



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 08.07.1998

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95/0168 (SYN)

Re-examined proposal for a

COUNCIL REGULATION (EC)

**ON COFINANCING OPERATIONS WITH EUROPEAN NON-
GOVERNMENTAL DEVELOPMENT ORGANISATIONS (NGOs) IN FIELDS
OF INTEREST TO THE DEVELOPING COUNTRIES**

(presented by the Commission pursuant to Article 189 c (d)
of the EC Treaty)

EXPLANATORY MEMORANDUM

(concerning the amendments by Parliament at second reading under the cooperation procedure - those accepted by the Commission and those rejected)

On 11 July 1995 the Commission presented to the Council and Parliament a proposal for a Council Regulation on cofinancing operations with European non-governmental development organisations (NGOs) in fields of interest to the developing countries.

Based on Article 130w of the Treaty, this proposal for a Council Regulation is subject to the cooperation procedure (Article 189c of the Treaty).

According to the cooperation procedure, Parliament expressed its opinion at the first reading on 15 December 1995.

On 7 July last year the Council adopted a common position, which the Commission endorsed.

On 18 December Parliament delivered its opinion at the second reading, adopting eight amendments (EP 167.183).

Under Article 189c(d) of the EC Treaty the Commission is presenting a re-examined proposal incorporating those amendments that it accepts.

The re-examined proposal lays down arrangements for the management of the budget heading for cofinancing operations with NGOs in fields of interest to the developing countries.

COMMENTS ON THE AMENDMENTS ADOPTED BY PARLIAMENT AT THE SECOND READING

1. ANALYSIS OF THE AMENDMENTS ACCEPTED/REJECTED

The amendments adopted at the second reading fall into three categories:

1.1. Those introducing an acceptable change which the Commission has accepted in their entirety:

No 1 gives priority to local partners' initiatives.

No 2 emphasises training and the rights of children.

No 6 (parts 2 and 3) specifies the information to be provided by the Commission in its annual report to Parliament.

No 9 (parts 1 and 2) provides that the decision to fund an operation should normally be taken within six months of receipt of an application. If appraisal shows an application to be incomplete, that period runs from the date of receipt of the requisite information.

In the case of rejection, the NGO concerned should be given verifiable reasons.

1.2. Those which introduce a change which is acceptable in principle but not in the form adopted by Parliament

No 3 notes the need to take account of exchange-rate fluctuations.

No 4 authorises agreements between European NGOs and local partners on the reinvestment of funds.

The Commission fully agrees with the principle advocated by Parliament in both cases. However, it considers that in the form adopted by Parliament, the wording is insufficiently clear and explicit and therefore liable to ambiguous interpretation lacking transparency from a legal and budgetary point of view. It therefore proposes a clearer and more explicit form of wording.

1.3. Those which are unacceptable and which the Commission has not taken up either because they impose excessive management constraints or for reasons of expediency:

No 6 (part 1) fixes 30 June as the deadline for the transmission to Parliament of the Commission's annual report on the previous budget year.

No 7 (committee procedures) provides for the Commission to be assisted by an advisory committee. This is in contrast to the Council's common position, which provides for a II(b) management committee for projects and programmes exceeding ECU 2 million and a II(a) management committee for the annual guidelines.

No 7 (last part) (committee procedures) introduces provisions relating to the transparency of the committee's proceedings.

No 8 provides for the Regulation to be reviewed five years after its entry into force.

No 9 (last part) provides that the formal composition of the dossier (submitted by an NGO) must be checked within one month.

2. THE COMMISSION'S POSITION AND GROUNDS FOR THAT POSITION

While taking account of the Commission's position proposed for the remainder of the amendments, as given under point 1, the Commission rejects the amendments referred to under point 1.3 above for the following reasons:

Amendment No 6 (first part) (Article 7(1))

In view of the Commission's internal procedures and the procedures for transmission to Parliament, 30 June seems an unrealistic deadline for sending Parliament the annual report for the previous budget year. 1 October would be more realistic.

