COUNCIL OF
THE EUROPEAN UNION

Brussels, 19 September 2005 (21.09)
(OR. fr)

12216/05
ADD 1

DEVGEN 170

COVER NOTE

from:	Secretary-General of the European Commission, signed by Ms Patricia BUGNOT, Director
date of receipt:	9 September 2005
to:	Mr Javier SOLANA, Secretary-General/High Representative
Subject:	Commission Staff Working Paper - Technical Annex to guidelines for programmes cofinanced with EU NGOs under budget line 21 02 03 (formerly B7 6000): "Community participation in operations in favour of developing countries implemented by NGOs in 2006" {C(2005)3377 final}

Delegations will find attached Commission document SEC(2005) 1084.

Encl.: SEC(2005) 1084

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 8.9.2005
SEC(2005) 1084

COMMISSION STAFF WORKING PAPER

TECHNICAL ANNEX TO

GUIDELINES FOR PROGRAMMES COFINANCED WITH EU NGOS UNDER BUDGET LINE 21 02 03 (formerly B7-6000)

"Community participation in operations in favour of developing countries implemented by NGOs in 2006"

{C(2005)3377 final}

TABLE OF CONTENTS

GUIDELINES FOR PROGRAMMES COFINANCED WITH EU NGOS UNDER BUDGET LINE 21 02 03 (formerly B7-6000)

"Community participation in operations in favour of developing countries implemented by NGOs in 2006"

1. SUMMARY

The budget line "Community participation in operations in favour of developing countries implemented by NGOs", which has about EUR 200 million a year, cofinances with European NGOs: (i) operations aimed at meeting the basic needs of the poorest sections of the population in developing countries, (ii) schemes to raise European public awareness of development issues in developing countries, in particular relations between developing and developed countries, (iii) measures to strengthen cooperation and coordination between NGOs in the Member States and between such NGOs and Community institutions.

The previous multiannual guidelines covered the period 2004-2005. These guidelines will only cover the 2006 budget year, 2006 being the last programming year of the current Financial Perspectives.

The scope for changing strategies is limited by Regulation (EC) No 1658/90, which predetermines many aspects, including the activities (field operations, awareness raising and coordination) and agencies eligible (European NGOs), the priority given to initiatives by a local partner or beneficiary, the involvement of that partner or beneficiary in the implementation of the operation, the objective of building the capacity of local development actors, etc. All these aspects must be included in the strategic guidelines for 2006.

The main thrust of the 2004-2005 guidelines will be maintained in 2006, taking account nevertheless of the lessons of past experience and the views expressed in different forums (the 2003 Palermo seminar and the 2004 Paris seminar). The targets of cofinancing in 2006 can be summarised as follows:

– Field operations: (i) helping to meet the basic needs of the poorest sections of the population in developing countries; (ii) ensuring consistency with other development schemes carried out by decentralised actors and complementarity with other EU development programmes; (iii) pursuing participatory approaches to development by supporting European NGOs' right of initiative; (iv) fostering the emergence in developing countries of a broader spectrum of non-state actors involved in field operations; (v) capacity building for local partners.

– Awareness-raising: (i) mobilising greater support among EU citizens for action against poverty and for fairer North-South relations; (ii) helping change attitudes in the EU to the issues and difficulties facing developing countries and their peoples.

– Coordination: supporting the development and consolidation of appropriate information and communication networks between Member State NGOs and the Community institutions.

The main thrust of the programming guidelines proposed for 2006 is as follows:

- Operations must be based on an initiative from a local partner or beneficiary involved in its implementation and must be designed to build the capacity of local development actors.

- Operations must figure in a local development plan. Such plans may concern rural or urban development, social and economic development, human resources development and institutional support for local partners.

- Consistency/complementarity with other Community instruments and EU development policy, with due regard for the NGO right of initiative.

- The geographical priorities differ slightly from those for 2004-2005, though the least-developed countries (LDCs), other low-income countries (LICs) and countries with a low human development index (HDI) remain the top priority. Middle-income countries come second and post-conflict countries third.

- The share of funding earmarked for awareness-raising in Europe (including the new Member States) has risen from 10% of the total to 15%. The share for field operations has diminished accordingly, dropping from 90% to 84% of the total budget. This change is the result of a consensus in various forums that awareness raising and development education are crucial to poverty reduction and that the action of European NGOs outside the area of project implementation needs to be facilitated. This change is consistent with the fact that European NGO field operations may also be eligible for funding under geographical programmes and other thematic budget lines.

