tr>
<tr>
<td>Safety</td>
<td>30,373,805</td>
<td>2.0%</td>
<td>38</td>
<td>1.9%</td>
<td>799,311</td>
</tr>
<tr>
<td>Policy</td>
<td>28,389,677</td>
<td>1.9%</td>
<td>79</td>
<td>4.0%</td>
<td>359,363</td>
</tr>
<tr>
<td>Health</td>
<td>27,278,015</td>
<td>1.8%</td>
<td>69</td>
<td>3.5%</td>
<td>395,334</td>
</tr>
<tr>
<td>Youth</td>
<td>26,380,463</td>
<td>1.8%</td>
<td>182</td>
<td>9.2%</td>
<td>144,948</td>
</tr>
<tr>
<td>Education</td>
<td>26,031,327</td>
<td>1.7%</td>
<td>74</td>
<td>3.8%</td>
<td>351,775</td>
</tr>
<tr>
<td>Civil society</td>
<td>22,783,915</td>
<td>1.5%</td>
<td>122</td>
<td>6.2%</td>
<td>186,753</td>
</tr>
<tr>
<td>Research</td>
<td>22,287,019</td>
<td>1.5%</td>
<td>38</td>
<td>1.9%</td>
<td>586,500</td>
</tr>
</tbody>
</table>
Humanitarian aid accounted for one third of the Commission’s total expenditure on NGO’s in 2010 (almost €500 million), but was distributed among a rather small number of organisations (86 in all) especially considering the fact that different branches of big international organisations were counted several times\textsuperscript{11}. Total expenditure on humanitarian aid may be even higher given that the second largest group of organisations are ones with a social mission (€326 million), i.e. a broad mission that often incorporates aid. The third largest group of beneficiaries were environmental organisations (€131 million) and the fourth were organisations advocating human rights or rights of a distinct group of people (€126 million). Organisations with the three highest funded missions also received the largest average funding (humanitarian aid €5.8 million, social €1.2 million and environmental €0.9 million), while youth (€0.14 million), culture (€0.18 million), civil society (€0.19 million) and heritage (€0.2 million) organisations received the smallest average funding.

Looking at the FTS gives you an idea of how much an individual NGO can receive in one year. According to the FTS, in 2010 nearly 2,000 NGO’s received almost €1.5 billion in grants. But most of it (€1.12 billion) went to just 273 NGO’s receiving more than €1 million each, including OXFAM (€43.6 million), the Save The Children Fund LBG (€34.1 million), Concern Worldwide (€31.7 million), Action Contre La Faim (€24.4 million) and Deutsche Welthungerhilfe (€24.4 million).

In short, NGO’s with humanitarian, social, or environmental purposes receive the biggest portion – altogether 64.7%, while making up for only 25.7% of all NGO’s funded by EU money. In comparison, NGO’s promoting industry, civil society, and research received 9.7% of the money while representing 29.0% of EU funded NGO’s. In order to get some impression about who is getting what and how much, the following table (Table 3) lists NGO’s receiving more than €10 million in 2010.

<table>
<thead>
<tr>
<th>NGO</th>
<th>Mission</th>
<th>Country</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>OXFAM</td>
<td>Social</td>
<td>UK</td>
<td>43.6</td>
</tr>
<tr>
<td>THE SAVE THE CHILDREN FUND</td>
<td>Social</td>
<td>UK</td>
<td>34.1</td>
</tr>
<tr>
<td>CONCERN WORLDWIDE</td>
<td>Humanitarian aid</td>
<td>Ireland</td>
<td>31.7</td>
</tr>
</tbody>
</table>

Table 3: NGO’s receiving more than €10 million grant in 2010
EU funding of quango’s

NGO’s are often equated with quango’s, but they are not identical in a strict sense, and are not analysed in detail here. The EU funds 52 such agencies (quasi-autonomous non-governmental organisations or quango’s, for short). In a recent study, Open Europe revealed that those 52 quango’s account for a total cost to European taxpayers of €2.64 billion per annum. According to the authors, the main problem with several of these agencies is that they have little impact, add little if any value "while duplicating the work of each other, of the core EU institutions as well as of member states’ organisations and civil society." One example is the European Economic and Social Committee. It "examines the EU’s regional policy, even though the Committee of the Regions was specifically established for this purpose and the Commission has its own dedicated Directorate General for Regional Policy." Open Europe has identified ten agencies that, according to the authors, "serve no unique purpose and ought to be abolished. Most of the remaining agencies should be cut by 30%, saving EU member states just over €668m (£566.4m) every year".
In addition to this, the European Parliament provides operational grants to "Political foundations at European level" (of which New Direction is one) amounting to nearly €12 million.

In total, EU funds granted to NGO’s and quango’s, either directly or via member states, amount to more than €10 billion annually.

Where EU Funding Policy Fails

EU policy on NGO’s is flawed for a number of reasons that are set out here.

Bias against wealth creation

Looking at table 2 above, it is easy to see that an unequal distribution of funds among organisations pursuing different aims exists. NGO’s with humanitarian, social, or environmental purposes, representing 25.7% of all non-governmental organisations directly funded by the EU, receive 64.7% of all EU grants while NGO’s promoting industry, civil society, or research and representing 19.0% of EU funded NGO’s receive only 9.7% of the money. While the ratio between number and share of the first group is 2.5, that of the second group is 0.5. In other words, NGO’s with mainly wealth-consuming missions (humanitarian, social, or environmental concerns) benefit five times as much as NGO’s with primarily wealth-creating aims.

Favouritism towards certain NGO’s

A clear inconsistency with the EU aims can also be seen in the unequal distribution of funds among different organisations. If the EU aims to promote civil society, then all representatives of the same interest should be treated, at least to some extent, equally. However, the data indicates that the Commission funds particular organisations rather than the multiplicity of organisations: during 2002-2004 the three largest recipients of the Commission's funding to environmental organisations received about 70 times more than the three smallest, 7 out of the 39 NGO’s accounted for more than the 50% of the total funding, and 14 NGO’s accounted for 75%.

