

# The truth behind the figures

## What the official figures tell us about European aid and NGOs



The perception among certain decision-makers and institutions at European level is that development NGOs administer a considerable quantity of Community funds. However, the official figures from the European Commission reveal that in 2004, out of **7.7 billion euros worth of external aid, less than 700 million was spent through NGOs.**

One of the purposes of this note is to refocus the debate on some precise, objective statistics, in order to gain a clearer image of the place of NGOs in European development policy.

European NGOs, just like certain European institutions and governments, recognise the strategic importance of civil society organisations in developing countries. Their autonomy and their non-governmental nature, coupled with their local roots, mean that civil society organisations can deliver concrete assistance, at close proximity, to the real needs of people in developing countries in their struggle against poverty, and can help them to promote human rights and democracy.

However, public opinion sees European NGOs primarily as actors intervening in situations of emergency, crisis and natural disasters. These actions are indeed part of their contribution and of the considerable assistance that they bring day-by-day on the ground in partnership with the organisations and populations in the south, however, the vast majority of European NGOs are also committed to long-term development activities, alongside and in support of civil society organisations in developing countries. This reality of their everyday work is different and less well known.

This work against injustice and inequalities, and the fight against poverty, relies mainly on long-term partnerships with local social organisations and movements. The aim of this work is not just to respond to immediate needs, but above all to give the world's poorest and most excluded communities the means to assert their economic, social and political rights. European NGOs are, therefore, involved in the promotion and strengthening of actors who, in their own countries, are resolutely committed, vis-à-vis the local authorities and the governments, to the defence of their fundamental rights, such as the right to food, health, education and security, or the defence and promotion of democracy.

This is the background against which the Confederation of European relief and development NGOs – CONCORD – is calling on the institutions to systematically integrate a 'civil society actors' strategy in all their development initiatives (including when the principal partners are the governments of the developing countries). Civil society capacity-building is also an essential factor in good governance, both in the south and in Europe, as well as at the

international level. The emergence of actors able to call upon governments to be accountable guarantees the implementation of fairer and more effective public policies which are consistent with the rights and the needs of the most disadvantaged or excluded people.

Today, the figures show that less than 11% of the external aid in the EU budget (aside from the European Development Fund – EDF\*) is directly intended to support civil society in the framework of development or humanitarian actions, and 9% if we consider NGOs on their own. Moreover, only half of this 9% is intended for actions supporting development and the promotion of democracy and human rights. These statistics show that in contrast to what some people believe, development NGOs are far from being the first beneficiaries of Europe's external aid. When it comes to development education and raising European public awareness, the European Commission (EC) awards no more than 0.0026% of the total of its external aid. Split across the 450 million citizens in Europe, this represents barely 4 € cents per person per year, to raise the awareness of European citizens on the issues of international solidarity and co-operation.

These figures need to be looked at in conjunction with those revealed by the CONCORD survey in 2005. They indicate that EC aid represents on average only 13% of the European relief and development NGOs' funding, whereas 51% of their resources come from private donors. At the European level, therefore, if we include national government subsidies, for every euro of development aid financed through an NGO, one additional euro is provided by the NGO out of its own funds, thanks to the solidarity of Europe's citizens. This leverage effect is, from a strictly financial point of view, another of the added values of NGOs, which is often overlooked by the institutions and politicians.