- Microfinance: following the CGAP (Consultative Group to Assist the Poor) [1] peer review, the EC has decided to professionalise its assistance for microfinance development. The Commission will ensure that microfinance operations are carried out by specialist NGOs with a good track record in supporting sustainable microfinance institutions. The focus of the activities will be on capacity building. In addition to capacity building, the Commission will finance credit lines for start-up microfinance institutions if the project is a stand-alone microfinance initiative.

- Field and awareness-raising operations will be selected for cofinancing on the basis of calls for proposals published by EuropeAid in 2006 for contracts to be concluded in 2007. Commission delegations in the countries concerned will be responsible for contracting, payments, monitoring and closure of field operations; Headquarters will handle auditing and evaluation. Contracts for awareness-raising operations will be drawn up and managed by EuropeAid.

- The Community contribution towards field operations may not exceed 85% of the total cost. Projects submitted by individual NGOs will be eligible for funding of between €50 000 and €750 000; if submitted by a consortium or network, they will be eligible for between €250 000 and €1 500 000. In the case of block grants (for a body of projects), the Community contribution will be €250 0000 to

1 http://www.cgap.org

€1 000 000 for individual NGOs and €250 000 to €1 500 000 for consortia or networks of NGOs.

- For awareness-raising operations, the Community contribution to the work of an individual NGO will be €50 000 to €120 000 per year of activity, with a maximum of three years. This amount may be doubled for operations by an NGO consortium and tripled if the operation involves a consortium of NGOs from three or more Member States. Under no circumstances may the contribution exceed 85% of the total cost.

2. INTRODUCTION

By creating this budget line in 1976, the EU recognised the role played and the value added of European NGOs to Community development cooperation policy and to promoting solidarity with civil society in the partner countries. This role has expanded and evolved with the growing involvement of different actors from civil society, the EU and partner countries in discussion, dialogue and consultations on Community policies.

The legal basis for the budget line is Council Regulation (EC) No 1658/98 of 17 July 1998 on cofinancing operations with European non-governmental development organisations (NGOs) in fields of interest to the developing countries.[2] The Regulation provides for cofinancing, with European NGOs, of: (i) operations aimed at meeting the basic needs of the poorest sections of the population in developing countries, (ii) schemes to raise European public awareness of development issues in the developing countries, and in relations between developing and developed countries, (iii) measures to strengthen cooperation and coordination between NGOs in the Member States and between such NGOs and Community institutions.

The budget for cofinancing these three types of activity amounts to about €200 million a year. Field operations account for 89% of funding, awareness-raising for 10% and coordination measures for 1%.

[2] OJ L 213, 30.7.1998.

Access to this funding, which has barely increased in recent years, even though the EU has acquired new Member States, is confined to EU non-governmental organisations (NGOs). The following table shows the trend in funding since 2000:

	Operational part (€ million)	Administrative part (€ million)	Total (€ million)
2000	196.4	3.6	200
2001	199.4	3.6	203
2002	199.9	1.8	201.7
2003	199.9	2.3	202.2
2004	198.8	6.2	205
2005	200.233	7.267	207.5
2006 (forecasts)	200.233	4.497	204.730

This budget line is aimed at mobilising the specific value-added by NGOs to the development process. The European Parliament has underscored the specific and irreplaceable role and the utility and effectiveness of NGOs' development activities, stressing their crucial work in favour of disadvantaged groups in the developing countries, the need to maintain their freedom of action, and the essential role they play in promoting human rights and grassroots democratisation.[3]

The specific qualities of NGOs include: their ability to act on their own initiative in the development field, the innovative nature of their approach and the priority they give to building the capacity of their partner organisations in developing countries. They not only meet the poorest people's immediate needs, they help them own the development process, and make a major contribution to forward-thinking, innovation and reform in matters of development policies and practices.

While acknowledging the NGOs' right of initiative, it is important that the budget line and the activities financed hereunder help maintain an adequate degree of consistency with other development operations carried out by decentralised actors, and complementarity with other operations backed by Community aid and with the partner country development strategies backed by the geographical programmes.[4] Incompatibility between operations backed by Community instruments must be avoided.