Amendment No 7 (committee procedures) (Article 8)

Though close to the Commission's initial position, this amendment undermines the common position's hard-won compromise on committee procedures. After almost two years of discussions, this was the only compromise that could be reached between the Member States' various positions and the Commission proposal. The amendment would re-open the debate, leaving the Commission without its much-needed legal basis.

Amendment No 7 (last part) (committee procedures) (Article 8)

The approach advocated by Parliament's proposed amendment does not comply with the July 1987 decision on committee procedures.

Amendment No 8 (Article 11, new first paragraph)

This amendment provides for the Regulation to be reviewed five years after its entry into force. Given that discussions with Parliament and the Council on the draft Regulation have so far taken two and a half years (July 1995-January 1998), this period seems too short.

Amendment No 9 (last part) (Article 6(1))

The amendment provides for the formal composition of the dossier (submitted by an NGO) to be checked within one month. This deadline is included in the six-month deadline referred to in the first part of Amendment No 9 and is therefore superfluous.

RE-EXAMINED PROPOSAL FOR A
COUNCIL REGULATION (EC) No /98

of ...

on cofinancing operations with European non-governmental development organisations
(NGOs) in fields of interest to the developing countries

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular
Article 130w thereof,

Having regard to the proposal from the Commission,¹

Acting in accordance with the procedure laid down in Article 189c of the Treaty,²

Whereas the Commission, in its communication to the Council of 6 October 1975, put
forward guidelines on relations with non-governmental development organisations
(NGOs), together with general conditions and procedures for the use of funds intended
for development operations by such organisations;

Whereas the budgetary authority introduced into the 1976 budget an item for cofinancing
with NGOs and has since steadily increased the volume of such funding (from
ECU 2.5 million in 1976 to ECU 174 million in 1995) on the basis of the Commission's
annual reports on the use of these resources;

¹ OJ No C 251, 27.9.1995, p.18.

² Opinion of the European Parliament of 15 December 1995 (OJ No C 17, 22.1.1996, p. 455), common
position of the Council of 7 July 1997 and decision of the European Parliament of 18 December 1997.

Whereas at its meeting on 28 November 1977, the Council approved the general conditions and procedures proposed by the Commission;

Whereas the European Parliament, in its resolution of 14 May 1992 on the role of NGOs in development cooperation,³ reaffirmed the specific and irreplaceable role of NGOs and the usefulness and effectiveness of their development operations, emphasising in particular the key role of NGOs' work on behalf of marginal social groups in developing countries, the need to preserve the NGOs' freedom of action, and the vital role of NGOs in promoting human rights and the development of grassroots democracy;

Whereas, in its Resolution of 27 May 1991 on cooperation with the NGOs, the Council underlined the importance of the autonomy and independence of NGOs; whereas it recognised, moreover, that the Community system of cooperation with the NGOs was necessarily complementary to similar efforts at national level and recognised the need for flexibility in procedures and their application;

Whereas, in its conclusions of 18 November 1992, the Council noted with satisfaction the criteria applied by the Commission when selecting development and education projects for cofinancing, notably strengthening the fabric of democracy and respect for human rights in the developing countries, and particularly welcomed the fact that the Commission had made it clear that the main criterion remained the quality of the project, an approach which it backed unreservedly;

Whereas administrative procedures should be established for cofinancing operations with European NGOs in fields of interest to the developing countries,

³ OJ No C 150, 15.6.1992, p. 273.

HAS ADOPTED THIS REGULATION:

Article 1

1. The Community shall cofinance operations in the field with European non-governmental development organisations (NGOs), as defined in Article 3, to meet the basic needs of disadvantaged people in developing countries. Priority shall be given to proposals for operations based on initiatives from partners in developing countries.

Such operations shall be proposed by European NGOs and conducted in cooperation with their partners in the developing countries and shall be aimed at poverty alleviation and at enhancing the target group's quality of life and own development capacity.

