Transparency and accountability of non-governmental organisations funded from the EU budget

2023/2122(INI) - 17/01/2024 - Text adopted by Parliament, single reading

The European Parliament adopted by 397 votes to 134, with 72 abstentions, a resolution on the transparency and accountability of non-governmental organisations funded from the EU budget.

General remarks

Parliament welcomed the **vital role played by NGOs** in representing civil society and in promoting and defending the rights and values enshrined in the Treaties and the fundamental rights under the EU Charter of Fundamental Rights (EU Charter). It stressed that only NGOs whose actions respect these rights and values should be entitled to EU funding.

Parliament commended the crucial role of NGOs in EU and non-EU countries in defending the rule of law and democratic values, fighting corruption and promoting human rights and democracy. It reiterates that in countries with authoritarian or non-democratic regimes, NGOs often represent the last line of defence of democracy that authoritarian regimes worldwide try to silence. Members remain deeply concerned by threats to and unjustified attacks on NGOs in some Member States.

Parliament is convinced that **transparency and accountability** are also vital for NGOs and other for-profit or non-profit entities to showcase their valuable work, be recognised and build their credibility. Members believe that European citizens must be assured that the EU knows exactly how all EU funds are used. They are concerned that there is a **lack of information, data and control** on who or what receives EU funds, despite existing transparency requirements.

Parliament condemned the increase in the exploitation of EU funds against EU principles and values. It warned of the danger of EU funds ultimately being used within corrupt circles and being subject to fraud and irregularities, foreign interference or entryism. The importance of ‘final beneficiary transparency’ for EU funds was emphasised.

Towards better EU transparency and accountability of EU funds

Recalling that all applicants and beneficiaries of EU funding, including NGOs, are subject to EU financial rule, Parliament considered that fraud, conflict of interests, double funding, corruption and money laundering or embezzlement must be prevented and tackled in all situations and for all beneficiaries irrespective of their nature and legal status.

Recognising the importance of transparency in all aspects of EU-funded activities to ensure the responsible and accountable use of funds, Parliament acknowledged the concerns regarding potential **foreign interference** in EU policymaking and that the system in place cannot fully prevent actors from establishing fund and/or co-opt beneficiaries, including NGOs, to promote false narratives including through disinformation, as allegedly happened in Qatargate.

The Commission is invited to:

- ensure that the **Early Warning and Exclusion System** (EDES) is fully operational so that beneficiaries, including NGOs, can be effectively excluded from any further access to EU funds on the basis of the Financial Regulation;

- strengthen **transparency and accountability** in cases of shared and indirect management by verifying the reallocation of funds and their use up to the final beneficiaries, in line with the proposal to recast the Financial Regulation;

- reinforce **ex-ante control mechanisms** in a proportionate manner, including adequate random checks;

- require beneficiaries of EU grants, including NGOs, to **publish details of any funding** obtained from other sources in the context of EU co-financed projects for a period of five years while preserving the principle of confidentiality, in particular in duly justified cases of beneficiaries, including NGOs, facing serious threats of reprisals;

- provide all beneficiaries, including NGOs, with **code** that extracts five years of funding data directly from the Financial Transparency System (FTS) and includes links to the corresponding project entries in the Commission's programme databases;

- step up its work on streamlining **databases** for a more user-friendly FTS that is linked to the Transparency Register and compatible with specific programme databases;

- put in place a **harmonised monitoring system** to reduce red tape, improve efficiency and identify final beneficiaries; the Commission should ensure the tracking of EU funds to final beneficiaries in a systematic and harmonised way on all information and transparency platforms at EU level;

- ensure the **training** of all beneficiaries of EU funding, including NGOs, in reporting and financial rules.

Parliament called on all NGOs and entities committed to full transparency and accountability, the EU Charter and promoting democratic and EU values, to request to be included in the **Transparency Register** when applying for EU funds. It also called for strict enforcement of the rules for access to Parliament and for invitations to parliamentary committees, which are conditional on the registration of each organisation in the Transparency Register by the new transparency officer who will be placed in each committee secretariat.

Members called for all EU-funded beneficiaries, including NGOs, to **publish online all meetings** with Members, Members' assistants or representatives of other EU institutions, bodies or agencies whenever such meetings relate to ongoing EU legislative files or to the EU financing that such beneficiaries receive or apply for, in line with similar obligations for Members.

They also recommended ensuring that all EU funding beneficiaries, including NGOs, that have **misused or misappropriated EU funds**, or engaged in activities contrary to the EU values, are listed in the EDES and are blocked from access to EU institutions and EU funding programmes in direct and shared management.