Complementarity between operations financed by the budget line and those financed by geographical programmes exists on a number of levels. First, where cooperation via geographical programmes is restricted, the budget line will enable the Community to continue direct aid to populations and facilitate the implementation of participatory approaches in such situations. Second, where there is working cooperation and effective partnership, operations

3 Resolution of 14 May 1992 on the role of NGOs in development cooperation (OJ C 150, 15.6.1992).

4 For the purposes of this document, consistency should be understand as meaning that an operation does not reduce the effectiveness or impact of another (in the same or another area); complementarity refers to a division of labour based on each actor's added value.

financed by the budget line can supplement country- or region-based cooperation programmes, by introducing new schemes and approaches or by helping to integrate cross-cutting priorities in order to contribute to the development and adaptation of geographical programmes. Third, this budget line is the only programme, whether thematic or geographical, to support measures to strengthen coordination between Member State NGOs and the Community institutions, and to raise public awareness of development issues in the EU. The latter is particularly and increasingly important in order to anchor development policy in European societies, to mobilise greater public support in the EU for action against poverty and for fairer North-South relations, and to change attitudes in the EU to the issues and difficulties facing developing countries and their peoples.

External consultations

These guidelines take account of the views expressed in different fora, in particular the 2003 Palermo seminar and the 2004 Paris seminar (see Section 2 and Annexes 1 and 2).

This programming document has been the object of external consultations in order to supplement the customary discussions between the relevant Commission departments and to take account of the views of European civil society, and in particular development NGOs. An early draft of the text was discussed with representatives of the European Confederation for Coordination of Relief and Development (CONCORD) at a meeting on 9 February 2005. CONCORD's views were submitted to the Commission in writing on 2 March 2005 and have been taken into account when finalising these guidelines.

Eligibility and assessment criteria for actions involving microfinance were discussed with CONCORD in May 2005.

3. ASSESSMENT OF THE GLOBAL SITUATION AND EUROPEAN COMMUNITY GUIDELINES

- In addition to geographical programmes, NGOs have access to a number of thematic budget lines (European Initiative for Democracy and Human Rights, NGO cofinancing, decentralised cooperation, food security, environment and tropical forests, anti-personnel mines, gender, health) and to the Rapid Reaction Mechanism and humanitarian aid. "Cofinancing with European NGOs" is the budget line that best symbolises development cooperation between the EU and NGOs.

- The EU's NGO cofinancing was a forerunner to the introduction of the principle of involving civil society in Community development policy. The dialogue and, more generally, the type of partnership with European NGOs provided a template for relations between the European Community, different organisations from civil society and all non-state actors, both in Europe and in the partner countries. Today there is a broad consensus in the EU and the wider donor community in favour of involving civil society at every stage of the development process.

- The partner countries' governments are increasingly aware of the need to involve civil society in preparing and implementing cooperation strategies and to strengthen the capacity of civil society organisations to contribute to sustainable development processes and poverty reduction. The role of the different non-state actors and civil society organisations - and building their capacity - figures both in the partner countries' development strategies and in cooperation frameworks, strategies and programmes between these countries and the donors, in particular the European Community.

- In its communication on the participation of non-state actors in EC development policy,[5] the Commission states that "*EC objectives in promoting participatory approaches are to contribute to the ownership of the development strategies by all beneficiaries, to progressively consolidate accountable, sound and democratic institutions, to assist in the exercise of citizenship and to facilitate public-private partnerships. This will in turn result in greater viability of development strategies."* In its conclusions of 19-20 May 2002 on the Commission communication, the Council stresses that priority should be given to strengthening the capacity of civil society in partner countries, noting that European non-state actors can play an important role in this context by raising awareness in an enlarged EU, facilitating in-country dialogue processes and supporting the preparation of capacity-building programmes. In its resolution of 4 September 2003, the European Parliament considers it important to improve dialogue and consultation between local non-state actors and national authorities in developing countries, believes that European-based development NGOs play an essential role in development education and awareness amongst European citizens, in research and innovation in development policy, and in the implementation of specific programmes, often in cooperation with southern partners.
- Through the European Confederation for Coordination of Relief and Development (CONCORD), European NGOs declared that any attempt to use the programming of line 21 02 03 for 2006 to prejudge the outcome of the discussions under way on cooperation instruments for the 2007-2013 Financial Perspectives would be counterproductive. The NGOs consider that the guidelines for 2004-2005 should be extended to 2006 with a view to helping NGOs and the Commission further develop their future partnership model for discussion with the EU institutions. CONCORD also stresses the importance of awareness-raising and development education in mobilising citizens and decision-makers in support of a poverty-reduction agenda. CONCORD sees the partnership between the Commission and European NGOs as strategic, *inter alia* for developing a joint strategy to get the budgetary authority to provide additional funding for these activities in 2006. The allocation of additional resources would show the importance the EU attaches to awareness raising and development education and would help address the special needs of the new Member States. These additional resources should, in CONCORD's view, be allocated to development education projects involving the new Member States and strengthening North-South partnerships in this area. Lastly, development education should be treated as a cross-cutting issue in other sectors, including education and culture.