Bias against new EU member states

Funding of organisations based in the old western EU member states is much greater than of organisations based in the new eastern EU member states, despite the fact that civil society is considered to be much weaker in the latter and the need for social cohesion greater. This is true whether considering the percentage of organisations receiving grants, the average amount, or the total funding of organisations based in old EU member states. The 15 older EU member states received 59% of grants and 72% of total funds from 2003 to 2007. For example, Luxembourg received 80% more funding than Romania and Slovakia, and Denmark received 40% more than Poland. For every three cents a Romanian got, a Belgian resident got a euro in average funding
and nearly five euros in total funding.²⁷ There are two possible explanations for this disparity. Firstly, the Commission gives preference to pan-European organisations that tend to be based in the west. However, the bias remains even when the level of organisation is controlled for. Secondly, the bias could be a result of eastern countries having a weaker civil society and therefore fewer organisations with expertise in exploiting funding opportunities or the resources to generate proposals competitive enough relative to older, better-resourced western-based organisations. There is a correlation between GDP of the EU member state and total aggregated funding it received.²⁸

Our data for 2010 from the Financial Transparency System shows that new EU members received 4.6% of total funding, while the old ones received 80.8% of total funding or 17 times more (Table 4). Even without the funding related to humanitarian aid (the final destination of which is mostly outside the EU) four old EU countries (UK, Belgium, France and Italy) received more funding than all the new EU countries combined.

<table>
<thead>
<tr>
<th>Region</th>
<th>Total amount, €</th>
<th>Number of organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>New-EU</td>
<td>68,430,112</td>
<td>231</td>
</tr>
<tr>
<td>Old-EU</td>
<td>1,201,883,473</td>
<td>1101</td>
</tr>
<tr>
<td>Other</td>
<td>217,340,176</td>
<td>639</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,487,653,762</td>
<td>1971</td>
</tr>
</tbody>
</table>

**Hindering rather than promoting Civil Society**

The rationale of supporting NGO’s stems from the idea that freedom of association is an essential democratic right, which must not merely be guaranteed in principle, but be given the necessary means to be exercised.²⁹ However, any endeavour to impose this idea centrally is inconsistent. Firstly, public funding undermines civil participation rather than fostering it. More particularly, if NGO’s campaigns are funded with public money instead of voluntary private donations, then there is less need for them to seek support from wider society.³⁰ EU grants, therefore, should be reduced so that NGO’s are forced to prove the legitimacy of their actions by being able to gather sufficient funds from private donations.

Secondly, by funding NGO’s the Commission promotes its own aims rather than those of NGO’s. Predefined aims are funded rather than the genuine aims of NGO’s. The only liberty NGO’s have is to adjust their aims to match those of the Commission or its politically decided budget. For example, an assessment of the EU’s environmental policy states "the objective of the programme is to support the activity of NGO’s working in areas of EU environmental policy which are relevant to the Commission’s work programme, and not to support their activity per se.”³¹ The Commission
claims to promote a bottom-up approach by predefining what bottom looks like. In this way NGO’s lose their independence.

NGO’s lose even more of their independence by receiving public funding when this funding constitutes a substantial amount of their budgets. For example, eight of the Green 10 (a coalition of ten of the largest European NGO’s) derive at least one-third of their income from the Commission and five of those derive more than half of their funding from the Commission. One organisation boasts that it is funded by the Commission "to the exceptional level of 95% when almost all other Commission grants are limited to 50%.” This a matter of concern because, as one EC report put it "the NGO interviews overwhelmingly (14 out of 16) indicated that, once beneficiaries achieved a certain level of involvement in EU policy making, they would not be able to maintain it without the continued support of the Programme." This means there is no genuine promotion of civil society, because NGO’s are no longer in a position to replace public funding with voluntary private funding. In other words society does not see the need for or does not relate to the activities of these NGO’s. The loss of independence leads to the promotion of the EU’s agenda, rather than that of civil society.

This raises the question whether publicly funded NGO’s actually promote the interests of citizens. If NGO’s are not funded mainly by private donations, then it is questionable whether their publicly funded aims relate to the actual interests of civil society. In other words, as one British commentator put it, “taxpayers are forced to fund views they may seriously disagree with”. For example, the majority of Great Britain’s citizens oppose attempts to reduce global warming through higher taxes on petrol, higher airline fares and higher taxes generally to subsidise clean energy such as solar power and wind farms. And yet green NGO’s are among the biggest beneficiaries of EU grants.

In another example, only 10% of private charitable donations in the United Kingdom in 2010/2011 went to causes overseas whereas the Commission allocated from 37.5% (humanitarian aid and development organisations) to 59.4% (including social organisations) of its funding to such causes. 11% of voluntary donations went to children and youth related matters, compared to 1.8% of the Commission’s funding. Only 3% of donations went on environmental issues (9% in total on environment and animal issues), compared to 8.8% from the Commission (Table 5).

**Table 5: Proportion of total amount of charitable donations in the United Kingdom in 2010/2011 compared to the Commission’s funding of NGO’s in 2010 by cause (where at least partially comparable)**

<table>
<thead>
<tr>
<th>Cause</th>
<th>Proportion of total amount of charitable donations (UK)</th>
<th>Proportion of total amount of the Commission’s funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical research</td>
<td>17%</td>
<td>-</td>
</tr>
<tr>
<td>Religious (16%), Disabled (4%)</td>
<td>25%</td>
<td>21.9% (Social)</td>
</tr>
</tbody>
</table>
### Table: Funding Distribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Funding (%)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless (3%), Sports (2%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children</td>
<td>11%</td>
<td>1.8% (Youth)</td>
</tr>
<tr>
<td>Hospitals</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>10%</td>
<td>33.5% (Humanitarian aid)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4% (Development)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21.9% (Social)</td>
</tr>
<tr>
<td>Health</td>
<td>5%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Schools</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Elderly</td>
<td>3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Environment (3%), Animal (6%)</td>
<td>9%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Arts</td>
<td>1%</td>
<td>2.1% (Culture)</td>
</tr>
</tbody>
</table>

Source: National Council for Voluntary Organisations (NCVO), Charities Aid Foundation (CAF)

In other words, EU funding can and indeed does make unpopular causes and minority views look like mass movements, something that distorts rather than promotes civil society.