2. The Community shall also cofinance with European NGOs, as defined in Article 3, public awareness and information operations in Europe about development problems in the developing countries and their relations with the industrialised world. Such operations shall be proposed by European NGOs and shall be designed to mobilise public support in Europe for development and for strategies and operations benefiting people in the developing countries.

3. The Community shall also cofinance operations designed to reinforce cooperation and coordination between NGOs from the Member States, and between NGOs from the Member States and the Community institutions.

Article 2

1. The operations cofinanced in the developing countries under Article 1(1) shall in particular concern local social and economic development in rural and urban areas, the development of human resources, particularly by means of training, and institutional support for local partners in the developing countries.

Within those fields of activity, though the quality of the operation is paramount, particular attention shall be given to operations connected with:

- the strengthening of civil society and participatory development, and the promotion and defence of human rights and democracy;
- the role of women in development;
- sustainable development.

Particular attention shall also be paid to:

- the protection of threatened cultures, especially endangered indigenous cultures;
- the protection and improvement of the circumstances and rights of children in the developing countries.

2. Public awareness and information operations in all Member States, to be implemented under Article 1(2), shall be targeted at clearly defined groups, deal with clearly defined issues, be founded on a balanced analysis and a sound knowledge of the issues and groups targeted, and involve a European dimension.

Though the quality of operations is paramount, special attention shall be given to public awareness operations which:

- highlight the interdependence of the Member States and the developing countries;
- seek to mobilise support for more equitable North-South relations;
- encourage cooperation between NGOs;
- enable partners in the developing countries to play an active part.

3. The operations designed to reinforce coordination between NGOs from the Member States and with the Community institutions, to be implemented under

Article 1(3), shall, inter alia, concern the development of appropriate exchange and communications networks.

4. In determining whether a proposed operation is suitable for Community cofinancing the criterion shall be its expected developmental impact in the developing country or countries concerned. Attention shall be paid to:

- the sustainable impact in project design;
- the clear definition and monitoring of objectives and indicators of achievement for all projects;
- consistency with other development actions of decentralised agents, while avoiding incompatibility with other instruments of Community cooperation.

Article 3

1. The agents of cooperation eligible for cofinancing under this Regulation shall be NGOs satisfying the following conditions:

- they must be constituted as autonomous non-profit-making organisations in a Member State in accordance with the laws of that State;
- they must have their headquarters in a Member State and the headquarters must be the main centre for decisions relating to the cofinanced operations;
- the majority of their funding must originate in Europe.

2. In determining whether an NGO is eligible for cofinancing, account shall also be taken of:

- its capacity to mobilise genuine solidarity on the part of the European public for its development activities;

- the priority it accords to development and its experience in that field;
- its administrative and financial management capacities;
- where possible, its knowledge of the sector and country concerned;
- its ability to support development operations proposed by the partners in the developing countries and the nature and scope of its links with similar organisations in the developing countries.

Article 4

1. Community cofinancing for the operations referred to in Article 1 may cover, in foreign or local currency:

- investment spending;
- operational spending linked with investment, while ensuring that projects remain viable after external aid comes to an end;
- any spending necessary for the smooth implementation of the cofinanced operations, including the administrative costs of NGOs or NGO networks.

Exceptionally, the Commission may take appropriate steps, at the request of the NGO concerned, to counteract the effects of excessive exchange rate fluctuations which are to the detriment of the beneficiaries of projects in the developing countries.

2. An NGO with which a cofinancing contract is concluded shall notify its partners of the Community's contribution to the operation.

3. The NGO shall systematically encourage the developing-country agencies or partners ultimately benefiting from an operation to contribute in kind or financially, according to their means and the specific nature of the operation concerned.

Article 5

Community cofinancing under this Regulation shall take the form of grants including contributions to revolving funds in the case of micro-credit projects.

If micro-credit projects cofinanced with European NGOs contain provision, in full or in part, for local partners in the developing countries to set up and manage a revolving fund, the money from small advances repaid to the revolving fund by the beneficiaries may be reinvested for new advances to other beneficiaries.