- The future of the budget line is being debated by the European Commission, the Member States, the European Parliament and European NGOs.

  – A seminar held in Palermo in October 2003 addressed six issues relating to NGO cofinancing: the identity of the instrument and its

[5] COM(2002) 598 final, 7.11.2002.

specific added-value, its European dimension, raising awareness of development issues, the Commission's project-selection procedures, impact assessment and the role of decentralised cooperation. The latter two issues were not discussed in any depth. Though a fair degree of consensus was reached on the other issues with regard to the implementation of the instrument over the next few years, it was decided that the seminar had not achieved all its objectives and that a follow-up seminar was needed on at least some issues (see Annex 1).

– After a great many preparatory meetings, a seminar was organised in Paris in December 2004 to address in greater depth the impact of support in the form of NGO cofinancing. The seminar brought progress on many aspects of the methodology and the implementation of such assessments (see Annex 2).

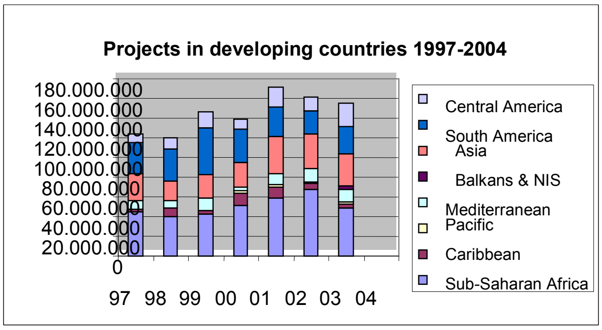
– These discussions have to be seen not only in the light of the Community strategy of promoting the participation of different types of non-state actors in the development process, including non-governmental organisations, organisations representing indigenous peoples, local traders' associations and citizens' groups, cooperatives, trade unions, employers, etc., but also of the discussion on the simplification of legislative acts, the linkage between geographical and thematic programmes and the untying of aid. These discussions must also take account of raising public awareness of development issues, the coordination of non-state actors with each other and with the Community institutions, and how best to give civil society a voice at global level, in multilateral institutions and at major international conferences.

4. OPERATIONS FINANCED IN THE PAST AND LESSONS LEARNED

- Over the period 2000-2004 commitment appropriations for line 21 02 03 (formerly B7-6000) ran at about €200 million a year. The breakdown of appropriations between instruments was fairly stable over the period 2000-2004: about 10% was earmarked for awareness-raising projects in Europe, 89% for projects in the developing countries and 1% for projects to strengthen cooperation and coordination between Member States' NGOs. Within the allocation for field operations, the share earmarked for block grants can vary considerably from year to year (e.g. from 19.5% in 2000 to 2.5% in 2001), but such fluctuations are counterbalanced by the share earmarked for projects in the developing countries. In 2003 the budget for field operations included, for the first time, €41 million for 10 contract-programmes.

- Given the open-ended nature of the budget line, the field operations address a wide range of topics, for instance: rural development, public health, water and sanitation, vocational training, capacity-building for local development actors, economic development and the social integration of minors or people at risk.

- The geographical breakdown of funding for operations in developing countries shows a rising trend in the share of sub-Saharan Africa, which rose from 28.7% in 1999 to 41.5%, €67 million, in 2002. In 2003[6] the percentage for sub-Saharan Africa fell back to 31.5% due to the commitment of the 10 contract-programmes, which mainly benefited the Latin American countries. Notwithstanding this increase in 2003, Latin America's share of the budget is declining: it fell from 43.5% in 1999 to 23.5%, €37.8 million, in 2002. The Asian countries have seen their share increase slightly since 1999, rising to about 21% in the last three years (€32 million in 2003).[7] The Mediterranean countries' share fell in 2000 and 2001 before returning in 2002 and 2003 to a level similar to that in 1999, to just over 8% (€12.8 million in 2003). The sums allocated to projects in the Caribbean and Pacific can vary considerably from one year to the next, but they accounted for a small share of the budget in 2003 (2.5% and 1.2% respectively). In 2003, €3.6 million was allocated for the very first projects in the New Independent States.



Under the Palermo process, impact assessment has been discussed in depth by all concerned by the cofinancing line (Member States, the European Parliament, NGOs and Commission departments) in order to identify common ground and establish a realistic joint approach and expectations as to the desired overall effect of budget line 21 02 03.