### Goal displacement

Public funding and the loss of independence encourage NGO’s to put all their efforts towards managing EU or national agencies and not towards EU citizens, who should be the real clients for their services. The demand creates the supply. However, the demand is created not by the consumer/citizen, but by a third-party (EU officials).

In the context of the EU, NGO’s are expected to foster citizens' autonomy and participation. However, by seeking public funding NGO’s become a means to implement the Commission's rather than citizens' priorities. EU funds are aimed at very specific aims and this leads to goal displacement or goal succession: As Sanchez Salgado points out “the development of sectors that are considered a priority by the European Union at the macro level leads to goal displacement at the micro level, which is at odds with a participatory conception of democracy.” In other words, in order to increase their resources NGO’s shift their emphasis away from the original goals to the goals of their donors.

Consequently, NGO’s tend to be the Commission's subcontractors rather than the representatives of civil society. Projects are suggested, not because they are inherently good, but because they might get funding.

Moreover, in order to appear effective, NGO’s may aim for **easily achievable aims rather than for more relevant or appropriate ones**. The most appropriate action may be the hardest to fulfil or be too long-term to be funded. Therefore, the best way to achieve effectiveness is to aim for
more easily achievable outcomes. Moreover, when evaluating the outcomes reports, NGO’s tend to underemphasise the most challenging issues and focus on positive achievements.39

In order to obtain funding, NGO’s and their management processes have to adopt certain requirements. This leads to the specialisation and bureaucratisation of NGO’s, which is not desirable if NGO’s are to represent civil society. Funding conditions set what is considered as appropriate organisational models. With the purpose of promoting transparency, accountability and efficiency, NGO’s funded by the Commission apply bureaucratic constraints, sound management and New Public Management techniques. However, this may be at odds with participatory democracy. There is a trade-off between democracy and efficiency: the more expertise an organisation can offer, the less it will be able to represent its members. Activists and volunteers in such organisations are replaced by law and communication specialists, which often perceive NGO’s as a career path rather than a means to act for a cause. First, organisations acquire expertise to achieve their objectives and then the acquired expertise starts to shape the organisation’s objectives. Moreover, smaller unspecialised NGO’s might be reluctant or unable to implement all the EU requirements and prefer even not to apply for funding.

**Government self-legitimation**

Much of the Commission’s funding for NGO’s goes not to promote civil interests or provide some actual service, but to advertise and thus to legitimise the Commission’s activities. As the Commission puts it "in support of the above functions NGO’s carry out activities in view of raising awareness of public and decision makers e.g. through campaigns, events and awards which often attract high press coverage, production and translation of information material, as well as environmental education targeting various groups like children, officials and professionals [...]. NGO’s are also actively raising awareness and promoting EU environmental policy beyond EU borders."40 Hence, rather than communicating directly with citizens and taxpayers the Commission delegates some of the public relations and communication work to NGO’s. The Commission wastes taxpayers’ money to persuade the same taxpayers about its own virtue. Arguably the Commission’s outreach to civil society is primarily an effort to enhance its legitimacy.41

Government has an incentive to seek support through the third parties, because "voters regard almost anyone as being more trustworthy than politicians"42: according to surveys made in the United Kingdom, 75% of the public hold charities as trustworthy and acting in the public interest43 (2010), but only 47% trust civil servants and just 14% trust politicians44 (2011).

**Lobbying for Funding, not Funding for Lobbying**

An additional concern is that public funding of NGO’s is used by NGO’s not only to provide services, but also to promote and legitimise themselves. One of the tasks ascribed for NGO’s in EU policy-making is involvement in decision-making. Hence, the EU intentionally supports NGO’s
for the purposes of lobbying. Given this, NGO’s have a direct financial interest in the EU’s budget decisions. It should come of no surprise, for example, that many organisations funded by the Commission lobby against austerity measures in public policy, because austerity implies the reduction of funding for all third parties, including themselves.

It is notable that environmental, human rights and animal rights organisations are the most influential lobby groups in EU policy-making. For example, Green 10’s access to decision-making goes “beyond the dreams of any commercial lobbyist, including regular meetings with the Council and the Commissioner for Environment, as well as monthly meetings at the Director’s level” not to mention the fact that politicians are typically more persuaded by arguments put forward by charities than by businesses. Given the scale of their influence and access to decision-making it is questionable whether NGO’s should be fostered even further with EU grants.

Therefore NGO’s can use their power not only to guide the agenda but also to lobby for even greater funding for them. One study indicates that out of 1,146 NGO’s that received the Commission support during 2003-2007, only 68 (5.9%) of them were registered in the CONECCS database. However, the registered organisations had a median funding level 86% higher than those that were not registered. The study concludes that organisations registered in CONECCS were insiders who know “how to navigate the rules, regulations and red tape of the institutions.”

The same conclusion follows from analysis of the data in the Transparency Register. On 23 June 2011 the Transparency Register was launched in order to improve the transparency of the EU decision-making process. 1,392 organisations were registered in the Transparency Register as of May 11, 2012 under the section “Non-governmental organizations, platforms and networks and similar”, 303 or 28% of which received EU grants during their last financial year (Table 7). The register contains only those organisations that want to engage in policy decision-making.

Table 6: Beneficiaries of EU grants in Transparency Register as of May 11 2012 that identified themselves as NGO’s, platforms, networks etc.