Article 6

1. The Commission shall appraise, decide and administer the cofinancing of operations covered by this Regulation according to the budgetary and other procedures in force, and in particular those laid down in the Financial Regulation applicable to the general budget of the European Communities, taking account of the nature and specific features of NGOs, and particularly their financial contribution to the operations in question.

The decision as to whether an operation is to be supported shall normally be taken within six months of the date of receipt of the application. If appraisal shows an application to be incomplete, the six-month period shall run from the date of receipt of the information required. If the decision is negative, the NGO concerned shall be given verifiable reasons.

2. All cofinancing contracts concluded under this Regulation shall provide for the Commission and the Court of Auditors to conduct on-the-spot checks according to the usual procedures laid down by the Commission under the rules in force, and in particular those of the Financial Regulation applicable to the general budget of the European Communities.

3. The Community contribution shall not, as a rule, exceed 50% of the total cost or 75% of total contributions, except in exceptional cases. Even in such cases, NGOs shall make a significant contribution to projects and the Community contribution shall not exceed 85% of the total financial contributions.

4. Decisions on the Community cofinancing of projects and programmes (multiannual programmes, consortium operations, block grants) exceeding ECU 2 million shall be adopted under the procedure laid down in Article 8(2).

5. Every three months, the Commission shall inform the Member States of the cofinancing projects and programmes approved, indicating their amounts, nature, the beneficiary country and partner. That information shall be accompanied by an Annex setting out clearly those projects or programmes which exceed ECU 1 million.

Article 7

1. During the second six months following each budget year the Commission shall report to the European Parliament and the Council, giving details of the NGOs benefiting from cofinancing, summarising the operations financed in the course of the previous budget year, evaluating the implementation of this Regulation in that period and proposing general guidelines for the following year. Where block grants are concerned, the annual report shall contain a list of the recipient NGOs, while a list of the projects financed with these block grants shall appear in the following year's report. The report shall set out the conclusions of any independent evaluations performed.

2. The Commission, acting in accordance with the procedure laid down in Article 8(3), shall adopt the decisions on the general guidelines for the following year and the revision of the General Conditions.

Article 8

1. The Commission shall be assisted by a Committee composed of the representatives of the Member States and chaired by the representative of the Commission.

2. Where the procedure laid down in this paragraph is to be followed, the representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the Chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The Chairman shall not vote.

The Commission shall adopt the measures envisaged, which shall apply immediately. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In that event:

- (a) the Commission shall defer application of the measures which it has decided for a period of one month as from the date of communication;
- (b) the Council, acting by a qualified majority, may take a different decision within the time limit referred to in (a).

3. Where the procedure laid down in this paragraph is to be followed, the representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the Chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of

decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The Chairman shall not vote.

The Commission shall adopt the measures envisaged, which shall apply immediately. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In that event:

- (a) the Commission may defer application of the measures which it has decided for a maximum period of one month from the date of such communication;
- (b) the Council, acting by a qualified majority, may take a different decision within the time limit referred to in (a).

Article 9

The Commission shall regularly evaluate operations cofinanced by the Community in order to establish whether their objectives have been attained and with a view to providing guidelines for improving the efficiency of future operations. The Commission shall submit to the Committee referred to in Article 8 a summary of the evaluations; if necessary, the evaluations may be examined by the Committee. The evaluation reports shall be available to the Member States on request.

Article 10

Three years after this Regulation enters into force, the Commission shall submit to the European Parliament and the Council an overall evaluation of the operations financed by the Community under this Regulation, together with suggestions regarding the future of this Regulation and, where necessary, proposals for amending it.

Article 11

This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg,

For the Council

The President

FINANCIAL STATEMENT

1. TITLE OF OPERATION AND BUDGET HEADING INVOLVED

B7-6000: Community contribution towards schemes concerning developing countries carried out by non-governmental organisations

2. BUDGETARY CHARACTERISTICS

| Classification of expenditure | | New | EFTA | CEEC | Financial Regulation section |
|-------------------------------|-------------------------------|-----|------|------|------------------------------|
| Non-compulsory | Differentiated appropriations | | | | 4 |

3. LEGAL BASIS

3.1 Situation of the heading with regard to the legal basis requirement

On 11 July 1995 the Commission presented to the Council and Parliament a proposal for a Council Regulation on cofinancing operations with European non-governmental development organisations (NGOs) in fields of interest to the developing countries.

