

A Deeper Understanding of the European Funds' Call by the NGO's Perspective^{1, 2}

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ABSTRACT

NGO and civil society organisations are a natural target group eligible for a vast part of EU funding, as they are involved in many areas covered by EU policies on a non-profit basis, a precondition for receiving funding from EU coffers. This paper was developed with the main goal of identify some of the focal points required by EU commission and by going thought them compare some of the most important EU grants. With the use of analytical tools as the Theory of Constraints and the MADM method it was possible to define a partial framework of some interests for all the non-governmental bodies which would like to address the own project to the EU funds.

The results presented were successful mostly for one of the four funds studied, which has answered in a comprehensive way to the milestones' analysis. On the basis of this result, it was so possible to present a list of consideration and "best practices" appropriate for all the beneficiaries of the Horizon2020 fund.

Key words: NGO, European Union, Public Funds, Grant Management, Horizon2020, EaSI, European Social Funds, Eurostars, Single funding, Multi-participants, Current Reality Tree

INTRODUCTION

In a political environment which is becoming increasingly hostile to the civic action, the European Union, with its supranational nature on political as well as economical themes, needs

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to confirm the important roles played by Non-governmental Organization and increase its financial support for their work.

That was stated during the last plenary meeting of the EESC (European Economic Social Committee).

This confirm the remarkable role that NGOs are gaining on the continental scene regarding the development and realization of democracy and human rights and of the equally contribution of NGOs to cultural life and social well-being of democratic societies. These multiple and different organizations operate in the optic of the Europe 2020 strategy; which is the EU's agenda for growth and jobs for the current decade. [2] Unfortunately the public awareness regarding their accountability, approach and performance, not necessarily follows the importance given by governmental bodies.

This paper may be seen as an attempt to bring into focus how NGOs operate and sustain themselves on the basis of European Community regulations. This breakdown laid the foundations to understand how the organizations acquire their registration to operate and access to public funding. The basics for seeking grants and other funding, represent the lifeblood of voluntary self-governing bodies established to pursue non-profit making objectives. They are a natural target group eligible for a part EU funding, as they are involved in many areas covered by EU policies on a non-profit basis, a necessary condition for receiving funding from the Union. [3]

1. Problem definition

This analysis will seek to provide answers and details about these main questions:

1. Is it possible to identify an ideal thinking framework model used by NGOs to target and to ensure the access to the optimal set of EU funds and grants?
2. Having regard to the substantial competition around the EU funding process, to which requirements and specifics, should a NGO pay more attention during development of their project's bid?

METHODOLOGY

1. Feasible Alternatives

Even though the available information provided by the plural European bodies implicated in this sector of social services (in the narrow and in the broad meaning of the term)³, the access funds process is undeniably complex. That is because the process is mainly free, in fact there is no obligation for any NGOs to apply to an explicit fund or follow a specific process during the application, so taking into account the physics world complexity definition which is used to describe the degrees of freedom which are present. The more freedom, the more complex. [9] To understand and manage the exposed complexity and to provide a valuable theory model this dissertation was mainly developed with the use of the Theory of Constraints, which helped the author in use the cause & effect logic to explain the result and to highlight some bad practices (addressed as undesirable effects) in the common NGO's fund applying process.

For achieve the second goal of this paper the proposed current reality tree has put in action by confronting it with four EU funds:

1. The European Social Funds: the main mechanism for reinforce Europe's human capital. With an echo of 2billions per year it finances a great variety in the nature, size and aims of projects and correlated potential entrepreneurs from all backgrounds.
2. The EU Programme for Employment and Social Innovations: a programme directly managed by the European Commission which has harmonized three different programmes (Progress, EURES, Progress Microfinance). It has the goals of modernize employment and social policies, raise the job mobility, access to micro-financing and social entrepreneurship. The total budget is about 1billion for the 2014-2020. [5]
3. HORIZON 2020: is the European Union's Framework Programme for Research and Innovation. With its dedicated budget of around EUR 77 billion over seven years (2014-2020). Horizon 2020 is the biggest EU Research and Innovation programme with priorities as Industrial Leaderships, Social Challenges and Widening Participation. [6]

³ << These services are a vital means of meeting basic EU objectives such as **social, economic and territorial cohesion, high employment, social inclusion** and **economic growth**. The EU encourages cooperation and the exchange of good practice between EU countries to improve the quality of social services, and provides financial support for their development and modernisation >> [8]

4. EUROSTARS: it is a joint programme between Eureka and European Commission, in order to create international cooperation, enabling small businesses to combine expertise in a international way, supporting the development of products, processes and services which has the goal to improve the daily lives of people. In the period 2014-2020 it has a total public budget of €1.14 billion

3. Development outcomes and cash flow of the Feasible Alternatives

The EU selection of funded projects is very administrative and the requirements grow increasingly year after year. In order to provide a clear track of the calls, some milestones steps are detected during the main phases of drafting, managing and assessing EU funded projects.