<table>
<thead>
<tr>
<th>Country</th>
<th>Total grants, €</th>
<th>Average grant, €</th>
<th>Average share of grants in organisations' budgets</th>
<th>Number of organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>1,447,503,520</td>
<td>5,132,991</td>
<td>42%</td>
<td>282</td>
</tr>
<tr>
<td>Belgium</td>
<td>1,238,844,137</td>
<td>10,588,411</td>
<td>46%</td>
<td>117</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>116,194,274</td>
<td>4,647,771</td>
<td>36%</td>
<td>25</td>
</tr>
<tr>
<td>Germany</td>
<td>27,591,674</td>
<td>1,452,193</td>
<td>21%</td>
<td>19</td>
</tr>
<tr>
<td>Italy</td>
<td>16,685,392</td>
<td>878,179</td>
<td>36%</td>
<td>19</td>
</tr>
<tr>
<td>Sweden</td>
<td>11,607,877</td>
<td>2,321,575</td>
<td>41%</td>
<td>5</td>
</tr>
</tbody>
</table>
This data shows that organisations registered in the Transparency Register and having their head office in Belgium received an overwhelming 86% of EU grants reported in the Transparency Register. The average amount of grants received by those organisations based in Belgium was also substantially larger than for the organisations based in other countries: the former organisations received grants that were on average at least twice as large as the average. It is natural that organisations that want to engage in lobbying at the EU level establish their offices near the decision-making centre: 25% of all the registered organisations have their head office in Belgium. However, the fact that this figure grows to striking 39% among organisations that have received EU grants is of concern. All this data indicates that lobbying rather than purely civil society organisations get the major share of EU funding.\(^5\)
Detrimental advocacy

The single internal market is the main principle behind the European Union as an economic union. The principle implies free movement of goods, capital, services and people, which, if properly implemented, imply free trade, simplification of business regulation, and reduction of taxation. The principle of the single market thus matches the policy measures described at the beginning of this study. However, there are NGO’s, beneficiaries of EU funding, that oppose these measures and argue against them, which implies that their agenda is in fact detrimental to the citizens of EU and internal and external development. To take one example, over 115 organisations, including aforementioned Oxfam, War on Want, Health Poverty Action, Christian Aid, and Friends of the Earth advocate the financial transaction tax and hold a common campaign to support the tax dubbed ’The Robin Hood Tax’. It should come as no surprise that these organisations argue that the raised fund could be used to tackle poverty and climate change, i.e. if successful the tax revenue most probably would be distributed through the NGO’s that support the tax. However, the tax is most likely to harm savers and anyone who uses financial services, including businesses, charities, pensions, mutual funds, and eventually individual people, because the tax burden "will fall more heavily on labour than on capital owners as the elasticity of the supply of capital increases." Rather than advocating sustainable measures such as deregulation and enforcement of property rights, the recipients of public funding want even more public funding.

All in all, by advocating more regulation, NGO’s funded with taxpayers’ money often make the same taxpayers pay twice: firstly, by funding NGO’s and, secondly, with the higher prices that result from the regulations that these NGO’s lobby for.

A new approach to achieving EU policy goals

Before putting forward proposals to reform how the EU funds NGO’s, it should be stated here that, generally speaking, EU spending and grant making is not the most expedient means to achieve particular EU policy aims. Firstly, the enforcement of private property, rights rule of law and economic freedom are much more effective means to promote human rights and eliminate poverty and inequality than giving money to human rights NGO’s or humanitarian aid, which aims to reduce the damage, but cannot eliminate the causes of the damage. Secondly, greater economic freedom in the form of deregulation and tax reduction are much more effective measures to promote employment and economic development than grants aimed to educate or solve social and economic problems. Thirdly, the definition, promotion and enforcement of private property rights in natural and environmental resources are much more effective measures to preserve nature than environmental grants or actions.

Nevertheless, if the EU is to persist with a policy of spending public funds to attempt to achieve its policy objectives, this process can and should be made as effective as possible. At the very least,
to divert €7.5 billion away from the economy is a major risk (analysed in the Appendix) that must be justified carefully.

The EU’s current approach to meeting part of its policy objectives by funding NGO’s is clearly counterproductive. Here we set out six recommendations designed to address the flaws in current policy and realign it with the interests of civil society in the EU.

1. Spend proportional to citizens’ preferences

As stated earlier, NGO’s with humanitarian, social, or environmental purposes, representing 25.7% of all non-governmental organisations directly funded by the EU, receive 64.7% of all EU grants while NGO’s promoting industry, civil society, or research and representing 19.0% of EU funded NGO’s receive only 9.7% of the money. In other words, NGO’s with mainly wealth-consuming missions (humanitarian, social, or environmental concerns) benefit five times as much as NGO’s with primarily wealth-creating aims.

This imbalance should be corrected in a way that reflects the preferences of the citizens in EU member states. In order to get some indication how that proportion should look like, one should recall that, as stated earlier, only 10% of private charitable donations in the United Kingdom in 2010/2011 went to causes overseas whereas the Commission allocated 37.5% for NGO’s for humanitarian aid and development (even 59.4% if social organisations are included) of its funding to similar causes. Reflecting citizens’ interests, the Commission should give only 10% rather than almost 60% of its grants to organisations devoted to humanitarian aid, development and social concerns.

2. Give just once in full, second time half, third time a third

The EU should make repeated application for grants less attractive by giving only half the original grant to second time applicants, a third to third time applicants, and a quarter to fourth time applicants, with a one year break thereafter. Doing so would inhibit organisations from making professional grant application a specialized part of their income activities. As Mohoney and Beckstrand showed, more than 40% of all EU funded NGO’s come back for seconds. 17.4% of organisations received funding twice, 12.8% for three years, 6% for four years and 3.9% for all five years. That small portion of NGO’s alone, funded for five consecutive years (3.9% of all NGO’s benefitting from direct EU funding), received €197 million during the five year period.