One conclusion of the December 2004 Paris seminar was that the collective memory of the administration of development aid had been lost and that practices were emerging which promoted short-termism and a lack of real commitment of the kind entailed by a development process. It was suggested that any development actor which was decentralised in relation to the donor, involved in the process and coresponsible for the result would have to undergo a radical change in culture. It was considered almost impossible to measure anything but the immediate effects without a frame of historical reference. It was also underlined that impact should not become a management tool (with indicators, etc.) but a method: impact is not measured but assessed.

To this end, the 2005 budget includes provision for a study to assess the impact of budget line 21 02 03; the terms of reference will be drawn up once the Commission has taken note of the recommendations in the proceedings of the Paris seminar, which should be available by the end of March 2005. This assessment could also be an opportunity to stimulate discussion and

[6] Data on the geographical breakdown of commitment appropriations for 2004 are not yet available since the list of projects selected will not be known until the latter half of 2005.

[7] 2001, 2002 and 2003 are the last three years for which figures are available.

produce guidelines on how to factor the impact of activities into future work, notably with a view to preparing a post-2006 thematic programme.

The use of grant money for credit lines or components for implementing microcredit operations financed by the budget line was the subject of intense debate in 2003, 2004 and 2005. Following the peer review of the EC coordinated by CGAP, the Commission decided to professionalize its support to microfinance. This implies to work with specialised partners in this field. The Commission will focus its activities towards capacity building. By providing grants for building up retail financial capacity the EC is likely to have a longer term, sustainable impact on the provision of financial services for the poor. Besides capacity building, the Commission will finance credit lines[8] for start-up microfinance institutions if the project is a stand-alone microfinance initiative.

5. RESPONSE STRATEGY

This response strategy will cover a period of one year only (2006). It will involve no substantial changes in the strategic guidelines for 2004-2005, which the Commission discussed with the Member States in 2003. This strategy will extend those guidelines for 2006, albeit with adjustments to take on board the lessons of past experience and the Commission's communications of September 2004.[9]

The guidelines for the 2006 cofinancing programme and the main changes to those for 2004-2005 can be summed up as follows:

- Operations must be based on an initiative from a local partner or beneficiary involved in its implementation and must seek to build the capacity of local development actors.

- Operations must figure in a local development plan. Such plans may concern rural or urban development, social and economic development, human resources development and institutional support for local partners.

- Consistency/complementarity with other Community instruments and EU development policy must be ensured with due regard for the NGO right of initiative.

- The geographical priorities are slightly different to those for 2004-2005, though the least-developed countries (LDCs), other low-income countries (LICs) and countries with a low human development index (HDI) remain a priority. Middle-income countries come second and post-conflict countries third.

- The share of total funding earmarked for awareness-raising in Europe (including the new Member States) has risen from 10% to 15%. The share for field operations has diminished accordingly, dropping from 90% to 84% of the total budget. This change is the result of a consensus in the various forums that awareness raising and development education are crucial to poverty reduction and

8 Equity participations and guarantee instruments are treated the same way as credit lines.

9 COM(2004) 626 final, COM(2004) 627 final, COM(2004) 628 final, COM(2004) 629 final, COM(2004) 630 final, of 29 September 2004

that the action of European NGOs outside the area of project implementation needs to be facilitated. This change is consistent with the fact that European NGO field operations may also be eligible for funding under geographical programmes and other thematic budget lines.

- Microfinance: as outlined above, the Commission will be limiting its support in this field to specialist NGOs with a good track record in supporting sustainable microfinance institutions. The Commission will focus its activities towards capacity building. Besides capacity building, the Commission will finance credit lines for start-up microfinance institutions if the project is a stand-alone microfinance initiative.

- Field and awareness-raising operations will be selected for cofinancing on the basis of calls for proposals published by EuropeAid in 2006 for contracts to be concluded in 2007. Commission delegations in the countries concerned will be responsible for contracting, payments, monitoring and closure of field operations; Headquarters will handle auditing and evaluation. Contracts for awareness-raising operations will be drawn up and managed by EuropeAid.

- The Community's contribution towards field operations may not exceed 85% of the total cost. Projects submitted by individual NGOs will be eligible for funding of between €50 000 and €750 000; if submitted by a consortium or network, they will be eligible between €250 000 and €1 500 000. In the case of block grants (for a body of projects), the Community contribution will be €250 0000 to €1 000 000 for individual NGOs and €250 000 to €1 500 000 for consortia or networks of NGOs.