1. Applying for Fund: the different European Funds taken as case studies for this paper, presents a variety of funds opportunities thought calls for proposal that are set out online on the (PP) participant portal. The way of apply may vary in accordance to this three main subsections:
 - a. Find a Call: this part contains all the possible solutions regarding the contain content and the timing of calls. A best practice should be the one concerning regular consultation of the Eu Official Journal, where all the publications of calls, related key documents and guidance and new about the upcoming calls are provided.
 - b. Find Partners: the different calls present some specifies regarding the eligibility in a multi-participants of mono-participant actions. The basis required condition is unquestionably, that any natural or legal persons (e.g. any company, big or small, research organisations, universities, non-governmental organisations, etc.) can apply regardless of their place of establishment or residence. *Sine qua Non* they must possess the operational and financial viability to carry out the research tasks that they propose.⁴For the multi-participants actions three platform are made available from the European Commission, these tools enables users to create, identify and answer to suitable partners searches.
 - c. Submit Proposal: the uniformed method to submit proposals is the electronic submission system of the Participant Portal, but the different grants provide a wider sphere of action. Certain type of action may differ from having a representative/contact person of the coordinating organization.

⁴ All the four EU funds analyzed present the possibility for legal entities established also outside the EU's member states to apply and be eligible to receive funding. These range of cases are not covered by this paper.

2. Evaluation: this section takes into account how the Commission/Agency choose its experts, evaluates the proposal's operational capacity, evaluate the high quality in relation to the topics and criteria set out in the calls. A particular attention detected in all the grants analyzed, is given to the Transparency theme and to the Fairness and Impartiality Procedures.

On the other hand, there are several distinction regarding the efficiently parameters and speed by which the evaluation is done, even if all of them are based on the same principle of quickness and without compromising the evaluation's quality.

3. Grant Preparation: the aim of this milestones are gather legal and financial information from the prospective beneficiary and any third parties linked to them; make sure the "Description of Action" and "Estimated Budget for the Action" documents match the proposal; establish the key points of the grant agreement and, for some analyzed grants also verify the financial capacity.
4. Grant Signature: Signing the grant arrangement closes the bureaucratic part of the procedure and It shows that both the receiver and the Funds Board have formally approved the agreement and its annexes. The grant compliance starts to take effect on the date of the last signature. This milestone is interesting especially regarding the different way the "chain of trust" is formed. In Fact, each beneficiary's legal representative appoints a Legal Entity Appointed Representative (**LEAR**). The LEAR provides reliable information on behalf of the beneficiary to the Commission or the agency concerned. Moreover, this part has just some meticulous discrepancies regarding the necessity of provide Project Legal Signatories (PLSIGNs) and Project Financial Signatories PFSIGNs) two subjects that certify the grants agreement and amendments, and the financial statements.
5. Grant Management: High quality research management is essential not only for smooth grant applications and project implementation, but also for the financial and scientific success of the project [10]. That is why good practices as keeping evidences and other support documentation or always submit the grant's agreement outputs, in conformity with the timing and prerequisite set it out therein; may be of help in order to avoid present pitfalls of the EU funds. It also extremely important to communicate and promote the approved project respecting the grant's milestones. "The beneficiaries must promote the action and its results, by providing targeted information to multiple

audiences (including the media and the public), in a strategic and effective manner and possibly engaging in a two-way exchange”⁵.