Based on Article 130w of the Treaty, this proposal for a Council Regulation is subject to the cooperation procedure (Article 189c of the Treaty).

According to the cooperation procedure, Parliament expressed its opinion at the first reading on 15 December 1995.

On 7 July last year the Council adopted a common position, which the Commission endorsed.

On 18 December Parliament delivered its opinion at the second reading, adopting eight amendments (EP 167.183).

Under Article 189c(d) of the EC Treaty the Commission is presenting a re-examined proposal incorporating those amendments that it accepts.

The re-examined proposal was submitted to the other Commission departments concerned for approval and any comments on 20 January.

In the light of comments put forward by some departments, DG VIII proposed amendments which have been approved by the departments concerned.

The Council should be able to adopt the definitive legal basis before the end of the year.

4. DESCRIPTION OF OPERATION AND GROUNDS

4.1 Need for Community intervention and objectives pursued

In its first communication to the Council in 1975, the Commission stated that the scope of operations carried out by NGOs specialising in development cooperation should be widened in the context of the Community's development policy.

The Community's aim in proposing a cofinancing instrument based on flexible rules, capable of being adapted to the varied and changing nature of problems and situations, was to facilitate and strengthen European NGO activities designed to:

- A. bring about an immediate and sustainable improvement in the living conditions and development prospects of the disadvantaged beneficiaries. In this it is responding to the commitment and support demonstrated by the European public over the years to the solidarity shown on the non-governmental front.

It is not only an expression of solidarity with the poorest members of society, directly responding to their basic needs, but a demonstration of support for their self-development. It is notable for the lack of any direct economic or political benefit to the donors. The Community is confident in this approach to development and the ability of NGOs to carry out operations effectively together with their partners in the field;

- B. develop and strengthen solidarity between the people of Europe and the people of the developing countries. In this it is responding to the need to focus European public attention on the problems posed by the growing interdependence between the North and South, on peaceful cooperation and open dialogue between nations.

It is stated in numerous Council and Parliament resolutions that there is no real development policy without support for the operations initiated by the NGOs. They stress the vital and unique role of the NGOs, the usefulness and efficiency of their operations to promote self-development and their key role in helping marginalised sections of the population in the developing countries and in promoting human rights and the process of democratisation (see in particular Parliament resolution of 14 May 1992 and Council resolution of 18 November 1992).

The Council unreservedly endorses the Commission's approach and its underlying philosophy;

- C. step up cooperation between European NGOs and between Community institutions and European NGOs via the NGO/EC Liaison Committee.

4.2 Activities envisaged and budgetary arrangements

A. Specific objectives

This budget heading was created to support the development initiatives taken by organisations representing European civil society as a complement to official policies, while fully respecting their capacity for spontaneous action and autonomy. The Community must show that it recognises their essential and unique role, that it is open to innovation and sensitive to the concept of a "citizen's Europe" in the development field.

In managing this heading, the Community will not impose projects on NGOs and welcomes the diversity of their initiatives. Nevertheless:

- during the regular close contacts between the Commission and NGOs, each party should be able to express its desiderata and priorities and the Commission should encourage NGOs to take an interest in the priority areas of EU cooperation;
- when scrutinising applications for cofinancing, which far outweigh the resources available projects should be selected which meet the priorities of NGOs and EU alike in addition to meeting the fundamental criterion of quality.

I. Activities in the developing countries (specific objective I)

These projects will include local social and economic development in rural and urban environments, human resources development and institutional support for local partners in the developing countries.

Although activities may take place in any developing country, the Commission encourages NGOs to undertake more projects:

- in countries to which official aid is suspended or is impossible for political reasons;
- in countries undergoing rehabilitation programmes or democratic transition;
- in the poorest countries or amongst the poorest population groups.