- For awareness-raising operations, the Community contribution to the work of an individual NGO will be €50 000 to €120 000 per year of activity, with a maximum of three years. This amount may be doubled for operations by an NGO consortium and tripled if the operation involves a consortium of NGOs from three or more Member States. The contribution may in no circumstances exceed 85% of the total cost.

Under Council Regulation (EC) No 1658/98 and in line with the strategic guidelines for 2004-2005, three types of operation are eligible:

5.1. Field operations

5.1.1. Objectives

Meeting the basic needs of disadvantaged people in developing countries.

5.1.2. Priorities

The budget line will only support operations based on an initiative from a local partner or beneficiary involved in its implementation and must seek to build the capacity of local development actors. Such operations involve a wide range of local partners or beneficiaries likely to contribute to development[10] at various stages of the operation or programme of operations on the ground. Preference will be given to operations which are consistent with local development programmes, plans or strategies or designed in consultation with the decentralised local authorities of the region of the partner country concerned. The geographical and thematic priorities will be governed by the following criteria:

5.1.2.1. Thematic priorities

- Operations that aim to support sustainable social, human and economic development processes in developing countries and that mainstream institutional support and capacity building provision for local development structures, in an attempt to improve their internal organisation, to strengthen their financial management capacities and to develop their analytical and advocacy skills.

- Operations which foster social cohesion and combat inequality and social exclusion.

- Operations that support and facilitate either the linking of relief, rehabilitation and development (LRRD) activities in countries emerging from a crisis following natural disaster or conflict or disaster preparedness and prevention (DPP).

5.1.2.2. Geographical priorities

- Priority 1 – The least developed countries (LDCs) and other low-income countries (LICs), as defined by the OECD/DAC list of aid recipients, and countries ranked 100th or lower in the human development index (HDI).

- Priority 2 – Other developing countries with many poor people or marginalised groups owing to major economic and social inequalities.

- Priority 3 - Operations in countries affected by conflict and/or where official EC cooperation is suspended, unavailable or reduced.

5.1.3. Indicative allocation

A sum equivalent to 84% of the total allocation for the budget line will be earmarked for cofinancing field operations in 2006.

5.1.4. Specific conditions

Except in exceptional cases, grants for projects or block grants will not exceed 75% or 85% of total funding respectively.

---

10 By way of example: non-governmental organisations, local traders' associations and citizens' groups, cooperatives, trade unions, organisations representing economic and social partners, consumer organisations, women's and youth organisations, teaching and research institutions, universities, churches and religious associations or communities, the media and any non-governmental associations and independent foundations.

5.2. Measures to raise public awareness of development issues in the EU

5.2.1. Objectives

Operations to raise public awareness are aimed at mobilising public support in the EU for development, poverty-reduction strategies and policies and schemes to help the poorest sections of the developing countries' populations.

5.2.2. Priorities

Awareness-raising operations in Europe address clearly targeted groups. They deal with clearly defined issues, are founded on a balanced analysis and a sound knowledge of the issues and groups targeted, and involve a European dimension. Within the general limits laid down by Regulation (EC) No 1658/98, priority among the operations contributing to the overall objective set out above will, in 2006, be given to activities fulfilling one or more of the following criteria:

- They highlight the interdependence of the EU and developing countries.
- They support fairer North-South relations, and in particular to promote the "fair trade" label.
- They encourage cooperation between NGOs.
- They are NGO operations fostering the emergence of new initiatives involving civil society.
- They enable partners in the developing countries to play an active part.
- They ensure an enlarged-EU dimension by involving NGOs from the new Member States, including actions that facilitate exchanges of experiences and networking between NGOs from the fifteen Member States and the new Member States.
- They underscore the specific value-added of EU cooperation based on European values, models of social cohesion, the promotion of regional integration, multilateralism and world peace.

5.2.3. Indicative allocation

A sum equivalent to 15% of the total allocation for the budget line in 2006 will be earmarked for cofinancing awareness-raising operations in the EU.

5.2.4. Implementation issues

Except in exceptional cases, grants will not exceed 75% of total financing.

5.3. Coordination

5.3.1. Objectives

Strengthening cooperation and coordination between NGOs in different Member States and between NGOs and the Community institutions.