Mohoney and Beckstrand also indicated that organisations were better funded if they were based in Western Europe, if they were organised at EU or international level, if they were registered in CONECCS database, and if they were think-tanks, foundations and institutions, environmental organisations, consumer groups. In short, the better a NGO is organised, the likelier it receives grants (regularly).
3. A lower maximum for grants

Meanwhile, the EU co-financing rate should be reduced from the standard 50-75% to 40% or less so that majority of funding would come from private sources. This way, the EU could save between 10-35% of the budget for directly funding NGO’s (€150 to 525 million).

If an organisation is able to provide co-financing, it means that other donors consider the activity of the organisation worthwhile. The lower the co-financing rate from the EU, the greater the rate from third-parties, and the greater the sign that the activity of the organisation is efficient and needed. Moreover, the EU should co-finance only those projects where the rest of the funding is received from private (not public) sources and donations.

4. Opening contracts to all

The rules around grants should be made more similar to those governing procurement. Non-profit requirement in the implementation of grants is only superficially a good thing. Profit is a good driving force. It should be sufficient that, when responding to calls for proposals, organisations could propose the tangible goals they aim to achieve, describe how organisations are going to measure the achievement of the goals, how these goals would benefit EU citizens, and the price they ask for it.

This way grants could be made more similar to procurement: an acquisition of a well-defined service for the lowest suggested price. In other words, the EU would contract to achieve its policy aims much as it contracts to acquire the goods and services it needs. The same results-driven process should apply to the reduction of poverty as it does to the delivery of other desirable outcomes. This would also allow funds related to the administration of grants and subsequent audits to be saved. In case the agreed aims are not achieved, the NGO’s would be required to return the funds they received. This would force NGO’s to be more responsible and their projects more accountable and effective.

5. Removing conflicts of interest

NGO’s, whose members, board members or associates are politicians or public officials (EU, national or regional) should not be eligible for EU funding, so that politicians and public officials could not use their decision-making powers to benefit the supporters of their own agenda.

6. Greater transparency

Only 20% of direct EU funding of NGO’s is transparent to citizens of EU member states, because managing the remaining 80% is left to the discretion of national or regional authorities. The managing authorities in the EU member states should publish information on all their beneficiaries using the same databases and methodology as the EU. At the moment it is almost
impossible to assess all those databases in all EU member states in a way that allows for proper analysis of the total EU funding of NGO’s. EU member states should be asked to provide comprehensive data of their NGO funding policy that is in line with the methodology used for FTS.
Appendix: the economic impact of EU spending on NGO’s

To illustrate the economic significance of EU spending on NGO’s, New Direction has modelled the potential impact of the €7.5 billion total spend on NGO’s as if it were all used to enhance the EU’s economic performance.

The EU budget already includes significant spending on infrastructure improvements through its cohesion and regional programmes, and if this spending on infrastructure were expanded by €7.5 billion, what would be the likely impact?

Using Eurostat input-output modelling techniques, which demonstrate the employment multipliers and value-added of various sectors in the economy, it is possible to measure this.

Assuming that an additional €7.5bn was spent on construction works (a good proxy for infrastructure expenditure), this would create 180,090 jobs according to the Eurostat model and nearly €9bn of gross value added. The opportunity cost of the EU’s spending on NGO’s is significant, therefore, particularly considering how much of this spending is diverted away from economically useful programmes towards programmes that do not even match public priorities.

At a time of economic fragility and high unemployment, it is highly questionable whether such spending is justifiable.
Bibliography


*Communication from the Commission on Promoting the Role of Voluntary Organisations and Foundations in Europe*, Brussels, 06.06.1997 COM(97) 241 final.


EUROPA, European Commission, Beneficiaries, Financial Transparency System,  

EUROPA, European Commission, EuropeAid, Work with us, Funding, Beneficiaries,  

EUROPA, European Commission, Humanitarian Aid & Civil Protection, Funding,  

EUROPA, European Commission, Public contracts and funding, Grants,  


European Center for Not-For-Profit Law 2012, Upholding Sustainability of Voices for Human Rights – A Study on the Sustainability of Human Rights and Accountability Watchdog NGO’s in ten new member states of the European Union.


Endnotes

1 There is a rich diversity of both NGO’s and their definitions, hence meaningful generalisations are difficult to make. Given the present EU financial transparency system and transparency register, it is difficult to discern all NGO’s and only NGO’s that are recipients of the EU funding. Therefore, all quantitative generalisations provided in this study can be only indicative and approximate rather than exact and accurate. All cited studies that provide generalisations about the number of EU beneficiaries or amounts of grants provided acknowledge that their results cannot provide completely accurate figures, due to the inconsistency of databases and data.

2 Communication from the Commission on Promoting the Role of Voluntary Organisations and Foundations in Europe, Brussels, 06.06.1997 COM(97) 241 final.

3 These characterisations, nevertheless, do not preclude for NGO’s to receive government funding or possess characteristics of bureaucracies or of highly professional corporations. Nevertheless, this characterisation of NGO’s is not final. Different EU funding schemes, i.e. different calls for proposals, can apply their specific characterisations.

The EU perceives NGO’s as performing one or more of the following functions: service delivery or provision, advocacy, self-help or mutual aid, resource and co-ordination. (Communication from the Commission on Promoting the Role of Voluntary Organisations and Foundations in Europe, Brussels, 06.06.1997 COM(97) 241 final.) In addition, the EU exhibits the following rationale for cooperation with NGO’s: (1) fostering participatory democracy (freedom of association to pursue common interests and aims is both a fundamental individual right and fundamental freedom in a democracy; belonging to an association provides yet another opportunity for citizens to participate in public life in addition to involvement in political parties or trade unions), (2) representing the views of specific groups of citizens to the European Institutions (NGO’s provide means to be heard for those not sufficiently heard through other channels or can act as a balance to the activities and opinions of other interests in society), (3) contributing to policy making (provide expert input in policy discussions or feedback on the success of specific policies), (4) contributing to project management (contribute to managing, monitoring and evaluating projects financed by the EU), (5) contributing to European integration (NGO’s are encouraged to associate, make networks or work together in other ways to strive for common goals or to make their views more focused). (European Commission, The Commission and Non-Governmental Organisations: Building a Stronger Partnership, Commission Discussion Paper, presented by President Prodi and Vice-President Kinnock, Brussels, 2000, pp. 4-6.)

