



Press Release

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EU funding through NGOs must be more transparent, say Auditors

The way in which EU funding is channelled through NGOs (Non-Governmental Organisations) for humanitarian and development aid, environmental protection, culture and other purposes needs to be more transparent, according to a new report by the European Court of Auditors. The current system of classifying organisations as NGOs is not reliable, warn the auditors, and the European Commission does not have sufficiently detailed information on how the money is spent. There is a similar lack of clarity when EU money is paid to NGOs indirectly through United Nations bodies.

NGOs help the European Commission to design, implement and monitor EU programmes in many policy areas, such as humanitarian and development aid, the environment, and research and innovation. Between 2014 and 2017, the Commission planned an estimated €11.3 billion of spending for use by NGOs.

The auditors examined the Commission's identification of NGOs, the use of EU funds by NGOs and whether the Commission disclosed this information in a transparent manner. They focused in particular on external action.

The auditors concluded that the Commission is not sufficiently transparent regarding the use of EU funds by NGOs. The assignment of NGO status in the Commission's accounting system, which is based on self-declaration, and the limited checks, make the classification of an entity as an NGO unreliable, they say. While the selection of NGO-led projects is generally transparent, different Commission departments do not manage grants awarded by third parties in the same way, and the selection process for NGOs among the UN bodies audited is not always transparent.

The data collected on EU funds used by NGOs is not uniform, say the auditors, and the Commission does not have comprehensive information, particularly with networks of international NGOs and projects under indirect management. Furthermore, in indirect management, the lack of information available hinders checks on costs.

"The EU is the world's biggest aid donor and NGOs often play an essential role in delivering that aid. But EU taxpayers need to know that their money is being paid over to properly defined organisations"

The purpose of this press release is to convey the main messages of the European Court of Auditors' special report. The full report is available at www.eca.europa.eu.

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and that the Commission will have to account for it fully,” said Annemie Turtelboom, the Member of the European Court of Auditors responsible for the report.

Information on EU funds used by NGOs is published in several systems, but the amount of detail disclosed is limited, say the auditors, although the Commission generally reports data on humanitarian and development aid in accordance with international transparency standards. UN bodies either did not publish, or only partially published, the contracts awarded to NGOs in five of the six projects audited, and the Commission did not check whether the UN bodies had fulfilled this requirement.

The auditors recommend that the European Commission should:

- improve the reliability of the information on NGOs in its accounting system;
- check the application of rules and procedures regarding EU grants to NGOs by third parties;
- improve the information collected on funds spent by NGOs;
- adopt a uniform approach to publishing details of funds provided to NGOs;
- verify UN bodies’ publication of complete and accurate data on EU funding awarded to NGOs.

Notes to Editors

While the term NGO is widely used, it has no generally accepted definition at international level. Within the EU, NGO status is determined in some Members States by an organisation’s legal form, while in others it depends on the nature of the activities carried out.

A 1997 European Commission communication identified five characteristics of NGOs. They are: (1) voluntary organisations with a formal or institutional existence; (2) non-profit-distributing; (3) independent of government and public authorities; (4) not managed for personal gain; and (5) their activities must contribute, at least partly, to the public good.

The ECA presents its special reports to the European Parliament and Council of the EU, as well as to other interested parties such as national parliaments, industry stakeholders and representatives of civil society. The vast majority of the recommendations we make in our reports are put into practice. This high level of take-up underlines the benefit of our work to EU citizens.

Special report 35/2018 “Transparency of EU funds implemented by NGOs: more effort needed” is available on the ECA website (eca.europa.eu) in 23 EU languages.