5.3.2. Priorities

In 2006 priority will be given to supporting the development and consolidation of appropriate exchange and communication networks between NGOs in the Member States and the Community institutions. The following actions will be supported:

- European Confederation for Coordination of Relief and Development (CONCORD) - Covering operating costs and activities of CONCORD

- Presidency initiatives - Funding awareness-raising activities focusing on the continuity between successive EU presidencies
- Trialog (phase III)[11] - Financing capacity-building measures for the new Member States' NGO platforms with a view to transferring the experience acquired by these countries to the candidate countries, the Balkans and the Neighbourhood Policy countries, preparing non-state development actors in these countries to play an active role in their countries' political and social life, stabilising democratisation processes and facilitating the integration process with the EU
- "Development Education Exchange in Europe Project" (DEEEP)[12] (phase II) - Strengthening cooperation and coordination of NGOs from the 25 Member States with regard to awareness raising for development issues by means of methodological exchanges, training and the drafting of joint projects and strategies.

5.3.3. Indicative allocation

A sum equivalent to 1% of the total allocation for the budget line will be earmarked for cofinancing coordination operations in 2006.

5.3.4. Implementation issues

Except in the case of conferences and seminars organised in the context of EU presidencies, grants will not exceed 75% of total financing.

5.4. Administrative part

The administrative component of the budget line, estimated at €4.5 million in 2006, will be earmarked for technical assistance, studies, organisation by the Commission of seminars and consultations with civil society in the broader sense on development issues.

---

[11] http://www.trialog.or.at
[12] http://www.deeep.org

Activity-related technical assistance covers the evaluation and auditing of proposals, studies, the design of tools, the organisations of meetings between stakeholders and experts, and the design and dissemination of good practices and information.

About a third of the estimated budget covers tasks described above which are contracted out by Headquarters units (currently EuropeAid F2 and F6); the other two-thirds covers tasks under the responsibility of Headquarters but executed by DG RELEX/K for the purposes of devolution, which also explains the considerable increase in this budget in recent years.

6. 2006 INDICATIVE PROGRAMME

The whole of the budget for 2006 will be committed during the financial year.

Calls for proposals will be published for operations to be cofinanced in the field (projects and block grants) and for awareness-raising operations. Calls will be published in the course of 2006 and contracts concluded in 2007. All calls will be based on the standard documents in EuropeAid's Practical Guide. Operations will also be selected according to the rules laid down in that Practical Guide.

Field and awareness-raising operations will be selected for cofinancing on the basis of calls for proposals published by EuropeAid in 2006 for contracts to be concluded in 2007. Commission delegations in the countries concerned will be responsible for contracting, payments, monitoring and closure of field operations; Headquarters will handle auditing and evaluation. Contracts for awareness-raising operations will be drawn up and managed by EuropeAid.

The different kinds of operation will be selected according the following procedures:

(1) Field operations

There will be two instruments: project grants and block grants (grants for bodies of projects).

- For projects submitted by an individual NGO, the minimum Community contribution will be €50 000 and the maximum €750 000. For projects submitted by a consortium or network of NGOs, the minimum Community contribution will be €250 000 and the maximum €1 500 000.

- In the case of block grants, the minimum Community contribution will be €250 0000, regardless of whether the applicant is an individual NGO or a network. The maximum Community contribution for a block grant will be €1 000 000 for an individual NGO and €1 500 000 for a network of NGOs.

NGOs must contribute at least 15% of total financing for a project or body of projects; this contribution must come from private sources in the EU or other European countries.

(2) Awareness raising

Activities to raise the European public's awareness of development issues may be submitted by a single NGO or a consortium of NGOs. The bulk of the planned activities must be conducted in one or more EU Member States.

The minimum amount of cofinancing will be €50 000 and the maximum duration of a project will be 36 months.

For a project submitted by a single NGO, the maximum contribution may be €120 000 per year of activity. This amount may be doubled for a project submitted by a consortium of NGOs. It could be tripled where a project involved a consortium of NGOs from three or more different Member States.

10% of the contribution to the total financial cost of the project must come from private sources in the EU; this percentage includes the contribution of the NGO or NGOs to the implementation of that project.

(3) Coordination

Projects targeted in relation to the activity are submitted by individual NGOs or consortia which enjoy a legal or de facto monopoly recognised by the Commission and are funded according to the procedures and rules in force.

Annex 1

Cofinancing seminar (Palermo, 25-28 October 2003)

Main results

(1) Identity and specific value added of cofinancing

The defining features of the NGO-cofinancing line are the concept of partnership, the scope for innovation, the NGO right of initiative and complementarity with other financial instruments.

The partnership between NGOs in European and developing countries is pivotal to NGO cofinancing. It needs to be reinforced, and a genuine partnership must be the main condition for any NGO project to obtain funding under this line. The partnership must serve both the emergence of a civil society with real political power and institutional capacity building.