Projects of comparable quality will be selected according to these criteria.

Examples of cofinanced projects include vocational training, primary health care in rural and urban areas, income-generating activities, micro-credit, food security, consciousness-raising.

II. Development education activities (specific objective II)

In addition to ongoing specific objectives, in particular the incorporation of development education into the programmes of formal and informal education structures and the strengthening of the impact of consciousness-raising through inter-NGO collaboration, there are also the following specific objectives:

- involving new participants in consciousness-raising and development;
- encouraging the active participation of partners in the developing countries in order to create channels for North-South collaboration;
- countering the present negative images and perceptions of the developing countries in order to create a climate of opinion which is more favourable towards development;
- heightening consumer awareness by means of fair trade campaigns.

Examples of operations cofinanced include the role of women in development, the promotion of alternative trade and support for lobbying.

NB: In its annual report to the Council, the Commission gives a detailed list of the operations cofinanced for specific objectives I and II.

III. Liaison Committee (specific objective III)

Enabling the Liaison Committee to play its dual role:

- (1) of representing the European NGOs in the European institutions;
- (2) of acting as a forum for coordination between NGOs and between the EU and NGOs.

B. Target groups

Specific objective 1 (operations in the developing countries)

The ultimate beneficiaries of the operations are the poor in the developing countries, in particular those who have been marginalised and are not targeted by official aid. In order to reach these groups, the Commission cofinances operations which are proposed by the European Union's NGOs, and are initiated and conducted in conjunction with the NGOs' partners in the developing countries.

Specific objective II (development education activities)

These operations are aimed directly at the European public and focus either on the general public or on highly specific target groups. The Commission cofinances operations proposed and initiated by NGOs, which in this way act as intermediaries between European public opinion and the indirect beneficiaries, i.e. people in the developing countries.

Specific objective III

NGOs in the European Union and the representation of the NGOs in the institutions.

C. Subsidy for joint financing with other sources in the public or private sector

For objectives I and II: the Community contribution may not, generally speaking, exceed 50% of the total cost of the operation.

For exceptional, duly justified cases, the EC contribution may reach 75% of the total cost of the operation.

A minimum of 15% of the total cost of the operation comes as a rule from private European funds mobilised by the NGOs (through fund-raising, donations and sponsorship, etc.).

Any shortfall may be made up by the Member States' public sector, the EU's partners in the South or any other source.

For objective III: for 1998, the Commission is cofinancing about 90% of the Liaison Committee budget, the remainder coming from NGO contributions.

This budget covers all expenditure relating to the activities and running of the Committee. It also helps the Committee cover the cost of meeting obligations ensuing from current legislation, in particular the need to set up a social fund with sufficient reserves to meet the Committee's obligations to its staff when required. The Commission currently proposes to make a contribution for 1998 of ECU 170 000 to the social fund in question.

The Community's contribution to the Liaison Committee budget is up compared to 1997 in order to enable the Liaison Committee to:

- reinforce further the national platforms (recommendation by the Liaison Committee)
- finance the CSP (cofinancing support programme) set up in November 1997.

The CSP provides a service to all NGOs requiring information, submitting applications or receiving funding from the Commission under budget heading B7-6000. The service provides general information and training and also revises project documents, at the request of NGOs, from a formal and administrative point of view. The programme is open to all European NGOs, though it is not compulsory. It is not necessary to be a member of the Liaison Committee to be eligible for the programme which is free to all NGOs. The CSP staff consists of cofinancing advisers linked to the national platforms and based in all of the Member States except Austria, Belgium, Greece, Luxembourg and the Netherlands, which are served by advisers based in Brussels in the Liaison Committee's secretariat.

The Commission retains its decision-making prerogative with regard to the eligibility of NGOs and their proposals for projects, its qualitative assessment of dossiers and reports, the award of contracts and payments. The European Commission retains its direct relationship with individual NGOs on substantive matters. The CSP has no power to prevent an NGO from submitting an application direct to the Commission.