Grants come under umbrella policy aims divided into different programmes and actions, which, eventually, cover a very wide range of actions. Practically any project which has a genuinely European dimension and can be linked to the EU policies can find a corresponding fund. One example was a €70,000 in 2010 for Sudanese Plastic Artist’s General Union for the project "Enhancing the Role of Plastic Artists in Promotion of Human Rights and Democracy".

The pool of grants can be divided into two categories: grants for actions and operating grants. Grants for actions aim to achieve a particular objective related to EU policy aims. These grants reimburse the costs incurred by the recipients for carrying out the activities in question. The results of the actions remain the property of the recipients of a grant, for example, the EU has no claims to copyright. Operating grants finance the operating expenditure of the recipient that is pursuing an aim of general European interest or an objective that forms part of the EU policy.

The headings and subheadings in the Financial Perspective 2007-2013 are in detail as follows:

**Heading 1: Sustainable growth**

**Heading 1A. Competitiveness for growth and employment.** Contributes to the goals of the Lisbon Strategy: research and technological innovation, trans-European transport and energy networks, education and training, a fully integrated single market, and the social policy.

**Heading 1B. Cohesion for growth and employment.** Contributes to the EU treaty aim of reducing disparities between the levels of development of the various EU member states and regions. It consists of three objectives: convergence (investments to increase long-term competitiveness, job creation and sustainable development), regional competitiveness (investments to foster innovation and knowledge economy and reduce regional isolation from digital and transport networks) and employment, and cross-border, trans-national and inter-regional cooperation.

**Heading 2: Preservation and management of natural resources.** Contributes to agriculture, rural development, fisheries, environmental measures, veterinary and phytosanitary actions.

**Heading 3: Citizenship, freedom, security and justice.**

**Heading 3A. Freedom, Security and Justice.** Contributes to the protection and rights of individual citizens: the framing of a common policy on asylum, immigration, border control, illegal immigration, trafficking in and smuggling of human beings, terrorism, organised crime, and judicial cooperation in civil and criminal matters.

**Heading 3B. Other internal policies.** Contributes to culture, youth, audio-visual matters, health, and consumer protection.

**Heading 4: The European Union as a global player.** Contributes to the reduction of global poverty and improvement in global security.
Heading 5: Administration. Contributes to the administrative expenditure of the EU institutions.

8 EUROPA, European Commission, Public contracts and funding, Grants, 

9 First of all, cohesion policy is implemented through three main financial instruments. The European Social Fund operates in all EU member states and supports measures related to employment opportunities. The European Regional Development Fund operates in all EU member states and co-finances infrastructure and productive investment. The Cohesion Fund co-finances trans-European transport infrastructure networks and environmental projects in EU member states whose Gross National Income per inhabitant is less than 90% of the EU average. Secondly, as long as particular requirements of programmes are respected, NGO’s may receive funding related to rural development (European Agricultural Fund for Rural Development (EAFRD)) and fisheries (European Fisheries Fund (EFF)).

The aims of EU grant schemes as they relate to NGO’s can also be defined more abstractly. First of all, the funding has to provide "EU added value". In other words, an EU intervention has to result in creation of value which is additional to the value that would have been otherwise created by an EU member state alone. European added value may be the result of different factors (coordination gains, legal certainty, greater effectiveness, complementarities, etc.) can be a political rather than economic judgement, or could contain a visionary aspect. (European Commission, Commission Staff Working Paper: The Added Value of the EU Budget Accompanying the Document Commission Communication A Budget for Europe 2020, Brussels, 29.6.2011 SEC(2011) 867 final.)

Aiming for European added value is related to the principle of subsidiarity established in the Treaty on European Union. According to the principle of subsidiarity, decisions should be taken as closely as possible to the citizens and the EU should not take action unless it would be more effective than an action taken at the national, regional or local level.

As Mahoney and Beckstrand emphasize, it is easier for groups of special interests (e.g., business or industry) rather than for groups of the public or citizen interests to mobilize supporters and resources for their cause, therefore governments and, consequently, the Commission aims to support groups of public or citizen interests in order to compensate for the imbalance. (C. Mahoney and M. J. Beckstrand, ‘Following the Money: European Union Funding of Civil Society Organizations’, Journal of Common Market Studies 49(6), 2011, p. 1341.)

Mahoney and Beckstrand also note that EU grants exhibit an implicit effort to self-legitimise, i.e., the Commission's outreach to civil society has to be seen as an effort to enhance its legitimacy has to prove continuously that it is a reasonable and justified institution (Ibid., p. 1342.)
Grants are distributed through calls for proposals. Calls for the grants that are provided by the European Commission or its departments are on "Europa", the EU internet website. These calls of proposals can also be published in the Official Journal of European Union – C series. National and regional authorities publish their own calls by themselves. The funding is subject to a set of rules that are outlined in the Financial Regulation and Implementing Rules (a mechanism for interpreting and implementing the Financial Regulation) (http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm).

Where assumed to be justified, the co-financing may be replaced with co-financing in kind. Only projects taking place outside the EU have the possibility to be financed in full. In order to obtain significant payments at the outset of the project (i.e., pre-financing), the applicants need to provide financial guarantees. After assessing the risks, this requirement for grant pre-financing below €60,000 may be waived. Grants provide funds only to reimburse costs associated with the action. The action cannot result in any profit for the receiving organisation. Therefore, even a commercial organisation can receive a grant, but only for a project whose immediate objective is non-commercial and strictly non-profit-making. Grants cannot be awarded retroactively for actions that are already completed. Only one grant can be awarded for the same action.