The main difference between this and other sources of funding provided by the Community and other donors is the right of initiative enjoyed by the NGOs. They have room to devise their operations freely and according to their own strategies. This feature is conducive to more diverse operations and anticipates greater dialogue.

The scope for innovation which also characterises NGO cofinancing brings with it the need to accept a greater risk of failure. This risk must be shared by all partners.

Lastly, NGO cofinancing complements other instruments. Complementarity must not, however, be confused with consistency.

(2) European dimension

The European dimension of the budget line is above all manifested by the development education projects and through the existence of CONCORD and the entire European coordination system based on national platforms.

(3) Raising awareness of development issues

There was broad consensus in this area. There were nevertheless a number of outstanding issues:

Only 10% of the resources of the budget line were currently available for funding such operations. This sum would soon prove far too small, *inter alia* due to enlargement. Additional funding would therefore have to be found very quickly to expand these activities without eating into the resources earmarked for projects in the developing countries.

The primary objective of raising awareness of development issues needs to be discussed in depth.

An issue was how the Commission's operations tied in with those of the Member States and how the new Member States differed in this area.

(4) Impact assessment (see Annex 2)

(5) Administration of aid

A number of improvements were suggested:

After checking NGO eligibility and before selecting projects, the relevance of projects could be assessed on the basis of a much more streamlined concept paper. This new stage would reduce the number of projects to be examined in their entirety.

Calls for proposals could be launched just once every two years.

A concept-based approach could be introduced and used to finance programmes demanding bigger budgets than projects.

(6) Identity of the decentralised cooperation line

There was no time to address this issue at the seminar. The NGOs simply restated their desire for this line to be used solely for projects promoted by actors in the developing countries.

(7) Conclusions

The topics addressed would have implications beyond the revision of implementing procedures for aid under the lines in question. Their future programming would need to be considered, as would the possible adaptation of the legal bases.

Annex 2

Cofinancing seminar (Paris, December 2004)

Aim of the seminar

Five questions were considered at this seminar:

(1) What is the value added of NGOs in relation to other development actors and the new challenges facing the South?

(2) Does development financing machinery work in a way that creates sufficient conditions to achieve an impact?

(3) Given our expectations (political dialogue, accountability, quality of operations, learning, etc.), which theoretical frameworks permit the impact of aid to be assessed?

(4) What methods should be used to measure/assess this impact?

(5) How are such methods to be implemented, given the financial and operational constraints on the Commission?

Results of seminar

By way of introduction, the seminar highlighted how difficult it was to discuss the assessment of the impact of aid:

- It was pointed out that impact was a far broader concept than results.
- It was difficult to distinguish a project's effects or impact from exogenous effects influencing that project.
- The seminar reiterated the importance of the value added by European NGOs through genuine partnership with civil society in the South.
- It was stressed that mapping the impact of development projects, taking account collective assessment of risks of conflict, would be useful.

The principles underlying the debate were as follows:

- Impact assessment must be long term, a process.
- Impact could only be measured if all actors feel coresponsible. Assessment must be conducted through a permanent dialogue.
- Tools and methods permitting impact to be assessed must be identified and chosen.
- The assessment must take account of the opinion of actors in the South, who must be at the centre of the operation.

- What mandate did NGOs from the North have to implement projects? In what context did they play their role? Where did that role begin? Where should it end?

The seminar produced a consensus on the following points:

- Impact assessment had to be multisectoral and should not focus on short-term results (e.g. number of classrooms built).

- The need to show the impact of aid was more than just a question of the donor visibility; it was a collective need on the part of donors, implementing bodies, beneficiaries and local and national authorities. Assessment must therefore involve all these stakeholders.

- Measuring impact was meaningful only if the results were fed into improving the implementation of future projects.

Annex 3

Declaration annexed to the summary record of the NGO-Cofinancing Committee's meeting of 30 November 2004

"Whilst not wishing to block the Annual Work Plan for NGO Co-financing for 2005 (budgetary item 21 02 03), the NGO Co-financing Management Committee, on which all Members States are represented, unanimously declare their dissatisfaction that the EC decision on the provision of credit lines for micro-financing remains unclear. We are convinced that NGOs have an important part to play in the provision of various micro finance mechanisms to some of the poorest in developing countries. And we therefore emphasise that we unanimously wish to see micro-financing in projects under the NGO Co-financing budget line, restored to the same position as they enjoyed in the past."