5. FINANCIAL IMPACT

5.1 Specific objectives

in million ecus to the third decimal point

| Breakdown | 1998 budget | 1999 PDB | Var. % |
|-------------------------------|-------------|----------|-----------|
| <i>Specific objective I</i> | 177.1 | 141 | - 20.4 |
| <i>Specific objective II</i> | 20 | 16 | - 20 |
| <i>Specific objective III</i> | 3 | 3 | - |
| <i>Other</i> | | | |
| TOTAL | 200 | 160 | -20 |

5.2 Calculation of cost by activities planned for 1999

Since the aim of this heading is to support the operations initiated and presented by NGOs in the EU, no breakdown of expenditure can be given beforehand.

The tables below give a breakdown of expenditure for recent years.

I. Operations in developing countries (specific objective I)

Projects in the developing countries are aimed mainly at essential requirements, which include food security, health and training, often in the form of an integrated approach. They increasingly target economic objectives too designed to assist marginalised sections of the population (job creation and income generation).

By geographical area

| | 1995 (%) | 1996 (%) | 1997 (%) |
|--------------------|--------------------|--------------------|--------------------|
| Sub-Saharan Africa | 31.4 | 34.6 | 36.2 |
| Mediterranean | 8.1 | 6 | 6.3 |
| Asia | 17.6 | 18.6 | 22.6 |
| Latin America | 35.5 | 34.8 | 32.8 |
| Caribbean | 6.7 | 4.7 | 1.7 |
| Pacific | - | 0.6 | 0.4 |
| Other (1) | 0.7 | 0.7 | - |
| TOTAL (2) | 100 ECU 116.2 m | 100 ECU 132.6 m | 100 ECU 126.1 m |

By type of activity

| | 1995 (%) | 1996 (%) | 1997 (%) |
|---------------------|--------------------|--------------------|--------------------|
| Agriculture | 30.8 | 32.3 | 35.6 |
| Training | 25.4 | 24.4 | 27.9 |
| Health | 20.5 | 24.1 | 21 |
| Economic activities | 9 | 7.7 | 6.8 |
| Migrants, refugees | 0.3 | 0.5 | 0.7 |
| Social | 14 | 11 | 8 |
| TOTAL (2) | 100 ECU 116.2 m | 100 ECU 132.6 m | 100 ECU 126.1 m |

(1) A number of countries in a number of geographical areas.

(2) These figures do not include block grants, i.e. operations for which the Community contribution may range from ECU 1 000 to 15 000 (in 1997, block grants totalled ECU 24.7 million and ECU 22.4 million in 1996).

II. Development education activities (specific objective II)

By target group:

| | 1996 (%) | 1997 (%) |
|---------------------------|-------------|-------------|
| Education | 16.3 | 16 |
| General public | 13.8 | 13 |
| Youth | 14.2 | 14 |
| Decision makers/media | 7.2 | 7.2 |
| Development agencies | 2.8 | 2.5 |
| Labour associations | 1.6 | 1.5 |
| Agricultural associations | 1.7 | 2 |
| Associations (in general) | 8.7 | 9 |
| Other | 16.7 | 17.8 |
| Local communities | 8 | 6 |
| Consumers | 9 | 11 |

By topic:

| | 1996 (%) | 1997 (%) |
|---------------------------|-------------|-------------|
| Development | 30 | 30 |
| Economic issues/trade | 18.8 | 23 |
| Specific regions | 12.7 | 12.7 |
| Image/culture | 5.9 | 6 |
| Rights/conflicts | 4.3 | 4 |
| Agri-food | 6.7 | 7 |
| Environment | 2.4 | 2.4 |
| Health/drugs | 3.7 | 3.7 |
| Refugees | 2.4 | 3.9 |
| Other | 9.2 | 2.4 |
| Decentralised cooperation | 3.9 | 4.9 |

III. Liaison Committee (specific objective III)

Not applicable.