Moreover, a list of all grants awarded has to be published at least once a year, giving names and addresses of the beneficiaries, what the grants were for, the amount granted and the co-financing rate, and whether there was specific prior publicity (e.g., a call for proposals). The only exception allowed to this ex post publicity is when the beneficiary's security would be jeopardised. For the grants of €500,000 or more for projects and for the grants of €100,000 or more for operational costs an external audit is required. Applications are usually evaluated and graded by the independent experts. Applications are ranked according to the score they received during the grading and one with the highest score receives the funding it applied for, then the second best, third and so on till the funds designated for the call are thus exhausted.


Ibid.


19 Organisations in the FTS database were differentiated between NGO’s (or civil society organisations) and non-NGO’s on the following considerations:

- entries where the received amount was €0 were deleted;
- in cases of ambiguous names or insufficient information entries were treated as non-NGO’s;
- organisations that present themselves as independent and non-profit, charities, and associations were treated as NGO’s;
- entries containing abbreviations specific to commercial organisations (e.g., LTD, NV, SA, SPA, DOO etc.) were treated as non-NGO’s;
- entries receiving funds related to “other management expenditure” were treated as non-NGO’s;
- as far as possible, intergovernmental organisations and networks of public institutions or academic research institutions were treated as non-NGO’s;
- as far as possible, research institutions and think-tanks involved in policy research and advocacy were treated as NGO’s;
- as far as possible, producers and providers (rather than promoters and supporters) of education, research and culture were treated as non-NGO’s.

The accuracy of the split might be biased by the following three issues:

- NGO’s, think-tanks and industry networks might be confused with pure academic research institutions;
- producers (not-NGO’s) of education, research and culture might be confused with promoters of it (NGO’s);
- NGO’s might be confused with public authority organisations or organisations initiated by public authorities.

Hence, the data available from the FTS should be treated with caution. Most probably, not all NGO’s were identified, not all discriminated organisations are actually NGO’s and some organisations can have several entries with slightly different names.

20 Missions in the table mean the following:
- civil society: organisations promoting civil society and civil participation in political decision-making;
- consumers: organisations providing information for or defending consumers;
- culture: organisations promoting and supporting culture, arts, media, journalism, inter-cultural education, etc.;
- development: organisations developing infrastructure and capacities or promoting economic development, etc.;
- education: organisations promoting, providing or involved in education or education policy;
- elderly: organisations that promote activities for and rights of elderly people;
- environment: organisations supporting preservation of nature, promoting sustainable development, access to water, etc.;
- health: organisations promoting health or research and information related to health;
- heritage: organisations that aim to conserve or preserve heritage;
- humanitarian aid: organisations providing humanitarian aid;
- industry: organisations connecting and promoting interests of commercial industries, chambers of commerce, professional associations, etc.;
- policy: organisations and think-tanks conducting policy research and advocacy;
- research: organisations promoting or conducting research or science education, etc.;
- rights: organisations supporting and advocating for human rights in general, rights of a particular group in particular, or for other issues related to justice;
- safety: organisations working with issues directly related to safety, peacekeeping, mediation, etc.;
- social: organisations with a broad scope (combines several missions), with unspecific scope, religious, charities, social work, sport or interest organisations, etc.;
- trade unions: organisations and associations that defend and promote rights of workers;
- youth: organisations that educate children and youth, promote activities for children and youth, promote volunteering and children rights, student organisations, etc.

21 E.g. CARE FRANCE ASSOCIATION, CARE INTERNATIONAL UK, CARE DEUTSCHLAND-LUXEMBURG EV.
22 Open Europe, The Rise of the EU Quango’s, London April 2012. "There are currently 52 EU quango’s, double the number in 2004. Prior to 1990, there were only three." (Ibid., p. 2)

23 Ibid., p. 2.
24 Ibid., p. 8.

25 Ibid., p. 2.


28 Another study also proves the pattern that NGO’s from new EU member states received a considerably lower amount of funding in 2007-2010 under Europe for Citizens Program Action 2 Active Civil Society in Europe than organisations from the older EU member states. (European Center for Not-For-Profit Law, *Upholding Sustainability of Voices for Human Rights – A Study on the Sustainability of Human Rights and Accountability Watchdog NGO’s in ten new member states of the European Union*, 2012, pp. 52-53). The study analysed beneficiary NGO’s originated from 6 old EU member states and 6 new EU member states: Austria, Belgium, Czech Republic, Germany, France, Hungary, Italy, Lithuania, Latvia, Poland, Romania and the United Kingdom. In this group, the total share of action grants in old EU member states (approximately €9 million) was three times bigger than the share of actions grants in new EU member states (approximately €3 million). The disparity in the case of the operating grants was even more acute: NGO’s in old EU member states accounted for 95% of all operating grants.


37 As Christopher Snowdon puts it, ‘Foreign aid, climate change, sin taxes, temperance, anti-smoking, ‘sustainable development’, radical feminism and support for the EU are causes which the political elite believe are under-represented in civil society, but they do not draw from this the obvious conclusion that an absence of voluntary activism is indicative of public indifference.’ (C. Snowdon, Sock Puppets: How the Government Lobbies Itself and Why, IEA Discussion Paper No. 39, June 2012, p. 34.)

Nick Seddon adds to that, ‘There is something unsatisfactory about taxpayers’ money being used to fund charities that are campaigning for things that we may disagree with: the blurring is the issue. If it’s a state department, then it should be acknowledged as such, and funded by the taxpayer in the normal way. But if it’s really a quango masquerading as a charity, then it’s disingenuous to present it as a part of civil society.’ (N. Seddon, Who Cares? How State Funding and Political Activism Change Charity, Civitas: Institute for the Study of Civil Society, 2007, p. 62.)