Joanna Maycock  
2004-2005

Maria Winnubst  
2006-2007

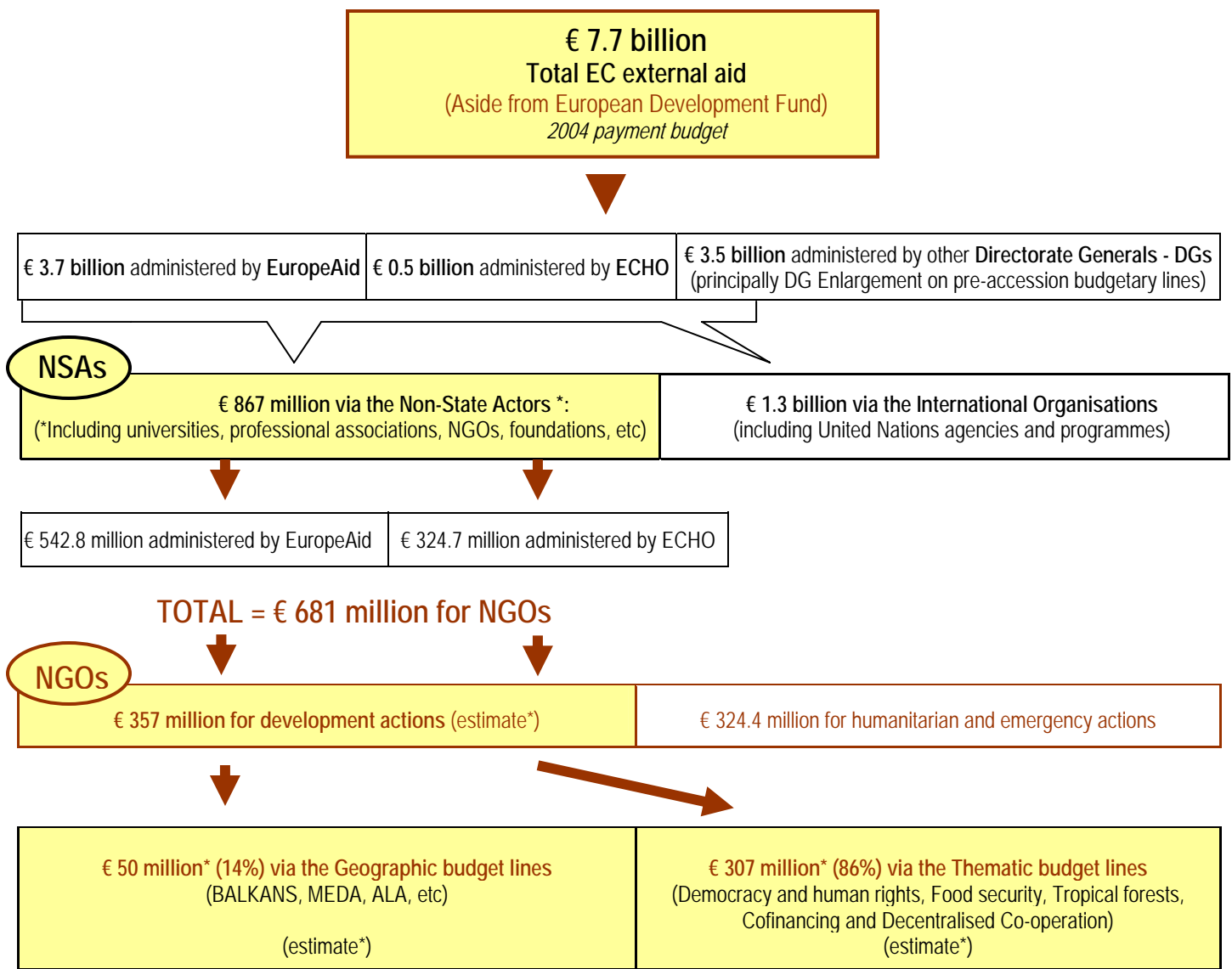
CONCORD FDR Working Group Chairs

(\*) The European Development Fund – EDF (intended for the Africa, Caribbean, and Pacific (ACP) countries) administered jointly by the European Commission, the Member States and the ACP States, represents on average an additional development aid budget of some € 2.4 billion per year (payments). A statement from the European Commission in 2002 showed that less than 5% of the funds planned were effectively being used to support and reinforce civil society in developing countries (in spite of the initial objective of reaching a level of 15%). If this other major instrument for EU development aid is taken into account, the percentage of aid channelled via civil society would then be much less than 11%. CONCORD has decided not to include these figures, because the official statistics on which this note is based relate only to Community aid, i.e. 'aside from EDF'.

# European Union development aid

## What really goes to NGOs!

In 2003, the European Parliament officially called on the European Commission to give details on the distribution of the funds allocated to development and their recipients. A reply came in 2004 concerning the 2003 funds. Then, following the same request repeated the next year, the Commission issued new information on 23 June 2005 regarding the 2004 funds. This information was passed on to CONCORD at its expressed request in April 2006. The figures below are taken from these documents and the annual reports on the EC's development and external aid policy in 2003 and 2004.



\* see details on last page

# European Union development aid

## What really goes to NGOs!



Four points stand out from an analysis of the official figures:

- ◆ A notable lack of transparency in the official figures
- ◆ A small percentage (5%) of European aid is intended for development via NGOs
- ◆ A large and increasing share of European aid is administered via the International Organisations
- ◆ 6% of the funding for NGOs is awarded by direct contracts, and 14 times more for the International Organisations (86%)

### 1) A lack of transparency in the official figures

**Confidential figures:** The figures on the amounts and distribution of the External Aid funds paid to the various beneficiaries remain confidential. It was only at the expressed request of MEPs in 2003 that any summary figures were produced and issued by the European Commission to the European Parliament and the Council. It was only after the intervention of CONCORD with the Commission Secretariat General that they were passed on to us. They have been neither circulated nor published.

**The figures are hard to interpret:** The statistics provided for 2003 do not relate to the same elements as those provided one year later on the 2004 funds. For example, the specific amounts on the EuropeAid allocations to NGOs alone are no longer provided. This makes it risky to attempt any comparison of the data for one year against those for the next, or any analysis of the trends.

**Vague definitions which change from year to year:** For example, for 2003 the International Organisations appeared in the table of the credits allocated by EuropeAid to the Non-State Actors (NSAs), whereas in 2004 they were specifically excluded. What are we really to make of the term 'Non-State Actors' when it comes to the 2004 data? Does the term include organisations run for profit? Let us bear in mind that CONCORD advocates the use of the internationally recognised definition of civil society organisations (CSOs) which are more precisely defined. This definition used by the international institutions excludes organisations run for profit, intergovernmental organisations, and local authorities.