5.3 Schedule for multiannual operations

million ecus to the third decimal point

| Accumulated position end 1997 | Budget 1998 | Prelim. draft budget 1999 | INDICATIVE PLAN | | | | |
|-------------------------------|-------------|---------------------------|-----------------|------|------|--------------------|-------|
| | | | 2000 | 2001 | 2002 | 2003 and subs. yrs | TOTAL |
| | 200 | 160 | | | | | |

6. MONITORING AND EVALUATION

6.1 Monitoring system

A considerable effort has been made, within the limits of the human resources available, to improve the quality of reports which the NGOs are expected to produce. The results have proved very positive and the effort will be continued (in 1997, for example, a total of ECU 4.075 million was decommitted by the administration in respect of suspended or completed projects).

Where staffing levels and funds permitted, some checks were made by visiting the site.

6.2 Evaluation

The results of the evaluation operations show that the multiplier effects of cofinanced operations are considerable and that their success is due above all to the high degree of motivation and commitment of the NGOs and their partners in the South, their independence and relatively small size and the autonomy and flexibility with which they are administered as a result. The interaction of these positive factors generally gives rise to greater efficiency, speed and flexibility in the design and implementation of projects in the developing countries.

The Commission has the final evaluation report of 20 projects cofinanced in seven Member States in relation to development education in schools. A final discussion on this summary report, including its recommendations, is to take place during the first quarter of the year.

Lessons to be learnt for the future administration of the programmes concerned

The management improvements are still only partial and do not yet solve the growing problems arising as the number and variety of tasks increase, nor the problems caused by the fundamental changes in the system.

The following matters are therefore currently being reviewed:

- revision of the General Conditions for cofinancing (the process has restarted, see below)
- ways of improving the work of the NGOs themselves, and its programming
- giving NGOs greater responsibility for pursuing objectives.

The ongoing process to revise the General Conditions for cofinancing, which involves internal consultations and contact with NGOs, has two principal themes:

- (a) to foster support for European NGO programmes designed to back up action programmes and strengthen NGOs in the south, in particular by means of multi-annual contract-programmes
- (b) to improve the system for administering NGO cofinancing by focusing on the key factors for effective control of project management and for enhancing their sustainable impact on development.

6.3 Fraud prevention measures

In the General Conditions for this budget heading auditing procedures are included, namely:

- presentation and approval of progress reports which enable Community funds to be released and final reports to be presented on the operation cofinanced.
The examination of the reports leads in some cases to the conclusion that the NGOs must refund unused sums (not that this necessarily implies fraud);
- audit by the Commission's financial department and by the Court of Auditors at the NGO headquarters and at the site of the operation;
- in the event of poor management of Community funds, the Commission may request partial or total reimbursement of its contribution.

The department responsible for management and the Delegations make a number of visits to the site so that they can check on proper implementation and the accuracy of the reports supplied by the NGOs.

In 1997 we asked UCLAF to carry out an audit of two NGOs (one German, one French).

We now possess the UCLAF report on the German NGO. The conclusions of the report will be discussed together with Financial Control and UCLAF so as to clarify what steps need to be taken.

THE ANTICIPATED SCHEDULE OF PAYMENTS VIS-A-VIS COMMITMENTS IS AS FOLLOWS:

| COMMITMENTS | | PAYMENTS | | | | |
|--|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| | | 1998 | 1999 | 2000 | 2001 | Subsequent years |
| Pre-1998 commitments still outstanding | (1) 226 183 744 | 100 000 000 | 53 000 000 | 21 000 000 | 13 400 000 | 38 783 744 |
| Commitment appropriations made available again or carried over from 1997 | - | - | - | - | - | - |
| Appropriations for 1998 | 200 000 000 | 55 000 000 | 57 000 000 | 30 000 000 | 17 000 000 | 41 000 000 |
| Appropriations for 1999 | 160 000 000 | - | 40 000 000 | 32 000 000 | 17 600 000 | 70 400 000 |
| TOTAL | 586 183 744 | 155 000 000 | 150 000 000 | 83 000 000 | 48 000 000 | 150 183 744 |

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