38 R. Sanchez Salgado, ‘NGO Structural Adaptation to Funding Requirements and Prospects for Democracy: The Case of the European Union’, Global Society 24(4), 2010, p. 517. Salgado gives several examples for EU member states. In France, the creation of new NGO’s seems to be more frequent than goal succession. In the humanitarian sector, NGO’s such as Aide Médicale Internationale (AMI) or Equilibre were created during the 1980s and 1990s, in the wake of the growth of EU funds. This trend was so evident that humanitarian NGO’s set up during this period are sometimes referred to as "ECHO’s babies". A similar trend can be detected in social voluntary work, as many voluntary organisations working on unemployment were created during the 1990s and the 2000s.

Goal succession is more likely to be found in Spain because Spanish social voluntary organisations publish their financial and activity reports more often than their French counterparts. Movimiento por la Paz, el Desarme y la Libertad (MPDL) is a Spanish NGO created during the 1980s. Since the signing of its first partnership agreement with ECHO, this organisation has not only experienced an important process of growth but its objectives have also been completely transformed. While at its beginning the objective of this organisation was the promotion of peace, at present most MPDL activities are about emergency and humanitarian aid as well as visibility campaigns, which are the activities funded by ECHO. In the social sector, the Fundación Secretariado Gitano (FSG) can also be considered as an example of goal succession. This Spanish NGO, created during the 1980s, had several priorities and objectives, such as employment, education, health, training, etc. Before the growth process, there was some balance among the different priorities (the amount of resources allocated to each priority was equivalent). However, after the growth process, most of the funds were directed to fighting unemployment, and other priorities, such as education, not only did not experience growth in resources but a decrease (for example, the FSG awarded 82


40 European Commission, Commission Staff Working Document on the implementation of the programme for financial support to European nongovernmental organisations primarily active in the field of environmental protection, Brussels, 09/10/2008 SEC(2008) 2633 final, p. 7.


Subjects wishing to enter the premises of EU institutions have an incentive to register in exchange for information about its staff involved in advocacy, main interests, activities, and the amount of funding they have received from EU and other sources.

The Transparency Register replaced the Commission's own separate Register for interest representatives that was opened on June 23, 2008 and in which all entities engaged in activities carried out with the objective of influencing the policy formulation and decision-making processes of the EU were expected to register. The Register for interest representatives was one of the outcomes of the European Transparency Initiative that was launched on November 9, 2005. The Register for interest representatives, in turn, replaced the CONECCS database, in which groups participating in European Commission committees or hearings registered on a voluntary basis.

The Transparency Register has a category for "Non-governmental organisations" with a sole sub-category "Non-governmental organisations, platforms and networks and similar". Registrants of this category have to disclose their overall budget for the last financial year and the main sources of its funding, such as public funding (EU, national or sub-national), donations, membership fees, etc. Even though the Transparency Register only addresses NGO’s engaged in advocacy, the data provided in the register allows to differentiate and analyse those NGO’s who have receive funds from the EU.

However, the data should be considered as only indicative about the levels of funding for NGO’s. The funding data is for the last financial year, which might be either 01/2010-12/2010, or 01/2011-12/2011, depending on the date of registration or information update.

Interestingly, the total amount of funding from Transparency Register (€1,482,455,169) with only 303 beneficiaries is quite similar to the total amount from Financial Transparency System (€1,487,653,761) with 1971 organisations. The most likely explanation is that organisations in the Transparency Register could have got their EU grants from other sources than the Commission. The other possible explanation is the possible difference in the definition of NGO. For example, Lithuanian Research Library Consortium, with a substantial grant of almost €5 million, identified itself in the Transparency Register as NGO, however it would not be considered as such in our analysis (it is a network of institutions owned by the government), or Volvo Technology AB with €6.4 million is a division of a manufacturing company. The seemingly inconsistent data on the amounts of funding for NGO’s is a further sign that the information about levels of funding for specific groups is far from transparent.

The list of telling examples is rather long. Other examples include:

- Platform of European Social NGO’s (86% of its income in 2011 (€0.7 million) from the Commission) argues for minimal wages and anti-discriminatory employment laws that, in fact, only makes the employment for the unskilled and marginalized even harder to attain;
- European Federation for Transport and Environment (16% of income in 2011 (€0.25 million) from the Commission) argues for higher fuel taxes what is partially aimed to inhibit tax competition among countries;
- Christian Aid (6% of income in 2011 (approx. €7 million) from the Commission) argues against free trade, for raised trade tariffs and trade barriers in the developing countries;
- Health Poverty Action (28% of income in 2010 (approx. €2.5 million) from the EU) argues against imposition of free trade and privatization in the developing countries and advocates for a financial transaction tax;
- War on Want (20% of income in 2011 (approx. €0.48 million) from the Commission) holds campaigns named "Fighting supermarket power" and "Love Fashion Hate Sweatshops" that call for more regulation on trade and cloths industries, argues against austerity measures and promotes the financial transaction tax;
- The European Anti-Poverty Network (EAPN; 87% of income (approx. €1.4 million) from the Commission) argues against austerity measures and promotes "the pursuit of tax justice"-prioritising progressive income tax, wealth tax, financial transactions tax and tackling tax evasion and avoidance by closing down tax havens;
- The biggest recipient of the Commission’s grants Oxfam Great Britain (11% of income in 2010/2011 (approx. €50 million) from the EU) advocates the financial transaction tax.

58 C. Mahoney and M. J. Beckstrand, ‘Following the Money: European Union Funding of Civil Society Organizations’, Journal of Common Market Studies 49(6), 2011, pp. 1339-1361. Mohoney and Beckstrand made a thorough analysis of NGO funding during 2003-2007 from funding documents released through the European Transparency Initiative. They gathered information on 1,146 European civil society organisations: the amount and dynamics of funding, organisations level, type of interest, etc.
59 Eurostat Input-Output database: http://epp.eurostat.ec.europa.eu/portal/page/portal/esa95_supply_use_input_tables/introductio n