Figure 1

	European Social Funds	EaSI	Horizon 2020	Eurostars
Applying for funding	highly detailed	complete & favourable	complete & favourable	highly detailed
Evaluation of proposal	more knowledge required	complete & favourable	highly detailed	poor information
Grant preparation	complete & favourable	poor information	complete & favourable	more knowledge required
Grant signature	minor differences	minor differences	minor differences	minor differences
Grant Management	complete & favourable	poor information	complete & favourable	more knowledge required

By combining the result’s lineup it is possible, through the CTR analysis, to give them insight into the process and evaluate what is need to go beyond the rate threshold and secure funding

4. Selection of criteria

The four funds were investigated predominantly by the use of the data and figures proposed in the respectively annual report and with the help of list of operations and programme information available on the beneficiaries’ platforms. It was so possible to report and puts into context some detailed information as the partnership and co-financing amount to be expected in a multi-participants bid or the innovating potential rate achieved and the consequently grant application available. While on the other hand, for some funds (as it is possible to see from the *Figure 1*) the understanding and confidence in engaging with a EU funding processes was unable to be evaluated. The roots’ causes which may be taken into account for these incompleteness may be: a) the Expertise and equipped skills required to understand some grant clauses b) the impossibility to have a “real” feedback from the European Commission may give to a project at a pre-evaluation stage.

Nevertheless, an exploitation and dissemination of criteria and the connected results was possible for three of the selected four EU funds. While regarding the feasible alternatives, noticing that for all the four case studies this was indispensable and required with a low grade

⁵ [Article 38 of the model grant agreement](#) -Mono-Beneficiary General Model Grant Agreement

of confidence disagreement, it has been determined to not treat it further in order to avoid repetition and misunderstanding on the provided information.

FINDINGS

5. Analysis and comparison of the alternatives:

What clearly stands out from the considerations made on the feasible alternatives is that an evaluation activity it is indeed indispensable. The projects prove to require a strategic approach about the picked stakeholders, the overall purposes of the different EU programmes and their relative impacts expected on the ground.

In order to provide an evaluation which could make the proposition more effective in terms of the generated impact so that the potential fund's beneficiaries would be better equipped to embark in a EU's grant bid this paper proposes a MADM method in order to evaluate the explicit trade-offs showed up during the selection of the criteria.

By giving a quantitative unit value to the quality observations made on the feasible alternatives it proved possible to apply the relative rank formula $RANK(\text{attribute value-worst case}) / (\text{Best Case- Worst case})$. The results showed by the *Figure 3* take into account the consideration made in the *Selection of Criteria* section. As can be seen the EaSI fund has not considered capable to put forward valuable information on the analysed feasible alternatives⁶.

Figure 3

Observations		European Social Funds	Horizon 2020	Eurostars
Poor Information	0	1	0.67	1
More knowledge required	1	0.33	1	0
Complete & favourable	2	0.67	0.67	0.33
Highly detailed	3	0.67	0.67	0.33
Total		2.67	3.01	1.66

⁶ Considering the relative rank formula, EaSi would have ranged on a value of 0.66. This seems justified the author's choice of discard the grant for a lack of significant findings.

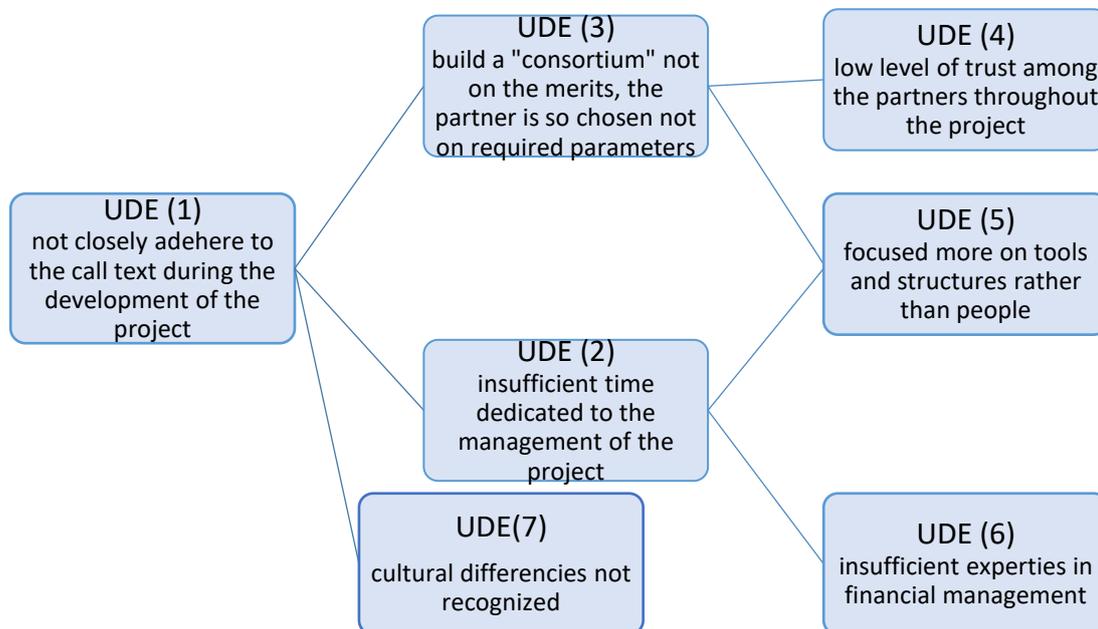
Moreover, the “Grant Signature” feasible alternative, as already explained above, has been removed from the formula in the aim of provide a more sensible group of figures which may showcase a genuine values’ deviation between the three selected solutions.