### 2) A small percentage is intended for NGOs

The funding allocated via development NGOs is less than that often reported. The point is that the figures show that in 2004, NGOs received **681 million euros** (or about 9%) of the **7,700 million euros** of the whole of the external aid (aside from the EDF) financed on the European Community's budget. In addition, it should be stressed that of this 681 million, almost half is intended for humanitarian actions.

This shows how the European Commission (EC) rates and encourages co-operation with NGOs in difficult situations where other actors are unwilling or unable to act.

These figures also show the relatively low level allocated through NGOs for long-term development actions. This figure, which stands at 357 million, represents only around 5% of total European external aid.

### 3) A large share of European aid goes to the International Organisations

It is surprising to note that the international organisations (IOs) and notably the United Nations agencies are the major recipients of the European aid funds (aside from the beneficiary governments). The IO received 1.3 billion euros in 2004, or twice what was received by NGOs over that same reference year\*\*.

This point might make us:

- ◆ **worried** when we know the difficulties faced by civil society organisations in terms of access to IO financing and the costs of managing IO funds. An evaluation is currently underway at the EC on the comparative management costs of the aid paid via NGOs and that paid via the UN. It would be interesting to hear the outcome and to be able to discuss it with the EC.
- ◆ **astonished** because the EC itself, while encouraging co-operation with the IOs, is highly critical of the lack of visibility given to its contributions and plans in future to re-examine them on the basis of the principle of 'no visibility, no money'.
- ◆ **ask questions** when we note the rapid trend in the amounts allocated to the IOs between 2003 and 2004. More than 293 million euros extra (+28%) was allocated to the IOs, year on year, to the detriment of Non-State Actors (NSAs). The point is that with the total envelope staying the same, NSAs received 287 million euros less in 2004 than in 2003.

CONCORD is the European confederation of relief and development NGOs. Its national associations and international networks represent over 1 600 NGOs which are supported by millions of citizens across Europe. CONCORD leads reflection and political actions and regularly engages in dialogue with the European institutions and other civil society organisations.



#### 4) Funds for the International Organisations and NGOs are unbalanced

Another point highlighted by the official EC figures relates to the procedures for the selection of the actions financed. Whereas the vast majority of the funds allocated to the International Organisations (IOs) are allocated directly, without a selection procedure, the majority of the funds allocated to NGOs, in contrast, use calls for proposals.

Therefore, as the table below illustrates, the method of selection by EuropeAid is very different for NGOs and IOs. Percentage of selections by means of calls for proposals by EuropeAid:

	IO	NGO
2003	6%	72%
2004	16%	94%

Even though the trend is towards a drop in the direct aid for the two types of beneficiaries, as called for by the European Parliament, the difference in terms of the selection procedure remains extremely striking between the two types of beneficiaries.

#### Conclusions

Whereas NGOs are often criticised and accused of lacking transparency in the management of their funds, it is worth noting that these same criticisms might equally be levelled at the European Commission on the distribution of European aid allocated to development.

Development actors (whether donors, intermediaries or beneficiaries) have everything to gain from the circulation of clear, regular information on the financing by the European Union of aid to developing countries.

CONCORD calls for a clear, precise and detailed financial report on the nature, the amounts and the beneficiaries of humanitarian and development aid to be published every year. The information should be unambiguous, based on definitions and criteria which are clearly defined and the same from one year to the next, so as to allow comparisons and analysis of aid trends.

Such reports would make it possible to start serious dialogue and some constructive exchanges on the role of NGOs and civil society actors in general in European co-operation. This would also help to make the aid more effective.

\* Of this 7.7 billion euros of external aid appearing as payments in the 2004 budget (aside from the EDF), 3.7 billion was administered by EuropeAid and 0.5 billion by ECHO. Of this total 1.3 billion was paid to the International Organisations (notably the United Nations and its various programmes), and 0.867 billion paid to Non-State Actors according to the terms of the European Commission (universities, professional associations, NGOs, foundations, cultural associations, etc).

Of the 867 million intended for Non-State Actors, the ECHO data distinguishes between the sums allocated to NGOs and those paid to other Non-State Actors (universities and others). The figures provided by EuropeAid for 2004 do not specify this, even though they did for 2003. This distinction made it possible to see that out of the sums allocated to the NSA, 66% went to NGOs. The EuropeAid figures for 2003 also revealed that 14% of the sums paid to NGOs were paid on Geographic budget lines and 86% on Thematic budget lines.

If we extrapolate these same proportions for 2004, it is possible to put a figure of 357 million on the amount paid to NGOs by EuropeAid (66% of 542.8 million) including: 50 million (14%) on the Geographic budget lines (TACIS, BALKANS, MEDA, ASIA, LATIN AMERICA, SOUTH AFRICA) and 307 million (86%) on the Thematic budget lines (Human rights, Food security, Tropical forests, Health, Gender, Co-financing and Decentralised co-operation, etc).

\*\* Please note that the UN agencies' funding to NGOs has not been included in this study.