6. Selection of preferred alternative

Even if, from the considered grants there is none who prevail above the others; this outcome is not surprising. All this is explained by the fact that the strategic roadmap on EU funding applications has various detailed responses, compatible with the different proposal submissions done by a large variety of interested candidates. In support of the paper’s purpose, the preferred fund which has been chosen is the Horizon 2020, which has achieved a value of 3.01 in the MADM method.

In order to provide an answer to the second main question of this paper, the Horizon2020 fund was studied deeper in order to stress some bad practices which should be avoid by every proposer who is approaching the EU policy content of the grant. The Undesirable Effect show up from the study are represented in the *Figure 4*, and they were useful in order of identify the most important arguments related to effectiveness as measured by the Key Performance Indicators, fulfilment aspects and participation tendencies, providing statistics for all priorities and specific objectives of Horizon 2020. [11]

Figure 4 – Current Reality Tree for Horizon2020



The Horizon 2020 instrument is highly competitive, but provides all the necessary tools to prepare a comprehensive feasibility study during “Applying for funding phase” The major difficulties, as highlighted in the CTR are connected with the “Find a Partner” section where 6 different tools are allocated by the grant itself. This is part of legal obligation upon the Commission, to monitor continually and systematically the fund’s implementation.

7. Performance monitoring and post-evaluation results

The evaluation done on the multiple possibilities provided by Horizon2020 for a NGO to apply for a grant has lead this study to suggest two main opportunities, the action grants and the operating grants. Action grants reimburse NGOs for charges aroused while carrying out the activities in question. Under some programmes the EU can precisely subsidise an non-profitable organisation through a conducting grant provided the organisation ‘pursues an aim of general Union interest or has an objective forming part of, and supporting, a Union policy’. [12]

The level of the grant is based on an analysis of the size and scope of the organisation’s activities [**evaluation of proposal**] its annual work plan [**grant management**] its compatibility with EU policy priorities [**grant preparation**].

The issues on which reflect are various and detailed, but thanks to the CRT analysis done on the Horizon 2020 tender is possible to draft some guidelines which can represent winning milestones for all the future grant's beneficiaries.⁷

Since the majority of Horizon 2020 resource (80%) is managed at national level, the user should check the national politics at an annual frequency. Plus, a modest chunk of the EU budget, are allocated to programmes enforcing by the bodies as UN or the Red Cross for instance, which have a wider competition due to the non-EU countries and international organizations' calls.

It is interesting to underline how in some cases, the bidders for low-value contracts has no necessity to provide clues and data, for justify a previous malpractice, bankrupt or for paying their taxes regularly. These are evident benefits which can be achieved by simply provide a declaration on their honour. It should be recalled that the European Commission may intervene at any time, on selected applicants and so, require this evidence plus other documentations. [14]

Furthermore, all the future beneficiaries should take in consideration that the final judgement would be develop by the fund commission in the light of key evaluation principles as the fair and equal treatment of all proposers, the criteria announced in the annual call, the confidential process necessary to avoid any conflict of interests and on the opinion of independent external experts.

CONCLUSIONS

The final results of this dissertation can be considered as positive given that some answers have been given to the claims underpinning the whole paper's intent.

By formally replying to them it may be declared that:

A NGO's framework model was developed using the Current Reality Tree analysis. By considering different "unexpected effects" it has been possible to draw up some common rules that should be followed during the bidding process. The different steps investigated find their principal source in the Horizon2020 fund which was studied and for convenience broken down in five phases which may be seen as required test during the administrative project compiling. The common rules provided by the author should be seen as suggestions in order to follow a winning-path for the NGO

⁷ Please note, this post does not necessarily reflect the views of the European Commission. This advice should not replace full reading of the guidance issued by the European funding agencies. Official information on applying for EU funding can be found [13]

fund's appropriations and not as an official procedure that might replace the funds formulation procedure.

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